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# U. S. FOREIGN AID IN AFRICA

PROPOSED FISCAL YEAR 1971 PROGRAM  
AGENCY FOR INTERNATIONAL DEVELOPMENT

## GENERAL NOTE

This is an excerpt from the Agency for International Development's Program Presentation to the Congress outlining the President's foreign aid request for fiscal year (FY) 1971.

The terms "foreign assistance" or "economic assistance," as used in this volume, usually refer only to economic aid programs conducted under the Foreign Assistance Act and exclude other foreign assistance such as the Food for Peace Program under Public Law 480, the Peace Corps and the Military Assistance Program, as well as other economic programs such as those carried out by the Export-Import Bank.

Figures for fiscal years prior to 1970 are actual commitments. FY 1970 figures are estimates made at the time this volume went to press in March 1970. FY 1971 figures are illustrative proposed programs based on the FY 1971 appropriation request and anticipated receipts and recoveries.

Countries in Africa where AID proposes programs for FY 1971 are shaded on the cover map.

**U.S. FOREIGN AID  
IN AFRICA**

**Proposed Fiscal Year 1971 Program**

**Agency for International Development**

## U.S. FOREIGN AID IN AFRICA

United States interests in Africa are less defined by political and security considerations than in other regions of the world. As recently indicated by President Nixon in his foreign policy strategy, our primary concerns are that the continent not be the scene of great power rivalry or conflict and that Africa realize its potential to become a viable and prosperous region in the international community.

We share with the Africans their desire to engage their limited resources in development efforts. The U.S. foreign assistance program in Africa concentrates on improving the quality of life for the African people. We have deep concern for people living in poverty whether they are here or abroad. Africa is the least developed area of the world with 80% of its people engaged in subsistence agriculture, with per capita income of less than \$100 in half of the countries, extremely high illiteracy rates, meager public health services, and with a skilled manpower base among the smallest in the world.

Africa includes about half of the world's developing countries with about 30 African states having achieved independence during the last decade. Our long run political interest and Africa's historic ties with many of our own citizens warrant support of the aspirations of these African states to maintain political stability and economic growth. Success in these efforts will enable them to participate more fully in the community of free nations and to become a valuable economic partner with all regions of the world.

U.S. interest also lies in promoting new investment and expanding trade with Africa. Although current U.S. investment is largely in petroleum and in mining for such strategic materials as copper, nickel, uranium and magnesium, there are small but growing amounts of U.S. capital going into tourism and agro-business ventures.

Certain Western European countries with important traditional and commercial ties with Africa are providing nearly 65% of the total of free world aid to Africa. Of other donors, the IBRD is making the single greatest contribution. To identify with constructive forces in Africa, the United States must be willing to continue to participate with other bilateral donors and the IBRD in assisting African development.

Although the proposed A.I.D. program for FY 1971 is limited, compared to these other donors, our aid is important when used in combination with other donor assistance, particularly when it supports IBRD-led consultative groups and promotes African regional cooperation.

A.I.D.'s programs address the diversity in resource base and stage of development that characterizes African countries. About two-

thirds of A.I.D.'s funds for Africa are provided as bilateral assistance concentrated in ten countries whose development potential and performance or special relationship to the United States justifies major A.I.D. support. One additional country is receiving bilateral aid for planned phase-out activities.

The ten countries are Morocco, Tunisia, Ghana, Congo(K), Nigeria, Liberia, Ethiopia and the East African Community states of Kenya, Tanzania and Uganda. Most have well-defined development plans, have demonstrated the ability to mobilize substantial domestic resources for investment and have strong growth potential. U.S. assistance to many of these countries is coordinated in a multi-lateral framework under the leadership of the World Bank. IBRD-led consultative groups exist for Morocco, Tunisia, Ghana, the East Africa Community and Nigeria.

The majority of the other 25 recently independent African states, which are small and have limited economic resources and internal markets, receive U.S. regional assistance. In efforts to accelerate their economic development, many of these countries have joined together in regional organizations, such as the Entente Council in West Africa and the Lake Chad Basin Commission in Central Africa.

In the 1970's more imaginative and effective means must be employed to provide A.I.D. resources, via regional and multi-donor support, to the West and Central African countries and to the Southern African area. In sub-Sahara Africa it is imperative that agricultural production and income be increased to permit the expansion of budgetary resources desperately needed to meet basic health, education and nutritional requirements. Many of these countries are extremely poor with little potential as individual economies. However, regional groupings, such as in Central West Africa, an area including over 100 million people, could have significant economic potential.

The proposed A.I.D. program for Africa for FY 1971 of \$161 million is about equally divided between Development Loans and Technical Assistance, with a small amount programmed for Supporting Assistance, primarily for Nigeria. The heavy emphasis on Technical Assistance reflects the greater need in Africa to concentrate on the foundations of economic growth by improving technical and managerial skills necessary for increased production. Regional emphasis continues in the FY 1971 program which allocates almost 30% of total funding for regional and multi-donor activities as compared to 16% in FY 1968, the first year of regional emphasis.

#### AFRICAN ECONOMIC PERFORMANCE AND SELF-HELP

Africa's leaders and people have clearly put the business of development at the top of their priorities. The task is enormous. They must develop effective political and economic institutions, train experts and managers required to carry on development programs, adapt new technology to African needs, mobilize capital and

cope with the growing demand for social services by a rapidly growing population.

During the 1960's a slower pace of development resulted from the necessity for many African countries to give first priority to establishing viable governmental structures suited to their newly won independence. In the public sector, much of the investment was necessarily devoted to the creation of essential infrastructure, which will produce returns in the form of increased production and income only over the longer term. Moreover, many African countries lacked the skilled manpower required to implement and manage a substantial development effort. These factors explain in large part why the continent's estimated overall annual GNP growth rate of 4% since 1960 is the lowest of any major region in the world in aggregate or per capita terms.

During the past few years, however, economic development policies of African governments have, in the majority of cases, become more dynamic and realistic. Most of them have maintained monetary stability. There has been relatively little inflation, and deficit spending has been kept under control. Foreign borrowing, with few exceptions, has been held within manageable limits. Efforts are being made to diversify production and exports. Private enterprise, which is largely free of government restrictions, is being expanded. Foreign investment is generally welcome. Programs have been undertaken to create and expand African institutions for the training of skilled and professional manpower. Education generally accounts for more than one-fourth of government budget allocations and in many instances appreciably more.

There are a number of impressive demonstrations of what individual African countries are doing to help themselves:

- In East Africa, Uganda, Tanzania, and Kenya have taken important steps toward regional integration by the formation of the East African Community. The Community includes a custom's union, joint air, rail and water transportation systems, unified tax collection and the regional East African Development Bank. Such efforts provide a stronger basis for structural change and economic growth, and have created an internal market of sufficient scale to attract increasing amounts of private investment. Although the United States furnishes less than a fifth of free world assistance to this area, we are playing a major role within the IBRD Consultative Group for the East Africa Community. Although there are difficult problems of maintaining balanced development and equitably sharing the benefits of growth between Kenya and its two economically less advanced partners, Uganda and Tanzania, the Consultative Group, under World Bank leadership, is directing increasing emphasis to the resolution of these problems.
- Ghana has so far successfully made the difficult transition from the post-Nkrumah military junta back to demo-

cratic civilian rule. The Government has implemented the IMF stabilization program, has benefitted from major debt reschedulings, and has balanced its operating budget. If adequate foreign assistance is available to finance essential imports of seeds, fertilizers, industrial raw materials, spare parts, etc., accelerated growth of the economy is possible.

- Morocco has raised GNP growth to a rate of 6% annually between 1967 and 1969. Total investment, particularly private investment is expanding. The country is enjoying its best period of prosperity since independence. The impressive efforts undertaken in both dryland and irrigated agriculture will increase farmer income and expand growth while eliminating reliance on imported food grains. Urban unemployment and rapid population increases, however, represent continuing problems. The World Bank Consultative Group coordinates Western aid and, in response to Moroccan self-help efforts, the IBRD, West Germany, and most recently France, have substantially increased their individual aid levels to Morocco, which together surpass the U.S. aid input.
- In Nigeria, the United States was the major contributor to the relief efforts for the civilian victims on both sides during the civil war, having provided over \$54 million in P.L. 480 commodities and A.I.D. funds. Despite the costly civil war, effective measures were taken by the Federal Military Government to avert financial and foreign exchange crises. With the war over, we are now assisting the Nigerian Government in its major relief and rehabilitation effort and in the special problems associated with reintegration and national unity. Additional external assistance will be needed in FY 1971 and 1972 to help with the major job of reconstruction. Within a year or two Nigeria should regain its earlier growth momentum and, with continued income from oil production, gives promise of attaining self-sustained growth prior to the end of the decade.
- In Central and West Africa, the smaller, less populous nations have taken positive steps toward cooperative development and economic integration. For example, the purpose of the Entente Council, comprising Ivory Coast, Dahomey, Niger, Upper Volta, and Togo, is to eliminate trade barriers, jointly administer ports, railways and main roads, and harmonize commercial policy. The organization of the Riparian States of the Senegal River, comprising Guinea, Mali, Mauritania and Senegal is endeavoring to promote economic development and mutual social progress through the coordination of development plans and joint efforts in economic and social fields. The Lake Chad Basin Commission, comprising Niger, Nigeria, Chad and Cameroon, is a cooperative undertaking for the development and utilization of the Chad Basin and serves as a coordinating agency for enlisting external aid for the development of the area.

## FY 1971 PROGRAM

The proposed \$161.4 million program for FY 1971 includes development loans of \$80 million, Technical Assistance of \$69 million, Supporting Assistance of \$8.3 million and Population Programs of \$4.1 million.

### Development Loans

In FY 1971 loan assistance of \$80 million will be divided about equally between project loans and program and sector loans. Two program loans are planned, one of \$15 million to Ghana and another of \$5 million to Tunisia to provide raw materials, spare parts and machinery in order to fully utilize existing productive capacity. Agriculture sector loans of \$6 million to Morocco, \$5 million to Ethiopia and \$1.5 million to Tanzania will finance imports of essential agricultural and industrial commodities. A \$5 million transport sector loan will be made to Congo(K). Another \$11.5 million will be applied to crop management and livestock production in Ethiopia, Morocco, Uganda and Tanzania and to crop diversification programs throughout the coffee-producing areas of East and West Africa. Project loans of \$23 million will support road engineering and construction, telecommunications, and water supply in East Africa, Central West Africa, the Congo(K), Morocco, and Nigeria.

Our regional programs are largely in the form of technical assistance, but increasing attention will be given to allocating more Development Loan resources for regional development activities. We are considering a loan to the African Development Bank to enable it to finance small capital projects in the poorer African states at concessional interest rates.

In order to support activities of the East Africa Community, we are discussing with the World Bank and other donors the joint financing of construction of the Community's headquarters in Arusha.

In an effort to transfer resources more effectively and support Technical Assistance programs in cereals and livestock production and intra-regional trade we are planning sector lending to existing Central and West African regional institutions such as the Entente Fund.

Participation in multi-donor financing of major capital projects is an important mechanism for extending aid not only for sizeable projects but also for stimulating greater contributions from other donors. In FY 1971, multi-donor opportunities include the Sebou project in Morocco, a multi-purpose irrigation scheme, for which the World Bank has already provided a loan of \$46 million for construction of the dam and major irrigation works. Additional funding is required for related infrastructure, including power generating and distribution facilities, land development and farm management services. Another example is the

Shashi River Development in Botswana which involves the development of water, power and roads in support of the commercial extraction of nickel and copper ores in Botswana. The World Bank, Canada, and Denmark have already pledged assistance and the United States may participate in financing part of the water pipeline development.

Supporting Assistance is planned for rehabilitation and reconstruction in Nigeria and for secondary schools for refugees in Southern Africa.

### Technical Assistance

Technical assistance of \$69 million in FY 1971 represents a proportionately larger share of the African A.I.D. program than of our programs in Latin America and Asia. This larger input reflects the less developed African human resource and institutional base.

Technical assistance will be concentrated in activities that respond to the basic needs of the people of Africa with almost 30% in agriculture, 25% in education, 7% in public administration and management training and 7% in health. Other activities are in the fields of industry, transportation, labor, private enterprise, feasibility studies and self-help projects. The program allocates \$27.3 million of the Technical Assistance funds to regional activities. This figure compares to \$20.9 million, of estimated obligations for FY 1970.

### Agriculture

Africa is, for the most part, not at present a critical food shortage area, although periodic crop failures and chronic shortages over limited areas occur. For some basic crops such as wheat and rice, the growth in consumption is not being met by domestic production and requires increased imports. The agricultural sector falls seriously short of its potential and must be vastly improved if African economies are to become viable. The need for improvement, both with respect to quantity and nutrient quality, is particularly urgent in the light of African population growth, since the combination of such growth and the use of traditional farming practices has raised the specter of food shortages in certain areas.

During FY 1971 greater emphasis will be placed on increasing agricultural production and on research. Technical assistance will be used, often in conjunction with Development Loans, to support activities designed either to increase output of a particular crop or of a selected agricultural area by applying a package of improved practices. Projects being continued or initiated include accelerated wheat production campaigns in Tunisia and Morocco, beef production activities in Ethiopia, Tanzania and Uganda, and rubber production in Nigeria, plus area development schemes in Central West Africa regions and in Ethiopia. By undertaking these kinds of activities increased

agricultural output in the near term is possible and will result in increased individual incomes and generate additional resources for development.

In Central West Africa a new Grain Stabilization project is planned to increase output of basic grains by establishing more realistic price incentives and a grain storage and distribution system among participating countries. Used in conjunction with Technical Assistance advisory services, P.L. 480 commodities will be used to provide initial stabilization stocks and generate local currency to support food production activities.

