

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 30 final

Brussels, 16 February 1977.

Proposal for a  
COUNCIL REGULATION (EEC)  
on financial and technical aid to non-associated deve-  
loping countries

(submitted to the Council by the Commission)

COM(77) 30 final

## 1. Introduction

The principle of implementing financial and technical aid from the Community to the non-associated developing countries was established in a Council resolution adopted at the session of 16 July 1974<sup>1</sup>, on the understanding that the volume and the procedure for implementing that aid would be spelled out later on the basis of Commission proposals.

Two communications to this effect were subsequently presented by the Commission to the Council, one (COM(75)95 final of 5 March 1975) on financial and technical aid to non-associated developing countries for the period 1976-80, the other (COM(76)89 final of 3 March 1976) on the guidelines for the use of the 20 million u.a. appropriation entered at the second reading (December 1975) in the 1976 budget, thanks to the resolute action of European Parliament.

Discussion in the Council on these guidelines, which had been agreed by the European Parliament, on until the meeting of 18 and 19 October 1976, following

which the Council agreed to the implementation - on an experimental basis - of the 20 million u.a. in the 1976 budget;

agreed that the Council (Development) should discuss with the Commission at its meeting of 8 November how that sum was to be allocated;

decided to accept on the first reading the inclusion of a 30 million u.a. appropriation in the 1977 budget for the purpose of financial and technical cooperation with the non-associated developing countries;

noted that the Commission had formally undertaken to present to it as soon as possible a proposal, drawn up on an appropriate legal basis, for the implementation of such appropriations.

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<sup>1</sup> Resolution on financial and technical aid to developing countries not associated with the Community.

The agreement on the commitment and allocation of the 20 million u.a. in accordance with the guidelines defined by the Commission was confirmed some weeks later, on 7 December 1976. For its part, the Commission - as it had promised the European Parliament, in particular, to do - had taken in good time the appropriate steps for project identification and appraisal and was on the point of completing the final negotiations with the recipient countries and bodies selected; it accordingly managed to commit all the appropriation before the end of the 1976 budget year.

Lastly, the Commission would point out that the appropriations to be entered in the 1977 budget were increased on the second reading in December 1976 from 30 to 45 million u.a., their use, however, remaining conditional upon the adoption by the Council of a Commission proposal establishing the appropriate legal basis for the implementation by the Community of financial and technical aid to the non-associated developing countries.

The Commission considers that aid of this kind can be based only on Article 235 of the Treaty, which stipulates that "If action by the Community should prove necessary to attain ..... one of the objectives of the Community and this Treaty has not provided the necessary powers, the Council shall, acting unanimously on a proposal from the Commission and after consulting the Assembly, take the appropriate measures".

To this end, the Commission hereby submits to the Council for adoption the attached proposal for a Council regulation, the general guidelines of which as regards objectives, scope and the procedure for its implementation are dealt with in the following sections.

## 2. Objectives, field of application and procedure for implementing the aid

The fundamental guidelines governing financial and technical aid to non-associated developing countries have already been the subject of two initial Commission Communications to the Council, referred to above, which were presented respectively on 5 November 1974 and 5 March 1975<sup>1</sup>.

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<sup>1</sup>The next Communication on this subject (3 March 1976), referred to at the beginning of this Communication, defined, within this framework, the specific criteria for implementing the financial and technical aid entered under this head in the 1976 budget (20 million u.a.).

The guidelines set out in all these communications will remain valid for the future. It would therefore be a good idea to recall them briefly and provide further details and clarification of a number of specific points.

The guidelines for Community financial and technical aid to non-associated developing countries which the Commission proposes to follow are as follows:

#### Sectoral allocation

The priority objective is to meet food requirements.

This embraces action in the agricultural, stock-farming and fishery sectors. In addition to measures aimed directly at increasing and improving production (investments, supply of equipment, seeds, fertilizers, etc.), it involves the setting-up and improvement of infrastructure, marketing and storage, applied research, training, technical assistance, etc. At the same time Community aid will also be able to help promote the rural sector as a whole by extending its field to other measures such as the development of craft industries, the financing of agro-industrial projects and the improvement of the social well-being of the rural population (health, drainage, etc.).

