



The Bulletin

ARCHIVE SUPPLEMENT

Third Report Of the Government of the Federal Republic Of Germany on Development Policy

For the third time, the Government of the Federal Republic of Germany has submitted a report on its development policy.

Its findings reflect the fact that the Federal Republic of Germany's relations with the developing countries are of increasing importance. The report is based on developments during the period from the start of 1975 to mid-1977.

There follows a considerably abridged version of this report.

1.

The Current Situation in the Developing Countries

The world recession that has been in evidence since 1974 has brought on painful economic effects in many industrial and developing countries. Aside from the so-called petroleum-producing countries, the developing countries in general are the hardest-hit of all the lands on earth. The result of the economic setback is that the gap between industrial and developing countries in regard to per-capita income continues to exist. In fact, since 1971 this gap has actually widened.

As another consequence of the world recession, there has been a more marked differentiation among various developing countries. Within the category of the oilproducers, the Gross National Product has risen considerably more than in the other developing countries. As a category all its own among the developing countries is that small group which has achieved a strong position in regard to production and export of processed and manufactured goods.

Unsolved Problems of Social Development

Population trends—that is, overpopulation—along with the nutritional situation—that is, undernourishment—and widespread unemployment remain among the developing countries' most pressing problems. In those countries are living, as of now, some 2,300 million men, women and children, of the total

of around 4,000 million persons on this planet. The tempo of the "population explosion" is accelerating. Yet a change in this trend seems essential, if most of the developing countries are to raise their standards of living.

As for the nutritional situation, in many developing countries it has approached or is approaching the proportions of a crisis. Those rises in production of goods that have been achieved up to now have been largely cancelled out—even reversed—by continuing growths in population.

Unemployment, an additional structural problem that accompanies underdevelopment of a country and its resources, is in close conjunction with these other woes: scanty economic growth, poverty, undernourishment. Some of the unemployment is "hidden"; does not show up in statistics. This "concealed unemployment" has been estimated as affecting at least 249 million persons who need work but are unemployable or at least unemployed. Particularly hard-hit in this respect are young people all over the world. The young in many countries are over-trained for the current situation: They tend to have an education that the employment market as of now cannot utilize.

Despite insufficient data, this can be said of most developing countries: They suffer from a highly inequitable distribution of income.

In those countries of the so-called Third World where significant investigations have been made, the best-off 10% of of the population tend to receive about 40% of the total private income. At the other end of the income scale, the situation is reversed. At this extreme, some 40% of households have at

their disposal only slightly more than 15% of the total private income.

This inequality of distribution is the more grave in that the poorer levels of society in the developing countries actually are barely subsisting.

On the basis of criteria that the International Labour Organization (ILO) has worked out, in 1972 there were living in developing countries some 1,200 million persons (= 67%) who could be considered "very poor", while fully 700 million were categorized as being "completely impoverished".

Focus on Basic Human Needs

Arising from this widespread poverty is the reality of a failure to meet basic human needs. Many millions of persons are the object of intensive discussions about development policy—in particular, in regard to formation of a new international strategy of development.

Thus the 31st General Assembly of the United Nations called on developing countries everywhere to adopt a concept of basic social services within their respective national development plans. Some special organizations of the U.N. have introduced corresponding special programmes.

Nonetheless, the main burden of responsibility must remain with the countries of the Third World themselves. Currently they are deriving an average of about 90% of their investments from their own resources. When it comes to satisfaction of basic human needs, the corresponding share may be still larger.

Among these basic needs are the continuing minimal requirements in regard to nourishment, shelter and clothing. In addition, there are the problems of vitally necessary public services—especially in regard to drinking water, sanitary installations, transport facilities, public-health and public-education facilities, and improvement of the prospects for an ensured individual income.

The Government of the Federal Republic of Germany is dedicating keen attention to international efforts to work out a global strategy to cover the basic needs of the poorest human beings. In Bonn's own development-policy concept, the Government identifies itself with support for economic and social progress in the developing countries. Accordingly this Government strives, through its financial and technical co-operation, to come to the aid of especially disadvantaged countries and particularly underdeveloped regions.

Financing of Development From Public Funds

It is currently particularly hard for those developing countries to provide their own financial requirements that also are coping with deficit financing because of needing to import expensive petroleum—this in view of price developments in recent years. These countries' ability to cover their growing and necessary imports of food, energy, raw-materials and fuel—as well as capital goods—from their own resources has decreased. To the same degree, it has become more necessary for these countries to take up credits and accept grants. In this activity, the first rank is occupied by the Western industrial countries. In 1976 the Development-Aid Committee (DAC) of the countries that are members of the OECD provided fully 71% of the development aid from public funds—and this under preferential conditions—while 26% came from OPEC countries and only 3% from Communist countries.

