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Natural Resources and Natural Security

In the 21st century, the security of nations will depend increasingly on the availability and access to natural resources. Countries need natural resources to meet the rising needs of their growing populations and the requirements for growth of the neoliberal economy. When key resources are not found locally but need to be imported, the main concern is to secure their "access". In the race to get the giant's part of the resources, the respect of the populations where the resources are found, the sustainability of the resource, the environment, and the needs of future generations are rarely considered. Also, new technologies increase production depleting the resources at rates unknown until now. This puts great pressure on the planet, favours the ecological decay, the loss of biodiversity, and influences climate change, which in turn, constitutes a threat to the security of countries and peoples where the resources are located.

1. Security and access to resources

Natural resources can promote development, but they can also attract the greed of groups, businesses, and powerful countries searching for easy and cheap access to the resources to get benefits, even at the price of fuelling insecurity and conflicts. Though a peaceful and stable situation in the country where the resources are found and in the distribution chain seem essential for both demanding and supplier, the

fact that many big players benefit from the current situation of insecurity in certain resource rich areas questions this assertion.

Global commons

Natural resources essential for life such as water, land, air, biodiversity, etc. should be considered as global common goods not to be exploited and marketed as any other good. They need to be recognized and protected by binding international agreements and collectively managed by the community of nations (not exclusively by the state), in order to serve the needs of all.

Resource security for both exporters and importers of resources

Resource security refers to the security of access to the resource for the foreign country or company that wants it; however, it does not include the security of the country and population where the resources are found. The distribution of resources in the earth leads to significant vulnerabilities. Oddly enough, this vulnerability affects not only the countries missing the resources, but often even more those where the resources are found, as these attract the greed of many. Thus, free access to cheap natural resources has become essential, and, as such, it is part of national security and of foreign policy interests.

To facilitate the access to the resources, international and cooperation agreements and charters are signed between those needing them and those owning them. The problem comes when the two signatories of the bilateral agreement are not on equal terms. The strong player will try to get the resource at the lowest price possible to maximize benefits and minimize costs that will translate into lower prices for consumers, but it will have little or no concern for the needs of the country and population owning the resource.

Factors affecting resource security

The security linked to the resources depends on the scarcity of the resource and its price. As “resource security” is seen from the demand side, increases in **price** and barriers to access are considered threats. Companies can put pressure on their governments to act politically in order to facilitate their access to cheap resources. Western countries consider increased competition for African resources by China, India and Brazil as threat as well as the recent restriction of China’s exports of rare earth minerals¹. Political and social unrest, warfare, terrorism, natural disasters, competition over resource sources, and manipulation of prices are some of the threats to resource security. Lack of transparency in buying and selling the resource contributes to insecurity.

2. Environmental security

Environmental security considers how environmental factors can contribute to social and political tension or future conflict, as well as the impact of **conflict** and **international relations** on the **environment**. Increasing competition for scarce natural resources needed for life - water, fisheries, land, and biodiversity - can instigate conflicts, instability, and waves of environmental refugees. Some late environmental conflicts confirm this claim: the forest fires in Indonesia, the turbot fishery dispute between Canada and Spain, and the land conflict in Rwanda.

¹ Rare Earth Minerals are a suite of 17 elements used in products from high-powered magnets, and fuel refining to energy-efficient light bulbs, mobile phones, screens and modern military equipment. This critical natural resource is relatively plentiful but dispersed and not often found in concentrated and economically exploitable forms. The West was happy to allow China to do its extraction as it is very polluting.

3. Resource conflicts

The search for resources has stimulated conquests and wars since ancient times and continued in recent times by colonization. The goods, strategies, and methods may have changed, but the motivation remains: the thirst for benefits provided by the resources wherever they are (countries, Arctic, oceans, deserts, moon, universe) without concern for the consequences for the population and nature. Multinational companies helped by their government, roam the planet in search of new reserves as they compete for control of hugely profitable resources.

Natural resources, mainly oil and hard-rock minerals (gold, coltan, diamonds, wolframite) but also timber and water, play a key role in triggering, prolonging, and financing conflicts. Conflict can emerge over how a resource is used, allocated, or exploited and over who benefits from it. Different actors fuel the conflict as a means to gain access to and control over natural wealth. The demonstrations of the Arab Spring kindled by high food prices show how poverty and declining living standards can cause internal turmoil ending in war. Poverty, injustices, ethnic or religious grievances, and unstable governments play major roles, but natural resources heighten the danger that a civil war will break out. Resources influence insecurity through the effect on their: **economies** - by paying low prices and repatriating all benefits; **governments** - by weakening it, corrupting it, and lacking accountability; **people** - by unjust working conditions; **environment** - depletion and destruction; and **rebel movements** - by financing. To secure the access to resources, foreign governments are ready to use any means: support and fund dictators, side with rebel groups, use military/intelligence, diplomacy, etc. The NATO occupation of Iraq and the bombing of Libya, and the French intervention in the Ivory Coast are recent examples. The losers in the equation are the population where the resources are found and the less developed economies.

The “curse” of natural resources and security in Africa

In the last decades, the hunger for African resources - minerals, hydro-electrical power reserves, and offshore oil - has led to nine 'resource conflicts'. The link between natural resources and conflicts is so strong in the continent that the rich African natural resources are sometimes described as a “curse” as they have contributed to the use of violence and gross human rights violations.

Companies, countries, groups, and individuals have sought to profiteer from Africa’s vast natural resources playing troubling roles in the region, either motivating or fuelling armed conflicts in their aim to control valuable oilfields and minerals or at the expense of the suffering of the population. Arrays of players also influence the conflicts: shadowy resource traders, smugglers, corrupt local officials, arms dealers, transport operators, rebel groups, and mercenary companies. In Angola, Liberia, and Sierra Leone, rebel groups financed a long, violent civil war by selling diamonds. In the eastern DR Congo, the exploitation of the mines plays an important role in the conflict and in the violation of human rights. Africa has not been able to transform its enormous economic potential and wealth into benefits and development for its people. The control over natural resources and their revenues often stay in the hands of small elite. Revenues from the resource exploitation are not only used for sustaining armies but also for personal enrichment and building political support.

