

Small and Large Scale Investment

Objectives:

- To examine the advantages and disadvantages associated with large and small scale development projects.
- To look at the impact of both types of projects on the lives of the local community.
- To investigate to what extent and in which ways investment can reduce poverty.

You will need:

- Copies of the Proposals Sheet (one copy per group)
- Copies of the Volta Dam case study (one copy per group)
- Copies of the Frank Kapopo's Story case study (one copy per group)
- Copy of the Role Cards sheet (one role per group)

Time required: 45-60 minutes

Instructions:

- Divide the class into five groups and give each group a copy of the Proposals, a Role Card and copies of the Volta Dam and Frank Kapopo's Story case studies.
- Each group should spend some time discussing which proposal should go ahead. Tell them that they will have to defend their chosen proposal in detail so their arguments need to be well worked out.
- After discussion give each group 10 minutes in which to put its case, saying which scheme they support and why, or what their main concerns and reservations are. They can also suggest modifications if they wish.
- Give each group 5 minutes to review their position in the light of presentations from the other groups.
- Ask each group to make a short statement about their final decision in the light of discussions.

Discussion:

- If the proposals were now sent to the Federal Government which do you think would gain their approval? Do you think their choice would be the same as yours?
- Which groups, if any, changed their mind?
- How effective were the farmers in influencing this?
- How would the farmers' opinions be included in the planning?
- In practice which organisations (or people) would have the biggest influence on development project planning?
- What will the final choice of scheme do to reduce poverty in the area?



Proposals

Scheme A: The Large Scale Irrigation Scheme

This will consist of a dam along the river and a canal to carry water to irrigate part of the floodplain and some higher ground on both sides of the river. It is claimed that under irrigation the crop yield will be doubled in 5 years. The proposal is to acquire all the land which is to be irrigated, and give compensation to all the farmers. A system of management will be set up to use the irrigation scheme efficiently. The rest of the area will not be developed. Apart from the irrigation works, new roads and a bridge over the river will be required. It will cost \$200 million.

Read the Case Study about the Volta Dam to give you a real perspective on large scale investment projects.

Consider the following. (If it is helpful you could make notes on these questions)

- * **What was the situation like before the building of the dam?**
- * **What happened as a consequence of the dam being built? How did life change in the area?**
- * **Who benefited? Who lost out?**
- * **How has poverty in the area been reduced as a consequence of this investment project?**

Scheme B: Small Scale Irrigation Scheme

This will consist of a series of low barrages on the river to retain some of the wet season flow in order to use this water in the dry season. A series of small pumps will be installed to irrigate farmland next to the river. The barrages will create small lakes and this water can be used in the irrigation system. Crop yields are expected to rise by 50% in 10 years. The proposal also includes developing cooperatives in the villages which could purchase diesel pumps at a subsidised cost to extend the irrigation scheme. It may be that the cooperatives can work with other village cooperatives to extend their ability to increase their income through trade. Farmers will keep their *own* land. They will build their *own* canals to take the water from the pumps to their fields. Existing tracks will be improved. There will be NO major new roads or bridges built. Maybe the agricultural services could be extended in the future through the village cooperatives. The scheme will cost \$70 million.

Read the Case Study about Frank Kapopo and small scale investment opportunities.

Consider the following:

- * **What was life like for Frank before he joined the Club?**
- * **How did his life change?**
- * **Did this scheme only benefit the local area or could it have wider consequences?**
- * **How has poverty in the area been reduced as a consequence of this investment project?**

Scheme C: 'Dry Land' Development

This scheme covers the *whole* area and involves setting up a system of credit. With the money borrowed it will be necessary to build new roads, set up a new water supply network and introduce new types of agriculture. This means there will be an extensive network of new all weather roads, service centres and wells. Rural infrastructure will be improved. There will be NO new engineering works. Developments will be managed by the rich farmers, who know the community well. They understand what is important for the local farmers, but also realise that things need to change if they are to increase their ability to trade and maintain a reasonable standard of living. They will oversee all the project work. It is expected that the crop yield will improve by 25% over 10 years. This will cost \$100 million.

Role Cards

Engineering Planning Company

You are most interested in large scale irrigation projects. Most of your staff have experience of these schemes and believe that if the scheme is built well it can be a success. You are also interested in further work after the scheme is finished so you are keen to see an important scheme proposed. You are, however, aware that it is difficult to just take over the land belonging to farmers and that there are problems with surveys and the giving out of appropriate compensation. You know that the scheme will be expensive. This may mean it will not be attractive to the government, who will have to find the money to pay for it. You are therefore also interested in the possibility of small scale irrigation. You need to know what the farmers think of the different proposals and about the attitude of the River Authority (another group) whose recommendations to the government will carry a lot of weight. You do not believe that development of the area can succeed without irrigation because of the history of drought in the region.

Agricultural Development Company

You are used to working on schemes supported by the World Bank. You support their approach to development but are also interested in small scale irrigation as you think this is an approach which the farmers themselves will favour. However, the cost of improving the whole infrastructure of the area may be high compared to the relatively low increase in production. This may make it unattractive to the government. You do however think that good infrastructure will help the area overall and in the longer term.

Rich Farmers

As rich farmers in the area you already have contacts outside the area for trading and other activities. You are aware of rapid change in other parts of the country. You see the opportunities in and outside agriculture if a major development project is begun. You need to find out the different benefits each proposal will bring. You are also concerned because the whole community depends on you for guidance and information so you want to take into account their needs and wishes. You are wondering about the wider implications of the different types of development.

Role Cards

Poor Farmers

You are part of a large group of poor farmers who have been forced to leave your villages frequently in the last few years in search of work. You are very suspicious about change but realise that something needs to be done about improving the farming in the area to enable your family to survive. You want to find out all the advantages and disadvantages associated with each type of project. You are not particularly worried about the long term benefits of the project for the country in terms of economic development. Your primary concern is for your family and having a reliable source of food and income.

The River Authority

You are a Government agency set up to develop the land and the resources of the whole river basin. Your main interest is in developing an irrigation scheme, but previous schemes have been very expensive and in the end not very successful. There were social problems which gave the projects a lot of bad publicity. Local people were not happy. You have recently been interested in small scale irrigation projects but are uncertain about their long term effectiveness. You will have ultimate responsibility for whatever project is chosen and must present a good case to the government for the money you will spend. You definitely want the project to be cost effective and contribute to the overall benefit of the community, but have to convince the government about which scheme is the best.

