FY 1967

AID Programs in Africa

AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C.

AFRICA – FY 1967 PROGRAM ---$221 million

Supporting Assistance	27
Technical Cooperation	94
Development Loans	100

AFRICA

In the past year the majority of African countries were just entering their fifth year of independence and were still experiencing the problems of new nationhood. Their institutions are not fully developed and matured; there is only a thin layer of well-educated people; poverty is widespread; varied tribal and ethnic groupings provide fuel for internecine rivalries. Much of the political instability on the continent must be viewed in this perspective.

The continent has great economic and social variety, and the basis for progress varies widely from one country to another. Instability and uncertainty in one has often been matched by progress and accomplishment in another.

AID's program in Africa over the last several years has maintained its primary purpose of helping to create the foundations upon which strong and prosperous societies may be built. In most countries the AID role has been one of support for key parts of national development programs. At the same time, on much of the continent, the former metropole nations of Europe continue to bear the main burden of responsibilty for external help to their former colonies. The United States does not provide the major part of external assistance to Africa.

Political Developments

An overview of the political landscape of Africa during the last year shows a mixed pattern.

In Congo (Leopoldville) the rebel movement has been generally eliminated or contained although pockets of resistance remain. The coup of November 1965 has reduced the likelihood of a political confrontation and renewed disorders. An illegal seizure of power in the United Kingdom colony of Southern Rhodesia aggravated an already dangerous situation in southern Africa. The United Kingdom, in cooperation with the United States and other nations, has applied economic sanctions to quell the rebellion. Refugee movements across national borders have continued and armed insurrection exists in the Portuguese territories of Mozambique and Angola. In southern Sudan, large areas remain restive.

A deteriorating political and economic situation in Ghana led to a successful coup by a military junta in late February 1966.

Communist attempts to gain a foothold on the continent have continued, not without rebuffs and setbacks. In Sudan, the Communist party

was dissolved, and Chinese Communist representatives were ousted from Dahomey and the Central African Republic for alleged political machinations.

At the same time, in Congo (Brazzaville), the mistreatment of U.S. officials became so flagrant that the Ambassador was withdrawn and the small aid program suspended. U.S. relations with Burundi were also strained due to the country's suspicions and unsubstantiated charges concerning the conduct of U.S. officials.

Regional Cooperation

African countries in recent years have shown increased interest in regional development activities. The UN's Economic Commission for Africa (ECA), has been giving a major impetus to regional cooperation in the past few years. It has focused African attention on long-range intra-African capital development prospects in telecommunications, transportation, and industry. An ECA initiative has led to the establishment of a West Africa iron and steel authority. Twelve countries in East Africa recently approved the first steps, which ECA had assisted in developing, toward the establishment of an Economic Community of Eastern Africa to coordinate development and to link communications, transportation, trade, and other economic sectors in an area of about 75 million people.

A new dimension to African regional development has been added by the 27-member African Development Bank, which will finance development projects involving individual as well as groups of African states. The African states had advanced $32 million in equity through October 1965.

Specialized organizations (a West African health service organization, the East Africa locust control force) and the Scientific, Technical and Research Council of the Organization of African Unity (OAU) provide additional illustrations of regional cooperation, as does the recent inauguration of a central African customs and economic union. In addition, African states are exploring development of several promising river basin areas which would require multi-country cooperation.

Economic Developments

Although economic performance in many countries has been good, most African states are not expected to reach the stage of self-sustaining growth for some years.

Available data show that per capita output in the past year grew slightly in some countries but population and production growth generally remained in balance. The average proportion of national product devoted to investment remained low, with the best showings reported from Tunisia (24 percent), Ghana (20 percent), Malawi (16 percent), Nigeria (14 percent), and Ethiopia (13 percent).

External resources financed about half of Africa's investment last year. Private capital continued to finance 10 to 15 percent of the total, and eco-

nomic assistance from all public sources provided 35 to 40 percent. Most foreign exchange positions became tighter but a few countries (Morocco, Nigeria, Ethiopia) showed some improvement.

The Shape of Aid

The United States seeks to stimulate the growth of African regional institutions and encourage African states to pool their interests for economic development. Five years after the main surge of African independence, there is increasing recognition of the need for broad based economic and political cooperation. The United States shares with many other free world nations an interest in accelerating the formation of cooperative arrangements to make the best use of available resources.

