

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(82) 614 final

Brussels, 4 October 1982

Proposal for a

COUNCIL DECISION

determining the general guidelines for 1983 concerning financial and
technical aid to non-associated developing countries

(submitted to the Council by the Commission)

COM(82) 614 final

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PROPOSED GENERAL GUIDELINES FOR THE 1983
PROGRAMME OF FINANCIAL AND TECHNICAL
COOPERATION WITH NON-ASSOCIATED DEVELOPING
COUNTRIES
(Regulation 442/81 of 17 February 1981)

INTRODUCTION

The Regulation on financial and technical cooperation with non-associated developing countries¹⁾ provides²⁾ that "acting on a proposal from the Commission and after consulting the European Parliament, the Council shall determine, in good time before the end of the year, the general guidelines to be applied to aid for the following year". These year-by-year guidelines provide an opportunity of enlarging on the purpose and form of this type of Community aid and specifying the geographic breakdown of funds, the sectors to be supported and the size of the disaster relief reserve. They also make it possible to take current economic factors into account, particularly as they affect the ultimate beneficiaries.

It is helpful to the Council and Parliament if they can consider the General Guidelines on aid to NADCs in conjunction with the latest annual report on its implementation. As the report, which henceforth will cover the calendar year³⁾, will be issued about July, it was therefore necessary to bring forward the General Guidelines for 1983 as well, instead of presenting them in September or October, as was previously the case.

I. SUMMARY OF THE OBJECTIVES AND NATURE OF THE PROGRAMME

The Regulation states that the aid should, as a general rule, be directed towards the poorest of the developing countries, while ensuring a Community presence in the major regions of the world by means of a reasonable geographical balance among these regions.

Further, it states that the funds available under this programme may be used to cover three types of action chiefly designed to help raise the living standards of the poorest population groups in these countries :

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¹⁾ Council Regulation (EEC) No. 442/81 of 17 February 1981 (published in OJ L.48 of 21 February 1981).

²⁾ Article 9(2).

³⁾ Fifth Report on the implementation of the 1976 to 1981 programmes, adopted on 31 December 1981.

- as the main priority, rural development operations and the improvement of food production;
- at a subsidiary level, projects with a regional character;
- for a predetermined proportion of the funding, actions intended to deal with exceptional circumstances, including post-disaster reconstruction projects.

II. SUMMARY OF EXPERIENCE TO DATE

Despite the very considerable needs of the eligible countries, it is clear that this Community aid is appreciated at its proper value by the recipients. The programme's priorities are in evident correspondence with the needs of the poorest developing countries, as are the entirely grant nature of the funds, and the possibility of covering local cost expenditures. There is also the impact of other Community aid instruments (food aid, emergency aid, trade promotion, NGOs), and the GSP trade concessions.

It is not possible to establish rigid poverty-threshold indicators for potential recipients using the standard criteria, since in countries with a very uneven distribution of income and wealth, even a relatively favourable set of national social or economic indicators can mask very serious regional or local imbalances which should not be overlooked.

Despite the difficulty of identifying good regional projects, and the occasional need to step outside the rural sector in such cases, regional projects have occupied a significant place under previous programmes, and complement actions financed at the national level.

A large proportion of total funding (of the order of 40%) has been devoted to cofinanced projects. However, it has not always been simple to synchronise our procedures with those of our cofinancing partners, and the result has been delays averaging one year in the effective implementation of such projects. Cofinancing with Member States has occupied an increasing share of the total¹⁾, and increasing contact among the departments concerned has begun to introduce a multiannual perspective to the programme.

The Commission is now experienced in the administration of this type of aid, but if standards are to be maintained and proper follow-up ensured (even in the better-organized NADCs), adequate numbers of qualified staff are needed.

¹⁾ Though the proportion declined in 1981, when some delayed projects were postponed to the 1982 programme.

THE VOLUME OF AID

The Community's financial and technical cooperation with non-associated developing countries is intended to support their own development efforts and form part of a structural solution to the world hunger issue, while at the same time ensuring a Community presence in the major regions of the developing world.

The aid is open to around 30 countries in Asia, Latin America and Africa, with a total population¹⁾ of the order of 1300 million, and of which 1200 million live in 15 countries with per capita income levels below US\$ 370²⁾. The total population of the developing countries associated with the Community is of the order of 400 million, with about 170 million ACP citizens below the \$370 mark.

The Commission is well aware of the difficult budgetary circumstances facing the Community. Nevertheless, it believes that it is essential to press ahead with the efforts undertaken since 1976 on behalf of the poorest developing countries of Asia and Latin America.

It therefore considers it essential that the 1982 budget should include commitment credits of 290 M ECU.

The Commission is proposing payments credits of 125 M ECU. The volume of funding required here is not a variable, but a fixed parameter arising out of the commitments undertaken during the past six years.

