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Transborder Development Basins (TDBs)

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Introduction

Aware of the major challenges in terms of stability, reconstruction and development of countries in the Great Lakes region, the Heads of state and Government in their, Dar-Es-Salaam Declaration (DD) adopted on 20 November 2004, decided to launched the establishment of a “Specific Reconstruction and Development Zone” (SRDZ).

More specifically, the SRDZ is supposed to manifest itself among others in a Transborder Development Basin or Growth Triangle, which will be the voluntary integration of those border territories of two or more participating states. The principle objective is to attain local regionalism through local economic cooperation and integration, on the basis of a shared history, or common interest in the management or exploitation of resources both natural, human or financial with ultimate goal of spurring development and serving as a peace building mechanism.

The present paper deals with the concept of growth area or growth triangle and its related issues. Growth Triangles or Growth areas (GT/GA) are a special case of the more general concept of economic cooperation. The basic rationale of economic cooperation and the resulting economic integration is that it can support development beyond national limits.

Operationally, infrastructure is a critical success factor for GA/GT development, the “necessary condition” for transforming geographic proximity to economic linkages. Thus, any GT/GA proposed for the Great Lakes region will have effective linkages with relevant ongoing or planned infrastructure projects like the Lobito Corridor project.

The present concept paper is in three (3) sections. The first section is about the conceptual framework in which the relationships between transboundary collaborations and growth areas/ triangles are described. Institutional framework for sub regional consultation and project preparation is the subject matter of the second section. The general issue of the need for appropriate institutional frameworks in growth triangle development is discussed. An illustration of a typical growth triangle project is presented under section three, where joint development of Lake Victoria resources by the relevant countries has been presented.

The Growth Area or Triangle Concept

It is obviously easier for a government to intervene in the economy over which it has immediate and direct jurisdiction. More difficult to manage is regionalism which operates through a multilateral government framework. One of the most appropriate ways in which to manage regionalism particularly when dealing with sub regions of nations is through a “Growth Area” institutional framework.

Growth areas (or “growth triangles” or “sub regional economic zones” (SREZS), as such areas are often termed) are loose associations of two or more nations, or more commonly sub regions of nations, and are designed to promote regional economic cooperation. Their primary purpose is to gain a competitive edge in export production. This is characteristically achieved through a combination of “market friendly” public sector policy interventions and private sector investments, both designed to capitalize on existing and latent economic complementarities and construct a comparative advantage and peace and security for the area and promote the competitive advantages of the enterprises located within the growth area.

Growth areas are “flexible” mechanisms that can be used to promote development, peace and security. Growth areas are generally unencumbered by the formalities attached to the more conventional and codified agreements characterizing free trade areas and custom unions. Growth area frameworks accord participating sub regions the flexibility and latitude with which public sector policies coordinated on a sub regional basis can be formulated, adopted and changed and cross-border private sector investments and cooperation can be effectively implemented.

The initial growth areas in Asia were founded relatively recently, in the late 1980s, and were commonly compact geographical sub regions and marked by economic complementarities and often dominated by one “anchor” country. For example, Hong Kong investment drove the Southern China Growth Triangle and Singaporean initiatives led SIJORI (Singapore – Jonor - Batam Growth Triangle). Both Hong Kong and Singapore used the adjacent underdeveloped subregions as a source of cheap land and labor for the manufacture of goods for world markets. In the light of the success of the Southern China and SIJORI areas an increasing number of nation states and sub regions in Asia have become interested in the concept of the growth area and the map of Asia is now the home of numerous such areas (see Figure next page)

Transboundary Collaborations and Growth Areas/Triangles: Some Theoretical Debates

The GA/GT has evolved since the late 1980s, interfacing frequently with broader policy areas such as regional planning/regional development, regional economic integration, trans-boundary collaboration, and industrial development and the manufacturing sector. GA/GT evolution has been influenced by these same broader policy areas, either through direct dialogue with experts in the policy fields or through a learning process within GA/GT themselves. The interfaces mentioned above are many, varied and complicated and in many respects the debate around the policy implications of the GA/GT programme is only just beginning, partly because the impacts of only few GA/ GT have been well tracked, or because the impacts are still to become apparent.

This paper considers some of the key policy areas/subjects that the GA/GT programme has interfaced with. It also highlights some of the debates within these main policy areas and shows their relationship/relevance to, or influence on “special economic zones”. Clearly, this is a vast subject and the present submission does not intend to provide a fully developed debate.

