

(5) Domestic administration

The policies of King Hussein are widely supported by the people, but currently there are movements to further establish a democratic base through such policies as the following:

- 1) Freedom of the press
- 2) Recognition of political parties (from 1992)
- 3) Through the above, further establishment of fundamental human rights

(6) Trends of Politics

In the elections (Lower House) of November 1989, the increasingly powerful Islamic fundamentalist group won a major victory (33 out of the 80 seats), creating appreciable surprise in the government and among liberal intellectuals, but the leadership power of the king has been maintained and little has changed within the general political situation. The first level of democratic reforms were worked out during the Diet session directly following the elections, and in 1992 the establishment of political parties was recognized. Each political party is acting energetically in anticipation of the multi-party elections scheduled for November 1993.

(7) Diplomatic relations

The trend of Jordan's diplomatic relations is towards cooperative solidarity with other Arab Islamic countries, as well as with nonaligned countries, and it is committed to the United Nations Charter. Within this framework it pursues a multifaceted, extensive diplomacy. Particularly, Jordan endeavors to strengthen bilateral relations with surrounding Arab nations, and it was King Hussein who took the initiative in establishing the Arab Cooperation Council. However, because of its support of Iraq in the Persian Gulf War, it has become a problem for Jordan to reconcile relationships with the Gulf states or the various countries involved in the multinational force (United States, Britain, etc.). Because of its relations with the PLO, Jordan has maintained a policy of caution regarding resolution of the Middle East peace issue, but now, with mutual recognition between the PLO and Israel, Jordan's response is being watched.

2. Economic situation**(1) General trend**

Until now Jordan has depended on nearby oil-producing Arab nations to absorb exports of about 80% of its produce and manufactured products, as well as to host 95% of the Jordanians working abroad, and the majority of foreign assistance has also come from these countries. Consequently, Jordan is strongly influenced by the condition of their economies. A drop in oil prices in the late 1980s even sent Jordan's economic growth into the negative numbers. Further, internal and external causes have made the economy even more severe, for example the sudden drop in currency and economic slump caused by relinquishment of the West Bank of the Jordan River [to Israel] in 1988, the constant trade deficit, financial expenditures brought about by Jordan's peculiar consumption economy, and the stagnation of trade with surrounding countries following the Persian Gulf War. Jordan is making up for its deficit using foreign assistance and loans. In 1992, based on a plan by the World Bank and the IMF, Jordan began a seven-year structural adjustment plan. Currently there remain issues such as the expanding trade deficit and the delay of sales tax introduction, but for the most part favorable economic management is continuing with target values achieved or exceeded, and the World Bank and the IMF give all-around support to the Jordanian government's economic management.

(2) Trends in the major sectors**1) Agriculture:**

The portion of the GDP occupied by agriculture continues to drop: 8.6%

between 1976-80, 7.9% between 1981-84, and was 6.6% in 1990. Agriculture accounts for 5% of total exports and 7.2% of the population is engaged in farming. Presently agriculture may be divided into that using irrigation for the cultivation of vegetables in the Jordan Valley and that using natural rainfall in arid regions to grow grains and olives as well as for cattle grazing. All of these are affected by water supply and natural conditions, and in addition there are problems such as overlapping among supervising authorities and a lack of firm agricultural policy. However, recognizing the importance of agriculture, the government is studying investment priorities in the agricultural sector.

2) Mining and Industry:

Mining occupied 14.6% of the GDP in 1988 and 15.7% in 1989, showing especially high growth among all industries. Particularly, mineral phosphates showed a 90.7% growth during this period, contributing largely to exports. Potash also showed a rapid growth. However, following the Persian Gulf War, in addition to the stagnation of trade with surrounding countries, a reduction in the Eastern European market, and a drop in international prices for mineral phosphates have had significant influence. Among other industries are large plant-scale industries such as chemical fertilizers, cement, and oil refinement, up-and-coming industries with export competitiveness such as pharmaceuticals, and smaller-scale industries handling food processing, fibers, textiles, furniture, and others. The domestic market is small, however, and markets must be found in the surrounding countries, making these industries subject to the economies of those countries.

3) Tourism:

Tourism has, for a long time, played a significant role among major industries. It decreased radically during the Persian Gulf War but is showing rapid recovery, with the number of tourists increasing to approach levels similar to those before the crisis. The government also regards tourism seriously as one plan for obtaining foreign capital.

(3) Fiscal policy

Jordan has taken various measures to ease its chronic financial deficit (1988: ▲204.6 million Jordanian dinars (JD), 9.3% of GDP) including a transfer to a floating exchange rate system, tax system reform to prohibit the importing of luxury items, and tight-financing policies, but in 1989 Jordan received IMF structural adjustment financing and entered into medium-term structural adjustments. However, in 1990 these plans became unworkable due to the Persian Gulf crisis and based on an IMF advisory a new seven-year plan for economic structural adjustments was begun in 1992. Along with this, economic reform was conducted through rescheduling of loan repayments after obtaining the agreement of the Paris Club and London Club.

(4) International balance of payments

Imports are continuously in excess and in 1991 the trade balance was at JD -939.7 million, a constant deficit even when invisible trade items such as tourism revenue and money transfers from abroad (extraordinarily low in 1991 due to the Persian Gulf War) are considered.

(5) External debt

Borrowing has been increasing following the economic decline that began with a drop in oil prices in the early 1980s, with external debt reaching JD 5.516 billion in 1991. However, through loan deferment agreements at the Paris Club and London Club the total external debt has decreased slightly (JD 5.203 billion in 1992).

(6) Economic relations with Japan

Exports to Japan are primarily mineral phosphates and potash. Combined with other exports to Japan these made up a total of JD 10.6 million in 1991, or 1.4 % of total exports. On the other hand, imports from Japan in 1989 amounted to JD 4.5 million, or 3.7% of total imports. Further, in July 1992 plans were agreed upon for a Japan-Jordan joint fertilizer factory, with production slated to begin in 1994.

3. Social situation

(1) Trends in the major sectors

1) Education:

Education is well-attended to and educational standards are high. Textbooks during the period of compulsory education (10 years) have been free since 1965. School attendance rates are 91% for primary education, a high 62% for secondary education, and as much as 37% for tertiary education. Also, optional vocational training for those who have just completed compulsory education is relatively well established, with 40% of men and 20% of women in that age group attending such schools. However, a sudden increase of returnees after the Persian Gulf War has required a hefty investment in land for the construction of new schools.

2) Health:

Health care is fairly well-established throughout the country, but discrepancies between urban and rural areas exist regarding facilities and doctors, particularly specialists, and most patients with serious or intractable illnesses come to the capital city of Amman to receive treatment.

3) Urbanization:

The urban population accounts for 70% of the total population, with 90% of the approximately 300,000 people repatriated from the Gulf states following the Persian Gulf War settling in and around urban areas. Along with the consequent overcrowding have come problems with shortages of water, housing, education, health care, communications facilities and other inadequacies in the social infrastructure.

(2) Income distribution/Regional disparities

Disparities exist between urban and rural areas regarding the condition of things such as road maintenance and health care (doctors are concentrated in urban areas). Also, in particular, large regional differences in the labor market have brought about disparities in income as well.

(3) Others

The sudden increase of returnees following the Persian Gulf War has seriously influenced Jordan's finances and social infrastructure, etc. Notably, because remittances from those working abroad had been compensating for 50% of the invisible trade deficit, the country's finances have been greatly affected.

4. Special issues

(1) Environment

Problems with waste water and refuse disposal accompanying rapid urbanization are becoming more serious, as are problems with industrial waste pollution, dust, and ground water salination. Shortages of water for everyday use are growing more serious as urban population concentrations increase, and in places like the capital city of Amman there is strict water rationing, with water distributed by supply trucks. Moreover, the excessive amount of ground water being drawn is likely to lead to even more serious water shortages in the near future.

(2) Women in development

The position of women in Jordan is said to be one of the more free within the Islamic sphere. Women and men enjoy basically the same rights and slightly more than 10% of the labor force is women. Numerous measures towards women's social participation are being taken up, with various projects being advanced primarily by NGOs. Also, a National Women's Committee was recently established and is exploring how to employ basic WID policies.

(3) Military expenditures, etc.

The percentage of financial expenditures on the military is decreasing year by year (21.5% in 1992). In 1989 military expenditures totaled 12% of the GDP. There is no weapons manufacture.

(4) Democratization and basic human rights

A parliamentary democracy is maintained and direct elections are held for the Lower House. Democratization of the national charter is also being proclaimed, and democratization is being pursued steadily through freedom of the press, the recognition of political parties (1992), and so on. Fundamental human rights are also protected.

5. Indicators

	Land area	91,860 km ² (excluding the West Bank)		
	Population	3.888 million (1991)		
	Country classification (DAC list)	Lower-middle income country		
Economic indicators	GDP (in JD millions)	2,403.2 (1989) →	2,618.4 (1990) →	2,805.5 (1991)
	Real GDP growth rate	-10.6% (1989) →	-0.12% (1990) →	0.5% (1991)
	Per capita GNP (US\$)	1,275.2 (1987) →	1,026.5 (1990) →	1,043 (1991)
	Sectoral distribution of GDP	Agriculture, 7.01%; Mining/Industry, 14.69%; Services, 78.34% (1991)		
	Sectoral growth rate	Agriculture, -13.4%; Mining/Industry, -3.11%; Services, 2.7% (1991)		
	Sectoral distribution of employment	Agriculture, 7.2%; Mining/Industry, 10.4%; Services, 82.4% (1991)		
	Growth rate of consumers' price index	25.7% (1989) →	16.1% (1990) →	8.2% (1991)
	Unemployment rate	15.0% (1989) →	N.A. (1990) →	22.8% (1991)
	Exports (in JD millions)	534.1 (1989) →	612.2 (1990) →	589.6 (1991)
	Imports (in JD millions)	1,230.0 (1989) →	1,725.8 (1990) →	1,710.5 (1991)
	Balance of current accounts (in JD millions)	-327.58 (1989) →	-205.68 (1990) →	-464.18 (1991)
	External debt balance (in JD millions)	5,409.4 (1989) →	6,025.5 (1990) →	5,516.8 (1991)
	Debt service ratio	N.A. (1987) →	49.7% (1988) →	27.2% (1989)
	Foreign currency reserve (in JD millions)	1,183.2 (1989) →	1,389.7 (1990) →	2,941.3 (1991)
	Social indicators	Population growth rate	3.8% (1980-89)	
Life expectancy at birth		Male 64; female 68 (1989)		
Infant mortality rate		42/1,000 (1989)		
Per capita calorie intake		2,224 Kcal/Day + 40.5 gm Protein/Day (1990)		
Primary education enrollment ratio		Male, 92.6%; female, 95.9%; average, 94.2% (1990)		
Secondary education enrollment ratio		Male, 65.6%; female 66.0%; average, 64.8% (1990)		
Tertiary education enrollment ratio		29.2% (1991)		
Adult illiteracy rate		19.7% (1991)		
	Population ratio in absolute poverty	Overall population 18%, urban population 15.9%, regional population 23.5% (1987) (Absolute poverty line defined as income of less than JD50 per month per single household. Incomes falling below this are regarded as being below standard.)		

II. Socio-economic development situation

1. Outline of the national development plan

In 1989 Jordan received structural adjustment financing from the IMF and canceled its Third Five-Year Development Plan. It is implementing a blanket structural adjustment according to the Seven-Year Plan (1992-98) recommended by the IMF in 1991. A new Five-Year Plan (1993-97) was announced in September 1993. It is possible that revisions to the following may be made according to Jordan's plans and economic management hereafter.

(1) Goals

- 1) Early creation of a sound economy
- 2) Stable and sustained economic growth

(2) Issues

- 1) Rebuilding of the economy to curtail inflation
- 2) Re-evaluation of each industrial sector

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Normalization of the economy	<ol style="list-style-type: none"> 1) Introduce managed floating system 2) Reduce government and private sector consumption 3) Stimulate exports and control imports 4) Preferential treatment for investors 	It is difficult to create measures against the negative effects of prospective inflation, etc. To begin with, Jordan's agricultural and manufacturing industries are relatively weaker than its service industries.
(2) Comprehensive development of water resources	<ol style="list-style-type: none"> 1) Secure basic conditions for living 2) Secure necessary water for use in each type of industry 3) Establish water handling technology for efficient use of water resources 	Water resources are meager and the use of deep underground water requires heavy investment in high technology for desalination, etc. However, there are indications that water resource management and the maintenance of the water carrying framework are more of a problem.
(3) Stimulation of the industrial sector	<ol style="list-style-type: none"> 1) Develop a comprehensive fertilizer industry (production of fertilizers for all fields) 2) Invest in labor intensive factories 3) Boost employment 4) Take measures against industrial pollution 	Such measures require heavy investment. Also, since domestic markets are so limited it is necessary to explore and develop product markets.
(4) Increased production in the agricultural sector and increased income for farmers	<ol style="list-style-type: none"> 1) Develop agricultural land 2) Use resources efficiently and increase yield 3) Establish technology to check residual agricultural chemicals on produce 4) Up productivity by improving produce strains and types 	<ol style="list-style-type: none"> 1) Limitations on development 2) Instability caused by the influence of weather conditions 3) Lack of specialized technology 4) Lack of produce improvement technology
(5) Stimulation of small and medium enterprises	<ol style="list-style-type: none"> 1) Special privileges to companies intending to export 2) Expand export markets for small and medium enterprises 3) Boost employment 	It is difficult to obtain consensus among various enterprises, and there are no government funds to begin with.

(6) Development of tourism	1) Restore and maintain historic ruins and preserve the environment 2) Prepare rest and guide facilities at noted historic spots 3) Conduct tourism promotion campaigns directed at individual countries (especially Japan) 4) Improve infrastructure around tourist areas 5) Introduce private foreign investment	1) Lack of expert specialists to restore historic ruins 2) 3) 4) Insufficient funds 5) Requires the granting of tax benefits, etc.
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3. Investment program for the development plan

Investment plans within the new Five-Year Plan (1993-97) are indicated below.
(Unit: JD millions)

Government investment	1,874	(equal emphasis on education, health as other aspects of the infrastructure)
Social development	810	(43.2%)
Infrastructure improvement	890	(47.5%)
Other	174	(9.3%)
Private investment	3,368	(Increase the share of private investment yearly through improvement of the investment environment.)

4. National budget

Fiscal 1991 (JD millions) (Note: 1JD = US\$ 0.680 (1991), US\$ 0.673 (1992))

Revenues	1,089.4	Expenditures	1,115.95
Tax revenue	383.0	National defense	277.02 (24.8%)
Business income, etc.	87.0	Agriculture, forestry and fisheries	16.6 (1.5%)
Donations, etc.	236.3	Mining/Industry, Construction	N.A.
Others	383.1	Energy	10.68 (0.96%)
		Transportation and communications	29.11 (2.6%)
		Education	109.21 (9.8%)
		Health	52.34 (4.7%)
		Loan repayments	173.07 (15.5%)
		Others	447.92 (40.1%)

Fiscal balance ▲26.55

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$680.3 million (1991)

(in millions of dollars)

	Germany	United States	Canada
Aid amount	119.8	33.0	25.6
Share	17.6%	4.9%	3.8%
Type of aid	Grants, technical cooperation	Technical cooperation, grants	Grants
Priority areas or sectors			

The amount of assistance from the United States has decreased radically from \$58.0 million in the previous year, with its share decreasing to 1/10th of what it was 2 years ago. However, over half of assistance to Jordan is in the form of technical cooperation. Germany and Canada, etc. are also emphasizing donations. (Incidentally, as indicated below, 92.0% of Japanese assistance was in the form of yen credit.)

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements) \$233.4 million (1991)

(In millions of dollars)

	EDF (EC)	FAO (WFP)	UNICEF
Aid amount	193.2	16.2	4.6
Share	87.6%	7.3%	2.1%
Type of aid	Donations	Donations	
Priority areas or sectors			

3. Japanese ODA

The place of Japan among bilateral donors: 1st

Share: 63.3%

Aid amount (in million US\$, 1991)	Trends in assistance
Technical cooperation 6.38	Assistance until now has centered on loans and technical cooperation, but recently grant assistance besides grant aid for cultural activities have also been started. Project-type technical assistance such as The Electric Power Training Center and the Electric Service and Training Center of the Royal Scientific Society have been implemented, and The Computer Technology Development and Training Center project is underway. Assistance teams are also active in each field.
Grant aid 0.35	
Loans 423.94	
Total 430.67	

Further, in 1991 Japan dramatically increased loan assistance because of the Persian Gulf Crisis, etc., with the total increasing to as much as 35 times what it had been 2 years before, far outdistancing other assistance-providing countries to take 1st place.

4. Collaboration among aid organizations

In addition to assistance conferences conducted irregularly by organizations such as the IMF and the World Bank, assistance to Jordan among major developed countries is also under deliberation at currently developing multilateral Middle East peace conferences.

5. Situation of NGO activities

- (1) NGOs currently active: Approximately 300 organizations
- (2) Main organizations and contents of activities
 - 1) Queen Alia Fund
 - 2) Noor Al-Hussein Foundation
 - 3) General Union for the Voluntary Societies

Targets of activities include social welfare, regional development, special education, and women's education.

IV. Priority areas or sectors for JICA cooperation

In order to strengthen Jordan's economic base, which is a key to stability in the Middle East, and to achieve the normalization and stable growth of the economy sought by Jordan itself, and further to support and bolster cooperation between countries in the region including Jordan through Bilateral Talks for Middle East peace, assistance to Jordan is conducted with the following objectives in mind.

- (1) Early normalization of economic conditions
- (2) Strengthening of the base of economic growth
- (3) The advancement of Middle East peace and regional cooperation

Sectors	Main goals					Strategy	Purpose of projects	Target region
	Economic normalization	Stable growth	Boost exports	Fair distribution of income	Middle East Peace			
Economic management	⊙	○			○	(1) Support economic structural adjustment	1) Increase donations (especially grant aid)	Aqabah Petra
		⊙	○		⊙	(2) Boost foreign investment	1) Improve electricity generation and transmission 2) Improve harbors (Aqabah Harbor)	
	○	⊙			⊙	(3) Increase foreign currency revenue	1) Stimulate tourism and related industries	
Agriculture, forestry and fisheries		⊙		○	○	(1) Improvement of agricultural production	1) Increase unit area yield 2) Expand irrigated lands 3) Increase production by improving and developing produce strains 4) Secure and improve quality of water supply for use in irrigation 5) Prevention of crop damage by noxious insects 6) Removal of residual chemicals from produce	Aqabah
	○	○	⊙		○	(2) Expand export destinations for agricultural produce	1) Improve harbors (Aqabah Harbor)	
	○	⊙	○		○	(3) Foster other agriculture-related industries	1) Improve related industries, from production to processing	
Mining and industry	⊙	○		⊙	○	(1) Correct regional employment discrepancies	1) Develop southern region	Muta, etc.
		○		○	○	(2) Foster small and medium enterprises and boost employment	1) Improve each type of infrastructure	
		○	⊙		○	(3) Standardize industrial products	1) Create industrial standards and standardize product quality	
	○	⊙			⊙	(4) Secure water supply for industrial use		

Sectors	Main goals					Strategy	Purpose of projects	Target region
	Economic normalization	Stable growth	Boost exports	Fair distribution of income	Middle East Peace			
Economic infrastructure		⊙	○		⊙	(1) Improve industrial base	1) Improve electricity generation and transmission 2) Improve harbors (Aqabah Harbor) 3) Improve communications network (mainly phone network)	Aqabah
	⊙	○		○	⊙	(2) Create an effective labor force	1) Expand vocational training (particularly among Palestinian refugees and Gulf returnees)	Kyampu
	⊙	○			⊙	(3) Increase employment opportunities within service industries	1) Stimulate tourism and related industries	Petra
Social infrastructure	○	⊙		○	⊙	(1) Secure water resources	1) Use water resources effectively 2) Develop of new water resources	
	○	⊙		○	⊙	(2) Improve waterworks and sewage, etc.	1) Improve and expand sewage treatment facilities 2) Improve waterworks and their maintenance management 3) Water main management and dissemination of development technology	
	⊙	○			⊙	(3) Improve waste disposal		Kyampu

V. Consideration during the implementation stage of projects

(1) Considerations during the formulation of cooperation plans

- 1) As Jordan is currently in a phase of structural adjustment, rebuilding of the economy is the biggest issue. As part of this, a five-year economic development plan to begin in 1993 was announced in September of that year.
- 2) Jordan is a key player in the Middle East peace issue, which is showing rapid progress, making the stability of Jordan extremely important to the stability of the region as a whole. For these reasons as well, we must endeavor to make Jordan's economy strong and sound and improve its economic base.
- 3) One of the most important issues regarding assistance to Jordan is comprehensive development of water resources and water handling technology to use existing water resources effectively. Without water resources the success of industry is unthinkable.
- 4) In the past Jordan's economic structure has been such that trade deficits have been made up for through remittances sent by Jordanians working abroad in the Persian Gulf countries, but in the wake of the Persian Gulf War a turnabout of this situation is unavoidable, and assistance is sought in this regard. The rapid increase in returnees has caused further unemployment and water shortages, and measures to cope with these is also require immediate attention.
- 5) Besides these, assistance involving measures to stimulate industry, including small and medium enterprises, product quality improvement measures to boost agricultural exports, and measures to stimulate tourism are all conceivable, but it is desirable that assistance takes a form that follows along with the structural adjustment program and the Five-Year Plan mentioned above.

(2) Consideration for implementation capacity of counterpart-organizations

- 1) The Planning Ministry acts as the window for external assistance, but it cannot be said to have sufficient ability to determine items and formulate implementation plans, and therefore it is necessary to begin by making investigations into Jordan's needs to determine appropriate items, and then work together, step-by-step.
- 2) Jordan does not have a large capacity to bear local costs, and it is necessary to consider this when conducting assistance from now on.
- 3) With a high standard of education, as well as the capacity to absorb technical transfer, suitable technical assistance plans may be expected to meet with great success.

VI. Summary of evaluation studies

- 1) **Water resources:**
Water resources are the greatest, most pressing problem, but in order to provide appropriate assistance to meet Jordan's needs it is first necessary to consider the results of development surveys and the movements of other organizations so far.
- 2) **Agricultural sector:**
There are various issues such as increased productivity, the water problem, agricultural administration, and product quality improvement with an eye to exporting, but assistance must be based on a further pursuit of areas indicated by the results of past development surveys.

- 3) **Industrial sector:**
Efforts to diversify and make large-scale industries such as mineral phosphates and fertilizers more comprehensive, as well as efforts to foster export industries and strengthen the base of small and medium enterprise, are intended not only to increase the region's capacity to absorb labor, but also to have economic effects in the surrounding areas, and support should take a form conducive to these goals.
- 4) **Service sector:**
One key is to link, as far as possible, increased employment, development of the southern region, and the correction of income disparities with forms of development that employ Jordan's abundant tourism resources.

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CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

Kingdom of Morocco

I. Political, economic and social situation

1. Political situation

(1) Government regime

Constitutional monarchy

(2) Date of independence

March 2, 1956

(3) Head of state

King Murai Hassan II (from 1961)

(4) Political structure

1) Legislative:

Unicameral system (333 Diet seats, 6 year terms) Last year in September the new constitution gained approval by a national vote, and direct elections on June 25 filled 222 of the 333 Diet seats. On September 17 the remaining 111 sectoral representative seats were filled through indirect elections.

2) Executive:

Comprised of one body (under the prime minister) with 20 ministries. The cabinet, like its predecessor, was formed by Prime Minister Mohammed Karim Lamrani in November 1993, and like the previous cabinet it is a provisional cabinet made up primarily of 'technocrats', with none of the members having political party affiliation. Regional administration is divided into 5 states (Willaya), 42 provinces (including the 4 provinces of the Western Sahara), and 18 prefectures, with the prime minister, state ministers, and state, provincial and prefectural governors appointed by the king.

3) Judiciary:

Supreme Court (in Rabat), appellate courts (in 21 cities), courts of first instance (65), administrative courts, special courts, and military courts, with district courts handling litigation by the illiterate and poor classes.

4) Political parties:

In the June direct elections and the September indirect elections jointly struggling right-wing parties including the Constitutional Union (UC), the Popular Movement Party (MP), and the People's National Movement Party (MNP) acquired 154 seats, while on the other hand left-wing parties including the Istiqlal Party (PI), the Socialist Union of Popular Forces (USFP) obtained 122 seats, with neither obtaining the 167 seats necessary to secure a clear majority.

(5) Domestic administration

Energy is being poured into the stimulation of agriculture and small-medium enterprise, tourism development, education reform, measures against unemployment, improvement of various aspects of the infrastructure, and environmental measures (including the establishment a cabinet-level post, "Director General of Environmental Preservation"). Measures to combat narcotics in the northern areas are also being undertaken, emphasizing agricultural development and improvement of the social infrastructure in those areas.

(6) Trend of politics

- 1) At the United Nations Security Council Summit Conference in March 1993, King Hassan II announced the holding of general elections which had been postponed for nearly two years, but because of the inclusion of the Western Sahara, of which Morocco asserts its possession, a resident's poll for that region is involved and the elections were unable to be conducted within 1992 as promised.
As the first general elections since 1984, the direct elections of June 1993 and the indirect elections of September 1993 sent 222 members and 111 members to the Diet, respectively.
- 2) Neither the Right nor the Left was able to gain a stable majority by the June and September elections. For this reason the king, aiming at the formation of a stable cabinet, called for the left-wing, participation in cabinet posts (to secure cooperation within the cabinet). However, the important posts of Foreign Affairs and Cooperation Minister, Justice Minister, and Home and Public Information Minister were all directly appointed by the king, prompting opposition from the Left. As a result, the new cabinet, like its predecessor, is a provisional cabinet made up primarily of technocrats.
Also of note, two women obtained posts in the Diet through these elections.
- 3) Morocco has reacted to European and American criticisms regarding human rights issues with concrete measures such as the release, after nearly 20 years, of family members of the military leaders of a failed coup d'état, as well as the establishment in 1992 of a Human Rights Inquiry Committee. Further, the words "human rights" have been used for the first time in the new constitution, indicating significant consideration towards respect for human rights. In the new cabinet formed in November 1993 a new cabinet-level post, "Human Rights Director General under the Prime Minister" was established.
- 4) On June 29, 1992 in Algeria, where conflict between the government and Islamic fundamentalists continues, the pro-Morocco Chairman Budeiafu was assassinated, causing heightening caution in Morocco regarding the actualization of the Islamic fundamentalist movement.

(7) Diplomatic relations

- 1) The underlying tone of Morocco's diplomatic relations is one of non-alignment. As a member of a moderate faction within the League of Arab states, Morocco maintains a flexible, realistic foreign policy. Also, the Maghreb Union headquarters are located in Rabat, and through the mutual interests of differently structured countries such as Libya and Algeria it aims to strengthen the Maghreb relationships in reaction to EC integration.
- 2) Possession of the Western Sahara is Morocco's largest diplomatic issue. King Hassan II attended the January 1992 United Nations Security Council Summit Conference, and in June held a conference with Council Chairman Budeiafu (at that time, later assassinated) of Algeria, which was backing the guerrilla Polisario Front that calls for Western Saharan independence. At this conference the diplomatic stones for possession of the region were steadily laid. The UN-initiative residents' poll which will decide the return of the Western Sahara, scheduled for January 1992, has encountered opposition from the Polisario Front over negotiations regarding voting qualifications, and has been postponed for the moment. The United Nations hopes for the poll to take place by

June 1994, but in light of opposition regarding voting rights it seems as if the stalemate will continue for the time being.

- 3) The Free Trade Agreement Proposal submitted by the February 1992 EC Cabinet Council looks toward Moroccan membership in the EC and as such is a significant diplomatic issue for Morocco in the 1990s.

2. Economic situation

(1) General trend

- 1) Because of severe drought between 1980 and 1984, increasing military spending on the Western Sahara, and sudden jumps in oil prices and the value of the dollar, Morocco has conducted debt deferments 6 times since 1983, and following an IMF advisory is pursuing policies such as tight financing, export stimulation, deregulation of imports, investment expenditure streamlining, and the promotion of private investment.
- 2) On January 31, 1992 the IMF approved \$129.5 million in structural adjustment financing, but this was concluded in fiscal 1992, and in January 1993 a transfer to withdrawal of exchange limit steps according to the IMF eight conditions was announced.
- 3) With 60.5% of the population under the age of 24 (1990) and 32.6% of young people aged 15-24 unemployed, the securing of jobs for the younger strata of society is Morocco's greatest social issue.
- 4) In 1991 the growth rate of the consumers' price index for bread, water service, and tobacco rose 1.5% from the previous year to become 8.2%, showing a strong inflationary tendency, but monetary restraint policies in 1992 have brought this back down to 4.9%.

(2) Trends in the major sectors

- 1) **Agriculture, forestry and fisheries:**
Roughly 40% of Morocco's work force is engaged in the agriculture, forestry or fishing sectors, and exports of food products account for 30% of total exports. However, only about 10% of the 8 million hectares of cultivable land is irrigated, and the agriculture industry is affected by the weather of each year. Grain harvests in 1989 were the second largest in the country's history at 7.3 million tons, and despite poor weather increased by 62 thousand tons in 1990. However, drought from the autumn of 1991 brought the 1992 grain harvests down to 30% of their total in 1991. In marine industries 570,000 tons and 600,000 tons of fish were caught in 1990 and 1991 respectively, and including frozen and canned products marine industry exports account for 13% of total exports.
- 2) Including the territory within the Western Sahara, 80% of the world's buried reserves of mineral phosphates are located in Morocco, but foreign demand and prices are sluggish. Mining industries accounted for 4% of the total GDP in 1991, but in the same year phosphate-related industry exports accounted for 30% of all exports.

(3) Fiscal policy

Endeavoring to make the economy more sound, in addition to tight financing, tax reform is also being pursued in order to increase national revenue, with particular emphasis on the prevention of tax evasion caused by social inequalities and wide disparities between wealthy and poor. 1992 revenue was DH 73.43 billion and expenditures were DH 73.32 billion, making the general accounting balance + DH 110 million. 1993 revenue was DH 77.23 billion (a 5.1% increase from the previous fiscal year) and expenditures were DH 80.01 billion (a 9.1% increase from the previous fiscal year), with the general accounting balance taking a -DH 2.78 billion turn for the worse.

(4) International balance of payments

The trade balance and the balance of invisible trade excepting travel runs a chronic deficit which is alleviated by tourism revenue and remittances by immigrants. Exports in 1992 were DH 34 billion and imports were DH 62.8 billion, making the trade deficit DH 28.8 billion, up 28.6% from the previous year. The balance of current accounts in 1987 and 1988 added up to a slight surplus, but after 1989, with the expanding trade deficit, this fell into deficit as well, and in 1991 the deficit was DH 3.64 billion.

(5) External debt

Regarding official debts, the fifth and sixth debt service postponements were approved at the Paris Club of May 1990 and February 1992, and \$3.2 billion in commercial debts were postponed as part of the Brady Plan at the London Club of September 1990. The government has declared that the sixth debt service postponement will be the last for debts from 1983 on.

(6) Economic relations with Japan

The trade balance with Japan in 1992 showed a 34.2% decrease from the previous year, with exports (\$249.3 million) and imports (\$109.4 million) both down, creating a surplus of \$139 million. Main exports to Japan include marine products such as squid and octopus, which occupy over 80% of exports to Japan, followed by mineral phosphates. According to 1990 statistics these occupy 17% and 38%, respectively, of all squid and octopus imports to Japan. 80% of imports from Japan are occupied by industrial products such as trucks and other automobiles, television set parts, textile machinery, etc.

3. Social situation**(1) Trends in the major sectors****1) Education:**

The education system was revised to a 6-3-3-4 system in fiscal 1990-91, with the 9 years through middle school as compulsory education. The number of students in 1991-92 was 2.58 million for primary schools, 1.17 million for middle through high schools, and 220,000 for university (including vocational schools and executive training schools), among which 80,000 were women. School attendance ratios vary greatly among boys and girls, and among urban and farming village populations, with a survey conducted in 1991 showing attendance of first grade to be 82.4% for urban boys, 78.7% for urban girls, 53.6% for farming village boys, and 28.3% for farming village girls.

2) Health:

Morocco has the lowest standard of health care among the three Magrebe nations. In 1991 there were approximately 6,000 doctors, 1,800 pharmacists, 23,000 health agency paramedical personnel (nurses, etc.), with medical facilities distributed unevenly and concentrated in the large cities, creating regional disparities in medical care services. The government has begun efforts towards public sanitation and health education in farming villages.

3) Urbanization:

The urban population in 1991 was 49% of the total population at 12.29 million, with farming village population at 12.72 million. The influx of young people into the cities is extremely high, even more so in years when farming villages are affected by drought, all of which contributes to social instability.

4) Employment:

With such a heavy influx of young people into the cities, unemployment among urban young people (ages 15-24) has risen to 32.6% and the creation of jobs has become a pressing issue.

5) Population:

In 1991 the Bureau of Statistics estimated a population of 24.9 million (not including the Western Sahara), a population increase rate of 2.15% (including the Western Sahara), and a population density of 54.2 people/km² (not including the Western Sahara).

(2) Income distribution/Regional disparities

- 1) Great income disparities exist between the 15.8% unemployed class and the wealthy strata, and also between minute farmers in farm villages and large-scale farm operators who produce 80% of all produce exports, and this is one cause of social instability.
- 2) Certain aspects of the social infrastructure such as education and medical care, as well as certain aspects of the economic infrastructure such as transportation and communications are extremely concentrated in urban areas, creating even wider disparities between urban areas and farm villages.

(3) Others**1) Measures against narcotics:**

In response to demands from the EC countries, efforts are being made to clamp down on narcotics, and in order to stop the cultivation and smuggling of hemp, farmers in the northern regions, the primary centers of cultivation, are being encouraged to substitute other crops. Agricultural development and social infrastructure improvement are being pursued actively in these areas, towards which Morocco has requested assistance from developed countries such as Japan, the United States, and the European countries.

4. Special issues**(1) Environment****1) Main environmental issues:**

Desertification, erosion, and destruction of the natural environment through over-cutting of forests, etc.
Pollution of rivers and the ocean by everyday and industrial waste water
Increasing slums in urban areas

2) Structure of environmental administration & environment-related organizations:

In addition to the placement of a Director General of Environmental Preservation under the Home Minister (a cabinet-level position), organizations include the Forest and Soil Preservation Bureau in the Agriculture and Farmland Reform Agency, the Public Works Agency Water Bureau, the Home Ministry Environmental Section, the Hassan II Farm Animal Medicine Research Center, and the Fisheries Agency Ocean Science Research Center.

3) Environmental legislation/Environmental effects evaluation system:

The Home Ministry is preparing a so-called 'Environmental Protection Law', but currently each related ministry is acting according to the notice of the impending law.

4) Main environmental administration:

Establishment of an energy recycling center, urban renewal, sewage measures, measures to prevent desertification, directives regarding nature preservation lands, regulation of forest cutting, regulations for urban renewal in large cities.

(2) Women in development

The Koran Sharia stipulates a fundamentally separate social standing for women. The rule of a national ideology, the weak consciousness of women regarding their rights, and traditional and religious practices combine to keep the education rate for women low. The illiteracy rate among Moroccan women is extremely high, even among the three Maghrebe nations, and they have few employment opportunities. The government has drafted a "National strategy for the improvement of women's social position by the year 2000", and women's programs are being conducted by the Youth Sports Agency, the Labor & Social Projects Agency, the Health Ministry, and the Agency of Agriculture and Farmland Reform. The four major goals for these programs include the inspection of women's legal position, the improvement of women's knowledge and qualifications, the promotion of women's employment & improvement of productivity, and the removal of barriers to women.

(3) Military expenditures, etc.

A large amount is spent on the military to maintain the Western Sahara. The national defense budget was ¥983 million in 1991 and \$1.13 billion in 1992, an 11.6% increase over the previous fiscal year.

Main suppliers of weapons include the United States, France and Spain, but these have remained relatively inactive since the cease fire in the Western Sahara, with only a small number of vehicles being imported from France and Spain.

(4) Democratization and basic human rights

There are cases of imprisonment of editors of anti-government newspapers and the suppression of free speech. European and American non-government human rights protection groups and the United Nations Commission on Human Rights are strongly critical of mistreatment and torture of political dissidents, and for a time there was a serious cooling of the France-Morocco relationship over of human rights issues. Specifically, in January 1992 Morocco strongly objected when a bill for assistance to Morocco sponsored by the EC was suspended over human rights issues. However, at the same time it began to take steps to relieve the problem, starting with the release of political prisoners, and in March 1992 the king established a Human Rights Inquiry Committee. In September of the same year the revised constitution came to include the words "human rights" in the preamble for the first time, and the country's attention to human rights is being emphasized. Multi-party politics and a Diet that is 2/3 chosen through direct elections have been taken up, and the June and September 1993 direct and indirect elections and other aspects of democratic process are being received more-or-less favorably.

Among the current technocratic cabinet launched in November 1993, the "Human Rights Director General under the Prime Minister" has been established as a cabinet-level post and Morocco is showing its deep interest in human rights issues, both domestically and abroad.

5. Indicators

	Land area	459,000 km ² (Not including 251,850 km ² of Western Sahara)		
	Population	Approximately 25 million (not including the Western Sahara)		
	Country classification (DAC list)	Lower middle-income country		
Economic indicators	GNP (US\$ millions)	23,788 (1990) →	26,451 (1991) →	(1992)
	Real GDP growth rate	2.6% (1990) →	4.3% (1991) →	% (1992)
	Per capita GNP (US\$)	970 (1990) →	1,030 (1991) →	(1992)
	Sectoral distribution of GDP	Agriculture, 18.9%; Mining/Industry, 31.3%; Services/Other, 38% (1991)		
	Sectoral growth rate	Agriculture, 20.3%; Mining/Industry, %; Services/Other, % (1991)		
	Sectoral distribution of employment	Agriculture, %; Mining/Industry, %; Services/Other, % (1991)		
	Growth rate of consumers' price index	6.7% (1990) →	8.2% (1991) →	% (1992)
	Unemployment rate	15.8% (1990) →	17.3% (1991) →	% (1992)
	Exports (US\$ millions)	4,4230 (1990) →	4,466 (1991) →	(1992)
	Imports (US\$ millions)	6,920 (1990) →	7,234 (1991) →	(1992)
	Balance of current accounts (US\$ millions)	Δ 2339 (1990) →	(1991) →	(1992)
	External debt balance (US\$ millions)	* 20,559 (1990) →	21,073 (1991) →	(1992)
	Debt service ratio	* 24% (1990) →	% (1991) →	(1992)
	Foreign currency reserve (US\$ millions) ^a	* 2,000 (1990) →	2,800 (1991) →	3,600 (1992)
Social indicators	Population growth rate	2.6% (1980-91)		
	Life expectancy at birth	62 (1991)		
	Infant mortality rate	78/1,000 (1989)	(* rate for infants under 1 year)	
	Per capita calorie intake	3,020 Kcal/day (1991)		
	Primary education enrollment ratio	Male 68%, female 46% (1986-88)		
	Secondary education enrollment ratio	Male 43%, female 30% (1986-88)		
	Tertiary education enrollment ratio	Male 3.2%, female 6.6% (1986-88)		
	Adult illiteracy rate	Male 46%, female 70% (1985)		
	Population ratio in absolute poverty	Total population 36.5%, urban 28%, farm villages 45% (1980-88)		

Source:

Annuaire Statistique du Maroc 1992 (Direction de la Statistique, Ministère des Affaires Economiques et Speciales)

The World Bank Atlas 25th Anniversary Edition (World Bank)

"Morocco Summary" (prepared 1993, Morocco Japanese Embassy) Other

II. Socio-economic development situation

1. Outline of the national development plan

(1) Goals

Drafting of the Sixth Five-Year Plan to follow the Fifth Five-Year Plan (1988-92) has not been completed. These plans are scheduled to be formally drafted following the formation of the new cabinet in Autumn 1993, and in the interim the main policies of the old Five-Year Plan will be continued until the new plan is completed.

- 1) Real GNP growth rate average 4%, export growth rate 5.4%, import growth rate 3.9%
- 2) Privately led economic development, expansion of employment opportunities

(2) Issues

- 1) Farm village development
- 2) Economic decentralization (activation of regional economies)
- 3) Stimulation of small and medium enterprise and activation of private enterprise
- 4) Privatization of public enterprise to increase efficiency of the public sector
- 5) Export stimulation
- 6) Cultivation of human resources

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Agricultural development	<ol style="list-style-type: none"> 1) Establish self-sufficient food supply system 2) Expand irrigation facilities 3) Improve farming and livestock productivity 	<ol style="list-style-type: none"> 1) Existence of minute agriculture completely dependent on rainwater 2) Cost risk of developing mountain foot agricultural land 3) Need to improve produce strains 4) Desertification, erosion, progress of forest cutting
(2) Economic decentralization	<ol style="list-style-type: none"> 1) Correction of urban and rural disparities 2) Activation of traditional area industries 	<ol style="list-style-type: none"> 1) Lack of transportation and communications infrastructure 2) Insufficient investment capital
(3) Stimulation of small and medium enterprise	<ol style="list-style-type: none"> 1) Foster labor intensive small and medium enterprise 2) Foster development of export-oriented small and medium enterprise 3) Expand employment opportunities 	<ol style="list-style-type: none"> 1) Inadequate resources and equipment 2) Lack of international competitiveness 3) Shortage of skilled labor
(4) Privatization of public enterprise	<ol style="list-style-type: none"> 1) Financial reconstruction through structural adjustment 2) Activation of private economic activity 	<ol style="list-style-type: none"> 1) Reduction of public servants 2) Insufficient private investment
(5) Export stimulation	<ol style="list-style-type: none"> 1) Stimulate industrial products exports 2) Actively introduce foreign capital 	<ol style="list-style-type: none"> 1) EC unification economic restraints 2) Quality control and standardization of specifications
(6) Cultivation of human resources	<ol style="list-style-type: none"> 1) Improve base of health and sanitation 	<ol style="list-style-type: none"> 1) Low school attendance rate and high illiteracy rate 2) Shortage and uneven distribution of medical specialists

3. Investment program for the development plan

Overall planned investments for the Fifth Five-Year Plan are DH 205 billion. The emphasis is on privately led economic development, with 52% of the investment to come from the private sector. Privatization of public works is being advanced, and the plan includes the creation of 300,000 new jobs per year.