Winners and Losers

Objective:

- To explore the costs and benefits of Multinational investment in Africa with respect to local people, national governments, shareholders and consumers.

You will need:

- Copies of the discussion cards cut into individual cards - one set of cards per discussion group.
- One copy per discussion group of the Winners and Losers chart

Time: Approximately 30 minutes

Instructions:

- Split the participants into discussion groups of three or four. Give each group a set of cards and ask them the question **'What could be the effects of Multinational investment in Africa?'**
- Ask them to decide which of the effects given on the cards they think are the most important (they might want to rank them in order of importance, or just choose two they think are important and two they don't).
- When everyone is happy with their choices ask each group to report back to the whole class.
- Then ask the question: **'Would everyone benefit equally from Multinational investment?'**
- Hand out a chart and pens to each discussion group and ask them to fill it in with people, groups, sections of society who benefit from Multinational investment, in the 'Winners' column, and those who don't benefit so much, in the 'Losers' column.
- When the discussion groups have filled in their chart ask each group to report back to the whole class. You could perhaps make a large chart with the responses from all discussion groups.

Discussion:

- The Commission for Africa identified that poverty will not be reduced unless African countries have strong economic growth and are able to encourage investment.

Questions:

 - How could African countries attract investment?
 - What would they need to do?
 (Responses should be guided towards the need to develop the infrastructure of African countries)
- The Commission for Africa raised questions about how the benefits of economic growth are distributed and managed.

Questions:

 - How could African countries ensure that the poorest groups, young people and women, benefit from donor and Multinational investment?
 - How could African countries ensure that any economic growth is sustainable?
 - How could African countries ensure the environment is safeguarded and that they address the risks of climate change?



(Responses should be guided towards investment in education, agricultural production, the development of service industries and the enforcement of health and safety and environmental protection legislation)

Discussion Cards

<p>Capital Investment</p> <p>Multinationals could provide the money required for industrial development.</p>	<p>Expatriate Workers</p> <p>Multinationals may employ key workers from outside Africa.</p>
<p>Training and Skills</p> <p>Multinationals could provide training for workers and help develop their skills.</p>	<p>Repatriation of Profits</p> <p>Multinationals may not invest the profits they make in Africa.</p>
<p>Employment</p> <p>Multinationals could provide employment for African people.</p>	<p>Health and Safety</p> <p>Multinationals may take advantage of weaker Health and Safety regulations in Africa.</p>
<p>Government Income</p> <p>African governments may be able to increase their income through personal and corporate taxation.</p>	<p>Cheaper Goods</p> <p>Multinationals could sell their products on the world market at a cheaper price.</p>
<p>Stimulate Growth</p> <p>Industrial developments could stimulate the local growth of service industries.</p>	<p>Shareholders' Dividend</p> <p>The shareholders in multinational companies could increase their annual dividend.</p>
<p>Competitive Advantage</p> <p>Multinationals may take advantage of Africa's cheap human and natural resources.</p>	<p>Environmental Degradation</p> <p>Industrial developments could degrade or damage the African environment.</p>
<p>Lower Prices</p> <p>Retailers could sell the goods manufactured in Africa at a cheaper price.</p>	<p>Value for Money</p> <p>Consumers could purchase goods produced in Africa at a cheaper price.</p>

Chart

Winners	Losers
Local	Local
National	National
Global	Global



Is Tourism Good for Development?

Objectives:

- To look at what impacts the development of tourism has on local people.
- To look at the difference between main stream tourism and ecotourism.
- To examine the role of tourism in the development of a country's economy.

You will need:

- Copies of the case study: 'Eco-tourism (three copies for each group)
- Copies of the 'Is Tourism Good for Development?' worksheets (one copy for each group)
- A3 size paper for each group of students
- Pencils and coloured pens

Time: 45-60 minutes

Instructions:

Part 'A'

- Divide the class into groups of 6 and give each group a copy of the case study and copies of the worksheets.
- Tell the students that they should read the case study material first.
- Tell the groups they are going to evaluate a number of activities that could be included in holidays to Africa. Go through the questions on the worksheet and ask pairs of students in each group to complete one of the worksheets.

Part 'B'

- After the groups have evaluated their holiday activities ask them to decide, as a group, what kind of tourist development they would recommend, and what type of activities would they offer to tourists.
- Ask the groups to draw an annotated plan of their development on the A3 paper.
- Points for the groups to remember:
 - Their development needs to earn money for the country.
 - The right kind of development will help to alleviate poverty if local people are involved in it.
 - Their developments must minimise damage to the environment.
- Ask each group in turn to describe their tourist development to the rest of the class.

Discussion:

- Where will the money (investment) come from to initiate this development?
- Do the students think that a country should borrow from an international development organisation such as the World Bank or allow multinationals, involved in tourism, to build the tourist development?



Is Tourism Good for Development?

Tourist Activities	Jeep Safaris to see the wildlife in the Safari Park	Ballooning trips over the Safari Park	Trekking / camping in the Safari Park	'The Cultural Experience' local village tours
How attractive is this activity to tourists- would it attract huge numbers or not?				
Would it be an expensive activity to take part in – would it generate a lot of money for the country?				
Would it create employment and generate money for the local economy?				
How much investment would be needed to set this activity up – e.g. roads, water, electricity, construction, training?				
What would be the impact of the activity on the environment?				

Is Tourism Good for Development?

Tourist Activities	Canoeing / camping trips down the river in the Safari Park	Hunting / shooting of game in the Safari Parks	Hang gliding off the mountains over the Safari Park	Hotel leisure complex - all inclusive holidays outside the Safari Park
How attractive is this activity to tourists - would it attract huge numbers or not?				
Would it be an expensive activity to take part in – would it generate a lot of money for the country?				
Would it create employment and generate money for the local economy?				
How much investment would be needed to set this activity up – e.g. roads, water, electricity, construction, training?				
What would be the impact of the activity on the environment?				

Is Tourism Good for Development?

Tourist Activities	White-water rafting down the river rapids in the Safari Park	Safari lodges holidays in the middle of the Safari Park	Boat trips on the lakes / rivers in the Safari Park	Helicopter rides over the Safari Park
How attractive is this activity to tourists - would it attract huge numbers or not?				
Would it be an expensive activity to take part in – would it generate a lot of money for the country?				
Would it create employment and generate money for the local economy?				
How much investment would be needed to set this activity up – e.g. roads, water, electricity, construction, training?				
What would be the impact of the activity on the environment?				

