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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

**Special rehabilitation support programme in
developing countries**

(Initiative by the Community and its Member States)

INTRODUCTION

The purpose of this communication is to launch a special initiative for providing support for rehabilitation in the developing countries. It is a special programme which will form a link between humanitarian aid and the resumption of support programmes for long-term development aimed at developing countries which are emerging from a crisis or war or whose economy has been seriously affected by other factors.

A number of developing countries are now in a critical economic and social situation following war or serious internal troubles which have undermined production capacity, destroyed much of the basic infrastructure and ripped apart the fabric of society. Others are in similar situations following natural disasters.

The fragility of these countries' economies and the precarious situation of their institutions makes it difficult to implement quickly long-term development programmes, in the absence of development strategies. At the same time, the humanitarian aid which helped limit the population's suffering and continues to provide essential aid is reaching the limits of its usefulness, because it does not have the necessary resources and instruments to meet the economic reconstruction and social rehabilitation requirements.

An intermediate rehabilitation stage is needed, to take over gradually from humanitarian aid and reduce the need for it, while preparing the conditions for economic recovery and political and social transition. During this stage, the emphasis must be on rehabilitating essential services - without any new investment -, relaunching the production system and reintegrating the disaster victims into society.

In the face of such situations, which are observed in particular in the Horn of Africa and southern Africa, the Commission has already taken major initiatives in conjunction with the Member States and other suppliers of funds (e.g. in Ethiopia and Mozambique). The Community and the Member States have at their disposal various instruments which can be mobilized to support rehabilitation. It must be recognized, however, that the existing instruments are not always appropriate - either because of the procedures involved or because they are dispersed - for responding on an overall, coordinated basis to the scale of requirements recorded.

The general public has become sensitive to the fate of those affected by war or disaster and has realized the extent of the rehabilitation requirements and seen the shortcomings of traditional aid in coping with these. This awareness and a call for specific action were expressed by the European NGOs, which asked for a special programme to be launched. The Presidency for its part has demonstrated its awareness, and various Parliament resolutions have reflected the same concern.

In view of the scale of the requirements and the relative frequency with which situations of this kind occur, it would seem necessary to examine whether a "special initiative" which combined all the instruments available and mobilized additional resources would be likely to improve the Community's response to these countries' requirements and facilitate their transition to a "peacetime economy" or their return to normal following a natural disaster.

The aim of this paper is to define the outlines of a Special Rehabilitation Support Programme and in particular to specify the objectives sought, the resources which could be deployed, the eligibility criteria and the procedures which could be adopted. It also contains a timetable annex geared to the Council meetings on development to be held in May and November.

TIMETABLE

It is proposed that the Council on development should give an opinion at its meeting in May on the principle of a special initiative and define its broad outline. It would then be for the Commission to start in June on making a detailed evaluation of requirements and setting up the first rehabilitation support programmes, and to report to the Council in November on the progress made. The Council could then take stock of the stage reached country by country in preparing or implementing rehabilitation programmes and adopt the recommendations or additional measures which might seem appropriate.

1. OBJECTIVES AND GENERAL APPROACH

1.1. General objective

The overall objective of the Community initiative would be to provide rapid, decisive support for rehabilitation in a number of developing countries which are going through a difficult transition and are in a critical economic situation following war, upheavals within the country or natural disasters; the fragile nature of these economies and the precarious situation of their institutions make it difficult for them to absorb conventional development aid in the long term, given that their requirements go beyond even the traditional context of humanitarian aid. Support for rehabilitation will gradually take over from humanitarian aid and will therefore be aimed at stabilizing the societies concerned and their economies and at facilitating their transition to a policy of medium- and long-term reform and development.

1.2. Specific objectives

More specifically, the rehabilitation support programmes (RSPS), which will be designed flexibly in response to each special situation, should meet the following specific objectives:

- (a) they should help to restore production by rapidly supplying inputs, tools and spare parts over a limited period;
- (b) they should make it possible to repair quickly certain basic infrastructure - without any new investment -, particularly infrastructure needed to meet essential requirements (rural health networks, primary education system, water engineering and sewerage);
- (c) they should help to improve the social and political stability of the countries concerned by implementing operations which will facilitate the retraining and resettlement of displaced persons or returnees and former soldiers, the creation of unskilled jobs or jobs requiring few skills and income distribution which takes into account the poorest and most hard hit by the recent upheavals;
- (d) they should help to restore local institutions and the administrative structure required to manage rehabilitation and pave the way for reform.

