

COMMISSION OF THE EUROPEAN COMMUNITIES

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FIFTH REPORT FROM THE COMMISSION TO THE COUNCIL

on the implementation of the programme of financial and technical
assistance to non-associated developing countries
(as of 31 December 1981)

COM(82) 500 final.

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I GENERAL

I.a. Introduction

The Regulation governing the Community's programme of financial and technical assistance to non-associated developing countries¹⁾ calls for the Commission to provide Parliament and Council, each year, with information on the administration of this programme. The present document represents the 5th such implementation report²⁾, and covers the implementation of all the annual non-associates programmes from 1976 on, during the year ending 31 December 1981.

This report is the first to cover the calendar year, previous reports having dealt with the period ending 31 July of each year. This change in timing was necessary to allow the report to be presented along with the annual guidelines, and in any case reflects more practically the actual schedule of programme implementation.

The present report is also the first to give a detailed review of the preceding year's programme (the 1981 programme, in the present case). This replaces the annual programme review presented to Council under the ad hoc procedure applied prior to 1981.

Given that only six months have elapsed since the last report was prepared, the present document is a relatively brief one, updating basic statistics, reviewing the 1981 programme, and outlining the most important developments during this 6-month period. Various points of detail which were dealt with in full in the previous report have not been taken up again here, and reference should be made to this earlier report as appropriate.

I.b. Programme objectives and procedures

The financial and technical cooperation programme with non-associated developing countries began in 1976. Its basic policy objectives were laid down in Council Regulation 442/81³⁾, and these are amplified in the general guidelines determined annually by the Council acting on a proposal from the Commission.

Briefly, these policy guidelines may be summarized as follows :

- the aid shall be directed to the poorest developing countries and the poorest groups in their populations, and shall be aimed essentially at developing the rural sector, with particular emphasis on improving food supplies;

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1) Council Regulation 442/81.

2) Annual reports have been presented each year since 1978; the last of these (4th execution report, COM (81) 691) provided a particularly detailed overview of the first 5 years of the non-associates programme.

3) Although this Regulation was only formally adopted in February 1981, the basic policy guidelines set out there had in fact been strictly applied from the 1978 programme onwards.

- a subsidiary part of the funds shall be directed towards regional projects (in which case projects outside the rural sector may be considered), and a further proportion shall be set aside for exceptional measures, particularly post-catastrophe reconstruction projects;
- the aid shall be in grant form, and may be used to cover both foreign and local costs; projects may be financed autonomously, or in cofinancement with Member States or international organizations;
- the allocation of funding shall help to maintain a Community presence in the major regions of the developing world.

The Regulation also lays down the procedures by which projects are decided upon. Starting from the 1981 programme (when this procedure was first applied), the financing decisions for individual projects are taken by the Commission after having obtained the opinion of a financing committee comprising representatives of the Member States and chaired by the Commission.

This committee meets several times a year, and projects can thus be processed in batches as and when they are ready. The Committee met for the first time in June 1981, and three other meetings were held during the year (in July, September and December). A final meeting for the 1981 programme was held in May 1982.

II. THE 1981 PROGRAMME

II.a. Programme guidelines

The annual guidelines for the 1981 programme were formulated by the Commission in September 1980¹⁾ and adopted by the Council in November of that year. In addition to making a brief review of the experience gained under the previous annual programmes, the guidelines reiterated the basic policy objectives as set out in the Regulation, and amplified certain points of detail. In particular, it was indicated that :

- the geographical allocation of funding should follow the same pattern as in previous years, that is 73% for Asia, 20% for Latin America, and 7% for Africa. These percentages are calculated after deduction of the various special provisions;

¹⁾ COM (80) 537.

- special attention should be given to Bangladesh, Pakistan and Nicaragua, as countries requiring a special or concentrated effort. For regional activities, emphasis would continue to be given to ASEAN, the Andean Pact and CACM (the Central American Common Market);
- sectorally, the major emphasis would continue to be with the rural sector, though mention was also made of possibly including certain activities in the energy sector;
- the reserve for post-catastrophe actions would be set at between 5% and 10% of total funding, while the special provisions for administrative costs and for small studies and technical assistance were set at 2% and 1% respectively;
- cofinancing with Member States or international organizations should continue to account for an important part of total funding.

II.b. The allocation of funding

The total funding available under the 1981 programme amounted to 154.2 M ECU, representing 150.0 M ECU in new credits from the 1981 Budget (for commitment in 1981 or 1982), plus 4.2 M ECU in credits remaining available under the 1980 Budget (for commitment before the end of 1981).