Eco-tourism

Objectives:

- For students to explore and appreciate different perspectives.
- To make links between their own lives and those of people in Kenya.

You will need:

- Some preliminary work with students about the geography of Kenya – location, climate, people, landscape etc.
- Several copies of the role cards (one role for each pupil)

Time: 45-60 minutes

Instructions:

- Explain to the pupils how tourism benefits Kenya – an important means of earning money.
- Set the scene – A tourist Company has applied to build new tourist lodges in one of Kenya's National Wildlife Parks.
- Tell the pupils that they are going to stage a Public Enquiry in which they will take on the roles of people that may benefit from or be affected by the construction of the new tourist lodges. Also, tell the pupils that you will be leading the enquiry and will be making a decision at the end based on their contributions.
- Divide the class into groups representing the different roles and give each group copies of their 'Role Cards'.
- Ask the groups to read their 'Role Cards', to decide what the main points are and who in their group will make those points to the whole class (in this way no one child has to remember it all and everyone can be involved).
- When the groups are sufficiently confident with the main points of their role, it is time to call the meeting to order and ask for contributions from the different representative groups.
- At the end of the contributions ask the groups questions to clarify points they have made and make your decision.

Alternatively:

At the end of the Presentations ask half the groups to prepare a summary of 3 of the strongest arguments for the new lodges and some one from each of the groups to present these to the rest of the groups. Do the same for the contrary arguments. The Chair can sum up and retire to consider their position in the light of the evidence presented or declare in favour of the stronger case.



Background notes for Teachers

Refer also to the Case Study: Ecotourism: http://www.learningafrica.org.uk/downloads/casestudy_ecotourism.pdf

In many developing countries tourism is one of the leading foreign exchange earners. For some, it is one of the few export opportunities available. Tourism is, therefore, a powerful force in the economic development of these countries. Increased awareness of the potential that tourism seems to hold has been growing, and many developing countries have actively supported its development, Kenya being one of them.

In Kenya, tourism is accepted as an economic boon and a valuable asset to the national economy. Tourism plays an ever increasing and crucial role in the growth and development of Kenya's economy as the agricultural base, traditionally the country's main source of foreign exchange earnings, declines. Tourism is Kenya's second largest source of foreign exchange earnings after horticultural exports. Tourism earned US\$302,631,000 in 2001.

But tourism faces many challenges as this activity demonstrates. The industry provides employment to 153,000 people but there is a predominance of foreign multi-national companies controlling the tourist industry in Kenya.

Information to support this activity:

BBC Kenya profile: http://news.bbc.co.uk/1/hi/world/africa/country_profiles/1024563.stm

Eco Tourism Society of Kenya: <http://www.esok.org/>

Kenya Tourist Board: <http://www.magicalkenya.com/>

Responsible Travel – an organisation which promotes itself as offering holidays that “benefit the environment and local people”. Use the Kenya page links to discover the kind of ‘ecotourism’ holidays on offer.

http://www.responsibletravel.com/TripSearch/Africa_Middle%20East/Country100002.htm

BBC report on the problems facing Kenya's National Parks and possible solutions:

<http://news.bbc.co.uk/1/hi/world/africa/3396423.stm>

Roles

The Tourist Safari Company view

We in the tourist industry want a healthy business. We want financial security, trained and responsible people to work for us. We have helped to develop the natural attractions of Kenya by putting money into building new hotels and lodges. We need to keep a steady flow of visitors – who stay longer and visit more often. We bring prosperity to Kenya through earning money, particularly dollars. We provide jobs in our hotels and safari lodges as cooks, waiters, cleaners etc. We take tourists to Maasai areas to buy handicrafts and beadwork. We employ the young Maasai as guides in our safari lodges because the tourists are interested in coming face to face with people from a different culture. We spend a lot of money providing good hotels and making the Park lodges really comfortable. This proposed new lodge means more work for local people, firstly in setting it up and then in running it and attracting increasing numbers of people to it. We can provide a lot more people with holidays as our prices are lower.

Indigenous people: the Maasai

We are Maasai living near the National Park. We used to be able to bring our cattle, which are very important to us, into this area for grazing, water and salt. Now that it is an area for tourists, we are not allowed to come in to it any more. We had no say in that decision which has made a huge difference to our lives, not for the better. Wild animals come and graze on our land outside the Park area and use our water supplies, but we are not allowed to bring our animals inside the Park for grazing or water which we used to be able to do. It is not fair on us. If you build more lodges the situation will be worse for us. People, our livestock and the wildlife are competing with each other for water and land as it is. New lodges would just make matters worse. The lodges use up our resources. They cut down the trees for firewood to use to cook and boil water for their guests, so now the Maasai women have to walk miles to get any firewood.

It is true that some of our young people are employed by hotels as night watchmen but the jobs are not well paid. Our young men dance for the visitors but we do it without joy, as it is just a show for money, which makes me sad. Our women have great skills in beadwork, making necklaces and bracelets, which in good times were given as gifts; now they do it for money too. Tourists come to the manyatta where we live to look at us and bargain with us. Rich tourists often try to get crafts for almost nothing. It feels as if we are in a zoo! Some of them have no respect for our culture. It makes me very sad but we need to earn money. We are worried about having a new lodge – it will make the situation worse for us.

Roles

Kenyan Government Ministers

Tourism is a very important industry in Kenya as it brings in money from abroad. We know that Kenya has some really good tourist attractions. We have stunning scenery – lakes, mountains and volcanoes. To add to that we have an impressive range of wildlife – thousands of different kinds of birds, animals like giraffes, rhinos, leopards, lions and cheetahs. Of course people from America and Europe want to come here and enjoy all of that and we welcome them with open arms. We need the money that it brings in to develop our country. That is why we need to charge taxes and entry fees into the National Parks. We need dollars to build hotels, roads for the tourists, to provide for the needs of our own people as well as the tourists. We want them to be happy during their stay so that they will tell their friends and come back. Of course we want to take care of our natural environment and we are blessed with great natural beauty and a wide range of attractions but at the same time we need to build up our tourism industry. I would support this development.

People from the Ecotourism Society of Kenya.

We want to promote tourism in a way that will protect Kenya's natural environment, reduce the impact of tourism on our environment and improve the lives of communities who are affected by tourism. We would like the new lodges to be run in ways that save energy, do not cause pollution and reduce the use of natural resources so that we all work together to keep our natural environment safe and beautiful. If we are good caretakers then tourism can continue and be a positive part of our lives, including the people living near or in the National Parks.

