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DEVELOPMENT SPECTRUM

New Version of the Development Aid Taxation Law: The old version of the Development Aid Taxation Law, that ended on January 31, 1973, has been amended after prolonged negotiations between the departments involved. The new version differs considerably from the old one and will be valid for five years. The hitherto possible depreciation of 15 p.c. of acquisition or producing costs, respectively, as well as the promotion of direct investments in tourism ceases. The creation of a tax-exempt, profit reducing reserve, however, remains possible. This reserve, hitherto amounting to 50 p.c. of acquisition or production costs, may now run up to 40 to 80 p.c., respectively, and must be released corresponding to the old regulations.

The graduation of the reserve rate corresponds to the arrangement of host countries in two groups, which bases on the state of their economic development. The first group comprises the least developed countries (incl. Bangla Dsh), as defined by the Tinbergen-Committee, which are to receive a special promotion with a reserve rate of 80 p.c. To

the second group belong *inter alia* more advanced developing countries as e.g. Brazil and Mexico, the European states Yugoslavia, Portugal, Spain, Greece and Turkey as well as the oil producing countries Saudi-Arabia, Iran, Libya, the United Arab Emirates and others. A considerable change is the special promotion of job-creating direct investments, which are to assist in the struggle against unemployment in many countries. This aim is to be achieved by the doubling of the release period of reserves to 12 years. The employment effect of a capital investment is to be judged by a special procedure.

Merger of GAWI and BfE: In mid-1974 "Deutsche Förderungsgesellschaft für Entwicklungsländer": GAWI (German Association for the Promotion of Developing Countries) is to be transferred into the possession of the Federal Republic and to be merged with "Bundesstelle für Entwicklungshilfe": BfE (Federal Agency for Development Aid) to "Gesellschaft für technische Zusammenarbeit" (Association for Technical Cooperation) under private law. A rele-

vant agreement has already been concluded between "Treuarbeit", the parent company of GAWI, and the Federal Republic of Germany.

The merger of the two institutions, planned already since the beginning of 1973, was accelerated by an expert opinion of the Federal Audit Office. Duplicate work and red tape in German development aid are to be avoided by this reorganisation. According to the Federal Minister for Economic Cooperation, Dr Eppler, the new association could increase the work efficiency by 50 to 100 p.c. without enlarging its staff.

Church Development Aid: The representatives of Church development aid presented a balance sheet, which shows considerable growth rates. Misereor, the representative organisation of the Roman Catholic Church in West Germany, presents an increase of funds totalling 21.1 p.c. Last year Misereor disposed of more than DM 134.2 mn stemming from donations, Church budgetary funds and public funds. A total of more than 2,100 projects could be promoted.

In 1973 already funds to the tune of DM 163 mn were granted in anticipation of receipts expected in 1974. This sum was used above all for the promotion of training and education, the information sector, health services and agriculture. The regional distribution of the funds shows that most of them flowed to Asia, followed by Africa and Latin America. The biggest number of projects was promoted in Latin America. It is to be assumed that in contrast to the other regions these projects were smaller ones.

Development Aid of the Roman Catholic Church in 1973

Utilisation of Funds			Allocations	
			DM in mn	in p.c.
Adult education, information sector			31.4	19.3
Health services			31.1	19.1
Agriculture			29.5	18.1
Crafts, trade and credit cooperatives			22.6	13.9
Social sector and private households			18.7	11.5
Training of experts and managers			10.6	6.5
Measures involving several sectors			10.1	6.2
Direct aid and disaster control			9.0	5.5
Total			163.0	100.0
Regional distribution	Number of Projects		Distribution of Funds	
	absolute	in p.c.	DM in mn	in p.c.
Latin America	846	40.0	44.6	27.4
Africa	563	26.6	50.6	31.0
Central Asia	333	15.7	31.1	19.1
Far East	256	12.1	28.9	17.7
International	118	5.6	7.8	4.8
Total	2,116	100.0	163.0	100.0

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