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AGENCY FOR INTERNATIONAL DEVELOPMENT

INDIAN OCEAN STATES

SMALL PROGRAM STATEMENT

BEST AVAILABLE

MARCH 1980

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
WASHINGTON, D.C. 20523

UNCLASSIFIED

SMALL PROGRAM STATEMENT

WESTERN INDIAN OCEAN ISLAND STATES

(Mauritius, Seychelles, Madagascar, Comoros)

FY 1982 - FY 1986 Time Frame

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This strategy statement has been prepared by AID/AFR/EA. It is one of a series prepared annually and used for planning purposes in the field and in Washington. It does not represent official Agency policy.

MEMORANDUM 26 March 1980

TO : See Distribution

FROM : AFR/EA, Hariadene Johnson

SUBJECT : Indian Ocean SPS Review

You are invited to attend the Small Program Statement review for the Indian Ocean states (Mauritius, Seychelles, Madagascar, Comoros) to be held Friday, 28 March, from 2:30 to 4:30 in the Africa Bureau Conference Room (6944 NS). The Ethiopia SPS will also be covered at this meeting.
Attached are the Indian Ocean Issues Paper for consideration, and the CDSS/SPS Supplemental Guidance and 1979 SPS approval cable for your reference.

Attachments:
As stated

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INDIAN OCEAN SPS REVIEW

I. Introduction

The small size of the program proposed for this area justified preparation of the development strategy as a Small Program Statement. Accordingly, the issues paper has been prepared by the cognizant Geographic office (AFR/EA).

At present no proposals for future projects are under consideration, although implementation of two current projects is scheduled for the current year and a HIG for Mauritius in the amount of $10 million is proposed. The major issues, therefore, relate to the AID strategy.

II. Review Topics

A. Issue: Does the SPS justify an assistance program in countries of relatively high per capita GNP? ($760/year, Mauritius; $710/year, Seychelles.)

Discussion: Mauritius and the Seychelles depend heavily on plantation agriculture of sugar and on tourism (respectively). Foreign exchange earnings from these activities are substantial relative to the overall size of the national economy and average per capita GNP is correspondingly high. However, income distribution is far from equitable. Substantial segments of the population have incomes far below the arithmetical average for the countries as a whole, and well within the range of that "poor majority" to which AID's mandate is directed. Most of the projects identified will address the needs of these poorer citizens rather than of the more prosperous.

Recommended Course of Action: The level of AID assistance in any one of the Indian Ocean countries will not be great enough to exert the "leverage" or "persuasion" necessary to bring about correction of inequities in their development policies. Project Assistance can, however, be used to address discreet problems impacting on the poorest segments of their societies.

B. Issue: There are two ways of conceptualizing AID's assistance to the Indian Ocean countries: either as a region sharing common problems and needs, or as four development situations requiring individual consideration.

Discussion: Each year within AID there is a minor debate as to what is the best way to package our assistance to those countries located in the Indian Ocean. Is it best to consider it a region and propose assistance in the context of a Regional program composed of assistance activities designed to address commonly shared problems in two or more of the countries? Or, are the dissimilarities among each country's development problems so great that they require individual attention in terms of analysis and response? There are positive and negative reasons for each approach. In favor of the Regional concept is the assumption that there are efficiencies of scale in designing and monitoring projects to include more than one country. A region is also a more facile concept to grasp than four separate small country programs. While there is no expectation that a true regional cooperation arrangement will ever evolve, it is seen as advantageous to each country to be aware that there are common problems amenable to similar solutions and that exchanging information and experiences with the other nearby countries can be beneficial

to their own efforts. Resistance to the regional concept is based on the view that in fact there is no "region" and that, while on the surface problems seem to be commonly shared, in fact the problems and solutions are so disparate and require such different degrees of analysis and types of project assistance as to negate any assumed benefit from efficiencies of scale. The individual country approach also reflects the opinion that US interests vary from country to country and it is not in our interests to try to deal with them collectively.

Recommended Course of Action: Although the Regional concept is less than perfect, it should be adopted over the individual country approach. There is some program "cosmetic" advantage in a Regional packaging in terms of the various budget exercises, which conceivably might also permit more flexibility in funding allocations. Adoption of this approach accepts that there are possible efficiencies to be achieved in project planning, design, and monitoring over the individual country approach.

S/C

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E.O. 12065:N/A

TAGS:

SUBJECT: AFRICA BUREAU SUPPLEMENTAL CDSS GUIDANCE

REFERENCE: STATE 267977

I. INTRODUCTION.
FIELD POSTS ARE IN THE PROCESS OF RECEIVING SEVERAL AID/W GUIDANCE MESSAGE ON CDSS PREPARATION. REF (A) IS THE PRINCIPAL AGENCY GUIDANCE MESSAGE. SEPARATE CABLES NOW BEING TRANSMITTED TO EACH MISSION PROVIDE AMPLIFICATION AND GUIDANCE ON SECTIONS 3 AND 4 OF REF (A). THE PURPOSE OF THIS MESSAGE IS TO PROVIDE SUPPLEMENTAL GUIDANCE SPECIFICALLY RELEVANT TO AFRICA; TO SHARE BUREAU VIEWS AND CONCERNS STEMMING FROM THE REVIEW OF THE 1981 SUBMISSIONS; TO DISCUSS CERTAIN PROCEDURAL ASPECTS OF THE CDSS EXERCISE AND TO PROVIDE ADDITIONAL GUIDANCE FOR THE PREPARATION OF SMALL PROGRAM STATEMENTS FOR FIELD POSTS WHO CUMULATIVE 1981-85 AAPL'S DO NOT EXCEED DOLLARS 40 MILLION.

II. KEY ELEMENTS AND CONCERNS.
A. LINKAGE OF KEY FUNCTIONAL PROBLEMS TO STRATEGY AND PAPL
AFR POSTS ARE ASKED TO MORE CLEARLY LINK CDSS STRATEGY PROPOSALS TO THE MAJOR PROBLEMS IDENTIFIED IN THE ANALYSIS SECTION. THIS WAS MOST PERVASIVE WEAKNESS OF BUREAU CDSS'S LAST YEAR. FOR THE FY 1980 SUBMISSION MISSIONS SHOULD SEEK TO DEVELOP OR REFINE AN ASSISTANCE STRATEGY WHICH CONSISTS OF INTERDEPENDENT INTERVENTIONS SCHEDULED OVER TIME TO IMPACT ON THE RESOLUTION OF THOSE MAJOR PROBLEMS CONTRIBUTING TO TARGET GROUP POVERTY. THUS, HEALTH AND RURAL EDUCATION AND OTHER SERVICE TYPE PROGRAMS, TO BE SUCCESSFUL, OFTEN NEED TO BE TIED IN WITH IMPROVED RURAL INCOMES FROM AGRICULTURE AND OFF FARM EMPLOYMENT ACTIVITIES.

PROGRAM STRATEGIES SHOULD BRING OUT THESE INTERRELATIONSHIPS RATHER THAN VIEW EACH SECTOR OR SPECIAL INTEREST IN ISOLATION. A SECOND MAJOR PROBLEM IN THE '81 CDSS'S WAS THE FAILURE TO ESTABLISH A CLEAR RATIONALE FOR THE TYPES AND LEVEL OF FUNDING PROPOSED IN THE PAPL. THE DISCUSSION OF FINANCIAL REQUIREMENTS SHOULD BE PRESENTED IN SUCH A WAY THAT THE CATEGORIES AND TYPES OF FUNDING CAN BE SEEN TO RELATE TO THE STRATEGY PROPOSALS. WITHOUT DISCUSSING PARTICULAR PROJECTS, THE FINANCIAL REQUIREMENTS SECTION SHOULD BE PRESENTED IN SUCH A WAY THAT WE CAN LATER DETEMINE WHERE PROPOSAL; CONTAINED IN SUBSEQUENT ABS'S, PID'S AND OTHER PLANNING DOCUMENTS TIE IN TO THE CATEGORIES AND TYPES OF FUNDING DISCUSSED IN THE CDSS.

B. GROWTH WITH EQUITY AND THE CONTEXT OF U.S. ASSISTANCE EFFORTS.
THIS CONCERN IS APPROPRIATELY ADDRESSED IN REF. A. THE BUREAU, HOWEVER, WISHES TO COMMENT ON ONE ASPECT OF THE GROWTH/EQUITY QUESTION EMERGING FROM LAST YEARS REVIEWS. WE ARE RIGHTLY CONCERNED ABOUT ABSOLUTE POVERTY AND ITS IMMEDIATE IMPLICATIONS FOR BASIC HUMAN NEEDS, BUT WE MUST ALSO BE CONCERNED ABOUT THE CAPACITY OF THE COUNTRY TO MEET THE NEEDS OF THE POOR MAJORITY ON A SELF SUSTAINING BASIS OVER THE LONGER TERM. ACCORDINGLY, THE PRODUCTIVE EMPLOYMENT OPPORTUNITIES AND THE INCREASED INCOMES THAT CAN RESULT FROM EQUITY ORIENTED GROWTH ARE IMPORTANT ELEMENTS OF A BASIC HUMAN NEEDS STRATEGY. FOR THESE REASONS, THE CDSS SHOULD SEEK TO FRAME THE AID STRATEGY WITHIN THE CONTEXT OF THE LARGER DEVELOPMENT EFFORT.

C. FUTURE IMPLICATIONS OF THE PROPOSED STRATEGY.
AS A GROUP, THE CDSS'S GAVE INADEQUATE ATTENTION TO THE LONGER TERM IMPLICATIONS OF THE PROPOSED STRATEGIES BOTH FROM THE POINT OF VIEW OF AID AND THE HOST COUNTRY.

IN LAST YEARS CDSS'S, MANY ELEMENTS OF THE AID STRATEGY WERE DESCRIBED AS PILOT, REGIONAL OR OTHERWISE RELATIVELY SMALL SCALE EFFORTS WHICH WOULD BE EXPANDED/REPLICATED AT SOME POINT IN THE FUTURE. THE QUESTION OF THE LEVEL OF ASSISTANCE LIKELY TO BE REQUIRED FOR THESE LATER EXPANSION

PHASES WAS, HOWEVER, NOT ADEQUATELY TREATED. THIS MAY LEAVE BOTH THE MISSION AND AID/W UNAWARE OF THE EXTENT TO WHICH FUTURE FUNDING LEVELS MAY HAVE BEEN MORTGAGED. IT MAY ALSO RISK RAISING HOST COUNTRY EXPECTATIONS WHICH ULTIMATELY CANNOT BE MET. THE LEVEL AND PROBABLE SOURCES FOR THE RESOURCES LIKELY TO BE REQUIRED FOR THE EXPANSION AND REPLICATION OF LIMITED INITIAL EFFORTS SHOULD BE ADDRESSED IN CDSS'S WHERE SUCH ACTIVITIES ARE PROPOSED.

THE CDSS SHOULD ALSO REFLECT THE FACT THAT THE MISSIONS ARE AWARE OF THE MAGNITUDE OF THE RECURRENT COST PROBLEM AND HAVE TAKEN INTO ACCOUNT IN THEIR PROGRAM PLANNING THE IMPLICATIONS OF THIS SERIOUS AFRICA-WIDE PROBLEM. MANY GOVERNMENTS, ESPECIALLY THOSE AMONG THE POORER COUNTRIES WHO ARE COMMITTED TO EXPANDING HEALTH, EDUCATION AND OTHER SOCIAL SERVICES INTO THE RURAL AREAS ARE INCREASINGLY BEING CONFRONTED WITH THE NEED TO COVER THE RECURRENT BUDGETS ASSOCIATED WITH THE LONG TERM CONTINUATION OF THESE PROGRAMS. THE CDSS SHOULD IN SUMMARY FASHION ANALYZE THEIR PROSPECTS FOR DOING SO, AND ATTEMPT TO IDENTIFY AN APPROPRIATE AID POSTURE IN RELATION TO THE PROBLEM. FOR EXAMPLE, SHOULD AID AGREE TO COVER SOME OF THESE EXPENDITURES IN AN AGREEMENT CALLING FOR THEIR ULTIMATE ABSORPTION BY THE HOST GOVERNMENT? SHOULD THE MISSION AIM SOME OF ITS PROGRAM AT HELPING IMPROVE THE HOST GOVERNMENTS ABILITY OVER TIME TO GENERATE ADDITIONAL RESOURCES TO COVER THESE COSTS? SHOULD MORE OF THE RECURRENT COSTS BE SHIFTED TO THE BENEFICIARIES AS DIRECT OR INDIRECT USER CHARGES?

D. INTERNATIONAL INTERDEPENDENCE/REGIONAL PROBLEMS AND OPPORTUNITIES FOR COOPERATION .
AFRICA BUREAU CDSS'S TENDED TO BE EXCESSIVELY INTROSPECTIVE, FOCUSING LARGELY ON THE POOR MAJORITY OF THE COUNTRY IN ISOLATION FROM THE PROBLEMS, POLICIES AND POTENTIALS OF ITS IMMEDIATE NEIGHBORS. ALL NEIGHBORING COUNTRIES (IN THE ABSENCE OF POLITICAL DIFFICULTIES THAT CLOSE BORDERS) ARE DEPENDENT UPON ONE ANOTHER TO A GREATER OR LESSER DEGREE AS SOURCES OF SUPPLY, MARKETS, EMPLOYMENT AND ACCESS TO THE REST OF THE WORLD. IN CERTAIN CASES, A COUNTRY'S ECONOMIC POLICIES MAY BE CONSTRAINED BY THE POLICIES PURSUED BY ITS NEIGHBORS. SUCH CONSIDERATIONS ARE LIKELY TO BEPARTICULARLY IMPORTANT IN AFRICA WITH IT'S FOURTEEN LANDLOCKED COUNTRIES, MANY OF WHICH ARE AMONG THE WORLDS POOREST. AFRICA BUREAU CDSS'S SHOULD CONTAIN A BRIEF DISCUSSION OF THE EXTENT TO WHICH THE DEVELOPMENT PROSPECTS OF THE COUNTRY CONCERNED ARE CONSTRAINED OR ASSISTED BY FACTORS EMANATING FROM NEIGHBORING COUNTRIES.

AN EXAMINATION OF THE CDSS'S INDICATED THAT MANY OF THE CONSTRAINTS WHICH CONTRIBUTE TO THE STATE OF THE POOR ARE CONTINENT WIDE (WEAK INPUT DELIVERY SYSTEMS, DECLINING AGRICULTURE PRODUCTIVITY, INADEQUATE HUMAN RESOURCES) OR MORE COMMONLY, REGIONAL IN SCOPE (DESERTIFICATION IN THE SAHEL-SUDAN, LESS THAN OPTIMALLY PRODUCTIVE LIVESTOCK SECTORS IN EAST AND SAHELIAN AFRICA). ACCORDINGLY, MISSIONS ARE ENCOURAGED TO COMMENT ON THOSE KEY CONSTRAINTS WHICH THEY BELIEVE COULD BE ADDRESSED REGIONALLY OR THROUGH SOME PROCESSES OF REGIONAL COOPERATION WHERE PROJECT EXECUTION TAKES PLACE NATIONALLY.

E. POPULATION.

THE IMPLICATIONS FOR ECONOMIC DEVELOPMENT OF EXCESSIVE POPULATION GROWTH IN AFRICA -- AND A COUNTRY SPECIFIC AID STRATEGY TO ADDRESS THIS CRITICAL PROBLEM -- WERE NOT TREATED ADEQUATELY IN THE FY 81 CDSS'S. MISSIONS ARE INSTRUCTED, THEREFORE, TO PAY PARTICULAR ATTENTION TO PARA 6G OF THE FY 82 GUIDANCE. WE EXPECT A THOUGHTFUL ANALYSIS OF THE PROBLEM IN EACH COUNTRY - INCLUDING THOSE IN WHICH POPULATION AND FAMILY PLANNING MAY BE SENSITIVE SUBJECTS. THE ANALYSIS SHOULD TAKE INTO ACCOUNT BOTH THE CONSEQUENCES OF POPULATION GROWTH FOR THE SUCCESS OF DEVELOPMENT EFFORTS (E.G. INCREASING FOOD PRODUCTION PER CAPITA, PROVISION OF BASIC SOCIAL SERVICES SUCH AS HEALTH AND EDUCATION, ETC.); AND THE DETERMINANTS OF POPULATION GROWTH (E.G. THE IMPACT OF DEVELOPMENT TRENDS AND ACTIVITIES). OPPORTUNITIES FOR AID AND OTHER DONOR ASSISTANCE SHOULD BE CONSIDERED CAREFULLY. THESE MAY INCLUDE DIRECT APPROACHES IN MCH/FAMILY PLANNING SERVICES AND EDUCATION (THROUGH BILATERAL PROGRAMS AND/OR CENTRALLY-FUNDED INTERMEDIARY ORGANIZATIONS), PROVISION OF CHILD SPACING SERVICES IN OTHER HEALTH DELIVERY SYSTEM PROJECTS, AND EFFORTS, WHERE NECESSARY, TO INCREASE HOST COUNTRY AWARENESS OF THE DEVELOPMENT IMPLICATIONS OF HIGH RATES OF POPULATION GROWTH. PARTICULAR ATTENTION SHOULD ALSO BE GIVEN TO STRUCTURING ACTIVITIES IN AREAS SUCH AS EDUCATION, HEALTH AND RURAL DEVELOPMENT - AREAS IN WHICH MISSIONS MAY ALREADY BE WORKING AS TO ENHANCE EMPLOYMENT AND EDUCATION FAMILY INCOME - THUS ENCOURAGING LOWER FERTILITY (AIDTO CIRCULAR A-211).

F. FOOD SELF SUFFICIENCY/SELF RELIANCE.
A NUMBER OF CDSS'S CITED FOOD SELF SUFFICIENCY AS A HOST COUNTRY GOAL AND AS A GOAL OF AID ASSISTANCE STRATEGY. THE CONCEPT OF FOOD SELF RELIANCE (IN WHICH A COUNTRY GROWS SOME OR MOST OF THE FOOD IT NEEDS AND IMPORTS THE REMAINDER WITH THE PROCEEDS OF ITS EXPORTS) WAS LARGELY IGNORED.

INCREASED FOOD PRODUCTION IS BOTH POSSIBLE AND HIGHLY IMPORTANT. WHETHER SUCH PRODUCTION INCREASES SHOULD, IN ALL CASES, AIM TOWARD NATIONAL SELF-SUFFICIENCY MAY BE OPEN TO DEBATE HOWEVER, EVEN IN THE CASE IN WHICH THE CONCEPT IS LIMITED TO BASIC FOOD GRAINS.
FIRST, THE CONCEPT OF WHAT IS MEANT BY FOOD SELF SUFFICIENCY WAS OFTEN UNCLEAR IN THE CDSS'S. DO THE COUNTRIES (AND THE AID MISSIONS) INTEND THAT THE COUNTRY BE SELF SUFFICIENT IN "NORMAL" YEARS ONLY OR THROUGH ALL POSSIBLE VARIATIONS IN CLIMATE. DEVELOPING A FOOD SYSTEM THAT WILL ALLOW SELF SUFFICIENCY EVEN IN A DROUGHT SITUATION WHICH MIGHT BE EXPECTED TO OCCUR ONLY ONCE IN TWENTY YEARS MAY BE A VERY HIGH COST OPTION. A BETTER TARGET MAY BE SELF SUFFICIENCY IN THE NORMAL AND NEAR NORMAL YEARS, RELYING ON IMPORTS TO MAKE UP THE SHORTFALL IN THE ABNORMAL YEARS. (THIS ASSUMES OF COURSE THAT THESE IS AN EXPANDING EXPORT SECTOR EARNING FOREIGN EXCHANGE AND THAT FOOD GRAINS WILL BE AVAILABLE AT COMPETITIVE PRICES FOR IMPORT.)