A desire on the part of both developed and developing nations to better utilize their resources in achieving greater equity in wealth and income across a nation, has led these nations to attempt regional planning and regional development utilizing various intervention.

In that regard, there are different schools of thought. From the 1960s onwards these interventions have been dominated by the typical Keynesian approach, namely"...income redistribution and welfare policies to stimulate demand in the less favoured regions (LFR's) and the offer of state incentives (from state aid to infrastructural improvements) to individual firms to locate in such regions" (Amin, 1998) whilst such approaches have had some success in terms of stimulating improvements in competitiveness and developmental potential, they have had limited impact on producing, endogenous growth. An endogenous growth is to be understood here as growth which is locally, mobilized and comes from local interdependencies and which is therefore likely to be more sustainable.

Lewis and Bloch (1998) argue that national incentive programmes (either tax breaks or input subsidy) rarely produce the intended results and may in fact have the opposite effect of inhibiting industrial development. Likewise it is not always the development of infra-structure that is the catalyst for growth – as some of the world's most dynamic industrial areas are often in places with very inadequate infrastructure. Equally they argue that it is also not the existence of propulsive industry which lays the foundation for regional growth, but that it is the interplay between all of these critical resources, as well as the nature and extent of factors variously referred to as social capital, institutional capacity or the rules of the game.

Whilst the above is not to suggest that there is no avenue for government to pursue spatial strategy or that spatial strategy is inherently wrong (although some would have it that regional policy is no longer relevant) the point is that the combined elements of past approaches can be both unsuccessful and costly.

Amin (1998) viewing a region as a rediscovered and important source of competitveness within the new globalising political economy goes on to suggest a number of specific actions that could be taken in support of the emerging institutional/social capital thinking related to regional development. These would include: strengthening networks of association than the individual; encouraging voice, negotiation and recursive rationalities of behaviour; encouraging the growth of organizations beyond the state and market institutions (from development agencies to business organizations and autonomous political representation; building up a broad based and local "institutional thickness" (through developing the supply base – education and innovation skills); and finally, working on and developing solutions to issues which are context-specific and sensitive to local path-dependencies (including supporting the clusters of inter-related industries which have long roots in the region's skills and/or capability base –helping to secure competitive advantage and local specialization). Drawn largely from endogenous growth theory Amin (1998) builds the argument that localized places can develop some of the key elements of growth and competitiveness out of the processes of spatial clustering and specialization. These localized places benefit from the scale economies of agglomeration and advantages associated with specialization. This argument represents a slight shift away from the traditional concentration on pure agglomeration as the cornerstone to understanding "territorial proximity."

Relating these arguments to the GA/GT, it is important to reiterate that the GA/GT programme was not initiated as a comprehensive regional policy programme. Nevertheless, the shift in thinking on regional economic policy away from traditional orthodox approaches clearly offers an interesting role for GA/GT in future thinking about regional economic policy. An approach that combines the specific advantages of the GA/GT (such as the project: specific focus) with the sort of policy actions identified by Amin above, does have merit if one considers some of the limitations experienced in the various economic cooperation ventures worldwide.

As regards the types of projects to generate broad based socio-economic development is hotly debated. As indicated by M. Walker (2000) considerable debate exists worldwide regarding the merits and demerits of resource based industrialization strategies, particularly in terms of their ability to foster increased local employment. It is argued that in general these are small direct employment generators and remain dependent on a highly skilled work force"

Bek and Taylor (2001) in the context of "Development Corridors" argued that the "appropriateness or otherwise of promoting such massively capital intensive projects in a labour surplus region is obviously controversial. Furthermore, the quality and nature of employment opportunities offered by these mega projects is problematic in the sense of low paid and short term jobs with minimal skills transfer,. Promoting low-level (such as agricultural) industries would certainly foster a degree of skills transfer and community involvement, much of it labour intensive."

What has emerged quite clearly from the debate is that where a resource-based industrial approach has been successful, it has been largely due to the development of a cluster of upstream and downstream industries and services related to the initial major investment. This argument appears to be gaining credence in the GA/GT approach too where (linkage" or "cluster" programmes around the major investment projects are established.