We aim to make sure that the benefits of eco-tourism are equally shared by all the groups involved and the environment is protected. The local community should be involved in this, particularly in the decisions about what happens and where it happens. People can see the point of looking after their natural environments if they are getting something out of it. Our job is to educate people about the importance of taking care of the forests and parks and wildlife. We can offer training in the management of people, money and the environment so that people can take up responsible jobs that benefit themselves their families and their environment.

We can see the benefits of providing experiences for tourists with special interests. We all have an awareness of the high value of natural attractions in the locality; we share the same understanding of the need for sustainable tourism. We feel the same way about keeping what we have and not spoiling it. We want to develop the local tourist industry in responsible and eco-friendly ways. We are developing ratings that we can award to hotels and lodges, depending on how "Green" their practices are. This proposal is not the best way forward.

Roles

Several local views

People from this community are looking for a healthy place in which to live with food, adequate and clean water, health care, rewarding work for decent pay, education and recreation; respect for our cultural traditions; and opportunities to make decisions about the future. The companies talk about giving us jobs but they don't say that they are mostly low paid, low skilled jobs. Often they are part time, as well as only being there when it is high season for the tourist industry. Then they go home and we are left with nothing. Being a tourist area makes everything more expensive for us too.

The hotels and lodges use scarce resources like land where we could be growing crops to feed our families. Precious and scarce water is used for watering the lawns and flowers of the hotels. They have water in their pools and we have to go without water. Worse than that, sewage from the hotels and lodges often ends up in our streams, polluting them and making the water unsafe to drink. Often the wild animals are a problem to us – they trample our crops and kill our goats and cattle. Sometimes the tourists behave badly and get drunk and abusive. This is a very bad role model for our young people. We don't want them to behave like that.

People from Maasai community

We are working with the people from the Ecotourism Society of Kenya. We have created a conservation area in one of the National Parks. In this project we are involved in the decision – making. We can see that there are real efforts made to preserve our natural environment. At the eco-lodge we generate electricity from solar panels, we don't burn wood. We are using new ways of "green" waste management, like composting . We can re-use water and re-cycle our waste. In lodges like the ones proposed none of this is going on. They just use up resources instead of caring of them. In fact there is such a shortage of wood now that in some areas of the National Parks there is a ban on using wood for fuel.

We are getting proper training so we can run things in the future. We have small craft projects which make money for our community. The tourists who come to eco-lodges are different: they are interested in our culture and treat us and the environment with respect. We allow only small groups in our lodges, no more than 12. In this way we are not overusing the parks. We are protecting the plants and the animals for the future – we need to think about conserving our heritage for our children and their children.

At the lodges they leave litter, they don't re-cycle their waste and use resources that the local people need. Because so many visitors come here the roads are breaking up! So many mini-buses create air and noise pollution. The grass is wearing thin! Often they disturb the animals. The proposed lodge will add to these problems. I know that they provide more package holidays which include a safari at a much cheaper price than ecotourism can but we need to ask whether this is the best for our natural environment in the long-term. We charge higher prices but there are plenty of people from Europe and the USA who are willing to pay. We want more ecotourism.

Frank Kapopo

Objective:

- To help children understand that small projects at grassroots level can reduce poverty.

You will need:

- Copies of the Frank Kopopo's Story (one copy for each group).
- EITHER copies of the Frank Kopopo Worksheet (one copy for each pupil) OR the questions on the worksheet written on the board.

Time: 30 mins for each of the 2 activities

Instructions:

- Read Frank Kapopo's story to the children and clarify anything they have not understood.
- Divide them into small groups and give each group a copy of the story, ensuring that there is a good reader in each group if possible.
- Tell the children to answer the questions on the worksheet / board (remind them that they need to give reasons for their answers).

Discussion:

- Feedback from the groups.

Note to teachers:

- Connections can be made with the **Education** and **New Pupil Brochure** primary activities which draw the links between the role of education and poverty reduction. See http://www.learningafrica.org.uk/general_primary.htm Investing in People section for these activities.

Extension activity: The children choose one of the changes and improvements and write a letter to a friend of Frank's telling them about it. They should detail what it was like before and how it has changed and benefited the family.



Frank Kopopo Worksheet

Answer the following questions:

What was life like for Frank and his family **before** he joined the Club? What were the difficulties he faced? How do you think he felt?

How did his way of farming change **after** he became a member of the Club? What does he grow now that he did not grow before? Why is he growing different crops?

Can you explain what "sustainable agriculture" is? Why is it important?

Name the new skills he has learned.

What have the changes meant to the family?

Is he less poor than he was? Please give evidence for your answer.

How do you think he feels now?

A Piece of the Action

Objectives:

- To show students what happens to cotton in the production of a pair of jeans.
- To promote discussion about what proportion of the selling price should go to each part of the production sequence.
- To encourage discussion about trade issues raised by the Commission for Africa report.

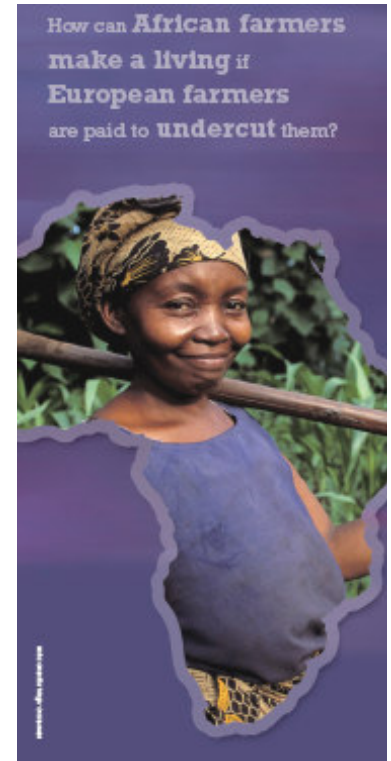
You will need:

- Photocopies of the activity sheet 'A Piece of the Action', one for each role.
- Photocopies of the 'Role Cards'.

Time: 30 minutes

Instructions:

- Divide the students into five groups and give each group a copy of the activity sheet 'A Piece of the Action'.
- Allocate each group a role in the production sequence and give each group their 'Role Card' and ask them to decide how much of the selling price they think they should get.
- Draw the following table on a flip chart or board without the figures in the 'actual proportion' column.