SECONDLY, FOOD SELF SUFFICIENCY, IF APPLIED NATIONALLY AS A FORM OF AGRICULTURAL AUTARKY, IGNORES THE GAINS THAT CAN RESULT FROM SPECIALIZATION AND COMPARATIVE ADVANTAGE. EVEN WHERE THE COUNTRY CONCERNED IS CAPABLE OF EFFICIENTLY PRODUCING ALL THE FOOD IT REQUIRES, IT MAY MAKE SENSE TO SPECIALIZE OR TO DEVOTE RESOURCES TO CASH CROPS WHERE THE POTENTIAL FOR VALUE ADDED CAN GENERATE MUCH NEEDED RURAL OR URBAN EMPLOYMENT. THIS, OF COURSE IS A DECISION FOR HOST COUNTRY POLICY MAKERS AND THEY WILL OBVIOUSLY BE CONCERNED WITH THE RISK POTENTIAL IN SHIFTING FROM AN OBJECTIVE OF FULL SELF-SUFFICIENCY TO SOMETHING LESS THAN FULL SELF SUFFICIENCY. OUR INTENTION CANNOT BE TO SUBSTITUTE OUR JUDGMENT FOR THEIRS IN THIS SENSITIVE REALM BUT TO EXPLORE THE POSSIBILITY THAT, IN SOME CIRCUMSTANCES, AN OBJECTIVE OF SELF-RELIANCE MIGHT BE A MORE RATIONALE AND ACHIEVABLE GOAL. GIVEN THE ABOVE, IT SEEMS APPROPRIATE THAT, IN CDSS'S WHICH PROPOSE A SIGNIFICANT FOOD PRODUCTION PROGRAM AS PART OF THE COUNTRY STRATEGY, THERE SHOULD BE

A DISCUSSION OF THE FOOD SELF SUFFICIENCY/SELF-RELIANCE QUESTION. TO WHAT EXTENT DOES IT SEEM APPROPRIATE TO AIM FOR FOOD SELF SUFFICIENCY VERSUS SELF RELIANCE? WHAT ARE THE ECONOMIC COSTS ASSOCIATED WITH A DECISION TO PUSH FOR SELF-SUFFICIENCY BEYOND THE POINT OF "ECONOMIC RATIONALITY"? WHAT ROLE CAN OR SHOULD THE U.S. PLAY IN ENCOURAGING RATIONAL CHOICES IN THIS REGARD? IS THERE SOME POSSIBILITY OF ORGANIZING TO ACHIEVE REGIONAL AS OPPOSED TO NATIONAL SELF SUFFICIENCY?

G. TRANSPORTATION SYSTEMS.
TRANSPORTATION EMERGED AS A CRITICAL CONSTRAINT AS A KEY ELEMENT OF ASSISTANCE STRATEGY IN MANY COSS'S. AT THE SAME TIME, SOME CONCERN WAS EVIDENT AS TO THE APPLICABILITY OF TRANSPORT INITIATIVES WITHIN THE CONTEXT OF A BASIC HUMAN NEEDS STRATEGY. FEEDER AND SECONDARY ROADS AND IN SOME CASES, MAJOR ROADS CAN BE INCLUDED AS ELEMENTS OF A STRATEGY AIMED AT ACHIEVING BHN OBJECTIVES. A COSS WHICH HAS TRANSPORT AS A SIGNIFICANT COMPONENT OF ITS STRATEGY SHOULD INDICATE THE NATURE OF THE BHN IMPACT: EMPLOYMENT, INCOME, DELIVERY OF SERVICES, ETC.

III. ADMINISTRATIVE ISSUES .

A. MISSION REPRESENTATION AT COSS/SPS REVIEWS.
THE REVIEW OF MOST COSS/SPS WILL BE CHAIRED BY AA/AFR. GIVEN THE IMPORTANT NATURE OF THE COSS REVIEWS, THE MISSION SHOULD BE REPRESENTED AT THE REVIEW BY THE DIRECTOR OR DEPUTY DIRECTOR. NO MISSION REPRESENTATION WILL BE REQUIRED AT THE REVIEW OF SPS'S.

B. FUNCTIONAL STATEMENTS
BY SEPARATE AIRGRAMS MISSIONS SHOULD HAVE RECEIVED SUMMARY STATEMENTS OF THE BUREAU FUNCTIONAL REVIEWS. THESE ARE INTENDED TO ASSIST YOUR ANALYSIS AND STRATEGY FORMULATION.

C. DUE AND REVIEW DATES .
ALL FIELD POSTS HAVE BEEN NOTIFIED BY SEPARATE CABLE REGARDING SUBMISSION AND REVIEW DATES.

IV. SMALL PROGRAM STATEMENTS .

A. SMALL PROGRAM STATEMENTS WILL BE PREPARED FOR SIERRA LEONE, TOGO, BENIN, DJIBOUTI, GUINEA BISSAU, CAPE VERDE, GAMBIA, GUINEA, UGANDA, CONGO, CAR, EQUATORIAL GUINEA, NIGERIA, AND THE INDIAN OCEAN PROGRAM. IN CASES WHERE ARE NO RESIDENT FIELD STAFFS, THE AID/W GEOGRAPHIC OFFICE IS RESPONSIBLE FOR PREPARING THE SPS OR COSS. SINCE ZAMBIA AND MOZAMBIQUE BOTH HAVE AAPL'S (1982-1986) TOTALING WELL OVER DOLS 40 MILLION, COSS'S WILL BE REQUIRED ALTHOUGH THE STAFFS OF BOTH ARE LIMITED IN SIZE AND THE ACTUAL PROGRAM MOUNTED IN 1982 IS LIKELY TO BE SMALLER THAN INDICATED BY CURRENT AAPL'S. AID/W WILL MAKE EVERY EFFORT TO PROVIDE TDY ASSISTANCE FOR POSTS CLEARLY REQUIRING HELP.

B. THE SPS SHOULD CONSIST OF A BRIEF RATIONALE FOR U.S. ASSISTANCE (INCLUDING A DESCRIPTION OF THE CURRENT ECONOMIC SITUATION AND DEVELOPMENT POTENTIAL), AN ANALYTICAL DESCRIPTION OF THE PROPOSED PROGRAM. THE PROPOSED ASSISTANCE PLANNING LEVEL, AS IN THE CASE OF COSS'S SHOULD BE PRESENTED IN SUFFICIENT DETAIL TO ESTABLISH A LINKAGE BETWEEN THE FUNDING PROPOSED AND THE IMPLEMENTATION OF THE PROPOSED PROGRAM. SPS MISSIONS SHOULD PAY PARTICULAR ATTENTION TO PARA 3B OF THE GUIDANCE MESSAGE (REF. A). IN MANY CASES THE SIZE AND NATURE OF AID ASSISTANCE MEANS THAT THE MEASURES SUGGESTED IN THAT PARAGRAPH FOR INCREASED EFFICIENCY, E.G., SECTOR CONCENTRATION AND GREATER USE OF INTERMEDIARIES, ARE ESPECIALLY APPROPRIATE. THEY SHOULD BE DISCUSSED IN THE RESPONSE FROM SPS MISSIONS.

C. SHOULD AN SPS MISSION AS IDENTIFIED IN IV A. ABOVE DECIDE TO PROPOSE AND JUSTIFY A FIVE YEAR PROGRAM ('82-'86) WHICH TOTALS MORE THAN DOLS 40 MILLION, A FULL COSS RATHER THAN AN SPS SHOULD BE PREPARED. VANCE

Department of State

OUTGOING TELEGRAM

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AIDAC, NAIROBI FOR REDSO/EA

E.O. 12065 N/A

TAGS:

SUBJECT: FY 81 SMALL PROGRAM STATEMENT REVIEWS - INDIAN

1. REVIEW OF SPS FOR SEYCHELLES AND MAURITIUS CHAIRED BY AA/AFR HELD 28 MARCH 1979. THIS MESSAGE PRESENTS SUMMARY OF KEY DECISIONS MADE AT REVIEW.

2. REDSO/EA COMMENDED FOR EXCEPTIONALLY DETAILED COUNTRY NARRATIVES ON SEYCHELLES AND MAURITIUS. ORIENTATION OF PAPERS TOWARD COUNTRY-SPECIFIC MATERIAL AND PROJECT IDENTIFICATION LIMITED THEIR USEFULNESS IN DEVELOPING REGIONAL STRATEGY UPON WHICH AAPL COULD BE BASED. DECISION MADE THAT AFR/EA WILL ORGANIZE PREPARATION OF REGIONAL STRATEGY AND FY 81 ABS. PROPOSALS WILL BE CIRCULATED TO CONCERNED EMBASSIES FOR COMMENT/CONCURRENCE WHEN DRAFTED.

3. GUIDELINES FOR PREPARATION OF REGIONAL STRATEGY INCLUDE, INTER ALIA, FOLLOWING POINTS:

B. STRATEGY SHOULD FOCUS ATTENTION ON PROBLEMS COMMON TO THE AREA WHICH WOULD REINFORCE A REGIONAL OUTLOOK OF HOST GOVERNMENTS.

C. WHILE IMPLEMENTATION OF STRATEGY ON BILATERAL BASIS IS NOT NECESSARILY PRECLUDED, INTENT IS FOR PROGRAM TO MAXIMIZE IMPACT OF LIMITED U.S. ASSISTANCE BY ADDRESSING COMMON PROBLEMS.

4. WE ENVISION THAT MODEST FUNDING LEVELS IN RANGE OF DOLS 1 OR 2 MILLION WILL BE AVAILABLE TO SUPPORT REGIONAL EFFORT ONCE STRATEGY IS DEVELOPED AND ENDORSED. IF A SUBSTANTIAL PROGRAM CAN BE DEVELOPED IN MADAGASCAR TOWARD THE END OF THE FY 81-85 PERIOD, THE LEVELS MIGHT CONCEIVABLE BE HIGHER.

5. AID/W REGRETS EXCESSIVE DELAY IN COMPLETION OF THIS RESPONSE TO FIELD'S TIMELY INPUT. VANCE

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AIDAC
FROM REDSO - EA

E.O. 12065: N/A
SUBJ: DRAFT SPS FOR INDIAN OCEAN STATES

SUMMARY
REDSO REVIEWED SUBJECT DOCUMENT MARCH 19. PARTICIPANTS AT THE MEETING INCLUDED SOCIALSCIENCE, AGRICULTURE, ECONOMIC, ENGINEERING AND PROJECT OFFICERS. THE CONSEUS WAS THAT WHILE DRAFT CONTAINS IMPRESSIVE ARRAY OF FACTS AND FIGURES AND ADDRESSES A NUMBER OF TOPICS OF CRITICAL CONCERN TO AID, ITS OVERALL ORGANIZATION AND DESCRIPTIVE RATHER THAN ANALYTICAL APPROACH MAKE REVIEW AND COMMENT DIFFICULT. LISTED BELOW ARE (1) GENERAL COMMENTS, (2) SPECIFIC COUNTRY COMMENTS AND FINALLY (3) REDSO RECOMMENDATIONS FOR DRAFT CHANGES. BECAUSE OF THE NEED TO BEEF UP THE ANALYSIS AND RESTRUCTURE THE STRATETY SECTION, DETAILED DISCUSSION O THE STRATEGIES PROPOSED IN THE DRAFT, AND OF REDSO'S POTENTIAL ROLE INTHEIR IMPLEMENTATION ARE NOT OFFERED AT THIS TIME.

I. MAIN POINTS

A. THE CURRENT ORGANIZATION OF THE PAPER, WHEREBY VERY DISPARATE COUNTRIES ARE LUMPED TOGETHER FOR COMMON TREATMENT OF PROBLEMS, DEVELOPMENT NEEDS AND STRATEGY IS UNWORKABLE. IT LEADS TO GAPS IN THE REQUIRED ANALYSIS, AND UNTENABLE CONCLUSIONS. ONE IMPORTANT EXAMPLE, DESPITE VERY DIFFERENT AGRICULTURAL CONDITIONS IN THE FOUR COUNTRIES (INCLUDING SOIL, CLIMATE TYPES OF CROPS, TYPES OF FARMS, FARMER STRATEGIES, GOVERNMENT COMMITMENT, APPROACHES TO AGRICULTURE ETC) THE PRINCIPAL RECOMMENDATION FOR A PROPOSED AID STRATEGY IN AGRICULTURE IS TO REQUEST THE CONTRACTOR HIRED TO IMPLEMENT THE SEYCHELLES FOOD CROP RESEARCH PROJECT TO EXPLORE THE POSSIBILITES OF DEVELOPING A COOPERATIVE RESEARCH PROGRAM IN THE AREA. THIS PRJECT WAS DEVELOPED IN COLLABORATION WITH PEACE CORPS TO ADDRESS SPEFCIFIC NEDS ON SYCHELLES. THECONTRACTOR HAS YET TO BE SELECTED. THE PAPER MAKES NO CLEAR CASE FOR THE PRIORITY NEED FOR AN AGRICULTURE RESEACH AND EXTENSION STRATEGY IN SYECHELLES, LET ALONE IN MAURITIUS OR COMOROS. THE RECOMMENDATION TO SOMEHOW CONVERT THE SYECHELLES CROP RESEARCH ACTIVITY INTO A REGIONAL PROJECT SEEMS HIGHLY PREMATURE AT THIS TIME, AND EXEMPLIFIED THE DRAWBACKS OF ATTEMPTING TO LUMP FOUR VERY DIFFERENT COUNTRIES UNDER THE FRAME WORK OF ONE SPS.

B. THE PAPER IS STRON ON FACTS AND FIURES, BUT VERY WEAK ON ANALYSIS. THE RELATIVE MAGNITUDES OF PROBLEMS ARE GLOSSED OVER THE CRITERIA FOR GENERATING AND SELECTING OPTIONS ARE NOT STATED THE STRATEGY IS NOT DERIVED FROM ANY PRIORITIZATION OF PROPOSED APPROACHES. THE HEAVILY DESCRIPTIVE APPROACH TO THE PAPER LEAVES MANY QUESTIONS RAISED, BUT UNANSWERED. FOR EXAMPLE, WE ARE TOLD THAT THE SEYCHELLES GOVERNMENT PRIORITIES ARE TO IMPROVE SOCIAL CONDITIONS AND TO INCEASE SELF RELIANCE, AND THAT HIGH PRIORITY IS GIVEN TO IMPROVED HOUSING AND FISHING, BUT THAT AGRICULTURE, PARTICULARLY SMALL-HOLDER FARMING, IS SHORT-CHANGED. IN TH STRATEGY SECTION THE DRAFT PROPOSED HOUSING, FISHING AND AGRICULTURE, YET THESE ARE INTRODUCED WITH ALMOST NO SUPPORTING ANALYSIS. WHY AND UNDER WHAT CONDITIONS SHOULD AID ADOPT EACH? SIMILARLY IN MADAGASCAR AN AGRICULTURE EMPHASIS IS PROPOSED, YET WE ARE TOLD THE WORLD MBANK IS GETTING OUT AGRICULTURE AND INTO POWER. WHY? LIVESTOCK IS MENTIONED SEVERAL TIMES AS AN AREA FOR USAID INVOLVEMENT, YET IS BARELY DISUSSED ON A COUNTRY BASIS.

C. THE DRAFT ALSO SUFFERS FROM LACK OF CLARITY AND CONTRADICTIONS IN SEVERAL PLACES, THESE INCLUDE:

---SUMMARY: POPULATION PRESSURESAND LIMITED LAND RESOURCES, ARE
---MIXED WITH FAMILY PLANNING, HOUSING AND RESEARCH AND EXTENSION
---ACTIVITIES AS PROBLEMS AND DEVELOPMENT NEEDS.
---12 X 15: REGARDING MAURITIUS, IT IS STATED THAT ALTERNATIVE
---CROPS TO SUGAR HAVE RARELY PROVED SUCCESSFUL, AND ALSO THAT
---ALSMOST ANY CROP CAN BE ROWN.
---P 12 & 13: AGAIN REGARDING MAURITIUS, TH POPULATION GROWTH RATE HAS BEEN INCREASING SINCE1973 YET THE PAPER PREDICTS WOMEN WILL BECOME MORE INVOLVED IN EMPLOYMENT OUTSIDE THE HOME AS FAMILY SIZE DMINISHES. NOTE-THROUGHOUT THE PAPER, WOMEN RECEIVED ONLY CURSORY ATTENTION.

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---P 27: REGARDING MADAGASCAR, THE PAPER STATES THE COUNTRY
---HAS NO BASIC AGRICULTURE EXTENSION SERVICE, AND THEN TALKS
---OF WEAK LINKS BETWEEN RESEARCH AND EXTENSION.
---P 38: THE TABLE IS DIFFICULT TO READ; IT MIGHT BE BETTER UNDDER-STOOD IF CURRENT ACTIVITIES WERE INCLUDED IN ONE TABLE, AND PROPOSED INTERVENTIONS RANKED IN PRIORITY ORDER LISTED IN ANOTHER.
II. SPECIFIC COUNTRY COMMENTS
---TH FOLLOWING WOULD BENEFIT FROM MORE ATTENTION:
---A. MAURITIUS: LIVESTOCK; THE URBAN POOR AND LANDLESS PLANTATION WORKERS; THE POTENTIAL RELEVANCE OF IN COUNTRY TRAINING GIVEN PROBLEMS OF UNEMPLOYMENT AND SCARCITY OF SKILLS; THE QUEST·ONABLE RELEVANCE OF AGRICULTURE RESEARCH GIVEN EXTENT TO WHICH POOR LIVE IN "URBAN" CONTEXT: THE RETIONANLE FOR ASS ISTANCE GIVEN A RELATIVELY HIGH PER CAPITA INCOME.

B. SEYCEHLEES: GOS COMMITMENT TO AGRICULTURE EXTENSION AND LAND REFORM; THE UNSKILLED AND UNEMPLLOYED IN COUNTRY TRAINING PROGRAMS: RATIONALE FOR ASSISTANCE GIVEN HIGH LEVELS OF GNP AND GDP; PEACE CORPS INVOLVEMENT; THE ROLE OF PL 48Ø TITLE II PROGRAM (WICH ITS HIGH RECIPIENT PER POPULATION IMPACT AND SIGNIFICANT GOS INVOLVEMENT).

