

Brussels, April 4, 1966
IP(66) 36

PRESS RELEASE

EUROPEAN DEVELOPMENT FUND: A FURTHER EIGHT FINANCING DECISIONS
TOTALLING NEARLY 20M. UNITS OF ACCOUNT

With the approval of the European Development Fund Committee given at its 15th meeting on 22 March 1966, the EEC Commission decided, on 31st March 1966, to finance a further nine projects by non-repayable grants from the EDF. The total commitment will be 19 625 000 units of account (= US dollars).

1. Third annual tranche of production aid programme in the Central African Republic: 273 300 000 Frs. CFA or some 1 107 000 u.a. This instalment will be used for price support of cotton and for the structural improvement of cotton and coffee growing.
2. Development of pyrethrum cultivation in Rwanda: 128m. Rwanda francs or some 2 560 000 u.a.. This diversification aid will be used for providing supervisory staff and technical assistance, and for economic and social collective investments in order to promote the cultivation of pyrethrum over an area of 3 600 ha. in the Bugoyi-Mulera region. It is also planned to reorganize and intensify pyrethrum growing on land already under cultivation.
3. Small hydro-electric generating station for tea factory in Bugarama, Burundi: 14m. Burundi francs or some 160 000 u.a. A 390 h.p. turbine will be supplied and set up to supplement the general tea-plantation scheme in the area financed by the first EDF.
4. Bridges and culverts on cotton tracks in Chad: 540m. Frs. CFA or some 2 188 000 u.a. The aim is to ensure that 882 km. of tracks are permanently open to traffic. These tracks link the cotton-growing areas with the ginning plants in the southern part of Chad, the main cotton area in the country, which is the fourth largest cotton producer in Africa.
5. Fort Lamy-Guelendeng road, Chad: 1 775m. Frs. CFA or some 7 191 000 u.a. A surfaced road, 152.7 kilometres long, will be built to provide a permanent link between the capital

and the cotton area in the south of the country. Like the preceding scheme, this investment forms part of the general programme to improve cotton productivity financed by the second EDF.

6. Road to the west of Lake Alaotra, Madagascar : 1 350 m. Malagasy francs or some 5 469 000 u.a. Improvements will be made to a 104-kilometre road to rationalize transport in the area surrounding Lake Alaotra, the island's rice granary. The scheme is part of a programme to develop the area and is therefore related to the following project.

7. Further development of the Anony delta, Madagascar : 85m. Malagasy francs or some 344 000 u.a. The aim is to improve a further 1 600 ha. of land as part of an operation begun under the first EDF when an area of 8 000 ha. was developed at a cost of 585m. Malagasy francs. This vast programme will be financed jointly by the EDF and by bilateral French aid, the World Bank, the Malagasy Government and the private sector.

8. Construction of three water-towers at Djibouti, French Somaliland : 130m. Djibouti francs or some 606 000 u.a. With these water-towers it will be possible to store sufficient water to supply the town of Djibouti, where sea and rail traffic is expanding constantly and the population has grown considerably. The present storage capacity will be increased from 3 000 to 7 500 cu.m.

The new projects bring the second EDF's total commitments, by 121 financing decisions taken since it began to operate in July 1964, to 240 009 000 u.a.

Annexes : 8

Annexe : I

CENTRAL AFRICAN REPUBLIC: THIRD ANNUAL TRANCHE OF PRODUCTION AID PROGRAMME

On 31st March 1966 the EEC Commission decided to finance, by grants from the second European Development Fund (EDF), the third annual tranche of the Central African Republic's production aid programme. This tranche, which had been endorsed by the EDF Committee at its 15th meeting, will cost 273.3m. Frs. CFA or some 1 107 000 units of account (= US dollars).

The Commission had taken note of the five-year programme in October 1964 and at the same time had fixed the amount of the first instalment, which totalled 432.3m. Frs. CFA and covered the 1963/64 marketing year. The second instalment, for 1964/65, was fixed in April 1965 at 299.2m. Frs. CFA.

The third tranche, like the first two, is to be used for the Central African Republic's two main products, cotton and coffee. A sum of 37.7m. Frs. CFA has been allocated to cotton and 82.3m. to coffee for the purpose of structural improvement, such as the provision of fertilizers and insecticides and equipment to apply them. A further amount of 153.3m. Frs. CFA has been set aside for price support of cotton, so that by the end of the five-year programme it will be possible to market the product at world prices.

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Annexe : II

RWANDA: Development of pyrethrum cultivation

On 31st March 1966, the EEC Commission decided to finance, by grants from the second European Development Fund (EDF), a diversification aid scheme in Rwanda. The scheme, which had been endorsed by the EDF Committee at its 15th meeting, will cost 128m. Rwanda francs or some 2 560 000 units of account (= US dollars).