The need to understand the strategic context of international boundaries and border regions is also particularly relevant to the GA/GT, since most of the initiatives are trans-boundary in nature. As indicated by Clement (1999) "Despite a growing interest in borderlands and a corresponding growth in the literature in this area in recent years, most academic work has been directed at specific geographic regions and/or specific functional areas. Very little attention has been focused on the theory of trans-boundary collaboration, especially the type of theory that can be helpful to the practitioners who are charged with managing concrete projects in a trans-boundary setting."

Traditional economic analysis and theory have tended to view international boundaries as barriers to trade and trans-boundary regions as very much part of the periphery. However in the last decade, a rapidly changing set of economic, political and other strategic factors have combined to change the nature of boundaries, particularly, in Western Europe and the Americas, and increasingly in other parts of the world, including Africa. Led more recently by technological innovation, the new Economy is characterized by an increasingly open and competitive international economic environment. This and other factors have changed the traditional patterns of economic activity and previously "peripheral" regions find themselves with new economic opportunity. The ability to turn this opportunity into reality and to sustain it requires an ability to "regionalize" decision making and to clearly understand the complex and frequently perplexing issues in these trans-boundary regions. This requires a conceptual framework for analyzing and understanding the changing functions of international boundaries. The following diagram illustrates the core elements and characteristics of how transboundary relationships develop over time.

Asymmetries → (Linkages) → (Opportunities)
(+) Interdependence Transboundary Collaboration

Complementarities (Obstacles) (Challenges)

Sub-regions adjacent to international borders are likely to be asymmetrical in terms of, at least one of the following:
Geographics (in terms of resources, topography, built environment) demographics (size, growth, ethnicity, density), economics (factor endowments, inputs and output structure, as well as general level of development and long term growth rates), politics (structure, organization of government functions, and legal systems/common practices), and culture (history, language, customs).

The geographic and economic asymmetries tend to give rise to positive transboundary flows in commerce/trade in formal/informal business networks in order to exploit opportunities. Political and cultural asymmetries are often associated with difficulties/obstacles. Likewise sub-regions across international boundaries are likely to contain complementarities with respect to the structure and cost of both inputs (labour force character, capital, and entrepreneurship and resource base) and outputs (production of good and services.

The asymmetries and complementarities present in transboundary regions combine to create varying levels of interdependence between the constituent sub-regions. This interdependence generates a wide variety of legal and illegal cross-border flows or linkages (at varying levels). These include goods flows (raw materials, intermediary and final product) human flows (business, tourism etc) resource/environmental flows (water flow/quality, air pollution, bio resources, etc) and transboundary cultural and technological diffusion. Equally this interdependence is influenced by obstacles that include cultural language and historical differences as well as institutional differences that make decision making difficult.

All of the above asymmetries, complementarities, linkages and obstacles combine to create opportunities (situations which if acted upon could raise prosperity and quality of life (QOL) and reduce transboundary conflict) and challenges (situations which if not acted upon could lower prosperity and QOL and increase transboundary conflict). From an economic point of view, there are three basic concepts that support the notion of transboundary collaboration (TBC). These are economies of scale, externalities and transaction costs. The concept of economies of scale is associated with the creation of transboundary physical infrastructure to facilitate development, and ranges from roads and ports, through social facilities such as health and education to regional marketing efforts to promote the region's exports or transbounday tourism opportunities or to highlights the region's inherent attractiveness for investment. Externalities are associated with negative issues such as transmittable diseases and air and water pollution that can spill over borders and raise the cost of health services and lower QOL. Transaction costs are associated with the aspects of doing business across boundaries ranging from pure logistics to matters such as gathering information, negotiating and enforcing business agreements.

The issue of transboundary collaboration is becoming increasingly important in the context of "peace, security and economic development of the Great Lakes Region. Key areas of collaboration may include firstly, institutional developments such as the establishment of a Trans-boundary Borderlands Committee or TDB Commissions as indicated in the Protocol on the SRDZ,(that is focused on promoting socio-economic development in general), collaboration efforts between the relevant investment mobilization agencies and the establishment of a regional tourism network initiative that could be known as the Great Lakes Region Tourism Network (GLRTN)

Secondly, in terms of socio-economic development, key initiatives would include the development of health and educational facilities as well as telecommunication facilities.

More specifically, a Tri-country transboundary collaborative effort geared to sharing natural resource potential to enhance tourism product diversity as well as being a mechanism in terms of which resources as well as lessons of experience are shared.

