

PDBAC 240

CORE

Project 660-K-0015

Z A I R E

Commodity Import

LOAN

Project PAPER

FY 76

015 Cont

UNCLASSIFIED

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D.C. 20523

PROJECT PAPER

Proposal and Recommendations
For the Review of the
Development Loan Committee

ZAIRE - Commodity Import Loan

AID-DLC-2145/1
June 30, 1976

UNCLASSIFIED

CLASSIFICATION:

AID 1120-1 (8-66)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT	1. PAAD NO. AFR-76-1
PAAD	PROGRAM ASSISTANCE APPROVAL DOCUMENT	2. COUNTRY Zaire
		3. CATEGORY Commodity Financing - Standard Procedure
		4. DATE June 15, 1976
6. TO: Mr. Daniel Parker Administrator, A.I.D.		6. OYB CHANGE NO. Not applicable
7. FROM: Stanley S. Scott Assistant Administrator Bureau for Africa		8. OYB INCREASE TO BE TAKEN FROM: Not applicable
9. APPROVAL REQUESTED FOR COMMITMENT OF: \$ 10,000,000		10. APPROPRIATION - ALLOTMENT SA 656-61-698-00-57-61
11. TYPE FUNDING <input checked="" type="checkbox"/> LOAN <input type="checkbox"/> GRANT	12. LOCAL CURRENCY ARRANGEMENT <input checked="" type="checkbox"/> INFORMAL <input type="checkbox"/> FORMAL <input type="checkbox"/> NONE	13. ESTIMATED DELIVERY PERIOD 12/31/77
15. COMMODITIES FINANCED Commodities declared eligible under the AID Commodity Eligibility Listing will be eligible for AID financing. A specific list of eligible commodities will be made part of the Implementation Letters/Commodity Procurement Instructions.		14. TRANSACTION ELIGIBILITY DATE 7/1/76

16. PERMITTED SOURCE U.S. only: _____ Limited F.W.: \$10,000,000 Free World: _____ Cash: _____	17. ESTIMATED SOURCE U.S.: \$9,000,000 Industrialized Countries: _____ Local: _____ Other: \$1,000,000
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18. SUMMARY DESCRIPTION
 This loan is part of a broader U.S. Assistance Program to Zaire being made available to help the Government of Zaire overcome a serious, but temporary, balance of payments problem and complements an IMF standby agreement.

The proposed loan will provide foreign exchange for essential public and private sector imports and related services to be agreed upon by the GOZ and AID. It is expected that the GOZ will elect to utilize approximately \$4 million for private sector imports and \$6 million for the public sector.

A loan to the Government of Zaire is hereby authorized in the amount of \$10,000,000 for financing the items described above, subject to the following terms and conditions.

1. Interest and Terms of Repayment. The Borrower shall repay the loan to A.I.D. in United States Dollars within forty (40) years from the date of the first disbursement under the loan, including a grace period of not to exceed ten (10) years from such date. Borrower shall pay to A.I.D. in United States Dollars interest at the rate of two percent (2%) per annum during the grace period and three percent (3%) per annum thereafter on the outstanding disbursed balance of the Loan and on due and unpaid interest.

19. CLEARANCES <table style="width:100%;"> <tr> <th style="width:80%;"></th> <th style="width:20%;">DATE</th> </tr> <tr> <td>REG/DP RHuesmann</td> <td>_____</td> </tr> <tr> <td>REG/GC FDragon</td> <td>_____</td> </tr> <tr> <td>AA/PC PBirnbaum</td> <td>_____</td> </tr> <tr> <td>XXXXXXSER/EM:TBlacka</td> <td>_____</td> </tr> <tr> <td>XXXXXX SER/COM:WSchmeisser</td> <td>_____</td> </tr> <tr> <td>XXXXXXRPPC/DPB:AHandly</td> <td>_____</td> </tr> <tr> <td>AER/CARA/DAG:iffith</td> <td>_____</td> </tr> </table>		DATE	REG/DP RHuesmann	_____	REG/GC FDragon	_____	AA/PC PBirnbaum	_____	XXXXXXSER/EM:TBlacka	_____	XXXXXX SER/COM:WSchmeisser	_____	XXXXXXRPPC/DPB:AHandly	_____	AER/CARA/DAG:iffith	_____	20. ACTION <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED _____ AUTHORIZED SIGNATURE DATE _____ TITLE
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2. Procurement will be restricted to AID geographic Code 941.
3. Such other terms and conditions as AID may deem advisable.

Loan Committee

Chairman:	AFR/CAWA, DAGriffith
Country Desk:	AFR/CAWA, MWiseman
Legal:	GC/AFR, STisa
Commodity Management:	SER/COM, PELissabide
State Dept.	AF/C, EMarks

Drafter: MWiseman/DAGriffith: AFR/CAWA

ZAIRECOMMODITY IMPORT LOANTable of Contents

	<u>Page</u>
PAAD	
I. ECONOMIC BACKGROUND	1
II. U.S. ASSISTANCE OBJECTIVES	3
A. Political and Economic Considerations	3
B. U.S. Development Assistance Activities in Zaire	4
C. FY 1976 Security Supporting Assistance Program	6
III. LOAN JUSTIFICATION	8
A. The Proposed Loan	8
B. Balance of Payments	8
C. Debt Service	9
D. Zaire's Financial Program	9
E. Other Donor Assistance	12
IV. LOAN ADMINISTRATION	13
A. Zairian Import Procedures	13
B. Implementation Procedures	13
C. Disbursement	14
V. OTHER CONSIDERATIONS	15
A. Impact on U.S. Balance of Payments	15
B. Use of U.S. Government Excess Property	15
C. Relation to the EX-IM Credit	15
D. Counterpart Generation	15
E. Use of Procurement Consultants by the GOZ	15
F. Loan Terms	16
G. Performance Criteria	16
VI. RECOMMENDATIONS	16
ANNEX I: Checklist of Statutory Criteria	
II: FY 1976 SSA Congressional Presentation for Zaire	

I. ECONOMIC BACKGROUND

Zaire, the third largest country in Africa with a population of 22 million, has good economic development potential. It is a country of great diversity, climate, topography, and soils. In addition, Zaire possesses extensive forest resources and important deposits of copper, zinc, lead, cobalt, industrial diamonds, cadmium and manganese, plus scattered deposits of gold, tin, and tungsten-bearing ores and unexploited deposits of iron ore and oil. The country has vast hydroelectric power reserve potential which is currently being developed.

In spite of this potential, Zaire's economy has not been able to achieve sustained growth without setbacks. At independence in 1960, it faced formidable social, political, and administrative problems. After independence the country experienced years of turmoil characterized by internal strife, ineffective administration, declining production, deterioration of finances, and attendant inflation. United Nations intervention restored order and unity and put an end to the Katanga secession and widespread anarchy.

By the end of 1963 the political and economic situation began to improve as a government budget was drawn up for the first time and the Zairian franc was devaluated by 300% to compensate for the inflation. However, the government deficit had more than doubled from the 1960 level and revenues covered only 43% of expenditures. By 1964 the government's deficit had been reduced by more than 85%.

The improvement did not last. Extensive rebellions erupted again and this time the agricultural regions of the east and northeast were affected. Under the impact of rising military expenditures and the failure to control provincial and other expenditures, the government deficit continued to increase rapidly. By the end of 1965 and early 1966, the rebellions were brought to an end and General Mobutu Sese Seko took over the presidency. Since then, he has provided an element of continuity and stability which had previously been lacking. By the late 1960's internal security had been restored.

In 1967, the government adopted, after consultation with the IMF, a series of monetary and fiscal reforms. These included devaluation of the Zairian franc, the simultaneous introduction of a new monetary unit (the Zaire), government control on wages and prices, liberalization of foreign trade, and a substantial increase in taxation. The balance of payments and government revenues improved following these reforms and a combination of excess productive capacity and unsatisfied demand spurred rapid economic growth through 1970. A slowdown in economic growth in 1971 reflected in part a decrease in copper prices and in part a return to more normal growth rates. With copper prices rising, performance of the economy was good in 1973; GNP at factor cost increased by 6.6%.

Zaire is a relatively open export-oriented economy. Despite a decline in agricultural output and exports, 35% of GNP was exported in 1973. Although the government has taken control of most of the mining industry and has nationalized portions of the commercial sector, manufacturing remained by and large in foreign hands until 1974 and 1975. Foreign corporate enterprises have maintained their investments and added to them from reinvested profits. According to IBRD estimates, the proportion of investment to GDP is increasing.

The role of agriculture in the Zaire economy never regained its preeminence after the serious losses in production experienced during the period of civil strife in the early 1960's. Lacking support from the central government, commercialized agriculture began to lose its preeminence in the composition of Zaire's GNP during the early 1970's. Mining and metallurgy, transport, communication, commerce, banking and services began to assume a more important role. In more recent years, the mining and metallurgy sector has grown even more important due to the uptrend in the world price of minerals. The economy's structural dependence on copper has become even greater. Copper production contributes approximately one-third to one-half of total government revenues and about two-thirds of foreign exchange earnings.

The copper industry is projected to assume an even more important role in Zaire's economy in the future. Expansion programs will increase production by 320,000 tons to a 820,000 ton capacity by 1980. Over the next 5 years other sectors and other minerals within the mining sector, with the exception of petroleum, are unlikely to grow at comparable rates. As a result of this growth, Zaire's economic reaction to world copper price fluctuations may be even more strongly felt in the future than in the past.

The GOZ established as its 1970-80 objective an annual average growth rate of 6%. This target is directly related to the marketed gross domestic product and has been established on the basis of projections in the main sectors of the economy. One of the key elements in this growth rate is a 3.1% annual growth projection for commercial agriculture. Other projections include a 10% growth rate for the manufacturing sector. These seem reasonable in view of Zaire's natural resources and its past economic performance.

But Zaire's recent economic performance has not been impressive, characterized by rapid price increases, substantial balance of payments deficits, and a slowdown in the rate of economic growth. The general slowdown in the world economy, the failure of GOZ monetary and fiscal policies to control government spending and prices, and a deteriorating price for copper have resulted in severe balance of payments and growth problems. The agriculture sector has been performing poorly, due largely to a breakdown in the transportation system and price controls

which are a disincentive to production for the domestic market. As a result, Zaire is now a major importer of processed foods.

In late 1973 the GOZ launched a series of internal economic reforms involving nationalization of large segments of the industrial and commercial sectors. These programs have seriously disrupted the efficient operation of these activities. In sum the various internal and external problems outlined above reflect a progressive deterioration of the economy and excess demand pressures generated by expansionary domestic policies.

The process of deterioration has intensified since mid-1974, bringing the economy to a critical position in 1975. On the external side, the most important factors have been the sharp decreases in export prices, mainly due to the depressed levels of world copper prices and the continued rise in import prices. On the domestic side, the pursuit of expansionary fiscal and credit policies allowed nominal aggregate demand to increase at unsustainable rates.

Although a number of measures were introduced in 1975 to reduce the inflationary pressure generated by the government budget and to restrain credit expansion, it soon became evident that a major stabilization program was needed to improve the balance of payments and lay the ground for a sustainable economic recovery. Zairian authorities entered into several rounds of discussions with the International Monetary Fund in the course of 1975 which led to the approval of a standby arrangement by the Fund's Executive Board on March 22, 1976.

Zaire's stabilization program is aimed at correcting, over the medium-term, the disequilibrium in the balance of payments generated by inappropriate domestic policies in the past and by other autonomous factors such as the recent deterioration in the terms of trade, as well as limiting the overall balance of payments deficit in 1976 to US \$100 million. The program assumes that in 1976 world copper prices will average US \$0.66 per pound and that copper shipments will amount to about 500,000 metric tons. In summary the economy of Zaire is in serious trouble at the present time, but its basic depth indicates that it has good potential for improvement in the near future.

II. U.S. Assistance Objectives

A. Political and Economic Considerations

The objectives of the U.S. in Zaire are to contribute to economic development and economic and political stability in a key African country, to foster trade and facilitate U.S. investment, to maintain access on favorable terms to Zaire's rich mineral resources,

and to encourage the cooperation of a Government which plays a leading role in the African and Third World Councils. These objectives are strong reasons for maintaining our economic development program.