4. National budget

Fiscal 1992 (DH millions)	Expenditures	73,316.6	
Revenues	73,426.7	National defense	10,074.6 (14%)
Tax revenue	52,247	Agriculture, forestry and fisheries	3,265.7 (4.5%)
Business revenue, etc.		Construction industry	3,348.6 (4.6%)
National bonds	15,700	Energy	490.4 (0.7%)
Others	5,479.5	Transportation and communications	555.4 (0.8%)
(Donations are not included in general budget figures)		Education	13,563.7 (18.5%)
		Health	2,554.8 (3.5%)
		Housing	357.9 (0.5%)
		Loan repayments	22,437.1 (30.6%)
		Others	16,668.4

Fiscal balance

Revenue for the fiscal 1992 general budget increased 4.7% from fiscal 1991, and expenditures increased 3.8%, a great improvement from the 518.9 million DH deficit in fiscal 1991.

Exchange rate: 1992 Exchange rate (annual averages)

\$1 = DH 8.42 ("Morocco Summary", prepared by the Japanese embassy)

Source:

Revue d'Information, janvier 1993 No. 192, Banque Marocaine du Commerce Extérieur

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$186.824 million (1991)

Country	France	Germany	United States
Aid amount	\$57.394 million	\$48.217 million	\$38.182 million (not including peace-keeping forces)
Share	30.72%	25.80%	20.43%
Type of aid	Loans, grant aid, technical cooperation	Loans, grant aid, technical cooperation	Technical cooperation, grant aid
Priority areas or sectors	Human resource cultivation, social development, administration, mining and industry	Social development, agriculture, forestry & fisheries, resource development, energy	Agriculture, forestry & fisheries, health care, commercial trade industries, energy

Source: *Cooperation au Developpement MAROC, rapport 1991 (PNUD)*

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$50.122 million (1991)

Organization	WFP	UNDP	IFAD
Aid amount	\$30.796 million	\$5.459 million	\$7.360 million
Share	61.44%	10.89%	14.68%
Type of aid	Grants	Technical cooperation	Loans
Priority areas or sectors	Food assistance	Agriculture, forestry & fishing industries, human resource cultivation, resource development	Agriculture

Source: *Cooperation au Developpement MAROC, rapport 1991 (PNUD)*

3. Japanese ODA

Japan's place among bilateral donors: 5th Share: 5.6% (1991)

Source:

"Japan's Official Development Assistance, 1992" Foreign Affairs Ministry, Economic Cooperation Bureau, ed.

Aid amount (\$ millions, 1991)	Trends in assistance
Technical cooperation 8.02	Cumulative totals until 1991 included the acceptance of 244 trainees, dispatch of 99 specialists and 441 assistance team members, 1 project-style technical assistance item, and 13 development surveys. Japan has the most assistance team members in the area (8th in the world). Main areas include marine, mining, and other industries. Cumulative total through 1991 was ¥10.17 billion, third in the region after Egypt and Turkey.
Grant aid 12.39	From 1986 on, because of Morocco's transfer to eligibility for general grant provision, the amount of provisions has tended to increase, with marine industries, agriculture, and the development of underground water the primary areas of concern.
Loans 8.37	In fiscal 1989, through joint loans with the World Bank and AFDB, ¥13 billion was provided for a "Structural Adjustment Plan." Also, provision of yen credit is scheduled to resume in the near future.
Total 28.78	

Source: "Japan's Official Development Assistance, 1992" Foreign Affairs Ministry, Economic Cooperation Bureau, ed.

4. Significance of ODA in the country

Percentage of national budget occupied by ODA: Unknown

5. Collaboration among aid organizations

UNDP is at the stage of adjusting for the preparation statistical materials. The EC Community, USAID, CIDA, JICA, etc. are conducting individual exchanges of information.

6. Situation of NGO activities

- (1) NGOs currently active: 5 organizations
- (2) Main organizations and contents of activities
 - 1) Catholic relief service: Human resource and social development
 - 2) Protection Britannique des Enfants (Britain): Human resource cultivation
 - 3) Terre des Hommes: Human resource cultivation and health care
 - 4) Peace Corps (US): English language education, education for the blind, increased food production (included as an NGO in UNBP statistics)
 - 5) Brot für die Welt (Germany): Regional development

IV. Priority areas or sectors for JICA cooperation

Assistance to Morocco should follow along lines that support the achievement of its financial rebuilding and regional economic development, as follows:

- (1) Stimulation of exports
- (2) Support of farming village regions in order to correct regional disparities
- (3) Strengthening of environmental preservation measures to accompany population increase and development

Sectors	Main goals			Strategy	Purpose of projects	Target region
	Stimulation of exports	Correction of regional disparities	Environmental preservation			
Economic management						
Agriculture, forestry and fisheries	⊙	⊙	⊙	(1) Establish self-sufficient food supply system (2) Promote fishing and the effective use of marine resources (3) Prevention of desertification and securing of fuel wood resources	1) Build dams and other drought facilities 2) Improve breeding, germination, and production technology (including grazing pastures) 3) Activate agricultural cooperatives and foster small agriculture 1) Scientific investigation and study of marine resources 2) Create market for and spread processed marine products 3) Train fishing boat crews 1) Study current state of forest resources 2) Improve efficiency of firewood and charcoal fuel use 3) Expand tree planting for firewood and charcoal fuel	
Mining and industry	○	○	○	(1) Develop mineral resources (2) Foster small and medium enterprises (3) Develop alternative energy sources	1) Investigate and study non-phosphate mineral resources 1) Introduce quality control system and technology 2) Stimulate employment and activate rural areas 1) Research and development of small-scale hydroelectric power, as well as solar, wind, and bio-energy	

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- 1) The Kingdom of Morocco is pursuing deregulation and tight financing in line with recommendations by the World Bank and the IMF. In order to establish a self-sufficient food supply system to reduce food imports, it is necessary for Japan to actively cooperate in agricultural development, since agricultural stimulation, when taking into account the over 2% population growth rate, puts great pressure on the national finances. However, when drafting concrete plans, the object should not be large-scale farms, but rather the minute farms that depend to a great extent on weather conditions.
- 2) Regional disparities between urban and farming village social infrastructures and income disparities between the wealthy classes and the general population are spreading, becoming a source of social instability. It is necessary to take the correction of such disparities into account when drafting assistance plans that contribute to social stability, and at the same time it is necessary to consider illiterate people, women, and others with diminished social power.
- 3) Air and water pollution and other damage to the natural environment tend to accompany rural economic activation and privately led economic development, and Japan must actively support investigation, study, and measures regarding such dangers.

(2) Consideration for implementation capacity of counterpart-organizations

- 1) With centralized authority concentrated around the royal household and a vertical administrative structure, projects requiring the cooperation of a variety of authorities are difficult to pull together and the procedures can be troublesome. Therefore, integration of managing government window organizations is essential. Pre-project communication of intentions is indispensable.
- 2) In light of its tight-financing measures Morocco can not be expected to shoulder too many local costs, and therefore it is necessary to consider how to reduce these as much as possible.

VI. Summary of evaluation studies

- (1) In Japan's assistance to Morocco, resources and equipment have been used effectively and have been evaluated highly, but in light of the privatization of government projects, problems such as the nature of resources and equipment and the supply of parts and other materials remain.
- (2) Regarding the dispatch of specialists and assistance teams, improvement in both the level of technology and language ability (French, Arabic) are important in the evaluation of assistance.
- (3) In fields besides successful fishing, agriculture, public projects, and mining there is little familiarity with Japan's assistance system, and therefore it is necessary to seek understanding through thorough explanation.

CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

Kingdom of Saudi Arabia

I. Political, economic and social situation

1. Political situation

(1) Government regime

Monarchy government

(2) Date of independence

May 20, 1927

(3) Head of state

King Fahd (Fahd Ibn Abd Al Aziz Al Saud) (serving concurrently as prime minister since June 13, 1982) (Honorary: Guardian of the two holy Mosques)

(4) Political structure

1) Legislature:

No political parties or parliament. A Council of Ministers serves as the legislative body. (Islamic law is the basis of the legal system, underpinned by the Hanafli school of jurisprudence which strictly observes the teachings of the Koran. In the modern age Islamic law has been supplemented by the government regarding issues not addressed by Islamic law.)

2) Executive:

Centralized government with 20 ministries. State governments (self-governing regions) fall under jurisdiction of the Home Ministry.

3) Judiciary:

Judicial authority is held by Islamic leaders, with courts of law conducted according to the Shari'ah (Islamic law). Three-level system.

4) Political parties:

None (formation prohibited). On August 20, 1993, 60 members were appointed to form a Council of Advisors (4 year terms).

(5) Domestic administration

- 1) Maintenance of the Saudi monarchy system (Policy decisions made primarily by the king in a top-down system.)
- 2) Strict observance of Islamic law. (The king is the country's highest Islamic authority.)
- 3) Promotion of domestic development based on petroleum revenue
- 4) Increased native Saudi presence in the work force (to break away from dependence on foreign workers)
- 5) Maintenance of domestic stability
- 6) Strengthening of defensive capabilities

(6) Trend of Politics

Following the Persian Gulf war both the financial sector reformist faction and the conservative religious faction submitted petitions to the King seeking reform of the ruling structure, including the establishment of a Council of Advisors. As a result, in March 1992 three Imperial decrees were issued regarding the first national "basic law" having the character of a written constitution, a Council of Advisors, and a regional system. However, these were drafted to appease both the reformist and the conservative factions, yielding compromises that are satisfactory to neither. The 60-member Council of Advisors appointed by the King in August 1993 includes 9 religious scholars, 19 members from the political sector, 9 academics, 6 members from the financial sector, 4 members from the military, and 7 writers, journalists, etc. The Chairman is a religious scholar and the Secretary General the vice-president of King Fahd University. It remains to be seen whether these council members will be able to represent with a far-reaching freedom the opinions of the various levels of society.

(7) Diplomatic relations

With two of the most important holy Islamic sites within its borders, Saudi Arabia's foreign policy aims at maintaining and strengthening its leadership and influence within the Arab and Islamic world.

- 1) Strengthening of regional cooperative relationships, primarily among GCC countries (Gulf Cooperation Council)
- 2) Solidarity with the anti-Zionist, Arab-Islamic world is one of the underlying tones of Saudi Arabia's foreign policy, but its stance opposing Iraq in the Persian Gulf war has led to a cooling of relations with Jordan, Yemen, Sudan, the PLO, etc.
- 3) Resumption of relations with Iran (March 1991) (No exchange of ambassadors)
- 4) In light of Israeli-Arab relations, Saudi Arabia does not openly display its relationship with the United States, but politically, economically and militarily that relationship is one of the strongest.
- 5) Relations with the socialist (and former socialist) countries
Diplomatic relations with China were established in July 1990, and an economic cooperation agreement was signed in November 1992. In December 1991, following the dissolution of the Soviet Union, Saudi Arabia acknowledged the independence of the twelve republics, beginning with Russia.

2. Economic situation

(1) General trend

Expenditures related to the Persian Gulf war (\$60-65 billion) put a strain on national finances, and even when increased oil revenue is taken into account a tight economy is anticipated over the next 3-4 years. Continued prosperity is expected in the private sector during the next 2-3 years, for in addition to special procurements from the Persian Gulf war and projects for the rebuilding of Kuwait, full-scale construction projects for the expansion of oil production facilities and petrochemical plants are also underway.

(2) Trends in the major sectors

Petroleum:

- 1) Maintains policies oriented towards low prices and increased production
- 2) Petroleum industry integration
- 3) Committed to long-term stable petroleum supply

Non-petroleum: Marked growth in agriculture and industry

1) Agriculture:

Through government assistance policies, attained self-sufficiency in 1984 and in 1988 exported in excess of 2 million tons (wheat).

2) Industry:

Over 2,000 operating factories in the fields of food processing, science, metals, construction materials, etc. (400 are joint-ventures with foreign firms)

(3) Fiscal policy

Typical petroleum-economy policies. In 1989 petroleum accounted for slightly under 90% of all exports, with 2/3 of overall fiscal revenue dependent on petroleum. Dependent on imports for industrial and consumer goods. Dependence on foreign labor is extremely high (approximately 4 million foreign workers.)

(4) International balance of payments

Trade balance (\$ millions)	+ 22,800 (1990), + 21,600 (1991)
Balance with Japan (\$ millions)	+ 7,120 (1990), + 6,188 (1991), + 5,350 (1992)
Balance of current accounts (\$ millions)	- 4,400 (1990), - 23,900 (1991)

(5) External debt

None

(6) Economic relations with Japan

Trade: Saudi-Japanese trade has declined markedly in recent years, with exports to Saudi Arabia in 1990 roughly half of their 1983 peak and imports from Saudi Arabia dropping to 45% of their 1981 peak. However, Japan remains Saudi Arabia's second largest trading partner after the United States.

Investment: Japan is the second largest investor in Saudi Arabia after the United States.

Joint venture enterprises total 46, however only one of these, an air conditioning manufacturer, is of recent formation.

3. Social situation**(1) Trends in the major sectors****1) Education:**

The strengthening of education for Saudi Arabians in computers and other high-tech fields is receiving much attention as the country attempts to free itself from inordinate dependence on vast numbers of foreign workers, and a large portion of the national budget is allotted to education.

2) Health

Several of Saudi Arabia's hospitals are equipped with the best modern medical facilities and many excellent medical personnel from Europe and the United States are employed. However, because training for Saudi Arabians in medical fields lags behind, Japan's high medical standards are receiving attention, and there are also many hopes for cooperation by Japan in this regard.

3) Urbanization:

Attempting to respond to the growing urban population, the government is constructing high-rise housing, but few Saudis are applying to live in them. Construction of housing in suburban areas is increasing and the cities are expanding. Slums do not exist in Saudi Arabia.

(2) Income distribution/Regional disparities

The royal family receives a portion of the country's petroleum revenue, but none is allotted to the people in general. The large Shi'ite Muslim population in the eastern

states, influenced by Iran and others, has a history of conflict with the central government, and the effects of public welfare policy can not be said to extend sufficiently to those areas, at least in comparison with Riyadh.

(3) Others

Most government and private enterprise in Saudi Arabia is dependent on foreign workers (from highly skilled medical professionals to unskilled labor) and unemployment among young Saudi Arabians is on the rise. University graduates are unable to find suitable employment and the technical level of vocational training school graduates does not meet the demands of society; all symptoms of the distortion caused by the rapid modernization come about through "oil dollars" and the large number of foreign workers.

4. Special issues

(1) Environment

Saudi Arabia plays a central role in the Arab region in measures to combat desertification and pollution, and in other aspects of environmental preservation. Because of its extensive coastlines along the Red Sea and Arabian Sea it has a strong interest in preventing ocean pollution by the frequent oil tanker traffic in these waters.

Further, the National Commission for Wildlife Conservation and Development has begun to protect wild animals on the verge of extinction such as the Arabian Oryx, the Nubian Ibex, the Obaara, etc.

MEPA (Meteorological and Environmental Protection Agency) has jurisdiction in environmental issues, while the Wildlife Conservation Commission handles the protection of wild plants and animals.

(2) Women in development

- 1) Public activity by women is not condoned in Saudi Arabia due to strong Islamic influence, and the role of women in society, as well as women's choices for employment, are affected by powerful religious restrictions. Whether or not this presents a barrier to women is a matter of value judgment and opinion, and therefore is impossible to question objectively.
- 2) Women's organizations: General Presidency for Girls Education
- 3) American-European-style concepts such as WID do not take root in this country where strict religious policies advocate the segregation of men and women. Further, so-called "oil dollars" have already brought Saudi Arabia's infrastructure to a nearly complete state, making it difficult to present arguments such as "the role of women in development." American-European-style concepts such as WID are essentially the creations of advanced women thinkers in those countries, and discretion is necessary when attempting to bring these as principles of assistance into countries strongly influenced by Islam. Further, employment allowed to Saudi women is limited to the three fields of girls education, medicine, and social welfare. UNDP and GTZ do not conduct WID-related assistance in Saudi Arabia, recognizing the extreme difficulty of doing so. (UN and GTZ base specialists are exclusively male, and technical transfer to women is not attempted directly.)

(3) Military expenditures, etc.

National defense and peace-keeping costs in fiscal 1992 were SR 54.3 billion (US\$1 = SR 3.73) and comprised 18% of the GNP. The armed forces contain a total of 102,000 members, with another 55,000 in the National Guard. Military service is voluntary. Cooperative relations with the American armed forces have been increasingly stronger since the Persian Gulf war.
(Source: *Military Balance*, 1992-93)

(4) Democratization and basic human rights

No direct election system. No political parties or parliament. (meetings, societies and demonstrations are prohibited). On August 20, 1993, 60 members from the intelligentsia were appointed to membership in the Council of Advisors. Fundamental human rights are guaranteed under Islamic law. Guarantees of human rights (including freedom from wrongful arrest and restraint, the inviolability of house and assets, freedom of communication, etc.) were set forth in royal national "basic law" decrees of March 1992.

5. Indicators

Economic indicators	Land area	2,149,690 km ²	
	Population	14.9 million (1990 World Bank)	
	Country classification (DAC list)	Wealthy petroleum-producing country	
	GDP (in million US\$)	80,890 (1989) → 80,890 (1990) → 104,000 (1991)	
	Real GDP growth rate	% (1989) → % (1990) → + 3.2 % (1991)	
	Per capita GNP (in US\$)	6,020 (1989) → 7,050 (1990) → 6,170 (1991)	
	Sectoral distribution of GDP	Agriculture 8%; Mining/Industry 45%; Services 48% (1990)	
	Sectoral growth rate	Agriculture 14.6%; Mining/Industry -4.4%; Services -0.3% (1980-90)	
	Sectoral distribution of employment	Agriculture %; Mining/Industry %; Services % (1991)	
	Growth rate of consumers' price index	% (1989) → 2.1% (1990) → 4.8% (1991)	
	Unemployment rate	% (1989) → % (1990) → % (1991)	
	Exports (in million US\$)	(1989) → 44,300 (1990) → 47,600 (1991) FOB	
	Imports (in million US\$)	(1989) → 21,500 (1990) → 26,000 (1991) FOB	
	Balance of current accounts (in million US\$)	(1989) → -4,400 (1990) → -23,900 (1991)	
	Social indicators	External debt balance (in million US\$)	(1989) → (1990) → (1991)
		Debt service ratio	% (1989) → % (1990) → % (1991)
Foreign currency reserve (in million US\$)		18,590 (1989) → 13,437 (1990) → (1991)	
Population growth rate		4.7% (1980-90)	
Life expectancy at birth		Male 63, female 66 (1990)	
Infant mortality rate		65/1000 (1990) (* rate for infants under 1 year)	
Per capita calorie intake		2,874 Kcal/day (1989)	
Primary education enrollment ratio		Total 76%, female 70% (1989)	
Secondary education enrollment ratio		Total 46%, female 39% (1989)	
Tertiary education enrollment ratio		Total 12%, (1989)	
Adult illiteracy rate	Total 38%, female 52% (1990)		
Population ratio in absolute poverty	Total population 0.0%, urban 0.0%, farm villages 0.0% (1989)		

Source: "World Development Report 1992", The World Bank

II. Socio-economic development situation

1. Outline of the national development plan

Fifth Five-Year Development Plan

(1) Goals

Increase the efficiency of development investment, diversify industrial production, cultivate human resources among Saudi Arabians, etc.

(2) Issues

In light of Saudi Arabia's inordinate dependence on foreign labor (normally 3-4 million foreign workers), cultivation of human resources among Saudi Arabians is an important issue.

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Stimulation of the industrial sector	1) Establish criterion for Saudi industrial standards 2) Diversify industry	1) High availability of high-quality foreign products 2) Dependence on petroleum energy
(2) Human resource development	1) Breakaway from dependence on foreign workers 2) Train Saudi workers	

3. Investment program for the development plan

Overall government expenditures for the Fifth Five-Year Plan are SR 753 billion, 25% less than under the Fourth Plan. Broken down figures include SR 225 billion for military expenditures, 498 billion for non-military expenditures, and 395 billion for internal development. All items showed a decrease except for human resource development, which increased from the Fourth Plan. The infrastructure and key industries have already been more-or-less completed under government direction and attention is now focused on the participation of private capital in socio-economic development towards economic diversification and decreased dependence on petroleum, as well as on increasing the quality of labor and the Saudi presence in the work force.

4. National budget

Fiscal 1993 (Currency unit: Saudi riyal (SR) millions)

Revenues	169,150	Expenditures	196,950
Tax revenue		National defense & public safety	61,636 (31.3%)
Business revenue, etc.		Education & human resource development	34,093 (17.3%)
National bonds, etc.		Health & social development	14,087 (7.2%)
Petroleum		Transportation and communications	9,078 (4.6%)
		Economic resources development	8,938 (4.5%)
		Agriculture & water resources	6,980 (3.5%)
		Infrastructure improvement	2,095 (1.1%)
		Industry, electric power & housing	7,998 (4.1%)
		Administrative services	30,693 (15.6%)
		Domestic assistance	9,167 (4.7%)
		Others	12,185 (6.1%)

Fiscal balance -27,805 Exchange rate: US\$ 1 = SR 3.75

Source: "Annual Report 1991", Saudi Arabian Monetary Agency

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Developed countries besides Japan conducting technical cooperation include France and Germany. [There is no technical cooperation from the United States (USAID) or Britain (ODA)]
 Total amount of ODA (net disbursements): \$44.65 million, including 12.58 in bilateral aid (1991)
 ("World Development Report 1992", The World Bank)

	France	Germany (GTZ)
Aid amount	\$3.34 million	\$2.08 million
Share	26.6%	16.5%
Type of aid		Contracts are made with the Saudi Arabian government, with project fees are covered by the Saudi Arabian budget. Item formation is conducted at yearly meetings.
Priority areas or sectors		Human resource development (dispatch of specialists)

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$32.07 million (1991)

	UNDP
Aid amount	\$5.45 million
Share	17%
Type of aid	1) Cost sharing (Saudi budget and UN budget) 2) Trust fund
Priority areas or sectors	Human resource development (dispatch of specialists)

3. Japanese ODA

The place of Japan among bilateral donors: 1st Share: 51.1%

Aid amount		Trends in assistance
Technical cooperation	\$6.43 million	Acceptance of trainees in manufacturing, communications, information handling, etc., dispatch of specialists in cartography, measurement, authentication, environment, etc., sea water desalination (development surveys), and the Riyadh Electronics Technical Institute (project type of cooperation)
Grant aid	—	
Loans	—	
Total	\$6.43 million	

4. Significance of ODA in the country

Percentage of national budget occupied by ODA: Unknown (ODA (technical cooperation) within Japanese policy is important to the continuance of favorable Japanese-Saudi relations.)

5. Collaboration among aid organizations

Donor meetings are not held on a regular basis. However, UNDP (within the UN group) holds regular liaison meetings with each international organization.

6. Situation of NGO activities

- (1) NGOs Currently active: The World Conservation Union (IUCN) and university research groups, etc. are active in environmental preservation fields.
- (2) Main organizations and details of their activities:

IV. Priority areas or sectors for JICA cooperation

Technical cooperation in Saudi Arabia is conducted by UNDP, GTZ (Germany), France and JICA. Both UNDP and GTZ work through the Saudi budget. There are no donor meetings, but the emphasis on developing Saudi human resources is common to both. Also, in recent years rapid promotion of industrialization, as a concrete policy towards the development of an independent economy, has given rise to the need for active environmental preservation measures by the Saudi government, and requests to Japan for cooperation in the relevant fields are increasing.

Sectors	Main goals		Strategy	Purpose of projects	Target region
	Development of economic independence	Environmental preservation			
Social infrastructure	⊙	⊙	(1) Human resource development (2) Environmental preservation for coastlines, seas and highland greenbelts (3) Measures against pollution	1) Expansion of vocational training 2) Expansion of higher education 1) Ecological and social surveys 2) Designation of nature preserves 3) Preservation management planning 4) Construction of an environmental information data base 1) Industrial waste handling and disposal	Riyadh & major cities, Arabian Sea, Red Sea coast, Red Sea mountainous belt

Forms of assistance unavailable to Saudi Arabia: yen credit, grant aid

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

As a wealthy petroleum-producing country, much of Saudi Arabia's foreign currency is acquired through petroleum exports, and the growth of the infrastructure and other development has come about suddenly. This development through "oil dollars" has been contributed to largely by the vitality of European and American private interests. In the cities, waterworks, sewage, roads, and other aspects of the infrastructure are on par with those of other developed countries. Medical standards are high and social welfare is well-equipped. Acquisition of foreign currency through crude oil exports is likely to continue, and Saudi Arabia's position as a wealthy petroleum-producing country is unlikely to change for the time being. As a leader among Islamic nations, Saudi Arabia conducts financial assistance to poorer countries in the Islamic sphere, and as mentioned elsewhere German and UN-based technical cooperation is carried out through the Saudi budget.

In the past development has progressed through cooperation (both government and private) from Europe, the United States, etc., and even now Saudi Arabia relies on 3-4 million foreign engineers to maintain its economic operation. The issue for Saudi Arabia, then, is its lagging human resources. Many Saudis have studied abroad in Europe and the United States, but recent years have seen increasing hopes for the same towards Japan. Further, human resource development may be the most viable field of cooperation within the JICA scheme.

Important areas in Saudi Arabia's long-term economic policy include a decreased dependence on petroleum through the fostering of diverse industries and the cultivation of human resources.

Regarding WID, it is necessary to consider Saudi Arabia's Islamic policy carefully and proceed with discretion. For example, no female research student trainees have come to Japan under the JICA scheme, but this is related to the fact that Saudi women must be accompanied by a blood-relative when traveling abroad. Within JICA regulations it is extremely difficult to invite them as research student trainees. Because Saudi women and men are thoroughly segregated in public agencies, when the JICA specialist is a man it is impossible to conduct technical transfer to women, with a few exceptions (hospitals, etc.).

(2) Consideration for implementation capacity of counterpart-organizations

The Planning Ministry is the window organization responsible for Japan-Saudi technical cooperation, but it lacks the capacity to arrange items and requests, and in fact the embassy and JICA contact each government agency and ministry directly. However, following the Japan-Saudi Joint Committee of May 1992, a new item request was issued by the Planning Ministry, indicating that it is gradually coming to fulfill the function of a true window organization.

(PR activities are being conducted through the Planning Ministry as one aspect of publicity for JICA operations in Saudi Arabia, for example, the establishment of a JICA information box, etc.)

CONFIDENTIAL**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE****Syrian Arab Republic****I. Political, economic and social situation**

1. Political situation**(1) Government regime**

Republic

(2) Head of state

President Hafiz al-Asad (B. October 6, 1930, in office from 1971)

Received an overwhelming 99.98% rate of support in the December 1991 national elections

The fourth Asad administration began in March 1992

(3) Political structure**1) Legislature:**

Unicameral system (People's Council), 250 seats, 4 year terms

2) Executive:

The president is vested with executive authority (and also substantial legislative authority) under the constitution. There are three vice-presidents under the president and administration is carried out by a 37-member cabinet including a prime minister.

3) Judiciary:

Formally independent of the executive branch of government, but the president has the authority to appoint supreme court justices. In addition to general penal and civil courts there are also military courts.

4) Political parties:

84 of the 250 Diet seats are held by non-party affiliated members, with 134 of the remaining 166 seats occupied by members of the Arab Socialist Resurrectionist (Bath) party, which holds a special position in the guidance of social and national affairs.

(4) Domestic administration

Priorities include: a) Satisfaction of basic national needs, b) Quantitative and qualitative improvement of industry and c) Self-sufficiency, to which ends policies are created to (1) strengthen the economy, (2) correct the trade balance, and (3) modernize the labor mechanism, etc.

(5) Trends of politics

The revival of relations with the West has progressed since the Persian Gulf War. Financial cooperation (loans, grants) from Japan and the EC countries. Strengthening relations with Lebanon, Egypt, and other surrounding Arab countries. Reshuffle of the cabinet in June 1992. Uses both flexible and hard-line approaches, pursuing openness while at the same time firmly maintaining strong influence over Islamic extremist factions.

(6) Diplomatic relations

- 1) July 1991, accepted the U.S. Middle East Peace Conference Proposal. Evaluated by each country.
- 2) October 1991, attended the Middle East Peace Conference in Madrid.
- 3) Conference transferred to Washington for three Direct Meetings with Israel (December 1991, January, February 1992), however no concrete results were obtained.
- 4) August 1992, expressed intention to participate in the Sixth Peace Conference scheduled to be held in Washington.
- 5) June 1993, Tenth Peace Conference, no results.
- 6) July 1993, Syria exerted powerful influence in the dispute between Israel and Islamic extremists in southern Lebanon, heightening its role in Middle East peace.
- 7) September 1993, at the Eleventh Peace Conference, "Declaration of Principles on Interim Self-Government Arrangement" in Gaza and Jericho. (Historic mutual recognition between Israel and the PLO)

2. Economic situation**(1) General trend**

Syria's economy differs from the 'monoculture' economies seen in many developing countries. Agriculture, mining & industry, and commerce are well-balanced, cultural standards (education and technical standards) rank high among Arab countries, and human resources are abundant, making basic self-sufficiency a possibility. However, long-term closed socialist economic policies have allowed electric power and other aspects of the economic and social infrastructures to deteriorate. Along with its rapid movement towards an open economy in recent years, Syria has gradually begun to accept foreign assistance, primarily from Persian Gulf countries, and has started on the road to national rebuilding.

Two main pillars of the Syrian government's development plans are 1) increased agricultural production and improvement of the food self-sufficiency ratio, and 2) the development of petroleum and natural gas. Regarding the former, large-scale irrigation projects are underway, with the Japanese government providing yen credit for the irrigation project in East Mescene. Emphasis is placed on increasing production and processing surplus produce to add value to exports. The Japanese government is also implementing grant assistance towards increased food production in the wheat cultivating al-Hasakah region in the northeast. In line with a policy that exports petroleum while retaining natural gas for domestic consumption, electric power plants and cement, fertilizer and other factories are gradually making the changeover from petroleum to natural gas. Depending on buried reserves, the future export of natural gas is also being studied.

(2) Trends in the major sectors

Syria began its first petroleum exports in 1989 as a result of oil fields newly discovered in the Dayr az-Zawr region in the mid-1980s. Petroleum production has grown steadily since that time, reaching 460,000 barrels per day by the end of 1991. On the other hand, in 1989 the amount of total exports excluding petroleum in the private sector topped those in the public sector for the first time. This is thought to be the one of the first results of policies to encourage private enterprise by easing commercial regulations. The establishment of joint ventures between Syrian public enterprise and American and European private enterprise has also become brisk. New investment laws were enacted in May 1991 in a bid to encourage foreign investment, and the system is gradually undergoing improvement, but with the stiff bureaucratic structure presenting a barrier it is likely that true activation of the private sector will still take some time. However, farming in 1993 is expected to continue the trends of 1991-92, and with the addition of increased foreign currency revenue through increased petroleum production, the Syrian economy is likely to remain favorable in 1993.

(3) Fiscal policy

Along with a policy from 1988 to cut the exchange rate to below the market rate, there are hints at routes that would allow the vigorous introduction of private enterprise, and while remaining within the framework of a socialist structure, a posture actively adopting the mechanisms of a free economy has been made clear. So far no unification of the exchange rate has been implemented, but economic deregulation is being conducted in steps and parts (adaptation of corporate transfer rates to market rates, possibility of half-price dollar withdrawals, etc.). Smuggling is being clamped down on and has dropped temporarily, and even further deregulation is anticipated.

(4) International balance of payments

(1) International balance of payments (based on embassy materials from the Syria Central Bank and IMF; same below) (in \$ millions)

	1987	1988	1989	1990	1991
A. Balance of current account	-298	-131	1,222	1,763	799
Trade balance	-869	-639	1,192	2,094	1,084
Exports (FOB)	1,357	1,347	3,013	4,156	3,438
Imports (FOB)	-2,226	-1,986	-1,821	-2,062	-2,354
Invisible trade	-524	-388	-622	-804	-969
Interest	-434	-439	-723	-786	-1,032
Tourism	82	116	128	71	154
Transfer	1,095	896	652	473	634
Public transfer	761	536	222	88	234
B. Long-term capital	207	297	-472	-731	-35
C. Short-term capital	-102	68	185	208	310
D. Errors and omissions	-23	245	137	109	-74
Total (A-D)	-216	479	1,072	1,394	1,000

(2) Public foreign currency reserve (Syria Central Bank) (in \$ millions)

	1987	1988	1989	1990	1991
	223	193	127	163	235

(3) External debt (World Bank) (in \$ millions)

	1987	1988	1989	1990	1991
Debt balance	14,478	15,165	15,704	14,959	14,932

(4) Trends in trade

a) Trade amount (Syria Central Bank, IMF) (in \$ millions)

	1987	1988	1989	1990	1991
Exports (FOB)	1,357	1,347	3,013	4,156	3,438
Imports (FOB)	-2,226	-1,986	-1,821	-2,062	-2,354

b) Primary items of trade (Overall ratio %: Syria Central Bureau of Statistics, Customs, and the Ministry of Petroleum and Mineral Resources)

	1987	1988	1989	1990	1991
< Exports >					
Petroleum, petroleum products	51.8	43.9	39.2	45.2	53.4
Textiles	19.9	24.0	29.6	21.2	22.0
Industrial goods	11.1	13.4	12.4	14.5	14.5
Livestock, meat, processed produce	3.4	3.0	5.8	6.1	4.1
Fruits, vegetables	1.2	3.2	3.2	4.3	5.0
Raw cotton	5.8	3.3	3.0	3.6	5.0
< Imports >					
Foodstuffs	11.8	12.1	16.7	21.7	15.5
Machinery	19.8	21.0	13.5	15.8	14.9
Metals, metal goods	11.7	16.5	15.5	15.4	17.1
Textiles	6.0	6.2	8.2	7.1	7.8
Sugar	2.8	3.6	4.4	5.9	5.0
Petroleum, petroleum products	19.7	8.8	5.9	3.0	2.8

(c) Primary trading partners (Syria Central Bureau of Statistics) (in Syrian pounds millions)

< Exports >

1989		1990		1991	
(former) Soviet Union	12,053	(former) Soviet Union	15,446	Italy	8,623
Italy	5,236	Italy	9,846	(former) Soviet Union	7,260
France	3,225	France	6,039	France	6,811
Saudi Arabia	2,017	Saudi Arabia	3,035	Lebanon	3,695
Rumania	1,564	Lebanon	2,988	Saudi Arabia	2,238
Japan	18	Japan	32	Japan	57

< Imports >

France	2,684	France	3,425	Germany	3,130
(former) West Germany	2,496	United States	2,893	United States	2,908
United States	1,859	(former) West Germany	2,415	Turkey	2,852
Turkey	1,854	Turkey	2,073	Italy	2,257
Italy	1,660	Italy	1,715	France	2,090
Japan	985	Japan	891	Japan	1,404

(5) Assistance from Japan

Year	Grant aid	Donations Technical cooperation	Subtotal	Government lending		Total
				Total expenditures	Total disbursements	
1987	0.29 (1)	2.46 (5)	2.75 (6)	46.36	42.33 (94)	45.07 (100)
1988	0.35 (0)	4.98 (5)	5.33 (5)	106.28	101.74 (95)	107.07 (100)
1989	- (-)	.38 (10)	4.38 (10)	37.82	37.82 (90)	42.19 (100)
1990	0.50 (9)	4.08 (74)	4.59 (83)	10.79	0.95 (17)	5.54 (100)
1991	- (-)	4.24 (4)	4.24 (4)	116.71	118.08 (96)	115.33 (100)
Cumulative totals	2.05 (1)	32.79 (9)	38.84 (10)	347.83	315.93 (90)	350.76 (100)

Note: Units are \$ millions, with percentages in parentheses (%) indicating the rate of ODA occupied by each form.

3. Social situation

(1) Trends in the major sectors

1) **Education:**

Syria has the highest literacy rate in the Arab world. School attendance rates are also high.

2) **Health:**

Because of the poor administration of national hospitals and lack of foreign funds, medical supplies and medicines are difficult to obtain. There is a nationally operated pharmaceuticals factory, but for the same reasons it is difficult to import raw materials. Using funds from Kuwait and other Persian Gulf countries, the Health Ministry has begun a rapid expansion of hospital facilities. In fiscal 1992 and 1993 Japan conducted assistance in the form of loans for emergency medical equipment (primarily ambulances and intensive care unit facilities.)

3) **Urbanization:**

Because cities are dispersed throughout the country, urban problems such as traffic congestion, noise, refuse handling, pollution, etc. have not yet become pressing, but amidst the rapid introduction of an open economy and modernization these are nevertheless beginning to appear.

4) **Electricity:**

Power stations provided by the former Soviet Union under the closed economic policies of the socialist era are steadily becoming obsolete. In the capital there are five to seven planned power stoppages a day, and the city of Aleppo has electricity for only a few hours each day.

5) **Others:**

Telephone service has been markedly improved through funding from Kuwait (April 1993), but still falls short of meeting overall demands.

(2) Income distribution/Regional disparities

The public sector is large and employment is more-or-less stabilized. However, the birth rate and school attendance rates are high, leading inevitably to a shortage of jobs to satisfy those with a college level education. A high rate of hidden unemployment exists among those with higher educations. Public servants have extremely low salaries, with many holding second and third jobs.

(3) Others

Many Syrians leave to find work in the Persian Gulf countries, or immigrate to the United States and Canada.

4. Special issues

(1) Environment

Concern over environmental pollution and population control is growing, with many symposiums, etc. held to address these issues.

(2) Women in development

Women are actively appointed to positions in various fields (the Culture Minister and the Higher Education Minister are both women, for example). Net primary school attendance ratios show a relatively minor disparity of 100% for boys and 93% for girls, although literacy rates show a somewhat wider discrepancy at 78% and 58%, respectively. *1

Also, women occupy as little as 17% of the work force, with 44% of these engaged in farming. Income for women is only 64% of that of men, and the position of women in Syria is ranked at 38th from the bottom among the countries of the world.*2

WID-related organizations include the Syrian Women's Federation.

*1 UNICEF, *"The State of World Children"* 1993

*2 IFAD, *"The State of World Rural Poverty"* 1992, data for 1988 (International Fund for Agricultural Development)

(3) Military expenditures, etc.

(4) Democratization and basic human rights

Recently Syria has been making efforts to soften its strong, hard-line image by releasing 3,400 political prisoners, lifting foreign travel restrictions on Syrian Jews, and taking initiative in the release of hostages held in Lebanon and so on.

5. Indicators

Economic indicators	Land area	1)	18,518,000 hectares (185,179 km ²) (approximately half the area of Japan)	
	Population	1)	12.96 million (1992 estimate)	
	Country classification (DAC list)			
	GDP	2)	305.605 billion Syrian pounds	
	Real GDP growth rate	1)	8.9% (1988), 1986-1990 average 4.0 %	
	Per capita GDP (\$US)	3)	1,670 (1988) → 980 (1989) → 1,000 (1990)	
	Sectoral distribution of GDP	1)	Agriculture, 30.8%; Mining/Industry, 31.44%; Services, 37.76% (1991)	
	Sectoral growth rate			
	Sectoral distribution of employment			
	Growth rate of consumers' price index	3)	19.4% (1990) → 7.7% (1991)	
	Unemployment rate			
	Exports	3)	38.504 billion Syrian pounds (1991)	
	Imports	3)	31.066 billion Syrian pounds (1991)	
	Balance of current accounts (in US\$ millions)	3)	1,763 (1990) → 799 (1991)	
	External debt balance (in US\$ millions)	3)	15,704 (1989) → 14,959 (1990) → 14,932 (1991)	
	Debt service ratio			
	Foreign currency reserve (in US\$ millions)	3)	127 (1989) → 163 (1990) → 235 (1991)	
	Social indicators	Population growth rate	1)	3.4% (1990-95)
		Life expectancy at birth	1)	Male 64.5, female, 68 (1991)
Infant mortality rate		1)	33/1000 (1990-95)	
Per capita calorie intake				
Primary education enrollment ratio		1)	66.9% (1989)	
Secondary education enrollment ratio		1)	27.0% (1989)	
Tertiary education enrollment ratio		1)	6.1% (1989)	
Adult illiteracy rate		1)	21.1% (1989)	
Population ratio in absolute poverty				

1): UNDP report based on Syrian statistics

2): Syrian Bureau of Statistics

3): Embassy materials based on information from the Syrian Bureau of Statistics, Japan Bank, IMF and the World Bank

Exchange rate: Official rate \$1.00 = £S 11.20

Premium rate \$1.00 = £S 42.20

II. Socio-economic development situation

1. Outline of the national development plan

Goals and issues

Implementation of the Sixth Five-Year Plan (1986-1990) has been concluded. The Seventh Five-Year Plan (1991 - 1995) has been drafted but its contents have not yet been announced. Important points in the Sixth Five-Year Plan included the improvement of food self-sufficiency through agricultural development and stimulation of the food processing industry, the stimulation of industry and development of petroleum and natural gas, and expansion of electric power generation facilities.