Thirdly, the development of the strategically vital border posts may be developed and implemented jointly in order to ensure that the whilst the movement of goods and services is as "trouble –free as possible, the necessary controls in terms of movement of illegal goods, services and people is properly managed.

Fourthly, since borderland sub-regions invariably tend to share the natural resource base, benefits and costs associated with developments on either side of the border are also invariably shared.

Identifying the Critical Success Factors for a Growth Area

Experience to date indicates that the likelihood of success is increased if the growth area is characterized by:

- marked economic complementarities
- geographical proximity between the subregions constituting the growth area
- a strong political commitment demonstrated by the respective governments;
- an effective policy coordination among participating countries;
- adequate physical and commercial infrastructure;
- a private sector capable of realizing identified market opportunities
- exports to markets beyond the growth area; and
- new centers of consumption within the growth area

Many of the above listed success factors are of a “static” nature: specific and defined attributes which should be present for the success of a growth area. Equally important are “dynamic” success factors, of which two must be mentioned:

(i) Capacity to develop. A growth area strategy must be framed within a longer-term development strategy and should focus on building the “capacity to develop”,that is, improving education in a sustained fashion, raising the efficiency with which both public and private sectors are managed, and providing supportive physical and commercial infrastructure. Collectively these improvements will generate the autonomous capacity within the area to respond to and effectively manage changing economic and social circumstances to thus allow sustained growth and development.

(ii) Ability to respond to Regional and Global Markets. The long term and sustained development of a growth area is likely to be based on the mobilization of export capability. Indeed, few, if any, economies can grow without reference to the surrounding regional and global economies. Expanded exports create jobs, raise incomes, and generate stimulative effects on various parts of the economy. This has been the experience of sub regions in other growth areas in Asia (e.g., Singapore-Johor-Batam, and Hong Kong-Pearl River Delta).

Many of the static and dynamic factors associated with successful areas may not fully characterize the Great Lakes Region. However, providing sufficient physical infrastructure and environment of peace and security, creating entrepreneurial capacity and positively responding to global markets can bring the static and dynamic factors into existence.

The issue for the Great Lake Region is not whether the Area is a natural growth area, but whether there are significant gains to be achieved through regionalism. There are and they include (i) those factors which commonly characterize growth areas, such as investments utilizing economic complementarities and (ii) those aspects of regionalism which are not unique to growth areas, such as development through joint exploitation and management of shared natural resources, joint actions attract foreign investment and joint actions to promote the specialization and regionalization of production within sub region’s economies. The issue is therefore, about the gains to be achieved through the promotion of regional economic cooperation and development.

The major activity areas for growth triangles include the following:

Investment promotion: Explore ways to attract local and foreign investment into the growth triangle by marketing the complementary endowments in the area, the flow of production factors across borders, and possibly offer special economic zones with incentives. Possible activities for the growth triangle include coordinating marketing strategies; institutional capacity building for local investment bodies; inter-agency cooperation measures; harmonized approval and regulatory procedures for cross-border investment projects; promotion of investment to the relevant GT area; and an investment information exchange system.

Trade facilitation: Consider approaches to improving the efficiency and effectiveness of trade procedures, documentation, and data exchange within the triangle. Possible activities include: harmonization of customs and inspections procedures and documentation requirements, developing a consistent classification system of good; trade related information systems; joint export promotion activities; accelerating the issue of (FTA) and establishing export quality standards for agriculture goods.

Business sector collaboration: Putting in place cooperation mechanisms between the business sectors in the Growth Triangle to support other activities and create a sustainable dynamic to create economic activity. Possible activities include creating a Triangle Business Forum, organizing networking sessions, especially in tourism and agriculture, and local business information exchanges.

Value chains and cluster development: Taking the previous point one step further, develop networking within and among economic sectors throughout the growth triangle in order to foster supply and value added chains. Also explore policy and regulatory frameworks that will stimulate industrial cluster development in the Growth Triangle.

Industrial planning: Coordinate industrial planning among the members based on the potential complementarities and resource endowments. Promote the Industrial Cooperation scheme among firms in the Growth Triangle to take advantage.