	Initial Proportion £	Negotiated Proportion £	Actual Proportion £
African Farmer			0.60
Cotton Buyer			1.00
Fabric Producer			2.00
Garment Producer			8.40
Retailer			12.00
Total	24.00	24.00	24.00

- Ask each group to tell the other groups how much they think they should get. Encourage them to justify why. Record each amount in the 'Initial Proportion' column of the chart.
- Add up the amounts for each stage in the sequence. If the total is greater than £24.00 ask the groups to negotiate until they reach £24.00. If the total is less than £24.00, ask each group to reconsider their position.
- When agreement has been reached, record each negotiated amount in the 'Negotiated Proportion' column of the chart and reveal the actual proportions received by each stage of the production sequence by completing the 'Actual Proportion' column.
- Ask each group whether they are satisfied by the actual proportion of the selling price they have received.

Background Information:

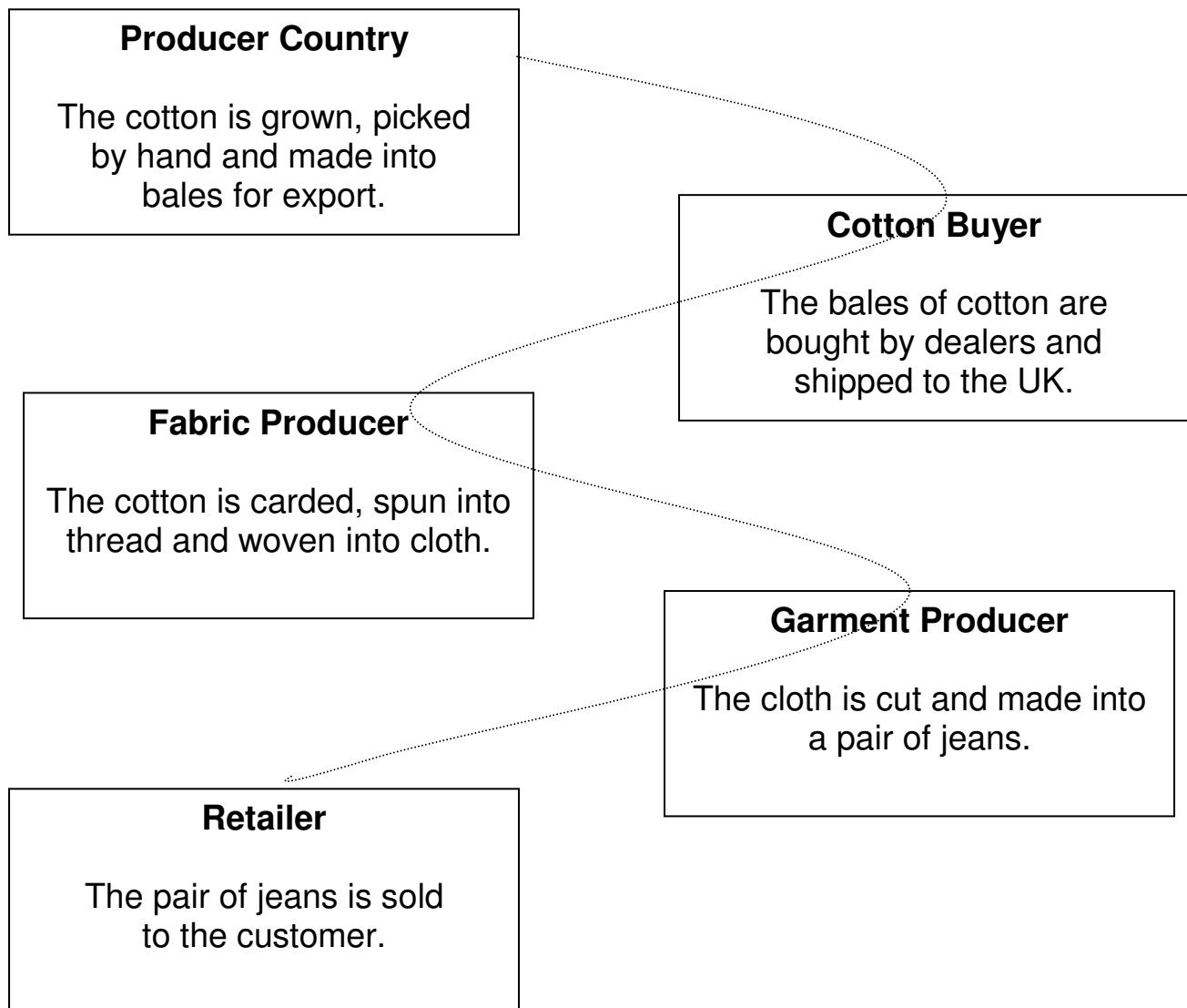
- Africa has seen its share of world trade fall from six per cent in 1980 to less than two per cent in 2002. (Commission for Africa)
- Every cow in Europe receives almost US\$2 a day in subsidies, double the average income in Africa. (Commission for Africa)
- From 1980 to 2000, the price of major African exports decreased dramatically; sugar by 77%, cocoa by 71%, coffee by 64% and cotton by 47%. (Commission for Africa)
- Tariffs on peanuts coming into the US from Africa are 132%. (Commission for Africa)
- Half the population of Africa lives on less than one dollar a day. (Commission for Africa)
- Rich nations spend as much on subsidising the production of unwanted food as the entire income of all the people in Africa – almost US\$1 billion a day. (Commission for Africa)
- Africa's transport costs are around twice as high as those for a typical Asian country; shipping a car from Japan to Abidjan costs US\$1,500, whereas moving it from Abidjan to Addis Ababa costs US\$5,000. (Commission for Africa)
- If Africa's share of global trade had stayed at 1980 levels, the continent's share of world exports would be double today's figure – and Africans' per capita incomes would be 50 percent higher than they are today. (UNCTAD)
- Economists estimate that through trade Africa has the potential to earn at least six times what it currently receives in aid.
- Africa cannot trade its way out of poverty without a level playing field. Right now, trade rules are so skewed that cows in Europe receive more every day in subsidies than half the population of Africa has to live on (\$2). (Jubilee)

A Piece of the Action

A pair of ordinary 100% cotton jeans, made in the UK, sold by a large British retailer using their own brand name costs about £24.00.

The production sequence below shows the groups of people involved in the manufacture and sale of a pair of jeans, from cotton picked on Africa to the finished garment on a peg in a high street shop.

You are part of this production sequence. How much of the £24.00 do you think you should get?