The main “external” players AFRICOM and the EU

The role played by the “internal” actors: government, rebel groups, suppliers, and beneficiaries of the exploitation of natural resources in conflicts, warfare, and their cessation is well known. Their responsibility is certain, but we will look only at some “external” actors.

AFRICOM, the US military's new command for Africa says “to bolster regional security and upgrade humanitarian efforts”, but is seen by many as a US’s tool to push its corporate agenda on Africa to get access to its vast natural resources. The US supported Rwanda to move into eastern DR Congo to open up its vast mineral riches to North American based mining companies². Millions of AFRICOM’s US dollars go to military contractors³ to train and provide military logistics for African Union peacekeepers. AFRICOM's inaugural mission to help establishing a no-fly zone over Libya has reinforced African’s belief that AFRICOM intends the promotion of US strategic interests.

The European Union (EU) has not yet set an external policy, though the new European External Action Service (EEAS) aims at increasing EU's influence in the world. EU countries have intervened in different African conflicts. The recent French intervention in Ivory Coast is an example. They also actively participate in NATO actions in Iraq and Libya. The EU feels threatened by the entering of China, India, and Brazil in the search for African resources, and different means are taken to maintain EU’s influence in Africa.

4. Towards resource security for all

Different approaches are needed to promote resource security for all.

At **short term** transparency at all levels (companies and governments); international cooperation through multilateral⁴ fair agreements; economic security for all; restriction of conflict commodities; sustainable and responsible use of natural resources; reduce dependence by repairing, recycling, and reusing; fair leadership of national stakeholders; including the social and ecological ‘externalities’ in economic calculations. Better policies should help direct resource wealth to development and poverty reduction.

At **medium term**, there is need of a new relationship with nature, the recovery by states of their sovereignty over their natural resources, and an end to their private appropriation. This equilibrium needs not only political will on the side of all the stakeholders but mainly a change in the international system.

At **long term**, enhanced security demands a **new and just international order** and a **personal change of behaviour**. This means a new approach to the relationships between human beings and to their relation to nature - the source of all life - moving from exploitation to respect. The “new order” needs international frameworks for resource governance and collective management of global common goods to make them available to all. This new order needs to serve the live of all on the planet Earth; answer the needs of developing countries; make the populations where the resources are found the main beneficiaries of the exploitation; foresee the protection of the environment; and prevent the degradation of the resources. But together with political and structural changes, a **change of personal behaviour** is also essential to diminish consumption and to live more austere.

Some other possible orientations could be: the sovereignty of nations over their energy resources; the prohibition of speculation on food products; the regulation of agro-fuels so that they respect biodiversity, the conservation of soil and water quality and the principle of peasant agriculture; the adoption of measures necessary to limit the increase of the earth’s temperature to 1°C during the 21st century; and public control over oil and minerals through an international code of exploitation, verified

² Madsen testimony before the US Congress in 2001

³ DynCorp and Pacific Architects and Engineers, which is now run by defense-contractor giant Lockheed Martin.

⁴ In international relations multilateral refers to multiple countries working in concert on a given issue. International organizations, such as the United Nations (UN) and the World Trade Organization are multilateral in nature.

and authorized, concerning the ecological and social effects (including, *inter alia* the rights of indigenous peoples).

Begoña Iñarra

Climate change, policies and food sovereignty, it's all linked

Africans already suffer from effects of global warming on agriculture, fishery and forests. But conducting a climate policy without questioning the other policies should be inefficient.

Africa is very vulnerable to changes in the climate and to the variability of the climate, not only because of the aridity or semi-aridity of its soil, but also because of economic and political factors such as endemic poverty, weak institutions, the complex reality of conflicts and policy trends concerning water management, agriculture, fisheries, the environment, energy and trade.

Policy trends and investment choices are crucial. They have serious consequences for many poor people in developing countries.

This article highlights some links between some resources for food production affected by global warming and the need to review the policy relative to these.

1. The impact on water

The agricultural sector is the most affected by the reduction in available water. Nicholas Stern⁵ predicts that an increase of 3-6°C in eastern Africa will bring about a reduction of water supplies of 30-50% in the coming years!

Increasing evaporation, an increase in the frequency and intensity of floods and droughts and the reduction in rain and river flow⁶ – as well as the shortening of seasons – threaten to reduce farming productivity and the variety of crops that will thrive.

It is vital, then, that both citizens and governments of Africa pay attention to improved management and use of water. Promotion of farming techniques that do not use much water, that reduce evaporation and that are right for the local conditions is essential. Technical and financial support for ways of managing water, such as underground reservoirs for conserving water longer, is needed.

Avoiding poor choices

Hydroelectric dams are an obstacle to the flow of streams, the deposit of alluvium, agriculture around the rivers, fishing and the availability of domestic water (which represents 10% of the water consumed worldwide). What is more, the planners have not integrated the climate change factor in their calculations of the capacity of these barrages and the water needed. Energy policies need to promote local solutions that use technology appropriate for the area, e.g. solar cooking ovens.

⁵ Nicholas Stern wrote an economic report on the financial consequences of global warming and argued the need to review policies in order to reduce this warming.

⁶ If rainfall decreases by 10%, there can be a reduction of 50 à 70 % in river flow (50% in North Africa and 70% in South Africa), according to Maarten de Wit, a climatologist at Cape University.

Senegal and some other African states are stepping back from the privatisation of the distribution of water following bad experiences with multinationals. The latter had boasted of their management capacity to governments that were having difficulty providing drinking water for their people. The fast-growing urban population requires more water, so there is a need to look further afield for it and this increases the costs of transport, storage, treatment and distribution. However, the multinationals are more interested in profits than providing a service for the people or long-term water management. So, taking account of this, States cannot delegate their responsibility to the citizens. Instead, they must include in their legislation the right of access to safe water and sanitation recognized by the UN in July 2010 and then take steps to ensure implementation of this right.