Goals and issues considered by JICA include:

Goals

1. Establishment of a self-sufficient structure
2. Stable economic development
3. Fair distribution of wealth

Issues

1. Food sufficiency
2. Improvement of the industrial base, environment
3. Promotion of economic development and a freer economy
4. Activation of public organizations and personnel training
5. Correction of wealth and regional disparities
6. Promotion of health and medical care
7. Promotion of social services and development of tourism

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Food sufficiency	<ol style="list-style-type: none"> 1) Promote agriculture 2) Population control 	<ol style="list-style-type: none"> 1) Improve agricultural productivity 2) Confer with Iraq and Turkey on the use of the Euphrates River 3) Development of agricultural technology including stock breeding, marine industries and forestry, and environmental preservation 4) Processing for agricultural produce not yet developed 1) Yearly population increase of 3.58% 2) Unbalanced age range with half the population under 15 years of age
(2) Improvement of the industrial base, environment	<ol style="list-style-type: none"> 1) Improve the base for comprehensive industrial development 2) Improve the base to allow higher-level industry 3) Environmental measures 	<ol style="list-style-type: none"> 1) Need for petroleum and natural gas development 2) Inadequate electric power 3) Others including inadequate communications and transportation networks, and insufficient marine resources 1) Need for harbors, main roads, airports and industrial park 1) Lack of organizational and legal regulatory structure

<p>(3) Promotion of economic development and a free economy</p>	<p>1) Remove laws and regulations obstructing healthy economic activity</p> <p>2) Reactivate nationally operated enterprises</p> <p>3) Promote privatization and foster private enterprise</p> <p>4) Introduce market principles such as the setting of exchange rates and prices</p> <p>5) Foster small and medium manufacturing</p> <p>6) Foster small and medium commercial capital</p>	<p>1) Bureaucratism remaining from the era of Soviet support</p> <p>2) Lack of medium and long-term industrial promotion policies</p> <p>1) Inadequate know-how and lack of engineers</p> <p>2) Bureaucracy</p> <p>1) Bureaucratic regulations</p> <p>2) Inadequate know-how</p> <p>1) Bureaucracy</p> <p>1) Insufficient capital, know-how and technical laborers</p> <p>2) Weakness of industrial standards and inspection system</p> <p>1) Easing of government controls</p>
<p>(4) Activation of public organizations and personnel training</p>	<p>1) Public servant personnel activation policies</p> <p>2) Introduce foreign specialists</p>	<p>Socialist structure characterized by lack of personal responsibility</p>
<p>(5) Correction of wealth and regional disparities</p>	<p>1) Promote education, especially technical and vocational training</p> <p>2) Promote sports</p>	<p>1) Shortage of engineers</p> <p>1) Shortage of coaches</p>
<p>(6) Promotion of health and medical care</p>	<p>1) Improve medical facilities and existing hospitals</p>	<p>1) Shortage of physicians, nurses, medical engineers, etc.</p>
<p>(7) Promotion of social services, development of tourism</p>	<p>1) Measures for handicapped persons</p> <p>2) Advance of women into society</p> <p>3) Introduce tourism capital and expansion of facilities</p>	<p>1) Inadequate know-how</p> <p>1) Lifting of regulations</p> <p>2) Lack of 'service consciousness' stemming from long-term socialist policies</p>

3. Investment program for the development plan

61,749 (£S million) Details not announced

4. National budget

123,018 (£S million) Details not announced

Exchange rate: Official rate \$1.00 = £S 11.20

Premium rate \$1.00 = £S 42.20

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$236.22 million (1991)

	Germany	France	Others
Aid amount	\$99.64 million	\$13.26 million	\$4.72 million
Share	42.2%	5.6%	2.0%
Type of aid	Grants, technical cooperation	Sector loans, debt relief	Loans, technical cooperation
Priority areas or sectors	Agriculture, forestry and fisheries, industry, energy	Agriculture, forestry and fisheries, industry, health	Industry, energy

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$14.88 million (1991)

	WFP	Others
Aid amount	\$13.45 million	\$1.43 million
Share	90.4%	9.6%
Type of aid	Grants	Technical cooperation
Priority areas or sectors	Food assistance	

3. Japanese ODA (net disbursements)

The place of Japan among bilateral donors: 1st Share 48.8%

Aid amount (in millions of US\$, 1991)	Trends in assistance
Technical cooperation 4.24	1 project type of cooperation item, 7 specialists dispatched, 8 assistance team members dispatched, 24 research students accepted, ¥46.3 million in materials provided
Grant aid	
Loans 111.08	
Total 115.33	

4. Collaboration among aid organizations, etc.

Regular meetings between aid donor countries to Syria are not conducted, but UNDP, WFP, UNRWA, FAO, and former West Germany conduct information exchange.

5. Situation of NGO activities

NGOs currently active: No major NGOs are active.

IV. Priority areas or sectors for JICA cooperation

Sectors	Main goals			Strategy	Purpose of projects	Target region
	Establishment of a self-sufficient system	Stable economic growth	Corrections of wealth and regional disparities			
Economic management		⊙		(1) Draft effective, efficient development plans, Improve implementation capacity (2) Reevaluate economic policies	1) Strengthen function of organizations drafting comprehensive development plans 1) Strengthen function of organizations deciding economic policies	
Agriculture, forestry and fisheries	⊙	○	○	(1) Increase agricultural productivity (2) Diversify export produce (3) Foster and strengthen processing industries (4) Improve base in far-reaching farming villages	1) Study current state of agriculture, forest and fisheries resources 2) Improve irrigation facilities 3) Study measures to combat desertification and salt damage 4) Cultivate breeds appropriate to natural conditions 1) Improve production technology 2) Promote improvement of produce strains and standards 3) Organization and vocational training to spread technology 1) Revive agricultural engineering in farming villages, which are important to the agricultural production system 2) Strengthen produce inspection system and improve technology 3) Improve distribution from production to the market 1) Appropriate technical instruction and dissemination 2) Improvement of electricity, broadcasting, communications, etc. 3) Improve education	North, northeast and southwest agriculture belts
Mining and industry	○	⊙		(1) Promote and diversify industry (2) Improve productivity and product quality (3) Foster small and medium enterprise (4) Foster service industries	1) Draft medium and long-term industrial promotion plans 2) Improve capacity to develop research technology 3) Improve regulations to promote foreign investment 1) Reactivate nationally operated enterprise 2) Set industrial standards and strengthen inspection capabilities 1) Cultivate entrepreneurs and introduce technology to promote manufacturing and commerce 1) Develop tourism	Industrial belts in the capital, coastal and central regions

Sectors	Main goals			Strategy	Purpose of projects	Target region
	Establishment of a self-sufficient system	Stable economic growth	Corrections of wealth and regional disparities			
Economic infrastructure	⊙	○	○	(1) Develop petroleum and natural gas	1) Draft comprehensive development plan	Eastern region
	⊙	○	○	(2) Develop electricity	1) Construct new electric power plants 2) Rehabilitate existing power plants 3) Rehabilitate and construct new power transmission and distribution network facilities 4) Electrical engineering training	
	⊙	○	○	(3) Develop harbors	1) Harbor rehabilitation and new construction	Coastal regions
	⊙	○	○	(4) Develop industrial-use water	1) Develop water resources	
	⊙	○	○	(5) Improve and expand the industrial base	1) Construct industrial roads, airports and industrial estates	Mainly in the capital and major cities
				(6) Develop telecommunications	1) Rehabilitate and establish new telecommunications facilities 2) Technical training	
Social infrastructure	⊙	○	○	(1) Move to human resource development	1) Strengthen training for public servants 2) Strengthen institutions of higher learning geared towards practical technical training 3) Expand vocational training as much as possible to meet the demands of industry 4) Advance women in society	Mainly in the capital
			⊙	(2) Lands preservation, improvement of environment, sanitation and lifestyle base	1) Improve environmental protection laws 2) Improve waterworks and sewage 3) Improve handling capacity for industrial waste and household refuse 4) Strengthen sand guards and increase forest planting	
		○	⊙	(3) Strengthen the medical care system	1) Construct hospitals 2) Train physicians, nurses, sanitation engineers, etc. 3) Measures for handicapped people	

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- 1) Syria's closed economic policies under long years of socialist dictatorship have allowed the economic infrastructure to deteriorate, and in addition the country faces an extreme shortage of engineers. Further, Syria is inexperienced in requests for foreign assistance (unable even to give a satisfactory account of its T/R, however this is due only to lack of experience), and it may be thought that left alone it never would send out such a request. However, given Syria's high quality human resources, its great potential for agricultural and petroleum development, and its important cultural and political position in the Middle East, and considering as well its great respect and expectations towards Japan, it is necessary that we actively encourage requests from our side. Cooperation that falls essentially in line with Syria's Seventh Five-Year Plan (as yet unannounced) is the highest priority, but given the technical and administrative capabilities of implementing organizations it is necessary actively to become involved in items which are well matured.
- 2) The important political position occupied by Syria in the Persian Gulf War and in Middle East peace allows it withdrawals from the Gulf Fund, and petroleum development and the rapid building of the nation are proceeding hand-in hand. Taking a cue from the growing rapid introduction of European and American technology and cooperation, Japan, too, should consider acting boldly to offer its own technology.
- 3) Given the trustworthiness of Syria's human resources, its relatively long-term planning capacity, and enthusiastic hopes for Japanese technology in many fields and types of cooperation, opportunities to provide assistance plans should not be lost.
- 4) Cooperation conducted in primary industrial fields (particularly dairy farming and veterinary surgery) would be meaningful enough for reasons related above, but it is important also to examine past styles of cooperation closely and create new means of cooperation as necessary. Dynamically combining forms of assistance such the dispatch of specialists and cooperation teams, independent provision of materials and equipment, and the acceptance of research student trainees will both heighten the effectiveness of cooperation and garner appreciation from the Syrian side.
- 5) Recently, Syria has shown great interest in global issues such as environment, population, and women, and this should be duly considered when determining and forming concrete items.
- 6) There are growing hopes for cooperation in cultural and education sectors (Japanese language education, fine arts).

(2) Consideration for implementation capacity of counterpart-organizations

- 1) It is difficult to say that Syria's national window organizations have the capacity to create assistance items. However, in light of Syria's high respect for Japanese ideas it may be thought that efficient, effective assistance may be implemented if there is a sufficient exchange of ideas and opinions while making active offers for item creation on our part.

- 2) The planning capacity of Syria's implementing agencies has atrophied during years of former Soviet assistance forced from above, and there is an absolute lack of the engineers required to manage operations following the implementation of that assistance. However, authority is concentrated among ministers and a handful of engineers, and we may be confident that energetic attempts at technical transfer assistance will be very well received.
- 3) There are few precedents regarding the assembly of assistance items in Syria, as well as little data or accurate grasp by Syria of the nature of its problems. However, these factors should by no means become reasons for hesitating or postponing assistance, and it is necessary rather to work together on projects in an active effort to cultivate Syrian engineers.

VI. Summary of evaluation studies

CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

Republic of Tunisia

I. Political, economic and social situation

1. Political situation

(1) Government regime

Republic

(2) Date of independence

March 20, 1956

(3) Head of state

President Zine al-Abidine Ben Ali (in office since 1987)

(4) Political structure

Independence of the legislative, executive and judicial branches of government

1) Legislature:

Unicameral system (141 seat National Assembly, 5-year terms)

2) Executive:

Prime Minister's Office and 22 ministries, with the ruling Constitutional Democratic Rally (RCD) party forming a one-party cabinet.

3) Judiciary:

Comprised of a Supreme Court, High Courts, District Courts, etc.

4) Political parties:

Constitutional Democratic Rally (RCD) party, People's Unification Party, Socialist Progressive Party

(5) Domestic administration

1) In November 1987 President Habib Bourguiba (then 85 years old), governing for 30 years since Tunisia became a republic, became unable to carry out administrative duties because of poor health, and the Ben Ali administration emerged in accordance with regulations stipulated by the Constitution (political change).

2) For the most part the Ben Ali administration continues the policies of its predecessor, and also advocates moves towards democracy.

(6) Trends of politics

A law regarding political parties was enacted in April 1988, granting official recognition to opposition parties (currently numbering 6). Press laws were revised in June of the same year, followed by Constitutional revision in July. General and presidential elections were conducted in April 1989, with the ruling party securing all seats. The non-recognized Islamic fundamentalist movement is strictly suppressed, with over 300 people arrested in May 1991.

(7) Diplomatic relations

Tunisia maintains a nonaligned neutrality and its foreign policy is moderate and realistic. It has close relations with the United States, France and other western nations; and promotes structural adjustments within the Arab Maghreb Union, which is composed of five northern African nations. The PLO established its headquarters in Tunis following its displacement from Lebanon in 1982.

A declaration of principles for interim Palestinian self-rule between Israel and the PLO was signed on September 13, 1993, a first step towards Israeli-Palestinian peace. Interim Palestinian self-rule council elections are hoped for by July 1994 following Israel's withdrawal from the occupied territories, beginning a five-year period of provisional autonomy. PLO administrative level staff will move into the occupied territories in December 1993, with directive divisions slated to transfer in April 1994.

2. Economic situation

(1) General trend

Tunisia is currently transferring from its 7th Five-Year Plan (1987-91), which undertook economic rebuilding with the support of the World Bank and IMF, to a new 8th Five-Year Plan (1992-96), which aims to promote economic deregulation and investment. In 1990 increased agriculture and exports raised the GDP by 7.6%. In 1991 investments and imports failed to increase and tourism declined due to the Persian Gulf War, with agriculture helping to make up the difference for a growth of 3.5%. Petroleum, which pulled up growth in the 1970s, showed signs of decline after 1985, but recovered in 1991 to the 5 million ton level for the first time in five years (5.195 million tons).

(2) Trends in the major sectors

1) Agriculture, forestry and fishing:

These are decreasing gradually, now occupying around 14% of the GDP (16% in 1991 due to abundant harvest), but remain an important industrial sector employing 1/4 of the labor force. Main products include wheat, barley, olives, dates and citrus fruits, with dates and olives important as export products.

2) Mining:

Main products include mineral phosphates, iron ore, lead, and zinc, but these account for slightly less than 1% of the GDP. Tunisia is one of the world's leading producers of phosphates, and while these are used primarily for domestic fertilizer production, they are also an important source of foreign currency. In recent years decline and stagnation of phosphate exports, as well as inefficiency in the mining sector have become problematic. Mining is concentrated around Gafusa in the southwest.

3) Manufacturing:

Policies in the 1970s focused on fostering export industries, particularly light industry, and remarkable development was achieved through the vigorous introduction of foreign capital. Manufacturing occupied 15% of the GDP in 1991. Food processing and textiles are the main sectors, accounting for over 50% of all manufacturing. Also important are chemical fertilizers utilizing the country's phosphate resources, and cement, which is an important product in the construction materials sector.

(3) Fiscal policy

Financial policies in line with primary World Bank and IMF directives regarding structural adjustment have been in operation since 1986, and ordinary and developmental budgets are submitted to the National Assembly yearly in December. Namely, financial policies to rationalize public expenditures (privatization of public

enterprise, removal of price controls, correction of external unbalance) and so on are carried out as aspects of a broader economic policy. The deficit against the GDP shrank from 3.9% in 1990 to 3.5% in 1991. Debts outstanding account for roughly 1/4 of the GDP. Government expenditures in 1992 were 4.45 billion dinars. Investments (government 49%, private 51%) of 3.3 billion dinars in 1992 (agriculture 560 million, manufacturing 550 million, transport 570 million, etc.) are expected to create as many as 51,000 new jobs.

(4) International balance of payments

The trade deficit is made up for in part by revenue from transportation, tourism, and remittances by Tunisians working abroad, but with the exception of 1988, which saw significant tourism revenue, the balance of current accounts is in the red every year. This deficit was 5.2% of the GNP in 1990, dropping to 4.5% in 1991 as tourism revenue and exports were affected by the Persian Gulf War. Along with capital revenue and expenditures, foreign currency reserves have recovered steadily from the exchange crisis of 1986, reaching \$917 million by the end of 1992.

(5) External debt

The balance of debts was 48.8% against the GNP in 1992, and while this is high it has settled at a manageable level, structural adjustment efforts are being made, and the country is gradually leaving the 1986-87 state of crisis behind. In addition, Tunisia has never postponed its loan repayments. However, in view of the loan structure changes behind this ratio (increased public debt including munitions debts in the mid-1980s and private loan retrogression from 1987) the country's debt service capacity alone cannot be relied upon. Incidentally, borrowing from the IMF was begun in 1986. The external debt service ratio is 19.1% (1992).

(6) Economic relations with Japan

Japan imports kerosene, light oils, pulp, etc. from Tunisia (\$9.1 million in 1992) and exports automobiles, machinery, electronics, etc. (\$130.3 million in 1992).

3. Social situation

(1) Trends in the major sectors

1) Education:

Tunisia's education system resembles that of France, with 6 years of primary education, 6-7 years of secondary education and 4 years of tertiary education. The elevation of education has been a focus since Tunisia's independence. Active investments in education have raised the primary school attendance rate to roughly 100% and the adult literacy rate to a high 65%. However, only one in three children continues on to middle school, and only one in twenty to high school. Thus, support for continuing education and the elimination of school facilities shortages are problematic at the moment.

2) Health:

Tunisia has slightly over 1 physician per 1,800 people, and there are shortages of other medical personnel and hospital beds (1 bed per 500 people). Regional sanitation standards vary greatly (waterworks: urban 100%, rural 59%; sewage: urban 90%, rural 15%, etc.), and are poor in inland regions and in the outskirts of densely populated urban areas. The Ministry of Public Health has jurisdiction over health care administration and is working towards higher standards in the field, but a shortage of modern medical equipment and engineers makes sanitation a problem at general hospitals.

3) Labor:

30% of Tunisia's population is included in its labor force. Sectoral distribution of these is agriculture 26%, industry 34%, and service industries 40%. While unemployment climbs to over 15% there is also a shortage of skilled labor.

Tunisian educational standards are relatively high, with a primary school net attendance rate of 95% and an adult literacy rate of 65%, creating an abundance of good quality workers. In recent years the number of Tunisians working abroad has increased to approximately 450,000. These find work in Europe, primarily France, and also in neighboring Libya, Saudi Arabia, and other Middle Eastern oil-producing countries. However, the number of new workers immigrating legally to Middle Eastern countries dwindled in 1990 and dropped to almost none by 1991.

(2) Income distribution/Regional disparities

For several years the government has been adopting policies to eliminate regional development disparities, and this has become an important issue under the 8th Plan. Development is beginning to be decentralized away from Tunis, but it is difficult to control the conspicuous population shifts from the western interior towards the eastern coastal regions. Greater efforts are being called for to promote industry, improve the infrastructure, extend social services and so on.

4. Special issues

(1) Environment

Industrial waste-water and air pollution accompanying rapid industrialization and urbanization have become serious problems in recent years. An "Environmental Protection Action Plan" was drafted in September 1991, followed the next month by the establishment of the Ministry of Environment and Territory Arrangement. An 'Environment Week' was designated in June 1992 and policies to focus on the pollution of Gabès Bay have been announced, all indicating active efforts to tackle environmental issues. Japan, too, is involved in environment-related cooperation, including a plan to combat industrial pollution in Sfax (development survey).

(2) Women in development

Given Tunisia's Islamic cultural and religious background, the 74% (male)/56% (female)^{*1} disparity in adult literacy, and the fact that women occupy only 23% of the work force, women have few opportunities to participate in public society, and their status is rated at twelfth from the bottom among the countries of the world.^{*2} In August 1992 the president created the Ministry of Promotion of Family and Women, appointed women cabinet ministers, and announced a policy to improve the status of women overall.

*1 UNICEF: *The State of World Children*, 1993

*2 IFAD: *The State of World Rural Poverty*, 1992 (1988 data)
(International Fund for Agricultural Development)

(3) Military expenditures, etc.

Military expenditures accounted for 6.2% of financial expenditures in 1991, or 2.54% of the GNP.

(4) Democratization and basic human rights

Tunisia's President Ben Ali halls democratization as an important policy objective and advocates the reform of detention and punishment, but confinement and punishment of Islamic fundamentalists and the control of mass communication still exist. Direct elections exist and multiple political parties are recognized, but in reality election regulations allow the National Assembly to be monopolized by a single party.

5. Indicators

	Land area	164,000 km ² (About 45% the size of Japan and the smallest of the Maghreb nations)		
	Population	8.22 million (1991)		
	Country classification (DAC list)	Lower middle-income country		
Economic indicators	GDP (in million US\$)	10,072 (1989) →	10,722 (1990) →	13,200 (1991)
	Real GDP growth rate	3.7% (1989) →	7.6% (1990) →	3.8% (1991)
	Per capita GNP (US\$)	1,260 (1989) →	1,440 (1990) →	1,510 (1991)
	Sectoral distribution of GDP (1991)	Agriculture 16.1%; Mining/Industry 28.4%; Services 55.5%		
	Sectoral growth rate (1991)	Agriculture 15.3%; Mining/Industry 4.3%; Services ▲0.4%		
	Sectoral distribution of employment (1991)	Agriculture 26.2%; Mining/Industry 34.1%; Services 39.7%		
	Growth rate of consumers' price index	7.7% (1989) →	6.8% (1990) →	7.8% (1991)
	Unemployment rate	16.0% (1989) →	15.0% (1990) →	15.0% (1991)
	Exports (in million US\$)	2,931 (1989) →	3,515 (1990) →	3,417 (1991)
	Imports (in million US\$)	4,139 (1989) →	5,193 (1990) →	4,526 (1991)
	Balance of current accounts (in million US\$)	▲160 (1989) →	▲500 (1990) →	▲594 (1991)
	External debt balance (in million US\$)	6,860 (1989) →	7,534 (1990) →	6,954 (1991)
	Debt service ratio	21.7% (1989) →	25.8% (1990) →	21.8% (1991)
	Foreign currency reserve (in million US\$)	1,037 (1989) →	867 (1990) →	554 (1991)
	Social indicators	Population growth rate (natural increase: %)	2.3% (1980-90)	
Life expectancy at birth (1990)		Male 66, female 68		
Infant mortality rate (1991)		54/1,000		
Per capita calorie intake		3,122 Kcal/day (1990)		
Primary education enrollment ratio (1988-90)		95% (male, female average)		
Secondary education enrollment ratio (1988-90)		45% (male, female average)		
Tertiary education enrollment ratio (1988-90)		9% (male, female average)		
Adult illiteracy rate (1990)		35%		
Population ratio in absolute poverty (1990-91 standards)		Urban %, farming villages %		

Source:

World Bank, *UNDP Country Human Development Indicators*
Tunisia Central Bank, *Statistiques Financieres* (06/93)

II. Socio-economic development situation

1. Outline of the national development plan

The 8th Five-Year Plan (1992-1996) is currently being implemented.

(1) Goals

- 1) Primarily by expanding exports attain an average GDP growth rate of 6% or greater, balance current accounts, and a reduce the debt and debt service ratio.
- 2) Control inflation at an average 5-6% and shrink the financial deficit to 2% by 1996.

(2) Issues

- 1) Create jobs and use human resources
- 2) Focus on agriculture
- 3) Promote exports
- 4) Promote private investment
- 5) Correct regional disparities
- 6) Duly consider the environment and nature

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Agriculture, forestry and fishing	<ol style="list-style-type: none"> 1) Increase cultivated land area and exports and stabilize food supply 2) Build dams for irrigation and preserve forest water and soil 3) Diversify cultivation and modernize farm operations technology 4) Create 10,000 new jobs in the fishing industry 	<ol style="list-style-type: none"> 1) Easily affected by weather conditions 2) Weak agricultural technology and dissemination system 3) Undeveloped distribution system 4) High cost of dam construction
(2) Mining and industry, public utilities	<ol style="list-style-type: none"> 1) Develop natural gas 2) Modernize phosphate industry 3) Improve electrification rate (electrify farming villages) 4) Improve and pave trunk roads and rural roads 	<ol style="list-style-type: none"> 1) High cost 2) Adjustment of surplus staff 3) Low investment profit rates
(3) Manufacturing	<ol style="list-style-type: none"> 1) Use facilities to their greatest capacity 2) Add value to manufactures through technical improvements 3) Introduce foreign capital, develop markets, expand trade 4) Create jobs (120,000) 	<ol style="list-style-type: none"> 1) Shortage of skilled labor 2) Lack of cooperation with local economies 3) Overall weakness of product quality control
(4) Commercial services	<ol style="list-style-type: none"> 1) Diversify and strengthen the infrastructure of the tourism industry 2) Strengthen maritime transport, modernize harbors and airports 3) Create jobs (125,000) 4) Improve and expand communications network 	<ol style="list-style-type: none"> 1) Lack of comprehensive sectoral planning 2) High cost 3) Lack of training 4) Low investment profits in rural areas
(5) Social services	<ol style="list-style-type: none"> 1) Improve education and vocational training 2) Improve medical and health care and sanitation 3) Improve environmental and national lands preservation measures 	<ol style="list-style-type: none"> 1) Lack of facilities, low continuing education 2) Weak consciousness and knowledge of sanitation 3) Reduced assistance funds for enterprise

3. Investment program for the development plan

Sectoral investment plans under the 7th and 8th Five-Year Plans (TD millions)

	7th Plan	8th Plan
(1) Agriculture, forestry and fishing	1,752 (16.5%)	3,800 (17.1%)
(2) Mining, industry and public utilities	1,382 (13.0%)	2,688 (12.1%)
(3) Manufacturing	1,799 (16.9%)	3,888 (17.5%)
(4) Services		
-Transportation and communications	1,356 (12.7%)	3,835 (17.2%)
-Housing	2,095 (19.7%)	3,320 (14.9%)
-Tourism	504 (4.7%)	1,043 (4.7%)
-Social services	1,126 (10.6%)	2,705 (12.2%)
-Others	636 (6.0%)	941 (4.2%)
Total	10,650 (100.0%)	22,220 (100.0%)

4. National budget

Fiscal 1991 (TD millions)

Revenues	4,023	Expenditures	5,093
Tax revenue	2,966	National defense	315 (6.2%)
National bonds	1,057	Agriculture, forestry and fishing	246 (4.8%)
		Energy, mining and industry	321 (6.3%)
		Transportation, communications	96 (1.9%)
		Education	711 (13.9%)
		Health	268 (5.3%)
		Social security	44 (0.9%)
		Housing, construction	135 (2.7%)
		Debt servicing	1,351 (26.5%)
		Others	1,606 (31.5%)

Fiscal balance ▲1,070

Exchange rate: US\$1.0 = TD 0.8602 (end of December 1991)
US\$1.0 = TD 0.8557 (end of June 1992)

Source: *Budget Economique*, 1993 (Ministry of Planning)

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$278.1 million (1992)

	France	Saudi Arabia	Germany
Aid amount	\$86.3 million	\$43.2 million	\$37.5 million
Share	31.0%	15.6%	13.5%
Type of aid	Mixture of loans and technical cooperation	Mainly loans	Mixture of technical cooperation, loans and grants
Priority areas or sectors	<ul style="list-style-type: none"> • Education and research development • Agricultural development • Health and sanitation • Strengthening of organizational capacity 	<ul style="list-style-type: none"> • Comprehensive farming village development • Improvement of transportation and traffic • Water resources development 	<ul style="list-style-type: none"> • Comprehensive farming village development • Environmental protection • Water resources development • Vocational training

Source: UNDP 1992 Report (07/93)

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$369.8 million (1992)

	AFDB	IBRD	Others
Aid amount	\$145 million	\$110 million	\$114.8 million
Share	39.2%	29.7%	31.1%
Type of aid	Loans	Loans	
Priority areas or sectors	<ul style="list-style-type: none"> • Structural adjustment • Farming village development • Promotion of small and medium industry 	<ul style="list-style-type: none"> • Structural adjustment • Promotion of small and medium industry • Stimulation of exports 	

Source: UNDP 1992 Report (07/93)

3. Japanese ODA

The place of Japan among bilateral donors: 4th

Share 8.0% (1991)

Aid amount (in millions US\$, 1991)	Trends in assistance
Technical cooperation 5.4	Because Tunisia's income standard is relatively high the bulk of assistance is in the form of loans and technical cooperation. Assistance is conducted in a wide variety of fields including agriculture, forestry and fishing, health and medical care, mining and industry, energy, planning and administration, communications and broadcasting, through acceptance of research trainees, dispatches of specialists and Japan Overseas Cooperation Volunteers, technical cooperation in the form of development surveys, and so on.
Grant aid 0.3	
Loans 15.3	
Total 21.0	

Source: Japan's Official Development Assistance, 1993, Foreign Affairs Ministry

4. Significance of ODA in the country

Percentage of national budget: 10.94% (1991)

Note: This percentage was obtained by dividing the national budget figure of 5,093 million dinars by the 1991 \$US-Dinar exchange rate of 0.8602, obtaining the figure \$US 5,920.72 million, then dividing the \$648 million total amount of ODA (bilateral, multilateral and other net totals) by this figure.

5. Collaboration among aid organizations

Donors of aid to Tunisia do not meet regularly.

6. Situation of NGO activities

(1) NGOs currently active

(2) Principal organizations and their activities:

- a. Friedrich Naumann Foundation (1991)
(Journalist training — seminars, equipment)
- b. Canadian Centre for International Studies and Cooperation (1991)
(Support for research on economic strategies for the University of Tunis, etc.)

IV. Priority areas or sectors for JICA cooperation

Assistance to Tunisia should emphasize the following in order that it contributes to increased job opportunities and regional development, which are two of its main objectives.

- (1) Creation of job opportunities to lessen unemployment
- (2) Industrial structure turnaround focusing on export promotion
- (3) Strengthen the base necessary for sustained economic growth
- (4) Correct regional disparities

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Job creation	Export promotion	Continued growth	Correction of regional disparities			
Economic management							
Agriculture, forestry and fisheries		○	⊙	○	(1) Diversify agriculture, etc and stabilize output	1) Improve agricultural and marine production technology, improve breeds 2) Develop agricultural water resources and spread irrigation	North, midwest North
			○	⊙	(2) Improve income of poor regions	1) Develop breeds for abundant harvests and improve and disseminate technology	Central
Mining and industry	○	⊙	○		(1) Improve productivity and quality	1) Strengthen research and development organizations 2) Improve operation management capacity 3) Standardize manufactures and strengthen inspection capacity	North, east
Economic infrastructure			○	⊙	(1) Improve base for regional development	1) Draft basic maps of national lands 2) Measures against floods in outlying cities 3) Improve transportation network	Central Central Central
			⊙	○	(2) Check industrial pollution	1) Improve industrial waste handling technology	South

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Job creation	Export promotion	Continued growth	Correction of regional disparities			
Social infrastructure	⊙	○	○		(1) Secure human resources towards the diversification and improvement of industry	1) Expand vocational training 2) Expand higher education	
			○	⊙	(2) Secure stable supply of water for daily use	1) Develop underground water	South, east
			⊙	⊙	(3) Optimize population	1) Population and family planning	South

Note: Tunisia is not currently eligible for grant aid.

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- 1) Japan should offer support in a variety of capacities as Tunisia works to create jobs and balance its international accounts. When drafting concrete plans for assistance, in addition to technical transfer and human resource training in relevant fields, it is also important to offer cooperation towards improvement of the organization and systems that form the base of technological improvement and dissemination.
- 2) Regarding the important issue of correction of regional disparities, it is important that Japan take a long-range view, steadily providing cooperation that will benefit the base of the relevant infrastructures.

(2) Consideration for implementation capacity of counterpart-organizations

- 1) The Foreign Ministry and the Ministry of Planning and Regional Development are Tunisia's official window organizations, but these seem somewhat lacking in their capacity to create items of assistance, and it is necessary to contact a variety of other government agencies to exchange ideas and gather information.
- 2) Amid tight national finances following the Persian Gulf War, allotments towards local costs cannot be said to be sufficient, and this must be duly considered when creating items of assistance.

VI. Summary of evaluation studies

- 1) Assistance to Tunisia has concentrated on health and medical care, agriculture, forestry and fishing, and improvement of the infrastructure, and for the most part has been effective and efficient.
- 2) Tunisia's technical level is generally one of the higher among developing countries. Accordingly, improving the technical level and language abilities of specialists and assistance teams is an important consideration in creating an atmosphere of mutual cooperation.

Africa

Etiopia
Ghana
Kenya
Malawi
Senegal
Tanzania
Zambia

CONFIDENTIAL**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE****Ethiopia****I. Political, economic and social situation**

1. Political situation**(1) Government regime**

Transitional Government (established in July 1991)

(2) Date of independence

Around 1 BC

(3) Head of state

President Meles Zenawi

(4) Political structure**1) Legislative:**

Following on the establishment of the transitional government, plans call for the constitution to be promulgated around January 1994. Although a committee has been set up to draft the constitution, symposia have been staged with the participation of representatives of supporting institutions and political parties from the United States, Canada, etc., and preparations are actively underway, the progress made has been disappointing. According to President Meles, the constitution must be for the people and, for this reason, it must be in clear and simple language and be constructed around easily understood concepts in order to avoid confusion and misinterpretation by the Ethiopian people; and Ethiopian men and women from all the nation's agricultural villages, towns and cities must actively participate at each stage of the constitution from its drafting to its approval.

2) Executive:

The country is divided into 14 local administrative zones called Kuriru by resident ethnic groups to actively promote the decentralization of power. This has been accompanied by a reorganization of administrative structures and reshuffling of personnel both on a large scale. These activities are tied in with structural adjustment programs, and cuts have been made in personnel.

3) Judiciary:

The Attorney-General and Supreme Court are in place, under which are the High Courts (27) and District Courts (approx. 580). There are signs that those who represent the judicial organization hope to win independence from the Justice Ministry.

4) Political parties:

Multi-party system

(5) Domestic administration

After the local elections held in June 1992, the Oromo Liberation Front (OLF), consisting principally of the Oromo, Ethiopia's largest ethnic group, has not confronted government forces militarily, and peace and order seem to have taken hold even in the outlying areas. Early this year, over 3,000 Oromo detainees and 400 political offenders (including the former Health Minister and Education Minister) from the time of the previous administration were released. On January 4, 1993, students at Addis Ababa University demonstrated against the visit to Eritrea by the Secretary-General of the United Nations on the occasion of the upcoming referendum for Eritrean independence scheduled for April. Police opened fire at the students, causing some deaths and injuries. As a result, the university president and dean were dismissed, and the university was shut down until April 4. The university was subsequently reopened but the students were prohibited from engaging in unlawful political gatherings, demonstrations, etc. Furthermore, some of the university staff and administrators were discharged, and students expelled. Students protesting against these actions demonstrated again and 18 of them were arrested. Amnesty International has called on the transitional government to protect the human rights and ensure the proper health treatment of those arrested, while American staff at the university have submitted to the American embassy in Ethiopia an appeal for the re-instatement of the faculty members who were discharged. In June, the board of governors at Addis Ababa University announced that the faculty members had been dismissed not merely for political reasons and that this was connected to a new economic policy to expedite the retirement of elderly members.

(6) Trend of politics

- i * May 28, 1993 marked the second anniversary of liberation from the former Mengistu regime. Rallies were held both inside and outside the country and at the celebration held in Addis Ababa. President Meles gave a speech in which he emphasized the importance of peaceful development, democracy and a market economy. The referendum on independence for Eritrea was held over a 3-day period from April 23 to 25, 1993, and votes were also cast in Ethiopia and mainly in Addis Ababa. No disorder was in evidence at the polling stations or in their vicinities, and the Ethiopian people remained calm even on May 24, the day of Eritrean independence. National elections were originally expected to take place some time during 1993 but they are now scheduled for February 1994 due to the delay in the establishment of the constitution.

(7) Diplomatic relations

- 1) At the national parliament convened in July 1991, the following diplomatic policies were adopted.
 - a) Basic principles: Promotion of respect of sovereignty, non-interference in domestic politics, and fostering of mutual advantage
 - b) Discontinuation of the policies implemented by the previous regime which were designed to destabilize the surrounding countries
 - c) Observation of bilateral agreements
- 2) Friendly relations were established with the government of Eritrea, and promises were made to abolish visas and provide mutual cooperation in economic matters
- 3) Efforts have been made to promote a well-balanced and peaceful foreign policy with promises to cooperate in economic and cultural affairs with some Islamic countries of the Middle East (Iran, Yemen and United Arab Emirates) on the one hand and with the confirmation of technical cooperation with Israel in such areas as agriculture, economics and medicine on the other.
- 4) The minister of foreign affairs visited a number of European countries (Scandinavia, France and Britain), requesting economic cooperation.
- 5) The peace conference on Somalia was held in the capital, Addis Ababa, in

January and March, and the country made a positive contribution to the peace negotiations by presiding over the conference, etc.

- 6) On the African front, the improvement of relations with the Republic of South Africa attracted attention what with the inauguration of a flight to Johannesburg by the national airline of Ethiopia among other events. In July, a trade treaty was signed under which the Addis Ababa Chamber of Commerce and Industry and the South African Trade Association held negotiations on investments in private enterprises, trade and the establishment of joint ventures. In November, the lifting of economic sanctions against South Africa was announced publicly.
- 7) An agreement was signed with the Egyptian government on the use of the Nile by both countries.

2. Economic situation

(1) General trend

As an LLDC, Ethiopia's per capita GNP, standing at \$120 (1990), is one of the lowest in the world. The intensification of the civil war and the droughts of recent years have exhausted the nation's economy, forcing the country to depend on foreign aid. A new agricultural policy based on a market economy was adopted in January 1988, and a similar new economic policy was introduced in July 1989. The government announced its decision to adopt a mixed economy in March 1990. The economic policy declared by the transitional government in September 1991 called for a move toward a mixed economy, which was similar to the policy adopted by the previous regime, but it placed a greater emphasis on the private sector. At the end of March 1992, the transitional government reached an agreement with the World Bank on an Emergency Recovery and Reconstruction Programme (ERRP) valued at about \$600 million.

Implementation of the first phase of the structural adjustment program commenced in October 1992. According to the IMF, the nation's economic growth rate during this period (June) in 1993 over 1991 was 7.8% in GDP, 32% in exports and 31.7% in imports. Inflation dropped from 25% in 1991 to 13% in 1992, and it fell further to about 10% in more recent months. Foreign currency reserves in terms of coverage of imports stood at 4.4 weeks last year, and this figure increased to 7.8 weeks.

According to an IMF report, these results, which exceeded initial expectations, reflect the stimulation of exports by the devaluation of the nation's currency in the previous year, the successful developments in the private sector and good harvests of agricultural crops.

The transitional government and the IMF have reached an agreement on implementing a second structural adjustment program (1993/94). The second phase of the program aims at a sustained economic growth, and it is designed to provide solid support for the Ethiopian economy by drawing on the country's rich natural resources and the financial aid from other countries, both of which are needed for the socioeconomic development of the country.

(2) Trends in the major sectors

1) Agriculture, forestry and fisheries:

In 1991, agriculture, forestry and fisheries accounted for 47% of the GDP—they were the very heart of the nation's economy. Agricultural output and acreage under cultivation are affected significantly by the droughts which afflict the nation at regular intervals. Northern Eritrea, Tigre, Welo and other provinces are particularly susceptible to droughts, resulting in starvation among many of the people who live there. Coffee is the country's largest foreign currency earner, and its production improved as a result of the new economic policy. A plague of locusts in 1993 seriously damaged agricultural crops in the north. This led the ministry of agriculture to carry out emergency measures which included aerial spraying, in cooperation with the Desert Locust Control Organization Eastern Africa (DLCOEA), starting late May. By the end of June,

11,409 liters and 3,775 kg of pesticides had been sprayed over 22,740 hectares of land affected by the locusts.

An FAO study suggests that with enough rain in June and July the harvest of grain and legumes will be 7,690,000 tons this year, which will top the 7,150,000-ton figure for last year. However, this would still mean a shortfall of 1.2 million tons, which will force the nation to depend on aid.

Today, only less than 3% of the nation's land is forested. The Natural Resource Development & Environmental Protection Ministry and Ministry of Agriculture have held tree-planting program seminars (to encourage land use planning and research and to spread tree-planting and related educational subjects).

The fisheries are limited entirely to inland waters because the offshore waters of the Red Sea are now in the hands of Eritrea. Per capita consumption of fish in Ethiopia is extremely low at 0.089kg per annum (1989/90). The FAO and ministry of agriculture have established a fisheries policy and strategy (concerning research on marine resources, improvements in fishing techniques and distribution, processing usage, etc.), and they have asked supporting organizations for assistance.

2) Mining and industry:

Although Ethiopia is known for its rich reserves of such natural resources as gold, platinum, iron, rare metals, oil and natural gas, these deposits have hardly been tapped apart from the development of some gold mines. There is no industry to speak of, but privatization and foreign investment have been promoted. The World Bank (IDA) has promised US\$82.5 million to fund a natural gas development project in the Ogaden region.

In June 1993, the transitional government issued a statement related to mining activities declaring that any area with structures of historical or cultural significance is to be excluded from mineral development or otherwise protected. Furthermore, it prohibits prospecting, probing or digging activities except by those issued with the proper licenses. The statement says that the discovery of the presence or proof of the presence of any mineral must be reported to the commissioner immediately with a written description of the mineral and its location, and that the commissioner may be allowed by the operations permit authority to supervise the mining operations. The transitional government also issued official documents which must be used for all aspects of the activities from the commencement of a mining operation to the payment of income tax. Following the government's policy of privatizing industry, investment seminars and symposia have been held in expectation of investments from overseas, and some of the state-run factories are now being converted into semi-private concerns.

(3) Fiscal policy

The first phase of the structural adjustment program concerns economic stability, the second phase relates to structural reforms, and the third phase involves international competitiveness. Macro-economic indicators are as follows:

- 1) GDP growth rate of 5.8%;
- 2) Reduction in rate of inflation from 21% (1991/92) to 7% (1994/95);
- 3) Deterioration in ratio of deficit in current account balance to GDP from 4.1% (1992/93) as a result of growth to 10.1% and improvement to 8.6% in 1994/95;
- 4) Dependence of government finances for the time being on collateral funds but the ratio of domestic bank loans to GDP dropped from 8.5% (1991/92) to 0% (1994/95).

On October 1, 1992, agreement was reached on the introduction of an economic structural adjustment program, and economic reform policies were implemented. These included 1) a devaluation of the currency (1US\$ = 5 Birr), 2) price hikes for gasoline, natural gas, etc., 3) income tax cuts, 4) increases for purchase prices of coffee and other major commodities, and 5) rises in civil servant salaries and minimum wages.

On June 19, 1993, the IMF announced that it had reached an agreement on the

implementation of the second phase of the structural adjustment, and on June 30 a floating exchange rate system (birr-to-dollar auction system) was introduced, with a review of the exchange rate every two weeks. In July, the transitional government contracted with the IDA for a loan of 176,500,000 SDR to serve as the structural adjustment funds.

In addition, the parliament approved reductions in the existing tax rates and customs duties. Due to the new sales taxes and commodity taxes officially starting in August 1993, the sales taxes on imports were reduced from 24% to 12%. On the other hand, a sales tax of 599% was levied on designated import items and the commodity tax on domestically produced goods was cut to 200%. The maximum existing customs duty rate was 230%, and this was reduced to 80%. An export tax incentive measure has been adopted which exempts individuals and organizations engaged in the production of export goods from the payment of taxes and customs duties on outlays for their production.

Accompanying the encouragement of foreign capital investments in a shift toward a market economy, the Investment Office of Ethiopia announced in November that investments from overseas (involving 714 investors) from 1992 to 1993 had been worth \$1 billion. This reflected the fact that overseas investors had taken full advantage of the investment policies introduced the year before which presented monetary rewards and 8-year tax exemptions in a single package.

(4) International balance of payments

The government balance of payments stands in the red, and the increasing amount of the deficit points to the nation's financial woes. The principal export items are coffee, leather goods, petroleum products, livestock and oil seeds, and the main import items include consumer goods, industrial capital goods, semi-manufactured goods, transport equipment and crude oil. Japan's imports from Ethiopia include coffee and sheepskins, and its exports consist of machinery, mainly transport equipment. In 1991, exports amounted to \$276 million and imports to \$1,031 million which represent average annual increases of 1.9% and 3.3%, respectively, over the 1980 to 1991 period.

(5) External debt

In 1991 when the new regime was formed at the conclusion of the civil war, the foreign debt totaled \$3,475 million, and the ratio of the total foreign debt to GNP stood at 53.4%. The total amount rose \$225 million from 1990 but the ratio to GNP inched down by 0.8%. The repayment rate of the foreign debt was 38.9% in 1989, and it declined to 33.0% in 1990 and to 18.6% in 1991.

