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INFORMATION MEMO

REPORT OF THE EEC FACT-FINDING MISSION SENT TO PREPARE
A RECOVERY PLAN FOR THE CONGO (LEOPOLDVILLE)

In 1962 the President of the Republic of Congo (Leopoldville) requested the Commission of the European Economic Community to put at his disposal a fact-finding mission to prepare a plan of economic and social development.

President Kasavubu outlined the objectives in these words:

"The Republic of Congo is moving towards a lasting solution of its domestic political problems and the Government is already in search of ways and means of restoring and expanding the economy.

"In order that my Government can take the necessary steps, I should like it to be able to base its decisions on a general economic study.

"As a first stage this study will have to analyse the present situation and prepare a programme of urgent measures to get the economy moving again."

On examining this proposal the Congolese Government and the EEC authorities decided that before a long-term programme was worked out there should be a crash programme to restore the country's economy and so to create a more solid basis for the subsequent execution of a development plan.

The aims of the EEC mission were to make a general study, a diagnosis, and a selection of the measures urgently needed to get the economy moving. The general character of the survey meant that not only the individual economic and social sectors should be studied, but also the main problems arising from the economic and financial situation.

The detailed plan of the survey was drawn up by the staff of the European Development Fund in close collaboration with the Congolese authorities; it centred on two main points:

1. A study of the general measures which would concern the various sectors investigated.
2. More specific, concrete proposals for schemes, graded according to their urgency as part of a short-term plan.

The mission was headed by M. X. Torre and consisted of 21 experts, from the six Community countries, with very wide knowledge and practical experience of the Congo. It received support in the form of co-operation from members of the Institute for Economic and Social Research of the University of Lovanium and of information, reports and studies supplied by public and private organizations, both Congolese and international.

The mission's work was done in three stages: preparatory work in Europe; an on-the-spot investigation from March to June; and the drafting of the general report. This consists of six sections with supplementary information in map form, and has been officially submitted to the Congolese Government.

On November 16 M. J. Kasongo, Vice-Premier of the Congolese Government, received M. H. Hendus, Director-General of Overseas Development, and M. J. Ferrandi, Director of the EDI. He said:

"The Congolese Government wishes to take this opportunity to thank the Community for meeting its request, and it congratulates the panel of experts and its chief, M. Torre, on the competence, the spirit of independence, the clear-sightedness and the objectivity with which they have examined the Congo's economic problems. This is the first time since we became independent that a fact-finding mission has provided the Congolese Government with such a clear and realistic analysis of the economic situation.

"However, as your Director M. Ferrandi remarked, an experts' report does not claim to be more than an experts' report. It is for the Congolese Government, for whom this report was prepared, to draw the practical conclusions. The Government is seeing to this, and only a few days ago the President of the Republic, when he wrote you expressing his satisfaction, hinted that the Government would approach the Community about the implementation of the report.

"The Congolese Government, after the matter had been discussed in the Council of Ministers, drew three conclusions from the report:

"The Government wishes to make it known that the general conclusions of the report are in line with its own ideas though, of course, time will be needed to examine its technical sections. This means that the report is now in effect adopted by the Congolese Government and no longer just a report by experts. The Congo now possesses a first-class instrument for drawing up any recovery or development plans.

"The survey concludes with the need for the Congo to pay particular attention to the knotty problems of technical assistance on the one hand and, on the other, the absolute necessity to have at its disposal sufficient foreign currency to expand industrial output and stabilize money and prices.

"The Government considers that the two conclusions are entirely in harmony with its own scale of priorities."

General measures for recovery

After stressing the prime importance of maintaining order and ensuring the safety of persons and property, the report makes three proposals for Government action:

1. Reorganization of the civil service

- (a) Training and appointment of trained staff;
- (b) Drafting of civil service regulations.

A rational and efficient administrative system can be created only as a long-term project requiring years of patient effort. It is therefore necessary to call upon technical assistance from outside to help provide essential public services.