In allocating this funding, projects were selected in accordance with the policy objectives laid down in the Regulation and guidelines, the priorities expressed by recipients, and the state of preparedness of individual projects. Full account was also taken of the relative needs of the eligible recipients, and of the experience achieved in implementing projects in these countries in earlier years.

Out of the special reserve for post-catastrophe actions, a total of 9.7 M ECU was allocated for two projects in India and Pakistan. This represents 6.5% of 1981 budget credits, compared to the 5% - 10% suggested under the guidelines for this year.

A special provision of 2.0 M ECU was set aside for expertise and control activities. Previously referred to as the administrative costs provision, this provision covers the cost of recruiting shortterm outside experts to help with project evaluation and supervision, and of the Development Officers attached to the Commission Delegations in Bangkok and Caracas. It represents 1.3% of 1981 budget credits, rather less than the 2.0% foreseen in the guidelines (a small balance was still available under the 1980 provision).

A further special provision, of 1.5 M ECU, was made for small-scale studies and technical assistance. This enables the Commission to respond as quickly as possible to recipients' requests for assistance in preparing project ideas, and is limited to actions costing less than 300,000 ECU (the average cost is however much less than this, of the order of 50,000 ECU). This provision represents 1.0% of 1981 budget credits, as suggested in the guidelines.

After deducting these various special allocations, amounting in total to 13.2 M ECU, a balance of 141.0 M ECU remained available for normal projects in the three geographical regions served by the programme. Of this, the 4.2 M ECU carried forward from the 1980 programme was reserved for projects in Asia (having been allocated for this purpose, but not used, under the 1980 programme), while the remainder (136.8 M ECU) was allocated in accordance with the indicative geographical breakdown suggested in the 1981 guidelines. The resulting basic geographical allocation of funding is as shown in Table 1 below.

T.1 Geographical allocation of funding under the 1981 programme (M ECU)

	1980 credits	1981 credits		Total
Asia	4.2	99.9	73%	104.1
Latin America	-	27.3	20%	27.3
Africa	-	9.6	7%	9.6
Total	4.2	136.8	100%	141.0

In executing the programme, every effort was made to commit funding in accordance with the basic geographical breakdown shown above. In practice, however, it was impossible to identify any projects in Africa, given the continuing uncertainty arising from the debate among certain Member States on the eligibility for non-associates aid of the countries concerned. Consequently the funding earmarked for this region (9.6 M ECU) has been carried forward to the 1982 programme.

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For Latin America, sufficient projects were identified to utilize fully the credits available. However, two projects (one in Honduras, the other in Nicaragua) are still under detailed appraisal, and certain technical questions remain to be clarified before funding can be committed. These projects are likely to be ready for inclusion in the 1982 programme, but as a result only 20.61 M ECU has actually been committed for this region in 1981. The balance of the 1981 allocation for Latin America (6.69 M ECU) has therefore been carried forward to the 1982 programme.

For Asia, no such difficulties arose, and commitments under the 1981 programme were in fact fractionally higher than the allocation originally foreseen (104.45 M ECU, as compared to 104.1 M ECU).

Overall, therefore, a total of 125.06 M ECU has been committed for normal projects under the 1981 programme. With the various special allocations (13.2 M ECU), total committed funding under the 1981 programme amounts to 138.26 M ECU, leaving a balance of 15.94 M ECU to be carried forward to the 1982 programme¹⁾. This carry-over is of course considerably larger than in previous years, but this was inevitable given the uncertainty over Africa. The final allocation of committed funding is summarized in Table 2 below.

T.2 Funding committed under the 1981 programme (M ECU)

<u>I Funding available</u>	
1980 credits	4.20
1981 credits	<u>150.00</u>
Total I	154.20
<u>II Post-catastrophe reserve</u>	
India	7.00
Pakistan	<u>2.70</u>
Total II	9.70
<u>III Special provisions</u>	
Expertise/control	2.00
Studies/TA	<u>1.50</u>
Total III	3.50
<u>IV Normal projects</u>	
Asia	104.45
Latin America	20.61
Africa	<u>-</u>
Total IV	125.06
<u>V Totals</u>	
Total committed	138.26
Carried forward	<u>15.94</u>
Total	154.20

1) This carry-over of 15.94 M ECU may be broken down as follows: Africa 9.60 M ECU, Latin America 6.69 M ECU, Asia - 0.35 M ECU.

II.c. Projects committed, and comments

As noted above, total commitments under the 1981 programme amounted to 138.26 M ECU, covering a total of 28 separate projects and actions, and serving 20 different recipients (11 countries or territories, and 9 regional organizations).