1.3. General features of the proposed operations

The RSP and the operations forming part of them must meet the general criteria described below:

- (a) they must be quick to implement and take a maximum of one year to complete in the case of imports and two years in the case of reconstruction work and activities in the social sector;

- (b) be financed simultaneously by Community resources and specific contributions from the Member States, in accordance with the mechanism described in 2.2 below;
- (c) combine in a coordinated manner and in accordance with appropriate procedures, for each beneficiary country, the various Community aid instruments (EDF resources where appropriate and budget resources) and the operations financed by contributions from the Member States;
- (d) involve transfers to the beneficiary countries of additional resources, over and above the normal implementation of programmable aid provided for in the Lomé Conventions or budget resources and also over and above the Member States' existing programmes;
- (e) provide precisely targeted support in each country, in order to maximize the impact and facilitate monitoring and evaluation of operations;
- (f) be coordinated with operations by other bilateral or multilateral suppliers of funds in the same countries;
- (g) facilitate the formulation of long-term development and reform strategies which will allow the transition to be made from humanitarian aid and subsequently from the rehabilitation stage.

2. RESOURCES TO BE DEPLOYED

2.1. Period covered by the initiative

The proposed initiative would become operational halfway through this year and would be continued until the end of 1994 as regards the financing decisions. The RSPs prepared and adopted during this period would each be implemented in accordance with its own timetable, but should not be continued beyond 1996.

2.2. Financial resources

- 2.2.1. If the initiative is to have a significant impact on the countries concerned, its global amount should be around ECU 1 000 million, with 60% financed from existing or planned Community resources (mainly from the EDF) and 40% by Member States' contributions.
- 2.2.2. the ACP countries benefitting from the Special Programme will be requested to allocate a significant portion of their National Indicative Programme (NIP) to their RSP.

2.2.3. Contributions from the Member States will be drawn up and called for in accordance with a formula to be decided (see Annex 1). The methods for receiving and administering these contributions will be laid down subsequently.

2.3. Human resources and organization

2.3.1. At central level, the Commission will take the internal organizational measures required to pilot operations and will propose to the Member States ad hoc external decision-making and coordination mechanisms.

2.3.2. In each beneficiary country, the technical assistance responsible for preparing, implementing, monitoring and coordinating the RSP will come under the authority of the Head of Delegation responsible.

2.4. Procedures for implementing programme operations

In order to take account of the urgency of the requirements and secure rapid implementation of the operations, it is proposed that simplified decision-making and implementing procedures be applied.

2.4.1. The approval of each RSP will take place in a single stage, following the opinion of the committee dealing with the country concerned (EDF, ALA, MED), to which the matter will be put in an emergency procedure. Within the total allocation decided on for each RSP, the Commission will have powers to take decisions and make adjustments in line with changing circumstances and requirements.

The decision-making and management procedures applicable to the Community contribution will apply by extension to the Member States' contribution.

2.4.2. Along the lines of what was done in the case of the 1985-86 Rehabilitation and Revival Plan, there will also be simplified procedures for implementing the RSPs.

(a) In order to ensure rapid implementation of the RSPs, in agreement with the beneficiary state, the procedures for contracts will be the same as those used by the Commission for emergency aid.

(b) There should be proper decentralization of work and operating responsibilities in the implementation of rehabilitation operations in the beneficiary country. In the ACP countries, under the terms of a framework agreement concluded with the national authorizing officer for financing of EDF origin, management contracts will be concluded direct with NGOs, local organizations and other decentralized bodies to which the implementation of field operations could be delegated.

2.4.3. In line with current practice for projects financed from budget resources, the financing decisions will be accompanied by a time limit in accordance with the Financial Regulation. After the time limit, unused amounts may be reallocated to other priority operations.

3. ELIGIBILITY

3.1. Geographical scope

The most evident and pressing rehabilitation requirements are in sub-Saharan Africa, particularly - although not solely - in the Horn of Africa and Southern Africa.

Similar situations requiring the same type of support also exist in a number of countries in Latin America, Asia and the Middle East.

3.2. Factors to be taken into consideration for determining eligibility

3.2.1. The eligibility of the various countries for the initiative would be examined by the Commission in the light of the following:

- (a) request made or programme presented by the authorities of the country concerned;
- (b) economic crisis or serious deterioration of basic infrastructure preventing the population's essential requirements from being met;
- (c) the hostilities or upheavals must have ended if they are the cause of the crisis or deterioration, and there must be an agreement to this effect between the main parties concerned;
- (d) the authorities must be willing to initiate an economic and social transition process which respects democratic principles, fundamental freedoms and human rights and to take steps towards a structural reform programme;
- (e) structure and volume of the financing and aid from whatever source currently being received by the country concerned, special attention being paid to its capacity for absorbing additional resources and the possibility of producing lasting knock-on effects from the rehabilitation.

3.2.2. Countries receiving structural adjustment support would not as a rule be eligible for the initiative, because the existence of a medium-term reform programme and the international community's financial support indicate that they have already successfully completed the rehabilitation stage and that the overall financial and budgetary outlook had already been taken into account for determining external financing.

3.2.3. In a number of cases, it is possible that a crisis as described in 3.2.1 (b) might exist without all the eligibility criteria listed above being met.

In such cases, the Commission may propose to the Member States that they examine the advisability of an operation under the initiative in the light of the particular situation of the people or regions concerned. The Community would then endeavour to find decision-making and implementing decisions which would make it possible to implement its support rapidly and fairly.