2. The impact on farm land

Both the quality and the quantity of farmland are under threat from the consequences of global warming, certain political choices and some investments that are depriving Africans of their land and the resources it holds – and this at a time when a high proportion of the African population depends on farming. Agriculture contributes to the income of African states.

Climate change threatens much farmland in Africa. Harvests could drop by 50% between now and 2020 in certain countries and agricultural production would have to be abandoned in some large regions where farming is marginal. By 2080, the area of arid or semi-arid land in Africa will probably have increased from 5% to 8%. The forests, grasslands and other natural ecosystems are already changing, especially in eastern Africa⁷.

Agricultural Policy

The priority support to small-scale agriculture is crucial. This affects almost ¾ of Africans. Several economists have shown that this support contribute positively to the development of other sectors of the rural economy too. Large plantations marginalize small producers. They make pressure on land and water. Many, led by the multinationals, produce for exportation at the expense of food sovereignty and regardless of their socio-economic and environmental impacts. Worse, they contribute to global warming and waste water by their mode of production.

Unfortunately, most African governments have welcomed investors in crops for biofuels, without having first put in place a policy framework to protect the occupants and users of the land, to conserve natural resources, to guarantee a value-added factor for the country (sharing the production and profits), to strengthen workers' rights or to oblige companies to accept responsibility for the negative impacts they cause.

Moreover, many corrupt policy-makers grant the land to foreign investors and speculators to the detriment of the local people and the common good. They allow them to have vast areas of quality farm or forest land and the water found there, even if they are already being used. They even go as far as granting these newcomers priority rights to water usage. They allow them to divert the rivers with no regard for current users. There are no sanctions for polluting the rivers or lakes, or for the collateral damage. They exploit the legal vagueness that has resulted from the coexistence of traditional and constitutional laws. They take advantage of the villagers' lack of information about the purposes of the contract, the citizens' rights and the duties of the legal authorities. Most of the profits are pocketed by the foreign buyer. As for the speculator, his investment is not reinvested in the economy. Together, this results in the displacement of whole communities and the destruction of the environment. Serious

⁷ Source: FAO - Climate change: major impacts on water for farming <http://www.fao.org/news/story/en/item/79964/icode/>

socio-economic impacts ensue in a context where food sovereignty is already threatened by the harmful effects of the climate on natural resources.

Initiatives

In the face of such abuse of power and the magnitude of the phenomenon, civil society and international organisations are making a stand, each with its own objectives.

African civil society has made its voice heard in the FAO consultations to develop guidelines on responsible governance of tenure of land, fisheries and forestry⁸. These are different from other initiatives as they are based on the Right to Food and consultation on all continents of all stakeholders (civil, private, government, experts). Two draft versions were subject to public criticism. The final text of the voluntary directives will be examined by the FAO Committee on World Food Security (CFS) at the end of 2011. In the CFS reformed in 2009, civil society is a full participant with the right to intervene in debate on the same footing as governments.

In the code of conduct for land policy in Africa⁹ published in 2010, the African Union notes the culture and spiritual value of land for Africans.

3. The impact on agricultural crops

Experts of IAASTD¹⁰ and of several other studies indicate that the key to food sovereignty lies in the diversity of plants and seeds. The more different species that exist in the same region, the better the potential for adaptation to climate change (temperature, rainfall, length of season) and for resistance to insects and diseases. These in turn improve agricultural production, a necessity as populations grow.

Conflict of interests

However, the multinationals are pressing governments to restrict the freedom to exchange, stockpile and multiply seeds and tubers. They are currently asking for a reform of European legislation that will affect the way Africans can trade and draw up trade agreements. They are very active at government level, in universities and centres for research and outreach in Africa. From laws to research and training guidelines, they are promoting the implanting of farming products and practices that bring them profit but do not meet the food sovereignty needs of African people. Nor do they take into account the protection of the environment and ecosystems, biological diversity or the need to reduce greenhouse gas emissions.

To counter the impacts of the climate and to guarantee food sovereignty for their citizens, African governments need to take legal measures to protect and promote the farmers' right to conserve, use, exchange and sell agricultural seed¹¹. It is incumbent upon them, too, to protect and spread traditional knowledge.

⁸ For more information, see: <http://www.fao.org/nr/tenure/voluntary-guidelines/en/>

⁹ To read it, see: <http://www.au.int/fr/dp/rea/sites/default/files/Framework%20and%20Guidelines%20on%20Land%20Policy%20in%20Africa.pdf>

¹⁰ IAASTD: Report of world experts on knowledge, science and agricultural technologies that can feed the world in a fair and sustainable way http://www.agassessment.org/docs/Global_SDM_050508_FINAL.pdf

¹¹ ITPGRFA (International Treaty on Plant Genetic Resources for Food and Agriculture)

Any protection of food sovereignty and adaptation to climate that is taking place is thanks to small-scale agriculture that integrates the various elements of the ecosystem. This is called agro-ecology. Many Africans practise it already without being recognised, let alone encouraged. On the contrary, it causes them to be threatened.

4. The impact on fishing

Aquatic flora and fauna are under threat. Corals, at the base of the food chain of ocean creatures, are being destroyed by the rise in temperature and by the increasing scarcity of certain fish. African governments would do well to enact policies that favour local fishing communities that adapt their practices according to the fish available and do not despoil the oceans' reserves. Above all, they contribute to the socio-economic development of coastal communities. By contrast, foreign companies with huge boats fish in response to the demand of foreign consumers and exhaust the reserves of the sea and destroy the food chain of the fish.