(6) Economic relations with Japan

Japan accounts for 10.9% of Ethiopia's exports and for 6.1% of its imports (1989). Japanese investments cooled off in the wake of the previous regime's policy of nationalizing companies and reducing Japan's stock-holdings in joint ventures. However, with the formation of the new government and the visit to Japan of the Ethiopian foreign affairs minister mission in December 1992, high hopes were held for aggressive investments by Japan, and the "Ethiopian Investment Seminar" was staged under the auspices of the United Nations Industrial Development Organization (UNIDO).

On October 28, 1993 the status of the JICA Ethiopian office was formally established, and economic and technical cooperation is expected to expand further in the months and years ahead.

3. Social situation

(1) Trends in the major sectors

1) Education:

Ethiopia boasts the second oldest culture and history in Africa after Egypt, and it is known for developing its own writing system. Nevertheless, 93% of its people were still illiterate in 1974, and this statistic gave rise to a literacy campaign in 1979. As a result, the illiteracy rate had dropped to 23% by 1990. The country has 5,213 elementary schools (6-year course) and 883 middle (2-year course) and high (4-year course) schools. Addis Ababa University, Asmara University and Aramaya Agricultural University as well as a number of colleges are all run by the state. Emphasis is placed on teaching tribal languages at the primary level of education in response to the demand to decentralize power and honor the various ethnic groups.

2) Health:

Health care and sanitary conditions are in an extremely poor state of affairs in Ethiopia.

In the field of medical services, the country lags behind in both the treatment and prevention of diseases. Malnutrition caused by the lack of food is also a major problem. Cholera, malaria, tuberculosis, pneumonia, dysentery and other contagious diseases as well as malnutrition are the principal causes of death. In addition to the problems caused by poverty and the poor condition of health facilities, the fact that most medical facilities are found only in the cities often means that patients with contagious diseases cannot be treated until it is too late.

Sixty percent of the nation's doctors are non-Ethiopians who are sent as technical cooperation personnel. Behind the shortage of Ethiopian doctors lies the fact that many Ethiopian medical students studying abroad fail to return to their homeland after they have completed their studies.

According to the Anti-AIDS Ethiopian women and youth association, over 500,000 Ethiopians are HIV-positive. The National AIDS Control Programme reported that in 1992 and 1993 over 7,000 Ethiopians were afflicted with AIDS of whom 42% were single and 33% were married.

4. Special issues

(1) Environment

1) Major environmental problems

- Development and conservation of forestry and livestock resources
- Conservation of soil and water resources

2) Name of the organization in charge of the environment and whether or not an environment-related organization has been established: Ministry of Natural Resource Development and Environmental Protection

3) Major environmental policies

- The provincial governments publicly encourage studies and promote the incorporation of modern farming practices.
- The participation of small farmers is essential for implementing agricultural measures. To this end, the provincial governments devise strategies for developing voluntary cooperatives.

(2) Women in development

Women's Affairs Section was set up in the Prime Minister's Office, and a national policy on women was issued by the agency. This policy calls for the establishment of a Bureau for Women in each ministry, agency and local government to ensure the participation of women, the stipulation of women's rights in the constitution now

being prepared and the guarantee of equality between the sexes in all fields such as economic, educational and social.

Primary education attendance rate among girls is 24% which is lower than the corresponding rate of 32% for boys (1986-90). (See *1) In the agricultural areas of the country, 55% of the households are headed by women. Due to the fact that Ethiopia has one of the lowest GNPs in the world, much of the economic, social and psychological burden is shouldered by women.

Incidentally, IFAD's indicator for improvements in the status of women in Ethiopia is the second lowest on record. (See *2)

*1: UNICEF "The State of the World Children" 1993

*2: IFAD "The State of World Rural Poverty 1992" (data as of 1988) (International Fund for Agricultural Development)

(3) Military expenditures, etc.

The transitional government is believed to have armed forces totaling approximately 100,000 men, and the Ethiopian People's Revolutionary Democratic Front (EPRDF) forms the core of the military. Military expenditures, which accounted for more than 40% of the entire budget when the previous regime was in power, have been slashed to 12.78% in the 1991-92 Ethiopian fiscal year by the transitional government. The figure registered a further drop to 11.13% in 1992-93.

(4) Democratization and basic human rights

The transitional government guarantees the freedom of speech and assembly. 80 political parties and groups are currently campaigning as the national elections draw near. Of these, 30 are participants in the transitional government. The Oromo Liberation Front, which previously broke away from the transitional government, has recently been considering returning to the fold although no progress has been made. In September 1993, the Islamic Front for the Liberation of Oromia declared its intention to pull out of the parliament citing that the transitional government headed by the EPRDF had failed to follow through on democratization in accordance with the national constitution. The university professor who heads the All Amhara Peoples Organization was arrested on charges of holding a meeting at which plans called for a war to be waged against the EPRDF. However, the charge was not proved and the High Court released the man on bail of 30,000 birr. In its first report since the transitional government took power, the Human Rights Council noted that EPRDF soldiers had killed by torture or other means 12 individuals after they had been arrested. This report has been submitted to the parliament, Prime Minister's Office and Ministry of Internal Affairs.

Meanwhile, in April the government tightened the restrictions on gatherings, etc. by students at Addis Ababa University.

5. Indicators

	Land	1,098,680 km ² (excluding Eritrea)
	Population	Approx. 49.3 million (excluding Eritrea starting in 1991)
	Country classification (DAC list)	LLDC
Economic indicators	GDP (US\$ million)	5,953 (1989) → 5,940 (1990) → 5,982 (1991) = World Development Report
	Average annual GDP growth rate	1.9% (1980-1989) → 1.8% (1980-1990) → 1.6% (1980-1991)
	Per capita GNP (US\$)	120 (1989) → 120 (1990) → 120 (1991) = World Development Report
	Sectional distribution of GDP	Agriculture, forestry and fisheries, 47.0%; Mining/Industry, 13.0%; Services, 40.0% (1991)
	Sectional growth rate	Agriculture, forestry and fisheries, 0.3%; Mining/Industry, 1.8%; Services, 3.1% (1980-91)
	Sectional distribution of employment	Agriculture, forestry and fisheries, _%; Mining/Industry, _%; Services, _% (1990)
	Average annual inflation rate	2.0% (1980-89) → 2.1% (1980-90) → 2.4% (1980-1991)
	Unemployment rate	N.A.
	Exports (US\$ million)	420 (1989) → 297 (1990) → 276 (1991)
	Imports (US\$ million)	1,100 (1989) → 1,081 (1990) → 1,031 (1991)
	Balance of current account (US\$ million)	Δ169 (1989) → Δ146 (1990) → Δ222 (1991), including official transfers
	External debt balance (US\$ million)	2,876 (1989) → 3,250 (1990) → 3,475 (1991)
	Debt service ratio	38.7% (1989) → 33.0% (1990) → 18.6% (1991)
	Foreign currency reserves (US\$ million)	123 (1989) → 55 (1990) → 106 (1991)
Social indicators	Population growth rate	3.1% (annual average from 1980-91)
	Life expectancy at birth	48 (1991)
	Infant mortality rate	130/1000 (1991)
	Per capita calorie intake	1,667 Kcal/day (1989)
	Primary education enrollment ratio	38% (1990) = World Development Report 1993
	Secondary education enrollment ratio	15% (1990) = World Development Report 1993
	Tertiary education enrollment ratio	1% (1990) = World Development Report 1993
	Adult illiteracy rate	23% (1990) National Literacy Campaign Co-ordinating Office & Department of Adult Education
Population ratio in absolute poverty	N.A.	

II. Socio-economic development situation

1. Outline of the national development plans

In November 1991, the transitional government drew up new economic measures.

(1) Goals

(2) Issues

- 1) Appropriate financial policy and distribution of resources
 - 2) Provision of human and physical infrastructure
 - 3) Switch from capital-intensive model to labor-intensive model; promotion of small and medium-sized enterprises
 - 4) Development of agriculture and agricultural villages, support of small farmers in particular
 - 5) Utilization of existing production capacity and labor force of agricultural villages
 - 6) Breakthrough of deadlock over international balance of payments
 - 7) Promotion of exports
 - 8) Relief for unemployed (creation of jobs, public works, etc.)
- The government is also striving to liberalize the investment and labor markets.

2. Significant development sectors/issues, major policies, difficulties in promoting

Significant sectors/issues	Major policies	Difficulties in promotion of development
(1) Restoration of drought- and war-devastated areas	<ol style="list-style-type: none"> 1) Formation of villages and their resettling 2) Provision and maintenance of infrastructure 3) Reconstruction of manufacturing operations 	1) Poor state of infrastructure due to destruction by war
(2) Completion of ongoing projects	1) Surveys of mining, energy, irrigation, etc.	
(3) Provision of infrastructure	1) Provision and expansion of infrastructure in drought- and war-devastated areas, remote areas	1) No financial reserves needed for radical improvements of infrastructure

3. Investment program for the development programs

Investment program (\$ million) for major programs in public investment projects (1991-95)

- | | |
|-------------------------------|----------------------------|
| (1) Transportation | (7) Public health |
| (2) Agriculture and forestry | (8) Economic management |
| (3) Electric power generation | (9) Mining |
| (4) Education | (10) Water supply |
| (5) Communications | (11) Other social services |
| (6) Manufacturing industry | (12) Grand total |

4. National budget

1992-93 Ethiopian fiscal year (July 7, 1992 to July 6, 1993) (million birr)

Revenue	5,931.86	Expenditure	5,931.86
Tax revenue	2,413.50	Current expenditure	1,238.11
Non-tax revenue	700.50	Education	729.87
Gratuitous aid	50.00	Health	274.76
External fund-raising	1,196.19	Agriculture, forestry	1,423.26
Internal fund-raising	1,114.78	Mining, industry, energy	412.54
		Transportation, communications	192.20
		Other	837.40

Source:

Budget Proclamation 1985 E.C. Fiscal Year

(The above-listed document was issued in July 1992 at which time, the US dollar was worth 2.06 ET birr. However, on October 1, 1992 the currency was devalued to 5.00 ET birr for one US dollar, and a floating exchange rate system was introduced on June 30, 1993.)

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements) : \$455.01 million (1991)

	United States	Italy
Aid amount	\$88.00 million	\$830,600
Share	19.3%	18.3%
Type of aid	Mainly grant aid	Mainly technical cooperation and grant aid
Priority areas or sectors	<ul style="list-style-type: none"> • Food • Provision of transportation means • Supply of seeds • Improvement of health and nutrition 	<ul style="list-style-type: none"> • Food and agriculture • Training of instructors • Health and hygiene • Industry

2. Assistance by multilateral organizations

Total amount of ODA (net disbursements): \$635.26 million (1991)

	WFP	EDF	UNHCR
Aid amount	\$248.80 million	\$161.48 million	\$84.78 million
Share	39.2%	25.4%	13.3%
Type of aid	Mainly grant aid		
Priority areas or sections	<ul style="list-style-type: none"> • Food aid • Disaster emergency aid 		• Refugee relief

3. Japanese ODA

The place of Japan among bilateral donors : 10th (1991) Share: 3.4% (1991)

Aid Amount (\$ million, 1991)		Trends in assistance
Technical cooperation	1.41	Due to the continuing civil war and other domestic political conditions, aid was confined to food aid and aid for increasing the production of food to combat the losses caused by the severe droughts, health care, medicine and other such forms of grant financial assistance provided on humanitarian grounds, and to technical assistance consisting mainly of the acceptance of trainees. Along with the ending of the civil war and establishment of the transitional government, Japan dispatched an economic cooperation survey group in February 1992 to ascertain the aid acceptance set-up, aid requirements and other such relevant factors in Ethiopia.
Grant aid	16.23	
Loans	-2.02	
Total	15.62	

* All figures are based on the 1993 edition of *Japan's Official Development Assistance*.

4. Significance of ODA in the country

Share of total ODA accounted for in national budget (expenditure): 31% (1989)

Share of Japan's ODA accounted for in national budget (expenditure): 0.4% (1989)

5. Collaboration among aid organizations

In November 1992, the Consultative Group for Ethiopia met in the Paris office of the World Bank. In Ethiopia itself, an aid organization liaison committee, with USAID as its principal member, was organized in August 1993.

6. Situation of NGO activities

- (1) NGOs currently active (as of September 1993): Approx. 150 (90 members of CRDA)
- (2) Major organizations and activities
 - OXFAM (development of agriculture, medicine, agricultural villages)
 - World Vision (development of agriculture, agricultural villages)
 - Food for Hungry (development of agricultural villages)
 - Japan International Volunteer Center (development of agricultural villages)

IV. Priority areas or sectors for JICA cooperation

Aid to Ethiopia is provided along the lines of the objectives described below, and it is aimed at supporting the radical economic reforms to shift its economy from the socialist planned model to a market economy on the basis of the economic policies announced in 1991.

- (1) Promote and support economic independence based on agriculture and forestry and its stable growth
- (2) Support promotion of economic liberation incorporating market mechanisms
- (3) Support reforms of administrative organizations and consolidation of administrative powers
- (4) Support more extensive catering to basic human needs in such fields as education and medicine which will contribute to economic and social development and improvement of public welfare

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Economic independence and stable growth	Creation of market economy	Administrative reform and consolidation of administrative powers	Catering to basic human needs			
Economic management	⊙ ⊙	⊙ ⊙	⊙ ⊙		(1) Promotion of construction of foundation for economic independence (2) Effective and efficient policy formulation and improvement of capacity to implement it	1) Improvement in macro-economic management control capability 1) Bolstering of functions of institutions which decide on comprehensive development policy through structural reforms 2) Training of personnel with capacity to formulate policy 3) Bolstering and expansion of functions of bureau of statistics covering outlying areas	
Agriculture, forestry and fisheries	⊙ ⊙	○ ○	○ ○	○	(1) Maintenance of stability in food supply (2) Expansion of production of export crops (3) Improvement of distribution of agricultural produce	1) Improvement and spread of cultivation technology for major grains 2) Spread of irrigation facilities and technology 1) Diversification of crops and development and spread of technology 1) Provision of infrastructure for transportation of agricultural produce 2) Improvement of distribution systems	Nationwide
Mining and industry		⊙			(1) Promotion of privatization of state and public enterprises	1) Training of personnel required by private enterprises	Nationwide

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Economic independence and stable growth	Creation of market economy	Administrative reform and strengthening of administrative powers	Catering to basic human needs			
Economic and Social infrastructure	⊙		⊙		(1) Provision of basic infrastructure	1) Construction and expansion of road network spanning entire country 2) Construction of and improvements in airports 3) Construction of and improvements in telephone communications network 4) Construction of waterworks and sewers 5) Construction of and improvements in power transmission and distribution network	Northern area Nationwide Nationwide Capital
	⊙				(2) Development of energy	1) Development of hydroelectric and geothermal power generation	South-central area Nationwide
	⊙		○	⊙	(3) Improvement in education level of citizens	1) Advancement of basic education	Nationwide Nationwide
	⊙			⊙	(4) Strengthening and expansion of foundations laid for health care, hygiene and medicine	1) Training of doctors, nurses and other medical personnel 2) Increase and improvement in medical facilities, equipment and supplies 3) Bolstering of PHC activities 4) Provision of good-quality drinking water	Agricultural villages Nationwide

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

Measures to combat poverty are a major issue for Ethiopia whose per capita GNP stands at \$120. When providing aid in the priority fields mentioned above, attention must be paid to what group of people constitute the beneficiaries and what mode of production is involved.

1. Stable supply of food and improved productivity for small farmers

There is believed to be considerable potential in the southern and western parts of Ethiopia but agricultural productivity in these areas remains low. Factors restricting productivity are 1) traditional farming methods and 2) the distances from those markets capable of absorbing surplus produce. To counter these factors, it is important to 1) improve and spread the kind of cultivation technology which can be applied with little capital and 2) secure a means of transporting the surplus produce.

The farmers in the drought-stricken north have no means of production other than agriculture, making it difficult for them to purchase food from markets. In this area, it is necessary to formulate drought countermeasures designed to enable the farmers to achieve self-sufficiency sustained by agriculture: such measures include the construction of reservoirs and small irrigation systems. It is also desirable to ensure long-term environment improvements through such means as tree-planting.

For Ethiopia as a whole, the vitalization of industry in the agricultural villages and the provision of sources of income for the farmers are considered to be the most important issues. Based on these activities, it will also be necessary to give due consideration to such aspects as improving the livelihood of the people in agricultural regions and reducing the number of women in the labor force.

2. Building basic infrastructure by labor-intensive work

The expansion of private capital through the introduction of a market economy and an inflow of foreign capital are needed to vitalize those industries other than agriculture. However, before these measures can be taken, the economic infrastructure needs to be built. At present, the lack of transportation infrastructure greatly restricts the efforts made by the nation to move ahead, and the building of this infrastructure carries top priority. In view of the high jobless rate in urban areas, priority must be given to labor-intensive operations when it comes to building the infrastructure.

(2) Consideration for implement capacity of counterpart-organizations

1. Due to the lack of qualified personnel and the inadequate budgets, the capacity to unearth or create projects is insufficient and the capacity to bear the burden of the costs at the local level is insufficient. Consequently, the requests which are put forward tend to be weighted toward funds or goods.
2. Further efforts are needed to ensure an organic linkage between grant aid and technical cooperation so as to enhance the efficacy of this assistance. It is also hoped that liaison with international organizations will continue to be strengthened.
3. Accompanying the reform of the administrative organizations, governmental bodies are expected to be merged or abolished while local governments are to be strengthened and privatization advanced for the time being. This makes it necessary to pay attention to the moves made by the recipient organizations.
4. Due to lack of experience, the requesting organizations are not aware of the assistance schemes of JICA, which requires that the request procedures for submitting aid projects be explained. This means that having these organizations prepare written requests as required is one role which must be played by the JICA office.
5. In view of the upcoming national elections (to be held around February 1994), the state of public order also needs to be monitored.

VI. Summary of evaluation studies

CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

Republic of Ghana

I. Political, economic and social situation

1. Political situation

(1) Government régime

Republic

(2) Date of independence

Achieved independence on March 6, 1957. The present government came into being on January 7, 1993 and the military regime which had been in power for the previous 11 years gave way to civilian rule.

(3) Head of state

President Jerry John Rawlings (Flt. Lt.)

(4) Political structure

1) Legislature:

Ghana's unicameral parliament consists of 200 members (elected from 200 single member constituents). Ten permanent committees for examining financial, diplomatic and other important issues are set up under the parliament.

2) Executive:

The president (who also serves as the supreme military commander) and vice president, who were elected, head the administrative government. The 22 ministries under the president are headed by ministers who are authorized by parliament and appointed by the president. Regional ministers who serve as the heads of the regions are also appointed by the President. The members of the cabinet, consisting of ministers from the various ministries, assist the President. The term of office for the president is 4 years, and he cannot serve a third term of office. The constitution stipulates that the majority of ministers must be members of parliament.

For administrative purposes, the country is divided into 10 regions and 110 counties. Regional ministers have the highest authority in their respective regions and, together with the regional vice ministers, they are authorized by the parliament and appointed by the president as already mentioned. The county councils, which were established in 1988, have political authority over the county concerned, and they undertake deliberation, legislation and administration for the same. These county councils are considered to be the first step toward democratization and, from the outset of their establishment, two-thirds of their members have been elected by the people while the remaining one-third have been put into office by the bureaucrats. The traditional tribal chieftain system still exercises the actual administrative power, and the government respects this system as it governs.

3) Judiciary:

The supreme court, appellate court, high court and regional People's Courts have been established under the constitution. District courts at the county level to function as the judicial bodies for the areas and replace the people's courts of the Provisional National Defense Council (PNDC) era have been established by legislation.

(5) Domestic administration

The present government came into power in January 1993 when the PNDC, which had been in power for the previous 11 years, gave way to civilian rule, and its primary goal has been to reconstruct the nation's ruined economy.

In the general policy speech he gave after the hand-over of power from the military regime, the president promised to make efforts to protect and promote democracy, freedom of speech and economic development, and to come forward with policies for better education, health care, environment and civil order for all Ghanaians.

(6) Trends of politics

The move to democratization proceeded in accordance with time frame announced in 1991. The elections marking the final stage of the democratization process were evaluated by the international monitor groups as fair, and they won international support. However, because the current government of the National Democratic Council (NDC) proved to be overwhelmingly strong in the presidential election which preceded the election of members of parliament, the opposition party groups boycotted the elections, claiming that this was not the climate for conducting the election of MPs. As a result, the parliament currently has 189 NDC members and 11 members affiliated with ruling parties, making it virtually a one-party rule.

In this way, the transfer of power to civilians was not without blemish, but sound exchanges of views between the government and opposition parties have been taking place outside the parliament, and the political situation is expected to remain stable. In the atmosphere of greater freedom which resulted from the move toward democratization, there has been some increase in the number of incidents of student demonstrations and strikes demanding better treatment and conditions. Nevertheless, the country is not suffering from anti-establishment terrorist activities or drug problems, and it is in better shape than its neighbors in terms of civil order. The president and other members of the current government are the same individuals who played the key roles in the previous military regime, and they have remained in power through the transfer of power from military to civilian rule. Rather than being given a negative report by the international community, the previous military government was generally received in a sufficiently positive light.

(7) Diplomatic relations

In his general policy speech, the president alluded to the principle of respecting the sovereignty of nations in connection with the border dispute with Togo. In fact, the government has followed the same diplomatic policies of the previous PNDC regime: it aims to maintain friendly relations with its non-aligned and neutral neighbors and to respect the United Nations. Ghana emphasizes the importance of political harmony with the Conference of Non-Aligned Nations and the Organization of African Unity. It has a strong sense of being a member of the Commonwealth. As a leading member of the Economic Community of West African States (ECOWAS), Ghana dispatched military forces to join the allied forces of the Community to suppress the conflict in Liberia. Elsewhere, there are aspects of the country's relations with its neighbors which cannot be described as normal: for instance, it has been criticized in connection with the influx of refugees across its border with Togo. Otherwise, its relations with its neighbors remain harmonious. Ghana takes its relations with the United States and other major developed nations seriously in view of the assistance it receives from the IMF and the World Bank. On the other hand, it also maintains friendly relations with Libya and Cuba.

2. Economic situation

(1) General trend

With a view to rebuilding the economy which had undergone deterioration since the late 1970s and which had finally collapsed, the economic report plan (ERP) incorporating the opinions of the IMF was implemented starting in 1983. The plan had the following specific administrative objectives: 1) revision of the exchange rate and liberalization of trade, 2) reduction of the government deficit and curbing of inflation, 3) expansion of production and exports and 4) restoration of the basic infrastructure. The ERP called for results yielding a more than 5% annual economic growth rate, and it is believed to have succeeded in putting the nation's economy back on the track to recovery. The ERP was subsequently carried over as the structural adjustment plan (SAP), and Ghana is currently implementing the third such plan (1991-93). The SAP mainly emphasizes 1) strengthening of the production and export sectors through market mechanisms, 2) reform of the social structure (through cutbacks in administrative organizations, privatization of state-run enterprises, adoption of beneficial rates, etc.), and 3) the implementation of the Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD). Despite this, the nation's economy is not seen as having recovered to the level attained in the mid-1970s (during which time economic production hit record levels in 1977). The attraction of private investments from both domestic and foreign sources, the eradication of poverty, measures to deal with the population problem, and the production of skilled labor are some of the matters considered to require urgent attention.

As if encouraged by the change to civilian rule, civil servants and others have recently been more vocal about their demands for pay hikes. The government has been forced to adopt a lenient stance, and wages have been reviewed in many sectors. To tackle the problem at its roots, a committee was set up within the parliament for the specific purpose of dealing with wage issues.

The reform of the social security system, which began as a means of encouraging people to save their money in order to promote investments, began to bear fruit and a large number of enterprises were developed with the benefit of the capital thus put aside.

The economic growth rate has been seen dropping below 5% over the last several years, giving the impression that the momentum gained in the 1970s has been lost. The decline in agricultural production caused by adverse climatic conditions is believed to be mainly responsible for this.

(2) Trends in the major sectors

1) Agriculture:

In 1992, agriculture (including forestry and fisheries) accounted for 41% of GDP and 60% or so of the nation's total exports. It was the nation's key industry employing nearly 70% of all workers engaged in production.

Agriculture can be divided into the export crop sector and food crop sectors. Cocoa is a typical export crop, achieving a 15% share of the agriculture-related GDP (1992) and a 36% share of exports (1991). Cocoa production has continued to increase, but this is due to improved productivity. There has been no significant increase in terms of newly planted acreage. Figuring prominently in the food crop sector are yams, cassaba and other root vegetables (accounting for 46% of agricultural production) as well as some grains (7% of agricultural production). Growth in production quantities in this sector has been averaging about 5% a year, but both improvements in the distribution system and reductions in post-harvest losses are needed. Improving productivity in this sector is another task of some urgency. Other contributors to the country's agricultural production are forestry, livestock and fisheries (accounting for 12%, 5% and 4% of agricultural production, respectively). Production output in forestry has stagnated due to export restrictions aimed at the protection of the

environment. When it comes to livestock, seasonal fluctuations in feed supply is a problem, while fisheries have suffered dwindling marine resources from which even the inland waters are not immune. Cotton, tobacco, rubber and other commercial crops are also grown with each having a supposedly high potential, but growth in these products has not lived up to its promise due to the lack of healthy competition.

Agriculture occupies the position of a priority development industry from the standpoint of creating income and jobs, and officials have formulated the Medium-Term Agricultural Development Program. The slow agricultural growth rates in 1990 and 1992 stemming from insufficient rainfall point up the fragility of the agricultural foundation of this country. (The growth rate in this field between 1985 and 1991 was 2.1%.)

2) Mining:

Gold and other minerals are an important export industry as they account for over 30% of the export total. Thanks to the introduction of capital from domestic and foreign sources, the promotion of privatization and to the beneficial effects of the SAP, gold mining has achieved rapid growth. In 1992, its production reached the all-time high of 23 or so tons, topping cocoa in terms of export value. Gold production is expected to double over the present level by the year 2000, and the need to support small gold-digging operations in the future has been recognized. The mining output of other products (such as diamonds, manganese and bauxite) has been recovering to the levels recorded before the nation's economy started to deteriorate. However, concern over the impact on the environment remains an intrinsic issue with mining, and serious efforts will be needed to be made in tackling this issue.

The possibility that oil will be produced is moving closer to reality, and development is underway with foreign assistance. Exploratory drilling is the stage now reached, and production on a commercial basis is scheduled to materialize in a few years' time. The development of oil production will have a great impact on Ghana's economy.

3) Industry (manufacturing industry):

Immediately after the nation's independence, manufacturing grew so fast as to account for about 14% of GDP at one time due to the industrialization policy aimed at replacing imports with domestic goods. However, it rapidly declined as the country's economy went downhill. Under the structural adjustment policy, attempts are now being made to restore the manufacturing industry, especially light industry. Efforts are being channeled into privatizing state-run operations and improving the investment environment (finance-related) to enhance productivity. However, such factors as the growing competition waged by foreign countries since the nation's trade was liberalized, the lack of investment caused by the tight money policy to counter inflation, and the slackened growth of domestic purchasing power have hindered manufacturing. Manufacturing now accounts for only 9% of GDP, which is two-thirds of the level it attained in the mid-1970s. The government has a plan which envisions a growth in manufacturing to 14% of GDP by the year 2000 and, to this end, industries related to agriculture will need to be developed.

(3) Fiscal policy

The economic restoration plan, which was commenced in 1983, was based on the structural adjustment policy supported by the IMF and other such organizations, and it included financial reforms such as cutbacks in the number of civil servants and in subsidies. Under this plan, Ghana managed to turn its finances around from a deficit representing a 2.7% share of GDP in 1983 to a surplus in 1986. In consideration of this achievement as well as the stable economic growth it has registered in recent years, Ghana is referred to as an example of successful structural adjustment. A symbol of this is the discontinuation of the structural adjustment support from the

ESAF of the IMF in 1991. The government has also come up with a policy to change the utilization of future assistance from program types to project and investment types. (These plans notwithstanding, the government recorded a deficit in 1993 due to broad-based wage hikes for civil servants.)

From the viewpoint of developing the economy, Ghana's fiscal policy includes: 1) vitalization of banks aimed at increasing domestic savings (introduction of free competition), 2) support of the stock market, 3) review of the tax system (review of the value added tax), 4) curbing of inflation and 5) freezing of the ratio of government spending to the GDP. In 1992, however, the government increased the supply of the nation's currency by 51%, which was about 4 times the level planned, in order to offset the government deficit and ease private-sector funding.

(4) International balance of payments

Although the overall balance registered a surplus in 1987, the current balance has not improved and the deficit has, in fact, increased. In 1992, delays in the disbursement of foreign aid amounting to \$170 million and the aggravated balance of trade pushed even the country's overall balance into the red for the first time in 6 years (1992 overall balance: -\$124 million; current balance: -\$376 million). Despite the fact that increases in the amount of assistance given to Ghana, which is believed to be succeeding in its structural adjustments, are tending to push its overall balance of payments into the black, these recent figures have raised doubts as to whether the nation has attained any fundamental improvement in its international balance of payments.

(5) External debt

The external debt, which stood at \$2.9 billion in 1989, had jumped to \$4.2 billion by 1992. This is equivalent to a 67% share of the country's GDP. The external debt to GDP ratio reached its maximum in 1987 with 68.3%, and it has been gradually on the wane ever since. The nation's external debt service ratio improved from 68% in 1988 to 29% in 1992. The government has announced that it expects this figure to continue to shrink. However, warnings have been sounded that unless the relatively favorable economic development which has been observed of late persists, the nation will find itself in dire straits with its external debt especially considering that the burden of repayment of debts including repayment of principle will become heavier in two or three years' time. The government is also aware of its current difficulties, and it has begun to appeal to the necessity for grant aid and rescheduling of its debts in the future. In this respect, it has already concluded a deal in which it has exchanged its accumulated debt for action to protect nature.

(6) Economic relations with Japan

Ghana's exports to Japan in 1990 amounted to \$77 million. Major export items to Japan include cocoa beans (66%), frozen fish (including squid, 14%) and manganese ore (7%). Imports from Japan amounted to \$70 million with major import items consisting of automobiles (and trucks), metal products (such as galvanized steel sheets) and machinery. Japanese sources made direct investment in the past with the establishment of assembly plants for electrical products and inroads made by a fishery-related company into Ghana to tap its marine resources but no investments have been made in recent days. (The value of the direct investments made by Japan had reached \$1.5 million by 1987.)

3. Social situation

(1) Trends in the major sectors

1) Education:

From early times, among the various nations of Africa, Ghana was always eager to build up education. Today, however, what with the prevailing shortages of

teachers and teaching materials, the education available in the country can hardly be described as satisfactory. The lack of teachers is particularly serious in primary education, and education is barely being maintained with unqualified teachers in many parts of the country. Low wages and poor benefits for teachers are reported to be two factors behind this problem. In an effort to improve the situation, the government has increased the budget for education. Reform of the education system has been implemented since 1987, and the number of years of education prior to entering university was cut from 17 to 12 (6, 3 and 3 years) as in Japan. Compulsory education is now set at 9 years, which is the same as in Japan. Evaluation of this educational reform has been negative so far due to the fragility of the foundations of the educational system itself. It is interesting to note that the most frequent job taken on by members of the Japan Overseas Cooperation Volunteers in Ghana is science teacher.

2) **Health:**

Although a public health care program has been put into effect in order to provide quality medical treatment to all parts of Ghana, shortages of personnel, supplies and equipment coupled with administrative failures have prevented the program from being successfully promoted. Health conditions in the provinces are particularly deplorable, and increases in the number of medical personnel are considered to be needed urgently. The government is busy with a structural reform of its health ministry (by the transfer of administrative power to local governments), and it is also tackling such issues as a more effective system of inoculation and the eradication of malnutrition. At present, there are about 240 public health care centers in the country, and about 100 more are needed (1991).

3) **Housing:**

The failure to develop and repair houses during the days of the economic collapse has led to the present shortage in housing. This, in turn, has inflated the prices of houses, creating a serious problem for the general populace. The government is also urging the private sector to improve housing conditions, and it is reforming the financial system to alleviate the situation. The invested capital now available through social security system reform and the funds invested by individuals since democratization are taken by some as signs that the construction of houses is being revitalized.

4) **Water resources:**

Thirty-five percent of Ghanaians do not have access to supplies of safe water. For measures to deal with the Guinea worm and for other reasons of hygiene, the government has given priority to the development of water resources. It considers water to be a basic factor required for economic development in the outlying areas. The organizations of the developed nation which provide assistance to Ghana are also supportive of this move. The water supply facilities in the urban areas are also in need of repair.

5) **Population:**

Ghana was the first country in Africa to adopt policies to deal with population problems although its population growth rate today is still high. The government considers rapid population growth to be a major stumbling block to the acceleration of economic development, which is one of the nation's targets. In 1993 it set up the National Population Council, and by involving women and other groups, it is coming to serious grips with this issue.

6) Transportation:

Almost all transportation in the country is dependent on roads.

Roads: Existing trunk roads can be adequately widened to meet medium-range demands, but there are no plans to construct new roads. However, road surfaces have deteriorated in many parts, and extensive repairs are needed. The roads in the provinces are expected to be managed by local governments with the participation of the local populace. As the number of the vehicles on the roads increases, the need to establish bus services is becoming increasingly more pressing not only in the urban areas but throughout the country.

Railways: The rehabilitation of the railway network which connects Accra (Tema), Kumasi and Takoradi, the industrial centers of Ghana, is planned in the belief that this is essential for the future development of the nation's industry.

Maritime transport: Plans call for further consolidation at the major ports of Tema and Takoradi which were improved under the economic reconstruction plan. Links between the inland waterways and road networks are also planned.

7) Communications:

Improvements in this field will be vital in helping to expand the introduction of private-sector capital. The Post and Telephone Corporation has been split up into separate telephone operations and postal operations as a move to rationalize management. Competition will be brought to bear particularly on the telephone operations once the private sector advances onto the market.

8) Energy:

The nation is currently dependent on forest resources (fuel wood) for 80%, the Lake Volta dam with its power-generation capacity of 1,072 MW for 7% and on oil for 13% of its energy demands. Since excessive reliance on forest resources will lead to serious environmental problems, the government is attempting to boost the spread of natural gas usage with a view to eventual domestic production. The demand for electric power is expected to increase in the future as the program for introducing electricity to the outlying areas gets underway. Thermal power generation is on the planning board (a 300 MW plant is scheduled to start operating in 1996).

(2) Income distribution/Regional disparities

Except for the producers of cocoa, which is a cash crop, most of the people engaged in agriculture—making up 70% of all Ghanaians—are small farmers with small areas of cultivated land which are barely sufficient to support themselves. They make up the general poverty segment of society with a significantly lower income than workers engaged in other industries. The underdeveloped infrastructure is a major block to economic development in Ghana but there are also discrepancies between regions in the extent to which the infrastructure has been developed. Two-thirds of the poverty-stricken live in the provinces and 60% of these are concentrated in the northern areas. During the CG meeting which took place in 1993, the government reaffirmed the eradication of poverty as one of the goals of its future activities.

The structural adjustment plan (SAP) introduced as a measure to reconstruct the economy with the support of the World Bank and the IMF contains elements which will cause further deterioration in the living standards of the poor. The government is therefore dealing with poverty by carrying out the Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) which aims at bringing relief to the weak.

(3) Others

PAMSCAD is a supporting pillar of the structural adjustment plan. It provides aid to the weak, who have been dealt a further blow by the adoption of beneficial rates, through income-producing activities and small-scale businesses. These activities are considered to constitute the key to success for Ghana's structural adjustments.

4. Special issues**(1) Environment**

In its decision to consider the impact that the implementation of its development programs will have on the environment, the government has announced an environmental policy which aims to improve the standard of living of its citizens. It intends to set forth guidelines for the manufacturing and mining industries, and it plans to establish laws and regulations as well as punitive measures concerning the environment. Worried by the desertification mainly in the northern areas of the country, it is encouraging tree-planting activities and is also staging a campaign to substitute LPG for wood as a fuel. The extent of its concern with environmental problems is clear from the fact that it has even established a ministry of the environment.

In the past, the government agreed to protect nature in exchange for having its accumulated debt written off.

(2) Women in development

As typified by the "market mom" syndrome, women in Ghana have greatly succeeded in making their way into the nation's economy. Nevertheless, traditional customs and other factors still make conditions for women harsh. Assistance organizations and other groups are carrying out projects related to WID, and the National Council of Women in Development (NCWD), which has been set up under Ghanaian law, is playing a central role in these projects. The Council coordinates the various projects and serves as the national machinery for improving the social status of women. (However, some hold the belief that the Council's activities have not been accompanied by actual results.) The December 31 Women's Movement, chaired by the first lady, which serves as the NGO for WID, carries out income-producing activities in many parts of Ghana.

(3) Military expenditures, etc.

Ghana is said to maintain the minimum military force required to maintain civil order and guard its national borders. Specifically, the force was estimated at 13,000 in 1987. Some 13,514 million cedis were earmarked for defense in 1992, accounting for 4.7% of the total budget.

(4) Democratization and basic human rights

In accordance with the plan to move toward democratization announced in early 1991, democratization was realized on January 7, 1993 as scheduled, and the fourth republic came into being. The series of events which led to this move have been awarded high marks by international monitoring groups. The constitution now in place promises to respect basic human rights and, in 1992 in the midst of democratization, restrictions on newspapers were lifted to provide an atmosphere in which Ghanaians were left free to state their opinions.

5. Indicators

Economic indicators	Land area	238,537 km ² (about two-thirds the area of Japan) ^{*1}	
	Population	15.2 million ^{*2}	
	Country classification (DAC list)	Low-income country	
	GDP (in million US\$)	5,927 (1990) → 6,054 (1991) → (1992) ^{*3}	
	Real GDP growth rate	3.3% (1990) → 5.0% (1991) → 3.9% (1992) ^{*4}	
	Per capita GDP (in US\$)	390 (1990) → 390 (1991) → (1992) ^{*3}	
	Sectoral distribution of GDP	Agriculture, 41.4%; Mining/Industry, 14.2%; Services, 44.4%; (1992) ^{*4}	
	Sectoral growth rate (annual average)	Agriculture, ▲0.6%; Mining/Industry, 5.8%; Services, 7.7%; (1992) ^{*4}	
	Sectoral distribution of employment	Agriculture, 59%; Mining/Industry, 11%; Services, 30%; (89-91) ^{*5}	
	Growth rate of consumers' price index	37.2% (1990) → 18.0% (1991) → 10.1% (1992) ^{*4}	
	Unemployment rate	Difficult to obtain specific figure since many people are active in informal sector	
	Exports (in million US\$)	895 (1990) → 998 (1991) → 986 (1992) (FOB basis) ^{*4}	
	Imports (in million US\$)	1,235 (1990) → 1,319 (1991) → 1,457 (1992) (FOB basis) ^{*4}	
	Social indicators	Balance of current accounts (in million US\$)	Δ267 (1990) → Δ252 (1991) → Δ376 (1992) ^{*4}
		External debt balance (in million US\$)	3,078 (1989) → 3,498 (1990) → 4,209 (1991) ^{*6}
Debt service ratio		% (1989) → 30% (1991) → 29% (1992) ^{*7}	
Foreign currency reserve (in million US\$)		463 (1989) → 309 (1990) → 644 (1991) ^{*6}	
Population growth rate		2.2% (average 1970-80) → 3.2% (1980-91) ^{*5}	
Life expectancy at birth		55 years (1991) ^{*5}	
Infant mortality rate		84/1,000 (1991) ^{*5}	
Per capita calorie intake		2,144 Kcal (1988-90) ^{*5}	
Primary education enrollment ratio		79.4% (1990) ^{*8}	
Secondary education enrollment ratio	JSS 52.4% (1990), SSS 32.2% (1990) Note -1 ^{*8}		
Tertiary education enrollment ratio	0.4% (1990) ^{*8}		
Adult illiteracy rate	40% (1990) ^{*5}		
Population ratio in absolute poverty	Overall: 42%, Towns/cities: 59%, Agricultural villages: 37% (1977-89) ^{*5}		

Sources:

- *1) *The World 1992*, economic information file on nations in the world
- *2) *Enhancing the Human Impact of Adjustment Programmes* (Finance and Economic Planning Ministry, 1991)
- *3) Bank of Ghana
- *4) *From Economic Recovery to Accelerated Growth* (Finance and Economic Planning Ministry, 1993)
- *5) *Human Development Report 1992*, UNDP
- *6) *World Bank Development Report 1993*
- *7) *Facts and Figures on Ghana*, Japanese embassy in Ghana
- *8) *The Children Cannot Wait*, Ghanaian government 1992

Note -1

JSS = junior secondary school; SSS = senior secondary school

II. Socio-economic development situation

1. Outline of the national development plan

Implementation of the economic reconstruction plan was started in 1983, and it was followed by the structural adjustment plan (SAP) which is now being carried out. At present, the third phase of the structural adjustment plan (91-93) is being promoted.

(1) Goals

- 1) Sustained development of more than 5% growth rate in GDP
- 2) Bolstering of production/export sectors through market mechanisms
- 3) Reform of social structure
- 4) Utilization of private-sector investments
- 5) Improvements in living standards

(2) Issues

- 1) Increase and expansion in functions of financial system
- 2) Improvements in balance of current accounts (an industrial structure which is relatively vulnerable to the effects of international prices)
- 3) Political stability accompanying democratization
- 4) Fragility of the agricultural sector which is relatively vulnerable to the effects of the climate

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Sustaining of economic stability	Expansion of private-sector investments Improvements in financial system Improvements in balance of current accounts	Stability of government Low-power functions of related governmental agencies and ministries
(2) Construction of new and maintenance of existing infrastructure	Rehabilitation and expansion of transportation means (road and railroad networks), communication networks	Lack of funds Lack of management system know-how
(3) Fostering of export industries	Rehabilitation of existing projects Diversification of export industries Bolstering of mining industry	Export industry structure which is relatively vulnerable to the effects of international prices
(4) Reductions in public sector	Reductions in employees, bolstering of functions	Lack of financial resources to pay for retirement benefits Lack of employment opportunities
(5) Expansion of health and medical care	Establishment of medical system which will benefit all citizens Construction of more (approx. 100) public health care centers	Lack of human, equipment and material resources Improvements in implementation conditions
(6) Reform of education system	Improvement in school enrollment rate (particularly at primary level) Establishing a new academic systems; provision of vocational training schools	Lack of teachers Lack of teaching materials and study aids (including facilities)
(7) Establishment of food production	Expansion of grain production Rehabilitation of irrigation facilities Development of farm management technology	Post-harvest problems Immaturity of distribution systems Low level of technical expertise among farming population

(8) Privatization of enterprises	Improvements in business efficiency Improvements in financial systems	Difficulties in funding Financial set-up which is complex and difficult to utilize Lack of know-how for privatization
(9) Increases in employment	Promotion of small-scale operations	Lack of know-how

3. Investment program for the development plan

A public investment program was formulated starting in 1986 to support the structural adjustment plan which was targeted at economic recovery. This program was devised as a 3-year plan, and it is reviewed every year. Currently, implementation of the plan covering the 1993-95 period is underway. The projected investment amounts for each sector are listed below.

