



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

BEST AVAILABLE

PROPOSED FISCAL YEAR 1970 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) 1970.

Unless otherwise stated, the terms "foreign assistance" or "economic assistance," as used in this volume, 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 1969 are actual commitments. FY 1969 figures are estimates made at the time this volume went to press in May 1969. FY 1970 figures are illustrative proposed programs based on the FY 1970 appropriation request and anticipated carryovers, receipts and recoveries.

Countries in Africa where AID proposes programs for FY 1970 are shaded on the cover map.

## U.S. FOREIGN AID IN AFRICA

The \$186.3 million proposed for A.I.D. programs in Africa will enable the United States to provide a reasonable share of Free World development assistance to several major African states and to continue support of Africa's budding regional development institutions and programs. The amount requested--less than one-tenth of the total proposed A.I.D. appropriation--is barely sufficient to demonstrate U.S. concern for the welfare and the peaceful development of the continent.

### U.S. INTEREST IN AFRICA

The foreign assistance program in Africa is directed towards the basic goals of supporting our security interests; demonstrating by the political act of participating in development programs, our support for the aspirations of the African countries; and accelerating their economic development. The way we have pursued these goals in Africa reflects the nature of our interests in the continent. Our security interests are less substantial and our political interests are less structured by treaty commitments than in many other parts of the world, although in a few countries they do involve the continued availability of facilities. Our aid program has therefore been small, currently less than one-quarter of total Free World aid to Africa. Most aid to Africa is being provided by European countries, which have had much greater economic and political ties with the continent. Our political interest in the orderly evolution of African states requires demonstration of support of African aspirations. Our interest in accelerating African economic progress reflects our concern that the independent African states, which account for about half of the world's less developed countries, overcome the barriers to their growth. The U.S. foreign assistance program is the primary means of expressing U.S. interest in Africa.

--U.S. development assistance in Morocco and Tunisia has played a significant role in their economic development, facilitating their recovery from the debilitating droughts during the mid-1960's and stimulating their initiation of development plans which offer promise of good growth rates and progress towards food self-sufficiency. These two countries have excellent relations with Western Europe and follow a moderate, independent policy within the Arab world. The United States provides less than half of the overall aid to these two countries. IBRD-led Consultative Groups coordinate Western aid and provide a useful forum in which the United States has successfully encouraged its aid partners to increase their share of

economic assistance in light of the self-help records of the two countries.

- Ghana and Congo (K) are major Black African states demonstrating economic progress with U.S. assistance which represents less than a third of total aid to these two states. Each is now moving out of International Monetary Fund (IMF)-guided stabilization programs and preparing new development programs designed to use their considerable capacities for economic growth. The return to civilian rule of a post-Nkrumah Ghana and the stabilization of a unified, developing Congo should exercise a constructive influence in Africa.
  
- In Nigeria, the United States has taken the lead as the major contributor to the relief effort for civilian victims of the Civil War on both sides of the fighting line. Depending on the outcome of the war, resumption of development programs throughout Nigeria, in which a fifth of Black Africa's population lives, should permit the country to regain its earlier momentum. The economic factors underlying favorable pre-war growth projections remain fully valid, and oil production gives promise of economic self-sufficiency in the mid-to-late 1970's.
  
- Ethiopia and Liberia have longstanding relationships with the United States. This is reflected by our role as principal bilateral aid donor and by the presence of U.S. facilities and privileges in these countries. Although modest, aid programmed for Liberia and Ethiopia helps to demonstrate our interest while supporting their economic development efforts.
  
- The three East African states of Kenya, Tanzania and Uganda can achieve a higher rate of economic development working together through membership in the East Africa Community than they can individually. The Community--which includes a common market, joint air, rail and water transportation systems, unified tax collection, and a regional development bank--has created a market of sufficient scope to support sustained economic growth and steadily increasing private investment. The United States furnishes less than a fifth of the assistance from Western and international agencies. Yet we have played a major role within the IBRD Consultative Group in supporting the East African Community as the most advanced example of the potential benefits of regional integration and cooperation--a major theme of U.S. aid policy in Africa.

## A.I.D.'s POLICY IN AFRICA

About two-thirds of A.I.D. assistance to Africa continues to go to the preceding ten nations. Among the twenty-five other aid-recipient African countries, it was decided over two years ago to phaseout bilateral programs and concentrate on strengthening their regional and sub-regional economic links. In FY 1970, orderly phaseout requires regular bilateral assistance in only two of these countries.

Thus, in the past two years, A.I.D. has expanded assistance to African regional and sub-regional economic organizations and to economic development projects benefiting two or more African countries. These complement the Africans' own economic cooperation efforts--e.g., agricultural research, specialized schools, transport and power development, major disease control--shared by neighboring countries.

Some African countries are not in a position to cooperate easily with their neighbors for geographic or political reasons. To continue to assist in their development and to strengthen donor coordination, A.I.D. has been working cooperatively with other Free World nations in multidonor projects in individual countries by joining in the financing of important projects.

Finally, as a modest demonstration of our genuine interest in the development of local resources in all friendly developing African nations, A.I.D. has provided limited assistance-- averaging less than \$100,000 per country per year--for small rural and urban self-help activities requiring a modest "outside" increment.

The Africans have made an encouraging start on the road to modernization and nation-building with a broadly pro-Western orientation. Private sector development plays a leading role in the growth process. Foreign private investment is encouraged. Foreign aid is welcomed from former metropolises, other Free World nations and the United States. Reducing the role of the United States in African development would restrain growth and would lead to reduction in support from other Western donors. By contrast, this year's A.I.D. request for Africa will allow us to carry a share of the responsibility and to sustain Western involvement in Africa's development.

FY 1970 stands as a critical year for our assistance program in Africa. The foundations painstakingly laid over the past two years for both significant regional strides and more substantial development progress in such countries as the Congo, Ghana, Morocco and Tunisia are beginning to bear fruit. New or revitalized African organizations are getting ready to assume greater responsibilities. International organizations, e.g. the World

Bank and the United Nations Development Program (UNDP) are increasingly moving toward an expanded leadership role but they count on active U.S. participation. For these reasons, a start towards increasing the relatively small flow of American development assistance to Africa is most important.

#### AFRICAN ECONOMIC PERFORMANCE AND SELF-HELP

In most cases, economic and development policies of African governments have been prudent and realistic. Most of them have maintained monetary stability. There has been relatively little inflation; deficit spending has been kept under control. Foreign borrowing has remained within reasonable limits. During the 1960's the slower pace of development was largely the result of depressed world market prices for African exports (which account for about one-quarter of African economic output) and of inadequate skilled manpower. In addition, most of the development investment in newly independent Africa, mainly devoted to the creation of essential infrastructure, will produce returns in the form of increased production and earnings only over the longer term. These factors explain in large part why the continent's estimated overall annual GNP growth rate of 4% since 1960 appears to be the lowest of any major region in the world, in aggregate or per capita terms. Moreover, many African countries have lacked the institutional capacity to mount a development effort approaching that of the older established states in Latin America and Asia. Nevertheless the major African recipients of U.S. assistance are undertaking impressive self-help measures. Encompassing nearly half of the 250 million people in independent, developing Africa, the major "development emphasis" countries are entering a critical period in which continuing substantial concessional assistance is essential to their achieving meaningful progress toward self-sustaining growth. Each of these countries (Morocco, Tunisia, Ghana, Nigeria, Congo(K), and the East African Community states) now has or soon will have an IBRD-led Consultative Group associated with its development effort.

Here are some specific examples of what Africans have done to help themselves:

- Morocco's GNP increased more than 8% in 1967 and over 12% in 1968 following drought-caused stagnation earlier in the 1960's. Its fixed investments in 1967 increased 26% from the 1966 level and approached 15% of GNP.
- Tunisia's balance of payments problems have been somewhat eased as a result of decreased imports and increased foreign exchange earnings. At the same time, savings are expected to reach 15% of GNP in 1969.
- Ghana, which benefitted from major medium-term debt rescheduling in 1966 and 1968 has now balanced its

operational budget and maintained reasonable domestic price stability.

--The Congo has closely followed IMF stabilization guidance in 1967 and 1968, and held its debt burden to modest proportions. As a result, inflation was arrested, exports increased, and the budget balanced. The IBRD now plans to begin major loan activities in the country.

--Ethiopia and Liberia are believed to have maintained GNP increases of 4-6%. The Ethiopian 1968-73 development plan allows a major role for the private sector, which is to account for half of the projected \$1.2 billion in development investments.

--Average annual increases in real GNP in the East African Community (EAC) approached 6% during 1962-66. The domestic savings rate exceeded 15% of GNP. Kenya has made important concessions to its two economically less-advanced partners looking toward the balanced growth and development of the area--and several neighboring countries have expressed interest in negotiating association with the Community.

By and large, Africa is not now or likely to be a chronic food deficit area. Assuming political stability and adequate foreign aid, Africa should develop into a net food exporter. For example, North Africa, despite periodic droughts, may achieve self-sufficiency in wheat production by the mid-1970's. The annual net population growth rate for the continent as a whole is among the lowest of the developing areas. But it is still over twice the 1.1% rate of the advanced countries, with Morocco, Kenya and several smaller African countries reaching 3% or more annually.

#### PRIVATE ENTERPRISE AND U.S. INVESTMENT

Almost all African private enterprise is broadly free of government restrictions and generally plays a leading role in the growth process. Development plans typically anticipate that half of projected investments will stem from the private sector--domestic and foreign. Special financial incentives to attract foreign as well as domestic investment capital are common.

The factors limiting an even larger private sector role in African development are more economic than political. Where profit incentives exist, private capital, almost entirely expatriate, has been available. Most foreign private investment in Africa has been in the extractive industries. The disincentives to substantial increases in non-extractive foreign investments are familiar--limited internal and external markets; inadequate local infrastructure essential to support modern industry; more attractive finan-

cial and investment markets outside Africa. For U.S. private investors there are further constraints--the continuing predominance of ex-metropolises in most African economies; the European trade orientation of African economies; and the relatively small scale of non-extractive investment projects (usually not requiring more than one half to one million dollars in foreign capital for each project)--limiting the scope of interest by most large potential investors in the U.S. private community.

Expansion of African participation in modern private enterprise is limited by many of the same factors influencing foreign investors, plus such factors as social values favoring more traditional uses of savings, absence of local capital markets to secure liquid capital and a very small entrepreneurial or skilled class of Africans.

In such situations, the immediate prospects for significant impact of U.S. private capital in non-extractive industries are poor. Only 16% of U.S. private investment in Africa in 1967 went into the manufacturing sector. Net private U.S. capital outflow to developing Africa in 1966 was only \$67 million; in 1967 this outflow doubled to \$143 million, almost entirely due to investments in petroleum exploration and production. Nevertheless, A.I.D. is making special efforts to stimulate and encourage U.S. private investors in African industry and agriculture. The use of investment guaranties (over \$300 million in investments covered by 390 Specific Risk Guaranties issued since January 1961), investment promotion efforts with American Edge Act corporations, and cost-sharing with potential investors in large-unit agriculture are some of the means being used.

#### A.I.D. STRATEGY IN AFRICA

Technical assistance represents a proportionately larger share of the A.I.D. program in Africa than of our programs in Latin America or Asia. This reflects the less developed African human resource base and the consequent heavy emphasis during the past decade on institutional development--e.g., educational systems and public services. A skilled manpower base vital to national development is gradually being created, partly as a result of the fact that education receives more than 20% of the typical African government's budget.

Universities in the larger African countries are now beginning to meet the public sector demand for educated manpower. Nigeria, which had one university at independence in 1960, subsequently developed four new universities. Each state in the East African Community now has its own fully-operating college; their secondary schools are providing most of the middle-level non-technical workers. Post-secondary schools in the Congo are beginning to fill the tremendous void left by the departure of the Belgians. A.I.D.

has contributed to these and similar educational developments. Until those institutions reach their full stride, however, and until there has been enough time to educate cadres of teachers, engineers, health workers, agricultural specialists and administrators, there will continue to be a critical need for foreign teachers, managers and technicians. Some 80% of all public and private professional positions are still filled by non-Africans. The development of African professionals, therefore, may possibly be the principal developmental challenge of the 1970's.

