

BIBLIOGRAPHIC DATA SHEET

1. CONTROL NUMBER

2. SUBJECT CLASSIFICATION (698)

PN:AAK-514

DCOO-COOO-6190

3. TITLE AND SUBTITLE (240)

Role of the Eureka Fund in West African
development

4. PERSONAL AUTHOR(S) (100)

Tank, M.M.

5. CORPORATE AUTHOR(S) (101)

6. DOCUMENT DATE (110)

1979

7. NUMBER OF PAGES (120)

130 p.

8. ARC NUMBER (170)

9. REFERENCE ORGANIZATION (130)

Tank

10. SUPPLEMENTARY NOTES (500)

11. ABSTRACT (950)

OV

12. DESCRIPTORS (920)

West Africa
economic development
Eureka countries
~~community development~~
~~regional planning~~
economic assistance
~~development organizations~~
~~development projects~~
~~development studies~~
institutions
regional planning

13. PROJECT NUMBER (150)

14. CONTRACT NO. (140)

RFOSC/WA-79-158A

15. CONTRACT TYPE (140)

16. TYPE OF DOCUMENT (160)

**ROLE OF THE ENTENTE FUND
IN
WEST AFRICAN DEVELOPMENT**

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Prepared For:

**REDSO/WA
US Agency for International
Development
Contract: P.O. No. REDSO/WA-
79-158A**

April 16, 1979

Role of the Entente Fund
in
West African Development

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I. Conclusions

1. The evolution of West African regional economic institutions may be viewed against the background of its colonial history and independence movements. The colonial powers did provide a system of local development, economic specialization and arrangements for external trade with little restriction on local movement of goods and people to neighboring territories. With independence, the system fragmented. The new countries in many cases are not economic entities individually. Some cooperative system is necessary to replace the former colonial arrangements and go beyond this. The Africans well recognize this. Initially at least there is reason for the popularity of francophone and anglophone groupings. It is apparent that further combinations are required to satisfy the economic needs of the area and exploit the newly-found common interests of developing countries as a group in still broader associations.
2. In the late '50's and early '60's a Federal approach to regional organization in West Africa was proposed and debated. It was Ivory Coast leadership, we are given to understand, that led to looser arrangements that would preserve the newly gained autonomy of independent governments. An early, perhaps first, expression of this approach to regional cooperation was the Council of Entente in 1959.
3. The new wave of regional economic institutions is broadening the base for economic cooperation in West Africa. There are essentially

three francophone institutions, one francophone/anglophone grouping, and one Africa-wide Bank which is a primary source of larger scale funds. These current regional institutions are overlapping to some extent in their stated objectives but less so in the major thrust of each: CEAO is a customs union and common market in its proposed evolution; BOAD is a project funding Bank; the African Development Bank/Fund is a fund for development projects including those of large scale and a planning body; ECOWAS/Fund is a base for francophone/anglophone country cooperative development; EF is a regional, project-funding, organization that provides administration, negotiation, project monitoring and reporting on particular development activities. All engage in provision of a wide range of studies as their funding allows.

4. A possible scenario for evolution of these institutions is the intimate association of EF, CEAO, and BOAD in the next decade leading to closer cooperation and strengthening of a francophone group which at a later stage will be more confident in dealing with anglophone countries, particularly Nigeria. This may be done in the ECOWAS context, whose major contributions to development of West Africa on a broad basis are less imminent.
5. Essentially these institutions will prosper and survive by the emergence of leadership with a vision of the future. This leadership will seek association where political agreement can be reached and where the fear of dominant powers can be overcome through organization and experience. What is essential is the establishment of

cooperation among the institutions. Fortunately, there is an early and promising prospect for this.

6. The EF has had extensive contact with other West Africa region financial and economic organizations (BOAD, CEAO, CEDEAO, BAD) through coordination and joint participation in activities in the fields of telecommunications, transport and village water supply. Such cooperation is now to be institutionalized pursuant to a Charter of Cooperation agreed February 15, 1979 (See Section F-5.). As a consequence the concerns and actions of the EF and related organizations can be mutually reinforcing in an extended membership area.
7. It is clear from the recently concluded Chief of States meeting (Yamoussokro, Ivory Coast March 15, 1979) that the Entente Fund continues to enjoy the confidence and the support of its member governments at top level and that they regard it as a vital and dynamic institution. The Entente's 20th anniversary this year is to be "marque avec eclat" including the naming of a street "Conseil de l'Entente" in each country capital and a national soccer team round-robin to compete for the Entente Council Cup in 1979. (See Sections F-6 and F-7.)
8. The volume of external aid to these countries is increasing rapidly (See Section E-Tables VII, VIII, IX.) as only incomplete data that is readily available in the field indicates. The application of these resources to development uses has strained the capacities of local governments to plan, organize, administer, and monitor their

use. This is particularly so since much of the aid is bilateral without the technical assistance that is provided through US missions and regional organizations, such as the EF with their experts in the "cells", and UNDP for African Enterprises and the Promotion Centers. Some country programs, particularly those of France, provide experts, consultants, and the completion of extensive studies, e.g. ground water, mineral resources, and mapping. The EF experts are deployed on a professional team basis for activities in several countries as the more economic use of their talents. The capacity of the EF should be enhanced for this purpose.

9. The choice of a bilateral or regional organization as a channel for assistance to developing countries is essentially pragmatic for each donor. The regional definition problem is difficult because of principal components of any project, i.e. is it regional in planning, design, administration, funding, location, or use? The FED definition is: a project for which two or more countries have an expressed interest. A project may be considered regional where at least some of these elements are present in a regional context.
10. In an evolving area of significant international interest, regional channels allow assistance arrangements appropriate to individual donors, short of missions or other formal bilateral undertakings with individual governments. Development in this day means creation and support of international as well as national institutions. Both serve development purposes well. In some cases the international institution can provide flexibility and options with lower administrative costs, e.g. economies in small-scale operations.

11. The Ivory Coast as the founder, principal leadership member and major contributor to the EF should continue eligibility to participate in Fund projects in reasonable degree. Certain safeguards centering on this potential issue have already been addressed in the U.S. case by current project agreements which limit single country participation in agricultural projects to 30% of the total available and in the African Enterprises loan to 25% of the total.

12. There has been extensive provision of aid to Entente countries on a bilateral basis. Some countries have also assisted through EF channels, primarily for technical experts, consultants, studies. It seems this area may expand and the Chiefs of State in March expressed their "...wish for increased and more diversified participation of financing sources in their social and economic development projects." This appeal may encourage further European donations. The World Bank is on the threshold of agreement for a \$17 million project in North East Ivory Coast coordinated with the EF (French and US funding) and the Ivory Coast. IBRD has bilaterally extended over \$20 million in loans to the African Enterprises project through Development Banks in three Entente countries. These actions may also influence other donors to participate in EF sponsored development activities either through the Fund or in parallel with it.

13. It does not appear realistic to expect any addition to EF membership, such as Ghana, in the foreseeable future. If such expansion is to come it would only be likely with the addition of several members

at the same time. This would not likely include anglophone countries. A more possible development is cooperation of additional countries through the staffs of their institutions--rather than official adherence of governments to an established institution including co-financing and staff-sharing arrangements.

14. In summary, the Entente Fund is an adequate and effective regional institution meriting continued US support. It is a unifying force among West African regional financial institutions and is in-the-stream serving interests of its members in terms also of their interests in a broader West African unity. It is complementary to activities of bilateral missions and particularly useful for activities in countries where national representation is limited and professional programming, negotiating, and monitoring functions can be effectively carried out by an itinerant team. Judgments on assignments of US aid efforts to a regional or bilateral mission should be pragmatic and made case by case.
15. The EF staff should become increasingly professional with local talent whose training should be supported by other donors, including particularly the U.S. The EF should take a five year look at its future activities and staffing needs. The Administrative Secretary has stated he plans to do so and is already in fact developing program content.
16. Broader support for the EF should be sought from others. Preliminary approaches have been recently made and the Chiefs of State requested such assistance in their March 16, 1979 Final Communique on their

meeting at that time. There are no other regional financial institutions that have the same project area interests and willingness to provide program administration, negotiation, analytical monitoring, and reporting that are essential features of US aid administration.

17. Finally the popularity enjoyed by the Entente Fund among its member governments may be more appreciated by a quick review of the Final Communique of the Ninth Summit Conference March 15-16, 1979; the press reporting of that event; and the plans now made to celebrate this year the 20th anniversary of its founding. (See Section F-7.)

II. Recommendations

1. The major recommendations for U.S. policies and courses of action may be succinctly stated. They are:
 - #1 - That we assist the Entente Fund to establish a stronger in-house capacity to deal with the broader issues of West African development, utilizing resources of other related institutions and attracting broader support from the West/North donor community.
 - #2 - That we provide further support to the EF for the next five year period, taking full account of proposals made by the EF, both continuing and new activities, in the context of the planned development of its five year program (see paragraph 64) as well as making other proposals.
 - #3 - That in US aid to the EF, program emphasis in development of sub-projects should be placed on the poorer areas of all member countries, e.g. including the North East Ivory Coast, a poverty area adjacent to the Sahel featuring limited resources and a low rate of development. Group unity and common support of the EF would seem to require that in principle all members enjoy an opportunity to participate in appropriate measure.
 - #4 - That the US develop and maintain relationships with other regional economic institutions through the REDSO/WA and be responsive to their requests for experts and technical assistance eg: BOAD, African Development Bank/Fund, and EF as at present and the CEAO and ECOWAS as prospective.

#5 - That the US encourage in appropriate ways the further development of regional cooperation under the five-institution Charter of Cooperation.

#6 - That the bilateral programs be also expanded as technical manpower availability allows since this role in aid still tends to be unique to the U.S. Technical assistance and operational advice on the ground and directly with government officials may contribute more to speedy development than larger sums of aid without this element.

2. Some elaboration of the first two recommendations may be helpful. With respect to the first recommendation, it would be timely to open the dialogue now while the EF Administrative Secretary is in the process of considering a restructuring of the EF as requested by the Chiefs of State in connection with the future appointment of a Deputy Administrative Secretary. Should efforts to attract qualified Africans to the Staff be successful, perhaps some special in-service training programs could be developed to speed their operational effectiveness. Special training opportunities should be offered for general officers to be equipped to handle economic analysis, development programming and planning for the EF with its resources and in conjunction with those of cooperating institutions. Specialties would include economics, finance, agriculture, engineering. The two spaces offered by France for advanced economic training of one year is a start. A review and rationalization of the EF organization structure means a longer range anticipation of the work the EF

expects to do. To be staffed for the future it is necessary to anticipate the nature of that future now because the supply of experts will continue below demand in developing countries for years to come.

3. With respect to recommendation #2, there follows an illustrative program outline for a future five year period. It includes follow on of some current activities and some new. It includes certain proposals made by EF and reflects those which find favor with REDSO/WA staff in concept. The amounts are illustrative, order-of-magnitude, estimates. It is suggested as a first cut at a future program.
4. In the area of farm tool manufacture and credit institutions, the EF has studies underway in conjunction Caisse Centrale, FAC, and a co-financing arrangement with BOAD. Water pump manufacture is related to a water program for Entente villages. Initially at least emphasis may be placed on such activity for Togo and Benin where direct US aid staff is limited and where negotiations with local governments could be effectively undertaken through the Entente Fund. Training at CERFER would be worked out on behalf of, and in conjunction with, CILSS. There may be prospects for Dutch contributions for training costs for road carriers in Togo and Benin. Training for public transport personnel may be undertaken in conjunction with the Ministers of Transport Commission. EF suggests a yaws control project involving Ivory Coast, Ghana, and Togo. A study of desert encroachment from overcutting forest areas and overgrazing is proposed.^{1/}

^{1/} Between 1966 and 1974 more than 13 million acres of forest were destroyed in the Ivory Coast with replanting of only 50,000 acres in the last 20 years - See Africa Report p. 5 March-April 1979.

ENTENTE FUND U.S. OBLIGATIONS (in '000 U.S. Dollars)

<u>Project Areas</u>	<u>1975-1979 (actual)</u>	<u>1981-1985 (proposed)</u>
I. African Enterprises		
1) Industrial Loans	15.500	5.000
2) Agricultural Loans ^{1/}	2.000	10.000
3) Manufacture of water pumping equipment and provision for rural service organizations	-	5.000
II. Road Maintenance Training Center (CERFER)	2.123	3.000
III. Establishment of African Project Analysis and Development Staff for EF	-	1.000
IV. Special studies in fields of solar energy, environment + rural health	-	3.000
V. Togo/Ivory Coast Phosphate fertilizer facility (feasibility study)	-	.250
VI. Maintain goals of current agricultural projects eroded by price inflation	-	3.500
VII. Establishment of Entente University on 5 country Campus basis-First phase (5 years) of 20-year-program.	-0-	10.000
VIII. Special studies and institutional support aimed at cooperation and coordination of regional institution on widening francophone/anglophone- state basis	-0-	2.000
IX. Continuation of other ongoing activities at declining levels	29.373	18.750
X. TOTALS (Grant and Loan)	48.996	61.500

1/ including those for agricultural credit institutions; manufacture of farm tools, hoes, plows, etc.

5. There is an important need for chemical fertilizers for increased agricultural production. Phosphate fertilizer is an expensive import. The phosphate themselves are available in Togo. There is potential electric generating capacity in the Ivory Coast for their processing. A study of the feasibility of such a project could indicate its prospects for subsequent exploitation in a project funded by the World Bank, African Development Bank, or private investment with appropriate guarantees. The International Fertilizer Institute could do this.
6. Cost estimates for current projects, largely in the pipeline, were made in 1976 and obligations of projects were made mainly in 1977. The effect of three years of inflation is to reduce quantities of materials and services to be delivered to well below planned levels. To maintain project goals realistically requires funding additions estimated as follows:

	<u>'000 \$</u>
- Upper Volta - Animal Traction	500
- Niger - Adult Education	250
- Togo - Lama Kara	250
- Benin - Corn and Sorghum	500
- Niger - Heliminthoses	1.000
- Niger - Veterinary Pharmacy	500
- Benin - Heliminthoses	<u>500</u>
TOTAL.....	\$3.500

7. There is a great demand and requirement for University level training for the over 23 million people in the Entente countries. The university student population for these countries is roughly estimated at 30,000 (something less than the attendance at one US land grant university) of which about 10,000 are being educated abroad.

8. Planning for the development of an Entente University system should be undertaken promptly to lay the ground for an increased supply of the professional expertise that the region will increasingly require to sustain the pace of accelerating development. The volume of resources available for development is increasing from local sources, particularly from foreign sources as aid (see tables in appendix), and may suddenly jump in volume with discovery and exploitation of mineral resources as e.g. uranium, petroleum. What manner of African will be directing and administering this wealth? While the amount of foreign training is growing, and will no doubt continue in specialty fields associated with mineral resources, it is felt that local training will be more directly related to local needs. Human resources to plan and establish advanced learning institutions are limited relative to needs.

9. For these reasons the Entente University would be a regional endeavor with a specialty campus in each state focussing on development specialties: e.g. agriculture, engineering, economics, medicine, and veterinary medicine.

10. The development of such a plan should take full account of existing facilities, local capacities to maintain and operate, projected student bodies, development needs and national aspirations.

11. The development of this complex should be phased over a 20 year period with respect to building, student body, financing. Provision should also be made for continuing association with U.S. universities in prescribed training relationships including exchange of faculty members and provision for one year student attendance at a U.S. "Sister School". A first phase of five years would include a planning period (including plans for the administration, operation and endowment of Entente U.) of two years and an initial operating period including construction, equipment, and limited U.S. faculty in specialty areas in the following three year period. An estimated \$10 million could see this project launched in the initial, start-up phase.

Role of the Entente Fund

in

West African Development

I. INTRODUCTION

1. This assessment of the role of the Entente Fund (EF) in West African Development, and the US-AID relation to it, follows on the heels of independent evaluations of the African Enterprises II Project and Livestock I project - both of which became available in February 1979. It also follows an internal REDSO/WA assessment reflected in a Preliminary Report as of 8 December 1978 with the Fund's observations on that report. The present report and the other two evaluations are to be considered as inputs to a REDSO/WA Final Task Force Report concerning USAID/Entente Fund project relationships.

2. The REDSO Preliminary report raises such issues as political pressure in allocation of project funds, regional versus bilateral nature of project activities justified as "regional", expatriate staffing of the Fund and its "africanization", EF role as a regional development institution, other regional options now available in the form of economic regional organizations recently created in West Africa, and possible expansion of membership of the present Entente Fund. These issues and others specifically assigned in the scope of work are addressed in the following report.

II. THE ENTENTE

A. Establishment and Purpose

3. The Mutual Aid and Loan Guaranty Fund of the Entente Council was established June 9, 1966 by the five Chiefs of State of the Entente Council.

4. The Entente Council itself was established seven years earlier on May 29, 1959. This year it is celebrating its 20th anniversary. Its founder was Houphouet Boigny, President of the Ivory Coast. The Council aimed at the establishment of political solidarity of four franco-phone states (Benin, Ivory Coast, Niger and Upper Volta) in its initial action. Togo joined the Council in 1960. The Council sought to extend this solidarity to the economic and social sphere through a Guaranty Fund which was to have the effect of multiplying the impact of the limited resources available for economic development in its region. This would be done by facilitating investment borrowing through extension of payment guarantees at a modest one-half of one percent cost. Such a guarantee was understood to be a counter to investors' fears of coups in the Entente area. Classes of borrowers eligible for guarantees included Governments, semi-public institutions, and private corporations.

5. The Entente Fund (EF) has been charged with the task of contributing to the economic development of the Entente States in accordance with statutes adopted December 8, 1973. These provided that the Fund may accept grants and donations; contract on behalf of the States for specific loans for regional development programs; and make loans or grants to member states for specific economic activities within Entente Countries.

