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COMMISSION REPORT TO THE ASSOCIATION COUNCIL
ON THE ADMINISTRATION OF FINANCIAL AND TECHNICAL COOPERATION
FROM 1 JANUARY TO 31 DECEMBER 1974

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INTRODUCTION

This report deals with the administration of financial and technical cooperation between the European Economic Community and the Associated African States, Madagascar and Mauritius (AASM) during the 1974 financial year, the fourth year of application of the second Yaoundé Convention. The parts of the report concerning the EIB have been prepared by the Bank as required by Article 29 of the Convention.

1974 was a year of transition, in which the Commission and EIB, in addition to the work of appraising projects, made a substantial contribution to the preparatory work in connection with the Lomé Convention negotiations.

The rate of commitments in 1974 was not such as to enable all the amounts remaining available under the second Yaoundé Convention to be used up. Hence although the Convention formally expired on 31 January 1975, it is not yet possible to provide the Association Council with a complete picture of Community aid under that Convention; this could be the subject of the report for 1975. Meanwhile this report is confined to an account of activity in 1974, covering the general pattern, an analysis of the principal financing decisions taken and questions concerning the implementation of aid.

CHAPTER I - GENERAL PATTERN OF FINANCIAL AND TECHNICAL COOPERATION IN 1974

1. The trend of the situation in the Associated States in the course of the year was marked by the consequences of the confused state of the world economy, particularly the rise in prices. This affected the volume of imports (increased cost of most imported products, for example food products, fertilizers, oil and natural gas, cement and steel) and of exports (exports of certain goods, for example tropical woods, declined as a result of the economic difficulties experienced by the associated countries' trading partners, while the increased value of certain exports, for example oil and phosphates, benefited only a handful of the AASM).

As regards the administration of financial and technical cooperation, the above developments had a number of repercussions on the trend or implementation of the capital projects and other schemes financed by the Commission. The principal effects were as follows:

- (a) an effort was made to step up commitments for certain of the least developed countries which were particularly hard hit by the crisis (for example Burundi, Upper Volta, Mauritania and Somalia);
- (b) the increased cost of new projects made it necessary to reconsider arrangements already made. In the case, for instance, of Nouakchott hospital (commitment, May 1974) the increase between the estimate (June 1973) and the opening of tenders (November 1974) was as much as 44% and so the Mauritanian Government decided to make up the difference, with the result that the project became a cofinanced one. Building costs (excluding equipment) rose from 338 u.a./m² to 487 u.a./m². For the extension of the Bwegura tea factory in Burundi (commitment, July 1974), price escalation - particularly between 1973 and 1974 - meant that for this project:
 - 1. the total sum was revised upwards from 1 316 000 u.a. to 1 421 000 u.a.;

2. the equipment was simplified, as a result of which the plant's annual capacity was reduced from 1 200 t to 950 t (this brought the cost down from 2 136 000 u.a. to 1 731 000 u.a.);
3. the works were to be carried out by the public works department instead of by a contractor, which brought the cost down to 1 368 000 u.a.

These modifications of the original project were due mainly to increases in:

the prices of machinery and equipment for the factory (2% per month on average);

the cost of transport;

the price of cement, which rose from 45 u.a./t at the end of 1973 to 74 u.a./t in September 1974;

the price of steel, which rose from 410 u.a./t at the end of 1973 to 660 u.a. in September 1974.

(c) overspending on a good number of projects already approved, which entailed supplementary commitments¹ (financing to cover these amounted in 1974 to approximately 2% of total commitments - see Annex 1, Table D, breakdown by sector) or the reshaping of projects. For the project to supply groundnut seed to Zinder (commitment, May 1974), for example, it was planned to provide Niger with Senegalese groundnut seed the cost price of which in April 1974 was around CFAF 75 per kg delivered to Niger. Within weeks the purchase price in Senegal had risen to CFAF 101 per kg and the cost price delivered to Niger was CFAF 147 instead of CFAF 75. As a result only 7 128 t could be purchased of the 15 000 t that were to have been supplied.

As regards the rice project at Ségou in Mali (commitment, March 1972), carrying out the original programme would now entail overspending of MF 680 million, comprising MF 470 million on the works and MF 210 million in respect of staff and running costs.

¹For example, see Chapter II for instances of the effects of price increases on the implementation of the palm plantation projects in Togo and the Moundou-Koutou road in Chad.

To keep the project within the total allotted, the following decisions had to be taken:

1. the irrigable area was reduced from 44 000 ha to 35 000 ha;
2. the number of technical assistants was reduced from six to three in 1976 and two in 1977 and 1978;
3. the support missions were cut out;
4. purchases of fertilizers, herbicides and certain equipment for collective use were postponed.

The principal reason was soaring unit costs in 1974 and 1975. For example;

cement rose from MF 30 000 to MF 35 000;

petrol rose from MF 100 to MF 140;

the SMIG (minimum guaranteed wage for all trades) rose from MF 5 500 to MF 12 000;

and, among basic foodstuffs;

salt rose from MF 55 to MF 100 per kg;

sugar rose from MF 250 to MF 435 per kg.

(d) as to the choice of methods of financing, there was an increasing tendency to reserve grants for the least developed countries.

2. At the same time, the time taken up by the negotiations for the new Convention held up attempts to improve the implementation of the second Yaoundé Convention (for instance the Association Council has not yet been able to examine the report on the administration of financial and technical cooperation in 1973, nor the proposals put forward by the Community in the autumn of 1974 for improving such administration), since all efforts were concentrated on the formulation of provisions for the new Convention; there was also a certain slowing down of the rate of commitments by comparison with the preceding years. Despite the fact that ordinary loans granted by the EIB increased in volume, total commitments for the AASM, which were (under the second Yaoundé Convention)

253 million u.a. in 1971

213 million u.a. in 1972

and 194 million u.a. in 1973

amounted to 169 million u.a. in 1974¹, excluding commitments of 3.2 million u.a.

¹Of which commitments of 3.5 million u.a. to cover overspending on projects already approved.

from the remainder of the second EDF, these being largely offset (to the extent of nearly 3 million u.a.) by cancellations of funds committed (see Annex 1 E).

The aim of this deliberate slowing down of activity by the Commission - slight though it was - was to avoid using up all the appropriations by 31 January 1975, when the second Yaoundé Convention was formally due to expire, and thus to leave a certain amount with which to operate in the transitional period up to the entry into force of the new Convention (the trend of the negotiations having demonstrated quite early in 1974 that there was virtually no chance of the Convention being ready for implementation on 31 January 1975).

If the economy of the Associated States is not to be disrupted and the activity of the firms and companies carrying out projects drastically curtailed, it is important that an abrupt halting of commitments be avoided and that resources be set aside for carrying out studies in preparation for the financing of investment projects when funds are actually made available to the Commission under the new Convention.

Hence, one month before the expiry of the second Yaoundé Convention, commitments of Community aid (EDF + EIB) under the Convention totalled 876 million u.a.¹ for the AASM and the OCT, in other words 87.6% of the funds available, leaving a reserve of around 124 million u.a.² for new commitments and possible adjustments to projects for which funds had previously been committed from EDF resources.

As regards the AASM alone, excluding items which cannot be broken down (for example, trade promotion of tropical products, and the Association News, publication of which concerns both the AASM and the OCT) and the uncommitted balance of funds under non-repayable aid set aside for commitment by the Chief Authorizing Officer³, commitments under the second Yaoundé Convention amounted to 716.2 million u.a. from the EDF and 82.3 million u.a. from the EIB, or a total of 798,5 million (over 88% of the 900 million u.a. provided for in the Convention).

¹That is, 793.7 million u.a. from the EDF and 82.3 million u.a. from the EIB.

²106.3 million u.a. from the EDF and 17.7 million u.a. from the EIB.

³The total funds made available by the Commission to the EDF Chief Authorizing Officer for the financing of general technical cooperation and project-linked technical cooperation schemes, and certain aid projects for the marketing and sales promotion of AASM products, cannot be set off against the recipient countries until they have actually been committed by the Chief Authorizing Officer.

Table A in Annex 1 contains a breakdown by country and by sector of all commitments made in 1974 and a further breakdown by country and by method of financing. Tables B and C in the same Annex contain a breakdown of the situation of the third EDF as a whole, by country and by sector, as regards commitments from EDF resources (grants, special loans, contributions to risk capital formation, interest rate subsidies).

3. With regard to the distribution between countries, it is found that by comparison with the preceding year there was a reduction in the commitments for several of the most advanced countries (for instance Cameroon) whereas the commitments for some of the least developed countries (Dahomey, Mauritania, Somalia, Upper Volta) increased.

This important question is difficult to assess within the framework of a single year. However, it may be pointed out that in 1974 the countries which received large-scale aid (over 10 million u.a.) were those to which loans were made from the resources of the EDF or EIB (Ivory Coast, Zaire, Senegal), or countries which are among the least developed (Mauritania, Somalia, Upper Volta). In this connection the case of Ivory Coast is significant: this State received 11 million u.a. in the form of non-repayable aid, including 8.4 million u.a. in grants and 2.7 million u.a. in the form of interest rate subsidies for EIB loans, but it received nearly 27 million u.a. in the form of repayable aid, comprising special loans of 7.4 million u.a. and ordinary loans of 19.4 million u.a. from the resources of the EIB. Furthermore, this State participates, sometimes to a substantial extent, in the financing of certain projects (cocoa, ranch scheme, etc.). On the other hand, the eleven least developed States (as listed in the Lomé Convention¹) received grants only and these amounted altogether to 55% of grants made in 1974 (the corresponding 1973 figure being 53%).

Gabon is a special case, having received - apart from commitments in respect of administrative expenditure - only repayable aid (in the form of a special loan).

¹ Burundi, Central African Republic, Chad, Dahomey, Mali, Mauritania, Niger, Rwanda, Somalia, Togo, Upper Volta.

4. The breakdown by sector of commitments in 1974 also gives only a partial picture of the situation. It shows that the three major sectors (production, infrastructure, social development) each received roughly the same amount of aid.

As regards production, it should be pointed out that the volume of commitments in respect of rural production was very similar to that for industry and mining: 23 million u.a. and 25 million u.a. respectively.

In addition to the projects for food crops, cash crops and integrated agricultural development (represented in 1974 by a phase of the Imbo project in Burundi), a quite substantial proportion of funds went to stock-farming.

In industry and mining there were projects for the processing of local products (tea factory in Burundi, spinning and weaving in Ivory Coast) and for the development of mineral production (extension of copper and cobalt production in Zaire).

Lastly, several AASM were involved in trade promotion schemes, such as the scheme to promote textile products in Ivory Coast.

A substantial proportion of economic infrastructure projects in 1974 were concerned with the road network, involving both roads and bridges, but the largest amount went to railways (Abidjan-Niger Railway and the Transgabon). Funds allocated for airports were only for topping up previous commitments.

There were various financings in the social development sector, above all in education (nearly half the commitments concerning this sector), and also in public health, urban water engineering and urban infrastructure. In education there were projects at every level (higher education as well as secondary, primary and technical); in public health there were projects for quite sizeable establishments; water engineering was represented by water supply projects (Kinshasa, Mopti and extensions to the installations at Bamako and Nara), and urban works by, for example, a housing estate at Bamako.

Lastly, the heading "Other" is concerned essentially -- leaving aside administration costs -- with both project-linked and general technical cooperation, such as regional development studies (the study of the Ankaizina area in Madagascar and the study for the development of the Juba Valley in Somalia). It should be noted that a good number of the studies financed as project-linked technical cooperation (the Ankaizina study, the studies for the Ouagadougou-Yako and Yaoundé-Bafoussam roads, etc.) were carried out with a view to possible financing of projects under the 4th EDF.

5. The breakdown of financing methods applied in 1974 is set out in detail in Chapter III and Annex I A, which show that non-repayable aid amounted to 108 578 000 u.a., equivalent to 64% of the total (including 2 752 000 u.a., equivalent to 1% of the total, for interest rate subsidies), while special loans from EDF resources amounted to 24 564 000 u.a., equivalent to 15% of the total, and ordinary loans from the resources of the EIB amounted to 36 040 000 u.a. or 21% of the total.

6. During the year in question the utmost account was taken of Association Council resolutions defining the general pattern for financial and technical cooperation: for example in accordance with the 1971 synthesis of Resolutions Nos 1/66, 2/67 and 3/68, projects were financed in connection with food crops (such as the rice-growing projects in Mali and Mauritania) or the establishment of growth points for stock-farming (the Maraoué ranch in Ivory Coast); the ongoing adaptation of education to local conditions (Resolution No 5/72, Chapter I, sections 1 and 3) was one of the objectives of the primary schools projects undertaken in Upper Volta, Senegal and Cameroon, while the project for an inter-State water engineering technical school in Upper Volta meets the call for the regionalization of training expressed in the same resolution (Chapter I, section 5); the possibility of financing running costs (Resolution No 5/72, Chapter II, section 4) came into play in the case of the Ampefiloha hospital in Madagascar; lastly, various means of industrial cooperation listed in Resolution No 5/72 (Chapter III) were brought into action in 1974 (see Chapter II below, the sections dealing with industrial studies and trade promotion).

7. Among the principal features of the administration of economic and financial cooperation during the past year, mention should first of all be made of the wide use made of the range of methods of financing provided for in the Convention. For one important project, for instance, the

Abidjan-Niger Railway (RAN) in Ivory Coast, several methods of Community financing were combined: an ordinary loan from the resources of the EIB, EDF non-repayable aid in the form of an interest rate subsidy, and a special loan from EDF resources. However, no contribution to risk capital formation was made in 1974.