As a secondary aim, in certain specific cases action to promote regional cooperation might also be considered.

#### Geographical allocation

Aid for meeting food requirements must be granted to the least developed countries. In specific action to promote regional cooperation, account should be taken of the need to ensure a Community presence in the major regions of the developing world.

#### End recipient

In so far as possible the poorest sections of the population in the developing countries concerned should receive maximum benefit from schemes to which the Community contributes.

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<sup>1</sup>COM(75)128 final, presented on 5 November 1974.

The table in question is reproduced as an annex to this document.

Nature of aid

Community aid may either be given in isolation or be combined with other sources of external financing. In so far as possible it will be coordinated with and complement the Member States' bilateral aid.

The bulk of the aid will have to take the form of direct action. Nevertheless, it will be possible for part of the aid to be channelled through national and regional financial bodies.

Terms and conditions of aid

Community aid will have to be used in so far as possible for financing specific projects (project aid). In certain cases, however, in particular where the administrative and planning capacity of the recipient countries is adequate, programme aid may also be considered.

Community aid should take the form of grants. In view of the objectives, the categories of countries chosen and the sectoral guidelines proposed in this communication, the Commission considers that the only conceivable form is grant aid.

In the light of the positions expressed by the Community on other occasions, participation in tendering procedures and other procedures for the award of contracts should, in the Commission's view, be open on equal terms to all natural and legal persons of the Member States and recipient State. The possibility of other developing countries in the same region being included should also be preserved.

Period of execution

Execution of most of the development projects, particularly in the rural sector - which is seen as the priority objective of Community action - should be seen in a multiannual framework.

The financial arrangements which ought therefore to be applied should, in the Commission's view, be those provided for in the financial

regulation<sup>1</sup> (COM(76) 210 final) submitted for Council approval on 25 May 1976.

Monitoring of use of funds

The Commission will see to it that every financing agreement signed with the beneficiaries contains provision for the Community to monitor the use of the funds appropriately.

3. Consultation and information procedures

In its communication of 3 March 1976 (COM(76) 89) the Commission already pronounced itself in favour of a procedure for consultation with the representatives of the Member States - through a Committee to be set up for this purpose - on the implementation of financial and technical aid to non-associated developing countries.

Confirming this position, the Commission proposes that this procedure should involve the following phases:

- (a) The programme and specific guidelines for the aid provided from the resources entered in the Community's budget will be adopted by the Commission following exchanges of views on the intentions of the Member States and the Commission respectively as to intervention in the non-associated developing countries. This exchange of views will take place in a Committee of representatives of the Member States which will need to be set up.

The Commission will notify the Council and the European Parliament of these specific guidelines as soon as possible.

- (b) The financing decisions relating to the projects and programmes proper will be taken by the Commission in accordance with the budgetary procedure but with due regard for the opinion of the Committee referred to above.

The Committee should mainly concentrate its examination of the financing proposals on whether the projects and programmes are in keeping with the objectives of Community aid and whether they are consistent with the development plans of the countries concerned.

<sup>1</sup> Proposal for a Council Regulation (ECSC, EEC, EURATOM) amending the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities - COM(76)210 final, transmitted to the Council by letter (signed by Mr Hillery) on 26 March 1976.

Furthermore, the Council and the Parliament will be informed by the Commission of how the financial and technical aid to the non-associated developing countries is being administered. This information will be supplied within the framework of the budgetary procedure.

4. Conclusion

On the basis of the proposals made in this Commission communication, it is requested that the Council adopt the regulation annexed hereto.