3.3. Possible countries for action

One cannot draw up a list of developing countries which might be eligible without a detailed evaluation of their circumstances and requirements, and this can only be done gradually. Moreover, some countries which do not now qualify may do so at a later date, and situations requiring rehabilitation aid may arise suddenly during the period covered by the initiative, for example as a result of natural disasters.

Annex 2 gives some preliminary and purely illustrative information on examples which might fall within this initiative. This annex does not in any way prejudge the proposals which will be presented by the Commission. It only underlines the diversity of problems that RSPS should address.

4. ASSUMPTIONS AND RISKS

4.1. The launch of the proposed initiative, and ultimately its success, will depend on:

- (a) a clear political commitment on the part of the Community and its Member States to supporting economic transition or recovery in the recipient countries, coordinating their efforts and supporting the RSPs by taking the necessary action in the context of European political cooperation;
- (b) availability of sufficient resources from the Community and its Member States to ensure regular financing of the programmes;
- (c) concentration on a limited number of countries so as to achieve maximum impact and make it easier to manage the programmes;
- (d) a minimum level of security and political and social stability in recipient countries and regions, to enable rehabilitation programmes to be completed and allow the transition to medium- and long-term strategies to begin;
- (e) the willingness of all parties involved to give the Commission a free hand in management and executive powers with regard to the objectives of the RSPs; in return, the Commission would commit itself to supplying detailed information on the implementation of the RSPs and promoting transparency of the operations for which it was responsible, via coordination at headquarters and on the spot;
- (f) the ability of the donors and/or governments involved to ensure that local people are genuinely involved in rehabilitation projects, since that is the only way of ensuring their long-term viability.

- 4.2. Given the crises affecting many developing countries, particularly in sub-Saharan Africa, there are real risks to be faced in implementing the proposed programmes, among them:
- (a) the possibility of deteriorating security in recipient countries, or new conflicts which would wipe out any expected gains;
 - (b) over-financing certain economies whose capacity for absorbing funds is limited, or a clash between different types of financing in a particular country;
 - (c) providing only a temporary improvement in the situation of those who are intended to benefit from rehabilitation programmes, if they are not swiftly followed by a proper programme of economic reform;
 - (d) spreading resources too thinly over too many countries or too many programmes in each country so that their impact is reduced;
 - (e) the risks attached to the speed of the programmes and their implementation, in particular the possibility that activities funded by aid will not be "internalized" by governments and/or local people.

Conclusion

It is proposed that the Council approve this communication and authorize the Commission to take the necessary steps, in particular consultation within the appropriate forums of all the ACP and Mediterranean countries concerned, to ensure the implementation of the special rehabilitation support programme in developing countries.

**Programme spécial d'appui à la Réhabilitation
dans les pays en développement**

Proposition de répartition de la contribution des Etats membres

(en MECU)

Etats membres	Selon clé Budget (1)	Selon clé FED (2)	Moyenne (3)
Belgique	15,18	15,84	15,51
Danemark	6,86	8,30	7,58
Allemagne	117,10	103,86	110,48
Grèce	4,98	4,90	4,94
France	69,76	97,47	83,61
Irlande	3,14	2,20	2,67
Italie	54,36	51,84	53,10
Luxembourg	0,83	0,76	0,79
Pays-Bas	24,09	22,27	23,18
Royaume-Uni	66,15	65,47	65,81
Espagne	32,00	23,58	27,79
Portugal	5,57	3,52	4,54
TOTAL	400,00	400,00	400,00

Notes:

- (1) Montants définis sur base de la clé de répartition budgétaire 1992
- (2) Montants définis sur base de la clé de répartition du 7ème FED
- (3) Montants définis sur base de la moyenne des deux clés précédentes

Background information on countries
likely to be eligible for the programme

Somalia

Population: 7.8 million; per capita GNP: USD 160; NIP Lomé IV: has not been communicated, possibly ECU 111 million + ECU 14 million risk capital, 0% of which has been committed.

The launch of operation Restore Hope in December 1992, after over two years of civil war and clan in-fighting which have affected every region of the country, has led to a significant improvement in the distribution of humanitarian aid. The agreement reached in Addis Ababa on 15 March 1993 between the main factions should pave the way for a political settlement.

Provided that the political compromise brings a lasting improvement in security, a reconstruction programme could be mounted quickly. The Commission established an operational unit for Somalia in Nairobi, last December.

Consideration should be given to the following priorities: regenerating rural production (seeds, tools, inputs, livestock), the rehabilitation of grassroots social infrastructure and the resettlement of an estimated 1 million displaced persons.

Because it has not ratified the fourth Lomé Convention, Somalia cannot receive funds from the 7th EDF. Following a special decision by the ACP-EEC Council of Ministers, the Chief Authorizing Officer has been acting as the National Authorizing Officer since September 1992 with regard to the administration of the funds available under the NIPs of the second and third Lomé Conventions, and ECU 40 million have been committed for emergency aid and ECU 1.8 million for initial rehabilitation measures. Several NGOs active in Somalia have also undertaken selective rehabilitation operations, some of which are being cofinanced from the Community budget.