The bulk of U.S. assistance to Africa in fiscal year 1967 will continue on a bilateral basis, despite plans to increase regional aid nearly 50 percent. However, of the technical assistance planned for Africa, 20 percent will be on a regional basis. The United States plans to make available loan funds to the African Development Bank for capital projects as an additional step toward greater regional emphasis.

The primary development problem in Africa has always been the training of manpower and the creation of the basic national and economic institutions. These needs are fundamental; they cut across every field of endeavor, from government development planning and economic management to farming, small industry, health, and public safety. They are needs which must be met before productive capital investment in Africa's resources can begin. U.S. technical assistance in recent years has constituted nearly half of all AID assistance, and will continue in nearly this proportion in fiscal year 1967. Worldwide, about one-third of AID's technical cooperation programs are slated for Africa. The opportunities for major productive investment will come later as the necessary manpower and institutional bases are established.

Self-Help

The best record of self-help can be found in those countries where AID programs have been concentrated. Tunisia accepted devaluation and stabilization measures recommended by the International Monetary Fund (IMF) and, with U.S. encouragement, adopted an annual comprehensive budget. Liberia has undertaken an austerity program needed to permit the servicing of its external debt while paving the way to renewed development efforts. Morocco has taken IMF advice for improving its balance of payments and is prepared to participate in a World Bank-sponsored Consultative Group to assess and improve its development policies. The new government in the Congo (Leopoldville) appears determined to take the unpopular measures necessary for stabilization and economic growth. In Nigeria, rising oil revenues are bringing closer the date when development needs can be financed on more conventional terms.

The Fiscal Year 1967 Program

The program proposed for fiscal year 1967 reflects the experience of the last five years. It provides for aid to a total of 33 African countries but it continues the concentration of aid in those few countries where the greatest results in development or stability can be expected. It contains greater emphasis on providing development aid through regional or multilateral channels. It takes realistic account both of African self-help performance and of U.S. aid capacities. While emphasizing development, it also provides for stabilization support in a few countries.

The proposed program is almost evenly divided between Technical Assistance ($94 million) and Development Loans ($100 million), with a much smaller amount ($26.6 million) for Supporting Assistance. Almost 90 percent of the Technical Assistance funds are to continue projects already underway. Eighty percent of the Development Loans are planned for four countries and will be concentrated on projects to provide urban water supplies and improve agriculture and transportation. Food for Peace commodities will be an important adjunct to the AID program, especially in North Africa.

The emphasis in fiscal year 1967, in both technical assistance and development lending, will be on the four sectors which are the most crucial to Africa's present state of development: education and manpower training (including training for government and economic management); agriculture and food production (including related aspects of rural development); health and sanitation; and transportation and communication.

Education and Training: The low level of education and literacy and the scarcity of manpower with the skills and abilities needed for development constitute Africa's greatest challenge. Both Africans and free world aid donors have recognized the need to give top priority to technical and special education to meet current development needs, even though this means deliberately deferring other educational improvements such as universal primary education.

Specific emphasis has been placed on higher education for technicians and administrators required to run the government and other essential services and to develop agriculture and the private sector; secondary and vocational education to develop intermediate skills; teacher training at all levels; and the interim supply from abroad of personnel in some key fields while African replacements are being trained.

Educational assistance of all kinds has accounted for almost half of the total of AID technical assistance to Africa in the last two years and is estimated at more than half of the total for fiscal year 1967.

Agriculture and Food Production: Agriculture constitutes the major segment of the economy in most African countries. Overall production has risen fairly steadily during the past ten years, but because of population increases, the production per capita has increased only slightly. Although the volume of agricultural exports has expanded, earnings from them have

not kept pace because of decreased prices. Rising food demand resulting from development has required the use of more foreign exchange to import food in some countries. Africa is generally self-sufficient in root crops, grains, fats, and oils but there are shortages in certain commodities such as wheat, sugar, and rice. There is also a critical nutritional deficiency in some areas in protein foods, in spite of Africa's substantial livestock and fisheries resources.