It should be added that as a result of the increased cost of works and supplies, supplementary commitments made by the EDF's Chief Authorizing Officer, up to a maximum of 15% of the initial commitment, were not infrequent in 1974: for example, there was a supplementary commitment of 639 000 u.a. in respect of Upper Volta for the asphaltting of the section of road between Nianguédi and the Togolese frontier, and another of 243 000 u.a. for improvement to Kaedi Airport in Mauritania. Where expenditure exceeded the original commitment by more than 15% - and could not be covered by the State concerned - the Commission itself took the necessary financing decision after consulting the EDF Committee. This was done, for example, in the case of the Bangui slaughterhouse and the improvement of the Moundou-Koutou road (Chad). Furthermore, changes had to be made in respect of previous commitments, particularly those concerning the Central African Republic, where the commitment of 738 000 u.a. under the third EDF in connection with the Bambari agricultural college was cancelled, in addition to changes involving commitments under the first and second EDFs.

Secondly, the Community has made an effort to support regional cooperation and to take the needs of non-associated countries into account, by financing the construction in Lomé of a regional centre for training in road maintenance, which is intended not only for nationals of the "Entente" countries - the promoters of the project - but also, at their request, for nationals of other French- or English-speaking African States; and by organizing seminars open to nationals of non-associated countries.

This effort is in line with the Community's long-standing interest in regional cooperation, which led in 1974, for example, to the road projects linking Upper Volta with neighbouring countries (the road from Nianguédi to the Togolese frontier, the study for the Ouagadougou-Yako section of the Ouagadougou-Mopti road), the projects for inter-State schools (the school for water engineering technicians at Kamboinsé in Upper Volta), etc.

Thirdly, in 1974 the Community turned to the financing of projects which from the Community's point of view are of a relatively new type: the building of a complete university at Mogadishu (Community action in the field of higher

education had hitherto been confined to the construction of a few buildings for the extension of existing establishments), tourism (the equipping of national parks in Chad) and training for owners of small businesses in Zaire. The Community also made use of the facility established by Article 2 of Protocol No 6 (temporary aid for starting up a project) in the case of the provision of stocks of medicinal preparations for the Ampefiloha hospital (Madagascar).

One final point to be stressed concerns aid to the Sahel and the countries affected by the 1973-74 oil crisis. The situation in Somalia having seriously deteriorated by the end of 1974, the Commission sent out a mission whose investigations resulted in emergency aid being granted in January 1975. Furthermore, the Commission took the initiative of calling several meetings in Brussels in 1974 so that the drought-stricken countries and the sources of aid could examine jointly possible medium- and long-term measures for improving radically the situation of the areas concerned. Certain projects, moreover, arise from the necessity to remedy the harmful effects of drought on previous projects (for example, the Agou palm plantation in Togo), or the need to repair the damage caused to the national economy (supply of groundnut seed to Niger). Lastly, the drought-affected States continued to receive food aid in 1974 from the Commission budget, and the States most seriously affected by the oil crisis received help from the Cheysson Fund.

CHAPTER II - FINANCING DECISIONS TAKEN IN 1974

As regards projects for the AASM, forty financing decisions (including four concerning loans on special terms on which the EIB had delivered a favourable opinion) were taken by the Commission after consulting the EDF Committee, there was one cancellation, the EDF Chief Authorizing Officer agreed to the topping-up of seven previous commitments and the EIB Board of Directors authorized the grant of three ordinary loans. The Commission authorized six project-linked or general technical cooperation schemes, after consulting the EDF Committee, and the Chief Authorizing Officer drew on the funds placed at his disposal by the Commission for accelerated procedure operations in forty-six cases of project-linked technical cooperation and ten cases of general technical cooperation. There were two cancellations under this heading.

The following analyses concern the principal investment decisions and cases of technical cooperation. Particular prominence will be given to projects which are of a relatively new type or possess original features, and those which are of special interest to the State concerned.

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1. Development of production

A. Food crops

One project is to be undertaken in Mali and two in Mauritania; they are principally concerned with rice growing.

A grant of 2 549 000 u.a. was made for a lowland rice-growing project in the Sikasso area of Mali. This project followed an experimental and preparatory phase, also financed under the 3rd EDF (commitment of 522 000 u.a. in 1971), the results of which were encouraging despite the insufficient rainfall in recent years (in 1973 supervised rice growing on 2 880 ha instead of the planned 1 450 ha, and 3 000 t produced instead of the planned 2 170 t, etc.).

The principal objective is to increase the productivity of the existing cultivated area by 50% and it is hoped to produce an extra 10 000 t in the third (and final) year of the project. The operations will be concerned mainly with simple small- and medium-scale water-engineering improvements in lowlands and small valleys with permanent rivers in order to control water resources over an area of 2 200 ha and with the development of a 1 100 ha rice-growing area in a valley with a sizeable permanent river.

The expected extra production is intended for domestic consumption in Mali.

In Mauritania, a grant of 3 385 000 u.a. will permit the preparation of the first phase (200 ha) of a pilot area for irrigated rice growing in the Gorgol.

This scheme is intended to provide exact information on physical, economic, technical and social conditions as a guide to subsequent developments in the area (over a possible 12 500 ha, so far as knowledge of the area permits at present). At the same time it will permit the production (two crops per year) for consumption in Mauritania of 4 000 t of rice, a figure which should be assessed in the light of current rice production (6 000 t) and consumption (30 000 t). The value of the project lies therefore in its contribution to the beginnings of agricultural development in a country such as Mauritania, whose economy has hitherto been dependent on nomadic stock-raising, mining, the production of millet and - to a lesser degree - fishing.

The schemes, which are based on the UNDP study covering the whole of the Gorgol basin, comprise the establishment of hydro-agricultural infrastructure, the provision of equipment and technical assistance. At the same time the farmers will be able to continue to cultivate traditional crops (such as millet) after the annual floods have receded on that part of the area (5 000 ha) which will not be developed during the first phase.

The second project involving Mauritania concerns the setting up of a rural engineering works team for constructing and repairing dams in the Hodhs (grant of 2 031 000 u.a.). Climatic conditions in the area are rigorous and the cultivation of food crops is either dependent on rain

(and hence at the mercy of the weather) or carried on behind flood barriers, but these food crops account on average for only 10% of consumption. In order to raise this proportion, the appropriate solution was therefore to increase the number of water-points. However, the cost of having the dams constructed or repaired by a contractor would have been prohibitive because of the remoteness of the area from the main centres and the fact that the sites are widely scattered. On the other hand, if the national authorities were provided with mobile equipment suitable for carrying out the works in question (construction of 10 dams and repairs to 8 others) they could subsequently ensure the proper maintenance of the structures. The local people will participate in the works in return for food to be distributed by the authorities.

It is hoped that the project will result in a 50% increase in the current production of flood-area crops, which involve nearly 7 000 growers for whom there is in any case no alternative productive activity, and that it will reinforce the effect - observed in connection with the existing dams - of inducing the people to settle in the vicinity.

B. Industrial crops

There were four projects involving Ivory Coast, Niger, Senegal and Togo.

In Ivory Coast, a special loan of 2 391 000 u.a. was granted for establishing 9 600 ha of village cocoa plantations. This crop will help to develop the south-west of the country, which was until recently remote and sparsely populated. The project will be carried out by SATMACI, a State company. The Ivory Coast Government will contribute to the project the sum of 1 750 000 u.a., equivalent to 42% of the total, and will also provide equipment for the villages (economic and social infrastructure) and loan facilities for the planters. In accordance with current practice, loans will be made only to planters who agree to join a group, the members of which will be jointly responsible for debts incurred by the members within the context of the group's activities. In all 3 200 planters will be involved and the additional production from the project (without use of fertilizers) will be around 7 700 t of cocoa beans, which will be exported.

A grant of 2 800 000 u.a. enabled groundnut seed to be supplied to the Zinder department of Niger. The purpose of this project, following the considerable drop in production as a consequence of the drought in 1971-73, is to reestablish the cultivation of groundnuts, which are used for local consumption as well as being exported; this product is vital to both the economy of Zinder, which is one of the country's most important productive areas (not only are the farmers concerned - for whom the range of products providing a cash income is limited - but also the local processing factories) and the national economy, because of tax receipts and foreign currency earnings.

The financing covers the purchase of the seed, the cost of transport to Zinder, treatment with fungicides and insecticides and the establishment of a seed stock for the 1975 crop year, constitution of which will have first call on the 1974 seed harvest.

A sum of 4 321 000 u.a. (of which 1 million u.a. under the First Yaoundé Convention) was made available to Senegal in the form of a loan on special terms for the partial financing of a market-gardening project. The project has since been extensively modified and accordingly needs to be reexamined.

A grant of 1 368 000 u.a. was made for the project to extend selected palm plantations in the Agou area of Togo. This project covers the establishment of a new 700-ha area of industrial plantations as well as supplementary expenditure for a project in a neighbouring area which was the subject of a previous commitment under the second EDF. Substantial cost increases have affected several items in the latter project: for example, the cost of labour rose from CFAF 200 a day in 1969 to CFAF 375 in 1974, equivalent to an increase of 88% in five years. Moreover, the area was affected

by the drought of 1971--74 and the growth of the seedlings retarded by one year, which made it necessary to provide for an extra year's upkeep before production began. As to the extension project, the additional palm oil produced will probably be exported, while the palm kernels will be processed on the spot in the palm kernel oil mill which it is proposed to set up at Lomé. It should be pointed out that the palm oil mill at Alokoegbe, which it was decided to extend in 1973, required a supplementary commitment of 110 000 u.a. in 1974, authorized by the EDF Chief Authorizing Officer and entered under Industry in Annex 1.

C. Integrated agricultural development project

The only project of this type financed in 1974 concerned the development of the Imbo in Burundi (1 007 000 u.a.). This involves supplementary financing for a project previously committed under the second EDF, a pilot project to be continued on an experimental basis in 1975--76.

This interim phase, which was financed by means of a grant made in 1974, comprises a number of supplementary projects (continued operation of a coffee plantation, improvements to the water supply), further work on agricultural problems and anti-rodent precautions, and technical assistance. It should be recalled that the aim of the pilot project was the development of 3 000 ha of new land, the settling of 2 200 families in new villages equipped with the necessary social infrastructure, and the cultivation of rice, coffee and other products (cotton, maize, beans, soya, sugar cane, etc.).

D. Stock-farming

Two stock-farming projects were financed, one in Ivory Coast and the other in Upper Volta.

A grant of 3 331 000 u.a. was made for the Naraoué ranch in Ivory Coast. Its aim is to raise 10 000 head of cattle on approximately 40 000 ha of savannah by

the end of the seventh year of the project. Young animals of selected breed will be raised on the ranch and passed on for fattening on pasture in rural areas and to peasant stock-raisers. The meat produced will be for consumption in Ivory Coast. The Community financing will cover the cost of developing a 42 000 ha area of pasture (fences, tracks, fire breaks, wells), plus the ranch buildings, equipment and technical assistance. Ivory Coast will participate by covering expenditure on staff and the running costs of the ranch and will provide the cattle for the initial herd: the Ivory Coast contribution is estimated at 2 614 000 u.a., equivalent to over 40% of the total amount needed. The project could subsequently be extended to cover an additional 40 000 ha with a further 10 000 head if the ranch is by then able to finance itself or if the necessary funds can be found in Ivory Coast or obtained from external sources. The project is expected to produce a wide range of effects: local beef and veal requirements will be met¹, livestock numbers will be increased and its quality and productivity improved, and additional income created for small rural stock-farmers.

The basis of the aid for improving stock-farming on traditional lines in the Banfora (Upper Volta) regional development area, for which a grant of 763 000 u.a. was made, is appreciably different from that of the above project. Instead of a single centralized project, it involves a range of coordinated schemes, of which the following are the chief: a health programme, improvements in breeding and nutrition, the extension of a programme for animal-drawn tillage combined with the fattening of cattle and a marketing scheme, and the establishment of a pasture area for the traditionally nomadic stock-raisers (who are at present tending to settle in one place because of the continuing drought in the Sahel)

¹There is at present a serious shortfall in the country since production amounts to no more than approximately 35% to 40% of consumption, and this will fall to 30% in 1985 if nothing is done to improve the current situation. Furthermore, it is estimated that meat could be produced locally at 20% to 30% below the cost of imported meat, which means that the State would save CFAF 6 000 million in foreign currency in 1985 if all the current livestock projects are carried out.

within a rural colonisation area that would have to be equipped (water points, etc.). There is an experimental dimension to this project which should provide practical guidelines for the future preparation of projects on a bigger scale concerning livestock in Upper Volta.

E. Industry and mining

- (a) Industrial projects concerned Burundi, the Central African Republic, Ivory and Madagascar.

A grant of 1 316 000 u.a. was made for the extension of the Rwegura tea factory in Burundi. The capacity of this factory, which was constructed with third EDF financing, needs to be enlarged to enable it to process the increased production of the existing plantations as well as the production from new ones, and so it will be raised from 450 t to 1 200 t per year. It may be recalled that at the London tea auctions in 1974, tea from Burundi compared very favourably with other African teas and was classed almost equal with teas from East Africa.

In Ivory Coast the EIB helped in the partial financing of the Ivory Coast Cotton Company (COTIVO) project by means of an ordinary loan of 5 400 000 u.a., together with an interest rate subsidy from EDF resources (548 000 u.a.). The project involves setting up a spinning and weaving mill at Agboville with an initial annual capacity of 6 000 t of cloth, half of which - in the form of indigo blue denim cloth - will be produced for a local clothing factory. Some 70% of COTIVO's production will be exported in the form of denim or as print and articles of clothing. This project will therefore not only provide a means of increasing the value of the cotton produced locally, but will help to improve the trade balance, create 1 040 jobs initially and diversify the economy of what has been hitherto an exclusively agricultural area.

Grants were made for two slaughterhouse projects, one in the Central African Republic (supplementary financing to the tune of 547 000 u.a. for excess expenditure incurred in building the Bangui slaughterhouse, the original commitment for which was in the form of a second EDF grant) and the other in Madagascar (supplementary financing of 576 000 u.a. for the Mananarive slaughterhouse, the original commitment for which was in the form of a special loan and a grant under the second EDF). The supplementary financing for the latter concerns items not originally included (provision of cattle-floats, small storage warehouses in the town) as well as excess expenditure over the original commitment.

