

COMMISSION OF THE EUROPEAN COMMUNITIES

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REPORT FROM THE COMMISSION TO THE COUNCIL

on the administration of financial and technical cooperation in 1983
pursuant to Decision 80/1186/EEC on the association of overseas
countries and territories

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Introduction

In presenting this annual report on the administration of financial and technical cooperation in 1983 pursuant to Article 100 of Decision 80/1186/EEC¹ on the association of the OCT, the Commission is deferring to the wish expressed by the Member State delegations within the ACP-FIN group in a report submitted to the Permanent Representatives Committee, recommending that reports be presented annually in compliance with Article 100 of the decision referred to above.² The reason that the previous report covered two years, 1981 and 1982, together was that the results recorded at the end of the first year (more than three-quarters of the allocations concerned Stabex transfers - which are not part of financial and technical cooperation in the strict sense - and benefited two countries, Vanuatu and St Vincent, which, from being OCT, had become ACP States) did not, in the Commission's view, warrant the preparation of a special report, however small, on the administration of financial and technical cooperation for that one year.

On 19 September 1983 another OCT, St Kitts-Nevis, a British Associated State in the Caribbean, gained independence. This continued the trend (Belize and Antigua and Barbuda) noted in the 1981-82 report. The new independent State, which is now called St Christopher and Nevis, immediately asked to accede to the Lomé Convention. Upon completion of the procedures required within the Community and the ACP Group, St Christopher and Nevis became the 64th partner under the Lomé Convention on 5 March 1984.

¹ OJ L 361, 31 December 1980.

² Doc. 6263/84 - OCT 22 - FIN 159.

CHAPTER I: FINANCING OPERATIONS

1. Commitments

The commitments made by the Commission and the Bank in 1983, the third year of application of the 1980 Decision, totalled 9.49 million ECU. With 16.63 million ECU committed in 1981 and 1982, the cumulative amount of financial aid committed since the decision came into force stands at 26.12 million ECU, which represents 28.7% of the modified final allocation of 90.8 million. The speed at which commitments are made under the OCT Decision is thus still much slower than under the Lomé Convention (slightly over 50% for the same period) even though there has been some progress by comparison with the average for the preceding two years. This progress is however noteworthy if one considers that Stabex transfers accounted for almost half the financing operations in 1981 and 1982 whereas there was no transfer in 1983, proving that the implementation of financial and technical cooperation in the strict sense has indeed speeded up.

Aid administered by the Commission

Commitments made in 1983 in respect of aid administered by the Commission totalled almost 7 million. The breakdown of these commitments is as follows:

	<u>million ECU</u>	<u>%</u>
Grants (of which emergency aid 0.17)	6.49	92.8
Special loan	<u>0.50</u>	<u>7.2</u>
	6.99	100

Aid administered by the EIB

In 1983 the Bank financed three operations amounting to 2.5 million ECU from the risk capital which it administers in accordance with the second Decision on association.

The breakdown of these commitments by territory and by administrative body is as follows:

	(million ECU)	
	<u>Commission</u>	<u>EIB</u>
French OCT	2 525	1 500
Netherlands OCT	2 423	
British OCT	570	1.000
Regional projects	1.476	
	<u>6 994</u>	<u>2 500</u>

2. Payments

Payments made by the Commission and the Bank in 1983 totalled 3.55 million ECU, a significantly smaller sum than that recorded in 1981 and 1982 (8.63 million ECU).¹ The reason for this difference, apart from the cumulation of payments for these two years, is the fact that they were mainly made up of Stabex transfers and that in the case of Stabex, payment is made very soon after the financing decision.

The breakdown of payments by territory and by administrative body is as follows:

	(million ECU)	
	<u>Commission</u>	<u>EIB</u>
French OCT	439	260
Netherlands OCT	776	
British OCT	497	1 440
Regional projects	<u>134</u>	<u> </u>
	1 846	1 700

CHAPTER II: SECTORAL BREAKDOWN OF FINANCING OPERATIONS

1. Projects and programmes

Since, as has already been noted, there was no Stabex transfer in 1983, almost all the financial aid concerned projects and programmes.

The main sector to benefit (46%) was production development, which covers industrialization, tourism and rural production. Rural production received only a small proportion in 1983 (330 000 ECU), while industrialization and tourism together accounted for 42.6% of the financial aid, a sum of 4.04 million ECU.

The EIB's operations were financed from EDF funds in the form of risk capital totalling 2.5 million ECU.

French Polynesia received a global loan of 1.5 million ECU for small- and medium-scale investment in industry, transport, tourism and fish processing. Financial aid of 1 million ECU to St Christopher and Nevis made it possible to increase government participation in the capital of the Development Bank and also finance small-scale investment in industry, agro-industry and tourism.

