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DEVELOPMENT SPECTRUM

Doubling of Development Aid Planned: The Federal Government is planning to double public development aid until 1978. Total contributions of about DM 5 bn would then be earmarked for LDCs. As confirmed by the Federal Minister for Economic Cooperation, Dr Eppler, this would be 0.4 p. c. of GNP. The German partner informed the Development Assistance Committee (DAC) of OECD during a conference on harmonisation of development policies, where also the problem of tied deliveries was discussed.

The Federal Government emphasised the conditions of German aid. The tying of development aid to supplies from the FRG has been completely abandoned. Moreover, the Federal Ministry of Finance authorised the Federal Ministry for Economic Cooperation from 1974 on to enter into liabilities lasting for several years towards a limited number of LDCs. This is to make their long-term planning easier. Besides, Dr Eppler said that the Federal Republic is now prepared to give public aid to the 25 poorest LDCs at a rate of interest of 0.75 p. c., a period to

run of 50 years and 10 redemption-free years.

Immediate Aid to Ethiopia: At the end of November the Federal Government provided DM 9.3 mn as immediate aid for the alleviation of the hunger catastrophe in Ethiopia. This aid consisted of DM 5 mn for foodstuffs, DM 0.8 mn for 16 trucks, about DM 2 mn for the purchase of draught-oxen and seed-corn as well as DM 1.7 mn for air transport of the gifts.

However, the projects planned or carried through within the scope of the current development policy cooperation have no direct effects on the emergency situation. They comprise i. a. the water supply of 20 country towns (DM 22 mn), the power supply in 5 towns (DM 14 mn) and a higher credit line for the Agricultural Development Bank (DM 11 mn).

Efforts for Cooperation between Bonn and Saudi-Arabia: In future the Federal Republic and Saudi-Arabia intend to strive for long-term economic cooperation. According to the Foreign Ministry it has been agreed that soon a German delegation will

visit Chidda for investigating the chances of an extension of bilateral cooperation. The Saudi-Arabian Foreign Minister, Sheik Omar El-Sahkef, informed the press in Bonn that the main subject of his discussions with Foreign Minister Dr Scheel had been the question of bilateral relations, not the present oil crisis. According to the Foreign Ministry Dr Scheel has stated that the EC-declaration concerning the crisis in the Near East corresponded fully with the Federal Government's attitude.

Share of German Consulting Firms in World Bank Projects: The Federal Minister for Economic Cooperation, Dr Eppler, stated in Parliament that German consulting firms are considered insufficiently only as regards World Bank projects. In 1972/73 the Federal Republic's share was only 2.03 p. c., that of the USA 40 p. c. Then followed the UK with 20 p. c. and France with 7.8 p. c. Recently, however, German firms are being considered more frequently.

According to Dr Eppler the small share of German consultants in the past was partly due to the lack of experience in LDCs. Today, however, this is valid only partially. It had been another disadvantage that many firms were able to offer technical, but not economic and management consultation to the required extent. Late and insufficient information on World Bank projects requiring consulting services was also an important factor. Now the German Executive Director of the World Bank stakes himself on abolishing this competitive disadvantage by arranging contacts with the competent authorities.

The Federal Republic's Public Aid from 1960 to 1972

(net payments in mn DM)

Year	Bilateral Aid				Multilateral Aid				
	Allocations			Credits	Sum total	Allocations	Subscriptions and financial aids	Sum total	Total aid
	Technical aid ¹	Other allocations	Sum total						
1960	67.5	259.5	327.0	363.8	690.8	157.6	90.4	248.0	938.8
1961	116.9	342.3	459.2	710.0	1,169.2	223.0	72.0	295.0	1,464.2
1962	198.1	405.2	603.3	695.8	1,199.1	349.2	72.0	421.2	1,627.5
1963	297.6	310.4	608.0	828.6	1,436.6	47.6	71.7	119.3	1,555.9
1964	342.8	278.3	621.1	1,116.0	1,737.1	58.0	40.6	98.6	1,835.7
1965	374.3	329.1	703.4	971.3	1,674.7	52.3	97.1	149.4	1,824.1
1966	422.8	28.1	450.9	1,041.4	1,492.3	57.5	127.9	185.4	1,677.7
1967	460.4	80.0	540.4	1,204.7	1,745.1	115.8	173.9	289.7	2,034.8
1968	515.5	118.1	633.6	1,154.1	1,787.7	216.0	223.9	439.9	2,227.6
1969	583.2	230.2	813.4	956.8	1,770.2	285.4	215.4	500.8	2,271.0
1970	695.6	207.0	902.6	803.3	1,705.9	309.5	187.4	496.9	2,202.8
1971	721.1	251.9	973.0	875.7	1,848.7	408.9	305.6	714.5	2,563.2
1972	774.1	206.2	980.3	957.9	1,938.2	383.4	283.1	666.5	2,604.7

¹ Technical aid consists of: contributions for students, trainees, skilled labour and development assistants, the supply of equipments and material for research-, training- and demonstration purposes, other aid as e. g. technical support and consulting services on a contractual basis.

Source: Federal Ministry for Economic Cooperation.

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