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I N T R O D U C T I O N

This report deals with the management of financial and technical cooperation between the European Economic Community and the Associated States (AASM) during the 1973 financial year, the third year of application of the second Yaoundé Convention. The parts of the report concerning the European Investment Bank (EIB) have been prepared by the Bank as required by Article 29 of the Convention.

The nineteen States associated with the EEC under this Convention - seventeen African States, Madagascar and Mauritius - receive financial aid from the third European Development Fund (EDF), and from the European Investment Bank's own resources.

The total appropriation from the third EDF for the AASM is 833 million u.a.¹ for the four years and one month of the Convention's application. During the 1973 financial year commitments for the AASM totalled 183.4 million u.a., which brings to 597.8 million the total net cumulated financing from the third EDF.

Additionally, the AASM have obtained ordinary loans from the EIB's own resources worth 10.9 million u.a., which brings to 194.3 million u.a. the total, for 1973, of Community financing in the AASM.

¹ One unit of account = approximately US \$1,2

SALIENT POINTS OF FINANCIAL AND TECHNICAL COOPERATION IN 1973

General problems

In 1973 financial and technical cooperation between the Community and the associated States came up against two general problems, rising prices and drought.

1. General inflation and rising cost of energy

The first effect has been considerably to increase the cost of the development projects under way in the Associated States or those under study within the Commission.

One example will illustrate the size of the problem: at the end of 1973, after the successive price increases for oil, the cost per kilometre of asphalted road (in open country, involving no road structures or particular obstacles) has increased by 24% in Niger.

2. Drought

The disastrous food situation in many developing countries has led the Community to make - under its general food aid programme - a substantial contribution to the international solidarity drive to help those countries.

In the context of the Association, the Community has provided aid for the six Sahel countries affected by prolonged drought (Chad, Mali, Mauritania, Niger, Senegal and Upper Volta), under Article 20 of the second Yaoundé Convention, which provides for aid for exceptional situations.

In order to meet the requirements of such situations, the Commission has established special procedures adapted to this type of emergency aid. As a result it has been possible to take action swiftly and efficiently.

Nevertheless, emergency aid is bound to be limited in its scope. Because of the magnitude of the consequences of drought for the population and economy of those countries, the Commission has carried out, in conjunction with the Governments of the six affected States and the Member States, a study on the medium and long-term measures to be undertaken in the Sahel.

The 1973 financial year

Table 1 below shows, by country and by sector, all the commitments undertaken in the 1973 financial year.

Total commitments for the AASM amounted to 194.3 million u.a. in respect of 77 financing decisions¹. In 1972 the total was 230 million and in 1971, 253 million.

Since the life of the second Yaoundé Convention is four years and 1 month², it will be observed that the commitments have been undertaken at a practically normal rate: 71% of the amounts provided for by the Convention has been committed in three years, of which 72% was from the amount fixed for the third EDF and 50% from the maximum amount fixed for financing from the EIB's own resources. Moreover, new major priority projects for the AASM were prepared in 1973, for examination in 1974, which explains the slight falling off in commitments for 1973 compared with the preceding years.

A brief look at the spread of commitments by sector reveals the broad lines which characterize the 1973 financial year:

1. The striking factor is the large proportion of exceptional aid, the total sum of which represents more than 10% of the year's commitments (against 3% in 1971-72). Nearly the whole of this aid - provided under Article 20 of the Convention and combined with food aid measures - was given to the Associated States in the Sahel stricken by drought.
2. As in 1972, nevertheless, the major portion (53%) of financing decisions relating to development measures is concerned with development of production, followed by improvement of economic infrastructure (28%) and social development (12%).

¹ 192 million u.a. if commitments withdrawn in 1973 are discounted

² The Convention came into force on 1 January 1971, but its expiry date was fixed, when it was signed, at 31 January 1975.

Table 1 Second Yaoundé Convention: DISTRIBUTION, BY

	<u>Burundi</u>	<u>Cameroon</u>	<u>Central African Republic</u>	<u>Congo</u>	<u>Ivory Coast</u>	<u>Dahomey</u>	<u>Gabon</u>
A. DEVELOPMENT OF PRODUCTION	10 997	18 415	1 041	100	10 532	-	1 533
1. Development of food crops		3 972	1 041		3 316		
2. Increasing market value	10 997	14 343			6 928		
3. Development of stock-breeding							
4. Industrialization and energy infrastructure							
5. Tourism							1 433
6. Trade promotion		100		100	288		100
B. ECONOMIC INFRASTRUCTURE	-	3 241	5 923	198	14 762	540	-
1. Roads and bridges		3 241	5 005		14 762		
2. Ports and inland waterways			918	198		540	
3. Airports							
C. SOCIAL DEVELOPMENT	-	-	7 164	-	322	349	-
1. Rural and urban water supply and drainage			5 923				
2. Public health infrastructure					240	349	
3. Education and training (Scholarship programme) ¹	(388)	(581)	1 241 (275)	(216)	82 (293)		
D. MISCELLANEOUS	622	757	470	312	920	368	227
1. Information and Seminars							
2. Related technical cooperation	441	295	33	75	240	137	-
3. General technical cooperation					250		
4. Supervision of project execution	181	462	437	337	430	231	227
5. Administrative and financial costs							
TOTAL for development projects	11 619	22 413	14 598	610	26 536	1 257	1 760
E. EXCEPTIONAL AID	-	-	-	-	-	-	-
GRAND TOTAL	11 619	22 413	14 598	610	26 536	1 257	1 760
Grand total by type of financing							
1. Subsidies (EDF)	11 619	10 983	14 598	610	4 846	1 257	327
2. Loans on special terms (EDF)	-	8 850	-	-	13 770	-	-
3. Contributions towards risk capital formation (EDF)	-	540	-	-	-	-	-
4. Interest rate subsidies (EDF)	-	240	-	-	-	-	238
5. Ordinary loans (EIB)	-	1 800	-	-	7 920	-	1 195

¹ The figures shown correspond to the 1973-74 instalment of the multiannual programme of scholarships (1972-31 January 1975), the financial commitment (29 937 000 u.a.) for which was undertaken in 1972.

It is normal for the annual statistics to show variations from one financial year to the next as regards the respective portions received by the various sectors, but such annual variations should not be interpreted as a new orientation of the Community's policy on financial and technical cooperation.

The sectoral distribution of Community commitments should be considered over the whole period. In the three financial years together (1971, 1972, 1973), 40% of resources (3rd EDF + EIB) were earmarked for development of production, 37% for economic infrastructures, about 15% for social development and 4% for exceptional aid (see Table 2).

Moreover, the integrated approach applied to the Associated States' development problems cannot be reflected wholly satisfactorily in a sector-by-sector description of the measures taken. The presentation separately of food crop, stock-breeding, rural water supply and emergency schemes could, on the contrary, give an impression of compartmentalization, which in fact does not exist. The appraisal and the execution of these different types of projects fall within the overall development policy defined by the AASM themselves and, moreover, follow the same lines as for the projects financed previously from Community resources.

Table No 2: CUMULATED COMMITMENTS BY SECTORS OF ACTIVITY
3rd EDF + EIB - position as at 31 December 1973
(AASM + OCT)

●●● u.a.	3rd EDF	EIB	TOTAL	%
A. <u>Development of production:</u>	242 838	30.685	275 518	40.2
B. <u>Economic infrastructure</u> :	238 794	15 600	254 394	37.1
C. <u>Social development</u>	: 102 396	-	102 396	14.9
D. <u>Miscellaneous</u>	: 23 908	-	23 908	3.5
E. <u>Exceptional aid</u>	: 29 734	-	29 734	4.3
TOTAL (AASM + OCT)	: 637 670	46 285	685 950	100.0
(of which, AASM)	:(597 850)	(46 285)	(644 130)	

3. As regards the types of project financing, the range of instruments provided under the second Yaoundé Convention was used more fully in 1973 than in the past. This is the result of efforts made since the start of the second Yaoundé Convention to adapt these instruments more closely to the needs and the economic situations of the Associated States and also to the characteristics of the projects.

In 1973 for example, commitments were made in favour of Cameroon according to five different methods: subsidies, loans on special terms, contribution to the formation of risk capital and interest rate subsidies from the third EDF, and ordinary loans from the EIB's own resources. Likewise one or more of these financing methods were used in Ivory Coast, Gabon and Senegal, whereas the Community has tended to reserve the use of grants for the least developed AASM countries.

PATTERN OF FINANCIAL AND TECHNICAL COOPERATION

The experience gained over fifteen years, the close and sustained collaboration between the authorities of the Associated States and the Community and the implementation of the Association Council's directives have enabled the quality of financial and technical cooperation to be improved progressively and significantly.

The EDF and the EIB, in close liaison with the AASM, continue their drive to define fresh, more integrated approaches to development projects and to find methods of execution better adapted to the economic and social conditions prevailing in the associated countries. A few examples will serve to illustrate the guidelines for and results of these efforts.

1. Economic infrastructure

Although development progress made by the associated countries has involved a sectoral diversification of aid requirements, the economic infrastructure, mainly in the sphere of communications (ports, airports, roads, railways

is still one of the sectors where weaknesses are very marked and where the requests for action are the most pressing and, by their very nature, require heavy financing.

In this field, therefore, it is important to go ahead with the work done since the Fund was set up and which has produced results considered satisfactory by the Associated States. As regards future action, it is indispensable to give priority to lines of communication of a regional or international nature. This sector will also normally be the main sphere for applying the measures advocated for improving the maintenance and the durability of constructions etc. financed by the Community.

2. In accordance with the guidelines laid down by the Association Council, the agricultural development projects are generally coupled with technical assistance measures, which consist in particular in supervising and training national personnel capable of running the projects.

Experience suggests that more thought should be given to two essential points:

- i. Whether, in future, technical assistance should be spread more thinly but extended, if necessary, beyond the five or six years usually granted, for the lines on which such assistance has been given have not always been realistic. Few agricultural projects involving considerable expatriate supervisory personnel have been completed according to schedule. In numerous cases projects have had to be extended, stepped up, relaunched and sometimes linked by interim phases.

In projects financed recently, technical assistance consists therefore more of support of national supervisory personnel. However, this support is given over a sufficient period for the project to produce its effects; the supervision provided is also of a high enough level to enable the national personnel to be completely trained.

- ii. The intensity of agricultural staffing cannot be considered in isolation from the other factors which make a project a success, in particular the price paid to the producer. Quite apart from all technical considerations, it is evident that the peasant's productivity in an agricultural development project is affected by two main kinds of incentive: persuasion by technical advisers and national personnel and, secondly, the price to the producer.

It is found that the price impact is at least as important as the encouragement by supervisors. It is for this reason that, in such projects, a balance is sought between the cost of technical assistance and national supervisors and the cost of financial support enabling sufficiently remunerative prices to be obtained from the start of production.

The importance of measures in the agricultural development sphere moreover goes beyond the rural environment itself. Since the movement towards the towns is, because of its magnitude, the source of disequilibria linked to the dearth of urban jobs and since the nascent industries call for an enlargement of the home market, an overall speedy development of the rural sector is the basic condition for a satisfactory counter to these problems.

3. Because of the world food situation, considered from the twin aspects of price and production levels, wholesale imports of food products by the least developed countries, particularly in Africa, are out of the question. It is therefore up to the Associated States which are not self-sufficient as regards their main food requirements to develop their production as speedily as possible. Such a policy of food self-sufficiency, already embarked on by the AASM with Community aid, is reflected in three main trends which are described in this report:

- i. At the level of basic food crops, for example rice, the tendency is towards integrated regional development projects within which the specifically agricultural project is no longer isolated. Their planning takes account, and in the future must take even greater account, of the whole of a region's development, for instance other agro-industrial or industrial projects, new social infrastructure, optimal population distribution, etc. In this context, the drive to develop food crops can then be adjusted to the other operation as a whole.

- ii. The large amounts spent by the Associated States on imports of certain foodstuffs - particularly cereals and sugar - have spurred their authorities to follow a policy of import substitution, with the support of the Community, an instance of which is the new sugar project financed in 1973 in Cameroon.

The very substantial rise during 1973 in the cost of agricultural raw materials and of those for energy production is bound to induce the Associated States to speed up the development of the production of foodstuffs currently imported, so as to reserve their foreign currency holdings for the purchase - to a certain extent irreducible - of petroleum products and equipment.

- iii. The improvement in the local population's nutrition, together with the requirement to improve the return from livestock resources, has led many Associated States to promote a rational development of stock-breeding: the practice of fattening on pasture, improvement of animal feeding, provision of infrastructure (tracks, wells, etc.), improved marketing of meat (cold stores, airport facilities, etc.).

Until recently the national programmes designed to develop stock-breeding and meat production dealt mainly with animal health measures and the construction of infrastructure. Henceforth Community aid will be oriented towards direct promotion of livestock production, in accordance with the new priorities defined by the AASM Governments.

The decisions taken in 1973 reveal an additional trend, namely the integration of crop-growing and stock-breeding, which leads to a more balanced regional development, as in Ivory Coast (association of food crop growing, export crops and stock-breeding).

4. As regards rural water engineering, the number of wells and boreholes sunk with Community and other international aid, although below requirements, is considerable, particularly in West Africa.

As regards implementation of water supply projects financed by the Community, a clear trend has appeared in recent years. In the early years of EDF activity, water supply projects were handled in isolation, with the sole purpose of providing man and livestock with the water vital to their survival. Today, these measures are increasingly integrated in joint agricultural and stock-breeding development programmes.

Moreover, these projects were almost wholly executed by large European firms. Considering the difficult working conditions and the tight time schedules, on the whole the results have been positive. Furthermore, developments in the conditions of execution and the effects of competition between firms from the Associated States and the Member States have led year by year to an appreciable reduction of costs. For example, the price per metre of well sunk has gone down from CFAF 80/100 000 to CFAF 40/50 000, which has enabled the AASM to get twice the number of water points for the same capital outlay.

Since then the Associated States, aware of the vital importance of the water supply sector, have at the same time progressively created or reinforced their national organizations responsible for the maintenance of the water points. Those States have therefore proposed to the Commission that the activities of these organizations be extended to the execution of water supply programmes financed from the EDF.

Not only must cost prices be reduced further, but above all projects must be integrated better into the realities of the local situation. Additionally, this gives the national organizations valuable experience, which they can use to reinforce their staff and their equipment, in a word their capability of maintaining the existing facilities. Finally, execution under State supervision, on the national agencies' direct responsibility, makes it easier to call upon local manpower. In this fashion remarkably successful participation of the population has been possible whereas under other circumstances such participation had failed.

When one considers the magnitude of the problems confronting the AASM governments in the upkeep of installations resulting from projects, it seems advisable, as in 1973 in Niger, to do more to strengthen the means available to the national authorities.

5. The policy of fostering intra-African regional projects was confirmed in large measure in 1973, particularly in the improvement of transport networks. The Community's latest contributions to inter-State links provide continuity of action in harmony with the AASM's priorities.

As well as the establishment of main lines of communication between countries in the interior, the purpose of many inter-State networks has been to facilitate access to sea ports. Examples are the road project joining Upper Volta to Togo and the transequatorial route project linking Chad and the Central African Republic to the Congo. These two large projects are described in detail in this report.

6. The Community's contribution to the development of the Associated States' public health facilities has so far been mainly directed towards the building of hospitals (of large or medium capacity, but in limited numbers), for which large sums of money were requested from the EDF.

However, because of the vast area of the countries concerned and the public health situation in Africa, a clear trend towards the financing of primary health facilities and preventive measures has now become apparent. The main requirements are to improve the facilities for training the population in hygiene and prevention of disease and to meet immediate public health needs by means of networks of small dispensaries run by a qualified nurse, capable of handling without delay current complaints, endemic diseases and early treatment of serious cases, for which the regional and national hospitals would then be reserved.

7. As regards technical cooperation, the Community has taken the greatest account of the Association Council's guideline that, wherever necessary, investment projects should be accompanied by appropriate technical assistance measures. The Commission sees to it that these measures, which are applied in most sectors, contribute as much as possible, during the execution of the project, to the training of national personnel to undertake the subsequent operation and upkeep of the project.

Along the same lines specific training measures tend to be adapted to the real requirements of the Associated States' economies, as much by sector of action - principally agricultural and technical - as by level of training required - medium and lower level supervisory staff. In 1973, this tendency was particularly evident in water supply, roadworks and public health infrastructure projects.

Because of the dearth of medium level supervisory staff in the various spheres of economic life, efforts must be slanted very steeply towards this level of training. Some priority is therefore given to technical education and to vocational training, particularly to meet industrialization requirements.

Finally, the means of meeting the growing demands for management staff in the various economic fields must be developed to the maximum, in particular in agriculture, commerce, tourism and crafts.

8. This is where the problem of technological adaptation in particular raises its head. The least endowed countries often experience grave difficulties in undertaking the upkeep of projects financed by foreign aid, but the initial fault is often to be found in the technical solutions which were selected during the preparation of the projects. Even now, only too rarely are ad hoc methods based on research, adaptation, invention or experience put to use.

The AASM authorities concerned together with the Community should therefore make sure that technical assistance preparatory to projects should indicate the techniques best adapted to the associated countries' natural, economic and social background.

THE ASSOCIATED STATES AND COMMUNITY AID

Among the developing countries as a whole the Associated States have, during recent years, tapped a little more than 10% of the total flow of official bilateral and multilateral aid from the member countries of the Community. In 1972, for example, they received over \$ 800 million (net payments) out of a total of \$ 7 878 million to the developing countries as a body.

Table 3: Official bilateral and multilateral aid to the AASM¹
(Net payments in US \$ million)

	1962	1968	1969	1970	1971	1972
TOTAL Developing Countries	3 822.9	7 334.6	6 319.8	6 521.9	7 449.3	7 878.5
Of which African developing countries	1 767.4	1 579.5	1 635.1	1 682.4	1 961.9	2 080.8
Of which AASM	534.9	553.9	623.8	651.4	769.8	800.9

A brief analysis of the origin of the official aid flow (bilateral and multilateral) to the Associated States demonstrates the importance of the financial contribution from the Community countries for the economic and social development of those countries. This contribution (bilateral aid from the Member states plus Community aid) represents nearly 80% of the amounts received (78% in 1962 and 78.5% in 1972) by them. In absolute value, this flow of official aid has risen from US \$ 409.5 million in 1962 to 645.4 million in 1972, i.e. more than a 50% increase in net payments.

Of this total specifically Community aid represented an increasing share: from 12% in 1962 to more than 20% in 1972. In absolute value, Community aid has been multiplied by more than 2.5 in 11 years.²

Financial and technical cooperation provided in the context of the Association of the 19 African States, including Madagascar and Mauritius, with the EEC has therefore represented a substantial and increasing contribution to their development.