A full list of the individual projects and actions committed under the programme is given in Annex I, while the commitments by recipient are summarized in Table 3 below. A full list of recipient allocations from 1976 to date is given in Annex II

T.3 1981 programme, allocation by recipient (M ECU)

<p>I. <u>ASIA</u></p> <p>India 36.00</p> <p>Pakistan 12.00</p> <p>Bangladesh 12.00</p> <p>Burma 5.50</p> <p>Indonesia 12.00</p> <p>Philippines 7.10</p> <p>Thailand 2.20</p> <p>North Yemen (A.R.) 5.20</p> <p>Palestine (occupied territories) 1.65</p> <p>ASEAN 7.10</p> <p>ADB 1.00</p> <p>IRRI 1.50</p> <p>ICRISAT 1.20</p> <p>Sub-total 104.45</p>	<p>II. <u>LATIN AMERICA</u></p> <p>Nicaragua 8.25</p> <p>Ecuador 3.00</p> <p>Andean Pact 5.03</p> <p>OLADE 0.53</p> <p>CIP 0.80</p> <p>CIAT 1.40</p> <p>IICA 1.60</p> <p>Sub-total 20.61</p>
	<p>III. <u>POST-CATASTROPHE</u></p> <p>India 7.00</p> <p>Pakistan 2.70</p> <p>Sub-total 9.70</p>
	<p>IV. <u>SPECIAL PROVISIONS</u></p> <p>Expertise/control 2.00</p> <p>Studies/TA 1.50</p> <p>Sub-total 3.50</p>
	<p><u>TOTAL</u></p> <p>I + II + III + IV 138.26</p>

Major recipients

As shown in the above table, the principal recipient under the 1981 programme was India, with 36.00 M ECU for normal projects, equivalent to 26.0% of total committed funding. Other major recipients were Pakistan, Bangladesh and Indonesia (each with 12.00 M ECU, or 8.7% of funding), and Nicaragua (8.25 M ECU, 6.0%).

Together, these five recipients accounted for 58.0% of total committed funding (comparable to the 54% share of the 5 largest recipients 1976-80). The ten largest recipients in 1981 (the above countries plus the Philippines, ASEAN, Burma, N. Yemen and the Andean Pact) accounted for 79.7% of total funding (compared to 73%, on average, 1976-80).

Two new recipients were included for the first time in 1981: Palestine (occupied territories) and IICA (Instituto Inter-Americano de Ciencias Agricolas, a regional agricultural research institute based in Costa Rica). On the other hand, a total of eleven recipients who had been aided in 1980 were not included in the 1981 programme¹⁾. Among the most important of these, Sri Lanka, Nepal and the Maldives were omitted since they had received substantial assistance in 1980, while for Haiti, Honduras and Peru projects were in fact identified but could not be fully appraised in time for inclusion in the programme. Zimbabwe, of course, has now acceded to the Lomé Convention and is thus no longer eligible for non-associates assistance.

Countries whose share of funding in 1981 was particularly important included Bangladesh, Pakistan and Nicaragua (all suggested as countries of concentration in the 1981 guidelines). For Thailand, on the other hand, the volume of funding was rather lower than in the past; this simply reflects the state of preparedness of individual projects, however, and a significant increase is likely in 1982.

Generally, it is clear that the great bulk of funding continues to be directed towards the poorest developing countries. Under the 1981 programme, countries with per capita GNP of \$600 or less (1979 IBRD data) accounted for 73.6% of total committed funding, while countries in the World Bank's "low-income" group (pc GNP of \$370 or less) accounted for 63.1% of total funding. Finally, countries on the United Nations' LLDC list accounted for 12.4% of total funding²⁾.

These figures are in fact very similar to the pattern achieved in earlier years; the comparable figures for the period 1976-80 were 78% (\$500 or less), 63% (\$360 or less) and 16% (LLDCs). As was noted in previous reports, the apparently low share of funding going to the LLDC group simply reflects the small size of the countries concerned (with the exception of Bangladesh). Also, it must be remembered that the above figures do not include regional projects, a significant proportion of which was also directed towards the problems being experienced by the poorest developing countries.

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1) The Maldives, Nepal, Sri Lanka, Haiti, Honduras, Peru, BCIE, CATIE, IDB, Zimbabwe, Dominican Republic.

2) Countries in the LLDC group which are eligible for non-associates funding are Afghanistan, Bangladesh, Bhutan, Haiti, Laos, the Maldives, Nepal, North Yemen and South Yemen. The World Bank's low-income group includes the above countries (with the exception of the two Yemens) plus Burma, India, Indonesia, Kampuchea, Mozambique, Pakistan, Sri Lanka and Vietnam. The group of countries with pc GNP of \$600 or less includes all those in the low-income group plus Bolivia, Honduras, Thailand, the Philippines, and the two Yemens.