(b) Industrial studies

As regards studies on opportunities for industrialization in the AASM, the sectoral studies of exporting industries were completed and printed during the year so that they could be distributed right at the beginning of 1975.

In the context of industrial information, a second edition -- improved, enlarged and updated -- was prepared of the brochures on the "Conditions for the setting-up of industrial undertakings" in each of the 19 Associated States. The compendium of legislation on investment in the AASM was similarly updated. Both these series will be distributed in 1975.

In addition to these studies, there were examples of action under the heading of project-linked technical cooperation, such as the study for the Kigoma-Mururu high voltage line (65 000 u.a.) and the extension of works supervision for the Kigali industrial estate in Rwanda (32 000 u.a.).

- (c) An EIB ordinary loan of 16 600 000 u.a. was made to Zaire to finance mining and industrial plant called for by the second five-year expansion plan of Générale des Carrières et des Mines (GECAMINES), a State company which had already received a loan of 16 million u.a. from the Bank in 1971. The World Bank and the Libyan Arab Foreign Bank also participated in the financing of the new project, which is of great importance to the country's economic development, since it will provide 2 200 skilled jobs and increase the firm's production capacity in copper and cobalt by around 25%.

F. Tourism

Chad received a grant of 403 000 u.a. for equipment to be used in national parks and wildlife reserves (provision of machinery for making and maintaining tracks and for carrying out special improvements to retain the animals in the reserve even in the dry season; provision of sundry vehicles, equipment for immobilizing and taking samples of the wildlife for examination; provision of metal sheds; financing of the cost of using the equipment for two years). The aim is to provide the State with the necessary means to protect, conserve and develop animal species whose survival is threatened by poaching and endemic disease. It is hoped, as a result, not only to maintain the current flow of tourism but to develop it in the future.

G. Trade promotion

A grant of 50 000 u.a. was earmarked for the trade promotion of textile articles and clothing manufactured in the AASM, especially in Ivory Coast. An international textiles and clothing week was organized in Abidjan with the participation of 150 European experts and many persons concerned with the trade in the Associated States. This trade event permitted many trade contacts to be made for supply and sub-contracting and it was decided to repeat the experiment in 1975 and to enlarge its scope to include a number of African States. Several trade promotion schemes were financed under general technical cooperation (see Chapter III below), such as technical assistance for the preparation of the Dakar International Fair - the cost of staff training and the information service being covered by the EDF - and the setting-up of an investors' forum (276 000 u.a.). The purpose of this gathering was to acquaint European industrialists with capital investment projects included in the development plans drawn up by the Senegalese Government and those of the other Associated States which are members of the West African Economic Community (CEAO).

2. Economic infrastructure

A. Roads and bridges

Projects in this sector involved Upper Volta, Madagascar, Senegal and Chad.

In Upper Volta a subsidy of 4 609 000 u.a. (partly out of remaining funds under the second EDF) was provided for improvements to the stretch of road between Nianguédi and the Togo frontier (58 km) of the Ouagadougou-Lomé roadlink. This section is a continuation of the Koupéla-Nianguédi stretch, the work on which was studied in detail in the Report on the Administration of Financial and Technical Cooperation in 1972 (page 26). The only point that need to be made here is that the work was completed in March 1975 and that the entire Upper Volta part of the Ouagadougou-Lomé road has been improved and asphalted with EDF financing alone.

In Madagascar two projects concerned bridges on the east coast. A subsidy of 6 161 000 u.a. will enable three big bridges to be built, two on the Farafangana-Manakara road and one on the Antalaha-Sambava road. The first is a road previously improved with first EDF money and the second is a dirt road. On both stretches, because of the steady increase of traffic as a result of the Government's road transport and port concentration policy, river crossings by ferry are proving to be a serious bottleneck in economic activity. The three bridges, 293 m, 260 m and 374 m long, are to remedy this situation. Another bridge, on the Vohémar-Sambava roadlink (improved under the first, second and third EDF's), which collapsed in September 1974 as a result of unforeseen technical circumstances, with a subsidy of 720 000 u.a.

In Senegal two major subsidies involved the Ziguinchor bridge (6 554 000 u.a.) and the Tambacounda road (6 049 000 u.a.). The two projects concern two of the outlying regions of the country which are

still isolated or ill-served (Eastern Senegal and Casamance) and must be opened up if economic development is to go ahead properly. Since the Ziguinchor bridge project has several interesting features, it will be analysed here in more detail.

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Ziguinchor bridge

The climate and rich soil of the Casamance have earned it the name of the "garden" of Senegal. But its situation remote from the rest of the country, from which it is separated by Gambia except at the eastern end, has kept it comparatively isolated for want of means of communication and has so far prevented it from fully developing. Two big rivers, at present crossed by ferries, flow between southern Casamance and Dakar: the Gambia and the Casamance. A 50 t ferry-boat crosses the Casamance at Ziguinchor. It was put into service in 1960 and has seen such heavy use that it will have to be replaced in 1975. It carries some 60 000 vehicles a year, with seasonal traffic peaks when the main crops are harvested. Apart from the 450 km direct roadlink, Dakar can be reached from the south of the Casamance only by sea or by crossing the river estuary with vessels drawing less than 3 m of water (a fourteen-hour journey) or by the 850 km of road round the eastern end of Gambia via Velingara and Tambacounda.

So one objective of Senegal's transport plans was to establish a reliable, regular and sufficiently fast connection between Dakar and Ziguinchor, a town with a population of 30 000 in the south-east of the Casamance, for which it is the administrative, commercial and industrial centre. This will also promote tourism, for which the Casamance could be a major attraction.

Another benefit from the project will be closer links between neighbouring African countries, namely northern Senegal and Guinea-Bissau and the removal of one of the two remaining major obstacles on the Dakar-Lagos inter-African coast road. With the independence of Guinea-Bissau, whose border runs very close to Ziguinchor, this aspect will assume more and more importance.

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The improvements to the Tambacounda road involve the most urgent work needed to keep the traffic flowing all the year round on the Tambacounda-Kédougou link, in a region hard of access hemmed in by Guinea and Mali. The first stretch of the Tambacounda-Dialakoto track (65 km), which crosses the most agriculturally developed part of the region and serves the Niokolo-Koba national park, is to be converted into permanent roadway, and a bridge is being built, at km 123, near the village of Mako, where for several months in the year it is at present impossible to cross the Gambia. As a result the rich potential of the region, to which the Senegalese Government intends to encourage immigration from overpopulated areas, will be opened up.

In Chad, a grant of 630 000 u.a. is additional financing to improve the road between Moundou and Koutou airfield, for which the first commitment was made in 1972, to make this stretch fit for integration into the trunk road planned to link up with the Transcameroon railway via Gidjiba. The confused situation of public works contracts due to the general rise in prices hit Chad particularly hard because of its geographical situation: between December 1973 and March 1974, the cost of one tonne of cement in N'Djamena went up from CFAF 27 000 to

CFAF 52 000, the price of bitumen increased by more than 38% and the price of gas oil by 21%; the costs of products delivered to the back-country rose even more steeply. This trend rebounded onto the cost of work to be done on the road in question.

Under the head of road transport, there are also a number of project-linked technical cooperation projects, such as works management and supervision and studies on the Ouagadougou-Yako, Yaoundé-Bafoussam and other roads. In Zaire a comprehensive, detailed study will be made on asphaltting the 130 km road linking Goma, in the North Kivu area, with the Rwindi camping ground, the tourist centre of the Virunga National Park (355 000 u.a.).

Directly affecting a population of 409 000, the Goma-Rwindi road is part of an extensive road modernization programme and, since it links Bukavu and Bunia, will stimulate interregional trade and provide a permanent, fast road link with the Virunga National Park, the country's biggest tourist centre. It will also constitute a start on the link-up with the Ugandan road and rail system and the port of Mombasa in Kenya.

B. Ports

In the Congo a loan on special terms from EDF resources was granted to the Agence Transcongolaise des Communications for works in the port of Pointe Noire (shed, handling area and related facilities). The project will expand the port's freight-handling capacity. It will be undertaken on "G" wharf, which was recently extended by means of a third EDF subsidy decided in 1972. The facilities will be managed and operated by the ATC (Agence Transcongolaise de Communications) and will help to boost traffic through the port, now almost at saturation point (see the 1973 Report, pp 46-47).

C. Railways

Two railway projects were financed.

A loan on special terms of 7 million u.a. was granted to Gabon as partial finance for the first phase of a new permanent way, the Transgabon railway.

Since the time when the Gabon Government decided to lay the railway and started to seek external assistance, including EDF aid, for the purpose, crucial developments have occurred (oil was discovered in Gabon and the oil crisis quadrupled prices on the world market) which have enabled Gabon to go ahead with its entire programme, namely 674 km of railway linking Owendo, Booué and Franceville. In this context, the Community financing (which at present constitutes 1% of the total cost of the Owendo-Booué-Franceville line) was put to individual projects and will be used to build four big bridges, including one 300 m long, on the Owendo-Booué stretch; the Gabon authorities will take on by themselves all the other civil engineering works for the whole line as far as Franceville and will allocate foreign aid other than from the EDF (from France, Germany, Italy, Canada, United States, Zaire, Algeria, Morocco, African Development Bank and Swiss and Japanese supplier credits) to the purchase of supplies. The line will thus be used not only for the forestry operations in the surrounding region, but also for bringing out manganese ore from Franceville; further it will be the first stage of the railway up to the Mekambo-Belinga iron ore deposits, whose development the Gabon Government is thus hoping to speed up. The total cost of the Owendo-Booué-Franceville line is estimated (mid-1975) at CFAF 197 000 million of which CFAF 120 000 million (spread over seven years), i.e., more than 60%, will be borne by the Gabon budget.

In the Ivory Coast, the RAN (Abidjan-Niger Railway) received several Community financings: a special loan from EDF funds (5 041 000 u.a.), an ordinary EIB loan (14 040 000 u.a.), an interest rate subsidy (2 204 000 u.a.), which are helping to finance the re-laying of 130 km of track between Dimbokro and Bouaké and to acquire locomotives. When completed, the project will afford the RAN 320 km of entirely renewed track between Abidjan and Bouaké, the second largest town in the Ivory Coast.

It will be remembered that this railway, linking Ougadougou with Abidjan, has already received Community aid on several occasions (grant from first EDF for the supply of rolling stock and works to reinforce the track; special loan from the second EDF to modernize the Agboville-Dimbokro section; ordinary EIB loan with interest rate subsidy from the resources of the third EDF to renew and increase rolling stock).

Although the project is localized in the Ivory Coast, when completed it will benefit a good part of the economy of Upper Volta, the railway being one of the chief means of moving out the country's products.

3. Social development

A. Water engineering, urban infrastructure

Social development projects are being carried out in Mali and Zaire.

In Mali, a grant of 3 817 000 u.a. is being used to expand the Bamako water treatment plant, provide a water supply system for the town of Mopti and carry out additional work on water supply for the town of Nara. In Bamako, projects under the second and third EDFs are being consolidated and, in Nara, in the Sahel, the present project will back up the action financed under emergency aid by the second and third EDFs. Mopti, a sizeable town, with a resident population of 30 000, does not yet possess any water supply system.

Another grant, of 1 800 000 u.a., will go to provide infrastructure on a 23 hectare estate for young supervisory and management-level personnel in Bamako-Badalabougou. Under this project 430 dwellings will be built and made available to Malian staff, mainly young, on hire-purchase terms adapted to their means.

The estimated cost of the housing is around 5 689 000 u.a., of which 1 800 000 u.a. is being provided by the Community as aid to infrastructure. The rest will be financed by an estimated 504 000 u.a. in the form of buyers' deposits and also by short- and long-term loans.

In Zaire, a special loan of 5 803 000 u.a. will go to improving the water mains in Kinshasa, a project which affects 1 600 000 people. The present system is now inadequate and must be replaced or doubled up by new piping; at the same time a new reservoir is being built. These needs are the result of a veritable population explosion in Kinshasa (10% increase each year between 1959 and 1973) and its steady industrialization through the setting-up of new factories, most of which consume large volumes of water.

To these projects must be added various studies under project-linked technical cooperation, such as the Brazzaville drainage study (80 000 u.a.)

B. Public health

The four hospital projects financed in 1974 all concern large towns, including two capital cities.

In Mauritania, Nouakchott hospital is getting a grant of 4 933 000 u.a. so that it can be expanded to take 450 beds and the school for nurses extended. The hospital was built with a grant from the first EDF; originally it had 135 beds, which have been increased to 212 by makeshift arrangements. The very heavy population growth in Nouakchott (90 000 inhabitants in 1973 as opposed to the 20 000 expected when the first project was under study in 1960) necessitates this extension, which will provide a rational addition to the polyclinic for outpatients only, financed by Community aid in 1973. With the extension of the school for nurses, these facilities will enable a real "health scheme" to be established on a national scale.

In Madagascar, a grant of 1 167 000 u.a. made on the basis of the Association Council's Resolution of 22 October 1972¹ will provide an initial stock of supplies for starting up a new hospital (financed under the second EDF).

Ivory Coast has received a grant of 3 781 000 u.a. to build and equip the Regional Hospital Centre (CHR) in Korhogo. The financing will cover the buildings and equipment for various specialized medical departments plus technical and administrative annexes. Capacity will be 420 beds, which will meet present hospital needs in Korhogo (pop. 250 000) and the northern region of Ivory Coast. A later extension to 600 beds will be feasible.

The project, which will be carried out in the northern region hitherto underfavoured as regards health facilities, is regarded as a priority investment by the Government. Its total cost is estimated at 6 913 000 u.a.,

¹"The Community reaffirms its willingness to come to the aid of those Associated States which so request, either to support them in their efforts to meet current upkeep and operating expenditure or to make good any lack of resources for covering major or exceptional expenditure."

to be financed by the EDF contribution and the Ivory Coast budget.