A major part of A.I.D.'s activities in Africa is to support key capital projects which provide the foundations for modern agricultural and industrial production facilities. Several of the African "development emphasis" countries now have much of the physical infrastructure necessary to absorb higher levels of production-oriented capital. Basic national transportation systems, power complexes and communications networks have been largely established. Reconstruction and renovation of infrastructure will be necessary, however, in the Congo and Nigeria if they are to recover from the damage and lack of maintenance which have resulted from domestic upheavals. Other priority aid allocations center on (1) national efforts to increase agricultural productivity through irrigation schemes (especially in North Africa) and through improved marketing and secondary transportation facilities and (2) inter-country transport and communications networks and river basin development needed to link African countries more closely.

#### FY 1970 PROGRAM

The proposed A.I.D. program for Africa in FY 1970 includes Development Loans which attack critical constraints to development by providing improved transportation systems in the Congo and East Africa, basic agricultural facilities and services in Morocco, Tunisia, and Ethiopia, and a broad range of transportation and communications links and related projects to promote closer economic cooperation among African countries.

In addition, production loans totaling \$15 million and \$5 million respectively are planned for Ghana and Tunisia. While their infrastructure has grown satisfactorily, both countries now require increasing imports of machinery and raw materials in order to fully utilize existing productive capacity. Further, during FY 1970, a modest contribution to the African Development Bank is being considered under the authority of the Foreign Assistance Act of 1961, as amended, Section 205 (proposed Section 401a(2)).

Technical Assistance activities will continue to concentrate primarily on developing the manpower base, through assistance to selected university facilities and teacher training institutions and on modernizing the rural sector, through agricultural exten-

sion, research, educational, cooperative and credit schemes. Family planning activities in Morocco and Tunisia will continue to assist those countries in reducing the rate of population growth. In addition to the continuing Supporting Assistance activity to assist Southern Africa refugee students during FY 1970, a \$10 million SA production loan will be made to Nigeria to finance post-war reconstruction of roads, bridges, airports and schools destroyed by the war. The loan will be provided in conjunction with assistance from other donors for the common purpose of assisting Nigeria to finance economic recovery programs. Assuming the civil war extends into FY 1970, while precise disaster relief costs cannot be determined at this time, Supporting Assistance of up to \$10 million may be required.

The Congo(K), now becoming one of the "development emphasis" countries, has been a major recipient of Supporting Assistance for short-term security and stabilization purposes since 1961. Its substantial progress has made possible the beginning of a more development-oriented aid program. Supporting Assistance will end and a modest level of Development Loans is proposed.

The FY 1970 program for Africa allocates \$69 million or 41% of the development assistance total to regional and multidonor activities, as compared to 16% before A.I.D.'s policy was changed two years ago.

Participation in multidonor financing of specific projects is an aspect of the new policy that has so far been limited in its application. It is an important mechanism, however, for extending aid not only for sizeable projects in any of the developing African countries but also for stimulating greater aid contributions from other donors.

As regional development activities expand, increased A.I.D. allocations will be required. New international institutions are being established which will plan and direct future regionally oriented development programs. While our regional programs are largely in the form of Technical Assistance, during the 1970's an increasing proportion will be in the form of Development Loans directed toward more production-oriented projects.

Finally, limited Technical Assistance funds are proposed to augment local resources for small, priority projects supported by private or local organizations in the African countries eligible for A.I.D. assistance. A sum of \$600,000 is earmarked for this purpose under the regular Technical Assistance program in the 12 countries receiving other bilateral assistance from A.I.D. in FY 1970. An additional \$1.8 million is proposed for a Special Self-Help Fund of \$50,000 to \$100,000 in each of the 23 African countries where we do not have a regular bilateral A.I.D. program.

## AFRICA REGIONAL AND MULTIDONOR PROGRAMS

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans . . . . .	7.2	13.0	10.6	33.7
Technical Assistance . . .	21.3	16.2	18.7	28.2
Supporting Assistance . . .	1.1	1.0	1.8 a/	0.6
Contingency Fund . . . . .	-	0.2	-	-
<b>Total A.I.D. Assistance</b>	<b>29.6</b>	<b>30.4</b>	<b>31.1</b>	<b>62.5</b>

a/ Includes \$1,062,000 for population programs under Title X, Foreign Assistance Act.

### U.S. AID OBJECTIVES

A.I.D.'s Regional Program in Africa seeks economic and social development through regional and inter-state planning and programs aimed at obtaining more efficient use of scarce resources. A.I.D. seeks to (a) strengthen African regional organizations and assist them in carrying out viable development activities; (b) support activities benefiting two or more countries such as transport links, river basin development, and training institutions; and (c) support other organizations and activities directed to long-term economic integration.

The regional and multi-national approach is a major aspect of the A.I.D. program in Africa, which aims at building cooperation between African countries by assisting them to share with others in programs of mutual economic benefit. The limited size of national markets and the small budgets of the many small nations make it important for African countries to avoid duplication of facilities and services where a common effort would be less costly. The use of regional organizations as a vehicle for project development and implementation increases coordination of country programs and donor activities. A.I.D. is participating jointly with other donors and international organizations in financing development projects which otherwise would not be as effectively administered or as adequately supported.

### PROBLEMS AND PROGRESS

Of the 35 African countries which have achieved independence since 1957, many do not have sufficient human and natural resources for meaningful separate economic and social development. For most of the African states, progress towards full participation in the modern world can be accelerated by cooperative inter-African development activities possibly leading to some form of economic interdependence or full-scale economic integration. Cooperative activities designed to expand and serve regional markets for industrial and agricultural production, transport

and power services, and education and research needs are directly beneficial.

Africans have long recognized these advantages and have been trying to organize suitable arrangements, but many problems remain. Financial and skilled manpower resources are extremely scarce and national programs often demand priority in their allocation. Regional development or integration often requires some surrender of national control which is difficult for new and fragile nations. Decisions on location of industrial and other development projects are difficult. Cooperation among states with different colonial heritages is hindered by their diverse languages and economic, legal, financial and administrative systems.

Despite these obstacles, African regional cooperation continues to progress in many forms. These include project collaboration, forming and strengthening regional development agencies, common services, and joint marketing. The African nations have set up a variety of regional organizations directed to economic, social and technical development. Financing of regional organizations by African states is progressing. For example, the five African countries participating in the Entente Fund have contributed some \$2 million and the 31 members of the African Development Bank (ADB) paid in \$55 million from which five loans to member countries have been made.

Continent-wide cooperation occurs where the interests of the various geographic and linguistic regions coincide. For example, an educational scholarship program, in conjunction with the Association of African Universities, has coordinated placement of close to 500 students from African countries for undergraduate study in selected universities in other African countries. The UN Economic Commission for Africa (ECA) has promoted planning and carried out numerous resource surveys to provide African states with a better inventory of their assets. 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.

Regions of Africa have proceeded at varying rates to form cooperative arrangements. The East African nations--Kenya, Uganda and Tanzania--have made the most progress. Regional cooperation in Central and West Africa ranges from activities designed to develop the resources of river basins and broad health improvement projects to cooperative development of agriculture and industry.

In North Africa, progress towards formation of regional organizations has been limited because of political differences between Algeria on the one hand and Tunisia and Morocco on the other. However, a gradual improvement of relations has increased the

prospects for growing cooperation in the area. In Southern Africa the black-white confrontation and the isolation of black states have severely limited the growth of regional ties.

African nations have also participated in ad hoc regional development activities benefiting two or more countries. These activities include the Tanzania-Zambia highway, the agreement among Ghana, Togo and Dahomey in 1968 for power distribution from the Volta River Dam, and the Uganda-Kenya agreement in 1968 for coordinated development of hydro-electric power.

Basically, the viability of the regional approach to economic development in Africa depends upon the existence of common economic needs and interests and a recognition by African nations that they lack the natural or financial resources necessary to obtain growth independently. Faced with similar problems and the inability to resolve them effectively alone, the African nations have, in many cases, decided to attack them cooperatively. However, such efforts need assistance from the United States and other donors both as a stimulus and as a source of needed external resources.

#### FY 1970 PROGRAM

For FY 1970, A.I.D. proposes a program of \$62.5 million--\$28.2 million of Technical Assistance, \$33.7 million in Development Loans, and \$0.6 million of Supporting Assistance--to meet regional and multidonor goals and objectives in Africa, exclusive of East Africa activities. This recommended increase over total estimated FY 1969 obligations of \$31.1 million reflects the continued priority which A.I.D. gives to regional and multidonor activities. An increasing sum will be programmed in conjunction with multilateral arrangements, including the United Nations Development Program (UNDP), the ECA and the ADB. A concerted effort is being made by A.I.D. and African organizations for multidonor support to key projects such as rice production, disease control, regional education centers, scholarships, and textbook production.

In FY 1970 also, A.I.D. is considering a contribution to the Special Fund of the ADB to provide concessional aid for African agriculture, education and other projects. The amount will depend on the plans and actions of other projected donors.

The FY 1970 U.S. aid program seeks to provide assistance through selected continent-wide and regional African organizations to carry out development programs in disease control, agricultural research and demonstration, manpower training, nutrition, and population. It is also designed to contribute to viable regional infrastructure development projects which support trade and commerce, use of natural resources, river basin development and similar

cooperative activities. It provides further for aid from private U.S. groups in priority areas of family planning and population analysis, labor development, scholarships to U.S. universities, and other continent-wide activities.

Agriculture. A.I.D.'s proposed regional efforts in agriculture--requiring \$1.3 million in Technical Assistance funds and \$5.5 million in Development loan funds--are directed toward meeting Africa's increasing needs for food. Research and adaptive field trials on cereals and grain legumes will be expanded. A.I.D. will help West African countries, in cooperation with other donors, to establish research facilities to stimulate rice production. Similar efforts in North Africa will be directed toward an increase in wheat production. The Association for the Advancement of Agricultural Sciences in Africa will be assisted to promote agricultural research.

In addition, three loan projects, totaling \$5.5 million, are proposed for FY 1970 in the fields of agricultural diversification, storage and marketing. New projects are also being developed in Central and West Africa in the fields of livestock, poultry and fisheries to exploit these food sources both for domestic consumption and for export.

Two on-going projects related to animal health will be continued in FY 1970. The Rinderpest Control project, under which 78 million head of cattle will have been vaccinated by June 1969, is being extended to East Africa. The second animal health project--Bovine Pleuro-pneumonia Research, through which simple diagnostic tests and an effective vaccine for treatment of the disease are being developed--will be completed in FY 1970.

Infrastructure. Development Loans of \$15.7 million are planned for telecommunications and transportation infrastructure in FY 1970. Two loans are proposed for communications systems connecting French-speaking countries with their English-speaking neighbors. Loans totaling over \$14 million in the transportation sector will provide assistance in the planning and implementation of principal regional road links and equipment to insure proper maintenance of inter-country routes. The largest will be \$7.5 million for an additional segment of the Great North Road in Tanzania; together with the World Bank's assistance this will complete construction of major sections of the road linking the Zambia copper belt to Dar es Salaam.

A.I.D. will also participate in several multidonor projects possibly requiring over \$10 million in Development Loan funds. These include: a major dam for large-scale irrigation development and, secondarily, hydro-electric power in Morocco; development of the Shasi River in Botswana to provide water for large-scale mining operations, some irrigation and electric power generation; costs

of new port facilities at Mogadiscio; and commercial livestock development in the Malagasy Republic.

Proposed Technical Assistance for the transportation sector in FY 1970 totals \$2.4 million. This will provide for expansion of the Regional Heavy Equipment Training Center in Lome, Togo, under the sponsorship of the Entente Fund, and the training center in Fort Archambault, Chad, under the sponsorship of the Trans-Equatorial Communications Agency (ATEC). A road maintenance training program for eastern Africa is also under consideration. The balance is for studies for transport and communications systems which will advance regional economic growth.

Public Health and Nutrition. The principal project in the field of public health continues to be measles control and smallpox eradication activity being implemented by the U.S. Public Health Service. This project now covers 19 countries in Central and West Africa where over 68.4 million people have been vaccinated against smallpox and 11 million children vaccinated against measles as of January 1969. The FY 1970 program includes \$6 million of Technical Assistance for continuing this project.

Nutrition activities totaling \$640,000 planned for FY 1970 include support to the Joint Nutrition Commission in Accra, development of a food testing laboratory, and educational workshops.