¹ Source: Development Assistance Committee (DAC) of the OECD. Only aid provided by DAC member countries is included in these figures (Eastern

² European countries excluded)
This relates to net payments and not to commitments.

Table 4: Origin of aid received by the AASM¹

(Net payments, in US \$ million)

	1962	1968	1969	1970	1971	1972
1. <u>Bilateral aid</u>	485.5	412.1	461.2	455.3	524.5	587.1
of which:						
F.R.Germany	6.5	17.6	32.9	34.0	40.7	28.9
Belgium	53.4	60.6	65.8	72.8	81.3	102.5
France	288.1	269	288.8	269.7	294.6	351.8
Italy	10.8	11	12.6	8.6	16.8	9.6
Netherlands	-	-	-	2.9	4.7	4.6
Total EEC	358.8	358.2	400.1	388.0	438.1	497.4
United States	94.0	43.0	44.0	37.0	48.0	39.0
2. <u>Multilateral aid</u>	96.4	135.6	175.7	200.6	235.8	226.9
of which: EEC	50.7	101.3	112.5	137.1	155.7	148.0
UN	15.3	25.3	41.9	38.0	56.1	56.1
Other	30.4	9	21.3	25.5	24.0	18.7
3. <u>Total aid (1 + 2)</u>	581.9	547.7	636.9	655.9	760.3	814.0
of which: EEC	409.5	459.5	512.6	525.1	593.8	645.4

¹ Source: DAC (OECD)

The difference between Tables 3 and 4 in respect of aid received by the AASM is explained by the time interval between entries for amounts paid (Table 4), and those for amounts received (Table 3). This time interval is appreciable, particularly where financial aid is provided through international organizations.

Chapter 1. FINANCING DECISIONS TAKEN IN 1973

During the 1973 financial year, 77 financing decisions were taken for a total sum of more than 194 million units of account.

One decision, taken on 5 March 1973, represents over 19 million u.a., i.e. 10% of all the commitments. It concerns the emergency aid for the six drought-stricken Sahel countries: Mauritania, Senegal, Mali, Upper Volta, Niger and Chad.

This single measure, by its importance for the recipient countries, by its significance for future European Development Fund activity in these countries, and by its relative weight in the 1973 financial year, calls for separate presentation in this report (see Section 2).

The financial commitments by economic and social sectors, excluding the exceptional aid mentioned above, total for 1973 more than 172 million u.a., distributed as follows:

Development of production	91 971 000 u.a.	53.2%
Economic infrastructure	48 157 000 u.a.	27.9%
Social development	21 385 000 u.a.	12.3%
Sundry commitments	11 392 000 u.a.	6.6%
TOTAL (excluding exceptional aid)	172 905 000 u.a.	100.0%
Exceptional aid	19 275 000 u.a.	
GRAND TOTAL 1973	192 180 000 u.a.	

Section 1. Breakdown of aid by economic and social sector

As in 1972, financing decisions taken in 1973 have mainly concerned the development of production, in particular rural production.

It should be emphasized that the annual trend of the distribution of Community action by sector is of limited import. It is generally the result of changes made in the timetable for certain projects, of alterations made by one or more Associated States in the order of sectoral priorities, or even of a decision to finance a particularly important project during the current or following year.

The examination in the following pages of the measures financed in 1973 will try to place them in the context of the Associated States' development programmes and will also try to indicate the threads of continuity of the body of Community actions.

A. Development of production

In accordance with the wishes of the Association Council, the Community has been extensively active in 1973, in the AASM's directly productive sector. This is not, however, a trend away from infrastructure or social development projects. It is simply that the preparation of important infrastructure schemes, particularly railway projects, for 1974 has warranted a temporary easing up of action in that sector.

Agricultural production and agro-industrial projects have, in particular, done well from Community financing in 1973. This development is a direct consequence of the desire expressed by the Associated States to develop their agricultural production along two main lines:

- i. to increase their degree of self-sufficiency in food, in order to reduce or to remove their dependence on outside sources for primary food requirements (cereals, rice, etc.). For some AASM countries the survival of the most deprived among their peoples is at stake;
- ii. to draw the maximum benefit from their soil and their climate. The natural, economic and social conditions of some Associated States, are particularly favourable for a vast development of industrialized crops (integration of plantations with processing factories, for example: sugar, hevea rubber, oil palms, tea). This type of project can lead to the substitution of local products for imports or the export of processed or semi-processed products. In both cases, the economic benefit from the local processing of agricultural products is of considerable importance for the countries concerned.

1. Development of food crop farming

In 1973 Food crop projects in the Associated States had the benefit of new commitments worth 22 743 000 u.a. and were the subject of eight financing decisions affecting Cameroon, Ivory Coast, Madagascar, Mali, Niger, Senegal, Upper Volta and Zaire.

In general the aim of the schemes decided on is to meet the demand in the Associated States for basic food products by seeking a better regional balance within a country or between neighbouring countries.

The development of food crops raises different problems in different countries: geography, climate and natural conditions determine the nature of agricultural schemes. It is for this reason that the projects financed by the Community in 1973 in this sphere vary in conception and in importance from one State to another.

In particular, a distinction may be made between the measures undertaken for the Sahel countries - where the scarcity of water is the crucial problem - and those brought to bear in better endowed countries, where it has been possible to finance all or part of the vast programmes that those Associated States have embarked on.

What are the aims, ways and means common to all these projects?

The aims are simple to define: the rural population's nutrition must be improved by creating the conditions for more rational production and agricultural self-sufficiency, and the general standard of living must be raised by promoting the sales of certain crops aimed at the home market (in this fashion the liquidity of the traditional economy is improved and imports of food products for the urban population are reduced). It should be noted that the specific purpose of several agro-industrial projects is to substitute locally processed agricultural products for imported food products. (See later: processing of local produce).

The ways of bringing about such improvements are based on better cultivation methods and increased agricultural productivity. The Commission is possessed of much experience in this sphere, since rural development projects financed by the Community have often been accompanied by preparatory or concurrent technical assistance.

Technical assistance is part, moreover - under the same heading as provision of agricultural equipment or fertilizer and seeds - of the means that the Community places at the disposal of the Associated States in order to help develop their food crops.

For many projects, for instance, intensive and prolonged supervision has been provided in order to train supervisory staff and personnel to take over from the technical assistants.

Action for the benefit of the Sahel countries:

In the Sudano-Sahelian region the rainy season is very short (three to four months) and is characterized by violent and irregular rainfall, whereas the dry season, which is very long, is characterized by drying winds and very low humidity. Water is therefore the key factor for agricultural production.

Concerned with making the best use of available water resources, and in agreement with the Associated States' aims, the Community acts in three main directions:

- i. greater use of surface water is made possible by hydro-agricultural schemes (submerged cultivation and irrigated cultivation);
- ii. optimal use of rain is ensured by disseminating information on dry farming techniques (pre-ploughing, early sowing, adoption of short-cycle varieties, clearing of weeds and second ploughing);
- iii. finally, the use of ground water and deep underground water levels is made possible by increasing the number of wells and drillings.¹

In Niger and Upper Volta, for example, the Community financed hydro-agricultural schemes, all for rice growing. In Niger, the project is concerned with preparing 330 hectares of intensive paddy cultivation by artificial flooding (1 260 000 u.a.) and in Upper Volta 150 hectares will be irrigated with water provided by existing dams (648 000 u.a.).

More generally, the magnitude of the problems raised by the current drought afflicting these countries calls for a review of the methods so far used. Among other points it is necessary to take into consideration the overall development of the Senegal and Niger river systems (and their tributaries), to develop agriculture and stock-breeding together harmoniously, to protect the most vulnerable areas (preservation of certain soils, regeneration of vegetation) and to improve cultivation techniques.

These points are covered by an overall examination of the question undertaken by the Commission's departments following the 1972-1974 disaster, in particular by the "Sahel Committee", an internal working group in the Directorate-General for Development and Cooperation (see later).

¹ This aspect is dealt with separately (see under social development: rural water engineering), as are also the specific stock-breeding projects (see 3 below).

(encart)

Seed treatment and preservation of crops in Mali

Throughout Mali, insects and crop parasites attack the seeds and stored cereals, involving loss of income for the farmers.

The Community has contributed 1 048 000 u.a. for promoting and disseminating seed treatment and crop preservation methods: mobile teams covering the country at the rate of two circuits of the country per year for three years, training the farmers in seed treatment methods and distributing pesticides. All these operations are bolstered by a radio campaign.

Seed treatment will be aimed at millet, sorghum, groundnut and maize cultivation. It has been calculated that these measures will avoid potential seed losses (estimated reduction of yield) of 179 000 tons and of real losses of stored crops of 51 000 tons.

In terms of cash, Mali will thus avoid a total annual loss of MF 4 851 million, i.e. 8 700 000 u.a., which represents 4% of GDP and 8% of the agricultural sector's gross production.

A similar project, financed by the Community in Upper Volta from February 1968 to February 1972 enabled the annual production of cereals to be increased by 58 000 tons and avoided a loss of stocks of 38 000 tons. It consequently increased added value by CFAF 1 392 million as against the 385 million expected at the start of the project.

Participation in vast integrated agricultural development programmes:

In most cases the measures decided on in the context of integrated programmes undertaken by certain Associated States are concerned with the development of food crops. To these must also be added measures to promote certain industrial crops - cotton for example - for the home market or for export¹, and also promotion of stock-breeding.

It is significant that most of the projects contain a large element of related technical assistance: training, supervision, advisory services.

Each of the measures approved in 1973 in respect of large agricultural programmes has a specific character, which it is important to highlight.

In the case of Ivory Coast, the financing of part of the Kossou-Bandama region agriculture development programme (3 316 000 u.a.) is part of a large regional development operation: creation of an artificial lake, building of a hydro-electric power station, reconstruction of villages and roads² and rural development measures.

3 183 hectares will be devoted to food crops, 60 ha to pilot market-garden schemes and 1 500 ha to coffee, and 21 stock farms will be created.

In the case of Madagascar, the very large sum of 11 163 000 u.a. is being devoted to the Bas-Mangoky hydro-agricultural scheme, which was started in 1961 and in which the Community has been effectively involved since 1964. The purpose of this project is to develop the growing of rice and of cotton (which is processed on the spot for the home market). The road infrastructure cost is borne by the Malagasy Government.

In Cameroon, the Community is financing infrastructure (tracks, wells, schools and dispensaries worth 3 972 000 u.a.). It is the prerequisite for the implementation of the rural development programme for the North-East Benue area undertaken by the Cameroon Government.

¹ Note, in the Central African Republic, additional financing for the cotton growing development programme (1 041 000 u.a.).

² A grant was made in 1972 for the reorganization of the road network round the artificial lake (third EDF: 4 000 000 u.a.).

In Zaire, the Community is financing (2 619 000 u.a.) the continuation of the agricultural revival in Kasai Occidental - on the basis of the encouraging results obtained by intensive supervising of food crop and cotton growing schemes. In Senegal the programme undertaken is a preparatory one in order to work out a regional development project for crop farming and stock-breeding in Casamance. It includes measures to consolidate programmes which have already been launched (two EDF financings and one Dutch bilateral financing).

Some of the projects examined above involved combined schemes (food and industrial crops), some crops being for the home market after processing (cotton), and some for export.

The aim of agro-industrial projects is to develop the potential of local production. In 1973 much of Community financing was for this purpose.

2. Increasing the market value of agricultural produce

The relatively low level of industrial equipment in certain Associated States has compelled them for years to export raw materials and to import processed products to satisfy the requirements of their home market.

This was particularly true of agricultural products for human consumption, such as sugar, oleaginous products, etc. For a long time now these products have been affected by a sharp deterioration in the terms of trade, raw materials being exported at less and less profitable prices and processed products being imported from developed countries at ever increasing cost.

Although in recent years and months the generalized upsurge of prices for raw materials has somewhat improved these unbalanced terms, it is nevertheless still true today that a number of local requirements as to food or other products may be met by processing agricultural products on the spot.

Alive to these opportunities, the Associated States have undertaken industrialization programmes directly linked to their agricultural potentialities.

The Community has never failed to encourage this approach and to give its financial support to these agro-industrial projects. In 1973 for instance, thirteen projects for a total of 44 917 000 u.a. can be considered as helping to develop the AASM's agricultural potential.

Development of this potential can take two forms: on-the-spot processing of agricultural products for export (tea and latex), or processing of products to meet the requirements of the home market (for example, palm oil, sugar, etc.).

The Associated State's drive to develop the processing of export crops

The process of integrating agriculture with industry, by means of which added value is given to raw agricultural products, has - on the AASM's economies - beneficial effects which have only to be enumerated to be appreciated: raising of the level of employment, increase in personal incomes and in the economy's liquidity, encouraging the creation of businesses (supplies, sub-contracting, maintenance and other services), improving the balance of payments.

The Community contribution to speeding up this process in the Associated States has been in the form, in particular, of aid for integrated projects setting up plantations with factories, with in every case provision of accompanying technical assistance. In two cases, the aid consisted of additional financing and in seven cases out of nine it permitted the follow-up or extension of programmes already undertaken from EDF resources.

A particularly powerful effort has been made in favour of tea growing: continuation of Community action in Rwanda and Burundi, and also in Zaire, and the launching of tea production in Madagascar.

Tea-growing projects financed in 1973 from the third EDF:

Burundi (3 projects)	:	9 096 000 u.a.
		1 510 000 u.a.
		391 000 u.a.
Rwanda (1 project)	:	390 000 u.a.
Zaire (1 project)	:	4 447 000 u.a.
Madagascar (1 project)	:	4 321 000 u.a.
		<hr/>
Total	:	20 155 000 u.a.

It should be noted that in Rwanda the Community has contributed to the drive to diversify export crops (after coffee and tea) by financing for the second time in seven years a project for developing the cultivation of pyrethrum (638 000 u.a. for improving drying processes and technical assistance), which is processed on the spot (pyrethrin extraction factory financed by the UNDP).

Development of tea growing in Rwanda and Burundi.

In 1960, Rwanda and Burundi - which at that time made up Ruanda-Urundi - were characterized by an economy with a low level of liquidity, in which the commercial sector was predominant (import - export). The economy was almost exclusively dependent on one product - coffee - and one customer - the United States.

A study carried out at the time advocated the choice of tea as a first step in diversifying these two associated States' export crops because of:

- i. their physical suitability for producing tea with qualities comparable to those of Kenya, tea which is much sought after on the world market;
- ii. the possibility of export earnings from tea comparable with those from coffee;
- iii. the promise of increased cash revenue for the farmers of areas where there is no coffee growing.

The introduction into these two countries of large-scale tea cultivation has been carried out in two stages:

The first tea-growing projects were carried out on the pattern of "industrial blocks", the plantations consisting of production units covering several hundreds of hectares, managed by a cooperative which supplies a factory situated on the spot.

Currently, the establishment of these agro-industrial blocks is ceasing and a phase of spreading the cultivation of tea within traditional family farms is getting under way. There have been several arguments in favour of this new orientation:

- i. the lack of free land for creating new agro-industrial blocks;
- ii. the potential role of tea-growing in increasing the income of rural families and modernizing farms.

The Community has, therefore, given the same priority as the Governments of Rwanda and Burundi to this type of tea cultivation development in their programmes for 1970-1980.

The financing agreed in 1973 raises the commitments from the third EDF to:

14 615 000 u.a. for Burundi,

and

10 828 000 u.a. for Rwanda.

The Community has earmarked two financings for a large project to plant rubber trees (hevea) on an industrial scale in the San Pedro region of Ivory Coast, a project financed jointly by the EDF, the Central Fund for Economic Cooperation (France) and the World Bank.

This participation by the Community has three fundamental features: diversity of measures within the rubber tree project, original manner in which the project is run, and its integration in Ivory Coast's policy on regional development and industrialization.

i. The loan on special terms (6 928 000 u.a.) granted from the third EDF's resources and managed by the EIB¹ will be used to clear the ground, plant the rubber trees, construct infrastructure and provide equipment, and pay for the first instalment of the factory. Further, a grant of 250 000 u.a. will be used to finance the technical assistance of rubber-growing specialist attached to SOCATCI² for five years.

ii. the method of supplying the indispensable technical and economic know-how for the project will give Ivory Coast command of the interests brought into play, for SOCATCI, the Ivory Coast company to receive the loan on special terms, will conclude with Michelin (France) a contract covering technical and management know-how.

iii. this project dovetails into Ivory Coast's policy of developing the south-west region: the new port of San Pedro, the San Pedro-Issia-Man roads³, exports of timber and eventually iron ore, industrialization around San Pedro initially on the processing of agricultural products (cocoa, palm oil, rubber, wood) and later of iron ore (pelletizing factory) and wood (paper pulp factory).^{based}

The Associated States' drive to satisfy home demand:

A process of import-substitution is very profitable for similar reasons to those mentioned above regarding the export industries, even if the States concerned have to bear the cost of importing equipment for the factories which are to be created.

Four projects are concerned with the substitution of processed agricultural products: in Cameroon and Togo for palm oil, in Cameroon again for sugar and in Mali for the manufacture of sacks, cloth and string from dah.

¹ See page 70.

² Société des Caoutchoucs de Côte d'Ivoire (Ivory Coast Rubber Company).

³ See page 37 for the road infrastructure.

In Cameroon, the Community is taking part in an investment programme whose purpose is to double by 1985 the national production of palm oil so as to meet the home demand at moderate prices. Community participation - particularly important since it amounts to 11 763 000 u.a. - in the first phase of the agro-industrial palm tree complex at Dibombari has taken the dual form of a grant (2 913 000 u.a.) and a loan on special terms (8 850 000 u.a.)¹.

The Community is also contributing to the financing of a project to extend the sugar cane plantations and to increase the capacity of the M'Bandjock mill, whose production will rise from 15 to 20 000 tons in 1974/1975 and then to 30 000 in 1976/1977. This production will go in its entirety to the Cameroon market, which in 1972 absorbed 20 000 tons of sugar.

To make this extension possible, the Community has applied three of the financing formulae provided for in the second Yaoundé Convention: an ordinary loan from the EIB's resources (1 800 000 u.a.), with an accompanying interest rate subsidy (240 000 u.a.) from the resources of the third EDF. Additionally the Community has acquired an interest in the capital of SOSUCAM (Société Sucrière du Cameroun) (Cameroon Sugar Company) of 540 000 u.a. These three measures bring to nearly 2 580 000 u.a. the total financing granted for this project, for the first instalment of which the EIB had provided an ordinary loan from its own resources (2 025 000 u.a.) in 1966.

In Togo, a project financed from the third EDF (731 000 u.a.) will double the treatment capacity of the Alokoégbé palm-oil mill: its production will be reserved as a priority for the home market, only excess production being exported.