C. MDAGASCAR: LIVESTOCK; RLLEVANCE OF POSSIBLE INVOLVEMENT WITH IRRI AND OTHER INTERNATIONAL INSTITUTES; POTENTIAL ROLE FOR FISHING (WITH DSB E.G. PHILIP ROEDEL ASSISTANVE?) RATIONALE FOR CURRENT AND FUTURE US ASSISTANCE GIVEN NEEDS OF COUNTRY IN NEW DIRECTIONS AREAS AS AAGAINST RECENT HISTORY OF US/MADAGASCAR RELATIONS; MORE DETAIL ON US/MADAGASCAR RELATIONS, POTENTIAL FOR THE FUTURE.

D. COMOROS: RECENT CHANGES IN AVAILABILITY OF ARABLE LAND; RELATIONSHIP OF PRPOSED MALARIA ERADICATION TO CURRENT POPULATION GROWTH RATE OF 344 PERCENT GO C COMMITNET TO AGRICULTURE EXPORT CROP (YLAND-YLANG, CLOVES ETC) IN LIGHT OF INSUFFICIENT LOCAL FOOD CROP PRODUCTIOH; MORE DETAIL ON US/COMOROS RELATIONS, POTENTIAL FOR THE FUTURE.
III. RECOMMENDATIONS
A. - THE BASIC RECOMMENDATION IS THAT THE DRAFTING TEAM FOLLOW THE IMPLICATIONS OF THE FIRST SENTENCE IN THEIR EXECUTIVE SUMMARY- THAT THE FOUR NATION ISLANDS ARE MORE DISSIMILAR THAN THEY ARE ALIKE AND SHOULD BE TREATED SEPARATELY. POSSIBLE REGIONAL APPRO-ACHES SHOULD BE CONSIDERED BUT THE BULK OF THE DESCRIPTIVE ANALY-SIS AND STRATEGY DISCUSSION SHOULD BE ON A COUNTRY BY COUNTRY BASIS. ONE AREA FOR CONSIDERATION ON A REGIONAL BASIS IS THAT OF ASSISTANCE TO HIGHER EDCUATION AND/OR VOCATIONAL EDUCATION TO DEVELOP MANAPOWER.

B. - THE CONSULTANT TEAM SHOULD CONSIDER MORE SYSTEMATICALLY THE INSTITUTIONAL RESOURCES AVAILABLE TO THE FOUR COUNTRIES, BOTH WITHIN AID AND REALTED TO AID, UNDER EXISTING CONDITIONS WITHIN WITHIN EACH COUNTRY. THIS WOULD INCLUDE MORE DETAILEDDISCUSSIONS OF AFRICA REGIONAL PROGRAMS SUCH AS AMDP, COMBATTING CHILDHOOD COMMUNIABLE DISEASE, IMPROVED RURAL TECHNOLOGY, KENYA/REGIONAL EDUCATION SECTOR ANALYSIS POPULATION ACTIVITIES ETC FROM THE POINT OF VIEW OF NEEDS FOR, ACCESS TO, AND IMPLEMENTATION OF SUCH ACTIVITIES ON A COUNTRY BY COUNTRY BASIS. POTENTTIAL PVO ACTIVITIES, JOINT PEACE CORPS, USAID INITIATIVES, INTERNATIONAL AGRICULTURE RESEARCH INSTITUTIONS, INVOLMENT ETC, CHOULD RECEIVE SIMILAR SYSTEMATIC ATTENTION. AN ANALYSIS OF THESE RESOURCES IIS NECESSARY IN SELECTING A STRATEGY, PARTICULARLY IN VIEW OF THE RESTRICTIONS ON USDH PERSONNEL, THE LIMITED SIZE OF THE POTENTIAL PROGRAMS, AND THE LACK OF PREDOMINANT CAPABILITY AND EXPERIENCE IN THESE COUNTRIES BY US FIRMS AND INSTITUTIONS. INVOLVEMENT ETC, SHOULD RECEIVE SIMILAR SYSTEMATIC ATTENTION. AN ANALYSIS OF THESE RESOURCES IS NECESSARY IN SELECTING A STRATEGY, PARTICULARLY IN VIEW OF THE RESTRICTIONS ON USDH PERSONNEL, THE LIMITED SIZE OF THE POTENTIAL PROGRAMS, AND THE LACK OF PREDOMINANT CAPABI-LITY AND EXPERIENCE IN HESE COUNTRIES BY US FIRMS AND INSTITUTIONS.

C.---THE CONDITIONS OF POVERTY AND GOVERNMENT COMMITMENT TO ALLEVIATE IT VARY GREATLY AMONG THE FOUR COUNTRIES. SUCH VARIATIONS SHOULD BE RELATED TO THE DEGREE OF INVOLVEMENT OF AID IN EACH. AS THIS FIRECT RELATIONSHIP IS NOT CURRENTLY THE CASE, IT WOULD BE USEFUL FOR THE TEAM TO INCLUDE MORE DETAILED DISCUSSION ON THE RECENT BACKGROUND OF EACH COUNTRY AND THE SUBSEQUENT CONSTRAINTS I.E. POLITICAL TO AID INVOLVEMENT WHICH DETERMINE THE CURRENT PATTERN.

D.---REGARDING DISCUSSION OF TH PROPOSED STRATEGY, THE CON-SENSUS AT THE REVIEW WAS THAT THE CONSULTANT TEAM HAD NOT PRESENTED AN ACCEPTABLE STRATEGY. THE TEAM SHOULD BLOCK OUT MORE CLEARLY WHAT THE CURRENT PROGRAMS ARE ON COUNTRY BASIS, AND THEN P PROPOSE AND DISCUSS ALTERNATIVE PROGRAMS WHICH MIGHT RECEIVE ATTENTION, INCLUDING RELATIVE PRIORITIES ASSIGNED, UNDER CHANGING CONDITIONS, AND DIFFERENT LEVELS OF ASSISTANCE.
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Executive Summary

The four island nations in the western Indian Ocean--Madagascar, Comoros, Mauritius and Seychelles--are more dissimilar than they are alike. Their common problems and development needs do, however, lend themselves to a regional approach to some extent. For example:

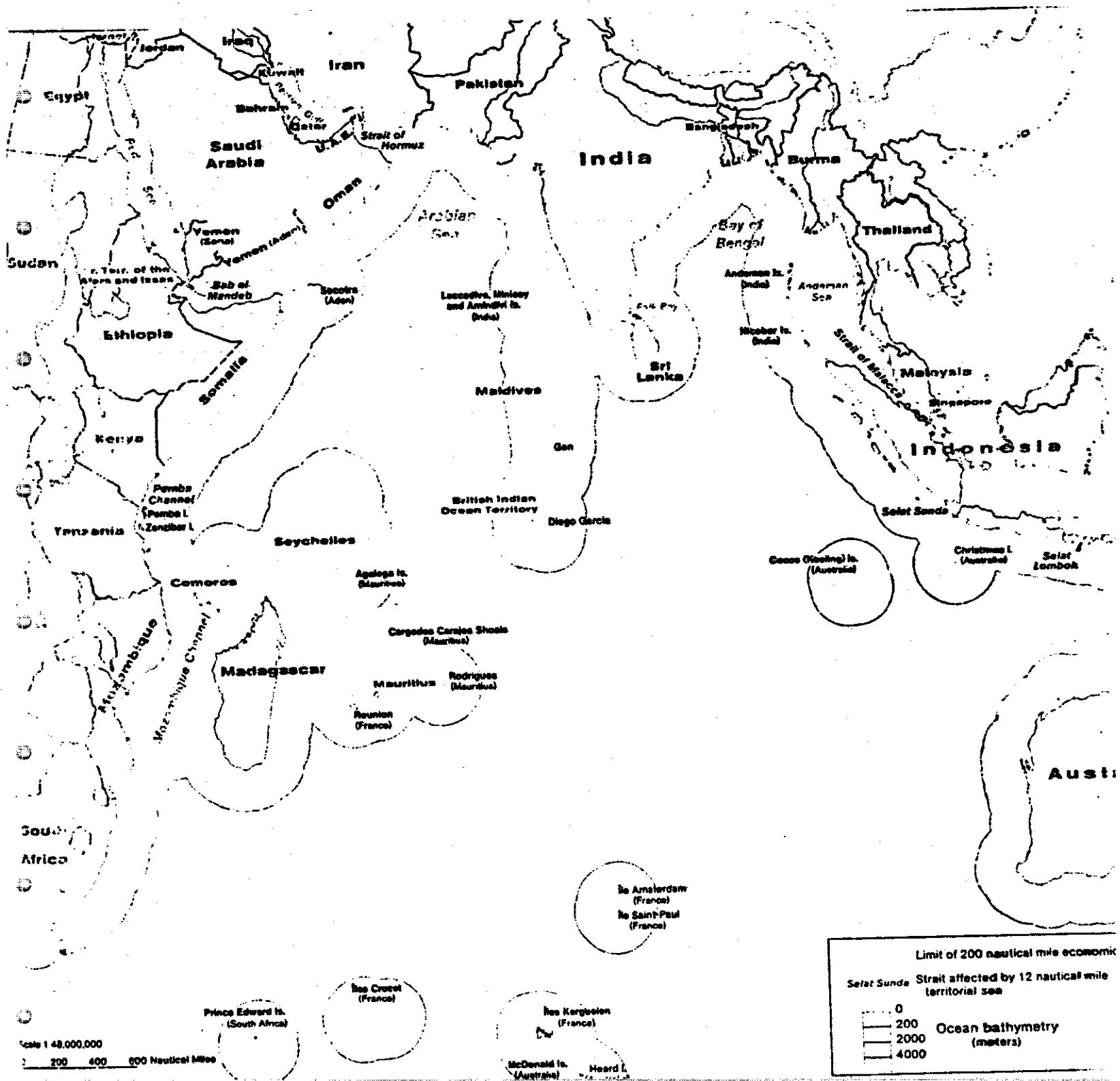
- Madagascar and Mauritius are regularly ravaged by cyclones, and all four countries could benefit from assistance in disaster planning.
- All four countries have significant unexploited fisheries potential, both long-range and coastal, including aquaculture, all of which could provide badly needed foreign exchange, help the employment picture, and have an immediate and beneficial dietary impact on the poor.
- Population pressures and limited land resources have highlighted the importance of family planning and created housing shortages; the need for improved research and extension facilities to increase agricultural productivity is becoming acute.
- All four countries use an important part of their scarce foreign exchange to purchase fossil fuels for energy needs. The successful introduction of alternate forms of energy production would help them all, as would assistance in finding exploitable petroleum.

In many of these and other assistance areas it should be possible, and in some cases desirable, to work through intermediaries such as is currently done in PL-480 Title II and population programs, or to engage in co-financing.

Recent U.S. aid initiatives have involved almost exclusively middle-income Mauritius and Seychelles: they have exceedingly vulnerable "one-crop" economies and skewed income distribution with growing numbers of poor and unemployed. Agricultural research and extension activities in the Seychelles and housing programs in Mauritius are the current centerpieces of U.S. efforts.

As overall bilateral relations with the much poorer Madagascar and Comoros permit, initiatives can be considered both as extensions of other efforts in the region as well as responses to specific problems, such as the prevalence of malaria in Comoros.

Indian Ocean



I. DEVELOPMENT CONTEXT

A. Regional Overview

1. Geographical

The countries covered in this Small Program Statement are Madagascar, Mauritius, the Seychelles and the Comoros. Each is an island nation in the western Indian Ocean. Madagascar, slightly smaller than Texas, lies some 200 miles off the Mozambique coast and is the only nation-sized country of the four. The Comoros lie in the northern Mozambique Channel between the northern tip of Madagascar and the Mozambique-Tanzania border. The Seychelles Islands spread north-northeast for nearly 600 miles from about 100 miles north of Madagascar. Mauritius is some 500 miles due east of Madagascar. The island of Réunion (a French overseas department) is closer to the Mauritian capital of Port Louis than is the Mauritian island of Rodrigues (375 miles to the east). Other islands (unpopulated) belonging to Mauritius spread some 800 miles to the north of the Mauritian capital. Over 1,000 miles to the northeast of Mauritius lie the islands of the Chagos Archipelago, in which Diego Garcia (currently a U.S. communications base) is located. This British Indian Ocean Territory is claimed by Mauritius. The relative areas and population are shown in the table below.

Table 1
Area and Population

Country and Component Islands	Area (mi^2)	Population in 000s	Notes
Madagascar	228,000	8,400 (1979)	250 mi E. of Mozambique; Capital: Antananariv Small offshore is. are close-in
Mauritius	777	925 (1978)	500 mi E of Madagasc
Mauritius	(720)	(894)	Capital: Port Louis
Rodrigues	(46)	(30)	375 mi E of Mauritiu
Agalega Is.	(10)	(<1)	Seasonal workers: coconuts
Cargados Carajos Shoals	(1)	(<1)	Seasonal workers: fishing
Seychelles	172	62 (1977 Census)	Capital: Victoria (on Mahé)
Mahé	(60)	(55)	1100 mi E of Kenya, 700 mi NE Madagascar
Praslin	} (20)	(4)	Praslin, La Digue & other granitic islands are all within 35 mi of Mahé; Furthest from Mahé is Aldabra, over 600 miles.
La Digue		(2)	
Other granitic:29	(20)	(1)	
Coralline: 60+	(71)		

Country and Component Islands	Area (mi^2)	Population in 000s	Notes
Comoros	863	398 (1979)	Capital: Moroni, on Grande Comore, 200 mi. E of Mozambique; Anjouan Moheli & Mayotte are all within 120 mi of Grande Comore
Grande Comore	(443)	(190)	
Anjouan	(164)	(140)	
Moheli	(112)	(15)	
[Mayotte]	[144]	[53]	
[French-administered]			

These island nations have traditionally been of strategic importance to the European nations because of their proximity to trade routes. The giant oil tankers bound for Europe (too big for the Suez Canal) pass within sight of the Comoros; the other nations are still important bunkering sites. Mauritius and the Seychelles have increased in importance as ports of call for U.S., Soviet and other naval forces in the area. The French built, but no longer have access to, a naval base at Diego Suarez at the northern tip of Madagascar. The U.S. had a NASA tracking station on Madagascar and has an Air Force satellite tracking station on the Seychelles. However, military facilities, particularly in the British Indian Ocean Territory, have been opposed by nearly all the island and littoral countries of the Indian Ocean, most of which support the U.N. resolution favoring an Indian Ocean "zone of peace."

The Indian Ocean area is the repository of significant land and marine resources. Nearly a third of the world's people live in countries bordering the Indian Ocean, and most of them are poorly fed. Indian Ocean fishing harvests (in recent years, about 2.5 million tons of a potential 15 million) are a possible means of reducing this food deficit. However, nearly 90 percent of the catch recently has been by the littoral states along their coasts and some of these coastal areas are being overfished. Modern techniques, which would permit fishing further from shore, are being adopted very slowly. About 10 percent of the catch is taken in modern fishing operations by South Korea, the USSR, Japan and Taiwan--mainly high-value surface fish of the open ocean such as tuna. The larger tunas and the billfishes are in particular demand and are being overfished.

The foregoing factors do not lead to optimism regarding a resolution of the littoral nations' food problem based on the fishing potential of the Indian Ocean. They do, however, have some important implications for the island nations:

a) There is a considerable fish potential in their own areas that could help meet their own food deficits;
b) There are good possibilities for aquaculture "gardening" around many of their unpopulated islands;
c) As 200-mile economic zones gain international acceptance, the island nations have a responsibility to regulate the fishing within their jurisdications, a task for which they are not presently prepared and in which cooperation with other countries could be mutually beneficial.

Except for oil, the mineral and energy resources of the Indian Ocean are largely undeveloped. The enormous beds of manganese nodules, some of which would fall within the economic zones of the island nations, are second only to the Pacific deposits in their

mineral content, but commercial exploitation is not likely to begin until after the 1980's. Although about 40 percent of world offshore petroleum production comes from Indian Ocean littoral countries, none is being produced within the economic zones of the western Indian Ocean island nations. However, exploration is underway in the Seychelles and Madagascar.

On the islands themselves, soil and water resources are quite limited except on Madagascar. Colonial plantation agriculture on the islands emphasized coffee, tea, spices, the coconut palm (indigenous to the low coral islands) and sugar cane on the fertile volcanic soil of Mauritius, cane being the only export crop able to survive the cyclones.

Agriculture, tourism and industry all compete for scarce water supplies. Shortages are occurring with increasing frequency.

2. Political

Historically, the islands have borne the imprint of Arabs (Comoros), Africans (all four islands), Indians (mainly Mauritius), Malayo-Polynesians (Madagascar) and many other cultures, including small groups of Chinese. But it was the British and French influence starting in the last century which established plantation agriculture and set the political and economic stage for today's successor states.

Mauritius

Mauritius, granted independence by Great Britain in 1968, is a parliamentary democracy under Queen Elizabeth II, its constitutional monarch. The Prime Minister and his Council of Ministers are drawn largely from the Labor Party. His Labor coalition has a very slim working majority in the unicameral legislature over the main opposition party, the Mauritian Militant Movement, which has adopted a socialist program. While the Government has recently emphasized the redistribution of income, partly at the prodding of the opposition, at the same time it has encouraged private enterprise to play the major role in the Mauritian economy. The Labor coalition is a precarious one, and the Government is under pressure to increase both social and production-oriented expenditure at a time of severely straitened financial circumstances.

Seychelles

The Seychelles were granted independence by Great Britain in 1976. A year later, the current administration displaced the preceding one in a coup. With the promulgation of a new Constitution, effective June 5, 1979, Seychelles became a de jure socialist, one-party state. The new government has continued to stress social and economic reforms aimed at reducing income disparities and has devoted greater attention than its predecessor to internal and external security. Despite a formally leftist ideology, the government allows private sector activity.

during the 1970's from the rapid rise in petroleum prices, both directly in the balance of payments and in the impact on domestic prices. Except for Madagascar, the countries have a high density of population per square mile of arable land and their populations are still growing rapidly. The rate of increse in Mauritius is considerably less than in the others, but Mauritius already has 1,887 people per square mile of arable land, one of the highest in the world among rural less-developed countries. Maximum utilization of these countries' agricultural land is of paramount importance, given the narrow scope for diversification of their economies. Even if commercially exploitable deposits of oil are found, they would not make any significant impact for six or seven years.