Proposal for  
COUNCIL REGULATION (EEC) No  
of  
on financial and technical aid to non-associated  
developing countries

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THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article 235 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament<sup>1</sup>,

Whereas the pursuit of a Community policy also postulates the deployment of  
certain financial and technical aid operations for the benefit of non-  
associated developing countries;

Whereas such operations would be likely to contribute to the attainment of  
the Community's objectives;

Whereas the Council of the European Communities, in a resolution of  
16 July 1974, confirmed the principle of Community financial and technical  
aid to non-associated developing countries;

Whereas the action to be undertaken to implement such aid, the objectives  
to be attained and the detailed rules of administration should be defined;  
whereas a procedure should be established involving the consultations of a  
committee comprising representatives of the Member States;

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<sup>1</sup> CJ No

Whereas the Treaty does not provide the necessary powers for this purpose,

HAS ADOPTED THIS REGULATION:

Article 1

The Community shall implement financial and technical aid to non-associated developing countries under the conditions defined below.

Article 2

The priority objective of the aid shall be to cover the food requirements - broadly interpreted - of non-associated developing countries by means of projects in the agricultural, stock-farming and fishery sectors.

In addition to measures aimed directly at increasing and improving production (capital projects, the supply of equipment, seed and fertilizer), the aid shall cover the provision and improvement of infrastructure, marketing and storage, applied research, vocational training, and so on. At the same time, in order to help promote the rural environment as a whole, Community aid may be extended, where appropriate, to other operations such as the development of craft industry, the financing of agro-industrial projects and the improvement of social welfare (training, health, drainage, etc.).

As a subsidiary form of action and in certain specific cases, operations to foster regional cooperation may also be considered.

Article 3

The aid shall be directed towards the poorest developing countries; account shall be taken, however, in particular by way of specific operations to foster regional cooperation, of the necessity to ensure a Community presence in the major regions of the developing world.

Article 4

The Commission shall administer the aid in accordance with the procedures laid down in this Regulation.

Article 5

The funds required for the aid shall be those established by the budget of the Communities. Projects and programmes thus financed shall be undertaken on a multiannual basis.

Article 6

The Community aid shall be in the form of grants.

Article 7

The aid may cover expenditure on imports and local expenditure required to carry out projects and programmes. Taxes, duties and charges shall be excluded from Community financing. Maintenance and operating expenses may be covered only at the take-off stage of projects and in the case of training and research programmes.

Article 8

As regards operations financed by the Community, participation in tendering procedures and other procedures for the award of contracts shall be open on equal terms to all natural and legal persons of the Member States and the recipient State. Participation may also be extended to other developing countries belonging to the same region.

Article 9

Within the framework of the budgetary procedure, the Commission shall provide the Council and the European Parliament with information on the administration of Community aid to non-associated developing countries.

Article 10

A Committee chaired by a representative of the Commission and comprising representatives of the Member States shall be set up. It shall be presided over by a representative of the Commission.

The Secretariat of the Committee shall be provided by the Commission.

Any rule of procedure for this Committee not laid down in this Regulation shall be decided on by the Committee acting unanimously.

Article 11

The Committee shall institute a regular exchange of information on operations undertaken by the Member States in non-associated developing countries in the course of this, it shall be informed by the Commission of the specific guidelines which it (the Commission) intends to follow in the provision of Community aid.

After this exchange of views, the Commission shall adopt those guidelines and shall notify the Council and the European Parliament thereof.

Article 12

The Committee shall deliver an opinion on draft decisions presented to it by the Commission.

The draft decisions shall be accompanied by a memorandum describing, in particular, the place of the projects or programmes in the context of the development prospects of the countries concerned, and containing information on the social effects thereof.

Article 13

The Committee shall act by a qualified majority in accordance with the first indent of Article 148(2) of the Treaty.

Article 14

The draft decisions, together with the opinion of the Committee, shall be submitted to the Commission.

The Commission's decisions shall be applicable immediately. If its decisions are not in accordance with the opinion delivered by the Committee, however, the Commission shall communicate them immediately to the Council. In that event the Commission shall defer application of the decisions it has taken by up to two months from the date of so communicating them.

The Council, acting by a qualified majority, may take a different decision within the two-month period.