A regional establishment is also being financed in Zaire by a grant of 7 653 000 u.a., namely Goma hospital, with a capacity of 300 beds, to meet the medical needs of Goma (pop. 80 000) and also to act as a health support body for the North Kivu region (pop. 750 000). The project includes the conversion of an unfinished building into a school for nurses.

C. Education and training

Eight school-building and school facilities projects were financed, all by means of grants, at different levels, and the scholarship programme went ahead.

1. Three of the school infrastructure projects involve primary education in the rural areas of Upper Volta, Cameroon and Senegal. In Upper Volta, 2 161 000 u.a. will go to rural education in the Yatenga region and the south-west; in Senegal, 210 primary classrooms will be built in various districts for a sum of 1 500 000 u.a.; in Cameroon, 3 079 000 u.a. will be used to build 250 primary classrooms in the north. The three projects are based on similar principles, which for Cameroon will be analysed in detail.

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Primary schools in Cameroon

In 1962 a financing agreement between the Cameroon Government and the Commission stipulated that the Commission would finance 172 primary schools comprising 764 classrooms (including equipment) and 480 dwellings for teaching staff, distributed through 12 departments of eastern Cameroon¹, to assist the Cameroon authorities in their policy of developing school attendance.

¹Financing of over 7 000 000 u.a., including the extension of a secondary school in N'Gaoundéré.

According to a survey made some time after the schools had come into service, the aim of the project -- to increase the rate of school attendance -- had been reached, since all the classrooms were in use, with 30 to 60 pupils in each class, and some were used in two shifts, with one group of children attending in the morning and another in the afternoon¹.

Especially in the north and east, school attendance has intensified to the extent that pupil numbers (particularly of girls, who had previously been behind the boys in schooling) have increased at a rate that far outstrips the number of places available. Performance, i.e., the percentage of pupils passing the examinations, has apparently improved too. Lastly, the "comfort" aspect of the EDF projects seems to be appreciated by the pupils and their parents since, in the regions where no EDF school had been built, more and more requests have been coming from the local population to the Cameroon Ministry of National Education to be among the beneficiaries of future projects.

This is why the Cameroon Government has again asked for Community aid to finance new schools in order to bridge the gulf between the north and south of the country; whereas nearly everyone goes to school in the south, only 30% do so in the north.

Meanwhile, however, flaws have come to light in the technical design of the initial, prefabricated EDF schools. Termites have destroyed the parts made from non-treated timber, unsuitable materials had been used for the façades, which have been severely damaged in tornadoes, gables without protective coating deteriorated rapidly, and door frames and window fittings, for example, must be made of stronger materials.

Teaching methods have changed, furthermore, and this has led to a different overall design of the type of school required.

¹In Moutourova (Diamaré), for example, the two classrooms built in 1967 were being used in 1969 by 219 pupils split into 4 classes.

All these points were considered in the new EDF project, which the Commission agreed to finance in July 1974. The purpose of the new project is to build 250 classrooms and 30 dwellings for teaching staff in the northern province¹. The classrooms are to replace those made of provisional materials (117), or provide more space in overcrowded schools (42) or be used to establish schools in villages where hitherto there had been none (91). Rural development projects now running in certain areas were taken into account as justifying a special effort in educational infrastructure (for instance, the rural development project in north-east Bénoué).

The design of this project was influenced by the teaching reform decided in 1967, which is directing education towards "ruralization" and requires:

- that 80% of the primary school pupils must be trained to enter the production cycle, not only by general theoretical instruction henceforth geared to active methods of education (learning to learn, getting to know their environment², being taught how to use their initiative and absorb new techniques), but also through basic practical training (manual work) attuned to the regional economy; the remaining 20% of the pupils will be directed towards secondary education.

- that the schools must no longer be cut off from their environment. The teachers should become prime movers in the village communities and try to involve them with the schools (now schools for community promotion) and with the instruction given. As far as possible the teachers will come from teachers' training colleges in the same region and will apply the programmes and methods laid down by the Institut de Pédagogie appliquée à vocation rurale, in Yaoundé.

¹ Departments concerned: Adamaoua, Bénoué, Diamaré, Logone and Chari, Margui-Wandala, Mayo-Danai.

² Knowledge of the regional, then national, African and world environments is gained through standard subjects (French, mathematics, art, sport, etc.) but on integrated and active lines.

This approach, worked out by the Cameroon Government with the assistance of experts from UNESCO, the FAC, Germany and Canada and in liaison with the EDF, led to research into the technical aspect of the type of buildings to be adopted and this was done without the usual calling in of consultancy firms. On the basis of various educational requirements (size and shape of rooms, simplicity of construction, ease of operation and maintenance, etc.) and with the approval of the Cameroon authorities, a preliminary project for classrooms, with variations, was drawn up by the EDF technicians themselves and submitted to the authorities, who after discussing and modifying it, then worked out the final project.

The building will be done partly by the public works department, with technical assistance from the EDF, and partly by contractors. Local invitations to tender were put out early in 1975.

The standardized buildings will have a metal framework and metal doors, with roofing of aluminium produced in Cameroon. The spaces in the reinforced concrete structure will be filled, depending on what is available in the area, either with stones or with coated parpens in order to harmonize with the local environment. There will be no windows proper, but openings protected by metal frames with mosquito netting. The classroom will have its store-room with shelves to keep books, teaching equipment, etc. Lastly, the classroom furniture (desks, benches, etc.) will be made in Cameroon. It is thus hoped that optimum use has been made of local resources and the construction faults, referred to above, in the first schools financed by the EDF have been eliminated. Besides the school building, there will be lavatories, a playground, some greenery, and where possible, a waterpoint, a vegetable garden, a chicken run, and so on, all of which will be tended by the schoolchildren and staff.

In the field of secondary education, the Ouagadougou College of Technology is receiving 3.241 million u.a. so that it can move to new, modern and well-equipped buildings intended for between 500 and 600 students and designed for the specific training given by this college.

As far as vocational training is concerned, financing is being provided for three projects. In Ivory Coast, Community aid will help in the reorganization of the CTR (regional technical centres) at Ferkessédougou and Katiola with an amount of 360 000 u.a. (covering the cost of an expert and of part of the infrastructure and equipment for the two centres).

An inter-State project will be carried out in Togo involving the regional training centre for road maintenance (CERTER), which will be open to students from the five countries backing the project, namely Ivory Coast, Dahomey, Upper Volta, Niger and Togo (176 000 u.a. each), and also to nationals of other French- or English-speaking African countries. Other providers of funds, such as AID, are also contributing to this centre. The Community aid will be used for the construction of a hall of residence for the trainees (numbering 160), for the supply of teaching materials and for technical assistance.

In Upper Volta, another inter-State school will also receive Community aid (1.098 million u.a.):

The inter-State school for advanced water engineering and rural infrastructure technicians

A centre for the training of technical assistants in the rural engineering field was launched in Saria, Upper Volta, with FAC support in 1965. Originally housed in provisional and cramped premises, this centre was moved to new premises, also of a provisional nature, in Kamboinsé (12 km from Ouagadougou) for the start of the 1974 academic year. The EDF aid is to be used to build and equip permanent premises for this centre in Kamboinsé. In 1968 the centre became an inter-State school with students from Cameroon, Ivory Coast, Congo, Dahomey, Gabon, Upper Volta, Mali, Mauritania, Niger, Central African Republic, Chad, Togo, Rwanda and Burundi, depending on the year.

Following completion of their secondary education these students are trained in 22 months (including two months on-the-job training) to act as direct assistants to rural engineers. For this purpose, they receive an essentially practical training¹ which is intended to equip them for the field and is geared to the tasks they will be called on to carry out. These tasks consist in studying, planning, carrying out and supervising all the small-scale water engineering and rural infrastructure improvements carried out at local, regional or national level. At Kamboinsé, there will be between 40 and 50 students in each year and the school will have a first and a second year running simultaneously (at Saria, there were only 25 students and the training lasted 15 months). These figures take account of the numbers of trained personnel required by the various States which send students to the centre. These requirements are currently increasing greatly.

The new site chosen for the school was decided on because of the possibilities it offers for carrying out on the spot all practical operations, particularly the applied water engineering and rural infrastructure work. At Saria, there was no opportunity for applied water engineering work. The necessary school buildings (classrooms, workshops and hall of residence) and administrative buildings will be constructed on this site. The fact that Ouagadougou is nearby means easy access for the teaching staff, a considerable proportion of whom will continue to consist of expatriates until such time as there are sufficient African teachers.

All the technicians trained up to now (146, of whom 126 obtained the leaving diploma) have found work without difficulty in rural engineering or public works departments or in agricultural development companies.

It is to be hoped that the utilization of the permanent premises, which are well suited to the functions for which they are intended and are situated in an area offering numerous practical advantages, will make it possible to maintain, or even strengthen, the excellent reputation which the Saria school has acquired in Africa since its establishment.

Lastly, in the field of higher education, a substantial amount of funds has gone to the University of Mogadishu in Somalia.

¹The practical work in the laboratories, workshops and in the field takes up more than 75% of the total number of hours tuition.

The University of Mogadishu

For a number of years after independence, Somalia's future management personnel could only be trained abroad owing to the lack of a university in Somalia - this is leaving aside the University Institute of Mogadishu, set up in 1956, which offers the first two years of courses in law and economics, and a National Teacher Training Centre set up in Afgoi in 1958 to train secondary school teachers. The disadvantages of such a situation are well-known and have already caused numerous African countries to try to set up their own university education system. These disadvantages include the following: scholarships not tailored, either qualitatively or quantitatively, to the specific requirements of the country; curricula and teaching methods in foreign universities which are not pertinent to the economic and social conditions of the student's country of origin and ill-suited to the basic training received by the student, difficulties of a linguistic nature, the problem of reintegration into the home environment after a prolonged stay abroad, etc.

A recent survey carried out among the 490 Somali graduates in public service revealed that they had been trained in 22 different countries (Italy, United States, United Kingdom, USSR, Egypt, Germany, etc.) - this disparity in the training received poses serious problems in itself - and that only 40% of them had carried out their studies in the two working languages (English and Italian) which Somalia has in addition to its own language, Somali, which has started to be used as a written idiom since 1972. Furthermore, the dropout rate is very high: less than one third of the expatriate students were able to complete their studies within the normal time and a number had to abandon their studies before completion, with all the consequences that this type of failure involves in human and financial terms.

It was for this reason that the principle of establishing a university was adopted by the Somali Government in 1969 as part of its plan to regain control of the whole education system. Various faculties (agronomics, sciences, zootechny, medicine), which were set up and launched very quickly, have begun work in provisional premises scattered throughout the capital, and the University Institute has been restructured so as to provide a comprehensive education. In spite of aid from Italy, sufficient equipment is not yet available. In 1973 the teaching staff numbered 115, of whom 57 were

Somali nationals¹.

In 1973-74, more than 2 000 students were pursuing their university studies in Somalia and 190 had already graduated.

The Somali Government must now move on to the next stage, that of organizing the university on a systematic basis, tailoring the courses and curricula to the real requirements of the various sectors of the economy - this means in particular giving a place, alongside the theoretical courses, to practical training, since once the students complete their studies they will soon have to take on positions of responsibility - and giving the university a role as a centre of applied research, as a catalyst for intellectual initiative and possibly as a place where people with foreign degrees can be retrained to fit in with local requirements.

In order to do this, the University must have practical and effective means available to it, and more particularly functional premises and sufficient equipment. It is for this reason that the Somali Government has asked for Community aid². Part of the aid will be used for the construction of buildings to form a university campus on a site provided free of charge by Italy at Holmessale on the outskirts of Mogadishu, while the rest will be used to finance the supply of the necessary equipment (teaching equipment and furniture).

In agreement with the Somali authorities and in the light of estimated short- and medium-term requirements for management personnel (in both the public and the private sectors), the campus has been designed to accommodate 2 000 students (including approximately 800 residents) divided up into 12 departments: humanities (history, geography, philosophy), languages, mathematics and computer science, chemistry and physics, economics, geology and environmental studies, law, behavioural sciences (pedagogics, sociology and education), agronomics, medicine, zoological sciences and industrial technology. Some 300 to 325 students will pass out each year after completing a four-year course. The length of the courses has been fixed by the Somali authorities, whose aim it is to provide the country as quickly as possible with the necessary

¹In April 1973, Somalia signed a technical cooperation agreement with Italy relating to university matters under which it is hoping for technical assistance in the form of teachers for the future university.

²Commitment of 10.7 million u.a. in July 1974.

trained personnel, particularly doctors¹. The training will be specifically suited to local requirements and based on practical work. Post graduate courses, providing a more theoretical or more specialized training, will be organized on the spot if possible; should this prove impossible, the students will be sent abroad for a limited period.

The studies for the construction of the buildings have been carried out (with EDF financing) by a local consultancy firm and the work will be done by the public works department with only two expatriates providing technical assistance. In this way it is hoped to make a saving of between 40% and 45% compared with the amount the same work would have cost if carried out by a private firm. Furthermore, the public works authorities concerned have already carried out a number of major projects: ministries, a hotel, a school, etc. It is estimated that the work could be completed in 1978.

At the present time, the Government is trying to cut down the number of scholarship holders studying abroad and has for example agreed with the Commission that the scholarships financed by Community aid should be granted for studies in Somalia. Accordingly, the 192 new scholarship holders benefiting from this aid in 1973 are spending the whole period of their studies in Somalia itself. It should be pointed out that the annual cost of on-the-spot training (1 200 u.a. per annum per person) is much lower than that of training in Europe (between 3 000 and 3 500 u.a. per annum per person depending on the country).

¹ Within the next 12 years, 800 new doctors will be needed to fulfil the authorities' programme for free medical treatment for the whole population.

2. No new commitments were made in 1974 for the granting of scholarships, the programme being continued on the basis of the 1972 appropriation for the years 1972-75 (29.937 million u.a.)¹.

(a) Full-time scholarships

In 1974/75, 3 140 scholarships were granted to AASM nationals, an increase of 14% over 1973/74 (2 749 scholarships, which was already an increase of 14.5% over 1972/73).