Table 2
Economic and Social Indicators

General	Madagascar	Comoros	Mauritius	Seychelles
1978 GDP per capita	$226	$170(1976 per capita GNP)	$949	$1032
PQLI (Overseas Development Council calculation for 1980 Agenda)	46	44	77	73
Population				
Density/mi^2 arable land	59	926	1887	726[a)]
% under age 15	45	44	40	40
Birth rate/1000	45	47	26[b)]	28
Death rate/1000	19	22	8	8
Net growth rate%	2.8	3.4[c)]	1.5[d)]	2.1
Education				
Adult literacy	40%	20%	80%[e)]	60%
Enrolled in primary school	92%	51%	92%	95%
Enrolled in secondary school	14%	7%	43%	44%
Higher education available	YES	NO	YES	NO
Health/nutrition				
Average caloric intake	2400	f)	2200	g)
Average protein intake (grams per day)	57	f)	56	g)
Life expectancy at birth	44	50	66	66
Infant mortality/1000	140	200	40	26
Main cause of death	n.a.	malaria	heart	heart
Population/M.D.	11,000	43,000	2,000	3,000
Population/nurse	3,760	1,890	760	1,710
Population/hospital bed	420	490 (1972)	270	200
Access to tap water	26%	few	27% (1972)	50%

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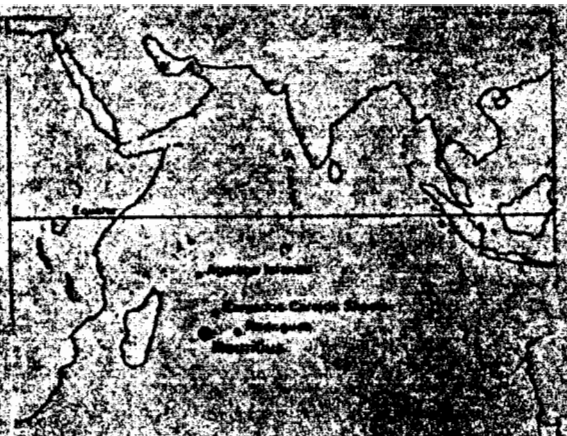
	Madagascar	Comoros	Mauritius	Seychelles
Agriculture				
% labor force in ag.	84%	87%	30%	17%
Ag as % GDP	38%	38%	27%[h]	15%
Ag exports as % total domestic exports	>70%	>96%	81%	90%[i]
Principal 2 ag exports as % of total domestic exports[j]	60%	56%	70%[h]	73%
Energy				
Electricity consumption/capita (KWH/yr)	44	12	373	540
% electricity diesel-generated	33%	most	70%	all

Note: Data are latest available. Earlier than 1975 are labelled or footnoted.

a) Density on agricultural land is even higher (1060/mi.^{2})
b) An increase from 23 in 1973.
c) This reflects immigration. "Natural" net growth is about 2.7%.
d) Had dropped to 1.1% in 1973.
e) 1973. Mauritian Government now claims 95% for under 30.
f) Not available. Believed seriously inadequate.
g) Not available. Believed adequate.
h) In 1978. This varies with the price of sugar.
i) Including fishing.
j) Not including re-exports, e.g. of petroleum for bunkering.

Mauritius



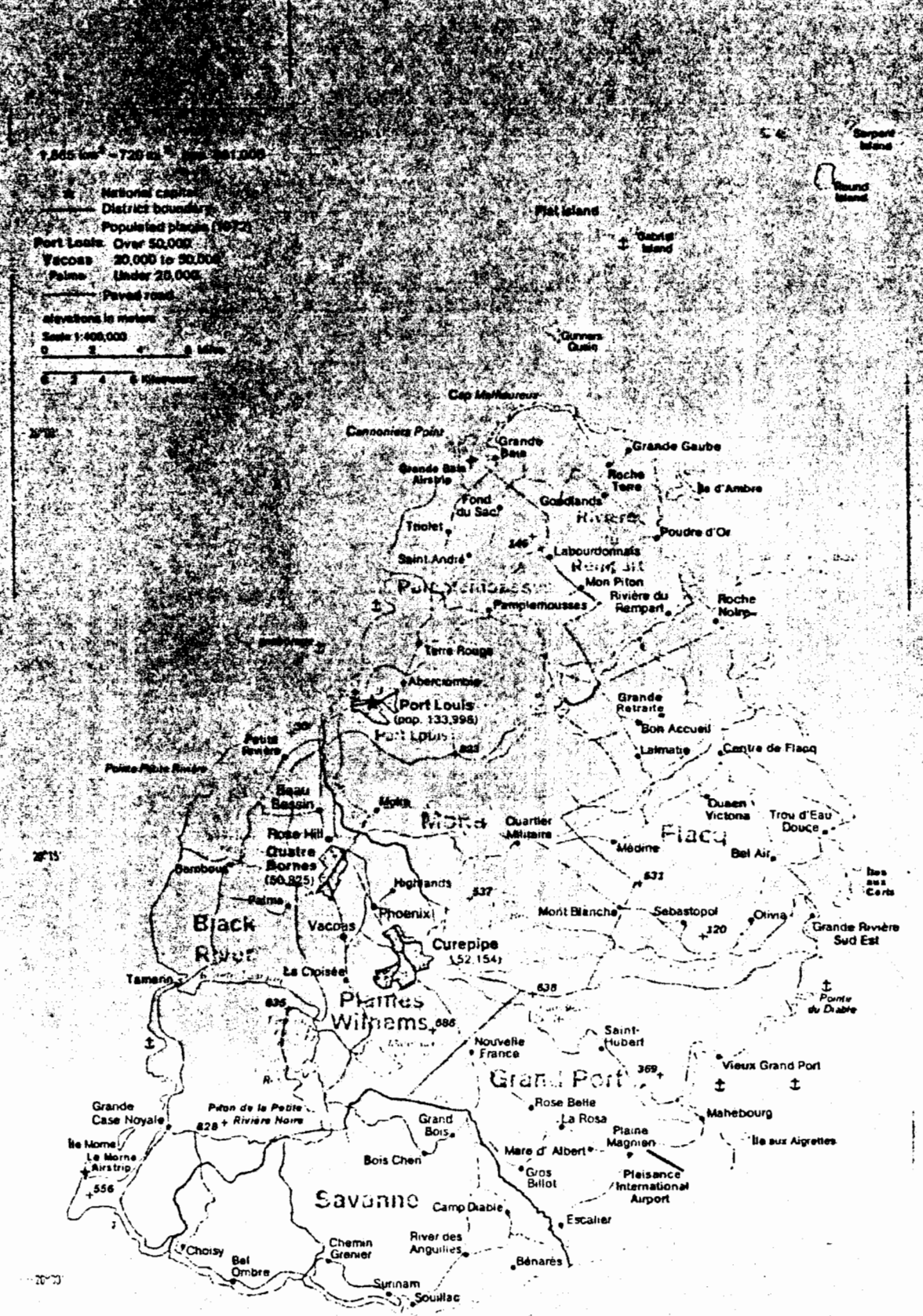

National capital
District boundary
Populated places (1972)
Port Louis Over 50,000
Vacoas 20,000 to 50,000
Palma Under 20,000
Paved road
elevations in meters
Scale 1:400,000
0 2 4 6 Miles
0 2 4 6 Kilometers
Serpent Island
Round Island
Flat Islands
Gabriel Island
Gunners Quoin
Cap Malheureux
Cannonier Point
Grande Baie
Grande Gaube
Grande Baie Airstrip
Roche Terre
Ile d'Ambre
Fond du Sac
Goodlands
Triolet
Poudre d'Or
Saint André
Labourdonnais
Mon Piton
Pamplemousses
Rivière du Rempart
Roche Noire
Terre Rouge
Abercrombie
Port Louis
(pop. 133,996)
Grande Retraite
Bon Accueil
Petite Rivière
Laimatie
Centre de Flacq
Pointe Pitre Rivière
Beau Bassin
Moka
Quartier Militaire
Duseu Victoria
Trou d'Eau Douce
Rose Hill
Quatre Bornes
(50,825)
Médine
Bel Air
Curepipe
Highlands
Phoenix
Mont Blanche
Sebastopol
Olivia
Grande Rivière Sud Est
Palma
Vacoas
Black River
Curepipe
(52,154)
Tamarin
La Croisée
Plaines Wilhems
Pointe du Diable
Nouvelle France
Saint-Hubert
Vieux Grand Port
Grand Port
Rose Belle
La Rosa
Mahebourg
Grande Case Noyale
Piton de la Petite Rivière Noire
Grand Bois
Plaine Magnien
Ile aux Aigrettes
Ile Morne
Le Morne Airstrip
Bois Chen
Mare d' Albert
Gros Billot
Pleisance International Airport
Savanne
Camp Diable
Escalier
Chemin Grenier
River des Anguilles
Choisy
Bel Ombre
Bénarès
Surinam
Souillac

Table 3
Selected Indicators for Mauritius

(main source: IMF, Mauritius-Recent Economic Developments, 9/4/79)
conversions at 6.1 M. Rupees=US $1, 1978 average, IMF Yearbook

GDP (current market prices) 1978: M.R. 5350 million (ca. $880 million)
GDP (at factor cost) 1978: M.R. 4800 million (ca. $790 million)
(Rapid growth in mid 1970s has slowed in recent low sugar price years.)

Main sectors:		
Agriculture/fishing (includes sugar, tea, fruits & vegetables, for local consumption)	22%	(17% alone is sugar) (ag % has declined from about 50% in 1974)
Manufacturing	17%	(5% is sugar milling) (growth slow down in manuf. due economic slowdown in industrial countries)
Services	15%	
Transport/storage/ communications	13%	
Commerce & banking	12%	

Population: 1970: 813,000
1978: 925,000
projected 1985: 1,016,000 (assuming net growth rate of 1.1%)
projected 1985: 1,027,000 (assuming current net growth rate of 1.5%)

Population distribution:	1962	1976
rural	66%	56%
urban	34%	44%

Registered employment:	1972	1978	
Total	147,500	198,000	
of which ag/fishing	61,900	60,800	(slight decline)
(sugar)	(54,000)	(54,000)	
manuf.	11,600	32,800	(sharp rise)

Balance of payments: 1978	M.R. millions	
Exports f.o.b.	1,975	(ca. US $324 million)
(sugar: 66%, manuf.: 25%, petroleum re-exports: 2%)		
Imports f.o.b.	-2,525	(ca. US $414 mill.)
Trade balance	- 550	oil = 10%
Current acct balance	- 630	
Net capital	536	(due to Eurodollar loan of US $36 mill.)
Overall balance	- 96	(reserve drawdown)
Official reserves	286	(=1 mo's total imports or 1 yr's oil imports)

Debt service ratio: 5%

Budget: 1978-79 in M.R. millions

Revenue	1435.2	
Expenditure	2321.8	(mainly: public services, social security, agric.)
Deficit	-886.6	
External financing	363.1	(ca. $60 million)
Domestic financing	523.5	

B. Country Analysis

1. Mauritius

a. Profile of the poor: Even though Mauritians enjoy higher per capita incomes than their counterparts in most developing countries (1978 per capita GDP: U.S. $949), and their standards of well-being are relatively high, poverty on both Mauritius and outlying islands is widespread. Incomes are sharply skewed, and a large poor population, rural or recently rural, is becoming increasingly disadvantaged as the structure of the economy shifts from one of sugar dominance to a more diversified one including technically sophisticated light industries.

Geographical concentration

Poverty can be found especially in rural areas and also in urban areas on the island of Mauritius, but it is particularly concentrated in the island dependency Rodrigues. Here 30,000 persons live at very low standards. The Rodrigian population survives on 27,000 acres of deteriorated crop land which produces maize and onions. This poverty of resources is reflected in the low per capita level of income: $120. The only cash crop is onions which are exported to the main island. The January 1979 Small Program Statement for Mauritius includes a special section (Annex II) on Rodrigues.

Ethnic and social division

Mauritius is an exceptionally diverse country which was populated over time by immigrants from Europe, Africa, India and China, and there is some association between various groupings and levels of income.

The three distinct ethnic categories registered in the 1971 census were Indians (Hindus: 52 percent; Muslims: 17 percent), predominantly European whites (French and English) (2 percent), and Chinese (3 percent). The remaining 28 percent of the population falls within the general heading of Creole, referring to mixed Indian, African or European. Occupations tend to be confined to members of certain groups which draw on kin ties and friendship networks for job recruitment. In this fashion, Chinese predominate as retailers, Gujerati Moslems are importers, and Franco-Mauritians own most of the sugar and run most hotels and importing houses: these areas require the most capital, are correspondingly remunerative, and are difficult of access by others. On the lower end of the scale, Indians are the agricultural laborers (some are craftsmen and artisans), and Creoles are the domestics, dockers, fishermen and the bulk of the artisans. The civil service is the major meeting ground for rival and upwardly mobile Indians, Creoles and Chinese.

Residential interspersion is a unifying feature of Mauritius's plural society but kinship ties are often paramount in organizing labor. Joint family residence arrangements are common within clans. Retailers and small-holders, for example, look first to the family and not to outsiders for additions to their labor pool.

Though some Creoles are upper-class, the lowest stratum of Creoles is one of the poorest island groups.

Income and wealth distribution

The distribution of income is more unequal in Mauritius than in most developing countries because of the importance of sugar estates in the economy. In a "good" sugar year, like 1975, the profits of the estate-holders are swelled more than the incomes of others, thereby decreasing equity. The bottom 40 percent of the population commanded only 14 percent of the total income in 1974 (this compared with 17 percent for the Seychelles and 19.7 percent for the U.S.); their per capita income was only slightly over $200. Household surveys in 1975 showed that the bottom 50 percent earned only about 20 percent of total income.

Health and family planning

In general, Mauritians enjoy a long healthy life, high levels of nutrition, and have achieved a signal success via emigration and family planning in drastically reducing their population growth rate (1964: 2.9 percent; 1973: 1.1 percent). However, by 1977, after some prosperous years of high sugar prices, the rate was back up to 1.5 percent.

A national Family Planning Program began in 1970 building on prior work by PVO's. By 1975, there were 80 clinics and 45 supply centers enabling most women to have easy access to family planning services; However, there is some fear that as UN funding of some local recurrent costs is phased out, some of the program's impetus may be lost. Also, many Indians and Catholics (most of the non-Indians) may be constrained by religious taboo.

Access to education

In general, access to education has been an important factor promoting integration and mobility among the many groups making up Mauritian society. Approximately 90 percent of the adult population have completed primary school; one person in ten owns a radio; outdoor television (offering educational programs) is available in a number of sugar plantations and villages; and public secondary education is offered to 31 percent of the relevant age group. However, there are several constraints to the fullest range of participation. These include, at the primary level, the use of English as the medium of instruction; at the secondary level, the predominance of private schools (over 90 percent) over government institutions which tends to restrict entrance for certain groups, e.g. children of fishermen and laborers; and at the university level, with its emphasis on middle-level manpower training, the relative predominance of Indo-Mauritians over other groups, particularly Afro-Mauritian Creoles.

Agriculture

Land ownership is very unevenly distributed. Twenty-one sugar estates, each with its own mill, cultivate about 55 percent of the land. The remainder is worked by around 30,000 small and

medium-sized planters. The disproportion in sugar production shares is even more pronounced than that of land ownership because most small planters are unable to match the yields on the estates, yields which are comparable with the best achieved anywhere in the world. Although most estates are corporately owned today, ownership of shares is still largely confined to the descendants of the original French settlers.

A sizeable number of the poor are to be found in rural areas where populations depend upon an increasingly mechanized sugar industry. The industry is mechanizing in part because better educated poor no longer wish such difficult employment. Since alternative crops to sugar have rarely proved successful, little government attention or finance is focused on helping non-sugar agriculture. More research and extension efforts in this area would have a significant impact on large groups of the rural poor.

Unemployment

The official unemployment figures are often questioned: there is undoubtedly much concealed unemployment and women do not register. Employment surveys conducted twice/year cover only workers employed in establishments with ten or more employees and in the public sector. Extensive relief and development work schemes involved at least 10,000 new workers (1972-1978).

The lack of employment opportunities is in part structural: the growing redundance of the increasingly skilled labor force in an economy still dependent in large measure upon agriculture and sugar. Unemployment is skewed toward adolescents; heads of households tend to find employment. Over half of the unemployed are between 15 and 19.

The participation of women in the work force is low (20 percent), reflecting perhaps the reluctance of Indian women to work away from home. However, as family sizes diminish, home needs will as well, and female interest in employment will likely increase accordingly. Also, tourism and enterprises associated with the Mauritius Export Processing Zones (MEPZ), established in 1971, have been successful in recruiting female workers--so successful that some fear is expressed for the jobs of male heads of households in the future. Since wages for female labor are lower than for males and the work especially suited to them, many jobs have tended to go to women (Rs. 9-12 per man, Rs. 7 per woman per day in 1978).

As the structure of the economy changes, as agriculture becomes more mechanized and as industry grows in importance and demands higher skilled persons, those with an unsuitable education, likely the rural young for the most part, will be increasingly disadvantaged. Unfortunately, education has remained oriented towards the production of skilled clerks for the civil service. Primary schools orient themselves to the preparation of students to pass examinations necessary for the entrance to secondary schools, which in turn provide civil servants and white collar workers. With 30 percent of the relevant age group attending secondary school, the unemployment levels of secondary leavers are high. Recently more attention has been given practical subjects, but this is only a beginning. There is almost no alternative vocational training avail-

Indeed, Mauritius spends only 1.4 percent of its education budget on vocational training, an extremely low level for a country attempting to attract investors with the promise of a skilled labor force. This is low even by developing country standards. Most skills are now taught through apprenticeships, an inadequate system when many new skills are required. Worse, from the point of view of the poor, primary schools teach no manual arts and evidently little beyond the traditional "3Rs". Hygiene, health and positive attitudes towards non-clerical work are largely ignored.

What is particularly difficult for poor persons is to find opportunities for jobs other than clerical or white collar jobs for which they are at a comparative disadvantage in terms of background and orientation. For the poor families on the second island, Rodrigues, the problem is yet worse. They must go to Mauritius itself for secondary education. There are few non-agricultural jobs on the island and no vocational opportunities exist for alternative training. As a consequence, Rodrigians must migrate to Mauritius to enter the unskilled work force where they are unlikely to be employed.

In sum, access to training and unavailability of appropriate training is the basic constraint to rising incomes of the poor majority of Mauritius, and this is particularly true of the outer islands.

b. Development problems and priorities: Mauritius is a small, densely populated island with an economy that is sugar-oriented and energy-poor. The periodic down-swings of the sugar market and physical constraints on further expansion of the sugar industry have led to active Government efforts to reduce the dependence of the economy on sugar. In its development plans of 1971-75 and 1975-80 it embarked on a program of industrialization and promotion of tourism, relying on generous incentives and an Export Processing Zone to stimulate local enterprise and attract foreign investors. Real GNP increased at an average annual rate of 8.2 percent between 1970 and 1977, and the rate of investment rose from only 13 percent in 1970 to 36 percent in 1976. But the downturn in international sugar prices made high rates of investment and growth difficult to sustain. The Government, faced with declining revenues and rising recurrent costs, drew up an austere budget for 1979. In 1978, the rate of growth had slowed to 3.6 percent, manufacturing output showed no increase, labor strife slowed down the transport sector, and previously rapid wage hikes squeezed profits, all of which led to lay-offs.