Population and Family Planning. Programs were developed in FY 1969 for the demographic analysis required to assess the incipient population problems of Africa. These programs, along with a number of studies on family planning, will be continued in FY 1970. Funds totaling about \$650,000 are proposed for studies and training in these areas, including a series of demographic survey workshops to be run by the Bureau of Census. In addition, \$350,000 is proposed for contracts with the Pathfinder Fund and Population Council for family planning activities, which are tied in primarily with maternal and child health programs.

Education. Education activities under the Africa Regional Program account for about \$6.2 million of the Technical Assistance program for FY 1970.

The African Higher Education Program (AHEP) is designed to help supply the trained manpower needed for development. One part assists selected African universities to upgrade particular departments and develop their facilities to accommodate more students from other African countries. Two centers, Njala University College in Sierra Leone and Ahmadu Bello University in Nigeria, have been approved for A.I.D. assistance. A loan for engineering and design work for expanding Ahmadu Bello University is under consideration.

The scholarship phase of AHEP which is operated in cooperation with the Association of African Universities (AAU) provides for selection and placement of African students in African universities outside their home countries. In FY 1970, \$1.5 million of Technical Assistance will be for 225 new scholarships, plus continuation of 479 students already enrolled under the program. Advisory services to assist African governments to develop sound regional education programs to meet priority development needs will be continued under a contract with the Overseas Liaison Committee of the American Council on Education.

The number of African undergraduate students sent to the United States by A.I.D. is being decreased as educational opportunities in Africa increase. In FY 1970, the proposed funds of \$966,000 will provide for continuation of students enrolled, 50 fully funded new students, and only administrative costs for another 50 new students. Graduate training under the African Graduate Fellowship Program (AFGRAD) will be increased because African institutions are not yet fully able to meet needs for advanced training. In FY 1970, \$1 million is proposed to provide for 155 continuing students and 125 new fellowships. Support to the West Africa Examinations Council will be continued, and a similar project is planned for a testing center in East Africa. Technical and vocational training opportunities will be expanded in such fields as repair and maintenance of telecommunications equipment, para-medical training and subprofessional and technical training. Finally, \$600,000 in Supporting Assistance funds will provide for operation of schools for Southern African refugees.

Private Enterprise. A.I.D. is financing exploration by American companies for suitable opportunities in agricultural production and processing in Africa. Results of this agro-business program have been encouraging enough to warrant an experiment in other fields with the techniques applied in that program. Three hundred thousand dollars is proposed in FY 1970 for this activity as well as to finance a reduced number of pre-investment activities of American financial institutions which are designed to acquaint their clients with African investment opportunities.

A.I.D. is also continuing its efforts to assist Africa in upgrading managerial and technical skills. In order to train Africans for industry, A.I.D. is utilizing the Reverend Leon H. Sullivan's Philadelphia-based organization, which has successfully cooperated with American business in providing job training for the unskilled and in establishing businesses with Black management. Based on a survey recently carried out in four African countries, it is expected that one or more centers will be established to train African entrepreneurs and skilled workers.

EAST AFRICA

PROGRAM SUMMARY *				
(In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans . . . . .	6.4	0.6	8.6	3.5
Technical Assistance . . .	8.8	9.8	9.4	11.2
Supporting Assistance . . .	-	-	0.4	-
<b>Total A.I.D. Assistance</b>	<b>15.2</b>	<b>10.4</b>	<b>18.4</b>	<b>14.7</b>

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

EAST AFRICA REGIONAL

DL	0.1	0.6	5.4	2.0
TA	2.3	2.7	4.3	5.1
Total	2.5	3.3	9.7	7.1

KENYA

DL	0.4	-	-	0.5
TA	2.5	2.6	1.9	1.9
SA	-	-	0.2	-
Total	2.8	2.6	2.2	2.4

TANZANIA

DL	0.9	-	-	1.0
TA	2.2	2.5	1.4	2.1
Total	3.1	2.5	1.4	3.1

UGANDA

DL	5.0	-	3.2	-
TA	1.8	2.0	1.8	2.2
SA	-	-	0.2	-
Total	6.8	2.0	5.2	2.2

U.S. AID OBJECTIVES

The primary A.I.D. objective is to support the economic and social development of the East African Community (EAC) and its members--Kenya, Tanzania and Uganda. Representing a growing interest in regional economic development, the East African Community symbolizes a basic element in A.I.D.'s Africa policy: the importance of regional cooperation in maximizing development resources. A.I.D. assistance is primarily in the fields of agriculture, education, institution building and the development of Community infrastructure. A.I.D. also encourages other donors in the IBRD-led East Africa Consultative Group to plan their assistance within a regional context.

## PROBLEMS AND PROGRESS

The East African Community Treaty was signed on December 1, 1967 and, although it includes some new institutions such as the East African Development Bank, the Community consists largely of a strengthened and reorganized system of traditional economic ties that originated during the colonial period. These include: generally free regional trade; unified common services such as railways, harbors, airways, posts, telecommunications, and income tax collection; and a wide variety of regional research organizations.

Formation of the East African Community was made possible only because of the willingness of the three countries, after a long period of negotiation, to subordinate some degree of sovereignty and nationalism for the benefits of cooperative development. For example, Kenya agreed in the Treaty to the taxes on her manufactured exports to Uganda and Tanzania in order to protect their less-developed industry. Recently, Uganda has agreed to postpone construction of a hydro-electric power plant in the interest of more rational Community power development.

One of the main objectives of the Community is to permit a more nearly equal distribution of development throughout the region. To accomplish this, the Community headquarters have been located in Arusha, Tanzania, rather than in one of the three national capitals. Also, headquarters for various Community institutions have been apportioned among the three capitals to avoid concentration in Nairobi as their predecessors were during the colonial period. While major problems such as the training of African staff and coordination with national ministries remain to be solved before developing a really effective organization, the base has been established for a regional organization designed to serve the needs of independent African countries rather than to meet the demands of a colonial power.

The new Community will now be tested. Factors favoring the Community include: the region's size (679,000 square miles), the market potential (30 million people), a basic regional transportation network, rich farmland and livestock areas, rapidly 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.

During 1968, development progress as measured by growth in real GNP was estimated at 4% in Kenya, 5% in Tanzania and 3% in Uganda in contrast to an average 5.7% rise for the region during the years 1962-66. This less-than-desirable overall performance was largely due to poor weather and, in Kenya, to coffee disease problems which prevented expansion of agricultural exports. In

Uganda, newly imposed restrictions on imports, which limited growth in commerce, also contributed to the slow growth of GNP. Growth in other sectors of the national economies was for the most part satisfactory.

All three countries have performed reasonably well in mobilizing financial resources for development, but all continue to have serious difficulties in planning and implementing development activities. The Community and its members are faced with major problems in rural/agricultural development, training and utilization of manpower, and expanding and improving Community 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 reorder education to meet employment needs, and to strengthen and expand development oriented institutions and services.

#### FY 1970 PROGRAM

For FY 1970, as in the past, the proposed \$14.7 million A.I.D. program for East Africa contains both regional and country elements. Of \$11.2 million requested for Technical Assistance, \$5.1 million is earmarked for East Africa Regional activities, with the remaining \$6.1 million being allocated in approximately equal shares to country programs for Kenya, Tanzania, and Uganda. The proposed \$3.5 million Development Loan program contains \$2 million for East Africa Regional; \$0.5 million for Kenya; and \$1 million for Tanzania. The portion of A.I.D. program funds devoted to regional projects will average about 50% in 1969 and 1970. There are other projects of an Africa-wide nature or which involve one or more of the three East Africa states and neighboring countries which are covered in the section on Regional and Multidonor Projects--one major example is the Great North Road project in Tanzania.

During FY 1970, other donors--the United Kingdom in particular, but also the World Bank, the United Nations, Germany, the Scandinavian countries and the Communist 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, but we will continue our position as a major donor to the East African Community, pressing for increasing assistance thereto by other Consultative Group members.

Agriculture. A.I.D. assistance in FY 1970--\$4.3 million in Technical Assistance and \$1 million in Development Loan funds--is directed toward training agricultural technicians, building strong support institutions such as cooperatives and extension services, and conducting specific studies to find ways of diversifying and increasing agricultural production. A.I.D. projects will also

assist in identifying new crops for commercial production and in bringing greater numbers of small farmers into the cash economy.

In FY 1970, A.I.D. will continue regional technical assistance to the veterinary and agriculture departments of the University of East Africa. A.I.D. assistance to the three governments will also be directed at introducing agriculture into the secondary school curriculum. A pilot program along these lines has been successful in Kenya. An A.I.D. regional project will provide research personnel to the East African Agriculture and Forestry Research Organization (EAAFRRO). These technicians will conduct research on social and economic barriers to more efficient agriculture. A.I.D. will also continue support for agriculture extension, range management and livestock development work in Kenya and Uganda.

In Tanzania, A.I.D. plans follow-up activities to a recent series of agriculture production surveys, a significant element of which will be a proposed agriculture sector loan of \$1 million to finance imports from the United States of a variety of equipment, materials and services required to support increased agricultural production. In addition, existing projects such as fisheries improvement in Kenya, agriculture cooperatives in Uganda and rural development in Kenya and Tanzania, as well as Community projects in seed multiplication, grain storage and marketing, and rural development will be continued.

Education and Manpower. The FY 1970 Technical Assistance request for East Africa includes \$3.8 million for non-agricultural education and related manpower training. A.I.D. also proposes a \$0.5 million Development Loan for commodities for the National Youth Service project in Kenya to provide spare parts and replacements for worn out construction equipment.

The A.I.D. education projects are helping to train primary and secondary school teachers and various technicians and administrators needed for replacing expatriate personnel. Even with expanded facilities, no more than 5-10% of East Africa's children will enter secondary school in the foreseeable future. Those leaving primary schools have limited skills and little prospect for gainful employment outside agriculture; therefore, we will give special attention to helping devise agriculture and rural development curricula, as well as other education programs, which prepare students for agricultural employment and alleviate the pressures of urban migration and unemployment.

The largest A.I.D. education project in East Africa in FY 1970 will be the regional teacher education program. A \$2 million contract will provide nearly 100 educators--recruited by Teachers College, Columbia University--who will teach at teacher training schools and similar institutions providing in-service training, graduate courses, and improvement of school curricula.

By FY 1970 all University of East Africa projects, other than those in the agricultural field, will have ended. A.I.D. will, however, continue to provide U.S. university education and special training for 34 East African participants at a cost of \$205,000. A proposed regional assistance program will train members of the East African Examinations Council to produce and administer standardized examinations.

A joint Community-A.I.D. project will provide secondary education to adult East Africans through secondary school correspondence courses. This effort is supported by the Government of Kenya through three to five hours of supplementary radio instruction each week on the Voice of Kenya. More than two thousand primary school teachers who have never had the opportunity to complete secondary school are taking these courses without interrupting their teaching careers.

A Tanzanian technical college, largely staffed by a California Polytechnic Institute contract group, is training over 180 young Tanzanians in mechanical, electrical and civil engineering. At the same time, 14 members of the Tanzanian staff are being trained in the United States as replacements for expatriate staff.

Nearly 60 regional and national government administrators come to the United States each year for short courses and study tours. A.I.D. will continue such assistance to strengthen the administrative skills of those officials who are working to establish sound management and organization in the institutions of their countries and in the Community.

Institutional Development. The largest project in institutional development is in Tanzania where assistance totaling \$0.5 million will provide for training and staffing of key government departments charged with primary responsibility for implementing new national development policies. These policies emphasize popular participation in urban and rural development.

Most of the remaining technical assistance for institutional development is associated with the East African Community and is directed toward administration, management and organization of the Community headquarters, Income Tax Department, Development Bank, Harbors Corporation, and Railway Corporation. Loan funds of \$2 million are planned as loan capital for the East African Development Bank. In addition, A.I.D. is considering a loan for development of transportation, power, and communications facilities to support the relocation of the Community organizations.

Other Projects. A total of \$370,000 is proposed for population and feasibility studies in FY 1970. Kenya and Uganda have embarked on a demographic program, which includes a national census. Kenya plans an educational program in family planning.

A.I.D. will supply advisors and commodity assistance for these efforts.

In addition, feasibility studies of technical and capital assistance projects for the East African Community will be undertaken by A.I.D. to identify specific industrial and agricultural development projects. Many of these projects are expected to be attractive to both East African and foreign private investors.