Sudan

Population: [25] million; per capita GNP: USD 330; NIP Lomé IV: ECU 142 million + ECU 23 million risk capital, 0% of which has been committed, NIP has not been signed.

The combination of over ten years of fighting between government troops and SPLA rebels and in-fighting between different factions of the SPLA in recent months has brought widespread destruction and displaced huge numbers of people who now depend entirely on international humanitarian aid. Despite numerous difficulties and obstacles, both logistical and political, humanitarian aid, in which the Community and its Member States play an important role, continues to be supplied through various channels, thanks largely to the efforts of NGOs and UN agencies.

In view of the size of the country and the long history of the conflict, the task of rehabilitation is enormous, not only in the southern provinces (with a population of 4 to 5 million), but also in the western regions and around the major towns where over 2 million displaced persons have congregated.

The policy dialogue between the Community and the Sudanese authorities was suspended in 1990, and work on programming aid under the fourth Lomé Convention has not yet begun. However, the suspension of development activities affects only new funding decisions, with the result that several projects started up under the second and third Lomé Conventions continue to be implemented.

Given the current political and security situation it is unrealistic to think of establishing a coherent rehabilitation programme at national level, but it might be possible to identify and implement specific, localized activities in a decentralized fashion, provided that the authorities agree to such an approach and undertake to stabilize the situation.

Ethiopia

Population: c. 50 million; per capita GNP: USD 120; NIP Lomé IV: ECU 225 million + ECU 40 million risk capital, 21% of which has been committed.

The overthrow of the regime by the forces of the EPRDF in May 1991 put an end to 30 years of civil war which, from its origins in Eritrea, had gradually spread to most of North and Centre-North regions of the country.

In July 1991 the new Ethiopian authorities initiated a period of political, economic and social transition intended to lead to the adoption of a new constitution and the inauguration of a democratically-elected government. This transition received the full backing of the international community. Since July 1991 the ICRC has been coordinating donors' efforts to promote the demobilization of the 400 000 ex-combattants and rehabilitate those wounded and disabled in the fighting. An emergency reconstruction and redevelopment programme (ERRP) was set up in December 1991, with funds of over USD 600 million, to which the Commission contributes ECU 97 million and in which several Member States participate, together with the World Bank, the African Development Bank, the EIB and other bilateral donors. The programme is still being implemented.

In early October 1992, Ethiopia concluded its negotiations with the international financial institutions and became eligible for the IMF's Structural Adjustment Facility, World Bank Structural Adjustment Lending, and adjustment support under the fourth Lomé Convention (ECU 75 million for 1993 and 1994).

Ethiopia's sizeable requirements in terms of rehabilitation and reconstruction are thus covered by the funding already in place.

Eritrea

Population: c. 3 million; per capita GNP: not available (Ethiopia USD 120); NIP Lomé IV: ECU 20 million from Ethiopia's NIP, all committed.

A referendum on independence is due to be held in Eritrea at the end of April 1993, which will decide its future status. The provisional government set up by the EPLF in Asmara on achieving military victory in May 1991 has succeeded in restoring security to the region as a whole and has quickly embarked on the task of reconstruction and rehabilitation. In addition to food aid and humanitarian aid, which is reaching the target groups without any problem, Eritrea is receiving reconstruction aid from various sources. A programme financed with ECU 20 million from the 7th EDF (NIP Ethiopia), was launched in October 1992. A similar, USD 20 million programme has just been set up by the World Bank. Bilateral aid has also been granted, the donors including several Member States. All this should meet the most urgent needs up until 1994.

However, the scale of the destruction which occurred between 1980 and May 1991, the decrepit state of infrastructure and the fact that the means of production are obsolete because it was impossible to invest during the war mean that considerable resources will be required beyond the initial emergency rehabilitation programmes which have already been set up. If the April referendum leads to a declaration of independence, Eritrea's new international status may also create certain legal problems which could complicate the decision-making procedures for certain donors.

Mozambique

Population: 15 million, 2 million of whom are refugees abroad; per capita GNP: USD 80; NIP Lomé IV ECU 154 million + ECU 22 million risk capital, of which ECU 66 million (43%) have been committed.

After 15 years of civil war Mozambique's whole social and economic infrastructure has been partially or totally destroyed, with the exception of a few towns. In some rural areas humanitarian operations alone have kept a minimum health service running. In addition to the 2 million refugees some 4 million people have been displaced within the country.

A fragile ceasefire took effect on 15 October 1992 following the signing of a general peace agreement in Rome. Despite considerable delays, gradual progress is expected over the next few months towards the demobilization of all armed forces, the formation of a new unified army and the organization of parliamentary and presidential elections.

An initial reconstruction programme was presented to donors in Rome in December 1992, with a view to paving the way for the country's social and economic recovery. Only part of the programme cost has so far been covered, and Mozambicans need food, healthcare and education to enable them to return to and settle in their places of origin.