Since 1976, Mauritius has been experiencing severe and persistent balance of payments difficulties owing to the termination of the sugar boom and excessive credit expansion resulting from widening budget deficits. Foreign exchange reserves declined to less than 1 month's imports in late 1979, and measures designed to improve the balance of payments (selective credit controls, higher interest rates, IMF and foreign commercial borrowing) did not succeed. On October 23, 1979, the Government devalued the rupee by 23 percent against the SDR and negotiated a stand-by agreement with the IMF. Prospects for further economic growth will depend to a large extent on the stabilizing effect of these measures, as well as on world sugar prices, which have markedly risen in the last few months (from 8¢/lb. in September 1979 to over 20¢/lb. in January 1980).

One of the Government's top priorities is to diversify agriculture, Mauritius being too vulnerable to the vicissitudes of world sugar prices and, in particular, to the preferential pricing it receives from the EEC which cannot be assumed for the indefinite future. Almost any crop can be grown in Mauritius as a result of the fertile soil and abundant rainfall, but the shortage of land makes self-sufficiency impossible in rice (the staple) and cereals. Other crops can be grown in the sugar fields between the rows of cane, and self-sufficiency is aimed at for vegetables, of which 70 percent of consumption is now grown on the island. The need for more research and extension activities in non-sugar agriculture is becoming apparent. Also, the Government is anxious to improve the livestock sector and to expand long-range fishing. Cooperative marketing arrangements are now being set up for artisan fishermen - - - lack of credit facilities has kept them poor and at the mercy of the fishmongers in the past.

Another high priority is housing. A large and growing shortage of housing for persons having incomes of less than 750 rupees/month, probably 20 percent of the population, exists. Periodic cyclones continue to do special damage in this sector: in 1975 alone Cyclone Gervaise destroyed 10,000 houses. However, the greater fiscal discipline required by the IMF may well preclude adequate public funding of "unproductive" investment such as residential construction. In an effort to contain recurrent spending, the proposed budget for 1979-80 eliminated water and fertilizer subsidies; however, it is not clear that the Government has sufficient political strength to eliminate the subsidies.

Although petroleum and petroleum products only account for about 10 percent of total imports, their cost is an increasing burden on an already strained economy. The only indigenous fuel sources are firewood, very limited hydroelectric potential, and bagasse, the sugar cane by-product which fuels the sugar industry and is a Mauritian answer to the energy crisis. It is not enough; two-thirds of electricity is generated from imported diesel, and other alternative energy sources (e.g. wind and solar) would make a big difference to the economy and to energy-poor areas like Rodrigues.

c. <u>Development prospects and external assistance needs</u>: Development prospects will be improved if the price of sugar remains high, if Mauritius maintains her preferential position in the EEC, and if labor relations and income redistribution efforts show progress. Mauritius' straitened financial circumstances make her dependent to some degree on foreign capital inflow to maintain current development programs. While much of this inflow is either private or commercial borrowing (e.g., a Eurocurrency loan in 1978 amounting to $36 million), an important segment is loan or grant development assistance.

Cumulatively, the major donors have been: 1) the World Bank group ($95 million, plus almost $9 million in approved but unsigned agreements), 2) the U.K. (over $44 million to date) and 3) France (over $33 million). The African Development Bank has channeled over $15 million, UN agencies at least $11 million and the EEC about $10 million.

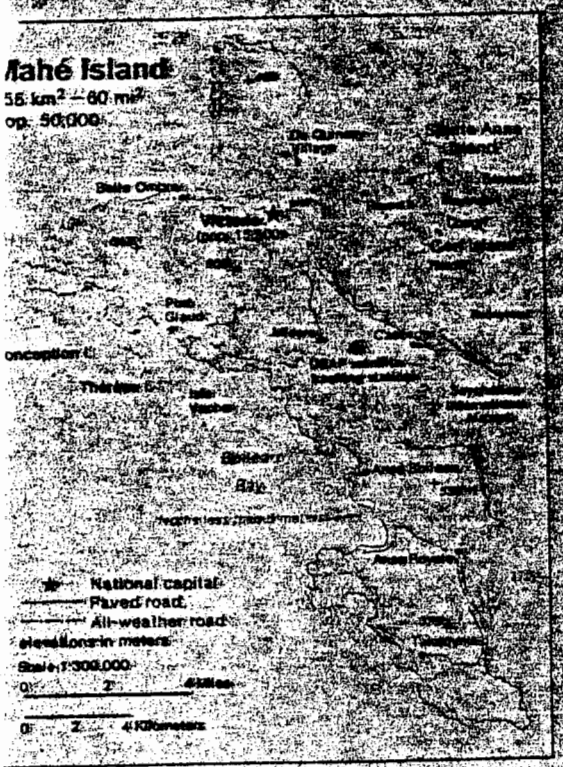
The U.S. has been a significant minor donor, having contributed $15.5 million in Title II programs through 1978 ($281,000 in 1979 and $374,000 proposed for 1980), $2.8 million in Title I, and

some lesser amounts over the years for technical assistance, mostly in housing and in manpower training. A $10 million Housing Investment Guaranty program is under consideration for FY 1980.

The major donors have focused primarily on infrastructure, education, agricultural development (especially tea), and industrial projects. The Government of Mauritius has expressed specific interest in USAID assistance in food production (research and extension training), livestock production (feeding research), agricultural assistance to Rodrigues, consumer and producer cooperatives and housing.

It should also be mentioned that Mauritius is keenly interested in retaining its U.S. sugar market. Under the terms of an agreement concluded under the auspices of the Lomé Convention, Mauritius has a delivery quota to the European Community of 500,000 tons during each Community "farm year", the (preferential) price determined at the annual Community farm review, but averaging almost double the free market world price. The balance of Mauritian sugar exports is sold on the free market subject to the provisions of the International Sugar Agreement, which allots Mauritius an annual export entitlement of 175,000 tons provided the world price remains above a floor price of 11¢/lb. (The price is currently above the ceiling of 21¢ and sugar exporters have been officially released from their quotas until the price comes back down.) Mauritius has recently been exporting most of its entitlement to the United States, U.S. $93 million worth in 1978, which is imported duty-free into the United States because Mauritian sugar qualifies under GSP. Thus, the United States is the second most important sugar market after the EEC and our trade policies regarding sugar are highly significant for the Mauritian economy.

Seychelles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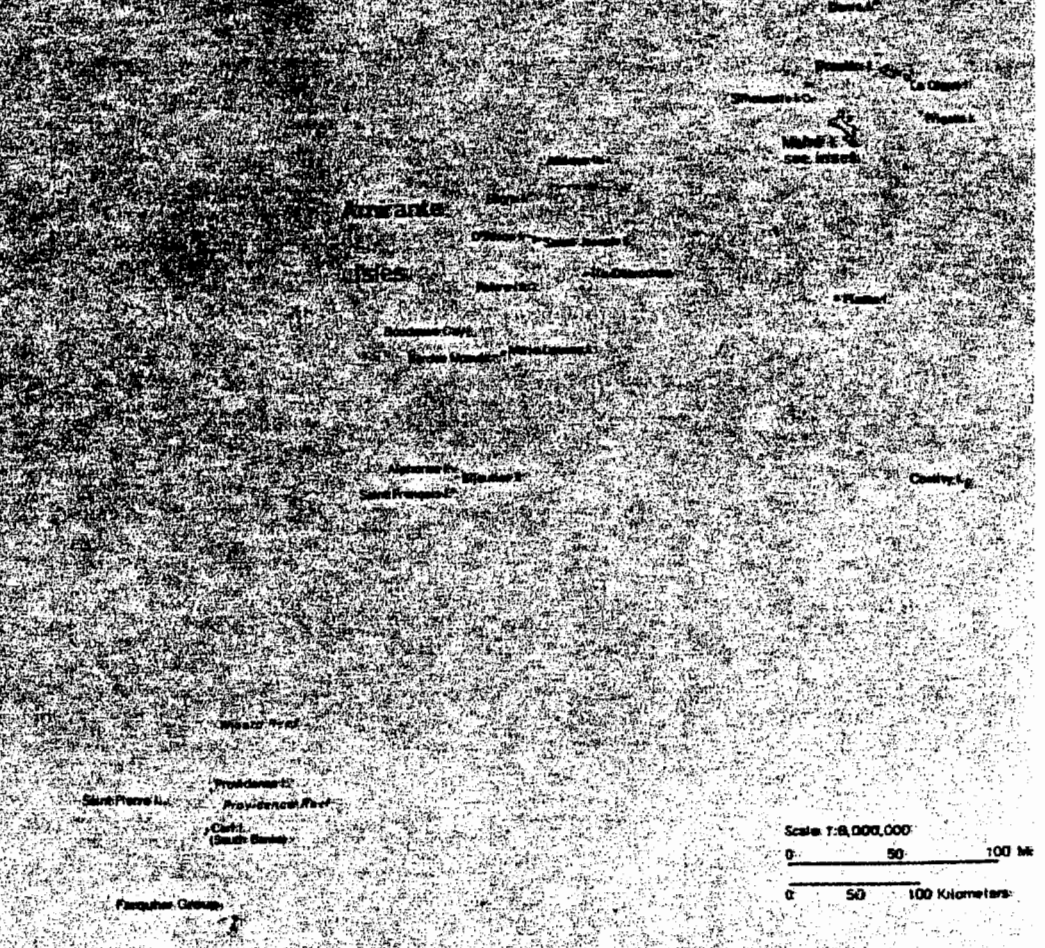
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Mahé I. see inset
Aldabra Islands
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Providence I.
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2. Seychelles

a. Profile of the poor: According to the usual statistical standards, the Seychelles are not badly off. Per capita GDP in 1977 was about $1032.* Since the Seychelles are free of most tropical diseases, average life expectancy is 66 years at birth, and infant mortality is reported down to 26.2/1000 in 1978, rates which approach expectations in major industrial countries. In spite of these statistics, a large poor element exists in these islands--perhaps nearly half of the population living in sub-standard conditions--and there is a danger that the situation will deteriorate.

The principal causes of poverty in Seychelles and the factors that lead to concern about the future are:

1) the isolation and dispersion of the population, which makes it more costly on a per capita basis to provide needed economic and social overhead;
2) a meager land resource base, the ownership of which is highly concentrated;
3) some sectors of employment being neglected, e.g., agriculture and construction;
4) an education system not geared to the needs of the economy or of most members of society;
5) a rapidly growing population;
6) growing unemployment, especially among the young.

Geographical Dispersion

The Seychelles include some hundred islands, three of which contain 98 percent of the population (Mahé: 88 percent, Praslin: 7 percent, and La Digue: 3 percent). Outlying coral islands, located as far away as Mahé is from Madagascar, have only small settlements, are short of fresh water, and support only limited vegetation (scrub and coconut palms). Excluding Mahé, only a few hundred hectares of arable land is available for cultivation. Only Mahé and Praslin have water distribution systems, and the only main sewerage is on the capital's reclamation project on Mahé. Only Mahé has a public electricity grid. Inter-island transportation is not extensive and, except for Mahé, no island has good infrastructural facilities. Praslin and La Digue have only 27 miles of mainly earth roads and their landing jetties can only accomodate small landing craft.

There are clearly large pockets of poverty within the approximately 12 percent of the population not living on Mahé, and the cost of providing their basic human needs is high.

Resource and Income Distribution

Such resources as the Seychelles has are poorly distributed. Land, for example, is concentrated into a few large coconut plantations, such that one percent of all holdings constitute 30

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* Per capita GNP was somewhat less. The GDP figure overstates per capita benefits, because it includes net factor payments to resident non-nationals, a relatively high amount in the Seychelles.

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percent of the coconut land, and 85 percent of all holdings comprise less than 20 percent of the land.

Income distribution is also unequal. Two-thirds of the labor force have incomes below the national average and one-third of the potential labor force is either unemployed or under-employed. According to the 1978 Household Expenditure Survey, median yearly income for an average household size of 4.7 was about US $2000 per year. The lowest quartile of the sample had a per capita income of less than US $200, probably not very far from absolute poverty. On the upper end of the scale, 15 percent of the households surveyed had more than US $6000.

As an example of the skewed distribution of income and wealth in Seychelles, David Wilson in Tourism: Passport to Development points out that in 1975, ownership of most of the tourist sector was in foreign hands (p. 223), and that British expatriates plus the tiny native French-speaking elite known as "grand blanc" possessed a virtual monopoly of all available economic resources, with a handful of Indians and Chinese dominating import/export and wholesale/retail trade (p. 226).

Economic and Social Indicators: agriculture and construction

Per capita incomes for the two major employment sectors, agriculture (including fishing) and construction, remain low by any standard and most members of families must work to supply basic necessities. The typical family spends 70 percent of its income on food, cooking materials, and clothing. This is supplemented by a garden, a pig and perhaps fishing. Rents are low but consume 10 to 20 percent of the family income. Of a family of five, every adult will work if possible and adolescents may be apprenticed. Clothes, shoes, and basic family equipment are usually old. Although only 15 percent of all households own transport, public transport is just coming into being; thus, feet are the normal mode of getting about. The majority of houses are light wood construction and many are overcrowded: fully 10 percent of the government's 1978 capital budget was allocated to housing.

Family income is a function of employment and the number of working family members. About 18 percent of the work force is in agriculture, usually as hired labor. In 1974, the average monthly earnings of a farm worker in the private sector were $30 ($360 per annum). In addition to her household chores, the farm worker's wife might earn half again as much providing an extra $80 per year, and an adolescent child could provide about as much. In such a case, the total per capita income would have been $120, assuming a family of six. This family would live in a very crowded (and probably rented) wood or thatch house with few, if any, facilities.

Even in the case of property-owners, incomes are low. The family income of the smallholders has been estimated at about $1,500 per annum. Thus small farm per capita incomes range from $100 to about $250 per annum, assuming an average of six persons in a family. A USAID team visited one rural household with 11 persons and an estimated income of about $100 per capita. Although small farm incomes vary, they are on the low side in Seychelles.

A further 17 percent of the population is in construction, an industry now very much depressed. A construction worker in the private sector in 1974 could earn $75 a month, or $900 per annum. If he has the same size family as the agricultural worker, per capita family income would be $150, but this too would be doubled by other family workers.

When percentages of employment by sector are examined, we find that these combined groups make up the bottom 40 percent of the income-earning population. In total, they include over 9,000 workers who in turn probably support some 45,000 additional persons of all ages. Families living in the two major outlying islands, Praslin and La Digue, some 6,000 people, live more poorly on average than those on Mahé, being almost entirely plantation workers and having far fewer services.

Education

Most families now live within a commercial sector of the economy and their children require better schooling than what the present system can provide. In this situation, families tend to find employment as soon as possible for all members of their domestic groups. This is one reason why, for example, 12 percent of the agricultural work force in 1977 were teenagers, and only about 30 percent of the entire age group was slated to receive some secondary education. This contrasts quite unfavorably with an estimated 95 percent school attendance rate for the primary school age group of 6 to 12.

Level of skills among the general population is low despite a high literacy rate (60 percent). Most students end their schooling by age 14 and are prepared for little, apart from unskilled labor or the most basic clerical tasks. Skill requirements on the part of employers have risen in recent years and many former unskilled jobs have vanished.

Health and Family Planning

While the population's general health and nutritional status is quite good, it depends on a small, overworked and increasingly inadequate health system. A number of Seychelles doctors exist, but salaries in public medicine are low ($10,000 after 15 years); most leave the country to be replaced by donor-funded foreigners. Doctors are supported by 260 Seychelles-trained nurses. This force is 30 percent below strength due to lack of interest on the part of local population in either applying or staying in the training program.

The preventive system is weak, depending upon seven small clinics on Mahé which were adequate 20 years ago but are now overwhelmed by the increasing population. There is an additional clinic on Praslin. The insular nature of the country makes health delivery expensive, so that the system, weak as it is, is further diluted.

The concept of family planning is starting to be accepted. For ten years (1967-1977) IPPF was active on the islands with a small program. Since 1977, a Government family planning service has come into being. A UNFPA program has begun ($220,000 in 1979). A clerically-dominated family planning association recently came into being. Abortion is illegal. Until recently, Government urged a

national population control program. Lately, however, it has shifted emphasis to child spacing and family size consistent with means. To this end, family information and material are available at clinics. Little publicity was used in the past but a more ambitious program is proposed. The family planning program hopes to make a renewed effort through school programs in the near future. However, on the whole, the public seems indifferent to family planning.

Unemployment

Unemployment is heavily skewed toward the young. Persons of 15-19 years of age are particularly hard hit. Above age 30, there appears to be little unemployment per se for males despite the continuing stagnation in the construction industry, although there may be a certain amount of underemployment.

Until recently, the unemployment level has remained at about 10 percent of the economically active population. However, the economy will have to create 1600 new jobs annually to accommodate the growing population. Outside observers often warn that the drift away from agriculture and fishing toward better-paid and higher-status occupations in construction and hotel work must be reversed to some extent if the future unemployment rates are to be kept down.

b. Development Problems and Priorities: The main development problems in very general terms are three: 1) a rapidly growing population, 2) excessive dependence on external resources, and 3) limited physical resources.

Population

In recent decades, the population has grown rapidly and will likely reach 84,000 by 1990 and 109,000 by 2000. This rate represents an average growth of 2.1 percent, the total doubling every 34 years. The distribution of population by age cohorts is that of a typical LDC, nearly half of the population being less than 15 years of age. The birth rate fell from 4.1 in 1960 to 3.0 in 1973, but has since risen to 3.3 percent. The increase was primarily due to a 50 percent increase in birth incidence among females of 15-19 years of age. In 1974, of every thousand women, 133 had a child. If the 1974 rates persist, it is reasonable to expect 180 per thousand in a few years. Seychelles possesses the latent capacity for a very rapid population explosion in the 1980's and 1990's, which would put special and increasing pressure on the economy for sufficient employment and would further skew income distribution.

External Resource Dependence

The economy of the Seychelles before the 1970's depended mainly on copra and cinnamon for exports, while the local production of fruit and vegetables was supplemented by fish and imported rice for domestic consumption. Since the opening of the international airport on Mahé in 1971, infrastructure has been markedly improved and tourism has developed as a major industry, changing the outlook for long-term development. The economy is virtually completely monetized with only a very small subsistence sector, mostly confined to the smaller outer islands.

As construction activity and private investment tailed off in the mid-1970's, GDP took a temporary dip, but fast-rising tourism soon brought growth rates back up. The percentage contributions of agriculture, forestry, fishing and manufacturing to GDP tended to decline as the relative importance of tourism and ancillary activities rose. As a result, the Seychelles now has become a service economy which is highly sensitive to international economic currents.

It has become unusually dependent on tourism and foreign capital, both in their contribution to GNP and in their central importance in the balance of payments. There is an enormous trade deficit (merchandise exports were SR 24 million in 1978, merchandise imports SR 357 million), made up to a large extent by tourism earnings (SR 208 million in 1978). Even so, a current account deficit has persisted recently of between 20 and 30 percent of GDP. External reserves have, however, increased due to inflows of private and public capital. At the end of 1978, reserves amounted to SR 116 million (US $17 million), or about four months' 1978 imports.