During FY 1971, Technical Assistance funds allocated for research will be increased to support Rockefeller and Ford Foundations' activities in wheat in North Africa, and to support improvement of corn, sorghum and millet in East and West Africa. In addition, we will expand assistance to the West African Rice Development Association and to the International Institute of Tropical Africa in Nigeria. The latter is being supported by a group of private foundations and public bilateral donors and its results will be applicable throughout the semi-humid and humid tropical areas of Africa. The main thrust of this research will be the development of continuous cropping systems to replace the traditional land-consuming bush fallow system. This is of the utmost importance in attaining the full agricultural production potential of tropical Africa and in making full use of the results flowing from the major cereals and rice research.

As we shift to greater emphasis on specific production activities and research, we shall continue to support selected educational and production-oriented institutions such as university-level agricultural and veterinary education in Nigeria and East Africa, and the Agronomic Institute of Morocco. Assistance will be directed to cooperatives in Uganda, agricultural credit in Congo(K) and Nigeria, and extension services in Nigeria and Ghana. These institution-building activities, to strengthen the capability of agriculture authorities in providing essential services to farmers, will make it possible to improve support of both research and specific crop and livestock production projects.

### Education

The overall goal of A.I.D. education activities in Africa is to help develop the capabilities for training Africans in the skills needed to eliminate the requirements for foreign experts.

During FY 1971 efforts will be concentrated in two areas: (1) modification or redirection of existing education programs with greater emphasis on practical, job-related training; and (2) development of programs to relieve immediate and critical manpower bottlenecks.

Assistance is also proposed to help African institutions improve curricula and examinations. In Kenya and Tanzania programs to

introduce agriculture into the secondary schools are being aided. In East and West Africa the two examinations councils are being assisted to develop matriculation requirements and examinations relevant to effective education.

Assistance will also be provided to teacher training institutions such as the Uganda primary teacher training colleges in East Africa through production of educational materials, creation of in-service instruction programs, and training of administrators and teacher trainers.

A.I.D. will continue to assist the development of regional university specialties such as in agriculture education at University College Njala, Sierra Leone to avoid duplication of costly facilities. Also, graduate agricultural faculties, such as that offered at Makerere University College, will be supported. University College Njala and Haile Selassie I University in Ethiopia will be aided at the sub-professional level, and comprehensive-type schools in Liberia, Nigeria, and Uganda at the secondary level.

Assistance to manpower programs outside the formal educational system will include: on-the-job training for youths in the Opportunities Industrialization Centers in Ghana and Nigeria; in-service training for government administrators at the School of Administration at Ahmadu Bello University in Nigeria; and rural improvement programs in the agriculture education project in Tanzania.

A.I.D. will also continue support for advanced training of Africans abroad and in other African countries by providing scholarship aid through the Inter-African Universities Scholarship program (INTERAF), the African Scholarship Program of American Universities (ASPAU) -- with American universities assuming the major share of the financial responsibility -- and the African Graduate Program of American Universities (AFGRAD).

### Population and Health

A.I.D. assistance on population matters will increase in response to growing African interest in incorporating family planning and nutrition into improved health services. Efforts will be directed toward enabling African health organizations to extend this combination of services to a greater portion of rural as well as urban people.

Grants to the Population Council and Pathfinder Fund will continue in FY 1971. The Pathfinder Fund is working to establish family planning activities in such countries as Botswana, Congo(K), Gambia, Liberia, Lesotho, Senegal, and Sierra Leone. These activities are tied primarily to maternal and child health programs. The Population Council conducts demographic studies and training in such countries as Ethiopia, Morocco, Nigeria, Tunisia, and Sierra Leone. A demographic advisor for Ethiopia will assist

the Ministry of Planning in developing more reliable demographic and census data. Three demographic specialists will assist Morocco in cartography, sampling, quality control, and operation of IBM equipment required to carry out a national census in FY 1970-71.

New activities will build on experience in extending public health services to the general populace through such means as health educators to Kenya and assistance to Uganda's Makerere University program in maternal and child health. It is apparent that family planning clinics alone are likely to reach only a small number of the relatively well educated urban population and are not reaching the vast majority of the rural population. Since maternal and child health services are the most promising means of reaching large numbers of people, these services will be a focal point for new efforts in promoting family planning.

The African Medical School Association seminar on family planning, to be held in June 1970, will be followed by similar seminars at other health training institutions. Also, efforts will be made to teach family planning subjects as part of the curricula at places like Gondar Public Health College in Ethiopia and health training institutions in other countries. Selective assistance will be extended to African universities to accomplish and facilitate research and study programs to meet African demographic requirements.

The principal public health project continues to be the measles control and smallpox eradication activity being implemented through a PASA with the National Communicable Disease Center (NCDC) of the U.S. Public Health Service. This project now covers 20 countries in Central and West Africa where over 105 million people have been vaccinated against smallpox, reducing incidence of this disease to insignificant levels, and about 17 million children vaccinated against measles. Consideration is being given to employing the organization and goodwill that the U.S. Public Health Service generated in the measles/smallpox program to initiate a selected child and maternal care/family planning program.

### Transport and Communications

African infrastructure facilities are for the most part inadequate to service domestic development. Intra-African transportation and communications facilities ranging from roads and railroads to telephone services are sadly lacking. Existing communications systems facilitate trade between Africa and the rest of the world, but do little to support intra-Africa trade and development. During FY 1971, both capital and technical assistance will be required for construction and maintenance of national and inter-country transportation and communications systems.

In East South Africa, West Central Africa and Congo(K) A.I.D. will assist, in concert with other donors, in extending and upgrading transportation systems which service agricultural activities and trade. Examples include design engineering and construction of roads linking Zambia with Botswana, and Ghana with Ivory Coast.

In Central West Africa assistance will be provided for the establishment of telecommunication facilities which will afford direct linkage among most of the French and English speaking countries in Central West Africa. At present these countries are obliged to communicate through European capitals.

### Private Enterprise

Private enterprise will play an increasing role in African development. The Africa program will continue to concentrate on the successful Large Unit Agriculture program. This program is designed to facilitate vertically integrated food production projects by calling on the technical and managerial experience of U.S. companies in the agro-business sector. It has resulted in private investments in Ethiopia (dairy), Morocco (seed grain farm and commercial beef production) and Liberia (shrimp). In FY 1971 additional new agro-business investments are expected in Morocco and Ethiopia. A pilot project will also be undertaken to encourage U.S. investment in medium-sized industries related to agriculture such as animal hide processing, fertilizer processing, etc. A.I.D.-supported intermediate credit institutions and industrial development banks in Tunisia, Ivory Coast, Somali Rep., Ethiopia, and most recently in Morocco, which have received A.I.D. loans have made numerous sub-loans to local private businessmen giving rise to new industries, jobs and income. Private U.S. funds have been used to build hundreds of low-cost housing units under the housing guarantee program in Tunisia, Senegal, Ivory Coast, and Kenya. In FY 1971 a low-cost housing project is expected to be approved in Ethiopia.

### Special Self-Help Fund

Limited Technical Assistance funds are proposed to augment local resources for small, worthwhile projects supported by private or local organizations in the African countries eligible for A.I.D. assistance. A sum of \$1.7 million is proposed for a Special Self-Help Fund of \$25,000 to \$100,000 in each of 26 African countries where there is no regular bilateral A.I.D. program. (The Somali Republic is included in this group.)

Finally, a critical element of our assistance strategy is cooperation with other donors in undertaking development activities. In those countries or regions where there are consultative groups, we will coordinate our assistance within the framework established by the consultative groups.

Recent talks with the French provided the basis for coordination of assistance programs in Central West Africa. In all countries and regions we shall work with other donors, particularly UNDP and the World Bank, and within the framework of the OECD sponsored Development Assistance Committee, to achieve the greatest possible cooperation of all donors in the allocation of development financing within Africa.

## REGIONAL PROGRAMS

| PROGRAM SUMMARY<br>(In millions of dollars) |                   |                   |                      |                     |
|---|-------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | 13.0              | 17.5              | 14.3*                | 17.4*               |
| Technical Assistance . . .                  | 16.2              | 16.3              | 16.2                 | 22.6                |
| Supporting Assistance . . .                 | 1.0               | 1.2*              | 0.6                  | 0.8                 |
| Contingency Fund . . . . .                  | 0.2               | -                 | -                    | -                   |
| <b>Total A.I.D. Assistance</b>              | <b>30.4</b>       | <b>35.0</b>       | <b>31.1</b>          | <b>40.9</b>         |

\* Includes grants of \$457,000 in FY 1969, \$320,000 in FY 1970, and \$1,450,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

## U.S. AID OBJECTIVES

A.I.D.'s regional programs in Africa support cooperative undertakings to advance economic and social development. A.I.D. seeks to (a) strengthen the capability of regional organizations to implement development activities beneficial to member states, (b) support formal or informal groups of countries to solve core development problems common to that group of countries, and (c) improve the quality of African institutions providing services critical to the development activities of various countries. A.I.D. also assists Africa through a number of private organizations in the United States which carry out programs addressing development problems common to many African countries in such fields as population, education, private enterprise, and labor.

## PROBLEMS AND PROGRESS

Many of the 35 African countries that have achieved independence since 1956 will achieve greater progress toward meaningful economic and social development through effective cooperative utilization of their scarce human and natural resources. Therefore, for them, progress toward full participation in the modern world can be accelerated through cooperative intra-African economic activities designed to expand regional markets for industrial and agricultural production, integrate transport

and communication services, and minimize duplication in education and research activities.

Africans have long recognized the advantages of combined efforts, but such moves have been difficult to implement. Scarce financial and skilled manpower resources limit the ability of African nations to participate in regional activities. Many may be competitive rather than complementary in important areas of production. Rational decisions on the location of industrial and other development projects are often hampered by national political pressures. Cooperation among states is hindered by their diversity in language and in economic, legal, financial, and administrative systems.

Despite these problems, African regional cooperation continues to progress in many forms. African nations have set up a variety of regional organizations such as the Cocoa Producer Alliance, the Africa Development Bank, and the African Training and Research Center in Administration for Development to deal with specific economic, social and technical problems.

A.I.D.'s regional activities are carried out through continent-wide and sub-regional programs. Under Africa-wide activities, A.I.D. is assisting African countries to meet a common need for university-trained personnel. An educational scholarship program administered by the Association of African Universities has coordinated the interchange of nearly 500 undergraduates among selected universities in various African countries. To help meet a widespread need for more information about African development problems, the UN Economic Commission for Africa (ECA) has carried out numerous research activities, surveys and studies to provide African states with better knowledge of their assets and liabilities. To help resolve a serious agricultural problem common to a great many states throughout Africa, the Scientific, Technical and Research Commission (STRC) of the Organization of African Unity has been primarily engaged in agricultural development programs such as the campaign against rinderpest, a killer disease of cattle.

The various sub-regions of Africa (e.g., East Africa, Central Africa, West Africa, North Africa, Southern Africa) have specialized needs common only to the States in the area, or best undertaken on a limited geographical basis. Most of these sub-regions are large enough to encompass natural and manpower resources potentially sufficient to provide the basic production and markets needed for development. Often, the countries in a sub-region have formed organizations to foster cooperative development. In West Africa, the Entente Council -- Ivory Coast, Dahomey, Niger, Upper Volta, and Togo -- has been formed to coordinate economic policies of member states in the fields of taxation, public administration, labor legislation, public works and communications. They have established a mutual aid and loan guarantee fund to support investment in industry, agriculture, commerce and infrastructure.

The Organization of Riparian States of the Senegal River - Guinea, Mali, Mauritania, and Senegal - is concerned with the development, economic independence and social progress of its member states. Activities are carried out by separate divisions for river development, planning, and education and social affairs. The East African Community - Kenya, Uganda, and Tanzania - includes a customs union, a development bank, common transport and tax collection services and fiscal arrangements to harmonize industrial development. In North Africa, the Regional Economic Organization of the Maghreb - Algeria, Libya, Morocco and Tunisia - aims to establish common tariffs, increase agricultural trade and form a financial institution to support projects of common interest. In Southern Africa (Zambia, Malawi, Botswana, Lesotho and Swaziland), geographic isolation and political differences continue to limit the growth of regional ties. However, emerging functional relationships involving cooperative development efforts with East Africa and within Southern Africa give promise of providing a framework for regional cooperation.

#### FY 1971 PROGRAM

Major emphasis will be given to those areas and activities in Africa which present the greatest promise for regional cooperation. The regional program, excluding activities in East Africa which are treated separately, (page E-13), contains \$40.9 million, of which \$22.6 million is for Technical Assistance, \$16.0 million for Development Loans, \$1.4 million for Population, and \$800,000 for Supporting Assistance to support education and training of Southern African refugees. The allocation among various regional programs is as follows: Africa-wide regional \$12.7 million, Central West Africa \$17.7 million, Southern and Southeastern Africa \$8.6 million, and North Africa \$0.2 million. As a means of improving the effectiveness of our assistance in Africa, our program also includes the provision of \$1.7 million of technical assistance to undertake feasibility studies, project design and sector studies throughout Africa to identify core development problems and to ensure that activities undertaken are properly structured and financed so they will produce measurable results.

In addition, separate authorization of \$15 million in concessional assistance to the African Development Bank may be requested or this level of assistance may be provided by a reallocation of funds now programmed within the overall A.I.D. request. Further requirements for approximately \$13 million for communications and transport loans in Central and West Africa have been identified for which loan funding does not appear to be available.

#### Africa-Wide Program

A.I.D. proposes an Africa-wide FY 1971 program of \$11.2 million in Technical Assistance, \$2.5 million for Development Loans to the Coffee Diversification Fund, and \$1.4 million for population activities. The Technical Assistance program will continue a number of existing activities involving Africa-wide organizations

such as the UN Economic Commission for Africa, the Scientific Technical and Research Commission of the Organization of African Unity, the Association of African Universities, and the African Cooperative Savings and Credit Association. It will also continue existing programs in labor, population and education through U.S. based organizations.