A new reconstruction programme could be proposed rapidly to underwrite the peace process. There are numerous organizations on the spot which could put such a programme into effect. The Commission intends to set up a special unit to coordinate all of the rehabilitation operations which it is already financing or plans to finance in the future.

The likely priorities should be: the rehabilitation of essential social infrastructure, the resettlement of displaced persons and refugees (an estimated 7 million people), the repair of essential means of communication (including mine clearing) and measures to help revive production by small farmers.

The Commission pledged a package of commitments at Rome in December amounting to ECU 77 million (all instruments together), over 50% of which are earmarked for programmes of this sort. There is still a great deal to do, however, to meet the country's needs, particularly in the field of infrastructure: health, water, primary education and roads.

Mozambique also receives structural adjustment funding under the fourth Lomé Convention. It was accorded ECU 30 million in 1990, and a programme was approved by the EDF Committee in October 1992 which combines these ECU 30 million with ECU 15 million under the NIP to be disbursed in 1993.

Angola

Population: 10 million; per capita GNP: c. USD 750; NIP Lomé IV: ECU 115 million, of which 9% has been committed.

Sixteen years of civil war (1975-91) have exacted a heavy toll: 500 000 casualties, 1.5 million refugees and displaced persons and widespread destruction of the infrastructure. At the same time, an ineffectual political and social system contributed to the collapse of activities which were not directly affected by the war.

Following the Bicesse agreement in May 1991, an initial ceasefire was agreed and the first steps were taken towards democratization. The Community and its Member States responded rapidly, expressing their willingness to contribute to the reconstruction of Angola and agreeing at the Council of November 1991 to launch a special coordinated effort in the framework of a Community platform to promote the social and economic rehabilitation of the country.

Since May 1991 the Commission has taken a preliminary set of decisions to promote the transition process using budgetary resources. It has also decided to speed up the establishment of the Lomé IV National Indicative Programme so that 7th EDF funds can be used. In February 1992 the Commission announced a programme in aid of the democratization process and a social stabilization programme aimed at helping displaced persons and refugees to reintegrate into society and economic life.

The Community contribution to the estimated ECU 200 million budget for the platform (1991-93) was initially set at ECU 75 million, but was increased to ECU 90 million in October 1992; ECU 42 million have already been committed.

Unita's refusal to accept the results of the election held in September 1992 and the resurgence of violence in most regions of the country have added to the destruction and to the suffering of the Angolan population, forcing donors and NGOs to slow down or suspend many of the rehabilitation operations already under way and to defer the launch of the second phase of the platform.

The resumption of talks scheduled for April 1993 in Abidjan once again offers the prospect of an end to hostilities. If this can be consolidated in a lasting ceasefire which paves the way for a political solution, the implementation of the Community platform will once again become a matter of urgency and will have to take into account the additional damage resulting from the latest fighting. The aim is to start up other programmes in 1994 (third phase of the platform), to tackle the physical reconstruction of the country,.

Zaire

Population: 41 million; estimated per capita GNP: USD 170; NIP Lomé IV: ECU 170 million subsidy, 0% of which has been committed, NIP has not been signed.

The process of transition from the autocratic regime of President Mobutu to a parliamentary democracy is being blocked by the refusal of the President to accept any limitations on his power and the fact that he has retained control over the essential machinery of government (security forces, provincial governors, the central bank). The political deadlock has encouraged ethnic conflicts (in Shaba) and provoked riots and looting by the army in many towns.

The prolonged political crisis in Zaire has led to economic chaos and has aggravated the population's suffering. The administration has been paralysed since 1990, the infrastructure is in a state of decay, the monetary sector has been crippled by hyperinflation and the mining industry is bankrupt as a result of financial draining, with disastrous consequences for government revenue and the balance of payments.

Following the riots of September 1991, the powers of the National Authorizing Officer were transferred to the Chief Authorizing Officer. In addition to the Lomé IV NIP funds, which have been frozen, there are uncommitted funds of ECU 95 million from previous EDFs. Measures have been taken to safeguard work carried out under Lomé II and Lomé III programmes which has been suspended. More than ECU 10 million have also been committed since 1990 in the form of humanitarian aid and cofinancing with NGOs.

Priorities for rehabilitation will be the repair of basic infrastructure and the resettlement of people displaced by the troubles in Shaba (expulsion of people of Kasai origin).

However, before a rehabilitation operation can begin several conditions must be satisfied and in particular there must be a political compromise between the President and the opposition, so that the process of democratization can continue and an emergency programme of economic recovery can be launched.

Rwanda

Population: 7.7 million; per capita GNP: USD 310; NIP Lomé IV: ECU 118 million + ECU 14 million risk capital, 6% of which has been committed.

Since April 1990 there have been repeated incursions and attacks by the forces of the FPR in the North of the country and attempts by the army to regain control of the situation, which have resulted in a state of war. The conclusion of an initial ceasefire between the warring parties in Dar es Salaam on 7 March 1993 and talks being held in Arusha to reach a negotiated settlement offer some hope of peace, but the risk of renewed fighting cannot be ruled out.