## NIGERIA

### ECONOMIC DEVELOPMENT PROGRAM

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans . . . .	6.0	9.7	7.2	2.5
Technical Assistance . . .	15.6	11.6	10.2	11.2
Supporting Assistance . . .	-	-	3.6 <sup>a/</sup>	10.0
<b>Total A.I.D. Assistance</b>	<b>21.6</b>	<b>21.3</b>	<b>20.9</b>	<b>23.7</b>

a/ Includes \$553,000 for population programs under Title X of the Foreign Assistance Act.

### U.S. AID OBJECTIVES

In addition to supporting the international relief effort, A.I.D. objectives in Nigeria during the immediate future are to: (1) strengthen Nigeria's capability to initiate its own short-term relief and rehabilitation efforts in the re-occupied area of Federal Nigeria, (2) support Nigeria's continuing economic development programs in those areas basically unaffected by the war, (3) assist in addressing national problems of reconstruction and economic recovery, and (4) renew a country-wide development effort with emphasis on those forces which can promote national unity and integration.

### PROBLEMS AND PROGRESS

Nigeria's economy, excluding the civil war zone (as of May 1, the "Biafra" enclave represented less than 2% of Nigeria's total territory), is performing remarkably well considering the stresses imposed upon it. In the vast proportion of the country controlled by the Federal Government, production has continued without serious interruption, and economic and financial crises have been averted. The external public debt has not risen; consumer prices have remained steady. This has been due largely to effective management of the economy and the ability of public officials to take those actions necessary to preserve stability.

The war, nevertheless, has had its economic cost. Country-wide exports in 1968 were about 25% below 1966 because of the fall in production of petroleum and palm products in the former Eastern Region. Foreign exchange reserves declined by about one-half to \$125 million over the same period, but are now being held at this level as the result of higher tariffs and other controls. Budgetary pressures, caused by declining revenue and increased expenditures for internal security, have necessitated sharp curbs on current expenditures and the introduction of new and higher direct taxes. At the same time, there has been an absolute decline in capital investment, a deterioration in infrastructure and an interruption of domestic trade.

The extent of physical damage and financial loss has not yet been fully assessed. Available information indicates that there has been significant damage to such facilities as the Niger River Bridge, many smaller bridges and roads, power facilities at Calabar and other eastern Nigerian cities, infrastructure at Port Harcourt, and various public buildings including some at the University of Nigeria at Nsukka. However, the Nigerians have begun an analysis of their requirements within the context of a new reconstruction and development plan which is estimated to require \$1.9 billion equivalent in total public investment, domestic and foreign, over the next 4-5 years.

As conditions permit, the former Eastern Region will have to be re-integrated into the national economy. A national reconstruction program to repair war-inflicted damage and deterioration will be required. Also needed will be a new country-wide development effort which strengthens forces of national cohesion while safeguarding the rights of all Nigerians. There will be demands on the Federal Government to provide financial support to the twelve states. The political and economic pressures which will confront the Government in the immediate period ahead will make the provision of adequate external assistance more critical than at any time since the country's independence.

Although the outcome of the present conflict is uncertain, Nigeria will remain important within Africa and to the United States. With a population of 46 million -- nearly one-fifth of the Continent -- Nigeria is one of the major economic centers in Black Africa. International economic interests are sizeable, including U.S. private investment of well over \$300 million. The Soviet Union and Nigeria have recently signed a technical and economic cooperation agreement which reflects the U.S.S.R.'s attempt to build on its favorable image resulting from its role as a major arms supplier to the Nigerian Government.

To help re-establish basic public services in the re-occupied areas of eastern Nigeria, as well as to strengthen Nigeria's own relief operations, A.I.D. is currently providing \$3 million in

Supporting Assistance to the Nigerian rehabilitation commission and the Nigerian Red Cross at the federal and state levels. This short-term rehabilitation assistance to Federal Nigeria includes the restoration of medical facilities, schools and markets; the re-building of key road sections; the distribution of simple farm tools and seeds to stimulate agricultural production; and the enlarging and upgrading of Nigerian staff personnel involved in relief and rehabilitation programs. Much of the actual rehabilitation work will be undertaken this year by communities and groups on a self-help basis.

A.I.D. is adapting its on-going Technical Assistance and Development Loan projects to the changing conditions of Federal Nigeria. This assistance is directed toward strengthening institutions and cohesive forces which will help to bind together all elements of Nigerian society. This continuing task applies as much to the situation within Federal Nigeria as it does between Federal Nigeria and "Biafra."

If Nigeria can achieve a durable political reconciliation, the prospects for economic development are good. Before the present disturbances erupted, the Nigerian economy was on the way toward self-sustaining growth with an average growth 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. An open economy was maintained and encouragement was given to foreign private investment.

Nigeria's highly diversified agriculture has an excellent capacity for greatly accelerated growth which, supported by constructive agricultural economic policies, would have an immediate impact on the employment, income and expenditures of Nigeria's broad base of small farmers.

Nigeria's petroleum production is once again on the rise and is expected to pass the pre-war level in 1969. Production has been estimated to surpass one million barrels per day by 1970-71 which would generate public revenues in excess of \$200 million annually, or an amount equal to about one-third the projected level of total Federal Government revenues. Given these resources, the country will, within some years after the end of the war, have the financial capacity to achieve significant economic development.

#### PROPOSED FY 1970 PROGRAM

The proposed FY 1970 A.I.D. program consists of \$11.2 million in Technical Assistance, \$2.5 million in a Development Loan, and \$10 million in Supporting Assistance for reconstruction/economic recovery.

As indicated above, Nigeria will require substantial external assistance for economic recovery in the period ahead. Other donors such as Canada, various European countries and the IBRD are already considering plans to assist Nigeria in meeting its recovery needs. It is understood that the United Kingdom has tentatively earmarked about \$10 million for this purpose in FY 1970 and that the IBRD has begun engineering work on certain key trunk roads. A.I.D.'s proposed Supporting Assistance for economic recovery will be used to assist the Nigerian Government in carrying out rehabilitation and reconstruction programs to help revive the economy's productive capacity.

Our regular economic assistance program will be extended to the war-torn areas of eastern Nigeria as this becomes possible. Priority will be given to restoration of those public services and programs disrupted by the war. Should this possibility arise during FY 1970, additional funds, beyond those requested, will be needed. Initial emphasis will be on agricultural production, university and secondary education, small industry and basic infrastructure.

A.I.D.'s country-wide efforts will be adapted to the changed circumstances. With the creation of twelve states in place of the four regions, leadership and coordination at the national level assumes a new importance. Equally important will be the need for effective cooperation between the various political structures and groups at the state level. A primary objective of U.S. assistance, therefore, will be to strengthen those forces of national unity and cohesion which support the political and economic development of the entire country.

#### Infrastructure Development.

A.I.D.'s Development Loan projects are proceeding satisfactorily in the inland parts of Federal Nigeria. Previously authorized projects in eastern Nigeria, which are vital to the restoration of agricultural production and commerce of the eastern area, will be resumed. The FY 1970 capital assistance program of \$2.5 million provides only for the on-going Ibadan water supply project. However, as the Nigerians renew their planning, other projects related to economic recovery will be considered. Technical Assistance funds will be provided, as necessary, to finance engineering surveys of facilities and equipment damaged or deteriorated by the war.

#### Agricultural Production.

About two-fifths of the FY 1970 Technical Assistance Program will be in the critical area of agriculture. Much of this will support the continuing development of essential agricultural institutions. However, increasing attention will be placed on production-oriented

programs directed at cash crops for export as well as some food crops for the domestic market. Emphasis generally will be placed on pricing, marketing and other agricultural policies as a means of increasing farmer income and growth of the rural economy.

To accomplish these objectives, A.I.D.'s assistance for agricultural education, research and extension will increasingly support specific production efforts. A.I.D. will provide agricultural economic planning assistance at the federal and state levels to ensure proper coordination of policies and programs, and assistance to crop marketing boards and credit institutions.

### Improved Skills and Educational Institutions.

A.I.D. will continue to address manpower training needs in the various sections of the country. Northern Nigeria, where the educational base is weakest and the needs most urgent, will receive highest priority. Over one-fifth of the A.I.D. Technical Assistance program is allocated to the education sector.

The FY 1970 program will emphasize development of closer ties among Nigerian universities, state ministries of education and teacher training colleges in terms of curriculum and course development, educational research, and teacher preparation and standards. Accordingly, our assistance will be shifted to newly created Institutes of Education in the universities to strengthen their capacity for leadership and service throughout the educational pyramid. A.I.D. will initiate assistance to the Federal Ministry of Education by helping it: (1) to undertake education planning and research on a national scale, (2) to provide basic educational services which cut across state lines, and (3) to coordinate general educational policy at the center.

Assistance will be provided to help re-open the University of Nigeria in eastern Nigeria. We will also provide assistance in vocational education in support of Nigerian programs for training demobilized military personnel.

### Other Programs

Small programs in other sectors account for about one-fifth of A.I.D. Technical Assistance in FY 1970. These programs are in: (1) public and business administration covering degree and in-service training at the University of Lagos and the Institute of Administration at Zaria, (2) industrial development including industry advisory services at the Federal Ministry of Commerce and Industries and technical services to small indigenous enterprises, (3) public health/population services in maternal-child health care, and (4) labor for the skills training of trade union personnel at national and local levels.

## INTERNATIONAL RELIEF EFFORT

<b>PROGRAM SUMMARY</b> (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Supporting Assistance . . .	-	-	17.9	10.0
Contingency Fund . . . . .	-	-	1.9*	-
<b>Total A.I.D. Assistance</b>	-	-	<b>19.8*</b>	<b>10.0</b>

\* In addition, \$1.5 million was used from World Wide Disaster Relief Funds bringing the total amount of A.I.D. funds used for this relief effort up to \$21.3 million.

### U.S. RELIEF OBJECTIVES

As long as the Nigerian civil war continues, a prime objective of A.I.D. is to provide the maximum possible assistance necessary for relief of civilian victims on both sides of the conflict. To avoid political or military involvement, it is the policy of the U.S. Government to channel our support for the international relief effort through the non-political International Committee of the Red Cross and through UNICEF and American Voluntary relief agencies, which operate on both sides of the conflict. In keeping with this policy, a Special Coordinator for U.S. relief assistance has been appointed with the responsibility of finding means to increase assistance to needy persons on both sides.

### DIMENSIONS OF THE RELIEF PROGRAM

The civil war in Nigeria has brought serious food shortages and health problems to the former Eastern Region -- which proclaimed itself the "Republic of Biafra" in May 1967 -- and to certain areas of the Mid-West State. The International Committee of the Red Cross (ICRC) reports that at least four million civilian war victims will need relief assistance of some kind.

Deprivation is most severe in the area of the Eastern Region under "Biafran" control, which has been reduced during the course of the war to a land-locked enclave about one-fourth the Region's original size and which, as of May 1, is less than 2% of Nigeria's total land area. Estimates of mortality rates by relief workers vary, but it is clear that in the summer of 1968 large numbers, including a high proportion of children, died of starvation. Although the distribution to some two million people of foods flown in by international relief agencies later reduced this disastrous death rate, substantial imports of carbohydrates as well as protein food will have to be maintained to sustain even a marginal nutritional level throughout the coming spring and summer months -- the traditional West African "hungry season" even in normal times.

In sections of the Mid-West State that were the scene of battle early in the war and in the areas of the former Eastern Region now controlled by the Nigerian Government, food and medicines are being distributed by international voluntary agencies to some one million people. Last summer, the death rate by starvation in these areas was comparable to that prevailing in the area under "Biafran" control. Because food could be moved in by surface transportation, it was possible for the relief program to restore more quickly a minimum nutritional level to the one million persons on the Federal side. This was done despite logistic problems encountered in maintaining longer internal supply lines to the areas peripheral to the "Biafran"-controlled area. The numbers of people in great need have fluctuated as the front lines have moved with the course of the war, but recent months have seen a gradual increase in those returning to areas under Federal control. However, there are many thousands of people still in the bush between and behind the lines. As these people return to Federal areas or otherwise become accessible for assistance (if the present political constraints on the capacity of the airlift can be removed or if there is a cessation of hostilities) at least four to five million people will require assistance.

