

GERMANY

The German mixed credit or concessional program is an integral part of Germany's development assistance. The bulk of this assistance takes the form of financial and technical cooperation, and project financing accounts for the greater proportion of ODA, under the bilateral program. Proposed projects take into account the needs and plans of the recipient country, but also the impact upon Germany's employment situation, which means that project aid is tied. It also should be noted that German industry is notified of opportunities to supply goods and services for projects by a trade information agency.

The overall 1990 ODA budget was set at DM 9 billion (U.S. \$5.35 billion), of which DM 3.2 billion (U.S. \$1.9 billion) was for bilateral cooperation. One third of the latter took the form of tied aid. The credit-mixte portion of the bilateral financial cooperation budget amounted to DM 1.4 billion (U.S. \$832 million) while the remainder was for soft loans. Project aid and credit-mixte funds come from the financial cooperation envelope which is managed by the German development agency (BMZ) and the German executing agency for financial cooperation schemes (KfW). Loans which cannot be guaranteed by Hermes, the German guarantee and insurance agency, will not be approved.

The main recipients of bilateral aid are in order of priority: India, Turkey, Egypt, Israel, Pakistan, Indonesia, Bangladesh, Morocco, Tunisia and Sudan. Credit-mixte funds have been concentrated on projects in India, Indonesia, China, Pakistan and Tunisia, based upon a combination of bilateral commercial considerations. There are no sector priorities other than those stemming from cooperation objectives, although some of the German sector targets lead more to project support than others, for example energy and transportation.

While there would seem to be no budgetary constraints on the German concessional financing program, the economic demands of reunification must be an inhibiting factor. Moreover, a desire to become more involved in economic initiatives to support the U.S.S.R. and Eastern Europe could lead to a shift in market focus.