The proportion of scholarships granted for studies in Africa has grown continuously and accounted in 1974/75 for 67% of all scholarships granted, thus confirming the trend towards the reduction of the number of scholarships awarded for Europe which emerged at the end of the sixties.

It should be noted that 1 696 of the 2 118 scholarship holders in Africa are studying in their country of origin² and the remaining 422 in other countries, as indicated in the breakdown given in the following table (see Annex 2 A):

Country of study	Cameroon	Ivory Coast	Dahomey	Gabon	Upper Volta	Mali	Niger	Senegal	Quad	Togo	Zaire	TOTAL
Number of foreign scholarship holders	98	84	10	27	9	105	2	48	7	20	12	422
Number of countries from which they originate	12	10	1	9	2	4	1	8	1	3	1	

The distribution of scholarship holders among the various areas of training for which the Community provides scholarships (technical studies, agriculture, economics) shows how much importance is attached to the technical and agricultural sectors.

¹See Chapter III for the important change made in 1974 in the management of the scholarships programme.

²In 1973/74, 1 757 scholarship holders were studying in Africa, of whom 1 349 in their country of origin.

It should be noted that the emphasis placed on those sectors corresponds to the priorities adopted by the Associated States. Thus training is linked more and more to the sectors which are in full growth or which are shortly to be developed.

The breakdown by type of training for 1973/74 is set out in the table below (the corresponding figures for 1974/75 are not yet available):

Type of training	Number of scholarships granted	%
Technical studies	919	33.4
Agriculture	856	31.2
Economics	635	23.1
Medical	305	11.1
Other	34	1.2

Details of these scholarships are given in Annex 2 B.

(b) Local part-time courses

In 1973/74, 70 grants were made to rural craftsmen in Upper Volta for a six-month group training course at the National Advanced Training Centre for rural craftsmen at Ouagadougou.

(c) Scholarships for correspondence courses

In 1973/74 there were 569 recipients of scholarships for training by correspondence.

Breakdown of scholarships for correspondence courses by type of training:

Type of training	Number of scholarships	%
Economics	231	40.6
Agriculture	223	39.2
Technical studies	115	20.2

Details of these scholarships are given in Annex 2 (Table C).

3. Courses of further training

In 1974 the Commission organized a second further training seminar in Brussels for the managers of the African States' stands at international trade events, and made arrangements for certain specific training schemes such as the on-the-spot training of Ivory Coast public works engineers in connection with the asphaltting of the San Pedro-Issia road, or the training for owners of small businesses in Zaire.

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4. Miscellaneous

Various technical cooperation schemes deserve mention.

- (1) Among the most important projects concerning the AASM which do not fit into any specific category, mention should be made of a trade promotion scheme to increase sales of tropical fruit and out-of-season vegetables originating in the AASM (50 000 u.a.) and a research and study programme concerning the CEAO countries¹ (32 000 u.a.), following on from an earlier scheme.

The Commission continued to provide the Secretariat-General of the West African Economic Community (CEAO) with technical assistance in organizing the Secretariat-General, drawing up the customs tariff and customs regulations resulting from the application of the Treaty and the Protocols annexed thereto, seeking suitable industrial products and fostering inter-State trade. The outline of a study on trade and monetary relations between the CEAO States and neighbouring English-speaking States was also prepared.

A conference on sea and air transport was held in Hamburg between the Federal Republic of Germany and the Associated African States, Madagascar and Mauritius. It aimed to identify difficulties in the sea and air links between Germany and Africa, study ways of overcoming

¹ West African Economic Community

them and, lastly, establish the widest possible cooperation between African shippers and German carriers (50 000 u.a.).

Furthermore, seminars were held in 1974 for nationals of both the AASM and the OCT: twelve such seminars were organized in Europe, including seven for holders of Community scholarships. Three other seminars were reserved for trainees not holding Community scholarships. Lastly, there were two seminars for nationals of English-speaking countries.

In addition, three seminars were held in Brussels for trainees from the Centre de Perfectionnement pour le Développement et la Coopération Economique et Technique in Paris and the Training Centre for Statisticians in Munich.

These seminars involved a total of 437 participants, including 102 nationals of English-speaking countries. The aim of the seminars was to make AASM and OCT nationals studying in Europe more aware of the problems of Euro-African cooperation and, as regards the EDF scholarship holders, to permit the Commission to assess how their training was progressing by means of discussions and exchanges of information.

- (2) As regards project-linked technical cooperation, certain schemes have already been mentioned in Chapters I and II. Among other schemes, the most important included technical assistance to the Ministry for the Plan in Upper Volta, Niger and Mauritania, a study on the development of fisheries in Somalia (150 000 u.a.), etc.

This type of scheme was a common feature of operations in 1974.

- (3) General technical cooperation schemes were less numerous than the foregoing, but particular mention may be made of the sending of an instructor to Togo (62 000 u.a.) or the study of ways of simplifying the laws governing direct and indirect taxation in Mali (4 000 u.a.).

The Togo scheme is mentioned since it is fairly unusual for the Community to finance a scheme of this type, doing so only in exceptional cases.

¹ West African Economic Community.

5. For the record: Food aid to the AASM

A. In addition to the aid provided for under the second Yaoundé Convention, thirteen Associated States received Community food aid in 1974 in the form of normal aid or under the emergency aid programme. The quantities granted to the AASM were 140 000 t of cereals, 11 500 t of skimmed-milk powder and 4 700 t of butteroil. Compared with the total quantities made available by the Community to all developing countries in 1974, the proportions granted to the Associated States were 27% for cereals, 21% for milk powder and 10% for butteroil. The estimated cost of these measures was 51 million u.a. (at world prices).

The following AASM received food aid:

	<u>Cereals</u> (t)	<u>Milk</u> (t)	<u>Butteroil</u> (t)	<u>Total</u> (t)	u.a.
<u>I. Normal aid</u>					
Dahomey	4 000	-	-	4 000	850 400
Central African Rep.	2 000	-	-	2 000	410 000
Mauritius	10 000	-	-	10 000	1 602 500
Cameroon	1 500	-	-	1 500	307 400
Madagascar	4 000	-	-	4 000	820 000
Somalia	5 000	-	-	5 000	1 390 000
Togo	3 500	-	-	3 500	699 000
<u>II. Emergency aid</u>					
Upper Volta	15 000	2 600	1 800	19 400	8 245 000
Mali	26 000	2 900	300	29 200	9 560 500
Mauritania	14 000	2 000	1 000	17 000	6 550 300
Niger	30 000	3 200	1 450	34 650	14 135 800
Senegal	15 000	-	-	15 000	2 595 000
Chad	10 000	800	150	10 950	3 895 000
<u>Total</u>	140 000	11 500	4 700	156 200	51 061 100

(1) Normal food aid

Seven Associated States received a total allocation of 30 000 t of cereals as normal food aid, which means that the products can be sold on the domestic market of the countries in question and the proceeds used for carrying out development projects (in the last five years the proceeds thus realized in the AASM have amounted to 3 400 000 u.a.).

These projects are identified by the government, which classifies them in accordance with its priorities and submits them for approval by the Commission. They are generally geared more particularly to the development of production, especially agricultural production (for example, storage sheds in Niger and Upper Volta, wells in Togo, etc.).

(2) Emergency aid

At the end of December 1973, the Community adopted a special programme of food aid for the Sahel countries in order to meet the needs of the people hit by the drought. The Community covered the cost of transportation as far as the distribution points, and more than 85% of the products was delivered to the affected areas by the beginning of the rainy season (see below, Chapter III, point 6).

Furthermore, a special appropriation of 5 million u.a. was earmarked for financing exceptional transport costs. The availability of these funds meant that the Community was able to deal with certain difficult situations by using aircraft or lorries instead of the traditional means of transport (sea, rail).

B. For 1975 the Community has already adopted an emergency programme for the Sahel countries¹ in order to continue its help to those countries. The programme involves 51 000 t of cereals, 11 900 t of milk powder and 3 050 t of butteroil.

¹Including 350 t of milk and 500 t of butteroil for Somalia.

6. For the record: Cheysson Fund

The Cheysson Fund was financed separately from the aid provided for under the second Yaoundé Convention and has benefited several AASM. The first instalment, granted in 1974 and totalling \$ 120 million¹, went to the following States (as well as to some non-associated countries):

State	Allocation \$'000	Use
Dahomey	1 000	food (milk, flour), capital goods
Upper Volta	2 000	medical supplies, fertilizers
Madagascar	5 000	road equipment, port equipment
Mali	5 000	sugar, fertilizers condensed milk
Niger	5 000	blankets, food (condensed milk, flour, sugar, salt), jute sacks
Rwanda	1 000	malt and milk powder (transported by air), trucks; mining equipment
Chad	2 000	fertilizers, insecticides
Senegal	1 000	hospital equipment
Somalia	1 000	maize (10 000 t)

¹Equivalent to approximately 99 million u.a.

CHAPTER III -- IMPLEMENTATION OF AID

1. Methods of financing¹

A. Non-repayable aid from the EDF's resources

The breakdown of this aid is as follows:

	<u>Amounts</u> (in million u.a.)	<u>% of total</u> <u>aid in 1974</u>
Grants	105.826	63
Interest rate subsidies	<u>2.752</u>	<u>1</u>
Total	108.578	64

(a) Grants

Generally speaking, these were allocated to the poorest countries or - in the case of other countries - to social projects (depending on the nature of the project). Virtually all projects connected with health, education and food crops were financed by grants, as were technical cooperation schemes.

Industrial projects, projects involving industrial-scale crops and economic infrastructure projects in the poorest countries were also allocated grants.

(b) Interest rate subsidies

Of the three loans granted by the EIB to the AASM from its own resources (see below), two were accompanied by interest rate subsidies in the form of non-repayable aid financed from EDF resources. The updated amounts of these subsidies totalled 2 752 000 u.a. and made it possible to reduce the interest rate for the COTIVO and RAN projects to $6\frac{1}{2}\%$ and $6\frac{1}{4}\%$ respectively. Without the subsidies, the rates would have been $8\frac{1}{2}\%$ and $8\frac{3}{4}\%$.

¹The main projects are analysed in Chapter II of this Report.

At 31 December 1974 non-repayable aid committed in respect of the AASM under the second Yaoundé Convention totalled 648 million u.a. for grants and 6.5 million u.a. for interest rate subsidies, giving an overall total of 654.5 million u.a.

B. Repayable aid from EDF resources

(1) No contribution was made to the formation of risk capital in 1974.

(2) In contrast, six loans on special terms were the subject of Commission financing decisions in 1974 (see Annex 3). Of these, two are concerned with industrial-scale crops and three with transport and urban water supplies. These special loans represent a total of 24.564 million u.a., that is 15% of total aid in 1974.

The financing contracts for two of these special loans (Transgabon railway and BUD-Senegal), had not been signed at 31 December 1974.

The recipients of these loans are either the operating bodies (RAN in Ivory Coast, ATC in Congo) or the States concerned (Ivory Coast, Gabon, Senegal and Zaire).

As can be seen from Annex 3, the grant element in these loans is generally large.

(3) Use of reinvestment funds

Although no operation was carried out under this head, it has been agreed that the use of reinvestment funds derived from "two-tier" loans would be authorized under a simplified procedure and preferably through the local development bank.

At 31 December 1974 loans on special terms granted in the AASM under the second Yaoundé Convention totalled 59.280 million u.a. in respect of twelve loans.

C. Ordinary loans from the resources of the European Investment Bank

In 1974, the EIB granted three loans from its own resources for projects in the AASM totalling 36.04 million u.a.

In Ivory Coast, two loans were granted, one for the textile industry (COTIVO: 5.4 million u.a.) and the other for infrastructure (RAN: 14.04 million u.a.). These loans were accompanied by interest rate subsidies from the EDF's resources (see page 44).

A loan to aid the mining industry in Zaire was granted to GECAMINES (16.6 million u.a.); this will make possible the extension of the mining and industrial installations provided for in the Second Five-Year Plan.

At 31 December 1974 ordinary loans granted to the AASM under the second Yaoundé Convention totalled 82.3 million u.a., of which more than 60% was intended for industrial projects.

At that date, actual disbursements represented approximately 43% of the total amount of the loans granted.

2. Concerting of action for the preparation or the execution of aid

A. Concerting of action with the Associated States

The concerting of action between the EEC and the Associated States continued on the same basis as previously, through meetings held in Europe with delegations from the Associated States (generally with the Ambassador of the State concerned attending) and through missions sent to those States by the Commission and the EIB.

A number of these meetings, however, were on a broader basis, with other Associated States and/or other providers of funds participating in the proceedings (see below).

B. Coordination between the EDF and the EIB

Coordination between the Commission and the European Investment Bank continued in 1974. Meetings were held at regular intervals in Luxembourg or Brussels at which the EIB and EDF departments discussed the most appropriate method of financing to be used for the projects submitted under the second Yaoundé Convention in the light of the economic situation and borrowing capacity of the State concerned and the financial profitability and economic importance of the projects. In addition, the EIB and the Commission kept each other informed of progress in the appraisal of the projects for which they were responsible and of the preliminary contacts with the potential recipients.

C. Coordination with other sources of aid

Coordination between Community aid and the other bilateral and multilateral aid organizations continued on a very regular basis in 1974.

The aim was to further improve the effectiveness of the aid to the Associated States by preparing practical solutions before the discussions with the authorities of those States.

(1) Regular coordination with the other sources of aid

(a) with the bilateral aid organizations

The exchanges of information between the Community's departments and the bilateral aid organizations continued on a regular basis in 1974.

In addition, briefing and coordination sessions were held with the Belgian, Italian, UK, Canadian and US aid organizations. These meetings were, however, less frequent than in previous years owing to the negotiations for the renewal and enlargement of the Convention of Association.

(b) with the multilateral aid organizations

In addition to the regular exchanges of information, a number of coordination sessions were held, in particular with the African Development Bank (ADB), the International Bank for Reconstruction and Development (IBRD), UNESCO and FAO.