The destruction caused by three years of fighting has been felt acutely in this densely-populated agricultural country. The Rwandan economy has been badly affected by the conflict and has experienced negative growth since 1990. In addition to the casualties resulting directly from the fighting, 1 million people have been displaced by the war and 1.5 million Rwandans have become refugees

A rehabilitation programme should concentrate first on the resettlement and economic reintegration of the displaced populations and secondly on repairing essential infrastructure in the areas where fighting took place. It should also promote the democratization of national institutions, as advocated by all parties since the start of the talks in Arusha in July 1992.

Given the small size of the country and the shortage of agricultural land, a lasting peace agreement between the warring parties is a precondition for such a rehabilitation programme.

Liberia

Population: 2.5 million; per capita GNP: n.a. (USD 470 in 1989); NIP Lomé IV: ECU 50 million in grants, 0% of which has been committed. NIP has not been signed.

Liberia's savage three-year civil war has brought the economy to a complete standstill, caused massive damage to the infrastructure and disrupted government throughout the country. Tens of thousands of Liberians have been killed, half a million have sought refuge in neighbouring countries. The task of rebuilding such a shattered country will require large and coordinated efforts on the part of the international community.

Although fighting still continues in parts of Liberia, an increasing percentage of the territory is accessible for relief and short-term rehabilitation operations. Hope for lasting peace and stability lie in the Yamoussoukro IV accord which calls for the encampment and disarmament of the warring parties. The willingness of all parties to comply with the accord has yet to be confirmed; it depends partly on the configuration of the peace-keeping force (currently ECOMOG).

Community humanitarian assistance for the victims of the conflict in Liberia amounts to a total of ECU 50 million since 1990. Most of this was Articles 254 and 255 assistance (emergency aid and aid for refugees and displaced persons). Short technical missions have already been sent to Liberia to identify urgent rehabilitation priorities. The key sectors where Community aid is currently concentrated are health, water and power supplies and port operations. Other sectors being examined for possible immediate action include the repatriation of refugees, repairs to education facilities and a food production sector review. In each of the above sectors it has been possible to identify urgent rehabilitation priorities.

It should be noted that neither the Community nor any Member State is currently represented in Liberia. As far as Lomé assistance is concerned, the National Authorizing Officer appointed by the interim government has already delegated its powers to the EDF Chief Authorizing Officer.

Haiti

Population: 6.3 million; per capita GNP USD 300; NIP Lomé IV: ECU 106 million + ECU 14 million risk capital, NIP has not been signed.

Since the fall of President Duvalier in 1986 the country has experienced a prolonged period of political instability. Free and democratic elections at the end of 1990 led to the election of Fr Jean-Bertrand Aristide as President of the Republic. However, the elected President was overthrown in a second violent coup d'état, and political and civil liberties were suppressed.

The coup d'état was universally condemned by the international community and has had severe consequences for the country: 2 500 casualties, some 40 000 Haitian boat people and tens of thousands of clandestine migrants. The suspension of international economic and financial aid (including a freeze on the application of the fourth Lomé Convention) and the imposition of a trade embargo have isolated the country's economy and impoverished its people still further. The length of the crisis (20 months) has led to an unprecedented deterioration in the economic and industrial fabric of the country.

A reconstruction and rescue programme will be needed to rebuild the economic foundations necessary for human rights, democracy and a peace economy.

Aid will be required in most sectors: institution-building (judicial system, the police), public finance, agriculture and rural development, basic infrastructure, transport and energy...

Since the coup d'état the Commission has committed ECU 11 million in the form of emergency humanitarian aid in conjunction with NGOs. Hopes of a political solution in the near future open up the possibility of greater and more diversified financial support to respond to the urgent need for economic and democratic regeneration in Haiti.

Afghanistan

Population: 16 million; per capita GNP: USD 156; EEC aid 1992: ECU 27.7 million in repatriation and reconstruction aid (of which 4.8 million in food aid and 1.6 million in emergency aid) and ECU 17.1 million for Afghan refugees in Pakistan.

After nine years of Soviet occupation and three years of civil war against the pro-Soviet government still in place, a peace agreement was reached in April last year, coinciding with the resignation of President Najibullah. The establishment of an Islamic government since then has failed to bring stability because of power struggles between muhajeddin factions. The capital, Kabul, is still very insecure and suffered almost constant shelling for much of 1992.

Encouraged by the victory of the anti-Communist forces, Afghan refugees began returning from Pakistan (and to a lesser extent Iran) in unprecedented numbers in 1992. According to the HCR, half of the 3 million refugees in Pakistan have returned to Afghanistan but only 500 000 of the 2 to 3 million who sought refuge in Iran.

This trend could continue in 1993, particularly if the fragile progress towards political stability made at the beginning of the year, largely through the good offices of Pakistan, is consolidated.

Because fighting is concentrated around Kabul and most of the provinces are generally calm, it has been possible to launch reconstruction and resettlement programmes for refugees on a fairly large scale since 1992, thanks to international, and particularly Community, aid.