The thrust of AID strategy is to support Zairian development efforts and priorities while at the same time assisting in maintaining the economic and political stability necessary for development. AID strategy is based on a collaborative, flexible style of assistance which is responsive to the economic problems in Zaire and the Congressional Mandate. As a relatively small donor, the AID program is focused on those sectors and sub-sectors where AID has relatively high response capabilities and to those areas which are attractive to other donors for follow-on with large scale funding. In addition, the AID program attempts to assist the GOZ in the formulation and development of its own development strategy and seek solutions to policy issues identified as impediments in the performance of specific GOZ/AID endeavors. Projects are planned in coordination with the IBRD financed economic planning team located in the office of the Presidency. A key limitation of the AID program is the absorptive capacity of Zaire to complement development assistance with necessary planning, organization, management and financing.

The Agricultural and Health Sectors have been identified through the DAP analyses as those areas where U.S. assistance can have a major impact. The selection of these areas accords with Zairian priorities and capacities to utilize most effectively U.S. resources. Food production, nutrition, health and family planning efforts are mutually reinforcing, with first priority given to projects aimed at increasing through direct means food production destined for the market economy and an up-grading of Zairian nutritional standards. Integrated rural development approaches are being stressed by involving the concurrent development of agricultural production, transportation systems, health and other social services. To date, a lesser priority has been accorded to Education Sector and Human Resource Development. However, significant design work/^{is} presently in progress in these areas, and we expect that the projects which will emerge will directly support the attainment of the priorities outlined above.

B. U.S. Development Assistance Activities in Zaire

U.S. development assistance activities in Zaire are primarily directed toward the areas of food production, nutrition, health and population planning. Although Zaire was once self-sufficient in food crops, production has been outstripped by population growth and increasing quantities of food must now be imported. Malnutrition is endemic. According the highest priority to increase food production, the GOZ is taking a number of significant and important steps to relieve some

of the major constraints. These involve the training of additional Zairoise in agricultural disciplines, improving the rural transport system, and the use of high-yield varieties and increased amounts of fertilizer. The AID Development Assistance Program is directly helping to improve agricultural performance. An on-going agricultural planning project in the Ministry of Agriculture is being continued and intensified. A comprehensive study of the agricultural sector is presently under discussion. Recently approved was a project to provide technical and institutional support to fishing cooperatives in an effort to increase fish protein consumption. Design efforts are in progress on an agricultural research project aimed at assisting the GOZ re-establish its once active research network. By far the most complex and significant single effort is AID's support of the Government's National Maize Production Program in the North Shaba area which will directly assist the GOZ increase maize production and decrease the import of this major food grain. The North Shaba project will be a six-year undertaking emphasizing the improvement of agricultural inputs and transportation infra-structure and the development of needed institutions and manpower.

The areas of agriculture and health are linked by an on-going major nutrition project which is developing a national nutrition strategy based on the results of a variety of proposed interventions. Other activities in the health sector are aimed at assisting the GOZ to: meet the problems of rapid population growth; combat disease, morbidity and infant mortality; and provide rudimentary health services for the 70 percent of Zaire's population who do not have access to these services now. Two projects are being designed to assist the newly formed National Health Council develop and implement an integrated low-cost health delivery system based on a progressive program of expanded geographic health zone coverage. Another project, complementing other donor efforts, strengthens the ability of the GOZ to control malaria and measles.

Attention is also being given to the education and human resource sector, an area which has felt the strain of expanding population and the nationalization of major parts of the private sector. A project to upgrade the administrative ability of the GOZ to manage development programs in the rural areas will utilize an innovative management seminar approach to integrate public administration concerns relating to specific rural development problems.

The FY 1976 development assistance activities contemplated a total of \$3.43 million in grants including \$593,000 of Title X (population) funds. Interim quarter financing is projected to be \$8.0 million in loans and \$750,000 in grants. The FY 1977 program proposes grant projects totaling \$4,035 million.

C. FY 1976 Security Supporting Assistance Program

Zaire's continued economic development and even its stability were threatened in 1974 by a temporary but severe balance of payment problem brought on in large part by a 60% decline in the price of copper, which provides about two-thirds of Zaire's foreign exchange and up to one-half of government revenues. In response to a request from President Mobutu for U.S. help in this economic crisis a coordinated special assistance package totaling about \$60 million, and composed in equal parts of Export-Import Bank credits, agricultural commodity credits (PL 480 and CCC) and an AID commodity import loan was designed for FY 1976. A \$20 million program loan, \$2.75 million of AID technical assistance and \$593,000 of Title X were proposed in the FY 1976 SSA Congressional Presentation (see Annex II).

During FY 1976 the proposed special assistance package for Zaire has been somewhat modified and partially implemented. The \$20 million EX-IM line of credit was delayed by Congressional concerns and a shift in GOZ financing priorities, but it is expected to be approved shortly. PL-480 Title I credit availabilities, originally estimated at \$8 million, have been increased to \$13 million and CCC credits, originally set at \$12 million have risen to \$15 million. The proposed \$20 million AID program loan, for reasons explained below, has been reduced to \$10. Accordingly, the FY 1976 special assistance package still totals about \$60; however, its composition is altered.

Since the proposed AID program loan was conceived as an instrument to support economic and political stability, rather than as a development tool, it was decided that SSA rather than Development Assistance was the most appropriate appropriation category for funding. While the proposed SSA loan thus places Zaire in the same category as AID recipients with whom overriding security considerations are the preponderant concern, it is clear that Zaire is not such a country and that the loan is not proposed for such a purpose.

In order to comply with Section 115 of the FAA, which stipulates that Development Assistance cannot be provided in a fiscal year to a country that is receiving SSA in that fiscal year, the original FY 1976 presentation submitted to Congress, which contained about \$3.3 million of grant and \$6 million of loan Development Assistance, was withdrawn and replaced by an SSA request. In shifting from Development Assistance to SSA, the \$6 million loan contemplated for authorization in FY 1976 was deferred. Accordingly, the net change in the proposed Zaire program occurring as a result of the addition of the \$20 million Program Assistance Loan and the conversion of the Development Assistance program to SSA amounted to a \$14 million increase.

Because AID was operating under a Continuing Resolution, and because of the conversion from Development Assistance to SSA and the introduction of program assistance, consultations were undertaken with the four Congressional committees immediately concerned with AID legislation. And as the proposed loan constituted a shift in the FY 1976 program proposed to Congress, notification requirements under Section 113 of the FAA were deemed applicable. These actions were overtaken by formal Congressional consideration of the AID FY 1976 Development Assistance and SSA presentations. Questions and issues raised by members of Congress in connection with Zaire's economic crisis, the increased level of U.S. assistance, and the proposed loan have been addressed. Understandings have been reached, in particular with the Senate Appropriations Committee, that it would be appropriate to move forward at this time with FY 1976 SSA financing for Zaire of \$12.75 million under Continuing Resolution authority -- a \$10.0 million program loan and \$2.75 million for the conversion of the on-going Development Assistance program.

The last Supporting Assistance program loan authorized by AID for any African country was a \$3 million loan to Zaire in 1969. Beginning in 1970, the emphasis of the Zaire program was converted from stabilization and balance of payment support to conventional development assistance. We do not regard the proposed \$10 million SSA program loan as a significant departure in AID policy toward Africa, nor do we intend to set a precedent with this pragmatic response to an unusual operational problem. It is planned that the AID program to Zaire will return to Development Assistance as soon as possible, although we cannot exclude the possibility that Zaire will need and request additional balance of payments support through SSA Program Assistance Loans in subsequent fiscal years.

III. Loan Justification

A. The Proposed Loan

In order that the proceeds of the proposed \$10 million program loan may be utilized expeditiously and provide a degree of immediate balance of payments support, the loan will be made available to Zairian public and private sector importers for the full range of eligible A.I.D. commodities. A specific list of eligible commodities will be negotiated with the GOZ and included in the CPI. We have not yet discussed specific commodity eligibility with the GOZ; however, we anticipate that approximately \$6 million will be utilized for public sector procurement -- possibly \$5 million for spare parts and equipment for the surface transportation system and state-run mining operations and about \$1 million for fertilizer. Private sector imports of about \$4 million in raw materials, spare parts and equipment are anticipated. Likely imports are agricultural equipment, industrial tractors, utility vehicles, materials handling equipment, marine diesel engines, earth moving equipment, gray cloth and chemicals.

B. Balance of Payments^{1/}

Zaire's economic situation has been characterized in recent years by rapid price increases, substantial balance of payments deficits, and a slowdown in the rate of economic growth. These internal and external imbalances reflect a progressive deterioration of the economy and excess demand pressures generated by expansionary domestic policies.

The process of deterioration has intensified since mid-1974 leading the economy to a critical position in 1975 due to a combination of external and internal factors. On the external side, the most important factors have been the sharp decreases in export prices, mainly due to the depressed levels of world copper prices, and the continued rise in import prices. Thus, the country's terms of trade are estimated to have worsened by 13% in 1974 and by over 40% in 1975, resulting in an adverse net impact on the trade balance in excess of \$500 million in 1975 alone. This unfavorable outcome was compounded by the closure of the Benguela railroad in Angola, an important route for Zaire's exports and imports.

On the domestic side, the pursuit of expansionary fiscal and credit policies allowed nominal aggregate demand to increase at unsustainable rates. With rapidly growing expenditure, the budget deficit which in 1973 amounted to Z 73 million (equivalent to 5% of GDP), more than doubled in 1974 to a level in excess of Z 200 million (12% of GDP) and was entirely financed by the Central Bank.

In 1975 a number of measures were introduced to reduce the inflationary pressure generated by the government budget and to restrain credit expansion. However with a substantial decline in tax revenues the budget deficit rose further to Z 230 million, or more than 13% of GDP. Approximately only half of this deficit was covered from central bank advances, the remainder being financed by recourse to foreign borrowing and a

^{1/} Taken largely from the statement on Zaire's Economic Situation and Prospects given by the IMF Representative in Paris, April 26, 1976, and other IMF publications.

substantial accumulation of arrears. Other bank credit continued to expand rapidly, partly to finance the growing needs of enterprises taken over by the Government.

These developments led to a sharp deterioration in Zaire's external accounts. The balance of payments which had recorded an overall surplus of \$60 million in 1973 shifted to an unprecedented deficit of \$213 million in 1974, virtually exhausting the country's foreign reserves. This led the Zairian authorities to introduce early in 1975 stringent and restrictive measures to curtail imports and other current payments abroad. These measures had little impact in reducing the overall external deficit which reached \$538 million in 1975 and was mainly financed by a sharp accumulation of arrears on foreign debt service and trade credits (\$375 million). At the end of 1975 gross foreign reserves amounted to about \$60 million, slightly less than three weeks of commodity imports.

C. Debt Service

These broad developments point up a serious deterioration of Zaire's current account over the last four or five years which led to substantial foreign borrowing at increasingly harder terms. Thus, Zaire's disbursed external debt rose from under \$200 million in 1970 to over \$1.5 billion estimated for 1975. The increase reflects large borrowing by the Government to finance investment projects and to support budget expenditure. Such a strong reliance on foreign sources of finance rendered balance of payments management progressively more difficult. A growing share of Zaire's foreign exchange receipts was absorbed by debt service and other invisible payments abroad, and there was increasing recourse to short-term credits to finance current imports. In the period 1971-74, debt service payments rose from \$40 million (less than 6% of exports) to over \$170 million (about 13% of commodity exports). In 1975, these scheduled payments rose further to \$240 million and Zaire incurred arrears on this account estimated at some \$100 million. Zaire renegotiated bilaterally a portion of the 1975 debts due to Belgium, France, and Italy.

D. Zaire's Financial Program

During 1975 it became evident that a major stabilization program was needed to improve the balance of payments and lay the ground for a sustainable economic recovery. The Zairian authorities entered into several rounds of discussions with the International Monetary Fund in the course of 1975 which led to the conclusion of a stand-by arrangement approved by the Fund's Executive Board on March 22, 1976. The arrangement is for the equivalent of SDR 40.96 million (36.25% of quota) and is intended to support a policy program involving a major adjustment effort on the part of Zaire. The Fund financial support package also includes a purchase equivalent to SDR 32.53 million under the 1975 oil facility and a purchase of SDR 56.5 million under the compensatory financing facility, both of which have now been drawn down.