Research on various aspects of African agriculture and application of research results from other parts of the world to African agricultural systems is a major aspect of A.I.D.'s Africa-wide efforts. The work of the East and West Africa cereals projects will be supplemented and built upon by the new International Institute of Tropical Agriculture (IITA) recently established with the support of U.S. foundations, A.I.D. and other bilateral donors. This Institute is one of a family of similar institutions in the Philippines, Mexico and Colombia. A.I.D. assistance to IITA over the next several years will increase its ability to involve African agricultural scientists and decision-makers in its work and to inform them of its research activities and results. IITA's program to disseminate research results will be supplemented in a small but important way by the newly formed Association for the Advancement of Agricultural Science in Africa. This professional society grew out of the 1968 Abidjan conference on agricultural research priorities in Africa which was arranged by the National Academy of Science with A.I.D. support. The new Association will encourage and assist exchange of information among individual African scientists.

Three types of activities will be undertaken in education and manpower. Special training programs, usually outside the formal education system, will be planned and designed to prepare African youth for existing job opportunities. Exploratory contracts for the initial development of projects, on both a single-country and regional basis, will be entered into with U.S. organizations with particular competence in this field. An outstanding example of such an organization is Opportunities Industrialization Centers Incorporated of Philadelphia.

Seminars, conferences and studies to bring together African governments, institutions and private groups to explore new approaches to this problem are also planned.

New activities such as the Africa mathematics and science projects within the formal education system will be designed to relate education more directly to everyday life and to sub-professional technical job opportunities. We will work with African educational organizations to develop programs to train primary and secondary school teachers in new methods of teaching mathematics and science. The curricula were developed under earlier A.I.D. research projects.

Assistance to the African Scholarship Program of American Universities for undergraduate training of African students in the United States has gradually declined with the development of higher education in Africa, but A.I.D. will finance limited admin-

istrative costs for new students under the program whose basic costs will be financed by U.S. universities. In addition, A.I.D. will finance a number of junior year transfers from African universities for studies in key development areas, and will continue financial support for students already in the United States under the program. The African Graduate Fellowship Program will continue to finance scholarships to African university staff and to key personnel in the public and private sectors.

A.I.D. will also continue to assist the Association of African Universities to administer the Inter-African Universities Scholarship Program under which African students attend universities in other African countries for training in subjects related to their countries' development. The African Higher Education Program will provide assistance to selected African universities to upgrade and expand facilities in development-oriented disciplines so they can accommodate students from other African countries and provide advisory services to governments and regional organizations. A contract with the Overseas Liaison Committee of the American Council on Education to advise on this program will be continued. Training in the United States will be provided for approximately 15 participants from various African countries in police administration and techniques.

The regional population program will involve activities ranging from census analysis and demography to specific population planning. Contracts with the U.S.-based Pathfinder Fund and Population Council will enable them to provide assistance in this field throughout Africa. In order to improve the data base necessary for population and other planning activities, the Census Bureau will, with A.I.D. financing, develop new approaches to obtaining census and demographic data adapted to the specialized conditions of Africa. Efforts will be made to stimulate African interest in family planning and to demonstrate the close relationship between health and nutrition and population growth. Programs for assistance to maternal and child health will continue and be expanded to include training in population matters.

During FY 1971 we will continue projects that assist private enterprise development in Africa as a whole, including one that assists private entrepreneurs in the United States to undertake ventures in large unit agriculture in association with African governments and private businessmen. We shall also fund an experimental project directed towards encouraging U.S. private investment in industries based on agriculture, to determine if the same techniques used to stimulate investment in agriculture can be applied to industrial development. Finally, A.I.D. will continue to encourage investment in low-cost housing and will provide technical assistance to intermediate credit institutions, local industrial development and tourism promotion.

A.I.D. will also continue its efforts to assist various international organizations and institutions to increase their capacity to aid

African nations in their development. A.I.D. will cooperate with the UN Economic Commission for Africa in selected studies and training programs in the fields of manpower development, industry and agriculture. An advisor is planned for the fledgling African Cooperative Savings and Credit Association, recently established with the help of CUNA International, to help it get under way on a business-like basis. An advisor will also be provided to the Center for Training and Research in Administration for Development in the hope that this young institution can begin to provide much needed assistance in increasing African capabilities in managing development activities.

As a signatory to the International Coffee Agreement, the United States participates in the Coffee Diversification Fund whose purpose is to reduce the current world surplus of coffee through conversion of coffee producing land to other uses. The Fund will be applied 70% to Latin America and 30% to Africa; thus, 30% of the U.S. pledge to the Fund is supplied from Development Loan funds for Africa. In both FY 1970 and FY 1971, \$2.5 million is planned.

### Central West Africa

The Central and West Africa Regional Program is designed to provide assistance to the joint development efforts of 17 smaller countries with a combined population of about 46.2 million and to help build economic ties between these small countries and the larger Central and West African countries (Nigeria, Liberia, Ghana and Congo (K)) which have a combined population of about 87.5 million.

The FY 1971 program of \$10.7 million in Technical Assistance and \$7.0 million in loans will support projects in agricultural production and manpower training, regional cooperation and transportation. A proposed \$2 million sector loan in Central West Africa will provide imported U.S. commodities and generate local currency in support of regional agricultural development activities. Agricultural production will be aided through activities supporting research to improve corn, sorghum, millet and rice varieties. We also provide assistance to the production and marketing of basic food grains and livestock.

In manpower training the A.I.D.-supported Regional Heavy Equipment Training Center in Lome, Togo is helping to teach personnel skills in the operation, maintenance and management of road building equipment necessary for continuing effective maintenance of the transport network. Para-medical and disease control personnel will be trained to help improve the capacity and quality of the health work force and to provide knowledge and skills important to progress in family planning. Engineering design will be carried out for facilities at the Ahmadu Bello University School of Veterinary Medicine, a regional center of learning, and construction will be financed with a \$3 million loan.

The principal project in the field of public health continues to be measles control and smallpox eradication. This project now covers 20 countries in Central and West Africa. The program is carried out through the national health services with technical assistance being provided by the U.S. Public Health Service. Through January 1970 about 17 million people have been vaccinated against measles and over 105 million against smallpox.

Loan funds of \$2 million will be provided for telecommunications links in the Entente States area. Technical Assistance funds are also programmed to carry out a number of small engineering design activities for telecommunications and transport capital projects.

#### North Africa

The North Africa regional activities amounting to \$200,000 are limited to research addressing critical agricultural production problems common to Tunisia and Morocco. The wheat research project is directed to adapting improved wheat varieties, which have formed the basis of the "green revolution" in other regions, for use in grain production campaigns in the two countries. The Mediterranean Fruit Fly project is seeking ways to apply the latest techniques in insect control to the elimination of this pest, which causes extensive damage to citrus fruit export crops of both countries.

#### Southern and Southeastern Africa

Technical Assistance of \$1.3 million will be provided in FY 1971 to the University of Botswana, Lesotho and Swaziland and to projects in the fields of technical training and agriculture. Supporting Assistance of \$800,000 will be programmed to continue funding for education and training of Southern African refugees.

Capital assistance is directed mainly towards infrastructure. A.I.D. has financed a feasibility study for a road running through northern Botswana to the Zambia border and plans to provide \$5 million in loan funds in FY 1971 for engineering design and construction of the road. An additional segment of the Tan Zam road will receive \$1.5 million in loan funds. Participation in an IBRD-managed multidonor project for a major water power-road complex in Botswana is under consideration, as is a loan for a multidonor livestock project in the Malagasy Republic.

## EAST AFRICA

| PROGRAM SUMMARY<br>(In millions of dollars) * |                   |                   |                      |                     |
|---|-------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                   | 0.6               | 3.6               | 3.6**                | 6.2**               |
| Technical Assistance . . .                    | 9.8               | 9.5               | 11.0                 | 12.4                |
| Supporting Assistance . . .                   | -                 | 0.2**             | -                    | -                   |
| <b>Total A.I.D. Assistance</b>                | <b>10.4</b>       | <b>13.3</b>       | <b>14.5</b>          | <b>18.6</b>         |

\* Totals may vary from sum of components due to rounding.

\*\*Includes grants of \$133,000 for Kenya and \$73,000 for Uganda in FY 1969, \$164,000 for Kenya and \$400,000 for Uganda in FY 1970 and \$500,000 for Kenya and \$222,000 for Uganda in FY 1971 for population programs under Title X of the Foreign Assistance Act.

### EAST AFRICA REGIONAL

|       |            |            |            |            |
|-------|------------|------------|------------|------------|
| DL    | 0.6        | 0.4        | -          | 2.0        |
| TA    | 2.7        | 4.2        | 4.8        | 4.7        |
| Total | <u>3.3</u> | <u>4.5</u> | <u>4.8</u> | <u>6.7</u> |

### KENYA

|       |            |            |            |            |
|-------|------------|------------|------------|------------|
| DL    | -          | -          | 2.2**      | 0.5**      |
| TA    | 2.6        | 2.1        | 2.1        | 2.5        |
| SA    | -          | 0.1**      | -          | -          |
| Total | <u>2.6</u> | <u>2.3</u> | <u>4.3</u> | <u>3.0</u> |

### TANZANIA

|       |            |            |            |            |
|-------|------------|------------|------------|------------|
| DL    | -          | -          | 1.0        | 2.5        |
| TA    | 2.5        | 1.3        | 2.0        | 2.6        |
| Total | <u>2.5</u> | <u>1.3</u> | <u>3.0</u> | <u>5.1</u> |

### UGANDA

|       |            |            |            |            |
|-------|------------|------------|------------|------------|
| DL    | -          | 3.2        | 0.4**      | 1.2**      |
| TA    | 2.0        | 1.9        | 2.1        | 2.5        |
| SA    | -          | 0.1**      | -          | -          |
| Total | <u>2.0</u> | <u>5.2</u> | <u>2.5</u> | <u>3.8</u> |

## U.S. AID OBJECTIVES

The objective of the A.I.D. program in East Africa is to support the economic and social development of the East African Community (EAC) and its members -- Kenya, Tanzania and Uganda.

Representing the growing African interest in regional economic development, the East African Community constitutes the most advanced and concrete cooperative economic achievement. A.I.D. assistance in the East Africa area is directed toward the

strengthening of common institutions and implementation of three national development policies. It is heavily concentrated in agriculture, education and the development of Community infrastructure and services. U.S. assistance is carefully coordinated with other aid programs conducted by members of an IBRD-led Consultative Group for East Africa. In the past twelve months this Group has met formally to consider development prospects and proposals for Uganda and Kenya; it will review the Tanzanian economy and needs in the spring of 1970.

## PROBLEMS AND PROGRESS

In the two years since the East African Community was established, the system of economic ties that originated during the colonial period has been strengthened and new institutions for cooperative development, such as the Common Market Tribunal and the East African Development Bank, have been established. The Bank has begun the investment necessary to promote industrial growth on an equitable basis among the three Community partners.

The most important achievement of the Community so far lies in the fact that the three partner states have remained committed to cooperation toward economic integration. The de facto customs union in effect for about 40 years has been formalized, uniform external tariffs are in effect, and the coordination of transport and communications has begun to show improvement. Measures to redress the industrial imbalance among the partners include investment in nine projects by the East African Development Bank and the imposition of transfer taxes by Uganda and Tanzania as provided by the Community charter to protect their infant industries. The headquarters of Community services have been decentralized in order to distribute more equitably the benefits from employment and overhead expenditures.

The major problem faced by the members of the Community lies in the historic advantages in industrial and commercial development held by Kenya. The machinery for cooperation is cumbersome, with agreement of all representatives required in each situation. In two areas recognition of national interests has resulted in separation rather than coordination, although goodwill among the partners has been sufficient to overcome minor differences in the major area of economic cooperation. Three national currencies, valued at par with each other, have replaced the East African shilling that was common to the three countries. As student populations have expanded, it has been necessary to increase the fields of study taught in each college, and consequently each national institution is being upgraded to a university. Some common services will be maintained among them.

Factors favoring the Community include: the region's size (679,000 square miles), the market potential (32 million people), a basic regional transportation network, rich farmland and livestock areas, growing commercial and industrial sectors

(about one-third of GNP), an expanding tourist industry, commitments to strong self-help measures, and the absence of serious balance-of-payments and debt-servicing problems.

The Community and its members are faced with major problems in rural/agricultural development, training and utilization of manpower, and expanding and improving social services. While there are some differences in the nature of the problems in the three countries, they are by-and-large associated with the need to diversify and expand commercial agricultural production, to increase trade within the area without inhibiting new investment, to strengthen and expand development-oriented institutions and services, and to train the manpower needed for these.

#### FY 1971 PROGRAM

For FY 1971 the proposed \$18.6 million A.I.D. program for East Africa contains both regional and country elements. Of \$12.4 million requested for Technical Assistance, \$4.7 million is earmarked for East Africa Regional activities, with the remaining \$7.6 million being allocated in approximately equal shares to country programs for Kenya, Tanzania and Uganda. The proposed \$6.2 million Development Loan program contains \$2.0 million as partial financing for construction of a new East Africa Community headquarters complex at Arusha (IBRD and other donors will also participate); \$2.5 million for road maintenance equipment and training, and for commodities for agricultural projects in Tanzania; \$1.0 million for improvement and expansion of livestock production in Uganda; and \$0.7 million for population. Other projects, which involve one or more of the three East Africa states and their neighboring countries are described in the Africa Regional Program section. These include loans for road building and Technical Assistance in animal disease control.

During FY 1971, other donors -- the United Kingdom in particular, but also the World Bank, the UN, Germany, and the Scandinavian and other countries -- are expected to continue significant assistance. U.S. aid will fall within the range of 15-20% of total concessional assistance to East Africa as a whole. We will continue to be a major donor to the East Africa Community itself and to press for increasing Community assistance from other Consultative Group members.

Agriculture and Rural Development. A large part of A.I.D. assistance in FY 1971 -- \$5.5 million in Technical Assistance and \$2 million in Development Loan funds -- will be toward expanding and diversifying agricultural production. Attainment of these goals requires such measures as identification of new crops and demonstration of their suitability in African conditions; improvement and expansion of credit and marketing techniques to bring increasing numbers of small subsistence farmers into the money economy; and development of cooperative or other production and marketing organizations. A.I.D.

assistance will be directed toward training of agricultural technicians, support of applied research programs, improvement of extension services and marketing services and direct capital assistance production programs.