The aid will be used for providing supervisory staff and technical assistance, and for economic and social collective investments in order to promote the cultivation of pyrethrum over an area of 3 600 ha of rich soil in the Bugoyi-Mulera region, which has a population of over 90 000 inhabitants. It is also planned to reorganize and intensify pyrethrum growing on land already under cultivation but where farming methods are not satisfactory. As pyrethrum is grown in rotation with other crops, the rational improvement of this land will also largely increase the production of food crops.

This is the third scheme submitted by Rwanda under its five-year programme of diversification aid, to which the EDF will contribute a total of 5 250 000 u.a. The extension of pyrethrum growing had been recommended in the overall development survey of Rwanda and Burundi financed by the first EDF in 1961, in which it was also suggested that a factory be set up for extracting the insecticide pyrethrum, which has stood up well to competition from chemical insecticides. The UN Special Fund has approved the Rwanda Government's application for aid to finance the building of the factory and the necessary technical assistance to operate it.

The benefit to Rwanda in foreign currency from this programme is put at 66m. Rwanda francs in the third year and 114m. Rwanda francs three years later. This would enable the country to improve its balance of trade.

Annexe : III

BURUNDI: Small hydro-electric generating station for the tea
factory in Bugarama

On 31st March 1966, the EEC Commission decided to finance, by grants from the second European Development Fund (EDF), an economic infrastructure scheme in Burundi. The scheme, which had been endorsed by the EDF Committee at its 15th meeting, will cost 14m. Burundi francs or some 160 000 u.a. (= US dollars).

A low-powered hydro-electric generating station will be installed to supply the Bugarama tea factory. A 390 h.p. turbine will be supplied and set up on the Nyabigondo river. It will be more than sufficient to supply with electricity the tea factory, 2 kilometres away, and its adjoining installations.

This scheme is supplementary to a 500-hectare tea plantation scheme in the Bugarama area financed by the first EDF. Under a decision taken by the EEC Commission in April 1965 the second EDF will finance, for the final five years out of a total of seven, the direction of work connected with the plantation scheme, including the establishment of a training centre.

The Bugarama tea factory is to begin production early in 1967.

Annexe : IV

CHAD: BRIDGES AND CULVERTS ON COTTON TRACKS

On 31st March 1966, the EEC Commission approved a grant from the Second European Development Fund (EDF), for an economic infrastructure and technical assistance scheme in Chad. The scheme, which had been endorsed by the EDF Committee at its 15th meeting, will cost 540 m. Frs. CFA or some 2 188 000 units of account (= US dollars).

The scheme concerns the construction or improvement of bridges and culverts along cotton tracks in the prefectures of west Logone, east Logone, Tandjilé and Middle Chari and includes the preparation of the call for tenders. The topographical and preselection surveys for the works were financed by the First EDF at a cost of 16 000 u.a.

The southern part of Chad, where the scheme is to be carried out, is the most populated and economically the most advanced in the country; it is here that Chad's cotton, of which it is the fourth largest producer in Africa, is mainly grown. The whole of its output, produced by 574 000 growers, is exported and accounts for 77% of Chad's exports in value. Hence it is of great importance to the country to ensure uninterrupted traffic on the tracks which link the cotton-growing areas with the ginning plants. Floods, however, close these tracks for the seven months of the year that coincide with the cotton-growing cycle and with the peak time for harvesting and collecting the crop. This often delays the first sales, on which the start of ginning depends, and this delay lowers the value of the cotton which has been stored in poor conditions.

The proposed improvements will ensure that 882 km. of track, that is 30% of the total, are permanently open to traffic. At the request of the Chad Government, the EDF will also finance the preliminary selection of further possible improvements to be made when a second such scheme is carried out in the cotton areas of Middle Chari and Mayo Kebbi.

These schemes have the same purpose as the road improvement schemes already financed in the same area by the First EDF and form part of the general programme to improve cotton productivity to which the Community's aids to production and diversification under the Second EDF are applied. The expansion of cotton output promised by these various measures will be facilitated by the present scheme.

Annexe : V

CHAD: Fort Lamy - Guelendeng road

On 31st March 1966, the EEC Commission decided to finance, by grants from the second European Development Fund (EDF), an economic infrastructure scheme in Chad. The scheme, which had been endorsed by the EDF Committee at its 15th meeting, will cost 1 775m. Frs. CFA or some 7 191 000 units of account (=US dollars).

The aim is to provide a permanent link between the capital and the south of the country by building a stretch of surfaced road, 152.7 kilometres long, common to two roads: one from Fort Lamy to Bongor and Doba and the other from Fort Lamy to Fort Archambault. The preliminary surveys were financed by the first EDF at a cost of 220 000 u.a.