Zaire's stabilization program is aimed at correcting, over the medium-term, the disequilibrium in the balance of payments generated by inappropriate domestic policies in the past and by other autonomous

Zaire: Balance of Payments, 1973-76^{1/}(In millions of SDRs)^{2/}

	1973	1974	<u>1975</u> Estimates	<u>1976</u> Projections
<u>Goods and services (net)</u>	<u>117</u>	<u>50</u>	<u>-376</u>	<u>-42</u>
Exports, f.o.b.	864	1,114	679	1,024
Imports, f.o.b.	537	743	757	742
Trade balance	<u>327</u>	<u>371</u>	<u>-78</u>	<u>282</u>
Services (net)	-210	-321	-298	-324
Unrequited transfers (net)	-65	-68	-49	-43
Capital account (net)	-6	-171	-81	60
Of which:				
Private (net)	(-32)	(-86)	(-54)	} (60)
Official (net)	(26)	(-85)	(-27)	
Errors and omissions	6	12	-39	--
<u>Overall balance (deficit -)</u>	<u>52</u>	<u>-177</u>	<u>-467</u>	<u>-25</u>
Valuation gain ^{3/}	--	105	24	--
Arrears	--	--	309	-60
Monetary movements (increase -)	-52	72	134	85
<u>Memorandum items</u>				
Gross official international reserves (end of period) ^{4/}	194	114	50	...
Net official international reserves (end of period)	153	64

Sources: Bank of Zaire, Annual Report, 1974; data provided by the Zairian authorities; IMF, International Financial Statistics; and staff projections.

^{1/} Exchange record basis, adjusted for accumulation of arrears in 1975.

^{2/} Converted from U.S. dollars at the exchange rate of US\$1 = SDR 0.83383 for 1973, US\$1 = SDR 0.83162 for 1974, US\$1 = SDR 0.82362 for 1975, and US\$1 SDR 0.85337 for 1976.

^{3/} Resulting from sales of officially held gold.

^{4/} As defined in IFS.

factors such as the recent deterioration in the terms of trade, and at limiting the overall balance of payments deficit in 1976 to \$100 million. The program assumes that in 1976 world copper prices will average \$0.66 per pound and that copper shipments will amount to about 500,000 metric tons.

This balance of payments outcome is to be brought about, *inter alia*, by a major transfer of resources to the export sector, and in particular to GECAMINES, the government-owned company that accounts for most of Zaire's copper and cobalt production. For this purpose, as part of the stabilization program Zaire has carried out a substantial depreciation of the exchange rate of its currency. Thus, the zaire which since 1967 had been pegged to the U.S. dollar at the rate of Z 1 = \$2, was depreciated by some 42% (in terms of foreign currencies) and pegged to the SDR at a new central rate of Z 1 = SDR 1. This exchange rate action is intended to restore profitability to the export sector, promote import substitution, and reduce the amplitude of fluctuations in the zaire's effective exchange rate.

To supplement the favorable impact of the exchange rate change on production and income distribution, the Government intends to follow appropriate pricing policies for agricultural products and to intensify the investment effort in the agricultural sector. With respect to the copper sector, the exchange rate action has been supplemented by Z 80 million in tax relief to GECAMINES to allow the company to become profitable and capable of financing its expansion program for 1976-79.

Shifting resources to the export sector, however, requires the adoption of other supporting policies to ensure a reduction of the share of other sectors in their utilization. Consequently, the Government's program includes price, income and demand management policies to this effect. Domestic prices will be allowed to reflect the increase in the cost of imports, although it is expected that the former will rise less than proportionately because of improved domestic supply conditions. A strict wage policy will be followed to limit nominal increases to 25% in 1976, a policy that could result in a real wage decline of as much as 10% on the average and thus reduce real spending by wage earners substantially.

The other major element of the program is the adoption of adequate domestic financial policies. In this context, a sizable share of the adjustment burden will fall on the Government. Nominal expenditure is to be kept virtually unchanged at Z 680 million bringing its share in GDP (excluding debt service payments) from 31% in 1975 to 22% in 1976. Tax revenues are forecast to improve considerably in 1976, due mainly to the effect of the exchange rate adjustment and the recovery in copper prices, so that the overall budget deficit is programmed to be limited to Z 60 million, a reduction of Z 170 million from its 1975 level. In addition, budgetary outlays in foreign exchange (excluding interest on the public external debt) will not exceed \$110 million, compared to \$175 million in 1975, to free resources for private imports.

Credit policy is to be tightened further in 1976. The expansion in domestic bank credit to households and enterprises will be limited to 35%, an increase approximately the same as in 1975. Together with the strict limitation on credit expansion to the Government, the increase in net domestic credit will be kept at 22% in 1976, compared with 72% in 1974 and 37% in 1975. To ensure that the credit limits will be observed, the financial position of the enterprises needs to be improved. This is to be achieved through appropriate pricing policies and will be helped by the recent decision of the Government to reconstitute to their former owners 40% of capital participation as well as managerial control of most of the enterprises previously taken over by the Government.

However, even by maintaining the volume of imports at a very low level, Zaire's balance of payments deficit cannot be reduced in 1976 to a level commensurate with the available financing. Thus, the feasibility of implementation of the financial program depends crucially on the assumption that Zaire will be able to obtain in 1976 debt relief of at least \$200 million. Without relief Zaire would have to pay approximately \$260 million in service payments scheduled to fall due in 1976 from disbursed loans plus an estimated \$100 million in 1975 arrears.

Zairian authorities have indicated that they wish to renegotiate the foreign debt due in the medium-term including the arrears incurred on the maturities that fell due in 1975. Given Zaire's balance of payments structure and medium-term outlook, the Zairian authorities feel that debt service payments, to be sustainable in the coming four or five years, should not exceed 13% of their export receipts. Pending renegotiation, they have decided to set aside a minimum of 10% of the 1976 export proceeds to meet debt service payments this year. In addition, they plan to reduce payments arrears incurred in 1975 by \$70 million.

The initial meeting of Zaire's creditors was held in Paris on April 26-27, 1976 and was chiefly concerned with the identification of outstanding debt and the establishment of ground rules for the negotiations. A second meeting of the creditors is scheduled for June 15-16, 1976.

E. Other Donor Assistance

Zaire has received the bulk of its bilateral development assistance from Belgium, the United States and Italy. Other significant donors include France, Germany, Japan and Canada. Multilateral assistance is received from the IBRD, the EEC and the UN. Total assistance from all sources, both loan and grant, has averaged over \$200 million annually since 1971. It is anticipated that this level will continue in the future.

IV. LOAN ADMINISTRATION

A. Zairian Import Procedures

The GOZ has a full-fledged import control system. All imports are authorized by the Bank of Zaire with priorities given for essential imports. In view of the existing foreign exchange shortage, we anticipate no conflict with the GOZ in negotiating an eligible list of commodities. Importers obtain authorization from the Bank of Zaire by filing through a local commercial bank either an application for an import license or submitting a declaration of the proposed import together with a pro-forma invoice for the proposed transaction. These documents are transmitted by the commercial bank to the Bank of Zaire for validation and approval and the reservation of foreign exchange. Upon receipt of a validated import license, the importer is free to transact his purchase.

B. Implementation Procedures

As there have been no A.I.D. private sector commodity import programs in Zaire since 1970, some Zairian private sector importers will have to become familiar with A.I.D. rules and regulations. We do not anticipate this should be a particular problem in view of the relatively modest amount of private sector imports that are contemplated, the existing GOZ import procedures, the existing knowledge of A.I.D. requirements, and the fact that A.I.D.-financed imports are likely to be confined to a relatively small number of private sector importers. The categories of imports contemplated for A.I.D. financing are ones which lend themselves to importation by either manufacturer-distributors or end-use manufacturers. Zairian public sector organizations likely to be importers under the loan are already using formal procurement procedures or have access to already established formal procurement procedures.

A.I.D.'s standard commodity financing procedures, as set forth in A.I.D. Regulation I shall be applicable. Public sector ^{procurement} will normally require formal invitation for bid procedures as has been the case in past years under other A.I.D. commodity import programs. This requirement may be waived by A.I.D. in favor of negotiated procurement when procurement of a proprietary item is justified, when procurement on an emergency basis is necessary, or when A.I.D. determines it would be impractical or inconsistent with the purposes of the loan to require formal procurement procedures.

In order to comply with Small Business notification requirements for private sector procurement, it will probably be desirable to institute a "Colombia System." If this procedure is not considered the most expeditious method, the usual advertising procedures will be followed.

In view of the relatively small size of the proposed loan and the current priorities for allocation of foreign exchange in Zaire, it is not contemplated that there will be a large number of extremely small individual transactions. However, to avoid the inefficiencies and problems attendant to very small transactions, the loan will establish a minimum transaction value of \$5,000.

Administrative responsibility for the proposed loan will reside with USAID/Kinshasa and REDSO/W, subject to the delegations of authority accorded to these offices. The existing USAID staff is being augmented by a Supply Advisor who will have immediate responsibility for the loan. He will be able to draw on the services of an IDI and two experienced local hire employees. Continuing support will be provided by REDSO/W supply, contract and legal personnel, with periodic TDY support from AID/W, if required.

C. Disbursement

The proceeds of this loan are expected to be disbursed within an 18-month period after the time the loan agreement is executed. However, because of possible delays in the delivery of manufactured items with long lead times, the Terminal Disbursement Date will be set 24 months from the loan agreement date. The Terminal Date for Requesting Disbursement Authorizations will be set at 18 months from the loan agreement date.

In Zaire there is a Central Bank and commercial banks with numerous branches. The Letter of Credit system is the usual method of financing private sector imports and there appears to be no problem in disbursing loan funds through the use of the A.I.D. Letter of Commitment procedure. The authorized signatories under the loan are not known at this time, but will probably be the Director of the Bank of Zaire and the Minister of Finance.

V. OTHER CONSIDERATIONS

A. Impact on U.S. Balance of Payments

As procurement under this loan will be limited to A.I.D. Geographic Code 941, and because of current Zaire import priorities, we anticipate that virtually the entire amount of the proposed loan will be spent in the U.S. Thus the long-term impact on U.S. balance of payments will be favorable. The loan will permit a continuation of existing commercial relationships between Zairian Public Sector entities and U.S. suppliers and will also permit U.S. suppliers and exporters to reestablish old trade relationships and create new ones in the private sector.

B. Use of U.S. Government Excess Property

Because of the nature of the assistance being provided it is unlikely that U.S. Government excess property would be appropriate for this loan. However, given the large amounts of U.S. Government excess property available, SER/COM is being asked to look at possibilities for using excess property.

C. Relation to the \$20 Million EX-IM Line of Credit

Normal import requirements for spare parts, equipment and raw materials for U.S. firms operating in Zaire are estimated in excess of \$25 million annually. The \$20 million EX-IM line of credit, presently under negotiation with GOZ, will be available to finance critical imports of U.S. firms operating in Zaire. In view of the essential purpose of this loan, the availability of EX-IM credit, and the need for rapid commitment and disbursement, it is not considered desirable to earmark a specific portion of the funds under this loan for use by U.S. firms operating in Zaire. Such firms will have full access to the loan proceeds subject to Zairian import priorities and the commodity eligibility list to be agreed upon.

D. Counterpart Generation

As indicated above, private sector imports in the neighborhood of \$4 million are anticipated with a resulting counterpart generation. The loan agreement will provide that counterpart generated under the proposed loan will be utilized by the GOZ for development activities to be agreed upon with A.I.D. There is already an established need for local currency financing under several A.I.D. projects. A.I.D. agreement on the use of counterpart funds will be structured so that the control of such funds will be subject to GOZ audit rather than audits by the U.S.

E. Use of Procurement Consultants by the GOZ

The loan agreement will provide that loan proceeds may be used to finance the services of a U.S. firm or firms to assist the GOZ in the preparation and issuance of IFBs, the analysis of awards, the execution of supply contracts, shipping arrangements, etc. The GOZ will be encouraged to make use of such services if in the view of USAID/Kinshasa and REDSO/W they will make for more efficient and expeditious use of the loan.

F. Loan Terms

Prior SSA program loans to Zaire (then the Congo) were extended by A.I.D. at 3- $\frac{1}{2}$ % interest, 25 year amortization, 5 year grace, and no interest during the grace period. The terms of the last SSA program loan to the Congo extended in 1970 were 3% interest, 30 year amortization, 5 year grace with interest at 2%. Current SSA loans to Middle Eastern A.I.D. recipients have been extended at minimal development terms of 3% interest, 40 year amortization and 10 year grace at 2% interest. In view of the purpose of this loan, Zaire's present financial capacity, and current Agency procedures, we are recommending minimal terms for the proposed loan.