#### ASSISTANCE TO THE INTERNATIONAL RELIEF EFFORTS

Total U.S. Assistance. First authorized in the fall of 1967, U.S. relief assistance, including P.L. 480, will be about \$52 million in FY 1969. As of April 15, 1969 A.I.D.'s share exceeded \$14 million and will reach over \$21 million by June 30, 1969.

1. U.S. Assistance to the ICRC. Beginning in May 1968 with a contribution of \$100,000, a total of \$12.5 million has been donated to the ICRC, the only private international agency servicing both "Biafran" and Nigerian relief needs. By the end of FY 1969, A.I.D. will have provided about \$18.5 million to the ICRC to cover, among the other items, charges for air and coastal transport, purchases of medicine and local foods, and salaries of relief personnel.

2. U.S. Assistance to U.S. Voluntary Agencies. As of April 1969, U.S. voluntary organizations have donated food and other supplies valued at over \$8 million. A.I.D. has set aside \$1.9 million for reimbursement to these organizations for the expense of overseas freight as well as for partial payment of the cost of the voluntary agencies' airlift. To help expand the airlift from Sao Tome, Fernando Po and Dahomey, the U.S. Government sold at a nominal price eight C-97 cargo planes -- four each to the ICRC and the Joint Church Aid/USA.

3. P.L. 480 Food. As of April 15, 1969, 162,000 metric tons of P.L. 480 foods (rice, bulgur, rolled oats, wheat, and other cereals, beans, dry milk and a high protein corn-soy-milk blended

food product), valued at \$31 million including shipping costs, had been approved for distribution throughout all affected areas by voluntary relief agencies such as the Catholic Relief Services, the Church World Service, UNICEF, and the World Food Program.

Other Contributions. As of February 1969, other nations have contributed approximately \$73 million to these relief efforts, and various international organizations, such as UNICEF, have contributed an additional \$6 million. The Rehabilitation Commission of the Nigerian Government is spending \$2.1 million for relief during FY 1969.

Progress. Despite great difficulties, the ICRC and the private voluntary agencies, with the help of A.I.D., are distributing increasing quantities of food (up to 10,000 tons monthly) to about three million people on both sides of the conflict. The incidence of starvation and disease has been substantially reduced. A potential outbreak of measles has been averted by rapid implementation of an immunization campaign. People on both sides have also been immunized against smallpox.

PROPOSED FY 1970 RELIEF PROGRAM

U.S. relief assistance will continue in FY 1970 for as long as needed. Although it is not possible to determine the exact level of funds that may be required, it is expected that as much as \$10 million of Supporting Assistance for relief efforts may be necessary in addition to \$10 million of Supporting Assistance in the "Economic Development Program" for reconstruction/economic recovery. It is expected that such relief will continue to be channeled through the ICRC and U.S. Voluntary agencies. Additional P.L. 480 foods will be provided as needed.

CONGO (KINSHASA)

<b>PROGRAM SUMMARY</b>				
<b>(In millions of dollars)</b>				
	<b>FY 1967</b> Actual	<b>FY 1968</b> Actual	<b>FY 1969</b> Estimated	<b>FY 1970</b> Proposed
Development Loans . . . . .	2.5	-	-	9.0
Technical Assistance . . .	0.6	0.7	1.2	2.0
Supporting Assistance . . .	17.2	15.3	5.0	-
<b>Total A.I.D. Assistance</b>	<b>20.3</b>	<b>16.1</b>	<b>6.2</b>	<b>11.0</b>

U.S. AID OBJECTIVES

Beginning in FY 1970, the A.I.D. program in the Congo (Kinshasa) will be adjusted and redirected, in concert with other donors,

toward economic development objectives. Previous A.I.D. assistance has been of a short-term stability-oriented nature, but because the Congo has attained comparative stability and some measure of national unification under a government generally able to maintain internal security, the A.I.D. program in FY 1970 will change, making the Congo one of the development-emphasis countries in A.I.D.'s Africa program. Over the next few years A.I.D. will help re-establish a productive agricultural sector with priority on rehabilitating the transport infrastructure needed for agricultural development.

### PROBLEMS AND PROGRESS

Since assuming power in 1965, the Mobutu Government has brought about significant improvements in the Congo. The rebellions and internal disorder have receded and a minimal governmental administrative system has been extended over much of the country.

In cooperation with the International Monetary Fund (IMF) and with U.S. assistance, the Government undertook a broadly based monetary reform and economic stabilization program in June 1967. In spite of the short-lived revolt of mercenary troops shortly afterward and some problems with expenditure controls, the reform to date has exceeded earlier expectations in halting inflation in the latter part of 1968 and in increasing exports.

In 1968 mineral production grew by 10% and for the second year in a row agricultural exports increased by 15%. In the year following the monetary reform foreign exchange reserves have increased from a two-week to a three-month supply. Due to the reforms, central government revenues have doubled since 1966.

It is recognized that the huge size of the country, the ethnic diversity and the long standing difficulties of the Congolese Army and police forces could again lead to a breakdown in internal security and a new round of disorders and economic chaos. However, the prospects for political stability are better and more promising than at any time since independence. This relative stability and the positive effects of the monetary reform have combined to move the Congolese economy in a relatively short time from grave crisis nearer to the threshold of economic development.

The country has abundant and diverse resources which, if exploited in a rational manner, could bring the Congo rapidly back to the pre-independence growth level. The economy has shown signs of unusual resilience owing to these resources and to the strength of its private sector. Assuming continued stability, prospects for considerable private investments in manufacturing, mining and large scale agriculture are favorable.

Although the prolonged internal conflict caused considerable deterioration of basic transportation systems and the abandonment

of a number of productive agricultural enterprises, some recovery in agricultural output has already taken place. However, if the relatively spontaneous agricultural revival which has been apparent over the past year is to become more than a temporary phenomenon, the transport bottlenecks, hampering both the marketing of crops and the movement of consumer goods to the rural areas, must be overcome.

The Government has taken the position that rehabilitation of agriculture and the transport infrastructure should receive priority over other investments during the next few years. The IBRD has also identified rehabilitation of the transport infrastructure as a priority.

#### FY 1970 PROGRAM

Since 1960, U.S. assistance has consisted largely of Supporting Assistance--both grants and loans--for essential commodity imports. The nature and magnitude of this assistance has been largely dictated by the continuing problems with internal security and political stability, fiscal and monetary chaos and the absence of even the minimal manpower necessary to maintain the administrative structure. As a result of its steady progress in overcoming these problems, the Congo now seems ready to embark on a more development-oriented program and has become one of the development emphasis countries in A.I.D.'s Africa program.

The proposed FY 1970 A.I.D. program totals \$11 million--\$9 million for Development Loans and \$2 million for Technical Assistance. This compares with a FY 1968 program of \$16.1 million of which \$15.3 million was Supporting Assistance and a FY 1969 program of \$6.2 million of which \$5 million is Supporting Assistance. In FY 1970, A.I.D. also proposes to provide \$500,000 for the U.N. Special Program for the Congo. P.L. 480 sales of \$10.4 million are planned as well as donations of \$2.2 million.

U.S. resources are provided in conjunction with other donors, mainly the IMF, the European Economic Community (EEC), Belgium and France. In FY 1970, IBRD-financed programs will get under way. While the United States in the past has provided roughly half of all Free World assistance to the Congo, the U.S. share (including P.L. 480) is expected to decline in 1970 to about a third as other donors increase their aid. The IERD may eventually become an important advisor in developmental planning and a leader of assistance donors to the Congo.

Public investment averaged \$100 million annually in the decade prior to independence in 1960, but given current institutional and manpower deficiencies there is doubt that the Congo can use much more than \$75 million annually for the next several years despite the fact that the bulk of capital assistance will go toward reconstructing and renovating the infrastructure. Of this \$75 million

we would expect the Congo to provide, on a yearly basis, up to \$25 million; the IBRD, \$5 to \$10 million; and the EEC, \$15 million. Belgium and France are unlikely to provide any significant capital assistance because of the considerable technical assistance programs which they are currently financing.

While the United States does not seek to fill the remaining investment gap of \$25 million, a Development Loan level of \$9 million in FY 1970, together with a P.L. 480 sales program of \$10.4 million, can make a significant contribution toward Congolese development while at the same time maintaining our position as a primary catalytic agent for other donor activity.

A.I.D. Development Loans will be limited initially to transportation and agriculture. This decision has been arrived at after close consultation with the World Bank. The primary tasks are to reconstitute transport to the pre-independence level of operations and to bring back into the cash economy the large numbers of experienced farmers that existed in 1959. This should be accomplished before any newer, longer range programs can be seriously considered. During the three-to-five year time frame required to achieve pre-independence levels of economic activity, the planning and management problems of the Congo will be addressed so that by the mid-1970's the nation can embark upon more comprehensive development programs which will not necessarily need concessional U.S. assistance.

### Transportation

FY 1970 Development Loans totaling \$9 million will be directed toward transportation requirements, especially those transport links which are needed to move agricultural production. Of the \$9 million, a \$5 million transportation sector loan for road, rail and inland waterway equipment will be directly related to IBRD programs in this area. The balance of \$4 million will be used for projects which will include major road links and a comprehensive survey of transport development needs for the Northeast Congo, the scene of the major rebellions in 1963 and 1964. Congolese-owned counterpart funds will be used to meet the local costs of these projects.

Technical Assistance funds totaling \$350,000 will be needed in FY 1970 for further transportation feasibility studies.

### Agriculture

With one important exception, A.I.D. agriculture efforts will support other donor activities being undertaken by the Nationalist Chinese, the EEC, the U.N. Development Program and the World Bank. Congolese-owned but jointly managed counterpart funds will be the main instrument of assistance.

The single major A.I.D. bilateral activity in agriculture is in the area of agricultural credit and will require \$180,000 in Technical Assistance for the first year of the project. The International Voluntary Service, under a contract with A.I.D., will supervise the field program which will use counterpart funds for loans to farmers. These loans will be primarily directed toward increasing food production for local market sale.

### Training, Administration, and Internal Security

One of the main problems facing the Congo has been the absence of even the minimal manpower necessary to maintain the administrative structure. In FY 1970, A.I.D. Technical Assistance of \$2.0 million will emphasize training of Congolese manpower. In this regard, A.I.D. will continue to provide graduate training in the United States for Congolese students in education, economics, and agriculture.

President Mobutu has established a national police force and instituted a policy to make the police more responsive to the local population. Police schools in areas of former rebel control have been reopened and new recruits are being trained. A.I.D.'s FY 1970 Technical Assistance program continues the services of six technicians and provides for training of 33 senior police officials in the United States.

The U.N. Funds-in-Trust Program, the Belgians and, to a lesser extent the French, are supplying most of technical advisors and operational experts needed to keep the Congo functioning while its manpower is developing. In FY 1970, the United States expects, through the Multilateral Organizations category, to contribute \$500,000 to the U.N. program which, while reduced in size, will supply over 100 technicians in public works, public administration, health services and telecommunications. This smaller contribution reflects the gradual phase-out of the U.N. program. 1971 is expected to be its final year.

## GHANA

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans . . . . .	23.5	17.5	1.6a/	15.0
Technical Assistance . . .	2.1	1.8	1.7	2.5
Supporting Assistance . . .	-	-	0.2b/	-
<b>Total A.I.D. Assistance</b>	<b>25.6</b>	<b>19.3</b>	<b>3.5</b>	<b>17.5</b>

a/ Not new assistance. Represents only capitalization of interest on prior year loan.

b/ Represents \$192,000 for population programs under Title X of the Foreign Assistance Act.

### U.S. AID OBJECTIVES

A.I.D. is assisting Ghana to recover from the economic disorder inherited from the Nkrumah regime and to embark on a rational and effective development program. Achievement of these objectives will help Ghana make the transition from the current military regime to a civilian government responsive to the desires of a population participating in political, economic and social development.

A.I.D. provides major assistance to Ghana in concert with other donors within the framework of a group led by the International Monetary Fund (IMF). Ghana's self-help efforts combined with this assistance should permit the completion of the current stabilization program and the start of a full-scale economic development plan by mid-1970.

### PROBLEMS AND PROGRESS

When the National Liberation Council, a military group, took over in February 1966, the economy was in shambles.

- Per capita Gross National Product (in constant prices) had remained relatively stagnant since 1962.

- Foreign exchange reserves had been dissipated.