Growth Triangles/ Growth Areas: Beyond Economic Logic

Growth Triangles also have implications for peace and security as well as social inclusion and community participation in development in the relevant regions. They promote greater cooperation and harmonization of policies, such as customs, tariff and possibly banking and finance as well, in order to free up the flow goods, capital, and labour across national boundaries. This applies not only at the national level as government try to cooperate to enable the growth triangle to materialize, but it also brings the local governments into more formalized relationships or at the very least greater contact with one another. By creating more linkages of interdependence among local economies, force is less likely to be used in settling a dispute because of the disruptive effects it would have on economic activities. Hence, raising the costs of violence will promote peace.

Southeast Asian history teaches us that many of the states involved in Growth Triangles today have been bitter enemies in the not-too-distant past. Nearly four decades, ago, at the height of Indonesian President Sukarno's CONFRONTASI POLICY, who could have imagined that Singapore, Malaysia and Indonesia would become such close partners in search of common prosperity? Again, the emergence of a Growth Triangle linking Borneo and Mindanao is even more striking given the long-standing dispute between Malaysian and Philippines over Sabah. Even today, a number of Southeast Asia Growth Triangles involve countries or states which are involved in territorial disputes with one another. The fact that they have expressed a strong commitment(financial, political…)to the Growth Triangles suggests not only that these bilateral problems have been shelved significantly by a shared quest for prosperity, but also a belief that such interdependence might further reduce the incentive to settle their disputes by military means.

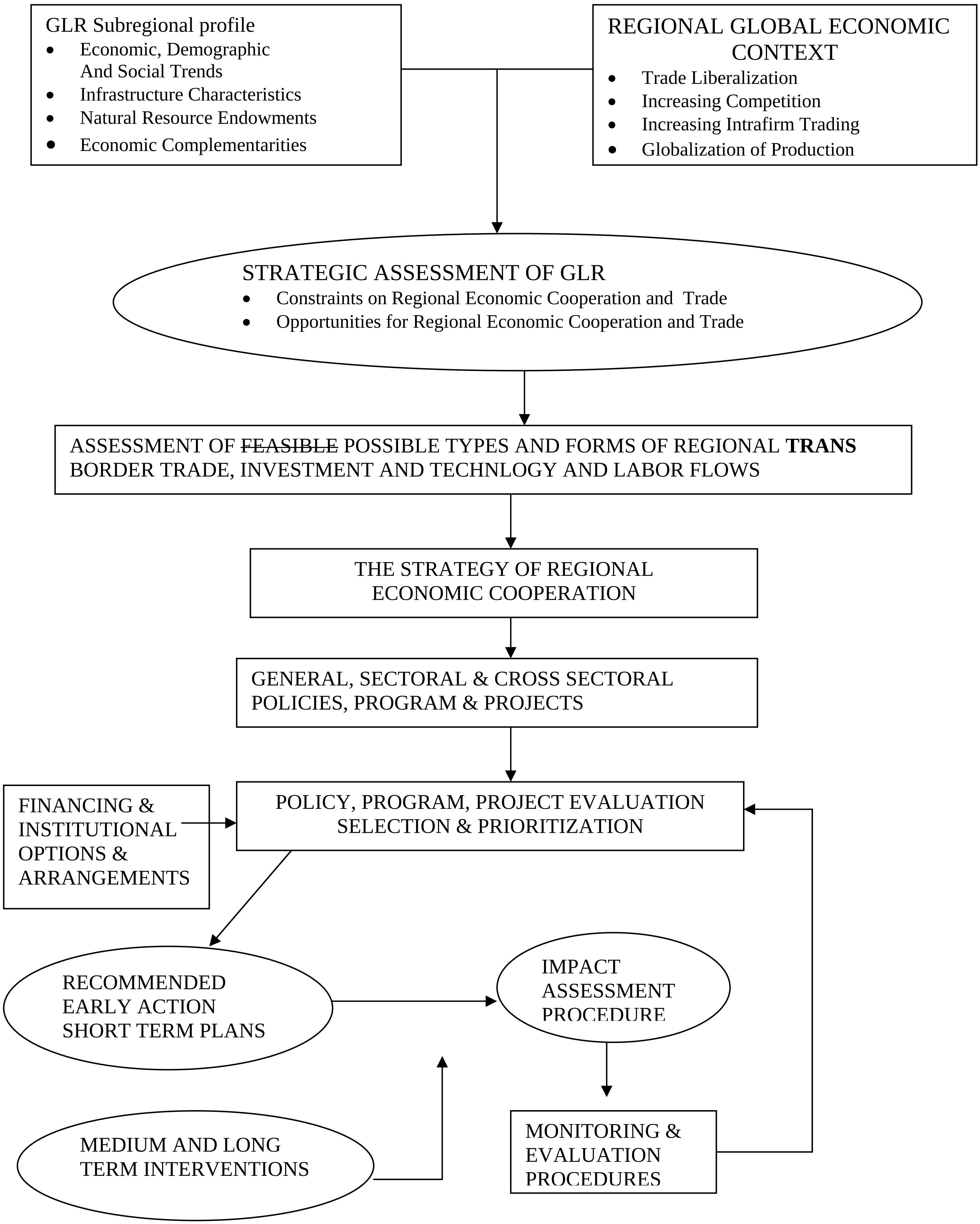
Domestic security is also enhanced within growth triangles because of the economic development that occurs along the frontiers. In many countries the periphery areas are inhabited by ethnic minorities or other socio-economically marginalized people who are often in conflict with the government. The economic benefits from greater cross-border trade and investment will develop these fringe areas which are frequently neglected in national development strategies and by foreign investors. The generation of greater wealth for people in the periphery will help remove many of the economic sources of contention between people in these areas and central government.