African efforts have generally stressed training and organizing research, extension, credit cooperatives, and similar institutions. Some countries have made substantial investments in irrigation, drainage, land clearing, and soil and water conservation, but the rate of private investment in agriculture is extremely low.

Agriculture is the second most important segment of the AID program in Africa, accounting for about one-third of all technical assistance and about one-fourth of all development lending. These proportions hold true for fiscal year 1967, though the development lending emphasis in agriculture may rise as a result of a large water project and farm equipment loans. The heaviest emphasis in technical assistance to agriculture remains on training and the development of basic institutions (eight agricultural colleges, 12 post-secondary schools, and related research and extension services). Other priority areas include irrigation, ground water development, reclamation, reforestation, range improvement, demonstration projects in poultry and livestock, nurseries for fruits and vegetables, and control of cattle diseases. Studies of the entire agricultural sector are underway or planned for Tunisia, Nigeria, Ethiopia, and Morocco.

Health and Sanitation: The prevalence of communicable disease and malnutrition is a sizable obstacle to African progress, causing losses of manpower by premature death and absenteeism, lowered productivity, and poor school attendance. Because of the dimensions of Africa's health problems, AID is concentrating in those areas which are most critical and most susceptible to solution—control of specific diseases, urban water supply and waste disposal, and health education and training.

The attack on communicable disease will focus on measles and smallpox in conjunction with a World Health Organization (WHO) smallpox eradication plan. A concerted program to control measles and eradicate smallpox has been launched in several west African countries with a population of over 100 million.

In recent years there have been a number of major community water and sewerage projects. The principal fiscal year 1967 sanitation activity will consist of project loans and technical assistance for water supply work in several major cities and urban areas. Health education, training, and the strengthening of health ministries will also receive AID support.

Population pressures in Africa are generally not as explosive as in some other underdeveloped areas. Assistance in population planning is now made available through non-AID sources (the Ford Foundation, for

example). AID has indicated its willingness to give appropriate assistance to these programs, related health services, and training in health statistics.

Transportation and Communications: Inadequate transportation and communications are serious impediments to the economic and political development of Africa. The isolation of large parts of some African countries has limited the interchange of goods, the collection and transportation of export commodities, and the development of national political unity. The lack of contact between nations has hindered the development of vitally needed economic integration.

While highways have received the main emphasis, AID's program is also helping with railway, airport, and harbor facilities, and with internal and international telecommunications systems.

CONGO (LEOPOLDVILLE)

The U.S. programs of economic assistance to the Congo are designed to help that troubled nation achieve political stability and economic progress. In this way the United States also contributes to the Congo's ability to resist Communist subversion and control.

The Congo has long been hampered by recurrent inflation, an inadequate supply of trained administrators, and inadequate internal security. Ever since independence the national government has had to contend with widespread unrest, rebellions, and separatist movements. These factors have hurt the economy and led to serious inflation. Wage increases and budgetary deficits by the central and provincial governments, drops in production and exports, and an unpredictable monetary situation have been continuing problems.

A stabilization program including devaluation, credit controls, and budgetary restraints was initiated under International Monetary Fund (IMF) guidance in 1963. By March 1964, the internal price level had been stabilized and inflation had been curtailed. The balance of payments assistance by the United States was tied to Congolese adherence to the IMF program.

In 1965, however, the stabilization program was seriously threatened by renewed deficit spending and a drop in export earnings. Prices at the end of 1965 had risen to more than four times their 1959 level and exports were down by 40 percent. An IMF mission visited Leopoldville in early 1966 to assess the current fiscal and budgetary situation.

Fiscal Year 1967 Program

U.S. economic programs in the Congo are coordinated with those of the United Nations and other major donors. The AID program promotes action along four principal lines: (1.) support for an economic stabilization program; (2.) improvement of internal security; (3.) provision of technical and operating personnel; and, (4) the fostering of closer and more cooperative relationships between the Congo and other free world donors.

This strategy requires self-help by the Congo. For example, our balance of payments assistance will remain conditional upon Congolese adherence to the IMF-endorsed stabilization measures.

The United States has deliberately minimized direct U.S. technical assistance to the Congo in favor of continued voluntary support for a UN program financed from funds appropriated for "Voluntary Contributions to International Organizations." These programs are aimed chiefly at providing needed technicians such as teachers and medical personnel, and helping to pay overhead costs.