¹ Total payments made by the Commission and the Bank in 1983 work out higher if account is also taken of the payments made under the earlier Association Decision (1976), which amount to 5.18 million ECU for the Commission and 0.74 million ECU for the Bank.

In the case of the Commission, financial aid for tourism consisted of a regional operation concerning both ACP States and OCT in the Caribbean. The OCT received 1.2 million ECU from this funding in the framework of their regional programme. Many countries in the region had registered a drop in tourism, a key industry, and this project was designed to reverse the trend by promoting tourism from Europe.

Financial aid for economic infrastructure totalled 1.57 million ECU in 1983. Nearly two-thirds of this sum (about 940 000 ECU) went to the Netherlands Antilles. Of this 450 000 ECU was provided as a grant for the supply of a crane to the port of Saba, the smallest island in the Netherlands Antilles, where the improvement of infrastructure, particularly transport, is essential to promote economic development. The crane will make the port accessible all the year round since it will then be possible to repair damage caused by cyclones and load and unload heavy goods; a further 493 000 ECU will be for high-level technical assistance supplied over two years to help overcome the very serious financial management and marketing difficulties faced by the national airline (ALM).

The Cayman Islands received a 500 000 ECU special loan from the Commission for the building of an air terminal on Cayman Brac, an island to which access has been difficult up to now and which is the least developed of the three islands in the archipelago. The total cost of the project is nearly 1.3 million ECU, the balance coming from the territory's budget.

Other forms of financial aid for economic infrastructure were fairly insignificant. A 70 000 ECU study on a port in Anguilla is to be noted, however.

These examples clearly illustrate the fact that the problem of transport in all its aspects remains crucial for all countries in the region.

Social development benefited to the tune of 2.90 million ECU, of which 2.05 million ECU for New Caledonia. An initial project costing 1.05 million ECU specifically concerned the supply of water to the Loyalty Islands, which up to now have practically depended on the very unpredictable method of storing rainwater. An adequate number of boreholes and the installation of a network of pumps should enable a more reliable system to be operated. The second allocation of aid for social development was 1 million ECU for a multiannual training programme.

This programme mainly concerns the Melanesian population in the interior, a rural area and will be run on-the-spot in the context of people's daily living. It is also planned to allocate study and training awards to young people who already have a basic educational qualification. The programme is to run over three years.

The second financing in the field of social development approved in 1983 also concerned a multiannual training programme: 850 000 ECU for the Netherlands Antilles (150 000 ECU had already been committed in 1982). The project is to support the efforts already undertaken by the authorities in the field of training and retraining of the managerial and supervisory staff needed for the islands' social and economic development. The programme involves awards for study both on the spot and abroad and the organization of specific courses and seminars.

2. Emergency aid

French Polynesia received such aid in 1983.

In February cyclone Nano devastated several islands of the Marquesas and Tuamotu archipelagos and affected some 1 000 people. On 11 February, at the request of the Territory's authorities, the Commission approved emergency aid of 50 000 ECU for the victims.

Thanks to this operation, conducted by the High Commissioner at Papeete and supervised by the Commission delegate at Fiji, quick and effective action was taken to meet the most pressing needs.

The damage caused by the cyclones which hit the Territory in March and April led the Commission to approve on 21 June a second allocation of aid (125 000 ECU) for the purchase and transport of corrugated sheet for the speedy repair of damaged dwellings. The corrugated sheets were distributed by the High Commissioner, priority going to the most needy families.

The aid operation was more difficult and took longer than initially planned because of the distance of the atolls.

CHAPTER III: OTHER ASPECTS OF IMPLEMENTATION OF THE DECISION

Two OCT became independent and requested changes in their indicative programmes in 1983: Antigua and Barbuda and St. Christopher and Nevis. St. Christopher and Nevis had put in its request even before gaining independence. The bulk of the new programmes concern livestock production and the road network in the case of Antigua and Barbuda and social infrastructure in the case of St Christopher and Nevis.

Part of the appropriation under the 1980 Association Decision, which covers the same period as the second Lomé Convention, is devoted to regional cooperation. The intention was to integrate the OCT more fully into the regional framework which they belong to and which often includes independent ACP States (without of course weakening their special links with the country on which they are dependent. The success of this form of cooperation is shown by the fact that in the Caribbean in particular a number of EDF-financed regional projects have been set partly against OCT regional funds and partly against ACP regional funds. Examples are projects to support regional tourist organizations and to improve air communications. The Community also financed two stands, for the Caribbean and the Pacific, at the celebrated Berlin tourism fair, where the OCT and ACP States were both represented on the basis of their geographical location. This operation is very successful from the economic point of view and is now an annual event.