Sectoral breakdown

The breakdown of 1981 commitments by economic sector is summarized in Table 4 below.

T.4 1981 programme, sectoral breakdown

	1976-80	1981
Total committed funding (M ECU)	379.3	138.26
of which :		
Agricultural production	73.8%	53.1%
Agricultural services	15.0	26.2
Utilities	3.2	15.4
Social development	6.3	-
Industry	0.1	2.8
Expertise/TA	1.6	2.5
Total	100.0	100.0

From the above table, it is clear that the 1981 programme has continued the traditional emphasis on the rural sector, and on food production in particular. The agricultural production and services sectors, taken together, accounted for 79% of total commitments (compared to 89% in previous years). A further 15% was accounted for by the utilities sector (3% in previous years), but of course the great bulk of this is also very much directed to the rural sector, in terms of village-level water supply and sanitation projects.

The industrial sector, which is eligible only in the case of regional projects, accounted for a fraction under 3% of total funding, with two major technological cooperation projects with ASEAN and the Andean Pact. Finally, the special provisions for expertise and technical assistance took up the remaining 2.5%.

Within the agricultural sector, production-related activities accounted for 53% of total funding in 1981, with service-related activities (credit, research, cooperative development, etc.) accounting for 26%.

The most important sub-sectors were irrigation (21%), rural water supplies (15%), livestock, forestry and fisheries (14%), rural credit (13%) and integrated area development (10%). Obviously, the balance among the different sub-sectors may vary considerably from year to year, depending on the availability of individual projects.

Cofinancing

As foreseen in the Regulation, cofinancing continued to account for a substantial part of total funding. Under the 1981 programme, a total of eleven projects were cofinanced, accounting for 57.2 M ECU, or 41.4% of total funding. This compares with an average of 43% between 1976 and 1980. Cofinancing partners this year were the Asian Development Bank (6 projects, with total EEC funding of 49.6 M ECU), the CGIAR agricultural research institutes (4 projects, 4.9 M ECU and UNICEF (1 project, 2.7 M ECU).

Unusually, no projects were cofinanced with Member States in 1981, although such projects have previously accounted for almost 40% of total cofinancing. However: the absence of Member-State cofinancing this year simply reflects the state of preparedness of individual projects in the pipeline¹⁾. Considerable efforts have been made to identify valuable opportunities for combining Community and Member-State funding, and it is in fact likely that the 1982 programme will include a substantial proportion of such cofinancing.

Other remarks

Regional projects accounted for 20.16 M ECU under the 1981 programme, or 14.6% of total funding (compared to an average of 11% between 1976 and 1980).

Principal recipients here were ASEAN (2 projects, for a total of 7.10 M ECU), the Andean Pact (2 projects, 5.03 M ECU) and the CGIAR research institutes (4 projects, 4.90 M ECU). The considerable increase in funding for ASEAN and the Andean Pact reflects the effort put into identifying and preparing such projects in earlier years.

Post-catastrophe projects accounted for 9.70 M ECU, or 7.0% of total committed funding. This is broadly in line with the share of funding allocated to such projects in previous years (8.6% on average, since such projects were first considered in 1978).

Studies and technical assistance actions accounted for 6.13 M ECU, or 4.4% of total funding (compared to an average of 6.9% between 1976 and 1980). These figures do not of course include technical assistance elements included within the framework of full-scale projects.

Finally, it might be noted that the average size of projects committed under the 1981 programme was 5.7 M ECU. This is rather higher than the average of 3.1 M ECU recorded between 1976 and 1980, largely reflecting the greater volume

¹⁾Two Member-State cofinanced projects, in Latin America, were in fact originally programmed for 1981 but had to be carried forward to 1982 due to certain technical problems which delayed full appraisal.

of funding now available. It should be noted, however, that smaller-scale actions are not at all excluded, as evidenced by two actions included in the 1981 programme which group a series of micro-projects.

The total cost of 1981 projects (i.e., including government and other donor contributions as well as the EEC grants) amounted to 1778.6 M ECU, though this figure is very much dominated by one very large project in India (ARDC IV rural credit), which alone had a total cost of 1280.0 M ECU. If this project is excluded, it can be seen that EEC funding generally accounted for about 30% of the total cost of the various actions included in the programme.

II.d. Summary of activities 1976-1981

Detailed statistics on the first five non-associates programmes (1976-80) were presented in the previous implementation report, and it is unnecessary to repeat these here.

However, it might be noted that with the inclusion of the 1981 figures, total commitments under the non-associates programme since 1976 have risen to 517.56M ECU. This covers a total of 25 different recipient countries or territories, plus 16 recipient organizations.