- External debt, largely incurred for unrealistic economic projects and prestige structures, had reached a staggering \$730 million, and default on short-and medium-term loans was imminent.

- Large chronic budgetary deficits continued.

- Inflation was accelerating.

- Many of the 55 state-owned industrial enterprises and 100-odd state farms were economically unsound and inefficiently run.

The National Liberation Council sought to solve the economic crisis while preparing for a return to constitutional civilian rule within the shortest feasible time. It turned to the IMF for assistance in achieving economic stabilization. Foreign donors agreed to provide capital assistance and cooperate in rescheduling medium-term debt.

To date, Ghana has successfully met the objectives of the IMF stabilization program through impressive self discipline, coupled with economic assistance. Ghana and her creditors agreed to terms for medium-term debt rescheduling of about \$170 million in 1966 and \$134 million in 1968. Ghana has used substantial IMF drawings and received concessional loans from seven multilateral and bilateral donors.

Additional measures undertaken to correct the balance of payments problem were a 30% devaluation in July 1967 and reductions of all non-essential imports. On the domestic front, the government limited the growth of recurrent expenditures, restrained credit, closed the most inefficient state farms and started to shift state enterprises to private ownership. As a result, Ghana has managed to balance its recurrent budget and achieve price stability.

While implementing the stabilization plan, the government has also been planning for future development. With the advice of a Harvard Development Advisory Service group, an interim two-year development plan was drawn up and work begun on a much more ambitious four-year plan within the framework of long-range sector studies. During this same period, the National Liberation Council is planning to re-establish constitutional government in late 1969 or early 1970, restoring civilian administration and decentralizing many functions formerly performed by the central government.

Despite the progress of the past three years, substantial economic problems remain. The economy has the potential to recover the growth pattern evidenced in the early 1960's. But debt servicing, difficulties in diversifying exports, payments for services and imports of commodities essential for expanding productive capacity are expected to result in continuing annual balance of payments deficits which, without foreign assistance, would amount to \$125-150 million through the mid-1970s.

The stabilization effort has led to heavy unemployment and continued economic stagnation. The prolonged austerity associated with the stabilization effort and the approaching return to civilian rule have produced increasing social and political ferment. From 1962 to 1967 per capita income, while among the highest in sub-Saharan Africa, remained constant or declined. But in 1968 per capita income increased by 1.1%, reversing the previous trend.

To meet these problems, Ghana's two-year interim plan (mid-1968 to mid-1970) accords highest priority to promoting agriculture as a

potential source of additional exports, food and industrial raw materials, and as a means of reducing the disparities of income, increasing employment, and slowing down migration to the towns. The plan also calls for improved use of existing industrial capacity. This includes stimulating small and medium-size industrial activities.

#### FY 1970 PROGRAM

The proposed A.I.D. program for FY 1970 amounts to \$17.5 million -- a \$15 million Development Loan for industrial and agricultural imports from the United States and \$2.5 million in Technical Assistance. A P.L. 480 program of \$20.8 million in FY 1970 is also planned, including \$800,000 in donations for voluntary agency programs and \$20.0 million in Title I sales for cotton, cotton yarn and foodstuffs.

Capital assistance from other donors in 1970 may total \$50 million, including a drawing from the IMF and concessional commodity loans and project financing from various European countries and Canada. More than a dozen other countries, the United Nations and the Ford Foundation provide technical assistance to Ghana. As Ghana moves beyond the stabilization period to programs of greater development content, the IBRD is expected to begin assuming the aid donor coordination role which has been filled since 1966 by IMF.

A.I.D. loans and P.L. 480 credit sales will continue to be conditioned on Ghana's adherence to the IMF guidelines for the stabilization program. These measures includes limiting budgetary expenditures to amounts which can be financed from domestic receipts and external grants or concessional loans, rationalizing the tax system to increase revenues and encourage domestic savings and investment, restricting credit expansion to amounts consistent with economic stability, progressively eliminating import and exchange restrictions and limiting external borrowing to amounts consistent with debt-servicing capacity.

#### Agriculture

Agriculture, by far the most important economic sector in Ghana, accounts for almost one-half of the country's GNP and the bulk of export earnings. With A.I.D.'s assistance, Ghana is diversifying agriculture to reduce dependence on food imports and cocoa exports which account for 60% of export earnings and make Ghana's economy highly vulnerable to world price fluctuations. The country has set a goal of 5% average annual increase in agricultural production. Using the A.I.D. commodity import program in working towards this goal, Ghana has placed under open general import licenses the inputs needed to increase agricultural production. As part of the P.L. 480 sales agreements, Ghana agreed to a number of self-help

measures, including an evaluation and adjustment of price support measures needed to stimulate private production. Price supports for rice and corn were established, and the government now subsidizes fertilizers. Half the local currencies generated under the P.L. 480 agreement will be spent for activities related to agricultural production such as support of vocational agricultural schools, feeder roads and the Agricultural Development Bank.

Proposed FY 1970 Technical Assistance funds totaling \$1 million for this sector continue the present emphasis on agriculture and provide for new studies relating to increasing agricultural production. Programs include advisory assistance to the project planning unit of the Ministry of Agriculture in order to obtain substantial increases in overall production by making sure that essential inputs such as improved seed, fertilizer and pesticides are available when they are needed. Advisors also work with the extension service in six pilot districts to demonstrate the most productive use of agricultural inputs. A.I.D. provides experts who teach and develop the curriculum at the vocational agriculture schools.

Other assistance includes partial costs of an advisor for the Agricultural Development Bank, professors for the Faculty of Agriculture at the University of Ghana and key advisors for the Development Coordination Unit in the Ministry of Agriculture. Beginning in FY 1970, advisors will work with the Ministry of Agriculture to eliminate key bottlenecks in production-support programs and agricultural statistics.

An agriculture sector study financed under a previous \$2 million A.I.D. loan is currently being carried out. This study will provide the basis for a long-range plan for agricultural development.

### Industry

Ghana's industrial objective, supported by A.I.D. and the IMF, is to give a greater role to private enterprise and to revive production by permitting necessary imports of raw materials, spare parts and equipment. A.I.D. is assisting the revitalization of the private sector by providing investment guaranties and local currency Cooley loans to American investors and by furnishing advisory services to the Development Services Institute of the National Investment Bank (NIB). A.I.D. helps train staff members to provide independent financial and economic analyses and management consultation for the bank and outside clients.

A United Nations Development Program project finances experts to improve the management of the state enterprises. Certain state-owned farms have already been sold to private investors. The State Enterprise Board and the NIB are continuing to evaluate the remaining state-owned enterprises in terms of their economic soundness and potential for sale to private investors or operation as joint ventures.

## Infrastructure

A.I.D.-financed sector studies are helping Ghana establish policies and investment priorities in several important sectors of the economy. A transportation sector study will focus upon support to the productive sectors of the economy and West African integration. Other studies include water resources and telecommunications.

Starting in FY 1970, A.I.D. proposes to finance advisors to strengthen Ghanaian government capabilities for planning and implementing projects recommended by the sector studies. In selected cases, A.I.D. will finance feasibility studies of high priority projects. A.I.D. will also finance graduate training of Ghanaian personnel assigned to the planning units of the operating Ministries.

## MOROCCO

<b>PROGRAM SUMMARY</b> (In millions of dollars)				
	<b>FY 1967</b> Actual	<b>FY 1968</b> Actual	<b>FY 1969</b> Estimated	<b>FY 1970</b> Proposed
Development Loans . . . . .	2.9	13.0	8.0	13.0
Technical Assistance . . . . .	1.0	1.9	1.3	1.7
Supporting Assistance . . . . .	-	-	0.2 a/	-
<b>Total A.I.D. Assistance</b>	<b>3.9</b>	<b>14.9</b>	<b>9.5</b>	<b>14.7</b>

a/ Represents \$175,000 for population programs under Title X of the Foreign Assistance Act.

## U.S. AID OBJECTIVES

The objective of the FY 1970 A.I.D. program is the successful achievement by Morocco of its 1968-72 Development Plan goals. The A.I.D. program will assist Morocco to modernize its agriculture sector and expand its industry and tourism -- all with emphasis on private investment, developing manpower resources, and broadening participation by the Moroccan people in development.

## PROBLEMS AND PROGRESS

The Moroccan Development Plan adopted in early 1968 represents an important step forward. Significant reforms have already increased the effectiveness of coordination, control and implementation of development investment. Economic growth during the past year was encouraging. With the end of the 1965-1967 drought, cereals production reached a record level in 1968 and substantially

reduced food imports. The general rise of commercial activity, however, has been less than might have been expected from the good harvest. In real terms, GNP rose by 8.4% in 1967, as contrasted with 1966 when it declined by 1.8%. A rise of 12% is estimated for 1968.

The easing of credit and acceleration of investment expenditure resulted in a 26% increase in total fixed investment from 1966 to 1967, in real terms, compared to only an 8% rise from 1965 to 1966. Domestic savings increased from the depressed level of 8% of GNP in 1966 to about 11% in 1967 and 14% in 1968. At the same time, foreign private investments are responding to government encouragement, the stimulation of A.I.D.'s agro-industry survey program, and growing awareness of investment opportunities in Morocco. Foreign private investment increased almost twofold in 1967 to \$12 million and is expected to increase even more in 1968.

Despite demands on budgetary resources, the Government maintained strict control over the budget. As a consequence, deficits were considerably reduced in 1965 and 1966, and the operating budget showed a surplus of approximately \$80 million in 1967.

The loss in foreign exchange reserves in 1967 totaled \$11 million; but private capital outflow, a major factor in earlier balance of payments deficits, appears to have greatly diminished. The 1967 deficit primarily reflects the impact of accelerated growth. Whereas in the early 1960's Morocco had sufficient reserves to meet recurrent deficits, the drawdown necessitated by the 1967 deficit reduced foreign exchange reserves to a two months' imports level. By the end of 1968, reserves had risen slightly to \$85 million, still only about two months' imports requirements.

Despite the encouraging record achieved during the past year, Morocco continues to face formidable obstacles to achievement of Five-Year Plan goals and long-run development aspirations. The most serious problem is the low level and the slow rate of increase in agriculture production. While the prospects for increasing output in this semi-arid country are fairly good, growth is being inhibited by: (a) the scarcity of capital for concurrent investment in dry-land and irrigated farming; (b) insufficient utilization of improved farming practices; (c) inadequate production credit and marketing systems; (d) the shortage of skilled manpower; and (e) the weak organization of the Agriculture Ministry and Extension Service. Planned private and public investment goals of about \$460 million annually will be achieved even with increased domestic savings only if inflow of capital assistance for foreign exchange and local currency financing is increased.

The lack of trained manpower inhibits 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. Extensive rural unemployment and underemployment increased by the recent droughts has resulted in a continual influx to the cities. Urban population is rising at an estimated rate of 5% annually. Government efforts are largely directed to relieving unemployment through the Food for Work Program and stemming the rural exodus towards the cities. The Government has also undertaken a family planning program to reduce the 3.2% annual population growth rate, but political sensitivities require that officials proceed with tact and caution.

### FY 1970 PROGRAM

As a member of the IBRD-led Consultative Group, the United States expects to continue to be a major donor to Morocco, supplying about 38% of total concessional assistance. Total non-U.S. assistance to Morocco is projected at \$93 million for 1970. The IBRD is expected to be the major source of this financing with Germany, Belgium, Italy and France also providing substantial amounts.

The proposed FY 1970 A.I.D. program for Morocco of \$14.7 million includes \$1.7 million in Technical Assistance and \$13 million in Development Loans. (A.I.D. also plans an FY 1970 Development Loan for a multidonor project with the IBRD for the development of the Sebou Basin in Morocco; funding is included under the Regional and Multidonor program.) In addition, \$38.6 million of P.L. 480 assistance is planned. Of this amount, Title I sales are expected to reach \$22.6 million depending on the carryover of stocks from the previous bumper crop and the extent of the 1969 harvest. Preliminary indications are that the 1969 wheat harvest will be less than in 1968, chiefly because of unfavorable rainfall patterns and problems of crop diseases.

### Agriculture

The agriculture program accounts for slightly over \$ 1 million of A.I.D.'s \$1.7 million FY 1970 Technical Assistance program for Morocco. In rainfed farming, 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 pricing, storage and marketing studies initiated during the past year. In the livestock field, A.I.D. will concentrate on animal health improvement activities.