6. The Fund is directed by an Administrative Secretariat which has the functions of an agency for economic development in accordance with the Statutes adopted December 1973 and the Internal Regulations on Privileges and Immunities adopted November 25, 1974. The budget to meet the operating expenses of the Secretariat is provided from interest earnings

on the guarantee Fund. Such budget does not exceed 15 percent of the annual interest earnings at the present time. For 1979 the budget to cover operational expense is about \$435,000. Other interest earnings will cover interest payments by the Fund on money it borrowed to finance construction of several hotels in state parks to promote tourism.

7. Currently, the general objective of the Fund is to promote economic development of the region by attracting new investments through extension of payment guarantees; by financing projects itself from the net proceeds of interest earned on its capital; by attracting development loans and grants from as wide a range of donors as possible; and by cooperating with other regional financial organizations case by case.

B. Organization and Administration

8. The Entente Fund is very much the creature of the Council which determines its policies and areas of activities in fact as well as in principle. Apparently this has been so from the beginning with the first public clue being the appointment of an "Administrative" Secretary to head the staff as distinct from the common practice in such a situation of appointing an "Executive" Secretary. The first and only "Administrative Secretary" to date has ably filled his post and continuously enjoyed the confidence of the Chiefs of State whom he sees individually and frequently. While some members of the Staff, in the early days of the Fund, may have speculated on appropriate roles for the staff...

"... in the end, however, everyone seems to realize that all real decisions stem from the five Chiefs of State, whose collective and trusted

representative at their meetings is Mr. Paul Kaya.^{1/}

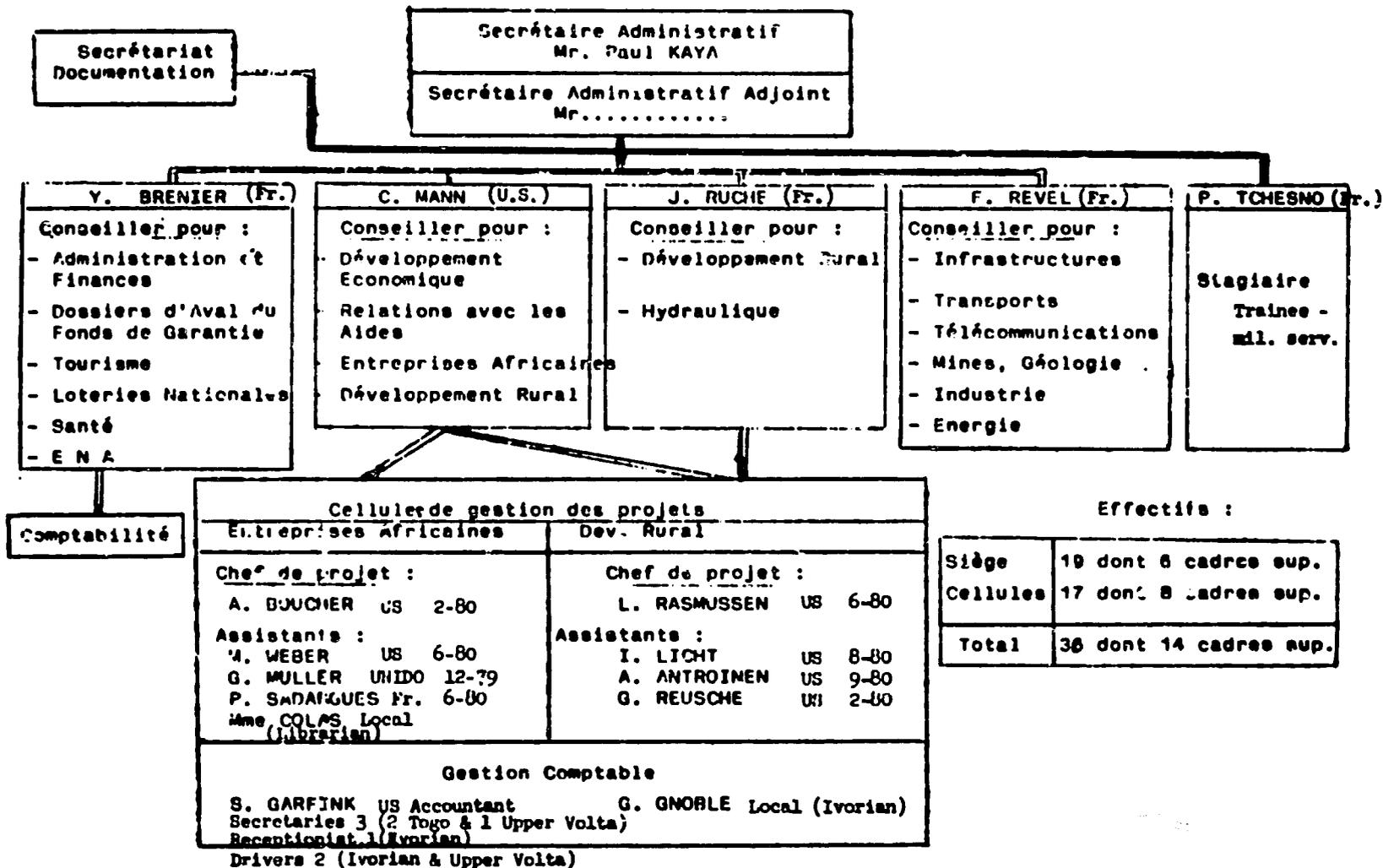
9. The Administrative Secretariat of the Fund consists of 14 professionals supplemented by limited support and clerical staff of 22. Of this total of 36, six are permanent policy and management positions. The Administrative Secretary (Congo) and his deputy (vacant) are African. The four senior advisors are expatriates (3 French and 1 US). There are eight temporary positions for professional staff for project design, analysis, monitoring and supervision of sub-project directors. These positions are for the life-of-project. Four are directly responsible for the Food and Livestock project and four for the African Enterprises project. Six of these eight positions are U.S. funded, one is financed by France and one is financed by UNDP/UNIDO. The Administrative Secretary and the planned deputy are funded by the general budget as are twenty-two clerical, maintenance, and other local staff. The professional expatriate staffing is a key resource of the Entente Fund. The financial support extended by the U.S. and French governments and the UNDP for salaries and other costs for these twelve professional employees is a major factor in keeping the administrative budget at its modest level.

C. Fund Policies

10. Basic policy is made by the Entente Council at an annual meeting and carried out by its Administrative Secretary. The annual meeting of the Chiefs of State is normally based on an agenda and briefing papers

^{1/}As reported by the first (1968) U.S. counsellor on the Fund staff: Ambassador (ret.) Frederic P. Bartlett.

**ORGANIGRAMME DU SECRETARIAT ADMINISTRATIF DU FONDS
D'ENTRAIDE ET DE GARANTIE DES EMPRUNTS DU CONSEIL DE L'ENTENTE**



prepared by the EF Administrative Secretary after appropriate consultations. A Council of Foreign Ministers normally discusses the documents for two plus days with the participation of the Administrative Secretary and his key advisors. National delegations might include other Ministers (e.g. Finance, Rural Development). The Ministers prepare draft conclusions for approval by their Chiefs of State. The five Chiefs meet alone for half a day or more with the Administrative Secretary in attendance. Their decisions are recorded and signed individually and become the guidelines for the EF operations for the coming year. A President "en exercice" is elected to become the acting Head of the Entente Council for the coming year and the source of guidance for the Administrative Secretary during that time.

11. The Entente Fund has no general plan for the development of the region as a whole or for individual country members. It has not undertaken economic initiatives either in specific economic areas, preparation of short or long term plans, or areas of economic concentration. Officially it receives its guidance and operational authority for the coming year from the Chiefs of State expressed (as above) at their annual meeting. The Administrative Secretary, however, has influence in shaping the agenda for these meetings and he prepares briefing papers for the Council at Ministerial level.

12. From the beginning, the Council decided that the staff should be small and should remain small. Certainly in the early days the need to live within a limited and small budget was a compelling reason. The Council has continued to feel, for general political reasons we can assume,

that the staff should continue to remain small and decide its future actions case by case or project by project. Limited staff additions have been directly tied to project areas, described as "cells," with the expectation that their bureaucratic lives are solely dependent on the needs of that particular project.

13. The Fund has made efforts from the beginning to involve neighboring states in regional activities but, so far, without notable success. In 1971 approaches were made to involve Ghana and Nigeria in an area study leading to the coordination of international road plans. In 1971 Administrative Secretary Kaya went to Ghana to discuss joint efforts in the field of telecommunications embracing the Entente States plus Ghana, Mali, Nigeria and Liberia. At that time Ghana would agree only to deal with countries individually and not through the Entente for the group as a whole. They feared, apparently, the preponderant influence of the Ivory Coast as the leader of the group.

14. The basic economic pattern of the Entente States is the dependence of Niger and Upper Volta on a movement south of its labor and cattle to coastal states, with reliance on coastal state members for ports, maritime, and road transport facilities as well as markets. Accordingly economic cooperation in these fields is essential and would be more assured by cooperation in a broader geographical area ultimately going beyond the Entente to include other francophone and some anglophone countries.

15. In 1968, Bartlett wrote.. "the Fund's staff is under standing instructions to make special efforts to develop projects for the two

land-locked countries of the Entente (Niger and Upper Volta), to try to expand economic ties with Ghana, and to stimulate non-French investments and assistance."^{2/}

16. In 1971 the Entente approached the African Development Bank regarding joint support for a high Committee for Land Transport. Since then the EF has increasingly participated in joint meetings with other regional and sub-regional financial institutions culminating in the recent meeting at Ouagadougou, Upper Volta, Feb. 15, 1979 which established a Charter of Cooperation of five regional financial institutions (See para. 98). EF policy has always stressed flexibility in seeking broader association with other countries and institutions by whatever route: membership, associated state status, observer, specific purpose participation, etc.

D. Entente Fund Resources

- Member Country Source -

17. The EF Guaranty Fund is supported by annual contributions of Member States in the amount of \$200,000 for each of four states plus \$2,300,000 from the Government of the Ivory Coast for a total of \$3,100,000 each year. These sums are deposited in interest bearing accounts outside of Entente Countries. With annual capital accumulations, the interest earnings have increased from about \$130,000 (32.7 million CFA) in 1967 to over \$3 million (804.7 million CFA) in 1978. There have also been limited earnings from fees charged for the Fund's guaranty service, from the loan

^{2/}Ibid

of borrowed funds, and the limited proceeds of its investments. (See Section E - Table I.)

18. Deposits in the Guarantee Fund now total about \$40 million (7.9 billion CFA francs) as of December 31, 1978. The Entente Council has authorized the commitment of guarantees up to ten times this capital or about \$400 million. Since only a portion of a proposed investment is guaranteed, the total amount of investment potentially to be attracted through this means may, in principle, exceed a billion dollars. With a single exception, the Ivory Coast has unilaterally decided not to avail itself of this resource so the total of this Fund is at the disposal of the four poorer countries of the Entente.

19. The Guaranty Fund, through December 31, 1978, has guaranteed 25 investment operations for loans totaling about \$27 million (5.5 billion CFA) and representing a total investment of about \$52 million (10.525 billion CFA). Projects included warehouse construction, clinker crushing plant, Kenaf plant, oil mill, sewage plant, and residences. Guarantees still in force from these actions total \$14.4 million as of January 1979.

20. There has been relatively little use of the Guaranty Fund in the recent past for reasons that can only be speculative. Recently proposals have been submitted and requests made for guarantees for five significant projects, two of which are likely to be consummated this year (See Section E - Table II.).

21. Guaranty Fund interest earnings may be used for direct financing of projects. The interest account has financed projects, building

construction, operating and other expenses (See Section E - Table III). Interest accumulations in 1978 amounted to \$3.2 million and are expected to increase substantially in future years from the continued loaning of member countries' annual capital contributions. The interest differentials on U.S. loan funds and interest on money held on deposit is another source of revenue for the Entente Fund. Using a conservative rate of 6% as projected yield for funds on deposit, the Entente Fund would earn approximately \$9 million from the livestock loans and approximately \$10 million from the African Enterprises loans over the balance of loan period, e.g., with maturity dates extending to the year 2018 in the longest case.^{3/}

- Donor Country Source -

22. Approximately \$80 million has been contributed by non-member donors for project and technical assistance. This sum is about evenly divided in loans and grants (See Section E - Table I). The US has contributed \$63 million, of which about \$40 million is in loan form and \$23 million in grants. The pipeline of unexpended US funds exceeds \$31 million as of March 1, 1979. For obligation by beneficiary country, see Section E - Table V.

23. Contributions from other countries are indicated in excess of \$17 million as of the end of 1978 (See Section E - Table IV). The major "other donor" is France, which, in addition to its continued staff contributions to the Fund, has undertaken a series of studies including those for telecommunications, agricultural credit, livestock, and a five-

^{3/} See Entente Fund Loan Management Program Multinational Agribusiness Systems, Inc. 1-23-79.

country survey leading to projects for production of 5,000 wells. The latter study could result in a \$20 million loan for well projects as the initial phase of a very costly program, i.e., construction cost in Entente Countries is estimated at about \$35,000 per well. The Netherlands Government is considering extending assistance for water for livestock, regional transport training, and an evaluation of requirements in Togo and Benin. Costs for these projects are estimated at \$3.380 million. Also under consideration is a three country, water-for-livestock project at an estimated cost of about \$5.1 million.

24. Guarantees issued have been fairly evenly distributed among member countries, other than the Ivory Coast by its own choice. The same is generally true for use of Fund interest earnings. The same is mainly true for distribution of U.S. grant aid but a larger portion of U.S. loan aid has gone to the Ivory Coast. See Section E - Tables IV and V.

25. Other than by the U.S. and France, there has been relatively little use of the EF. Aid provided to EF countries has been mainly bilateral, with the EF itself getting experts-funding and study money from non US/French donors.

26. The Canadians prefer bilateral aid relationships in general, although a small industrial development project with the Entente Fund was under consideration but has now been cancelled. Bilateral Canadian aid has been relatively substantial to the Ivory Coast. Contributions to a railroad project and mineral resource exploration for Upper Volta are also significant. The relatively high level of aid maintained by Canada in recent years is now being curtailed as a consequence of domestic budget

pressures. The prospect at this time is for no new project funding by Canada for the next 3 years in the EF area.

27. Canadian standard loan terms for developing countries are very generous and all its loan projects (See Section E - Table VI) are for 50 year-term at zero interest including a 10 year grace period prior to any repayment of principal.

28. The Dutch have allocated a grant of about \$3 million (600 million CFA) for provision of water to livestock through drilling 100 wells and construction of 7 dams. This project is being carried out through the EF for the North East Ivory Coast - a poverty area directly adjacent to the Sahel. This fact provides a key justification for the program; the unused portion of the Sahel program budget is the source of funds; and the EF is the administrative means for carrying out the project.

29. Dutch aid to Niger is being provided through Sahel machinery for a total of about \$3.2 million for medical supplies, local production of agricultural tools, and rural roads. Upper Volta as a "concentration Country" in Netherland's aid-programming, is to receive \$16 million in Dutch aid for FY 78 of which \$4.8 million is to cover technical assistance and \$11.2 for financial assistance. The project aid details are to be worked out shortly on a strictly bilateral basis. Plans for FY 79 are for \$14 million.

30. Other prospective Dutch aid to Togo (\$750,000 grant) and Benin (\$750,000 grant) may be channelled through the EF. Provision of

instructors to the regional transport training center (CERFER) in the amount of \$180,000 is a possibility.

31. The European Fund for Development is concluding, as of May 1980, a four year program of aid totalling 3.0 billion units of account (\$3.9 billion). Of this total, 10% is set aside for regional projects. The regional account of the current program is now fully allotted. There will undoubtedly be a follow-on program of aid but its duration and amount are not known at this time. The FED entertains requests for regional project aid direct from the interested parties concerned or from an institution authorized to represent them. The FED definition of a regional activity is a project for which there are expressed interests by two or more countries. Examples are the Abidjan-Accra Road and a University of Medicine at Dakar in which the Ivory Coast and other countries have an expressed interest. There are exceptions, however, as there was one FED project with the EF which was classified as regional although only Upper Volta was involved.

32. In interest of efficient management, limited staff, and curtailed administrative cost, Germany is considering aid to the Ivory Coast through EF. Projects may be in agricultural development of the North East, a vegetable production center, and aid for the extension and modernization of the railroad from Abidjan to Ouagadougou. The EF has also made approaches to Austria, Japan, and Spain (a training school for hoteliers in Ouagadougou) as well as Germany. Significant amounts of assistance are not anticipated from these sources in the immediate future.

33. French aid policy for the Entente is to respond to requests for studies and small projects emerging from annual meetings of the Council of the Entente. These project requests are developed by the Fund; project implementation is negotiated by Fund staff with suppliers, subject to general approval by FAC (Fonds d'Aide et de Cooperation); and the bills paid by FAC on presentation of appropriate documentation. The French government will likely continue to assist the EF annually for a few projects in modest amounts.

U.S. Funded Current Programs

34. In 1969 the EF staff was instructed by the Council to develop projects in the following areas:

Livestock

Grain Stabilization and Marketing

Road Transport, Maintenance and Training

Telecommunication

Tourism

Trade and Economic Relations of the Entente with
Ghana

Association with African Development Bank

35. Also, help was to be extended to the OECGE to fight endemic diseases; hydrological studies were to be pursued; mineral resource research was to be undertaken; and inter-state training centers were to be established for highway maintenance, and development of maritime skills. The first project - African ownership and operation of industry - was developed with the Council's approval by a young French engineer (Mr. Amer) on the staff at that time as Ambassador Bartlett wrote in 1969.

African Enterprises

36. The concept of the Council's first efforts in development of an African entrepreneurial group was further elaborated as a major U.S. assistance program. The form was a \$7.5 million loan in June 1974 and a second \$10.0 million loan in early 1976 for African Enterprises. In addition to provision of loan funds, AID has supported a Project Administration Office of 5 people with the provision of \$1.500 million of which \$490,000 is budgeted for the period June 1978 through December 1979. An additional \$189,000 is foreseen for 1980. The Entente Fund has provided about \$1 million (215 million CFA) for the period through December 1979. These funds have covered costs for 3 U.S. employees, 2 French, and one from the U.N.