The limited U.S. technical assistance program stresses manpower training and internal security. AID will continue its program of providing specialized training for Congolese nationals in the United States, particularly in education, economics, and agriculture. Aid to internal security forces, both civil and military, will be supplemented by U.S.-owned or controlled local currencies.

ETHIOPIA

Ethiopia continues to grow in importance as an influential force in Africa. Its opportunities for leadership in solving Africa-wide problems have been enhanced by the location in Addis Ababa of the Economic Commission for Africa (ECA) and the Organization of African Unity (OAU).

The U.S. economic assistance program is aimed at helping Ethiopia to realize the development potential of its resources and to continue its important role in African affairs. At present the AID program is directed primarily at creating the preconditions for development in such fields as education, agriculture, and public administration.

Ethiopia is one of Africa's least developed nations economically with a predominantly agricultural subsistence economy. Per capita GNP is estimated at less than $50. Ethiopia has an outmoded absentee land tenure system, limited modern marketing, a rudimentary transportation system, and an inadequate credit structure. Nevertheless, a growing group of competent civil servants is available to direct government programs for the country's development.

Ethiopia's trade and balance of payments positions have been relatively good. The country's basic agricultural resources provide great potential for development but a chronic shortage of revenues has made it difficult to finance a more vigorous development program. The Ethiopian Government is directing an anticipated nine percent increase in its revenues for fiscal year 1966 to increase support for health, education, and welfare programs and to meet local costs of foreign-assisted development projects. Tax reform measures to increase revenues are under discussion, and the government has requested AID technical assistance in formulating its tax program. Land tenure problems are currently under study and legislation on landlord-tenant relations is before the parliament. The government has

completed a series of industrial feasibility studies with a view to attracting private foreign investment.

The AID program in Ethiopia centers on those activities which will have the most immediate income-generating effect. The size of the U.S. effort will depend in part upon how well the Ethiopian Government succeeds in effecting the necessary fiscal and social reforms. In fiscal year 1966 AID is financing surveys in agriculture, education, and industry to identify development priorities and plan programs. AID is also encouraging the IBRD and the specialized agencies of the UN to take stronger measures to assist Ethiopia.

Fiscal Year 1967 Program

The fiscal year 1967 program will continue the emphasis on planning, agriculture, education, and industry. Since agriculture represents about two-thirds of the gross domestic product, occupies 90 percent of the population, and earns virtually all of the country's foreign exchange receipts, it has been selected as the area of first importance. AID will concentrate on livestock development, agricultural planning, education extension, and pest control. AID loans will be considered for capital projects involving the processing of agricultural raw materials.

In education, assistance will seek to help the Ethiopians build an appropriate school system. Support will continue to be provided for selected facilities at Haile Selassie I University, as well as for a new project to train Ethiopian teachers in vocational education.

Additional activities will include assistance to the Ethiopian Government in tax administration and policies, investment promotion, and industrial extension. Training programs will be augmented to speed the transfer to Ethiopian management of the Gondar Public Health College and responsibility for malaria and nursing education.

MOROCCO

Economic assistance to Morocco is designed to help solve some of that country's pressing economic problems—such as insufficient food production and unemployment—so that Morocco may continue exerting its moderating influence on Arab and other Afro-Asian countries. The principal obstacles to progress are a shortage of trained personnel (made acute by the mass exodus of European technicians and farmers) and a shortage of foreign exchange earnings.

To help meet the critical need for manpower, expenditures for education were increased in 1964 to about four percent of national income. Even so, the educational system still is not able to supply the numbers and kinds of specialists needed for economic programs and development projects.

The country has sizable agricultural and industrial potential, but total production and commerce have not kept pace with a population which has been increasing by more than three percent each year. Agriculturally,

Morocco's position in the last few years has shifted from that of a net exporter of basic cereals to that of an importer. In order to increase foreign exchange earnings, the government is increasing phosphate production, and is actively seeking joint ventures with foreign investors in chemical processing and tourism. A new agency has been set up to help settle Moroccan farmers on lands formerly held by "colons" in order to maintain previous levels of agricultural output.

Within the past year the Moroccan Government has moved ahead in its efforts to improve the country's foreign exchange position by limiting deficit financing, restricting imports and currency transactions, increasing taxes, and reducing military expenditures.