In 1983, for the first time, the Commission received visits from Chief Ministers of British dependent territories, namely the Virgin Islands and the Turks and Caicos Islands.

In its report on 1981 and 1982, the Commission raised the problem of the time it takes to implement financial and technical cooperation in the OCT and suggested that implementation might be speeded up if there were a greater decentralization of administrative power to the local authorities. This suggestion was noted by the relevant Council bodies, which stressed that the Member States and the Community should not cease in their efforts to improve aid to the OCT.¹

In this respect France has taken an interesting initiative with the law concerning the status of the OCT adopted by the French Parliament this year. While this law does not bear directly on relations between the OCT and the Community, its provisions and their potential effects are such as to improve those relations.

¹See report referred to earlier from the ACP-FIN group to Coreper.

CHAPTER IV: USE OF STABEX FUNDS IN CONNECTION WITH DECISION 76/568/EEC

By virtue of the Council Decision of 15 December 1980, the sum of 4 588 000 ECU, representing 50% of the balance of Stabex/OCT funds outstanding on expiry of the OCT Decision (76/568/EEC), was allocated to finance projects and programmes in the OCT.

This sum was allocated as follows:

1 529 334 ECU for the British OCT
 1 529 333 ECU for the French OCT
 1 529 333 ECU for the Netherlands OCT

The British OCT

When the sum destined for the British OCT was allocated, the United Kingdom authorities decided in agreement with the Commission to reallocate to the ten countries having OCT status in 1980 a sum of 3 513 000 ECU earmarked under the 1976 OCT Decision for the reserve and regional projects.

The final result of these two simultaneous operations is given in the table below:

	('000 ECU)		
	<u>Grants</u>	<u>Special Loans</u>	<u>Total</u>
Anguilla	129	-	129
Antigua and Barbuda	188	820	1 008
Belize	345	1 420	1 765
Cayman Islands	-	161	161
Falkland Islands	-	407	407
Montserrat	400	-	400
St Helena	144	-	144
St Kitts-Nevis	137	569	706
Turks and Caicos Islands	161	-	161
British Virgin Isles	-	161	161
	<u>1 504</u>	<u>3 538</u>	<u>5 042</u>

French OCT

At the end of 1983 the sum of 1 053 500 ECU was allocated to one project in Wallis and Futuna.¹

The Netherlands OCT

The entire sum was added to the total available under the indicative programme for the Netherlands Antilles, the only Netherlands OCT.

¹ Committed in 1982.

TABLE 2

FINANCING SITUATION IN 1983 BROKEN DOWN BY METHOD OF FINANCING AND ADMINISTRATIVE BODY

(million ECU)

	Allocation		Commitments made in 1983				Total	
			Aid administered by the Commission		Aid administered by the EIB			
	Amount	%	Amount	%	Amount	%	Amount	%
<u>EDF resources</u>								
Grants	39,30	43.3	6,19	92.8			6,49	68.4
(of which emergency aid)			(0,17)	(2.4)			(0,17)	(1,8)
Special loans	20,50	22,6	0,50	7,2			0,50	5,3
Risk capital	7,00	7,7			2,50	100	2,50	26,3
Stabex	9,00	9,9						
<u>EIB resources</u>								
Loans from own resources	15,00	16,5						
TOTAL	90,80	100	6,99	100	2,50	100	9,49	100

Table 3

SUMMARY STATEMENT FOR 1983 BROKEN DOWN BY % PER SECTOR, METHOD FOR FINANCING AND ADMINISTRATIVE BODY

(million ECU)

	Production development			Economic infra- structure	Social develop- ment	Trade promotion	Other	Total programm- able aid	Emergency aid	Grand total
	Industrial- ization and tourism	Rural production	Total							
<u>I. Aid administered by the Commission</u>										
- Programmable grants	1.54	0.33	1.87	1.07	2.90	0.43	0.05	6.32		6.32
- Special loan				0.50				0.50		0.50
- Emergency aid									0.17	0.17
Total	1.54	0.33	1.87	1.57	2.90	0.43	0.05	6.82	0.17	6.99
Breakdown of total in %	22.0	4.7	26.7	22.5	41.5	6.2	0.7	97.6	2.4	100%
<u>II. Aid administered by the EIB</u>										
- Risk capital	2.50		2.50					2.50		2.50
<u>III. Total</u>										
Breakdown in %	4.04	0.33	4.37	1.57	2.90	0.43	0.05	9.32	0.17	9.49
	42.6	3.5	46.1	16.5	30.6	4.5	0.5	98.2	1.8	100%