Vital political choices

There are many other political choices that have a direct or indirect impact on the social and economic life of Africans, and that give right or wrong answers to the challenge of climate. Everything is linked – according to the GIEC¹² report on the climate and the IAASTD⁸ report on agriculture. Climate is a crosscutting theme, both cause and consequence of various political challenges.

Ultimately, African governments need to put the right to food and other socio-economic rights to which they have subscribed at the heart of their policies, their investment choices and their agreements with according to the European Union and other partners. Better still, they should ensure that these policies are put into practice. To do this, they must assess the possible impact of multiple options of policies. They also need to strengthen democracy so that citizens can participate in the governance of their country. Finally, African states must demand that industrial countries reduce their greenhouse gas emissions. They should reject false solution and pitfalls, such as the 'carbon credits' that only benefit those who know how to sell them or play with them on the stock exchange and that authorise the polluters to continue to raise the climate temperature.

At the origin of some climate disasters, there are choices poorly lit and people who have no interest at all in the common good.

Christine Fouarge

¹² GIEC: International Group of Experts on the Climate

Western Cotton subsidies endanger African Farmers¹³

In March the *Union économique et monétaire ouest africaine* (UEMOA) presented its cotton initiative in Brussels. Many least developed countries are dependent on cotton for rural livelihoods and export revenue. But few places rely on it to the extent of UEMOA members Mali, Benin, Burkina Faso and Chad (known as the Cotton-4 or C-4) where it accounts for 5%-10% of the Gross Domestic Product (GDP). With an average GDP per capita of \$637 and among the least developed countries on earth, the C-4 rely on cotton more than any other commodity for their export revenues. In these countries cotton provides the livelihood for 10 million of the world's poorest people.

These countries produce cotton more cheaply than anywhere else – a competitive advantage that logically should place the C-4 in an excellent position to benefit from the world's ever increasing desire for cotton products. However, the subsidies paid to their producers by the US and the EU, as well as China and India, have fatally undermined the C-4's ability to trade their way out of poverty. The cotton initiative offensive aims to put the demands of the C-4 group of West African cotton-producing countries for cotton sector reform back at the top of the World Trade Organization's (WTO) agenda.

The harmful impact of subsidies on cotton farmers in Africa

In the last nine years \$47 billion have been handed out by the United States, the European Union, China and India to their cotton growers. Over \$24bn of this \$47bn have gone to US farmers. China subsidised its cotton growers with more than 15bn and the EU gave almost 7bn to its farmers. The United States is the world's biggest exporter of cotton. In the most recent figures, it accounts for 34% of global exports. West Africa today produces about 4% of global production. The C-4 nations export virtually all of their cotton, mostly to China.

It is American growers and, to a lesser extent Europeans, who enjoy the benefits of subsidies, so creating a global price dampening effect. Even in spite of a recent cotton price spike, cotton has lost more than half of its value compared with 1975. For the C-4, it is a situation that spells economic ruination. With no subsidies to bail them out, African farmers struggle against insuperable odds to compete. In turn the lack of revenue generated by the cotton sector means C-4 governments cannot afford to build roads, ports and other infrastructure to catalyse a garment industry that could employ millions of people and create greater value in an underdeveloped sector.

The decline in real terms of cotton prices has disproportionately disadvantaged African farmers as they are so heavily reliant on cotton exports for their livelihoods. This partly explains why cotton production in the 12 main African cotton producers fell by almost 50% between 2005 and 2009. Increases in cotton prices on world markets between the end of 2007 and 2008 passed West African farmers by because the dollar was weak against the CFA franc.

Global cotton prices are not only dependent on the supply and demand of cotton. They also depend on the level of subsidies available to producers and exporters in other nations. A subsidy is given to cotton producers based on the difference between the world price and a set support price. In addition to output subsidies, EU cotton producers also receive subsidies on inputs such as credit to invest in

¹³ Data in this article are taken from Fairtrade, 2010, *The Great Cotton Stitch Up*.

machinery, insurance and publicly financed irrigation. US farmers receive a guaranteed price whatever happens to cotton prices in the future. Therefore, they are encouraged to continue to produce cotton.

A guaranteed price causes production decisions not to be entirely market driven. Subsidies lead to higher levels of production than demand and supply would naturally determine in a free market. The world price slumps when the supply of cotton is artificially increased in this way. If subsidies were eliminated, production would decline in countries that subsidise cotton, but would rapidly expand in other countries in response to higher prices. As a result production would shift toward lower-cost producing countries like the C-4.

The International Cotton Advisory Committee (ICAC) says subsidies reduce prices by 10%; the World Bank says by 12.9%, amounting to an annual revenue loss to African producers of \$147m. Oxfam calculates that removing US cotton subsidies alone would increase world prices by 6-14%, producer prices in West Africa by 5-12%, and average household income in West Africa by 2-9% – enough to support food expenditure for a million people.

According to the ICAC, the US is not only the world's leading exporter but also the country with some of the highest costs of production: whilst the average cost of production is \$0.80 per pound in the US, the cost of production is \$0.35 per pound in Benin. The US therefore subsidises its exports to be competitive with the world's poorest countries who also hold a natural competitive advantage in cotton.

The US may have the overall highest amount of subsidies but the EU hands out the largest amount of subsidies per pound of cotton. The 2009/10 average assistance per pound produced in the EU was \$2.51 compared to \$0.14 in the US. Cotton subsidies in the EU began as part of the Common Agricultural Policy (CAP) in 1981 when Greece was the first cotton producing country to join the then European Community. Spain shortly followed into the EC, and today, cotton subsidies are distributed to around 100,000 producers in Europe: 10,000 in Spain and 90,000 in Greece.

The European Commission is aware of the harmful impact of its cotton subsidies on African cotton farmers. The 2007 Policy Coherence for Development Report recognises that "the EU continues to spend €800-€900 million per year related to cotton farming, while the same product is grown in Africa at a lower cost supporting the livelihood of over 15 million people. The EU is not an important cotton producer globally. But by further reducing its cotton production, the EU would take a step that is likely to assist African producers."¹⁴ At the same time no concrete step was taken by the EU to react to the findings of the report.