Role Cards

Producer Country

In your country cotton is grown on small farms by families living in rural areas. Each family cultivates 2-3 acres of cotton and it is their main source of income. These families have to work very hard during the year, ploughing the land, sowing the seed, thinning the seedlings, weeding, adding fertilizer, spraying 5 -7 times with insecticide and picking the cotton by hand. As producer country you have to gin the cotton (take out the seed) and bale it for export. The money you earn from exporting cotton is important for your country's development.

Cotton Buyer

As cotton buyer you are in a risky business, your job depends upon buying and selling at the right price. You have to arrange the transport of the cotton from producer country to the fabric producer. Sometimes business is good and your deals make a lot of money, but other times you end up making a loss. You have to get the best deal you can. Make the most of this opportunity to keep your business going.

Fabric Producer

Producing fabric from cotton fibres is a complicated process; the fibres have to be carded (untangled), spun into thread, woven into fabric and dyed. Much of this process is automated and controlled by skilled operatives. An automated process though is not cheap. You have invested a lot of money in the new machines and need money to pay back the loans you took out to buy them.

Garment Producer

Making jeans from cotton fabric is not as easy as it sounds. As garment producer you have to make sure the quality and style of your product is right for the customer. The process of making jeans from cotton fabric is very labour intensive. You have a skilled workforce of cutters and machinists who have to work very fast to compete with other garment producers. Jeans are selling well at the moment. You need to make money on them to invest in the design and production of future garments.

Retailer

As the retailer you have no guarantee that people will buy your jeans. You have to sell the jeans people want to buy when they want to buy them, which may mean keeping a large stock. To sell your jeans you need a shop in a central location, in the city centre or shopping centre for example, but these sites are not cheap. You also have to make your shop attractive which means expensive decoration. You are at the end of the production process and most vulnerable to consumer demand, you need to make a good profit on your jeans to cover the bad times.

We Can't Live on Flowers

Objectives:

- To develop an understanding of Fair-trade and how it works
- To illustrate the problems faced by producer countries of the South.
- To enable students to become more aware of their responsibilities as 'consumers'.

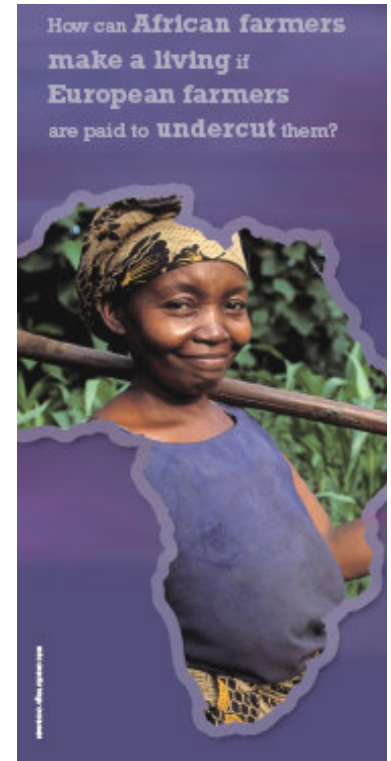
You will need:

- A copy of the case study: Flower Growing in Kenya.
- Sufficient photocopies of the Money template to give to each of the buyer groups.
- Sufficient photocopies of the 'Flower Crates' template to give to each of the producer/seller groups.
- A copy of each of the group scenario cards.

Time: 30-45 minutes

Instructions:

- Divide the class into 10 groups of which 6 are the flower producers (sellers) and 4 are the buyers.
- Each group needs a scenario card and the appropriate amount of money or crates of flowers for their scenario.
- All groups **MUST** abide by the instructions on their card.



Specific Instructions for the Producers

- Whatever happens, you must sell all your flowers as you cannot live on flowers, so you need the money to buy food for your family.**
- You need to get as much money as possible, to make the most profit because there are certain times of the year when demand is not high.**
- You must try to get a certain amount of money for your flowers, as stated on your scenario card. To accept less is not good for your survival, but ultimately you must sell all your flowers *whatever* you get paid for them.**
- You can sell to any of the buyers.**

Specific Instructions for the Buyers

- You must buy *as many* crates of flowers as you can for the money you have.**

- Allow 15 minutes for the buying and selling to take place, after which announce that the market is closed for business.
- The Producer groups should now review what has taken place. Encourage them to think about the lack of power that the producers / sellers have, as opposed to the buyers.
- Did the producers make enough money to survive the period when there is a drop in demand? How will this affect their lives?
- Identify the 'Fair-trade' buyer and the differences between this group and the others.

Scenario Cards

<p>You are a small scale producer. You have 8 crates of flowers. Your flowers are worth \$70 per crate. You must get at least \$300 to be able to buy enough food to survive when demand is low. You need to get as many dollars as you can for your flowers.</p>	<p>You are a small scale producer but you also grow bananas as well as flowers. You get more money from selling your bananas. You have 2 crates of flowers. Your flowers are worth \$70 per crate. You must get at least \$120 to survive when demand is low. You need to get as many dollars as you can for your flowers.</p>
<p>You are a small scale producer. You have 5 crates of flowers to sell. Your flowers are worth \$70 per crate. You must get at least \$300 to survive when demand is low. You need to get as many dollars as you can for your flowers.</p>	<p>You are a small scale producer. You have 3 crates of flowers to sell. Your flowers are worth \$70 per crate. You must get at least \$180 to survive when demand is low. You need to get as many dollars as you can for your flowers.</p>
<p>You are a small scale producer. You have 4 crates of flowers to sell. Your flowers are worth \$70 per crate. You must get at least \$240 to survive when demand is low. You need to get as many dollars as you can for your flowers.</p>	<p>You are a small scale producer. You have 5 crates of flowers to sell. Your flowers are worth \$70 per crate. You must get at least \$300 to survive when demand is low. You need to get as many dollars as you can for your flowers.</p>
<p>Buyer- You have \$500 to buy as many crates of flowers as possible. You must pay at least \$20 per crate but no more than \$50 per crate.</p>	<p>Buyer- You have \$600 to buy as many crates of flowers as possible. Do not pay more than \$40 per crate.</p>
<p>Buyer- You have \$640 to buy as many crates of flowers as possible. You must pay \$80 per crate.</p>	<p>Buyer- You have \$500 to buy as many crates of flowers as possible. Do not pay more than \$50 per crate.</p>

Money

\$10	\$50
\$10	\$50
\$10	\$50
\$10	\$20
\$10	\$20
\$20	\$20

Flower Crates



It's a Mystery

Objective:

- To explore the impact of IMF loans on the lives of people in Africa.