G. Performance Criteria

We do not feel it desirable to attach specific economic conditions or performance indicators to this loan, but rely instead upon the GOZ-IMF agreement. The A.I.D. loan agreement, however, will provide for periodic consultation between the U.S. and the GOZ with regard to Zaire's progress in meeting the targets and objectives of the IMF program.

VI. RECOMMENDATIONS

It is recommended that you authorize a loan to the Government of Zaire for \$10 million for financing selected imports subject to the following terms:

- a. Repayment in U.S. in no more than 40 years after first disbursement including a grace period of not to exceed 10 years.
- b. Interest in U.S. dollars at 2% per annum during the grace period at 3% thereafter.
- c. Procurement with loan funds shall be restricted to A.I.D. Geographic Code 941.
- d. Such other terms and conditions as A.I.D. may deem advisable.

ANNEX 1

CHECKLIST OF STATUTORY CRITERIA

The following abbreviations are used:

FAA - Foreign Assistance Act of 1961, as amended.

FAA, 1973 - Foreign Assistance Act of 1973.

App. - Foreign Assistance and Related Programs Appropriation Act, 1974.

MMA - Merchant Marine Act of 1936, as amended.

BASIC AUTHORITY

1. FAA § 103; § 104; § 105;
§ 106; § 107. Is loan being made
 - a. for agriculture, rural development or nutrition; **Inapplicable**
 - b. for population planning or health; **Inapplicable**
 - c. for education, public administration, or human resources development; **Inapplicable**
 - d. to solve economic and social development problems in fields such as transportation, power, industry, urban development, and export development; **Inapplicable**
 - e. in support of the general economy of the recipient country or for development programs conducted by private or international organizations. **Inapplicable**

COUNTRY PERFORMANCE

Progress Towards Country Goals

2. FAA § 201 (b) (5), (7) & (8): § 208
 - A. Describe extent to which country is:
 - (1) Making appropriate efforts to increase food production and improve means for food storage and distribution. **Inapplicable**

(2) Creating a favorable climate for foreign and domestic private enterprise and investment. **Inapplicable**

(3) Increasing the public's role in the developmental process. **Inapplicable**

(4) (a) Allocating available budgetary resources to development. **Inapplicable**

(b) Diverting such resources for unnecessary military expenditure (See also Item No. 20) and intervention in affairs of other free and independent nations.) (See also Item No. 11) **Inapplicable**

(5) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangements, and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise. **Inapplicable**

(6) Willing to contribute funds to the project or program. **Inapplicable**

(7) Otherwise responding to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures. **Inapplicable**

B. Are above factors taken into account in the furnishing of the subject assistance?

Inapplicable

Treatment of U.S. Citizens and firms.

3. FAA § 620(c). If assistance is to a government, is the government liable as debtor or unconditional guarantor on any debt to a U.S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) debt is not denied or contested by such government.

We are not aware of any such case.

4. FAA § 620(e) (1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

Zaire did nationalize U.S. firms in the oil industry in 1974 and initiated moves in September 1975 to nationalize the pharmaceutical industry as well. It has been determined under the provisions of Section 502 of the Trade Act of 1974 that Zaire is taking steps to adequately compensate the U.S. firms involved.

5. FAA § 620(o); Fishermen's Protective Act § 5. If country has seized, or imposed any penalty or sanction against, any U.S. fishing vessel on account of its fishing activities in international waters,
- a. has any deduction required by Fishermen's Protective Act been made? Not applicable
- b. has complete denial of assistance been considered by A.I.D. Administrator? Not applicable
- We are not aware of any such action by Zaire against any U.S. fishing vessel.

Relations with U.S. Government and Other Nations

6. FAA § 620(a). Does recipient country furnish assistance to Cuba or fail to take appropriate steps to prevent ships or aircraft under its flag from carrying cargoes to or from Cuba.
- The Secretary of State has determined in accordance with Section 664 of the FAA, that waiver of the provisions of Section 620(a)(3) of the Act is in the national interest and therefore waived the provisions of that section. (See F.R. Doc. 75 - 24126 (Sept. 10, 1975))

7. FAA § 620(b). If assistance is to a government, has the Secretary of State determined that it is not controlled by the international Communist movement? **Yes**

8. FAA § 620(d). If assistance is for any productive enterprise which will compete in the United States with United States enterprise, is there an agreement by the recipient country to prevent export to the United States of more than 20% of the enterprise's annual production during the life of the loan. **The loan is not so intended.**

9. FAA § 620(f). Is recipient country
a Communist country? No

10. FAA § 620(1). Is recipient country
in any way involved in (a) subversion
of, or military aggression against,
the United States or any country
receiving U.S. assistance, or (b)
the planning of such subversion or
aggression? No

11. FAA § 620(j). Was the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action, of U.S. property? No
12. FAA § 620(1). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, in convertibility or confiscation, has the A.I.D. administration within the past year considered denying assistance to such government for this reason? Zaire has an Investment Guaranty Agreement with the U.S.
13. FAA § 620(n). Does recipient country furnish goods to North Viet-Nam or permit ships or aircraft under its flag to carry cargoes to or from North Viet-Nam? The Legal Advisor's office has issued a legal opinion that section 620(n) has no present effect and that it does not require the further withholdings of assistance under the FAA from countries trading with North Vietnam.

14. FAA § 620(q). Is the government of the recipient country in default on interest or principal of any A.I.D. loan to the country?

Zaire is in default for more than six months on a number of loans made under the FAA. On May 24, 1976, the Administrator determined, in accordance with Section 620(q) of the FAA and delegation of authority issued thereunder, that it is in the national interest of the U.S. to provide assistance to Zaire notwithstanding Zaire's failure to pay principal and interest on A.I.D. loans for a period of more than six months.

15. FAA § 620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

No

16. FAA § 620(u). What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget?

Zaire's short-term arrearage is approximately \$60,000. It does not pose a problem with regard to provisions of Article 19 of the U.N. Charter.

17. FAA § 481. Has the government of recipient country failed to take adequate steps to prevent narcotic drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U.S. Government personnel or their dependents, or from entering the U.S. unlawfully?

No

18. FAA § 659. If (a) military base is located in recipient country, and was constructed or is being maintained or operated with funds furnished by U.S., and (b) U.S. personnel carry out military operations from such base, has the President determined that the government of recipient country has authorized regular access to U.S. correspondents to such base?

There is no military base in Zaire within the definition of this section.

Military Expenditures

19. FAA § 620(s). What percentage of country budget is for military expenditures? How much of foreign exchange resources spent on military equipment? How much spent for the purchase of sophisticated weapons systems? (Consideration of these points is to be coordinated with the Bureau for Program and Policy Coordination, Regional Coordinators and Military Assistance Staff (PPC/RC).)

On the basis of the preliminary information available, it appears that Zaire's 1975 military expenditures will be significantly less than those of 1974. In FY 1976 Zaire has concluded a \$19 million Foreign Military Sales Agreement with the U.S. No sophisticated weapons systems were purchased in 1975.

CONDITIONS OF THE LOAN

General Soundness

20. FAA § 201(d). Information and conclusion on reasonableness and legality (under laws of country and the United States) of lending and relending terms of the loan.

Not applicable.

21. FAA § 201(b)(2); § 201(e). Information and conclusion on activity's economic and technical soundness. If loan is not made pursuant to a multilateral plan, and the amount of the loan exceeds \$100,000, has country submitted to A.I.D. an application for such funds together with assurances to indicate that funds will be used in an economically and technically sound manner? **Not applicable.**
22. FAA § 201(b)(2). Information and conclusion on capacity of the country to repay the loan, including reasonableness of repayment prospects. **Not applicable.**
23. FAA § 201(b)(1). Information and conclusion on availability of financing from other free-world sources, including private sources within the United States. **Not applicable.**
24. FAA § 611(a)(1). Prior to signing of loan will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the United States of the assistance? **Yes.**

25. FAA § 611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the loan?

No further legislative action is required to implement the program.

26. FAA § 611(e). If loan is for Capital Assistance, and all U.S. assistance to project now exceeds \$1 million, has Mission Director certified the country's capability effectively to maintain and utilize the project?

Not applicable.

Loan's Relationship to Achievement of Country and Regional Goals

27. FAA § 207; § 113. Extent to which assistance reflects appropriate emphasis on: (a) encouraging development of democratic, economic, political and social institutions; (b) self-help in meeting the country's food needs; (c) improving availability of trained manpower in the country; (d) programs designed to meet the country's health needs; (e) other important areas of economic, political, and social development, including industry; free labor unions, cooperatives, and Voluntary Agencies; transportation and communication; planning and public administration; urban development, and modernization of existing laws; or (f) integrating women into the recipient country's national economy.

Not applicable.

28. FAA § 209. Is project susceptible of execution as part of regional project? If so, why is project not so executed?

Not applicable.

29. FAA § 201(b)(4). Information and conclusion on activity's relationship to, and consistency with, other development activities, and its contribution to reliable long-range objectives. **Not applicable.**
30. FAA § 201(b)(9). Information and conclusion on whether or not the activity to be financed will contribute to the achievement of self-sustaining growth. **Not applicable.**
31. FAA § 209. Information and conclusion whether assistance will encourage regional development programs. **Not applicable.**
32. FAA § Section 111. Discuss the extent to which the loan will strengthen the participation of the urban and rural poor in their country's development, and will assist in the development of cooperatives which will enable and encourage greater numbers of poor people to help themselves toward a better life. **Not applicable.**
33. FAA § 201(f). If this is a project loan, describe how such project will promote the country's economic development taking into account the country's human and material resource requirements and the relationship between ultimate objectives of the project and overall economic development. **Not applicable.**

34. FAA § 281(a). Describe extent to which the loan will contribute to the objective of assuring maximum participation in the task of economic development on the part of the people of the country, through the encouragement of democratic, private, and local governmental institutions. **Not applicable.**
35. FAA § 281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government. **Not applicable.**
36. FAA § 201(b)(3). In what ways does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities? **Not applicable.**
37. FAA § 601(a). Information and conclusions whether loan will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions. (a) the program loan will be used to finance the import of commodities with the long-term objective of increasing Zaire's ability to engage in international trade. (b) Under A.I.D. Regulation I procedures, private initiative and competition will be fostered. (c) No direct impact. (d) No direct impact. (e) The purpose of the loan is to encourage production which involves improvement of technical efficiency of industry, agriculture and commerce. (f) No direct impact.

38. FAA § 619. If assistance is for newly independent country; is it furnished through multilateral organizations or plans to the maximum extent appropriate?

Zaire is not a newly independent country.

Loan's Effect on U.S. and A.I.D. Program

39. FAA § 201(b)(6). Information and conclusion on possible effects of loan on U.S. economy, with special reference to areas of substantial labor surplus, and extent to which U.S. commodities and assistance are furnished in a manner consistent with improving the U.S. balance of payments position.

Not applicable

40. FAA § 202(a). Total amount of money under loan which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports from private sources, or is otherwise being used to finance procurements from private sources.

Not applicable

41. FAA § 601(b). Information and conclusion on how the loan will encourage U.S. private trade and investment abroad and how it will encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

Regulation 1 ensures that there will be maximum private participation in transactions financed under the loan.

42. FAA § 601(d). If a capital project, are engineering and professional services of U.S. firms and their affiliates used to the maximum extent consistent with the national interest?

This project is not a capital project activity

43. FAA § 602. Information and conclusion whether U.S. small business will participate equitably in the furnishing of goods and services financed by the loan. Procurement of commodities and services under the loan will be according to established A.I.D. Regulation 1 procedures.
44. FAA § 620(h). Will the loan promote or assist the foreign aid projects or activities of the Communist-Bloc countries? No
45. FAA § 621. If Technical Assistance is financed by the loan, information and conclusion whether such assistance will be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis. If the facilities of other Federal agencies will be utilized, information and conclusion on whether they are particularly suitable, are not competitive with private enterprise, and can be made available without undue interference with domestic programs. Technical assistance is not financed by the loan.