The average per capita income of those countries receiving aid under the programme is \$260 (IBRD 1979 figures), with a range from \$90 for Bangladesh to \$1050 for Ecuador. The total population of these countries is of the order of 1300 million, implying a total per capita contribution, under the non-associates aid programme, of 0.4 ECU over the 5 years 1977-81.

III. PROGRAMME IMPLEMENTATION

III.a. General

Given that only 6 months have elapsed since the last report was prepared, and that during this period no very significant problems have arisen, it will not be necessary to make any detailed comments here on the progress of individual projects or programmes. Instead, the present report will concentrate on the overall progress achieved during this period, particularly in terms of total commitments and disbursements. A more detailed progress review will of course be given again in the next implementation report, which will cover the year ending December 1982.

Before going further, however, there is one general point relating to programme implementation which requires special emphasis. Many developing countries, and particularly the poorest, face a crucial problem of limited absorptive capacity. This can be most clearly seen in the considerable difficulties which they face in preparing and implementing externally-funded projects. To help overcome these problems, it is essential for donors to play a very active role in preparing a pipeline of projects and in supervising their implementation.

The Commission has always been particularly conscious of these problems, as is evidenced by the significant proportion of total funding allocated to studies and technical assistance, and by the efforts made to permit a closer on-site control of project implementation. Recent years have seen the establishment of Development Officers in the Commission Delegations in Bangkok and Caracas, as well as an increasing utilization of outside experts on supervision visits.

A further improvement in this area was in fact made at the end of 1981, with the establishment of a resident Development Officer in Bangladesh (attached to the Bangkok Delegation). As noted in the previous report, the importance of such a move had been particularly emphasised by the European Audit Court following their mission to Bangladesh.

III.b. Commitments

As noted in earlier reports, the Community's financial regulations permit the credits made available under a particular annual budget to be committed either in the year of that budget or the one year following¹⁾. The rate of commitment achieved under the various annual programmes from 1976 to date is shown in Table 5 below.

1) This was not the case with the 1976 and 1977 programmes, when funds had to be committed within the budget year.

T.5 Programme commitments, 1976-81

Year	Budget credits (M ECU) ¹⁾	Commitments (all programmes) (M ECU) ¹⁾	Commitment rates (cumulative % of relevant budget)			
			Budget year		Following year	
			July	Dec	July	Dec
1976	20.0	20.00	-	100		
1977	45.0	45.00	-	100		
1978	70.0	63.10	-	90	90	100
1979	110.0	86.90	1	73	81	100
1980	138.5	133.90	8	75	93	100
1981	150.0	154.53	14	83		
Totals	533.5	503.43				

- 1) For 1976 and 1977, commitments were made in Units of Account (UA) which were slightly different in composition and value from the European Unit of Account or European Currency Unit (EUA/ECU) used in subsequent years. For clarity of presentation, no adjustment has been made here, with all units being taken as equivalent. However, it may thus be that the figures given here would differ very slightly from the exchange-rate adjusted figures used for accounting purposes and appearing in budget reports.

As noted above, a total of 154.53 M ECU was committed for individual projects or actions during the year ending December 1981. This represented 30.40 M ECU in completion of the 1980 programme, plus 124.13 M ECU under the 1981 programme.

Total funding committed under the various annual non-associates programmes from 1976 on thus amounts to 503.43 M ECU, or 94% of the total credits made available during that period. The small gap of 30.07 M ECU between commitments and credits (as of 31.12.81) will in fact be closed during the next few months, with 14.13 M ECU which will have been committed in completion of the 1981 programme, plus 15.94 M ECU carried forward to the 1982 programme (for commitment before the end of 1982).

Finally, one might note here that the rate of commitment has shown a satisfactory increase since 1979. During 1981, in fact, 14% of 1981 budget credits were committed during the first 6 months of the year, and a total of 83% had been committed by the end of December. This acceleration in commitments is likely to continue in future years, given that the committee procedure now in force allows project-processing to be spread more evenly over the year.

III.c. Disbursements

Total disbursements under all the annual programmes from 1976 to date are shown in Table 6 below.

T.6 Total funds disbursed, as of 31.12.81 (M ECU)

Programme	Funds committed	Funds disbursed							Proportion disbursed %
		1976	1977	1978	1979	1980	1981	Total	
1976	20.0	-	6.1	3.3	4.3	1.3	1.9	16.9	84.5
1977	45.0	-	-	5.0	6.9	12.0	6.9	30.8	68.4
1978	63.1	-	-	-	9.0	7.8	11.1	27.9	44.2
1979	105.9	-	-	-	0.2	18.9	27.1	46.2	43.6
1980	145.3 ¹⁾	-	-	-	-	1.2	40.6	41.8	28.8
1981	124.1 ¹⁾	-	-	-	-	-	-	-	-
Total	503.4	-	6.1	8.3	20.4	41.2	87.6	163.6	32.5

1) Not including a further 14.13 M ECU committed under the 1981 programme during the first few months of 1982.