You will need:

- Copies of the 'Mystery Statements' cut up, one set for each group of 4/5.
- Copies of the 'It's a Mystery' Sheets

Time: 45 minutes

Instructions:

- The students should work in pairs to begin with. Give each pair one of the 'Mystery Statements' sheets and one copy of the 'It's a Mystery' Sheet.
- Tell the students to read the question posed about their country and to put the card: 'The government applies to the IMF for a loan' in the middle of the desk.
- Tell the students to divide their cards into things they think happened before the IMF loan was given and things that happened afterwards.
- When the students have done this tell them to put the cards in order, so that they make sense, and then answer the questions on the 'It's a Mystery' Sheet for their country.
- Through a class discussion, ask the students to share information they have gathered about the mysteries.
- Each pair of students can now complete the 'It's a Mystery Sheet' for the other country.
- The teacher can lead the debrief session using the suggested questions on the Debrief sheet.



Mystery Statements – South Africa

Miriam & Patrick and their 5 children live in South Africa.	Patrick works in a goldmine 800 km away from home.
Now Patrick and Miriam's family has no income.	The children leave school and look for work to earn money for the family.
Patrick & Miriam's family have a fairly good standard of living.	The price of gold drops and the government gets less income from the tax on gold exports.
The government applies to the IMF for a loan	
The IMF recommends cuts in government spending.	A lot of miners are made redundant to cut costs. Patrick loses his job.
Work is hard to find so the children beg on the street corners.	All Keshwa's income goes to help the family.
Keshwa finds occasional short-term labouring work.	The government cuts Unemployment Benefit.
Keshwa can't afford the dowry so he can't get married.	Keshwa, the eldest son, is in love and wants to marry his girlfriend.

Mystery Statements - Senegal

<p>Siddiqui & Moussa and their family live in Senegal.</p>	<p>To get money to help their situation 2 of Moussa's daughters now work as maids.</p>
<p>The children don't go to school now because the fees are too much.</p>	<p>The government of Senegal is having an economic crisis.</p>
<p>Now there are no job prospects for Thomas. He is depressed</p>	<p>Thomas, Moussa's eldest son, is training to become a teacher.</p>
<p>The government applies to the IMF for a loan</p>	
<p>The IMF recommends cuts in government spending.</p>	<p>As a result of getting the loan, the government of Senegal has to change things.</p>
<p>Now the family can only afford one meal a day.</p>	<p>The government cuts the amount of money they spend on schools. School fees increase.</p>
<p>Not all teachers can get a job.</p>	<p>The government decides to sell state companies to private companies.</p>
<p>Private companies sometimes make people redundant to cut costs.</p>	<p>Moussa loses his job.</p>

Mystery Answers - Senegal

- Siddiqui and Moussa and their family live in Senegal.
- Moussa has a good job in a government company.
- The family is happy.
- Thomas, Moussa's eldest son, is training to become a teacher.
- The government in Senegal is having an economic crisis.
- The government asks the IMF for a loan.
- As a result of getting the loan, the government of Senegal has to change things.
- The government cuts the amount of money they spend on schools.
- Not all teachers can get a job now.
- Now there are no job prospects for Thomas. He is depressed.
- The government decides to sell state companies to private companies.
- Private companies sometimes make people redundant to cut costs.
- Moussa loses his job.
- Now the family can only afford one meal a day.
- To get money to help their situation, two of Moussa's daughters now work as maids.
- The children don't go to school now because the fees are too much.

Mystery Answers - South Africa

- Miriam and Patrick and their 5 children live in South Africa.
- Patrick works in a goldmine 800 km. away from home.
- Keshwa, the eldest son, is in love and wants to marry his girlfriend.
- Patrick and Miriam have a fairly good standard of living.
- The price of gold drops and the government gets less income from the tax on gold exports.
- The government asks the IMF for a loan.
- The IMF recommends cuts in government spending.
- A lot of miners are made redundant. Patrick loses his job.
- The government cuts unemployment benefit.
- Now Patrick and Miriam's family has no income.
- The children leave school and look for work to earn money for the family.
- Work is hard to find so the children beg on street corners.
- Keshwa finds occasional short term labouring work
- All Keshwa's income goes to help the family.
- Keshwa can't afford the dowry so he can't get married.

It's A Mystery

In pairs, divide your cards into what happened before the IMF loan and things that happened afterwards.

Put the cards in order so that they make sense.

Now answer the questions for your country.

You will have a chance to answer the questions for the other country later.

South Africa

Why is Keshwa now so unhappy?

What has this to do with the IMF?

Senegal

Why is the family unhappy now?

What has this to do with the IMF?

Summary

Why do you think many people are unhappy with the IMF system?

How effective has the IMF been in reducing poverty?

Debrief Sheet

Key Questions

- From what you now know do you think ordinary people generally feel they benefit from IMF Structural Adjustment Programmes?
- To help achieve the UN Millennium Goals, relating to poverty reduction, the IMF said it would:
 - Lend money at very low interest rates
 - Promote growth and poverty reduction
 - Provide training to strengthen government institutionsFrom what you now know how effective do you think the IMF has been in reducing poverty?

The IMF

The International Monetary Fund aims to support development by giving loans to national governments. Low-income countries may borrow at a concessional interest rate through the Poverty Reduction and Growth Facility (PRGF). This replaces the 'Structural Adjustment Facility' and the IMF claims to have listened to its critics by ensuring that the PRGF ensures public participation in and country ownership of poverty reduction policies. Critics, however, argue that the PRGF still contains unreasonable levels of conditionality – the term used to describe what a poor country must do in return for receiving loans, aid or debt relief. They argue that despite the name change, policies continue to operate in the same way as previously and that countries must still meet economic policy conditions determined by the IMF and World Bank and their political masters in the developed world. Furthermore, just as with the Structural Adjustment Facility, IMF supported programmes are based on the philosophy that for a country to be economically healthy it must not spend more on public services than its income allows. The result is that many Less Economically Developed Countries have been 'forced' to cut spending on services they provide for their people such as Health and Education. Ironically, spending on other areas, such as Arms, often remains high.