(in million cedis; US\$1 = 620 cedis)

	1993	1994	1995	Total by sector (93-95)
(1) Agriculture	26,727	25,458	22,450	74,635
(2) Mining/industry	13,853	16,387	10,689	42,995
(3) Natural resources	32,560	21,213	18,343	72,116
(4) Economic infrastructure	275,708	321,495	341,234	950,608
(5) Social infrastructure	42,225	61,438	83,056	186,719
(6) Other	7,546	8,897	12,100	28,543
Total	398,619	454,888	487,872	Grand total 1,355,616

4. National budget

Fiscal 1993 (in million cedis; US\$ = 535 cedis)

Gross revenue (one-third accounted for by oil-related taxes) 667,400

Gross expenditure (including debt servicing) 652,100

Because information on details of the 1993 national budget is unavailable, the figures computed at the planning stage of the fiscal 1992 budget are indicated below as a reference.

Fiscal 1992 (in million cedis; US\$ = 390 cedis)

Revenues	482,000	Expenditures (excluding debt servicing)	289,131
Tax revenue	364,000	Ordinary expenditure	210,431
Non-tax receipts	35,000	Capital expenditure	
Grant assistance	83,000	(PIP)	72,400
		(Non-PIP)	6,300
		Agriculture	8,584 (3.0)
		Land and resources	5,198 (1.8)
		Energy	1,395 (0.5)
		Trade and tourism	514 (0.2)
		Industrial/scientific technology	8,026 (2.8)
		Housing and civil engineering works	9,654 (3.3)
		Roads	35,567 (12.3)
		Transportation and communication	5,032 (0.2)
		Education	87,954 (30.4)
		Health care	29,859 (10.3)
		PAMSCAD	271 (0.1)
		Defense	13,514 (4.7)
		Other	83,563 (28.9)

Source: The PNDC Budget Statement and Economic Policy for 1992, 1993

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$255.7 million (1992)

	Britain	France	Canada
Aid amount	\$48.1 million ('92)	\$37.2 million ('92)	\$35.1 million ('92)
Share	18.8%	14.5%	15.7%
Type of aid	Grant aid, technical cooperation	Grant aid, technical cooperation, loans	Grant aid, technical cooperation
Priority areas or sectors	<ul style="list-style-type: none"> • Education • Development of human resources • Water resources 	<ul style="list-style-type: none"> • Fostering of industry • Water resources 	<ul style="list-style-type: none"> • Water resources • Public health care

Figures are provided on an expenditure basis.

Source: Documents for 1992 CG conference prepared by the Finance and Economic Planning Ministry

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$284 million (1992)

	IDA	AfDB	EEC/EIB
Aid amount	\$167.1 million ('92)	\$48.1 million ('92)	\$34.7 million ('92)
Share	58.8%	16.9%	12.2%
Type of aid	Loans	Loans	Loans
Priority areas or sectors	<ul style="list-style-type: none"> • Improvements in public sector • Comprehensive social developments • Building of foundations for promotion of exports 	<ul style="list-style-type: none"> • Comprehensive social developments 	<ul style="list-style-type: none"> • Fostering of industry • Economic infrastructure

Figures are provided on an expenditure basis.

Source: Documents for 1992 CG conference prepared by the Finance and Economic Planning Ministry

3. Japanese ODA

The place of Japan among bilateral donors: 2nd

Share: 25.9% (1991)

Aid amount (in million US\$, 1991)	Trends in assistance
Technical cooperation 7.91	The principal areas receiving assistance are agriculture for achieving stability in agricultural output and medicine for improving medical care. Aid is also going into projects related to road and communications networks, construction of ports and harbors for providing basic infrastructure. Contributions in the field of education by the Japan Overseas Cooperation Volunteers are active. Assistance (non-project grant aid) for supporting structural adjustments is also viewed as important.
Grant aid 28.93	
Loans 79.22	
Total 116.05	

Source: Japan's Official Development Assistance 1993, Ministry of Foreign Affairs

4. Collaboration among aid organizations

A general meeting at which the Ghanaian government appeals to aid donor countries and organizations is held every quarter while the only meetings held principally by the donors concerning health and medical care and education are held every month. Meetings for other sectors are held on an irregular basis. As regards women in development (WID), a liaison meeting is held every six months and this also provides opportunities for donors to exchange information.

5. Situation of NGO activities

- (1) NGOs currently active: Some 200 NGOs are registered with the government but only about half are believed to be active. The activities of environmental NGOs and WID-related NGOs are gaining in prominence.
- (2) Names of major organizations and details of activities
 - 1) December 31 Women's Movement
Village (social) development through women
 - 2) CRS
Food aid, nutrition improvement, health and medical care
 - 3) Global 2000
Guidance in agricultural technology to increase food production

IV. Priority areas or sections for JICA cooperation

Ghana is promoting the structural adjustment plan in order to achieve stable economic growth and improve the living standards of its people, and cooperation is being provided with the goals defined below in order to support this plan.

- (1) Strengthening of foundations which will support stable economic growth (recovery)
- (2) Bolstering of export industries which are a significant factor in attaining economic growth
- (3) Improvements in living standards of Ghanaians

Sectors	Main goals			Strategy	Purpose of projects	Target region
	Stable growth	Promotion of exports	Improvements in living standards			
Economic management	⊙	○	○	(1) Development program 1) Effective and efficient implementation of development program	1) Training of individuals who can formulate development programs	
Agriculture, forestry and fisheries	⊙	○	○	(1) Fostering of small farms (including stock-raising) 1) Increased food production 2) Measure to surmount poverty, creation of jobs	1) Enhancement of agricultural production technology 2) Post-harvest improvements (irrigation) 3) Improvements in distribution system	Southern area, Volta environs
	⊙	○	○	(2) Development of fisheries 1) Buildup of role played by fisheries in nation's economy	1) Improvements in distribution system Sound management of resources	Central and south-western areas
	⊙	○	○	(3) Replenishment of forestry resources and their sound utilization 1) Environmental protection and establishment of forestry as a permanent export industry	1) Promotion of seedling culture and tree-growing activities 2) Sound fostering of forestry industry	
Mining and industry	⊙		○	(1) Fostering of small- and medium-scale industries 1) Promotion of jobs and leveling of regional disparities (2) Effective utilization of mineral resources	1) Training of individuals who can formulate small- and medium-scale industrial development programs 2) Improvement of operation rates of manufacturing plants 1) Formulation of sound development program	Central and south-western areas

Sectors	Main goals			Strategy	Purpose of projects	Target region
	Stable growth	Promotion of exports	Improvements in living standards			
Economic infrastructure	⊙	○	○	(1) Transportation 1) Preparation of foundations for industrial development	1) Construction of new and maintenance of existing road networks and ports 2) Provision of design and repair standards for roads, etc.	
	⊙	○	○	(2) Communications 1) Preparation of foundations for industrial development	1) Construction of new and maintenance of existing communication networks covering urban and other areas 2) Construction of new and maintenance of existing TV and radio broadcasting networks	
	⊙	○	○	(3) Energy 1) Preparation of foundations for industrial development	1) Supply of electric power to provincial cities	
Social infrastructure	○		⊙	(1) Education 1) Improvement in school enrollment rate and in quality of education	1) Building of more educational facilities and introduction of better teaching materials 2) Support for changes in educational system 3) Securing of enough teachers and improvement in their quality	
	○		⊙	(2) Health care and hygiene 1) Provision of better medical system accessible to all citizens	1) Training of medical personnel 2) Expansion in public health care 3) Construction of new and maintenance of existing medical facilities	
	○		⊙	2) Improvement in hygiene environment in urban areas	1) Provision of better garbage disposal systems	
	○		⊙	(3) Population 1) Suppression of increase rate in population	1) Education and instruction in family planning 2) Promotion of women in development	
	○		⊙	(4) Development of water resources 1) Supply of safe water to all citizens	1) Development of water resources, supply of water for use in daily life 2) Rehabilitation of water supply systems in urban areas	

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- Lack of ability on part of contact organizations in aid-reclpiant country to form plans and suggestions
- Lack of awareness in contact organizations concerning technical cooperation
- Insufficient accumulation of information
- Inadequate understanding by Ghana concerning Japan's assistance schemes
- Inadequate development of functions of local consultants and suppliers of equipment and materials
- Technical cooperation adjustment system (NATCAP), which is being promoted by UNDP, already introduced
- Evaluation of structural adjustments as successful has resulted in summons for many aid packages, thereby bringing about the necessity for coordination with other aid groups to avoid duplication of aid

(2) Consideration for implementation capacity of counterpart-organizations

- Lack of local capability to bear costs
- Decision-making power over bidding results, etc. often rests in the hands of government officials with quite high ranks, making it take a long time to complete the necessary formalities.
- Lack of personnel in implementation organizations
- Sufficient consideration must be given to changes in procedures, etc. accompanying changes on the political front.

VI. Summary of evaluation studies

Points considered to be of importance in the findings of the evaluation studies conducted by JICA:

- (1) From the fiscal 1987 fisheries sector evaluation study:
"We would like to see efforts made so that the fishing survey ship will continue to operate so that it will be able to accumulate the data needed to ensure that permanent marine resources are sustained."
- (2) "From the fiscal 1990 water resource sector evaluation study:
The plan for Ghana is in its initial phase, and problems have been spotted in its maintenance and management. However, it is believed that the situation will improve in the second and successive phases."

CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

Republic of Kenya

I. Political, economic and social situation

1. Political situation

(1) Government regime

Presidential system

(2) Head of state

Daniel Arap Moi (in office since 1978; serving a 5-year term)

(3) Date of independence

December 12, 1963

(4) Political structure

1) Legislature:

Unicameral parliament (200 seats, of which 188 are elected and 10 are appointed, with a speaker of the house and attorney general)

2) Executive:

This consists of Ministry of State in the Office of the President and 23 other ministries and agencies. The cabinet is made up of members of the Kenya African National Union (KANU) party only. Administratively, the country is divided into the Nairobi area and seven provinces, but the central government exercises much of the power.

3) Judiciary:

The judiciary system is headed by the chief justice although, in reality, it is under the control of the government.

4) Political parties:

Since the adoption of the multi-party system in December 1991, parties such as Ford Kenya, Ford Asili and the Democratic Party have been formed to oppose the KANU, the party in power. These parties, however, each tend to exhibit strong tribal distinctions. The Islamic Party of Kenya, which espouses Islamic fundamentalism, is not recognized as a political party.

(5) Domestic administration

Starting in 1989, the nation has been implementing the 6th Five-year National Development Plan under which the promotion of exports, development of agricultural villages, advancement of private participation, and other structural reform activities have been promoted aggressively. The delay in the progress made in democratization has led to the decision to freeze new financial supports at the CG meeting held in November 1991. The multi-party system was introduced in December 1991, and in the December 1992 general election, the KANU won a majority of the seats and elected the president.

(6) Trends of politics

The deep-seated demand voiced both at home and abroad for democratization forced the government to approve the multi-party system in December 1991. At the general election conducted at the end of 1992, the KANU won 100 seats, Ford Asili 31 seats, Ford Kenya 31 seats, the Democratic Party 23 seats and other parties 3 seats. Since then some members of Ford Asili and DP have joined the KANU. Not a single candidate representing the KANU of the Kikuyu, the largest ethnic group, or the Luo, another influential ethnic group, was elected. For this reason, the President appointed some of these candidates as members of parliament and cabinet. As it stands today, Ford Kenya is the most influential opposition party.

(7) Diplomatic relations

The government has held firmly to policies which are pro-Western, non-aligned and neutral in nature and which are strongly supportive of the OAU. In addition to having re-established diplomatic relations with Israel and South Africa, it is trying to strengthen its relations with its neighbors as well as with countries in Eastern Europe, the Middle and Near East and Asia. Nevertheless, relations with North America and Europe, particularly with the countries of Scandinavia, remain strained due to issues related to corruption, democratization and human rights, and since the November 1991 CG meeting, new financial aid (Balance of Payments Support) have remained frozen with some exceptions.

2. Economic situation

(1) General trend

Since its independence in 1963, the country has achieved a relatively steady economic development. Since the early 1980s, however, a downturn began to slow down the pace of economic growth. The structural adjustment measures introduced under the guidance of the World Bank and IMF failed to produce significant results. This plunged the domestic economy into a nosedive. Particularly since the freezing of the new financial aid, a shortage of foreign currency has surfaced as a result of the deficits in the trade balance and government balance. Efforts are being made to solve this problem with monetary measures including the liberalization of exchange controls. Inflation is high, and the Kenyan currency has been devalued three times since the beginning of 1993, resulting in more difficult living conditions for Kenyans.

(2) Trends in the major sectors

1) Agriculture:

Agriculture is the single most important industry in Kenya's economy, accounting for 80% of employment, 65% of total exports and 30% of the added value created. It also accounts for slightly less than 30% of the agriculture forestry and fisheries GDP. The nation's crops are divided into export crops such as coffee, tea, sisal and pyrethrum, and self-sufficiency crops such as maize and wheat. The nation is highly dependent on coffee and tea: these two items account for between 50% and 60% of the total value of agricultural exports. Recently, exports of flowers and vegetables have been growing.

2) Manufacturing:

The manufacturing industries were developed with European capital in colonial times. Today, most of the large-scale manufacturing industries are dependent on Western capital in addition to Japanese and American funding. A number of development plans carried out since independence have been aimed at raising funds from domestic sources. Consequently, manufacturing is now funded by Kenyan capital in such fields as leather, textiles, printing, furniture, sugar and foodstuffs. The development of small cottage industries, generally known as JUA KARI has been particularly important in recent years in order to provide

much needed employment in the face of a fast-paced population growth, and this has been a major element in the government's policy geared to fostering the manufacturing industry.

3) Service industry:

The import/export and tourism industries both make a significant contribution to foreign currency earnings, and they rank third in importance, accounting for 10.9% of the GDP. Tourism, the nation's key industry, earned 713 million Kenyan pounds in 1991, ranking it top overall among foreign currency earners and providing many jobs. Due to a slowdown in the import and export industries caused by a lack of foreign capital and due to the more recent decline in the number of tourists because of the unstable political situation and deteriorating civil order, the GDP growth rate fell to 0.4% (1991-1992).

(3) Fiscal policy

Structural adjustment measures are being taken in order to control government spending and shape the economic system into one in which the private sector predominates. Reductions in the deficit are being attempted particularly through reforms in the fields of health care and education by introducing such measures as cutbacks in the public sector, privatization and the introduction of cost-sharing schemes.

(4) International balance of payments

Freezing of financial aid has led to a downturn in imports and shrinking foreign currency reserves. Although the balance of trade is improving, the international markets for tea and coffee, Kenya's major export crops, are in the doldrums while the number of tourists has diminished as the civil order has deteriorated. The current balance tends to remain in the red due to these structural factors. This tendency, which is compounded with the more recent problem posed by the shortage of foreign currency, is creating uncertainty about prospects for improving the country's international balance of payments.

(5) External debt

The balance of the external debt increased from 3,419 million Kenyan pounds in 1990 to 4,418 million Kenyan pounds in 1991, and the service rate went up from 14.61% to 20.33%. More than 40% of these debts are bilateral debts. The amount of loans from Japan was stepped up from 428 million Kenyan pounds in 1990 to 702 million Kenyan pounds in 1991.

(6) Economic relations with Japan

Japan is Kenya's third biggest import partner following the United Arab Emirates and Britain. The tendency to import more from Japan than it exports is still strong, seeing as exports from Kenya stand at 24 million Kenyan pounds, which is only about one-ninth of the value of the nation's imports from Japan. Automobiles and machinery account for about 70% of the total imports from Japan.

3. Social situation

(1) Trends in the major sectors

1) Education:

By introducing cost-sharing schemes as part of the structural adjustments, the share of the costs of a university education borne by the students has been increased. On another front, educational reform has also been carried out.

2) Health:

While the government has introduced cost-sharing schemes into medical

payments, the World Bank, USAID and other donors have been eager to assist in constructing local medical systems, including those at the Kenyatta National Hospital.

3) Urbanization:

The urban area population ratio has climbed to 19% and is still growing. Improving the living environment in the urban areas has become an urgent task on the agenda.

(2) Income distribution/Regional disparities

Changes in the industrial structure caused by the implementation of the structural adjustments have resulted in an expanded urban population and small gains in employment. Discrepancies in income, however, are widening and regional disparities between the cities and the agricultural villages in the provinces are also on the increase. These trends, in turn, are further adding to the concentration of population in urban areas.

(3) Others

In addition to the domestic political instability which is bound up with the demand for democratization, the shortages of food caused by droughts, crises in food supply brought on by the influx of refugees fleeing from political unrest in neighboring countries, and the deterioration of civil order have led to serious social unrest at home. The number of incidents of trains being hijacked or robberies both involving firearms which have been smuggled into or produced illegally in Kenya has been increasing, and the breakdown of civil order in Nairobi and other urban areas has been marked. Conflicts between the Kelenjin, the ethnic group which supports the KANU, and the Kikuyu, who are opposed to the KANU, have flared up, resulting in many deaths. Adherents of the illegal IPK group of Islamic fundamentalists have often run riot in the coastal region.

4. Special issues

(1) Environment

- 1) Major environmental problems:
Diminishing forests and wildlife
- 2) Ministry in charge of environmental issues:
Ministry of Environment and Natural Resources is in charge of overall environmental issues, and Ministry of Land Reclamation and Regional and Water Development and Ministry of Tourism and Wildlife are also involved with matters of the environment.
- 3) Environmental policy:
Legislation for environmental issues has been implemented, but no outstanding policy for the environment is in existence.
- 4) Environment-related laws:
There are no blanket laws governing the environment but the following acts are concerned with the environment: the Public Health Act of 1986, Factories Act of 1972, Water Act of 1972, Fertilizer and Animal Food Act of 1982, and the Wildlife Conservation and Management Act of 1985.

(2) Women in development

- 1) General condition:
Many projects concerning women are implemented by the ILO, SIDA, and others. The difference in the primary education enrollment ratios for the sexes has narrowed from 64% for boys and 30% for girls in 1980 to 96% and 92%, respectively, in 1990. The literacy rate, on the other hand, still shows a significant gap: 80% for males and 59% for females. (See *1) Despite the fact that 30% of households in agricultural villages are headed by women, the

income of women from agriculture is only 14% of the total for the men. This suggests that women are carrying a heavy financial burden. (See *2)

*1: *Children's White Paper 1993* by UNICEF

*2: *State of World Rural Poverty 1992 (1988 data)* by the International Fund for Agricultural Development

- 2) Organization in charge:
Bureau for Women, Ministry of Culture and Social Services
- 3) Nature of government policy:
Support for improving living conditions, occupational training and financial support for businesses

(3) Military expenditures, etc.

In 1991, the defense budget accounted for 5.6% of the recurrent budget and its GDP ratio stood at 0.4%, yielding a negative growth over the previous year for the first time.

(4) Democratization and basic human rights

Under the multiple party system, general elections were conducted in December 1992.

5. Indicators

	Land area	582,646 km ² (of which 433,000 km ² is arid/semi-arid land)
	Population	25.7 million (1992)
	Country classification (DAC list)	LIC
Economic indicators	GDP (in millions of Kenyan pounds)	4,050 (1989) → 4,225 (1990) → 4,317 (1991) → 4,340 (1992)
	Real GDP growth rate	4.9% (1989) → 4.5% (1990) → 2.2% (1991) → 0.4% (1992)
	Per capita GDP (GNP) (in millions of Kenyan pounds)	175 (1989) → 176 (1990) → 174 (1991) → 169 (1992)
	Sectoral distribution of GDP	Agriculture, 28.7%; Mining/Industry, 13.8%; Services, 10.9% (1991)
	Sectoral growth rate	Agriculture, -1.1%; Mining/Industry, 3.8%; Services, 1.3% (1990/91)
	Sectoral distribution of employment (wage earners)	Agriculture, 7.6%; Mining/Industry, 14.5%; Services, 11.8% (1991)
	Growth rate of consumers' price index	13.7% (1989) → 15.6% (1990) → 19.6% (1991) → 27.5% (1992)
	Unemployment rate	—% (1989) → —% (1990) → —% (1991)
	Exports (in millions of Kenyan pounds)	1,000 (1989) → 1,232 (1990) → 1,553 (1991) → 1,708 (1992)
	Imports (in millions of Kenyan pounds)	2,239 (1989) → 2,546 (1990) → 2,646 (1991) → 2,955 (1992)
	Balance of current accounts (in millions of Kenyan pounds)	▲596 (1989) → ▲596 (1990) → ▲295 (1991) → ▲157 (1992)
	External debt balance (in millions of Kenyan pounds)	2,676 (1989) → 3,419 (1990) → 4,418 (1991)
	Debt service ratio	18.7% (1989) → 14.6% (1990) → 20.3% (1991)
	Foreign currency reserve (in millions of Kenyan pounds)	335 (1989) → 301 (1990) → 234 (1991)
	Social indicators	Population growth rate
Life expectancy at birth		57 male, 61 female (1991) * WDR (1993)
Infant mortality rate		67/1,000 (1991) * WDR (1993)
Per capita calorie intake		2,163 Kcal/day (1989) * World Development Report (1993)
Primary education enrollment ratio		Male, 98%; female, 93% (1986-88) Male, 94%; female, 92% (1990)
Secondary education enrollment ratio		Male, 27%; female, 19% (1986-88) Male, 23%; female, 19% (1990)
Tertiary education enrollment ratio		Male, ___%; female, ___% (1989)
Adult illiteracy rate		Male, 30%; female, 51% (1985)
	Population ratio in absolute poverty	Total population, ___%; cities, ___%; agricultural villages, ___% (1989)

Source:

Economic Survey 1992 for economic indicators

The State of World's Children 1990 (UNICEF) for social indicators

II. Socio-economic development situation

1. Outline of the national development plan

Sixth 5-year plan (1989-93) is currently being implemented.

(1) Goals

- 1) Effective utilization of resources
- 2) Promotion of industrialization
- 3) Curbing of population
- 4) Acquisition of foreign currency
- 5) Minimization of regional disparities
- 6) Creation of jobs

(2) Issues

- 1) Promotion of structural improvements
- 2) Decentralization of power
- 3) Well-balanced comprehensive approach

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Expansion of agricultural output	<ol style="list-style-type: none"> 1) Procurement of food supplies 2) Development of arid/semi-arid land 3) Increase in will to work coupled with hiking of manufacturer prices 	<ol style="list-style-type: none"> 1) Dependency of production materials on imports 2) Susceptibility to effects of droughts 3) Need to promote forestry, fisheries and stock-farming 4) Increases in consumer prices 5) Undeveloped distribution mechanisms
(2) Promotion of industrialization	<ol style="list-style-type: none"> 1) Production of intermediate goods 2) Creation of favorable investment environment for foreign corporations 3) Development of small- and medium-scale businesses in provincial agricultural villages 4) Promotion of exports beyond exports in exchange for imports 	<ol style="list-style-type: none"> 1) Lack of foreign currency as imports skyrocket in this period of transition 2) Concentration of population in cities 3) Shortage of human resources 4) Chronic lack of capital 5) Insufficient export promotion policies
(3) Reduction of financial deficit	<ol style="list-style-type: none"> 1) Increase in tax revenues by vitalization of private sector 2) Privatization of enterprises under direct government control 3) Expansion of cost-sharing system in public service area 	<ol style="list-style-type: none"> 1) Lack of administrative resources 2) Permanent corruption 3) Increase in burden placed on the poor 4) Inadequate public investment programs
(4) Development of human resources	<ol style="list-style-type: none"> 1) Bettering of higher education 2) Quantitative and qualitative improvements in vocational training schools 3) Improvements of science & math courses in secondary education 	<ol style="list-style-type: none"> 1) Deficiency in number and quality of teachers 2) Need for increased education budget 3) Lack of appreciation of importance of elementary and secondary education
(5) Social development	<ol style="list-style-type: none"> 1) Development of agricultural villages in provinces 2) Promotion of transportation projects 3) Improvements in waterworks and electricity fields 4) Supply of more residential dwellings 5) Construction of new and improvements in existing medical facilities 	<ol style="list-style-type: none"> 1) Inadequate enforcement plans 2) Lack of development funds 3) Concentration of authority at center 4) Lack of human resources
(6) Promotion of employment	<ol style="list-style-type: none"> 1) Emphasis on informal sector 2) Promotion of provincial industries 	<ol style="list-style-type: none"> 1) Lack of elementary technical skill training facilities 2) Absence of policy for settlement in provinces

3. Investment program for the development plan

	1985	1986	1987	1988	1989	1990	1991
Development budget/GDP (%)	20.7	22.4	25.0	24.3	24.3	24.7	24.8
Government expenditure/GDP (%)	29.7	31.9	29.6	30.7	30.8	30.6	30.2

4. National budget

Fiscal 1991/92 (in millions of Kenyan pounds)

Revenues	2,887.52	Expenditures	4,411.47
Tax revenue	2,540.42	Defense	266.52 (6.0%)
Business income, etc.	347.10	Agriculture, forestry and fisheries	249.35 (5.7%)
Government bonds, etc.		Mining/industry, construction	62.25 (1.4%)
Donations, etc.		Energy	78.74 (1.8%)
		Transportation, communication	184.81 (4.2%)
		Education	765.36 (17.4%)
		Health care	213.05 (4.8%)
		Social security, housing	101.27 (2.3%)
		Repayment of debts	1,550.43 (35.8%)
		Other	909.68 (20.6%)
Fiscal balance: ▲1,523.95			

Notes: US\$1 = 28.074 Kenyan shillings (as of Dec. 1991)

1 Kenyan pound = 20 Kenyan shillings

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$608.35 million (1991)

(in million US\$)

	Britain	United States	Germany (formerly W. Germany)
Aid amount	66.28 (91')	63.00 (91')	54.49 (91')
Share	10.9%	10.4%	9.0%
Type of aid	Grant aid	Grant aid	Loans, grant aid
Priority areas or sectors	Development of human resources Health care and medical treatment Transportation and communications Agriculture Education	Development arid/semi-arid land (ASAL) Small-scale water supply Provincial roads Health care	Traffic and transportation Agriculture Environment Energy Health care

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$261.8 million (1991)

(In million US\$)

	IDA	UNDP	BDF
Aid amount	177.00 ('91)	14.97 ('91)	14.72 ('91)
Share	67.6%	5.7%	5.6%
Type of aid			
Priority areas or sectors	Economic management Social developments Promotion of industry		

3. Japanese ODA

The place of Japan among bilateral donors: 1st

Share: 32.5% (1991)

Aid amount (in million US\$, 1991)	Trends in assistance	
Technical cooperation	28.96	Loans for communications, agriculture, and transportation/traffic sectors
Grant aid	19.05	
Loans	148.84	Grant aid, excluding non-project grant aid, is mainly for agriculture and education sectors
Total	197.85	

Source: *Japan's Official Development Assistance 1993*, Ministry of Foreign Affairs

4. Significance of ODA in the country

Proportion of ODA in national budget: 10.5% (464 Kenyan pounds/4,411 Kenyan pounds)

5. Collaboration among aid organizations

Under the guidance of the World Bank, the aid organizations meet at a rate of once a month. Donor meetings, each on a specific subject such as food aid, ASAL development and WID, are also held frequently. The food aid donor meeting concerning the drought and influx of refugees played a leading role in food aid in 1992. By the CG conference in November 1991, all donors placed a freeze on new financial aid (Balance of Payments Support).

6. Situation of NGO activities

(1) NGOs currently active: 400 (1989)

(2) Major organizations and activities

- 1) Aga Khan Foundation; medical treatment, education
- 2) AMREF; medical services (flying doctors)
- 3) KFFHC; improvements in living standards of the people, regional development
- 4) CARE-KENYA; education, women in development, vocational training
- 5) PRAK; family planning

IV. Priority areas or sectors for JICA cooperation

Consistent with the targets and issues of Kenya's sixth economic and social development program, aid to Kenya is aimed at 1) reconstructing the economy, 2) building up the foundations for future development, 3) achieving a well-balanced growth, and 4) improving the living standards of the people.

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Reconstruction of economy	Buildup of foundations for future development	Well-balanced growth	Improvement of people's living standards			
Economic management	⊙	○	○	○	(1) Improvements in ability to formulate executable industrial policies and development programs	1) Formulation of industrial policies 2) Training of policy formulators	Nationwide
Agriculture, forestry and fisheries		○	○	⊙	(1) Securing of stable supply of food	1) Spread of irrigation maintenance and management technology 2) Improvements in post-harvest technology 3) Promotion of optimal utilization of arable land, development of ASAL 4) Improvement and spread of cultivation technology for major grains	Nationwide
	⊙	○	○		(2) Promotion of export-oriented agriculture	1) Research on and promotion of garden products 2) Spread of optimum agricultural technology	Nationwide
	⊙	○	○		(3) Fostering of forestry resources	1) Promotion of social forestry	Provinces
	⊙	○	○	○	(4) Effective utilization of marine resources	1) Development of inland water culture 2) Construction of new and improvements in existing distribution mechanisms 3) Protection of inland water environment	Shores of Lake Victoria
Mining and industry	○	⊙			(1) Fostering of export-oriented industries	1) Training of skilled workers 2) Improvements in import/export duty system, etc. 3) Construction of new and improvements in existing infrastructure for promoting exports	Nationwide
	⊙	○	○		(2) Fostering of private-sector small- and medium-scale businesses	1) Training of small- and medium-scale business development program formulators 2) Training of skilled workers	

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Reconstruction of economy	Buildup of foundations for future development	Well-balanced growth	Improvement of people's living standards.			
Economic infrastructure	○	⊙	⊙		<p>(1) Construction of new and improvements in existing infrastructure for developing industry and provincial cities</p> <p>(2) Construction of new and improvements in existing infrastructure for promoting exports</p>	<p>1) Construction of new and improvements in existing communications and transportation networks</p> <p>2) Development of water resources</p> <p>3) Hydroelectric power generation program</p> <p>4) Construction of new and improvements in existing power transmission and distribution networks</p> <p>1) Construction of new and improvements in existing ports, harbors and airports</p>	Nationwide
Social infrastructure	○	○	⊙	⊙	<p>(1) Construction of new and improvements in existing waterworks and sewers to improve people's living conditions</p> <p>(2) Training of human resources and securing of skilled workers</p> <p>(3) Health care and medical treatment</p> <p>(4) Population control measures</p> <p>(5) Alleviation of urban problems</p> <p>(6) Wildlife protection and development of tourism resources</p>	<p>1) Construction of new and improvements in existing waterworks and sewers</p> <p>2) Development of water resources</p> <p>1) Improvement in quality of secondary and tertiary education</p> <p>2) Training of skilled workers</p> <p>3) Betterment of basic education</p> <p>1) Bolstering of basic medical treatment</p> <p>2) Construction of new and improvements in existing medical facilities, and training of staff</p> <p>1) Spread of health care for mothers and their children, family planning</p> <p>1) Improvements in living environment</p> <p>2) Improvements in city transportation</p> <p>1) Advancement of wildlife protection education</p> <p>2) Improvement of tourism administration capabilities</p> <p>3) Construction of new and improvements in existing infrastructure</p>	<p>Urban areas</p> <p>Nationwide</p> <p>Nationwide</p> <p>Urban areas</p>

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- 1) Verification of local cost-bearing capabilities, and consideration of sources of revenue in order to reduce costs to be borne; verification of counterpart placement
- 2) Reliable selection of organizations providing cooperation
- 3) Dispatch of experts and Japan Overseas Cooperation Volunteers with consideration given to fact that Kenya is academic qualifications society, and study of acquisition of academic degrees/qualifications with C/P training
- 4) Priority to be given to environmental protection
- 5) Difficulties encountered by the Kenyans in providing residential quarters, cars, etc.
- 6) Effective utilization of local consultants, local agents handling equipment, NGOs, etc.
- 7) Cooperation programs giving due consideration of "Kenyanization"
- 8) Cooperation with NGOs, and maintenance of dialogue
- 9) Difficulty of implementing any project which involves more than one government ministries and/or agencies due to the vertical structure of the administration
- 10) Necessity to bear in mind that this is a tribal society in selection and implementation of projects

(2) Consideration for implementation capacity of counterpart-organizations

The Ministry of Finance, which is the contact organization for aid, lacks the ability to coordinate new requests. Consequently, the ministry or agency with the most power and influence often manages to have its request selected. Decisions are not made by the government as an organization. Policies on these issues tend to come under the control of those at the top of the hierarchy. As regards local cost-bearing, the recipient country is not adequately shouldering its share, often hindering the operation, be it technical cooperation or the dispatch of experts.

VI. Summary of evaluation studies

- 1) In building up systems for dispensing the aid, the lack of managerial and administrative expertise, financial and accounting capabilities, and quality control awareness has been noted. Attention must be paid to this fact.
- 2) There may be a blanket policy for aid but specific plans for implementation are lacking, and it is hard to evaluate the results of the aid.
- 3) Liaison between the government officials and civilians is not sufficiently considered in studying and carrying out policies and programs.
- 4) Most Kenyans appear to believe that they are doing enough if they provide the staff to perform the duties of implementing the projects. They expect the aid-donor countries to look after even the supplies and equipment. There are inadequacies in terms of the budgets allocated and technological expertise to maintain and manage the equipment involved.
- 5) Initial requests made by the Kenyans often lack consideration for the environment.

CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

Republic of Malawi

I. Political, economic and social situation

1. Political situation

(1) Government regime

Republic

(2) Date of independence

July 6, 1964

(3) Head of state

Dr. Hastings Kamuzu Banda (serving as Prime Minister from 1964, as President from 1966 and as President-for-life from 1971)

(4) Political structure

1) Legislature:

Unicameral parliament with 271 seats; 5-year term for members

2) Executive:

Consists of the Office of the Life President and 15 ministries; the president also serves as the minister of agriculture; the cabinet is made up solely of members of the Malawi Congress Party, which is the party in power.

The nation is divided into 3 regions which are themselves divided into 24 districts, but authority over them is concentrated in the hands of the central government.

3) Judiciary:

Consists of the supreme court, high courts and district courts. The system guarantees the independence of each court but, in reality, a strong influence is exercised by the president and the Malawi Congress Party. Political prisoners, whose number is reported to be high, are being released as part of the process of democratization which began last year.

4) Political parties:

As the democratization movement continued to gain momentum from last year and as pressure mounted from donor countries and organizations, a national referendum was held in June 1993 on whether to adopt a multiple-party system, with the result that the system was accepted. Until the general elections based on this system and scheduled for May 1994, however, only members of the Malawi Congress Party hold seats in the parliament. Other parties in existence include:

United Democratic Front (UDF)

United Front for Multiparty Democracy (UFMD)

Malawi Democratic Party (MDP)

Alliance for Democracy (AFORD)
Malawi National Democratic Party (MNDP)

(5) Domestic administration

Since the nation gained independence, the president has exercised strong leadership in overseeing the affairs of the country, controlling the military and maintaining civil order. The government opted against a policy of rapid industrialization, and instead it has taken the path of development which gives priority to agriculture (particularly tobacco, sugar, tea and other export crops cultivated by large-scale growers). The refugees from Mozambique and an average growth of over 3% in the domestic population have forced Malawi to import maize, the national staple. This led the government to channel greater effort into fostering the small independent farmers who produce most of the nation's maize.

Education has been a priority issue since independence.

(6) Trends of politics

Power has been concentrated in the hands of President Banda and the Malawi Congress Party, but they were not able to shake off the demands for democratization which mounted starting last year from both domestic and foreign sources. A national referendum was held in June 1993 to give the people a say in deciding whether the multiple-party system should be established. As a result, this system was approved. General elections are scheduled for May 1994, but a specific date has not been announced. The Malawi Congress Party has been losing popularity but its organization covers the entire country whereas the opposition parties are numerous but too small to have much influence of their own. Under these circumstances, it is hard to predict in what way political power will be distributed after the elections. Considering the advanced age of the President (who is 90 or so years old), the country will likely have problems in deciding on a successor as it moves toward the post-Banda era.

(7) Diplomatic relations

Malawi has a realistic diplomatic policy: it is based on the Western European brand of liberalism but it calls for friendly relations with its neighbors as well as with South Africa. Malawi also has diplomatic relations with Taiwan. Its relations with Britain, which used to control Malawi as a protectorate, and with other Western nations are good. As a member of the Southern African Development Committee (SADC), it enjoys favorable relations with the other SADC member countries. The diplomatic relations with Tanzania which in the past could not have been described as friendly have improved since the presidents of both countries paid mutual visits. As regards its relations with its neighbors, Malawi's positive stance in accepting refugees from Mozambique has won high critical acclaim from the surrounding nations and international organizations alike. As an expression of the importance with which it views Japan's economic assistance, the country opened an embassy in Japan in February 1992. South Korea's embassy in Malawi was closed in March 1992 after diplomatic relations were established between Malawi and Zambia since this move enabled its embassy in Zambia to look after interests in Malawi as well.

2. Economic situation

(1) General trend

The average annual GDP growth rate which topped the 5% mark in the late 1970s dropped to a mere 0.3% during the 1980-1983 period and to 2.2% during the 1980-1988 period. The downturn in the growth rate was caused by the oil crisis of the early 1980s which was followed by a worldwide recession and droughts. Another factor was the increasing cost of transportation resulting from the necessity of taking alternative routes to those leading through Mozambique as the civil wars waged since

1980 had made those routes unusable. (Transportation costs which used to account for 16% of total exports more than doubled to 40% as a result.) The GDP growth rate began to recover in the late 1980s to stand at 4.8% in 1990 although this figure is still lower than the level recorded during the 1970s. In the meantime, the nation's population growth rate was 3.4%, and per capita income shrank. In response, the government has been tackling the implementation of structural adjustment plans with the support of the World Bank and IMF in order to diversify its exports, reform the financial administration of governmental and public corporations, and increase its foreign currency reserves. In spite of these efforts, however, large-scale droughts which devastated the country in 1992 especially in the southern area and the sluggish international markets for Malawi's export items led to a deterioration in the balance of trade. Devaluation of its currency caused domestic consumer prices to rise which, in turn, reduced disposable income, spurred inflation (11.9% in 1991 and 22.7% in 1992) and spawned more unemployment. Startling last year, aid donor countries began to voice criticism on issues of basic human rights and democratization in Malawi, and new projects were suspended, leading to further financial difficulties for Malawi. The results of a national referendum held after this time led to a resumption of assistance from the donor nations in August 1993. Nevertheless, frequent strikes and wage hikes caused by the increasingly active labor movements compound existing woes and continue to strain the nation's finances.

(2) Trends in the major sectors

1) Agriculture:

Agriculture accounts for about 44% of the working population (wage earners only), 35% of the GDP and about 90% of exports. Most of the people engaged in agriculture are small farmers each with less than a hectare of cultivated land. On the other hand, crops such as tea, tobacco and sugar which are grown on large plantations account for 60% of total exports. This results in a two-tier structure for agriculture in Malawi. Support of small farmers is therefore a major issue. In fact, Malawi had to start importing maize, the nation's staple, in 1987 due to the growth in population, the influx of refugees from Mozambique (estimated at one million at its peak) and the adverse climatic conditions. The drought of 1992 led to the provision of food aid. In 1993, however, Malawi harvested 2 million tons of maize, thereby assuring itself of self-sufficiency.

2) Mining:

The mining and industry sector accounts for 14% of the working population (wage earners only) and 20% of the GDP. Food processing and textiles account for two-thirds of the figures for this sector which depends on imports for 60% of its raw materials and is therefore significantly affected by import prices. Domestic development of resources and fostering of those industries which use such resources are being given priority in the government's policies.

3) Services:

The service sector mobilizes about 42% of the working population (wage earners only) and has a 45% share of the GDP. About 31% of this sector's total is accounted for by governmental organizations.

(3) Fiscal policy

Starting in fiscal 1988, the government carried out reforms to reduce its deficit, and the major cutbacks in spending, the restrictions imposed on wages and the tax reforms geared to this objective succeeded in narrowing down the government deficit from 16% of the GDP in fiscal 1980 to 6.5% in fiscal 1990. However, when the assistance projects were suspended, investments in public works declined and this, compounded by other factors including the sluggish growth in tax revenues, kept the government deficit at 12.3% of the GDP for the fiscal 1992 revised budget. The share of the government budget dependent upon foreign aid stood at 3.38% of GDP in fiscal 1991 and 4.2% in fiscal 1992 revised budget—high figures in both cases. All

the ministries and agencies were short on operating funds in fiscal 1992 because wages for government officials were raised by about 80% in April 1992 and then by a further 15% in October 1993.

Eighty-five percent of the development budget comes from overseas in the form of aid; without it the country would hardly have a development budget.

(4) International balance of payments

What with the economic crisis caused by deteriorating trade, increased transportation costs and other factors in the 1980s, the deficit in the current balance grew to 9% of the GDP in 1985. Foreign exchange controls were tightened starting in 1986 but both capital inflow, linked to the joint loans extended by international organizations, and exports expanded starting in 1988, and this led to an easing of the exchange controls. As a result, the government deficit stood at 9.6% in 1991 and at 8.5% in 1992. The World Bank estimated the nation's foreign currency reserves at \$158 million for fiscal 1991. The exchange rate for its currency dropped from 0.812 kwachas (average in 1980) to the US dollar to the present 4.3 kwachas in the course of several devaluations.

(5) External debt

In 1981, Malawi started receiving loans for structural adjustments from the World Bank and IMF. Since 1982, it has also been the recipient of rescheduling programs to deal with its mounting debts. As of 1990, long-term loans represented 91% of its external debts. In 1991, their value totaled US\$1,676 million.