Owing to Community financing of dah cultivation (second financing from the EDF) Mali will be able to manufacture, in a factory currently being built, sacks, cloth and string, which are at present imported to meet the requirements of the home market. During the first five years this import substitution operation will represent a net saving in foreign currency of 5 068 000 u.a. (MF 2 815 million), after allowance for imports of plant and equipment in order to set up the factory.

¹ See page 70.

3. Development of stock-breeding

Stock-breeding is traditionally one of the main resources of several Associated States, particularly in the Sahelian area: Mauritania, Senegal, Mali, Upper Volta, Niger and Chad.

So far Community financing oriented towards stock-breeding has been essentially for rural water engineering projects, livestock health measures (vaccination posts, rinderpest control campaigns) or infrastructure.

In 1973, for example, Community participation in rural water engineering programmes in Niger, Senegal and Togo has benefited stock-breeding in those countries (see Social Development, page 45). Similarly, the development of Kaédi airport in Mauritania will permit the expansion of stock-breeding for export, by facilitating the movement of large tonnages of chilled meat (see page 40).

Today two facts are revealed by a study of the stock-breeding situation in the West African Associated States.

First of all, the policy so far pursued towards aid for stock-breeding has not had solely beneficial results, for the development of veterinary medicine (vaccinations) and the water supply facilities (wells) have produced a livestock increase such as to disturb the previous natural balance.

The animal health and water supply measures failed to take account of the precarious nature of the vegetation and of the limited food potential of the Sahel countries. The animal overpopulation, in particular, has brought about massive destruction of trees and grass cover (overgrazing, trampling of grazing areas and surrounds of water holes).

Secondly, the economic development of the AASM in general, the improvement in living standards and the transformation of the population's consumption patterns in particular, have over the last few years given increased importance to the African meat market. It is already expected that, towards 1980 demand for beef will far exceed supply in West Africa.

It is therefore clear that - over and above its contribution to the emergency measures for the benefit of the Sahel countries, particularly in the field of stock-breeding (see page 58) - the Community must henceforth provide broader and more specific aid for stock-breeding policy formulated in the Associated States.

Points of a stock-breeding policy in West Africa:

Faced with the twin requirements of developing meat production and of slowing down the transformation into desert of the usual stock-breeding areas, it seems that three main guidelines must be selected for future development of stock-breeding in the Associated States in question.

i. In view of the precarious ecological conditions, a movement of man and beast towards more secure areas must be promoted in case of drought.

ii. The evacuation areas must be put "on the defensive" to foster regeneration of the vegetation (grasses and bushes).

iii. The reception and transit areas must be prepared in order to safeguard the existing agricultural balance and to allow normal development of the stock-breeding to be introduced.

The implications of such a policy:

The application by the Associated States of the preceding guidelines assumes the expenditure of large sums of money on carrying out simultaneously a whole series of operations:

- i. infrastructure for the livestock in transit (tracks).
- ii. cleansing the reception areas (animal diseases).
- iii. infrastructure to permit fattening on pasture.
- iv. reception infrastructure for the population (schools, dispensaries, etc.).
- v. integrated development of crops and stock breeding.

The social aspect of such a policy of transplanting stock-breeding must be emphasized since it implies converting previously nomadic farming people to a semi-sedentary life.

Furthermore, the accelerated development of the fattening on pasture system - the only one capable of meeting the increased demand for meat - implies rationalization of animal feeding by using feed rich in protein (cotton seed, groundnut oil cake, niebe) which up to now have been used for human consumption. This pre-supposes therefore the development of food crops (hydro-agricultural schemes, animal assisted tillage) to enable the change over to be made.

The contribution of the Community to the AASMs' initial achievements

In 1973, the Community took part in two vast integrated agricultural development projects containing a large stock-breeding element. These were the Kossou-Bandama operation in Ivory Coast and the Casamance programme in Senegal (see pages 21-22).

A further two projects were concerned exclusively with livestock breeding in the Associated States. They were measures carried out in Mali (2 472 000 u.a.) to create herds of N'Dama cattle and to provide the animal health personnel (with technical assistance) for 45 000 cattle.

In Senegal, a sum of 5 783 000 u.a. has been granted by the Community from the third EDF for the creation of pilot scheme in Ferlo and for establishing a more extensive programme; 46 waterpoints will also be bored for the livestock.

4. Industrialization

As shown above (see sec. 2), in 1973 the Community made a great effort in favour of industrialization linked to the agricultural sector: 13 financings bearing on agro-industrial projects were agreed during the year.

The Community also participated in more exclusively industrial projects by sponsoring the "Dakarmarine" project and by carrying out a number of studies in that sector:

A contribution of 972 000 u.a. (approx. CFAF 270 million) towards the formation of risk capital has been accorded by the Community. The purpose is to finance in part a programme of supplementary studies and preparatory schemes which are indispensable for assessing the viability of a project to set up in Dakar a repair yard for large ocean-going vessels, in particular oil tankers, and for studying how the project is to be implemented, operated and financed.

The location of a ship repair yard is justified by the situation of this harbour, conveniently placed on the route taken by a large portion of the tanker fleet supplying Europe from the Persian Gulf (See map). It is planned to provide the yard with two dry docks for vessels of 250 000 and 500 000 tons deadweight, docks for floating repairs, a ballast tank and bilge evacuation station (anti-pollution campaign) and a workshop complex (sheet iron, mechanical and electrical work, etc.). This project could immediately create approximately 3 500 jobs in Dakar and attract connected industries, which would assist the economic development of Senegal.

Community financing from EDF funds is to help carry out a programme of additional studies aimed at defining in greater depth the characteristics of the project and its viability. They are the following:

- engineering studies on infrastructure (slipways, wharfs).
- engineering studies on superstructure (workshops, warehouses, mains).
- market research and profitability studies.
- manpower studies.

Further, various types of study were carried out in 1973 on the industrialization of the Associated States:

The studies by sector of the export industries which were started in 1972, were completed in 1973; they deal with 12 sectors (preserving factories for tropical fruit, cigars and cheroots, tanning of hides and skins, manufacture of leather articles, wood processing and wood articles, production and assembly of electrical and electronic equipment, prereluction of iron ore, electro-smelting, ferro-alloys, etc.).

The study on the development of the textile industry in the Associated States was completed in 1973, as was also an inventory of existing industrial studies.

As regards industrial information, the eighteen brochures on the conditions concerning the setting up of industrial firms in the AASM were distributed with most encouraging results.

5. Development of tourism

The development of tourism is one of the aims of the second Yaoundé Convention and the Associated States, with the help of the Community, are progressively completing a policy for tourism, (for example, in 1972, the Yaoundé Symposium and study in Dahomey).

However, the need to preserve the natural, social and cultural heritage of the host countries, the relative novelty of "Africa" as a product on the European tourism market, the magnitude of the capital outlays on infrastructure and on staff skills, call for particular circumspection in this sector.

For, apart from the international hotels, for which tourism is but a secondary consideration, most tourist projects in the Associated States have so far been based on successful models in the Mediterranean, Caribbean or Pacific Ocean.

Yet climatic conditions, for example, are not suited to the same way of spending one's day, the same sporting activities or the same food as in temperate zones. Moreover, certain patterns of holiday ("club" style) are not very profitable for the host countries (small tax earnings, limited local provisioning, few jobs created).

The AASM have undeniable strong cards, and some have made a promising start, in the tourist field. It is for them to work out types of tourism and formulae suited to local conditions and likely to make a substantial contribution to their economic development without damage to their social and cultural values.

It is in this spirit that the Community is lending progressive assistance to the policies defined by the Associated States. In 1973, the Community gave approval for two capital outlays:

i. A financing decision to the tune of 983 000 u.a. (grant) was taken for Mauritania: this was for the road system serving the Nouakchott tourist complex, a project included as a priority in the Mauritanian development plan.

The project being financed consists in building 6.5 km of road from the Mauritanian capital to Plage des Pêcheurs, and providing water and electricity mains and a telephone link.

ii. An EIB Commercial loan (1 195 000 u.a.), together with an interest rate subsidy (approx. 238 000 u.a.) from EDF resources, has been provided for an international-class hotel project in Libreville, Gabon. This hotel, to be built by the Hôtel du Dialogue Company, will have 120 rooms and various restaurant and recreational facilities. Its contribution towards stepping up the accommodation capacity of the Gabonese capital ties up fully with the Government's policy of promoting tourism and furthering the economic development of the country.

6. Trade promotion of AASM products

During 1973, in the context of the Community programme of trade fairs, the Associated States took part in sixteen international fairs or exhibitions, at which they accounted for 105 appearances between them. Since the start of this programme in 1968, with the help of financial and technical assistance from the Community they have had 457 stands in 75 trade events.

At these events, the Commission took care of the construction and fitting out of the stands, publicity for the products, and public relations. The representatives of the Associated States made more than 1 800 trade contacts, improved their knowledge of European markets, made their products known and booked a number of firm orders.

At some of these events, the Commission arranged eleven meetings of persons in the trade, especially in the spheres of coffee, leather, vanilla, tropical woods and out-of-season fruit and vegetables.

At the instigation of the Commission, a Liaison Committee on tropical fruit and out-of-season vegetables originating in the AASM was created, with its head office in Brussels. It consists of 18 representatives of the trade from the AASM, 25 European specialists and 6 representatives from forwarding companies and research institutes.

In the matter of studies, the Commission prepared two in 1973 on the products of the AASM:

i. A technical and economic study on the opportunities and the conditions for improving the sale of Upper Volta fresh vegetables with a view to developing exports and establishing a suitable trade policy.

ii. A study on the difficulties affecting sales of bananas originating in Somalia on the Italian market, in order to discover the reasons for their diminishing share of consumption and to propose practical action.

"African Fortnight in Brussels", 15 to 30 September 1973

At the request of the Associated States, the Commission organized, with the help of the public and private sectors in the AASM and Belgium, a collective trade promotion drive.

Trade promotion activities for tropical fruit, out-of-season vegetables, craft products, textiles and high fashion, and tropical wood took place alongside cultural and artistic events.

To carry on this task, the Community made a grant in 1973 of 2 550 000 u.s. to finance the 1974/1975 instalment of the Community programme for AASM participation in trade events.

In addition, the Community decided to finance from EDF resources a programme to promote sales of tropical forest species as yet only slightly exploited if at all. This programme, amounting to 688 000 u.a., concerns Ivory Coast, Cameroon, Gabon and Congo, following an enquiry among trade circles in the Community. It consists in the sampling and control of ten forest species by European industrialists, the establishment of trade and technical specifications for the use of the wood trade, the organization of specialized exhibitions and the creation, in Ivory Coast, of a wood research and technology laboratory.

B. IMPROVEMENT OF ECONOMIC INFRASTRUCTURE

A substantial part of European Community aid is generally devoted to improving the economic infrastructure of the Associated States.

A recapitulation of the principal characteristics of this type of investment is sufficient to show how vitally important it is:

- i. The introduction of most ~~of~~ the productive activities is assisted by, and frequently depend upon, the services provided by the economic and social infrastructure.
- ii. In most cases, infrastructure facilities are managed by public or semi-public organizations and provide services which are offered free to users.
- iii. The investment required for the creation of such infrastructure is characterized by its "technical indivisibility" and its intensive capital content.

Such an importance in the economic and social development of the least developed countries explains the priority they have given to it in their development plans and the fact that they have made of it one of the principal points of application of the outside aid they receive.

During 1973, the European Community took sixteen financing decisions concerning the improvement of the AASM's economic infrastructure (roads, bridges, waterways, ports and airports) for a total sum of 48 157 000 u.a., that is 28% of total EDF and EIB commitments for the year.

Two broad patterns are evident in the whole of this financing and throw a clearer light on European Community aid. These actions will make it possible to:

- i. facilitate local trade in and export of agricultural or industrial products, and therefore to obtain a better return on these products. This applies to most of the projects financed in 1973, and in this respect Community action is fully complementary to its aid for development of production (see A).
- ii. improve inter-State trade within a region in Africa, and thereby promote regional integration. An instance of this is the work on the Lomé-Ouagadougou road, the development of the transequatorial waterway and the construction of an integrated high-voltage electricity grid (Burundi, Rwanda, Eastern Zaire). Here again, the Community follows its natural tendency to help bring together complementary economies.

Three additional remarks should be made on the financing decisions for improving the economic infrastructure of the Associated States:

- i. A large number of projects financed consist in improvement or modernization of existing infrastructure: asphaltting a dirt road, increasing the handling capacity of a harbour or an airport, etc.
- ii. Very frequently, such improvement is done on schemes which have already received Community financing in the past: it can then be a case of improving a finished project or of taking on a fresh instalment of a more extensive project.
- iii. The purpose of all this financing is to meet the objectives considered as having priority by the recipient States and it therefore dovetails in their infrastructure improvement policy.

1. Roads and bridges

There are nine projects under this heading for a total sum of 31 663 000 u.a., that is 57% of total financing devoted to economic infrastructure improvement.

Some of these projects were more specifically concerned with continuing and improving projects financed in the associated countries in previous years.

A particular instance is the repair of the asphalt surface of the N'Djamena-Massaguet road (78 km) in Chad, for which the 3rd EDF granted 486 000 u.a. This road had first of all been built with Community aid as a dirt road, and then, because of the increase in traffic, asphaltting had been financed in 1967. However, the rapid rate of traffic increase and weather conditions contributed to early wearing out of the surface. A third measure was therefore required, which led the Community to apply the provisions of an Association Council resolution of 10 October 1972 which authorized, under certain conditions, the acceptance of part of the costs of major or exceptional repairs of infrastructure financed from EDF funds.

Other projects are specifically designed to meet the concern of the Associated States to get the best return from local production. They facilitate the movement of traffic between the production areas and the consumption areas or ports of export:

In Chad, the construction of a new road bridge over the Ba-Illi river, the crossing of which remains the biggest obstacle on the north-south N'Djamena-Guelengdeng trunk route, will enable traffic to flow at all seasons and will facilitate development of the middle valley of the Chari.

The asphaltting of the Damara-Sibut road in the Central African Republic, financed from the 3rd EDF, will enable transport costs on this much used trunk route to be considerably reduced and the cost price of the principal agricultural products of the north-east region of the country - cotton, coffee, etc. - to be appreciably diminished.

The repair of the Afgoi-Scialambot road surface in Somalia will provide proper road access to the region between Mogadishu and Merca, which is the main area of agricultural development for banana and citrus fruit growing.

Finally, the project for improving and asphaltting the Muntengene-Bolifamba and Banga-Kumba sections of the Victoria-Kumba trunk route in Cameroon will enable completion of the north-south trunk route (Mamfé-Kumba-Tiko-Victoria), which is the key link in West Cameroon's road network, both for internal traffic and for trade with Nigeria.

Two much larger projects are being undertaken as a contribution to the development of two important regions: the south-west region of Ivory Coast and Kwilu in Zaire:

The asphaltting of the trunk route joining the port of San Pedro and Issia in Ivory Coast has had the benefit of two Community loans: an EDF loan on special terms of 6 842 000 u.a.¹ and an EIB ordinary loan of 7 920 000 u.a.¹ This project, which ties in with the Government's policy of developing the south-west of Ivory Coast, will be extended to the north by means of financing from the World Bank (improvement and asphaltting of the Issia-Man road). The development of this region, founded on forest exploitation, will be speeded up by means of numerous agricultural and industrial projects either under way or planned.

The financing of section B (108 km) of the Kenge-Kikwit road in Zaire (a particularly heavy investment since it is worth more than 11 000 000 u.a.) will give the port of Matadi and the capital Kinshasa access to the eastern regions of the country. It will also help to break the isolation of the Kwilu region (50 000 km², 1 million inhabitants) in which it has been kept by the current dearth of lines of communication, for it can only be reached by river or by roads which are difficult to negotiate.

Finally, in Togo, a double financing operation (540 000 u.a. from the 2nd EDF and 4 069 000 u.a. from the 3rd EDF) follows many earlier schemes and will allow the development of the inter-State Lomé-Ouagadougou trunk route to be continued (see opposite). The section improved in 1973 (Lama-Kara/Kande, 56 km) is located to the north of Togo; it will now be asphalted.

¹ See page 70.

The inter-State Lomé-Ouagadougou trunk route

This trunk route is of prime importance for Togo and for Upper Volta. It will permit:

- the development of trade between the two countries;
- the opening up of two regions which so far have been ill-served by the communications networks: northern Togo and south-east Upper Volta;
- the traffic using the port of Lomé to be expanded;
- the creation of a second outlet to the sea for Upper Volta, which until now has been dependent on the Abidjan-Ouagadougou railway (a distance of 1 147 km against 977 by road).

This trunk route also concerns Niger: a North-East branch could in the future join Fada N°Gourma (Upper Volta) and Niamey (Niger). Financing by means of American bilateral aid is currently being studied. Further, the Community has financed studies and roadworks for linking Upper Volta to neighbouring states, which is in accordance with its position as the crossroads for the lines of communication between Mali, Ivory Coast, Ghana, Togo, Dahomey and Niger (see map).

The Togo and Upper Volta Governments have already repeatedly emphasized the importance they attach to the creation of the Lomé-Ouagadougou trunk route. The volume of outside funds devoted to this project bears witness to the support given to such a regional policy by outside financing sources, and particularly by the Community.

By 31 December 1973, the Community had financed the asphaltting of 548 of the 977 km of this road for a sum of 27 880 000 u.a., to which must be added the financing of the studies of the 220 km remaining to be asphalted between Kandé and the Upper Volta frontier (432 000 u.a.). To this must be added the financing of the 58 km between Nianguedi and the Togo frontier decided on in January 1974 for 4 375 000 u.a. (third EDF).

A total of 32 687 000 u.a. has therefore been made over as a grant from the resources of the second and third EDFs. Upper Volta received 15 841 000 u.a. and Togo 16 846 000 u.a.

The Togo budget, bilateral French and German aid, and the World Bank have also contributed to the financing of studies and work on the Lomé-Ouagadougou trunk route, 757 km out of 977 of which will henceforth be asphalted.

2. Ports, waterways and airports

In 1973 five projects were financed for a total sum of 14 989 000 u.a., that is 27% of total financing devoted by the Community to the improvement of economic infrastructure.

As in the case of road projects in 1973, the purpose of this financing is not to create new infrastructure, but to extend or to improve existing infrastructure.

The vital importance of maritime outlets, as much for the seaboard countries as for the countries of the interior, is generally recognized. The Associated States, therefore, are concerned to modernize and to extend their harbour facilities.