Loan's Compliance with Specific Requirements

46. FAA § 110(a); § 208(e). In what manner has or will the recipient country provide assurances that it will provide at least 25% of the costs of the program, project, or activity with respect to which the loan is to be made? Not applicable
47. FAA § 660. Will loan be used to finance police training or related program in recipient country? No

48. FAA § 114. Will loan be used to pay for performance of abortions or to motivate or coerce persons to practice abortions. No
49. FAA § 531. Is Zaire among the 12 countries in which Supporting Assistance may be provided in this fiscal year? Yes
50. FAA §-201(d). Is interest rate of loan at least 2% per annum during grace period and at least 3% per annum thereafter? Not applicable
51. FAA § 201(f). If this is a project loan, what provisions have been made for appropriate participation by the recipient country's private enterprise? Not applicable
52. FAA § 604(a). Will all commodity procurement financed under the loan be from the United States except as otherwise determined by the President? The loan authorizes procurement from countries listed in A.I.D. geographic code 941. In view of the nature of the procurement the bulk of it is expected to be from the U.S.
53. FAA § 604(b). What provision is made to prevent financing commodity procurement in bulk at prices higher than adjusted U.S. market price.

AID Regulation I will be incorporated in the loan agreement to enforce statutory pricing restrictions.
54. FAA § 604(d). If the cooperating country discriminates against U.S. marine insurance companies, will the loan agreement require that marine insurance be placed in the United States on commodities financed by the loan? Yes
55. FAA § 605(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? See Question 53

56. FAA § 604(f). If loan finances a commodity import program, will arrangements be made for supplier certification to A.I.D. and A.I.D. approval of commodity as eligible and suitable? **Yes, A.I.D. Regulation 1 will be applied.**
57. FAA § 608(a). Information on measures to be taken to utilize U.S. Government excess property in lieu of the procurement of new items. **Efforts will be made to utilize excess property to the maximum extent possible.**
58. FAA § 611(b), App. § 101. If loan finances water or water-related land resource construction project or program, is there a benefit-cost computation made, insofar as practicable, in accordance with the procedures set forth in the Memorandum of the President dated May 15, 1962? **Not applicable**
59. FAA § 611(c). If contracts for construction are to be financed, what provision will be made that they be let on a competitive basis to maximum extent practicable? **No such contracts are to be financed by the loan.**
60. FAA § 612(b); § 636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the United States are utilized to meet the cost of contractual and other services. **No contractual or other services are being financed under the loan.**

61. Section 30 and 31 of PL 93-189 (FAA of 1973). Will any part of the loan be used to finance directly or indirectly military or paramilitary operations by the U.S. or by foreign forces in or over Laos, Cambodia, North Vietnam, South Vietnam, or Thailand? No
62. Section 37 of PL 93-189 (FAA of 1973); App. § 111. Will any part of this loan be used to aid or assist generally or in the reconstruction of North Vietnam? No
63. FAA § 612(d). Does the United States own excess foreign currency and, if so, what arrangements have been made for its release? No
64. FAA § 620(g). What provision is there against use of subject assistance to compensate owners for expropriated or nationalized property? The loan will not permit such use.
65. FAA § 620(k). If construction of productive enterprise, will aggregate value of assistance to be furnished by the United States exceed \$100 million? Not applicable
66. FAA § 636(i). Will any funds be used to finance purchase, long-term lease, or exchange of motor vehicle manufactured outside the United States, or any guaranty of such a transaction? No
67. App. § 103. Will any loans be used to pay pensions, etc., for military personnel? No
68. App. § 105. If loan is for capital project, is there provision for A.I.D. approval of all contractors and contract terms? The loan is not for a capital project.
69. App. § 107. Will any loan funds be used to pay UN assessments? No
70. App. § 108. Compliance with regulations on employment of U.S. and local personnel. (A.I.D. Regulation 7). Not applicable

71. App. § 110. Will any of loan funds be used to carry out provisions of FAA § 209(d)? No
72. App. § 112. Will any of the funds appropriated or local currencies generated as a result of AID assistance be used for support of police or prison construction and administration in South Vietnam or for support of police training of South Vietnamese? No
73. App. § 113. Describe how the Committee on Appropriations of the Senate and House have been or will be notified concerning the activity, program, project, country, or other operation to be financed by the Loan. The Committees have been notified at least fifteen days in advance of obligation.
74. App. § 601. Will any loan funds be used for publicity or propaganda purposes within the United States not authorized by Congress? No
75. App. § 604. Will any of the funds appropriated for this project be used to furnish petroleum fuels produced in the continental United States to Southeast Asia for use by non-U.S. nationals? No
76. MMA § 901.b; FAA § 640C.
(a) Compliance with requirement that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed with funds made available under this loan shall be transported on privately owned U.S.-flag commercial vessels to the extent that such vessels are available at fair and reasonable rates. A.I.D. Regulation 1, which is incorporated into this loan, will cover this requirement.

77. FAA § 115. Will Zaire receive both Supporting Assistance and Development Assistance in the same fiscal year. No

ANNEX II

ZAIRE

OBJECTIVES OF U.S. ASSISTANCE

The fundamental objectives of U.S. policy in Zaire are to help Zaire maintain its political stability and economic growth potential. Both are threatened by a severe foreign exchange cash flow problem. Since Zaire's independence in 1960, the US has recognized the importance of the unity and stability of Zaire internally as well as externally to all of Central Africa because of its size and location.

- US public and private aid and investment has been generous.
- The remarkable progress that has been achieved by Zaire both politically and economically during the intervening period and with our aid is now in jeopardy.

It is proposed that the U.S. economic assistance program be reoriented in FY 1976 to respond to Zaire's immediate and short-term financial needs, while concurrently moving forward with development projects that are being designed or are ready for implementation:

- To prevent Zaire's severe short-term financial problems from causing economic disruption and undermining political stability.
- To prevent Zaire's economy from further deterioration while steps are being taken to improve financial management and the anticipated upswing occurs in world copper prices, Zaire's primary export earner.
- To prevent substantial American investment and resource development projects from floundering for lack of essential commodities and equipment, or of banking confidence.
- To indicate through our example that other donors should also respond to Zaire's immediate financial needs.

ECONOMIC SETTING

Zaire's relative prosperity of recent years has turned to apprehension about short-term fiscal soundness. The downturn in copper prices and a need for better financial management has caused a short-term financial crisis.

- Foreign exchange reserves have diminished.
- Debt service requirements have increased.
- Deficit budgetary spending has become necessary.

Steps are under way to alleviate this current financial problem:

- The Government has announced austerity measures, instituted tight budgetary controls, placed curbs on importation of certain goods, and tightened debt service management.
- Primary economic planning and resource allocation responsibility has been centralized in the Office of the Presidency.
- The Government is consulting with the IMF on measures to improve Zaire's financial position, and exploring possibilities of external assistance to help meet short-term foreign exchange requirements.

PROGRAM SUMMARY (In thousands of dollars)							
FISCAL YEAR	Total	Food and Nutrition	Population Planning and Health	Education and Human Resources Development	Selected Development Problems	Selected Countries and Organizations	Security Supporting Assistance
1974							
Loans	-	-	-	-	-	-	-
Grants	1,091	218	340	533	-	-	-
Total	1,091	218	340	533	-	-	-
1975							
Loans	637	637	-	-	-	-	-
Grants	960	630	330	-	-	-	-
Total	1,597	1,267	330	-	-	-	-
1976							
Loans	20,000	-	-	-	-	-	20,000
Grants	3,343	-	593	-	-	-	2,750
Total	23,343	-	593*	-	-	-	22,750
5th Quarter							
Loans	7,500	7,500	-	-	-	-	-
Grants	450	450	-	-	-	-	-
Total	7,950	7,950	-	* Title X	-	-	-

ZAIRE

Recovery of the Zairian economy is of substantial importance to the United States.

- US financial stake in Zaire (investment, loans, project contracts) is of the order of 750 million dollars.
- At least six major US companies are involved in the development of Zaire's abundant energy and mineral resources, to which it is important that the US maintain access.
- A strong economy will enhance Zaire's continued political stability and the stability of all of central Africa.

In FY 1976, a coordinated package of US assistance of about \$60 million will demonstrate our support of Zaire's efforts to correct its financial difficulties.

- \$20 million Export-Import Bank credits.
- about \$20 million PL 480, Title I and CCC commodity credits.
- \$20 million A.I.D. Commodity Import Program loan.
- \$3.3 million A.I.D. Technical Assistance and Title X.

Developmentally, Zaire's food production has failed to keep pace with population growth over recent years.

Importation of food stuffs has increased consistently over the past decade to approximately half the country's total requirements.

- Malnutrition is endemic.
- Disease is widespread.
- Mortality and morbidity rates remain high, especially for children.

The once extensive transportation system has fallen into disrepair.

- Despite major efforts to improve the system in the past few years, many areas of the country are isolated for lengthy periods during the rainy season because roads are impassable.

Zaire is seeking to combat long-term development problems in a coherent manner.

- A framework for setting national development priorities

and planning is being established with the aid of a multi-national team, staffed by the International Bank for Reconstruction and Development (IBRD) and financed by the United Nations Development Program (UNDP).

A.I.D.'s role in Zaire's economic development has been relatively modest in recent years.

- However, while other donors (the IBRD and Belgian Government and the European Development Fund for example) are providing larger levels of resources, the A.I.D. program in Zaire has always been marked by its leading role in attacking the critical problems of the country; those remain transport and agriculture, with increasing concern about health and nutrition.

FY 1976 PROGRAM - 5TH QUARTER

In FY 1976, Security Supporting Assistance is proposed of which \$2.75 million will continue grant support for technical assistance projects and \$20.0 million will finance a Commodity Import Program Loan. Title X funds totalling \$593,000 are also required.

In the 5th Quarter, Development Assistance will be required for grant funding of \$450,000 of continuing costs of technical assistance projects and for funding a \$7.5 million rural development loan, centering on maize production.

AGRICULTURE

Food production has not kept up with the expanding population.

- Increasing quantities of food must be imported. Once self-sufficient in food crops, it is projected that Zaire will import over 325,000 tons of wheat, rice and maize in 1975.

The Government has given food production high priority. The development plan now being drawn up emphasizes agriculture. Steps to be taken to relieve some of the major

ZAIRE

constraints to agricultural production include:

- training additional Zairois in agricultural disciplines and techniques,
- improving and opening the country's rural transportation system,
- distributing high yielding variety seeds and technology,
- reclaiming exhausted soils through expanded use of fertilizer, and
- expanding and strengthening research and extension services.

A.I.D. will help Zaire improve performance in the agriculture sector by assisting efforts to increase food production and combat malnutrition.

- In FY 1976, these activities will require Security Supporting Assistance grants of \$2.2 million.
- In the 5th Quarter, Food and Nutrition funds both for grants of \$450 thousand and a loan of \$7.5 million are planned.

A.I.D. will help the Planning Bureau of the Ministry of Agriculture through the Planning and Management Services Project. This is an essential first step in anticipation that increasing levels of Zaire and other donor financing can be devoted to problems of food production and the needs of small farmers.

- A five-man team will assist in program design, analyzing budgetary and production requirements, determining priorities, and allocating resources.

A.I.D. will also continue to assist the National Health Council develop a national nutrition strategy. Malnutrition is a major concern as a result of discrepancies between the protein needs of the people and available food supplies.

- A contract team will assist the Government determine causes of malnutrition and prescribe means to improve the nutrition of the rural population.

- The interventions identified will be tested for replication country-wide.

A.I.D. will support the National Maize Program through the North Shaba Rural Development grant project and, in the 5th Quarter, a \$7.5 million loan. This program is designed to accelerate production and eliminate costly imports. Intensive assistance will be provided in the North Shaba Region as a pilot-area in this country-wide program.

- Emphasis will be on introduction of improved agricultural inputs and technology with supporting rural transportation infrastructure, institutions, and training to be upgraded on a phased basis.
- This project will include supporting ancillary social services in the region including health, nutrition and education.

A.I.D. will support efforts of fishing cooperatives in the Kivu Region. Fish provide the most important source of protein to inhabitants of the area.

- This new project is expected to increase the volume and marketing of the fish catch.

POPULATION AND HEALTH

The Government is trying to deal with family planning needs within the context of overall health delivery systems. Zaire's rapid population growth has severely hampered the Government's ability to establish and maintain a viable health infrastructure essential to carrying out national health programs. At least seventy percent of the rural population have no access to health delivery services.

- Zaire's population growth rate of 2.6% a year is creating demands for new jobs, more food, more schools, and a greatly improved and expanded social service program.
- The new National Health Council has been charged with improving the planning and administrative procedures

ZAIRE

so that health, population, and nutrition needs of rural Zaire may be fulfilled by integrated low-cost delivery systems.

A.I.D. is examining ways to support this initiative. In FY 1976, A.I.D. proposes \$593,000 in population planning and \$550 thousand in health activities.