The World Bank has made two $12 million loans for education and agricultural credit; and is sponsoring the formation of a Consultative Group for Morocco.

Fiscal Year 1967 Program

The United States plans to participate in Moroccan development in partnership with other free world donors. In this effort AID will actively support the World Bank in organizing a Consultative Group for Morocco and in coordinating development planning.

The fiscal year 1967 program will set a high priority on agriculture and food production. Several technical cooperation projects are designed to improve agricultural planning; to increase the production of wheat, poultry, and meat; and to improve the national systems of agricultural credit and farmers' cooperatives.

Soil conservation, reforestation, and other rural development activities will be helped through Food for Peace contributions to the national food for work program which enables the Moroccan Government to employ some 40,000 workers on development enterprises.

Development loans for irrigation and airport facilities will be considered.

NIGERIA

Since attaining independence some six years ago, Nigeria has been pressing forward with ambitious but realistic development plans. The new military government which assumed control on January 16 at the request of the Council of Ministers has pledged a vigorous effort to implement economic development within the framework of an open economy. The United States' role has been to assist Nigeria in its efforts to achieve political cohesion and sustained economic and social progress.

Nigeria's sound plans, practicable fiscal and monetary policies, and varied economic resources mark it as an exceptional prospect for development. There are, however, a number of important deficiencies. The political structure has always been fragile due to the complex tribal and religious affiliations of various segments of the population. Other liabilities include agricultural productivity which is below optimum levels; export

earnings inadequate to finance the imports needed to support some of the development proposals; and, in common with most other underdeveloped countries, a serious shortage of trained and experienced administrative and technical personnel.

Generally, the country's economic performance has been good. Gross national product has been increasing about five percent annually; domestic government revenues rose 28 percent between 1962 and 1965; and in the five year span ending in 1965, import duties went up 65 percent. Since 1963, the country has been able to consolidate a foreign exchange reserve position which had been in a serious decline. This was accomplished without imposing direct exchange controls. In addition, the creation of a favorable climate for private foreign investment has resulted in a substantial increase in the inflow of capital.

Fiscal Year 1967 Program

As the situation continues to stabilize following the military takeover, AID will apply a substantial portion of its resources for Africa to support the Nigerian National Development Plan, working in close cooperation with the World Bank Consultative Group.

The emphasis in fiscal year 1967 will be on agriculture, education, and health.

Agriculture: Approximately one half of the proposed technical cooperation program will concentrate on food and farming. In addition, a development loan for an agricultural school will be considered as part of AID's overall goal of strengthening Nigerian agricultural institutions and training personnel to carry forward agricultural development programs.

Specific agricultural projects will seek to improve agricultural education, extension services, and management techniques; conduct research on a variety of cash and food crops; and explore water resources. Assistance will also be provided in soil conservation, distribution and marketing procedures, and agricultural credit. AID is assisting three Nigerian agricultural colleges (through contracts with four American land-grant institutions), five non-degree level agricultural schools, 13 farm training institutes, and one veterinary training center.

Education: Nigeria is continuing to make huge educational investments in order to create a corps of skilled technicians and specialists to translate development plans into reality.

Between 1958 and 1963, primary school enrollment remained at about 40–50 percent of the primary school-age population, but secondary, technical, and vocational school enrollments rose by 80 percent. The number of university students increased from 1,800 in 1958 to more than 6,800 in 1965.

To support the Nigerian educational program, the United States has helped in training teachers and is financing a contract with Michigan State University staff to assist the University of Nigeria in adapting U.S. and

British educational methods to meet Nigerian needs. Between the opening of the university in 1960 and the present, student enrollment has increased from 220 to 2,700 and the faculty has grown from 13 to 314.

In fiscal year 1967, about 25 percent of the technical cooperation program will be used for education.

Health: Programs of health assistance will stress the development of adequate supplies of pure water. A number of development loans are under consideration to provide safe water to five Nigerian cities, and to finance engineering work for the construction of improved sewage facilities in Lagos.

Other Projects: In addition to these three major fields, development loans are under consideration for road construction, improved facilities at Lagos airport, and rural electrification. Other technical assistance projects will be directed toward improving Nigerian capabilities in economic planning, taxation policy and administration, administration of private investment laws and evaluation of investment proposals, management of savings and loan institutions, and promotion and assistance to Nigerian small industries.