The cotton issue at WTO level

In 2005, the WTO attempted to create a cotton trade framework that would see the phase-out and elimination of US and EU trade distorting cotton subsidies. However, pledges made have not been implemented. Trade ministers from every WTO member state, including those of the EU and the US, solemnly agreed in the WTO Hong Kong declaration that cotton had to be treated 'ambitiously, expeditiously and specifically'. However, the declaration was not followed by concrete action.

Chances for the C-4 to obtain a meaningful success in a legal case at the WTO are slim. In 2002, Brazil used the WTO dispute settlement system to file a legal complaint against the US due to America's cotton subsidies. Brazil argued that US cotton subsidies violated agreements made during the previous

¹⁴ European Commission, 2007, *EU Report on Policy Coherence for Development*, p. 138

global trade deal, the Uruguay Round and that US cotton subsidies harmed Brazilian cotton growers. In a long drawn-out legal battle at the WTO, Brazil in 2009 won the right to retaliate against the US. The WTO condemned the US for using prohibited export subsidies and exceeding the cap on the amount of trade distorting subsidies. In early 2010 an interim agreement between the two nations resulted in Brazil suspending retaliation until the US passes a new cotton support regime in the framework of the next Farm Bill expected in 2012.

During the case the US proved ability in pushing the WTO system to the limit. It used procedures and appeals to prolong and postpone final rulings. Eventually, settlement with Brazil does not seek to eliminate subsidies – only to cap them.

The C-4 has the same legal case as Brazil and could also launch a dispute case against the US. However, for the C-4, introducing their own dispute settlement could only give them a moral victory. In practice, retaliatory measures are applied to imports. Brazil has many ways to retaliate against the US, but C-4 countries do not import much from the US. Sanctions on this small amount would not hit the US economy hard. Moreover, the dispute settlement has as its objective compliance with existing laws and commitments. What the C-4 wants and needs is a new commitment to eliminate all trade-distorting cotton subsidies. The only means available for that are negotiations within a round such as the Doha Round. However, with the Doha Round negotiations going nowhere at present, new opportunities need to be found to address the issue. In this sense the UEMOA cotton initiative is an important first step to attract attention and highlight the difficulties cotton farmers in Africa face.

Thomas Lazzeri

Prizes instead of patents

The Medical Innovation Prizes are a creative proposal that offers an alternative to patents for medicines. Prizes for innovation could encourage more efficient research leading to better health outcomes by promoting the development of cures for sickness that have been disregarded by producers, leading to cheaper medicines, and eliminating some of the problems associated with the current patent system. The main focus of this new prize system is to see health as a public good, where effective treatment of people should come before economic benefits.

1. The shortcomings of the current system of patents for medicines

The current system of financing research and development (R&D) for new medicines through giving a patent to the inventor has severe consequences on public health budgets and on research for new medicines. The system does not solve current health challenges and needs.

Patents on medical products provide a temporary monopoly (10 to 20 years) on a product to the inventor or firm which comes up with the product. Patents are supposed to be a return on the cost of research. The patent grants a producer the possibility of fixing the price of the patented drug regardless of the price of production. This hinders access to the patented medicines. During the life of the patent, generic versions of drugs cannot be produced nor sold. The companies owning a patent seek to delay and deter competition from the generic by extending the life of the patent with innovations of hardly

any therapeutic effect. The link between the cost of R&D and the prices of medicines in the current system yields medicines that are unaffordable, unavailable, or unsuitable for some developing country contexts (i.e. heat stable, paediatric formulations). In fact, using industry assertions of Research and Development (R&D) spending, pharmaceutical related R&D spending by the private sector was less than 8% of global sales in 2010.

The granting of patents makes most current health research profit-driven rather than needs-driven. Companies invest huge amounts on R&D for medically unimportant products (slimming, hair loss, or impotence) within a large market but fail to invest in areas of public interest, such as neglected tropical diseases, as these patients are poor and the market would bear small benefit. According to Médecins Sans Frontières (MSF), of the 1,393 total new drugs approved between 1975 and 1999, only 1% (13 drugs) were specifically indicated for a tropical disease (MSF). According to Prescrire International, out of the 984 new medicines developed over the period of 2000 – 2009, only 2% represented a real therapeutic advancement for patients.

Another collateral aspect of patents is the restriction of information to others in such a way that patents become a barrier for researchers and further innovation of drugs. Other factors added to those mentioned above such as the aging of the population, the high price of medicines for certain diseases (cancer, heart), and the impact of the economic crisis in health budgets show even more limits of the patent system. Even in rich countries, the growing burden of medicines prices on national healthcare budgets becomes unbearable. For example, Spain and Germany have already cut medicine expenditure.

Today it is clear that the monopoly of patents, data exclusivity, and other intellectual property (IP) measures are inefficient incentives in health innovation. The current model of granting patents for biomedical innovation is unsustainable and inefficient for both developing and developed countries. In rich countries, the most expensive medicines are pushed through the medical system far beyond the benefit of the drugs. In developing countries, many patients cannot be treated due to the high costs of drugs from the health system often paid out of the pocket of the patients. Despite growing acknowledgment of the failures of the IP-based R&D model, the EU and other industrialised countries continue to export this model to developing countries through bilateral and international trade agreements.

In the last years a series of factors regarding innovation have become evident: the need to delink the price of medicine from the cost of research, to prioritize a needs-driven approach in research priorities, and to consider access as an integral part of the R&D process. The search for new models of medical innovation and research in the area of medicines has become a priority.

2. The new models

Delinking the price of medicines from the cost of research means finding new ways to pay for R&D on medicines. Another need is to search for models driven by societal needs and public health priorities. A condition for this to become a reality is to make public the “knowledge” attached to the research.