(2) Specific meetings

(a) In order to programme as effectively as possible the grant of 35 million u.a. in emergency aid made available at the end of 1973 to the Sahel countries and Ethiopia by a decision of the Council of Ministers of the European Communities acting on a proposal from the Commission (the grant being financed from the 1974 Commission budget), the Commission took the initiative of bringing together in Brussels in February 1974 the main

sources of aid to the Sahel, these being the Belgian, German, French and UK bilateral aid organizations as well as the ADB, the IERD, Canada, the United Nations and AID.

This meeting, presided over by the Permanent Inter-State Committee on Drought Control in the Sahel and attended by the Ambassadors of the Sahel States concerned, made it possible to coordinate the activities of the various donors and thereby ensure the maximum degree of effectiveness for the emergency aid to the Sahel States.

(b) Following up an initial exchange of views held in December 1972 on the schemes for the development of stockfarming in West Africa, the Commission organized on 13 and 14 June 1974 a briefing and coordination session on the schemes for the development of stockfarming in the Sahel countries. In addition to representatives of the Permanent Inter-State Committee on Drought Control in the Sahel and of the Gambia, Upper Volta, Mali, Mauritania, Niger, Senegal and Chad, the meeting was also attended by representatives of the ADB, the IERD, Canada, the FAO and AID and of the bilateral aid organizations of the nine Member States of the Community. The following major topics were developed and discussed:

- the whole range of problems connected with animal breeding and production techniques;
- agrostological and nutritional aspects;
- development of the ecological potential of the Sahel;
- hydrogeological problems;
- health aspects; staff and budget of the Government departments responsible for stockfarming;
- economic problems connected with meat and livestock.

Proposals for short-, medium- and long-term action were defined. These included food aid to the affected stockfarmers, action to save calves, the combination of stockfarming and agriculture in suitable areas by means of animal-drawn tillage and local fattening, an inventory of pasture lands, the retention of traditional pumping methods for obtaining water, the development of straight feedingstuffs using straw and residues from traditional crops, etc.

Specific measures for the various States were also discussed with their representatives.

(c) Several meetings were held (in Pointe-Noire, Washington, Brussels) as part of the appraisal of the important project involving the realignment of the Congo-Ocean Railway, which is being considered for financing in 1975 by a consortium of potential providers of funds (IBRD, FAC, CCCE, Canada, ADB, as well as the EDF).

(d) Discussions took place between the Cameroonian authorities and a group of providers of funds (IBRD, FAC, German and Canadian bilateral aid organizations, EIB, EDF, etc.) in connection with the projects involving the extension of the Port of Douala and repairs to the Yaoundé-Douala railway.

D. Relations with the private sector

These were mainly in connection with trade promotion: fairs, trade exhibitions, seminars for persons engaged in trade, etc. In 1974, the Commission organized 120 appearances at 11 trade fairs and 9 specialized trade events in Europe and Africa under the Community programme for participation by the Associated States in international trade events.

With the aim of further stimulating the development of contacts already made between representatives of the public and private sectors of production, exporting and distribution, eleven meetings of persons engaged in trade were organized by the Commission at the trade events.

These meetings were centred on various themes and succeeded in bringing to the attention of European trade circles certain products from the Associated States and the development of some of these products, and also the prospects which are opening up of establishing in certain States industries which can be geared to the production of export articles.

On these occasions the representatives of the business circles concerned were given extensive information on the measures adopted by the majority of the Associated States to encourage the development of foreign industrial investment.

The purpose of all these schemes is to make the Associated States' products and the conditions under which they are marketed more widely known, particularly in European importing circles.

3. Execution of aid from EDF resources

A. Reducing project appraisal and project execution times

For some years the Commission has endeavoured to adopt a number of measures designed to speed up the execution of EDF-financed projects. In 1974, however, no specific measure to decentralize or speed up administrative procedure was implemented. The Commission seized the opportunity offered by the renewal and enlargement of the Association to propose a set of provisions which could reduce appraisal and execution times considerably. These provisions will not, of course, be applicable immediately but their effects should begin to be felt with the financing of the first projects from the resources of the fourth EDF.

B. Management of the scholarships programme

The latter part of 1974 was marked by an important change in the management of the programme of scholarships granted by the Community in Africa and administered hitherto by a European body. With the growth of the number of scholarship holders studying in Africa, where educational facilities (universities and training institutions or centres) are continually being developed, it seemed appropriate to transfer to the government authorities of the AASM countries full responsibility for this training programme, thus bringing the scholarship programme in line with the procedures governing the execution of other EDF projects.

This administrative transfer has already been effected in some associated countries and was to have been extended to cover all the AASM by not later than June 1975.

C. Invitations to tender and contracts

(a) Invitations to tender

In 1974, 71 international invitations to tender were issued, involving an estimated 71 million u.a. Of these 71 new invitations to tender, 25 concerned works contracts totalling 52 million u. a. , while 26 involved supplies contracts amounting to approximately 12 million u.a.

Lastly, in accordance with Article 49 of the Financial Regulation of the EDF, 20 invitations to tender totalling around 7 million u.a. were issued by accelerated procedure.

(b) Contracts

In 1974 there were no instances of preference being accorded to AASM firms.

Total contracts (contracts placed on the basis of an invitation to tender or estimate and service contracts) for implementing the three Funds amounted to 191 million u.a. in 1974, which is appreciably lower than the figure for the preceding year.

This situation resulted from the slowing down of the rate of implementing the second EDF (19 million u.a. compared with 21 million u.a. in 1973), this being no longer offset - as it was in previous years - by an increase in the rate of implementing the third EDF. Firm commitments under the third EDF, which had grown substantially between 1972 and 1973 (rising from 99 million u.a. to 186 million u.a.) totalled no more than 169 million u.a. in 1974.

At the end of the year under consideration, total contracts placed - as a proportion of the relevant appropriation - represented 98% of the first EDF, 94% of the second EDF and over 54% of the third EDF (see Annex 4).

In previous years one of the main features had been the improvement in the rate at which firm commitments had been undertaken under the third Fund compared with the rate under the earlier Funds.

This was again found to be the case in 1974, for the level of firm commitments (54%) attained under the third Fund after four years of operation had not been reached until the sixth year under the first Fund and at the end of the fifth year under the second Fund. This shows that the execution of third EDF projects is following upon financing decisions more rapidly than in the past.

D. Increase in the rate of disbursements

Disbursements under the three Funds amount to around 173 million u.a., thus showing appreciable growth over the preceding year (160 million u.a. in 1973). This growth results mainly from the substantial increase in disbursements under the third EDF, which amounted to 131 million u.a. compared with 101 million u.a. in 1973. At the end of 1974, disbursements, expressed as a percentage of commitments, accounted for 98.4% of the first EDF against 95.5% in 1973, 93% of the second EDF against 88% in 1973, 27% of the third EDF against 25.7% in 1973 (see Annex 4).

4. Overspending on projects financed from EDF resources

Overspending was analysed in two ways:

first, a list was drawn up of the projects involving overspending, for which supplementary funds were committed in 1974 following a decision by the Chief Authorizing Officer or the Commission;

a second, more general approach was the Commission's attempt to draw up a balance sheet of the net extra cost, both overall and by sector, resulting from overspending incurred and savings made in respect of completed contracts under the three Funds.

(1) Excess expenditure covered in 1974

In 1974, the Commission - after consulting the EDF Committee - and the EDF Chief Authorizing Officer authorized commitments totalling 7.9 million u.a. to cover excess expenditure in respect of 24 uncompleted projects under the first, second and third EDFs¹. The 24 projects, representing 72 million u.a., comprised:

1 project under the first EDF, representing 4.4 million u.a., which involved excess expenditure of 400 000 u.a., equivalent to 9%;

11 projects under the second EDF, representing 33.6 million u.a., which involved excess expenditure of 2.7 million u.a., equivalent to 8%;

12 projects under the third EDF, representing 34 million u.a., which involved excess expenditure of 4.9 million u.a., equivalent to 14.5%.

The total excess expenditure thus covered in 1974 represents 5.1% of the total amount involved in the financing decisions² taken in 1974 under the three Funds (157 million u.a.). This result may be compared with the figure of 7% for 1973.

In 1974, therefore, the improvement in the preceding year was confirmed.

(2) Establishment of the net extra cost

In order to draw up the balance sheet of the net extra cost to the EDF resulting from the overspending incurred and the savings made on completed projects, reference was made, as in the preceding year, to contracts under the first, second and third EDFs which had been definitively completed.

¹ AASM and OCT.

² EDF only (AASM + OCT).

(a) This balance sheet, covering 5 375 contracts for which accounts have been closed¹, shows that:

for 965 contracts, representing 368.9 million u.a., total expenditure amounted to 437.3 million u.a. (excess expenditure of 68.4 million u.a., equivalent to 18.5%);

for 1 840 contracts, representing 228.3 million u.a., total expenditure amounted to 204.9 million u.a. (a saving of 23.4 million u.a., equivalent to 10.3%);

For 2 570 contracts, total expenditure (182.4 million u.a.) was equal to the original figure.

On the basis of the above figures for excess expenditure and savings, the total net extra cost works out at 45 million u.a., which corresponds to an average increase of 5.77% over the original figure for the contracts (779.6 million u.a.). This result also confirms the improvement in preceding years, with the net extra cost having fallen from 10.04% in 1971 to 8.09% in 1972, 6.29% in 1973 and 5.77% in 1974.

(b) Detailed analysis of the net extra cost shows that:

supplementary expenditure resulting from price increases permissible under price escalation clauses amounted to 21.7 million u.a., equivalent to 2.8% of the original figure for the contracts and 48.0% of total excess expenditure;

Supplementary expenditure resulting from additional orders necessary for the proper execution of projects, or from technical contingencies encountered in the course of execution, amounted to 37.5 million u.a., equivalent to 4.8% of the original figure for the contracts and 52.0% of total excess expenditure.

These results are interesting from two points of view:

¹ AASM and OCT.

first, they show that the Commission's efforts to define more closely the conditions under which projects are carried out are beginning to bear fruit: overspending due to technical contingencies, expressed as a percentage of total excess expenditure, fell from 71% in 1972 to 55% in 1973 and 52% in 1974;

secondly, they reflect the increasing impact of the price increases experienced in the last two years, the effects of which will become particularly acute in the next few years: overspending due to price increases, expressed as a percentage of total excess expenditure, rose from 29% in 1972 to 45% in 1973 and 48% in 1974.

(c) As in preceding years, it appeared useful to break down the net extra cost among the Fund's major sectors of activity. The situation is as follows:

Sector	Number of contracts	Original amount million u.a.	Excess expenditure or net extra cost	
			million u.a.	%
Construction and urban works	1 557	190,5	4,3	2,3
Road infrastructure	369	210,7	24,9	11,8
General infrastructure and industry	434	154	14,8	9,6
Agriculture and stock-farming	1 534	136,3	0,4	0,3
Other ¹	1 481	88,1	0,6	0,7
TOTAL	5 375	779,6	45	5,77

¹ Aid for production, trade promotion, etc.

Although it can be seen that there was a distinct improvement over the preceding year, the net extra cost was again highest - as in the past - for infrastructure works, amounting to 12.2% for road infrastructure and

9.6% for general infrastructure and industry.

The above analysis of overspending shows how the Commission's efforts have improved the situation in recent years. It would be a mistake, however, to be over-hasty in drawing conclusions from these results. The results obtained in working out the net extra cost relate only to completed contracts and the performance of these began, for the most part, well before the recent past. However, the most substantial overspending occurred mainly in the last two years, when there was widespread inflation and a substantial rise in the cost of energy. This overspending mainly concerns projects still being carried out and is therefore not reflected in the figures for completed contracts.

Only over the next few years, therefore, will it be possible to assess fully the consequences of the price increases that have affected EDF-financed projects in all sectors.

5. Use made of completed projects

In 1974 the Commission continued its examination of the use made of projects financed from EDF resources. To start with, twenty-two completed projects in various sectors were evaluated.

At the same time the Commission began a comprehensive evaluation of seventeen agricultural development projects in nine different countries. This sector is of particular importance for the development of most of the associated countries; it has always been one of the principal fields of financial and technical cooperation activity, accounting for 16% of financial commitments under the first EDF, 37% under the second EDF and 30% of commitments made up to 31 December 1973 from the resources of the third EDF.

Three main groups of projects were studied:

development schemes serving as a basis for productive investments;

hydro-agricultural development schemes supplemented by improvements to production;

projects aimed as a matter of priority at the introduction and/or increase of industrial-scale crops.

A. Development schemes serving as a basis for productive investments

The projects in the first group are mainly concerned with the provision of the water retention infrastructure which is vital for improving the local food situation. In this context the following were evaluated:

1. The construction of 40 rural dams in Upper Volta, with the aim of creating permanent reservoirs to provide water for the population and livestock, and to permit the cultivation of irrigated and flood-area crops as well as the utilization of pasture land and fishery resources.
2. The implementation of hydro-agricultural development schemes in the Brakna in Mauritania, comprising the construction of five concrete dams to increase the volume of water retained from the winter floods, with the aim of extending and intensifying the cultivation of millet. The plan is to make the population self-sufficient and imports from Senegal and Mali no longer necessary. Moreover, the project should encourage nomads to settle in the area.
3. The construction of nine dams and improvements to two springs in eastern Mauritania in order to permit food crops (millet) to be grown in several areas of open country provide, improved watering facilities for livestock and progressively attract people to settle round the centres of development thus established.
4. The creation of sixteen ponds in Mali, with the aim of improving watering facilities along three tracks used by migratory herds at the beginning and end of the rainy season between the Macina - a flood area in Niger - and the Sahel.