37. The object of this activity has been to develop small-to-medium-size entrepreneurs in the developing societies of West Africa. This is to be done by providing below-market rate loans to such would-be entrepreneurs through development loan banks. Assistance is also to be provided to them through Promotion Centers. These are to provide technical advice, to hold seminars, and to prepare loan dossiers for approval by the development bank with review by the project director in the EF. Also they are assisted by facilities available to them in established industrial parks.

38. Separate evaluation of this activity has been made by C. L. Terrel of Industrial Development Consultants in his report of January 1979. His review of loan activity under these projects noted that 430 individual loans in the amount of 2,547 million CFA (approximately \$12.7 million)

were extended through June 30, 1978. Slightly over 40% of the total was loaned in the Ivory Coast, about 10% in Upper Volta, and the balance was fairly equally distributed among three countries. While loans averaged about \$30,000 for the group as a whole, over 30% of the applicants received less than \$5,000 and about 45% requested loans in the \$5,000-\$25,000 range. 13% of the loans, accounting for slightly under half of the money total loaned, were in the \$50,000-\$250,000 range.^{4/}

39. Interest rates for these loans were 5-8% for 37% of them and 8-12% for over 60%. These are said to be about 4% less than would be charged by commercial banks.

40. As yet very few loans went for development of agriculture and general farm food production. Currently \$2 million of the second loan is specifically earmarked for this purpose. About one-third of the loans were for sales enterprises of which half was for commerce and a quarter for textiles. About 12-14% of total loans were given in each of construction, manufacturing, transport, and service activities. The borrowers were mainly in the 30-50 year age group. The ratio of men to women receiving loans was two to one.

41. The loan operations were carried out by the six development banks in the Entente Countries (two in the Ivory Coast) whose collective assets total some half billion U.S. Dollars. These banks "... operate under quite an apparent compulsion to show a profit, which carries with it

^{4/} An Evaluation of AID's African Enterprise Loan - International Development Consultant - C.L. Terzel, p. 11.

an aversion to small/high-risk loans of the type generally represented by those in the African Enterprise Program."^{5/} Of course, the object in providing financial and technical advice is to establish successful firms. Perhaps this activity may also have social and political dimensions such that the providers of the loan funds might give services beyond discounting the rate of interest.

42. Mr. Terrel gives a broad endorsement of the project. His recommendations include one for full time staffing by an EF officer in each country. It does not appear that the volume of business would warrant such administrative cost. This is understood also to be the EF view. Closer inspections by the EF of loan dossiers supplied, and review of payment record delinquencies/or potential irregularities perhaps may be desirable. In a case where a loan is sizeable, where repayment record is not reported for a year and rumors are prevalent in the community, follow up inspection action should be prompt to determine actual facts in the case.

43. While Mr. Terrel uses \$5,000/\$50,000/\$500,000 benchmarks for small, medium, and large loans, the loan regulations are much less precise. Perhaps as a consequence of inflation, as well as other causes, there are no "small" loans being made at this time by such a definition, but now "small" can approach \$50,000 size. Consideration might be given to establishment of a small/medium size loan guideline. It is likely that "new" entrepreneurs will be small entrepreneurs and that large

^{5/}C.L. Terrel Report - p. 21.

entrepreneurs are already in business. Should preferential financing under this program be directed more to the "new" than to the existing risk takers seeking cheaper capital? A few loans in the half million dollar class would quickly absorb the limited funds available to a Bank under this program.

44. A major difficulty for the new, small entrepreneur is the record keeping which a bank loan entails. While bookkeeping companies to provide such services for small clients are not generally available in these countries, perhaps the Promotion Center could take on the task for an appropriately small fee from its clientel.

45. The Promotion Center in Niger is just getting underway. Its projected organization, the financial support extended by the Government, its acting manager, UNDP and UNIDO technical experts, EF loans, and a \$5 million IDA loan-augur well for its future. The IDA loan includes \$1.5 million for handicrafts and training; \$500,000 for the center itself; and \$3 million to be loaned by the Development Bank.

46. The Upper Volta Development Bank has yet to tap its second EF tranche. It also enjoys a recent World Bank/IDA loan of \$2.45 million and \$5 million from the African Development Bank. The Ivory Coast Development Bank has just concluded a World Bank loan agreement in this enterprise development field for \$12.7 million over three years.

47. Development of the private sector has always been a difficult area for government sponsored aid efforts. Private enterprise development has been difficult for AID, difficult for international agencies, and for development countries themselves. The reason is basically the same:

shortage of people who know how to do it and are willing to teach others. Most successful practitioners are too busy applying their know-how to direct personnel benefit. Nevertheless this important sector needs continuing attention and the EF should develop a continuing in-house capacity to administer such programs with African personnel appropriately trained as the Terrel report recommends.

48. Other recommendations include Promotion Center action to improve loan applications to Development Banks and to develop activity targets suiting current development needs. The latter include food processing, construction, clothing manufacture, and a range of services such as plumbing, electrical repair, vehicle maintenance and repair. The EF should also provide periodic reports covering funds available from all sources for this activity (local government, national and international agencies, and the EF), degree of African ownership, and the range and extent of pipeline or backlog for loans as indicated by the Promotion Centers.

49. Generally speaking the conclusion is that these small loan projects for industrial development are viable and having the desired impact. They merit our continued support. They have attracted support also from others, notably the World Bank/IDA and the African Development Bank which have recently extended over \$25 million in loans to three Entente countries for this purpose. At the same time the increased volume of funds available may temporarily exceed the needs of prospective

entrepreneurs in a position to utilize loan funds. With respect to US funds, the current loan pipeline is \$6.6 million from the \$10 million of AE II funds. \$3.0 million is yet to be allocated to individual development banks.

Rural Road Maintenance Training Center

50. From 1969 to 1977, AID has provided Technical Assistance Grants to establish a regional road maintenance training center in Togo. Obligations for this purpose totalled \$6.448 million of which \$6.393 million has been disbursed. As of 9/30/78 the pipeline was \$55,000.

51. This Center was operated by USAID as a bilateral program from 1963-1969. When regionalized, the U.S. contributed \$1.5 million for TA and \$750,000 for equipment. France provided equipment, four instructors, and trainee scholarships. When evaluated in 1976, the overall conclusion was "despite failure to obtain maximum performance during earlier years, CERFER - at project end - represents a worthy AID achievement as measured by other similar institutions and FROP objectives."^{6/}

52. Currently the student body has diminished; some of the faculty has left for higher paying jobs elsewhere, and the Center is operating well under capacity. It appears, however, that there is continued need for such facilities - particularly for countries of the Sahel such as Niger and Upper Volta. Discussions are continuing between EF and CILSS to establish conditions and degree-of-use of facilities for CILSS-country purposes. The general conclusion is that a goodly share of

^{6/} Final Evaluation of CERFER - Herman L. Myers and Stanley Barnett -
11/26/76

the substantial investment made still exists in the form of a facility with expensive equipment. It is felt that maintenance support should be given while arrangements are being made for the fuller use of these assets.

Livestock I

53. The Center for Research on Economic Development (CRED) of the University of Michigan has prepared - as of January 1979 - a clear, concise, and critical evaluation of the Livestock I program now completed. The thrust of the report is directed to the conception of the project, e.g., the development of a common market for meat and livestock; the agency responsible for its administration; the nature and execution of the sub-projects. There are a number of recommendations, some of which raise issues well beyond the field of livestock. The major goal of the project was to facilitate the implementation of a common market for livestock and meat among the five Entente States. A loan of \$5.554 million has been disbursed. Technical assistance grants totalling \$550,000 were obligated throughout the period beginning in 1969, and currently \$57,000 remains in the pipeline.

54. Such deficiencies in sub-project design and execution as the lack of an AID role in the EF decision making process have been corrected in the follow-on Livestock II project. There are lessons-learned in such socio-economic decisions as the location of new cattle markets which should take account of future city growth, wish of merchants to keep business in town, and who earns the market-use fees. These and other such questions should be raised in advance of construction in future sub-project planning. Deficiencies noted in construction, design, and sanitary

operations of abattoirs should certainly be corrected. The additional funds needed are estimated at 10 - 15% of original cost. It seems a modest expenditure to gain full use of the facility as originally intended. The recommendation for built-in training programs for the slaughtering process should be a feature of all such projects with perhaps an additional feature of short-term "refresher" training a year or two later.

55. The Communauté Economique du Betail et de la Viande (CEBV), the sub-organization responsible to the Conseil de l'Entente, retains its task to achieve the stated goal "to facilitate the implementation of a common market for livestock and meat among the five Entente States".^{7/} It is pointed out by CRED that CEBV is not the appropriate regional grouping for the purpose because its membership excludes from the economic market, one important meat producer (Mali) and at least two or more important consumers, Ghana and Nigeria, plus perhaps Liberia and Sierra Leone.^{8/} Almost the same shortcoming applies to the CEAO which has an organization responsible for international coordination of meat and livestock policy, the Communauté du Betail et de la Viande (OCBV). The ECOWAS has the appropriate membership but there are "delays to be expected in the implementation of the overall ECOWAS structure".^{7/} Nevertheless, AID is to

^{7/} See CRED Report

^{8/} As an historical note it may be of interest to record that... "Mali officially in 1970 expressed a desire for associate membership (in the Economic Community of Livestock and Meat)... Ghana in August 1971 expressed, in writing through its Minister of Agriculture its readiness to seek membership on receipt of more detailed information about the community's aims and current operations. In addition, Nigeria indicated to the Administrative Secretary of the EF when he visited that country in April 1971, that it would be interested in becoming a full member if such a status could be arranged.. " See Feld op cit. p. 10.

"encourage the development within ECOWAS of an organ modeled after CEBV and OCBV whose role is to facilitate the integration of the West African Livestock sector."^{9/}

56. Since Touchberry (CRED) says "the logic behind ... the Livestock projects ... was sound and the common market was a good and valid objective", why not try a new organizational formula, perhaps an appropriate group of secretariat members of the three organizations under the new Charter for Cooperation?^{10/} Specifically, this year the acting President, Administrative Secretary EF might seek approval of the CEAO (for the OCBV), the ECOWAS (for appropriate representation of say the NISER of Nigeria) and its own CEBV to combine their efforts in a renewed attempt "to facilitate the integration of the West African Livestock Center" in general and to draft a pricing protocol in particular.

57. The CRED notes that the CEBV protocols on statistics, health and meat quality, licensing of traders and butchers, fiscal and customs policies have been signed by governments but with respect to the pricing protocol "...there is no possibility that the states will agree on pricing policy given current and probable future economic conditions".^{11/} The field of commodity pricing is one of the most difficult for international agreement everywhere. Price debates on agricultural products have for instance been a major root of difficulty in the European Economic

^{9/} CRED op cit: Recommendation A, page 40.

^{10/} See para. 98 and following for description.

^{11/} CRED, op cit, p. 5.

Community and temporary agreements are only reached on the basis of issues going well outside the field of agricultural economics. Perhaps similar solutions could happen in Africa?

58. The CRED report suggests that the inland countries may in fact have only temporary markets in the coastal states since the natural conditions for raising livestock are better in those countries. Also coastal states now have discovered other suppliers in Botswana, Australia, Argentina as a consequence of being forced to this alternative by the Sahelian drought. Given the high demand and scale of markets in Ivory Coast, Ghana and Nigeria particularly, it would appear possible in the future that there could be an increase in their domestic production, continued if not enlarged supply from non-African sources, as well as an increase in purchases from the inland countries - whose range of export possibilities is all too limited.

59. The balancing of supply for the coastal states will clearly be a matter of high policy involving a number of non-agricultural interests of the states themselves in a complex equation in which all the factors are not yet known. Ultimately, there could well be a negotiating trade-off as each country determines where its greatest overall interest lies vis-a-vis market supply at world prices and other then-current issues.

60. CRED recommendations with respect to Ivory Coast benefits from EF activities, raise the general issue of a special position within the Fund. This matter goes well beyond livestock issues and should be treated as an overall not a sector issue.

F. EF Views Its Future

61. The EF approach to its functions is to maintain an effective, competent, essentially small organization emphasizing rural development and regionalism. It is open to proposals made by other donors consistent with the general development aim of the EF and in a regional context defined not-too-rigidly. It is pragmatic. It is project oriented. It does not engage in overall development planning.

62. EF considers itself a suitable instrument for countries which do not have bilateral missions and for those cases where a small team can carry out project activities in several countries with administrative economy. EF recognizes that donor judgments are and should be based on the relative capacities and efficiencies in bilateral or EF handling of projects.

63. The EF sees coordination with other sub-regional financial institutions as essential. It regards assignment of areas of prime responsibility among such institutions as a practical approach. For example, EF sees CEAO in a major role in industrial development and water projects while it continues with its roles in telecommunications, food production, African enterprises and transport. Questions of primacy in development roles would be part of the agenda for institutions under the Charter of Cooperation for the activities of ECOWAS Fund, African Development Bank/Fund, CEAO, BOAD, and EF. As host for the next annual meeting scheduled for early 1980, the EF will be the active "President" of this body and make all preparation for the conference - substantive as well as administrative - and will accordingly take a leadership role this year.

64. In the coming year, the Administrative Secretary plans to develop a five year program with the accent on rural development and food production. Plans would be made for agricultural credits to small farmers, continuation of the African enterprises program, training in the CERFER institution for drivers, and in the Promotion Centers for transportation managers. Provision would be made for wells projects. Private processing of food crops, including freezing, would be encouraged for domestic consumption and for export. Possibly a regional health project would be added such as yaws control (in the areas of Ivory Coast - Ghana - Togo). Other possibilities would depend on specific donor support.

65. Such a program would be prepared by the present staff with the addition of qualified Africans as availability and funding permits. Two spaces for one-year advanced economic training has been offered by France on an annual basis. The costs to the EF during the training period are approximately \$20,000 per student per year. Trainees would be EF employees prior to being sent for training.

66. The question of the future role for the EF was raised and debated by the Chiefs of State in 1978 following the creation of the 16-member group of ECOWAS. At that time some felt the smaller, sub-regional groups should be absorbed into the larger format. The Conseil de l'Entente decided in 1978 to contribute to the EF for five more years. It would appear that the EF clearly has continuity throughout this period while keeping to its tradition as a small organization and emphasizing its relative effectiveness through its abbreviated chain-of-command.

C. West African Regional Institutions

67. There are five regional financial institutions operational in the West African region. They have overlapping objectives in harmonizing economic policies, facilitating trade and industrial cooperation, and regional development. Such development would reintroduce the complementarity of their economics as it might have existed in colonial days and subsequently would go beyond that into francophone/anglophone country cooperation under the ECOWAS formula.

68. The countries in this area have a number of common problems for which common and cooperative solutions must be sought. They also have a number of unique problems for which cooperation of their neighbors is essential. The economic problem of the inland countries is the need for a more efficient development of very limited resources -- cattle, some agricultural crops, potential mineral resources -- for which coastal state markets, road networks and maritime facilities are basic requirements. The regional institutions aim at meeting some of these problems. The problems are not common to all countries in the region and as their national interests vary, so does their membership in institutions to serve them. Also the interests and capabilities of the institutions vary. Appropriately trained and able personnel clearly is in short supply. This latter limiting factor is one to be addressed with urgency. Priority should be accorded to University level training focussing on African problems and given in an African environment. Such training would benefit from local orientation and be a good deal cheaper if done in Africa.

69. Essentially in this West African area there are five regional financial institutions that have recognized their common ground and interests:

- a) the five nation Entente Fund, established in its present form in 1973 under its Council which was established in 1959. It is essentially a project defining, multilateral funding, administrating agency. It does not engage in overall development planning. It negotiates with governments, administers funds, designs and monitors projects, does periodic substantive reporting.
- b) the six nation West African Economic Community (CEAO) has three countries in common with EF plus three from the Sahelian zone. It was founded in 1973. It aims to be a customs and economic union and follow the European Common Market model. It has established a solidarity fund for development and compensation for trade losses under its common market arrangements.
- c) the six nation West African Development Bank (BOAD) was founded in 1974. Its membership is the same as the EF plus Senegal. As a development bank, it provides some technical assistance. It is active and has now extended some \$42 million in loans. It does not have a field project monitoring capacity or engage in substantive, technical progress reporting.

- d) the sixteen nation Economic Community of West African States (ECOWAS or CEDEAO) is a development planning and funding organization embracing francophone and anglophone countries. It may well reflect Nigerian as well as francophone views on the economic evolution of the broader region.
- e) the continent-wide African Development Bank and its soft loan window, the Fund, is expected to add significant resources to West African development. As a development institution with broad geographical and development responsibilities, this institution is not only a source of money but also of overall development planning, project aid, and technical assistance with a developing capacity to undertake large scale projects.

70. The African recognition of a need to relate these institutions to each other-and to provide a better understanding of respective roles and complementary actions - lead to the adoption of a Charter of Cooperation at Ouagadougou 14-15 February 1979. Provisionally these institutions have agreed to hold annual meetings at experts level - and at the level of those responsible for the institutions - to provide cooperation in plans to finance and promote economic development in West Africa. The President is the Secretary General of CEAO and the Vice President is the Administrative Secretary of the Entente Fund. The EF is to host the next meeting of principals in Abidjan in the first quarter of 1980. The members of each institution must ratify this charter. The EF did so March 15, 1979

as authorized by the Chiefs of State in accordance with their own procedures. (See also paras. 98-100.)

71. It should be noted, in considering the question of institutional leadership, that two months prior to the provisional adoption of this charter by the five organizations, the Entente Fund and the CEAO also adopted a Charter of Cooperation on December 22, 1978. The five-organization charter parallels and is almost identical to the EF/CEAO statement. The grand objectives are the same and the language common to regional organizations is there: coordination, regional cooperation, balanced development, integration of economies, harmonization of efforts.