The economy is very vulnerable to declines in tourism or capital inflows because the country's own resources (exports and reserves) would not be sufficient to maintain economic activity and development at accustomed or projected levels. And such declines are not unlikely over the next five years. European tourism can be hit by inflation, recession or slow economic growth in Europe. Private capital inflows have already begun to slow, and official development assistance from France and Great Britain seems likely to decline--perhaps precipitately if current bilateral problems are not settled quickly.

Limited Physical Resources

The lack of arable land (everywhere) and of adequate water (on the outer islands) has led to increased diversification into industry, tourism and fishing. But the fact remains that the Seychelles are on the whole resource-poor. There is, for example, no indigenous source of fossil fuels, which are the source of electricity generation and must all be imported. Maximization and careful management of the available material resources will be critical for economic development during the 1980's. A major and relatively untapped resource is fish, which is already the major source of protein and has become an increasingly important export.

Priorities

The Seychelles government recognizes these problems and its overall goals are: 1) to improve social conditions and 2) to increase economic self-reliance. To meet these goals, the 1979-1983 development plan projects the following investment allocations: fisheries (13%), education (10%), housing (12%), electricity (7%), water (7%), and agriculture (7%). This reflects the high priority

given to improving housing and to developing fishing potential, especially deep-sea tuna operations. Agriculture appears to be short-changed, and in particular, small-holder farming. The new state farm, for example, will get 40% of the agriculture total. The land settlement scheme and outer island development, which will promote employment and equity, will receive less than 3%.

Considerable government efforts are being made to design more appropriate policies and control for what have, until recently, been unchecked developments, particularly in real estate, banking and commerce. This may have resulted in more wariness on the part of foreign investors: private capital inflows have declined from their 1975-76 peak.

c. External Assistance Needs: Development prospects in the Seychelles will be enhanced by the government's management capability and its new emphasis on fishing and agriculture. Increases in agricultural productivity would reduce the need for food imports to sustain tourism, and badly needed economic diversification would be promoted.

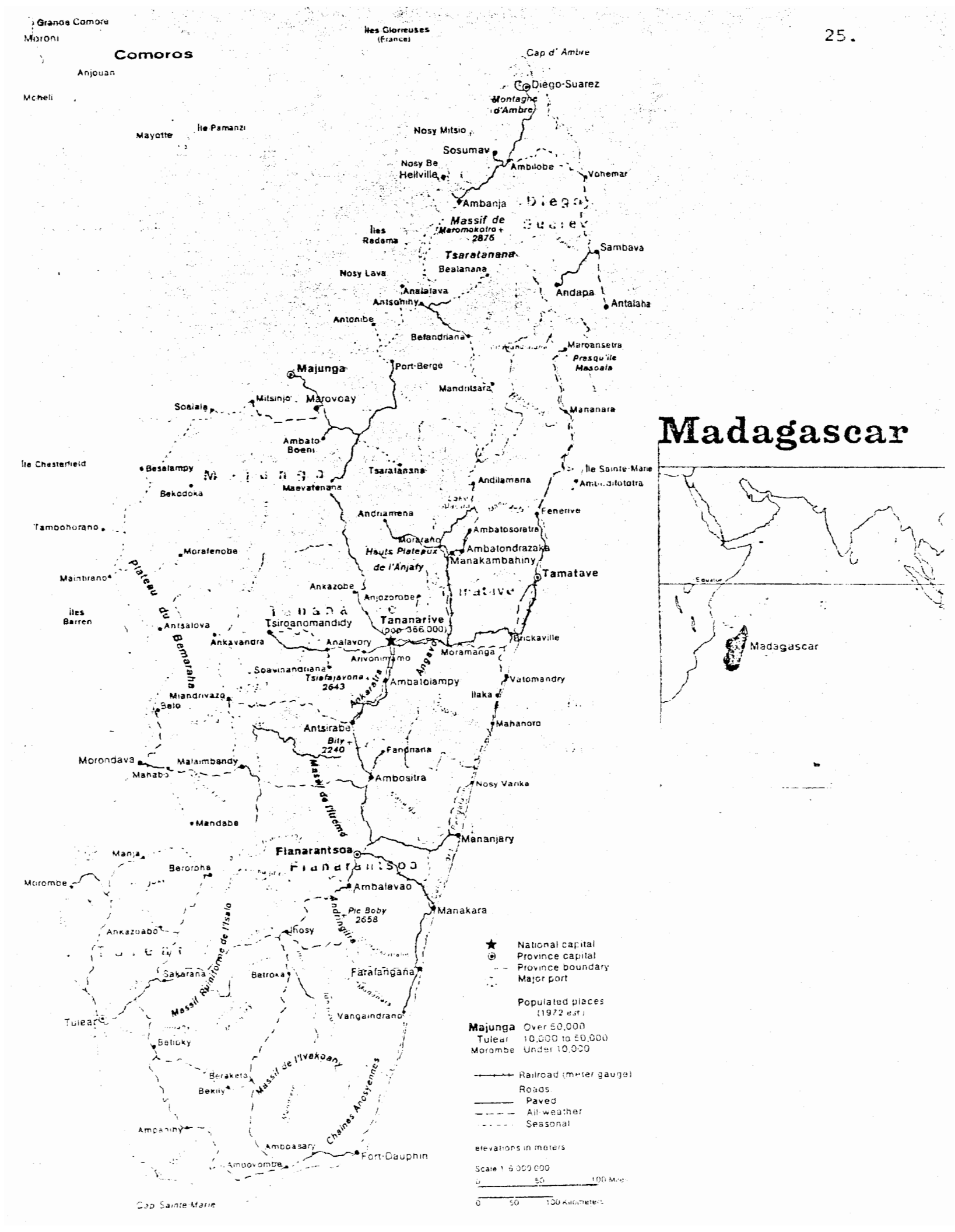
The major donor is the United Kingdom which supplied upwards of $40 million during the 1970's before independence, and since then has provided budget support ($3 million) and soft loan support ($20 million originally budgeted) mostly for infrastructure projects. It appears, however, that the current U.K policy is to cut back on overseas development assistance.

France has recently become another major donor, having, since independence, committed over $15 million, mainly grant, in fisheries, training and state farm support. Other donors include U.N. agencies (about $2 million), the African Development Bank (about $12 million), West Germany (about $3 million, with another $3 million in fisheries under consideration), the PRC (almost $4 million), the EEC ($2 million) and smaller amounts from Australia, Canada, India and Norway. In general, the Seychelles have been the recipients of extremely high per capita official development assistance inflows.

In this context, U.S. aid is relatively minor: before 1979, less than $2 million in cumulative PL-480 Title II, Accelerated Impact Program, and African Manpower Development Program funds. A $1.5 million Food Crops Research project began in 1979.

There will be a continuing need for large donor assistance in infrastructure. The World Bank, for example, will look at a road-building and port project if Seychelles formally qualifies for membership, as expected.

There will also be plenty of room for assistance in all aspects of agriculture and fisheries, sectors in which the U.S. could play an important role and in which assistance would have a great impact on the poor.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Diego-Suarez
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Antsalova
Tsiroanomandidy
Tananarive (pop. 366,000)
Ankavandra
Analavory
Brickaville
Arivonimamo
Moramanga
Soavinandriana
Tsiafajavona 2643
Ambatolampy
Vatomandry
Miandrivazo
Belo
Ilaka
Antsirabe
Mahanoro
Bity 2240
Fandriana
Morondava
Malaimbandy
Manabo
Ambositra
Nosy Varika
Massif de l'Ibity
Mandabe
Mananjary
Manja
Fianarantsoa
Beroroha
Morombe
Ambalavao
Manakara
Pic Boby 2658
Ankazoabo
Ihosy
Massif Ryniforme de l'Isalo
Sakaraha
Betroka
Farafangana
Tulear
Vangaindrano
Betioky
Massif de l'Ivakoany
Beraketa
Bekily
Chaînes Anosyennes
Ampanihy
Amboasary
Fort-Dauphin
Ambovombe
Cap Sainte-Marie
National capital
Province capital
Province boundary
Major port
Populated places (1972 est.)
Majunga Over 50,000
Tulear 10,000 to 50,000
Morombe Under 10,000
Railroad (meter gauge)
Roads
Paved
All-weather
Seasonal
Elevations in meters
Scale 1:6,000,000
0 50 100 Miles
0 50 100 Kilometers

Table 5
Selected Indicators for Madagascar

		FMG billions	
GDP (at market prices)	1977	443.1	(US $1.86 billion)
Sectors:	Agriculture	38%	(Other most imp. agric. in
	(paddy)	(12%)	value: forestry, beef,
	Industry	19%	coffee, poultry, cassava
	(food manuf.)	(6%)	and fruits)

Population:	1970	6,759,000
	1978	8,164,000
projected:	1980	8,774,000
	1990	11,755,000
	2000	15,966,000

Population distribution:	1970	14.9% urban
	1978	17.1% urban
projected:	1980	17.6% urban
	1990	21.4% urban
	2000	25.7% urban

Registered employment:	1976	3,980,000
agriculture:		84%
industry:		5%

Balance of payments: 1977	US $ million
Exports	403
: coffee 50%, vanilla 12%, cloves 6%, fish 6%, chromite 3%	
Imports	452
: petroleum 13%, machinery & tools 13%, iron & steel 8%, textiles 6%	
Resource gap	-49
Current account balance	-34
Net capital	34
Overall balance	1
Net foreign reserves	57 (=1½ month imports)
Debt service ratio	4.1%

Budget: 1978	FMG billion	
Revenue	86.5	
Expenditure	90.7	
Deficit	4.2	
Capital expenditure	33.1	
Net external assistance (77)	4.6	(US $19 million)

(main source, IBRD, Madagascar: Recent Economic Developments and Future Prospects, 10/24/79)

3. Madagascar

a. Profile of the poor: Madagascar, the fourth largest island on the globe (after Greenland, New Guinea and Borneo), blessed with substantial natural resources and home to some eight million people of an unusual Malayo-Polynesian and African ethnic blend, is one of the thirty poorest countries in the world (1977 per capita GNP was $240). At least half of the Malagasy live in "absolute poverty": they cannot afford a minimal diet of adequate nutritional value plus essential non-food requirements. This is not only true for the overwhelmingly rural majority, but it also applies to the country's urban 17 percent.

Standards of living differ significantly between regions which helps fan rivalry between poorer Catholic coastal people (côtiers) and the dominant Protestant Merina, the Asian-featured inland highlanders. Post-primary educational facilities, for example, are still concentrated in the inland central plateau.

In general, the slowness of economic growth, declining output per head of subsistence crops, and increasing unemployment have been obstacles to meeting basic human needs, and most living standards are declining:

- No piped water is available to 85 percent of the population. Sewerage facilities are almost totally lacking.
- The normal diet is unbalanced, deficient in quantity and quality (e.g. protein), and monotonous (based on rice).
- Housing lacks amenities.
- Life expectancy in 1975 was 44 at birth.
- Infant mortality rate estimates range from 100 to 150 per thousand live births. The health of the general population could be much improved.

The most noticeable achievement has been in the field of education; following five years of virtual stagnation, school enrollment increased rapidly after 1975. This was reflected in the level of government spending: during the late 1970's, about 10 percent of the capital budget and 25 percent of the current expenditures were channelled into education. However, even in this sector, the needs are still great, particularly for the post-primary age groups.

The active work force is primarily engaged in agriculture (85 percent of total employment) and almost all farmers use traditional small-scale cultivation methods. Madagascar as yet has no basic agricultural extension service and only weak links between research and extension. In the short run, the need is for diffusion of high yielding seed-fertilizer technology backed by extension support and, in the longer run, for intensive cultivation and irrigation.

The work participation rate in 1975 was only 55.1 percent in rural areas and, worse still, 31.6 percent in the cities. A high population growth rate (about 2.5 percent p.a.) has put enormous pressure on the job market while employment in the modern sectors has stagnated, particularly in construction and services. Adverse climate and population growth have caused extensive rural-to-rural migration, resulting in a critical overcrowding in some regions where traditional agriculture predominates. There is no clear govern-

ment policy on family planning: it allows private groups to operate but does not fund any programs.

b. Development problems and priorities: Nearly ten years ago, Nigel Heseltine, a British economist/agronomist who served as economic advisor to Madagascar's President, pointed out that the two main obstacles to the island's development were transport difficulties and the incapacity to mobilize resources and productivity (insufficient "management"). That observation still holds today, despite substantial recent investments in infrastructure and the administrative tradition of the Malagasy people. But a third problem area has emerged which is hampering current economic expansion, namely the stagnation of agriculture.

During Heseltine's tenure, Madagascar's staple food and main crop, as now, was rice, and Madagascar was a rice exporter. In the meantime, drought and neglect have reduced yields, productivity is poor (cultivation has been extended to less fertile land and farming techniques have not improved), and population has been growing at an alarming rate. As a result of these factors, Madagascar is now a rice importer: 160,000 tons (milled) in 1978; domestic production amounted to 1.9 million tons of paddy. The situation in groundnuts, the main indigenous source of vegetable oil, is no better. Cultivation of cassava, a nutritionaly inferior subsistence crop, has increased ominously.

Indeed, it must be observed that the entire Malagasy economy has suffered since 1972. Per capita income and consumption levels have gone down, unemployment has risen, and production as well as investment have been checked by large budgetary deficits and balance of payments difficulties. In its short-term strategy to cope with the situation, the government emphasizes its desire to increase production rather than expand social services or increase subsidies. In fact, in the 1978-1984 "foundation" phase of investment in infrastructure and basic industry, it foresees little or no increase in per capita consumption levels and the plan's measures are not likely to have any favorable impact on the deteriorating employment situation in the short run. And in its emphasis on national self-sufficiency, including aims of both substantial industrial self-reliance and food independence, it proposes to reduce even further its present limited reliance on external financial resources. However, it is not at all clear that official Malagasy optimism about future savings rates and agricultural output will be borne out. Also an "autocentric" approach to industrial development is likely to entail high costs. Thus, the projected growth of income and consumption, if achievable, will probably require sizeable external assistance, the very thing the government wishes to avoid.

c. Development prospects and external assistance needs: Madagascar has an extensive natural endowment: varied and fertile soils, a favorable climate, and mineral deposits including possibly significant amounts of petroleum. Nature also provides droughts at times and cyclones or associated flooding at others. The island sits beside the main tanker route from the Middle East to Europe and could have importance as a transshipment point to, as well as a supply source of raw materials and manufactures for, its smaller

neighbors. Its economic and development potential,which could conceivably support twice the current population, remains largely unrealized.

During the 1950's and early 1960's, its development strategy, like that of many other African countries, was marked by an emphasis on commodity production diversification and particularly commodity exports to earn foreign exchange. This involved a reliance on external financial flows: trade, investment and aid, particularly from the metropole. For example, in 1966, Madagascar was the largest recipient of French and EEC assistance among the ex-French tropical African states. During the 1960's, the inflow averaged $50 million a year.

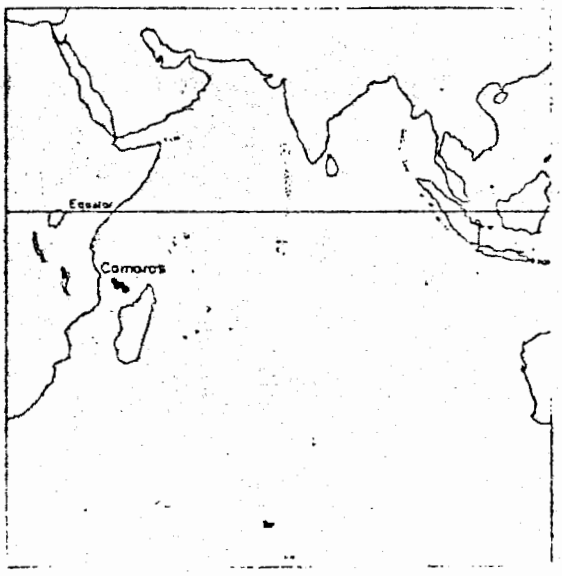
In the late 1960's when the economic strategy shifted toward industrialization, and especially import substitution, the dependence on external financial and technical resources was still substantial. After a new government came into power in the early 1970's, new private foreign direct investment slowed to a trickle, discouraged by nationalization and expropriation, and ODA (official development assistance) began to level off.

By far the largest sums of assistance has come from France: almost a third of all ODA from the Second World War to 1978 (US $202.1 million), and still the largest donor in the last few years; and the European Economic Community ($192.9 million).

The United States has funnelled modest amounts of foreign assistance to Madagascar (about $20 million since 1946 in loans and grants, including PL-480 "Food for Peace" shipments under Titles I and II). Until the early 1970's when our bilateral AID mission was formally disbanded, the U.S. was active in a variety of sectors including rural development, road-building and maintenance, ground water supply systems and transportation/communications loans. The larger donors have been heavily involved in large infrastructure projects. The World Bank is currently shifting its emphasis from highways and agriculture to the power sector and has engaged in an effort to facilitate cooperative arrangements between private petroleum companies and the Malagasy government for oil exploration.

For the future, there is enormous scope for the expansion of agriculture (only a fifth of the arable land is cultivated, and productivity can be vastly improved), including livestock-raising (a major activity in most of the country), forestry and fisheries (excellent unexploited potential and an important source of protein, largely unavailable at present to the inland poor). Donor countries may not be able to do much during the present period of stagflation about the slow growth in markets for Madagascar's primary exports (for example, vanilla, which must compete with artifical substitutes): the Lomé Convention already gives the country preferred access to European markets, and other generalized preference trade schemes (like the U.S. "GSP") are not likely to expand in the next few years. However, countries like the United States, with appropriately designed programs and favorable bilateral relations, could have a significant impact on one of the most important barriers to development and to the satisfaction of basic human needs in Madagascar today: the low productivity of traditional agriculture.