In FY 1971 A.I.D. will continue to support the Veterinary Department at the University of Nairobi and will begin a project for the Graduate Agriculture Faculty at Makerere University in Uganda. Both of these activities will continue to serve regional needs and an international student body. Other A.I.D. regional projects will support continuing agricultural research and important programs of the East African Agriculture and Forestry Research Organization (EAAFRRO) such as the development of improved millet and sorghum varieties, field testing of rice varieties and improvement of plant quarantine services.

In Tanzania A.I.D. will assist an important new project revamping the principal marketing organizations. Nine marketing boards will ultimately be combined into one marketing corporation.

Projects to increase livestock production through improved animal husbandry, range management, and marketing practices will be continued and expanded in Tanzania and in Uganda, where a \$1.0 million loan for development of fattening ranches is planned for implementation in FY 1971. In Tanzania a loan of \$1.0 million will finance importation of capital equipment required in connection with long-term A.I.D.-financed Technical.

Assistance projects aimed at establishment of a national seed multiplication and distribution system and development of livestock production and range management in the north in Masailand. In Kenya, A.I.D. will support, along with other donors, the Government's new rural development program. The program forms one of the key elements in the country's new Five-Year-Plan (1970-74) and reflects a clear determination to stimulate processes of change and economic progress in a much broader portion of the economy than has been affected heretofore. Depending upon the availability of funds, a second tranche loan of \$1.0 million will be made to provide equipment for the Kenya National Youth Services (the first tranche of \$2.0 million will be made in late FY 1970).

Education and Manpower Development. In addition to the assistance to post-secondary and graduate level agricultural institutions, the FY 1971 program includes \$4.3 million for teacher training, manpower training for government, industry and services, revision of secondary school curricula to include agriculture, and revision of the examinations system. These funds will also finance staff for high level positions in two consolidated primary teacher training colleges in Uganda to be constructed under a 1969 A.I.D. loan of \$3.2 million.

At first the colleges will require foreign staff for about half the positions. The British and Canadians will fill most of the foreign positions.

Outside the formal education system, specialized training will be provided for key officials in each of the countries, in the Community Secretariat and in the Community agencies. In Uganda, U.S. lecturers will provide in-service training programs for middle and high level government officials and local government employees at the Institute of Public Administration. In Tanzania, engineering and management specialists will be provided to fill critical positions in selected government agencies and semi-public bodies.

Health and Population. In Uganda the interdepartmental Maternal and Child Health Services Training project of Makerere University begun in FY 1970 will continue to receive U.S. support. The uncompleted task of processing the Kenya and Uganda censuses of August 1969, which are such important bases for development planning, will be assisted by provision of U.S. experts. And in Kenya we will support the establishment of a demographic training center.

NIGERIA

| PROGRAM SUMMARY<br>(In millions of dollars) |                   |                       |                      |                     |
|---|-------------------|-----------------------|----------------------|---------------------|
|   | FY 1968<br>Actual | FY 1969<br>Actual     | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | 9.7               | 7.2                   | 4.2                  | 2.0 <u>a/</u>       |
| Technical Assistance . . .                  | 11.6              | 10.1                  | 11.3                 | 11.0                |
| Supporting Assistance . . .                 | -                 | 24.4                  | 20.0                 | 7.5                 |
| Contingency Fund . . . . .                  | -                 | 1.9 <u>b/</u>         | 2.0                  | -                   |
| <b>Total A.I.D. Assistance</b>              | <b>21.3</b>       | <b>43.6 <u>b/</u></b> | <b>37.5</b>          | <b>20.5</b>         |

a/ Includes a grant of \$501,000 for population programs under Title X of the Foreign Assistance Act.

b/ In FY 1969, an additional \$1.5 million was provided from World-Wide Disaster Relief Funds. This brought obligations for international relief to \$24.3 million and total obligations to \$45.1 million.

By Function

|                                     |                       |             |             |
|-------------------------------------|-----------------------|-------------|-------------|
| A. Nigerian Bilateral Programs      | <u>20.8</u>           | <u>28.0</u> | <u>20.5</u> |
| 1. Emergency Assistance in war Area | 3.5                   | 8.0         | 1.0         |
| 2. Reconstruction-Integration       | -                     | 6.0         | 6.5         |
| 3. Economic Development             | 17.3                  | 14.0        | 13.0        |
| B. International Relief Effort      | <u>22.8 <u>b/</u></u> | <u>9.5</u>  | <u>-</u>    |
| TOTAL                               | <u>43.6 <u>b/</u></u> | <u>37.5</u> | <u>20.5</u> |

U.S. AID OBJECTIVES

A.I.D. objectives in Nigeria in the post-war period are to: (1) help meet remaining emergency relief and rehabilitation needs in the war-affected area; (2) assist, in concert with other donors, Nigerian efforts to restore the basic facilities and public services essential for national economic recovery; (3) help Nigeria address the special problems associated with integration and national unity; and (4) adapt the continuing development assistance program to the evolving development plans and changing economic conditions of Nigeria.

PROBLEMS AND PROSPECTS

Nigeria is faced with a sizable recovery task in the immediate future. Requirements exceeding \$100 million for rehabilitation

activities have been identified by the Federal Government. Roads, bridges, railways and ports throughout the country were damaged or deteriorated because of a lack of maintenance during the war. While there has been less opportunity to assess damage in the war zone in the eastern area, many transport facilities, power installations, factories and public buildings are known to have been badly damaged and will require extensive repair and renovation. At the same time, the newly organized state administrations require additional resources to finance essential public services which stagnated during the war and to increase capital expenditures for delayed development programs.

The Nigerian Government wants to stimulate economic recovery as quickly as possible and has announced its intention to proceed with a \$3.3 billion, four-year reconstruction and development program. The Government is assessing these requirements with the assistance of the IBRD.

The Nigerian economy was able to absorb the cost of the two and one-half year civil war. However, it suffered severe restrictions on public and private investment and a drop in per capita income. Foreign exchange reserves dropped by 60% and were held at safe levels only as a result of increasingly restrictive trade and exchange controls which handicapped the efforts of the new states and private industry to obtain required imports. Despite sharp curbs on current expenditures and the introduction of new and higher taxes, budgetary deficits mounted resulting in substantial borrowing from the domestic banking system and a rapidly rising internal debt. Budgetary financing at the state level was particularly difficult.

Rehabilitation of the economy, including the eastern area, is Nigeria's highest priority. The Federal Government must begin the process of restoring the productivity of the nation's economy, of generating employment opportunities, particularly for those displaced by the war, and of facilitating the eventual easing of the strict controls on the economy. Constructive Nigerian action now is necessary to ease the political problems growing out of the war by reducing tensions and drawing peoples and groups into the fabric of society at large.

A major economic center in Black Africa with rich mineral and agricultural resources and 53 million people--nearly one-fifth of Africa's population--Nigeria remains important to the United States. Nigeria has emerged from its civil war with probably a greater sense of self-reliance and commitment to progress than at any time previously. If it can achieve a durable internal political reconciliation, the prospects for economic development are good.

Prior to the civil war, the Nigerian economy grew at an average rate of 4.5% annually. Both public and private capital formation were at high levels, with the private sector accounting for about two-thirds of total Nigerian investment. International economic

interests are sizable, including U.S. private investment approaching \$500 million. Prospects have now improved because of the oil industry. Petroleum production has resumed and recently exceeded the peak pre-war level of 550,000 barrels per day. Production is expected to surpass one million barrels per day in 1970 and generate public revenues in excess of \$200 million annually, about one-third the projected level of total annual Federal Government revenues. Given these resources, the country will have the financial capacity to achieve significant economic development during the next decade.

#### PROPOSED FY 1971 PROGRAM

The proposed FY 1971 A.I.D. program for Nigeria consists of \$11.0 million in Technical Assistance, \$1.5 million in Development Loans, \$501,000 in population funds and \$7.5 million in Supporting Assistance.

In FY 1970, at least \$24 million is required to meet the extraordinary requirements resulting from the end of the war. This assistance will provide \$18 million for emergency relief-rehabilitation and \$6 million for reconstruction and related activities. In FY 1971 requirements are estimated to be at least \$1 million for emergency relief and \$6.5 million for reconstruction. This assistance carries out the strongly expressed desire of many members of Congress and the public as well as the Administration to help in these critical areas.

It is possible that the requirements for Nigeria relief-rehabilitation and reconstruction activities will exceed these amounts by as much as \$10 million during FY 1970 and FY 1971. If this occurs, we will attempt to meet such additional requirements through Agency funding shifts in Supporting Assistance or possibly by use of Contingency Funds.

Following is a description of the actual and planned use of funds for emergency assistance, reconstruction and development.

#### Emergency Assistance in the War Areas.

The U.S. Government contribution to the Nigerian relief and rehabilitation effort has taken two forms: (A) support of international relief efforts including financial assistance and U.S. P.L. 480 foods, and (B) bilateral assistance to Nigerian agencies as the government assumed responsibility for the administration and distribution of relief supplies and expanded rehabilitation efforts in the war area upon the cessation of hostilities.

International Relief Effort. During the civil war, A.I.D. provided assistance to civilian victims on both sides. The bulk of U.S. assistance was channeled through international organizations and private voluntary agencies in cooperation with donors from more than 36 countries in accordance with our policy to avoid political or military involvement.

When the civil war ended in January 1970 the task of distributing relief supplies within the entire war area shifted to the Federal Government of Nigeria and the Nigerian Red Cross. Large food stockpiles had been built up near the war zone, but difficulties were encountered in delivering and distributing these and other relief supplies. In response to this need, the United States and other nations made available vehicles, medical technical personnel and relief supplies to the Nigerian Red Cross and the Federal Government. As a result of their major efforts, mass starvation is being averted. The need for relief assistance will continue for several months, however, until local food production, basic services, and marketing systems are restored.

U.S. assistance in support of the international relief effort was first authorized in the spring of 1968. Exclusive of P.L. 480 foodstuffs, A.I.D. provided \$24.3 million for this effort in FY 1969 and an estimated \$9.5 million is expected to be committed in FY 1970.

The components of A.I.D.'s support of the international relief effort are as follows:

- International Committee of the Red Cross (ICRC). A.I.D. contributed a total of \$22 million in FY 1969 and \$2 million in FY 1970 to ICRC. These donations assisted in covering costs of air and coastal transport, purchases of local foods, medicines and salaries of relief personnel. With the termination of the war, ICRC withdrew from the international relief coordination role.
- UNICEF. In FY 1970 \$2 million in Contingency Funds is being made available to UNICEF to undertake relief/rehabilitation programs in Nigeria with particular concern for child care. To date, UNICEF has been a major donor of relief foods, equipment and supplies, including special-formula foods for children suffering from kwashiorkor (severe protein deficiency), emergency medical kits, and vaccines for measles and smallpox.
- International League of Red Cross Societies. In FY 1970, \$4 million is being made available, as required, to the Nigerian Red Cross through the International League to carry out relief operations. The League, which draws upon other national Red Cross Society members throughout the world, provides advisors and serves as a coordinating agency for international contributions to the Nigerian Red Cross. The League received pledges of about \$1.7 million from other donors.
- U.S. Voluntary Agencies and Field Support. Private American voluntary agencies have been reimbursed for the cost of transporting goods contributed by private U.S. donors. In FY 1969, \$2.3 million and in FY 1970, \$1.5 million were allocated for this purpose and to fund the cost of field operations in Nigeria.

--P.L. 480 Food. The United States provided P.L. 480 Title II foods at a value of \$24 million during FY 1969. These included high protein CSM (corn-soya-milk), rice, and dried milk; transport costs, including airlift, were funded. In FY 1970, about \$23 million in P.L. 480 Title II foods have been planned for the year; additional amounts will be provided for the relief emergency if required. The foods are distributed by the Nigerian Red Cross in cooperation with UNICEF, and private U.S. agencies such as Church World Service and Catholic Relief Services

Bilateral Relief and Rehabilitation. In FY 1969, A.I.D. made available an initial increment of \$3.5 million in Supporting Assistance to the Federal Government of Nigeria to help rehabilitate needy war victims in federal territory and to provide logistic, transport, administrative and technical support for Nigerian relief operations. This assistance was made available to the National Commission for Rehabilitation and the Nigerian Red Cross, and was used to address problems of health and well-being of residents of the war areas and to help reestablish local food production, public utilities, essential educational and community services disrupted by the war and transportation arteries vital for relief distribution.

The termination of hostilities increased the number of people to be served by Nigerian-administered relief and multiplied and the requirement for external assistance in the areas of logistics support, relief goods and technical assistance. Likewise, the war's end required an expansion of rehabilitation activities into those areas previously inaccessible. A.I.D. is providing \$8.0 million in FY 1970 to expand the kinds of activities undertaken in FY 1969 and, in addition, to help Nigeria reestablish the war victims, provide vocational training for those requiring special skills to resume productive life, restore urgently needed housing and essential elements of the transportation and communications network, and help revive the capacity of the war-disrupted areas to support themselves.

Summary of Emergency Assistance. A.I.D. will allocate an estimated \$18 million in FY 1970 and at least \$1 million in FY 1971. Additional funds will be allocated to the extent required.

#### Reconstruction - Integration

Based on assessments of the most urgent reconstruction requirements made by the Nigerian Government and the IBRD, A.I.D. will provide \$5-6 million of Supporting Assistance funds in FY 1970 and about the same amount in FY 1971 to meet local and off-shore costs of equipment and services needed for rapid reconstruction of basic facilities and restoration of normal economic activity in the war area and other sections of the country affected by the war. Assistance will also be needed to strengthen key institutions, such as the Ministry of Transport, to enable the Nigerians to carry out the major reconstruction tasks facing

them. U.S. assistance will be provided in concert with other donors under arrangements coordinated by the Nigerians and the World Bank.

In addition to U.S. assistance for reconstruction, A.I.D. plans to support Nigerian integration efforts aimed at establishing an effective and unified national framework. One element for post-war stability will be the national police. Supporting Assistance funds may be provided to help improve in-country facilities for training of Nigerian police officers. A.I.D. may also help train demobilized military personnel for re-entry into the civilian work force by financing semi-skilled and skilled industrial and craft training.