These last years a range of proposals and initiatives on R&D on health products that promote access and therapeutic benefits with real health impacts have been tried and proposed. They vary from R&D models similar to the traditional IP rights (patents), to those with no IP rights attached. We present some of the initiatives already in use, an on-going process to move us towards new more sustainable models of medical R&D that bring the access and innovation that the public needs.

A series of decisions have been taken at international level (WHO¹⁵, USA¹⁶, EU¹⁷) in the effort to delink the cost of R&D from the price of medicines. The World Health Organization (WHO) has formed a new expert working group (EWG) on innovative R&D financing. The EU has committed to explore de-linkage and set out some principles to ensure affordability and accessibility such as third-party competition, R&D grants to small companies (push funding), and prizes (pull funding) to stimulate research in priority areas and reward results that meet the criteria for affordability, accessibility, and real health impacts.

The UNITAID & Medicines Patent Pool has established a patent pool for medicines to provide patients with increased access to more appropriate and lower price medicines. Patent holders are encouraged to join the pool. The pool encourages the development of adapted formulations, such as for paediatric use and allows competitive generic manufacturing. It focuses on financing that supports sustainable access to medicines. The initial focus would be exclusively on antiretrovirals (ARVs).

The Open Source Drug Discovery (OSDD) initiative is an open innovation model partnership (4511 members across 130 countries) aiming at providing affordable healthcare to the developing world. It works on challenges in the drug discovery process based on a system of attribution and rewards for solutions to interim challenges. This is a way to overcome the constraints of the IP-based model. OSDD focuses on diseases that are neglected by larger market-driven pharmaceutical companies, currently tuberculosis and malaria.

3. Prize fund model for innovation and access

In the last years, the idea of prizes instead of patents to be awarded in order to further advance pharmaceutical solutions to global problems such as AIDS, TB, and many others, has kept growing. Offering extremely attractive prizes for winners of open competitions would encourage R&D on new medicines. This would delink the prices of medicines from the incentive of offering a prize as opposed to a patent, can be an incentive for R&D of new medicines in developing countries, and would provide products immediately affordable instead of pending on a patent expiration. The prize will allow the final product to be available to all people.

The ideal would be a global prize. In waiting for that global prize to come into being, other partial models are already being tried upon. In the US, two new bills seek to introduce prizes in order to eliminate all legal barriers of manufacturing and selling the of generic versions of drugs and vaccines. The more ambitious bill is the Medical Innovation Prize Fund Act (MIPF), which would apply to all prescription drugs. It would create a prize fund equal of 0.55% of US GDP, which is more than \$80 billion per year at current levels of U.S. GDP. The narrower proposal is the Prize Fund for HIV/AIDS Act, which would only apply to treatments for HIV/AIDS. It would be funded at 0.02 % of U.S. GDP, which is about \$3 billion per year at current levels of U.S. GDP.

The Medical Innovation Prize Fund (MIPF) proposes a reward for reimbursing R&D investments for new medicines. This would allow eliminating patent and other IP barriers to research and access to

¹⁵ The World Health organization (WHO) *WHO's Global Strategy and Plan of Action (GSPA) on Public health, Innovation and Intellectual property*,

¹⁶ USA, *the Medical Innovation Prize Fund Act of 2007* would provide a profound change in the way we finance new drugs. A link to the text of the bill and a detailed description of how it works is available.

¹⁷ European Union (EU) *The Council Conclusions on Global Health* (May 2010) calls for a coordinated global framework for R&D. The *EU Communication on the Innovation Union* (June 2010), proposes a more efficient system with more value for money on R&D, cooperation between researchers and innovators, and recognition of the importance of competition.

medicines. The prize system seeks to reconcile both supporting innovation and access to new treatments. It will be oriented towards drugs for illnesses where the market fails and will allow for generic competition in order to lower the price of medicines.

In the **Donor Prize Fund for HIV/AIDS** treatment, a certain amount of money would go into a fund. To receive the reward, companies would have to license to the UNITAID patent pool. The fund would also have an innovation dividend. This would allow donors to buy the medicines at marginal cost. Both prizes will make available the “knowledge” of the winning medicines for anyone to manufacture it as a generic, at very low cost, being then accessible to the needy. The prizes could be funded by public money, foreign aid assistance funds, foundations, global organizations, and insurance companies that will benefit from lower medicine prices.

Another proposal is the **Cancer prize fund**, which would pay out to companies based on the therapeutic and health impact value of their medicines. Generic production would reduce restrictions on access giving every patient access to the most effective cancer treatments. The reward could include provisions for researchers that published through open access fora, shared data, or contributed to the development of the medicine in question.

The prizes system will support increased sharing and access to knowledge; more efficient incentives to innovation; rewards based on improvements to health outcomes; reduced incentives for marketing and promotion; elimination of high prices for medicines and a market based on affordable (generic) manufacture of medicines. This means that the result of the research would be “open source”, made public and available to others who want to use it with certain conditions to improve the product or to make a new product. The conditions to use the open source are that the end-product, source-material, blueprints, and documentation is in turn available to the public at no cost. This contrasts with the current business model which is more centralized and where the documentation is kept secret.

What's interesting about the prize idea is that it rewards companies for innovation directly, not by granting them intellectual monopolies, which are then inevitably used to deny people life-saving medicines because there is no profit in making them available at affordable prices. By decoupling the rewards for successful R&D investment from the sales of products, the new model will permit governments to create more efficient and useful incentives for R&D that focus on inventions that improve health outcomes. Patents would still be available for medicine related inventions, but they would not block generic competition. Research funded by public money would also be eligible to receive rewards from the Prize Fund.

Please visit <http://www.greenmediabox.eu/archive/2011/05/31/innovation/> to see the video of the event at the European Parliament on Prizes and innovation in Medicines.

