

Hamburg Institute of International Economics (HWWA) (Ed.)

Article — Digitized Version

Development spectrum

Intereconomics

Suggested Citation: Hamburg Institute of International Economics (HWWA) (Ed.) (1973) :
Development spectrum, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 08, Iss.
10, pp. 302-,
<https://doi.org/10.1007/BF02927755>

This Version is available at:

<https://hdl.handle.net/10419/138906>

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DEVELOPMENT SPECTRUM

11th Operation Report of DEG: In the business year 1972 Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit (DEG – German Association for Economic Cooperation) promoted 19 investment projects in 15 less developed countries (LDCs). DEG contributed DM 31.5 mn to the total financial expenditure of DM 497.9 mn. In the main small and medium-sized enterprises were promoted. The capital resources of DEG projects are therefore usually considerably smaller than those of other German investments abroad. While on average DM 60,000 have to be spent on the creation of one job abroad, DEG calculates only DM 40,000.

At the end of 1972, 142 projects with a total investment sum of more than DM 1.5 bn were being worked on. The funds contributed by DEG to the promotion of these projects amounted to about DM 230 mn. The number of investment countries increased from 33 to 44 during the same year.

Of the promises to finance, 41 p.c. were allotted to Africa, 25 p.c. to Asia, 22 p.c. to Latin America and 12 p.c. to Europe. The majority of DEG's projects (103) are those in processing industries, the leather, textile and clothing industries coming first with 27 promises, followed by mechanical engineering and vehicle construction (23) and the electrical industry as well as precision-tool manufacture (16 promises).

Disaster Control Aid for Arid Areas in Africa: The Federal Republic of Germany contributed about DM 85 mn to the aid measures for the West African countries Senegal, Mauretania, Mali, Upper Volta, Niger and Chad.

In detail the bilateral aid comprises grain deliveries valued DM 13 mn and milk products to the tune of DM 1 mn for Mali, Upper Volta, Mauretania, Senegal and Niger. Moreover, Mali and Niger were granted credits of DM 8 mn for the purchase of goods, mainly foodstuffs. Furthermore the Federal Republic provides 50 trucks of a total value of DM 4.2 mn for the transport of goods. On behalf of the Federal Republic FAO bought seed-corn for DM 3 mn in the neighbouring countries and transported it to the disaster areas. Further DM 3 mn are provided for animal fodder and DM 300,000 are earmarked for animal vaccines in order to avoid epizootics and epidemics.

All loans have a period to run of 50 years, 10 of which are redemption-free. Their interest rate is 0.75 p.c. Thus the credit conditions comply with the standards applying to the 25 least developed countries.

UN in Berlin: From September 4 to 14 in Berlin the Supreme Audit Institutions of 38 countries (27 LDCs and 11 industrial nations) convened at an international seminary on problems of supreme audit institutions. This seminary was held by Deutsche Stiftung für Internationale Entwicklung (DSE: German Foundation for International Development) and Zentralstelle für öffentliche Verwaltung (ZÖV: Central Agency for Public Administration). The importance of this conference was underlined by the fact that the UN (Technological Cooperation Section, Division of Public Finance and Financial Institutions) and INTOSAI (International Organisation of Supreme Audit Institutions) took the responsibility for it together with DSE. Besides, four other inter-

national organisations sent observers: the World Bank, the International Monetary Fund (IMF), the UN Economic Commission for Latin America (ECLA) and the Agency for International Development (AID).

In the supreme audit institutions' range of functions impending changes are to be noticed. Apart from the investigation of the financial responsibilities of governments for their expenditure, the performances achieved in relation to the expense will be more strictly controlled. Precisely this aspect is of particular importance for LDCs, which appreciate the usefulness of conferences, whose objective is a better international agreement on the tasks of a modern government audit control.

German-Burmese Capital Aid Agreements: Early in August the Federal Republic and the Union of Burma arranged for another agreement on capital aid, which is to be earmarked for three Burmese industrial projects (production of natural gas, carbonate of soda and formaldehyd). The credit amounts to DM 30 mn, yields 2 p.c. interest and will be repaid in 30 years with 10 years without redemption. A maximum amount of DM 6 mn of this credit may be given as goods aid. Simultaneously it was agreed that the capital aid promises of 1971 and 1972 to the tune of DM 40 mn will be spent on the extension of a sheet-glass factory and a machine-tool works. Furthermore the Federal Republic promised Burma technological aid for mineral oil extraction and for the textile industry.

Compiled by the Department on Development Policies of the Hamburg Institute of International Economics.