### Economic Development

In FY 1971, A.I.D. assistance to support long-term economic development consists of \$11.0 million for Technical Assistance projects, \$501,000 for population programs and \$1.5 million for Development Loans. The Technical Assistance program concentrates on the critical fields of agriculture and education and focuses on assistance to the state and federal entities in those sectors.

Technical Assistance. Nearly half of the FY 1971 Technical Assistance Program will be in the critical area of agriculture. While A.I.D. will continue to support development of essential agricultural education, research and extension institutions, increasing attention will be given to developing production programs directed at cash crops for export as well as selected food crops for the domestic market. Economic planning assistance is already being provided to some of the states and is planned for the Federal Ministry of Agriculture to strengthen the pricing and market analysis necessary in formulating these production programs. A.I.D. will continue to address manpower training needs throughout Nigeria. Northern Nigeria, where the educational base is weakest and the needs most urgent, will continue to receive highest priority. To emphasize the development of closer ties among Nigerian universities, teacher training colleges and state ministries of education, A.I.D. will increasingly focus its assistance on the development of institutes of education. The institutes will have a primary role in supplying education services to the states in such fields as curriculum and course development, educational research and teacher preparation and standards. Assistance to the Federal Ministry of Education will increase its capacity to provide basic educational planning services at the state level and to coordinate educational policy. When conditions permit, assistance to the University of Nigeria and Port Harcourt Comprehensive School in the eastern area will be resumed. Two projects are planned in the field of middle-level manpower development: technical teacher training, and an Opportunities Industrialization Center.

Other FY 1971 Technical Assistance activities include; (1) staff assistance to the Federal Ministry of Industries in petroleum production and agro-industrial project development; (2) public and business administration education at Ahmadu Bello University in the north as well as staff assistance and training for selected positions in the Nigerian public services; (3) population planning assistance associated with a proposed maternal/child care project at the University of Lagos teaching hospital; and (4) labor education assistance to two schools run by one of Nigeria's major unions.

A.I.D. technical assistance will be extended to eastern Nigeria as planning progresses, including resumption of projects suspended during the war.

Capital Assistance. In FY 1971, A.I.D. will provide Development Loan funds totalling \$1.5 million for the Western Avenue-Agege Road project to continue construction of road links vital to the development of Lagos as a commercial center. Depending upon the availability of funds, A.I.D. is also considering a \$2 million loan for expansion of the Port Harcourt School which was being planned before the war. Under the Africa Regional Program, A.I.D. will finance the construction of additional facilities at the Faculties of Agriculture and Veterinary Medicine at Ahmadu Bello University in the north.

#### CONGO (KINSHASA)

| PROGRAM SUMMARY<br>(In millions of dollars) |                   |                   |                      |                     |
|---|-------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | -                 | -                 | 1.5                  | 10.0                |
| Technical Assistance . . .                  | 0.7               | 1.3               | 1.3                  | 2.0                 |
| Supporting Assistance . . .                 | 15.3              | 3.0               | -                    | -                   |
| <b>Total A.I.D. Assistance</b>              | <b>16.1</b>       | <b>4.3</b>        | <b>2.8</b>           | <b>12.0</b>         |

#### U.S. AID OBJECTIVES

Having shifted the thrust of U.S. assistance in the Congo(Kinshasa) from short-term stabilization support toward an economic development orientation, A.I.D.'s chief concern is the encouragement and support of Congolese efforts to address the major impediments to long-term growth. A.I.D. seeks to help in the development of those sectors considered of highest priority in moving the economy forward, namely transport, agriculture and manpower development. A major share in financing the overall programs needed will be provided from the Congo's own resources and from other donor assistance.

## PROBLEMS AND PROGRESS

The Mobutu Government has succeeded in maintaining civil tranquility since the latter part of 1967. Governmental administrative machinery has been strengthened while rebellions and other significant internal disorders appear to have ended.

The broad monetary reform and economic stabilization program of 1967, moreover, has had lasting effect. Mild inflationary pressures caused by wage increases coupled with shortages in locally produced goods (mainly agricultural) have returned. However, the economy remains in basic equilibrium.

The return of political and economic stability after prolonged internal conflict has fostered an increase in agricultural production. Concurrently, copper exports doubled in value and mineral exports as a whole, from which the Congo derives the bulk of its national income and foreign exchange, increased by more than 50%. The country thus enjoys a stronger balance of payments position. Reserves now exceed the value of five months of imports at current levels. Government revenue, derived largely from mineral extraction levies, has more than doubled since 1966. The Government has greatly improved its fiscal management, its development policies, the climate for foreign investment, and police services.

Considering the abundance of its natural resources and the apparent resilience of its economy, there is every reason to believe that rational development programs, coupled with lasting internal stability, can move the Congo back to its pre-independence growth rate fairly rapidly. However, there are currently many problems to overcome.

- The Congo lacks the infrastructure needed to support wide-spread modernization.
- Although aggregate economic indicators appear impressive, per capita GNP remains low, at less than \$80.
- Much of the country's national income is derived from expatriate mining ventures.
- Public administration, while improved under General Mobutu's leadership, remains inadequate.

The Congo has continued to receive major external aid from Belgium, France, the European Economic Community, the UN, the U.S., the IMF, and others. With the return of public security, the IBRD has assumed an expanding role in providing capital and technical planning assistance, and recently has proposed to sponsor a Consultative Group for aid coordination. Within the context of these multilateral assistance efforts, A.I.D. proposes to continue a program designed mainly to encourage the allocation of Congolese and other donor resources to areas of highest develop-

mental priority. Assistance to transport is coordinated with IBRD studies. Similarly, A.I.D. Technical Assistance is designed and administered in full recognition of actual and potential assistance from the Belgians, French, the EEC, the UN, and others in these respective fields.

A.I.D., the other donors and the Congo Government look forward to IBRD's assumption of donor leadership. The Bank thus far has concentrated its assistance on transport and planning assistance to the Government. It is expected that major project lending will follow as it undertakes to chair the donor Consultative Group. This coordination forum is especially important as the emergency, short-term programs (e.g., U.S. stabilization loans, UN Funds-in-Trust operational assistance, and Belgian operational personnel) recede and the donors seek to concentrate more sharply on systematic growth priorities.

### FY 1971 PROGRAM

For FY 1971 A.I.D. proposes to provide assistance totalling \$12.0 million--\$10 million in Development Loans and \$2 million in Technical Assistance. In addition, P.L. 480 assistance will be provided at a level of approximately \$6.0 million.

### Transport

The Congo's ground transport network, involving interconnecting river, rail, and road links, is vital to agricultural and other economic production as well as the social and political well-being of this vast country. Lagging transport development has hampered the movement of agricultural inputs to the farming areas and of agricultural products to market. A.I.D. is participating with the IBRD in helping to upgrade the river/port equipment; sponsoring a study of the transport infrastructure in the agriculturally productive northeastern quadrant of the country; and is conducting a feasibility study of a major east-west road link, completing road access from Kinshasa to Luluabourg.

In FY 1971, A.I.D. will provide further loan assistance of \$10 million for river and port equipment, for engineering of the road section from Kikwit to Luluabourg and possibly for road development westward from Luluabourg to Mbuji-Mayi. The UN, Belgium, and IBRD and counterpart funds from previous A.I.D. loans and P.L. 480 proceeds have assisted greatly with emergency restoration of the roads. The IBRD has undertaken a study of the river and port system, on the basis of which transport facilities can be upgraded and management and operating organizations made more efficient.

### Agriculture

Direct A.I.D. assistance to agriculture is being provided through Technical Assistance in developing an agricultural credit system

(with possible lending capital from counterpart funds). A.I.D. also will provide support of Congolese and other donor agricultural efforts, notably those of the EEC, the Republic of China and the UNDP. These cover a range of projects, including seed multiplication, research and agricultural education. Assistance will be through Congolese owned counterpart funds and technical advisory services.

### Manpower Development

A.I.D. has annually financed a small number of graduate level scholarships for faculty members of Congolese universities and technical training facilities and provided short-term training for persons in selected key areas of government and public institutions. Based on a survey of the education sector, undertaken in 1969, A.I.D. proposes to assist in secondary teacher education, with emphasis on science and mathematics where the greatest weaknesses were noted. Depending on the availability of funds, a \$2 million loan is planned for science teaching equipment for secondary and technical schools. This assistance will complement a Peace Corps program in the same field and should strengthen considerably the quality of secondary school education. A.I.D. assistance in this sector, as elsewhere, is planned in concert with other donor efforts through which the Congo receives the bulk of its education assistance.

### Other Activities

A.I.D. is continuing its technical assistance to the national police force. Six to eight technicians will concentrate on further modernization of the Kinshasa police services and short-term in-country training of rural police personnel. Other donors--mainly the Belgians--share in this effort.

## GHANA

| PROGRAM SUMMARY<br>(In millions of dollars) |                    |                   |                      |                     |
|---|--------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>*Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | 17.5               | 2.7               | 15.5*                | 15.4*               |
| Technical Assistance . . . .                | 1.8                | 1.6               | 2.0                  | 1.9                 |
| Supporting Assistance . . . .               | -                  | 0.1*              | -                    | -                   |
| <b>Total A.I.D. Assistance</b>              | <b>19.3</b>        | <b>4.5</b>        | <b>17.5</b>          | <b>17.3</b>         |

\*Includes grants of \$119,000 in FY 1969, \$491,000 in FY 1970, and \$433,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

## U.S. AID OBJECTIVES

A.I.D. is assisting the recently elected civilian government of Ghana to overcome the economic stagnation inherited from the Nkrumah regime. The Government of Ghana requires substantial external assistance to move the economy to a state of sustained growth. A.I.D. will provide assistance primarily for balance of payments support and the formulation of effective economic development policies. The United States will work closely with other donors within the framework of a group led by the IBRD.

## PROBLEMS AND PROGRESS

Ghana emerged from the Nkrumah regime, which ended in February 1966, a bankrupt State with little prospect of viability. Reserves had been depleted and foreign debt exceeded \$700 million. Export earnings, over half of which are attributable to cocoa, had declined to a point insufficient to support minimal levels of domestic consumption and investment. Severe shortages of consumer and producer goods, attended by accelerating inflation and other dislocations, had thrown the once promising economy into virtual total collapse.

Under the International Monetary Fund (IMF) guidance, the interim government - the National Liberation Council (NLC) - undertook far-reaching austerity measures along with a currency devaluation and other reforms. The United States, the IMF, the United Kingdom, Canada, Germany and other donors concentrated on supplying the external capital needed to sustain Ghana's economic life. The United States provided during this period, FY 1966 through FY 1969, \$35 million in commodity import loans, some \$57 million in P.L. 480 assistance and modest Technical Assistance. The NLC also sought relief, with some success, in rescheduling the Government's short and medium-term debt retirement.

The success of these measures, Ghana's impressive self-discipline, and an upturn in cocoa prices in 1968-69 have restored basic equilibrium. However, the economy is still relatively stagnant, with GNP increases in real terms falling behind the estimated annual population growth rate of 3%.

The NLC also undertook to recast the country's constitution and plan for the transition of governmental authority to a popularly elected civilian regime. This transition took place on October 1, 1969, marking an historic first time in Africa that a military government has undertaken deliberately to have itself replaced by democratically chosen civilians on a measured schedule. The country is now implementing an interim two-year development plan and preparing a long range plan.

Actions Ghana must take in order to achieve a state of sustained growth are:

--diversify exports to reduce reliance on cocoa exports;

- increase foreign exchange reserves to meet fluctuations in export receipts and reduce dependence on expensive short term trade credits;
- increase efficiency of import substitution industries through provision of an adequate supply of raw materials;
- reduce unemployment or severe underemployment, which affects about one-fifth of Ghana's work force;
- expand agricultural production to meet domestic food requirements, increase rural income, maximize cocoa earnings, and promote other agricultural export possibilities;
- improve maintenance of public infrastructure, particularly transport facilities, to support increased agricultural output;
- extend monetary and fiscal policy reforms in order to improve allocation of available credit, support improved government services, promote higher levels of private savings, reduce inflationary pressures, and allocate limited foreign exchange resources more efficiently.

Ghana has amply demonstrated in the past a willingness to make difficult choices and to utilize foreign assistance effectively. Given its sizeable agricultural potential, its mineral resources and its available skilled manpower, it is possible for Ghana, under its new leadership, to achieve meaningful growth and resume its important role among African states.

The United States and other donors have responded to the new government's call for capital assistance. A.I.D. is providing in FY 1970 \$15.0 million in Development Loans along with P.L. 480 Title I assistance totaling about \$12.6 million. The United Kingdom and France have provided \$2.5 and \$7.5 million in loans, respectively, since the new government came into power. Canada has indicated an intention to provide additional support. These and other donor intentions will be further explored in donor meetings to be held in the summer of 1970. The IBRD is studying a variety of projects which, if pursued, would represent a major source of additional assistance. Further, Ghana's major short and medium term official creditors appear sympathetic to Ghana's need for further debt service relief.

#### FY 1971 PROGRAM

The proposed FY 1971 A.I.D. program amounts to \$17.3 million -- \$15.0 million in development loans, mainly for commodity imports from the United States, \$433,000 for population programs, and \$1.9 million in Technical Assistance. A P.L. 480 Title I program of \$16 million is also planned. An emphasis on loan assistance

meets Ghana's pressing need for balance of payment support. The loan program, as before, will be undertaken in the context of a range of discrete self-help measures through which the government will continue to address its problems of economic policy reform and development.

The small Technical Assistance program will aid the government's efforts to promote long-term growth. It will be concentrated in agriculture, health and population control, infrastructure improvement and manpower development.

The IBRD, in close collaboration with IMF, has assumed the role of chairing Ghana's external assistance coordination while U.K. has served to host various creditor meetings concerning debt rescheduling.

