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DEVELOPMENT SPECTRUM

Financial Aid to India: The Federal Republic has stocked up its financial aid to India by almost 11 p.c. and will provide DM 310 mn in the financial year 1973/74. Of this sum total DM 120 mn will be granted the Indian Government for funding operations, DM 190 mn are net credits, which are earmarked for project aid, allocations for Indian financing institutes and for current imports. The Indian Government welcomed the fact that the Federal Republic's financial aid is not tied to deliveries. According to official statements India hitherto received a total of about DM 5.8 bn as financial and technical aid. With that the Federal Republic is second only to the USA as India's most important source of bilateral aid. A major part of this aid can be regarded as donations, since the credit conditions are extremely favourable as compared with those of other donor countries. Both nations agreed to promote mainly the future cooperation in the fields of science and technology within the framework of the extensive technical aid. Moreover, active trade aid is to be supported by establishing an office of the Indian Trade Development Authority in the Federal Republic and by an exchange of experts.

12 Development Attachés: In 1969 for the first time three staff members of the Federal Ministry for Economic Cooperation were detached to the German embassies in Ankara, New Delhi and Tunis. They are in charge of development aid. In 1971 additional development attachés were appointed to Brasilia, Dar-essalaam, Jakarta and the German UN-representation in New York. This year attachés went to Algier, Bangkok, Kinshasa, Lagos and Nairobi.

Till 1976 young officials of the Federal Ministry for Economic Cooperation will be working as development attachés of German embassies in 25 countries. The establishing of these attachés follows the example of the USA and Great Britain as well as the recommendations of the Commission for the Reform of the Foreign Ministry. For the duration of their three years detachment to embassies the development attachés will be transferred to the Foreign Ministry. Within the embassies they will deal with all problems connected with the Federal Republic's development aid, the multi-national agencies and the host country. Their activities are to promote the smooth operation of development policy measures. In future the attachés will dispose of a travel expense fund of their own enabling them to visit regularly projects in their host country, to participate in negotiations in the Federal Republic and other conferences or – if required by their tasks – to visit neighbouring countries.

African Development Fund: The Federal Republic will support the African Development Fund with DM 22 mn. This sum is to be provided in three annual rates from 1973 on. The fund is to begin with endowed with DM 270 mn, and it is its task to support the operations of the African Development Bank by providing credit instruments at "soft conditions". Hitherto the Bank disposes of funds for commercial purposes to a limited extent only. The establishing of the Development Fund is necessary since the statutory regulations of the African Development Bank exclude the membership of non-African countries.

Apart from the Federal Republic the following countries announced their joining the Fund: Belgium, Brazil, Denmark, Finland, Great Britain, Italy, Japan, Yugoslavia, Canada, The Netherlands, Norway, Spain, Sweden, and Switzerland. The Federal Government, which through its contributions hopes to get some influence on the employment of the funds, stated that it is not obliged to contribute to an anticipated accumulation of the Fund.

Struggle against Illiteracy: Representatives of 10 African states met in Berlin with Indian, Brazilian and German experts as well as staff members of UNESCO for an international exchange of opinions in order to utilise the positive results of campaigns against illiteracy. The share of illiterates in the world population declined from 39.3 p.c. to 34.2 p.c. due to the countries' own efforts and measures of international organisations, above all of UNESCO. Simultaneously, however, the absolute figure rose from 740 mn to 783 mn people during the last decade.

The programme for fighting illiteracy should be fitted to the special requirements of and possible utilisation by individual parts of the population – e.g. the farmers in backward territories or workers in big factories. Pilot projects testing such special programmes frequently led to surprisingly positive and also economically noticeable results.

Rising Private Foreign Investment: According to the Federal Ministry of Economics in the first half of 1973 foreign net investments in the Federal Republic rose by DM 3.2 bn to DM 32.5 bn, and the German investments abroad increased by DM

3.2 bn to DM 29.8 bn. DM 23.5 bn of German investments abroad fall to the share of the industrial sector and DM 5.6 bn to that of services. About DM 8.9 bn or 29.3 p.c. of total investments were made in LDCs.