(6) Economic relations with Japan

In 1990, Japan (with 12.6% of the value of Malawi's exports) was second only to Britain (with 20.6%). Tobacco has a more than 90% share of exports to Japan. In terms of import value, Japan ranks fourth with a 6.3% share after South Africa (36.8%), Britain (17.1%) and Germany (6.3%). Major import items from Japan are electrical appliances and automobiles. (Source: *Malawi Economic Report 1992*)

3. Social situation

(1) Trends in the major sectors

1) Education:

Malawi used to be Britain's protectorate, and it bases its education on the British system: 8 years of elementary education followed by 4 years of secondary education. The highest educational institution in the land is the University of Malawi. The government's target for elementary education enrollment was 100%, but it has not made it compulsory and neither has it been free of charge. For these reasons, the estimated enrollment rate for the first grade in 1991 was only 71% (64% for girls). Efforts have been made to increase the rate; charges for the first grade in primary schools were abolished starting in 1992, and the second grade was made free in 1993. UNESCO, USAID and other organizations have provided tuition subsidies, resulting in a 43% increase in the enrollment rate in the first grade since 1990. The estimated literacy rate in 1990 among adults was 52% for men and 31% for women.

2) Health:

Measures to fight preventable contagious diseases and AIDS, which has been infecting an increasing number of people in Malawi in recent years, are major issues. The expanded plan for inoculation (EPI) has been implemented, and UNICEF and JICA, among others, have been helping Malawi to fight preventable contagious diseases. As for AIDS, the WHO and other organizations have been implementing a 5-year program since 1989. Over and above these issues, quantitative and qualitative improvements in public health care constitute an urgent task.

3) Urbanization:

Today 12% of the total population lives in the cities. People come to cities in search of jobs and better living standards. The urban population is currently rising at an annual rate of about 6% which is considerably higher than the nationwide annual population growth rate of 3.5%. There is both the need to provide facilities capable of supporting this scale of urbanization (such as waterworks, sewers, facilities to supply energy, housing and waste treatment facilities) and the need for city planning.

4) Others:

The demand for wage earners is low even in the cities. As a consequence, slums resulting from the large-scale movement of the populace from agricultural villages to urban areas and other such problems have not arisen. Nevertheless, latent unemployment in the agricultural village areas is considered to be high.

(2) Income distribution/Regional disparities

The working population is divided broadly into three categories: agricultural workers, estate workers and urban workers. Sixty percent of agricultural workers are poor small farmers, and it is estimated that 20% of these live in absolute poverty (according to a World Bank report). There is a particularly high proportion of poor people in the southern region because the population is concentrated in this area: this greatly diminishes the acreage under cultivation (which averages 0.45 hectare) that each small farmer can tend. Historically, however, development has focused more on this region, making it more advanced than its northern or central counterparts in terms of health care, sanitation and other forms of social infrastructure.

4. Special issues**(1) Environment**

- 1) The destruction of forests, erosion of top soil, water pollution caused by chemical fertilizers and agricultural chemicals, and other environmental issues are becoming headaches for Malawi's agricultural villages. In the cities, the problems caused by the pollution of rivers and lakes caused by either the lack of facilities or underdeveloped and dilapidated facilities (particularly in the region of Lilongwe, the capital) for processing chemical wastes, industrial wastes and sewage are becoming increasingly serious.
- 2) To deal with these problems, the government established the Department of Research and Environment Affairs in the Office of the Life President in April 1991. This department has been actively promoting the management of natural resources so that they will be utilized efficiently, the restoration of environments which have been polluted or devastated, the prevention of environmental pollution or devastation through development, the protection of the natural environment, and the implementation of environmental studies. Limitations in funds and human resources, however, have prevented these efforts from producing satisfactory results. In addition to the department, the Forestry Department and the National Parks and Wildlife Department are also in active operation under the Ministry of Forestry and Natural Resource.
- 3) No environmental laws have yet been established. Malawi has passed laws protecting its national parks, protected areas and forests but there are no laws for controlling the treatment of wastes. With the assistance of the World Bank, Malawi is now working to pass legislation which will restrict waste treatment methods and review the laws governing its national parks, protected areas and forests.

- 4) Major environmental policies: Under the guidance of the World Bank, the National Environmental Action Plan (NEAP) was drafted in June 1993 and, on the basis of this plan, individual policies for each area are being examined. The World Bank has also been carrying out the Global Environmental Facility (GEF) project for Lake Malawi. It is providing other assistance in connection with the lake in the form of environmental protection, tourism development, fishing resources development, etc.

(2) Women in development

Although legally there is no sexual discrimination, women are traditionally expected to do the household chores (small-scale farming is also considered to be women's work) and support the family. This deep-seated value system means that women are overworked in the home. Also, women have lower education enrollment and literacy rates than men, with fewer employment opportunities as a result. Malawi has many women who either marry early or who are unmarried mothers. This adds to the difficulties that women face in finding employment. In the agricultural villages, there is another serious problem in that households consisting of mothers and children cannot provide sufficient labor which leads to a reduction in the area of cultivated land which, in turn, brings about a drop in income. In January 1992, the government reorganized the Ministry of Community Services into the Ministry of Women and Children Affairs and Community Services, and it set up the improvement of the socioeconomic status of women as one of its major targets. As ways of supporting women, the new ministry has been increasing the number of educational and employment opportunities, enhancing occupational training and income, improving sanitary conditions, and providing loans for starting up businesses. In addition, the National Commission on Women in Development (NCWID), which was set up in response to the United Nations' "Decade for Women" in 1984, has been active as a monitoring and coordinating organization for women's issues. The Chitukuko Cha Amayi M'Malawi (CCAM) (which means "Women in Development of Malawi" in the Chewa language) was set up under the Office of the Life President in 1985 to function as a body to implement policy at a governmental level, and it has been actively collecting donations for providing educational and technical transfer assistance to women in agricultural villages. The assistance is given by women.

(3) Military expenditures, etc.

Expenditure on the military in fiscal 1991 accounted for 5.4% of government expenditures which, compared with 12.8% in 1980, is a substantial cutback (1991 World Bank report). No arms are exported.

(4) Democratization and basic human rights

The lifetime presidency and one-party political system make Malawi a decidedly dictatorial state. It is prohibited to say anything against the government, and the suppression of human rights has generated criticism both at home and abroad. However, the mounting demands for democratization since last year bore fruit in the fact that opposition parties are now allowed to form and that censorship has been eased. Many political prisoners have been released. Men are prohibited from having long hair, and women may not wear slacks or mini-skirts.

(5) Others

Civil order: The worsening economic conditions in recent years (caused by structural adjustments, droughts, etc.) and the influx of weapons from Mozambique have led to a dramatic increase in the crime rate and an escalation in the seriousness of the violence with which the crimes are committed. The authority of the police, which has been dented as a consequence of the democratization process, has also helped to spur the increase in crime.

5. Indicators

	Land area	118,484 km ²		
	Population	8.8 million		
	Country classification (DAC list)	LLDC (Source: <i>World Development Report 1993</i> ; World Bank)		
Economic indicators	GDP (in million US\$)	1,619.20 (1989) → 1,870.81 (1990) → 1,986 (1991)		
	Real GDP growth rate	4.1% (1989) → 4.8% (1990) → 6.1% (1991)		
	Per capita GNP (in US\$)	179 (1989) → 200 (1990) → 230 (1991)		
	Sectoral distribution of GDP	Agriculture, 35%; Mining/Industry, 20%; Services, 45%; (1991)		
	Sectoral growth rate	Agriculture, 12.5%; Mining/Industry, 51.2%; Services, Δ10.0%; (1991) (Source: <i>World Development Report 1993</i> ; World Bank)		
	Sectoral distribution of employment (wage earners only)	Agriculture, 43.7%; Mining/Industry, 14.08%; Services, 42.22%; (1991)		
	Growth rate of consumers' price index	11.6% (1990) → 11.9% (1991) → 22.7% (1992) (Source: <i>Malawi Government Economic Report 1993</i>)		
	Unemployment rate	N.A. (1989) → N.A. (1990) → N.A. (1991)		
	Exports (in million US\$)	256.82 (1989) → 412 (1990) → 470 (1991)		
	Imports (in million US\$)	300.06 (1989) → 576 (1990) → 719 (1991)		
	Balance of current accounts (in million US\$)	ΔN.A. (1989) → Δ162 (1990) → Δ244 (1991)		
	External debt balance (in million US\$)	1,393 (1989) → 1,544 (1990) → 1,676 (1991)		
	Debt service ratio	34.3% (1989) → 22.5% (1990) → 25.0% (1991)		
	Foreign currency reserve (in million US\$)	N.A. (1989) → 142 (1990) → 158 (1991) (Source: <i>World Development Report 1993</i> ; World Bank)		
Social indicators	Population growth rate	3.3% (1980-1991)		
	Life expectancy at birth	Male, 45; female, 44 (1991)		
	Infant mortality rate	143/1,000 (1991)		
	Per capita calorie intake	2,139 Kcal/day (1991)		
	Primary education enrollment ratio	Overall, 71%; female, 64% (1990)		
	Secondary education enrollment ratio	Overall, 4%; female, 3% (1990)		
	Tertiary education enrollment ratio	Overall, 1% (1990)		
	Adult illiteracy rate	Overall, N.A., females, N.A. (1990)		
Population ratio in absolute poverty	78% of total population; 25% in cities, 85% in agricultural villages (1980-1990) (Sources: <i>World Development Report 1992</i> , World Bank; <i>The Document of The World Bank</i>)			

II. Socio-economic development situation

1. Outline of the national development plan

Current state of development policy; 10-year development plan (1987-1996) now being implemented

(1) Goals

- 1) Rapid and sustained economic growth
- 2) Improvement of public welfare (eradication of poverty, spread of education, reduction of disease)
- 3) Increase in jobs available and improvement in income distribution
- 4) Achievement of stability in national and individual welfare

It is difficult to rank these goals in terms of priority, and the target is to reach each of these goals concurrently while avoiding friction and achieving balance. In order to attain these goals, it is essential that the economic growth rate exceed the population growth rate (now standing at 3.3%). To this end, the agricultural sector, which accounts for 35% of the GDP and which plays a dominant role in employment and exports, is believed to hold the key to the success of the plan.

(2) Issues

- 1) Implementation of structural adjustments and liberalization of economy
- 2) Sound financial administration
- 3) Creation of investment environment

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Agriculture	<ol style="list-style-type: none"> 1) Construction of new and improvements in existing infrastructure in agricultural village areas in the provinces 2) Promotion of plant-breeding and other research 3) Provision of agricultural technology and training to small-scale farmers 4) Diversification of farm produce for exportation and market expansion 5) Self-sufficiency in food achieved by increased food production 6) Diversification of agricultural production (including livestock industry) 7) Increase in land productivity 	<ol style="list-style-type: none"> 1) Lack of specific plans to construct new and improve existing infrastructure 2) Shortage of middle-standing technical personnel 3) Lack of agricultural disseminators and other technicians
(2) Forestry and fisheries	<ol style="list-style-type: none"> 1) Development and protection of forest resources 2) Increase in sustainable and effective output of marine products 3) Protection of inherent marine fauna 	<ol style="list-style-type: none"> 1) Lack of programs for managing protected areas 2) Lack of funds and technology to produce wood used for fuel
(3) Education and human resource development	<ol style="list-style-type: none"> 1) Attainment of equal opportunity for education in all regional societies 2) Improvements in education efficiency and quality 3) Improvement in primary education enrollment ratio 4) Training of skilled engineers 	<ol style="list-style-type: none"> 1) Lack of teachers and school buildings

(4) Health care and hygiene	<ol style="list-style-type: none"> 1) Reduction of preventable disease 2) Improvements in health care, hygiene and nutritional intake 3) Training of medical staff 	<ol style="list-style-type: none"> 1) Lack of medical facilities and medical staff 2) Lack of institutions to train medical staff
(5) Communications and transportation	<ol style="list-style-type: none"> 1) Construction of new and improvements in existing road networks inside and outside Malawi, and efficient distribution of transportation means (including the construction of new and improvements in existing roads in the provinces) 2) Construction of new and improvements in existing domestic communications networks 	<ol style="list-style-type: none"> 1) Inability to use Nacala corridor through Mozambique 2) Reopening of Beira corridor
(6) Environmental protection	<ol style="list-style-type: none"> 1) Reasonable management of protected areas 2) Protection of wildlife 3) Erosion control 4) Protection and education activities aimed at local populace 	<ol style="list-style-type: none"> 1) No opportunities to teach populace about environmental protection 2) Increase in pressure for land to be used for agricultural purposes

3. Investment program for the development plan

Public Sector Investment Programme (PSIP):

A 5-year (1993-1998) public investment program has been prepared. According to the fiscal 1993/94 plan, the Malawi government is bearing only 17.4% or so of the total investments involved in the expectation that the remainder will be donated by the developed countries as aid. A breakdown of the total investment amount by sector reveals that the highest share is accounted for by education and culture with 24.2%, followed by waterworks and sewers with 19.5%, agriculture with 17.4%, health care and hygiene with 15.1%, and others with 12.1%. The aid donors and government confer in deciding upon the yearly budget which is reviewed every year. Both direct funds and the equipment and materials furnished by donors are reckoned into the budget. However, these are called development accounts, and are kept separate from the national budget.

4. National budget

Projection for fiscal 1993 (currency unit: million Malawi kwachas)

Revenues	1,572.74	Expenditures	1,617.42
Taxes	1,284.63	Defense	70.00 (4.3%)
Revenue from companies, etc.		Agriculture, forestry and fisheries	130.69 (8.1%)
Government bonds		Transportation and communication	47.89 (3.0%)
Donations		Education	178.01 (11.0%)
Others	288.11	Health care	104.56 (6.5%)
		Social security, regional development	55.07 (3.4%)
		Repayment of debt (above items)	210.08 (13.0%)
		Others	821.19 (50.8%)

Fiscal balance: Δ44.68

Note: US\$1 = 4.4644 kwacha (as of March 31, 1993)

Source: *Approved Estimate of Expenditure on Revenue Account 1993/94*

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries (expenditure basis)

Total amount of bilateral ODA (net disbursement): \$199.1 million (1991)

	Britain	Germany	United States
Aid amount	\$50.47 million	\$44.38 million	\$37 million
Share	25.3%	22.3%	18.6%
Type of aid	Grant aid	Grant aid	Grant aid
Priority areas or sectors	Transportation (34%) Distribution (22%)	Mining/Industry (36%) Transportation (24%)	Distribution (67%) Mining/Industry (16%)

2. Assistance by multilateral organizations

Total amount of bilateral ODA (net disbursements): \$295.6 million (1991)

	IDA	WFP	UNHCR
Aid amount	\$96 million	\$59.28 million	\$49.43 million
Share	32.5%	20.1%	16.7%
Type of aid			
Priority areas or sectors			

3. Japanese ODA (expenditure basis)

The place of Japan among bilateral donors: 4th Share: 8.8%

Aid amount (in million US\$, 1991)	Trends in assistance
Technical cooperation 5.85	The principal source of technical cooperation is the Japan Overseas Cooperation Volunteers. Cooperation is provided in many areas including health and medical care, basic social services and human development. Grant aid is focused mainly on efforts to boost food production, basic livelihood services such as water supply, transportation and traffic, and basic infrastructure.
Grant aid 12.60	
Loans -0.92	
Total 17.53	

(Source: Japan's Official Development Assistance 1993, Ministry of Foreign Affairs)

4. Significance of ODA in the country

Malawi draws a distinction between the development budget which is called the "development account," and the national budget known as the "revenue account." This means that the total ODA amount as a share of the national budget cannot be easily calculated. However, in the fiscal 1993 budget, loans and grant aid accounted for 85% of the development account. Almost all of the nation's large-scale projects are funded by aid.

5. Collaboration among aid organizations

Donor meetings are sponsored by UNDP, and sub-sector meetings are held in the main. In the 5-year aid plan (1992-1996) for Malawi, UNDP is backing four programs: enhancement of productivity of small farmers, development of small- and medium-scale industry, social developments, and administrative developments. Donors are requested to participate in these programs.

Since the third CG meeting in May 1992, the donor countries put forward some quite forceful views on human rights and democratization problems in Malawi. The European and U.S. donors withheld all aid except for ongoing technical cooperation, humanitarian aid and drought relief, and the structural adjustment loans from the

World Bank were frozen with some exceptions. However, due to changes in the situation following the national referendum in June 1993, new aid was resumed by the donors in August.

6. Situation of NGO activities

(1) NGOs currently active: 48

(2) Major organizations and activities

- 1) Malawi Red Cross Society: Primary health care, instruction in health care and hygiene for infants
- 2) Save the Children Fund: Health care and hygiene
- 3) World Vision International: Income improvements
- 4) Africare: Income improvements

IV. Priority areas or sectors for JICA cooperation

In addition to the priority development goals of sustained growth, welfare improvements and environmental protection, aid for Malawi is principally targeted at regional development which is concerned with development of agricultural villages in the provinces where almost all the farmers live.

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Sustained growth	Welfare improvements	Environmental conservation	Regional development			
Economic management	⊙ ○	○			(1) Enhancement of central government's ability to formulate and implement development policies (2) Enhancement of local administration's ability to plan and implement regional development programs	1) Enhancement of ability to coordinate between development programs 2) Training of planners of development programs 1) Enhancement of ability to analyze development requirements in local areas	
Agriculture, forestry and fisheries	○ ○	⊙ ⊙	○ ○	○ ○	(1) Increased production and stable supply of food (2) Improved income of small-scale agricultural farmers (3) Promotion of fisheries industry (4) Environmentally-friendly forestry	1) Promotion of small-scale irrigation development 2) Improvement of post-harvest technology 3) Construction of new and improvements in infrastructure in agricultural villages 1) Development and expansion of cash crops and garden products 2) Spread and promotion of multi-faceted agricultural management 1) Expansion in development of inland water culture 2) Introduction of multiple management 3) Protection of inland water environment 1) Promotion of afforestation 2) Introduction of agro-forestry	Southern region Central and southern regions
Mining and industry	○	○		⊙	(1) Fostering of local industries	1) Fostering of small- and medium-scale companies 2) Improvement in productivity 3) Probing for mineral resources	

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Sustained growth	Welfare improvements	Environmental conservation	Regional development			
Economic infrastructure	○			⊙	<p>(1) Construction of new and improvements in basic distribution facilities</p> <p>(2) Supply of electric power to provinces</p>	<p>1) Development of transportation along northern corridor (route from Tanzania)</p> <p>2) Development of over-lake transportation</p> <p>3) Construction of new and improvements in infrastructure (roads, electricity, communications, ports/harbors)</p> <p>1) Construction of new and improvements in power transmission and distribution networks</p>	Northern region
Social infrastructure	○	○	⊙	○	<p>(1) Build-up of basic facilities to cope with population increases in urban areas</p> <p>(2) Build-up of basic foundations of livelihood, health care and hygiene for the poverty-stricken in provincial agricultural villages</p> <p>(3) Quantitative and qualitative improvements in education</p> <p>(4) Environmental protection</p> <p>(5) Aid for refugees</p>	<p>1) Construction of new and improvements in waterworks and sewers</p> <p>2) Consolidation of waste treatment functions</p> <p>1) Development of underground water, supply of water used in daily life</p> <p>2) Establishment and bolstering of and education in public health care for minimizing contagious diseases and improving nutrition of mothers and children</p> <p>3) Strengthening of clinical examination system</p> <p>1) Quantitative and qualitative improvements in school buildings and teaching materials</p> <p>2) Training of teachers</p> <p>1) Formulation of programs to administer protection zones</p> <p>2) Training of environmental administration staff</p> <p>1) Liaison and cooperation with WFP and UNHCR</p>	Southern region

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- 1) It has now been 5 years since the JICA office was established and, as the number of assistance projects undertaken increases, the government and people of Malawi are beginning to appreciate the importance of JICA's operations. Nevertheless, JICA has done little in terms of dispatching experts and conducting development surveys, and nothing in terms of carrying out technical cooperation projects. In order to undertake and promote programs or projects in these areas in the future, the Japanese participants need to be more forthcoming starting with the proposal of the projects. To this end, it will be very important to conduct preliminary studies for project formation and to dispatch planning study teams as well as experts to Malawi.
- 2) Measures aimed at small farmers (regional inhabitants), who make up the majority of the nation's population, hold the key to progress in all the government's priority development areas mentioned earlier. In order to improve the lives of these farmers, it is necessary to undertake a multi-faceted approach which goes beyond agriculture to include other sectors as well.
- 3) The development of human resources will mainly involve 100% enrollment in elementary education and training for government positions, especially for engineers of middle standing. In particular, the training of agricultural engineers, medical staff and individuals with expertise in administering environmental protection remains an urgent task.

(2) Consideration for implementation capacity of counterpart-organizations

- 1) Since Japan's technical cooperation schemes have not penetrated sufficiently into the set-up in Malawi, JICA needs to be more forthcoming even at the project formulation stage. Furthermore, inadequate liaison and understanding between the party to be contacted in connection with aid and the central government ministries/agencies and between the central government ministries/agencies and the local organizations results in the need to take time to coordinate between them. As one step toward solving this problem, regular meetings began to be held between JICA and the party to be contacted in connection with aid last year.
- 2) Due to the deteriorating overall conditions stemming from the slowdown in revenues since fiscal 1992 and skyrocketing labor costs, it will be extremely hard for the major government ministries involved (such as the Ministry of Agriculture) to bear the local costs, etc.

VI. Summary of evaluation studies

- 1) Follow-up studies on post-implementation conditions have been conducted for projects involving 1) grant aid in 1990, 2) provision of equipment and materials in 1991 and 3) provision of special medical equipment and materials and grant aid in 1992. The findings indicate that, on the whole, the projects are being maintained and administered satisfactorily.
- 2) Communication has been the area in which most trainees were accepted over the last few years. However, on the basis of the above-mentioned priority sectors, the government of Malawi held discussions which resulted in the decision to shift the focus starting in fiscal 1991 to the areas of agriculture and health and medical care. In the future, it will still be necessary to continue with the policy of conducting interim reviews.

CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

Republic of Senegal

I. Political, economic and social situation

1. Political situation

(1) Government régime

Republic

(2) Date of independence

August 20, 1960 (Independence Day is celebrated on April 4)

(3) Head of state

President Abdou Diouf (elevated to the presidency from the premiership in January 1981, re-elected in February 1983, February 1988 and February 1993 for second, third and fourth terms; currently serving a 7-year term)

(4) Political structure

1) Legislature:

Unicameral system (national assembly); 120 seats, 5-year term

2) Executive:

Consists of 2 offices (President's Office and Prime Minister's Office) and 23 ministries. The socialist party, which has been the ruling party since independence, is dominant in the cabinet although five cabinet members are from the opposition parties. The Senegalese Democratic Party, the largest opposition party, is not represented in the Cabinet. Governors of 10 regions and 27 prefectures are appointed by the central government whereas the chairpersons and members of the regional and prefectural assemblies and organizations below them are elected directly by the people.

3) Judiciary:

Consists of the National Assembly, Constitution Council , and Reversal House (which were established to replace the Supreme Court under revised legislation in May 1992), the Appellate Courts and Regional Courts. Independence is guaranteed.

4) Political parties:

The ruling party: Socialist Party (84); opposition parties: Democratic Senegalese Party (27), LD/MPT (3), JAPOO (3), PIT (2), UDS/R (1), etc. (figures in parentheses indicate number of seats in parliament)

(5) Domestic administration

The present cabinet which was appointed in June 1993 has taken on some difficult tasks including an inquiry into the March assassination of the vice-chairman of the Constitution Council and reconciliation negotiations with the independence

movement in the southern Casamance area. It has initiated emergency financial measures (including reductions in the pay of civil servants) aimed at achieving financial equilibrium.

(6) Trends of politics

Senegal has been rated highly by the nations of the West for having adopted a multiple-party system immediately after independence—something which other African nations have not done—and for being a “model student of democracy in Africa.” However, in reality, the socialists, whose affiliation is based on their hailing from the same home town or village or on relations and acquaintanceships have a virtual monopoly on power at all political levels. The 1988 elections for the presidency and seats in the national congress showed that the opposition Senegalese Democratic Party does in fact have some support of the Senegalese. This shook the very foundations of the socialist party which was considered to be all-powerful until that point. It also paved the way for a partial revision of the Constitution in April 1991, brought back the post of premiership and led to the acceptance of leaders and other top-echelon members from the opposition parties as Cabinet ministers. This was the nation's first real step on the road toward democracy. The 1993 elections for the presidency and seats in the national congress resulted in a further extension of the power of the opposition parties, but the socialist party still managed to secure a large number of seats and appoint cabinet members to the exclusion of the representatives of the Senegalese Democratic Party, the largest opposition party.

(7) Diplomatic relations

Diplomatically, Senegal takes a non-aligned neutral stance but, in reality, it is pro-West. It is particularly well connected with France which used to be the colonial ruler. Eighty five percent of Senegalese are Muslims, and relations with the Arab nations in the Persian Gulf run deep. President Diouf also serves as the head of the Organization of African Unity, Organization of the Islamic Conference and of the Group of 15, and he has been outgoing in his efforts to cooperate over regional and South-South issues. Diplomatic relations with Mauritania which were severed after border incidents were normalized in April 1992. The maritime border issue with Guinea-Bissau still remains unresolved, but negotiations are continuing on a friendly basis.

2. Economic situation

(1) General trend

In the 1960s, Senegal experienced a boom as the world's largest exporter of peanuts. However, in the 1970s droughts, competition from other peanut-exporting countries such as China and Brazil, and the diminishing demand for peanut oil in the international marketplace accompanied by plummeting prices for this commodity all conspired to cause a deterioration in Senegal's economic situation.

Since 1980, the country has been implementing a structural adjustment plan drawn up by the World Bank and the IMF, and this has produced some improvements in its overall financial conditions and balance of trade. This amelioration, however, has not meant that the living standards of the average Senegalese have been raised.

(2) Trends in the major sectors

1) Agriculture:

Agriculture has accounted for 10-20% of the GDP over the last decade or so, but its fragile structure makes it very vulnerable to the effects of droughts and rainfall. Major products include peanuts, millet, sorghum, cotton, rice and sugar cane.

2) Fisheries:

While its overall self-sufficiency rate in food supply is slightly over 50%, Senegal is almost totally self-sufficient in marine products. The fisheries industry accounts for only about 2% of GDP but its share of exports has been more than a quarter since 1986 when it took over from peanuts as the nation's top export item.

3) Industry:

By 1960 industry was already accounting for 17.5% of the GDP but it has grown little since, standing at 18.5% even in 1985.

(3) Fiscal policy

The financial situation faced by the Senegalese government was particularly bad in fiscal 1982, due partly to the drought which had continued since 1981, and the government deficit ratio to GNP went up to 8.2%. Efforts at structural adjustments by carrying through such activities as reductions in the number of civil servants, cutbacks in subsidies and reorganization of public enterprises have borne some fruit by helping to bring the government deficit to GNP ratio in 1988 down to 2.1%.

(4) International balance of payments

Although the balance of current accounts remained in the red throughout the 1980s, it has been improving gradually since. (See "Indicators" in section 5)

(5) External debt

Although both the fiscal balance and international balance of payments improved somewhat in the 1980s, they still continued to show a deficit. The external debt balance continued to grow, and in 1989, it topped the \$4 billion mark, and it has been expanding in the years since.

(6) Economic relations with Japan

Japan is not one of Senegal's major trading partners. Exports to Japan account only for about 2% of the total, and they consist of such items as squid, octopus and other marine products, and phosphorus products (\$13.4 million in 1990). Imports of generators, automobiles, textiles and other such items from Japan account for about 3% of the import total (\$36.5 million in 1990).

3. Social situation**(1) Trends in the major sectors****1) Education:**

As of 1988, the primary education enrollment ratio stood at 56.4%, according to figures released by the government, and the 8th development plan has set the improvement of this ratio to 65% as one of its targets. Nearly 50% of the education-related budget has been appropriated to help reach this target. Nevertheless, the dire shortages of both classrooms and teachers remain a serious stumbling block.

2) Health:

The absolute dearth of budget, facilities and personnel (one doctor for every 17,000 Senegalese) keeps health and medical care in Senegal at a particularly poor level. Only 40% of all Senegalese are in a position to receive any health and medical care. This is a state of affairs which gives rise to the need for assistance from other countries.

3) Urbanization:

A high proportion of the total population of Senegal (39% in 1988) lives in the cities. More and more people are making their way to Dakar, the nation's capital. (The population density in Dakar and the national average are 2,730 persons and 35 persons per square kilometer, respectively.) How to deal with the proliferating slums and joblessness (the unemployment rate in Dakar is over 30%), ensure hygienic conditions and supply water and electricity in the urban areas are major issues confronting the Senegalese government.

(2) Income distribution/Regional disparities

Eighty-five percent of businesses are concentrated in the Dakar area, the site of the nation's capital, creating a significant financial disparity between the inhabitants of Dakar and the farmers in the outlying provinces. The government has eliminated excessive interference and control over issues concerning farming villages, and its policy is to encourage autonomy through privatization. It is also attempting to resuscitate the economy in the provinces by implementing a large number of government projects giving priority to Saint-Louis, Tambacounda, Ziguinchor and other local cities.

4. Special issues**(1) Environment**

The destruction of forests, which started in the northern part of the Sahel and inland regions and which has been advancing for a number of reasons, and desertification are the two most serious issues. Improving sanitary conditions (water, waste disposal and sewers) in the urban areas, which are subject to the continuing influx of population, is another task facing the government. The Bureau of National Parks under the Ministry of Environment and Natural Protection manages the national parks, the Bureau of Environment and Business Monitoring administers environmental issues, such as the prevention of pollution mainly in urban areas, and the Bureau of Water, Forest Hunting and Soil Protection is responsible for protecting the environment in rural agricultural areas.

(2) Women in development

Some women have been given civil service and political posts, but the social status of women can hardly be described as high since the majority of Senegalese are Muslims. The educational enrollment rate and literacy rate are both much lower for females than for males. As of 1988, the employment rate of women was 26% of the total working population, and only 19% of all women of working age were in employment.

The Ministry of Women, Children and Families has been established, and it has been promoting measures to improve the status of women.

(3) Military expenditures, etc.

Defense accounts for less than 10% of the fiscal balance and three-fourths of the total are paid out to cover personnel costs. The French have troops stationed in Senegal.

(4) Democratization and basic human rights

Parliamentary democracy supported by direct elections is maintained. The country introduced the multiple-party system at a time which was early for African nations, and the process of democratization is relatively advanced.

5. Indicators

	Land area	197,000 km ² (one-half the area of Japan) ^{*1}		
	Population	7.6 million ^{*1}		
	Country classification (DAC list)	Low-income country		
Economic indicators	GDP (in million US\$)	4,660 (1989)	→ 5,840 (1990)	→ 5,774 (1991) ^{*1}
	Real GDP growth rate	5.1% (1988)	→ Δ1.7% (1989)	→ % (1990)
	Per capita GDP (in US\$)	650 (1989)	→ 710 (1990)	→ 720 (1991) ^{*1}
	Sectoral distribution of GDP	Agriculture, 21.0%;	Mining/Industry, 18.0%;	Services, 61.0% (1990)
	Sectoral growth rate	Agriculture, 3.1%;	Mining/Industry, 3.5%;	Services, 4.8% (1980-90)
	Sectoral distribution of employment	Agriculture, 80.6%;	Mining/Industry, 6.2%;	Services, 13.1% (1986-89)
	Growth rate of consumers' price index	Δ1.8% (1988)	→ 0.4% (1989)	→ % (1990)
	Unemployment rate	% (1988)	→ % (1989)	→ % (1990)
	Exports (in million US\$)	600 (1989)	→ 783 (1990)	→ 977 (1991) ^{*1}
	Imports (in million US\$)	1,150 (1989)	→ 1,620 (1990)	→ 1,407 (1991) ^{*1}
	Balance of current accounts (in million US\$)	Δ180 (1989)	→ Δ125 (1990)	→ Δ133 (1991) ^{*1}
	External debt balance (in million US\$)	4,139 (1989)	→ 3,745 (1990)	→ 3,522 (1991) ^{*1}
	Debt service ratio	% (1988)	→ 29.4% (1989)	→ 20.4% (1990) ^{*1}
	Foreign currency reserve (in million US\$)	19.0 (1989)	→ 22.0 (1990)	→ 23.0 (1991) ^{*1}
Social indicators	Population growth rate	3.0% (1980-1991) ^{*1}		
	Life expectancy at birth	Male, 46;	Female, 49	(1991) ^{*1}
	Infant mortality rate	81/1,000 (1991) ^{*1}		
	Per capita calorie intake	2,369 Kcal/day (1989) ^{*1}		
	Primary education enrollment ratio	Male, 67%;	female, 49%	(1990) ^{*1}
	Secondary education enrollment ratio	Male, 21%;	female, 11%	(1990) ^{*1}
	Tertiary education enrollment ratio	Male/female, 3% (1990) ^{*1}		
	Adult illiteracy rate	Male, 50%;	female, 75%	(1990) ^{*1}
Population ratio in absolute poverty	% of total population;	% in cities,	% in agricultural villages (1990)	

Sources:

(*1) World Development Report 1991, 1992, 1993 by World Bank

II. Socio-economic development situation

1. Outline of the national development plan

Currently, the eighth socio-economic development plan (1989-1995) is being implemented.

(1) Goals

- 1) Annual economic growth of 3.5%
- 2) Strengthening and promotion of private-sector initiative

(2) Issues

- 1) Sustained improvement in national productivity
- 2) Creation of responsibility and solidarity (aiming at "small governments")
- 3) Improvement of education system, increased accommodation for development, expansion in communications
- 4) Control of expansion of urban areas, stabilizing of provincial economies
- 5) Strengthening of national autonomy and cooperation with other countries for promoting developments

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Development of education, human resources	<ol style="list-style-type: none"> 1) Construction of new and improvements in vocational training facilities and qualifications system 2) Construction of new and improvements in tertiary educational institutions so as to develop technology 3) Increase in literacy rate by spreading elementary education 4) Promotion of cultural activities 	<ol style="list-style-type: none"> 1) Lack of teachers and classrooms 2) Lack of financial resources and capital
(2) Cutbacks in public sector, bolstering of role played by private sector	<ol style="list-style-type: none"> 1) Privatization of public corporations of governmental institutions 2) Decentralization of power from central government to provinces 3) Fostering of GIE (small- and medium-scale business entities) 4) Promotion of land reform, improvements in distribution 	<ol style="list-style-type: none"> 1) Trends in labor unions in governmental institutions 2) Lack of qualified personnel in provinces
(3) Enhancement of productivity	<ol style="list-style-type: none"> 1) Introduction of fair competition, efforts made to achieve efficiency 2) Fostering of small- and medium-scale business entities 3) Promotion of scientific and technical research 	<ol style="list-style-type: none"> 1) Lack of skilled workers of middle standing 2) Poor university and other facilities
(4) Build-up of industrial foundations	<ol style="list-style-type: none"> 1) Fostering of small- and medium-scale business entities 2) Improvements in banking and insurance systems 3) Creation of mutual trust institutions for development 	<ol style="list-style-type: none"> 1) Lack of capital
(5) Regional development	<ol style="list-style-type: none"> 1) Increased and improved transmission of technical information and information relating to production 2) Control over urbanization and increased development of agricultural villages 	<ol style="list-style-type: none"> 1) Poor facilities 2) Lack of qualified personnel in provinces

(6) Furtherance of international cooperation and intra-regional cooperation	1) Promotion of regional traffic, communications and cultural exchange 2) Promotion of South-South cooperation and development of new markets	1) Lack of capital
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3. Investment program for the development plan

Investment programs in 8th socio-economic development plan
(In million CFA francs)

(1) Primary industries	359,000
(2) Secondary industries	535,000
(3) Tertiary industries	496,000
Total	1,390,000

4. National budget

Fiscal 1993 (January through December 1993) (in million CFA francs)

Revenues	308,100	Expenditures	367,609
General account	279,000	General account	233,109
Income tax	60,900	Current expenses	206,109
Tariffs, etc.	110,700	Defense	33,528 (9.1%)
Corporate tax	52,100	Agricultural village development, water utilization	6,687 (1.8%)
Other tax revenues	29,300	Commerce, mining/industry	870 (0.2%)
Corporate revenues, etc.	26,000	Transportation and facilities	1,070 (0.3%)
		Education and culture	66,742 (18.2%)
		Health care	11,851 (3.2%)
		Professional and vocational training	1,809 (0.5%)
		Housing	608 (0.2%)
		Common expenses	28,112 (7.6%)
		Others	54,832 (14.9%)
		Development expenses	27,000
		Primary industry investments	4,593 (1.2%)
		Secondary industry investments	7,151 (1.9%)
		Tertiary industry investments	6,460 (1.8%)
		Public sector investments	8,796 (2.4%)
Special treasury account	29,100	Special treasury account	134,500

Notes:

- 1) US\$1 = 290 CFA francs (as of September 1993)
- 2) In a single fiscal year, a deficit of 59,509 million CFA francs was registered.

Source: Senegal government's budget estimate for fiscal 1993

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$418.82 million (1991)

(in million US\$)

	France	Italy	United States
Aid amount	255.97 ('91)	32.57 ('91)	26 ('91)
Share	61.1%	7.8%	6.2%
Type of aid	Loans, grant aid, technical cooperation		Grant aid, loans, technical cooperation
Priority areas or sectors	<ul style="list-style-type: none"> • Personnel training • Development of agricultural villages • Education training • Mining/industry energy • Funding for structural adjustments 		<ul style="list-style-type: none"> • Development of agricultural villages, improvements in agricultural structure • Increase in jobs available • Population problem • Economic policy adjustments

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$136.69 million (1991)

(in million US\$)

	IDA	EDF	AfDF
Aid amount	48 ('91)	27.2 ('91)	22.17 ('91)
Share	35.1%	19.9%	16.2%
Type of aid	Loans	Loans	
Priority areas or sectors	<ul style="list-style-type: none"> • Funding for structural adjustments • Development of agricultural villages, agricultural research • Reconstruction of banking system • Urban development 	<ul style="list-style-type: none"> • Medical care 	

3. Japanese ODA

The place of Japan among bilateral donors: 4th Share: 6.1% (1991)

Aid amount (in million US\$, 1991)	Trends in assistance
Technical cooperation 6.57	Successive food aid packages, aid for boosting the food production, grant aid for constructing new and improving existing water service in the provinces and for supporting the fisheries industry and structural adjustments, and technical cooperation involving the dispatch of Japan Overseas Cooperation Volunteers and experts in the fields of human resources and agriculture have been provided.
Grant aid 18.73	
Loans 0.44	
Total 25.75	

Source: Japan's Official Development Assistance 1993, Ministry of Foreign Affairs

4. Significance of ODA in the country

Share of ODA accounting for national budget: ___%

Share of ODA accounting for GDP: 12.7% (1990)

5. Collaboration among aid organizations

UNDP is the principal organization concerned with technical cooperation, and a meeting to formulate programs for each individual country on the basis of NaTCAP (National Technical Cooperation Analysis and Programming) are held about once every 3 months. In health and medical care, the lead is taken by Belgium, and donor meetings are held once every one to two months. As regards population and family planning, UNFPA holds a donor meeting 3 or so times a year.

6. Situation of NGO activities

(1) NGOs currently active: ___

(2) Major organizations and activities

- 1) Caritas (development of agricultural villages)
- 2) Oxfam (development of small-scale agricultural villages)
- 3) Africare (health care, hygiene and afforestation)
- 4) ENDA (education of populace about environment)

IV. Priority areas or sectors for JICA cooperation

Aid provided to Senegal must be consistent with the objectives listed below.

- (1) Increase in food self-sufficiency in order to attain economic autonomy
- (2) Increase in literacy rate through spread of education serving as foundations for future development
- (3) Improvements in health and medical care standards and curbing of population growth
- (4) Environmental protection which makes sustainable developments possible

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Increase in food self-sufficiency	Increase in literacy rate	Improvements in health/medical care and curbing of population	Environmental protection			
Economic management							
Agriculture, forestry and fisheries	⊙ ⊙ ○	○		⊙	<p>(1) Development of agricultural villages</p> <p>(2) Promotion of fisheries industry</p> <p>(3) Protection and restoration of forests</p>	<p>1) Improvement and spread of agricultural technology</p> <p>2) Construction of new and improvements in existing agricultural infrastructure</p> <p>3) Promotion of improvements in lives of women and girls</p> <p>1) Improvements and diffusion of fishing methods</p> <p>2) Improvements and diffusion of marine product processing technology</p> <p>3) Improvements in lives of fishing population</p> <p>1) Increase in afforestation</p> <p>2) Study and research for maintaining ecosystems, and formulation of protective policies (national parks, etc.)</p>	<p>Senegal River basin, southern area</p> <p>Coastal regions of central and southern areas</p> <p>Central area</p>

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Increase in food self-sufficiency	Increase in literacy rate	Improvements in health/medical care and curbing of population	Environmental protection			
Mining and industry							
Economic infrastructure				○	Buildup of foundations for rural development	1) Stable supply of electric power	Capital and provinces
Social infrastructure				⊙	(1) Environmental protection	1) Activities to educate population about environmental destruction	Central area
			○	⊙	(2) Improvements in urban environment	1) Construction of new and improvements in existing waterworks and sewers 2) Improvements in ability to dispose of urban waste products	Capital and provincial cities
	○	○	⊙		(3) Improvements in health and medical care standards	1) Diffusion of public hygiene knowledge 2) Spread of family planning and creation of organizations 3) Construction of new and improvements in existing basic medical facilities and organization	Nationwide
	⊙	○			(4) Measures to ensure general availability of and enrollment in basic education	1) Improvement in compulsory education enrollment ratio 2) Consolidation of organizations for improving literacy rate 3) Construction of new and improvements in existing facilities	Nationwide
	○		○		(5) Supply of water in provinces	1) Construction and management of water supply facilities	Provinces

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- 1) The government of Senegal is trying hard to increase agricultural output and the biggest issues it confronts are to secure water and come up with measures to combat salt damage. These problems are hard to solve by the efforts of the farming populace alone, and they must be studied without fail when formulating aid plans aimed at boosting agricultural output in the future.
- 2) While agricultural output is in the doldrums, the population is rapidly rising at an annual rate of 2.9%, making population control (family planning) a major problem. The spread of knowledge about health care and hygiene must be promoted so that it is widely available to all the nation's citizens.
- 3) Due to the slump in agricultural output, more and more people continue to gravitate to the capital, Dakar, turning decentralization of the economy into a major issue.
- 4) As regards the solar energy electrification plan being promoted by the government of Senegal, care is required owing to the great potential for problems at the implementation stage (high cost of maintaining the facilities provided, problems in transferring operation and repair technology). For the time being, studies should focus on the possibility of cooperating only with small-scale pumping-up projects, and the issue of the electrification of agricultural villages should be avoided.