A.I.D. will continue to train agricultural specialists. In the past, the United States has provided specialized training related directly to A.I.D. projects, but general assistance in agricultural education was not undertaken because so few French-speaking American technicians were available to work within Morocco's agricultural education system. A.I.D. will, however, finance the University of Minnesota to work jointly with the University of Louvain, Belgium, to assist research programs in specialized fields at the Agronomic Institute, where agricultural engineers are trained.

A third sector loan will be provided, following on those of FY 1968 and FY 1969, for supplies required to increase agricultural output. These loans finance importation of such commodities as seeds, farm equipment, fertilizer, and chemicals for the rainfed agriculture sector.

### Family Planning and Manpower Resources

Beginning in FY 1969, A.I.D. is supporting a family planning program aimed at helping the Moroccans achieve a 10% reduction in new births by the end of the current Five-Year Plan (1968-72) in order to bring the present 3.2% growth rate more in line with the country's resource base.

The family planning program has the full endorsement and backing of the Moroccan Government and is an integral part of the Moroccan Five-Year Plan. A.I.D.'s contribution, costing \$159,000 in FY 1970, will consist of technical services, commodities, participant training, equipment and other expenses. Part of this support will be through U.S.-owned local currency derived from P.L. 480 Title I programs.

A.I.D.-supported participant training programs are aimed at developing skills in agriculture, industry, engineering, and management at a cost of \$295,000 in FY 1970. A.I.D.-financed agricultural planning specialists will assist the Ministry of Agriculture in implementing the Plan and coordinating annual economic budgets. Need for special advisors for the Ministry of Finance, as well as farm management experts and specialists to assist the Ministry of Agriculture, is being discussed with the Government. Costs of these specialists will be financed by the Government with A.I.D. supplementing local salary payments as required to obtain top quality American experts.

### 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. Four 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, low-cost housing, and expansion of a Moroccan shipping line that operates ships small enough to call at Morocco's smaller coastal ports. 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 will benefit from a \$1.5 million Cooley Loan to be issued in late FY 1969.

In FY 1969 and 1970, A.I.D. expects to make Development Loans to the National Economic Development Bank to finance dollar costs of projects that build the necessary supporting infrastructure for industrial development.

#### 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. In FY 1968, A.I.D. contracted with the International Voluntary Service to furnish two agricultural engineers and an economist to assist the Government in selecting and planning projects using PN labor. The purpose of this activity, which will require \$145,000 in FY 1970, is to improve the construction of small dams, roads, etc., and also to select projects that will make the greatest economic contribution, e.g., creation of permanent infrastructure and long-term revenue-producing improvements.

## TUNISIA

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans . . . . .	23.9	10.8	6.7	9.0
Technical Assistance . . .	2.4	2.7	2.0	2.0
Supporting Assistance . . .	-	-	0.2 <sup>a/</sup>	-
<b>Total A.I.D. Assistance</b>	<b>26.3</b>	<b>13.5</b>	<b>8.9</b>	<b>11.0</b>

a/ Represents \$228,000 for population programs under Title X of the Foreign Assistance Act.

### U.S. AID OBJECTIVES

A.I.D.'s objective is to join in supporting Tunisia's economic and social development program (designed to achieve an annual Gross Domestic Product (GDP) growth rate of 6%), and to help Tunisia overcome its serious balance of payments problem (a major constraint on economic expansion). A.I.D.'s 1970 program, coordinated within the World Bank's 16-member Consultative Group, assists Tunisia's substantial efforts to: (1) modernize and expand agriculture; (2) broaden the industrial base; (3) accelerate the development of institutions and training essential to growth; (4) promote tourism, and (5) finance imports of U.S. commodities vital to Tunisia's development.

### PROBLEMS AND PROGRESS

Since independence in 1956, Tunisia has attempted to correct imbalances of trade and production stemming from over 75 years of economic orientation towards France. 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 levels with severe unemployment and underemployment.

Agricultural exports to France at preferential prices accounted for a modest growth which scarcely kept up with population expansion. Until 1953, budget deficiencies were financed by France through capital investment which largely offset the foreign exchange cost of imports from France. Tunisia's efforts to restructure and modernize the economy have resulted in impressive growth rates averaging over 5% annually from 1962 until the severe 1966/67 droughts sharply reduced agricultural output. In 1968, benefitting from adequate rainfall and better technology, agricultural production spurted 15% over 1967 and, with advances in other sectors, the GNP increased 7.4% in real terms over 1967.

As a result of reductions in imports and increased foreign exchange earnings, net reserves appear to have increased in 1968 and are expected to rise still further in 1969. Under the 1969-1972 development plan, balance of payments pressures are expected to ease still further. The deficit on goods and services which averaged \$150 million annually during 1965-67 was reduced by over 20% in 1968. For 1969, the Economic Budget foresees a rate of growth in real terms of 7.6% and maintenance of the present level of deficit on goods and services despite higher levels of imports. Increased foreign exchange earnings from tourism and exports of petroleum, fruits, vegetables, and phosphates will be complemented by higher domestic production of foodgrains--the product of improved seed, better farming practices and irrigation programs--thus diminishing dependence on food imports.

As a result of Tunisia's favorable performance, considerable foreign aid resources are being provided by other donors. Tunisia has already demonstrated its capacity and determination to use U.S. and other donors' aid effectively. Tunisia 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, with the 1968 budget presented in the new form. 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 expected to be a doubling of the volume of Government savings available for investment.

Tunisia has carried out two development plans under International Monetary Fund (IMF) and IBRD guidance resulting in an average annual increase of about 4% in GNP. Strict stabilization measures were enforced in 1967 and 1968 to reverse a downward trend in foreign exchange reserves and to dampen the expansion of domestic credit. As a consequence, net bank credit to the government increased by only \$1.9 million in 1968 and prices remained relatively stable throughout the year.

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. However, the period of most rapid growth in debt payment now appears to have passed. To minimize the growth of debt servicing requirements, new private supplier credits--particularly short and medium-term loans on which interest and principal payments make up 70% of total debt service charges--were restricted in 1967 and 1968.

Despite increases in tax rates in 1966 and 1968, the failure of the government tax revenues to increase substantially is one of

the main fiscal problems facing Tunisia. To correct it, the government is planning an overall tax reform.

The Consultative Group for 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. Although the Consultative Group is not a pledging forum, the share of other donors has increased as a result of U.S. efforts.

#### FY 1970 PROGRAM

The proposed FY 1970 program of \$11 million includes \$9 million in Development Loans and \$2 million in Technical Assistance. An additional \$27.2 million in P.L. 480 assistance is planned--\$14 million under Title I sales and \$13.2 million under Title II donations. Of the Development Loan assistance, \$5 million is for a commercial commodity import loan which will include commodities for agriculture and industry (including tourism). As in previous years, this loan will be conditioned on Tunisia's performance in specific self-help efforts. The other \$4 million Development Loan is for groundwater development projects.

Other major donor assistance, totaling about \$50 million in 1968, is focused on agriculture, tourism, infrastructure, education and balance of payments assistance. France is providing project assistance and over 3,500 teachers and technicians in the fields of agriculture, health and education. Canada, Germany, Italy, 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.

#### Agriculture

The agriculture sector provides almost one-fifth of the value added to the Tunisian gross domestic product as well as a substantial part of employment and almost one-third of exports.

U.S. Technical Assistance in this sector continues at about \$500,000, and about \$5 million of Development Loan funds will assist the agricultural sector.

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 Mexican wheat production program--supported by advisory services and commodities such as seed, fertilizer, and insecticides under the production loan--is expected to increase production of wheat by 60-70% during the next five years 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.

#### Management Training and Surveys

The FY 1970 Technical Assistance program provides about \$360,000 for essential participant training, management 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 44 participants in agriculture, industry, mining, transportation, labor, education, public administration, communications, and tourism.

#### Family Planning and Nutrition

The rate of national population increase has been over 2.5% annually, putting a severe burden on efforts to increase per capita food production. In the last four 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 1970, A.I.D. plans to provide \$300,000 in Technical Assistance 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. In FY 1969 activities related to improvement of nutrition--developing a protein wheat food product, establishing a nutrition bureau, and setting up nutritional standards--were combined in the food fortification and nutrition project. In FY 1970, A.I.D. plans limited Technical Assistance for technicians and commodities to support efforts in this area.

## ETHIOPIA

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans . . . . .	5.8	1.0	13.0	6.0
Technical Assistance . . .	7.8	5.6	4.0	4.9
Supporting Assistance . . .	-	0.3	-	-
<b>Total A.I.D. Assistance</b>	<b>13.6</b>	<b>6.9</b>	<b>17.0</b>	<b>10.9</b>

### U.S. AID OBJECTIVES

The major A.I.D. program objectives are to assist Ethiopia to mobilize its own resources and to expand the monetary economy by: (a) increasing commercial agricultural and industrial production; (b) developing manpower training and education; and (c) improving organizational and administration skills. By helping Ethiopian economic efforts, A.I.D. seeks to promote economic and political development, and thereby safeguard important U.S. strategic interest.

### PROBLEMS AND PROGRESS

Preliminary estimates of 1968 GNP indicate that Ethiopia maintained its 4.5% growth rate of the last few years. Export earnings show signs of recovery after a 2-year decline due to the world market drop in coffee prices and the closure of the Suez Canal. This fluctuation in export earnings indicates the continued fragility of an economy based mainly on a single export commodity. Although foreign exchange reserves have remained adequate, the increasing debt service obligations and continuing trade deficit pose considerable problems for the future.

Ethiopia's most serious needs are to mobilize internal resources, maximize their use in development sectors, and increase the country's ability to utilize external capital. The difficulties in so doing stem from several factors:

- Limited total domestic revenues. The lack of domestic revenues is becoming a serious constraint even in meeting recurrent expenditures. The basic tax structure, as well as its administration, is inadequate to meet increasing requirements. Even more serious is the low revenue base of \$66 per capita GNP.
- Lack of full commitment to a well defined economic development program. The major concern in Ethiopia is internal and external security, and the security forces have first claim on resources.

--Shortage of trained manpower. The 8.5 million-man labor force has only an estimated 200,000 persons in the professional, administrative, skilled and semi-skilled categories. Of these there are only an estimated 4,000 college graduates and 20,000 secondary school graduates.

--Inadequate organizational and administrative arrangements for mounting a major development effort.

The new Five-Year Plan emphasizes development of agriculture and infrastructure. New and far more extensive efforts are proposed to incorporate selected rural subsistence areas into the monetary economy through a concentration of resources on agricultural and related inputs. The Ethiopian FY 1969 budget also makes a greater commitment to development. Although still far too low, the budgeted amounts for the Ministry of Agriculture increased 25%, the capital budget for education by 20%, and for infrastructure by 18%. These figures may be compared with a total budget increase of 12%. However, based on past experience, both the Plan and the new budget are probably unduly optimistic about the availability of increased domestic revenues and external assistance.

#### FY 1970 PROGRAM

The proposed FY 1970 A.I.D. program totals \$10.9 million--\$4.9 million in Technical Assistance and \$6 million in Development Loans. In addition, P.L. 480 assistance of \$1 million is planned for Title II Food-for-Work and Voluntary Agency food programs. The A.I.D. program will continue the transition from concentration on institution-building and infrastructure construction to emphasis on revenue-producing activities. A.I.D. funds will be increasingly used to (1) expand agricultural and industrial output, (2) re-direct educational training to meet manpower needs, and (3) establish more effective revenue and fiscal management systems. We will also provide additional loan assistance to continue a malaria eradication program.

Agriculture and Industry. Approximately \$3.5 million of FY 1970 Development Loan funds and one-third of the Technical Assistance will support agricultural and industrial development. Assistance in agriculture will focus on a "rural package" project which is being planned during 1969. The "rural package" is intended to mobilize technical skills and financial resources in two limited geographic areas to enable subsistence farmers to become commercial farmers.

A.I.D. assistance in livestock improvement will focus on commercial production from Ethiopia's large cattle herds. Expanded large-scale commercial farming will be assisted through an agricultural sector loan of \$2.5 million.