Despite the world recession, the DAC industrial countries increased their activities financed by public funds from a previous (1973) 9,350 million U.S. dollars to 13,740 million dollars net in 1976. To be sure, quantitatively considered, only a halfway point, 0.38%, was reached in 1976 towards the goal of 0.7% as a recommended proportion of the Gross National Product for the Second Development Decade. It should be noted here that the member-countries Sweden, Norway and the Netherlands have been fulfilling this goal for years. Among the OPEC countries, the share of the Gross National Product ac-

counted for by publicly sponsored aid is relatively higher. But these countries' aid nevertheless remained less extensive than is the imports deficit that has arisen from oil-price increases in recent years.

The over-all new payments for aid by the state-controlled countries (the most important of these donors: the U.S.S.R. and China), at an estimated 600 million dollars (1976), failed to reach even half the value of the services from the Federal Republic of Germany. (Chart, "Public Services, 1975 and 1976...")

Public Services, 1975 and 1976, in Millions Of U.S. Dollars and Percentage of Gross National Product

Country	1975		1976	
	Mill. US \$	% GNP	Mill. US \$	% GNP
Australia	507	0,60	385	0,42
Belgium	378	0,59	340	0,51
Denmark	205	0,58	214	0,57
Federal Rep. of Germany	1 689	0,40	1 384	0,31
Finland	48	0,18	51	0,18
France	2 091	0,62	2 155	0,62
Great Britain	863	0,37	835	0,38
Italy	182	0,11	274	0,16
Japan	1 148	0,23	1 105	0,20
Canada	880	0,56	886	0,47
New Zealand	66	0,52	52	0,42
Netherlands	604	0,75	720	0,82
Norway	184	0,66	218	0,71
Austria	64	0,17	39	0,10
Sweden	566	0,82	608	0,82
Switzerland	104	0,18	110	0,19
U.S.	4 007	0,26	4 358	0,26
all DAC countries	13 585	0,36	13 734	0,33
OPEC countries	5 400	—	5 100	—
State-controlled countries	700	—	600	—
In all	19 685	—	19 434	—

Development-Policy Emphasis of the OPEC Countries

The high receipts in the form of currency, along with their increased economic and political influence, have enabled member-states of the group called the Organization of Oil-Exporting Countries (OPEC) to set new accents and place new emphasis in their international development policy. These OPEC countries have

- been able to accelerate their own national economic growth;
- made available to other developing countries considerable financial means;
- asserted their own political weight as spokesmen of the Third World.

For the industrial countries, the OPEC's growing ability to import has meant improved export possibilities. For example, the Federal Republic of Germany's exports to the OPEC countries rose in 1976 by about 24%. In the years just ahead, too, more-than-proportional increases in exports to the petroleum-producing countries are to be anticipated.

2.

Phases of the North-South Dialogue

During the years 1975 through to mid-1977, numerous important conferences on development policy were held. The dialogue between the industrialized and the developing countries

was carried on in the United Nations General Assembly, at the Conference for International Economic Co-operation (CIEC) in Paris (1975—1977), and at the 4th U.N. Conference on Trade and Development (UNCTAD) in Nairobi (May 1976). Additional important meetings were the conferences of Colombo and Mexico (in August and September 1976, respectively).

Along with the intensification of this exchange of views grew the perception that the developing countries' own efforts are a determinant factor in development. Accordingly, the Third World—and also inasmuch as it was not satisfied with the results up to then of the North-South dialogue—intensified its negotiations with the industrialized countries. At the same time, developing countries spoke out in favour of closer economic co-operation among themselves.

Satisfactory Over-all Balance in Evaluating CIEC

During the 18-month negotiations of the Conference on International Economic Co-operation (CIEC), eight industrialized and 19 developing countries participated. For each of the four areas of energy, raw-materials, development policy and financial matters a negotiating commission was established. The conference ended early in June 1977 with a concluding report which contains documents—in part, still controversial—worked out by the four commissions.

Within the commission on raw-materials, the participants were agreed that a joint fund, as a "new unit", should be set up. The question of "how" was, nevertheless, deliberately left unanswered, so as to leave the goals and modes of operating of the contemplated fund to be worked out by UNCTAD.

The financial commission reached agreement on facilitating developing countries' access to the industrial countries' private capital markets, and to help the developing countries expand their domestic capital markets. To be sure, in this matter, too, there were differences of opinion: specifically, in regard to the responsibility of all countries for coping with inflation; to the procedures to be followed in cases of expropriation and compensation; and to the question of free transferability from developing countries to "home" countries of investors' and entrepreneurs' capital and earnings.

Dissent was apparent, too, within the commission on energy, when discussion turned to the important questions of ensuring supplies; the price of energy; and methods of consultations as to aspects of the energy problem.

On the other hand, there was agreement within the commission on development. The industrialized countries promised, among other commitments, to:

- make available, in a special operation to benefit the poorest developing countries, 1,000 million U.S. dollars at especially favourable conditions;
- to increase public grants and services, tendered under beneficial conditions, to the developing countries;
- to promote the improvement and expansion of the economic and sociological infrastructure in the developing countries, especially in Africa;
- to recognize development of agriculture in the developing countries as an area deserving special concern and responsibility on the part of the entire international community.