The social rationale for growth triangles is closely related to the political and economic justifications. Increased contact through cross border economic activities will help promote mutual understanding of cultures, which in turn enhances border security. The social rationale also parallels the economic ones in that the citizens involved in the growth triangle will likely gain substantial improvements in their standard of living and quality life. Presumably economic development will bring concomitant benefits such as better education, improved health services, and a more elaborate social safety net.

Arguably GTs represent a welfare-oriented approach to national security and integration which if successfully pursued would help to pacify border region insurgencies in the concerned states. The linkage between “peoples well being” and “security” remains pertinent in Africa in general and GLR in particularly where the “national security” problematic is often shaped by the regimes concern for legitimacy and survival.

If GTs are supported adequately enough to live up to their name, they would contribute to what has been termed the PERFORMANCE LEGITIMACY as opposed to LEGITIMACY based on primordial and ideological identities of the central governments. Moreover, developing countries including those of Africa, which achieve rapid growth rates through transactional economic activity also gain expertise in judicious and transparent handling of their finances and channeling their material resources into development and welfare activities. Thus internal stability and order are primary area of security in which GTs could make a significant contribution
Determining the most appropriate from of regional economic cooperation leading to specific policy, program and project recommendations would be at the heart of study approach as proposed in the Figure below.

Figure: Proposed Study Approach



PART II:
INSTITUTIONAL FRAMEWORK
FOR SUBREGIONAL CONSULTATION AND PROJECT PREPARATION

The ‘start up’ phase of a typical growth triangle generally begins with a sense on the part of a group of neighbouring countries that some limited and specific form of subregional co-operation may be both useful and feasible. Informal discussions are likely to follow, and perhaps, some initial formal consultations among some of the participants. At some point, a more thorough assessment is likely to be required -- both within and among the participating countries -- of the potential for subregional co-operation, constraints on co-operation; sectors where co-operation is likely to generate significant benefits or where benefits can be generated relatively quickly, detailed sector studies aimed at project identification; and the assessment and preparation of priority subregional projects for joint implementation.

An institutional framework, however loose, is then necessary for structuring discussions on key issues, strategies, and projects both within and among the participating countries, so that stable agreements can emerge on joint initiatives. A very important aspect of an institutional framework in growth triangle development is the so-called **third party institutional facilitator.**

Participating countries usually agree to subregional co-operation not on the basis of shared **objectives**, but of **shared interests**. They bring different perceptions and expectations with respect to key issues, strategies, programmes and activities. In this context, an outside institution that is credible to all participants can make an important contribution as a **‘third party facilitator’** both to the subregional consultative process and to the identification and preparation of jointly acceptable projects and initiatives. In the case of most Asian growth triangles, a regional institution, the Asian Development Bank, is playing this facilitating role (In the case of the Tumen River growth triangle in Northeast Asia, an international institution, the UNDP is playing a similar role.) In the case of the Zambia-Malawi-Mozambique Growth Triangle, UNDP played the facilitative role.