2. Reorganization and co-ordination of technical assistance

Since the solutions applied so far have not proved entirely effective, it is recommended that groups of experts should be placed at the disposal of the Congolese Government as a form of multi-lateral or bilateral assistance. These experts should work as teams and should give collective assistance to the Government through the ministry or department concerned.

These teams should consist of few but highly qualified members. They will be called on to make proposals and even to edit the texts of laws and regulations, to supervise the implementation of Government decisions and, even more important, to train efficient Congolese teams capable of carrying on after the foreign experts have left.

The main areas where urgent reorganization is indicated seem to be:

- (a) Civil service departments (complete survey of the civil service in each province);
- (b) Budget preparation and control;
- (c) Tax reform;
- (d) Reorganization of the finance, inland revenue and customs departments;
- (e) Preparation of a plan for economic consolidation and expansion both at national level and at the level of the "economic regions" which it is recommended should be set up.

The report suggests the creation of "development boards", of which one third would consist of representatives of the groups chosen by the provincial assemblies concerned, one third of representatives of the provincial governments and one third of representatives of the private companies located in the "economic region". These boards would have to prepare the development plans for their regions. At the request of the Central Government or a provincial government they could undertake any assistance work of a technical or administrative nature.

For development operations in the economic regions the EEC mission recommends the institution of separate permanent bodies, for example in the form of specialized semi-public companies.

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- (f) Co-ordination of assistance from abroad by establishing in the Premier's office a co-ordination Committee, as a piece of administrative machinery similar to the Committee for Economic Co-ordination.

PARTICULAR MEASURES FOR RECOVERY

The mission considers that certain economic and social sectors cannot recover their stability without extensive investment. Part of it must be applied as soon as possible and part will have to await technical studies.

To obtain the full benefit from these financial measures they must be backed up by action to make experts and technical assistance available at executive level in the government departments.

1. Investment to be made immediately

General investment of a type which earns no direct profit, and must therefore be financed through grants, is estimated at 5 150 million Congolese francs⁽¹⁾. It is to be made mainly in agriculture, transport, health, education and telecommunications.

Productive investment is mainly aimed at the private companies in the manufacturing, energy, mining and transport sectors. The monetary situation and the acute shortage of foreign currency are the sole causes of the difficulties met by companies which wish to renew their plant and equipment and to go ahead with plans for expansion. The answer to this problem would appear to be loans from abroad.

Total credit needed is estimated at 3 640 million Congolese francs.

2. Investment studies

The purpose of these studies is to determine the nature and extent of the investment plan. The mission suggests that they should be started as soon as possible and considers them all urgent.

These studies concern investment amounting to 1 375 million Congolese francs in the electricity, water and health sectors.

3. Technical assistance

In addition to technical assistance to the main departments of the Central Government, the mission stresses the need for providing experts for regional executive offices, in particular those responsible for agriculture.

It considers that it will be possible to promote efficient cultivation of the various crops for export and for domestic

(1) Established rate: 50 Congolese francs = \$1.

consumption only by maintaining a large number of technicians, organized into teams, over a period of years.

The broad aims should include the organization of an office for the distribution of selected seeds, the establishment of a mission to deal with livestock breeding, and the protection of equipment in the Institute for Agricultural Research (INEAC).

Suitable supervisory staff must also be found for the rural action centres which the report suggests should be established in order to get agricultural production moving again.

Supervisory and executive staff are also needed for the transport office, for the water and electricity boards, and for the public health and education departments.

The mission has calculated that a total of 236 experts from abroad will be needed for periods between 1 and 5 years. The costs are estimated at 2 200 million Congolese francs.

To sum up, the guide lines of the EEC Fact-Finding Mission's report are:

1. Technical assistance in the shape of small teams at the nerve centres of the Congolese economy. The figure of 240 experts is suggested;
2. Measures for administrative and financial reorganization;
3. Economic measures to get native agricultural production on the move once again by investment and technical assistance;
4. Overhaul and maintenance of the existing infrastructure;
5. Fulfilment of needs in the transport and industrial sectors by the allocation of funds for the supply of spare parts and capital goods.

The total cost of the measures for which the mission gives figures is some 12 510 million Congolese francs.