Despite the many controversial matters, the model for negotiations that was achieved by the CIEC has proved useful. In the knowledge of that achievement, the CIEC wound up its sessions by being able to strike a generally favourable over-all balance. The conference not only evidenced readiness on both sides to negotiate, but also built the foundations, in many cases, for subsequent negotiations.

154 Member-Countries at UNCTAD's 4th Session

From May 5—31, 1976, Nairobi was host to the fourth United Nations Conference on Trade and Development (UNCTAD).

During its sessions, the central concern of the developing countries was the matter of an integrated raw-materials programme with its own joint fund. For the most part, the industrial countries were against this global concept, because those countries feared the innovation would mean a move towards worldwide centrally directed economics, along with a further rise in raw-materials prices. Finally, Resolution 93 (IV) reflected agreement on a procedure for preparatory talks about 18 raw-materials, and about a joint fund. According to the agreed plan, there are to be negotiations on individual raw-materials until the end of 1978. At the same time, the question of a joint fund to finance raw-materials policy decisions is to be negotiated. Thus the outcome of the raw-materials dialogue remains undecided.

The Government of the Federal Republic of Germany, it is true, accepted, during the Nairobi conference, use of the terms "integrated programme" and "common fund". But this Government, in a statement to UNCTAD in plenary session, made clear its attitude in regard to a proposed new world economic system; to indexing; to a joint fund; to raw-materials agreements; and to centrally directed economic mechanisms.

Wide Range of Topics

In view of developing countries' international indebtedness, these countries demanded, among other requests, exemption or release from debt for the poorest of the countries in the Third World, and moratoriums or postponements of debt-payment for the other developing countries. These demands the creditor countries rejected. The creditor countries declared themselves prepared, however, from case to case to resort to quickly effective measures to ease the debt-servicing burdens of those countries able to show undue hardship as a result of such burdens.

Additional themes of the UNCTAD conference included the problems of the least-developed—as well as or including the insular and landlocked—developing countries; general matters of trade; and transfer of technology. In a comprehensive resolution, numerous measures to support the poorest and geographically most disadvantaged countries were put forth. In the realm of commerce, the industrialized countries made the important concession that they would further improve general preferential treatment in regard to customs tariffs.

Increasing Mutual Understanding During North-South Talks

On the whole, during the period covered by this report, despite continuing differences of opinion in essential matters, mutual understanding on the part of developing and industrialized countries for each others' perspectives was intensified. But discussions during the past two years or so have made clear that a long-drawn-out process of learning and of negotiating is ahead before there can be expectation of arriving at a concept of the world economic system that will be regarded by both sides as satisfactory.

Such an eventual meeting of minds is being aimed at by the Government of the Federal Republic of Germany in its economic, foreign and development policies. It is with this aim, moreover, that the German Federal Government is taking part in preparations by the U.N. for a new international strategy of development.

3.

The Federal Republic of Germany's Development Policy

The Government of the Federal Republic of Germany comprehends development policy as a component of its over-all policy. For Bonn, development policy serves a conciliation of interests between industrialized and developing countries—and accordingly is particularly suited to contributing to safeguarding

world peace and fostering global co-operation. It follows that the German Federal Government's development policy is part and parcel of Bonn's conduct of international relations.

The developing countries will be gaining further ground as economic partners. This trend is of major significance for extending the standard of living and for approaching full employment in the Federal Republic of Germany. So it is in the Federal Republic of Germany's own interest that the developing countries become economically healthy, and take their place as strong economic partners.

Peace Justifies Material Sacrifice

Efforts in regard to development policy are a component of German peace policy. A policy oriented towards co-operation and conciliation of interests with the developing countries corresponds to the generally valid principles of the Federal Republic of Germany's over-all policies; and such an approach, moreover, justifies the making of material sacrifices. The German Federal Government is aware that the priority interests of many countries of the Third World centre on problems of having enough to eat; of education and training; of providing jobs; of industrial and economic development. This Government recognizes that freedom from want is an important human right—and that to achieve this freedom, it is necessary to satisfy material needs. Yet economic and social development must proceed hand in hand with the guaranteeing and safeguarding of all human rights together. Within that consideration, it becomes particularly significant to improve—not least—the situation of women in the developing countries.

Principles of German Development Policy

The guidelines for the Federal Republic of Germany's co-operation with developing countries are the principles set down in this country's development-policy conception. In particular, the German Federal Government's policy is guided by the following principles:

(1) For the Government of the Federal Republic of Germany, policy towards the Third World is an element of this Government's peace policy. Here the goal is to modify and do away with the tensions resulting from the "welfare gap"—resulting from the contrasts, country by country, between varying standards of living.

(2) The German Federal Government supports the U.N. goals for the so-called Second Development Decade. Bonn's development policy is oriented towards the decisions of the European Community; the principles agreed upon by the OECD; and the principles, accepted by the Federal Republic of Germany, of the United Nations.