Comoros



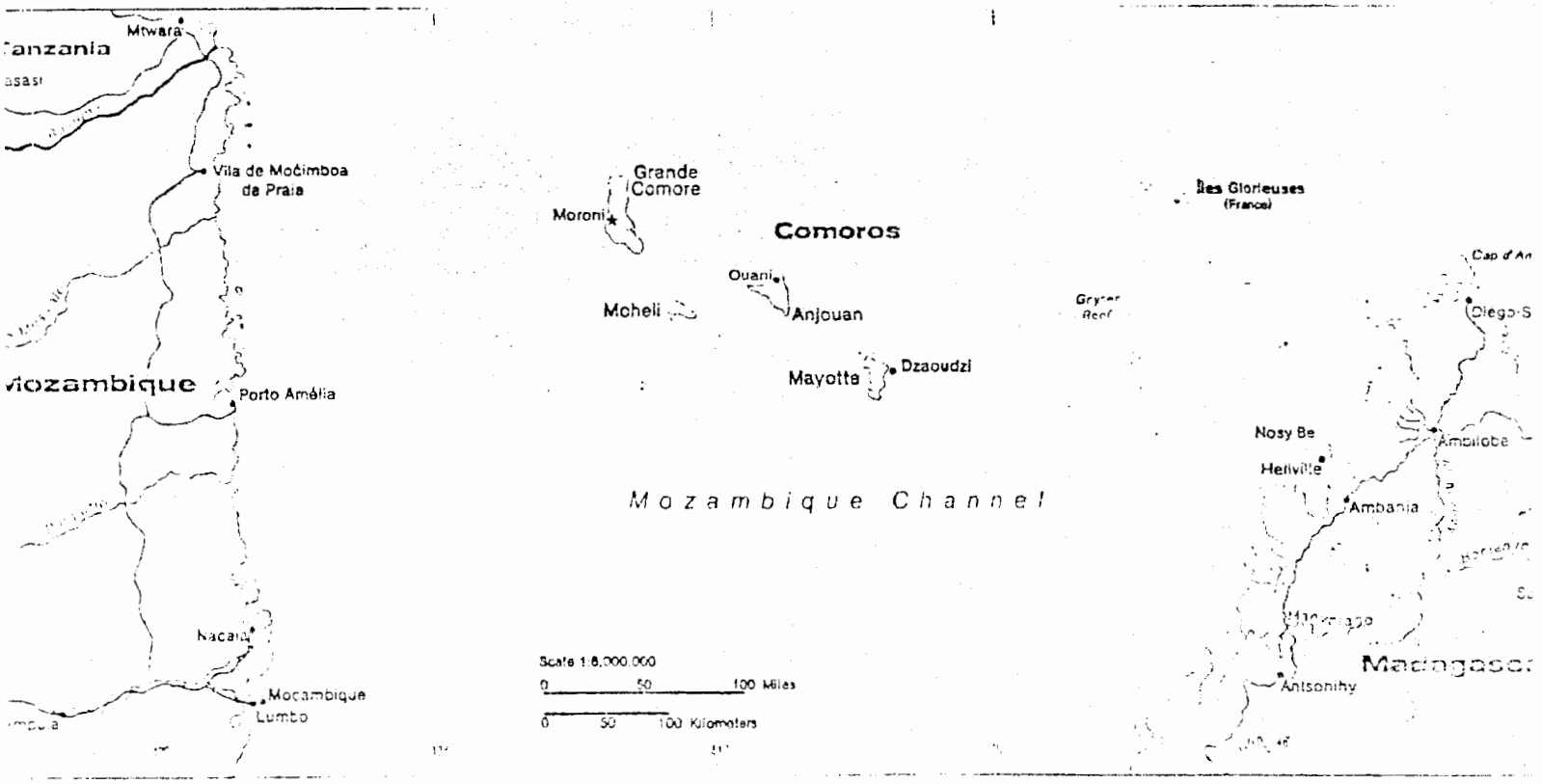


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Table 6
Selected Indicators for Comoros

(main source: IMF, Comoros-Recent Economic Developments, 10/2/79)

GDP: (national accounts are not available for recent years)
1975 = CFA francs 15 billion
1976 = saw significant decline and contraction of the private sector

Main sectors: agriculture (21% of registered employment, 80% of population)
- cash crops: ylang-ylang, copra, vanilla, cloves
- food crops: coconuts, bananas, cassava rice, fish

manufacturing (1975 = 7% GDP; 1000 workers of salaried labor force of 14,000)

Population:	1970	282,000
	1978	385,000
IBRD projected:	1980	411,000
	1985	481,000
	1990	565,000
	2000	798,000

Balance of payments:	1978	Millions, CFA franc
Exports f.o.b.		2106
:vanilla 35%, perfume essences 30%, cloves 22%, copra 10%		
Imports f.o.b.		-3189 (20% cereals, 11% (petroleum)
Trade balance		-1083
Current account balance		388 (large unrequited transfers from overseas; ODA & private from Comorians)
Net capital		565 (government inflows, private outflows)
Overall balance		953
Official reserves		US $6.4 million (= 3 months of projected 1979 imports)
Debt service ratio:		debt service was in arrears; if payments had been made, they would have averaged 5% of export earnings 1976-78

4. Comoros

a. Profile of the poor: In all senses of the word, the Comoros is a poor country, particularly so for the vast majority of the population whose needs are many and resources are few. Some measures of this poverty are:

- low literacy rate -- 20 percent
- high infant mortality rate -- 200/1,000 infants born
- low life expectancy -- 49 years
- poor health -- 80 percent carry malarial parasites; malnutrition is widespread
- low income -- per capita GNP $170 in 1976 high levels of unemployment
- poor housing -- mostly thatch and frequently destroyed by the monsoons

With minor exceptions, the people all speak a single language, Comoran, which is written in Arabic script. The religion is predominantly Muslim, with Catholicism relatively strong only on Mayotte Island, which did not join the Republic when independence was obtained in 1975. Although of diverse ethnic origins, the population has become homogeneous through intermarriage. There are small groups of expatriate Indians, Malagasy and Europeans. These groups arrived only in recent years, but their economic role is highly disproportionate to their numbers. Except for Moheli, the islands are relatively densely populated, with land pressure being particularly acute in Anjouan. The population remains rural and fairly widely dispersed due to the terrain and the absence of surface water supplies, particularly on Grande Comore.

Over 80 percent of the population obtain their livelihood from agriculture. However, productivity is particularly low in the case of food crops, in part because such crops have been ignored by the Government's extension service. With some 40 percent of the arable land in government or private plantations until recently, there has been considerable pressure on the land available for food crops, with people forced to cultivate hillsides with slopes of over 30°. On the average, there is only 0.4 hectares of agricultural land of all types per inhabitant, 0.2 on Anjouan. The land actually available for food crops is much less. With traditional farming techniques, an average family of 7 requires 3.6 hectares to be able to feed itself; however, 0.1 hectares per person would be sufficient with reformed farming practices and suitable crops.The shortage of cultivable land and its misallocation means that in certain critical regions, particularly in Anjouan, families using traditional farming methods do not have sufficient land even to eke out a subsistence livelihood and must depend partly on income transfers from relatives working elsewhere.

The foregoing situation also means that there is both under- and malnutrition. Among the children, kwashiorkor, a result of general malnutrition, is widespread; in particular, the diet is deficient in animal protein.

Poor nutrition, the rudimentary state of medical facilities and the absence of preventive care have contributed to the population's poor state of health. The most serious disease is malaria, which

affects some 80 percent of the population and is the major cause of adult death. In 1974, a quarter of the population was treated for malaria. Other serious illnesses include tuberculosis, leprosy, venereal disease, gastroenteritis and parasitic diseases. Contaminated water supplies, owing to the dilapidated condition and poor maintenance of public water cisterns, is a major cause of intestinal troubles.

At independence, France withdrew all of its medical personnel, leaving the country's few facilities virtually unmanned. In 1976, there was one doctor per 40,000 persons, no dentist and only 14 fully-trained nurses and nurse-midwives. The running of the health services has fallen largely on the WHO team attached to the Ministry of Health. The UN has asked member countries for additional technical assistance and a continued supply of drugs, as well as vehicles and new medical equipment.

The Comorian system of education has contributed to the cultural homogeneity of the society through the universal attendance at Koranic schools for two or three years, usually starting at the age of 4. However, the system of formal education, which was created alongside the Koranic schools, was modeled on that of France and at independence was both internally and externally inefficient. Only half of the children received any modern schooling and only one in five entered a secondary school. The high failure rate reflected both the poor teaching and the inadequacy of facilities. Neither the primary nor secondary school curriculum was adapted to the Comorian situation; thus, the children emerging from the system were ill-prepared to make a contribution to the development of their country and generally lacked the skills required for adult life. Facilities for technical and vocational training were virtually non-existent. The objective of secondary school graduation was to gain access to an institution of higher learning in France. Few of those who did get abroad (about 10 percent) returned to work in the Comoros.

School enrollments have risen sharply in recent years, with slightly over half of the primary schoool-aged children attending school at the beginning of 1975 (only 25 percent in Anjouan) compared to 9 percent in 1960. The proportion of girls attending school has risen from 1 in 10 in the early 1960's to about 1 in 3 by 1975. The rise in primary enrollment is beginning to be felt in the secondary system, which enrolled only about 7 percent in 1976. One quarter of those enrolled were girls.

Although the quality of housing is poor and houses are frequently damaged or destroyed by cyclones, the social structure does insure that new families start out with a house. In the Comoros, a house forms an integral part of a bride's dowry. No woman can marry unless her parents provide her with a home, in her name, where she can set up a household. A father begins making arrangements for the construction or purchase of his daughter's home when she is still an infant, sometimes taking as long as 20 years to build the house. In most families, the poor families, this effort will still only result in a small frame home covered with thatch. Most houses are built in this way, even though it is uneconomical, time consuming and inefficient.

b. Development problems and priorities: The Comorian archipelago is subject to a tropical marine climate, but has extended highlands which are distinctly cooler than the coastal regions. All the islands are of relatively recent volcanic origin, but each has distinct geological, geographic and climatic features. They do not appear to possess any mineral deposits of economic interest. Large parts of the islands benefit from rich laterite soils, particularly in the coastal regions. The higher land is used for cultivation of cereal and vegetables. The staple crops are rice, bananas and coconuts; meat and fish in the coastal area, form a minor part of the diet. The principal export crops are ylang-ylang (used in perfume), cloves and vanilla. As population is dense and agricultural practices are rudimentary, food crop production is insufficient to meet local needs and most of the export revenues are spent on food imports. Non-agricultural activities are limited, consisting mainly of ylang-ylang distillation into perfume essences, a small soft drinks bottling plant, a sawmill, a brickworks, a furniture factory and a soap factory. There is limited potential for tourism. Educational and health problems reflect and contribute to the current state of underdevelopment.

Lack of adequate infrastructure is another constraint to development. The transport of food and export crops requires all-weather roads, but many villages are not linked to the main road system, or at best are connected by tracks that only four-wheel-drive vehicles can manage. Public power supplies are available only in two cities and fall short of demand. Water supply is scarce on Grande Comore where there are no perennial rivers.

The small size of the Comoros, the dearth of trained national personnel, the abrupt departure in 1975/76 of the expatriate cadres that had served in the public and private sectors, the remoteness of the country from most important trading centers, as well as political difficulties which the country encountered following independence in July 1975, all constitute factors which contributed to an unsatisfactory economic performance during the period 1975-78. GDP declined significantly in 1976, when activities in trade, construction, transport and public services contracted, reflecting both the decline in the skilled labor force and uncertainties following the overthrow of the first Comorian government after it had been in office for only one month. The second government favored public controls and increased government participation in economic activities, which discouraged private initiatives and investments. Farmers, fearing that their lands and/or cattle might be expropriated, neglected to care properly for the crops and sold or slaughtered their cattle. Although in 1977 the Government launched a massive public construction program to compensate in part for the lack of involvement on the part of the private sector, no lasting economic gains were realized. In May 1978, a new government came to power, which adopted new policies to encourage domestic and foreign private sector participation in economic development and to enhance the role of market-oriented production incentives. However, it will take more time before the impact of this reorientation in policy on economic activities will become discernible.

As can be seen from the foregoing, Comoros is very poor and badly needs assistance in all areas. Thus, it is difficult to establish priorities;from a humanitarian point of view, short term

help is needed in virtually all areas. However, in the longer run, two factors stand out. The Comorian economy is based on agriculture, and about 80 percent of the population live in rural areas and derive their livelihood from some form of activity in this sector. Related to that, there is already pressure on the land and the rate of population growth recently has been estimated at 3.7 percent including immigration; nearly 3 percent natural increase. Priorities must therefore be reducing the population growth, making agriculture more efficient and finding new sources of employment.

It has been estimated that agricultural production could increase as much as five-fold with the introduction of new food crops such as maize and new techniques instead of the traditional farming practices which are eroding the soil.* This would involve, however, improved infrastructure, agricultural research and extension facilities for finance and marketing. Reforestation is urgently needed to protect the soil and to provide wood for construction and energy; it could also help the unemployment problems.

c. Development prospects and external assistance needs

Comoros has real potential for development and may be able in the longer run to obtain a growth of about 5% per annum. However, the traditionally large trade deficit and ongoing financial crisis will mean reliance on external financial assistance, for local costs as well as foreign exchange costs, for some years to come.

The withdrawal of French expatriates and financial assistance at independence removed props which had been of major importance to the economic development plans of the Comoros. In response to worldwide appeals for help, some free food and medical supplies were contributed in early 1976. A few months later, the Special Arab Aid Fund loan was exhausted, a continuing budget deficit (1977: $10 million) was financed mainly by aid from Libya, Saudi Arabia and the EDF, advances by the Comorian Currency Board and an IMF gold tranche drawing. Also, the Kuwait Fund provided $5.4 million in 1976 to complete roads started under the French. (An extensive listing of external assistance was provided by the Comoros to the IMF: see IMF, Comoros-Recent Economic Developments, October 2, 1979)
The U.N. in recent years has sent in various survey missions to assess specific project ideas, and in ECOSOC's report of 12 July 1979 to the General Assembly, it summarizes by project the status of donor interest and commitment (see Appendix below).

The international financial institutions and U.N. bodies have started to take a concrete interest in helping out the Comoros. Recent assistance provided includes World Bank-organized highway construction amounting to about US $10 million (co-financed by the African Development Bank and the OPEC Special Fund), and a number of smaller agricultural, health and communications projects which add up to a few million dollars. At least US $10 million of additional

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* Crop research on the Comoros started by the French Tropical research organization (IRAT) could be the start of integrated rural development schemes.

funds have been promised for reforestation, energy, water, and airport projects, including a large scheme for coconut improvement and rat extermination being considered by the IBRD. Comoros is so poor that it qualifies for out right grant or extremely concessional assistance from most potential donors.

To date, the U.S. has approved a food contribution to an ongoing UNWFP project, some self-help funds and scholarship moneys under AID's regional African Manpower Development Program. We have no personnel in the Comoros; the Embassy in Madagascar has responsibility for U.S. interests there.

The ECOSOC list of urgent and suitable projects is useful, but one project identification mission sent out in October 1979 from the Fund for Cooperative Housing singled out four ideas for immediate consideration because of their direct impact on large numbers of the poor and because they reflect the priorities of the individual islands: a market and trucks, road, a health center, and a rural credit system. Other projects considered fall into three areas: rural development, secondary roads and housing (the last proposed by a mission in June-July 1979 initiated by HABITAT). Comorian needs are great in all areas, but projects which have a direct impact on health and on agricultural productivity might be especially compelling at this time.

II. PROPOSED AID STRATEGY

A. Assumptions/Context

The general justification for aid to the four Western Indian Ocean island nations can be summed up as follows: two of them are, by any standards, poor and needy (Madagascar and the Comoros); and the other two have highly-vulnerable one-crop economies (sugar in Mauritius and tourism in the Seychelles), have limited natural resources, and rapid population growth such that the number of their poor and unemployed is increasing.

At the current time, U.S. assistance approved or under consideration (U/C) for the four countries is as follows:

Type of Activity	Mauritius	Seychelles	Madagascar	Comoros
P.L. 480				
Title I	1979 (U/C: 1980)			
Title II	WFP	CRS	CRS	WFP
Housing Guaranty	U/C			
A.I.D. Grants				
Bilateral project		Ag research		
Africa regional		AIP-ag ext.		
	AMDP/ AFGRAD Self-help	AMDP trav funds Self-help	AMDP/ AFGRAD Self-help	Self-help
Intermediaries via DSB	Population	Population	Population	Population
Other projects	Model houses Raiford report (DR funds)			
Disaster aid (1970's)	1972, 1975, 1979, 1980		1970, 1972, 1975, 1976, 1977	1977

Recent U.S. aid initiatives have involved almost exclusively Mauritius and Seychelles. No significant development assistance is likely to be sought by or offered to Madagascar pending resolution of disputes over expropriation of U.S. firms and claims relating to the former NASA tracking station. Given the circumstances surrounding the 1978 coup in the Comoros, and the reactions of African states thereto, it would not have been advisable until recently to provide assistance to the Comoros. However, since the strategy to be outlined herein relates to FY 1982-86, it seems appropriate to recommend an aid strategy that allows for the possibility that the foregoing circumstances/problems will have been alleviated and that assistance to the poorest two of the four Indian Ocean nations will become feasible and desirable.

It is difficult for A.I.D. to increase its assistance to the Indian Ocean nations because of limited funds and staffing restrictions. The latter is particularly onerous because REDSO/EA, which is responsible for the existing programs, already has a very large geographic span, and travel both within and between the Indian Ocean nations is time-consuming and expensive. The foregoing limitations suggest trying to find activities for A.I.D. sponsorship that will be: considered high priority by the recipients; few in number; low cost; and possible of development and administration by non-A.I.D. personnel. These criteria suggest building on what has already been approved; participating in existing or developing new regional projects utilizing regional organizations or intermediaries that are prepared to work throughout the region; and possibly engaging in co-financing with other development agencies (e.g. IBRD).

B. Recommended Aid Activities

1. Housing:

Under the Accelerated Impact Program (AIP), some cyclone-proof model houses have been built in Mauritius. A survey will be undertaken during the spring of 1980 to ascertain the acceptability of these houses to low income Mauritians. Assuming acceptability, it is planned to go forward with a $10 million Housing Guaranty (HG) in late FY 1980 or early FY 1981. Assuming successful implementation of the first Guaranty, a follow-up Guaranty of $15 million could be programmed for FY 1984.

Housing improvement is a priority of the Seychelles government. Two Peace Corps Volunteers are currently working on building materials production and may present a request for a $50,000 AIP to further this work. This should be supported and the feasibility of a Housing Guaranty of $5-10 million in FY 1981 or 82 should be explored.

In Comoros, the Foundation for Cooperative Housing (FCH) has recently completed a shelter assessment and some feasibility studies for housing-related activities. The FCH work was financed by the UN Capital Development Fund. The UN has put out a special request to potential donor nations to increase assistance to the Comoros (one of its 25 poorest nations). Because it is so poor, a Housing Guaranty by itself probably would not be feasible, but a Guaranty might be feasible if it were made in conjunction with a sizable grant from the UN Capital Assistance Fund.

The Comoros government is in the process of establishing a housing policy and developing the necessary institutions. If additional technical assistance were needed, this might be provided through the FCH and financed by HG funds if a Guaranty seemed possible. In any case, it would be advantageous for the Comorians to be familiar with the housing construction techniques used in Mauritius since the Comoros occasionally get hit by cyclones too. AMDP funds could be used to fund a trip to Mauritius by appropriate Comorians.

Housing needs are also great in Madagascar, but it is not clear whether the government considers improved housing a high priority at this time. Nevertheless, Madagascar also suffers from cyclones and their housing authorities could benefit from knowledge of the Mauritian model house project.

DSB/H is considering holding the bi-annual African Housing Conference in Mauritius in 1981. This could facilitate cooperation in housing among the Indian Ocean nations as well as provide an opportunity to further discussions with these nations about possible AID assistance (if that was part of an approved aid strategy for the area).

2. Agricultural Research & Extension

FY 1978 AIP funds were utilized to finance the provision of technical assistance and some communications media equipment to support the agricultural extension activities of the Seychelles government. This was followed by a bilateral project in agricultural research (FY 1979-81). It would appear feasible and logical to plan a follow-on project in the general area of research and extension at about the same funding level.