TUNISIA

Tunisia's ability to continue its position of constructive leadership in Arab and African affairs depends heavily upon its success in maintaining economic and social growth.

To achieve domestic progress, Tunisia is dependent on external aid at concessional terms to supplement its own resources. The United States has been providing about half of this assistance and agreed in 1962 to provide approximately $180 million to support Tunisia's Three-Year Development Plan. The United States has also given assurance of support for Tunisia's new Four Year Development Plan which was adopted in 1965.

The development potential of Tunisia is noteworthy despite the country's small size, modest resources, agricultural marketing problems, and manpower deficiencies. The rupture of previously close economic and political relationships with France has meant the loss of about one-third of Tunisia's annual foreign exchange earnings, and has led to a serious imbalance of payments. There are in prospect, however, possibilities of an early improvement in Tunisian-French relations. Prospects for development as well as solutions to current foreign exchange problems will be deeply affected by Tunisia's future relations with Western Europe.

The Government of Tunisia, with U.S. encouragement, has begun to develop the private sector, an important first step in meeting the country's needs for capital and management skills. Active steps now being taken to promote the role of the private sector include:

- AID-sponsored visits to Tunisia of American businessmen seeking investment opportunities;

- Encouragement to Tunisian entrepreneurs to visit the United States to establish commercial relationships and;
- A decision by the government to sell one million acres of state-owned land to private farmers to stimulate agricultural productivity and export earnings.

A stabilization program launched in late 1964 cut back investments, established credit ceilings, froze wages and prices, and imposed a 20 percent devaluation of the currency. These efforts at belt-tightening, worked out with International Monetary Fund advice and assistance, made Tunisia eligible for IMF stand-by credits. The new Four Year Plan stresses better investment priorities and consolidated annual budgets, a precondition for major U.S. assistance.

Another encouraging development has been the discovery of oil in southern Tunisia. Exports are scheduled to start in 1966. Increases in petroleum shipping will help ease the foreign exchange problem and reduce the need for commodity import assistance.

Fiscal Year 1967 Program

AID has these main objectives in Tunisia:

- Boosting foreign exchange earnings through increased agricultural production, tourism, and expansion in mining and industry;
- Improving the supply and use of scarce skilled manpower; and
- Providing commodity imports which are vital to Tunisia's development.

The United States also seeks to encourage and assist Tunisia to increase its self-help efforts, move rapidly toward improvement of economic relations with Western Europe and its African neighbors, and broaden the role of the IBRD Consultative Group to increase other donor support. As an incentive to other donors, the World Bank pledged $100 million in development assistance during the Four Year Plan (1965–68).

In recognition of the importance of the agricultural sector in Tunisia's economic development, the AID fiscal year 1967 program will place major emphasis on projects to improve and diversify agricultural production; to develop scarce water resources; and to assist in the training of Tunisians through a land-grant type of agricultural institution. Projects in livestock and rural credit are scheduled for expansion as well as a new effort to strengthen the Ministry of Agriculture's capacity for agricultural planning, applied research, and market studies.

Soil and water conservation will continue to be emphasized through a large scale program of watershed planning and management, augmented by a nationwide Food for Work program. Some 200,000 workers are en-

gaged in reforestation, water and soil conservation, and rural development, with daily wages paid partly in cash and partly in U.S. wheat.

Development loans under consideration involve the construction of a new airport terminal at Tunis International Airport, final engineering plans to increase phosphate mining, a ground water and irrigation project, and electrical and railroad equipment. Nonproject loans will be provided to finance imports of raw materials and essential goods required for Tunisia's development.

AID will continue to assist in the construction and staffing of the Faculty of Business Administration and Economics at the University of Tunis to help meet the need for top and middle management personnel. American assistance to Tunisian manpower training and related planning will also be stepped up.

OTHER AFRICAN PROGRAMS

In addition to the five major country programs described in the preceding pages, smaller AID programs are planned for 28 other African nations. AID is requesting approximately $44 million for Technical Cooperation, $5.5 million for Supporting Assistance, and up to $18 million in Development Loans for these countries. The type and level of aid varies with the nature of the U.S. interest and the economic performance of each country. No funds are requested for Congo (Brazzaville) or Libya.