(3) This Government champions the autonomy and independence of the developing countries, and opposes the establishment of spheres of influence by foreign Powers. Bonn's policy is guided by the wish of countries of the Third World to reinforce their independence of any form of domination. This Government wants to help the countries of the Third World, having overcome colonialism, to avoid new political and ideological dependency.

(4) The German Federal Government, in a dialogue with developing countries, is working towards a stable basis for co-operation—a relationship within which there is regard, in a partnerlike and harmonious spirit, for the interests of both sides.

(5) Joint or agreed common action by the European Community and/or its member-countries is of major significance for the successful continuation of the North-South dialogue. Therefore this Government is seeking a still closer co-ordination of its development policy with its European partners and with the European Development Fund.

(6) Only within a world economy geared to growth can the standard of welfare of the developing countries rise. A well-

functioning world economy, necessary to this growth, cannot dispense with its structure based on the principles and operations of the market economy.

(7) The German Federal Government seeks to achieve a fair two-way exchange between industrial and developing countries. Accordingly, this Government is committed to having the markets of the industrial countries remain open to the products—including the manufactured or finished goods—of the developing countries. In addition, this Government wants by means of proposals of its own to advance the North-South dialogue. One contribution in this regard is Bonn's suggestion that there be a worldwide system for stabilizing the developing countries' earnings from exports.

(8) In the future, too, the Government of the Federal Republic of Germany will continue to try to increase its services granted as development aid.

(9) This Government is interested in the intensification of private economic co-operation with developing countries. In such co-operation, Bonn sees an effective way to convey technological know-how and to integrate the developing countries within the world economic system.

(10) Co-operation with developing countries is an act of international solidarity. Therefore this Government calls on all countries capable of doing so to contribute to the peaceful development of the Third World. We address this appeal expressly to the countries with state-controlled trading.

(11) The Government of the Federal Republic of Germany welcomes the concluding of regional mergers. The European Community can be a good partner with such other international communities.

(12) The German Federal Government will continue to establish focal points or priorities within its co-operation with developing countries. In the cases of the further-advanced partner-countries, new forms of co-operation will gain in significance. Special emphasis is placed on support of poorer levels of the population and the more impoverished regions.

(13) This Government considers especially important the development-policy activity of groups within the society of the Federal Republic of Germany. Nongovernmental organizations as well as political foundations and churches can help, in particular, to better the lot of socially disadvantaged levels of the populations in developing countries.

(14) The Federal Republic of Germany is bending every effort to contribute constructively to overcoming the tensions in southern Africa. This country, through appropriate diplomatic and political activity, is supporting Namibia's transition to independence; is assisting efforts towards a nonviolent solution of the problem of Rhodesia; and champions the abolition of discrimination against the majority of the population of South Africa.

Economic Relations: Upward Trends

The Federal Republic of Germany's imports from non-European developing countries had risen as early as in 1974 to a total of DM 40,200 million that year—an increase of about 13%—and in 1976 reached the sum of DM 45,400 million. This figure represents fully 20.5% of the country's entire imports. The increase basically reflects a rise in imports of commercial semi-processed and manufactured goods; these categories increased by 39%, from DM 7,700 million (1974) to DM 10,700 million (1976).

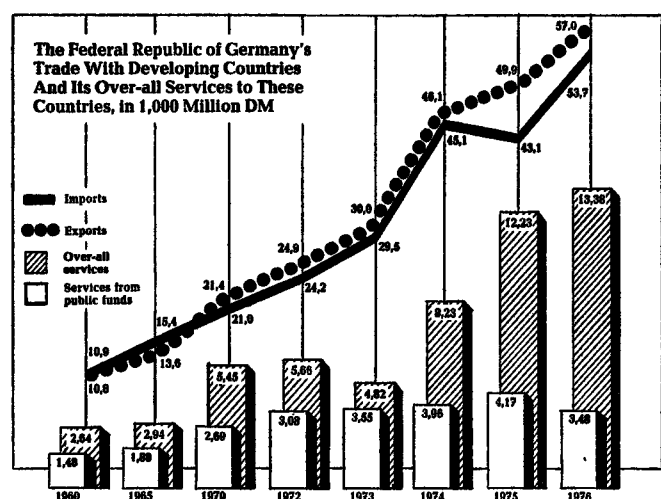
Exports by the Federal Republic of Germany to non-European developing countries since 1974 (DM 32,100 million) have risen by 30%, in 1976 reaching DM 41,700 million. This growth stems from increased exports to the petroleum-producing countries.