These efforts are in addition to the EEC support scheme which, though now becoming less important, still applies to Afghan exiles in the refugee camps. These are integrated programmes combining mine clearance and the rebuilding of sections of roads and irrigation channels in conjunction with the local population with measures to regenerate and improve rural production. They try to achieve a balance between the regions, are sometimes combined with meeting very short-term needs (medical and food aid, seeds) and operate through a variety of agencies (NGOs, HCR, WFP, FAO, etc.).

In view of the enormous needs of the country, these operations could undoubtedly be extended, provided that minimum security conditions were met, even if the political situation in Kabul had not been completely stabilized.

Cambodia

Population: 8.8 million; per capita GNP: USD 180; EEC aid 1991-93: ECU 54 million in total (humanitarian aid + rehabilitation), of which c. 80% has been committed.

The recent history of the country is inextricably linked with superpower policy in Indochina and, more particularly, with the hostility between China and Vietnam. The end of the Cold War has facilitated the peace process between the four factions on the ground which reflect the political complexities of the region. The process of national reconciliation culminated in the signing of the Paris accord on 23 October 1991.

The UN Transitional Authority in Cambodia (UNTAC), provided for in the Paris accord, was created on 19 February 1992. The prime objective of the accord and the UN's peace-keeping mandate is the election of a constituent assembly, scheduled for 23-27 May this year.

The growing difficulties due to the failure to implement the Paris accord in full have seriously undermined the process of encamping, disarming and demobilizing the forces, which is a precondition for the full participation of all political parties in the election, including the Khmer Rouge, who are opposed to a democratic solution based on the will of the entire Cambodian population.

The electoral campaign started on 7 April, and the parties of Mr Hun Sen (the present Prime Minister) and the FUNCINPEC (royalists) are currently thought to be leading the field.

Since the end of 1991 the Community has launched numerous humanitarian initiatives for refugees and for the rehabilitation of two provinces. This approach should be continued in order to meet the priority needs of a country emerging from several years of wartime economy.

In the short term the Commission will pursue the following objectives:

- Monitoring the electoral campaign in close conjunction with the delegation in Bangkok;
- Implementation of Phase II of the Rehabilitation Programme.
Short-term projects in the field of rural infrastructure (irrigation, roads, water supply), agricultural production, education and training, health, implemented by European NGOs in Cambodia.
- Elaboration of a longer-term development strategy as soon as a new government has been formed.
These activities will have to take account of the level of political stability in Cambodia in the second half of the year. The scope of Community initiatives will depend on the degree of security on the ground and the international debate which will take place about the country's reconstruction efforts, in which the Community will fully participate.

Lebanon

Population: 3.1 to 3.4 million (estimate); per capita GNP: USD 875 (1990).

Following the Cooperation Agreement signed in 1977, the EC has signed four protocols with Lebanon. However, the war and the paralysis of the Lebanese government meant that the indicative programme under the Third Protocol, which should have been concluded in 1986, was not signed until October 1992, at the same time as the programme of the Fourth Protocol.

Lebanon has suffered 15 years of civil war, an invasion by the Israeli army in 1982 and occupation by Syrian troops since 1991. However, the Taif agreement opened the way to legislative elections which resulted in the formation of a new government and a gradual return to comparative stability, making it possible to launch a reconstruction programme.

The budgetary resources made available by the Commission amount to ECU 19 million for the 3rd Protocol and ECU 22 million for the 4th.

The Commission has so far committed ECU 9 million to studies evaluating the war damage in areas such as telecommunications, electricity generation and supply, sanitation, education, agriculture, housing and public works.

In March it also approved a technical assistance project for the Lebanese administration worth ECU 30 million, to fund the creation of specialist units within Lebanese organizations involved in the reconstruction programme.

These commitments have provided an initial stimulus to the process of reconstructing the physical infrastructure and the administration. The financial protocols have effectively been exhausted by these initial efforts.

However, Lebanon still faces enormous problems: some of the 900 000 displaced persons within the country are beginning to return to their homes, but progress is painfully slow because it is impossible to ensure even minimal subsistence conditions. Local organizations which were very active during the war in administering emergency aid are unable to contribute effectively to reconstructing the economic and social fabric of the country.

In addition to the problem of displaced persons, Lebanon is suffering other difficulties common to countries emerging from a war, such as lack of social stability, unemployment among young demobilized soldiers, lack of opportunities for reintegrating in society, a shortage of training institutions, particularly in the technical field, and inadequacies in the health infrastructure and social security systems.

El Salvador

Population: 5.25 million; per capita GNP: USD 1090; life expectancy: 64 years; EC bilateral aid ECU 127 million since 1976, of which ECU 62 million in 1992.

The Chapultepec accord signed in January 1992 ended 12 years of civil war which had claimed 75 000 victims. The agreement was signed by the warring parties under the auspices of the UN, which has deployed a peace-keeping force to supervise compliance.