The road with its branches will serve an area containing 40% of the country's population and where the production of cotton-seed is already worth 77% of Chad's exports. This area is also rich in livestock and is crossed by routes used for exporting cattle on the hoof to the Central African Republic. Furthermore, the Chad Government has decided to form a development pole around Fort Archambault, the second most important town in the country. The prospects of growth depend largely on the existence of a permanent road link between Chad's two vital centres, the towns of Fort Lamy and Fort Archambault, the areas between which are the most densely populated in the country and provide the major part of its economic activity. The Government attaches such importance to the building of this road that it undertook to finance improvements to the Fort Archambault - Guelendeng stretch from its own resources. It is this stretch that is being extended to the capital under the present scheme.

Annexe : VI

MADAGASCAR: Road to the west of Lake Alaotra

On 31st March 1966, the EEC Commission decided to finance, by grants from the second European Development Fund (EDF), an economic infrastructure scheme in Madagascar. The scheme, which had been endorsed by the EDF Committee at its 15th meeting, will cost 1 350m. Malagasy francs or some 5 469 000 units of account (=US dollars).

Improvements will be made to a 104-kilometre road linking two localities in the province of Tamatave via the west of Lake Alaotra. It will then be possible to rationalize transport in this area, the island's rice granary. The scheme is of importance not only to the local population, estimated at 150 000, but also to the east coast population which gets its rice from the Alaotra area and will therefore be able to buy it more cheaply.

In view of the favourable natural conditions in the area surrounding Lake Alaotra, the Malagasy authorities have decided to make a special investment effort to develop the land and to improve the roads for the area's own transport needs and for carrying its production to the markets. Part of this vast programme will be financed from the national budget. For the rest the Government has turned to various sources of aid, in particular the EEC, the World Bank, FIDES and later FAC for bilateral aid, and even the private sector. The first EDF provided 585m. Malagasy francs to improve a first instalment of 8 000 hectares in the Anony area. A decision has recently been taken to finance a second instalment of 1 600 hectares under the second EDF at a cost of 85m. Malagasy francs. The various measures have made it possible to expand rice growing rapidly in this area, where an appreciable growth in the production of groundnuts, fish and livestock is also planned to keep up with the population's fast growth rate : . . . of. 4.5%.

Improvement of communications is therefore of particular importance because of its direct effect on the development of the area. The present scheme has been given priority in Madagascar's five-year plan for 1964-68 as the road forms part of the future national road No. 3, which will run from Tananarive to Diego-Suarez.

At present the road carries 30 heavy vehicles and 55 to 60 light vehicles daily. The improvement will lower transport rates from 25 to 11 Malagasy francs per ton/km and fares from 3 to 2 Malagasy francs per passenger/km.

Annexe : VII

MADAGASCAR: Further development of the Anony delta

On 31st March 1966, the EEC Commission decided to finance, by grants from the second European Development Fund (EDF), an economic infrastructure scheme in Madagascar. The scheme, which had been endorsed by the EDF Committee at its 15th meeting, will cost 85m. Malagasy francs or some 344 000 units of account (=US dollars).

The aim of the scheme is to improve 1 600 hectares of land in the Anony delta, near Lake Alaotra. It supplements an operation, financed by the first EDF to a total of 585m. Malagasy francs, to develop 8 000 hectares in the same delta; at that time extensive work was done on river embarkment, a dam, canals, drains and dikes. An EDF mission to Madagascar in March 1965 reported on the possibility of developing a further 1 600 hectares in the delta by making use of the main water infrastructure already provided and adding no more than secondary canals and drains. The extension will make the original scheme more profitable and still more land will become available, thus increasing rice production and per capita income.

The scheme is one of the steps being taken by the Government to keep a rapidly expanding population fed, without imports of consumer goods which can be grown on the spot, in particular rice.

Annexe : VIII

FRENCH SOMALILAND: CONSTRUCTION OF WATER-TOWERS AT DJIBOUTI

On 31st March 1966, the EEC Commission approved a grant from the second European Development Fund (EDF) for a social infrastructure scheme in French Somaliland. The scheme, which had been endorsed by the EDF Committee at its 15th meeting, will cost 130m. Djibouti francs or some 606 000 units of account (= US dollars).

Three water-towers will be built to supply the town of Djibouti with its estimated population of 45 000, which is about half the total population of the territory.

Water consumption is continually expanding because of the steady increase in sea and rail traffic in this port of call, which is also the bulk breaking point for the railway between Addis Ababa and the coast, and also because of population growth, estimated to be 2 % per annum.

As Djibouti grows busier as a town and a port, the local authorities have had to seek ways of increasing the water supply, and improving the quality, since the water now available is brackish. Sources of water have been found and tapped by boreholes in the neighbourhood of the town. A scheme is on foot, for which EDF aid has been requested, to improve the supply and distribution network, including the construction of three water-towers with their serving pipes. The other works - improvement of water mains and distribution network - will be undertaken with aid from the French FIDES.

The present scheme will increase total storage capacity from 3 000 cu.m. to 7 500 cu.m., which is the present daily average output of the boreholes.