In 1973 Community financing was given for two harbours, Lomé and Brazzaville:

i. The port of Lomé, in Togo, whose construction was financed by German bilateral aid, came into service in 1968 and has recorded an average traffic increase of 10% per year. It has to cope with the current increase in traffic and take account of the future industrialization of the country (cement works, fertilizer factory, refinery). Of the forecast extension 35% will be financed by means of an EDF grant (4 681 000 u.a. out of a total of 13 251 000 u.a.), German bilateral aid providing a loan for the remaining 65%. This Community financing is supplementary to the work undertaken on the Lomé-Ouagadougou trunk route, for the port of Lomé plays a key role not only for Togo, but also for Upper Volta.

ii. The extension of the port of Brazzaville, for which 2 056 000 u.a. had been earmarked in July 1971 from EDF funds, had been held up because, when tenders were examined, they were found to be considerably higher than the sum committed. A simplification of the project and a grant of 198 000 u.a. will avoid further delays in launching this project, which forms part of the transequatorial road project as a whole (see below).

A further two financing decisions are directly complementary to the development of production in two Associated States: Dahomey and Mauritania.

i. The extension to superstructure in the fishing port of Cotonou (540 000 u.a.) completes the construction of the port itself (624 000 u.a. from the second EDF in 1968) and constitutes the first instalment of the superstructures project (loan from the Development Bank of Dahomey). The upsurge of industrial fishing in Dahomey has been spectacular and it is the only form of fishing capable of meeting the increased demand (13 kg per head per year): this measure will serve essentially to provide chilling and freezing installations.

ii. The improvement of Kaédi Airport in Mauritania will be financed by a grant of 2 161 000 u.a. The work on the runway to enable it to accept aircraft bearing a load of 12 tons (DC 6 or Ilyushin 18 type). This airfield work will enable the Kaédi slaughterhouse (situated in the country's traditional stock-breeding area) to work to full capacity by facilitating the transport of the chilled meat. Although it had been conceived to provide the meat requirements of the urban centres of the country, and partially to replace exports of livestock on the hoof by exports of chilled meat, this slaughterhouse had been unable to work to full capacity because of the transport difficulties. The airport's new traffic capacity will enable Mauritania quantitatively to honour meat export contracts entered into with the French Antilles and Libya and will very appreciably lower the cost per ton-kilometre of exported meat.

Finally, the Community has continued its aid for the development of the transequatorial water way which links Chad and the Central African Republic to the port of Pointe-Noire in Congo, an undertaking which it has helped since 1962 (see opposite). The action decided upon this year, the development of the Lobaye-Oubangui tributary, in the Central African Republic (918 000 u.a.), will make the river navigable in all seasons between kilometre 90 of the Lobaye and Brazzaville, and will very appreciably improve the transport conditions of wood for export.

(Transequatorial route 1)

The Community's participation in developing
the transequatorial route

The transequatorial route consists of a network of communications about 5 000 kilometres long concerning four Associated States: People's Republic of Congo, Cameroon, Central African Republic and Chad.

It consists of five elements:

1. The port of Pointe-Noire (Congo) which is its outlet to the sea.
2. The Congo-Ocean Railway (CFCO), which links Pointe-Noire with Brazzaville (Congo) and which replaces the riverway, which cannot be used over this section because of the river Congo rapids. The railway includes a northern branch line towards M'Binda, which is currently used for the movement of manganese from Gabon.
3. The port of Brazzaville (Congo), a transshipping point between river traffic and railway traffic.
4. The network of waterways, itself consisting of:
 - the river Congo and its tributaries of the Congo basin, an area producing coffee, cocoa and oil palms;
 - the Sangha and its waterways towards the north (the Ngoko towards Cameroon and the Upper Sangha towards the Central African Republic), which enable wood to be moved out from the south-east of Cameroon and the south-west of the Central African Republic;
 - the Oubangui, which joins Bangui to Brazzaville, and its tributary, the Lobaye, which serves a forest exploitation area in the Central African Republic.
5. The road network in the Central African Republic and Chad, which serves the cotton-growing areas of the Central African Republic (Bossembélé and Bambari) and of Chad (Moudou and Sahr).

This network is of considerable importance for the four States concerned. In 1970 import and export traffic over the transequatorial route amounted to:

1 275 000 tons for Congo, that is 100%

260 000 tons for the Central African Republic, that is 98%, the remainder moving through northern Cameroon.

75 000 tons for Chad, that is 35%, against 30% via Cameroon and 35% via Nigeria.

30 000 metric tons coming from south-east Cameroon.

Additionally, 1 510 000 tons of manganese from southern Gabon used a small section of the CFCO and the port of Pointe-Noire. This part of the traffic excluded, 1 640 000 tons of goods were transported over the transequatorial route.

At the request of the Associated States concerned and in accordance with their policy on developing the communication infrastructure, the Community has provided finance from the first, second and third EDFs, jointly with other aid sources, for improvements to this route.

Total Community aid relating solely to the transequatorial route in the Central African Republic and Congo amounted at the end of 1973 to 38 977 000 u.a., distributed as follows:

Grants	first EDF:	9 230 000 u.a.
"	second EDF:	5 020 000 u.a.
"	third EDF:	22 675 000 u.a.
Loans on special terms	third EDF:	2 052 000 u.a.

The EDF is currently studying various Central African and Congolese projects to take earlier measures further: development of the port of Bangui, superstructure for the port of Pointe-Noire (after financing of infrastructure in 1972), extension of that port, particularly for fishing, realignment of the CFCO track. It is doing this jointly with local users and the World Bank, UNDP and FAC.

3. Transmission of energy

The two projects approved in 1973 were for the construction of high-tension lines in Rwanda, financed by grants totalling 7 million u.a.

The first project is directly supplementary to EDF measures to develop production. The planned high-tension lines will supply electricity to the new tea factory at Gisakura (see page) and the cost price of tea will consequently be reduced.

The second project is for a high-tension line between the hydro-electric power station of Mururu (Zaire-Rwanda frontier) and Kigoma (Rwanda). It helps to integrate into a single system the electricity networks of Burundi, Rwanda and the province of Kivu in Zaire, and provides a significant example of regional cooperation in Central Africa.

Since 1962, the EDF will in all have contributed 14.7 million u.a. to the creation of an electricity infrastructure in Rwanda, consisting of around 360 km of transmission lines vital for the development of the country's agriculture and industry.

C. SOCIAL DEVELOPMENT

The financing decisions taken in 1973 for social development (rural and urban water engineering, public health, educational infrastructure, training activities) amounted in total to 21 385 000 units of account, i.e. 12.3% of the year's total commitments.

It must be stressed that, at the request of the Associated States - particularly those in West Africa which had to face the cumulated effects of several seasons of drought, the last of which (1972/73) was particularly catastrophic for humans, cattle and crops - 75% of this sum, i.e. 16 070 000 u.a., was set aside for financing rural and urban water engineering projects.

In many Associated States - especially those of the Sahel belt and also southern Madagascar, for instance - water is one of the factors which limits development. The Governments of these States have, therefore, set up extensive water engineering programmes, to which the Community has regularly given financial aid, particularly in 1973, when seven such projects were financed.

Moreover, the exceptional gravity of the drought in the Sahel and Madagascar made emergency measures necessary and provoked serious thought about the longer-term consequences (see page 63).

The Community also financed three public health projects at a cost of 1 043 000 u.a., six educational infrastructure projects and training schemes costing 5 568 000 u.a.

It is significant that the Community, anxious to help provide the AASM with the equipment and manpower to ensure that infrastructure is serviced, in most cases financed technical assistance (staff training) and the purchase of equipment (for the public maintenance services). Such measures are designed to remedy the deficiencies often discovered when completed projects are evaluated (see page 79).

1. Rural and urban water engineering

The Community continued to concentrate a good deal of attention on water engineering projects proposed by the Associated States, particularly those belonging to regions at a disadvantage climatically and geographically.

The volume of such financial aid in 1973 (16 070 000 u.a.) was related to the exceptional drought which struck the Sahel regions and the south of Madagascar. However, two points should be noted:

- (i) the projects designated to be given Community financing in 1973 were being studied well before the drought reached catastrophic proportions in these regions. Moreover, several of the financial aid measures involved the continuation or upgrading of programmes undertaken previously.
- (ii) rural water engineering schemes benefited as a result of the EDF's speeding up of project evaluation procedures because of the need to implement them straight after the emergency measures, in particular in Niger, Senegal and Madagascar.

The desire to ensure that emergency measures and project financing are complementary was particularly evident in the case of Madagascar. The grant of 1 750 000 u.a. to provide 140 water points in the south of the island (Commission decision of 5 June 1973) was a direct response to the emergency action decided on 18 April (see page) and also made use of the 10 tanker trucks provided on that occasion.

The sinking of wells and construction of rain storage tanks, ports and reservoirs to supply water to man and beast are being accompanied by the setting up of mobile teams for training people in each village to take responsibility for the upkeep of the wells.

Similarly, in Ivory Coast, Senegal and Togo, investments proper (sinking of wells) are accompanied by technical assistance aimed at training maintenance staff.

In the case of Togo and Ivory Coast, the decision includes the allocation of material for maintenance units (trucks, compressors, derricks, cables, winches, pumps, etc.).

In several cases, Community financial aid complements earlier measures and therefore contributes to extensive rural water engineering programmes started by the Associated States as development priorities.

In Senegal, for instance, the 154 drillings or wells financed in 1973 to the value of 3 961 000 u.a. are in addition to the 233 drillings or wells sunk at a cost of 6 352 000 u.a. under the first and third EDFs.

Similarly, in Niger the 300 wells financed to the tune of 1 754 000 u.a. supplement the 1 059 wells already sunk since 1959 thanks to the first and second EDFs and further the water policy introduced by the Niger Government, the objective of which is to increase the number of wells or drillings throughout the territory from 4 000 to 9 000. This would partly solve Niger's crucial problem, that of a country where a large part of human activity is daily devoted to the transport of water and where livestock - cattle, sheep and goats - is still of major importance in the economy.

Supplying large towns with water.

The very rapid growth of the urban population in the Associated States poses serious problems for the African authorities in the matter of investments and the management of public services.

In particular, the supply of drinking water to the large towns, and especially the capitals, is frequently poor in both quantity and quality. The capacity of the water-supply and storage systems is often exceeded, there is a need for supplies from new but more expensive sources, and the purification systems are wanting.

A national urban water policy, moreover, requires new structures to be created capable of operating and maintaining services.

The standard of living of the urban populations is affected by the present situation and public health is often jeopardized. This is why the Community has continued contributing to the AASM's efforts to improve the supply systems and the management services.

The towns of Ouagadougou, Bobo-Dioulasso, Cotonou, Dakar, Bouar and Bambari, for example, have received Community financing to carry out schemes. The towns of Mopti, Segou and Jacob have received grants for studies.

In 1973 N'Djamena and Bangui received Community financial aid to undertake schemes, while Bamako received aid for the study of an extension to its water-treatment plant.

In Chad, the present water-supply system is to be improved (at a cost of 1 116 000 u.a.) and the study of a wider programme costing 216 000 u.a., will be initiated.

In the Central African Republic, the town of Bangui will receive 5 923 000 u.a. (in grants) to finance: (a) as a top priority, repairs to the present drinking-water supply system, (b) in a second phase, extension of this system to cope with the increase in population (332 000 in 1975), and finally, (c) a programme of basic and further training and retraining for the staff of the town's water company.

2. Health, Education and Training

Some public health schemes, and educational infrastructure projects too (see next page), have been too perfectionist in their technical approach or ill-suited to socioeconomic requirements.

This may be due partly to the Associated States' desire to be provided with installations applying the latest techniques and partly to the failure of the firms undertaking studies to take full account of the local situation.

However, the national authorities concerned have come to realize this and are keen to simplify public health and educational building projects and equipment so as to adapt their technical characteristics to available maintenance facilities (in respect of staff and financial resources).

This trend supports the Commission's long-held belief that the excessively technical nature of certain projects should be reduced.

Public health

The Community took part in three major public health projects in the Associated States, amounting in all to 1 043 000 u.a.

The first scheme involved work preparatory to the building of a hospital; the other two involved both the provision of infrastructure and the training of ancillary medical and maintenance staff. The diversity of these schemes illustrates the Community's desire to apply its financial and technical cooperation to the priority areas in the public health sector of the AASM.

In the Ivory Coast for instance, a grant of 240 000 u.a. will finance the group of studies relating to the future regional hospital centre in Korhogo, the administrative and economic centre of the northern part of the country.

In Mauritania, the Nouakchott National Hospital, financed under the first EDF, was no longer meeting the medical requirements of a very rapidly growing population; in particular, it had been diverted from its original purpose - that of treating the most serious cases in the whole country - and was attending to the needs of the capital alone.

As a matter of priority, the Community therefore financed the building of the first instalment of a polyclinic in the Medina district of Nouakchott, which is to relieve the National Hospital of the task of attending to the more basic medical needs of the capital's inhabitants. At the same time it financed technical assistance for the purpose of organizing the maintenance departments of the two establishments and giving practical training to the maintenance staff for two years (454 000 u.a.).

Further, in its concern to provide a wider solution to the health problems of the country, the Community financed the study of the second instalment of the National Hospital in Nouakchott.

Dahomey has to face up to the need for ancillary medical staff (male and female nurses, midwives) arising from the population growth. The Community, besides contributing through a programme of scholarships to the training of pupils of the National Medical and Social Institute (INMS) (about 60 scholarships per year), financed in 1973 the extension of the INMS buildings put up under the first EDF between 1960 and 1963. It should be possible to maintain, and even expand, the present number of staff (180 midwives and 895 male and female nurses) with the 15 midwives and 50 nurses who will be leaving the Institute every year once the premises have been extended.

Educational infrastructure

In 1973 the Community set aside 5 213 000 u.a. to finance educational facilities in four Associated States: Madagascar, Mauritania, Mauritius and the Central African Republic¹.

The schemes have a twofold aim: to raise the intake capacity of the school infrastructure and to adapt education to the AASM's social and economic needs. The latter objective also applies to the training schemes financed by the Community (see below).

¹In the case of the Central African Republic, the project includes the construction of buildings, supply of equipment, and technical assistance with vocational training.

(i) Raising the capacity of the school infrastructure:

Community aid made a special effort in 1973 to raise schooling capacity in the Associated States in order to increase the school-attendance rate while improving the physical conditions of teaching.

Some Associated States suffer from a marked imbalance between the abundance of pupils at primary level and the small number of pupils at secondary level. This imbalance results partly from the distinctly inadequate capacity of secondary education facilities. To remedy such a deficiency the Community financed, at a cost of 612 000 u.a., a new building for secondary education on the Island of Nossi-Bé in Madagascar, where there is only one school for State secondary education and the very inadequate physical conditions lead to a high failure or drop-out rate, as a result of which only a third of the pupils manage to complete their secondary studies.

Regionalization of a country's educational system is the way to achieve a balanced increase in school attendance. There must be a proper distribution of school facilities throughout its territory for education to dovetail into the social and economic structures of the country concerned.

The Community's aid to the school-building programme in Mauritania must be seen from this angle: 2 100 000 u.a. will be allocated for the construction of four schools in Nouadhibou, Boutilimit, Tidjika and Selibaby and of classrooms in Nouakchott.

(ii) Adapting education to the social and economic needs of the AASM.

The authorities in the Associated States are asking themselves what are the aims of the education being provided. Their educational effort can be truly effective only if it is undertaken within an educational system tailored to the specific needs of the country.

Adaptation of school curricula and teaching methods is a complex and delicate matter, but it is necessary if the end results, in terms of development, are to measure up to the effort expended.

The Community, for its part, is following very closely these efforts by the AASM in order to evaluate, at the project appraisal stage, the usefulness of any school infrastructure up for financing. In particular it examines the educational system in which the infrastructure is to be fitted so as to adapt as well as possible the design of buildings to the type of education which will be provided in them.

The aid granted to Mauritius for example - the first since the country's accession to the second Yaoundé Convention in 1972 - for the extension of its university (1 260 000 u.a.) meets the Mauritian Government's concern to align education on the needs arising from the island's economic development: middle-management staff for business and Government departments, agriculture, applied research and industrial technology.

Owing to the vital importance of road infrastructure, the AASM are also increasing their vocational training activities in the public works sector. In the Central African Republic, the Community financed, at a cost of 1 241 000 u.a., the construction of a Public Works Vocational Training Centre in Bangui, and a staff-training scheme for 66 supervisory staff and 80 other personnel.

The latter scheme shows the Community's desire to complement projects proper with training for African staff who will have to run them once they are operational.

Training schemes

The type of approach described above with regard to the Central African Republic recurs in many projects financed in 1973.

Even more often than in the past, training schemes are included in projects involving all sectors, particularly in agricultural development, road building or public health, water engineering and educational infrastructure projects (see relevant sections).

In doing so, the Community is meeting the desire of the Governments of the Associated States to speed up the Africanization of staff in all sectors and the Association Council's desire to see the development projects financed by Community aid supplemented by training schemes.

In 1973, Community aid for training took four forms:

- (i) specific training projects,
- (ii) provision of educational instructors,
- (iii) scholarships and in-service training grants,
- (iv) traineeships and further training periods at the Commission.

Under specific training projects, the Community financed the Public Works Vocational Training Centre in Bangui (Central African Republic), the project examined above (see page 50).

Provision of educational instructors

The twenty-four month programme started in 1972 continued normally in 1973, the 13 teachers installed in Cameroon, Ivory Coast and Togo continuing their work there.

In addition, two new agreements were signed in 1973 on the provision for a period of twenty-four months of:

- (i) two instructors for the Regional Centre of Nautical Studies and Training (CREAM) in Abidjan, Ivory Coast (82 000 u.a. for 1973-75).
- (ii) five instructors assigned to the Université du Bénin in Lomé, Togo (273 000 u.a. for 1973-75).

Scholarships and in-service training grants

The Community continued to develop its programmes - begun in 1961 - of scholarships and in-service training schemes at university or other level. Until 1971-72 the programmes were run on an annual basis.

Because of problems arising - in the award and renewal of grants - from the conflict between the annual nature of the budget and the fact that training extends over several years, the Commission set up a multiannual grant programme for AASM nationals.

This programme, which will cost 29 937 000 u.a., covers each Associated State for the remaining period of the second Yaoundé Convention (1972/31 January 1975). It has several new features:

- (i) any training will be financed until it is completed, even if it continues beyond January 1975;
- (ii) the budget covering the last three years of third EDF commitments will enable Governments to programme their training needs and relate training to sectors of activity currently in full expansion or those likely to be developed in the near future.

Studies carried out to define the multiannual programme have highlighted what should be changed in respect of each country, not only in the types and levels of training but also in the breakdown between the number of scholarship holders studying in Europe and the number studying in Africa.

The multiannual scholarships programme came into force at the beginning of the 1972/1973 academic year. This will make it possible even more to adapt training to the priority needs of countries and to help ensure that investments are utilized to the full and are of maximum effectiveness.