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1) Excluding China.

2) Upper limit for the group of low-income developing countries as defined by the IBRD (1978).

IV. GEOGRAPHICAL SPREAD: RECIPIENT COUNTRIES

In the light of the aims of the Regulation, experience to date and the Commission's proposals for appropriations for 1983, the breakdown suggested for that year is: Asia 74-78%; Latin America 20-17%; Africa 6-5%; the variation allows for the fact that the level of annual appropriations has not yet been fixed.

Potential recipients in Asia include all the countries which have received Community aid to date¹⁾ plus the small number of very poor countries which it has so far been impossible to cover.

China has as yet received no Community aid other than marginal amounts - in both absolute and relative terms - of emergency food aid and training.

In recent years, China has clearly opted to join the ranks of the developing countries. With an average per capita income of US\$ 260 (1979), it comes into the IBRD category of low-income countries, as do most of the other recipients of NADC aid.

The World Bank has just inaugurated major development cooperation ties with China and will be providing US\$ 900m for the period 1981-83.

China is keen for international support to help lessen the sizeable gap between its regions, though in fact the distribution of wealth is probably much more even in China than most of the other NADCs. The various types of rural development work (drainage/irrigation/salinity, land clearance, research in tropical agriculture, reforestation, agrifood, services, rural credit schemes) are consistent with the purposes of financial and technical assistance for the poorest sections of the population.

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1) See annex.

In Latin America all countries which have received this type of aid in the past will be regarded as potential recipients.

For Central America, as well as the special assistance recently proposed by the Commission, aid will be available to encourage a more balanced development in rural areas.

Support for regional cooperation will continue, both for established regional integration bodies such as ASEAN and the Andean Pact Junta and those still consolidating, such as the Central American Common Market, and for direct cooperation activities involving two or more countries eligible for such aid.

The Community will similarly support the work of agricultural research bodies whether at international, regional or national level.

Operations in Africa, particularly regional or subregional communications projects for landlocked countries (overland routes, port facilities) and food production and supply projects, will depend on what has been achieved under the 1981 and 1982 programmes and the position in countries which are or may be theoretically eligible for this type of aid.

V. SELECTION CRITERIA

Recipients of the funds to be allocated under Article 930 of the 1983 Budget will be chosen from among the countries and organizations referred to in the preceding paragraph, taking account of the following considerations :

- (i) aid received under previous programmes;
- (ii) how well aid given under previous programmes has been implemented;
- (iii) the availability of good development projects or programmes sufficiently advanced to be taken into consideration for the forthcoming year;
- (iv) the intrinsic developmental value of the proposed actions;
- (v) the recipient's own priorities and the compatibility of proposed operations with the national development policy;

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Depending on the extent to which these practical criteria are satisfied, priority will of course be given, as far as possible, to the poorest developing countries. At the same time, an effort will be made to achieve a certain balance between recipients in the medium term, taking account of their population, the degree of poverty, the effectiveness of the assistance, and of the political priorities of the Community.

In this context, and as in the previous programmes, the principle of concentration will be applied. Rather than giving assistance to every eligible country in every year, some countries will receive an increased assistance in one year, while being omitted from one (or two) subsequent programmes. This principle will permit an increase in the average size of projects, and help increase the effectiveness of programme management, given the limited staff resources available to the Commission.

The principle of concentration does not rule out grass-roots operations combining a number of micro-projects within a larger programme.

Suitable technical assistance will be supplied for countries whose administrative weakness in project preparation or implementation might handicap them for the purposes of aid allocation.

VI. SECTORAL BREAKDOWN

In conformity with the Regulation, priority will continue to be given to the rural sector, including agriculture, livestock, fisheries and forestry, and whenever possible to actions linked with improving the food supplies of the population-groups concerned. These actions will cover not only production and marketing proper, but also upstream and downstream activities, as well as production infrastructure and support services, including social and educational services, in order to bring about an improvement in incomes and living standards.

All Community aid operations will of course include the necessary training of both the direct beneficiaries and instructors.

For regional operations priority will be given where possible to the direct or indirect development of the rural sector, bearing in mind that drive for greater social and economic integration can often be fostered by support for other sectors of the economy, particularly as it is for those sectors that Community assistance is most often sought and is sometimes the only aid available.

VII. TYPES OF AID OPERATION

Community aid can be given in a variety of forms, the main variables being sectoral and dimensional.

(a) The project

These are one-off operations covering a small district or area of land and concentrating on one particular aspect of local incomes or living standards, though related activities may also play a part, depending on the general context.