The studies carried out suggested that all the projects examined had appreciably improved water supplies for the population and livestock and had provided better conditions for stock-farming. They had thus attained their first objective. The projects were also successful from the socio-economic point of view since they fostered the agricultural development of the areas concerned, attracted people to settle there and improved the health not only of the livestock but of the people too. However, there have been certain problems with the organization of supervision in the areas to be cultivated and with maintenance of the structures.

B. Hydro-agricultural development schemes supplemented by improvements to production

Unlike those of the first group, these projects are not concerned simply with ensuring a supply of water, but rather with controlling water resources and systematically improving and intensifying production. Such projects constitute the logical follow-up to the basic development work: they consist of a main scheme (hydro-agricultural development) supplemented by a range of concurrent or subsequent schemes to ensure the rational modernization of the area (land reform, applied research, promotion and advisory services, the establishment of a management body, marketing, etc.). Four projects were evaluated: the hydro-agricultural developments in the Anony delta, Soavina and Bas-Mangoky - all three in Madagascar - and a set of three rice-growing schemes in Mali.

Analysis of the results obtained showed that the Anony delta and Soavina projects in Madagascar and the rice-growing project in Mali were successful for several reasons: conception of the projects was coherent, being based on very thorough preliminary studies, and enabled implementation to be well integrated; existing private property was respected: the farming unit was the family; the modernization of techniques involved a traditional crop (rice) and was based on existing methods and facilities; supervision and training were effective and the local population was actively involved; furthermore, the improvements (hydro-agricultural development schemes and

the organization of local supervisors) concern a food crop, which always arouses the keenest interest among the population.

In the case of the Bas-Mangoky project, however, there are certain problems. Although the priority objectives - the regional development of a hitherto uncultivated area - may be considered to have been attained, the results were achieved only at the cost of heavy investment and this will seriously affect any economic profitability calculations.

Under the following two projects areas were developed without any preliminary hydro-agricultural scheme being carried out:

1. The development of the Yatenga area in Upper Volta involved the organization of local supervisors and the provision of an advisory service. A regional development body was responsible. Examination of the use made of the project shows that it was undoubtedly worthwhile. Both the technical assistance and the supervision provided were effective, and this well-conceived and well-executed project substantially helped to improve rural development conditions in the Yatenga area.
2. The project to establish and start up peasant cooperatives in the Mayaga-Bugesera area of Rwanda is in line with the country's general objectives of drawing people away from overpopulated areas and intensifying and diversifying agricultural production. The systematic settlement of 14 000 families in modern conditions in ten areas, together with effective training, led to a satisfactory increase in coffee production and enabled food production to be developed and intensified. However, the follow-up has proved lacking in some respects, particularly as regards management: without resources of its own, the Office du Bugesera-Mayaga is not yet performing all the functions allocated to it and the cooperatives are not yet playing the part intended for them. The lesson to be drawn from this project is that the integrated approach is valuable in that it is involved in developing every aspect of the producers' operation (establishment of cooperatives, organization of agricultural credit and marketing, etc.).

In modernizing the traditional agricultural economy, technical assistance and training are at least as important as the provision of equipment and land improvement.

• Projects aimed as a matter of priority at the introduction and/or increase of industrial-scale crops

These projects were in the main directly concerned with increasing the volume and quality of agricultural products for industrial processing, in order to meet the requirements of local consumption, develop exports and diversify production.

The essential purpose of these projects was to develop to the full the resources of the associated countries where the natural, social and economic conditions are particularly propitious for the extensive development of industrial-scale crops through the integration of plantations with processing factories. The aim of this type of project is the substitution of local products for imports, or the exporting of processed or semi-processed products.

In this connection the following projects were examined:

1. Development of cotton growing (Senegal)

The aim of the project was to introduce cotton growing to Senegal to act as a counterweight to the predominant role played by groundnuts in both the regional and the national economy. Evaluation of the project shows that it is an undoubted success: the area and yield targets were reached in 1973/74; in 1964 Senegal produced no cotton, but it now has over 29 000 ha under cultivation producing 33 000 t. The Senegalese textile industry stopped importing cotton fibre in 1969 and in 1970 the country became an exporter of the commodity. From the financial point of view, the operation is in equilibrium; it is able to cover the cost of all production factors without subsidy, except for the cost of organizing supervision. The project contributes little, on the other hand, to the growth of the national product since the opportunity cost of growing cotton in a groundnut-producing area is quite high.

2. Establishment of 37 000 ha of selected palm plantations (Ivory Coast).
Overall, this project may be considered an unqualified success; it has considerably helped to diversify the country's production, which was based too narrowly on coffee, cocoa and bananas, and to develop exports and satisfy domestic consumption. The project has created 7 000 new agricultural jobs. More than 25 000 ha has been added to the area covered by village-based plantations by the efforts of over 10 000 Ivory Coast planters supervised by the managing company. The success of the operations is thus largely due to the efficiency of the managing companies, which play a valuable part in integrating operations and carry out their tasks in a highly competent manner.

Moreover, the chosen formula, combining the establishment and running of the industrial plantations with vigorous promotion activities and supervision of the village planters, has proved particularly successful.

3. Establishment of 4 000 ha of palm plantations in the Mono Valley (Dahomey).
Although the plantation was established successfully, the production target was not reached, since fruit production from selected plantations in 1971 and 1972 fell far below the estimates as a result of inadequate rainfall. The project showed that the transformation of a subsistence-farming economy into a money-based economy presents problems. The principal questions arising in connection with this first major oil-palm plantation in West Africa involved the development of land for food crops alongside a plantation block, and the importance of the price factor.

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Conclusions of the evaluation reports

In addition to the individual lessons drawn from the evaluation of each of the above projects, the analyses suggest some general conclusions which will guide the Commission in its assessment of new agricultural projects.

(1) Importance of agricultural development projects

Depending on the priorities set by the Associated States, the Community will continue to lend full support to efforts to develop agriculture. Although it is acknowledged that industrial cooperation should be extended and intensified, agricultural projects must continue to make a very big contribution to the economic and social development of the associated countries, since,

in most of the AASM, agriculture is in the forefront of productive activity; on its development depends to a large extent the improvement of the way of life of the bulk of the population;

agriculture, stockfarming and other rural activities offer great potential in the AASM through the development of new land and above all through increased productivity.

Agricultural development is indispensable, not only to improve the living conditions of the rural population, but also to resolve certain crucial general problems, in particular the need to

take account of the disquieting trend of world food supplies, ensure that each country has reliable supplies of food and a balanced diet,

mitigate the acute social and economic problems caused by rural depopulation, and

help to bring payments balances into equilibrium.

(2) The conception of agricultural projects

In order that agricultural projects should play their full part in overall development, the Commission will continue to devote all necessary attention to the conception of agricultural development operations, so that they will

dovetail with other efforts aimed at the overall economic and social development of the region or country concerned;

produce the best results in terms of production and additional income for the producers;

help to modernize the structure of farms and of agriculture in general;

take account of the pace at which modernization can proceed, in terms of the duration of the project, the intensity of training and supervision and the rate of technical innovation.

Although an overall, integrated approach to rural development should be retained, major importance should be attached in the conception of agricultural projects to the two factors which generally have a direct and immediate influence on the outcome of such operations: the net extra income for the farmers and the extent to which technical and structural changes are effectively and permanently adopted.

Agricultural projects must take account not only of the factors connected with techniques and yields, the choice of crops and the allocation of natural resources, but also of the conditions determining the producers' net additional earnings, namely:

the fixing of producer prices, in the light of the special features of each product and its outlets;

the prices and availability of the means of production, together with an agricultural credit system to facilitate the purchase of the means of production;

economic circuits and organization, particularly as regards the storage, processing, transport and marketing of the products.

Moreover, for projects undertaken in a traditional rural environment, where success rests on the active participation of the peasants concerned, great importance must be attached to the organization of supervision. Producers should not merely be acquainted with new techniques but should also be actually convinced that they are effective and worthwhile. The organization of supervision must be concentrated on the training of individual producers, in order to enable them to make further progress on their own initiative through systematic management of their resources.

Lastly, given the complexity of the factors determining the outcome of an agricultural project and the various technical, economic and social aspects influencing agricultural development, the conception of agricultural projects should be carefully adapted to the local natural and human conditions. It is important therefore that these be studied carefully in advance and that the possible consequences of bad weather be taken into consideration.

(3) Control of the effects of agricultural development projects

Since agricultural development projects can only produce their effects progressively, the Commission will see to it that the necessary means are provided to permit regular evaluation of their direct effects and also of their general effects on the overall economic and social development of the region or country concerned. Such evaluations should not only be carried out after projects have been completed; they should be carried out in the course of implementation of projects which are complex and take a long time. The information provided by such concurrent evaluations should permit the means of implementation or the specific objectives of the project to be changed where necessary in order to ensure the highest possible degree of effectiveness. Financing arrangements will have to be sufficiently flexible to permit such adaptations as prove desirable in the course of execution.

6. For the record: Use made of the emergency aid financed in December 1973 from the Commission's Budget

A breakdown by country and type of aid is given below:

Breakdown of appropriations (as at 10 December 1974)
granted from the Commission Budget in December 1973

	Upper Volta	Mali	Mauritania	Niger	Senegal	Chad	Ethiopia	Total
Transport	0.1	-	2.3	0.3	0.6	0.4	0.5	4.2
Tracks	0.7	0.9	-	2.5	-	0.2	-	4.3
Storage	0.1	-	0.7	0.5	-	0.8	0.6	2.7
Water supply for human consumption	1.0	0.4	1.3	-	0.8	0.9	-	4.4
Seeds	0.6	1.3	-	1.1	1.5	1.0	-	5.5
Food crops	0.5	-	0.2	0.5	-	-	-	1.2
Irrigated crops	-	2.7	-	-	0.1	-	-	2.8
Stockfarming	1.3	2.1	0.3	2.8	0.3	1.8	1.7	10.3
Public health	-	-	-	-	-	-	0.2	0.2
TOTAL	4.3	7.4	4.8	7.7	3.3	5.1	3.0 ¹	35.6

¹Including 0.6 million u.a. for 1973.

BREAKDOWN OF FUNDS COMMITTED IN 1974
UNDER THE SECOND YAOUNDE CONVENTION

('000 u.s.)

	Burundi	Cameroon	Central African Republic	Congo	Ivory Coast	Dahomey	Gabon	Upper Volta	Madagascar	Mali	Mauritius	Mauritania	Niger	Senegal	Senegal	Chad	Nigeria	Zaire	Not allocated	total	% of the total	
I. Breakdown by sector																						
A. Development of production																				42,440	29	
1. Food crops										2 549		5 416								7 965	5	
2. Large-scale agri. production					2 391								2,500		3 321		1 368			9 690	6	
3. Integrated projects	1 007																			1 007	(2)	
4. Stockfarming					3 331			763												4 094	2	
5. Industry and mining	1 316		547		5 948				576								51	110	16 600	25 451	15	
6. Tourism																				403	(2)	
7. Trade promotion					50															50	(2)	
B. Economic infrastructure																				51 781	32	
1. Roads and bridges								4 924	6 881				65		12 603		630	65		25 148	15	
2. Ports				1 008																1 008	(2)	
3. Airports												243								243	(2)	
4. Railways					21 285		7 000													28 285	17	
C. Social development																				51 781	31	
1. Water engineering and urban infrastructure			522							5,617										5 803	7	
2. Health					3 781				1 167		4,933									7,653	11	
3. Education		3 079	738		536	176		6 676					176		1 500	10,707		176		22,255	13	
D. Other																				12 151	6	
1. Project-linked TC ¹	156	619	235	60	250	- 18		416	602	396		200	370	201	- 20	570	231	45	817	318	5 758	3
2. General TC ¹	80	12			17			12		11					276				62	972	1 452	1
3. Administrative costs	228	542	461	392	469	267	225	425	695	380	55	261	536	161	393	309	406	186	593		6 954	4
TOTALS	2 787	4 452	1 027	1,450	38 053	425	7 225	13 246	9 921	8,953	55	11 053	3,947	416	18,073	11 586	1,670	2,012	32 468	318	169 152	100
II. Distribution by type of financing																						
a. Grants	2 787	4 452	1 027	472	8 444	425	225	13 246	9 921	8,953	55	11 053	3,947	416	14,752	11 586	1,670	2 012	10 055	318	105 825	63
b. Interest rate subsidies					2 752																2 752	1
c. Special loans				1 008	7 432		7 000								3,321					5 803	24 577	15
d. EIB loans					19 440															16 600	36 048	21

¹TC = technical cooperation under 1%.

B. THIRD EUROPEAN DEVELOPMENT FUND

BREAKDOWN BY COUNTRY OF TOTAL COMMITMENTS AT 31 DECEMBER 1974^a

('000 u.a.)