During the year ending 31 December 1981, total disbursements under all past programmes amounted to 87.6 M ECU. This brought the total amount disbursed to date to 163.6 M ECU, or 32.5% of the total amount committed.

As one would expect, the level of disbursements has grown rapidly in recent years, reflecting the increasing maturity of the programme and the growing number of projects coming fully on-stream. Thus disbursements during 1981 were more than twice the level recorded in 1980 (41.2 M ECU), which in turn was greater than the total disbursed in the four years from 1976 to 1979 (34.8 M ECU).

As of December 1981, no disbursements had yet been made under the 1981 programme. However, this is not particularly surprising, given that the majority of projects were committed only in December, and that those projects which had been committed earlier in the year were still in the preliminary stage of implementation (preparation of tender documents, consultant recruitment, etc.), when little or no actual spending should be expected.

For the earlier programmes, the overall pace of disbursement seems quite satisfactory, with total disbursement rates ranging from 85% for the 1976 programme to 29% for the 1980 programme. Spending under the earliest programmes appears to be slowing down a little, as most of the projects concerned are nearing completion. However, spending under the most recent programmes has shown a marked acceleration; during the last 12 months, both the 1979 and 1980 programmes showed annual disbursements equivalent to about 20% of committed ./.

funding (27.1 M ECU out of 105.9 M for 1979, and 40.6 M ECU out of 145.3 M ECU for 1980). This acceleration reflects the considerable attention being given to disbursement planning in the selection and preparation of projects, and it is hoped that the improvement can be continued in future years.

However, it is clear that for certain recipient countries (particularly those where the national administration is relatively weak), a key factor in promoting a further acceleration in disbursements will be the establishment of a resident Development Officer in the capital, to clarify Commission procedures (particularly for procurement), assist in project processing, and generally provide an appropriate guidance and stimulus to action. These points have been stressed in the reports made by the Audit Court following visits to these countries (the most recent being Pakistan) and the Commission has of course already established Development Officers in Bangkok and Caracas (both at the regional level), and more recently in Dacca. However, it is evident that there are several other countries where such attention will be essential, particularly when one considers the growing volume of funding now committed for the major recipients under this programme.

Finally, it might be noted that the record level of disbursements achieved in 1981 might have been even higher if it had not been for the stoppage of payments, lasting several months, which resulted from the insufficiency of payments credits. As noted in the previous report, it is absolutely essential that sufficient payment credits be made available to cover the growing level of payments falling due each year as a result of the commitments entered into by the Community in previous years.

CONCLUSIONS

As noted in previous reports, the Community's programme of financial and technical cooperation with non-associated developing countries is now a well-established, and well-received, component of its overall development cooperation policy. In the six years from 1976 to 1981, total credits of 533.5 M ECU have been made available for the programme.

The 1981 programme has recently been finalized, and follows the same general line as in previous years, in terms of its emphasis on rural development projects in the poorest developing countries. A total of 138.26 M ECU has been committed for projects in Asia and Latin America, though no projects could be identified in Africa (given the continued debate on this question among certain Member States). The general type of project, major recipients and sectoral breakdown is broadly similar to that established in previous years. Cofinancing continues to account for a substantial part of total funding, though by chance no projects were cofinanced with Member States during this particular year. The share of regional projects is slightly higher than before, with particularly large allocations to ASEAN and the Andean Pact.

Programme implementation has continued to proceed fairly smoothly, and by the end of 1981 a total of 503.4 M ECU had been committed, and 163.6 M ECU disbursed. Disbursements during 1981 were in fact at a record level, totalling 87.6 M ECU over the 12-month period

There have been no specific implementation problems which require mention, though it has been necessary to stress again the general problem of absorptive capacity, particularly for the poorest developing countries. The Commission is fully aware of these problems, and has put increasing efforts into assisting with project preparation and strengthening its own supervisory capacities. However, staffing constraints make it impossible to do all that should be done in this field.