1. Full-time scholarships

In 1972/73, 2 401 scholarships were granted to AASM nationals, i.e. 7.9% more than in 1971/72.

The proportion of scholarships awarded for studies in Africa continued to increase and amounted to 60% for 1972-73 and 80% for 1973-74 of the total number of scholarships awarded, confirming a trend towards the reduction of the number of scholarships awarded for Europe which emerged at the end of the sixties (see Table 7 in Annex).

Table 5: PLACE OF STUDY OF AASM SCHOLARSHIP HOLDERS

Year	EUROPE		AFRICA		ISRAEL		TOTAL
	Number	%	Number	%	Number	%	Number
1970/71	1 040	47.9	1 097	50.5	34	1.6	2 172
1971/72	979	44.0	1 196	53.8	50	2.2	2 225
1972/73	959	39.9	1 438	59.9	4	0.2	2 401

Of the 1 438 scholarship holders studying in Africa, 1 095 were studying in their home country and 343 in other countries.

Table 6:

BREAKDOWN BY COUNTRY OF STUDY OF AASM SCHOLARSHIP HOLDERS STUDYING
IN AFRICAN COUNTRIES OTHER THAN THEIR HOME COUNTRY

Country of study	Cameron	Ivory Coast	Gabon	Upper Volta	Mali	Senegal	Chad	Togo	Zaire	Morocco
Number of foreign scholarship holders	111	70	10	4	67	49	5	21	1	5
Number of countries from which they originate	13	9	4	1	3	7	1	2	1	1
Number of establishments attended	9	7	2	1	4	5	1	3	1	1

The breakdown of the scholarships by field of training highlights the preponderance of technical and agricultural training (see Table 8 in Annex).

Table 7: BREAKDOWN OF SCHOLARSHIPS BY TYPE OF TRAINING

Type of training	Number of scholarships	%
Technical studies	824	34.3
Agriculture	738	30.7
Economics	609	25.4
Medical	217	9.0
Others	13	0.6

2. Local part-time courses

In 1972/73, 228 grants were given to craftsmen and heads of small businesses in Congo to follow part-time courses. The grants of 92 Zaire nationals were extended to 31 December 1972. On the basis of experience in this field, the Commission is at present negotiating with the Zaire Government the possibility of helping with the development of small business in Zaire (specific project under OPEZ, Office for Promoting Small- and Medium-Size Businesses in Zaire).

3. Scholarships for correspondence courses

In 1972/73, 846 scholarships were awarded for training by correspondence course.

Table 8:

BREAKDOWN OF SCHOLARSHIPS FOR CORRESPONDENCE COURSES BY TYPE OF TRAINING

Type of training	Number of scholarships	%
Economics	452	53.4
Agriculture	282	33.3
Technical studies	112	13.3

Table 9:

BREAKDOWN OF SCHOLARSHIPS FOR CORRESPONDENCE COURSES BY LEVEL OF TRAINING

Level of training	Number of scholarships	%
Vocational	358	42.3
Intermediate	410	48.5
Advanced	78	9.2

Of the 846 scholarship holders, 166 have completed their training (see Table 9 in Annex).

Traineeships and training periods at the Commission

Eleven traineeships in the Commission's departments were arranged in 1973, for periods of 1 to 12 months, for senior officials of the various AASM civil services.

The following States each sent one official: Central African Republic, Ivory Coast, Dahomey and Senegal; Rwanda sent two and Zaïre five.

D. TECHNICAL COOPERATION AND INFORMATION ACTIVITIES

1. Technical cooperation

In 1973 an appropriation of 5 000 000 u.a. was made available to the Chief Authorizing Officer of the European Development Fund for financing, throughout the AASM, studies and technical cooperation related to schemes, general technical cooperation, and studies and activities in connection with aid for the marketing and sales promotion of AASM products.

i. Related technical cooperation:

This consists of the technical assistance accompanying most projects and takes the form of preparatory studies, supervision and technical control of works, training or guidance concurrent with projects.

In 1973 the Community developed its related technical cooperation considerably, thus making it easier to prepare and apply its financial aid.

ii. General technical cooperation:

Two instances of general technical cooperation were typical of the help which the Community can give to Associated States from its own experience; these were in the field of regional cooperation.

Because of its nature the European Community tends to encourage regional cooperation among the States associated with it and therefore to give its technical assistance to those which would like to move in this direction.

Two such financing measures were adopted in 1973:

1. 208 000 u.a. was set aside from the third EDF to cover the costs for 1973 of a mission to provide technical assistance in connection with the creation of the West African Economic Community. This mission of four experts was responsible for preparing the entry into force of the Community planned, for January 1974.

ii. a second financing decision extended the period and scope of this assistance; the mission of four experts, now joined by a fifth, is extended until 31 March 1975 at a cost of 261 000 u.a.

These two decisions bring the total amount of technical assistance given to the West African Economic Community since 1970 to 782 000 u.a.¹.

2. Information activities

The information provided by the Commission aims to give the nationals of the Associated States and Member States - and, from this year, of the Associable States - a better idea of what Association means and how it operates and of the Community's responsibilities towards all developing countries.

This activity takes two forms:

i. Seminars

Between January and December 1973, eight seminars were arranged in Europe for African scholarship holders of the Community: a further three seminars were reserved for trainees who did not hold scholarships, while two others were for nationals of the English-speaking Associable States.

In addition, five seminars were held in Brussels: one for the Centre for Further Training for Economic and Technical Development and Cooperation, two for the Munich-based Retraining Centre for Statisticians and Economists in Developing Countries, one for UNIDO trainees and one for ILO's Turin-based International Centre for Advanced Technical and Vocational Training.

The purpose of these seminars, which were attended by approximately 700 in all, was to explain and examine in detail the relations between the EEC and the AASM and the prospects for the development of the association. These events, which made for better reciprocal knowledge, may be looked upon as supplementary training for future supervisory and managerial staff in the Associated States.

Financing of the symposia held in 1973 amounted to 98 500 u.a. For 1974, the Commission has committed 121 000 u.a. from the resources of the third EDF, plus 10 000 u.a. from the Commission's budget to cover the cost of training periods for English-speaking nationals.

¹The breakdown of this aid is as follows:

11 June 1970:	50 000 u.a. (second EDF).	6 July 1972:	55 000 u.a. (third EDF).
11 June 1970:	100 000 u.a. (third EDF).	23 January 1973 :	208 000 u.a. (third EDF).
26 September 1971:	108 000 u.a. (third EDF)	14 December 1973 :	261 000 u.a. (third EDF)

ii. Association News

In 1973 Association News appeared regularly every two months, and an English edition is now published as well as the French edition. Together they have a circulation of 20 000.

Community financing for the publication and distribution of **Associated News** amounted in 1973 to 60 135 u.a. (third EDF) for the French edition and 15 000 u.a., under the Commission's budget, for the English edition. For 1974, the amounts adopted are respectively 94 000 u.a. (third EDF) and 20 000 u.a. (Commission budget).

This review continues to provide nationals of Associated States - and now those of Associable States too - with comprehensive information on the different aspects of the Association and views on the problems of developing countries. It is also a point of contact between former trainees.

A section entitled "Dossier" deals with a different subject in each issue; in 1973 it ran articles on the EDF, tourism, cotton, tropical woods, industrialization, and the Institutions of the Association.

(Sahel 1)

Section 2: The fight against drought

In view of the catastrophic proportions assumed by the drought in the six Associated States of the Sahel, the Community undertook two separate but complementary courses of action in 1973:

- i. Under the general food aid programme, the six Sahel States received 113 000 tons of cereals and 13 000 tons of milk powder as emergency aid.
- ii. Under Article 20 of the second Yaoundé Convention, these seven States received more than 19 million u.a. as aid for an exceptional situation.

Because of the continuing drought in the Sahel, the Community decided in December 1973 to step up its effort during the year 1973/74. To do this, it adopted a special food aid programme at a cost of over 48 000 000 u.a. and emergency financial aid of over 35 000 000 u.a. for the six Sahel States and Ethiopia (see Table below).

FOOD AID

The Community's food aid programme, adopted under the second Food Aid Convention, which came into force on 1 July 1971, is independent of the association conventions and is designed to help all developing countries. For two years now, however, an increased effort has been made under the food aid programme to help the Associated States of the Sahel in view of their particularly tragic situation.

In 1971/72, 21 developing countries and three organizations received 414 000 tons of cereals. Among them were seven Associated States, which received 16% of the total (66 555 tons, of which 44 555 tons, i.e. 11%, were for the AASM of the Sahel), and 750 tons of milk powder.

In 1972/73, 35 developing countries and five organizations received 464 000 tons of cereals. Among them were nine Associated States, which received 20% of the total (92 400 tons, of which 68 400 tons, i.e. 15%, were for the Sahel countries), and 13 000 tons of milk powder¹.

For 1973/74, the Community, anticipating its general programme, has allocated to the Sahel countries alone 110 000 tons, i.e. 19% of the total quantities provided for. In addition, the Sahel countries will receive 14 000 tons of milk powder and 6 000 tons of butteroil. Allocations of cereals to other associated countries will be decided subsequently by reference to the overall allocation of 580 000 tons.

¹ Apart from the associated countries of the Sahel, Mauritius received 12 000 t of cereals, Somalia 7 000 t and Madagascar 5 000 t.

Table 10 EMERGENCY AID FROM THE COMMUNITY TO THE SAHEL COUNTRIES IN 1973 and 1974

<u>BALANCE SHEET FOR 1973</u>	Mauritania	Senegal	Mali	Upper Volta	Niger	Chad	TOTAL
<u>by volume (metric tons)</u>							
<u>Food aid:</u>							
cereals	5 000	23 500	37 000	19 900	14 500	13 000 ¹	113 000
milk powder	1 800	2 400	2 100	1 800	2 500	2 400	13 000
<u>by value ('000 u.a.)</u>							
<u>Food aid</u>	1 811	4 942	7 190	4 859	4 487	3 549	26 838
<u>Financial aid (EDF) under Article 20, Yaoundé Convention</u>	2 629	2 114	7 126	1 116	2 809	3 216	19 010
<u>DECISION FOR 1974²</u>							
<u>by volume (metric tons)</u>							
<u>Food aid:</u>							
cereals	10 000	15 000	20 000	15 000	20 000	10 000	90 000
(Sahel reserve)							20 000
milk powder	2 000	-	2 900	2 600	3 200	800	11 500
butteroil	1 000	-	300	1 800	1 450	150	4 700
<u>by value ('000 u.a.)</u>							
<u>Food aid:</u>							
foodstuffs	4 570	3 150	6 505	6 916	7 986	2 810	36 137
transport ³	-	-	-	-	-	-	5 000
<u>Emergency financial aid from Commission budget:</u>							
by country	4 800	2 800	7 400	3 600	7 500	5 100	31 200
reserve	-	-	-	-	-	-	1 400
remainder of 1973 budget	-	-	-	-	-	-	600

¹ Of which 6 000 tons will be delivered at the beginning of 1974.

² Ethiopia also receives aid granted in December 1973: 20 000 t of cereals, 2 500 t of milk powder and 1 300 t of butteroil, totalling 7 343 000 u.a., to which was added 2 400 000 u.a. for emergency financial aid.

³ Reserve for urgent transport costs, storage charges and other costs.

Two important features of the Community's aid must be stressed:

i. Full coordination with the drought-afflicted Associated States in West Africa was achieved thanks, in particular, to the setting up of an Inter-State Committee for the Fight against Drought (CILSS) in Ouagadougou by the Governments of Mauritania, Senegal, Mali, Upper Volta, Niger and Chad. Action taken by this Committee has enabled the Community to intervene where and as indicated by the Associated States themselves.

There was of course coordination between the Commission and the Member States' Governments especially in respect of air transport (military aircraft) provided by the Member States.

Coordination between the Commission and other sources of aid (international and non-governmental organizations) was also effective.

ii. The Commission did its best to act both flexibly and rapidly, in particular by adapting the operational procedures for emergency aid. It simplified and speeded up formalities and left wide scope for initiative to the countries concerned in conjunction with the EDF's Deputy Controllers.

Part of such adaptation was the setting up of a working party known as the Sahel Committee within the Commission's departments. This committee, which is responsible for the internal coordination of all measures aimed at the Associated States of the Sahel, is also engaged in rethinking how and where Community aid must be applied in the Sahel.

A. Review of measures decided on in 1973

The six Associated States of the Sahel benefited from two Community aid decisions at the beginning of 1973.

The first, taken under the heading of food aid, involved some 27 000 000 u.a. and enabled 113 000 tons of cereals and 13 000 tons of milk powder to be supplied to these States (see Table). A point to note is that since 1 January 1973 the nine Member States of the Community have been participating in the financing of the food aid programme.

The second decision, taken under Article 20 of the second Yaoundé Convention - to which only the six original Member States of the Community are party - involved more than 19 000 000 units of account and its aim was to supplement the supplies of food.

This financial aid for an exceptional situation consisted of:

- i. paying the cost of rapidly transporting and distributing food aid supplied by the Community and the Member States. In view of the distances to be covered to reach the populations affected by the disaster, transport costs may equal the value of the provisions supplied;
- ii. supplying agricultural by-products, for example cotton seeds, in order to combat malnutrition in cattle;
- iii. taking steps to improve protection of cattle against disease. Owing to under-nourishment, animals are weakened and more easily exposed to the dangers of disease. Moreover, the increased concentration of livestock around water-holes fosters contamination. Improved protection of cattle against disease will be achieved by increasing the number of vaccinations (rinderpest, contagious bovine pleuropneumonia, trypanosomiasis) and by increasing the mobility of the veterinary services.

For certain countries, supplementary measures were decided, such as:

- i. paying, as an exceptional measure, the cattle taxes which the stockbreeders are unable to pay (Upper Volta). In Niger, it was decided to pay to the Niger Investment Fund an equivalent amount offsetting the non-collection of these taxes by the Government in order to permit the rapid execution of water supply projects for the benefit of nomadic herdsmen.
- ii. supplying seed or paying sowing grants to enable family holdings affected by the disaster to restore the production potential for the next season (Senegal, Mali, Niger, Chad).
- iii. emergency work on existing boreholes to increase their capacity and enable certain areas of pastureland abandoned owing to inadequate water supplies to be used again (Mauritania, Mali).

Catastrophic climatic conditions in Madagascar have also made emergency measures necessary

The Community supplied the Malagasy Republic, as part of the normal food aid programme, with 5 000 tons of cereals and, under the heading of exceptional aid (Article 20), with 265 000 u.a. to pay for ~~ten tanker-trucks~~ and their operating costs for six months. With these, it will be possible to meet the water requirements of 30 000 people in 200 different villages.

The Community was anxious to extend its action beyond emergency assistance and therefore studied the financing of 140 water-points in the same region. A financing decision on this project was reached on 5 June 1973 (see social development, page 45).

B. Decisions for 1974

With the prospect of an equally serious drought in the Sahel countries during the 1973/74 season, the Community has stepped up its efforts and adapted its methods of taking action.

In 1973 rainfall was hardly any better than in 1972. Continuation of the disaster situation in the Sahel made new emergency measures necessary for 1974.

However, the funds still available from the third EDF were insufficient to provide exceptional aid on the same scale as in 1973. The Community was therefore obliged to find a new formula.

By three decisions taken in December 1973, the Community granted a total of 84 million u.a. to the six Associated States of the Sahel and Ethiopia:

i. a special food aid programme (48 480 000 u.a.) will enable a total of 130 000 t of cereals, 14 000 t of milk powder and 6 000 t of butteroil (for feeding children) to be supplied to the six Associated States and Ethiopia (see Table).

ii. emergency financial aid was adopted by the Council of the Community on a proposal from the European Parliament supported by the Commission. A sum of 35 million u.a. was therefore written into the 1974 Commission budget to finance two types of operations:

(a) supplementary measures to make food aid as effective as possible: repairs to roads and tracks, creation of storage facilities, strengthening the fleet of trucks in the countries affected by the disaster;

(b) supplementary measures aimed especially at restoring and improving the machinery of agricultural and animal production by the same type of measures as those decided on in 1973.

It should be noted that this emergency financial aid, since it comes from the Commission budget, is provided by the nine Member States of the Community and for the first time involves a non-associated country, namely Ethiopia.

C. Preparation of more extensive measures for the Sahel countries

Since the EDF was set up, the six Associated States of the Sahel have received 128 million u.a. for stock-breeding and water-engineering projects.

Since the EDF's origins, therefore, there has been continuity in the Community's activities on behalf of these AASM countries, together with a marked increase in these activities in 1973.

But emergency measures, however indispensable they may be, may no longer be dissociated from medium- and long-term structural measures.

An initial systematic approach is contained in the programme resulting from the meeting of the Inter-State Committee for the Fight against Drought in the Sahel (CILSS), held in Ouagadougou in September 1973. This programme embodies all the requests for international aid formulated by the Heads of State following the tragedy of 1973.

On this basis, the Community will have to define possible kinds of action for the future in addition to the emergency operations. In general, it seems that it will be necessary to reconcile a comprehensive approach to the problems of the Sahel with case-by-case planning of concrete measures.

The basic objective of this long-term action may be described as follows: to guarantee a normal and secure existence for the peoples of the Sahel by maximizing agricultural food production and by rationalizing and intensifying livestock production; this must be done by restoring a biological balance between natural resources (water and vegetation) and their utilization (man and animals).

Possible measures concern:

- i. an inventory of resources, especially water;
- ii. agriculture and fodder production (irrigated);
- iii. restructuring of production circuits;
- iv. building up of reserve stocks and stabilization of cereal prices;
- v. improvement of marketing methods.

Chapter 2 IMPLEMENTATION OF AID

Section 1: Methods of financing

New commitments in 1973 on behalf of the Associated States - from third EDF funds and from the EIB's own resources - totalled 194 million u.a. for 77 financing decisions.

The total was 213 million u.a. in 1972 and 253 million u.a. in 1971. In all, therefore, 658 million u.a. have already been committed during the second Yaoundé Convention, that is 71% of the total appropriation (923 million u.a.).

Grants (including interest rate subsidies) from the EDF's resources represent 82% of total commitments undertaken in 1973. Repayable aid (loans on special terms and contributions towards risk-capital formation) from the EDF's resources account for 12.4% of this total, and ordinary EIB loans account for 5.6%¹.

In 1973 there was a particular increase in loans on special terms and EIB ordinary loans (over 33 million u.a. for these two categories). This trend resulted from the fact that certain Associated States had put forward financially profitable projects, which could therefore be financed by these particular methods.

If the commitments are examined by sector and by method of financing, it will be found that - in general - the greatest diversity of methods of financing appears in the development of production. Five different types of financing were used, contributions towards risk-capital formation showing a particular increase (1 512 million u.a. in 1973 compared with 990 000 u.a. in 1972).