Improving Developing Countries' Export Capabilities

Promotion of the developing countries' exports by doing away with special consideration for specific commercial in-

terests—as well as direct support of these countries' export efforts—have long been significant aspects of development policy. This is true, not least, of the currently proceeding round of multilateral trade negotiations within GATT. There the Western industrialized countries have offered, or, in some cases, already have implemented liberalizations of trade in regard to import of tropical products. For example, concessions by the European Community amount to a volume of trade valued at DM 7,320 million. In addition, the European Community reaffirmed during CIEC sessions its readiness to prolong beyond 1980 and to liberalize further the Community's system of general preferential customs tariffs. The significance of this approach can be seen in the fact that in 1976 alone, the developing countries exported to the Federal Republic of Germany (a member of the European Community) semi-processed and manufactured goods to a value of more than DM 7,000 million: commodities the export of which did not at that time enjoy the advantage of the currently valid system of trade preferences.

The developing countries' export capabilities can also be improved by purposeful technical co-operation. For this reason, the German Federal Government is aiding developing countries via counseling in export know-how, by training technicians, by making available pertinent information, and by assistance to participation in important fairs in the Federal Republic of Germany. (Chart, "The Federal Republic of Germany's Trade with Developing Countries and Its Over-all Services...")



German Direct Investments Rising

Most developing countries recognize that direct private investments represent an important contribution to those countries' economic development. The German Federal Government accordingly tries to help gain general recognition of those principles the observance of which constitutes a favourable climate for investment. Among such principles are: equal treatment of domestic and foreign entrepreneurs; free transfer of earnings and capital; suitable compensation in case of expropriation, and a nonpartisan system of legal jurisdiction.

Moreover, German direct investments in developing countries in recent years have risen more than proportionately. Such investments increased from DM 12,300 million (1975) to DM 14,200 million (1976).

Assistance With Raw-Materials Problems

The developing countries derive almost four-fifths of their export incomes from the sale of raw-materials. So the question of stabilizing export revenues is of vital concern to these countries. The German Federal Government has circulated corresponding proposals, and this Government is prepared to bear its own financial share in regard to such stabilization measures. As the third-largest consumer of raw-materials, the Federal

Republic of Germany attaches major importance to ensuring sources of supply. Important contributors to this supply are developing countries. Imports from developing countries come to considerable proportions of the total domestic consumption in the Federal Republic of Germany: e.g. 55% of the iron ore, 72% of the copper, 95% of the petroleum—and a full 100% of the tin. The balancing of interests as between the raw-materials producing countries on the one hand and, on the other, the raw-materials-consuming countries—one of the Federal Republic of Germany's aims—includes the effort to be of assistance to developing countries in their exploitation and their own processing of their mineral resources.

Over-all Services: In Excess of the 1-0% Goal

Net private and public services of the Federal Republic of Germany to developing countries, after a sharp rise in 1975, increased again in 1976. From DM 12,227 million (1975), the total rose to DM 13,376 million (1976). Compared with the figure for 1973, that represents almost a tripling. In relation to this country's Gross National Product, the rise was less sharp (from 0.52% in 1973 to 1.19% in 1975 and 1976). Nevertheless, the fraction of the Gross National Product represented by this private and public development aid more than doubled since 1973. For the first time in the Second Development Decade, accordingly, the over-all development services within the period of this report exceeded the so-called 1-0% goal set by the U.N. (Chart, "The Federal Republic of Germany's Development-Aid Services, 1967—1976...")

The Federal Republic of Germany's Development Services*, 1967-1976, And Their Proportion of the Gross National Product (With Change in Relation to Previous Year in Percentage)

Year	GNP in 1,000 Mill. DM	Over-all net services (public, private)		Public Co-operation (ODA)	
		Mill. of DM	Share of GNP in %	Mill. of DM	Share of GNP in %
1967	493,7	4 581,6	0,93	2 034,8	0,41
	+ 1,3	+ 45,3		+ 21,3	
1968	535,2	6 653,7	1,24	2 227,6	0,42
	+ 8,4	+ 45,2		+ 9,5	
1969	597,7	7 951,0	1,33	2 271,0	0,38
	+ 11,7	+ 19,5		+ 1,9	
1970	679,0	5 453,1	0,80	2 202,8	0,32
	+ 13,6	- 31,4		- 3,0	
1971	756,0	6 685,8	0,88	2 563,2	0,34
	+ 11,3	+ 22,6		+ 16,4	
1972	827,2	5 659,4	0,68	2 604,7	0,31
	+ 9,4	- 15,4		+ 1,6	
1973	920,1	4 822,1	0,52	2 941,1	0,32
	+ 11,2	- 14,8		+ 12,9	
1974	986,9	8 228,2	0,83	3 715,2	0,38
	+ 7,3	+ 70,6		+ 26,3	
1975	1 030,3	12 226,7	1,19	4 165,2	0,40
	+ 4,4	+ 48,6		+ 12,1	
1976	1 123,2	13 375,5	1,19	3 483,1	0,31
	+ 9,0	+ 9,4		- 16,4	

* "Service" is what actually remains to the developing country after interest and amortization — that is, net service.