A N N E X E S

- I. List of projects committed, 1981 programme
- II. Allocation of funding by recipient, 1976-81

NON - ASSOCIATES PROGRAMME 1981
LIST OF PROJECTS COMMITTED

RECIPIENT & TITLE	SECTOR	FINANCING	TOTAL COST MECU	EEC GRANT MECU
<u>I. - ASIA</u>				
<u>INDIA</u>				
Fertiliser supply programme, with counterpart projects:		Autonomous		(36.00)
- Rural water supplies Himachal Pradesh	Water supplies & sanitation		18.00	18.00
- ARDC IV	Rural credit		1280.00	18.00
<u>PAKISTAN</u>				
Karachi fishing port	Fisheries	Parallel cof. ADB	45.50	12.00
<u>BANGLADESH</u>				
Small-scale irrigation	Irrigation	Parallel cof. ADB	82.00	12.00
<u>BURMA</u>				
Pump irrigation	Irrigation	Parallel cof. ADB	33.00	5.50
<u>INDONESIA</u>				
Bali irrigation	Irrigation	Joint. cof. ADB	99.60	12.00
<u>PHILIPPINES</u>				
Palawan Integrated area development	Integrated area development	Parallel cof. ADB	78.00	7.10
<u>THAILAND</u>				
Seed centre, Southern region	General agriculture	Autonomous	4.40	2.20
<u>NORTH YEMEN (AR)*</u>				
Seed production programme	General agriculture	Autonomous	6.60	5.20
<u>PALESTINE (occupied territories)</u>				
Cooperative development micro-projects	Rural production (general)	Autonomous	1.65	1.65
<u>ASEAN</u>				
Scientific & technologi- cal cooperation programme	Industry	Autonomous	2.80	2.80

RECIPIENT & TITLE	SECTOR	FINANCING	TOTAL COST MECU	EEC GRANT MECU
<u>ASEAN</u> Post-harvest technology programme	Post-harvest services	Autonomous	4.30	4.30
<u>ADB *</u> Technical assistance programme	Rural production (general)	Channel cof. ADB	1.00	1.00
<u>IRRI</u> Research support	Agricultural research	Parallel cof. CGIAR	23.00	1.50
<u>ICRISAT</u> Research support	Agricultural research	Parallel cof. CGIAR	15.80	1.20
SUB-TOTAL ASIA			1695.65	104.45
II. - <u>LATIN AMERICA</u>				
<u>ECUADOR</u> Rural micro-projects (FODERUMA)	Integrated area development	Autonomous	3.40	3.00
<u>NICARAGUA</u> ENABAS training programme	Agriculture (marketing)	Autonomous	0.85	0.85
<u>NICARAGUA *</u> Smallholder cooperatives development	Rural Institutions	Autonomous	19.90	7.40
<u>ANDEAN PACT</u> PADT rural technology programme	Integrated area development	Autonomous	7.90	3.93
<u>ANDEAN PACT</u> Technical cooperation programme	Industry	Autonomous	1.10	1.10
<u>OLADE *</u> Geothermic study (pre-feasibility)	Energy	Autonomous	0.60	0.53
<u>CIP</u> Research support	Agricultural research	Parallel cof. CGIAR	9.60	0.80
<u>CIAT</u> Research support	Agricultural research	Parallel cof. CGIAR	20.20	1.40
<u>IICA</u> Smallholder cooperatives development	Rural institutions	Autonomous	2.90	1.60
SUB-TOTAL LATIN AMERICA			66.45	20.61

RECIPIENT & TITLE	SECTOR	FINANCING	TOTAL COST MECU	EEC GRANT MECU
<u>III. POST CATASTROPHE RESERVE</u>				
<u>INDIA</u> Reforestation & soil conservation (W. Bengal & Uttar Pradesh)	Forestry	Autonomous	7.00	7.00
<u>PAKISTAN</u> , Rural water supplies, NWFP	Water supplies and sanitation	Parallel cof. UNICEF	6.00	2.70
SUB-TOTAL POST- CATASTROPHE			13.00	9.70
<u>IV. SPECIAL PROVISIONS</u>				
Expertise & control			2.00	2.00
Small-scale studies & technical assistance			1.50	1.50
SUB-TOTAL SPECIAL PROVISIONS			3.50	3.50
TOTAL COMMITTED			1778.60	138.26

Note : The 4 projects marked with an asterisk were approved in May 1982 ; all others were approved before the end of 1981

ALLOCATION OF FUNDING BY RECIPIENT, 1976-1981 (MECU)