Within the group of the 10 most important host countries of German private capital Brazil may be mentioned as the only non-European state. The others are Belgium, Luxemburg (DM 3.1 bn), France (DM 3.0 bn), Switzerland (DM 2.5 bn), The Netherlands (DM 2.5 bn), USA (DM 2.3 bn), Canada (DM 2.2 bn), Spain (DM 2.1 bn), Brazil (DM 1.9 bn), Austria (DM 1.3 bn), and Italy (DM 1.3 bn).

The USA holds the biggest share of foreign investments in the Federal Republic (DM 14.3 bn) followed by Switzerland (DM 4.4 bn) and The Netherlands (DM 4.2 bn).

United Nations Industrial Development Organisation (UNIDO):

J. H. Abdel-Rahman, Executive Director of UNIDO, pointed out the cooperation with the Federal Republic of Germany in an interview. The FRG is member of the Council and thus participates actively in the formulation of the policy, which determines UNIDO's programmes. Abdel-Rahman emphasised that the Federal Government as well as development institutes and private industry contributed to the organisation's work efficiency in many ways. The Federal Government provided a total of \$ 3 mn for the Industrial Special Service, which gives short-term aid in order to meet unforeseen industrialisation problems. A donation of \$ 50,000 served the establishing of a cooperation programme between development banks and industrial finance institutes.

Concerning UNIDO's contribution to the development process in Third World countries, the Executive Director stated that this could only be an ad-

ditional aid supporting the performance of an individual country. After all, UNIDO's total aid amounts to only \$ 20 mn annually, while the LDCs themselves invest billions in their development process. The main function of UNIDO comprises apart from direct aid (consultation, training, commissioned research) also supporting measures (action orientated studies).

German Commitment in the

Maghreb: Tunisia and Morocco are among the focal points of German development aid in Africa. From the end of 1971 on, also Algeria is again receiving capital and technical aid from the Federal Republic. The commitments of German firms in these countries are reflected by the booking of major orders and by direct investments.

In April 1973 a German-Algerian joint enterprise has been set up, which has built the first Algerian machine-tool factory investing Dinar 177 mn. Investments to the amount of Dinar 500 mn were made by German firms for the extension of the forge and the foundry of an engines and tractors producing factory. The value of orders received by German firms in connection with the building of an agricultural machinery works in West Algeria amounts to DM 88 mn. Mid-December 1972 the Federal Republic granted Algeria capital aid of DM 70 mn.

Early in June 1973 Tunisia was granted capital aid of DM 70 mn, increasing the capital aid hitherto promised this country to DM 530 mn. Mid-February 1973 the Reconstruction Loan Corporation granted two capital aid loans totalling DM 43.6 mn for the extension of the infrastructure of the tourism industry.

In spring 1973 the Reconstruction Loan Corporation granted Morocco two capital aid loans totalling DM 50 mn (DM 40 mn for an irrigation project near the

Massa-dam, DM 10 mn for medium-term investment loans to Moroccan small-holders). A German syndicate received an order for the construction of a big complex of works at Safi. The value of this order amounts to about DM 200 mn.

German Schools Abroad: The Committee for German Schools Abroad of the Permanent Conference of the Federal Lands' Ministers of Culture, in which also the Foreign Ministry and the Central Agency for Schools Abroad are represented, at present acknowledges 121 schools abroad and accordingly supports them with funds, means of instruction and by sending teachers from the Federal Republic. Of these schools 59 are located in Latin America, 33 in Europe, 18 in Africa and 11 in Asia. Furthermore 6 European schools are also supported and 8 schools operated by firms are also acknowledged by the Committee.

The Federal funds provided for the promotion of these schools amounted to DM 119.590 mn in 1972 (without building expenditure) and for 1973 DM 125.735 mn are earmarked for this purpose. For 1974 DM 136.0 mn are estimated to be required. These school promotion funds absorbed in the past an average of 40 p.c. of the total budget of the Department for Cultural Policy Abroad, belonging to the Foreign Office. In 1972 they absorbed about 37 p.c. and in 1973 only 34 p.c. The German schools abroad are systematically promoted within the framework of the general plan for cultural policy abroad (1973-1976), in which relevant decisions are prepared and practicable instruments for their realisation developed.

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