It must be noted, however, that of the 47 million u.a. allocated to economic infrastructure, nearly 15 million u.a. was in the form of EDF loans on special terms or EIB ordinary loans.

The breakdown by country of the methods of financing shows that Cameroon, Ivory Coast, Gabon and Senegal were accorded financial aid in a variety of forms. This demonstrates that the range of financial instruments provided in the second Yaoundé Convention has enabled Community aid to be adapted to the economic conditions of each Associated State. In particular, it has enabled assistance solely in the form of grants to be reserved for the most needy AASM.

Agro-industrial projects, for instance, which were likely to prove financially profitable, were financed by means of loans on special terms (EDF) or ordinary loans (EIB). These were the sugar cane and oil palm plantations in Cameroon, and rubber tree plantations in Ivory Coast.

¹See Tables 11 and 12 below.

TABLE 11: SUMS COMMITTED IN 1973: BREAKDOWN BY SECTOR AND METHOD OF FINANCING
(third EDF and EIB)

'000 u.a.

	Development of production	Economic infrastructure	Social development	Miscellaneous ¹	Exceptional aid	Total	%
<u>Non-repayable aids</u>	75 100	32 761	23 330	8 822	19 274	159 287	82.0
Grants	74 622	32 761	23 330	8 822	19 274	158 809	
Interest rate subsidies	478	-	-	-	-	478	
<u>Repayable aids</u>	17 291	6 842	-	-	-	24 133	12.4
Loans on special terms	15 778	6 842	-	-	-	22 620	
Contributions towards risk- capital formation	1 513	-	-	-	-	1 513	
<u>EIB</u>							
Ordinary loans	2 995	7 920	-	-	-	10 915	5.6
TOTAL	95 386	47 523	23 330	8 822	19 274	194 335	100
%	49.1	24.5	12.0	4.5	9.9	100	

¹Information activities, general technical cooperation, supervision of project execution, administrative and financial costs.

TABLE 12: SUMS COMMITTED IN 1973: BREAKDOWN BY METHOD OF FINANCING AND TYPE OF AID
(third EDF and EIB)

(000 u.a.)

	Investments and related technical cooperation	General technical cooperation	Administrative costs	Exceptional aid	TOTAL	%
<u>Non-repayable aid</u>	130 388	2 749	6 876	19 274	159 287	82.0
Grants	129 910	2 749	6 876	19 274	158 809	
Interest rate subsidies	478	-	-	-	478	
<u>Repayable aid</u>	24 133	-	-	-	24 133	12.4
Loans on special terms	22 620	-	-	-	22 620	
Contributions towards risk-capital formation	1 513	-	-	-	1 513	
<u>EIB</u>						
Ordinary loans	10 915	-	-	-	10 915	5.6
TOTAL	165 436	2 749	6 876	19 274	194 335	100
%	85.2	1.4	3.5	9.9	100	

At the same time, grants were given for projects of long-term, uncertain, or indirect profitability, which is usually the case with economic infrastructure or social development projects, but also with certain major directly productive projects in the less advanced associated countries. Such are the tea-growing projects financed in Burundi and Madagascar (where a new crop is being introduced into the Malagasy economy), and the development of dah cultivation in Mali.

A. Grants from the EDF's resources

Grants given by the Commission in 1973 from the European Development Fund's resources amounted to 163.7 million u.a., i.e. 159.3 million from the third EDF and 4.4 million from the remainder of the second EDF¹. These include project subsidies and interest rate subsidies to accompany EIB ordinary loans.

1. Subsidies

The breakdown by sector of activity of subsidies given in 1973 is as follows²:

- . development of production;
- . improvement of economic infrastructure;
- . social development;
- . exceptional aid;
- . technical cooperation, information and miscellaneous activities.

The subsidies were used as follows:

(i) Investments and related technical cooperation:

In 1973, 130 million u.a. was allocated, in the form of subsidies, to this type of activity. The proportion involving investments alone amounted to 126.5 million u.a.

The term investments is understood here in the wide sense, as in Article 1 of Protocol No 6 to the Yaoundé Convention, and embraces rural economy development projects, which may include various supervisory and applied research activities.

Technical cooperation related to these investments totalled 3.5 million u.a., some 2.3% of the cost of the investments (including those financed by special loans).

It should be noted that even if these related technical cooperation measures relate to investments financed by loans, they are still covered by subsidies.

The breakdown of the cumulative total of related technical cooperation financed from the third EDF is as follows:

preparatory technical cooperation:	13 703 000 u.a.
concurrent technical cooperation:	4 826 000 u.a.
post-investment technical cooperation:	229 000 u.a.

TOTAL: 18 758 000 u.a.

¹Commitments from the remainder of the second EDF amounted to 4 368 510 u.a.

²See breakdown of cumulative commitments under the third EDF (1971-73) in Table 2, page 5.

(ii) Exceptional aid:

Aid under Article 20 of the Yaoundé Convention took on exceptional importance in 1973 in view of the seriousness of the situation in the associated countries of the Sahel.

In March 1973, the six associated countries in the Sahel received exceptional aid amounting to over 19 million u.a., while Madagascar received 265 000 u.a.

(iii) General technical cooperation:

Activities under this heading were financed in 1973 to the tune of 2.7 million u.a.

(iv) Administrative costs:

Administrative costs charged against the EDF, mainly in connection with the work of Deputy and Technical Controllers in Africa, amounted in 1973 to 6.8 million u.a.

2. Interest rate subsidies

Two requests for interest rate subsidies examined by the European Investment Bank in connection with loans granted from its own resources were the subject of a Commission decision in 1973. These interest subsidies, updated when the loan contract was signed by the Bank, are charged against grant aid from the third EDF and amounted in 1973 to 0.48 million u.a. These subsidies were granted at the flat rates fixed by the Second Yaoundé Convention.

The total of 3.8 million u.a. granted from 1971 to 1973, relating to ordinary loans of 23.44 million u.a., represented 0.7% of total grants approved during those three years.

Of the eleven ordinary loans made by the EIB under the second Yaoundé Convention, eight were accompanied by interest subsidies, six of these at the flat rates laid down for industrial projects and schemes to develop tourism.

The interest rate subsidies granted in 1973 were connected with the following projects:

	Terms of loan for borrower		Interest rate subsidy financed by EDF	
	Amount ('000 u.a.)	Interest rate (after subsidy)	Amount ('000 u.a.)	Rate
<u>Gabon</u>				
Hôtel du Dialogue	1 195	4 3/4%	237.6	3%
<u>Cameroon</u>				
SOSUCAM II (sugar complex)	1 800	4 3/8%	239.8	3%

B. Repayable aid from the EDF's resources

1. Loans on special terms

In 1973, the Commission and the Bank, as an authorized agent of the Community, signed four contracts for loans on special terms from the EDF's resources, amounting in all to 27.66 million u.a. One of these contracts, worth 5.04 million u.a., for the partial financing of the sugar complex of Banfora in Upper Volta; this project was the subject of a Commission financing decision in 1972 and has already been commented upon in the 1972 Report (see that Report).

The other three projects are described in Chapter I of this report.

	Amount in million u.a.	Repayment period	Period of grace	Rate of interest
<u>Cameroon</u>				
Oil palm plantations (selected varieties) and an oil mill (SOCAPALM)	8.85	25	9	2%
<u>Ivory Coast</u>				
Rubber-tree plantation 60 km from San Pedro (SOCATCI)	6.93	30	10	0.5% from the first to the 14th year, 3% from the 15th to the 30th year
Improving and asphaltting the road linking the port of San Pedro to the locality of Issia	<u>6.84</u>	30	4	1%
	22.62			
(for the record) Banfora sugar complex (SOSUHV)	<u>5.04</u>			
Total of loans on special terms signed in 1973	27.66			

One of these loans was concluded with the Republic of the Ivory Coast, while the other two were granted to public companies.

The loan to SOCAPALM was in connection with an "integrated" project, for which studies were carried out jointly by the Commission and the EIB. The project also received a subsidy of 2.9 million u.a. from the EDF.

Of the 34.7 million u.a. in loans on special terms committed since the beginning of the second Yaoundé Convention, disbursements amounted to 4.6 million u.a., i.e. approximately 13%.

2. Contributions towards risk capital formation

This new form of action, provided for in the second Yaoundé Convention, was used twice in 1973.

In the case of the SOSUCAM project, which received an ordinary loan from the EIB (see below), the latter, as an authorized agent on behalf of the European Economic Community, subscribed from the resources of the European Development Fund a total of 540 000 u.a. to the Company's capital.

A contract involving a contribution totalling 972 000 u.a. towards the formation of Dakarmarine's risk capital was concluded on the same terms. The purpose of this contract was to enable feasibility studies to be carried out on the project to create a ship repair yard for ocean-going vessels in Dakar. The contribution was in two forms:

- (i) a subscription towards increasing Dakarmarine's capital from CFAF 100 to 210 million, in which, as well as the Government of Senegal, European groups interested in ship repairs are participating;
- (ii) a "semi-capital" contribution of 864 000 u.a., the exact nature of which (special loan, advance, other form) will not be determined until the final decision to build the ship repair yard has been taken. This decision is dependent on studies not yet completed.

Since the beginning of the second Yaoundé Convention, three contributions towards risk capital formation, totalling 2.5 million u.a., have been made.

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

In 1973, the EIB granted three loans from the funds it raises on the capital market for a total exchange value of 10.9 million u.a. The three loans were for the Republic of the Ivory Coast, the Gabonese Republic and the United Republic of Cameroon.

	Amount in million u.a.	Duration	Interest rate (ex subsidy)	Interest rate subsidy
<u>Gabon</u> Construction of an international-class hotel in Libreville	1.19	15	4 3/4%	3%
<u>Cameroon</u> Extension of the sugar mill and refinery and the sugar-cane plantations in Mbandjock	1.80	9	4 3/8%	3%
<u>Ivory Coast</u> Improving and asphaltting the road linking the port of San Pedro to the locality of Issia	7.92	15	7 3/4%	-
	<u>10.91</u>			

For two of these loans, granted to companies in which the State has a holding, the State on whose territory the project is being carried out has acted as joint guarantor. The loans are accompanied by interest rate subsidies from the EDF, at the flat rates laid down in the relevant instruments.

The third loan was granted to the Republic of the Ivory Coast, which received a loan on special terms for financing the same project.

Of the 46.3 million u.a. committed by the EIB for the eleven loans signed since the beginning of the second Yaoundé Convention, disbursements reached 22.9 million u.a. by the end of 1973, that is, nearly half.

Execution of the projects which the Bank has helped to finance will entail the creation of many jobs and appreciably augment value added and foreign currency receipts.

Section 2. Aid preparation

Effective participation by the Associated States in orienting financial and technical cooperation and supervising its implementation is one of the main achievements of the Association. The programming, appraisal and execution of schemes financed by the Community necessitate a "permanent dialogue" between the Community's departments and the Associated States' authorities, together with a constant exchange of information and concerting of effort with the other sources of aid to these countries. Similarly, the stress which the Community makes a point of laying on finance for directly productive investments, in accordance with the wishes of the Associated States, helps to strengthen the concerting of action by the European Development Fund and the European Investment Bank.

A. Cooperation between the EEC and AASM

An essential aspect of this cooperation is the human and personal contact, at all levels, especially that of the operational departments between AASM officials and the representatives of the Commission and EIB.

In this connection it is encouraging to note that the Africanization of supervisory and managerial staff in the AASM has led to improvement of this dialogue as a result of the national departments' showing increased awareness of their ultimate responsibility for projects.

B. Concerting of action between the EDF and the EIB

Coordination between the Commission and the EIB continued in 1973. The EDF and EIB discussed the methods of financing suited to the projects presented for the third EDF and kept each other informed of progress in the appraisal of projects for which they were responsible.

The concerting of efforts was particularly evident in the case of the four loans on special terms granted from the resources of the third EDF and signed by the Commission and by the EIB as an authorized agent of the Community. There was also cooperation on the two projects financed by the EIB from its own resources and for which interest rate subsidies were granted from the resources of the EDF. Likewise there was cooperation on the terms of execution of the projects financed by loans on special terms and by contributions towards risk capital formation.

C. Coordination between Community aid and other aid

Coordination between Community aid and the bilateral aid organizations, which consists of a continuous exchange of information, continued smoothly in 1973 and was supplemented, as in the past, by coordinating sessions with the French, Belgian, German, Canadian and American aid organizations.

In addition, several information sessions took place with the UK aid organizations in London, Brussels and Luxembourg.

Coordination between Community aid and the multilateral aid organizations also continued in 1973 by means of regular exchanges of information and coordinating sessions with IBRD, UNDP and UNESCO.

Lastly, an initial coordinating session was held in Brussels on 26 November between the European Development Fund and the African Development Bank.

Section 3. Execution of aid

A. Invitations to tender and contracts

1. Invitations to tender

In 1973, 82 international invitations to tender were issued, involving approximately 108 million u.a.

Of these 82 new invitations to tender, 25 concerned works contracts totalling 92 million u.a., while 40 involved supplies contracts amounting to approximately 10 million u.a.

For some of these invitations to tender, the Commission applied Article 49(2e) of the Financial Regulation of the third EDF and authorized the issue, by accelerated procedure, of 17 invitations to tender totalling 5.2 million u.a.

Lastly, it should be pointed out that of these 82 invitations to tender, 48 were issued under operations financed from the third EDF, representing an estimate of approximately 98 million u.a.

2. Contracts¹

In 1973 total contracts (contracts placed on the basis of an invitation to tender or estimate and service contracts) for implementing the three Funds amounted to 205 million u.a., thus confirming the sizeable increase which had already been recorded in the preceding year.

This situation resulted from the increase in the rate of implementing the third EDF (185 million u.a. committed, compared with 99 million the preceding year), which of course offsets the decrease in the rate of implementing the second EDF (20 million u.a. compared with 44 million u.a. in 1972 and 70 million u.a. in 1971).

¹The figures quoted under this heading are not broken down between the AASM and the OCT.

At the end of 1973, total contracts placed represented 97% of the first EDF's endowment, 91% of that of the second EDF and 35% of that of the third EDF.

In 1972 there had been an improvement in the rate at which firm commitments had been undertaken under the third Fund compared with that under the earlier Funds.

This trend was confirmed in 1973, for the level of firm commitments (35%) attained under the third Fund after three years of operation had not been reached under the first Fund until the sixth year and under the second Fund until the fifth year. This is a sign that the execution of third EDF projects is following upon financing decisions much more rapidly than in the past.

Participation by national firms in contracts

The Community is trying to develop participation by firms which are nationals of the AASM in works, supply and technical assistance contracts which it finances from EDF and EIB resources.

In 1972 and 1973 there was an increase in the part played by national firms, especially in third EDF projects (up 13% in 1973).

The Community grants, case-by-case, a price preference of up to 15% to supplies from firms of the country concerned or other associated countries in the same region. For minor projects, more and more use is being made of invitations to tender issued by accelerated procedure, which favour resident firms.

In 1973 the proportion of disbursements made in national currency is estimated to have been 50% of the total amount.

B. Reducing project appraisal and project execution times

The Commission's determination to seek ways of accelerating project appraisal and project execution has been strengthened by experience of currency erosion and the resulting rapid fall in purchasing power.

Project appraisal times are being progressively reduced:

- (i) technical definition of programmes: direct contacts between operational departments enable options and methods to be defined accurately and thus help speed up project financing and execution;
- (ii) in the AASM some streamlining of procedures is possible; in some of them, for instance, simplification of the rules governing approval of contracts (e.g. by sole signature of the National Authorizing Officer) would be a significant improvement. Similarly, with regard to technical cooperation contracts, the delegation of the right of signature to the Representatives of certain AASM in Brussels has yielded valuable results and could be generalized.

Among the improvements identified and put into practice by the Commission may be mentioned: a large degree of decentralization in favour of the Deputy Controllers, the drawing up of the General Specifications for works and supply contracts, standardization of the general provisions of contracts, and recourse, wherever possible, to the accelerated procedure for invitations to tender (see above).

Reducing project execution times

One of the measures introduced by the Commission to accelerate the execution of projects was to programme invitations to tender for road projects.

The preliminary results for 1973 of applying this method are very encouraging and show that it is possible to speed up project execution. The Commission therefore proposes to generalize the application of this method and, as a next stage, to programme construction projects on a multiannual basis.

Further, it has been decided to authorize the Deputy Controllers to approve contracts directly which have been concluded by mutual agreement, provided that two preconditions are satisfied:

- (i) the ~~procedure of contract by mutual agreement~~ must have received prior authorization either in the financing proposal and the subsequent financing agreement, or by an amending decision of the Chief Authorizing Officer;
- (ii) the value of such a contract must remain within the financing limits set.

C. Increase in the rate of disbursements

Disbursements under the three Funds in 1973 amounted to approximately 170 million u.a., thus showing a very marked rise over the preceding year.

This rise resulted mainly from the substantial increase in payments made under the third Fund, which amounted to 110 million u.a. compared with 42 million u.a. in 1972.

At the end of 1973, disbursements, expressed as a percentage of commitments, accounted for 95.5% of the first EDF compared with 94% in 1972
88% of the second EDF compared with 81.3% in 1972
27% of the third EDF compared with 15% in 1972.

Section 4 - EVALUATION OF COMPLETED PROJECTS

In 1973 the Community, in conjunction with the appropriate authorities of the associated countries in question, continued to seek information on the use made of completed projects financed by the European Development Fund.

Evaluation was concerned mainly with the following sectors:

- road, port and railway infrastructure;
- electricity and water engineering infrastructure;
- telecommunications;
- education and training.

The Commission is currently making an overall study of a more complex sector - development of agriculture - and the results will be communicated to the Association Council at a later date.

The twenty-two reports on the utilization of completed projects which became available in 1973 provide conclusions and lessons regarding the planning and construction of economic infrastructure (roads, ports, telecommunications), education and training projects, and maintenance of completed projects.

Recent evaluation exercises have brought out the following points:

The majority of the projects financed by the Community had the expected positive effects. Project costs were according to estimates and the objectives set - economic development of a region, rise in the standard of living of the population, reduction or stabilization of transport costs, increase in trade - were attained and even exceeded in some cases.

This overall success was not unaccompanied by a few problems, which appeared at three successive stages:

- implementation of financing decisions: the period required for the award of contracts (by international invitation to tender) was in some cases overextended;
- execution of projects: some projects were not sufficiently adapted to local economic or human conditions;

running of completed projects: this involves the major problem of inadequate maintenance, which may arise from lack of management or from a shortage of equipment and skilled staff.

At all events, one merit of these problems is that they provide Associated State users and EDF staff with valuable experience for future projects.