(b) Multisectoral operations

These cover a larger geographical area (integrated rural development/area development). In the case of rural development in particular, the integrated approach has the merit of tackling all the local factors which influence, to whatever extent, people's incomes and living standards. As well as directly productive investment (production and marketing), back-up in the form of research and services, social facilities (schools, clinics, sanitation, drinking water), general infrastructure (roads, telecommunications, power supplies) and measures to do with pricing or development policy or institutional structures will be covered. The Community may, for instance, be asked to fund operations in a priority area of the country, or dealing with a particular development aspect over a much larger area.

(c) Sectoral programmes

These can include the supply of equipment, other production factors or food from Europe and/or neighbouring countries. They are national programmes, e.g., basic grain production, covering all or part of a country and consisting of some specific type of action (training, supply of inputs, extension services, credit or marketing facilities, productive or social infrastructure, etc.), and the Community can finance either some specific factor or factors of the whole programme or action in certain priority areas.

So far most Community-financed development operations have taken the form of projects. This conventional type of operation is worth continuing, provided the general background and specific environment are well understood, but everything possible should be done to extend aid to the less familiar multisectoral operations and programmes, the content and form of which will depend on the problems and countries concerned.

VIII. OTHER ASPECTS OF THE PROGRAMME

8.1. Disaster relief reserve

Taking account of the level of funding proposed for 1983, it is proposed to reserve 6% of total funds for reconstruction work and preventive measures in disaster areas. After 31 October, in accordance with the regulation, funds not used for this purpose may be made available for the financing of normal projects, following the indicative geographical breakdown referred to above.

8.2. Programme management

Two types of support are necessary for ensuring a proper management of the aid programme:

- the use of expertise recruited from outside the Commission, for the preparatory phase of programming (analysis, identification, pre-feasibility and feasibility studies, technical studies), and at the implementation stage for the supervision and on-site control of projects.
- the establishment of a small number of development specialists, integrated into the Commission delegations to help in the various phases of programme implementation.

The proportion of annual programme funds to be reserved for these two purposes will be of the order of 3%, broken down as 2% and 1% respectively, slightly less than last year's total of 4%.

It is worth pointing out that project follow-up is an essential part of an efficient operation, even in countries relatively well-endowed administratively. As the Court of Auditors emphasized, the Commission needs to do more in this direction.

8.3. Post-project evaluation

As a number of projects financed under this programme are now complete or nearing completion, a start should be made with evaluation.

Proposal for Council Decision

determining the general guidelines for 1983
concerning financial and technical aid
to non-associated developing countries

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic
Community,

Having regard to Council Regulation (EEC) No 442/81 of
17 February 1981 on financial and technical guidelines to
non-associated developing countries¹⁾, and in particular
Article 9(2) thereof,

Having regard to the proposal from the Commission,

Having regard to the Opinion of the European Parliament²⁾,

HAS DECIDED AS FOLLOWS :

Sole Article

The general guidelines for 1983 concerning financial and
technical aid to non-associated developing countries are set
out in the Annex hereto.

Done at Brussels,
For the Council
The President

1) OJ No L 48, 21.2.1981, p. 8
2) Opinion delivered on

(not yet published in the OJ)

Financial and technical cooperation with non-associated developing countries
(Article 930 of the Budget)

List of countries and organizations having received EEC assistance on at least one occasion, indicating the latest programme concerned in each case.

1. COUNTRIES

ASIA

India 1981
Bangladesh 1981
Pakistan 1981
Afghanistan 1977
Sri Lanka 1980
Nepal 1980
Maldives 1980
Burma 1981
Thailand 1981
Indonesia 1981
Philippines 1981
Vietnam 1977
Laos 1979
Yemen (Arab Republic) 1981
Palestine (occupied territories) 1981

LATIN AMERICA

Honduras 1980 1980
Nicaragua 1981 1981
Haiti 1980
Dominican Republic 1980
Bolivia 1979
Ecuador 1979
Peru 1980

AFRICA

Angola 1979
Mozambique 1978
Zimbabwe 1980

II. ORGANIZATIONS

ASIA

- ASEAN - Association of South East Asian Nations
- ADB - Asian Development Bank
- ICRISAT - International Crop Research Institute for the Semi-Arid Tropics
- IRRI - International Rice Research Institute
- Commission intérimaire du Mékong

LATIN AMERICA

ANDEAN PACT JUNTA

- (JUNAC) (Junta del Acuerdo de Cartagena)
- IDB Interamerican Development Bank
- CABEI Central American Bank for Economic Integration
- CFAD Consejo de Fundaciones Americanas de Desarrollo (Solidarios)
- CIP International Potato Centre
- CIAT International Centre for Tropical Agriculture
- CATI Tropical Agricultural Research and Training Centre
- INCAP Institute of Nutrition of Central America and Panama
- OLADE Latin American Energy Organization
- IICA Inter-American Institute of Agricultural Sciences of the OAS
- PAHO Pan American Health Organization