Begoña Iñarra

The Logbaba Gas Field in Douala and the concerns of the local residents¹⁸

During his visit in Cameroon in May, the author of this article visited the Ndogpassi district in Douala. This is where the Logbaba on-shore gas field is situated. Rodeo Development Limited, a subsidiary entirely owned by the British Victoria Oil and Gas, has held the exploration permit since 2001 and started carrying out exploratory drillings together with RSM Production Cooperation and with its Cameroonian partner Société Nationale des Hydrocarbures (SNH) in 2009.

Around 155,000 people live in Ndogpassi. A high proportion of the residents lack access to drinking water and functioning telephone connections are virtually nonexistent. The garbage collection does not function either and about one third of the households have no access to electricity. Gas had been discovered in Ndogpassi for the first time in the 1950s when Cameroon was still a French colony.

The French company ELF, carried out exploratory drillings but the project was then abandoned because ELF was interested in discovering oil, not natural gas, which at the time was not considered commercially relevant. Now the project is back on track and Rodeo's exploratory drillings apparently showed that the gas is of high quality. The exploratory phase has in the meantime ended and in April 2011 a presidential decree authorized the beginning of the commercial exploitation of the gas. The official inauguration ceremony took place a few weeks ago.

The lack of information

I met a concerned local resident in his house together with AEFJN's local Cameroonian antenna and with the Cameroonian NGO FOCARFE. In the short time we spent there to listen to his concerns, about 20 other residents arrived to tell us of theirs. The first serious concern they expressed was that they had been given little to no information about the project. Neither the Cameroonian state nor Rodeo fulfilled their obligation towards the local community to provide accessible information in a timely manner. This happened in spite of Cameroon's Environmental Framework Law of 1996 which foresees clearly the *principle of participation* according to which each citizen shall have access to information on the environment, including information on dangerous substances and activities.

Rodeo did not hold its few information sessions until August 2010, several months after the beginning of the exploratory drillings. The information documents made available by Rodeo were in English, a language not spoken by most residents who speak French. Notably, the Environmental and Social Impact Assessment study was also carried out in English. The practice of giving documents in English to locals who do not speak the language is apparently relatively widespread among international companies operating in Cameroon. The companies use the formerly bilingual status of Cameroon (French and English) as an excuse to provide locals in the French speaking areas - which are the majority - with documents that are in English and therefore often incomprehensible for them.

¹⁸ This article is based on interviews with locals, Victoria Oil & Gas' May 2011 Chariman Letter to the Shareholders and on the Environmental and Social Impact Assessment study of the project.

The issue of landownership and compensation

According to the information available, a large part of the land used for the exploitation of gas is state-owned National Domain and classified as Public Property of the State. Public Property of the State is inalienable. However, the right to occupy such a property may be granted under a permit or a contract of occupation. Initially the exploratory drillings had taken place on a surface of 16 hectares; now exploitation has been authorized on a surface of 20 square kilometres.

The areas affected by the activities of Rodeo were declared “un-constructible” by the local municipality in 1998, rendering all successive construction in the zone illegal. However, most local residents were unaware of this and being more familiar with customary aspects of landownership than with legal details have continued to build in this area. Some even claim to have received building permits after 1998, a claim we have been unable to verify ourselves. The Environmental and Social Impact study recognizes that an “extremely sensitive approach” to the expropriations needs to be adopted by Rodeo entailing “intensive consultation” with the community through their leadership and administrative structures and covering issues such as timing and *modus operandi* of the expropriations. The study also mentions the necessity of Rodeo developing a Resettlement Plan.

During one of the very few information sessions held in Douala in August 2010, Rodeo in fact stated that it was looking for land for the relocation of the inhabitants of the area affected by the extraction of gas. According to the local residents we spoke to, none of this has happened and most of them are still waiting both for information and for the actual compensation. The lucky few who were compensated were compensated in cash and were not relocated. Cash compensation is risky as it gives sudden wealth to the recipients who are in most cases not used to manage such sums and risk squandering it, rather than investing it in the purchase of land elsewhere. Written requests by AEFJN to provide us with information regarding the relocation plans have not been answered by Rodeo.

Locals had tried to organize themselves in a civil committee when the exploration phase began, but the effort soon collapsed. The largest landowner of the area received his compensation and moved elsewhere, abandoning the committee. Other committee members backed down after receiving threats. The political situation is generally tense in Cameroon. Long-time president Paul Biya, in power since 1982, intends to run for yet another mandate at the elections scheduled for this autumn and the revolts in the Arab world as well as the crisis in the Ivory Coast have set off alarm bells and prompted the government to tighten the screws.

Thomas Lazzeri

A Move Away from Water Privatisation in South Saharan Africa

The Access to Water is a Human Right

The provision of water is of the utmost importance as it is needed for drinking, food, sanitation, religion, etc. In fact, in September, 2010, the United Nations Human Rights Council adopted a resolution recognizing the right of access to water and sanitation as part of the right to an adequate standard of living with states as the guardian of that right.

The number of people living in cities in Africa with no access to tap water at home or in the immediate area increased by 43 percent (from 137 million to 195 million) between 2000 and 2008, and half the world's hospital beds are occupied by people with preventable water-related diseases. Climate change and the rapid use of water as a non-renewable resource will only make these dire situations worse. The increase in the last two decades of privatisation of water services in sub-Saharan Africa (SSA) has come under serious controversy as profit driven companies now have control over the provision of necessities. Even with this added power, private companies have proven unable to provide better service than the public sector.

A History of Water Privatisation in Sub-Saharan Africa (SSA)

Privatisation of public services in developing countries was encouraged and financed by international financial institutions such as the International Monetary Fund and the World Bank in the late 1980s and early 1990s which resulted in an increase in privatisation of water services in SSA in late 1990s and early 2000s. Privatisation was assumed to be better able to provide water services than the public sector as some SSA governments were struggling with corruption and inefficiency. International financial institutions also pushed privatisation as a way of attracting foreign direct investment into SSA countries to improve their economies.