Positive aspects and problems to be overcome

The success achieved in most cases should not be allowed to conceal the fact that some projects encountered difficulties. The purpose of evaluating completed projects is to establish the causes of any shortcomings. The Commission then endeavours to remedy them, for instance, by encouraging the national authorities to take action or even by supplementing in some cases the aid granted to those authorities.

The analysis of the positive and negative effects given below is based on seven assessments which bring out particularly clearly the problems which arose in all the twenty-two projects examined in 1973.

The projects concerned are as follows:

- | | |
|--------------|--|
| Cameroon: | Yaoundé-M'Balmayo road, opened to traffic in April 1964
Power station at Garoua, put into service in May 1967. |
| Ivory Coast: | School buildings, opened in 1969/1970
Abidjan-Man telecommunications network, put into service in July/November 1969. |
| Mauritania: | Nouadhibou fishing port, put into operation in June/
September 1968
School buildings, opened in June/September 1968. |
| Zaire: | Tracks in the Mayumbe area, opened to traffic in
September 1969. |

1. Lessons drawn from completely successful projects

The project for the construction of a power station at Garoua in Cameroon met the growing needs of a town which had a rapidly increasing population and was open to industrial development (textile factories in particular).

This power station, for which the costs were fully in line with estimates, is a complete success and has enabled the Cameroon Electricity Board (EDC) to finance from its own funds extensions to the project necessitated by the establishment of new factories.

The first lesson to be drawn from this evaluation exercise is that account should be taken right from the first stage of a project of the possibilities of plant extensions later on. In this particular case, the modular design adopted for the layout of electricity production units enabled additional units to be built more cheaply as the area developed.

The second lesson is the advantage of full cooperation with national authorities: the latter financed, in parallel with the power station project, repairs to the existing power lines and the increase in their capacity, which enabled an immediate use to be made of the station by removing the possibility of power failures. The plant is efficiently maintained.

The establishment of a radio-beam telecommunications network between Abidjan, Gagnoa, Daloa and Man in Ivory Coast represented the backbone of the national telecommunications network which is being rapidly extended to cover the whole country.

This completely successful project was accompanied by major additional schemes financed by Ivory Coast from the Posts and Telecommunications budget and French bilateral aid.

The very success of this project, which would logically lead to an extension of the radio-beam telecommunications network, will have to be consolidated by two sets of measures.

First, such an extension could be accompanied by a short-term lack of skilled maintenance staff and calls for immediate further analysis of the action to be taken in connection with staff training; this study has been undertaken by the EDF Representatives in Ivory Coast working in close cooperation with the relevant authorities (Abidjan School of Telecommunications).

Secondly, extensions to the network will have to be carried out with identical equipment to that installed under the initial project. Only in this way will it be possible to standardize equipment and simplify the training of maintenance technicians.

2. Moreover, the fact that operations financed by the European Development Fund have to be broken down into individual projects can create difficulties where the work involved is on a small scale and spread over a wide area. An example is the school buildings programme financed in Ivory Coast.

This project concerned the construction or extension of six groups of school buildings (technical, modern and classical education).

The general objectives of the project have been achieved: higher attendance by the pupils (97 and 90%), a better success rate than the national rate, more jobs available than the number of qualified pupils in 1972.

The question is whether the European Development Fund works in such a way as to make it the most appropriate source of finance for extensions to school buildings: planning for extensions has regularly proved inadequate to meet immediate needs which became apparent during preparations for each new school year. This discrepancy was further aggravated by the five-year period which must elapse between preparation of the project and handing over of the buildings.

In addition, the cost estimate given in the financing decision can be "exceeded" for a number of reasons such as currency depreciation, introduction of new customs, fiscal or social arrangements, increased prices of certain raw materials or additional work not planned at the outset but considered indispensable to the project. In some cases extra costs can also result from inadequate works supervision or errors by consultancy firms in planning or costing.

Consequently, in the case of a country like Ivory Coast, which has a high school attendance rate and fairly substantial budgetary resources, the question must be asked whether the effort under the European Development Fund should not be limited to building new schools.

In any case, as has been seen above, shortening the time necessary for implementation of projects is one of the main points of concern of the EDF.

3. Although it sometimes happens, in the implementation of projects, that certain installations financed by the EDF are found to be unsuited to local economic and human conditions, it must be emphasized straight away that past experience is used as a guide to avoid similar mistakes.

On the basis of the shortcomings which have been noted and the difficulties encountered, the national and Commission departments concerned have arrived at conclusions which ensure as far as possible that the equipment supplied is not highly sophisticated, requiring complex and costly maintenance and consequently having a short service life.

As a result, uncomplicated equipment suited to local requirements is now being chosen.

Mauritania provides a striking example of equipment which is unsuited to local conditions. The school buildings programme financed in that country concerned sixty-three classes, three courses at secondary level and twenty-one dwelling units for head teachers.

It is not necessary to point out the value of such a programme to a country with a very low school attendance rate (10% on average). This project introduced primary education to regions where previously no schools existed.

Since, however, certain equipment could not be maintained or replaced (gas cookers for example) or was unsuited to local customs, deterioration quickly set in.

More generally, it would seem essential that in planning a school building the architect's design should be more closely related to the type of training to be provided. The Commission is carefully examining the following points in order to ensure that the projects are fully effective:

- i) integration of the school into its natural and social environment to prevent its being cut off from village life. A certain degree of luxury for example can be detrimental to the spirit which the authorities wish to foster in primary education. Acceptance of education by the local population (pupils and adults) depends on proper integration of the school,

and the degree of acceptance can be judged by the attendance rates at classes. This criterion also determines the value of the school to the village, since the teachers can be real leaders of community life.

- ii) The choice of architectural design is determined by the budgetary resources earmarked, which do not allow for certain excessively costly techniques - air conditioning, kitchens etc. - and by maintenance possibilities: easy maintenance carried out by the users themselves calls for simple design.

4. Problem of maintenance

The degree of utilization of a project and the way in which it is maintained largely decide its service life and consequently its profitability for the beneficiary country.

The problem of maintenance is by far the most pressing since it recurs in almost all the evaluation reports. Although it can sometimes arise from bad management of equipment, it is nearly always the result of a lack of maintenance facilities.

i)) Mauritania: fishing port at Nouadhibou

The aim of the project was to provide the town of Nouadhibou with a fishing port and refrigeration plant to develop the fishing industry, a vital sector of the Mauritanian economy.

The port itself represents a completely successful and highly efficient achievement, and is already in need of expansion.

The concession for the refrigeration plant was granted by the Government to a semi-public company which, because it was in constant financial difficulties, could not set aside any funds for maintenance of the plant. It soon fell into a serious state of disrepair, which gave rise to fears that it would become completely unserviceable within a short period, especially as it had been designed according to the most up-to-date techniques.

The shortage of skilled staff both for technical installations and for general maintenance led to an exceptionally high breakage rate, which was further aggravated by equipment supply difficulties.

As a result the degree of utilization of the installations was considerably lower than normal: 33% for the ice factory, 26% for the fish processing plant. In this specific case the project did not fully attain its objectives.

To remedy this situation the Mauritanian Government, on the basis of an evaluation, transferred management of the refrigeration plant to another company, which is carrying out its task in a very satisfactory manner. For its part the Commission sent an expert to the plant to train maintenance staff required.

Apart from this fortunately rare case, the lack of maintenance is more often than not due to the inadequacy or non-existence of budgetary resources to meet staff and equipment requirements. This deficiency affects certain otherwise extremely successful projects which have a very positive effect on the economic and social development of the countries in question and of their inhabitants.

ii) Cameroon: Yaoundé-M'Balmayo road

Faulty maintenance hampers the proper operation of this extremely useful road. Improvement of the alignment and asphaltting of the Yaoundé-M'Balmayo road, which links the country's capital to the cocoa-producing region in the south-east have enabled:

isolated economic centres to be serviced,
more speedy and regular transport to be provided for food and cocoa products,
the standard of living to be raised for the rural population in the hinterland which has been given a stimulus by the construction of an important main road.

This success could however be jeopardized by inadequate maintenance. That is why the national authorities, at the request of the Commission, have ensured fuller and more efficient utilization of the budgetary resources earmarked for these projects.

In most cases, the problem arises from the lack of maintenance equipment and skilled staff in the Associated States.

In Article 28(2) the Yaoundé Convention provides that "The management and upkeep of the economic and social infrastructure and of the production equipment set up by means of Community aids shall be the responsibility of the beneficiaries".

The authorities of the Associated States, in conjunction with the Commission endeavour to provide solutions by increasing maintenance funds and the number of staff assigned to upkeep.

Difficulties sometimes arise even when the management and upkeep of investments are contracted to private companies as in the case of the refrigeration plant in the fishing port at Nouadhibou or the tracks in the Mayumbe area of Zaïre, where upkeep was entrusted to two agricultural concerns which have looked after only the part of the network directly affecting them.

Defective maintenance has led the Community to act as required in each specific case.

- iii) In Chad, for example, for the repairs to the N'Djamena (Fort Lamy) - Massaguet road, the Community applied the provisions adopted by an Association Council resolution of 10 October 1972, authorizing, subject to certain conditions, the financing of part of the cost of major or exceptional repairs to investments financed by the EDF. In this case, the decision took into consideration the financial situation of the country and the amounts already paid out of the latter's own resources to cover maintenance of the country's road network.

In general the Community has continued to supply servicing equipment and to train maintenance staff in the Associated States. This support for the national departments concerned often takes the form of further investments in the same sector.

- iv) Examples are the rural water supply projects financed in 1973 in Senegal, Ivory Coast, Togo and Madagascar, where the investment covers not only the sinking of wells, but also the equipping and training of maintenance teams.
- v) Likewise the new project for the San Pedro-Issia road in Ivory Coast (asphalting of 215 km) was accompanied by a supplementary scheme to take advantage of this important project in order to train Ivory Coast public works officials.

- vi) Another case is the Nouakchott polyclinic project (Mauritania), where the Community is providing funds to cover construction costs and also technical assistance to train maintenance staff and organize a maintenance department, which will serve both the polyclinic and the national hospital (financed earlier by the Community).

- vii) Still more indicative of the Community's concern to provide training is the project for a Public Works Vocational Training Centre in the Central African Republic. In addition to the buildings, the Community will also finance the technical and practical training of middle and lower-grade staff who, on completion of three years' study, will be engaged in maintenance of the national road network.

TABLE 13

THIRD EUROPEAN DEVELOPMENT FUND
AND EUROPEAN INVESTMENT BANK

Commitments in respect of the AASM

'000 u.a.

	Cumulative net commitments at 31 December 1972		Cumulative net commitments at 31 December 1973
<u>Third EDF</u>			
1. <u>NON-REPAYABLE AID</u>	<u>402 055</u>		<u>560 631</u>
- Investments	315 928		438 421
- Related technical cooperation	15 292		18 758
- General technical cooperation	42 031		44 780
- Trade promotion	3 270		6 508
- Exceptional aid	10 460		29 735
- Interest subsidies	3 295		3 773
- Administrative and financial costs	42		62
- Delegated and technical control	11 737		18 594
2. <u>REPAYABLE AID</u>	<u>13 086</u>		<u>37 219</u>
- Loans on special terms	12 096		34 716
- Contribution to risk capital formation	990		2 503
<u>TOTAL THIRD EDF</u>	<u>415 141</u>		<u>597 850</u>
<u>EIB</u>			
3. Ordinary loans from EIB's own resources	<u>35 370</u>		<u>46 285</u>
<u>TOTAL THIRD EDF + EIB</u>	<u>450 511</u>		<u>644 135</u>

TABLE 14

AID FINANCED BY THE THIRD EDF AND FROM THE EIB'S OWN
RESOURCES: SITUATION AT 31 DECEMBER 1973

(Second Yaoundé Convention)

'000 u.a.

	Net commitments	Contracts placed	Disbursements
<u>Third EDF</u>			
<u>Non-repayable aid</u>			
- Investment projects	438 421	209 347	100 679
- Related technical cooperation	37 352	19 143	17 973
- Trade promotion	6 508	2 994	2 321
- Exceptional aid	29 735	23 301	21 742
- General technical cooperation	44 780	23 966	7 234
- Administrative costs	62	62	61
- Interest rate subsidies	3 773	3 773	3 773
	560 631	282 586	153 783
<u>Repayable aid</u>	<u>37 219</u>	<u>37 219</u>	<u>5 549</u>
- Special loans	34 716	34 716	4 651
- Participation in risk capital formation	2 503	2 503	898
TOTAL THIRD EDF	597 850	319 805	159 332
<u>EIB</u>			
- Ordinary loans	46 285		22 927
GRAND TOTAL	644 135	-	182 259

Table 15

SCHOLARSHIP HOLDERS FROM THE AASM (1972/1973) BY HOME COUNTRY AND COUNTRY OF STUDY

Country of Study Home country	Belgique	Allemagne	France	Italie	Peys-Bas	Burundi	Cameroun	Centrafrique	Congo	Côte d'Ivoire	Dahomey	Gabon	Haute-Volta	Madagascar	Mali	Mauritanie	Niger	Rwanda	Sénégal	Somalie	Tchad	Togo	Zaïre	Maroc	Israël	TOTAL by nome country
Burundi	20	33		14		43	2																1			133
Cameroun	3	8	25	2	1	156													2							197
Centrafrique	11	4	2		1	24	56		2		1				2										1	104
Congo	11	4	9			11					4															39
Côte d'Ivoire	5	3	28	1	2	10			113																	162
Dahomey	3	3	45	4					5	24									4							188
Gabon	3	1	1			4						20														29
Haute-Volta	5	5	31	3		8			22		2	56							15				8			155
Madagascar	1	2	41	10					7					16												77
Mali	6	12	28	2		6									155									5		214
Mauritanie				3		2										28										33
Niger	2		4			15			8				4		64		13		10			5	13			138
Rwanda	28	43		36		11			1									15								134
Sénégal	6	10	23	29					14											123						205
Somalie		21	2	116																						139
Tchad	3	7	1	2	2	3													1		84					103
Togo	2	8	23	4	7	14			9		3				1				16				93			180
Zaïre	78	26	16	44		1			2										1					3		171
TOTAL by country of Study	207	190	279	270	13	43	267	56		183	124	30	60	16	222	28	13	15	172		89	114	1	5	4	2.401
			99							1.438																
			or 39,9 %							or 59,9 %																or 0,2 %

TABLE 16
SCHOLARSHIP HOLDERS FROM THE AASM (1972/1973) BY
HOME COUNTRY AND TYPE OF TRAINING

Home country	Economics	Agriculture	Technical	Health	Miscellaneous	TOTAL
Burundi	58	14	59	1	1	133
Cameroon	73	41	70	13	-	197
Central African Republic	28	58	17	1	-	104
Congo-Brazzaville	21	3	14	1	-	39
Ivory Coast	40	50	71	1	-	162
Dahomey	8	94	33	53	-	188
Gabon	3	20	6	-	-	29
Upper Volta	45	6	29	69	6	155
Madagascar	23	18	34	2	-	77
Mali	35	83	96	-	-	214
Mauritania	3	2	28	-	-	33
Niger	34	46	52	6	-	138
Rwanda	18	73	41	1	1	134
Senegal	75	35	90	3	2	205
Somalia	22	31	46	40	-	139
Chad	32	18	51	2	-	103
Togo	60	105	14	-	1	180
Zaire	31	41	73	24	2	171
TOTAL	609	738	824	217	13	2 401
Percentages 1972/1973	25.4	30.7	34.3	9.0	0.6	100.0

*Miscellaneous = Social assistance, domestic science, etc.

TABLE 17
SCHOLARSHIPS FOR TRAINING BY CORRESPONDENT COURSE (1972/1973)

AASM	Economics	Agriculture	Technical	TOTAL
Burundi	20	16	1	37
Cameroon	54	147	19	220
Central African Republic	12	4	-	16
Congo-Brazzaville	11	1	5	17
Ivory Coast	6	5	13	24
Dahomey	5	6	-	11
Gabon	8	34	-	42
Upper Volta	50	3	13	66
Madagascar	167	-	7	174
Mali	2	6	-	8
Mauritania	3	4	1	8
Niger	4	12	-	16
Rwanda	23	-	9	32
Senegal	31	15	24	70
Somalia	-	-	-	-
Chad	4	13	-	17
Togo	48	16	8	72
Zaire	4	-	12	16
TOTAL	452	282	112	846
Percentage	53.4	33.3	13.3	100.0

BREAKDOWN BY LEVEL

	Vocational	Intermediate	Higher	TOTAL
	358	410	78	846
Percentage	42.3	48.5	9.2	100.0

Annexes: PROJECTS BY COUNTRY IN 1973: Summary

Attached hereto is a summary of the commitments undertaken in 1973 by the European Community in favour of the Associated States, under the third European Development Fund and from the European Investment Bank's own resources.

Two associated countries were limited to one investment during the year, namely Congo and Gabon. This is of no special significance as very extensive projects relating to these countries were being examined in 1973 for financing in 1974.

Explanation of the abbreviations used:

G	: Grants
LST	: loans on special terms
OL	: EIB ordinary loans
CRCF	: contribution to risk capital formation
IRS	: interest rate subsidy
2nd EDF	: second European Development Fund
3rd EDF	: third European Development Fund
EIB	: European Investment Bank

Recipient State	Title of project	Type of financing	Amount	Description of project
BURUNDI	Extension of tea growing and technical assistance to the Tea Board	3rd EDF G	9 096 000 u.a.	Establishment over seven years of a new plantation of 1650 ha of tea plants. Extension of the Rwegura plantation (500 to 800 ha). Technical assistance to the Burundi Tea Board. Purpose: to increase production of dried tea to 3 120 tons in 1985.
	Extension of the tea factory in Teza	3rd EDF G	1 510 000 u.a.	Extension of premises and installation of a new tea-processing chain to enable capacity to be increased from 500 to 1 500 tons per year.
	Technical assistance and tea factory for the Tora plantation	3rd EDF G	391 000 u.a.	Supplementary financing as the sums committed in 1972 proved inadequate. Operation of the new tea factory is planned for 1975.

Recipient State	Title of project	Type of financing		Amount	Description of project
CAMEROON	Rural development areas in the Benue valley	3rd EDF	G	3 972 000 u.a.	Economic and social infrastructure schemes permitting the progressive installation of 10 000 people (2 000 per year) by 1977/78.
		2nd EDF	G	637 000 u.a.	
	Establishment of an agro-industrial complex of palm plantations at Dibombari (SOCAPALM)	3rd EDF	G	2 913 000 u.a.	Establishment of an agro-industrial estate of 6 000 ha of selected palms, development of plantations and construction of an oil-mill and annexes.
		3rd EDF	LST	8 850 000 u.a.	
		EIB	OL	1 800 000 u.a.	
Cameroon Sugar Company (SOSUCAM)	3rd EDF	IRS	240 000 u.a.	Extension of sugar cane plantations and increase in production capacity of the sugar refinery at M'Bandjock in the department of Upper Sanaga.	
	3rd EDF	CRCF	540 000 u.a.		
	Improvement and asphaltting of the Muntengene-Bolifamba and Banga-Kumba roads	3rd EDF	G	3 241 000 u.a.	Improvement and asphaltting of 36.3 km in the south-western part of the country. This completes the modernization of the main road in West Cameroon.