Among other donor assistance activities are capital and technical assistance (mainly education and training) from the United Kingdom; capital projects (water, sewerage, and electric power) of the IBRD; capital assistance (electric power), technical assistance and food aid from Canada; capital lending from France; stand-by balance-of-payments aid by the IMF; technical assistance in economic planning by a UN-financed group from Harvard University Development Advisory Services; and a variety of other capital and technical programs by the UN, the Netherlands, and others.

### Agriculture

Agriculture is the most important sector of Ghana's economy and provides a major share of Ghana's foreign exchange earnings and domestic employment. The program proposed for FY 1971 will (1) assist in agricultural planning and management at the central government ministerial level, (2) assist in the provision of post-secondary agricultural training through strengthening the agriculture faculty at the University of Ghana, (3) assist in specific production efforts through advisory services to regional agricultural officials and farming communities, (4) assist in multiplication of high yielding seeds, especially rice, for distribution to producing communities, (5) provide advisory assistance in agricultural credit, and (6) train agricultural specialists at various secondary-level schools.

### Health and Population

Ghanaians suffer from serious health problems that arise from inadequate preventive and curative programs, lagging sanitation practices and poor nutrition. High mortality and debilitating illnesses are the results. A.I.D. is undertaking a pilot program to assist in the development and administration of comprehensive health and population services within a limited geographical area.

This project will also provide research results that will be used to plan efficient programs covering a larger part of the country in the future. A.I.D. is also assisting the Government in collecting and processing demographic data. A variety of other official donors and private groups are providing limited medical, nutritional and family planning services.

### Infrastructure Development

Roads and other transport facilities, water resources, telecommunications, and other public facilities are crucial to much of Ghana's development, especially in agriculture and industry. With some notable exceptions, the country's infrastructure is basically adequate to serve current economic activity, largely as a result of investment during the Nkrumah period. However, maintenance has suffered because of fiscal austerity; and expansion is needed to support further income-producing investments. Studies of the transport, water resources and telecommunications sectors are currently in process. Various donors (notably IBRD, the United Kingdom and Canada) are expected to consider recommended projects based on these studies. A.I.D. is concerned chiefly with advisory services related to these sectors, and with the financing of relatively small-scale projects (e.g., feeder roads and small water systems) from local currency and self-help funds. This entails design and implementation surveillance as well as planning assistance.

### Skilled Manpower Development

Ghana receives most of its assistance for general education from other donors including the United Kingdom, Canada and the UN. A.I.D.'s assistance in this field is related to agricultural education and training. A.I.D. has also supported training at a local labor college, and continues to provide participant training in key areas of government and other public institutions. In addition, A.I.D. finances a vocational skills training program, being undertaken by a non-profit U.S. organization, which concentrates on such skill areas as carpentry, electricity and masonry.

### Other Activities

A.I.D. is supporting in part the cost of the services of an expatriate Managing Director of an Investment Bank. A.I.D. will also undertake feasibility studies and employ short-term consultants needed to help the Government of Ghana with specific program and project planning.

MOROCCO

| PROGRAM SUMMARY<br>(In millions of dollars) |                   |                   |                      |                     |
|---|-------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | 13.0              | 8.0               | 6.5*                 | 13.3*               |
| Technical Assistance . . .                  | 1.9               | 1.4               | 2.2                  | 2.6                 |
| Supporting Assistance . . .                 | -                 | 0.2*              | -                    | -                   |
| <b>Total A.I.D. Assistance</b>              | <b>14.9</b>       | <b>9.5</b>        | <b>8.7</b>           | <b>15.9</b>         |

\* Includes grants of \$156,000 in FY 1969, \$193,000 in FY 1970, and \$310,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

The goal of the FY 1971 A.I.D. program is to assist Morocco in achieving its 1968-72 Development Plan targets. The A.I.D. program will continue to assist Morocco to modernize its agricultural sector, expand its industry, emphasizing private investment, develop manpower resources, and broaden participation by the Moroccan people in development.

PROBLEMS AND PROGRESS

Morocco is nearing the mid-point of its current Five-Year Development Plan. There has been a significant increase in the effectiveness of coordination, control and implementation of development targets. After a 7% increase in 1967, total output rose by 12% in 1968, the first year of the current Plan. Agricultural production jumped by a record 30% as a result of exceptionally good weather and a bumper harvest in conjunction with accelerated investment efforts and improvement in government agricultural policies. In 1969, poorer weather reduced the cereals crop by a third from the bumper harvest of 1968 and resulted in a 20% decline in total agricultural output which nevertheless was slightly above the average crop production level of prior years.

At the same time, however, substantial production increases in other sectors (9.8% for energy, 6.1% for industry, and 8.8% for construction) permitted total output to remain at the high level of 1968. With 1969 thus consolidating the rapid gains of 1968, the first two years of the Plan show an average growth rate of better than 6% per annum, a rate that exceeded Plan targets for these same two years. During the previous 1965-67 plan, actual production growth scarcely kept pace with Morocco's annual population expansion of 3.2%.

Total investment outlay has risen from an average level of \$300 million, or 12% of GNP in the period 1965-1966, to a level of \$400 million in 1968 and to an estimated \$425 million in 1969, corresponding to approximately 14% of a substantially higher GNP.

Public sector investment has taken the lead in Morocco's expanded investment program, amounting to over \$200 million in 1968 and 1969; but private investment is now growing more rapidly. Moreover, foreign private investments are responding to government encouragement, the stimulation of A.I.D.'s agro-industry survey program, and increasing awareness of investment opportunities in the country. Although new foreign investment is still on a relatively small scale, it has more than doubled during the past few years.

Despite the acceleration in growth and investment expenditure, the general price level has remained remarkably stable over the past several years, reflecting the Government's success in managing monetary policy and credit availabilities. Total national savings during the past three years have attained levels significantly higher than those of the early 1960's, but must be raised still further if higher investment targets are to be realized without generating inflationary pressure. Improved tax collection procedures and tight control over current expenditures produced a substantial surplus on the 1968 operating budget and provided additional savings for investment. In 1969 a whole range of new tax increases was introduced, which should provide an additional local currency revenue of \$50 million annually.

The balance of payments showed deficits in 1967 and 1968 as a result of payments for the exceptionally heavy wheat import requirements of 1966 and 1967 combined with the impact of import liberalization measures and expanding imports of capital equipment generated by the investment program. Fortunately, in 1969, because of a sharp drop in wheat credit repayments plus larger foreign assistance inputs, a substantial balance of payments improvement has been achieved. The prospects for maintaining a balance of payments equilibrium are reasonably good given continued annual gross foreign assistance levels from all donors of \$140 to \$150 million, growing tourism receipts and improved export earnings.

Despite the encouraging record and performance achieved during the first two years of the current Plan, Morocco continues to face formidable obstacles to attainment of the five-year Plan goals and long-run development aspirations. Cereals production will continue to fluctuate with variations in annual rainfall, despite the upward trend in per acre output being brought about by the expansion of the "green revolution" throughout Morocco's grain producing areas.

The lack of trained manpower continues to inhibit effective use of human and capital resources for development purposes. More people must be educated and trained to fill planning and operational positions at all levels in both the public and private sectors in order to accelerate economic and social development.

More basically, Morocco's rapid rate of population increase and its substantial numbers of unemployed remain major problems. Widespread rural underemployment has encouraged a continual influx to the cities, and the urban population is rising at an estimated

rate of 5% annually. Government efforts are largely directed to unemployment through the Food-for-Work Program and to stemming the rural exodus towards the cities. The expansion of the economy during the past two years has helped reduce somewhat the number of unemployed, but progress has been slow because the number of new entrants to the labor force has been as great as the number of new job opportunities created. The Government recognizes that efforts to raise the standard of living of Moroccans will yield little result in the long run unless a companion program is undertaken to reduce the 3.2% rate of population expansion; accordingly, it has undertaken a family planning program to reduce the birth rate.

### FY 1971 PROGRAM

The U.S. aid program in Morocco operates within the multi-lateral context of an active, IBRD-led Consultative Group. The IBRD and France are the major sources of economic assistance to Morocco, while Germany, Canada, Belgium, and Italy also provide significant amounts.

The proposed FY 1971 A.I.D. program for Morocco of \$15.9 million consists of \$2.6 million in Technical Assistance, \$13 million in Development Loans and \$310,000 for population programs. In addition, \$34.4 million of P.L. 480 assistance is planned. Of this amount, Title I sales are expected to reach \$17.0 million, and the Title II Food-for-Work and Voluntary Agencies, \$17.4 million.

### Agriculture

The agriculture program accounts for slightly over half of A.I.D.'s \$2.2 million FY 1970 Technical Assistance program for Morocco. In rain-fed farming areas, A.I.D. will continue assistance in cereals production and livestock and range improvement. Technical Assistance to test and develop improved wheat varieties will continue under the Tunisia-Morocco regional contract with the Rockefeller-sponsored wheat improvement center in Mexico. The results of the research carried out under this project are disseminated through the government's A.I.D.-assisted programs for the distribution and credit sale of fertilizer and for improved land-preparations by mechanical cultivation. While A.I.D. is presently concentrating on production problems, we plan to continue storage and marketing studies initiated during the past year. In the livestock field, A.I.D. will maintain its assistance in developing a range management program, including animal health improvement.

A.I.D. will continue to train agricultural specialists in the U.S., and began, this fiscal year, to finance a contract with the University of Minnesota to work jointly with the University of Louvain, Belgium, and Laval University, Canada, to assist research programs in specialized fields at the Moroccan Agronomic Institute in Rabat, where agricultural experts are being trained at the Masters and Ph.D levels.

A fourth annual sector loan will be provided to finance imports of supplies required to increase output, principally in the agricultural sector. These loans provide Morocco with such key commodities as seeds, farm equipment, tinsplate, fertilizer, and chemicals for the rainfed agriculture sector. Counterpart funds generated by this program are used for development projects in the agricultural sector.

### Family Planning and Manpower Resources

Family planning is an integral part of the 1968-72 Development Plan. The current annual population growth rate of 3.2% places an additional burden on development efforts.

Since FY 1969, A.I.D. has supported a government sponsored family planning program aimed at a 10% reduction in new births by 1972 -- the last year of the development plan. A.I.D.'s contribution of \$310,000 in FY 1971 will provide technical advisory services, commodities, participant training, and equipment. Part of this support will continue to be through U.S.-owned local currency derived from P.L. 480 Title I programs.

A.I.D.-supported participant training programs will develop skills in agriculture, industry, engineering, and management at a cost of \$500,000 in FY 1971. A.I.D.-financed agricultural planning specialists will continue to assist the Ministry of Agriculture in implementing the Plan and coordinating annual economic budgets. Similar assistance is expected to commence late in FY 1970 for the Ministries of Planning and Finance. A.I.D. will supplement the local salaries provided by the Moroccan Government for these specialists.

### Industry and Tourism

A.I.D. will help develop the tourist industry, which has an excellent potential as a major source of foreign exchange earnings. Our efforts will be primarily directed at assisting U.S. private investment in tourism projects by providing advisory services to potential investors and encouraging the use of Cooley Loans. Several American firms have already invested in Moroccan tourist facilities.

Morocco is attracting an increasing number of potential U.S. investors in several other economic sectors. Projects currently under consideration by U.S. firms include fish and vegetable canning plants and low-cost housing. A.I.D. has encouraged private sector development through its agro-industry survey program. To date, U.S. firms have joined Moroccan interests in establishing improved wheat seed production, large-scale ranching, integrated poultry raising and safflower seed production. For example, an American cattle-producing firm, the King Ranch, is participating in a large private venture in Morocco which benefits from a \$1.5 million Cooley Loan made in early FY 1970.

In FY 1969, A.I.D. authorized a Development Loan to the National Economic Development Bank (BNDE) to finance costs of private sector projects leading towards accelerated industrial development. We plan to extend a second loan to BNDE in FY 1971 as well as loans to improve key infrastructure facilities in the transportation and communications sectors.

Food for Work

A.I.D. assistance to the Promotion Nationale (PN), which is an unemployment relief program financed primarily by the Government of Morocco to give work to over 100,000 Moroccans, includes not only food donations but Technical Assistance. A.I.D. has contracted with the International Voluntary Service to furnish agricultural engineers to assist the Government in selecting and planning projects using PN labor. The purpose of this activity, which will require \$175,000 for Technical Assistance in FY 1970, is to construct small dams, roads, etc., and also to select projects that will make a significant economic contribution, e.g., creation of permanent infrastructure and long-term revenue-producing improvements.

TUNISIA

| PROGRAM SUMMARY<br>(In millions of dollars) |                   |                   |                      |                     |
|---|-------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | 10.8              | 6.7               | 10.3*                | 5.4*                |
| Technical Assistance . . . . .              | 2.7               | 2.1               | 1.9                  | 2.3                 |
| Supporting Assistance . . . . .             | -                 | .2*               | -                    | -                   |
| Contingency Fund . . . . .                  | -                 | -                 | 2.0                  | -                   |
| <b>Total A.I.D. Assistance</b>              | <b>13.5</b>       | <b>9.0</b>        | <b>14.2</b>          | <b>7.7</b>          |

\* Includes grants of \$223,000 in FY 1969, \$325,000 in FY 1970, and \$354,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

U.S. AID OBJECTIVES

The A.I.D. program supports Tunisia's new Economic and Social Development Plan (1969-72) which seeks to: achieve an annual Gross Domestic Product growth rate of 6.5%; improve the balance of payments and rebuild foreign exchange reserves and eventually to achieve convertibility; and maintain internal financial stability by restricting the growth rate of government expenditure to 5.8% per year. A.I.D.'s 1971 program, coordinated with the World Bank's 16-member Consultative Group, is designed to help meet these goals by providing assistance to: (1) modernize and expand agriculture; (2) reduce the population growth rate and improve the nutritional

base; (3) expand industrial production; (4) accelerate the development of institutions and training essential to growth; and (5) promote tourism.

## PROBLEMS AND PROGRESS

Since independence in 1956, Tunisia has attempted to carry out a vigorous social and economic modernization program designed to modernize Tunisian society and re-orient its economy. Prior to independence, Tunisia's economic structure consisted of a small modern industrial and agricultural sector run by foreigners and a large traditional agricultural sector existing at bare subsistence level with severe unemployment and underemployment.