Pre-investment studies and investment opportunities advisory services to potential American private investors will continue. A second loan to the Ethiopia Investment Corporation (EIC) for capital investment in industrial plant and large-scale agriculture is under consideration. Prospects for commitment of all funds authorized under the first A.I.D. loan to the EIC by FY 1970 are good, as sub-loans for one-half the money have been approved and the EIC has four other projects under active consideration which are expected to use remaining funds. Timing of the new loan will be related to the success of EIC in obligating funds available from the first loan.

Manpower Training and Education. In FY 1970, \$1.2 million of Technical Assistance is planned for education and training. As a result of a recent evaluation, emphasis will shift from general secondary and university education to vocational training and teacher training. Assistance for in-service vocational and management/engineering training will be continued and a new project will be undertaken to provide on-the-job industrial skills training.

Revenue and Fiscal Administration. A.I.D. projects to increase the effectiveness of economic and financial planning and revenue collection will be continued. A.I.D. will provide a revenue advisor to the Ministry of Finance, a team experienced in budgeting and auditing to the Auditor General's Office, and one or more economists to the Ministry of Planning.

Health. The widespread incidence of communicable diseases and limited health facilities available to less than 20% of the population create severe limitations on productivity. The Malaria Eradication project, the largest and most important A.I.D.-assisted health project, will receive an additional \$2.5 million loan in 1970. Advisory services to the Ministry of Health for nurses training will be completed during 1970 and the need to continue assistance to the Gondar Public Health College is now being reviewed.

## LIBERIA

PROGRAM SUMMARY (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Development Loans . . . . .	1.9	0.5	5.6	0.5
Technical Assistance . . .	5.5	5.1	4.5	4.8
Supporting Assistance . . .	-	-	0.3*	-
<b>Total A.I.D. Assistance</b>	<b>7.4</b>	<b>5.6</b>	<b>10.4</b>	<b>5.3</b>

\* / Represents \$274,000 for population programs under Title X of the Foreign Assistance Act.

## U.S. AID OBJECTIVES

U.S. assistance to Liberia is important for the support of interests of benefit to both countries--the location in Liberia of facilities of importance to the United States, a long historical association, and economic success in a country committed to private enterprise and an "open door" investment policy. The A.I.D. program seeks to help Liberia (1) develop new programs for expanding agricultural production and for improving economic conditions in rural areas; (2) improve the quality of education and health and population services; and (3) improve public administration.

## PROBLEMS AND PROGRESS

The latest estimates for 1968 indicate that the economy continued to grow at the same moderate rate as in recent years. This increase, however--like the much more rapid increase in the 1950's--was largely due to growth in extraction of iron ore and in the production of rubber for the export market on concessions financed with foreign capital. Therefore, Liberia remains a country with a comparatively favorable overall growth rate but with little spread of the benefits. Long-term development requires wider participation by the rural population in the emergence of a modern, market economy.

The domestic production of rice, the basic food staple and a major crop of the indigenous small farmers, continued to increase at a very slow rate. Plans to increase rice production have not been successfully implemented, and budgetary allocations for agriculture have remained too small. At present, one-third of the rice consumed is imported.

The level of investment and business activity presents a mixed but basically downward trend. In the past year there have been several new investments in small enterprises as well as an agreement with a U.S. firm involving a \$6.9 million investment in the plywood industry. However, with the completion of major installations for iron ore extraction, an oil refinery and foreign-assisted public infrastructure projects during the past year, there has been an overall drop in the rate of new investment. This unfortunately comes at a time when the government, because of its austerity program, is unable to inject new funds into the economy. Improvements in revenue collection produced government domestic revenues estimated at \$52 million in 1968, an increase of 5% over 1967. However, the improved revenue picture has not been sufficient to help appreciably with the critical debt-servicing problem which continues to absorb approximately one-third of government revenues. Even a second stretch-out undertaken with International Monetary Fund (IMF) assistance will provide only partial relief from the heavy burden on both current expenditures and new public investment.

Although the country faces serious short-term difficulties, Liberia has considerable growth potential given its ample natural resources. Apart from any new mineral deposits, iron ore alone will provide the country with an assured income over the next few decades. There are also considerable forest and agricultural resources, if the problems of extracting marketable timber from mixed stands in forest areas and of modernizing traditional agriculture can be overcome. As financial problems recede over the next few years and a new generation gains the training and experience necessary to cope with remaining problems, substantial progress should be possible. However, preparations must begin now if future difficulties are to be avoided.

### FY 1970 PROGRAM

The proposed A.I.D. program for FY 1970 amounts to \$5.3 million, including \$4.8 million of Technical Assistance and \$500,000 for Development Loan funds for commodities connected with technical assistance activities. The FY 1970 program represents an effort to redirect a portion of U.S. assistance toward rural development efforts designed to benefit the rural populace and to increase domestic production.

Other donor assistance includes UN financing of a Harvard Development Advisory Service team in economic planning; the Republic of China's assistance to a rice irrigation project; and small programs of technical assistance from Sweden, Israel and Germany.

Rural Development. Liberia's predominantly rural population has not benefitted equitably from the country's growth. As a result, there has been considerable urban migration and unemployment, while domestic food production has actually dropped below levels attained in the mid-1960's.

To address some of these problems, A.I.D., with the active cooperation of the Government of Liberia, is developing activities for a more sustained and coordinated approach to rural development. About \$550,000 will be required for these activities in FY 1970.

Assistance is proposed for a major effort to improve the agricultural marketing system, especially for rice. Contingent on further study, A.I.D. is also proposing a small research activity aimed at solution of specific rice production problems. The rural education program will be revised toward (1) alleviating existing inequalities between urban and rural educational opportunities, (2) aligning the education program more closely with rural economic/social development needs and possibilities, and (3) developing rural employment opportunities for young Liberians.

Education. Liberia continues to be faced with a serious shortage of adequately trained manpower. Improvements in the school system continue to be frustrated by demands of rapidly increasing enroll-

ment, continuing administrative difficulties, lack of textbooks, inappropriateness of curriculum and a shortage of qualified teachers. A.I.D. proposes to continue assistance (about \$975,000 in FY 1970) to the Monrovia Consolidated School System and to selected activities of the Curriculum and Materials Center, Department of Education.

Health and Population. Liberia's health services, as reflected in life expectancy and infant mortality rates, are inadequate. There are less than 100 physicians in the entire country--one for every 11,600 persons--and most of these are in the urban areas. Completion of the new National Medical Center complex this year, partially financed with a previous A.I.D. loan, should make a sharp improvement in the quality of medical care. A.I.D. will continue support of the Medical Center complex by providing administrative and teaching staff for operating the hospitals and conducting paramedical training. A recently initiated demographic survey will also be continued. These activities will require about \$1.3 million in Technical Assistance in FY 1970.

Other Activities. In addition, Technical Assistance funds requested for FY 1970 will support continuation of (1) a geological survey project; (2) operational and advisory personnel in public administration and fiscal management; (3) limited public safety activities; and (4) a small technical training program for personnel at Roberts International Airport.

**OTHER AFRICA PROGRAMS**

<b>PROGRAM SUMMARY</b> (In millions of dollars)				
	<b>FY 1967</b> Actual	<b>FY 1968</b> Actual	<b>FY 1969</b> Estimated	<b>FY 1970</b> Proposed
Development Loans . . . . .	20.0	8.8	0.4	-
Technical Assistance . . . . .	16.2	10.5	4.6	2.6
Supporting Assistance . . . . .	0.4	-	-	-
Contingency Fund . . . . .	3.8	-	-	-
<b>Total A.I.D. Assistance</b>	<b>40.3</b>	<b>19.3</b>	<b>5.1</b>	<b>2.6</b>

In FY 1970, A.I.D. proposes to provide bilateral assistance to only 2 of the countries in Africa not designated as "development emphasis" countries. Funding is still required to complete projects in Somalia and Senegal.

SOMALIA. The proposed 1970 program includes \$2.4 million, all in Technical Assistance, for bilateral A.I.D. activities in Somalia. A P.L. 480 Title I sale of about \$1 million is also planned for FY 1970.

In agriculture, \$660,000 will finance an agricultural research and farmer training project essential for agricultural development and diversification, particularly cultivation of improved food grains and citrus fruits. In education, \$530,000 will finance personnel for the National College of Education, and \$70,000 is for specialized academic and youth leadership training. In transportation, \$290,000 is planned for supervisory engineering services to complete construction of Chisimaio port and to provide advisory assistance in the management and operation of the port and expanded port facilities. For water resources and supply, \$360,000 will provide continuing management and training services for the Mogadiscio water system being constructed under an FY 1967 A.I.D. loan. In public safety, \$200,000 is planned for additional training of the Somali National Police.

SENEGAL. The \$225,000 of Technical Assistance proposed in FY 1970 for Senegal will finance A.I.D.'s only remaining bilateral activity, the Casamance project. This project provides training in improved farming methods -- with emphasis on rice -- to help reduce food imports and to increase farmer income. Farmers will be able to increase acreage as well as yields and obtain two crops instead of one each year through irrigation and use of fertilizers and, in the upland area, through contour farming, terracing, and improved organization and farming methods.

#### SPECIAL SELF-HELP FUND

<b>PROGRAM SUMMARY</b> (In millions of dollars)				
	FY 1967 Actual	FY 1968 Actual	FY 1969 Estimated	FY 1970 Proposed
Technical Assistance . . .	1.2	1.4	1.7	1.8

The Special Self-Help Fund provides limited U.S. assistance to 23 countries in Africa. This will be the only direct A.I.D. assistance (i.e., assistance not provided through multidonor or regional arrangements) in these countries in FY 1970. A.I.D. proposes to provide from \$50,000 to \$100,000 for each of the 23 countries for a total of \$1.8 million.

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 may arise from the self-help efforts of local, indigenous 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 (with a maximum limit of \$10,000 each), short-term activities in which the local community can readily utilize the U.S. assistance.

**PROPOSED FY 1970 PROGRAM**  
(Thousands of Dollars)

Country	Type of Assistance			
	Total	Development Loans	Technical Assistance	Supporting Assistance
<b><u>AFRICA</u></b>				
<b>TOTAL . . . . .</b>	<b>\$186,300</b>	<b>\$92,200</b>	<b>\$73,500</b>	<b>\$20,600</b>
<b>REGIONAL &amp; MULTIDONOR PROG.</b>	<b>(69,563)</b>	<b>(35,700)</b>	<b>(33,263)</b>	<b>(600)</b>
Africa Regional . . . . .	62,493	33,700	28,193	600
(East Africa Regional) . . . . .	(7,070)	(2,000)	(5,070)	--
<b>DEVELOP. EMPHASIS COUNTRIES:</b>				
East Africa . . . . .	(14,712)	(3,500)	(11,212)	--
East Africa Regional . . . . .	7,070	2,000	5,070	--
Kenya . . . . .	2,405	500	1,905	--
Tanzania . . . . .	3,072	1,000	2,072	--
Uganda . . . . .	2,165	--	2,165	--
Ghana . . . . .	17,535	15,000	2,535	--
Tunisia . . . . .	11,015	9,000	2,015	--
Ethiopia . . . . .	10,900	6,000	4,900	--
Liberia . . . . .	5,254	500	4,754	--
Morocco . . . . .	14,716	13,000	1,716	--
Nigeria/Economic Development Program . . . . .	23,750	2,500	11,250	10,000
Nigeria/International Relief Effort . . . . .	10,000	--	--	10,000
Congo (Kinshasa) . . . . .	10,975	9,000	1,975	--
<b>OTHER BILATERAL AID COUNTRIES:</b>				
Senegal . . . . .	225	--	225	--
Somali Republic . . . . .	2,375	--	2,375	--
<b>SPECIAL DEVELOP. AUTHORITY<sup>a/</sup></b>	<b>600</b>	<b>--</b>	<b>600</b>	<b>--</b>
<b>SELF-HELP FUND PROJECTS<sup>b/</sup></b>	<b>1,750</b>	<b>--</b>	<b>1,750</b>	<b>--</b>

a/ Special development authority up to \$50,000 for bilateral country programs.

b/ Self-Help funds ranging from \$50,000 to \$100,000 for Botswana, Burundi, Cameroon, Central African Republic, Chad, Dahomey, Equatorial Guinea, Gabon, Gambia, Guinea, Ivory Coast, Lesotho, Malagasy Republic, Malawi, Mali, Mauritius, Niger, Rwanda, Sierra Leone, Swaziland, Togo, Upper Volta, and Zambia.

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