A.I.D. will initiate a new project, Health Systems Management, to assist the National Health Council.

- Work will be undertaken to design operational programs and procedures for monitoring and evaluating the effectiveness of integrated delivery systems.

A.I.D. will bring to conclusion an on-going population project aimed at maternal, child-health and family planning services. Successful pilot clinic demonstrations under this project have led to the Council's planning for replication of these integrated population and health services country-wide. The project involved:

- maternal and child health and nutrition training,
- dissemination of family planning information,
- contraceptive distributions,
- and the development of model clinics.

A.I.D. will help government face problems of endemic diseases such as malaria and trypanosomiasis. Both contribute greatly to Zaire's high mortality and morbidity rates. Each has a debilitating impact on most of the population.

- Pilot efforts to determine how best to deal with these problems will be undertaken.

COMMODITY IMPORT PROGRAM

A.I.D. is proposing a \$20.0 million Security Supporting Assistance loan in FY 1976 to enable Zaire to import essential commodities as it proceeds with economic recovery. This loan, in conjunction with PL 480 and CCC resources and Ex-Im Bank credit program, will help alleviate

pressures on Zaire's critical foreign exchange position and at the same time allow important public and private development projects which face commodity shortages to proceed.

- The selection of specific commodities for financing under this loan will be carefully coordinated with the provision of commodity assistance under the PL 480, CCC, and Ex-Im Bank program.
- A range of commodities will be eligible, including agricultural inputs and machinery which are integral needs for Zaire's increased food production efforts.
- Equipment and production supplies in support of American private investment interests will be financed.

OTHER ACTIVITIES

Foodgrain imports will be a heavy burden for Zaire until food requirements can be met domestically. PL 480, Title I is being requested in FY 1976 to help ease Zaire's import burden as a part of the special U.S. assistance package.

- The commodities and amounts are presently under review. The combined PL 480, Title I and CCC credit will total in the order of \$20.0 million.
- Local currency generations will be utilized to support joint Zaire and A.I.D. agricultural development projects.

Housing and housing credits are problems to low-income workers. To help meet this need, in 1971 A.I.D. approved in principle up to \$25 million for a Housing Investment Guaranty Program.

- Of this, a \$10 million loan guaranty is providing capital to support a new savings and loan bank and to finance 750 lower middle income housing units being constructed in Kinshasa.

Country: Zaire

GRANT ACTIVITY DATA

TABLE III

TITLE Planning and Management Services NUMBER 660-11-740-050	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
	PRIOR REFERENCE p. 121 FY 1975 AFR CP	FY 76 500	5th Q. -
		INITIAL OBLIGATION FY: 1973	SCHEDULED FINAL OBLIGATION FY: 1976

Project Target and Course of Action. To develop a project analysis and resource management capability within the Department of Agriculture's Planning Bureau. Management planning advisors from the U.S. Department of Agriculture are assisting Zairois staff to develop medium and short-term plans for agricultural development programs, and overcoming obstacles to effective use of available resources, both internal and external.

A.I.D. is providing a team of experts, including three agricultural economists, two statisticians, and a short-term agricultural marketing specialist. With this staff, the Bureau will be able to establish a data base which will permit more effective planning. The U.S. team will also advise the Department of Agriculture as to the kinds of statistical data needed, the most efficient means for collecting it, and how it should be published. The development and implementation of a training program for field and statistical office personnel, the evaluation of progress in field work, and the tabulation and distribution of survey results are other areas in which they will provide assistance. The kind and extent of the training requirements in the agricultural field will also be determined by the Planning Bureau with the aid of the economy such as imports and exports, income distribution and rural employment, price policy and marketing, etc.

Progress to Date. During the past year AID inputs to the Planning Bureau included two PASA agricultural economists, one contract econometrician, and short-term PASA experts. Accomplishments at the project during the past year include: the establishment of the Planning Bureau as an operational unit (with the assistance of seven Zairois economists, one Belgian economist and three French advisors); in-service training provided Zairois staff in project planning and evaluation, budget formulation, coordination of multi-donor projects, and general operation compilation of the first accurate inventory of all existing agricultural projects; establishment of guidelines for the systematic evaluation of agricultural projects; initiation of in-depth field studies in support of corn production programs in North Shaba and Tshilenge; and completion of a six-week course in agricultural capital project analysis. Recruitment of 3 U.S. technicians will be executed in FY 1975, with their arrival expected before the end of the fiscal year.

FY 1976 Program. A.I.D. proposes to provide \$500,000 for the five U.S. advisors for 90 man months, plus short-term advisory assistance. This will cover the cost of their services through the scheduled phase-out of the project.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
	Obligations	Expenditures	Unliquidated		OBLIGATIONS									
					Estimated FY 1975			Proposed FY 76			Proposed 5th Q.			
					Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total	
Through 8/30/74	358	193	165											USDA
Estimated FY 75	529	406		Cost Components										
Estimated through 8/30/75	887	599	288	U.S. Technicians ..	-	360	360	-	500	500	-	-	-	
				Participants	121	-	121	-	-	-	-	-	-	
				Commodities	42	-	42	-	-	-	-	-	-	
				Other Costs	6	-	6	-	-	-	-	-	-	
Proposed FY 76	500	Future Year Obligations	Estimated Total Cost	Total Obligations ..	169	360	529	-	500	500	-	-	-	
Proposed 5th Quarter	-	-	1,387											

Country: ZAIRE

GRANT ACTIVITY DATA

TABLE III

TITLE Nutrition Planning	FUNDS FY 76 Security Supporting Assistance 5th Q. Food and Nutrition	PROPOSED OBLIGATION (\$500' FY 76 \$700 5th Q. \$250	
	PRIOR REFERENCE P. 122 FY 1975 AFR CP	INITIAL OBLIGATION FY: 1975	SCHEDULED FINAL OBLIGATION FY: 1979
NUMBER 660-11-560-055			

Project Target and Course of Action. To assist the Government of Zaire to formulate a national program strategy for combatting malnutrition, the country's single greatest cause of morbidity and mortality. The program will impact primarily on the nutritional needs of infants, preschool children, and pregnant women who, due to the insufficient intake of protein and other nutrients, are particularly affected, especially in the rural areas. This project, will support the Government's decision to establish a framework for both planning and implementing programs to reduce malnutrition at the community and national levels.

Two U.S. nutrition planners will work with the newly established National Health Council to design data information systems needed for comprehending nutrition-related problems and developing policy guidelines. Currently, the Council will form policy action teams of approximately five members each with appropriate experience and/or educational background. The teams will work with four U.S. contract specialists in public health, sanitation, agriculture, endemic diseases control and medical economics. A program will be developed to include identification of action agents, e.g., community, government departments, private donor, etc.; specific interventions such as fortified food distribution and potable water sources; detailed cost estimates; time-phased plans for implementation; and an evaluation

procedure and system for continuous feedback.

Three to five specific areas will be identified for the collection of baseline data on determinants of nutritional status/morbidity/mortality. The field experience will be used by the Council as inputs to its data bank and to help design a cost-effective and realistic program for nationwide application.

Begun in late FY 1975, the project will finance six U.S. contractor personnel, short-term consultants, commodities required for transportation, and data collection and management. Training will be provided for approximately 15 Zairians in nutrition planning, statistical techniques, and nutrition/health related fields.

FY 1976 Program. FY 1976 funding of \$700,000 will finance 10 man years of contract costs for six technicians plus short-term consultants (\$516,000); 56 man months of participant training in nutrition, statistics, biochemistry, etc. (\$58,000); commodities, primarily for five intervention demonstrations such as medicine, lab equipment, training aids and vehicles (\$120,000); and for other costs, e.g., survey publications and support costs of survey teams (\$6,000).

5th Quarter Program. Funding for the 5th Quarter is proposed for training of 8 long-term and 15 short-term participants (\$147,000); supporting commodities (\$100,000), and other costs (\$3,000).

Total Government support will amount to \$1.1 million.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES		
Through 6/30/74	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS							
					Estimated FY 1975			Proposed FY 76			Proposed 5th Q.	
Estimated FY 75	101	30	-		Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	To be determined	
Estimated through 6/30/75	101	30	71	U.S. Technicians	-	100	100	-	516	516		-
Proposed FY 76	700	Future Year Obligations	Estimated Total Cost	Participants	-	-	-	58	-	58		147
Proposed 5th Quarter	250			Commodities	-	1	1	120	-	120		100
				Other Costs	-	-	-	6	-	6		3
				Total Obligations	-	101	101	134	516	700	250	

Country: Zaire

GRANT ACTIVITY DATA

TABLE III

TITLE Fishing Cooperatives Expansion	FUNDS	PROPOSED OBLIGATION (\$000)	
	Security Supporting Assistance	FY 76 \$250	5th Q. -
NUMBER 660-11-180-056	PRIOR REFERENCE	INITIAL OBLIGATION	SCHEDULED FINAL OBLIGATION
	None	FY: 1976	FY: 1978

Project Target and Course of Action: To assist the Government and a local fishing cooperative (COPELAZ) improve the cooperative's capabilities in fish production, processing, and marketing and increase the consumption of fish protein in the Uvira and Fizi zones of the south Kivu Region near Lake Tanganyika. The project's significance is related to the Government's increasing emphasis on food production as a key development priority and the need to respond to the high incidence of malnutrition in rural Zaire. Fish is one of the few sources of high quality protein available to the rural poor of this area.

COPELAZ was formed in 1973 with Government help to revitalize two previous fishing cooperatives by providing technical assistance and credit to its membership to improve fishing methods and augment fish production. Approximately three hundred members make up the cooperative. Membership is expected to increase as the improvement program progresses. While comprising only 3.5% of the approximately 9,000 fishermen in the area, they now account for well over half of the total fish production of 10,000 tons annually in the proposed project zone.

Under this project, COPELAZ proposes to double the fish catch within two years and improve fish processing and marketing through an expansion of its services. A.I.D. will assist in training and strengthening COPELAZ management through a demonstration project and also by

providing essential commodities to facilitate processing and marketing.

The proposed project is expected to be implemented through the combined efforts of A.I.D. and the Peace Corps, who will provide two specialists, as well as COPELAZ and the central Government. The Government's participation will be through the UN assisted "Action Kusadia" program, a rural self-help development effort.

A.I.D. plans to provide three technicians to conduct a comprehensive technical and economic feasibility study of this project and to refine the proposed project's design. Based on their report, it is anticipated that A.I.D. will provide short-term technicians, training, and equipment to support COPELAZ's expansion requirements.

The Government's contribution to this project is estimated at \$170,000 for local support costs and COPELAZ will contribute an additional \$28,000 for construction supplies.

FY 76 Program: The proposed budget of \$250,000 covers \$40,000 for 9 man months of short-term advisors; \$10,000 for 3 short-term participants; \$190,000 for commodities; and \$10,000 for local costs. The commodities include trucks, nets, lamps, boats and outboard motors.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES				
Through 6/30/74	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS									
					Estimated FY 1975			Proposed FY 76			Proposed 5th Q.			
Estimated FY 75					Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
Estimated through 6/30/75	-	-	-	U.S. Technicians	-	-	-	-	40	40	-	-	-	
Proposed FY 76	250	Future Year Obligations	Estimated Total Cost	Participants	-	-	-	10	-	10	-	-	-	
Proposed 5th Quarter	-	150	400	Commodities	-	-	-	190	-	190	-	-	-	
				Other Costs	-	-	-	10	-	10	-	-	-	
				Total Obligations	-	-	-	210	40	250	-	-	-	

Country:

GRANT ACTIVITY DATA

TABLE III

TITLE	FUNDS	FY 76 Security Supporting Assistance 5th Q. Food and Nutrition	PROPOSED OBLIGATION (\$000)	
			FY 76 \$750	5th Q. \$200
Rural Development - North Shaba NUMBER 660-11-199-059	PRIOR REFERENCE	None	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1978

Project Target and Course of Action. To increase the income of some 15-20 thousand small rural farmers in the North Shaba region primarily by helping to double their maize production.

Zaire has recently re-emphasized its top priority goal, articulated in 1973, of achieving self-sufficiency in agricultural production. Also, the Government is aware of the disparity of income levels between rural and urban areas and is taking steps to reduce it.

Key prerequisites for improving the lives of the rural population, the vast majority of whom are small farmers, are the rehabilitation of the local transportation network and the provision of technical inputs, which will promote greater productivity and improved social services.