(2) Consideration for implementation capacity of counterpart-organizations

- 1) The Senegalese organizations which handle aid (the Prime Minister's Office takes care of technical cooperation and the Economics, Finance and Planning Ministry of grant aid and related surveys) are capable of handling aid only in a clerical capacity, and they have hardly any ability to discover what requires the aid and to formulate project proposals. Furthermore, when it comes to putting forward proposals, it is advantageous to exchange views with the World Bank, UNDP and other international organizations as well as with France and other aid donor countries since the respective government agencies are barely able to coordinate matters among themselves at a ministerial level.
- 2) The ability of the recipient country to bear local costs is definitely lacking, and there are many instances of delays in defraying the work costs of projects to be paid for by the recipient country with grant aid, the traveling expenses, vehicle rental charges, etc. of C/P staff conducting development surveys. Wherever possible, proposals must be put prepared in such a way that the recipient-borne costs involved are low enough.

VI. Summary of evaluation studies

- 1) Although confrontation among the tribes (11 of them) is relatively rare in Senegal, lifestyles do differ from tribe to tribe (some cultivate the land, others are nomadic, for example). Consequently, these anthropological aspects should be taken into consideration in the formulation of projects in the provinces.
- 2) In regard to the agricultural projects, there are differences in views between those government employees helping to disseminate agriculture and the agricultural populace over what crops should be grown and other matters. The views of both parties must be given an audience.

CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

United Republic of Tanzania

I. Political, economic and social situation

1. Political situation

(1) Government regime

Constitutional republic (Independent since December 9, 1961.)
United republic (United with Zanzibar on April 26, 1964.)

(2) Head of state

President Ali Hassan Mwinyi (Assumed office in 1985, reelected in 1990 for a 5-year term.)

(3) Date of independence

December 9, 1961 (Tanganyika), April 26, 1964 (United Republic of Tanzania)

(4) Political structure

Below the President there are two Vice-presidents (the first Vice-president also serves as Prime Minister.) under which the Planning Agency and the following Ministries are established: Foreign Affairs and International Cooperation, Finance, Local Home Affairs, Defense, Domestic Affairs, Justice, Education and Culture, Health and Welfare, Agriculture, Commerce and Industry, Transportation and Communications, Public Works, Natural Resources, Tourism and Environment, Mining, Water Resources and Energy, Information Broadcasting, Labor and Youth development, Land, Housing, Urban Development, Social Development, Women's and Children's Issues, Science and Technology, and Higher Education.

Judiciary:

Supreme Court, High Court, State Courts, County Courts and Initial Courts.

Legislature:

A unicameral system consisting of 255 members who serve 5-year terms.

(5) Domestic administration

Under the Arusha Declaration adopted in 1976 as the general TANU (Tanganyika African National Union) platform, the construction of an African socialist state became a national goal. Various industries and banks were nationalized and Ujamaa movements were started in the rural areas. However, these moves were economic failures. In 1986, restructuring policies were adopted on the counsel of the World Bank, and an economic reconstruction plan was started which is producing modest results. According to the restructuring policies, a shift to a free market economy led by the private sector is being promoted, and the union with Zanzibar is also being reviewed.

(6) Trends of politics

Tanzania formerly had a one-party system under the revolutionary party (Chama cha Mapinduzi, CCM). The country changed to a multi-party system in July of 1992, however, and new political parties are currently being registered. The transition to a multi-party system differs from those in other African nations in that it was conducted peacefully and there has been no unrest following the change. However, large numbers of public employees are being dismissed due to restructuring which is being administered with aid from the World Bank and other organizations. Personnel adjustments are also underway due to the merging, abolition and privatization of public corporations, and it is feared that these measures may aggravate the public order and become destabilizing factors.

(7) Diplomatic relations

Tanzania is nonaligned, neutral and maintains a pan-African and United Nations centered philosophy. It enjoys friendly relations with both the former communist states of Eastern Europe and the free democracies of Western Europe. The country is presently working to strengthen friendly relations with neighboring countries such as Kenya and Uganda.

2. Economic situation

(1) General trend

Tanzania has experienced continuous growth of approximately 4% for the last several years despite the fact that the economy is still in critical condition due to the 1st Economic Reconstruction Plan (ERP) which lasted from 1986 to 1989. At approximately 22%, the inflation rate is relatively steady as compared with other African countries. In addition to agriculture, transportation and communications, measures dealing aggressively with social services which were neglected in the 1st plan such as education, medicine and water supply were promoted in the 2nd Economic Reconstruction Plan (1989-1992). From fiscal 1993, the government is aiming for the effects of the two previous Economic Reconstruction Plans over the past six years to take root, and is implementing a new Three-Year Rolling Plan (development plan).

(2) Trends in the major sectors

With the exception of an expanded agricultural sector, the industrial structure of Tanzania's GDP remained virtually static over the 25 year period from 1965 to 1990. The percentage of GDP accounted for by the agricultural sector increased 13 points from 46% in 1965 to 59% in 1990. Conversely, the percentage accounted for by non-agricultural sectors decreased by a like amount. In particular, the service sector comprising tertiary industries fell from 40% to 29%. The manufacturing sector increased slightly from 8% to 10%. The overall privatization of public corporations and other state-run enterprises is becoming an urgent matter.

1) Agriculture:

The increased share of GDP of the agricultural sector is thought to have been produced by bountiful harvests of agricultural products, particularly food crops, as a result of favorable weather conditions in the late 1980s. Purchases by private traders and cooperative associations accompanying the liberalization of food crops distribution have also become a substantial incentive for producers. In addition, there has also been an increase in the imports of consumer goods due to import liberalization, which has resulted in a sizable flow of commodities to the rural regions and stimulated farmers' purchasing desires. However, bountiful harvests have resulted in unsold surpluses in remote areas due to a lack of collection and storage facilities, and there is said to be tendencies to revert back to subsistence farming. In actuality, emergency food aid is being provided to some regions due to recent drought, while surplus production remains unsold in other areas.

2) Manufacturing:

In the manufacturing sector, imports of raw materials and machines have increased with the liberalization of foreign currency restrictions (a lifting of restrictions on the use of self-earned foreign currencies). As a result, overall operating rates have recovered to the 40% level, with some companies as high as 60%. However, import costs have risen with devaluation, resulting in reduced price competitiveness of manufactured goods due to industry's high dependence on imported materials. Domestic industry is under pressure from increased imports accompanying import liberalization, and oversupply in the used garments market is threatening the textile industry. Imports of matches and other miscellaneous goods are also threatening domestic manufacturing, and there are increasing calls from industry for a re-imposition of import restrictions.

3) Service Industry:

Turmoil in the financial and distribution sectors is thought to be a major factor behind the falling service industry ratio. Financial sector reform is being implemented under restructuring. However, profligate management of the national bank, bad loans to public corporations, inefficient operation of and delayed loan repayments by Para-state agricultural goods collection organizations have paralyzed the financial sector. This, compounded with dwindling shipping capacity caused by severe deterioration of the road infrastructure and acute worsening of the telephone circuits' communication functions, has plunged the service industry into recession. An Economic Infrastructure Rehabilitation Plan is being implemented by various donor nations centering around the World Bank, however, and there are some signs of a recovery.

(3) Fiscal policy

By introducing the World Bank's restructuring plan, Tanzania is working to reduce its fiscal deficit through readjusting and cutting off credit to unproductive public corporations, etc. However, a general accounts deficit of 7,405,300 shillings is forecast for fiscal 1992, and the country is barely able to achieve a balance through financial aid.

(4) International balance of payments

Tanzania runs a continuous deficit in its balance of international payments, with its cumulative total debt reaching \$6.46 billion at the end of 1992. The projected deficit for fiscal 1992 is US\$1.12 billion.

(5) External debt

Tanzania's external debt is rising consistently, and reached \$6.46 billion in 1992. This debt is characteristic in that it is mainly long term debt. Debt relief measures are being implemented under the Paris Club Accord.

(6) Economic relations with Japan

According to 1992 statistics, Japan imported \$32 million (over half in coffee) from Tanzania. Japan exported \$109 million centering on rolling stock, steel and electrical machinery, resulting in a favorable balance of approximately US\$77 million.

3. Social situation**(1) Trends in the major sectors****1) Education:**

As the socialist line of former President Nyerere aimed to enhance education, the enrollment ratio for compulsory education (primary school/7 years) reached

87% (approximately 3,642,000 people) at the end of fiscal 1992. However, the ratio of advancement to secondary education (6 years) is 2.1% (approximately 78,000 people) and only 3,350 people have advanced to university level (3 years).

2) **Health:**

Medical services were previously free. However, a system where beneficiaries must pay for treatment is being introduced as a result of economic restructuring. In other areas, supplying safe drinking water, providing PHC, and otherwise enhancing the social infrastructure are urgent issues.

3) **Urbanization:**

The disparity between urban and local development is becoming prominent with the introduction of a market economy, and the population is starting to converge on the cities. Creating employment in the cities is a matter of urgent concern.

(2) **Income distribution/Regional disparities**

Income is relatively high in Dar es Salaam, Kilimanjaro, Tanga and Tabora, and low in Dodoma, Ruvuma, Singida, Lindi, Mtwara and Kigoma.

(3) **Others**

Although Zanzibar has the right to representation in the Republican Diet and government, it possesses its own president, cabinet, diet and administrative bodies.

4. **Special issues**

(1) **Environment**

The Ministry of Natural Resources, Tourism and Environment was established as the result of a cabinet reshuffling in November, 1990. Specifically, this Ministry focuses on preserving forestry resources, garbage disposal issues, and the protection of animals.

(2) **Women in development**

The organization in charge of women's affairs is the Ministry of Community Development, Women's Affairs and Children. Requests to consider women in development issues were made by various donors at the CG Conference in June, 1991.

(3) **Military expenditures, etc.**

According to 1989 statistics, military expenditures account for 9% of the overall budget, but are trending gradually lower. Tanzania does not export weapons, and the government announced that it would greatly reduce future military spending at the 1992 Assembly of Donor Nations.

(4) **Democratization and basic human rights**

Basic human rights are respected, and a multi-party system was introduced in July, 1992.

(5) **Others/Drought**

Drought damage has occurred in various areas due to the unseasonable weather seen in southern African regions since 1984. This drought became particularly severe in 1992. Drought damage has been reported mainly in the central and northern parts of Tanzania, with the states of Dodoma, Singida and Arusha receiving annual precipitation of less than 600 mm and the state of Sinyanga and parts of the states of Mbeya, Iringa and Morogoro receiving between 600 and 800 mm. Approximately

800,000 people are estimated to be victims of drought, or about 3% of the general population. According to a FAO/WFP report (dated April 15, 1992), the 1992 harvest of Tanzania's staple food, corn, is predicted to be 85% of the previous year (a 15% drop in production). Insufficient distribution methods for agricultural products within the country and the lack of a road network mean that a domestic food supply system has not been established. As a result, regional drought damage is increasing. Since this low precipitation belt overlaps with the distribution of livestock (mostly milk and beef cattle), the drought is not only limited to food crops, but is also causing great damage to the cattle industry. A decrease in the amount of edible grasses in the natural grasslands due to insufficient rainfall during the rainy season, and a lack of drinking water for livestock during the dry season are causing cattle to converge on certain areas. The resulting overgrazing is in turn producing secondary disasters such as the destruction and desertification of grasslands.

5. Indicators

	Land area	945,000 km ² (approx. 2.5 times the size of Japan)		
	Population	24.5 million (1988)		
	Country classification (DAC list)	LLDC		
Economic indicators	GDP (in million US\$)	2,450 (1989) →	2,535 (1990) →	2,631 (1991)
	Real GDP growth rate	3.3% (1989) →	4.9% (1990) →	3.8% (1991)
	Per capita GNP (in US\$)	106 (1989) →	110 (1990) →	100 (1991)
	Sectoral distribution of GDP	Agriculture, 62.3%; Mining/Industry, 10.9%; Services, 26.8% (1991)		
	Sectoral growth rate	Agriculture, 3.6%; Mining/Industry, 1.5%; Services, 2.07% (1990)		
	Sectoral distribution of employment	Agriculture, 86.4%; Mining/Industry, 0.52%; Services, 13% (1989)		
	Growth rate of consumers' price index	23.8% (1989) →	19.9% (1990) →	22.3% (1991)
	Unemployment rate	13.5 - 15% (1991)		
	Exports (in million US\$)	425 (1989) →	405 (1990) →	320 (1991)
	Imports (in million US\$)	1,380 (1989) →	1,300 (1990) →	1,400 (1991)
	Balance of current accounts (in million US\$)	-956 (1989) →	951 (1990) →	1,120 (1991)
	External debt balance (in million US\$)	4,517 (1989) →	5,866 (1990) →	6,460 (1991)
	Debt service ratio	13.7% (1988) →	8.4% (1989) →	7.9% (1990)
	Foreign currency reserve (in million US\$)	54.2 (1989) →	193 (1990) →	293 (1991)
Social indicators	Population growth rate	2.8% (1990-1991)		
	Life expectancy at birth (1989)	Male and female, 49 (1990)		
	Infant mortality rate	115/1,000 (1991)		
	Per capita calorie intake	2,500 Kcal/day (1991)		
	Primary education enrollment ratio	Overall, 87% (1992)		
	Secondary education enrollment ratio	Overall, 2.1% (1992)		
	Tertiary education (university) enrollment ratio	3,340 people		
	Adult illiteracy rate	Male and female, 16% (1989)		
	Population ratio in absolute poverty	Overall, %; cities, %; rural areas, % (1989)		

*All figures are for Tanzania only (excluding Zanzibar).

II. Socio-economic development situation

1. Outline of the national development plan

Following the 2nd ERP (Economic Reconstruction Plan) (1989-1992), Tanzania has shifted to a new Three-Year Rolling Plan. (The following is a summary of the 2nd ERP, as an outline of the Rolling Plan could not be obtained.)

Issues

- 1) Expanding production of food and exportable cash crops.
- 2) Effectively and efficiently utilizing national resources.
- 3) Providing transportation and communications networks.
- 4) Improving the international balance of payments and achieving a fiscal balance.
- 5) Lowering the inflation rate.
- 6) Activating industry by optimally utilizing domestic production capacity.

2. Significant development sector/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Achieving annual economic growth of greater than 4%	<ol style="list-style-type: none"> 1) Increasing private investment 2) Providing an economic infrastructure 3) Increasing agricultural production 4) Fostering industry 	<ol style="list-style-type: none"> 1) Shortages of funds 2) Lack of management know-how 3) Lack of administrative organizations
(2) Improving the international balance of payments	<ol style="list-style-type: none"> 1) Increasing exports 2) Adopting a flexible foreign exchange policy 	<ol style="list-style-type: none"> 1) Scarcity of exportable products (agricultural goods)
(3) Achieving a fiscal balance	<ol style="list-style-type: none"> 1) Improving the tax system 2) Readjusting public corporations 3) Privatizing banks 4) Reviewing the public employee system 	<ol style="list-style-type: none"> 1) Fears of policies becoming political issues 2) Lack of management know-how
(4) Increasing agricultural production	<ol style="list-style-type: none"> 1) Liberalizing the distribution of agricultural products 2) Removing price restrictions on agricultural products 	
(5) Providing an economic infrastructure	<ol style="list-style-type: none"> 1) Providing road and railway networks 2) Providing a communications network 	<ol style="list-style-type: none"> 1) Shortages of funds
(6) Industrial promotion	<ol style="list-style-type: none"> 1) Improving the tax system 2) Simplifying export procedures 3) Promoting investment 	<ol style="list-style-type: none"> 1) Difficulties in providing an investment environment
(7) Enhancing the medical and education systems	<ol style="list-style-type: none"> 1) Introducing a system where beneficiaries pay for care with the participation of the populace 2) Stressing secondary and science education 	<ol style="list-style-type: none"> 1) Limited understanding by the populace

3. Investment program for the development plan

4. National budget

Fiscal 1990 (currency unit) million Tanzanian shillings

Revenues	160,304.5	Expenditures	207,000.0
Tax revenues		Agriculture, forestry and fisheries	11,879.6 (5.7%)
Revenue from enterprises, etc.		Mining and construction	6,290.0 (3.2%)
National bonds		Energy	5,589.0 (2.7%)
Donations, etc.		Transportation and communications	7,269.4 (3.5%)
		Education	14,383.1 (6.9%)
		Health	9,379.7 (4.5%)
		Social insurance and housing	(%)
		Debt repayment	(%)
		Others	152,209.2 (73.5%)

Fiscal balance -46,695.5 million Tanzanian shillings

Note: US\$1.00 = 320.45 shillings (as of October 7, 1992)

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$761.91 million (1991)

	Sweden	Denmark	Norway
Aid amount	\$143.00 million (1991)	\$89.14 million (1991)	\$85.56 million (1991)
Share	18.8%	11.7%	11.2%
Type of aid		Technical cooperation and agricultural grants	
Priority areas or sectors		1) Agriculture 2) Energy 3) Mining, industry and construction	

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$313.55 million (1991)

	IDA	AIDF	EDF
Aid amount	\$174.00 million (1991)	\$46.43 million (1991)	\$40.69 million (1991)
Share	55.5%	14.8%	13.0%
Type of aid	Loans		
Priority areas or sectors	1) Energy 2) Industrial development 3) Human resource development		

3. Japanese ODA

The place of Japan among bilateral donors: 6th

Share: 7.5%

Aid amount (in million \$, 1991)		Trends in assistance
Technical cooperation	13.74	Grant aid focuses mainly on strengthening the economic infrastructure in Dar es Salaam. Technical cooperation targets agriculture, small and medium business development, fisheries, road construction, power supply and malaria countermeasures.
Grant aid	42.36	
Loans	-4.24	
Total	51.86	

Source: *Japan's Official Development Assistance, 1993*, Ministry of Foreign Affairs

4. Significance of ODA in the country

Percentage of ODA in the national budget: 29.8%

5. Collaboration among aid organizations

A Donors Meeting, sponsored by the World Bank and UNDP, meets regularly once a month. In addition, upper level and sectoral talks attended by the Ambassadors and Finance Ministers of each country are held every two to three months.

6. Situation of NGO activities

- (1) NGOs currently active: 16
- (2) Principal organizations and their activities
 - 1) German Volunteer Service (all sectors)
 - 2) Friedrich Ebert Stiftung
 - 3) Rotary International (social welfare)

IV. Priority areas or sectors for JICA cooperation

Aid to Tanzania is provided in accordance with the following objectives in order to assist the country in attaining its goal of independent development (self-reliance).

- (1) Strengthening the economic infrastructure in order to maintain stable, economic growth
- (2) Achieving food self-sufficiency and domestically producing imported goods to improve the international balance of payments.
- (3) Securing BHN
- (4) Environmental conservation

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Stable growth	Improved international balance of payments	Securing BHN	Environmental conservation			
Economic management	⊙	⊙			(1) Increasing productivity and production capacity	1) Providing advice for privatizing public corporations	Capitol region and northern Tanzania
Agriculture, forestry and fisheries	⊙	⊙	○	⊙	(1) Achieving self-sufficiency in food (2) Promoting forestry in consideration of environmental conservation (3) Promoting the fisheries industry (4) Promoting the stock raising industry	1) Supplying an infrastructure and technology for increasing production of food crops 2) Increasing post harvest and distribution efficiency 1) Promoting forestry in semi-arid lands 2) Introducing agroforestry 1) Developing and promoting breeding in interior waters 2) Environmental preservation of interior waters 1) Epidemic countermeasures 2) Improving breeding technology	Capitol region and northern and western Tanzania
Mining and industry	⊙	⊙		○	(1) Promoting industry (2) Developing underground resources	1) Fostering small and medium business 2) Increasing productivity 1) Developing metal ore deposits exploration	Capitol region and northern Tanzania

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Stable growth	Improved international balance of payments	Securing BHN	Environmental conservation			
Economic infrastructure	⊙	⊙	○		(1) Increasing the shipping capacity	1) Providing road and railway networks 2) Securing means of shipping and commutation	Capitol region
	⊙	○	○		(2) Providing a communications network	1) Providing a telephone network	Capitol region and southern Tanzania
	⊙	⊙	○		(3) Increasing the power supply capacity	1) Providing an electrical transmission network 2) developing new sources of power	Capitol region and central Tanzania
Social infrastructure	○	○	⊙		(1) Securing drinking water	1) Providing water supply facilities 2) Constructing dams	Capitol region
	○	○	⊙		(2) Improving health and medical standards	1) Enhancing hospitals and other medical facilities 2) Implementing disease prevention 3) Training medical practitioners 4) Enhancing PHC	Capitol region and northern and central Tanzania
			○	⊙	(3) Population control	1) Promoting family planning 2) Enhancing mothers' and children's health	
				⊙	(4) Enhancing education	1) Providing and enhancing school buildings and educational machinies 2) Fostering instructors	
	⊙	○		⊙	(5) Tourism	1) Protecting wild animals and the natural environment and developing tourism	
	⊙	○			(6) Human resources	1) Developing human resources to accompany the transition to a market economy	

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- 1) In the implementation stages, it is important to proceed with gradual and small scale cooperation while ascertaining Tanzania's implementation capacity. It is absolutely necessary to follow up on management and technical aspects and to continue supervision after projects have been completed.
- 2) Developing an agricultural infrastructure is of vital importance in the agricultural and forestry sectors which account for 75% of the employed population. However, sufficient care must be given to operation and management plans when planning warehouses and crop processing facilities which will contribute to local village development.
- 3) Technical cooperation for the industrial sector should be implemented with an eye on long term, continuous technology transfer cooperation.
- 4) Cooperation plans should be established with the understanding that this is a transition period from a socialist, controlled market to a free, opened market.

(2) Consideration for implementation capacity of counterpart-organizations

- 1) The central government is adopting massive fiscal reduction policies, necessitating that consideration be given to personnel costs, machine costs, obtaining spare parts, and of course the local cost burden.
- 2) Since Tanzania does not always have sufficient capacity to absorb aid, it is important to proceed with projects while confirming their condition when providing aid. In particular, a flexible approach is necessary when deciding which local costs should be assumed by Japan, and when formulating plans to educate and train personnel and to foster the systematic capacity of Tanzanian organizations from a medium to long term perspective.

VI. Summary of evaluation studies

- 1) It is important to assess the overall situation from a long-term perspective.
- 2) Full consideration should be given to sustainability.

VII. Reference documents

- 1) *Economic & Operation Report for the Year Ended 30 June, 1992* (Bank of Tanzania, June 15, 1993, excerpts)
- 2) *Statistical Abstract: 1991*
- 3) *Guideline for the Preparation of the Rolling Plan and Forward Budget for 1993/1994-1995/1996* (released in December, 1993 by the Presidential Planning Agency)
- 4) *1993/1994 Budget Papers* (Swahili edition, published by the Ministry of Finance, June, 1993)
- 5) *1993 1st Half Japan-Tanzania Trade Movements* (Published by the JETRO Tanzania office, 1993)
- 6) *World Bank Table* (1992)

CONFIDENTIAL

**GUIDELINES FOR THE IMPLEMENTATION
OF
COUNTRY SPECIFIC ASSISTANCE**

Republic of Zambia

I. Political, economic and social situation

1. Political situation

(1) Government regime

Republic

(2) Date of independence

October 24, 1964

(3) Head of state

President Frederick Chiluba (assumed office in November, 1991)

(4) Political structure

Independence of the three branches of government — legislative, executive and judicial

1) Legislature:

A unicameral system consisting of a national parliament (158 seats: 150 elected normally and 8 appointed by the president for 5-year terms).

2) Executive:

Consists of 19 ministries and a single representative body (cabinet body) with the President acting as Prime Minister and appointing all cabinet members.

3) Judiciary:

Consists of a Supreme Court, a High Court, State Courts and District Courts.

4) Political parties:

Formerly single party rule by the United National Independence Party (UNIP), but the introduction of a multiple party system was approved in December, 1990. Presidential and general elections were held on October 31, 1991 under a new constitution based on a multi-party system, and resulted in the Movement for Multiparty Democracy (MMD) assuming the reins of leadership.

(5) Domestic administration

The shift to a multi-party democracy was completed in October 1991, and rooting a democratic government firmly in place is currently a major political issue. Regarding industrial policy, although the agriculture and forestry sectors possess a latent capacity for growth, they have been neglected by past policies, and promoting the development of these sectors from the viewpoint of developing the local economy is a pressing issue. State-run companies monopolize all major industries. To arouse industry from its present inactive state, the government is promoting privatization, corporate streamlining and a complete conversion to a market economy, as well as aiming to increase foreign investment. Macroeconomically, dealing with deficits in

the international balance of payments and the fiscal balance is also of pressing concern. Regarding the international balance of payments, rather than expanding exports multilaterally, the country is aiming to extricate itself from its dependence on copper and increase its food self-sufficiency ratio. In addition to privatizing state-run companies, reducing the fiscal deficit and thereby alleviating inflationary pressures by slashing expenditures and increasing revenues through taxes and other measures is a fiscal issue. In the social sector, the new MMD administration is focusing its energies on education and medicine, both of which were largely ignored under the UNIP government. Alleviating the burden on lower income people caused by the above policies is also an important issue. Finally, increasing foreign aid, which is indispensable in promoting these policies, is of main concern. To achieve this, however, Zambia must further promote the restructuring and economic stabilizing policies expected by donor nations.

(6) Trends of politics

1. Transition to a multiple party system

Amidst an economic situation which had deteriorated since the mid-70s, the extended one-party rule of the UNIP led by former President Kenneth Kaunda was unable to withstand both internal and external pressures, and instituted a shift to liberalized political activities and a multi-party democracy. The Movement for Multiparty Democracy (MMD) obtained wide-ranging support from industry, labor unions and religious leaders. Taking in some of the UNIP diet members, it grew rapidly into the most powerful opposition party among the newly formed political parties. A new constitution (the 3rd Republican Constitution) based on pluralism was approved by both ruling and opposition parties in 1991. In presidential elections held in October of the same year, the MMD backed Frederick Chiluba defeated President Kenneth Kaunda, the incumbent of 27 years, by a wide margin. The MMD also won a landslide victory of 126 out of 150 seats in national Parliamentary elections. There were no outbreaks of violence or attempted coup d'états by proponents of the former system, as had been widely feared, and the transition of power occurred peacefully. The new democratic system was widely supported by all parties including the UNIP, the vast majority of the populace, and by various donor nations. In light of similar movements in neighboring countries, a return to the former autocratic system is considered to be highly improbable.

2. The MMD administration

The Caucus for National Unity (CNU) parted ways with the MMD and established itself as a political party in July, 1992. Contention within the MMD continued to increase and in August, 1993, four ministers who had been abruptly dismissed in April broke away and formed the National Party. Although the reason for their dismissal was not made clear, it was said to be for the purpose of rooting out corruption, information leaks and factors unstable to the President's position. However, this dismissal of cabinet members who had conveyed favorable impressions to donors and persons who had distinguished themselves during the formation of the MMD cast doubts on the democratized government of the MMD administration. In addition, there has been dissatisfaction concerning cabinet posts and resistance to Bemba tribe rule from the start of the administration, and support is waning in the southern and northern states.

3. Relationship between the ruling and opposition parties

Although the MMD is weakening, no opposition party (UNIP, NP, CNU, CDU, UDP, etc.) has emerged to lead the rest. The MMD is also able to depend on the support of organized labor which accounts for 10 - 20% of the turnout of registered voters. As a result, the MMD is generally victorious in by-elections for national and local diet members.

4. Unstable factors

Restructuring policies have caused prices and unemployment to rise. Unions under the Zambia Congress of Trade Unions (ZTCU), the organization which manages labor unions, have disregarded ZTCU intentions and staged repeated strikes for higher wages, producing confrontations between the MMD administration and its supporting parent organizations, the labor unions. On the other hand, it is said that upper limits for wage increases have been set as a condition for financial aid from the IMF, pointing to leadership hurdles for the MMD under restructuring.

(7) Diplomatic relations

Zambia maintains a basic anti-discriminatory and anti-alliance philosophy. Former President Kaunda was active diplomatically, and Zambia is principal member of the Organization for African Unity (OAU), the Southern Africa Development Council (SADC), the Frontline States resistance organization against the South African and other white governments, the Preferential Trade Area (PTA) for Eastern and Southern Africa and other organizations. Accordingly, the country has maintained a confrontational stance against the apartheid South African regime politically and in other areas as well. However, in view of South Africa's actions to abolish apartheid since 1990, Zambia began promoting formal economic relations with South Africa, starting with approving the participation of private South African companies in the 1991 World Trade Expo. The new Chiluba administration plans to strengthen relations while focusing on the progress of reform within South Africa. Concerning military aspects, Zambia depended on aid from the Soviet Union, Cuba and other eastern block countries. However, with the collapse of the eastern camp, the country is leaning toward western countries which welcome its democratization, and is presently revising its stance toward the west. In March, 1992, the Chiluba administration concluded a military assistance treaty with the U.S. (consisting mainly of military training by the U.S.). Also, a South Korean Embassy was established at the start of 1991 in addition to the existing North Korean Embassy.

2. Economic situation

(1) General trend

The price of copper has been sluggish since the mid-70s, and the export situation has been exacerbated by internal strife in neighboring countries. Drought and rising mining costs at the start of the 80s dealt a severe blow to Zambia's monoculture economy which depended on copper for 90% of its exports and 20% of its GDP. Average annual growth in the real GDP rate between 1980-89 was an extremely low 1.2%. The nationalization of and application of "Zambiafication" policies to all major industries including mining caused large amounts of capital and personnel to flow out of the country, and monopolies by these companies caused mining and industry to stagnate. On the other hand, urbanification advanced rapidly, suppressing prices for producers of agricultural goods and greatly hindering the growth of the agricultural sector. Domestically, these factors caused massive fiscal deficits and rising inflation and unemployment. Externally, deficits in the international balance of payments and rising cumulative external debt became prominent. In 1983, the country revised its socialist controlled economy and accepted a restructuring program under the guidance of the IMF and the World Bank. The currency was devalued, interest rates were liberalized, and subsidies for maize were abolished. However, intensifying inflation produced sudden outbreaks of violence, and the government departed from the restructuring plan in 1987 to maintain the domestic governmental system and established an independent economic reconstruction plan. Economic conditions did not improve, however, and the government reopened discussions with the IMF and the World Bank in 1989, and agreed to an economic restructuring plan which is currently being implemented.

(2) Trends in major sectors

Looking at the share of GDP of major industries in 1991, agriculture, forestry and fisheries accounted for 18.7%, mining and industry for 37.5%, and services for 43.8%. Mining, the principle source of foreign currency, accounted for only 7.7%. Average annual growth rates between 1980-88 were ___% for agriculture, forestry and fisheries, ___% for mining and industry, and ___% for services. Tentative figures for 1992 indicate that mining products accounted for 67.3% of exports, and copper for 64.5% of the overall export value.

1) Mining:

The average annual growth rate of the mining sector between 1985-90 was -2.6%. Production of the mainstay copper, decreased from an average of 570,000 tons in the early 80s to 459,000 tons in the late 80s. Copper production decreased further to 426,000 tons in 1990 and 399,000 tons in 1991, and is widely expected to drop by half to the 200,000 ton level by the late 90s. The reasons for the drop in production include a decrease in the amount left in the ground and excavating equipment and plant malfunctions. With the drop in production, the share of exports accounted for by mining products and the percentage of copper have fallen drastically from 96% and 88.7% respectively in 1989 and 93.8% and 86.2% in 1990, to 51.1% and 48.5% in 1991 and 67.2% and 64.7% in 1992. Although cobalt production increased from 2,337 to 4,064 tons from the early to late 80s, lead and zinc production have fallen sharply compared to the early 80s. Recently, Zambia has started prospecting again in order to alleviate the country's dependence on imported petroleum.

2) Agriculture:

Zambia is attempting to change from an economy based on an unstable and declining copper industry to one based on agriculture. However, since the price of maize is regulated, commercial farmers are focusing on the production of cash crops for Europe. As a result, market production of the staple maize has stagnated, causing imports from neighboring countries to increase and aggravating the balance of trade. Recent price increases are said to be increasing the production of maize by commercial farmers, but overall production is being restrained by a lack of agricultural and distribution infrastructures and systems. Droughts in 91/92 dealt a massive blow to agricultural production, but the country received sufficient rainfall in 92/93, and a maize harvest of 17.8 mt capable of covering domestic demand (17.4 mt) is predicted.

(3) Fiscal policy

National finances have been running continuous deficits in both current and capital accounts since 1980. The government is slashing expenditures and working to rebuild public finances by reducing subsidies for staple foods, streamlining administrative sectors, privatizing public companies, etc. However, policy measures are inconsistent, and the fiscal deficit has swelled due to lax control over expenditures, rising inflation and large scale revisions in salaries and housing allowances for public employees. The Chiluba administration established the Zambia Privatization Agency and the Investment Center in 1992 with aid from donors in order to promote the privatization of public companies, and sales of public corporations were announced at the end of 1992 and again at the beginning of 1993. Subsidies for maize and fertilizers have been completely abolished. A reduced budget was assembled for fiscal 1992, but expenditures totaled 1.75 times the budget due to drought relief and salary revisions for public employees. Subsidies, which accounted for 8% of the fiscal 1992 budget, have been eliminated for fiscal 1993, and an extremely austere budget of 80% of the dollar value of fiscal 1992 settlements has been assembled. Reducing the amount of external debt payments is vital for fiscal reform, and Zambia is seeking the cooperation of donors.

(4) International balance of payments**1) Balance of current accounts:**

Zambia began running trade deficits from the 70s as a result of falling copper and soaring petroleum prices. At the start of the 80s the balance of current accounts showed a deficit of US\$740 million. The trade balance has since recovered due to improved copper and falling petroleum prices, and is progressing basically in the black.

However, the deficit in the balance of non-trade items has increased due to payments for external shipping fees and other services, and the expatriation of profits by foreign investors. The private transfer balance also runs a consistent deficit. Although the governmental transfer balance is improving, the balance of current accounts ran a constant deficit throughout the 80s.

2) Zambia received aid from donors in the early 80s, and capital accounts showed a surplus due to an influx of long-term capital. However, in addition to payments of debt principal in the late 80s, the break with the IMF and the World Bank in 1987 caused a decrease in the influx of capital. The capital accounts surplus shrunk rapidly, and turned into a deficit in 1986 and 1988.**3) Although the overall balance shrank from US\$467 million in 1981 to US\$106 million in 1988, it is still in the red. Resultingly, foreign currency reserves show declining tendencies.****(5) External debt**

Zambia's debt balance rose from \$3.3 billion in 1980 to \$6.8 billion in 1989. Japan rescheduled \$154 million of debt in August 1991, and the IMF and the World Bank halted further loans due to a missed \$20 million payment in September, 1991.

Zambia payed off its arrearage debt to the World Bank in January of 1992, however, and received a new disbursement in US\$. The foreign currency funds gap was approximately \$1.37 billion in 1992, of which _ was covered by assistance from donors. The new Chiluba administration intends to repay debt obligations as much as possible, but expects donors' cooperation as regards debt burden reduction.

(6) Economic relations with Japan

For 1991 trade, Japan ranked 1st (29%) for Zambian exports, and 5th (8%) for imports. Exports to Japan include copper, cobalt and other mining products, and precious stones. Copper ore from Zambia accounts for half of Japan's copper ore imports. Items imported from Japan include vehicles, industrial machines, tires, electrical equipment, etc. From Zambia's point of view Japan is a consistent target for exports.

(7) Privatization

Privatization is one of the MMD administration's key policies. However, there is no specific time frame, and it is said that implementation could take from 2 - 10 years. According to the Zambia Privatization Agency which was established in 1992, privatization is proceeding according to schedule. However, of the 46 companies announced for sale, only four had been sold as of August 1993. The need to reassess sale prices and to improve the management structure of these public companies prior to sale are given as reasons for the delay. Privatization of prominent public companies such as ZCCM (Zambia General Mining Co.), ZESCO (Zambia Electric Co.), ZR (Zambian Railways), and PTC (Zambia Postal and Telephone Co.) will be discussed at the MMD national party conference at the end of 1993.

3. Social situation

(1) Trends in major sectors

1) Education:

The first seven years consist of compulsory primary education. After reaching 100% in the mid-80s, the enrollment rate for the first year of primary school is trending steadily lower. Despite the fact that the number of students increased by 36.9% through the 80s, the number of primary schools rose by only 23.7%. This trend is even more noticeable in urban areas, where 60 student classes in schools with four shifts is not an uncommon density. Uneducated children are also increasing mainly in impoverished areas. The construction of secondary and tertiary schools is being earnestly promoted, but there are still not enough secondary and tertiary schools being constructed to hold all students advancing from primary school in the capital city. School construction is also stagnant in remote and isolated areas, and there is a shortage of teachers in local areas due to low pay and a lack of training organizations. The number of teachers at secondary and tertiary schools decreased from 5,856 in 1986 to 5,714 in 1988. This has produced an increase in unqualified teachers, and a situation where foreigners are depended on for approximately 30% of all college educated instructors. There are apprehensions concerning an overall drop in the enrollment ratio and a decrease in the quality of education. The government has made expanding education a priority area, and is working to enhance primary education from a position of equal opportunity. The need to review general measures for instructors including improved pay and enhanced training organizations is being indicated to raise the level and number of instructors.

2) Health:

Common diseases include diarrhea, malaria, malnutrition and tuberculosis, etc., and malnutrition, respiratory disorders, diarrhea, etc., are listed as leading causes of death. Recently, AIDS patients have been increasing particularly among the working age population. AIDS is becoming a serious social problem with some statistics indicating infection rates of over 30%. There are outbreaks of cholera and dysentery every year during the rainy season, and even though regional medical centers increased slightly through the 80s, few new hospitals are being constructed, and the number of beds per capita is trending lower. The shortage of medical facilities is particularly evident in local areas. Many medical facilities have fallen into operating difficulties due to careless management and the fact that medical care is free in Zambia. There are shortages of veteran physicians, nurses and other personnel, and of equipment and pharmaceuticals. The situation has reached the point where it cannot recover without aid from foreign countries and the assistance of foreign doctors. The government has made improving medicine by decentralizing authority one of its policies, and has started charging for medical care. An over-emphasis on curative medicine has also been indicated, and the government is advocating the enhancement of preventative and early medicine (Primary Health Care).

3) Urbanization:

As a result of the disparity between urban and local lifestyles which arose in the 60s, there has been a population influx to the cities, particularly from the northeastern regions. According to the 1990 census, the urban population accounted for 42% of the overall population, which is the highest ratio in Africa. For example, the population of the capital city of Lusaka has increased by approximately 40% from 540,000 people in 1980 to 980,000. This rapid population influx is causing housing, power, city and sewer water, medical and educational facility and other shortages in the social infrastructure. The extent of these shortages is greatest in urban districts with large amounts of new housing or squatters, and most of these districts have degenerated into slums. These circumstances are producing various social problems such as rent increases of several hundred percent, strikes for higher wages, deteriorating public order, environmental destruction, etc.

4) Others:

City water is supplied to no more than 57% of the urban population, and the percentage of people in farming villages who are able to obtain pure water from wells and other sources does not exceed 53%. In addition, only 49% of the urban and rural population are able to dispose of waste water in proper sewer pipes. The supply of houses equipped with sewer facilities is unable to keep up with the population increase due to shortages of funds, and it is feared that the situation will worsen. There is also a shortage of garbage disposal facilities, and less than one third of the population in local areas has access to proper garbage disposal facilities.

(2) Income distribution/Regional disparities

Since independence in 1964, the population has been migrating from rural areas in the northern and eastern states and the state of Luapala to urban areas in the Copperbelt and the capital of Lusaka. According to an ILO survey conducted in 1980, four out of five households in rural areas were below the poverty level. Incomes of urban residents average 3.5 times those of rural residents, and the average income of 95% of all farming households is lower than the average income of urban slum residents. A 1975 survey indicated an imbalanced income distribution both in the urban and rural areas where the upper income class which comprises the upper 5% of the population received 25% of the overall income. According to the ILO survey, development is progressing in the central, southern and parts of the eastern states which have favorable agricultural conditions. In contrast to this, however, development is lagging in the western and northwestern states, the state of Luapala, the Ndola rural district in the copperbelt and the remaining portions of the eastern states, and incomes are lower in these districts than in other areas.

(3) Others

Austere policies brought about by restructuring have been indicated as easily harming the socially disadvantaged such as households supported by women, the disabled and the unemployed. Accordingly, the Social Action Programme (1992-95) is promoting micro-projects rooted in regional society with the support of the World Bank as measures for the socially disadvantaged. Unstable social conditions in Zaire, Mozambique and other neighboring countries are causing deteriorating public order in the border zones, and there is the possibility of increasing refugees from Zaire depending on the course of future events. In addition, vehicle hijackings by groups of armed bandits are increasing rapidly in Lusaka and the Copperbelt states and are becoming a social problem. The country suffered its first drought in several decades in 1992.

4. Special issues**(1) Environment**

Zambia possesses one of the largest, most prominent mining industries in Africa, whose excavation and smelting processes discharge vast amounts of waste products. Effective regulating measures were not adopted until recently, however, and water quality and air pollution are becoming a problem around the mines and smelters. Deforestation due to gathering firewood and opening land for cultivation is also becoming a major problem, and the number of valuable wild animals has decreased due to poaching. In light of the situation, the government launched countermeasures and enacted the Environmental Protection and Pollution Restriction Law in 1990, and established the National Environmental Council (NEC) based on this law to deal with environmental problems. In addition, the Ministry of Water, Land and Natural Resources was split and the Ministry of the Environment and Natural Resources established under the new administration. The NEC is a semi-autonomous agency under the Ministry of the Environment and Natural Resources, and functions to coordinate between the various ministries and agencies concerning environmental

regulations, the protection of natural resources, environmental impact assessments and environmental education. The NEC has been given real authority to legally withhold approval from projects, but rarely exercises this authority. A National Environment Action Plan (NEAP) and an Environment Support Project (ESP) are currently under consideration with the cooperation of donors.

(2) Women in development

According to 1986 labor statistics, the employment percentage of women twelve years and older was approximately 82% including informal sectors. The number of male and female workers is roughly equal in the farming villages, but less than one third of women in the cities hold jobs. There is relatively little sexual discrimination in higher educated office and specialist positions, and wage disparities due to sexual discrimination are particularly absent in the formal sector. Women's influence is relatively strong in farm villages with matriarchal societies. However, there is a tendency for women to be excluded from the decision making process in rural communities with patriarchal societies. There is a traditional division of labor between men and women, with women's duties tending to focus on heavy labor such as daily agricultural work, housekeeping, child raising and drawing water, etc. In many households, women are the main providers as the men have left either to work in the cities or for other circumstances. These households are said to be some of the most disadvantaged economically, and the need for policy related relief measures is being stressed. Projects are being established with the aims of job training for women and particularly of raising the income of women in rural areas. However, these projects have just started, and it must be said that in general it will be difficult to exert developmental effects on women due to traditional, economical and educational reasons.