The role of a third party institutional facilitator

- ❑ A third party facilitator can contribute to growth triangle development in a number of ways:

Provide a Forum or Framework to facilitate the subregional consultative process

The focus here is to facilitate and support the consultative process among the participating countries, both as an informal ‘broker’ as well as through support for national and subregional consultative meetings. This can include the following activities:

- Assist the individual participating countries, to the extent needed, in assessing the basis for and nature of subregional co-operation from their particular perspective and interests;
- Assist the group of countries in jointly assessing the basis for and nature of subregional co-operation in order to identify mutually acceptable programmes, projects and initiatives; and

- Assist as an informal ‘broker’ in reducing areas of disagreement among the participating countries with respect to specific projects and initiatives in preparation for joint implementation; and
- Provide a ‘neutral’ setting or framework for subregional consultations and facilitate the formal consultative process.
  In this role, the challenge is to the institution’s ‘political’ or diplomatic skills in helping participating countries evolve towards agreement and specific joint initiatives, and on the “rules of the game” for countries collaboration.

❑ **Assist in project identification and preparation**

Growth triangles are not about consultations and discussions. They are activity-driven, aimed at generating specific collaborative projects and initiatives for mutual benefit.
Therefore, a second contribution of the facilitating institution involves assisting directly in the mutual adjustment of policies among participating countries. However, policy co-operation can be a sensitive and complex process, where agreements may emerge only slowly, if at all. Alternatively beginning with a focus on specific projects of mutual interest may lead to a readjustment of national policies, even if in a limited capacity (at first) in order to ensure project success. For example, for the expected benefits of a transborder highway to materialize may require addressing issues such as customs clearance and classifications, visa requirements, transit fees, perhaps even pricing practices, edging into areas that would be more difficult to address without the specific context – and imperative of a priority road project. In this context, the role of a facilitator can then include the following:

- Assist in policy co-operation directly or as related to specific growth triangle projects;
- Assist in the identification and selection of priority sectors for cooperation;
- Assist in sector studies aimed at identifying priority subregional projects and initiatives; and
- Assist in the preparation of subregional projects and initiatives for implementation.

In this role the challenge is simultaneously to the institution’s technical competence and impartiality, in helping to identify and prepare **technically viable, politically acceptable and economically ‘bankable’** subregional projects for joint implementation.

❑ **Assist in resource mobilization and risk management**

The third contribution an institutional facilitator can make to growth triangle development is to help stimulate the interest and involvement of international donors (bilateral and multilateral), and private investors both from the participating countries and from outside the subregion including helping to reduce perceived risks. This may be especially effective if the facilitating institution is a multilateral/regional development bank such as the African Development Bank.

The institutional challenge

In summary, regional and international institutions can play an important role as facilitators of subregional co-operation, if so desired by the participating countries, by providing an institutional framework to support the development of viable subregional initiatives. They may also be a key source of technical and financial support, including helping to mobilize international financing, both official and private, and in helping to reduce risk to investors. This poses important new challenges for institutions capable of playing this role such as the Asian Development Bank (ADB) –involved with three of the four growth triangles in Southeast Asia – and the UNDP, facilitating in the Tumen River Development Area. Given its key role in Asian Growth Triangle , the ADB will be used as the example.

As a 'growth triangle facilitator', an institution such as the ADB has to combine 'political' or **'**diplomatic skills**'** with technical competence and impartiality in helping a group of countries define jointly acceptable bankable projects and initiatives, and link this to financing and resource mobilization requirements. In this context, given the central challenge of resource mobilization for growth triangle development, especially private sector resources, the challenge to an institution such as the ADB is to move beyond traditional private sector 'windows' and explore flexible, innovative mechanisms for public/private partnerships: to generate investor interest and confidence in subregional projects; and to find effective ways to link technical projects information on growth triangle opportunities to the investment decisions of enterprises and investors (i.e., 'market' subregional projects). This can lead to a convergence of private sector capital and technical expertise and role of multilateral institutions, to provide an effective framework for resource mobilization. Furthermore, given the traditional focus on financing country-specific activities, an important challenge is to develop effective mechanisms for financing transborder projects, which can then also act as prototype for other international financial institutions.

The issue of resource mobilization is central in the development of growth triangles. Institutionally, a part of the needed funds may be provided by the banking system but there will be a significant shortfall (as well as other issues to be considered if the government is the borrower). Furthermore, if the public sector external debt of the countries participating in growth triangle development is relatively high, their ability to borrow additional funds offshore will be constrained.