72. This development is an important step in the rationalization of the regional institutions and could materially contribute to broader scale cooperation in the larger institutions (e.g. ECOWAS) through development of agreements in the smaller regional bodies. The nature and organization of the body or bodies that will ultimately emerge from those now spawned is yet to be seen. It is clear, however, that another beginning has been made to develop a broader political consensus leading to expanded economic roles for West African peoples.

73. Many of those who see the functioning European Economic Community today may not recall that it was preceded by a series of institutions such as the European Coal Plan, the Iron and Steel Plan, the Green Plan (for agriculture), the White Plan (for health), the Transport Authority, and various country groupings such as Beneflex and others plus a High Court, European Parliament, European Defense Community - all before

the Treaty of Rome was signed in 1955. In such perspective one may not become overly concerned with apparent "duplication" in the formation of West African organizations going down the cooperative road. Multi-review of the same problems and issues in various national contexts can broaden the understanding of the issues and may in the final analysis hasten agreement rather than defer it. Some of the concern should also be alleviated by the recent African recognition of their duplication problem by the steps being taken for increased cooperation among their institutions as above. The EEC is a selected model for observation and initiative of both the CEA0 and the CEDEAO.

74. The summary chart following shows information current as of February 1979 with respect to current and planned staffing. Such plans of course are undergoing further consideration as a result of budget restrictions, organization, and certain special staffing questions. The latter is particularly pertinent for ECOWAS which may resolve some of these questions at its forthcoming meeting in May 1979. Similarly the African Development Bank and Fund plans may change with the addition of non-regional members, as is anticipated at its meeting in May 1979.

1. West African Economic Community - Communauté Economique de l'Ouest (CEAO)

75. The CEA0 is one of the relatively new (1973 West African regional economic organizations. Its objective is to promote an integrated economic community for its members. It also seeks to further establish the political unity of the area in order to allow its natural economic unity to assert itself. In its current form, CEA0 is a customs

		WEST AFRICAN REGIONAL DEVELOPMENT INSTITUTIONS			
	Date established + years in operation	Current	Planned	Areas of Activity	
		2/28/79			
1. African Development Bank (AFDB) and Fund	1964 (14)	Prof/Total 117/402	Prof/Total	Pre investment feasibility studies; not in small development planning, regional cooperation, or sectoral problems	
2. West African Development Bank (BOAD)	1974 (4)	40/ 98	100/150 (as of 1982)	Finance development projects and studies	
3. Economic Community of West African States (ECOWAS/CEDEAO)					
A. Secretariat	1975 (3)	1	?	Establish preferential trade area, joint enterprises and free movement of labor and capital	
B. Fund	1976 (2)	4/ 10	23/ 78	Compensate members for loss of intra-ECOWAS trade; finance community enterprises; agricultural industrial development	
4. West African Economic Community (CEAO)	1973 (5)	60-70/150	?	Promote industrialization; improve infrastructure related to trade, transport communications, promote trade	
5. Council of Entente	1959 (20)				
A. Entente Fund	1966 (13)	13/ 35	14/ 36	Guarantees development investments; promotes agricultural and industrial development projects	
6. Charter of Cooperation West African Regional and Sub-regional financing institutions (1-5 above)	1979 (-)	dual incumbency with existing organizations		Coordinates projects and studies, info on activities, participation in project financing among organizations	

and economic union succeeding the former UDAO - the West African Customs Union. It seeks a common external tariff, free movement of agricultural commodities within the community, and a common preferential tariff on industrial products. Its six nation-membership (Ivory Coast, Mali, Mauritania, Niger, Senegal, Upper Volta) overlaps that of the Entente Fund but excludes the Gulf of Guinea states of Togo and Benin. An evidence of its political interests however is the arrangement made for the association of Togo with the CEAO for purposes of a non-aggression-pact.

76. The revitalization of this group of countries into a more effective, cohesive group is also a tribute to the foresight and leadership of the Ivory Coast. It may be regarded as part of a long range plan to make the economic evolution of the West African area, as a group of cooperating economies, more possible through a process which will augment the politico-economic influence of smaller countries vis-a-vis the economic giants of the area. Perhaps the inability of the Entente Fund to establish close ties and membership with Ghana, an announced objective in 1971, may be attributed in large part to the latter's unwillingness to negotiate alone vis-a-vis the EF as a whole. It is noted that bilateral discussions with the Ivory Coast have been common. Similarly francophone countries may be reluctant in the ECOWAS framework to take on the economic preponderance of a Nigeria.

77. In the brief history in its current form, the CEAO appears to have established a reputation as a vigorous, future-minded organization on the move. Its ranking officers and others, emphasize its identify as a representative and leader of a homogenous group based on francophone

countries with: a common international language, a common monetary system, a common budget system, and generally a common political and economic system differing markedly from East Africa. A spokesman has emphasized that current disequilibrium in member country markets requires the formation of an integrated economic community. He also noted that the area enjoys a condition of peace which affords an excellent opportunity for cooperative action.

78. The aim of the CEAO is to establish free movement and goods in its area and to follow EEC as a model. It will seek the introduction of common documents to facilitate this development, e.g. carte d'identite, passport, visas, driver licenses, etc. It seeks a reputation as a community that works.

79. CEAO also has a Solidarity and Intervention Fund for its community amounting to 7-9 billion CFA (about \$35-\$45 million). There is also a three year development program (1978-1981) emphasizing community training and the establishment of industrial institutes for development of mineral and energy resources. The Ivory Coast and Senegal are the major contributors to this fund.

80. The CEAO meets once a year at Heads of State level and is joined by Togo with respect to discussions centering on a non-aggression and defense equipment Pact.

81. The organization is also defensive in its motivations in that it fears possible domination by Nigeria and generally being swallowed by

other organizations embracing Nigeria. The latter alone has approximately two and a half times the population of the CEAO area and three times the GNP.

82. A word frequently applied to CEAO in West Africa is "dynamism". The impression is immediately and visually apparent by its new \$5 million, ultra modern headquarters in Ouagadougou, Upper Volta. There are plans to add further office space and a conference center. It has a staff of approximately 150 of which some 60-70 are senior officials and professional experts. With the exception of a dozen expatriates, the professional staff is African and young. The oldest staff member is 45. The expatriates, we are told, are selected for their specialization and experience with common market problems (the European Economic Community), fiscal and customs matters, foreign aid, economics, commercial trade specialists and legal advisor. This group is to be kept small and limited to advice-giving in rather precise areas. The policy of CEAO is to maintain the unity of the African "Cadre" which is attracted to the organization by its reputation for "dynamism" and being forward looking.

83. CEAO is willing to establish links with other international, regional and sub-regional organizations. It too, agreed to cooperation and coordination of objectives and economic development activities at the meeting of West African Financial Institutions held in Ouagadougou on February 15, 1979 with CEDEAO, EF, BOAD, and AFDB (see paras. 98-100). The Secretary General of CEAO is the President of this organization of institutions.

2. Bank for West African Development - BOAD

84. BOAD, the West African Development Bank, is the Development Bank for the West African Monetary Union (UMOA). Its members are the Entente States (Benin, Ivory Coast, Niger, Togo, Upper Volta) plus Senegal. Its formation was agreed in 1974. The Council of Ministers of UMOA appointed P.C. Namiba of Upper Volta to be its first President in May 1975. It opened its headquarters in Lome, Togo in January 1976 with Dr. H. Bembello as its Vice President.

85. The capital of the Bank is \$12.5 million contributed by Member States, the BCEAO (the Central Bank of the monetary union of West Africa) and the Government of France. Its obligations are guaranteed by its shareholders. Its staff of 52 (27 professionals including 6 made available by the IBRD, Government of France, and USAID, plus 25 in support roles) as of 1978 will grow as a number of the 71 trainees planned for 1977-1982 complete their advanced training (financial analysts, engineers, administrators, economists, and lawyers) and assume positions at the Bank. As of February 1979 professional staff had risen to 40 and the total to 98.

86. The Bank has three primary roles:

- a) to promote regional economic integration of member states and adjoining non-member states;
- b) to create more equilibrium between the more resource-rich coastal states and the less-favored Sahelian states;
- c) to develop trained, high quality, management cadre from University graduates of member states.

87. It is noted that in its first two years of operations \$37 million were loaned for infrastructure, rural development, national development banks, and for the establishment of industrial zones for small and medium sized industries. Half of these loans went to Niger and Upper Volta. As of mid 1978 its pipeline of projects for possible funding, totalled \$94 million.^{12/}

88. The BOAD has always been ready in principle and practice to cooperate with like minded regional institutions who share common objectives. There has been joint participation in telecommunications with CEA0 and the EF. It is ready to engage in joint financing with the African Development Bank. BOAD and ECOWAS Fund plan to meet in late May 1979 to plan a seminar for relevant regional organizations to discuss and make plans for regional projects. BOAD present studies center on five sectors: cereals, seeds, telecommunications, fisheries and water transport.

3. The Economic Community of West African States - ECOWAS/CEDEAO

89. The structure of this organization is as follows:

a) ECOWAS Authority (Heads of State)

Chairman: Col. Obasanjo, Nigeria

b) Council of Ministers:

Chairman: Minister of Finance, Senegal

Secretary General: Outtara

^{12/} Source: REDSO/WA files - June 23, 1978 letter from BOAD President to Assistant Administrator for Africa, AID.

c) Fund - Board - one Minister and one expert for each country

Chairman of the Board: Minister of Finance, Benin

Managing Director: R. Horton, Liberia

Deputy Managing Director: S. Ibrahim, Benin

Capital authorized: \$500 million

Capital paid in: Over \$50 million

Objective: a paid-in total of \$200 million in the next two to three years. The administrative budget is projected to \$3 million to be paid by interest earned on the paid in capital.

90. The Fund aims to finance projects with called capital, and to seek cofinancing with the African Development Bank, World Bank, and private investors. The Fund would also provide compensation to offset foreign exchange earning losses following liberalization of trade among members.

91. Senior professional staff of the Fund currently consists of 4 members. The Fund aims to expand such staff by 19 to total 23 in the next year or so. With additional clerical, administrative, and general services staff the overall total planned is 78. The staff is planned to be wholly African.

92. The Secretariat is to conduct economic surveys to determine obstacles to development and to establish priority sectors. At present, such studies are being undertaken by NISER on behalf of the Secretariat. Studies will focus on such areas as telecommunications, transport, and trade.

93. ECOWAS would operate on behalf of a larger group (16) of countries than currently is included in the other regional economic and financial institutions in West Africa and includes principally the richer countries. It would coordinate with other West African regional financial institutions through the Charter of Cooperation that is now being established (see Para. 98). It would also promote foreign investment in West Africa and make use of a guaranty fund to do it.

94. The Fund is seeking US assistance to finance feasibility studies, project evaluations, and projects.

4. African Development Bank

95. The continent wide African Development Bank is expected to have substantial resources available for African development once arrangements are completed for the association of non-regional members in the developed countries. Agreement is expected shortly on the association of non-regional countries with the Bank which would result in the addition of over \$2 billion to the Bank's capital. This in turn may allow the Bank to provide loans at a rate of over \$400 million a year or more than twice the peak volume previously experienced.

96. Member states may request Bank assistance for pre-investment studies, modernization of financial management, training, and provision of technical assistance. The US is willing to provide short term experts with sector preferences in such areas as agriculture, rural development, health and education. Projects developed through this assistance could be submitted to the African Development Bank for funding.

97. AID has supported this institution since 1968 and plans to continue financing its institutional development program and pre-investment studies. Amounts for these activities include \$2.5 million not disbursed as of September 1978, plus \$5.6 million in grants over the following four years plus \$3.0 million for Sahel Development, including Upper Volta and Niger which are also Entente countries.

5. Charter of Cooperation of West African Regional Financial Institutions

98. In mid-February 1979 at Ouagadougou, Upper Volta, the President of the West African Development Bank (BOAD), the President of the African Development Bank, (AFDB), the Secretary General of the Economic Community of West Africa (CEAO), the Director General of the Fund for CEDEAO-ECOWAS, and the Administrative Secretary of the EF met to discuss provisions for the cooperation and coordination of their institutions in attaining common objectives. These are "the balanced development and the integration of the economies of the West African States". The institutions agreed to cooperate "to encourage the coordination and harmonization of their development efforts". They agreed to exchange information, studies, and experience. They provided for cooperation among their experts and technicians, the holding of joint seminars, coordination of studies, joint missions and joint financing of development projects. The institutions will meet at least once a year at expert level and at the level of those in charge of the institutions.

99. A Bureau of Cooperation has been established to carry out this charter. The Secretary General of CEAO is the President of the Bureau

and the Administrative Secretary of the EF (Paul Kaya) is Vice President. The EF will host the next meeting of institutional representatives within a year.

100. Prior to this action, the EF had associated itself with other regional institutions for particular purposes. The EF participated with the BOAD and CEAO in a study of regional telecommunications. This was completed in 1978. The EF and CEAO were associated in the activities of a committee on Land Transport. Coordination in a village water supply project is underway among CILSS, CEAO, and EF. The EF and CEAO had virtually established the same charter for themselves on December 22, 1978. (See Section F item 4.). These actions illustrate the leadership role of the EF, the willingness of West African regional financial institutions to cooperate and associate with each other, and their collective awareness of their need to effect such coordination and practical measures of cooperation if common objectives of balanced regional development are to be attained.

D - Issues Re Entente Fund

1. The Entente Fund as an Institution for U.S. Govt. Support?

101. It would seem rather presumptuous to raise the above question at this point in time - after over ten years of continuous association with - and support of - the Entente Fund and the obligation of more than \$63 million for EF activities.

102. There is of course no question as to the legal authority conferred upon EF by sovereign governments which stand behind its guarantee

fund obligations; which meet annually at Chief of State level to endorse its programs, projects, activities, budgets; which give it general guidance for its operations on an annual basis and which in 1978 committed future financial support for another five year period.

103. In addition to its legal authority and top level political support, the EF also has the appropriate functions for U.S. Government support in the economic development field. The EF basic function is to provide for the economic development of its region. It uses its own resources (Guaranty fund and interest earnings) and those of bilateral donors and international institutions including UN bodies. It has authority to share funds and/or personnel with other regional financial institutions to serve common objectives.

104. The EF is a relatively small organization and has remained so since the founding of the Council of the Entente in 1959, the Guaranty Fund in 1966, and its assigned function of promotion of economic development on a regional basis with adoption of updated Statutes in 1973. It is an experienced organization and has a good track-record.

105. Its current areas of project interest and action are those of long standing, going back to 1968 and 1969: African Enterprises, Livestock and Meat, Grain Stabilization, Regional Road Transport Program, Regional Road Maintenance and Training, Telecommunications, etc. Its readiness to cooperate with neighboring states and regional institutions has been a constant feature of its policy. Its leadership effort to expand its membership to provide a more natural, economic base for regional

arrangements were more pronounced in the period from 1968 to 1972. It was during that period when there was the expectation, and some expression of interest, in EF association if not membership with such States as Ghana, Nigeria, Mali, Liberia and Sierra Leone. Despite the flexibility, adaptability and "looseness" in EF arrangements that could attract others, a modified organization was not achieved. Instead CEA0 was established in 1973, BOAD in 1974, ECOWAS in 1975, ECOWAS Fund in 1976, and the current Charter of Cooperation in 1979 for these same regional financial institutions.

106. These organizations may be regarded as building blocks. With their mutual cooperation, coordination and co-financing in specific areas, they may achieve what could not be accomplished in 1972 through enlarging membership of the EF. The Council of the Entente and its Fund represent the ideas of coordination and cooperation among countries in this region. Certainly this notion is central to US development efforts in this area. Certainly it cannot be achieved with only occasional meetings of Chiefs of State and hopeful communiques, essential as they are, but through the habit-forming process of reaching international agreements on specific policies and implementation of projects.

107. The scope for the EF, the role it may play, and its selections of appropriate project areas - some old, some new - may now be reconsidered for we are years away from the achievement of a large cohesive, franco/anglophone organization with the capacity to have appropriate country economic groupings, sector by sector. In this process, the Entente Fund can play an important role. It has a leadership capacity

and the nucleus of organization for project aid, for negotiation with governments, and its administration plus technical assistance. Yes It is an institution worthy of continued U.S. Government support.

2. Bilateral vs Regional Functions

108. Much debate between REDSO/WA and bilateral US missions has centered on the definition of what is a regional project. There are of course many obvious examples, some not so obvious, and perhaps some dubious where a judgment may reflect largely the constraints in administrative capacities of alternative organizations or an unwillingness to negotiate an aid relationship between governments despite a project interest.

109. Those projects involving construction across national borders are obviously regional : roads, railroads, pipeline, transmission lines, irrigation canals, etc. A bridge and a piece of road in a country are local - but if its location and characteristics, are pursuant to an international regional transport plan with international funding? The European Development Fund (FED) has a four year \$4 billion dollar program of which 10% is set aside for regional project. The FED definition for a regional project is one for which two or more governments have expressed an interest or agreed that an international institution could represent them in the undertaking. Perhaps an activity can be regional in the eyes of the donor and bilateral in the view of the aid recipients. Is it regional when donors concert their aid planning for various countries and agree among themselves as to which will spend how much for certain purposes and countries - like the programs for the Sahel?

110. Is aid regional when it flows through an inter-governmental institution for specified or general purposes to a group of countries? The donor in this case enjoys administrative advantages, e.g. as the aid Mission for the donor could then be one part-time officer. Detailed negotiations with recipient governments would then be done by the institution. On the other hand a donor can have bilateral programs without resident Missions but take account of regional interests in projects involving cement production, electricity, port development, etc. The World Bank is an example.