In view of the dearth of technically and managerially qualified Zairis and the lack of adequate transportation, an area specific approach is being taken. The Government has selected North Shaba as one of two areas in which to undertake a rural development effort emphasizing maize production. This selection is based on the proven capability of the soils in the area to support maize production; the area's proximity to adequate transportation facilities; and the lack of population pressure on the land. Zaire has requested A.I.D. and other donors to assist in this effort.

Maximum involvement of the small farmers affected by the project will be encouraged from the earliest stages of project design forward.

It is estimated that this project, in coordination with a loan project to be funded by A.I.D. together with the Government's contribution, will result in doubling of production by 4,000 farm families expected to participate in the first phase of this program.

The UNDP and IBRD have expressed interest in supporting ancillary activities.

FY 1976 Program. The proposed FY 76 budget of \$750,000 is based on preliminary project estimates of: two year contract costs of 4 U.S. technicians plus 10 man months of short-term advisors (\$560,000); participants at 96 man months of long-term (\$88,000) and 80 man months of short-term (\$62,000) training; commodities, including training equipment, demonstration agricultural equipment, (\$20,000); and other costs for training and design seminars and report publications, (\$20,000).

5th Quarter Program. Funding for the 5th Quarter is proposed for two year contract costs of one additional U.S. technician plus 6 man months of short-term consultants (\$160,000); training for 1 long-term and 1 short-term participant (\$15,000); and a small amount of supporting commodities and local costs (\$25,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES			
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS								
					Estimated FY 1975			Proposed FY 76			Proposed 5th Q.		
Through 6/30/74	-	-	-		Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total
Estimated FY 75	-	-	-	U.S. Technicians	-	-	-	-	560	560	-	160	160
Estimated through 6/30/75	-	-	-	Participants	-	-	-	150	-	150	15	-	15
				Commodities	-	-	-	20	-	20	20	-	20
Proposed FY 76	750	Future Year Obligations	Estimated Total Cost	Other Costs	-	-	-	20	-	20	5	-	5
Proposed 5th Quarter	200	1,050	2,000	Total Obligations	-	-	-	190	560	750	40	160	200

To be determined.

Country: ZAIRE

GRANT ACTIVITY DATA

TABLE III

TITLE Maternal Child Health/Family Planning NUMBER 660-11-531-049	FUNDS Population Planning and Health PRIOR REFERENCE P. 124 FY 1975 AFR C.P.	PROPOSED OBLIGATION (\$000)	
		FY 76 593	5th Q. -
		INITIAL OBLIGATION FY: 1972	SCHEDULED FINAL OBLIGATION FY: 1976

Project Target and Course of Action. To develop a Zaire Government Family Planning delivery system by: establishing a Maternal Child Health Family Planning (MCH/FP) Training Division under the Government's Fonds Medicale de Cooperation (FOMECCO) to insure adequate training for medical assistants in the area of MCH/FP; formalizing a distribution network with the capability of providing contraceptives and educational equipment required for an effective maternal/child health and family planning program; and fostering a co-ordinated effort on the part of the communications media to prepare and distribute TV/Radio Programs dealing with MCH/FP themes.

Progress to Date. Substantial progress has been made toward achieving the above objectives. Eight Zairois midwives have successfully completed training in family planning motivation and contraceptive techniques. Approximately 100 nurses and paramedical personnel are receiving on-the-job training. Also, six participants are in the U.S. for long-term training in the fields of public health, nutrition, population and demography.

In addition, the Organization for Rehabilitation through Training (ORT) under an A.I.D. contract has provided three medical advisors and one administrative assistant who supervise the establishment of the

MCH/FP distribution network, as well as the training program. The first pilot clinic (Barumbu) opened in January 1974 and is now handling an average of 55 prenatal consultations per day, as well as servicing approximately 95 children per day in the under-five program. The second pilot clinic commenced operations in October 1974.

Finally, commodity procurement has included TV and radio supplies and equipment to further the mass media communications objective of this project. Three TV programs covering the clinic's MCH/FP programs and several radio interviews have been produced.

This project directly benefits mothers and pre-school children in Kinshasa as well as women elsewhere. It provides MCH/FP services and the on-the-job paramedical training for midwives and other women paramedicals.

Total Government support will amount to \$1.9 million. FY 1976 Program. Funding in FY 1976 of \$593,000 will provide (\$358,000) for completion of 66 man months of funding for the four man contract training team and for short-term consultants; (\$68,000) for 5 short-term and 4 long-term participants; (\$163,000) for equipment, contraceptives and pharmaceuticals for the MCH/FP centers; and (\$4,000) for other costs, such as translation services and local conferences.

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES								
	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS													
					Estimated FY 1975			Proposed FY 76			Proposed 5th Q.							
					Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency		Total	Direct AID	Contract/ Other Agency	Total				
Through 6/30/74	1,159	255	904															
Estimated FY 75	330	696	-															
Estimated through 6/30/75	1,489	951	538	U.S. Technicians	-	230	230	-	358	358	-	-	-	Organization for Rehabilitation through Training (ORT)				
Proposed FY 76	593	Future Year Obligations	Estimated Total Cost	Participants	40	-	40	68	-	68	-	-	-					
Proposed 5th Quarter	-	-	2,082	Commodities	52	-	52	163	-	163	-	-	-					
				Other Costs	8	-	8	4	-	4	-	-	-					
				Total Obligations	100	230	330	235	358	593	-	-	-					

Country: Zaire

GRANT ACTIVITY DATA

TABLE III

TITLE Endemic Disease Control		FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
			FY 76 \$400	5th Q. -
NUMBER 660-11-510-058		PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1979

Project Target and Course of Action. To help the Government of Zaire improve its endemic disease control programs chiefly malaria and trypanosomiasis within a comprehensive, low cost, integrated health delivery system. It has been estimated that 75 per cent of all morbidity and mortality are due to seven causes. All but two of these causes, diabetes and hypertension, can be considered endemic, communicable diseases. This proposed project will provide technical assistance and training for Zaire's health workers to help develop a cadre of personnel able to combat both malaria and trypanosomiasis, and other vector-borne diseases currently debilitating much of the country's population (a preliminary survey late 1974 indicates that 95% of the total population live at high malaria risk). The project supplements other A.I.D. efforts in the health field which, when implemented, will enable the Government to improve the health services available, especially for the poor, in maternal-child health, desired births and nutrition activities.

Preliminary plans call for the project to provide the Government with technical assistance in planning a malaria control program. The limited A.I.D. inputs into these malaria activities are designed to provide technical resources to support Government programs with proposed support from the UNDP and policy guidance from WHO.

To combat trypanosomiasis, A.I.D. will assist the Government to increase and strengthen its mobile teams. Zaire officials believe these teams, using the latest techniques, will be able to establish satisfactory control levels within a three or four-year period and reduce the disease level significantly. A.I.D. will provide short-term specialists on vector-borne diseases to help the Government design an expansion of the present control program which is also being assisted by the Belgian Government, who will contribute \$400,000 in commodities. The rural population will be the major beneficiary of this project, since this vector affects not only people but also cattle, having a significant agricultural impact.

The Government's total contribution to this project is estimated at \$3,800,000, chiefly for local support costs of the trypanosomiasis and malaria control programs.

FY 1976 Program. The proposed FY 76 budget of \$400,000 is based on preliminary project estimates of: 42 man months of U.S. technician services including one year financing of a three man control team (operations epidemiologist, malaria advisor and logistics management specialist) and a number of short-term specialists (\$230,000); 3 long-term and 3 short-term participants (\$50,000); and commodities including insecticides, insect destroying machines, and laboratory supplies (\$120,000).

U.S. DOLLAR COST (In Thousands)										PRINCIPAL CONTRACTORS/ AGENCIES					
Through 6/30/74	Obligations	Expenditures	Unliquidated	Cost Components	OBLIGATIONS										
					Estimated FY 1975			Proposed FY 76			Proposed 5th Q.				
Estimated FY 75	Estimated through 6/30/75	Proposed FY 76	Proposed 5th Quarter	Future Year Obligations	Estimated Total Cost	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	Direct AID	Contract/Other Agency	Total	
-	-	-	-			-	-	-	-	-	-	-	-	-	-
-	-	-	-	U.S. Technicians		-	-	-	230	230	-	-	-	-	-
-	-	-	-	Participants		-	-	-	50	50	-	-	-	-	-
-	-	-	-	Commodities		-	-	-	120	120	-	-	-	-	-
-	-	-	-	Other Costs		-	-	-	-	-	-	-	-	-	-
-	400	1,300	1,700	Total Obligations		-	-	-	170	230	400	-	-	-	-

To be determined.

Country: Zaire

GRANT ACTIVITY DATA

TABLE III

TITLE Health System Management	FUNDS Security Supporting Assistance	PROPOSED OBLIGATION (\$000)	
		FY 76 \$150	5th Q. -
NUMBER 660-11-530-057	PRIOR REFERENCE None	INITIAL OBLIGATION FY: 1976	SCHEDULED FINAL OBLIGATION FY: 1978

Project Target and Course of Action. To assist the Government develop a comprehensive integrated low-cost health delivery system for rural Zaire.

Technical assistance is required by the newly instituted National Health Council in the field of health system design and management. A.I.D. will help the Council perform its primary tasks of program planning, development, and resource allocation by providing a source of qualified short-term technicians including: health systems analysts supply specialists, health administrators, and specialists in pharmaceutical and public health fields. These technicians will assist in the development of health sector studies, medical and population statistical programs, a national system for the acquisition and distribution of information and supplies, and an analysis of the support services necessary to permit expanded government health services nationwide for low-cost integrated maternal/child health, desired births and nutrition programs.

The National Health Council was established to provide the coordination, focus, and authority required in the development of a national health strategy. This includes coordination of both domestic health programs and assistance from numerous donors. The Council has, therefore, requested A.I.D. assistance in strengthening its own planning and managerial capability.

The major beneficiaries of this project ultimately

will be those poor who, because of their environmental and health-status conditions, are most susceptible to disease.

The IBRD, UNDP and WHO all are actively assisting the Government in development of its health programs. OXFAM, the British Voluntary Agency specializing in health programs, is engaged in supporting delivery systems in Zaire's interior.

Support of this proposed project is key to A.I.D.'s role in other Zairian health activities because of the central planning and coordinating role of the National Health Council. Other projects for which A.I.D. is providing, or proposing, assistance include control of endemic diseases, nutrition planning, and a health sector loan.

FY 76 Program. The proposed FY 76 budget of \$150,000 will fund: 15 man months of short-term senior level consultants in fields requested by the Council such as health planning, systems analysis and management, statistics, and pharmaceutical manufacturing (\$100,000); 36 man-months of short-term participant training in those fields (\$28,000); commodities and other costs for production of reports, purchase of technical publications and necessary surveys (\$22,000). The Government is expected to fund consultant counterparts and local support costs. Preliminary estimates of A.I.D. inputs represent about 20 percent of total project costs over the planned three-year life of the project.

U.S. DOLLAR COST (In Thousands)				PRINCIPAL CONTRACTORS/ AGENCIES									
	Obligations	Expenditures	Unliquidated		OBLIGATIONS								
					Estimated FY 1975			Proposed FY 76			Proposed 5th Q.		
				Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total	Direct AID	Contract/ Other Agency	Total	
Through 6/30/74	-	-	-										To be determined.
Estimated FY 75	-	-	-										
Estimated through 6/30/75	-	-	-										
Proposed FY 76	150	Future Year Obligations	Estimated Total Cost										
Proposed 5th Quarter	0	350	500										
				Cost Components									
				U.S. Technicians	-	-	-	-	100	100	-	-	-
				Participants	-	-	-	28	-	28	-	-	-
				Commodities	-	-	-	20	-	20	-	-	-
				Other Costs	-	-	-	2	-	2	-	-	-
				Total Obligations	-	-	-	50	100	150	-	-	-

LOAN ACTIVITY DATA

Country: ZAIRE

TITLE Commodity Import Program	FUND Security Supporting Assistance KIND OF LOAN Program	PROPOSED OBLIGATION (IS0001) \$20,000 INITIAL OBLIGATION FY: 1976
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Zaire is in the midst of a critical financial crisis. While the longer-term potential of Zaire's economy remains highly promising, budget accounts since mid-1974 have been badly out of balance and there has been a severe deterioration of the external accounts. Foreign exchange reserves have been exhausted and most foreign sources of credit have dried up.