Private sector participation through both direct and portfolio investment is likely to be essential for the successful development of growth triangles, especially with all growth triangles stressing their 'market-driven' nature. This brings us to the role of non-traditional or alternative sources of financing. Traditional financing refers to lending to or through the public sector. Alternative financing refers to all types of private, non-recourse, external financing, and includes foreign direct investment (FDI), equity portfolio investment (including country funds) and private non-guaranteed debt. With limited availability of traditional financing, these alternative sources will have to be successfully tapped for growth triangle development.

Part III
Illustration

1. Project Title: Develop a joint Sustainable Development Program for the Utilization of Lake Victoria.

2. Sectors of implementation
Fisheries, processing

3. Countries or subregion of implementation
Uganda, Kenya and Tanzania

4. Objectives
Growth Triangle: Provide tripartite capacity with a view to:
- Increase value added in processing activities and employment
- Plan long-term Infrastructure development

Individual countries:
- Upgrade skills and technology; and increase long-term investments in processing and infrastructure development

5. Rationale or justification

The three countries are blessed with a lake with enormous fish resources and potential in tourism. One way of reducing the poverty level of the communities is to create access for the communities to fish resources, to be managed by a joint body. This would indeed minimize potential conflicts provoked by attempts by states to deny communities access to fish resources. The lake also has a high potential for hydropower(hydro-electricity), and effective control of river flooding along the lake would enhance farming. The area is equally richly endowed with water resources. Paradoxically, the population around the lake lacks fresh water, while adequate road networks and electricity, especially the Kenyan and Tanzanian sides, remain scarce commodities.
Environmental: Avoiding an imbalanced and environmentally harmful pattern of development at the lake would increase, in a more sustainable manner, the ability of this unique area to attract new tourists. Because of its unique natural character, development of this area requires careful planning and natural resource management with possible designation of some areas as a national park, natural landmark and protected landscape for strategic purposes.
Economic: Joint development of fisheries resources and infrastructure would require management and planning of a supranational nature to transcend national interests (in other words, joint action for mutual benefit rather than short-term national interests) costs of establishing such a body would be far less than the benefits to be achieved from implementing the joint-fisheries development policy. A policy decision to hand responsibility for management and implementation of the joint policy to a regional guiding committee is required.

Non-economic: Political and regional stability could be enhanced through cooperation; and EAC activities could be promoted.

6. Scope and components

Description of developments:

- Resource Management through establishment of a Joint Committee on Lake Resource Management (JCLRM), and culture, technology, and policy developed
- Tripartite Policy Support for Fishing
- Infrastructure planning for the area (road network and electricity)
- Fisheries development centre
- Tripartite Joint-Venture Fisheries Company
- Fish processing (e.g., freezing, canning, fishmeal)

Implementing agencies or private sector entities:

- Implementation of agreed policies on a cooperative basis
- JCMRM
- Ministry of Agriculture (MOA), Directorate General (DG) Fisheries in the countries concerned
- Ministries of Transport
- Tripartite Joint-Venture Fisheries Company
- Private capture and processing companies

Measurements of success or progress:

- Increased harvests and processing
- Reduction in disputes
- Development of infrastructure and new processing facilities
- Increased communities access to fish resources and their levels of poverty reduced

7. Policy timing

Implementation schedule: Immediate

Term of expected impacts: Immediate, medium term and long term

8. Required resources and preliminary cost estimates

----------------------USD 500,000.00

9. Estimated magnitude and distribution of benefits

- Incremental harvest and processing of up to 100,000 tons of fish
- Jobs in harvesting (reduction in underemployment and unemployment among fishermen) and processing (up to 20,000); additional jobs for population within the relevant area

10. Impact

Poverty reduction: Impoverished fishing communities in the area would be given opportunities

Human resource development, including role of women:

South-South Cooperation, or Technical Cooperation among Developing Countries (TCDC) Skills transfer, especially to new entrants, jobs for women in processing

Environment: Positive long-term resource stabilization

11. Available means of financing, if required
- National governments' budgets
- Technical assistance or loans from multilateral development agencies
- Private investment in processing

12. Sectoral priority within Development Project
Very high priority. Cooperation in fisheries is the most obvious complementarity and the best demonstration of commitment possible at the policy level.