	1976	1977	1978	1979	1980	TOTAL 1976/80	1981	TOTAL 1976/81
I. NORMAL PROJECTS								
AFGHANISTAN	-	1.00	-	-	-	1.00	-	1.00
BANGLADESH	2.50	5.00	6.60	8.00	10.60	32.70	12.00	44.70
BURMA	-	1.00	-	4.90	-	5.90	5.50	11.40
INDIA	6.00	12.00	15.40	25.00	28.00	86.40	36.00	122.40
INDONESIA	1.00	2.00	5.50	9.90	8.20	26.60	12.00	38.60
LAOS	-	-	2.00	2.10	-	4.10	-	4.10
MALDIVES	-	-	-	-	0.50	0.50	-	0.50
NEPAL	-	-	3.00	-	2.20	5.20	-	5.20
PAKISTAN	3.00	4.00	4.80	6.70	5.80	24.30	12.00	36.30
PALESTINE (O.T.)	-	-	-	-	-	-	1.65	1.65
PHILIPPINES	-	-	-	4.50	3.50	8.00	7.10	15.10
SRI LANKA	2.00	2.00	2.00	0.30	15.40	21.70	-	21.70
THAILAND	-	1.00	0.30	5.70	13.50	20.50	2.20	22.70
VIETNAM	-	2.40	-	-	-	2.40	-	2.40
YEMEN (NORTH)	-	2.00	-	1.10	-	3.10	5.20	8.30
ADB	1.50	0.40	1.20	1.20	-	4.30	1.00	5.30
ASEAN	-	-	0.60	0.30	-	0.90	7.10	8.00
ICRISAT	2.00	1.00	0.80	0.80	0.95	5.55	1.20	6.75
IRRI	-	1.00	0.80	1.00	1.20	4.00	1.50	5.50
MEKONG COMMITTEE	-	-	-	0.40	-	0.40	-	0.40
SUB-TOTAL ASIA	18.00	34.80	43.00	71.90	89.85	257.55	104.45	362.00
BOLIVIA	2.00	1.80	1.90	3.00	-	8.70	-	8.70
ECUADOR	-	-	-	2.90	-	2.90	3.00	5.90
HAITI	-	-	2.40	5.00	5.50	12.90	-	12.90
HONDURAS	-	1.00	2.40	3.20	8.20	14.80	-	14.80
NICARAGUA	-	-	-	-	2.80	2.80	8.25	11.05
PERU	-	-	-	2.00	-	2.00	-	2.00
ANDEAN PACT	-	3.60	2.70	0.30	2.00	8.60	5.03	13.63
BCIE	-	1.80	0.43	0.50	0.50	3.23	-	3.23
CATIE	-	-	0.57	1.10	0.20	1.87	-	1.87
CFAD	-	-	1.80	-	-	1.80	-	1.80
CIAT	-	-	0.80	1.00	1.15	2.95	1.40	4.35
CIP	-	-	0.40	0.50	0.60	1.50	0.80	2.30
IDB	-	-	-	-	2.00	2.00	-	2.00
IICA	-	-	-	-	-	-	1.60	1.60
INCAP	-	1.80	-	-	-	1.80	-	1.80
OLADE	-	-	0.60	-	0.60	1.20	0.53	1.73
SUB-TOTAL LATIN AMERICA	2.00	10.00	14.00	19.50	23.55	69.05	20.61	89.66
ANGOLA	-	-	0.50	0.90	-	1.40	-	1.40
MOZAMBIQUE	-	-	3.00	-	-	3.00	-	3.00
ZIMBABWE	-	-	-	-	14.50	14.50	-	14.50
SUB-TOTAL AFRICA	-	-	3.50	0.90	14.50	18.90	-	18.90
TOTAL NORMAL PROJECTS	20.00	44.80	60.50	92.30	127.90	345.50	125.06	470.56

	1976	1977	1978	1979	1980	TOTAL 1976/80	1981	TOTAL 1976/81
<u>II. POST-CATASTROPHE PROJECTS</u>								
DOMINICAN REP.	-	-	-	-	4.80	4.80	-	4.80
INDIA	-	-	2.00	4.50	4.40	10.90	7.00	17.90
NICARAGUA	-	-	-	2.50	-	2.50	-	2.50
PAKISTAN	-	-	-	-	-	-	2.70	2.70
PERU	-	-	-	-	1.50	1.50	-	1.50
SRI LANKA	-	-	-	3.00	-	3.00	-	3.00
ZIMBABWE	-	-	-	-	4.00	4.00	-	4.00
CENTRAL AMERICA (PAHO)	-	-	-	1.10	-	1.10	-	1.10
TOTAL POST-CATASTROPHE	-	-	2.00	11.10	14.70	27.80	9.70	37.50
<u>III. SPECIAL PROVISIONS</u>								
SMALL-SCALE STUDIES & TECHNICAL ASSISTANCE	-	-	-	1.50	1.00	2.50	1.50	4.00
EXPERTISE & CONTROL	-	0.20	0.60	1.00	1.70	3.50	2.00	5.50
TOTAL SPECIAL PROVISIONS	-	0.20	0.60	2.50	2.70	6.00	3.50	9.50
TOTAL COMMITTED FUNDING(I+II+III)	20.00	45.00	63.10	105.90	145.30	379.30	138.26	517.56