East Africa

The United States maintains moderate-sized development programs in Kenya, Tanzania, and Uganda, each of which has considerable development potential, enhanced by regional cooperative arrangements. The development problems of these countries include the procurement of the needed investment capital, the training of Africans to replace departing Europeans, and the overcoming of tribal and racial frictions within the three countries as well as divisive forces between them.

For the most part, the East African states have followed sound and reasonable development policies and have encouraged private investment. They have used both their own resources and external aid effectively, notably in expanding their educational systems.

AID is concentrating on the most pressing economic difficulties—manpower shortages, low agricultural productivity, and inexperienced government administration—by assistance through the East African Common Services Organization and the regional University of East Africa. The proposed fiscal 1967 program will try to expand and diversify agricultural output through farm cooperatives and by improving agricultural training institutions and extension services. Attention will also be given to secondary education, teacher training, and the development of the University of East Africa.

Liberia

The United States and Liberia have a long standing historical relationship. There is also extensive American private investment in the country. The AID program is designed to help Liberia develop its ample resources, thereby demonstrating to neighbor nations that a free enterprise policy can further Africa's economic and social aspirations.

Liberia's current financial difficulties are derived from over-optimistic estimates of revenues, falling prices for iron ore and rubber, and extended borrowing which, by 1962, had created foreign debt obligations which far exceeded the country's ability to pay. Under a standby agreement with the International Monetary Fund, Liberia has renegotiated these obligations,

obtained IMF assistance in meeting them, and adopted a program of strict financial discipline.

Measured against AID and IMF criteria, Liberia's recent economic performance has been impressive. The government has adhered to the rigorous terms of the IMF agreement, reduced budget requests drastically, curbed new government employment, and reduced low priority expenditures. Revenues from major concessions and other tax sources have been improved. In addition, changes in government organization and operations are in process and substantial progress has been made in improving budgetary procedures.

The first priority of U.S. assistance is to support Liberia's efforts to improve its financial management and government administration. AID will continue to supply key operational personnel to the Liberian Government in such areas as Customs Administration, the Treasury, and the Ministry of Education. AID will give emphasis to educational projects to help Liberia meet its requirements for trained manpower. It will also concentrate on projects to encourage the growth of private enterprise and to develop the use of Liberian resources such as timber.

If Liberia continues to progress, AID will consider development loans, mainly for basic development needs such as transportation.

SUDAN

The present elected coalition government in the Sudan must contend with active insurgency in the south and serious financial difficulties. The government's preoccupation with pressing political problems has tended to limit concentration on its economic difficulties. In concert with certain other African and Arab states and pursuant to resolutions of the OAU and the Arab League, the Sudan broke off diplomatic relations last year with the United Kingdom and West Germany, respectively, two important sources of aid.

Significant economic and financial progress was made between 1961 and 1964, but the development process has been lagging since that time, due partly to the uncertainties connected with the change in government. The government has not as yet introduced the fiscal reforms necessary to qualify for International Monetary Fund stabilization assistance. IMF representatives will review the needs for short-term balance-of-payments aid in the spring of 1966 and AID will encourage Sudan to take the necessary action to qualify for this assistance. The United States will also urge the reactivation of the World Bank Consultative Group for Sudan in conjunction with the forthcoming IBRD review of Sudanese development plans.

U.S. assistance will be concentrated in agriculture, education, and transportation. AID will furnish technical and capital assistance (within the framework of the Consultative Group), focusing on the need for agricultural diversification, more technically-skilled people, and highway construction.

Guinea

The key obstacles to Guinea's development are inflationary pressures, inadequate transportation, a shortage of skilled manpower, lack of incentives for the private sector, and lagging agricultural output. Neither exports nor domestic production have kept pace with overall investment and consumption, resulting in large balance of payments deficits.

The Government of Guinea has been showing an increasing awareness of its economic problems and a mounting willingness to take the measures necessary to overcome them. During the past year, Guinea has moved to reduce inflationary pressures by restricting bank credit and by insisting on non-inflationary sources for development financing. There are good prospects of International Monetary Fund assistance in support of basic economic reforms.