111. If the place of the action is the test, then all projects are bilateral. If the purpose of the project is to serve an integrated development goal of an area embracing several states - then the project is regional. The conclusion is that determination of regional vs bilateral projects by a definition process is of little practical use since the key test is the purpose of the project: if it serves a multi-country purpose or benefit and that is so expressed by two or more governments (or an institution empowered to represent them) then it is regional (the FED definition).

112. Essentially we're looking for ways to accomplish certain development objectives in an area within our limits of funding, staff provision, country acceptance of our system of aid administration. We want to do so in ways that work for us. Perhaps the answer to regional vs bilateral approach should be pragmatic : where can we do what better and more effectively - case by case.

113. Donors to West Africa have used both methods over the past years. The French, Canadian, German, Dutch have all stressed bilateral aid programs with procurement strictly tied. Some have contributed relatively large sums, and done so with minimum staff presence. France, Netherlands and others have also contributed to EF as an aid channel.

3. U.S. Supported EF Staff and REDSO Relationships

114. A first-hand review of REDSO/WA experience with U.S.-supported contract technical groups in the EF is difficult since the REDSO institutional memory almost entirely departed with its experienced staff a few months ago. The new team is in process of gaining experiences. There are, however, a number of points that can be made from the record and the grousing one hears in the course of travel.

115. There seems to have been an abundant exchange of correspondence on matters which might have been handled over the phone or at short informal meetings - an indication that REDSO/EF communications were not reliable unless formal.

116. There seems to have been some resistance on the part of EF to REDSO visits to project sites - inspection being considered an EF function which might confuse relations with government officials when others appear on the scene. On the other hand REDSO wants to be informed first and officially before project ideas of the EF are discussed with local government personnel.

117. There is some feeling on part of EF that project papers are nit-picked endlessly on technical issues going beyond professional

competence of REDSO personnel although well known to the EF professionals. On occasion there have been, apparently, triple re-writes of proposals over months that add to delay, extra work and a sense of frustration. REDSO is blamed. There is some feeling of too much looking-over-the-shoulder at EF.

118. Personnel in U.S. country missions feel a need to be directly and promptly informed on EF project discussions with local government personnel in areas where there is also a USAID mission involvement. While EF periodic reporting would appear to fill this need, some mission personnel feel a more direct, personal reporting is essential.

119. Such matters can be resolved locally as the essentially new staff of the REDSO clarifies its own procedures in dealing with EF contract technical groups and the bilateral missions. These, it may be anticipated, would be developed in context of knowledge of Mission and EF procedures and needs and with respect for the EF role as an independent authority. Perhaps it would be helpful for EF/REDSO to review their respective procedures as they impinge on each other and to clarify their mutual and separate responsibilities.

Senior Counsellor Position

120. A senior counsellor position in the administrative secretariat has been assigned to, and occupied by, a senior U.S. official since 1963. This position reflected both U.S. interest in the Entente Council and subsequently in our financial support to the Fund. The position has grown in importance with the scale of U.S. contributions to the EF,

particularly with respect to the two major project areas of rural development and promotion of small and medium size African enterprises. Other responsibilities include supervision of those US-funded staffs and general economic development responsibilities of the EF.

121. There are other less explicit but equally important duties including particularly the role as advisor to the Administrative Secretary in his dealings with, and approaches to, government officials in actual or potential aid-donor countries including Canada, Netherlands, Germany, Austria, Spain and Japan. The U.S. need for detailed information, statistical reports, and periodic progress reports needs explaining to other counsellors accustomed to dealing with donors who are satisfied with substantially less information. Since the U.S. aid system is radically different in detail from that of other donors, a responsive representative at senior level is an effective aid for us in meeting such needs.

122. In due course, this position could be terminated with growing Africanization of the senior staff and phasing out of the program. Given the current \$31 million pipeline and its gradual reduction-to-elimination by late 1981/early 1982, it can be anticipated that an appreciable volume of work will continue to justify this position through 1980. In the event that aid along lines recommended elsewhere in this report for the 1980-1985 period should be substantially accepted, and/or a restructuring of the EF takes place, further consideration of the nature of this position should be given. In the immediate future the counsellor could assist the process of Africanization of EF senior staff.

4. Africanization

123. The Africanization of the Fund staff has been a recognized and debated policy issue since the inception of the Fund. In 1968 the then-U.S. Counsellor on the staff recommended the training of young Africans as supplementary members of the staff for eventual replacement of the then European members. In 1971, the U.S. technical counselor to the Fund proposed the addition of African clerical and professional staff members on the Fund gradually over a four-year-period. There is some indication that the Chiefs of State at that time felt that more disinterested advice would be received from expatriates than from local employees and for this, and possibly other reasons, the proposal was sidetracked.

124. In 1978, a proposal was made to AID to train 12 Africans who would ultimately assume positions on the Fund staff replacing expatriate members. It has been stated that this proposal was not approved pending clarification of the work that would be done or perhaps rejected for other reasons.

125. Over the past ten years there has been little change in the African component of the EF and none at professional levels. The general policy has been to maintain a high standard of excellence, which has meant expatriate hire, until well-trained local personnel are available. The BOAD, confronted with the same problem, has undertaken its own training programs on the assumption that, on completion of study, enough graduates will be available to fill BOAD positions. The CEAO claims it has no difficulty in attracting young, well-trained Africans to its staff. The French Government has now offered the EF two spaces in the one-year advanced economic training course it provides for French civil servants. The

Administrative Secretary has accepted these pending availability of funds to place the two people on the staff prior to training. The filling of the Deputy Administrative Secretary post was proposed at the March 1979 Chief of State meeting but was deferred. It is now due to be considered again at the 1980 Chiefs of State meeting in the context of a full statement of duties involved including possible restructuring of the EF itself.

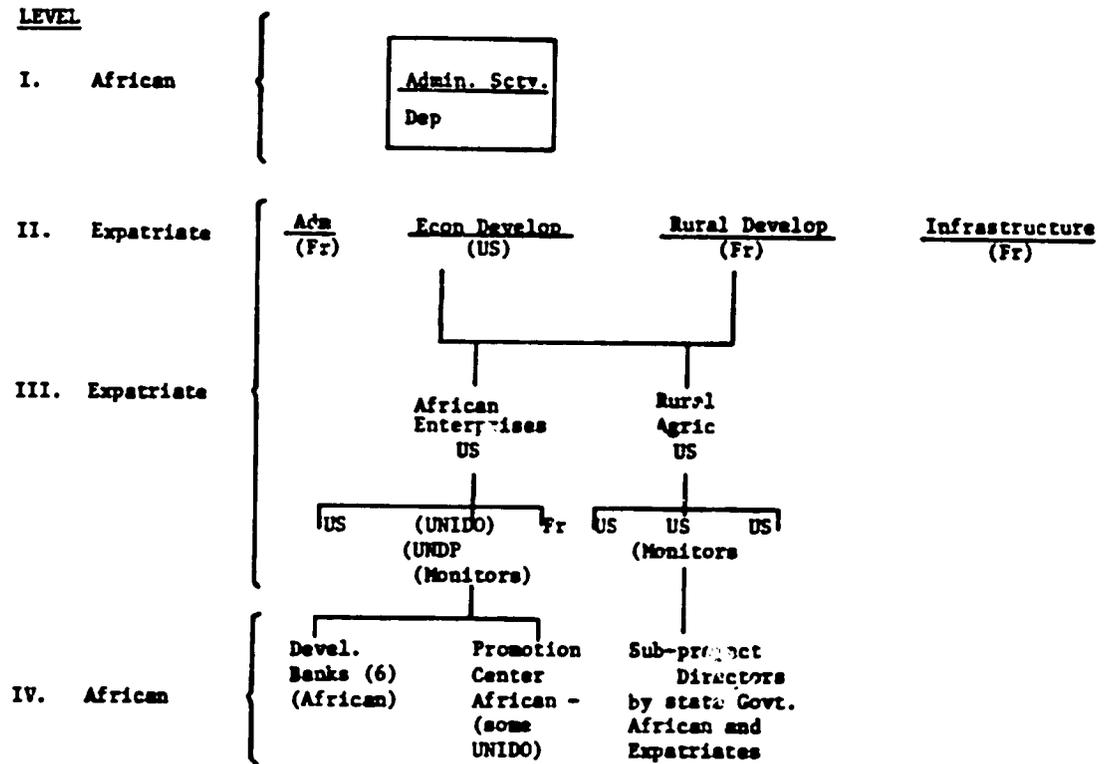
126. It would appear that both action and patience are required. The President of the Ivory Coast expressed the latter when he spoke December 7, 1978 on the occasion of the 18th anniversary of the Ivory Coast's independence:

"Nothing is served by berating the large number of foreigners in jobs which require trained personnel if we are not capable of supplying to all sectors of our nascent economy - building, agriculture, health, research - engineers, technicians, good doctors, supported by trained staff and really qualified workers. The profitability of a unit of production is not a matter of color of skin, but of competence, dynamism and professional conscientiousness".

127. The following chart indicates the levels and staffing of African/expatriate positions in the EF. The top level is African; the second level or "siege" is expatriate as is the third level or "cellules". The fourth or field level of project activity where national governments are involved directly, is African.

128. On the assumption that no further funding were to be supplied from U.S. sources for the African Enterprises and Rural Agriculture projects, the Africanization issue might largely disappear as of 1982.

Africanization of Entente Fund



Note: Africanization objective centers on organization core levels II and III for 12 expatriate, technical and professional employees.

- | | |
|------------|--|
| Level I. | African Now |
| Level II. | 4 expatriates - 3 Fr - 1 US
Advanced Econ Dev Training for 1 year at French Govt. Institution for 2 positions has been offered and provisionally accepted. |
| Level III. | Expatriate: 8 on Contract (6 US - 1 Fr - 1 UNIDO) |
| Level IV. | a) Personnel in 6 National Development Banks - all African
b) Personnel in 5 Promotion Centers - African - some UNIDO advisors
c) Sub project Directors - 8 African plus 4-5 expatriates; assisted by other expatriates under African direction. |

At that time the six U.S. nationals who are project funded would no longer be aboard, leaving perhaps one UNDP and one French-supported advisor. The U.S. funded Economic Development Advisor would no longer be aboard. As of that time perhaps four African graduates of the French advanced economic/development training course may have been trained, according to current possibilities, and would have returned to fill senior and expert level positions now occupied by expatriates.

129. A possible alternative route for EF, is the training of Africans for senior positions in finance, business administration, agriculture, livestock and rural engineering. For project activities, the understudy technique may be appropriate for Africans who have had some relevant training, e.g. for three trainees in the fields of management, industrial engineering, financial expertise to be used in African Enterprise development, and for three trainees in agriculture, livestock, and economics for rural development. Costs of \$60,000 per year per person have been estimated.

130. It is clear the EF would need assistance to accomplish such a plan. We may regard, in retrospect, our previous efforts to strengthen the EF staff through funding of the "cells" with a direct line rather than advisory officers, as perhaps a faulty design. Looking back, we may see we have not directly contributed to a self-reliant institution but in practice have made its effective functioning dependent on continuing direct aid for the "cells". We should therefore assist the EF in acquiring native personnel able to undertake current EF functions of project analysis and design, monitoring and substantive reporting, negotiations with

participating governments and with other regional institutions with which the EF has already agreed to cooperate.

131. No significant expansion of the overall size of the organization is suggested beyond the temporary phasing in of new African staff as current US contract teams phase out. The EF has to its credit remained a controlled, small organization consistent with operating needs. It has not mushroomed as have some of the newer organizations nor does it have the high administrative expenses associated therewith.

5. Membership Expansion

132. The possibilities for expanding membership of the Conseil de l'Entente, and therefore the Fund, are remote at this time. In its earlier days, when the EF was more active and apparently aggressive on the West African economic scene (say 1968-1972) it was the intention to expand specifically to include Ghana. The Council at that time so directed. The Fund was also very flexible in pursuing economic sector cooperation goals and to open up the possibility for "association" of other states in a project area. It was then realized e.g. that the goal to establish a common market for livestock was more sensible with more producers and major consumers. Mali, Ghana, and Nigeria were specifically invited to join for this purpose, were interested in doing so, but in the end did not.

133. The French Society for the study of Economic and Social Development (Paris) and the Economic Intelligence Unit of London completed a study, in 1970, of the possibilities for cooperation between the EF and Ghana in the fields of trade, communications, and industrial protection.

A joint meeting of experts, the EF, and the African Development Bank, was held in October 1970. The countries agreed, inter-alia, to strengthen their economic cooperation and recommended, inter-alia, the construction "...with the least possible delay (of) the Abidjan-Accra road link..." - a project yet to be completed.

134. The reasons for non-membership were various, but it appears mainly that Ghana had reservations as an anglophone country in dealing with a 5-country francophone group. The economic dominance of Nigeria suggests that from its point of view it might be better of economically in some other "club". Individual country fears work against joining an already established group as a "minority" member. In the special case of Ghana it also appears currently that its economic difficulties are so major, it is not ready at this time to commit itself to new international undertakings nor is it likely, as others see it, to be a desirable partner at this moment.

135. Membership expansion furthermore will depend on the sharing of common objectives. Integration, harmonization, and cooperation sentiments are now general and are reinforced by the political importance to economic development of more countries being able to speak with one voice. This process is however taking the form of more small organizations, where common interests of small groups are more easily identified and where common decisions can be attained, particularly if a richer member, such as the Ivory Coast, is willing to contribute disproportionately and forego some of the benefits. The newer, small organizations (CEAO and BOAD) have such features. The new larger one, ECOWAS, bridging anglophone and

francophone countries, is not yet actively engaged. The still larger - the African Development Bank and Fund, which needs an infusion of capital and specialized staff, will/expand its capacity for larger-scale project development financing but perhaps be less active in the immediate future in the broader economic and commercial policy integration field.

136. The EF on the other hand has a certain flexibility which might allow other country association on a project basis, case by case. In addition, the new Charter of Cooperation of five regional financial institutions (CEAO, BOAD, ECOWAS, AFDB, and FUND (BAD), and EF), has the possibility of developing cooperative associations of states, on a project basis through institutional association. In such cases, institutions might co-finance and share staff in a common project. By the reaching of agreements of appropriate countries in such special sectors through their institutions, a broader consensus might be established which would enable a growing effectiveness in the more broadly based ECOWAS. A decade may be a reasonable time frame to anticipate substantial progress for such an evolution.

6. The Entente Fund as seen by others

137. The attitude of Entente-State US Embassies to the Entente Fund ranges from neutral to strong support. The Ivory Coast has been the major influence in the establishment of the Entente Council and Fund. The Foreign Ministry strongly supports its continued operation and considers it useful and effective. The Ivory Coast annual contribution to the Fund is three times that of the other member states combined. The U.S. Ambassador at Abidjan sees continued U.S. assistance to the Fund, and hence to the

Ivory Coast, as important to itself for economic development in the area and the fact of its existence as an important asset in carrying out his mission. Other U.S. Ambassadors were either moderately supportive or, in one case, neutral.

138. EF personnel contacting EF government officials report that rapport with their counterparts at working level is excellent and closer than those officials maintain with bilateral aid donors. Chiefs of State have strongly endorsed the EF, and last year pledged annual contributions to the EF for another five year period as a response to speculation that the smaller economic organizations might be merged with the ECOWAS.

139. Regional multilateral institutions generally support the EF as one of several institutions with specialized roles and one with which they seek continuing and close cooperation in the future. Five of these organizations (ECOWAS, BOAD, CEAO, African Development Bank/Fund, and EF) have now established a Charter of Cooperation for themselves as elsewhere recorded.

140. Other donors for the most part stress bilateral aid as their chosen form of operations. They feature strictly tied procurement, and a "mission" essentially of one officer who frequently has other duties. France, Netherlands and other countries whose programs are small and provide mainly technical assistance and the financing of studies use the facilities of the Entente Fund. Only a few other donors have extended aid through the EF in the past. The EF currently has sought aid relationships with Austria, Germany, Japan, Canada, and Spain. It is not anticipated that there will

be a significant volume of aid from these sources in the immediate future. On the other hand, formal agreement is expected in September 1979 of joint financing of a North East Ivory Coast project by the IBRD with support by the U.S. and France through the EF. This project is funded by the EF (U.S. \$3.7 million, France \$1.4 million), the IBRD (\$7.0 million) and the Ivory Coast itself (\$4.9 million) for a total of \$17.0 million.

141. USAIDs are concerned with the principle of regional projects overlapping their responsibilities for bilateral projects in the same substantive areas. Since rural development is a priority area common to all bilateral programs, it tends to be the focal point of their concerns. The African Enterprises projects operate directly through national development banks and promotion centers. This area generally is of little concern as not impinging directly on programs or on the local officials with whom they are in frequent contact. It is also recognized that the negotiation of this program was very complex and probably would not have been accomplished by the bilateral missions. Missions have queried the definition of a regional project as a basis for assignment of responsibility (bilateral or regional) as indicated in preceding paragraphs (108 and following). Essentially the answer to the issue is more pragmatic than definitional.

142. Central to the regional issue is a determination as to where administrative and operating efficiencies best lie (in terms of manpower, and cost). In some cases involving part time services of various members of a team of specialists, the operating advantage lies with a team covering projects in several countries. Constraints on the number of experts in country act to favor the itinerant project monitor. In cases

where project negotiation and follow-up activities can be undertaken in conjunction with on-going activities of a resident mission, the administrative advantage may be local rather than regional although examples are hard to come by.

7. Future US Support for the EF

143. There are of course several alternatives in reaching a decision on future support. The first alternative is to seek other ways and other institutions as channels to serve for U.S. objectives to aid West African development.

144. A current decision to terminate U.S. support to the EF, effective with the completion of our formal obligations, would entail certain consequences since the U.S. has been a major source of funds for the Entente. The Fund, as the development arm of the Council of the Entente, would still have its Guaranty Fund and interest earnings intact, limited support from other donors, its coordination/cooperation role with other financial institutions for development, and importantly its support by the Chiefs of State. Therefore it could continue to play a significant role in West African development.