The provisions of the agreement have so far been implemented according to the timetable, notably as regards the demobilization of the irregular FMLN forces, the 50% reduction in the size of the armed forces and the introduction of a programme to democratize political life. This is the only recent example of United Nations intervention in a national reconciliation process being crowned with success, hence the need for the international community to provide substantial political support.

El Salvador has also requested a considerable amount of foreign aid in order to sustain a peace process that remains fragile, and to ensure that the expectations of the disadvantaged classes are not disappointed for so long that their frustration is exploited by political extremists. The country's total aid requirement is estimated at USD 1 500 million.

Responding to this request, and given the possibilities for absorption, the EEC mobilized considerable resources in 1992 to be spent on areas which will remain national priorities in the medium term, as set out in the National Reconstruction Plan, i.e.:

a) the reconciliation and reconstruction process

- Rapid creation of jobs for ex-combatants;
- Food aid for school children in former conflict zones;
- Aid for the reintegration of refugees and displaced persons.

b) the elimination of the causes of the conflict/reducing social inequalities

- Land distribution programme (land reform);
- Basic health and hygiene; environmental protection;
- Credit/employment/vocational training programme in rural areas and the urban periphery;
- Programme of democratization and respect for human rights.

Guatemala

Population: 9.2 million; per capita GNP: USD 910; life expectancy: 63 years; bilateral EC aid: ECU 95 million, of which ECU 18 million in 1992.

Guatemala has the highest percentage of Indians in the population of any Central American country (60%).

The return of democracy in 1985 has not ended the internal conflict which has been tearing Guatemala apart for over 30 years, causing over 100 000 casualties to date and exacting a heavy toll on the country in many other respects. In addition, over 40 000 people (some sources say 200 000) have fled the country to escape the violence and have, for the most part, settled in refugee camps in Mexico.

On a general level, Guatemala remains poorly-equipped in terms of social infrastructure of all kinds (roads, drinking water, health, etc.), particularly in the regions with a large Indian population, which are also the ones worst affected by the conflict. However, it is not possible in the current state of the fighting to give these sectors the priority they deserve.

The progress made towards peace elsewhere in Central America has had some effect on Guatemala. The recent resumption of peace talks holds out some hope of a negotiated solution to the conflict in the near future.

This will raise the question of how to provide aid rapidly for a number of priority areas, such as:

- emergency programmes for resettling displaced persons and refugees;
- rural development programmes in former conflict areas where indigenous people form the majority of the population;
- a health, hygiene and environmental protection programme in the same areas;
- food aid;
- support for programmes to strengthen democratic processes or support the defence of human rights and the democratization of political life.

Nicaragua

Population: 4.0 million; per capita GNP: USD 460; external debt: USD 12 million; population living in poverty: 75%; in extreme poverty: 42%; EEC bilateral aid: 1980s: ECU 186 million; 1990, 1991, 1992: c. ECU 100 million.

The election of Violeta Chamorro to the Presidency in 1990 and the conclusion of a peace agreement with the Nicaraguan Contras marked the beginning of a long and difficult process of pacification and economic recovery for Nicaragua.

After 12 years of war - against the Somoza regime and then the Contras - the country faced the difficult task of reintegrating ex-combatants from both sides into the national economy (30 000 Contras + 70 000 Sandinistas no longer required in the army). The problem was compounded by several hundred thousand refugees.

The economy had been severely disrupted by the years of conflict, the embargo imposed by the United States, the abrupt switch to a command economy and a series of natural disasters. All of these factors had a devastating effect on levels of output in the agricultural sector (both for export and for the domestic market) and manufacturing, which was still in its infancy but has now become largely obsolete.

The European Community was one of the first donors to provide aid to Nicaragua as it embarked on reconstruction. In 1990 aid amounted to ECU 50 million (or nearly 50% of the funds available for Central America), and a significant level has been maintained subsequently (roughly ECU 25 million per year in 1991 and 1992).

Three years after the signature of the peace agreement the country is in the midst of a political crisis which creates a fertile breeding ground for tensions of all sorts. Caught between the two sides, Mrs Chamorro has been unable to negotiate a solution to the pressing matter of land reform (the land reform introduced by the Sandinista government is being called into question, but at the same time it is difficult to honour promises of land to ex-Contras) and is thus becoming increasingly isolated within the UNO, the party which brought her to power. This heightens tension in regions where the question of land ownership is a burning issue.

In this context, the Community should continue to focus on the two themes which have governed aid in recent years:

a) national reconciliation, with particular emphasis on agricultural problems (allocation of land and settlement of property claims), the reintegration of refugees and displaced persons, the economic revitalization of the regions worst affected by the conflict, action to promote democratic processes, human rights, respect for ethnic minorities;

b) economic recovery: regenerating agriculture and industry, reviving exports. From a more structural point of view, it might be useful to supplement efforts to reactivate the economy with measures such as support for basic infrastructure (communications, port facilities, power generation, etc.); training of human resources at all levels; the conservation of natural resources and restoration of agricultural potential; basic health and hygiene.

A budget of ECU 50 million might be considered to meet these various requirements.

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