American aid has been shifting from direct support of current import requirements to fundamental economic development. It is designed to complement American private investment in Guinea, particularly by firms involved in the development of Guinea's bauxite deposits. The immediate problem, however, is overcoming Guinea's severe balance of payments difficulties. In fiscal year 1967, therefore, AID will continue commodity assistance contingent upon Guinea's undertaking the measures necessary to resolve its own economic problems. The United States will also seek to encourage additional free world assistance.

Commodity assistance will concentrate on repair parts, raw materials, and fertilizers. Technical and capital assistance will focus on increasing food production, improving internal transportation, and vocational training.

Algeria

The new government which took power last June (1965) is concentrating on internal development in an effort to solve its economic difficulties. The government leadership has indicated repeatedly its desire for good relations with the United States and for the continuation of American assistance. The United States, using Food for Peace commodities as the principal portion of the assistance program, makes a relatively minor contribution compared to French and Soviet aid. AID activities will continue to stress immediate needs, chiefly the alleviation of hunger, disease, unemployment, and rural development.

Somali Republic

The U.S. program of technical assistance and selected capital loans for the Somali Republic is planned to work within the context of coordinated free world aid. AID project activity concentrates on expanding and improving educational facilities, building the basic institutions and structures needed for economic development, raising production in the revenue-raising areas of agriculture and industry, and supporting Somali's capacity to maintain internal security.

Ghana

The AID program planned for Ghana for the fiscal year 1967 consists of technical assistance projects aimed at increasing agricultural production, a rural public works project, and a land use and water development project. The nature and scope of this program may be affected by recent events.

Other Countries

The remainder of U.S. aid to Africa goes to 19 sub-Saharan countries: *Burundi, Cameroon, Central African Republic, Chad, Dahomey, Gabon, Gambia, Ivory Coast, Malagasy, Malawi, Mali, Mauritania, Niger, Rwanda, Senegal, Sierra Leone, Togo, Upper Volta, and Zambia.* (The AID program in Burundi is currently suspended.) Most of these countries have close ties with their former European metropoles, are newly independent, and in the early stages of economic progress. U.S. aid is designed to augment and not replace Belgian, French, or British assistance.

Collectively these countries represent a sizable force in regional and international organizations. In the past year a number of these states have been spurring regional economic cooperation. A step toward economic integration in this area was the formation of a five-member Central African economics and customs union on January 1, 1966. Recognizing that prospects for economic development can be improved by a regional approach to many problems, a significant part of the AID program will consist of activities conducted on a regional basis.

Aid to these countries ranges over a variety of fields with primary emphasis being given to agricultural development and technical education. In Dahomey, Niger, the Malagasy Republic, Malawi, and Togo, rural development institutions and extension services are being developed to train farmers and farm advisors in the basic principles of modern agriculture. AID has had particular success in Sierra Leone, pioneering in rural-oriented higher education at Njala University and conducting farmer training institutes to develop technical skills to assist their economic progress. Similar results were achieved in the Cameroon in a pilot demonstration of cocoa fungicides which produced greatly increased yields and improved quality, bolstering that country's export potential to a level higher than previous years' production. Technical assistance and demonstration equipment are being provided or planned for cooperatives in several countries.

Vocational and technical education receive considerable emphasis. Africans from a score of these countries are learning the fundamentals of operating and maintaining heavy equipment at a regional center which has been established in Togo. AID is assisting in the development of a post-secondary school in Western Cameroon, largely for training middle-level manpower. American volunteer teachers in the summer months have been helping Sierra Leone augment and upgrade its supply of primary teachers

in rural areas. In Malawi, AID has attempted to overcome the present secondary school bottleneck through the development of a polytechnical facility to train skilled middle level manpower, through the use of radio for adult education, and by revamping secondary teacher training.

In fiscal year 1967, AID plans to carry out small technical assistance programs in these countries. Several development loans are possible, such as one to finance the second stage of the Trans-Cameroonian railroad and others for highway equipment for Niger and the Malagasy Republic.

Excerpted from *Proposed Economic Assistance Programs, FY 1967*, the Agency for International Development's Summary Presentation to the Congress outlining the President's foreign aid request for fiscal year 1967

April 1966
Agency for International Development
Washington, D.C.