Over-all public development services of the Federal Republic of Germany to developing countries, under favourable conditions (Official Development Assistance; ODA), which for the first time had broken through the DM 3,000-million ceiling in 1974, rose in 1975 to DM 4,170 million. Thus the proportion of

these services to the Federal Republic of Germany's Gross National Product reached 0.4%.

Net services (payments) within bilateral co-operation decreased from DM 2,859 million (1975) to DM 2,628 million (1976). About half these payments were grants. New commitments came to DM 3,924 million (1975) and DM 3,885 million (1976). The credits agreed upon in 1976 generally involve these conditions: interest rate, 1.9%; term (duration of indebtedness), 33.7 years, including 9.1 interest-free years. The proportion of credits calling for "tied" deliveries (purchases from the donor country) went down from 3% (1975) to 1% (1976).

Concentration of Co-operation

The total of recipient countries within the programme of technical co-operation decreased from 87 to 73. Within the realm of financial co-operation, too, there was a decrease: from 54 countries to 51. This concentration becomes still more distinct if the following factor is considered: More than half the committed means was channeled to from 7 to 14 countries (depending on the year, and the nature of the respective co-operation).

The German Federal Government has acted on the recommendation of international organizations and conferences that preferential treatment be given to aid for particularly impoverished countries: especially the so-called LDC's (Least-Developed Countries) and MSAC's (Most Seriously Affected Countries). Heeding this call, the Government has made the recommendation an important component of its development policy, and has included the consideration in pursuing its policy in regard to commitments.

Not least in regard to factual determination of country-by-country situations, the German Federal Government aims at concentration. The objective criteria are determined only in accord with the respective developing country. The most important points of consideration here are the country's relative stage of development; its capability of now taking advantage of proffered assistance; and the degree of existing interest in co-operation in areas in which the capability of the German partner has been particularly well-established.

In regard to a breakdown of activities by categories of aid, points of concentration within the technical co-operation also have emerged. In 1975 and 1976, these priorities were in the spheres of education, training, and the economics of both agriculture and forestry. In respect to financial co-operation, during the period reported on, as previously, the major share of effort and expenditure was in investments in public supply services or utilities and in transit facilities.

Nongovernmental Organizations: Particularly Efficient

A major positive aspect of development co-operation fostered by nongovernmental agencies in the Federal Republic of Germany is this: Such co-operation is almost always based on an ability to count on a native partner in the implementation of projects. Among the nongovernmental organizations the development-policy activity of which is fostered by the German Federal Government are, to name one category, such autonomous institutions as churches, political foundations and private specialized agencies. Another category includes such nongovernmental institutions as the German Development Service (DED), the German Foundation for International Development (DSE), the Carl Duisberg Association (CDG) and the German Academic Exchange Service (DAAD). These organizations and institutions pursue teamwork with groups and installations within the societies of the developing countries. The co-operation is directed in particular towards benefiting the socially disadvantaged; as well as towards promotion of self-help groups, especially in rural regions.

The services performed by the nongovernmental organizations are considerable. Such agencies' own financing in 1976 came to DM 515 million. These sponsoring agencies had, at the latest count during the period under survey, fully 1,888 general-

ist development helpers at work in the Third World, and 290 technicians or specialists. This commitment by nongovernmental organizations the German Federal Government assisted in 1976 with some DM 320 million in grants or subsidies.

Specialists Remain in Short Supply

The continually acute shortage of technicians and specialists in many developing countries remains a problem. This Government has been seeking to cope with it by taking or promoting such measures as: training or advanced (extension) training of specialists from developing countries; encouragement of their return to and re-integration within their homelands; and the assignment abroad of German experts and generalist development helpers.

In 1976, a total of about 4,600 recipients of scholarships and fellowships from developing countries received support from Bonn. These scholarship- and fellowship-holders for the most part were provided with purposeful, practice-oriented advanced training. Such training took place both in the Federal Republic of Germany and "sur place"—on the spot—in so-called third countries. In the area of agricultural training alone, in 1976 fully 44% of all grantees received their advanced training "sur place".

As of the end of 1976, a total of 1,024 technicians of the German Agency for Technical Co-operation (GTZ) were active in countries of the Third World. In addition, 259 other specialists had been sent to developing countries within the framework of contracts the GTZ had concluded with consulting firms.

The assignment of experts to the host countries is sometimes not without problems. These difficulties are found in part in the difficulty, from case to case, of the experts' adjustment or accommodation to the given sociological circumstances in a developing country. In part, the difficulties stem from the German specialists' incomplete degree of integration within an appropriate institution in the host country. Accordingly, experts sent to developing countries and integrated within the framework of those countries' institutions and labour law receive appropriate measures of support from the German Federal Government. The total of these so-called integrated experts rose from 170 (1975) to 201 (1976).

It is characteristic of development helpers that they assume somewhat the following undertaking: They serve for a specific period—without aiming at direct financial or professional reimbursement—in the progress of a developing country; and in doing so, they accumulate professional experience and experience in the realm of human relations. Because of the evolving requirements of developing countries, constantly better-trained development helpers have been sent to the Third World in recent years. There has been a sharp rise in the total of specialists with a background of academic education.