- The International Monetary Fund was first convened in New Hampshire in the US in 1944. The 45 governments represented sought to build a framework for economic cooperation that would avoid a repetition of the disastrous economic policies that had contributed to the Great Depression of the 1930s.
- This is how the IMF defines itself today: "The IMF is an organisation of 184 member countries. It was established to promote international monetary cooperation, exchange stability and orderly exchange arrangements; to foster economic growth and high levels of employment; and to provide temporary financial assistance to countries to help ease balance of payments adjustments." (from www.imf.org - Articles of Agreement)
- The IMF recognises that the extreme poverty prevalent in low-income countries is a critical problem facing the global community. In response to the United Nations "Millennium Development Goals", a series of targets aimed at halving poverty between 1990 and 2015, the IMF said its role would be to:
 1. Provide financial assistance by lending money at low interest rates (only 0.5 percent).
 2. Work with the governments (of low income countries) on Poverty Reduction Strategies, developing policies to promote growth and reduce poverty.
 3. Provide training and assistance to strengthen the capacity of their institutions and officials.
- Some Low Income Countries are eligible for the Heavily Indebted Poor Countries (HIPC's) initiative which aims to reduce external debt burdens. The 27 HIPC's that have obtained this service can now spend more on social services.

Debt Solutions

Objectives:

- To raise awareness of the possible solutions to the debt crisis in Africa.
- To assess which of the possible solutions will be the most effective.

You will need:

- Copies of 'Who's Doing What to Reduce the Debt?' – one for each group of students
- Copies of 'Possible Solutions' – one for each group of students
- Copies of 'Best Solution?' – one for each student

Time required:

- 45-60 minutes

Instructions:

- Students could be asked before this lesson to use the internet to research what is being done to reduce Africa's debt. The following links will be useful:
BBC Q&A on African debt:
<http://news.bbc.co.uk/1/hi/business/4081220.stm>
CAFOD www.CAFOD.org.uk
Jubilee Debt Campaign www.jubileedebtcampaign.co.uk
Tobin Tax www.tobintax.org.uk
WDM debt campaign: www.wdm.org.uk/campaigns/debt/debt1.htm
World Bank: www.worldbank.org/debt
- The lesson could then begin with a discussion of their findings. A record of 'Who's Doing What to Reduce the Debt?' could be made before proceeding.
- Alternatively, you could use the information sheet 'Who's Doing What to Reduce the Debt?' at the beginning of the lesson, to explore what is being done to reduce Africa's debt.
- Distribute the 'Possible Solutions' sheets, one for each group of students, and ask them to read it and decide whether or not they agree with it. Ask them to then explain their decisions to the rest of the class.
- Distribute the 'Best Solution?' sheets and ask the students to complete the table to assess which possible solution they think is the best. The first one could be done with the class to help the students understand what is required.



Proposal	Pros	Cons	Modifications	Assessment	Score (1-10)
Cancel the debt and give African countries another chance.	Good idea, would help	Would it stop them getting into debt again?	Rules about what the money saved should be spent on	Could work, if monitored	6

- Ask the students to say which of the possible solutions they scored the highest and why.

Who's Doing What to Reduce the Debt?

- **Development NGOs** have been campaigning for a number of years for the debt burden to be lifted and for debts owed by the world's poorest countries to the big financial organisations (like the World Bank and the IMF) and to individual rich countries to be cancelled.
- **Jubilee 2000** was a hugely effective campaign and resulted in millions of people signing a petition to cancel the debts owed by the world's poorest countries. Jubilee 2000 called on the international community to pledge 'new money' to finance debt cancellation rather than using existing aid contributions and to stop attaching conditions to debt relief such as the privatisation of public services that could harm the poor. Thanks largely to this campaign, some debt relief has been achieved with the result that some countries like Uganda and Malawi have been able to introduce universal free primary education.
- **Governments** in the richer countries have regularly looked at the issue of debt during the G7/G8 meetings, and this year's G8 meeting hosted by the UK government in Scotland will be no exception. At a meeting in London in June 2005 G8 Finance Ministers have already agreed a 'full write-off' deal for 18 countries with the prospect of another 9 countries qualifying soon. However, the Jubilee Debt Campaign suggests that around 60 countries need this full debt cancellation to meet the Millennium Development Goals. For the first time though, the agreement includes the cancellation of World Bank, African Development Bank and IMF debts.
- In February 2004 UK Prime Minister Tony Blair set up the **Commission for Africa**. The commissioners welcome and support calls for multinational debt cancellation and also stated that Africa needed to take responsibility in being able to say no to donors' conditions.
- The **Presidents of France, Brazil, Belgium** and the **Secretary General of the United Nations** have declared themselves in favour of the **Tobin Tax**. This idea was devised back in 1972 by Nobel Prize winning economist James Tobin. He realized that the money trade is worth fifty times the value of all other markets combined. Even a tiny tax on this enormous pile of money could lift millions of the world's poorest people out of poverty.
- **Trading Blocs** – groups of countries like the European Union and North American Nations – have been asked to look at their trading rules and practices which benefit rich countries at the expense of the poor. Many products from the South are taxed when exported e.g. unprocessed chocolate can be exported without incurring taxes. But processed chocolate would be taxed. Too often rich countries dump subsidised farm products in the developing world while forcing developing countries to open their economies to agricultural imports.
- Countries in the south like Kenya have turned large areas of their agricultural land over to cash crops producing things for countries in the north like flowers and vegetables that the north can now access all year round. This may help governments raise money but there is no guarantee that it is being spent on poverty reduction and it raises the question of where food is produced for the countries' own needs.

Possible Solutions

1. The best thing to do is to cancel the debt. African countries should be left alone and given another chance.

Agree Disagree

Reason:

2. African countries should trade their way out of debt. They can do this by exporting things that rich countries want like food and flowers.

Agree Disagree

Reason:

3. Governments of rich countries should put a tax on the millions of financial transactions made in the world each day. This would bring in enough money to eradicate poverty in African countries.

Agree Disagree

Reason:

4. Rich countries should cancel all the poor countries debt. Poor African countries could spend the money they save on better healthcare and education.

Agree Disagree

Reason:

5. Rich countries tax manufactured goods that come from other countries. This makes them cost so much that it is difficult for poor African countries to sell their own manufactured goods to rich countries. Rich countries should abolish this tax.

Agree Disagree

Reason:

Best Solution?

Proposal	Pros	Cons	Modifications?	Assessment	Score (1-10)
Cancel the debt and give African countries another chance.					
Countries in Africa should trade their way out of debt.					
All financial transactions should be taxed to reduce poverty in African countries.					
Cancel the debt and get African countries to spend what they save on Health and Education.					
Abolish the import tax on manufactured goods from African countries.					