Until independence, budget deficiencies were financed by France through capital investment which largely offset the foreign exchange cost of imports from France. Pre-independence agricultural exports to France at preferential prices accounted for a modest growth which scarcely kept up with population expansion. Since 1962 and until the severe 1966/67 droughts sharply reduced agricultural output, Tunisia's efforts to restructure and modernize the economy resulted in impressive growth rates averaging over 5% annually. In 1968, as a result of adequate rainfall and better technology, agricultural production spurted 15% and, with advances in other sectors, the revised GNP increase was 7.3% in real terms over 1967. However, due to the unprecedented floods in October and November 1969, the growth rate during 1969 fell short of the expected 8.6% down to 6.2%.

As a result of reductions in imports and increased foreign exchange earnings, net reserves increased by \$11.6 million in 1968, and by \$6.7 million in 1969. Prior to the floods, however, it had been estimated that net reserves would increase by \$17.7 million during 1969. The latest statistics show the deficit on goods and services, which averaged \$152 million annually during 1965-67, was reduced to \$72 million in 1968. Before the floods, it was expected that the deficit of goods and services would remain constant despite increased imports. Current estimates, however, indicate an increase in deficits to \$110 million caused by decreased exports of phosphates and a decline in tourism due to flood-induced damages to vital infrastructure such as rail and road transportation. In addition to recouping damages incurred by the flood, estimated at \$75 million, Tunisia will continue to strive for an increased GNP through increased foreign exchange earnings from tourism, exports of petroleum, phosphates, olive oil, and fruits, and higher domestic production of food grains, particularly wheat, ultimately to eliminate imports of grains.

As a result of Tunisia's satisfactory performance, considerable aid resources are being provided by foreign donors. Tunisia has already demonstrated its capacity and determination to use U.S. and other donors' aid effectively. It has readily adopted modern government management methods. As part of a major reform of government finance, an integrated financial and economic budget

system to improve planning and resource allocation was developed in 1968. Increases in tax rates in 1968 corrected the fall in tax revenues and resulted in an increase in the ordinary budget surplus in 1969. Under the 1969 budget, increases in current budget expenditures are to be limited to 7% as compared with previous increases that ran as high as 14%. The result is an almost doubling of the volume of government savings available for public investment from \$22.2 million to \$42 million.

During 1962-1968 Tunisia achieved under International Monetary Fund and IBRD guidance an average annual increase of about 4% in GNP. Strict stabilization measures enforced in 1967 and 1968 reversed a downward trend in foreign exchange reserves and dampened the expansion of domestic credit.

Tunisia's foreign debt remains serious. It amounts to \$500 million -- 65% of this is public debt and 35% is held in the form of foreign supplier credits. Debt servicing as a percent of foreign exchange earnings was 27% in 1968 but in 1970 will be 25%, indicating that the period of most rapid growth in debt payment may have passed. To minimize the growth of debt servicing requirements, new short- and medium-term credits were restricted in 1967 and 1968; they now make up only 28% of the total foreign debt.

The Consultative Group of Tunisia has become an important forum in which the 16 donor members review policies and programs affecting Tunisia's development. Donors provided about \$360 million in capital aid inflows to Tunisia during 1965-1969, of which the United States provided \$177 million, with the A.I.D. portion amounting to about \$90 million. During this period, the share of other donors has increased as a result of U.S. efforts.

Other major donor assistance, totaling about \$63 million in 1969 is focused on agriculture, tourism, infrastructure, education and balance of payments assistance. France is providing program assistance and over 3,500 teachers and technicians in the fields of agriculture, health and education. Canada, Germany, Italy, IBRD, Spain, and the Scandinavian countries are providing both capital and technical assistance in major economic development projects, including necessary infrastructure facilities, e.g., energy, transport, hotels, dams, and water resources. In addition, the Soviet Union and Eastern European countries are providing loans and credits chiefly related to the development of mining, transportation and water resources.

#### FY 1971 PROGRAM

The proposed FY 1971 program of \$7.7 million includes \$5 million in Development Loans, \$2.3 million in Technical Assistance, and \$354,000 for population programs. An additional \$33.5 million in P.L. 480 Assistance is planned -- \$19.0 million under Title I Sales and \$14.5 million under Title II donations. The \$5 million program loan will provide commercial commodity imports for agriculture, industry, and tourism. Another \$4 million in loan funds will be

authorized for groundwater development projects if additional loan funds are available.

### Agriculture

The Agriculture sector provides almost one-fifth of the value-added in Tunisian Gross Domestic Product as well as a substantial share of employment and almost one-third of exports.

U.S. Technical Assistance at about \$750,000 will continue to support mainly agricultural research and production. The A.I.D.-financed University of Minnesota contract provides assistance to the Bureau of Economic Studies for improved agricultural planning policies and applied economic research.

The accelerated production of new varieties of wheat developed in Mexico -- supported by advisory services and commodities such as seed, fertilizer, and insecticides under the program loan-- is expected to increase production of wheat by 60-70% by 1972 and to eliminate commercial imports of this commodity.

As part of Tunisia's self-help requirements under P.L. 480 Title I, the Bureau of Economic Studies in the Ministry of Agriculture has already prepared wheat/pricing and production studies and is currently engaged in developing investment analysis criteria for the agricultural sector.

### Family Planning and Nutrition

Latest studies show the rate of national population has been increased approximately 2.8% annually. This places a severe burden on efforts to increase per capita food production. In the past few years, the Tunisian Government has conducted an energetic family planning campaign. Legislation has been passed to sanction broad family planning activities and to legalize abortions and the sale of contraceptives. In FY 1971, A.I.D. plans to provide \$354,000 in addition to local currency contributions to support continuation of activities involving integration of family planning with maternal and child health centers, plus organization of a post-partum program.

Nutrition is given high priority in the Tunisian 1969-1972 Development Plan as a result of earlier surveys highlighting deficiencies. During 1969-70 activities related to improvement of nutrition--developing a protein wheat food product, establishing a nutrition bureau, and setting up nutritional standards--were combined in a food fortification and nutrition project. In FY 1971, A.I.D. plans to contribute up to \$200,000 in Technical Assistance for technicians and commodities to support efforts in this area.

### Management Training and Surveys

The FY 1971 Technical Assistance program provides about \$500,000 for essential training in management and technical education and

executive development. Consultants from the University of Illinois are conducting in-service training and management seminars to promote management competence in all aspects of private enterprise. Selective training is planned for about 60 participants in agriculture, industry, mining, transportation, labor, education, public administration, communications, and tourism.

## ETHIOPIA

| PROGRAM SUMMARY<br>(In millions of dollars) |                   |                   |                      |                     |
|---|-------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | 1.0               | 13.0              | 11.1*                | 14.1*               |
| Technical Assistance . . . . .              | 5.6               | 4.2               | 4.9                  | 5.9                 |
| Supporting Assistance . . . . .             | 0.3               | -                 | -                    | -                   |
| <b>Total A.I.D. Assistance</b>              | <b>6.9</b>        | <b>17.2</b>       | <b>15.9</b>          | <b>20.0</b>         |

\*Includes grants of \$50,000 in FY 1970 and \$100,000 in FY 1971 for population programs under Title X of the Foreign Assistance Act.

### U.S. AID OBJECTIVES

A.I.D.'s objectives are to assist Ethiopia in mobilizing its own resources for development and to expand the monetary economy by: (a) increasing agricultural and industrial production to widen the revenue base and the capacity for savings; (b) training people and developing their organizational capabilities; and (c) increasing the effectiveness of government operations.

### PROBLEMS AND PROGRESS

Although Ethiopia is one of the least developed large countries in Africa, it has vast livestock range lands, fertile soil and a large, though mostly untrained, labor force. These under-utilized resources are being brought into greater use. Ethiopia's most serious needs are to mobilize internal resources for development purposes, increase the quantity and improve the quality of trained manpower and incorporate selected rural subsistence areas into the monetary economy.

Some aspects of the Ethiopian economy are favorable. The national growth rate exceeds 4% annually. This has meant, during the decade ended in 1968, an increase by one-fourth in agricultural output, tripling of employment in manufacturing to 59,000, doubling of the length of all-weather roads to 12,000 miles, and a ten-fold gain in electricity output to 398 million kilowatt-hours. Prices have been kept relatively stable. The balance of payments has been well managed, with foreign exchange reserves in 1969 equal to five months of imports.

But there are obstacles in Ethiopia to rapid development:

- Limited domestic revenues. The basic constraint is the low revenue base of \$64 per capita GNP. In addition, government revenues are only 10% of GNP, reflecting weaknesses in the tax structure and tax collection.
- Lack of full commitment to nationwide development. Implementation of Ethiopia's Five-Year Plan is being retarded by insufficient funding priorities and by inadequate administrative arrangements. The primary concern in Ethiopia is internal and external security, and the security forces have a major claim on resources.
- Shortage of trained manpower. Of a population of 24 million, Ethiopia has an 8.5 million-man labor force. Of these an estimated 200,000 persons are in the professional, administrative, skilled, and semi-skilled categories. The numbers are increasing slowly. Of these, there are now an estimated 4,500 college graduates and 21,000 secondary school graduates. Only about 1.2 million persons in the country are fully literate.
- Stagnant exports. Ethiopian exports, principally coffee, hides, and oil seeds, of \$116 million in 1965 have not been equalled since. Unit prices of exports declined 2% annually in the past five years while prices of imports increased 2% annually. Part of the trade problem is the Suez Canal closure which increased freight and insurance costs 60% and handicaps export of perishables.

Recent Ethiopian development actions are encouraging:

- Higher priority for agriculture. Ten percent of the Five-Year Plan investment is allocated to agriculture, considerably higher than previously. With assistance from Dutch and British private investment and with IBRD and Swedish public aid, Ethiopia has initiated several large projects to expand livestock, grain, sugar, and cotton production, in accordance with the higher priority being given to agriculture.
- Modernizing public administration. The Ethiopian Government arranged for a 10-man IBRD Economic Appraisal Mission in February 1970, technical assistance projects in public administration related to the Auditor General's Office, a Highway Authority and Customs Bureau, and a 4-man Rockefeller Foundation team in March 1970 to formulate a re-organization plan for the Ministry of Agriculture.
- More trained manpower. Ethiopia acquires about 500 additional college graduates annually -- half from its Haile Selassie I University and half from education

abroad. Some 8,000 technical and skilled workers enter the employment force each year from secondary schools, vocational and teacher-training schools, and in-service training. A new cadre of development-minded officials has been appointed, notably in the Planning Office, Ministry of Education, and Haile Selassie I University.

- Domestic development borrowing. Ethiopia in 1969 raised the ceiling on Treasury bill issuances to \$20 million from the previous level of \$10 million. The government has also moved to expand central bank borrowing for development purposes in order to relax a highly restrictive policy constraining government investment.

#### FY 1971 PROGRAM

The proposed FY 1971 A.I.D. program totals \$20 million -- \$5.9 million in Technical Assistance and \$14.0 million in Development Loans, reflecting increased opportunities over FY 1970 for development lending in agriculture, plus \$50,000 for population programs. In addition, PL 480 assistance of \$1.2 million is planned for a Title II Food for Work program. A.I.D. funds will be used principally to (1) expand agricultural and industrial output, (2) support educational training to meet manpower needs, and (3) establish more effective financial management and planning systems. We will continue loan assistance to a malaria eradication program initiated in FY 1960.

Other major donors -- IBRD, Sweden, Germany, UN, and United Kingdom -- provided \$36 million in FY 1970 for loans and grants principally for activities in agriculture, and for the development of highways, power, telecommunications, and other infrastructure facilities.

Agriculture and Industry. Over one-half of FY 1971 A.I.D. assistance, \$2.5 million in Technical Assistance and \$8 million in Development Loans, will support agricultural and industrial development. A major share of this assistance will be for three "rural package" projects. The aim of such projects is to select limited favorable geographic areas and provide a complete package of inputs necessary to increase production. These inputs include improved seed, guidance in planting, some mechanical aids, fertilizer, supervised credit, storage, and marketing. Of A.I.D.-assisted package projects, one at Shashamane is concerned with semi-commercial farms of about 100 acres, another at Ada will assist peasants with 5 to 15 acres each, and a third at Yabelo deals with herdsmen. Each voluntary participating farmer will work out a plan for his farm with the Ethiopian and U.S. technicians who will provide technical and economic guidance and supervise disbursement of farm credit. Local costs will be covered partly by the Ethiopian Government and partly from local currency generated by the sale of U.S. imports financed by an A.I.D. \$5 million agricultural sector loan.

Other agricultural assistance proposed by A.I.D. in FY 1971 includes salary supplements for 10 American professors at the College of Agriculture at Alemaya, training of 35 Ethiopian agriculturists in the U.S., of which 14 are new starts and 21 extensions, and a \$1.5 million loan for development of Borkenna Valley irrigation. A.I.D. will assist industry through projects to establish an Export Promotion and Investment Center, and promote private investment and tourism, and provide investment guarantees. In addition, subject to availability of funds and subject to more complete drawdown of a prior A.I.D. loan, A.I.D. is considering a loan to the Ethiopian Development Corporation (EDC). The EDC, expected to be formed by merger of the Ethiopian Investment Corporation and the Development Bank of Ethiopia, will loan funds to manufacturers and agricultural entrepreneurs. The International Executive Service Corps, with A.I.D. assistance, is arranging advisory services for five Ethiopian enterprises and agencies.

Manpower Training and Education. In FY 1971, \$1.8 million of Technical Assistance and a \$3 million Development Loan are planned for education. An A.I.D.-financed evaluation of the education sector in Ethiopia, completed in May 1969, recommended that A.I.D. continue to concentrate on higher education, practical curricula in secondary education, and education administration. Therefore, A.I.D. plans to supplement the local base salaries paid by the Ethiopian Government for 30 American professors at Haile Selassie I University (in addition to those at agriculture and public health colleges), continue assistance for training vocational teachers for secondary schools, support in-service vocational training, and advise the Ministry of Education and the University on methods for relating the educational system to job needs of the economy. The proposed A.I.D. loan is to construct university dormitories, classrooms, and other buildings at Alemaya and Addis Ababa campuses.