As reported previously, the over-all total of development helpers came, at the end of 1976, to 1,188. Of these, just about one-third had been sent abroad by development services of the churches; the rest by the German Development Service (DED).

Berlin: Focal Point of German Development Policy

In Berlin a number of development-policy organizations and institutions have their main offices or headquarters. Accordingly, Berlin radiates important stimuli in regard to German and international development policy.

The German Foundation for International Development (DSE) promotes the exchange of experiences in development-policy matters by leadership persons from developing and industrialized countries. The Central Agency for Public Administration, sponsored by the DSE, concerns itself with specialized advanced training for officials and technicians from developing countries.

Berlin, furthermore, is the headquarters of the German Development Service (DED), and also of various scientific and academic institutions such as the German Institute for Develop-

ment Policy, the Training Centres for Foreign Television Personnel, and the International Institute of Journalism.

The yearly Berlin fair called "Partners for Progress" has been taking on increasing importance in fostering contacts between developing countries and the markets and/or over-all economies of Berlin; of the Federal Republic of Germany; and of other countries, especially within Western Europe.

Through Experience to Improved Procedures

The continuing evaluation of development measures supported or implemented up to now, as well as accommodation of such measures to the changing circumstances of co-operation with the Third World, have led to a number of simplifications and improvements of procedures used. Below are some examples.

— Several-year commitments: The trend is towards agreeing on development-aid programmes and financing for a given country in terms of no longer a single year, but several years at a time. The new approach makes possible longer-range planning and preparation, especially in regard to the financing of agreed-upon projects.

— So-called three-cornered co-operation: Within this procedure, surplus currencies of the OPEC countries and the technological know-how of the Federal Republic of Germany are both channeled to the benefit of projects in the poorer of the developing countries. By the end of 1976, a total of 20 projects with an over-all valuation of about DM 4,500 million had been begun within the framework of this three-cornered co-operation.

— Implementation by the GTZ of technical co-operation: The German Agency for Technical Co-operation (GTZ)—established January 1, 1975—by serving as the implementing organization for technical co-operation has facilitated rationalization measures, and has brought about a more prompt organizational accommodation to new situations in the sphere of development policy.

— Understanding on the part of the German public: The German Federal Government makes special efforts to inform the public at large, especially wage- and salary-earners and the labour unions, about aspects of developing countries. The purpose is to win public understanding of Bonn's development policies, and to make clear why closer co-operation with the developing countries is not least in the interests of the individual German citizen. A representative public-opinion poll commissioned by the Ministry for Economic Co-operation in 1975 showed that 58 % of the adult population are basically in favour of the Government's development policy. Subsequent public-opinion testing has produced at least as positive results.

Multilateral Co-operation

The services from public funds of the German Federal Government within the sphere of multilateral co-operation, in proportion to net payments, receded from 1974 (DM 1,087 million) to 1976 (DM 855 million). Correspondingly, the share of public services in this sector attributable to multilateral co-operation decreased from 29.3 % to 25.5 %. Here it is, however, to be considered that the Government for the first time in 1976 provided part of its multilateral contributions in the form of debt certificates, so-called I.O.U.'s—statements of indebtedness that show up in the first instance only as commitments within the DAC statistics. According to those statistical reports, these commitments rose in 1976 to DM 1,749 million (1974: DM 1,307 million).

Within the area of multilateral co-operation, the Government has partnerlike relations with the major institutions for financing development—which operate worldwide (the World Bank Group) or in regard to a specific continent (regional banks). The Federal Republic of Germany is represented both via shares in the World Bank Group (Bonn is the second-largest provider of capital to the International Development Agency) and in the

regional banks, along with their funds. Moreover, this Government is a member of the International Fund for Agricultural Development (IFAD), which was established in 1976 to carry on goal-oriented promotion of agricultural production in developing countries.

The German Federal Government's contributions to multilateral technical co-operation are concentrated primarily, now as previously, within the development programme called UNDP: the United Nations Development Programme. This programme financed, in 1976 alone, some 8,000 individual projects in 147 countries. The main emphases were on promotion of rural development; of education; of public health; and of industrial development. At the same time, the UNDP is supporting the increasingly significant regional programmes, and the technical co-operation of developing countries with one another. From the so-called Individual Plan 23 of the German federal budget, voluntary contributions of DM 79 million in 1975 and again in 1976, and DM 91 million in 1977, were made available.

Promotion of Private Economic Initiatives

The Government of the Federal Republic of Germany in recent years has constantly developed and improved the measures for promoting German direct investments (on a private economic basis) in developing countries. Besides guarantees now provided for investments of capital, special important is attached in this area to bilateral treaties to foster investment. Up to now, such treaties have been concluded with 47 countries. The agreements regulate, in particular, the matter of affording treatment equal to that granted to domestic enterprise within a given country; application of the "most-favoured" principle to German investments; the granting of adequate compensation in cases of expropriation; and the transfer of earnings, revenues from sale or liquidation of assets, and compensation payments.