	ECONOMIC AND SOCIAL INVESTMENT					PROJECT-LINKED TECHNICAL COOPERATION ^d	GEN. TECH. COOP.		AID FOR MARKETING AND SALES PROMOTION	ADMINISTRATIVE COSTS	TOTAL DEVELOPMENT AID	EXCEPTIONAL AID
	Grants	Special loans	Interest rate subsidies	Contributions to investment	TOTAL		Training and further training	Other activities				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. AASM												
BENEVOLENT	26 168	-	-	-	26 168	774	2 059	-	-	-	30 100	-
CAMEROON	39 377	8 850	530	532	49 289	1 808	2 638	-	100	1 733	55 635	-
Central Afr. Republic	24 994	-	-	-	24 994	428	2 041	12	-	1 762	29 225	-
GHANA	15 317	3 060	-	-	18 377	385	650	-	100	1 202	20 714	-
Ivory Coast	25 534	21 202	4 655	990	52 381	650	2 590	267	1 325	1 543	58 561	-
DROMEDARY	15 872	3 276	-	-	19 148	517	2 366	-	-	652	22 553	-
GABON	15 824	7 756	652	-	24 232	-	350	-	100	763	25 470	-
Upper Volta	29 720	5 040	259	-	35 019	2 103	1 959	42	-	1 581	40 844	2 331
Mauritius	1 260	-	-	-	1 260	336	-	-	-	55	1 651	-
MADAGASCAR	53 540	-	-	-	53 540	1 502	3 054	12	-	2 231	60 339	265
MALI	38 153	-	-	-	38 153	1 440	1 864	22	-	1 316	42 795	7 533
MALIBOU	19 834	-	-	-	19 834	1 954	650	-	-	850	23 238	2 928
NIGER	35 457	-	-	-	35 457	1 238	2 201	-	-	1 322	40 478	4 238
SIERRA LEONE	23 185	-	-	-	23 185	3 223	2 342	-	-	577	29 329	-
SENEGAL	48 673	4 293	287	972	54 225	1 010	2 020	276	23	1 450	59 004	5 715
SOMALIA	25 566	-	-	-	25 566	2 387	2 750	3	-	816	31 532	2 765
CHAD	21 210	-	-	-	21 210	1 398	1 300	-	-	1 426	25 334	3 316
TOGO	23 218	-	-	-	23 218	853	2 421	-	-	663	27 160	-
ZAMBIA	45 428	5 803	143	-	51 374	2 031	6 403	-	100	1 784	61 692	-
TOTAL :	529 270	59 280	6 525	2 494	597 570	28 042	39 758	634	1 443	23 132	686 384	29 692
B. OCT/CO												
Afers and Issas	1 549	-	-	-	1 549	-	-	-	-	-	1 549	-
Netherlands Antilles	5 924	4 000	-	-	9 924	1 000	550	-	-	714	12 188	-
Comoro Islands	3 745	-	-	-	3 745	-	-	-	-	-	3 745	-
GUADALUPE	3 803	720	-	-	4 523	320	-	-	-	610	5 158	-
GUYANA	2 584	-	-	-	2 584	-	-	-	-	-	2 584	-
MARTINIQUE	3 616	630	-	-	4 246	-	-	-	-	-	4 246	-
New Caledonia	-	-	-	-	-	-	-	-	-	170	170	-
French Polynesia	2 281	-	-	-	2 281	-	-	-	-	35	2 316	-
REUNION	6 392	1 795	-	-	8 187	-	-	-	-	234	8 422	-
St. Pierre and Miquelon	-	-	-	-	-	-	-	-	-	15	15	-
SURINAM	15 232	-	-	-	15 232	553	550	-	-	691	17 026	-
WALLIS and Futuna Islands	681	-	-	-	681	-	-	-	-	35	716	-
TOTAL :	46 412	7 146	-	-	53 558	1 873	1 100	-	-	2 504	59 035	-
C. Projects not broken down by country	-	-	-	-	-	-	3 923	2 245	5 249	3 775	15 092	-
TOTAL A + B + C :	575 682	66 426	6 526	2 494	651 128	29 915	44 651	2 879	6 697	29 411	766 711	29 692
BLOCKED APPROPRIATIONS	-	-	-	-	-	2 934	-	385	-	-	3 319	-
GRAND TOTAL	575 682	66 426	6 526	2 494	651 128	28 849	54 642	-	-	29 411	764 030	29 692

^aAll the operations recorded in this table, apart from those in columns 2 and 4, are financed from non-repayable aid.

^bBalance of the total appropriations (17 275 000 u.a.) placed by the Commission at the disposal of the EDF's Chief Authorizing Officer to finance project-linked technical cooperation schemes by accelerated procedure.

^cBalance of the total appropriations (1 725 000 u.a.) placed by the Commission at the disposal of the EDF's Chief Authorizing Officer to finance by accelerated procedure general technical cooperation schemes and certain aid schemes for the marketing and sales promotion of AASM products.

^dNot included the projects themselves.

VIII/409/75-B
ANNEX 1

D. Breakdown by sector of commitment decisions
taken in 1974 concerning the financing under
the third EDF of excess expenditure on projects
already approved

	<u>Amount ('000 u.a.)</u>	<u>% of total</u>
Rural development	502	15
Industry	770	22
Roads	1 399	41
Airports	243	7
Urban water engineering	522	15
	<u>3 436</u>	<u>100</u>

C. Third European Development Fund

Breakdown by sector of total commitments
at 31 December 1974

('000 u.s.)

SECTOR	NON-REPAYABLE AID	LOANS ON SPECIAL TERMS AND CONTRIBUTIONS TO RISK CAPITAL FORMATION	TOTAL		%
I. DEVELOPMENT OF PRODUCTION			272.088		34.4
1. <u>Industrialization</u>					
10. General	815	-		815	
11. Extractive industries	93	-		93	
12. Metal manufacture	60	972		1 032	
14. Manufacturing industries	1 593	990		2 583	
15. Text and food manuf. industries	3 555	8 101		11 656	
16. Energy prod. and infrastructure	12 230	-		12 230	
17. Infrastructure integrated in industrial projects	32	-		32	
19. Mainly industrial integrated projects	6 108	5 040		11 148	
2. <u>Tourism</u>	2 033	-		2 033	
3. <u>Rural production</u>					
30. General	917	-		917	
31. Plantations	48 145	6 928		55 073	
32. Hydro-agric. development schemes	45 383	-		45 383	
33. Agriculture	76 367	-		76 367	
35. Stockfarming	17 074	-		17 074	
36. Fisheries	2 279	-		2 279	
39. Mainly agricultural integrated projects	22 132	11 241		33 373	
II. ECONOMIC INFRASTRUCTURE			289.604		36.6
4. <u>Transport and communications</u>					
40. General	40	-		40	
41. Roads and bridges	176 890	9 268		186 158	
42. Railways	15 277	12 641		27 918	
43. Ports and inland waterways	55 282	3 760		59 042	
44. Airports	9 519	4 200		13 719	
45. Telecommunications	2 751	756		3 507	
III. SOCIAL DEVELOPMENT			157.749		20.0
5. <u>Education and training</u>					
50. General	-	-		-	
51. Educational infrastructure	47 212	-		47 212	
52. Specific vocational training projects and provision of instructors	6 461	-		6 461	
53. Scholarships	37 865	-		37 865	
54. Traineeships	218	-		218	
6. <u>Health</u>					
60. General	329	-		329	
61. Infrastructure	22 887	-		22 887	
62. Health campaigns and technical cooperation	232	-		232	
7. <u>Water engineering, urban infrastructure and housing</u>					
70. General	1 804	-		1 804	
71. Village water supply	9 740	-		9 740	
72. Urban water supply	22 698	5 803		28 501	
73. Urban drainage	2 500	-		2 500	
IV. TRADE PROMOTION			7.148		0.9
8. <u>Trade promotion</u>					
80. General	1 064	-		1 064	
81. Trade structures	759	-		759	
82. Fairs and exhibitions	5 160	-		5 160	
85. Trade information	165	-		165	
V. EXCEPTIONAL AID			29.693		3.8
91. Natural disasters	29 693	-		29 693	
VI. MISCELLANEOUS			34.121		4.3
0. <u>Miscellaneous</u>					
00. Information, documentation	519	-		519	
01. Conferences	416	-		416	
02. Prog. and con. tech. cooperation	3 590	-		3 590	
03. General studies	185	-		185	
08. Control	28 097	-		28 097	
09. Administrative and financial costs	514	-		514	
TOTAL I to VI	721.211	68.920	790.131		100.0 %
BLOCKED APPROPRIATIONS	3.319	-	3.319		
GRAND TOTAL	724.530	68.920	793.450		

E. Breakdown by country of commitments to
to the AASM in 1974
second EDF

	<u>Commitments</u> (u.a.)
Burundi	491 958
Cameroon	- 108 133
Central African Republic	- 65 177
Congo	- 356 744
Zaire	- 357 244
Ivory Coast	- 786 225
Dahomey	474 039
Gabon	- 35 273
Upper Volta	311 070
Madagascar	- 669 071
Mali	- 54 556
Mauritania	- 9 964
Niger	475 997
Rwanda	464 404
Senegal	1 051 545
Somalia	6 149
Chad	- 8 249
Togo	- 259 859
Projects not broken down by country	- 264 405
	<hr/>
	390 262
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A. Scholarships and training grants granted in 1974/75
Breakdown by place of study and by home country

Home country of origin \ Place of study	Belgium	Germany	France	Italy	Netherlands	Burundi	Cameroun	Central African Republic	Congo	Ivory Coast	Dahomey	Cabon	Upper Volta	Madagascar	Mali	Mauritania	Niger	Rwanda	Senegal	Somalia	Chad	Togo	Zaire	Total EUROPE	Total AFRICA	TOTAL	
Burundi	22	9	1	11		71	3																12	43	86	129	
Cameroun	12	4	51	5	1		178					6							3			2		73	169	262	
Central African Republic	19	2	6	5	1		7	10		3		2			2									33	24	57	
Congo	9	1	4	3								4													22	4	26
Ivory Coast	8	2	31	1	3		17			114		1	1												45	133	178
Dahomey	1	2	21	4						4	141	2							3						28	150	178
Cabon	8	1	4				2					9													13	11	24
Upper Volta	14	4	41	2	1		15			25		2	74		2		2		11						62	131	193
Madagascar	30	1	80	9			5			3				5											120	13	133
Mali	5	4	73	1	1										172				1						24	173	197
Mauritania			2	4			5																		6	5	11
Niger	3	2	1				14			7		1	8		93		57		17		7	13			6	217	223
Rwanda	13	34		30			9			2								250							77	261	338
Senegal	3	8	7	29						4									164						47	158	215
Somalia		17	2	100																267					119	267	386
Chad	1	7	3	4			3			2	10	3			8				1		94	5			15	126	141
Togo	4	9	23	2	6		13			31		6							11			90			44	151	195
Zaire	130	24	33	58			5			3									1						245	9	254
Netherlands Antilles					42																				42		42
Surinan																											
OCT			3																						3		3
TOTAL	282	131	326	273	55	71	276	10		198	151	36	83	5	277		59	250	212	267	101	110	12	1067	118	3185	

C. Scholarships for training by correspondence
course in 1973/74

AASM	Economics	Agriculture	Technical studies	TOTAL
Burundi	4	3	1	8
Cameroon	28	111	22	161
Central African Republic	3	3	-	6
Congo	10	-	5	15
Ivory Coast	2	5	13	20
Dahomey	2	6	-	8
Gabon	4	32	-	36
Upper Volta	19	2	13	34
Madagascar	103	-	7	110
Mali	2	6	-	8
Mauritania	4	-	1	5
Niger	2	13	-	15
Rwanda	17	-	9	26
Senegal	14	15	24	53
Somalia	-	-	-	-
Chad	2	13	-	15
Togo	12	14	8	34
Zaire	3	-	12	15
TOTAL	231	223	115	569
Percentage	40.6	39.2	20.2	100.0

B. Breakdown by home country and type of training
of AASM nationals holding scholarships in 1973/74

Home country	Economics	Agriculture	Technical studies	Health	Other*	TOTAL
Burundi	42	22	59	1	2	126
Cameroon	65	70	93	13	-	241
Central African Republic	60	47	8	2	-	117
Congo	20	6	11	2	-	39
Ivory Coast	40	70	64	1	-	175
Dahomey	9	101	26	51	-	187
Gabon	4	14	3	-	-	21
Upper Volta	53	7	21	82	11	174
Madagascar	28	15	38	3	-	84
Mali	27	90	70	1	1	189
Mauritania	7	2	43	-	-	52
Niger	38	47	75	19	7	186
Rwanda	12	74	38	-	1	125
Sénégal	88	35	82	3	-	205
Somalia	29	97	128	85	-	339
Chad	27	11	50	6	-	94
Togo	63	109	18	2	2	194
Zaire	23	39	92	37	10	201
TOTAL	635	856	919	305	34	2 749
Percentage 1973/74	23.1	31.2	33.4	11.1	1.2	100.0

*Other: Social welfare, household management, etc.

A. Special loans 1974
(Second Yaoundé Convention)

('000 u.a.)

Recipient country and project	Amount of loan (million u.a.)	Amount of investment (million u.a.)	Interest (%)	Duration (years)	Grace period (years)	Grant element ¹ (%)
<u>Congo</u>						
- ATC II	1.008	7.057	1	25	4	63.04
<u>Ivory Coast</u>						
- RAN III	5.041	24.800	1	30	10	74.23
- Cocoa production	2.391	7.780	3	15	7	44.72
<u>Gabon</u>						
- Transgabon	7.000	199.000	2	40	10	69.63
<u>Senegal</u>						
- BUD-Senegal	3.321	9.100	1	30	10	74.28
<u>Zaire</u>						
- Regideso	5.803	5.803	1	40	5	73.48

¹Calculated on the basis of the DAC tables.

B. EIB loans 1974

Recipient country and project	Amount of loan (million u.a.)	Amount of investment (million u.a.)	Rate of interest after subsidy (%)	Rate of subsidy (%)	Duration (years)
<u>Ivory Coast</u>					
- COTIVO	5.400	25.4	6.5%	2 %	10
- RAN III	14.040	24.8	6.25%	2.5 %	15
<u>Zaire</u>					
- GECAMINES II	16.600	381.5	10.5%	-	15

Breakdown of implementation of aid financed
under the third EDF and from the EIB's own
resources as at 31 December 1974

AASM¹

('000 u.a.)

	Commitments	Total contracts	Disbursements
<u>Third EDF</u>			
<u>Grants</u>			
Projects	528 159	314 977	197 105
Project-linked technical assistance	25 442	17 672	10 726
Trade promotion	6 508	4 753	3 610
Exceptional aid	29 595	28 673	26 789
General technical cooperation	46 615	35 266	9 908
Administrative costs, delegated and technical control	26 892	19 557	18 863
	663 211	420 898	267 001
Interest rate subsidies	6 525	6 525	6 503
Total grants	669 736	427 423	273 504
<u>Repayable aid</u>			
Special loans	59 280	59 280	14 723
Risk capital	2 494	2 494	1 766
TOTAL 3rd EDF	731 510	489 197	289 993
<u>EIB</u>			
Ordinary loans	82 325	-	35 683

¹Including projects not broken down by country.