(3) Military expenditures, etc.

Military expenditures are not publicized. However, including police expenditures, they are estimated to account for approximately 30% of all government expenditures. Weapons were previously obtained through donation or purchase from eastern block nations such as the Soviet Union or Cuba. The new administration has switched suppliers to the West, however, and has simultaneously begun to reduce the military budget. Zambia does not export weapons. According to a 1989 survey, Zambia's army has 15,000 people, the air force has 1,200 people, and the police and reserve troops total 1,200 people.

(4) Democratization and basic human rights

Zambia formerly experienced one party rule under the UNIP. However, presidential and general elections were held on October 31, 1991 under a multi-party system. According to internal and external assessments, the elections were fair and peaceful. The new President Chiluba proclaimed that people would not be imprisoned for their political beliefs, and the freedoms of speech, assembly and association are almost completely guaranteed at present. However, it is said that there are many cases of police treatment of suspects which violate human rights. Worker protection is good from the viewpoint of labor standards.

(5) Others

1) Drought

In 1992, the first major drought to hit the southern African regions in several decades damaged crops and caused food shortages in southern, western and central Zambia, Lusaka and several states in eastern Zambia. The Zambian government estimated a grain shortage of nearly 900,000 tons, and requested food aid. As of May, 1993, the necessary amount of food had been secured including imports (222,000 tons) by the Zambian government. 90% of the food aid was sold commercially, with the remaining 10% distributed at no charge through NGOs. As a result, there were no victims of starvation, and the crisis

passed without a collective movement of people from rural areas to the cities seeking food. The drought caused reductions of approximately 40% in the agriculture sector, 4% in the electrical and water sectors, and also in the GDP.

(2) Relations with South Africa

Economic relations with South Africa, which in actuality were already quite close, are becoming even closer with South Africa's movements towards the abolition of apartheid. South Africa has been the largest source of imports for Zambia since 1987. According to estimated figures for 1992, South African imports accounted for 26.8% of the total, and this percentage is expected to exceed 50% by 1995. South African capital which had been positioned in Namibia and Botswana is beginning to shift to Lusaka, and close to 250 South African farmers are considering investing in Zambia. For these reasons, there are concerns that South African capital will come to dominate the Zambian economy.

5. Indicators

	Land area	753,000 km ² (approx. 2 times the size of Japan)		
	Population	8.3 million (1992) *		
	Country classification (DAC list)	LDC		
Economic indicators	GDP (in million US\$)	4,700 (1989) →	3,120 (1990) →	3,325 (1991)
	Real GDP growth rate	1.0% (1989) →	-0.5% (1990) →	-1.8% (1991)
	Per capita GNP (in US\$)	390 (1989) →	420 (1990) →	415 (1991)
	Sectoral distribution of GDP	Agriculture, 19%; Mining/Industry, 38%; Services, 43% (1991)		
	Sectoral growth rate	Agriculture, 5.2%; Mining/Industry, -6.4%; Services, -0.4% (1991)		
	Sectoral distribution of employment (formal sector employees)	Agriculture, 77%; Mining/Industry, 19%; Services, 4% (1986)		
	Growth rate of consumers' price index	158% (1989) →	105% (1990) →	93% (1991)
	Unemployment rate	13% (1989) →	% (1990) →	% (1991)
	Exports (in million US\$)	1,350.4 (1990) →	1,103.5 (1991) →	965.9 (1992)
	Imports (in million US\$)	1,346.8 (1990) →	746.2 (1991) →	819.6 (1992)
	Balance of current accounts (in million US\$)	-139 (1990) →	-368 (1991) →	(1992)
	External debt balance (in million US\$)	6,832 (1988) →	6,739 (1989) →	7,233 (1990)
	Debt service ratio	13.1% (1988) →	12.4% (1989) →	12.8% (1990)
	Foreign currency reserve (in million US\$)	139 (1988) →	123 (1989) →	201 (1990)
Social indicators	Population growth rate	3.7% (1980-1990)		
	Life expectancy at birth	Male, 52; female, 55 (1990)		
	Infant mortality rate	82.0/1000 (1990)		
	Per capita caloric intake	2,077 Kcal/day (1989)		
	Primary education enrollment ratio	Overall, 94%; female, 87% (1992)		
	Secondary education enrollment ratio	Overall, 22%; female, 16% (1992)		
	Tertiary education enrollment ratio	Overall, 2%; female, % (1992)		
	Adult illiteracy rate	Overall, 27%; female, 35% (1990)		
Population ratio in absolute poverty	Overall population, %; cities, 25%; rural areas, % (1985)			

* Estimated figure

Source:

Country Profile 1992, CSO, Republic of Zambia

Consumer Price Index for August 1993, CSO, Republic of Zambia

II. Socio-economic development situation

1. Outline of the national development plan

Properly speaking, Zambia is in the middle of its 4th Five-Year Plan (1988-1993). However, this plan has essentially been halted due to changes in the economic situation and government. Presently, the Public Investment Programme 1993-95 (PIP) established in 1993 (an update of the 1992-95 edition) and the Economic and Financial Policy Framework 1992-94 prepared in cooperation with the IMF and the World Bank are being used in its place. Furthermore, to supplement the social aspects of these plans, a Social Action Programme has been established to alleviate the effects of restructuring on the socially disadvantaged.

(1) Goals

- 1) Independent, continuous and rapid economic growth (growth which raises the GNP per capita)
- 2) Implementing social equality

(2) Issues

- 1) Stabilizing the economy (controlling inflation, reducing the international and fiscal deficits, etc.)
- 2) Promoting restructuring and the transition to a market economy (lifting price, interest rate and currency exchange controls, privatizing public companies, eliminating subsidies, and improving the investment environment)
- 3) Zambianization of personnel and technology
- 4) Breaking away from overdependence on copper
- 5) Protecting and providing relief for the socially disadvantaged
- 6) Correcting regional disparities

2. Significant development sectors/issues, major policies, difficulties in promoting development

Significant sectors/issues	Major policies	Difficulties in promoting development
(1) Stabilizing the economy	<ol style="list-style-type: none"> 1) Controlling inflation 2) Reducing the fiscal deficit and streamlining administrative organizations 3) Correcting the international balance of payments deficit 4) Establishment of economic stabilizing policies and measures by the government. 	<ol style="list-style-type: none"> 1) Difficulty implementing tight-money policies due to a sluggish economy and drought 2) Open-market operation impossible due to the lack of a domestic capital market 3) Labor union resistance to public sector streamlining
(2) Introducing a market economy and competitive principles	<ol style="list-style-type: none"> 1) Reducing price, interest rate and other restrictions 2) Abolishing all types of subsidies 3) Privatizing public corporations 4) Introducing an anti-monopoly law 	<ol style="list-style-type: none"> 1) Insufficient private funds 2) Opposition from the general populace to the abolition of price controls and subsidies
(3) Promoting domestic and foreign private investment	<ol style="list-style-type: none"> 1) Promoting domestic savings 2) Promoting foreign investment 3) Establishing a capital market 4) Increasing the supply of credit and foreign currencies to the private sector 	<ol style="list-style-type: none"> 1) Rising inflation, a lack of credit for banks and a low tendency to save due to cultural factors 2) Unstable economic policies and foreign exchange 3) Shortages of accumulated domestic capital and management ability

(4) Promoting agriculture and becoming self-sufficient in food	<ol style="list-style-type: none"> 1) Guaranteeing food security and becoming self sufficient through increasing production of staples and providing distribution 2) Encouraging small scale farmers 3) Activating rural areas by placing unemployed workers 4) Increasing production of commercial crops 	<ol style="list-style-type: none"> 1) Susceptibility to drought and inclement weather due to a lack of irrigation facilities 2) Lack of feeder roads, warehouses and other infrastructure 3) Lack of an agricultural credit system for the lower income classes 4) Undeveloped agricultural transactions due to over-regulation by the government in the areas of production, distribution and processing.
(5) Reconstructing and promoting the mining and other industries	<ol style="list-style-type: none"> 1) Reconstructing the copper mining industry through management streamlining and the introduction of private investment 2) Promoting mining other than of copper 3) Lifting restrictions on, liberalizing and privatizing industry 4) Promoting small and medium businesses 5) Fostering export industries 6) Fostering the tourist industry 	<ol style="list-style-type: none"> 1) Deteriorating production facilities due to insufficient maintenance control measures 2) Lack of management knowhow 3) Shortages of technicians 4) Lack of capital accumulation 5) Lacking and deteriorating economic infrastructure 6) Lack of a tourism infrastructure
(6) Developing human resources	<ol style="list-style-type: none"> 1) Expanding primary education to provide equal opportunity education 2) Strengthening tertiary education and vocational training to Zambianize personnel and technology 3) Expanding adult literacy education 	<ol style="list-style-type: none"> 1) Absolute shortages and deteriorating quality of educational facilities, machines, materials and instructors
(7) Medical and health measures	<ol style="list-style-type: none"> 1) Countermeasures for infectious diseases (aids, malaria, cholera and dysentery) 2) Expanding preventive and early medical care (PHC) 3) Expanding water system hygiene 	<ol style="list-style-type: none"> 1) Shortages of practicing educators 2) Lack of city and sewer water systems 3) Shortages of pharmaceuticals, doctors and medical equipment
(8) Expanding the economic infrastructure focusing on transportation	<ol style="list-style-type: none"> 1) Improving and expanding the transportation infrastructure (roads and railways) 2) Privatizing and streamlining the management of public transport organizations 	<ol style="list-style-type: none"> 1) Lack of a maintenance control system for roads and railways 2) Technical and capital shortages 3) Careless management systems at state-run transport organizations
(9) Environment and energy	<ol style="list-style-type: none"> 1) Increasing the production and export of electricity 2) Controlling the collection of firewood (deforestation) by developing substitute fuels including electricity 3) Strengthening pollution and waste restrictions 4) Protecting wild animals 	<ol style="list-style-type: none"> 1) Fragile maintenance control systems for the power network 2) Permeation of firewood use throughout society 3) Lack of control systems and technologies for pollution and waste restrictions

3. Investment program for the development plan

Investment program for the 1993-95 Public Investment Programme
(unit: million Kwacha)

(1) Agriculture	129,644.94 (15.5%)
(2) Mining	124,696.78 (14.9%)
(3) Transportation and communications	120,320.05 (14.4%)
(4) Energy	52,297.00 (6.3%)
(5) Manufacturing	3,245.40 (0.3%)
(6) Natural resources	10,670.26 (1.3%)
(7) Education	32,509.70 (3.5%)
(8) Medical and health	53,881.08 (6.5%)
(9) Social Action Programme	312,472.02 (37.3%)
Total	839,737.23 (100.0%)

Source: PUBLIC INVESTMENT PROGRAMME 1993-1995

4. National budget

(1) Fiscal 1992 (based on settlements)

Fiscal 1992 (unit: million kwacha)

Revenues	157,741.3	Expenditures	182,920.6
Income taxes		Office of President related	15,198.1 (8.3%)
Indirect taxes, etc.		Parliament	1,110.3 (0.6%)
Business receipts		Finance	58,708.2 (32.1%)
Loans and donations, etc.		Police	2,061.5 (1.2%)
Others		Local government and housing	4,813.5 (2.7%)
		Home affairs	1,091.3 (0.6%)
		Information and broadcasting	324.6 (0.2%)
		Foreign affairs	4,550.1 (2.5%)
		Pensions	3,775.8 (2.1%)
		Law	515.2 (0.2%)
		Health and welfare	6,672.0 (3.7%)
		Education and personnel training	23,340.5 (12.8%)
		Transportation and communications	704.3 (0.4%)
		Labor and social enterprises, etc.	13,704.8 (7.5%)
		Land, environment and natural resources	701.5 (0.4%)
		Energy and water resources	1,216.1 (0.7%)
		Agriculture, food and fisheries	3,345.1 (1.8%)
		Ministry of Public Works and Supply	1,698.2 (0.9%)
		Commerce, trade and industry	688.6 (0.3%)
		Ministry of Mining and Mine Development	456.8 (0.2%)
		Tourism	1,565.2 (0.9%)
		Audits	128.2 (0.0%)
		Constitutional and legal expenses	17,754.0 (9.7%)
		(Military expenses)	18,796.7 (10.2%)

Fiscal balance Δ25,179.3

Note: 1US\$ = 240 kwacha (December, 1992 rate)

Source: Estimates of Revenue and Expenditure, 1993

(2) Fiscal 1993 (budget proposal)

Fiscal 1993 (unit: million kwacha)

Revenues	231,935.0	Expenditures	223,353.8
Income taxes	50,308.0	President and government related	41,375.2 (18.5%)
Indirect taxes, etc.	61,998.0	Parliament	1,256.2 (0.6%)
Business receipts	15,829.0	Finance	65,172.4 (29.1%)
Loans and donations, etc.	84,000.0	Police	3,447.7 (1.6%)
Others	19,800.0	Local government and housing	5,950.8 (2.6%)
		Domestic affairs	1,530.8 (0.7%)
		Information and broadcasting	1,792.1 (0.9%)
		Foreign affairs	7,941.8 (3.5%)
		Pensions	4,045.5 (1.8%)
		Law	961.2 (0.4%)
		Health and welfare	17,480.0 (7.8%)
		Education and personnel training	16,939.7 (7.5%)
		Transportation and communications	1,342.2 (0.7%)
		Labor and social enterprises, etc.	12,522.1 (5.6%)
		Land, environment and natural resources	1,174.5 (0.6%)
		Energy and water resources	2,575.4 (1.2%)
		Agriculture, food and fisheries	10,921.0 (4.8%)
		Ministry of Public Works and Supply	2,306.8 (1.1%)
		Commerce, trade and industry	1,718.1 (0.8%)
		Ministry of Mining and Mine Development	862.3 (0.3%)
		Tourism	2,924.3 (1.4%)
		Audits	297.0 (0.1%)
		Constitutional and legal expenses	20.0 (0.0%)
		(Military expenses)	18,796.7 (8.4%)

Fiscal balance 8,581.2

However, donations included as revenues are not completely guaranteed.

Note: 1US\$ = 450 kwacha (March, 1993 rate)

Source: *Estimates of Revenue and Expenditure, 1993*

III. Aid flow from multilateral organizations & donor countries

1. Assistance by major donor countries

Total amount of bilateral ODA (net disbursements): \$652.6 million (1992)

(In millions of dollars)

	Sweden	Norway	England
Aid amount	103.7 ('92)	48.1 ('92)	61.1 ('92)
Share	15.9%	7.4%	9.4%
Type of aid	Grant aid and technical cooperation	Grant aid and technical cooperation	Grant aid and technical cooperation
Priority areas or sectors	Promotion of agriculture, forestry and fisheries Drought relief Provision of health and medical facilities Education	Promotion of agriculture, forestry and fisheries Drought relief Road preparation Development of water resources	Education Drought relief Provision of health and medical facilities Promotion of agriculture

Source: *Bilateral Aid Disbursement for 1992*

2. Assistance by multilateral organizations

Total amount of multilateral ODA (net disbursements): \$ million (19__)

(in millions of dollars)

	WORLD BANK	AfDF	UNDP
Aid amount	185.8 ('92)	13.6 ('92)	5.8 ('91)
Share	__%	__%	__%
Type of aid	Loans and technical cooperation	Loans and technical cooperation	Technical cooperation
Priority areas or sectors	Mining and industry Agricultural development and the promotion of local areas Human resource development	Agricultural surveys Development of water resources Local health and hygiene	Agriculture and industry Human resource development

Source:

Ministry of Planning and Development Cooperation (Preliminary)

Telephone: UNDP, Ms. Alie

3. Japanese ODA

The place of Japan among bilateral donors: 1st

Share: 20.1% (1992)

Aid amount (in million US\$, 1992)		Trends in assistance
Technical cooperation	17.24	Technical cooperation focuses on the medical, livestock, agricultural, vocational training, mining and industrial, and broadcasting sectors. Grant aid centers on education and the basic lifestyle sectors of food and agriculture, health and medicine, and water supply. Loans have been given only as debt deferral since 1984.
Grant aid	56.44	
Loans	42.86	
Total	116.55	

4. Significance of ODA in the country

Loans and donations accounted for 9.0% of overall revenues in the fiscal 1993 budget proposal.

5. Collaboration among aid organizations

In addition to Consultative Group Meetings (Paris Conferences) between donors and the Zambian government, the Assembly of Donors Providing Aid to Zambia, sponsored by the World Bank is held, an average of 3-4 times per month. Assemblies of Donors are divided into ambassadorial and secretarial (by sector) level assemblies.

6. Situation of NGO activities

(1) NGOs currently active:

Africare, Association to Aid for the Refugees, World Vision International, Harvest Help, Self-Help Development, Lutheran World Federation, World Wildlife Fund, International Union for Conservation of Nature and Natural Resources, Mennonite Central Committee, Care International

(2) Principal organizations and their activities

- 1) Africare (construction of medical centers and digging wells)
- 2) Association to Aid for the Refugees (aid for refugee camps)
- 3) World Vision International (education, medicine and small scale infrastructure projects)
- 4) Harvest Help (promotion of agriculture, education and cooperative associations)
- 5) Self-Help Development (agriculture)
- 6) Lutheran World Federation (aid for refugees)
- 7) World Wildlife Fund (protection of wild animals)
- 8) International Union for Conservation of Nature and Natural Resources (protection of the natural environment and wild animals)
- 9) Mennonite Central Committee (volunteer activities concerned with education, agriculture and the promotion of regional society)
- 10) Care International (aid for refugees, improving regional medicine with the participation of urban residents)

IV. Priority areas or sectors for JICA cooperation

Aid to the Republic of Zambia is provided along the lines of the restructuring plan being implemented to liberalize and develop the country's society and economy. It is being provided in accordance with the following objectives in order to assist the country in attaining its goals of social equality and independent, continuous and rapid economic growth.

- (1) Strengthening the infrastructure in order to achieve independent, stable and continuous economic growth
- (2) Instituting various measures to protect the disadvantaged and achieve social equality.
- (3) Breaking away from a mono-culture economy by fostering substitute industries for copper (diversifying industry and exports)
- (4) Promoting rural and local areas in order to effectively utilize resources, achieve food self-sufficiency and correct regional disparities

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Stable and continuous growth	Realizing social equality	Diversifying industry and exports	Promoting regional and local areas			
Economic management	⊙	○	○	○	(1) Improving systems and abilities to formulate, implement, adjust and supervise policies to smoothly and stably shift from a controlled economy to a free economy	1) Establishing policies and systems to stabilize the economy 2) Strengthening the functions of policy determining organizations 3) Improving the abilities of persons in charge of developing policies	
Agriculture, forestry and fisheries	○	⊙		⊙	(1) Stabilizing and increasing production and distribution of food crops	1) Providing irrigation facilities 2) Providing warehouses, roads, processing facilities and other agricultural infrastructure 3) Improving post-harvest processing technology 4) Providing a distribution system for staple foods	Local areas Local areas Local areas Local areas
	○	○	⊙	⊙	(2) Liberalizing and diversifying agriculture	1) Developing and promoting the production of non-traditional foods 2) Promoting the production of cash crops	Local areas Local areas
	○		○	⊙	(3) Promoting the fisheries industry	1) Developing and promoting breeding in interior waters 2) Protecting the environment of interior waters	Local areas
	○		○	⊙	(4) Promoting the livestock industry	1) Promoting stockbreeding technology	Local areas
	○	○		⊙	(5) Activating rural areas	1) Providing local roads and bridges 2) Promoting the settlement of unemployed workers in rural areas 3) Promoting household industries	Local areas Local areas Local areas
Mining and industry	○		○	○	(1) Fostering small and medium businesses	1) Fostering personnel to formulate small and medium business development plans 2) Introducing and promoting management control technology	Capitol region and local areas
	○		○	○	(2) Rebuilding and promoting the non-copper mining and other industries	1) Improving production technology and control knowhow 2) Promoting the mutual complementation of intraregional industries 3) Efficiently using local resources 4) Mineral exploration	All areas All areas All areas
	○		⊙		(3) Fostering export industries	1) Providing a production and transport infrastructure for export industries	Local areas
	○		⊙	○	(4) Promoting the tourism industry	1) Providing a tourism infrastructure 2) Protecting wild animals and the natural environment	Local areas Local areas

Sectors	Main goals				Strategy	Purpose of projects	Target region
	Stable and continuous growth	Realizing social equality	Diversifying industry and exports	Promoting regional and local areas			
Economic infrastructure	⊙	○	○	⊙	(1) Providing a shipping network	1) Restoring and providing roads and bridges 2) Restoring the railway network 3) Improving the management, control and technology of shipping organizations	All areas All areas All areas
	⊙	○	○	○	(2) Providing a communications network	1) Providing a communications network	Capitol region and urban areas
	⊙	○	○	○	(3) Reinforcing the power supply ability	1) Increasing power generation capability 2) Providing a power transmission network	All areas Particularly local areas
	⊙	○	○	○	(4) Efficiently using water resources	1) Establishing a water resources utilization plan at the national level a) For drinking water b) For agricultural water c) For industrial water d) For power generation e) For fisheries breeding	All areas
Social infrastructure	○	⊙	○	○	(1) Providing a lifestyle infrastructure and increasing employment opportunities for the poor	1) Securing drinking water 2) Providing low cost housing 3) Fostering local and traditional industries	Local areas Capitol region Local areas
	○	⊙	○	○	(2) Enhancing health and medicine	1) Repairing and expanding medical facilities 2) Training medical practitioners 3) Implementing countermeasures against infectious diseases 4) Expanding preventative and early medical care (PHC) 5) Expanding water system hygiene	All areas All areas All areas All areas
	⊙	⊙	○	○	(3) Human resources development	1) Expanding and strengthening vocational training 2) Providing facilities, machines and teaching materials to primary and secondary schools across the nation 3) Implementing adult literacy education 4) Training physics, mathematics and science teachers	All areas All areas All areas
	⊙	⊙	○	○	(4) Conservation of the environment	1) Preventing and regulating air, water and other pollution 2) Implementing waste restrictions and processing countermeasures 3) Developing energy substitutes for firewood and providing education on seeding and afforestation	All areas Particularly urban areas Local areas

Note:

Capital region — Lusaka district

Urban areas — the Lusaka and Copperbelt districts, and major cities, etc., in southern Zambia such as Livingstone

Local areas — areas other than those noted above

V. Consideration during the implementation stage of projects

(1) Consideration during the formulation of cooperation plans

- 1) Unstable production and shortages of staple foods (maize) are the major factors behind social unrest. Self-sufficiency in maize is the foundation of social order and steady economic growth. Measures to increase maize production should not be limited to providing hard aspects such as irrigation facilities, warehouses, roads, vehicles for shipping and other infrastructure items, or to soft aspects such as breed improvement and the promotion of production technology. These measures should have a comprehensive structure including agricultural policy, improving management, market liberalization, loans for farmers and distribution systems.
- 2) It is self-evident that export industries must be fostered to replace the copper industry in order to achieve a stable economy. However, traditions such as social standards which disapprove of stocks and a disregard for numbers are proving obstacles to the establishment and systematic control of modern industry. There are also aspects which are blocking the smooth implementation of technical cooperation. Therefore, when drawing up measures, it is important to determine whether beneficiary organizations possess western European management abilities.
- 3) Due to a lack of urban planning following independence, chaos is increasing in the outskirts (compound districts) of the three major cities of Lusaka, Kitwe and Ndola due to influxes of people from rural areas. In Lusaka, the outskirts population is estimated at approximately 700,000 out of a total of about 980,000 people. The new administration is formulating plans to provide a basic social infrastructure (city water and sewer systems, schools, hospitals, etc.) in these hitherto neglected outskirts areas, and is requesting cooperation from various donor countries. Japan should aggressively promote economic aid (particularly grant aid cooperation) for residents of these outskirts areas who comprise the most socially disadvantaged group. At present, however, in addition to the lack of any comprehensive urban development plan, there is a feeling that Zambian government-related organizations are dealing with the issue spottily and in a disorganized manner. Therefore, when dealing with projects concerning these outskirts areas, Japan should confirm their position within urban development plans, and review the fiscal and personnel capacities of the body managing the donated facilities, etc.
- 4) Specialists from European countries and the U.S. tend to be dispatched to the Development Planning Bureaus of the various ministries and agencies. Development plans are drawn up in the pertinent fields, and projects are formulated, established and implemented according to the lines of these plans. After projects have been implemented, these specialists then regularly monitor usage and other conditions. In the case of grant aid cooperation from Japan, however, there is no system to continually monitor donated facilities, etc., after they have been handed over, or to deal promptly with any subsequent problems. In Japan's deep well construction project (as BHN projects in Africa, deep wells are predicted to become the main form of grant projects in the future), for example, deep wells are to be sunk in scattered locations over remote grassy areas. It is a difficult task to constantly check the condition of these wells after

they have been handed over (In many cases, countries receiving aid lack the ability to regularly monitor and properly maintain these facilities). As a result, Japan is becoming an object of criticism for building new wells one after another without understanding the condition of previously donated facilities and providing necessary follow up service. Therefore, like other donors, Japan needs to dispatch specialists for protracted terms of service to the Development Planning Bureaus of ministries and agencies related to sectors which are the focus of cooperation. These specialists should assist with all aspects from establishing development plans and formulating projects to monitoring the completed projects, and should always pay close attention to sustainability.

- 5) Truly practical results for aid cooperation items are produced by fully understanding the values, behavioral ethics, forms of livelihood, natural features, and other aspects of the recipient country. However, the accumulation of projects in Africa is still small, and aid is presently implemented blindly without a complete understanding of these factors. In Asian countries where there is a high accumulation of projects, there are relatively few uncertain or unclear factors due to accumulated experience. However, even when projects are implemented in Africa on the same terms as projects in Asian countries (for example, project type of cooperation, mini-project cooperation term, specialist dispatch term, beneficiary payment of local costs), sufficient results cannot be expected. Therefore, development schemes should be flexible, sudden results should not be expected, and experience should be accumulated gradually and with patience. In particular, grant projects and development survey projects must extricate themselves from overly technical approaches. Depending on the project, approaches which focus on the form and behavioral ethics of the organizations, regions or people who are its recipients are desirable.
- 6) European countries are thought to have amassed vast cooperation experience and knowhow in various sectors (for example, Holland has been aiding agricultural development mainly in the western states for over 15 years, and Germany has participated in local water supply projects for many years). Therefore, opinions and information should be actively exchanged with European donor nations concerning various aspects from project formulation through implementation.
- 7) To ensure the sustainability of facilities and machines donated as grant aid, it is necessary to foster a sense of ownership in the beneficiaries (particularly with projects which target an unspecified number of beneficiaries). To achieve this, projects should be implemented in a manner which involves the beneficiaries (local residents, etc.) as much as possible from the early project formulation and execution stages.

(2) Consideration for implementation capacity of counterpart-organizations

- 1) Not only are organizations receiving aid on the part of Zambia unclear about the condition of past projects implemented by donors, they also do not understand the condition of projects currently underway. Little can also be expected of their project finding and formulation abilities. The project formulation ability of related ministries is also low, and donor countries must take an active approach toward project finding and formulation.
- 2) Since projects are formulated under the guidance of donor countries as stated above, it is necessary to push for a regular exchange of opinions and cooperation between donors in order to avoid project duplication between donors.
- 3) The Permanent Secretaries of each ministry are essentially in charge of project formulation and implementation. However, since they are appointed by the

President and are thus not always employees of the pertinent ministry or agency, differences in opinion sometimes emerge with Bureau Chiefs and other officials below them over cooperation project plans. Communication routes for information concerning development policies and plans are often closed both ways within the ministries, necessitating that the opinions of all organizations and people related to projects be obtained regarding project implementation.

- 4) Budgets are generally not disbursed to implementation organizations as planned due to an impoverished economy and an expanding fiscal deficit. As a result, a lack of funds to cover local costs is sometimes an obstacle to the smooth implementation of projects. Accordingly, projects which expect recipients to bear these costs for donated facilities and equipment (for example, having recipient organizations bear the costs of constructing buildings to house donated equipment, construction using donated equipment, or the piping extending to individual houses from the main piping included in water supply projects) are not always implemented according to plan, with the result that donated equipment stands idle. Therefore, projects should be established which reduce the local costs borne by recipients as much as possible.
- 5) Supervisory agencies and the public companies and enterprises under their supervision (for example, the Ministry of Communications and Transportation and the Postal and Telephone Co.) are sometimes in opposition over operating plans and the reversion of authority. When projects span several ministries, there are also cases where the principal ministry or agency is unable to coordinate the interests and opinions of the other ministries and agencies, leaving investigation committees at a loss. Therefore, project requests should not simply be accepted as made, but the opinions and wishes of all concerned organizations should be confirmed beforehand.
- 6) When implementing projects in local areas, the interests and actual perceptions of state and local governments may differ from those of the pertinent central ministry or agency, making the participation of the central ministry or agency sometimes difficult to obtain. (If a particular tribe controls a central ministry or agency, that ministry's leaders show little interest in developing areas where that tribe does not live, with the result that participation in these projects tends to be weak.) Since this impedes the smooth implementation of projects, the active participation of central ministries and agencies should be clarified as a prerequisite for project implementation, even when projects are to be implemented in local areas.

VI. Summary of evaluation studies

- 1) Equipment donated as grant aid and technical cooperation tends to lean heavily toward Japanese products. As a result, inconvenient maintenance and repair and poor access to spare parts restricts the efficient use of this equipment. Actively obtaining equipment from within Africa or from European nations should be considered in order to realize efficient use after its donation.
- 2) Miscalculating the ability to bear local costs is major obstacle to achieving targets. Local costs should be assessed, and the ability to bear those costs confirmed objectively, numerically and realistically before projects are started.
- 3) Development surveys should be conducted after understanding Zambia's fiscal capacity, human resources and independent technology to allow survey reports to be effectively utilized.

- 4) When establishing basic design plans for grant aid cooperation based on estimated future technical cooperation, it is important to hold thorough discussions with concerned operations divisions and ministries during the planning stages, and to determine the possibility of dispatching specialists. When dispatching specialists is judged to be difficult, the facilities which these specialists would use assuming they were sent should be reduced or eliminated.
- 5) Dispatching specialists from various ministries in Japan is difficult at present. Therefore, the formulation of projects combining the dispatch of cooperation team members with grant aid cooperation should be actively promoted.
- 6) Grant aid cooperation projects involving the donation of equipment to organizations which do not have specialists or cooperation team members assigned to them should in principle be frozen. Satisfactory equipment ledgers are not being kept by recipient organizations for the vast majority of current equipment projects, and there are many cases in which the whereabouts of the equipment are unknown. It is unrealistic to expect that equipment will be efficiently used without the guidance of specialists or cooperation team members in a country where the concepts of stock and maintenance management have not taken root.

(Reference)

Cambodia
Viet Nam

Guidelines of JICA Cooperation to the Kingdom of Cambodia

1. Basic Directions

- (1) On the basis of the information gathered and analyses made by the missions for project identification and project formulation surveys and experts dispatched since 1991, JICA's cooperation to Cambodia will be two-tiered: cooperation for humanitarian and emergency purposes, and cooperation with a medium- to long-term perspective.
- (2) The first meeting of the International Conference on the Reconstruction of Cambodia (ICORC) held in Paris in early September 1993 confirmed that the conditions in Cambodia for receiving full-scale aid were being put in order in the light of improvements in the political situation. The meeting also reaffirmed the participants' determination to disburse without delay, and with due caution, the pledges and commitments made at the Ministerial Meeting of ICORC in 1992 in Tokyo. After the establishment of the new government of the Kingdom of Cambodia on September 24, 1993, it is expected that support from the international community to Cambodia will be increased in real terms. As for JICA, it plans to enhance its implementation capacity and to actively investigate the development needs by collecting and analyzing the basic socio-economic information on Cambodia.
- (3) However, the aid absorption capacity and administration capacity of the Cambodian government are limited, and in all areas the scarcity of staff who will carry out the planning, formulation and implementation of the projects is a serious problem. As part of its medium- to long-term efforts in meeting the real needs of Cambodia, JICA hopes to assist Cambodia in formulating a national development plan, and it intends to extend its activities according to this plan.
- (4) Providing technical cooperation and expediting grant aid cooperation will be the key activities in Cambodia, and JICA will make an effort to combine the two forms of cooperation schemes from the planning stage. The emphasis of its cooperation will be on capacity-building by focusing on human resources development and institutional building, both in public administration and implementation institutions in particular.
- (5) The immediate priority areas for JICA's cooperation will be:
 - a) Economic reforms and building implementation capacity
 - b) Improvement of agricultural productivity
 - c) Basic economic infrastructure development for sustainable growth
 - d) Social infrastructure development for improved social services

2. Special Considerations for Project Implementation

- (1) An integrated program approach to development with clearly specified objectives reaching beyond any single sector and single cooperation scheme is required to meet the development needs and to accord with the development plans. Necessary measures will need to be taken for recurrent costs.
- (2) With grant aid cooperation it will be necessary to concentrate on adopting labor-intensive methods to create employment, and on the effective use of the private sector by means of procuring local goods and services so as to stimulate the local economy. As for technical cooperation, it will be necessary to focus on promoting human resources development and strengthening institutional capacity through technology transfer. Attention will be paid to the scale of projects in order to alleviate the burden of recurrent costs.
- (3) Development studies should pay due attention to enhancing the capacity of the institutions involved, and they should consider ways of funding the implementation of the recommendations resulting from the studies well in advance. To this end, cooperation and collaboration with the development funding agencies such as the World Bank, the Asian Development Bank and the donor countries will be important. On the same note, JICA will also promote closer ties between development studies and grant aid from the project selection stage in a well-coordinated manner.
- (4) In order to improve the effectiveness and efficiency of cooperation, JICA intends to incorporate the results of the ICORC meeting and the upcoming Forum for Comprehensive Development of Indochina into its activities, and aid must be coordinated with multilateral and bilateral donors during the planning stage. During the implementation stage, JICA will cooperate and collaborate with NGOs and other aid agencies.
- (5) JICA will strive to adopt a participatory approach from the project finding and formulation stage, and ensure that the benefits of its activities directly accrue to what is intended. Special attention will also be given to the environmental, socio-cultural and WID aspects of the projects.
- (6) JICA will collect and analyze information on the security conditions in Cambodia even from the project finding and formulation stage, and its activities will be carried out only in those areas where safety has been guaranteed by the Cambodian authorities, and where the necessary security measures can be taken. JICA should be aware of the operation areas and safety precautions of other donor agencies and NGOs.

3. Action Plans

- (1) Since JICA's field office was founded in Phnom Penh in August 1993, much progress has been made toward laying the foundations for its activities in Cambodia. For the time being, the principal functions of the office will remain the collection and analysis of basic data related to the socio-economic development through dialogue and discussion with the Cambodian government. The World Bank is in the process of preparing a report on developments in Cambodia for the second ICORC meeting while the Asian Development Bank is formulating a plan on regional development in Indochina. By taking these factors into account, as well as by keeping track of and coordinating with the plans and activities of other organizations (NGOs, multilateral and bilateral donors), JICA will endeavor to identify and promote activities in areas of cooperation where it is comparatively advantaged.
- (2) Since the Cambodian government's capacity in receiving aid and formulating projects is yet to be developed, JICA will jointly formulate projects, rather than waiting for proposals, through exchanging views with the institutions concerned by dispatching project formulation advisers and missions for project identification and project formulation surveys. JICA will also conduct benchmark surveys for each sector required for proposal appraisal.
- (3) The management and coordination capacity of the implementation institutions in the Cambodian government will be strengthened through the actual implementation of projects (making use of the learning-by-doing method). To facilitate this process, advisory experts will be dispatched to the ministries and institutions concerned in order to transfer knowledge on project management and institutional building.
- (4) JICA's development studies and grant aid cooperation will be formulated and implemented in accordance with the priority areas described in 1.(5) above. JICA intends to shift the emphasis of its activities from humanitarian and emergency projects to cooperation in formulating Cambodia's mid- and long-term development plans.
- (5) To ensure that its cooperation reaches the grass-roots level, JICA will encourage the mobilization of JOCV volunteers and positive collaboration with local and Japanese NGOs.

Assistance to Socialist Republic of Vietnam

1. Basic Directions

- (1) As with the nations of the West with the exception of Sweden and Finland, Japan suspended all economic aid other than humanitarian aid in the form of medical supplies, disaster relief, etc. and cultural assistance to Vietnam after its forces invaded Cambodia at the end of 1978. Since the development of the Cambodian problem including the signing of the Paris Peace Accords in October 1991, all the nations of the West except for the United States resumed aid one after the other. Japan has also been paving the way to resume aid to Vietnam since January 1992 when it dispatched a government study group. It sent another group, a project confirmation study group, in September of the same year. By November, it had managed to resolve the issue of Vietnam's liability for defaulting on its yen loans — a problem which had been hindering the development of Japan-Vietnam relations — and it extended a ¥45.5 billion loan (product loan) some 14 years after it had suspended aid. This marked the first step toward full-scale resumption of aid. When Prime Minister Vo Van Kiet visited Japan in March 1993, Prime Minister Miyazawa made an official statement which declared that Vietnam was one of the countries to be given priority as a recipient of aid from Japan, and he promised that Japan would help in every way to support "Doi Moi," Vietnam's economic reform policy.
- (2) In July 1993, international organizations such as the IMF resumed loans to Vietnam. In response, the World Bank and UNDP co-sponsored the first meeting of the Consultative Group Meeting for Vietnam in Paris in November of the same year. Representatives from 22 countries including Japan, France and Germany, along with 17 international organizations attended this meeting at which it was declared that financial aid totalling \$1.86 billion would be provided within the coming fiscal year. This breaks down into \$800 million or so which the IMF, World Bank, ADB and other international organizations had already approved, and about \$1 billion in bilateral aid, the largest sum of which amounting to approximately ¥60 billion (approx. \$550 million) was contributed by Japan. Other contributors included South Korea with \$65 million, Britain with \$60 million and France with \$50 million. Japanese aid roughly breaks down into ¥52.3 billion in yen loans, ¥6 billion in grant aid (ordinary grant aid of some ¥3 billion and non-project grant aid of ¥3 billion) and technical assistance worth approximately ¥1.2-¥1.5 billion.
- The Japanese government has been forging ahead with preparations to stage the Forum for the Comprehensive Development of Indochina at which it will act as an intermediary for economic exchange between the three nations in Indochina and members of ASEAN. (A preparatory meeting was held in Tokyo in December.) In this way, Japan has made it clear that it intends to be a leading light on the Indochina stage. In February 1994, the United States lifted its embargo on Vietnam.
- (3) JICA has held the position since last year that, basically, it would be providing assistance to support self-help efforts in developments aimed at promoting "Doi Moi," Vietnam's economic reform policy, and it proceeded to provide assistance with the following four priorities established for the near future:
- 1) Laying of foundations for improving social services (medical care, education, personnel training, etc.)
 - 2) Construction of new and improvements in existing socioeconomic infrastructure (electric power, water supply and sewer systems, ports and harbors, railroad, roads, etc.)
 - 3) Development of agriculture (improvements in agricultural productivity, etc.)
 - 4) Protection of environment (afforestation, etc.)

The Vietnamese government has a high esteem for these priorities and, basically, it will probably be appropriate to continue to provide assistance along these lines.

Considering that the Vietnamese government is working on administrative, financial and political reforms to accompany the introduction of a market economy as well as establishing laws and regulations for the purpose, it will be appropriate to adhere firmly to assistance in the form of accepting trainees in these areas.

2. Special Considerations for Project Implementation

- (1) Japan's aid scheme and procedures have been repeatedly explained to the Vietnamese concerned by many Japanese missions but the Vietnamese have not yet fully understood them. Consequently further explanation of these points will be needed in the future.
- (2) At the project implementation stage, consultation and coordination with the Vietnamese government organizations involved will be needed to ensure tax exemption for Japanese experts, assignment of counterparts and allowances under the local cost budget.
- (3) English is not in wide-spread use in Vietnam and this has resulted in cases where communication has become a major obstacle in training. Consideration must therefore be given to this aspect as the scale of Japan's assistance increases in the future.
- (4) In addition to assistance for the conversion of the nation's economy (from a planned to market economy), assistance in developing a wide range of human resources in line with the institution-building efforts, which are required for this conversion, will also be needed.
- (5) In order to maximize the effects of the aid, organic coordination between Development Studies and Yen Loans is needed at the project selection stage.
- (6) Considering that there will probably be more and more assistance coming from the ADB, World Bank and other international organizations and from the donor nations as well, it will be essential to establish lines of demarcation from the other donors and coordinate efforts with them carefully.
- (7) Furthermore, it is important to include the other countries in Indochina, rather than focusing on Vietnam alone, in the planning and implementation of the assistance. For example, the ADB has prepared the Comprehensive Economic Assistance Program for the Greater Mekong Area which targets six countries (Vietnam, Laos, Cambodia, Thailand, Myanmar and China (Yunnan Province)) in the Mekong delta, and aid should be provided in the future from the same broad perspective.
- (8) Vietnam has been busy tackling the reorganization of its government bodies on the basis of the "Doi Moi" policy. As part of these reorganization efforts, the privatization of state-run businesses and the introduction of self-supporting accounting systems are being eagerly promoted. For this reason, sufficient care must be taken over the possibility that the government organizations in charge of implementing aid may be privatized in the future and that their operations may be changed. In order to become self-supporting, many organizations — even state-run businesses — carry out profit-oriented activities on a contract or other such basis. This is another point which must be considered with caution.
- (9) As regards the procedures, it should be borne in mind that if a visit is to be made to Vietnam by an individual using an official passport, it will take about 2 weeks for a visa to be granted.

3. Action Plans

- (1) JICA has dispatched project formulation study groups and basic study groups since last year to gather and analyze basic information on priority areas, and refine and prioritize projects. From this point onward, it will be necessary to proceed with the actual projects on the basis of these studies.
- (2) Initially, the Vietnamese government responded rather negatively to technical assistance involving projects and to assistance provided by the dispatch of personnel in the form of individual experts or the Japan Overseas Cooperation Volunteers. However, as their understanding of Japan's assistance schemes has grown, they have begun to be more positive about accepting such assistance. Therefore, these assistance schemes will be utilized more aggressively in the future.
- (3) In order to ensure that the assistance is implemented smoothly in the future, it is necessary to study what measures (such as the signing of a technical assistance agreement, placement of project study staff, establishment of new offices, etc.) may be needed.
- (4) As Japan's assistance to Vietnam reaches top gear, JICA will also expand its cooperation. When this happens, it will be necessary to take the program approach to establish organic links between the assistance projects.