The Federal Republic of Germany's tax law regarding developing countries fosters investments in the least-developed countries, as well as those investments that promise to have an especially favourable effect on employment. The promotion of such investments is implemented via making provision for tax-free reserves. In 1975 investments by German entrepreneurs to a total of some DM 1,500 million, and in 1976 to a total of about DM 1,900 million, were affected by this law.

Private economic initiatives in developing countries are also fostered by the German Association for Economic Co-operation (DEG). It takes over participation in capitalization, and makes loans within the framework of participation. By the end of 1976 the DEG had made commitments of DM 456 million, as participating action or as loans in the sense of participation, on behalf of 286 projects.

4.

European Policy of Co-operation With Developing Countries

The main areas of activity of European Community (EC) development policy are

- co-operation with the countries of Africa, the Caribbean and the Pacific area (so-called ACP countries);
- over-all Mediterranean-area policy;
- worldwide development policy, in particular in the sphere of general customs-tariff preferences and help in the form of foodstuffs.

Co-operation within the European Community in matters of development policy has become markedly closer during the past two years of the period covered in this report. The conditions for this closer co-operation were established by a decision of the EC Council in 1974, setting as a goal "increased

cohesiveness, and thereby increased effectiveness" of EC co-operation with developing countries.

Since then a particular development has been the marked improvement in the extent of consensus within the Community countries before and during international conferences. At the Paris-held Conference on International Economic Co-operation (CIEC), the EC was represented by a joint delegation. Moreover, at the 4th U.N. Conference on Trade and Development (UNCTAD) in Nairobi in May 1976, the Community also achieved, to a considerable degree, a common position.

In March 1976 this Government submitted a memorandum proposing a plan of graduated procedure aiming at increased progress towards an integrated development policy within the EC. In such an approach, the Government of the Federal Republic of Germany sees a way to increase the effectiveness of co-operation, and to have the European Community appear on the international scene as a constantly more united political entity.

5.

Special Aspects of Co-operation With Developing Countries

The Particular Rôle of Agriculture

Up to now it has not been possible to attain the goal set by the U.N. for the Second Development Decade, of an annual rise in agricultural production within the developing countries of 4%. In the period 1971—1975, according to data of the Food and Agriculture Organization (FAO), agricultural production in these countries increased on the average only 2.4% annually.

So as to do away with the continually considerable shortfall or deficit in foodstuffs within the developing countries, this Government is supporting, in particular, the following measures:

- Promotion of harvests of vegetables and other plants, partly by fostering expanded irrigation systems.
- Plant-protection schemes.
- Opening up of new regions for production of livestock; new emphasis on the cattle-raising sector of agriculture, including more and better veterinary-medical facilities.
- Mechanization of agriculture, as appropriate to given regional circumstances.
- Creation of improved marketing systems; promotion of sales possibilities—especially to the benefit of small-scale farming enterprises.
- Improvement of the bases of agricultural production; establishment of genes banks; better utilization of stands of wild animals.

- Procurement of animal protein from coastal and inland fisheries, and derivation of protein, in addition, from aquaculture.

Of particular significance is the mobilization of millions of small-scale and very-small-scale farmers, as well as tenants and farm workers without land of their own in the developing countries—this through purposeful measures of rural development. This Government supports all rational efforts to integrate the above categories of people within their countries' development processes. An important aspect here is attention to improving the status of women in rural areas.

Promotion of Research and Technology

During the past two years, within the international negotiations as to the North-South relationship, the fostering of research and technology to the benefit of developing countries has emerged as a specific theme. The developing countries have, primarily, three major concerns in this sphere: first, an alteration in the conditions within which transfer of technology takes place; secondly, increased support for the developing countries' scientific-academic and technological infrastructure; and, third, orientation of the industrialized countries' research policies not least towards the requirements of developing countries.

A point of controversy between North and South is the necessity of strengthening the developing countries' technological infrastructures. Just as controversial is the concept that in the future research and technology should be more concerned with solving problems that are of direct significance to the developing countries specifically. Moreover, in regard to the transfer of scientific and technological know-how, there are still seemingly irreconcilable differences: for example, where the legal aspects of the code of conduct applying to transfer of technology are concerned—guidelines that have been discussed within the framework of UNCTAD.

This Government intends to intensify scientific and technological co-operation with developing countries. We have the following priority measures in mind: utilization of unconventional energy sources and unconventional raw-materials; fostering of more and better production of plant-based and animal-based products; establishment or improvement of procedures in the areas of surveying, of establishing standards and of conducting tests; opening up of supplies of raw-materials; promotion of scientific research.

Via a number of agreements between, on the one hand, offices or agencies of the German Federal Government and, on the other hand, involved or participating institutions within the Federal Republic of Germany, this Government has made the necessary arrangements to be in a position to implement these measures of development policy.