The balance of payments deterioration was caused by two factors: (a) world copper prices fell from well over \$1.00 per pound in the first half of 1974 to about 55 cents at the end of the year, remaining at 55-60 cents through the first half of 1975; and (b) imports accelerated in the second half of 1974 due to inflation and overly expansionary fiscal policies. As a result, while Zaire's longer-term debt service burden \$2.5 billion remains heavy but bearable, short-term debts of \$550 million have been incurred which are having a severely restrictive effect on the economy.

In January 1974, because of (a) the critically diminished foreign reserves; (b) the large amount of short-term liabilities falling due, which banks and exporters abroad appeared unwilling to renew; and (c) poor export earning prospects, the Government introduced both stringent controls on international payments and measures to allow only imports of essential goods. A comprehensive foreign exchange budget was established in March 1975 in order to allocate current export earnings on a priority basis.

Both public and private sector activities have been experiencing shortages of essential production commodities and equipment, forcing idle production capacity

and threatening shut-downs. Key development activities adversely affected include expansion of multi-million dollar energy and copper production and acceleration of foodgrain production which requires agricultural inputs. Many of these activities involve direct American commercial investment, presently about \$150-\$200 million dollars. Overall US financial investment, loans, and project contracts are conservatively estimated at \$750 million.

The US Government plans to provide a special program of assistance to Zaire, designed to help alleviate the foreign exchange burden and support public and private enterprises while Zaire, in consultation with the IMF, moves to restore its economy and the anticipated upswing of the world copper price occurs. In recognition of Zaire's short-term foreign exchange needs, the IMF approved an oil facility drawing of SDR 45 million in April 1975.

A.I.D. proposes a Commodity Import Program loan of \$20 million in FY 1976 as an important component of the US package, which also includes Ex-Im Bank credits, with which the A.I.D. loan will be closely coordinated; PL 480 Title I commodities; and CCC credits. The A.I.D. loan will finance a wide variety of high priority industrial and agricultural production goods, machinery, and equipment from US sources. A prime example is agricultural inputs and equipment which will support Zaire's National Maize Production Program; hence, ease the financial burden of costly food imports. Local currencies generated by this loan and the PL 480, Title I assistance will be used to support A.I.D. development projects.

Country: ZAIRE

LOAN ACTIVITY DATA

TITLE	Food and Nutrition	PROPOSED OBLIGATION (US\$000)
Rural Development - North Shaba	Project	7,500
		NET OBLIGATION
		FY: 5th Quarter

This project is aimed at involving some 15-20 thousand small scale farm families in a program to increase their production of food crops and their incomes. Food production has not kept pace with Zaire's growing population due in large measure to neglect of the agriculture sector and its supporting transportation network. As a result, Zaire has had to spend scarce foreign exchange to import increasing quantities of expensive food grains to meet its basic needs. Imports of maize are estimated at 180,000 tons in 1974, up from 85,000 tons in 1973. This represents approximately one-third of total maize consumption. Wheat also is imported in substantial quantities. The additional cost for imports is passed to the consumers, who can ill afford this additional burden. The acceleration of domestic food production would not only ameliorate the effect of food imports on Zaire's growing balance of payment deficit and, thus, the drain on scarce foreign exchange holdings, but directly relate to increased small farmer income.

The Government's policy statement of 1973 that increasing agricultural production is a top priority has recently been re-emphasized; Zaire's goal is to become self-sufficient in food production at the earliest possible date. Both AID and IBRD recommended to the Government of Zaire, in view of the dearth of technically and managerially qualified Zairois as well as the lack of adequate transportation that an area-specific approach be taken to increasing maize production. Accepting the recommendation, the Government has selected the North Shaba as one of two areas (the other being Tshilenge in Kasai Oriental Province) in which to undertake a rural development effort that emphasizes maize production. This selection, tentatively concurred with by AID, was based on the proven capability of the soils in the area to support maize production as maize is currently one of the main crops produced in the area, although at low levels; the area's proximity

to adequate transportation facilities, which will permit the export of excess production to deficit regions such as South Shaba; and the lack of population pressure of the land, which should allow for a substantial expansion of the area under production. The Government requested AID and other donors to assist in this initiative. The proposed AID support involves an effort to increase the income of some 4,000 small farmers in North Shaba in the initial phase of the project. In addition to loan-funded activities involving infrastructure development and the provision of equipment, grant-funded activities will be implemented to help: design and develop an appropriate institutional framework and administrative capability for the rural development program; e.g., seeds, fertilizers, pesticides, low cost labor intensive farm implements, etc., to small farmers in the region; and develop a program for the low-cost delivery of improved social services in the region.

This proposed \$7.5 million loan will finance the following activities related to physical infrastructure, vehicle, and equipment requirements: necessary engineering design and construction services for required roads and bridges in the project area; rehabilitation of grain storage facilities; construction of seed multiplication facilities; provision of vehicles, e.g., trucks for marketing and landrovers, mopylettes, and bicycles for project personnel; and provision of village level corn shelling and milling machines.

It is estimated that the mutually supportive technical and capital assistance components funded by AID in combination with the Government funded components, will result in a doubling of production by farmers participating in the program. It is estimated that up to 4,000 farm families will participate during the initial phase, with participation projected to increase approximately to 15-20 thousand farm families in subsequent phases of the project.

GRANT ACTIVITY SUMMARY
(Dollar Amounts in Thousands)

TABLE V

COUNTRY: ZAIRE

Project Title	Project Number	FY of Initial Obligation	FY of Scheduled Final Obligation	Through FY 1974			Estimated FY 1975			Proposed Program FY 1976	Proposed 5th Q.	Future Year Obligations	Estimated Total Cost
				Obligations	Expenditures	Unliquidated Obligations 6/30/74	Obligations	Expenditures	Unliquidated Obligations 6/30/75				
<u>Security Supporting Assistance</u>													
Planning and Management Services	* 660-11-740-050	1973	1976	358	193	165	529	406	288	500	-	-	1,387
Nutrition Planning	* 660-11-560-055	1975	1979	-	-	-	101	30	71	700	250	2,226	3,277
Fishing Cooperatives Expansion	* 660-11-180-056	1976	1978	-	-	-	-	-	-	250	-	150	400
Rural Development - North Shaba	* 660-11-199-059	1976	1978	-	-	-	-	-	-	750	200	1,050	2,000
Endemic Disease Control	* 660-11-510-058	1976	1979	-	-	-	-	-	-	400	-	1,300	1,700
Health System Management	* 660-11-530-057	1976	1978	-	-	-	-	-	-	150	-	350	500
<u>Population Planning and Health</u>													
Maternal Child Health/Family Planning	* 660-11-531-049	1972	1976	1,159	255	904	330	696	538	593	-	-	2,082
Total							960	1,132	897	3,343	450		

*Detailed project narrative--See Table III.

NUMBER OF U.S. TECHNICIANS (Program Overseas)

TYPE OF TECHNICIAN	On Duty At Close of Year		
	Actual FY 1974	Estimate FY 1975	Proposed FY 1976
A.I.D. employed	-	-	-
Participating agency	3	2	5
Contractor technicians	4	9	22
Total	7	11	27

NUMBER OF PARTICIPANTS

TYPE OF PARTICIPANT	Programmed During Year		
	Actual FY 1974	Estimate FY 1975	Proposed FY 1976
Non-contract	19	22	49
Contract	-	-	-
Total	19	22	49

STATUS OF ACTIVE DEVELOPMENT LOANS SUMMARY

Authorized as of 12/31/74

COUNTRY: ZAIRE

(In Thousands of Dollars)

TABLE VI

Loan No.		Date		Grace Period (years)	Life of Loan (years)	Interest Rate (%)		Currency of Repayment	Amount Authorized	As of 12/31/74		
		Authorized	Loan Agreement			Grace Period	Amortization			Amount Disbursed	Principal Repayments	Interest Collected
660-H-011	Water Transport	5-30-70	11-30-70	5	30	2	3	U.S.	10,000	2,435	-	8
660-H-012	Road Transport	3-31-71	6-20-71	10	40	2	3	U.S.	10,000	8,864	-	145
660-H-013	Civil Aviation	1-10-73	5-25-73	10	40	2	3	U.S.	2,000	1,008	-	-
660-T-014	Water Transport - Engineering Design	11-20-74	-	-	-	-	-	U.S.	650	-	-	-

Zaire

U.S. Fiscal Years: Millions of Dollars

PROGRAM	U.S. OVERSEAS LOANS AND GRANTS OBLIGATIONS AND LOAN AUTHORIZATIONS			REPAYMENTS AND INTEREST	TOTAL LESS REPAYMENTS AND INTEREST		
	1973	1974	TOTAL 1946-1974	1974			
I. ECONOMIC ASSISTANCE^a - TOTAL	9.2	4.5	648.4	24.4	624.0		
Loans	4.7	-	159.6	24.4	135.2		
Grants	4.5	4.5	288.8	-	288.8		
a. A.I.D. and Predecessor Agencies	3.6	1.1	295.1	9.6	285.5		
Loans	2.0	-	92.5	9.6	82.9		
Grants	1.6	1.1	202.6	-	202.6		
(Security Supporting Assistance)	(-)	(-)	(215.8)	-	-		
b. Food for Peace (PL 480)	3.2	0.5	146.2	14.8	131.4		
Title I, Total	2.7	-	109.1	14.8	94.3		
Repayable in U.S. Dollars: Loans	2.7	-	34.6	11.8	22.8		
Payable in Foreign Currency: Planned for Country Use	-	-	73.5	3.0	70.5		
(Total Sales Agreements, incl. U.S. Uses)	(-)	(-)	(95.0)	(-)	(85.0)		
Title II, Total	0.5	0.5	38.1	-	38.1		
Emergency Relief, Econ. Development, & World Food	0.1	0.2	17.1	-	17.1		
Voluntary Relief Agencies	0.4	0.3	21.0	-	21.0		
c. Other Economic Assistance	2.4	2.9	7.1	-	7.1		
Peace Corps	2.4	2.9	7.1	-	7.1		
Other	-	-	-	-	-		
II. MILITARY ASSISTANCE - TOTAL	6.4	3.9	53.5	0.3	53.2		
Credits or Loans	6.2	3.5	25.0	0.3	24.7		
Grants	0.2	0.4	28.5	-	28.5		
a. MAP Grants	0.2	0.4	26.8	-	26.8		
b. Credit Sales under FMS	6.2	3.5	25.0	0.3	24.7		
c. Military Assistance Service funded (MASF) Grants	-	-	-	-	-		
d. Transfers from Excess Stocks	-	-	1.7	-	1.7		
e. Other Grants	-	-	-	-	-		
III. TOTAL ECONOMIC AND MILITARY ASSISTANCE	15.6	8.4	501.9	24.7	477.2		
Loans	10.9	3.5	184.6	24.7	159.9		
Grants	4.7	4.9	317.3	-	317.3		
Other U.S. Government Loans and Grants	42.4	118.7	175.3	3.2	172.1		
a. Export-Import Bank Loans	42.4	113.3	169.9	3.2	166.7		
b. All Other	-	5.4	5.4	-	5.4		
OTHER ECONOMIC PROGRAMS							
ASSISTANCE FROM INTERNATIONAL AGENCIES: COMMITMENTS			D.A.C. COUNTRIES (EXCLUDING U.S.): OFFICIAL BILATERAL GRANT EXPENDITURES				
	FY 1973	FY 1974	FY 1946-74	OPWDR	CY 1972	CY 1973	CY 1946-73
TOTAL	33.1	35.1	409.6	TOTAL	58.0	191.3	1,092.4
IBRD - World Bank	-	-	121.6	Belgium	73.3	86.8	848.3
Int'l. Finance Corp.	-	-	0.8	Italy	4.5	81.7	105.7
Int'l. Dev. Association	8.5	10.0	72.0	Japan	7.2	0.7	42.9
African Dev. Bank	2.5	3.3	5.8	France	5.0	8.4	33.7
UN Development Program	4.2	1.9	34.1	Germany	3.8	7.1	31.2
Other UN (CY)	1.5	-	6.5	Other	4.2	6.6	30.6
EEC	21.4	19.9	168.5	AFRICA AND PEOPLE'S REPUBLIC COUNTRIES (LOANS AND GRANTS FRIENDLY)			
				1973 (Calendar Year)	100		
				1974 (Calendar Year)	-		
				Compared to 1974	100		

¹Less than \$50,000.

^aOfficial Development Assistance (ODA) - Official concessional aid for development purposes.