Recipient State	Title of project	Type of financing	Amount	Description of project
CENTRAL AFRICAN REPUBLIC	Supplement to the development programme for the cotton area	3rd EDF G	1 041 000 u.a.	Supplementary financing to supply fertilizers and insecticides for the 1974/75 development programme for cotton and coffee-growing financed by the Community in 1972.
	Asphalting of the Damara-Sibut road	3rd EDF G	5 005 000 u.a.	This aid will reduce transport costs (with an effect on cost prices and competitiveness of exports from the north-east of the country) and also maintenance costs for this 111-km road.
	Improvement scheme for the Lobaye-Oubangui tributary	3rd EDF G	918 000 u.a.	All-year navigation between km 90 on the Lobaye and Brazzaville will improve forestry exploitation conditions and the general transport economics of the whole trans-equatorial route.
	Water supply for Bangui	3rd EDF G	5 923 000 u.a.	The first stage is to enable the collecting capacity to be tripled by 1975. The second stage will be devoted to the building of additional storage facilities and the extension of the distribution system to meet the requirements of a population of 332 000 in 1985.
	Building of a Public Works Vocational Training Centre and staff training	3rd EDF G	1 241 000 u.a.	Construction of buildings, supply of equipment, three-years' training for technical supervisory staff (middle and junior level) who will be engaged in maintaining the national road network.

Recipient State	Title of project	Type of financing	Amount	Description of project
CONGO	Extension of port of Brazzaville	3rd EDF G	198 000 u.a.	Supplementary financing to provide the difference between the initial amount allocated for this project (2 056 010 u.a., fixed in 1971) and the minimum sum required to carry out the project: building of a 250-metre quay, dredging, preparation of a handling-area, roads and railways, and electricity supply lines.

Recipient State	Title of project	Type of financing	Amount	Description of project
IVORY COAST	Agricultural development programme in the Kossou Bandama region	3rd EDF G	3 316 000 u.a.	Four operations plus supervisory personnel: semi-motorization of crop growing, setting up of farms for fattening livestock on fallow land, pilot market-gardening scheme, modernized coffee plantations. The producer's total annual income will be increased by 50% and his liquid assets will be seven times greater than at present.
	Industrial rubber tree (hevea) plantation	3rd EDF LST	6 928 000 u.a.	Operation spread over eight years, comprising: land clearance, planting of rubber trees, infrastructure and equipment, first instalment of a latex processing factory. The plantation covers 13 500 ha, and is to supply 27 000 tons of latex.
	Industrial rubber tree (hevea) plantation	3rd EDF G	250 000 u.a.	Supply of an expert for the post of Technical Director of the Ivory Coast Rubber Company (five-year contract).
	Asphalting the San Pedro-Issia road	3rd EDF LST EIB OL	6 842 000 u.a. 7 920 000 u.a.	Construction of this 215-km artery (providing normal access to the sea for the south-western region and also for all of the north-western region of Ivory Coast) will contribute to the agricultural and industrial development of the region.
	Rural water-engineering programme in the northern part of the country	2nd EDF G	1 116 000 u.a.	Sinking of 200 wells, fitting out of three maintenance squads and technical assistance from a mechanic-instructor for two years.
	Future Regional Hospital Centre of Korhogo	3rd EDF G	240 000 u.a.	Financing of all studies relating to the Regional Hospital Centre of Korhogo, the capacity of which will be 420/430 beds with the possibility of extension.
	Cooperation in education	3rd EDF G	82 000 u.a.	Extension of the contracts of two teachers for two years.

Recipient State	Title of project	Type of financing	Amount	Description of project
DAHOMÉY	Extension of super-structure in the port of Cotonou	3rd EDF	G 540 000 u.a.	Construction of cold-storage and refrigeration plants for products of the fishing industry. The development prospects thus created make an output of 32 000 t of fish products likely for 1981 compared with 5 810 t in 1971.
	Enlargement and extension of the Medical and Social Institute of Cotonou	3rd EDF	G 349 000 u.a.	A new building and enlargement of the refectory. Once this project has been completed, the institution will turn out 50 nurses and 15 midwives every year and this will make it possible to cope with requirements arising from the population growth.

Recipient State	Title of project	Type of financing	Amount	Description of project
GABON	Construction of an international hotel in Libreville	EIB OL 3rd EDF IRS	1 195 000 u.a. 240 000 u.a.	Since the EIB has granted an ordinary loan for the construction of an international-class hotel (120 rooms) in Libreville, the EDF has granted an interest rate subsidy to reduce loan servicing.

Recipient State	Title of project	Type of financing	Amount	Description of project	
UPPER VOLTA	Development of 150 ha of level ground downstream from rural dams	3rd EDF	G	569 000 u.a.	Financing of (a) first instalment of development work and (b) drawing up of technical dossiers for implementing the second phase of this project. When developed, the area will produce rice and market-gardening crops.
	Supplementary financing for modernization of the Bobo Dioulasso-Faramana road	3rd EDF	G	76 000 u.a.	This investment will cover certain modifications to the road decided upon during construction.

Recipient State	Title of project	Type of financing	Amount	Description of project
MADAGASCAR	Development of the Lower Mangoky area (3rd instalment)	3rd EDF	G 11 163 000 u.a.	Continuation of the hydro-agricultural development of the Mangoky River delta (3 000 ha of additional agricultural land) which, in 5 years, will enable cotton production to rise from 3 900 t to 9 800 t and paddy production to increase from 1 810 to 5 000 t.
	Tea plantation in Sahambavy	3rd EDF	G 4 321 000 u.a.	Introduction of tea as a new crop in the country's economy. Preparation of 500 ha for tea-growing and construction of a small tea factory with an initial capacity of 40 t.
	New school building for the Nossibé lower secondary school	3rd EDF	G 612 000 u.a.	This new building (8 classes, accommodation for boarders and related installations) will enable the number of classes to be doubled and the number of pupils to be increased from 150 to 320.
	140 new water points in the southern part of the country	3rd EDF	G 1 570 000 u.a.	Construction of 80 rainwater storage tanks and sinking of 60 wells. This will provide inhabitants of a particularly ill-endowed region with permanent water points which will enable them to fight more effectively against the disastrous effects of drought.
	Grant of aid for an exceptional situation	3rd EDF	G 265 000 u.a.	Bringing water to the drought-afflicted population of the southern part of the island. Provision of ten tanker-trucks and payment of the operating costs of these trucks for six months.

Recipient State	Title of project	Type of financing	Amount	Description of project
MALI	Seed treatment and crop storage	3rd EDF G	1 048 000 u.a.	The purpose of the project, which covers both advisory services and the distribution of chemical products, is to conduct a campaign throughout the territory of Mali against insects and plant parasites which attack sown seeds and stored foodstuffs
	Development of dah cultivation	3rd EDF G	1 872 000 u.a.	To permit full use of the production capacity of the bag, canvas and string factory being set up in Mali, the following measures are contemplated: purchase of collective agricultural equipment and vehicles, construction of buildings and water points, technical assistance at management and supervisory level. This project will benefit employment and the balance of payments (import substitution).
	Setting up a breeding centre for N'Dama cattle	3rd EDF G	2 472 000 u.a.	This scheme is to develop the breeding of trypanosomiasis-resistant N'Dama cattle in the Yanfolila area (southern Mali). It comprises the building of a cattle-breeding station and the setting up of a supervisory service on animal health and nutrition in the area.

Recipient State	Title of project	Type of financing	Amount	Description of project
MAURITIUS	Extension of the University of Mauritius	3rd EDF	G 1 260 000 u.a.	This extension is needed in order to re-orient education towards the island's economic development (enlargement of the departments of administration, agriculture and industrial technology and of the library).

Recipient State	Title of project	Type of financing		Amount	Description of project
MAURITANIA	Infrastructure to serve the Nouakchott Beach tourist complex	3rd EDF	G	983 000 u.a.	Building of a 6.5-km road, laying on of water and electricity, and a telephone link. The complex will considerably increase the capital's hotel capacity and will constitute the main tourist centre. It will encourage the creation of permanent jobs and promote the development of local crafts.
	Improvements to Kaédi airport	3rd EDF	G	2 161 000 u.a.	The purpose is to extend (900 m) and widen (5 m) the runway of the present airport so that it can accept aircraft with a 12 t load. This improvement will enable the Kaédi slaughterhouse to operate fully and will facilitate the movement of chilled meat, so that the export price will be appreciably reduced.
	Construction of a polyclinic at Nouakchott and technical assistance for the purpose of organizing the hospital maintenance department and training staff	3rd EDF	G	454 000 u.a.	Building the first operational part of the polyclinic and financing the cost for two years of technical assistance connected with training maintenance personnel for the polyclinic and the National Hospital.
	School building programme	3rd EDF	G	2 100 000 u.a.	48 classrooms and annexes for elementary education in Nouakchott and four lower secondary schools, each with four classes, in areas remote from the capital. This regional approach should encourage school attendance at secondary level in the interior of the country.

Recipient State	Title of project	Type of financing	Amount	Description of project
NIGER	Development of rice growing in the Niger Valley	2nd EDF	G 1 440 010 u.a.	Development of the Toula Basin so that, by artificial flooding, it will be possible to obtain two paddy crops a year.
		3rd EDF	G 1 260 000 u.a.	
	Rural water supply	3rd EDF	G 1 754 000 u.a.	Sinking of 300 modern wells in villages in rural areas. This will help improve water supplies for the inhabitants and their cattle.

Recipient State	Title of project	Type of financing	Amount	Description of project
RWANDA	Continuation and extension of the Mwaga-Gisakura tea growing project	3rd EDF G	390 000 u.a.	Supplementary financing. This is to supplement the funds already allotted to this project in 1972, which have been found inadequate. The main purpose is the construction of the Gisakura tea factory with a capacity of 1 200 tons of dried tea per year.
	The Shagasha-Gisakura power line	3rd EDF G	400 000 u.a.	Construction of the 19-km power line joining Shagasha to Gisakura and of two distribution stations feeding the Gisakura tea factory. This connection will simplify the running of the factory, which will thus be made independent of thermal energy, and the cost price of tea will be reduced.
	Construction of the Kigoma-Mururu high-tension (110 KV) power line (131 km)	3rd EDF G	6 600 000 u.a.	This project enables the electricity infrastructures of the Zairian province of Kivu and of Rwanda and Burundi to be grouped into a single system.
	Continuation and extension of the development of pyrethrum cultivation	2nd EDF G	638 500 u.a.	This project, which already received financing in 1966 worth 2 560 000 u.a., is being continued. This commitment, under the second EDF, will serve to extend technical assistance and introduce a new method of drying pyrethrum.

Recipient State	Title of project	Type of financing	Amount	Description of project
SENEGAL	Interim agricultural development scheme in Casamance	3rd EDF G	717 000 u.a.	The purpose is to finance an agricultural supervision scheme for 16 months with the object of finalizing an integrated regional development project for crops and stock breeding.
	Development of cattle breeding in the eastern area of the country	3rd EDF G	5 783 000 u.a.	This project comprises a water-engineering programme (sinking of 46 water points to provide better watering for the herds), and the exploitation of a pilot area in Ferlo.
	Pre-investment expenditure for a ship repair yard at Dakar (Dakarmarine)	3rd EDF CRCF	972 000 u.a.	This is a contribution towards a programme of additional studies on creating and financing a ship repair yard for ocean-going vessels (tankers). This repair yard and the likely attendant industries could provide 3 500 new jobs in Dakar, where there is serious unemployment.
	Water supply for villages	3rd EDF G	3 961 000 u.a.	Sinking of 22 bore holes and 132 wells in five areas of the country. The scheme will help to make more water available to crop farmers and livestock breeders who have been disastrously affected by the recent years of drought.

Recipient State	Title of project	Type of financing	Amount	Description of project
SOMALIA	Repair of the Afgoi-Scialambot road surface	3rd EDF G	372 000 u.a.	Community aid will cover the provision of construction material for this exceptional repair work.

Recipient State	Title of project	Type of financing	Amount	Description of project
CHAD	Repair of the asphalt surface of the N'Djamena Massaguet road	3rd EDF G	486 000 u.a.	The repair of this permanent link with the north and east of the country is required because the increased traffic and climatic conditions cause particularly rapid wear of the surface.
	Bridge over the Ba-Illi	3rd EDF G	540 000 u.a.	An 80-m road bridge and 1.5 km of access road to permit all-season use of the trunk route.
	N'Djamena water supply	3rd EDF G	1 332 000 u.a.	First, emergency instalment of water supply scheme. The purpose is to improve N'Djamena's water supply by sinking, equipping and linking to the water distribution system a number of borings, and by building a water tower of 1 500 m ³ capacity. This emergency aid will also pay for studies on the execution of a programme to put into service in 1976/77 a pumping and water filtration station supplied from the river Chari.

Recipient State	Title of project	Type of financing	Amount	Description of project
TOGO	Restoration of the Alo-koegbe palm-oil mill	3rd EDF	G 731 000 u.a.	Extension of its handling capacity from 9 000 to 18 000 tons of bunches per year. This will treble the tonnage of palm oil (2 240 tons per year) and double that of palm kernels (1 330 tons per year).
	Improvement and asphaltting of the Lamakara-Kandé section (56 km) of the Lomé-Ouagadougou inter-State trunk route	2nd EDF 3rd EDF	G 540 000 u.a. G 4 069 000 u.a.	This project will enable trade between Upper Volta and Togo to be increased, open up backward areas in the south-east of Upper Volta and the north of Togo, and develop traffic in the port of Lomé.
	Extension of the port of Lomé	3rd EDF	G 4 681 000 u.a.	Building additional facilities to increase the handling capacity of the autonomous port of Lomé. Among other items: a 420 m lengthening of the jetty, construction of a bulk goods terminal, work on a fishing dock. The development of the activities of this port will boost Togo's economy and will permit transport economies.
	Rural water engineering programme	3rd EDF	G 234 000 u.a.	The purpose of this project is to provide three sub-districts of the water engineering district of the Directorate of Public Works with well maintenance equipment (dump trucks, mechanical equipment, motor-compressor units, pumps, cables, etc.). This equipment will serve to maintain the whole national network of wells (640 wells by 1975). Training for the personnel who will use the equipment is also to be provided.
	Cooperation in the educational field	3rd EDF	G 273 000 u.a.	Prolongation for two years of the contract of one teacher and taking on of four new teachers for two years.

Recipient State	Title of project	Type of financing	Amount	Description of project
ZAIRE	Further promotion of tea growing in Kivu	3rd EDF G	4 447 000 u.a.	Additional financing which will also permit new investments: construction of a tea factory at Butuhe (northern Kivu), creation of eucalyptus groves. The production of dried tea will be increased so that home demand is satisfied and a flow for export is produced.
	Further promotion of agriculture in eastern Kasai	3rd EDF G	2 619 000 u.a.	Extending for three years the supervision of 18 000 planters and extension of the supervision to 2 000 new planters. Increase in the production of cottonseed and food crops. The additional cash will enable the peasants to reimburse by 1976 the real cost of the means of production.
	Kenge-Kikwit Road (section B: 108 km)	3rd EDF G	11 108 000 u.a.	Completion of the second section (Mosango-Kikwit) of this road with the dual purpose of linking the port of Matadi and Kinshasa, the capital, to the eastern areas of the country and of opening up the Kwilu region. The new alignment will be 77 km shorter than that currently used.

Recipient State	Title of project	Type of financing	Amount	Description of project
AASM as a whole	Making an overall appropriation of 5 000 000 u.a. available to the EDF Chief Authorizing Officer	3rd EDF	G 5 000 000 u.a.	Sum to be used for the financing, by accelerated procedure, of studies and technical cooperation linked to investment, of general technical cooperation and of sales promotion of AASM products.
AASM as a whole	Financing the seminar programme from 1 January 1974 to 31 January 1975	3rd EDF	G 121 000 u.a.	Continuation of the Community programme for participation by AASM nationals - priority being given to EEC scholarship holders - in seminars concerned with information and training on the subject of the Community and the Association. An additional sum of 10 000 u.a., from the Commission's own budget, is for the purpose of nationals of the English-speaking Associable States.
AASM as a whole	Grant of an overall sum for the publication of Courier de l'Association/ Association News	3rd EDF	G 94 000 u.a.	A publication in English and French appearing twice every quarter (circulation: 20 000 in 1973, 25 000 in 1974), which provides wide-ranging information on the different aspects of the EEC-AASM Association. An additional sum of 20 000 u.a. from the Commission's own budget covers the costs of the English edition.

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SAHEL (Chad Mali Mauritania Niger Senegal Upper Volta)	Exceptional aid for the campaign against drought	3rd EDF	G 19 000 000 u.a.	Emergency action to mitigate the gravest consequences of drought in the six Sahel countries. This aid consists mainly in meeting the transport costs of Community food aid, the provision of animal feeding stuffs, strengthening herd health protection, direct financial aid to stock-breeders, provision of seed and water engineering works.
WAEC	Technical assistance for the establishment of the West African Economic Community	3rd EDF	G 208 000 u.a.	Financing the cost, under the heading of general technical cooperation, of a mission of four experts for 1973 to prepare the coming into force, planned for 1 January 1974, of the WAEC.
WAEC	Technical assistance for the establishment of the West African Economic Community	3rd EDF	G 261 000 u.a.	Continuation of the four experts' mission for a 15-month period (1 January 1974 to 31 March 1975) and addition of a fifth expert for the same period.

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TRADE PROMOTION AASM as a whole	Financing of the programme of participation by the AASM in trade events in 1974-1975	3rd EDF	G	2 550 000 u.a.	Continuation of the Community programme to enable the AASM to participate in trade fairs and meetings in Europe and Africa: covering the cost of the construction of stands, the organization of trade weeks and information, advertising and market research operations.
Cameroun Congo (PR) Gabon Ivory Coast Zaire	Programme for promoting sales of varieties of tropical woods as yet little exploited, if at all	3rd EDF	G	688 000 u.a.	Operation originally carried out for Ivory Coast, but benefiting four other countries: testing and control of ten varieties of tropical wood by European industrialists, establishment of trade and technical specifications, organizing of exhibitions, creation of a wood technology laboratory in Ivory Coast.