145. A decision to cut off at this point, i.e., no new funds for FY 80 and beyond, would still mean continued operational support at least until, and probably through, 1982 to complete delivery of what is already funded and in the \$31 million pipeline, including technical assistance. The rural development project would not be complete until late 1982 although technical assistance for sub-projects may be terminated somewhat sooner in

early 1982. The African enterprises project would probably have completed its major action by February 1980 but total project wrap up would not be finished until early 1981. The emptying of the pipeline of \$31 million (as of 1982) assumes no untoward delays. Overall project technical assistance to accompany disbursements is fully funded to appropriate periods in 1982.

146. The political repercussions may be somewhat muted by the extended length of time prior to the phase out. They may be further muted if some continued or substitute activity were to be undertaken either bilaterally or in some other regional organizations having the same or similar economic impacts in the five countries concerned. Possibly other donors might make greater use of EF in such a case as U.S. withdrawal. Continuation of the same projects on a bilateral basis would appear to undermine an EF regional activity which has just (March 16, 1979) been personally approved with encomiums by the Chiefs of State. The taking of such a decision now in the 20th anniversary of the EF would be certain to arouse concerted and probably public protest in five states which this year are naming a principal street in each capital as Rue du Conseil de l'Entente and are preparing an international soccer round robin for the Coupe de Conseil du l'Entente.

147. The other alternative at this time is to provide for continuing and additional follow-on activities for Fund-Government design, negotiation, and management. The EF would of course very much like to see the continuation of substantial U.S. assistance. They propose continuation and new programs in the following areas:

- a) Continuation of the African Enterprises project with emphasis on the establishment of:
 - i) Credit institutions for agricultural and livestock production
 - ii) Manufacture of tools-based on EF/BOAD study in 1979
 - iii) Manufacture of water pumping equipment
- b) Continuation of support for rural development including support for a project providing a regional analysis of member state agricultural policies.
- c) Further support for the road construction and maintenance training project (CERFER) located at Lome, Togo.
- d) Training programs for Africans on the fields of:
 - i) Project analysis and management
 - ii) Ecology and environment
 - iii) Economics

148. As new projects to be developed, the EF suggests activities in such fields as:

- a) Solar energy
- b) Protection of the environment and fauna
- c) Forestry
- d) Rural health (e.g. Ivory Coast, Togo, and association with Ghana for yaws control)

149. Criticism has been directed to the Fund for the lack of forward planning. The EF response has been that it is restrained from developing such a capacity because of dependence on donors who choose to support

other activities. A start could be made, however, in this field as proposed in paragraph 147 (b) above, provided there is donor support. The activity suggested includes a pulling together of various country plans as they now exist plus similar studies that may have been made by other institutions. Perhaps this is an area for the EF with the CEAO, ECOWAS Fund, and the African Development Bank.

150. Preliminary REDSO reactions are to support extension of African enterprises, production of farm tools, small farmer credit, further support for the road maintenance training center (CERFER), driver training for private and public transport personnel. A further possibility is an EF undertaking of a village well program on behalf of CILSS for Upper Volta and Niger and to extend it from other funds to the other three Entente States. This is an area in which Canada is already active in the Ivory Coast with provision of well drillers and equipment. Further study on appropriate locations for such wells is pending.

8. Options for Regional Development Institutions

151. If one were to organize West African regional and sub-regional development institutions from scratch, obviously the pattern which emerged might be radically different from the present. These were, however, organized at different times and represent different national and sub-regional interests of their members. Some countries are in a better position to benefit from association disproportionately unless compensating devices are used. To gain agreement those countries would need to pay accordingly.

152. The new wave of international organizations, e.g., 1973-1976 in West Africa, has more far-reaching objectives for their members than

previous ones; is more national-identity conscious (francophone), more politico-economic minded, and more ambitious. They are not yet ready to deal on equal terms with Nigeria but hope one day they will. Clearly there is a pulling together on the basis of mutual interests which has been expressed in the Charter of Cooperation. What will be made of it, is yet to be seen. The recent organizations that are to cooperate perhaps are not yet experienced institutions - but perhaps more a small group of capable people who know where they would like to go but have yet to find out how to get there. The EF is much more a known quantity, has a track record, and confidence of the Chiefs of State who decide its policies and actions with unanimity. The collection of men who lead these institutions at Secretary General level will come together under the Charter. A year or two from now we may see results of the compromise, collective leadership they may propose for their organizations. We shall then see somewhat more clearly how ECOWAS stands, how BOAD and the African Bank have supported development efforts of CEAO and EF, and how the general movement toward cooperation of these institutions has fared.

153. At present, we have position and solid relationships with the EF which is doing useful things and shows promise for leadership in promoting a wider cooperation in West Africa. We have no direct relationship with CEAO, and a limited one with BOAD. We have provided some technical assistance to the African Development Bank but that relationship will no doubt change shortly. ECOWAS is as yet uncertain. I suggest we follow the position taken by the Entente Council in 1978 - sign on for another five year period and encourage what we think is helpful and necessary to West African development including strengthening the EF

as an institution. Practically speaking, for the immediate future we have no similar option to achieve progress with other West African regional economic institutions although we may, as occasion warrants, extend appropriate technical assistance.

SECTION E

STATISTICAL APPENDIX

STATISTICAL APPENDIX

TABLE I	Resources of the Entente Fund
TABLE II	Projects under Consideration for EF Guarantee
TABLE III	Use of Guaranty Fund Interest Earnings
TABLE IV	Entente Fund Resources - by Beneficiary
TABLE V	EF/USAID - by Beneficiary
TABLE VI	Canadian AID to EF States (Bilateral)
TABLE VII	Official Development Aid to Upper Volta, Niger, Ivory Coast-1977
TABLE VIII	Official Development Aid to Upper Volta (1975, 1976, 1977)
TABLE IX	Official Development Aid to Niger (1975, 1976, 1977)
TABLE X	External Assistance to Ivory Coast (1971-1977)
TABLE XI	U.S. AID Contributions to EF: 1964-1978

TABLE I

Resources of "Entente Fund" 1967 - 1978

(in Millions of Dollars - as of December 31, 1978)

	<u>TOTAL</u>	<u>COMMITTED</u>
I. Member Contributions		
Guarantee Fund	40*	14**
Interest Account	21	18
Total	61	32
II. Donor Contributions		
Grant***	38	38
Loan****	42	42
Total	80	80
III. Total	141	112

* Total availability authorized by Governments is ten times capital or \$400 million. This is equivalent to \$800 million total investment where investment/guarantee ratio is 2:1. This is approximately the ratio experienced to date but the ratio for guarantees under consideration is 3:1. While shown as a "resource" for presentation purposes here, the \$40 million is in fact the capital of the Fund and not available for current disbursement unless a guaranty payment is required.

** \$27 million in guarantees were issued for loans on investments totalling approximately \$52 million. Guaranteed loans outstanding as of Dec. 31, 1977: \$14 million; "under consideration" are guarantees for 5 projects totalling \$72 million. See Table II.

*** U.S. 23.2
France 9.5
Other 5.5
 \$38.2 million

**** U.S. 39.8
France 2.2
 \$42.0 million

Sources: Entente Fund, REDSO/WA - March 1979

TABLE II

Projects under consideration for Entente Fund Guarantees:

Project	Amount of Guarantee (\$ Millions)	Total Investment (\$ Millions)
Benin Cement Plant	45.0	125.0
Niger Hotel Gaweve, Niamey	6.5	23.5
Togo - Corn Production	15.0	50.0
Togo - Telecommunication, Lome	5.0	21.25
Extension of EF Office	.5	.50
TOTAL.....	72.0	220.25

Source: Entente Fund - 3/7/79

TABLE III

Use of Guaranty Fund Interest Earnings
1967 - 1968 (Dec. 31)

	<u>Million of CFA</u>	<u>Million \$</u>
I. Total Interest Income	4265.0	21.3
II. Expenditure of Interest		
A. Support for Individual Projects	680.0	3.4
B. Building Construction		
Abidjan office and housing	165.2	.8
Ouagadougou office of CEBV	111.2	.6
Entente Housing-Lome	331.5	1.6
Entente Housing-Niamey	480.5	2.4
Entente Housing-Cotonou	51.1	.3
Entente Housing-Ouagadougou	50.5	.3
Grand Hotel-Ivory Coast	163.0	1.3
Naititingou Hotel-Benin	318.0	1.6
Hotel Fazo-Berin	28.5	.1
Small Health Dispensaries - 5 states	<u>100.0</u>	<u>.5</u>
Sub Total	1899.8	9.5
C. Contributions to Entente Created Organizations		
CEBV	187.0	.9
Publication "Entente Africaine"	151.0	.8
SORENTE (Tourism)	<u>20.0</u>	<u>.1</u>
Sub Total	358.0	1.8
D. Operating expenses of administrative secretariat approximately	<u>640.0^{1/}</u>	<u>3.2^{1/}</u>
Total Expense	3577.8	17.9
III. Balance as of Dec. 31, 1978	687.2	3.4

1/ Based on EF comments on REDSO/WA report -
Page 2: total interest earnings of 4.265 billion CFA with operating expenses not exceeding 15% i.e. 640 million CFA \$3.2 million
Note: CFA converted at 200 CFA - \$1.00 US

Source: Entente Fund "Rapport d'activite 1977" updated Feb. 23, 1979.

TABLE V

Entente Fund
U.S. AID by Beneficiary
1967 - 1978

in millions of dollars
as of 9/30/78

<u>Obligated:</u>	<u>Grant</u>	<u>Loan</u>	<u>Total</u>
Benin	3.6	6.8	10.4
Ivory Coast	2.3	14.4	16.7
Niger	5.5	4.0	9.5
Togo	6.2	8.6	14.8
Upper Volta	5.5	2.9	8.4
Not yet allocated	<u>.1</u>	<u>3.0</u>	<u>3.1</u>
Total	23.2	39.8	63.0 (.4 deobligated)
<u>Disbursed</u>	12.1	18.6	30.7
<u>Pipeline</u>	11.1	20.8	31.9

Sources: REDSO/WA March 1979

TABLE VI

Canadian Aid to Entente States

I. Ivory Coast

Project:	in millions of \$ Canadian		
	<u>Grant</u>	<u>Loan</u>	<u>Total</u>
1. Rehabilitation of Abidjan-Ouagadougou RR. Railroad cars, engines, rails; engine machine shop repair. 5-10 years Project now approved	-	17.0	17.0
Under further consideration	-	<u>22.0</u>	<u>22.0</u>
Total		39.0	39.0
2. Well drilling, water quality control, training Ivorian technicians in Ivory Coast. Duration 1977-1979	5.8	5.0	10.8
3. Electricity transmission lines Engineering materials, equipment Duration 1977-1979	-	3.5	3.5
4. Primary school education: Printing, equipment (presses) and materials to reproduce TV educational programs sponsored by France. Duration 1972-1981	10.0	2.5	12.5
5. Hostellerie Training - school construction materials, teachers Duration 1974-1982	4.6	-	4.6
6. Line of credit for small enterprises. Operates through BIDI, Ivorian Development Bank	-	6.0	6.0
7. Technical assistance for secondary school and university. Duration 1968-1978	<u>1.2</u>	<u>-</u>	<u>1.2</u>
Total	21.6	56.0	77.6
Of which: under consideration	-	22.0	22.0
Approved	21.6	34.0	55.6

TABLE VI Cont'd

II. Upper Volta

Project:	in millions of \$ Canadian		
	<u>Grant</u>	<u>Loan</u>	<u>Total</u>
1. Railroad rehabilitation - Abidjan-Ouagadougou. (See Ivory Coast description balance of this project)			
approved	-	14.0	14.0
under consideration	-	19.0	19.0
Total		<u>33.0</u>	<u>33.0</u>
2. Exploration of prospective mineral resources. Sahel project for Upper Volta, Mali, Niger - Total			
Duration 1973-1981	.3	6.0	6.3
Total	<u>.3</u>	<u>39.0</u>	<u>39.3</u>

III. Summary of Ivory Coast/Upper Volta Railroad Project

	<u>Approved</u>	<u>Under Consideration</u>	<u>Total</u>
Ivory Coast	17	22	39
Upper Volta	<u>14</u>	<u>19</u>	<u>33</u>
Total	31	41	72

IV. Total Canadian Aid to Ivory Coast, Upper Volta
(Plus Sahel Mineral Resource Exploration)

Approved AID Programs 1972-1988:	\$75.9 million
Projects under Consideration (Railroad)	<u>41.0</u>
Total	<u>\$116.9</u>

Source: Embassy of Canada - Abidjan, Ivory Coast, February 1979

TABLE VII

Official Development Aid to Upper Volta, Niger, Ivory Coast-1977
(in millions of U.S. Dollars)

	<u>Upper Volta*</u>	<u>Niger*</u>	<u>Ivory Coast**</u>
<u>Total</u>	178	128	288
of which:			
U.S.A.	12	7	20
Canada	36	13	7
France	32	19	118
Germany	18	19	25
Netherlands	20	4	1
IBRD/IDA	9	-	77
FED	NA	NA	15
UN	15	12	5
African Development Bank	NA	NA	15

Sources: * Club du Sahel: Sahel D (78) 27 Nov 1978
reported on commitments basis

** Annual Report on Development AID
D.S. Smith - UNDP Representative
Abidjan, December 1978

TABLE VIII

Official Development Aid to Upper Volta (1975, 1976, 1977)
(in millions of U.S. Dollars)

	<u>1975</u>	<u>1976</u>	<u>1977</u>
Total	104.9	121.8	178.1
Donor:			
DAC Bil	66.7	62.0	128.4
Multilateral	27.3	52.1	30.1
U.N.	7.9	2.1	15.2
OPEC + FIN inst.	2.9	5.5	4.4
Germany	25.4	11.0	17.8
Canada	2.2	6.3	35.9
U.S.A.	9.7	5.6	12.0
France	21.2	25.5	32.1
Netherlands	4.8	11.7	19.8
IBRD/IDA	16.5	29.4	8.8

Source: Club du Sahel - Third Conference of the Club du Sahel
Sahel D (78) 27 Nov. 1978

TABLE IX

Official Development Aid to Niger (1975, 1976, 1977)
(in millions of U.S. Dollars)

	<u>1975</u>	<u>1976</u>	<u>1977</u>
Total	107.0	189.7	128.1
Donor:			
DAC R11	71.1	75.1	79.2
Multilateral	11.0	95.1	34.5
U.N.	7.0	3.7	11.5
OPEC + FIN Inst.	17.8	15.8	2.9
of which:			
Germany	16.4	19.2	19.2
Canada	5.0	4.2	13.3
U.S.A.	14.6	13.0	6.6
France	32.9	22.8	19.2
Netherlands	.7	.5	4.1
IBRD/IDA	-	31.5	-

Source: Club du Sahel - Third Conference of the Club du Sahel
Sahel D (78) 27 Nov. 1978

TABLE X

External Assistance to Ivory Coast for Social and Economic Development

(in millions of Dollars)

A. Annual Loans and Grants 1971 - 1977

<u>Year</u>	<u>Loans</u>	<u>Grants</u>	<u>Total</u>
1971	60	31	91
1972	48	38	86
1973	80	43	123
1974	98	50	148
1975	84	46	130
1976	196	51	247
1977	140	48	288

B. 1977 and by Donor

1. France	118	7. Canada	7
2. World Bank	77	8. UN Agencies	5
3. FRG (W. Germany)	25	9. Belgium	4
4. U.S.	20	10. Netherlands, U.K.,)	
5. African Development Bank	15	Switzerland,)	2
6. FED	15	Italy, Japan)	

Source: Annual Report on Development AID for the Ivory Coast
Daniel S. Smith - UNDP Resident Representative, Abidjan
December 1978

A.I.D. CONTRIBUTI

THE ENTENTE FUND

TABLE XI

FY 1964 - FY 1979

FUNDING PERIOD	PROJECT	CAPITAL LOAN	CAPITAL GRANT	T.A. GRANT	TOTAL	REMARKS
1964-1977	Regional Road Maintenance Training Center	-	6,448	-	6,448	Located in Lome, Togo. Trains public works personnel for 5 Entente States and neighboring countries.
1971-1976	Grain Stabilization	1,800	-	1,681	3,481	Development of grain marketing boards in Upper Volta and Niger.
1971-1975	Livestock I	6,000	-	599	6,599	7 sub-projects: 1) municipal abattoirs, 2) breeding ranches, 3) forage seed farm, 4) cattle trails and entry posts in Ivory Coast; 5) and 6) cattle trails in Togo and Niger; and 7) abattoir and meat markets in Benin.
1976-1979	Livestock II	4,300	3,000	1,560	9,960	8 sub-projects: 1) La Pale Grazing zone and 2) cattle trails and entry posts in Ivory Coast; 3) small ruminant production in Togo; 4) veterinary pharmacy in Niger; 5) helminthoase campaign and 6) livestock care audio-visual production in Upper Volta; 7) small ruminants health and 8) small ruminants production in Benin.
1976-1979	Food Production	10,000	5,000	2,430	17,430	8 sub-projects: 1) integrated rural development in northeast Ivory Coast; 2) Notsse-Dayea food production and 3) La Kara rural development in Togo; 4) rice irrigation; 5) rice production extension and 6) practical literacy in Niger; 7) animal traction in Upper Volta and 8) corn and sorghum production in Benin.
1973-1978	African Enterprises	17,500	-	1,680	19,180	Loans to small and medium-sized entrepreneurs through development banks and promotion centers in 5 Entente States.
1969-1979	Entente Advisors	-	-	819	819	Principally Economic Development Counselor to the Administrative Secretary of the Entente Fund.
TOTALS		39,600	14,448	8,769	63,017	

Source: REDSO/NA - Abidjan, February 1979

SECTION F

1. Acknowledgements
2. Senior Officials Consulted
3. Reference Materials - List
4. Cooperation of Agreement December 12, 1978 (CEAO-EF)
5. Charter of Cooperation February 15, 1979 (African Development Bank-BOAD-ECOWAS-CEAO-EF)
6. Ninth Summit of Entente Council March 15, 1979
7. Other Documentation
 - A) "The Model" - Editorial from "Fraternite Matin," March 14, 1979, Abidjan, on Conference of Entente Council - Chiefs of State Meeting March 14, 1979
 - B) Summit of the Heads of State - summation of pre-summit meeting of Ministers Council of Entente Council - "Fraternite Matin," March 14, 1979, Abidjan
 - C) Call for Peace - Editorial from "Fraternite Matin," March 15, 1979, Abidjan
 - D) "Scope of Work" - REDSO/WA (Master copy only)

Acknowledgments

Thanks are due to so many who contributed to this intensive inquiry into the operations of the Entente Fund and its relationships with other organizations. The following page indicates the range of those consulted as was befitting the extensive scope of the work set forth by REDSO/WA Director Gordon Evans. He also provided ready access to his staff who spoke freely and candidly of their views in the objective fashion of competent people continuously seeking solutions to perceived problems. Special recognition is due Mr. Hradsky who set the tone for a critical inquiry with his preliminary assessment of the Entente Fund.