Financial and Planning Administration. A.I.D. proposes to continue the services of an economic advisor to the Planning Office and two advisors to the Customs Bureau. We will provide short-term consultants to assist the Ministry of Finance in analyzing tariffs and to advise the Planning Commission regarding Ethiopia's five-year development plan. We will expand a contract team to its full three-man strength to assist the Office of the Auditor General in auditing, accounting, and financial management. A significant self-help provision of the A.I.D. agricultural sector loan is the undertaking by the Ethiopian Government to maintain the capital budget at a level necessary to sustain a satisfactory growth rate and to limit increases in the current budget.

Health. The widespread incidence of communicable diseases severely retards productivity and well-being. As part of a long-range Malaria Eradication project, A.I.D. is evaluating economic benefits, particularly to agriculture and, in collaboration with WHO, technical aspects of eradication. If results of the studies are favorable, A.I.D. proposes to continue Development Loan support for the Malaria Eradication Program, including the services of five U.S. Public Health Service technicians formerly funded with Technical

Assistance grants. A.I.D. also plans to provide five U.S. Public Health professors at the College of Public Health. Under this project the Ethiopian Government provides for the basic local salary costs of the technicians, plus local operating costs of the project. The U.S. provides supplementary salary costs for the technicians in order to make their salaries comparable to that paid U.S. technicians for their services in the United States. Additionally, the availability of demographic data in Ethiopia will be assessed and improvements in demographic data collection recommended which will be useful in public planning.

## LIBERIA

| PROGRAM SUMMARY<br>(In millions of dollars) |                    |                   |                      |                     |
|---|--------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>*Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | 0.5                | 5.6               | 0.3*                 | 0.2*                |
| Technical Assistance . . . .                | 5.1                | 4.7               | 4.6                  | 4.6                 |
| Supporting Assistance . . . .               | -                  | 0.3*              | -                    | -                   |
| <b>Total A.I.D. Assistance</b>              | <b>5.6</b>         | <b>10.6</b>       | <b>4.9</b>           | <b>4.8</b>          |

\* For population programs under Title X of the Foreign Assistance Act.

### U.S. AID OBJECTIVES

U.S. assistance to Liberia seeks primarily to help (1) improve the educational system at the secondary level, (2) provide a more effective health care program, (3) expand agricultural production, and (4) improve public administration.

### PROBLEMS AND PROGRESS

Since the early 1950's, when iron ore extraction began, Liberia's GNP has increased at rates varying from 4-10% per year. At the same time, population has grown at only about 2% per year. The overall growth rate therefore has been favorable. However, there have been major problems in distributing the benefits to the population as a whole. Among these are the following:

- Income from large scale iron ore and rubber industries which account for about 42% of the country's GNP is controlled by a limited number of owners and stockholders.
- Employment opportunities are limited by a lag in the growth of manufacturing and service industries.
- Agricultural production is seriously restricted by poor soils, adverse climatic conditions, lagging technology, and inadequately trained manpower.

- High debt service, resulting from over-optimistic projections of future iron ore and rubber earnings during the 1950's, has been a serious problem during much of the past decade and claims some 20 per cent of government revenue.

These conditions continue to limit the pace of diffused economic and social growth in Liberia. Aggregate growth declined in 1969 and will probably remain comparatively low in 1970 due to a tapering off of major new investments, such as iron ore pelletizing facilities; water, sewerage and power systems; and school and hospital construction. However, potential investments in timber and wood products industries, and oil and other mineral exploration may provide a needed stimulus. U.S. private investment in Liberia thru 1968 totaled \$174 million.

Despite these problems, the Government of Liberia has honored its international financial commitments, improved its budget and fiscal policies and procedures over the past several years and steadily expanded government revenue, largely through improved tax enforcement and other revenue programs. Problems affecting agriculture, education, health and public infrastructure, have been attacked and some progress made. Efforts to attract additional foreign investment while expanding Liberian entrepreneurship and employment are receiving increased attention.

Complementing the above and other positive governmental steps toward development, Liberia has maintained a free market economy and supported regional cooperation. At the same time, it remains essentially free of civil disorder. Mineral and forest reserves and an expanding supply of trained manpower provide an adequate base for sustained growth at a reasonable rate during the next decade.

#### FY 1971 PROGRAM

The proposed A.I.D. program for FY 1971 of \$4.8 million includes \$4.6 million in Technical Assistance and \$0.2 million for population programs. A.I.D. activities will be concentrated on the priority areas of education, health, agriculture and public administration. A.I.D. assistance is complemented by Peace Corps activities in primary education.

Other donor programs include UN projects in agricultural development and economic planning; West German projects in road maintenance training, road construction and water systems; IBRD assistance in road construction and maintenance, port development and rubber production improvement; rice production advisors from the Republic of China; and scholarship and other programs of the U.K., Sweden, Israel and various foundations.

## Education

Liberia's most serious problems in the field of education are at the junior and senior secondary levels. Improvements are necessary since this level provides terminal education for middle level skills and preparation for higher education. Previous A.I.D. assistance to teacher training institutes and past and current Peace Corps efforts have improved elementary education substantially. At the post-secondary level, Liberia has a relatively large number of degree holders as a result of foreign scholarship programs over the years and its two institutions of higher learning, both of which have received A.I.D. and other assistance. Present A.I.D. assistance for development of the Monrovia Consolidated School System has resulted in improvement of the physical plant, curriculum and educational policies and techniques at the junior and senior high school level. Another A.I.D. project seeks to improve the quality of high school teachers and secondary graduates, especially in the rural areas.

## Health Care

Liberia lacks basic preventive and curative facilities and programs and has only one doctor per 13,000 people. In an effort to help correct these problems, A.I.D. assistance to the Liberia National Medical Center will continue with emphasis on the Center's para-medical training program, its major referral care facilities, and its principal treatment programs in the area of heaviest population concentration. The National Medical Center, which participates extensively in the formulation of national health policies and programs, will soon move to the A.I.D. loan-financed J.F. Kennedy Memorial Hospital complex. Other programs, including the regional measles-smallpox vaccination project and the maternal-child health project, are helping reduce the 19% infant mortality rate as well as debilitating illnesses and short life expectancy among adults.

## Agriculture

Agriculture provides employment for two-thirds of Liberia's population. Continued low levels of food production have necessitated increased food imports, particularly food grains, and serious problems result from poor soil, adverse climate and lack of modern technology and investment resources. A.I.D. assistance will continue to concentrate on agricultural economic planning and development of a marketing system and facilities and will possibly support a livestock development program. These efforts will assist the Liberian Department of Agriculture in identifying the problems and developing plans, programs and policies. Our assistance will also complement the work of the UN and Republic of China in expanding rice production and that of the IBRD and West Germany in the extension and improvement of the rural road system essential to the distribution of modern

agricultural inputs such as fertilizer, seed and pesticides and movement of agricultural output to market centers.

Public Administration

Past A.I.D. assistance to improve government services has concentrated on fiscal and supply management and general administration. These efforts have made possible improved budgetary, tax, accounting and procurement operations and better planning and administration of public works and various aspects of national planning. Advisory services will be provided for the Departments of the Treasury (including Customs Administration), Agriculture, and Planning. In addition, short term training for magistrates and Justices of the Peace serving the rural areas to improve their judicial procedures will continue. A.I.D. support will also continue for the Institute of Public Administration.

Other Activities

Other Technical Assistance activities include a geological survey project, a Public Safety project aimed mainly at extending appropriate police services to the rural area, a population program in demographic survey and maternal-child health projects, and a new project for expansion and improvement of Liberia's telecommunications system.

OTHER AFRICA PROGRAMS

SOMALI REPUBLIC

| PROGRAM SUMMARY<br>(In millions of dollars) |                   |                   |                      |                     |
|---|-------------------|-------------------|----------------------|---------------------|
|   | FY 1968<br>Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Development Loans . . . . .                 | -                 | -                 | -                    | -                   |
| Technical Assistance . . .                  | 3.7               | 2.6               | 2.3                  | 1.9                 |
| <b>Total A.I.D. Assistance</b>              | <b>3.7</b>        | <b>2.6</b>        | <b>2.3</b>           | <b>1.9</b>          |

In FY 1971, A.I.D. will provide assistance to Somalia where funding is still required to complete ongoing projects.

For FY 1971, A.I.D. proposes to provide \$1.9 million in technical assistance. A P.L. 480 Title I sale program of about \$500,000 is also planned. In addition, if a multi-donor project to improve the port at Mogadiscio now being considered by the IBRD and other donors is undertaken, A.I.D. may make a loan contribution to the project.

In agriculture, \$510,000 is for an agricultural research and farmer training project essential for agricultural development and diversification, particularly cultivation of improved food grain and citrus fruits. In education, \$335,000 is for personnel for the National College of Education, the country's chief educational

institution and teacher training center. In transportation, \$25,000 is planned for U.S. Corps of Engineers services to supervise post-construction close-out activities at the Chisimaio Port. For water resources and supply, \$300,000 will provide continuing management and training services for the Mogadiscio water system being constructed under an FY 1967 A.I.D. loan. In credit development, \$50,000 will finance the services of an advisor to the Somali Development Bank which is partially financed with A.I.D. loan funds. In public safety, \$140,000 is planned for additional selected training of the Somali National Police.

SPECIAL SELF-HELP FUND

| <b>PROGRAM SUMMARY</b><br>(In millions of dollars) |                   |                   |                      |                     |
|--|-------------------|-------------------|----------------------|---------------------|
|  | FY 1968<br>Actual | FY 1969<br>Actual | FY 1970<br>Estimated | FY 1971<br>Proposed |
| Technical Assistance . . .                         | 2.1               | 1.3               | 1.5                  | 1.7                 |

The Special Self-Help Fund normally provides limited U.S. assistance of from \$25,000 to \$100,000 for each of the countries not receiving major U.S. assistance. A total of \$1.7 million is programmed for this activity in FY 1971.

The Self-Help Fund permits A.I.D. to augment local resources for small, priority projects generally undertaken by private or local organizations in the African states. A.I.D. experience to date is that local construction of small rural schools, village wells, school lunch centers and simple road improvements frequently cost more than inexperienced communities had anticipated, such as when imported items like roofing materials and well tubes are needed. In such circumstances, a small U.S. contribution may enable completion of the project and maintain the local momentum for self-help activities.

Projects undertaken with the Self-Help Fund generally arise from the efforts of local organizations or through the stimulus provided by Peace Corps volunteers or private U.S. voluntary agencies. Projects approved for financing from the Fund are generally low-cost, short-term activities in which the local community can readily utilize the U.S. assistance.

**PROPOSED FY 1971 PROGRAM**  
(Thousands of Dollars)

| Country                                      | Type of Assistance |                   |                      |                       |
|--|--------------------|-------------------|----------------------|-----------------------|
|  | Total              | Development Loans | Technical Assistance | Supporting Assistance |
| <b><u>AFRICA</u></b>                         |                    |                   |                      |                       |
| <b>TOTAL . . . . .</b>                       | <b>\$161,358</b>   | <b>\$84,045</b>   | <b>\$69,013</b>      | <b>\$8,300</b>        |
| <b>AFRICA REGIONAL PROGRAMS .</b>            | <b>(47,632)</b>    | <b>(19,450)</b>   | <b>(27,382)</b>      | <b>(800)</b>          |
| Regional Programs . . . . .                  | 40,892             | 17,450            | 22,642               | 800                   |
| (E.Africa Regional Activities)               | (6,740)            | (2,000)           | (4,740)              | --                    |
| <b>DEVELOP. EMPHASIS COUNTRIES:</b>          |                    |                   |                      |                       |
| East Africa . . . . .                        | (18,606)           | (6,222)           | (12,384)             | --                    |
| E.Africa Regional Activities                 | 6,740              | 2,000             | 4,740                | --                    |
| Kenya . . . . .                              | 2,994              | 500 <sup>c/</sup> | 2,494                | --                    |
| Tanzania . . . . .                           | 5,119              | 2,500             | 2,619                | --                    |
| Uganda . . . . .                             | 3,753              | 1,222             | 2,531                | --                    |
| Ghana . . . . .                              | 17,304             | 15,433            | 1,871                | --                    |
| Tunisia . . . . .                            | 7,679              | 5,354             | 2,325                | --                    |
| Ethiopia . . . . .                           | 19,998             | 14,100            | 5,898                | --                    |
| Liberia . . . . .                            | 4,815              | 175 <sup>c/</sup> | 4,640                | --                    |
| Morocco . . . . .                            | 15,944             | 13,310            | 2,634                | --                    |
| Nigeria . . . . .                            | 20,520             | 2,001             | 11,019               | 7,500                 |
| Congo (Kinshasa) . . . . .                   | 12,000             | 10,000            | 2,000                | --                    |
| <b><u>OTHER BILATERAL AID COUNTRIES:</u></b> |                    |                   |                      |                       |
| Somali Republic <sup>a/</sup> . . . . .      | 1,950              | --                | 1,950                | --                    |
| <b>SELF-HELP FUND PROJECTS<sup>b/</sup>.</b> | <b>1,650</b>       | <b>--</b>         | <b>1,650</b>         | <b>--</b>             |

<sup>a/</sup>Includes \$50,000 self-help funds that are excluded from Self-Help Projects total.

<sup>b/</sup>Self-Help funds ranging from \$25,000 to \$100,000 for Botswana, Burundi, Cameroon, Central African Republic, Chad, Dahomey, Equatorial Guinea, Gabon, Gambia, Guinea, Ivory Coast, Lesotho, Malagasy Republic, Malawi, Mali, Mauritania, Mauritius, Niger, Rwanda, Senegal, Sierra Leone, Swaziland, Togo, Upper Volta, and Zambia.

<sup>c/</sup>Grants for population programs under Title X of the Foreign Assistance Act.

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