The research project provides funding for a conference of representatives from the other Indian Ocean countries to share research findings and methodology. It would appear feasible and desirable to go even further in trying to develop a regional activity. Each of the countries has a weak agricultural research base and possibly even weaker extension services. Each of the countries is forced to spend a large share of its foreign exchange on imports of food--to feed its own people and to supply the needs of increasing numbers of tourists.

It is recommended that the contractor hired to carry out the Seychelles project also be requested to establish contact with agricultural authorities in Mauritius and Comoros (subsequently with Malagasy authorities--when appropriate) to explore the possibility of developing a cooperative reasearch program in the area. Although Seychelles has granitic soils and Mauritius and Comoros have volcanic soils, and hence some research results would not be transferable, there is a need to improve institutional capability (e.g. research methodology and outreach) which the project could assist regardless of the results of specific research activities.

The foregoing activity could be financed by adding funds to the Seychelles project (if acceptable to the Seychelles government), by using AIP funds to finance a separate contract with the contractor on the Seychelles project, by providing AMDP training funds to finance visits of other Indian Ocean nationals to Seychelles, or by some combination of the foregoing. The activity discussed in the preceding paragraph could lead to requests for U.S. technical assistance from other Indian Ocean nations. This could be accommodated by converting the follow-on project for the Seychelles into a regional project.

3. Population/Health/Nutrition

As indicated in previous sections, there is a high rate of population increase in all of the Indian Ocean countries. Although the rate for Mauritius is lower than the others, it appears that its declining rate recently reversed itself and has begun to creep up a bit (reduced emigration may have been a factor). Some observers note that official enthusiasm for family planning programs may run down as external financing of local recurrent costs runs out.

Improved nutrition is also needed, particularly among

infants and children. Health standards are particularly bad in Comoros and Madagascar and on the Mauritian island of Rodrigues, but improvements are needed throughout the region.

Population activities are being carried out in all four of the countries by the UNFPA (largely demographic and training) and by U.S. voluntary organizations with support from DSB/Pop: 7 in Mauritius, 5 in Madagascar, 2 in Seychelles and 1 in Comoros (latter may not be operational yet). It does not appear that any of the programs are integrated into the health system. P. L. 480-Title II programs are being carried out in Seychelles and Madagascar with some positive impact on nutrition but with no relationship to family planning. There are a number of U.S. voluntary organizations providing medical assistance in Indian Ocean countries. It is recommended that an attempt be made to see if one or more of the PVOs operating in the region would be interested in attempting to introduce nutrition and family planning elements in their medical programs, perhaps utilizing Title II food. AMDP and DSB/Pop funds have been used for travel and training in population/family planning and should be continued.

The Comoros have a special problem with malaria, with some 80 percent of the population affected--it is the main cause of adult deaths. It might be feasible and appropriate to assist in malaria eradication or control in conjunction with WHO. If so, it is suggested that an attempt be made to expand somewhat the malaria outreach organization that would need to be created and to use the expanded outreach to provide some basic public health services and family planning services concurrent with the malaria eradication activities.

Another possible approach to obtaining more integrated health/population activities would be to use the Africa regional project Combatting Childhood Communicable Diseases as the lead program around which nutrition and family planning services might be expanded.

4. Fishing and Aquaculture

Fish has been fairly important in the diet of the islanders, but it has been decreasing as coastal areas have become overfished and artisan fishermen have not been able to fish the deeper areas. Some assistance is being provided to some of the countries to undertake commercial scale fishing in the deeper waters. However, this provides no help to the artisan fishermen.

With the establishment of 200-mile economic zones, the island nations now have a major job if they are to manage their offshore fishing resources. None of the Indian Ocean nations is currently prepared to do the job adequately.

FAO's Fisheries Directorate has an Indian Ocean Commission which sponsors meetings of the member states to discuss problems and help arrange assistance where needed. A number of sub-commissions have been established, including one for the western Indian Ocean. A senior FAO official has suggested informally that the U.S. provide assistance to the western Indian Ocean nations. This would be primarily in the form of technical assistance, possibly in the management of the 200-mile resources or in the development of inland and coastal fisheries, particularly of small crustaceans. DSB/AGR/F could arrange for a preliminary pre-feasibility study under its RSSA with NOAA. Subsequently, any project that was developed could

be implemented by a U.S. university. A 2-year project would run on the order of $500,000.

AID support of a fishing project, particularly in coastal aquaculture, would assist one of the poorest population groups. Support of the management of the 200-mile zone could engender support in the Law of the Sea negotiations.

5. Alternate Energy Sources

As indicated in previous sections, the Indian Ocean countries use a large portion of their foreign exchange to import petroleum, and a good portion of the imports for domestic purposes (i.e., not re-exported as bunker) is used in the generation of electricity. At the same time the consumption of electricity is very low. Wind, solar and possibly wood would appear to offer good alternatives for energy production. With DR funding, a U.S. expert reviewed the situation in Mauritius (Raiford report) and recommended some follow-on activity. He reported the existence of a unit in the University of Mauritius that would like some help in developing alternate energy sources. This would seem to be an assistance area with very definite regional possiblities. An alternate energy project should facilitate a more rapid increase in energy availabilities, thereby acting as a spur to development. In addition, it should provide the basis for new industrial activity and thereby help meet the increasing need for new jobs.

It is recommended that AID be prepared to finance a contractor to work with the University of Mauritius in the alternate energy field. Further, the contractor should have a mandate to visit the other countries of the sub-region and finance visits of other nationals of the sub-region to Mauritius and the U.S., with a view to developing an integrated approach within the region to the development of alternate energy sources. To complement this activity and to ensure maximum benefit of the project in the rural areas, a tie-in should be arranged with the Africa regional project Improved Rural Technology. Even if the Alternate Energy project did not go forward, it would be desirable to seek to foster activities like those proposed under the Improved Rural Technology project. Perhaps a PVO could be encouraged to undertake this type of activity in two or three places and possibly a larger project could be developed for support by A. T. International.

6. P.L. 480

A $2.8 million Title I program was approved for Mauritius in FY 1979 and a similar program may be requested for FY 1980. Given the special difficulties that Mauritius had undergone and its precarious balance of payments situation, the Title I program was timely. Circumstances may arise where a Title I program would also be appropriate for one of the other countries during FY 1982-86. However, no regular Title I or Title III program is recommended for the FY 1982-86 time frame.

Expanded Title II programs in support of nutrition/MCH/family planning (see 3. above) and Food for Work programs are recommended. A Food for Work program carried out by a PVO could be especially beneficial in such places as the Mauritian island or Rodrigues, the Comoros and Madagascar.

7. Disaster Assistance

The AID Disaster Relief Office's disaster history shows six cyclone disasters since 1967 (three in the last year) in Mauritius and nine in Madagascar. Comoros has had damage from a tornado and a volcanic eruption. Over 800,000 victims suffered from one of the Mauritian storms and 2,500,000 from a 1972 cyclone in Madagascar.

Given the vulnerability of these countries to storms and the potentially high costs in lives and property, it is important for the countries' development efforts that they have good disaster preparedness plans and disaster organizations. It is recommended that consideration be given to organizing a Disaster Preparedness Seminar along the lines of the South Asia seminar in Jan-Feb 1979 and the Caribbean seminar in June 1979. Some follow-on technical assistance might be involved, but the cost would probably be minimal.

8. Overseas Private Investment Corporation (OPIC)

In recent years OPIC has helped to facilitate oil exploration and drilling operations by U.S. companies in certain developing countries (e.g. Jordan). At this time of rising energy prices, any oil discovery and exploitation in or around the Indian Ocean islands would be a major development boon to their vulnerable economies. If there is anything OPIC's experience can do to further this end (e.g. in conjunction with IBRD efforts in Madagascar) it should be encouraged.

OPIC currently has all programs available in Mauritius and Madagascar though no insurance contracts are currently in force. It is in the process of negotiating a bilateral agreement with Seychelles to establish availability.

C. Program Administration

As explained in Part A above, the proposed strategy should minimize the requirements on A.I.D. personnel for project development and administration. It should be possible to carry out all of the activities proposed in Part B with responsibility for program administration remaining with REDSO/EA. If all of the proposed activities go forward, it probably will be necessary to add one person to the REDSO staff and possibly station him/her in Mauritius or Seychelles. It also would be desirable for Embassy personnel who would have local responsibility for liaison on aid activities to be given a special briefing in AID/Washington and REDSO/EA before proceeding to post.

If relations with Madagascar improve sufficiently during the SPS period that significant A.I.D. assistance is to be provided, consideration can be given to establishing a bilateral mission there. Madagascar is the only of the four countries where it would seem possible to mount a program of sufficient size to justify a mission. On the other hand, even if it was desirable and feasible to provide a substantial amount of assistance to Madagascar, it probably would be possible to avoid establishing a mission during the SPS period by (1) utilizing a larger PVO or a number of them through PACT to develop and implement AID-funded activities or (2) doing co-financing, e.g., with IBRD, the European Development Fund, etc.

III. STRATEGY OPTIONS

The Indian Ocean countries present AID with a unique situation. Each country has legitimate development assistance needs. However none currently appear to be of sufficient high priority, using general Agency criteria of per capita income, population, development commitment, etc. to warrant a significant or full scale bilateral U.S. assistance effort. However, there does appear to be a basis, using these same criteria, for U.S. assistance to be justified. The need exists to find the best programming method which permits adequate planning and budgeting; minimizes any additional demand on scarce staffing resources; obtains the appropriate developmental impact; and achieves the best efficiencies of scale.

The potential program activities include housing, agriculture research and extension, population/health/nutrition, fishing and aquaculture, and alternative energy as well as humanitarian food assistance and disaster planning. It is not feasible to project specifically the levels of assistance which might be programmed to carry out these activities. If the IPA exercise were to be used as a guide, Seychelles would have a program level by FY 86 of $1 million (from a current $570,000) and Mauritius of $9 million (from a current $250,000). This latter figure is an anomaly of the IPA ranking system reflecting the weighting given for commitment. In neither case is it anticipated that levels would reach these proportions. For planning purposes it is proposed that a level of assistance of three million dollars per year beginning in FY 82 through FY 86 be used for all four Indian Ocean countries. This level of funding would permit carrying out the types of activities suggested in the SPS and wuld be within reason in terms of claims on AID's anticipated budget availabilities.

If there is agreement on the need to develop a strategy, there are two basic, initial decisions to be made which would determine the nature of the development strategy. The first choice is to decide whether to use normal "country program" framework for analysis or to use a "regional" framework. The second choice is to decide whether to identify key problems or to program through specific organizations/institutions.

Option A: Treating each country individually is the more traditional or 'purist' option. The underlying assumption is that each development situation is so unique in terms of its causes and solutions that it is not practical to assume that projects can be designed with sufficient analysis to cover more than one development situation. It is, therefore, felt not to be possible to achieve any efficiencies in design or management of projects. The problem also exists that it is unlikely to be able to get two or more governments to proceed at the same time on the same problem area and that the effort to try to attempt this will complicate the project planning and design process to the point that negates any possible gain.

The country by country approach also recognizes that there are different sets of U.S. policy consideration for the different countries and that it is not realistic to try to deal with them commonly. This approach is endorsed by REDSO/EA and three of the four U.S. Embassies in the affected countries who believe that economic and political differences limit both the extent of common problems and the extent of co-operation possible among the governments.

Option B: To treat the area as a region would assume that there are economic and social problems that are commonly shared and that could be addressed better on a regional analytical level. Programs would be able to respond to common needs; re-enforce cooperation among the islands (however minimal that cooperation might be); provide management advantages in terms of simplifying planning and program development; and establish a broader base of support in Congress by presenting one program rather than three or four. Project design and implementation would still reflect individual country reality.

Methodology: Within either of the above options, the decision needs to be made as to what criteria are to be used for program development. The choice is basically between programming against a key problem or to program through specific organizations. This refers to the institutional resources and response mechanisms of AID. For example, a strategy could be developed around the idea that there are a set of key problems, already identified in the existing Africa regional program such as manpower development, communicable diseases, improved rural technology, energy, etc. Either on an individual or joint basis, programs within these categories could be developed.

Alternatively specific organizations (Peace Corps, PVO's, etc.) could be identified and joint programs developed. The real strategy development will come after the above basic choices are predetermined.

IV. U.S. NON-AID ECONOMIC RELATIONSHIPS

The U.S. has little direct investment in the four island countries, but it is a significant though not dominant economic partner for each one. For Mauritius we are a sugar export market: in 1978 16 percent by volume of Mauritian sugar was bought by the U.S. (just over $9 million worth according to U.S. Customs). For Madagascar as well we are an export market, the destination of 22 percent of their merchandise exports in 1977 (worth about $76 million). Also we are a creditor for about 1 percent of their total external public debt ($6 million). For the Seychelles we are a trading partner (two-way trade is about two million dollars) but also a lessee: tracking station payments have been averaging about $600,000/yr. and over 200 Americans are injecting dollars into the Seychellois economy. And for the Comoros we are the buyer of 70 percent of their vanilla (in 1978 this meant 16 percent of their exports, or $1.5 million). These other economic relationships, particularly for Madagascar, currently overshadow U.S. aid ties.

APPENDIX (from ECOSOC resport on the Comoros)
(5 pages)

APPENDIX I

List of projects requiring urgent international assistance

A. Critically urgent projects

(In thousands of United States dollars)

Project	Original cost estimate in A/32/208/Add.1	Revised cost estimate	Balance of finance still to be obtained	Technical co-operation staff now required	Source of assistance provided or promised since 1977
	US $000	US $000	US $000	Person/months	
1. Essential budgetary support	10 000	7 000 a/	7 000 a/	-	-
2. Development of food crops	1 000	1 000 b/	unknown	-	EDF:ADB: UNDP/FAO
3. Development of Nioumakéli area	500	100	nil	-	UNDP
4. Coconut improvement and rat extermination	2 000 c/	5 000 c/	nil c/	-	World Bank
5. Agricultural training	60	- d/	nil	-	UNDP/FAO
6. Agricultural development credit	800	800	800	e/	-
7. Agricultural tools and equipment	1 000	1 500	1 500	-	-
8. Malaria eradication	550	1 000	1 000 f/	48 f/	-
9. Equipment and supplies for El Maarouf Hospital, Moroni, and Matsamudu Hospital	150	270	270	-	EDF:UNICEF Switzerland: Canada
10. Supplementary hospital feeding	100	100	nil	-	WFP
11. Airport improvement and development (part)					
(a) Anjouan Airport	550	1 000	1 000 g/	-	-
(b) Hahaia Airport runway	1 000	1 000	1 000	-	UNDP/ICA
(c) Technical assistance needs for airport operation	-	-	-	108	-
12. Hahaia Airport runway (now at 11 (b) above)	-	-	-	-	-

Project	Original cost estimate in A/32/208/Add.1	Revised cost estimate	Balance of finance still to be obtained	Technical co-operation staff now required	Source of assistance provided or promised since 1977
13. Water development	500	500	500	-	UNDP/FAO EDF
14. Food storage capacity	150	280 h/	150 h/	-	WFP
15. Reconstruction and resettlement	1 600	1 600 i/	nil i/	-	EDF
	19 960	21 150	13 2[illegible]	156	

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B. Accelerated development projects

Project	Original cost estimate in A/32/209/Add.1	Revised cost estimate	Balance of finance still to be obtained	Technical co-operation staff now required	Source of assistance provided or promised since 1977
	US $000	US $000	US $000	Person/months	
11. Airport improvement and development (part)					
(b) Anjouan Airport equipment	-	320	320	-	-
(d) Hahaia Airport buildings and equipment	-	2 200	2 200	-	-
(e) Mohéli Airport	-	500	500	-	-
16. Small livestock development	230	230	nil	-	UNICEF: EDF
17. Maize milling	250	250	nil	-	EDF
18. Reafforestation	300	2 150 j/	2 150	-	UNDP/FAO
19. Production of agricultural hand tools	100	100	100	-	UNDP/UNIDO
20. Salt production	50	50	50	-	UNDP/UNIDO
21. Strategic food reserve	1 500	1 500	1 500	-	-
22. Strategic reserve of petroleum fuels	600	2 000	2 000	-	-
23. Training in technical trades	1 500	k/	k/	-	-
24. Training of paramedical personnel	30	30	nil	-	UNICEF
25. Training of dental assistants	100	110 j/	nil	-	Switzerland: WHO
26. Ambulances	100	100	40	-	Switzerland/ UNICEF
27. Interisland marine transport	500	500	500	-	-
28. Meteorology and meteorological telecommunications (now in 11 (b), (d) and (e) above)	300	-	-	-	-
29. Hydroelectric development	400	400	400	-	ADB
30. Geothermal energy	100	100	100	2	UNDP
	6 060	10 540	9 860	2	

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C. Urgent small-scale technical co-operation

	Project	Person/months of assistance still to be arranged	Source of assistance provided or promised since 1977
31.	Consultant on preparation of agricultural development project	nil	UNDP/FAO
32.	Reinforcement of the project study office of the National Centre for Planning, Finance and Methods	m/	UNDP/United Nations
33.	Management of refrigeration complexes	n/	-
34.	Assistance with systems of financial control and accountability	nil	IMF
35.	Primary teacher training adviser	nil	-
36.	Statistical development adviser	m/	UNDP/United Nations
37.	Adviser on a system of national accounts	1	-
		1	

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D. New projects

Project	Cost estimate	Balance of finance still to be obtained	Technical co-operation staff now required	Source of assistance provided or promised since 1977
	US $000	US $000		
38. Air transport	5 000	5 000	o/	-
39. Postal services and telecommunications	6 900	3 900	-	EDF
	11 900	8 900		

Abbreviations: EDF = European Development Fund

ADB = African Development Bank

a/ $7 million minimum requirement for 1979; substantial further support very probably required each year through 1983.

b/ Original approximate estimate of $1 million retained, but final cost uncertain: UNDP/FAO rural development support scheme will, inter alia assist production of food crops, but the need for further assistance cannot yet be known.

c/ $2 million was only for extension to Anjouan and Mohéli; $5 million is for all three islands. If IBRD project is finally approved, financing will be covered for all three.

d/ To be assisted by UNDP/FAO rural development support scheme.

e/ Technical advice being sought on establishment of a development bank, which would include agriculture.

f/ Provisional estimates.

g/ Government expects bilateral financing to be available.

h/ World Food Programme will finance storage costing $130,000, but additional storage will then still be needed.

i/ Much done by self-help, so cost figures notional.

j/ No longer a pilot project, as pilot stage was completed at cost of $25,000: revised costs include considerable technical assistance element.

k/ Proposals being revised: costs and financing to be considered.

l/ $110,000 for equipment alone: WHO providing instructor.

m/ Needs to be met by UNDP/United Nations planning project.

n/ This need to be met within a project for fisheries development, but training fellowships also needed.

o/ Training needed for air crew and maintenance staff.

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