Appreciation is clearly due the U.S. Ambassadors in Entente countries and the AID Mission Directors and officers who shared their views with us as well as to those in similar capacities with other governments which extend assistance to this sub-region through the Entente Fund and/or bilaterally.

A special vote of thanks is due the Administrative Secretary of the EF, Mr. Paul Kaya, who gave generously of his time and who responded so informatively with tolerance and understanding to our probing inquiries. Also personal thanks are due to his U.S. Counsellor, Mr. Charles Mann, under whose auspices a full range of materials, reports, and discussions with EF staff were made readily available.

The range of inquiry would necessarily have been much reduced without the general assistance, participation in the extensive series of interviews, and reportorial service of the Deputy Director for Regional Affairs, David Dibble. The opportunity afforded on our joint travels for an end-

of-the-day review of events and opinions was invaluable to me and I hope was of interest to him.

Also a final vote of gratitude is directed to that inevitable, indispensable person without whose patience, cooperation, special skills, and general helpfulness there would otherwise, quite literally, be nothing to read:

Mrs. Annie Bagnon

F.2. Senior Officials Consulted

Benin

Herb Wood - AID Officer

Ivory Coast

Monteagle Stearns - U.S. Ambassador (and staff)

Robert Pesch - Netherlands Ambassador

Paul Kaya - Administrative Secretary, Entente Fund (and staff)

Gordon Evans - Director, REDSO/WA (and staff)

David Smith - UNDP Resident Representative

Louis K. Darboux - UNDP Deputy Resident Representative

Antonio Lesina - Delegate of the European Community (FED)

Mr. Ellinger - Acting Chief, IBRD Regional Office

Mr. Tirot - French Embassy, Counsellor for AID (FAC)

Mr. Brigas - Counsellor, Canadian Embassy AID Officer

Niger

Charles James - U.S. Ambassador

Jay Johnson - AID Director (and staff)

Amadou Nouhou - Director General, Development Bank of Republic of Niger (BDRN)

Marcellin Mouskoura - Director General, Office of Promotion of Nigerian Enterprise (OPEN)

Senegal

Norman Schoonover - Director, AID

Togo

- Marilyn Johnson - U.S. Ambassador
- Sally Sharpe - AID Officer
- Dr. H. Bembello - Vice President BOAD
- N. Napo Kakaye - Director General, Togolaise Development Bank (BTD)
- Kidkie Kantchil - Director for Credit, BTD
- Kojo Ekpe Azandegbe Eni - Deputy Director General, National Center
of Promotion of Small and Medium Enterprise
(CNPPME)
- Mr. Ajavon - Technical Director CNPPME
- Souradjou Ibrahim - Deputy Managing Director, ECOWAS Fund -
Comite Economique des Etats de l'Afrique
de l'Onest (CEDEAC)
- Mr. Adigo - Chief Agricultural Division, Director Generale du Plan

Upper Volta

- Thomas Boyatt - U.S. Ambassador (and staff)
- John Hoskins - Director AID (and staff)
- Alan Fiske - Director, Peace Corps
- Diallo Hamade - Director General, Office of Promotion of Volta
Enterprises (OPEV)
- Henri Kabore - Director of Studies and Projects, National Development
Bank (BND)
- Sy Oumar Alpha - Deputy Secretary General, Economic Committee of
West Africa (CEAO)
- Mr. Yaya Idrissa - Director of Programs and Projects, Deputy Director
General, International Committee Against Drought
in the Sahel (CILSS)

F.3. Reference Materials

1. REDSO/WA Assessment of AID/Entente Fund Collaboration 12/8/78
2. The Fund's Observations on above Report Jan 79
3. African Enterprises Evaluation Report, International Development Consultants 1/8/79
4. Livestock I evaluation - University of Michigan - Center for Research on Economic Development - Jan 1979
5. Entente Fund Loan Management Program - Multinational Agribusiness Systems, Inc., Washington, D.C. Jan 23, 1979
6. Report of the Project Management Team on Rural Development Dec. 31 1978
7. A Report on the Mutual Aid and Loan Guaranty Fund of the Entente Council
Frederic P. Bartlett - Technical Counselor to the Fund May 1969
8. A Report on the Progress of the Mutual Aid and Loan Guaranty Fund of the Council of the Entente - Nicholas Feld - U.S. Technical Counselor to the Fund 1969 - 1971 - Sept. 1971
9. Final Evaluation of CERFER - The Regional Road Maintenance Training Center at Lome, Togo. Hermann Myers and Stanley Barnett November 26, 1976
10. Mutual Aid and Loan Guaranty Fund of the Entente Council
 - a) Statutes and Internal Regulations
 - b) Activity Report - 1977
 - c) Actions for the Economic Development of Member States Aug. 78

ECONOMIC COMMUNITY
OF WEST AFRICA
(CEAO)
P.O. Box 643 - OUAGADOUGOU

GENERAL SECRETARY

ENTENTE COUNCIL
MUTUAL AID AND LOAN GUARANTY FUND
P.O. Box 20334 - ABIDJAN
TEL: 33-28-35

ADMINISTRATIVE SECRETARY

F.4. COOPERATION AGREEMENT

Between:

The Mutual Aid and Loan Guaranty Fund of the Entente Council

And:

The Economic Community of West Africa

The Economic Community of West Africa, P.O. Box 643 in Ouagadougou, (Republic of Upper Volta) hereafter called "the Community", represented by Mr. Moussa N'Gom, its Secretary-General,

The Mutual Aid and Loan Guaranty Fund of the Entente Council, P.O. Box 20824 in Abidjan (Republic of Ivory Coast) hereafter called "the Fund", represented by Mr. Paul Kaya, its Administrative Secretary,

Convinced of the utility of a close and constant coordination of subregional organizations' actions existing in West Africa,

Eager to carry out the objectives of balanced development and integration of the economics of West African States,

Convinced that the setting up of a close cooperation between them constitutes one of the ways to achieve those objectives,

Agree on the following steps:

ARTICLE 1

The Community and the Fund decide to establish between them close relationships of cooperation in order to further the coordination and the harmonization of their development actions in favor of their Region and member-States, especially in the fields of rural development, transportation and communications.

ARTICLE 2

Cooperation between the Community and the Fund will manifest itself in all ways that permit attaining the objectives mentioned in article 1 above, and especially in the following ways:

- 1) Exchange of information and studies on the various aspects of member-States' economic development, in the field of the overall economy as well as specific sectors and projects;
- 2) Exchange of experiences and human resources, especially in the form of cooperation between experts and technicians, joint organization of seminars, conferences and training programs, mutual invitations to meetings, conferences and seminars organized by the Community or the Fund;
- 3) Coordination of general study projects and of project actions or evaluations;
- 4) Organization of joint missions in order to promote and elaborate development projects;
- 5) Participation in joint financing of development projects concerning one or more of their member-States or their common organizations.

ARTICLE 3

In order to implement the above mentioned provisions of articles 1 and 2, the Community and the Fund agree to hold a meeting each time a specific problem justifies it,

1) at the level of their experts, in order to clarify their cooperation and to propose all measures that will make it more efficient;

2) at the level of Community's Secretary-General and the Fund's Administrative Secretary in order to:

- study the experts' recommendations and make the decisions suited to the improvement of cooperation between the two institutions;

- exchange their viewpoints on the courses of action and the strategies of their institutions as well as on all subjects dealing with the carrying out of the objectives assigned to them.

ARTICLE 4

The present Agreement enters into effect upon its signature. It can be denounced at all times by one of the parties without prejudice to the follow-up of actions already underway.

In witness whereof, the parties affixed their signatures to the present Agreement in Abidjan, December 22, 1978.

For the Economic Community
Of West Africa

For the Mutual Aid and Loan
Guaranty Fund of the Entente Council

Moussa N'GOM
Secretary-General

Paul KAYA
Administrative Secretary

NP:3/21/79

REGIONAL AND SUB-REGIONAL FINANCIAL INSTITU-
TIONS FOR THE DEVELOPMENT OF WEST AFRICAN
STATES

F.5. COOPERATION CHARTER

The following regional and sub-regional financial institutions of West African States:

- The African Development Bank - (AFDB)
- The West African Development Bank (BOAD)
- The Economic Community of West Africa (CEAO)
- The Economic Community of West African States (ECOWAS)
- The Entente Council Solidarity and Loan Guaranty Fund (FEGECE)

hereinafter referred to as "The Institutions."

Convinced of the usefulness of close and constant coordination of the actions of the sub-regional groups and organizations existing in West Africa,

Aware of the necessity to promote regional cooperation with a view to attaining the objectives which are the balanced development and the integration of the economies of the West African States,

Convinced that the establishment of close relations of cooperation between them constitute one of the means of attaining the objectives aimed at above,

Agree upon the following provisions:

Article 1

The Institutions agree to establish between them close relations of cooperation in order to encourage the coordination and harmonization of their development efforts for the benefit of both their member States and the Region.

.../...

Article 2

May adhere to the present Charter, African intergovernmental institutions whose exclusive or partial activity is the financing of development and whose Headquarters are established in West Africa.

Article 3

May be unanimously admitted as associated members, institutions having fulfilled the conditions specified in Article 2 above, but who for special reasons cannot adhere to the present Charter.

Article 4

Cooperation between the Institutions will manifest itself by every means that permit to attain the objectives outlined in Article 1 above and in particular, by the following:

- 1) Exchange of information and data on the various aspects of economic development of the member States in the area of global economy as well as in the sectorial and specific projects fields;
- 2) Exchange of experiences and human resources particularly in the form of cooperation between experts and technicians, in the joint preparation for seminars, symposiums and training courses organized by them;
- 3) Coordination of general project studies, of identification and evaluation of projects;
- 4) Organization of joint missions to promote and formulate development projects;

.../...

- 5) Participation in the joint financing of development projects involving one or several of their member States or their respective organizations;
- 6) Joint research of financial studies and regional projects accepted by the member States concerned.

Article 5

In order to implement the provisions of Articles 1 and 4 under the best conditions, the Institutions agree to hold periodical meetings at one of their Headquarters at least once a year;

- 1) At the level of their experts to discuss their cooperation and to propose all the measures and suggestions aimed at increasing its effectiveness;
- 2) At the level of the officials of the Institutions with a view to:

examine the recommendations made by the experts and to make decisions aimed at intensifying the cooperation between the Institutions;

exchange their views on the program's actions and the strategies of their Institutions as well as on all questions relating to attaining the objectives assigned to the latter.

Article 6

Any Institution may withdraw its adhesion to the present Charter provided that a 6-month notice is given. Withdrawal should under no circumstances jeopardize the engagements taken by the Institution, within the framework of on-going actions.

Article 7

The present Charter comes into effect on the date of its signature.

For the West African Development Bank

The President

For the African Development Bank

The President

For the Economic Community of West Africa

The Secretary-General

For the Economic Community of West African States

The Director General

For the Entente Council Solidarity and Loan Guaranty Fund

The Administrative Secretary

F.6. NINTH SUMMIT CONFERENCE
MARCH 16, 1979

The final communique of the Chiefs of State Summit meeting reflected Entente Council development priorities as food production, livestock development, rural hydrology, African enterprises, telecommunications, tourism and "the harmonization of the interested countries' industrial systems". The Council also noted the cooperation among regional and sub-regional institutions and expressed a wish "for increased and more diversified participation in financing sources in their social and economic development projects." (See Section F-6.)

March 16, 1979

THE NINTH SUMMIT CONFIRMS THE MATURITY OF THE "ENTENTE"

General Laminaza Elected new Acting President.

The proceedings of the Entente Council summit meeting that brought together at Yamoussoukro the Chiefs of State of the five member countries (Benin, Upper Volta, Niger, Togo and the Ivory Coast) ended yesterday in the early afternoon. Indeed, it was at exactly 12:45 p.m. that the Togolese Minister of cooperation and Foreign Affairs Mr. Anani Kuma Akakpo Ahianyo read in the presence of Presidents Gnassingbe Eyadema, outgoing President, Sangoule Laminaza, Seyni Kountche, Mathieu Kerekou and Felix Houphouet-Boigny, the final communique which wraps up two days of intense meditation on the continued well-being of the peoples of the member States in Peace and Stability.

One of the most salient points of their final communique is the nomination of the Entente Council's vice-dean, General Sangoule Laminaza as the new Acting President of this institution which is the strongest, the most dynamic and also the oldest of the sub-regional groupings in Africa. Finally, while signing the final communique in the presence of the national and foreign press's representatives, the five Chiefs of State wished to reaffirm publicly their entire availability and total commitment to the cause of the Entente, and consequently to all actions relating to Peace and Unity in Africa.

FINAL COMMUNIQUE

The Entente Council Chief of State met at Yamoussoukro, Ivory Coast under the presidency of His Excellency the Army General Gnassingbe, President of the Togolese Republic, Acting President of the Entente Council.

Present at the meeting were their Excellencies Colonel Mathieu Kerekou, President of the Popular Republic of Benin, Mr. Felix Houphouet-Boigny, President of the Republic of Ivory Coast, General El Hadj Aoubacar Sangoule Laminaza, President of the Republic of Upper Volta, Colonel Seyni Kountche, President of the Supreme military Council, Niger Chief of State, assisted by Ministers and experts of each country.

After having made an overall critique of the worrying events happening in Africa and the World, the Chiefs of State devoted the greater part of their discussions to the examination of the social and economic problems on their agenda.

This is how the Administrative Secretary set down the implementation of projects decided upon during their last session. They decided to intensify the actions of the sub-regional grouping, especially in the fields of Food production, livestock development, country and pastoral hydrology, promotion of African enterprises, telecommunications, tourism and the press. Taking into account the insufficiency of industrial normalization in the member States as well as in the sub-region as a whole, they decided to further examine this question, which is an essential condition to

the harmonization of the interested countries' industrial systems. They decided on undertaking a study whose final report will be at the disposal of the member States and economic development organizations in West Africa.

The Chiefs of State took note of the cooperation undertaken with the regional and sub-regional institutions for development financing of West Africa, in order to further the coordination and harmonization of their actions in favor of the member States.

They were pleased with the cooperation in the field of development between the Entente Council countries and those of Europe and North America, and wished for an increased and more diversified participation of financing sources in their social and economic development projects.

They noted with satisfaction the recent results obtained by the land transport committee: adhesion of Mali and Mauritania to the convention on inter-State road transport of merchandise, harmonization of road legislation, and professional training of industrial vehicle drivers in Benin and Niger.

The Entente Council was founded twenty years ago. This sub-regional grouping, the oldest in Africa, has a dynamism that asserts itself year after year thanks to the wisdom of its founder, President Felix Houphouet Boigny, and to the realism of his partners, the Presidents of Benin, Upper Volta, Niger and Togo.

On this occasion, the Chiefs of State decided that a number of events will show the vitality of the Entente Council.

His Excellency General El Hadj Aboubacar Sangoule Laminaza President of the Republic of Upper Volta was designated Acting President of the Entente Council by his peers.

The discussions proceeded in an atmosphere of friendly and frank cooperation which is characteristic of the meeting of the Entente Council.

The Chiefs of State of Benin, Upper Volta, Niger and Togo thank His Excellency Mr. Felix Houphouet-Boigny, President of the Republic of the Ivory Coast, the Government and the people for the warm, friendly and authentically African welcome they received during their stay in the Ivory Coast.

Yamoussoukro, March 15, 1979

- For the Government of the Popular Republic of Benin, Colonel Mathieu Kerekou,
- For the Government of the Republic of Ivory Coast, Felix Houphouet-Boigny,
- For the Government of the Republic of Upper Volta, General Sangoule Laminaza,
- For the Government of Niger, Lieutenant Colonel Seyni Kountche,
- For the Government of the Togolese Republic, General Gnassingbe Eyadema.

NP:3/16/79

Editorial "Fraternite Matin" Abidjan March 14, 1979

F.7.

A. THE MODEL

The Conference of Entente Council's Chiefs of States is beginning today at Yamoussoukro and will have to deal with many subjects relating not only to properly so called Administration, but also to information, rural hydraulic, hostelry and many other industrial projects.

We could, given the practice of annual regularity of summit meetings, consider the Yamoussoukro Conference as a common one. The Entente Council was effectively founded twenty years ago.

Who could have foreseen such a long career for this sub-regional organization when its founders held it on the font on May 29, 1959!

However, born to promote solidarity, built on flexibility in order to facilitate its task, built on respect of Countries' authenticity, strengthened by Dialogue which abolishes misunderstandings, the Entente Council, first of such organizations for African development is now the oldest one and the model.

Despite the political different choices of member-states, the Entente Council has indeed moved forward. Smoothly, but surely. And without a hitch. That's why one does not count its acts any more; founding of the Mutual Aid and Loan Guaranty Fund, promoting of tourism by building hotels, development of small and middle enterprises, wells' drilling, etc. etc.