Donor countries also wielded their aid budgets and free trade treaties to win business for their national companies. Management contracts were commonly used as a way of giving multinationals risk-free business in water, while smoothing the way for eventual lease or concession privatisation. Ownership was often initially shared with a local company with financing provided by a local bank. Public-private partnerships were also encouraged, though these were often simply governments granting concessions to private companies.

However, even with government concessions, private companies were only interested in investing when the GDP¹⁹ of a country was high enough for the population to pay in the hopes of the company earning a profit. This often resulted in the rural population paying more for their water since access is more expensive for companies to provide. Being motivated by profit, those who could not pay for water were simply cut out of the scheme by the company.

Privatisation was initially dominated by French multinational companies (MNCs), but soon followed by other European and American companies, many coming from the UK. In SSA, Saur lead the way in

¹⁹GDP Gross Domestic Product. Value of all final goods and services produced within a country in a given period.

Conakry (1989), Central African Republic (1993), Mali (1994), Senegal (1995), South Africa (1999), and Mozambique (1999). Veolia (former Vivendi) and Suez-Lyonnaise des Eaux followed: South Africa (1992), Guinea-Bissau (1995), and Cameroon (2000); for Suez: Gabon (1997), Kenya (1999), Chad (2000), Burkina Faso (2001), and Niger (2001) for Vivendi. UK companies followed including Biwater and Thames Water in South Africa (1999), Sudan (2000), Nigeria (2003), and Ghana (2005).

The privatisation of water services in SSA has had an overall net negative impact. Privatisation has involved laying off local government workers without increasing efficiency of provision or access to quality water. Efficiency gains expected from competition between providers has not materialized as companies have often been given a monopoly through concessions by the governments. The high prices charged by private companies and lack of alternative supply have forced many poor Africans to use contaminated water.

Furthermore, without state regulation of water supply, private companies are not required to provide safe usable water to the population it services. Poor countries are not able to offer this type of regulation or infrastructure, so MNCs have no incentive to provide safe water even to the customers who can pay high prices.

While privatisation in other countries has increased the access to quality water, most developed countries rely on a public water provision. Privatisation of water in the US is only about 10% as compared to SSA at over 30%. Even Europe, the former champion of water privatisation, has been slowly passing ownership back to the public sector. Additionally, European member states heavily subsidize water prices to the public. In fact, an AfroBarometer survey of 12 African countries undertaking economic reforms between 1999 and 2001 revealed that only 35 percent of the population preferred private ownership to state ownership.

Advancements toward Greater Access to Water

Several advances have been made in the battle to end privatisation of water services at both the regional and political level within SSA states.

Civil society groups and angry users have formed coalitions to force the government to cancel the contracts. Veolia had to get out of Mali, Gabon, Chad, Niger, and Nairobi, while Saur left Guinea. Most water privatisation has occurred in South Africa as the state can offer the most stable economic environment for FDI in SSA. However, organized democratic groups have been successful in opposition there as well, extending into nearby Mozambique. In Uruguay, a civil society initiated referendum banning water privatisation was passed in October 2004. Movements from about forty other countries joined together in Nairobi in the African Water Network (2006). A push for public control of water is spreading in Europe as well. In September 2004 the Netherlands passed a law banning the privatisation of the public water supply in with broad cross-party support.

The EU has recently established the ACP-EU Water Facility with a budget of €500 million for the African, Caribbean and Pacific (ACP) signatories of the Cotonou Agreement. The ACP-EU Water Facility has been created to help improve access to drinking water and sanitation for the disadvantaged population in those countries by actively addressing the financing gap issue. The fund will aim to support public-public partnerships in the field of water where one public utility helps another to reform and improve its performance and the quality of its management with solidarity being the motivation rather than profit.

In 2004, the Transnational Institute began the Water Justice Project which has compiled examples of how communities in different parts of the world are moving from failed privatized water management

to successful publicly managed water and wastewater services. These examples are presented in the Water Remunicipalisation Tracker. Moreover, in May 2007, Friends of the Earth International presented a letter signed by 138 groups from 48 countries asking donor countries to withdraw support from the World Bank's Public Private Infrastructure Advisory Facility, an agency that funds consultants to advise governments on how to privatize key sectors of their economies such as water. The 2011 International World Water Day, organized by the United Nations and held annually on 22 March as a means of focusing attention on water and sanitation issues, was entitled "Reclaiming Public Water for Our Cities" and held in Cape Town, South Africa.

Finally, as previously mentioned, the UN General Assembly in July 2010 formally acknowledged water and sanitation as a human right. A September 2010 resolution by the UNHRC²⁰ clarified the foundation for recognition of this right and the related legal standards, demonstrating that it is legally-binding and equal to all other human rights. The UNHRC resolution also reaffirmed that the primary responsibility to protect and fulfil the human right to water and sanitation resides with the State, even in cases where States delegate water service delivery to private entities. Though the resolution outlines States' obligations with respect to private water service providers, it does not explore the responsibilities of private large-scale water users in realizing the human right to water and sanitation.

What Should Be Done Now

While the recent efforts to increase access to quality water and the move away from privatisation are commendable, more must be done to ensure that 1/6 of the world's population is not without access to quality water. Some recent suggestions have included using sea water to carry away waste from cities rather than using fresh water needed for drinking and bathing. Also, there has been some discussion of investing in women and girls in water projects because they are often the most involved in the provision of water in homes, and tend to offer high returns on investment. The EU and other developing countries have looked at creating export regulations on water as SSA countries are not able to regulate their water imports as developed countries do. Many organizations and universities have a plethora of information and recommendations on water provisions which governments and the EU should use to their advantage.

The broadest solution is to move towards a system of public management with reforms in transparency, accountability, and participation of citizens and civil society. Access to financial, technical, and organizational support is necessary for SSA governments to be able to use new technology and create the infrastructure needed to supply all its' people with quality water. Information and education to the population are also important so that they can push their governments to make better water policies and investment decisions.

Katie Van Geem

²⁰The United Nations Human Rights Council