By its solidarity, its efficiency and its true harmony within its organization, it's a real example.

This has been only possible thanks to our leaders' political will, will which permits to move beyond the selfish national interests, to ignore the feelings of envy and jealousy and to sublimate cooperation and solidarity.

There are many examples which show that without this will, no organization, regrouping several countries, is able to operate in an efficient manner.

Yamoussoukro, village of Peace, village of one of father-creators of Entente-Council, has been chosen as the place for this "20th Birthday Summit". We must be proud of that. It's an homage paid to President Houphouet-Boigny's sagacity, his realistic and human vision of tomorrow's world, his love of solidarity and peace in justice and equality. No other organization that Entente Council illustrates so well how he would like to see Africa: a continent where cooperation in peace and understanding would effectively work in favor of the African Man's happiness.

Sources: "Fraternite Matin" March 14, 1979 Abidjan -
(Local Newspaper)
F.7.

B. Summit of the Heads of State Today in Yamoussoukro

Today in Yamoussoukro opens the Conference of the Heads of State of the Entente Council it follows the Conference of the Minister's Council which took place from the 12th to the 13th of March; it was responsible for preparing the papers to be submitted to the Heads of State's examination.

We already know that the different participants will have to deal with the economic problems which are shared by the different member States; they will have to see that the decisions taken at the last summit that took place in January 78 in Lome have been carried out. General Gnassingbe Eyadema had been then named acting President of the Entente Council. Sixteen points will be discussed by the Heads of State.

On the strictly administrative side the problem has been raised about the necessity of adding a Vice-Secretary to the General Secretary of the Organization.

As far as the economic cooperation is concerned, the 79 meeting will be characterized by a restructuring of the budget and the trend to be foreseen is a policy of austerity which will be translated in reality by a 20% cutback of the resources.

In addition, the stress will be put on the intensification of economic project that pay off in view of phasing out reducing nonproductive operations and expenditures.

XXth Anniversary

The Chiefs of State will have to deal with the problems of the Regional Training Center for Road Repairs because it has not been possible up to now to Africanize the teaching staff because of the contractual conditions left unfulfilled. The scope of this operation demands exterior aid.

Another point worth mentioning is the Celebration on May 29th of this year of the 20th anniversary of the Entente Council. Because of it a campaign aiming at having the Organization better known to the General Public will be undertaken by the different media in the Member States and the cooperation between the Entente and the other regional organizations like the CEAO, the ADB and the BOAD will be especially underlined.

The creation in Lome of a Higher Institution for the Press already studied by the Information Ministers in 1977 will also be on the agenda the objective of this Institution is to train journalists and the cost of this project estimated in 1978 at 230 million CFA Francs.

CARTOGRAPHY, WATER, TOURISM

Last year, efforts were made to perform a study in cartography in Togo and Benin. The encouraging results that have come out of it lead the officials in the Organization to wish for the continuation of this project which entails both a study program and a training program. The Chiefs of State will also discuss industrial regulations and the standardization of work conditions in the member countries. It is true that big differences are to be observed on that matter in the different countries of the Entente and the standardization of the working conditions have become more and

more a subject of concern. We also know that water, a vital resource, is one of the most constant preoccupations of the developing countries and the village hydraulics program undertaken in Northern Ivory Coast in 1978, thanks to Dutch funding will be subjected to a complete review which will enable the member countries to plan to extend it to Benin and Togo.

Tourism, "black gold" of the developing countries will not be left behind and a Regional Training Center for Hotel and Tourism is planned to be financed in Ouagadougou. The Chiefs of State have already agreed upon the realization of that Project.

It becomes obvious that in order to satisfy its vast economic and social ambitions it will have to carry out a policy of diversification so far as foreign aid and foreign loans are concerned so as to not be dependent from the same financing sources.

New Lenders

We know that the assistance was previously granted by chiefly by France, Canada, Holland, the European Development Fund and the United States. Right now, the Organization wishes more and more to associate new lenders, namely the German Federal Republic, Austria, Spain and Japan.

So far as the new village hydraulic program is concerned, we must note that the Entente Council has planned in 78 the creation of 1000 wells per nation. The only drawback in the realization of this project is in the financing, therefore, a meeting between the Member States and the donors is planned for near future.

The training of truck drivers in Benin and Niger will also be discussed and the High Commission on land transportation will certainly have to debate about it.

The problems about border traffic and free circulation between State Members will not be avoided for we must take into account the fact that road controls are more and more an acute problem and that it seems an emergency to adopt conventions allowing the Member States to waive all custom duties through Inter-State the transportation conventions (TIE) and Inter-State Road Transit (TRIE).

Other problems will also be on the agenda, for instance the report of the activities of the Livestock and Meat Economic Community and the report on statistical taxes will be heard, it seems very urgent to standardize the statistical taxes in the different countries.

Thus the urgency and the importance of the problems to be discussed undoubtedly demonstrate the vitality of the Entente Council which represents an important asset in the Western African Countries against under development.

Reinforcing Solidarity

Created on May 29th, 1959 by a common will to promote a sound economic cooperation between 5 African countries - namely Ivory Coast, Upper Volta, Niger, Togo, Benin, the Entente Council had also as an objective to bring closer together the people and the African States of the French speaking African Community.

It is therefore right to say that the Entente Council was born out of the imperious necessity of help the common development of our States. In order to facilitate this planned evolution the Mutual Aid Fund and the Loan Guarantee Fund of the Entente Council were created in 1966.

Solidarity and Flexibility

Since then through its Secretariat the Fund has in a pragmatic way defined the philosophy of its intervention as the actions promoted came along. Therefore it appears that the objectives of the Entente Council can be expressed in the following manner:

- Reinforcement of the economic solidarity between the five States of the Entente Council while developing the ties between each other and developing the scope of their markets as much as possible.

- Above all striving for efficiency in its action thanks to an extreme flexibility and a great diversity in its intervention. The highest action of the organization is the Conference of the Heads of States that takes place yearly. This conference of the Heads of States is prepared by the council of the Ministers responsible for looking into the documents to be submitted to the Heads of States particularly the village hydraulic program, the launching of a rural development program, the telecommunication and ground transportation development programs, etc.

Board of Directors and Management

The organization is administered by a Board of Directors the President of which is the Head of State, the acting president, presently General Gnassingbe Eyadema from Togo is in charge. The administrative aspect

depends on the administrative Secretary and Mr. Paul Kaya, administrative Secretary has the duty to receive, instruct and present to the Management Committee, requests for the guarantees, rebates on interest, extension on the length of credit loans and gifts.

The Management Committee is made up of three delegates from each of the Member States, representing the Ministries of Foreign Affairs, Finance, Plan or Development. It is presided over by a delegate from the same country which has its President as acting head of the Entente Council.

Title

Meeting of the Ministers

The proceedings unfolded in a serene atmosphere.

From our special reporter Ladjji Sidibe this morning at 10:00 AM the native village of the Ivoirian Head of State, Welcomes the Presidents Mathieu Kerekou from Benin, Sangoule Lamizana from Upper Volta, Seyni Kountche from Niger and Yassingbe Eyadema from Togo. The meeting of the Heads of States of the Entents Council is their purpose. In order to prepare for this fraternal congregation the Minister's Council sat for two straight days. Around 6 PM yesterday the press as officially notified about the results of its proceedings. It is said they unfolded in a serene atmosphere. It is already possible to assert that the Heads of States will have a lot to do this afternoon for seventeen points in all have been registered on the agenda that is to be submitted to them. It is interesting to note that the establishing of a Support Fund for the organization's activities issued from an individual contribution by the Members States (of which

people talked about in the corridors) has been dropped out altogether in the official agenda submitted to the 5 Heads of States' attention. On the other hand, Entente Council considering the importance given to the coming celebration of the 20th anniversary of the creation of the Entente Council the oldest of the African Regional Institutions, a special committee has been named on Monday in order to prepare a full program which will in turn be subjected to the Heads of States' approval. Unofficial sources talk about a sport tournament with a trophée "The Entente Council Cup" about cultural manifestations and about the issuing of a special installment of the National Lottery in every State.

Here is the complete text of the report of the 9th reunion of the Ministers Council that was published yesterday afternoon after two maraton-like days sessions.

Numerous decisions

The ninth reunion of the Minister Council of the Entente Council took place in Yamossoukro on March 12 and 13, 1979 under the Presidency of his Excellence M. Anani Kuma Akakpo Ayiamyo, Minister of Foreign Affairs and of the Cooperation of the Togolese Republic.

In the name of the Ivory Coast government, Mr. Mathieu Ekra, Minister of State in charge of the Reform of the State owned companies, welcomed the delegates.

The Secretariat of the Conference was taken care of by Mr. Paul Kaya Administrative Secretary of the Mutual Aid and Loan Guarantee Fund of the Entente Council.

The following agenda was adopted:

- Execution of the decisions taken at the last conference of the Heads of States (Lome, Jan. 30, 1978)
- Financial Situation of the Fund and Finances of the Livestock and Meat Economic Committee (CEBV)
- Teacher Training for the CERFER
- Manifestations for the 20th anniversary of the Entente Council
- High Institute for the Entente Press in Lome
- Interafrican Center for Rural-radio studies in Ouagadougou
- Geological cartography program shared by Benin and Togo
- Village hydraulic programs
- Funding of the Regional Training Center for Hotel and Tourism in Ouagadougou
- Diversification of the external aid
- Communications
- Rural Development
- Village Water resources
- Land Transportation
- Telecommunications in Lome
- Report of the activities of the CEBV
- Problems of Statistical Taxes
- Nomination of a Vice-Secretary Administrative
- Charter for the Cooperation between the West African Regional Institutions for financing development.

At the closure of its proceedings, the Ministers Council prepared to the

Heads of States' attention the following agenda together with its remarks and propositions.

- Meeting of the information Ministers - The Ministers Council recommends holding an annual meeting for the Ministers of Information according to their expressed wishes agreed upon by the Heads of States. Niger is ready to welcome in Niamey the next meeting.

Yamossoukro, March 13, 1979

Let's point out that yesterday morning before the proceedings resumed at 11:20 the President Felix Houphouet Boigny had an audience with the delegation chiefs of the Ministers Council; they were accompanied by the Executive Secretary of the Loan and Guarantee Fund, Mr. Paul Kaya, by the Executive Secretary of the Livestock and Meat Economic Committee, Mr. Roger, by the Ambassadors from Benin and Upper Volta by the Ministers Abdoulaye Kone and Dicko Garba respectively responsible for the Department of Economy, Finances and Planning and for Animal Production. This cordial talk was said to be fraternal and positive.

March 14, 1979

TRANSLATION

Editorial from Fraternite Matin of March 15, 1979

F.7.

C. CALL FOR PEACE

President Eyadema yesterday paid tribute to our Head of State on behalf of his African Peers of the Entente Council. Tribute to his wisdom, to his work for peace in stability and brotherhood, and to the spirit of cohesion that he has been able to maintain within the sub-regional organization.

We are certainly proud of this homage. However, we could not have been more deeply touched than when President Eyadema appealed to all the African leaders for peace, to be worthy of the confidence of their peoples. A judicious appeal to avoid the senseless dilapidation of money to procure excessive quantities of arms, money for which the African peoples are in dire need. "No peace, no development", then stated the Togolese Head of State.

Isn't this what President Houphouet-Boigny has never ceased to declare? In 1970 when he proposed to dialogue with even the devil of South Africa, as a means of settling conflicts? In May 1976, when he painfully stated that Africa and Europe are bound in the same ideal of making accepted as a recognized fact the indispensable solidarity that binds all its peoples. In 1977 when he recommended to the European Council Common Market to be in the forefront in the search for a New Economic Order more just, and more human because it seeks equality. Again

.../...

in 1977, at the summit meeting of the OAU in Libreville, to express the hope that dialogue will be the main weapon used, to enable Africa to devote itself to its development in an atmosphere of peace?

Unfortunately, viewing the actual events occurring in our lands, these cries of alarm do not seem to have been understood. It was, therefore wise, that through the intermediary of the President in Office, the Entente Council, united, once again, makes the voice of wisdom heard. Because, doesn't the Entente Council give an example of cohesion, stability, of respect of individual options and, of effectiveness?

"Our Senior, we are here", said President Matthew Kerekou to the old man, while he set foot for the first time since his coming to power, on Ivoirian soil. Yes, our leaders are all present in Yamoussoukro to construct our sub-region, and to contribute more to its well-being.

The warm welcome which they received yesterday on their arrival in their Senior's village, showed that the peoples of the Entente Council are aware of their efforts. It also indicates that they can rely on the indefectible support of their peoples as long as they continue to work for peace, for mutual comprehensive and for brotherhood. Lastly, it also signifies the hope that the call for peace made in Yamoussoukro be finally heard.

Yamoussoukro, this temple of reflection, has been vibrating to the chords of the Entente hour since yesterday morning. In effect, to show the maturity of this old institution and to demonstrate, on the same occasion, all the interest taken in the Entente Council, the five Heads of State made it a point to be present at this ninth summit meeting. Yesterday, therefore, at 10.20, the Fokker F-27 of Air Benin landed with the

President of the Popular Republic of Benin, Mr. Matthew Kerekou on board. It was the first time since he came to power that he was setting foot on Ivoirian soil.

At the bottom of the embarkation stairway, the Head of State of Benin was welcomed by his elder, President Felix Houphouet-Boigny, followed by Presidents Yace, Mamadou Coulibaly et Alphonse Boni, the Grand Chancellor, Mr. Coffi Gadeau, and the Prefect of Bouake, Mr. Loukou Koffi.

The two Statesmen then stood motionless before the Ivoirian flag for a moment before continuing to the VIP room. Within 30 minutes, the same scenario repeated itself three times. 10.35, the President in Office of the Council landed in a Fokker F-28. 10.43: the Boeing 737 of President Seyni Kountche of Niger negotiated with tranquility its descent, while on the horizon one already perceived the HS-748 carrying General Sangoule Lamizana of Upper Volta, which came to a stop at 10.52.

When the five Heads of State of the Entente Council were reunited, they advanced towards the national emblem to listen religiously to the national anthems of Benin, Niger, Upper Volta, Togo and the Ivory Coast, the host country. Next came the tour of honour during which President Houphouet's hosts witnessed briefly the rich Ivoirian folklore supported for the occasion by folkloric groups from Benin, Niger, Upper Volta and Togo residing in Yamoussoukro. This was truly a throng for these Statesmen who were warmly greeted here and there.

A Call for Peace

As is customary, in the VIP room the national Press requested the President in Office of the Entente Council, General Cnassingbe Eyadema to make a statement before the opening of the Ninth Summit Meeting of the

.../...

Entente. The Togolese Head of State, after having paid tribute to the "Wise" of Yamoussoukro invited all of Africa to follow the path of reason, a sense of measure, and to turn their backs once and for all against all forms of ideologic quarrels.

F.7.

D. Scope of Work - PO No. REDSO/WA-79-158A

To assist REDSO in its examination of the existing AID/Entente framework for collaboration, and to identify the most appropriate type and degree of future collaboration, the Contractor will:

- A. Describe the Entente Fund with brief history; include the structural and staffing organization, sources and amounts of funding, loan guaranty arrangements, guarantees made, loan operations, expenditures, and financial and staff projections now planned.
- B. Keeping in mind specific concerns vis-a-vis the Entente Fund, e.g. Africanization of the Entente Fund, bilateral aid assistance vis-a-vis the Fund, increasingly more equitable support of the Fund by other donors, the length and role of future U.S. support, and the relationship of other West African regional programs to the Fund, review the above-mentioned REDSO preliminary report on AID/Entente Fund collaboration.
- C. Given AID's current orientation toward regionalism in West Africa, explore the advantages and disadvantages of U.S. support of the Entente Fund vs. other regional options. Indicate those areas where the Entente Fund presents advantageous, opportunities and/or disadvantages, as compared to the other options.
- D. Evaluate and analyse the extent to which Entente Fund projects and programs are unique and constitute desirable transfers of development resources into the member states that might not

- otherwise be possible or easily achievable, including particularly those countries with bilateral AID Missions. Develop full descriptions of Entente projects including funding and duration with indications of their effectiveness for AID funded projects and others as appropriate.
- E. Given Agency predisposition toward assisting in the construction of viable regional development institutions, evaluate the extent to which the Entente Fund may be called an "institution" acceptable for U.S.G. support and suggest whether and/or how the institutional aspect of the Fund might be modified to render that organization a more appropriate object of U.S. interest.
- F. Given the Agency's expressed desire for accelerated "Africanization" of the institution comment appropriately on the degree of Africanization already achieved at all levels of Entente operations and programs, on the pros and cons of accelerated Africanization, and on the various factors that facilitate or hamper such Africanization, the Entente plans for Africanization, and propose specific future courses of action.
- G. Review REDSO/WA experience in dealing with the special U.S. - supported contract technical group (Food and Livestock Production, African Enterprises) which have been associated with U.S. - supported Entente Fund programs and comment on the advisability of such AID-supported experts for future programs with the Fund, and the advisability of having a U.S. Senior advisor position within the Fund itself.

- H. Examine the potential for the expansion of current membership in the Fund (noting especially the case of Ghana) and comment on the possible nature of and extent to which such an expansion is realistically feasible and might render the Fund a more appropriate object of U.S. interest.
- I. Identify and describe, in collaboration with Entente and REDSO/WA personnel, potential Entente project proposals which may be of regional interest to A.I.D.
- J. Draw on recent past evaluations (African Enterprises II, Livestock I) to comment on the general efficiency of AID-sponsored Entente Fund projects, and present as complete a picture as possible of the success of those projects.
- K. Review with USAIDs, AID offices, Embassies and government officials in Entente countries the merit of the Entente Fund activities as seen from their perspectives.
- L. Examine past and present support by other donor governments and

institutions, and support they have committed or are considering for the period 1980-1985.

PROJECT NUMBER:	
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