

COMMISSION OF THE EUROPEAN COMMUNITIES

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HARMONIZATION AND COORDINATION OF DEVELOPMENT

COOPERATION POLICIES WITHIN THE COMMUNITY

(Commission communication to the Council)

COMMISSION OF THE EUROPEAN COMMUNITIES

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ONLY CONCERNS THE ENGLISH VERSION

CORRIGENDUM

NEED FOR COMMUNITY ACTION TO ENCOURAGE
EUROPEAN INVESTMENT IN DEVELOPING COUNTRIES AND
GUIDELINES FOR SUCH ACTION

(Commission communication to the Council)

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CORRIGENDUM

page 6, last §

After the first sentence of this paragraph, please add the following:

These rules will apply only to new investments and existing investments conforming to the laws of the host country, being an independant and sovereign state; they will not be substitutes for bilateral agreements, but will complete them.

1. Introduction

In its Communication of 5 March 1975¹, the Commission presented the Council with a number of ideas on the harmonization and coordination of development cooperation policies.

This Communication takes up the main ideas set out in the earlier paper, for instance the basic definitions relating to the scope of harmonization and cooperation and their field of application. A number of activities in this field which were previously sketched out are now given concrete shape in a programme of action to be undertaken over the next four years.

These new proposals have been prepared in the light of the remarks formulated in the Council concerning the previous Commission Communication and after an examination of the memorandum from the Federal Republic of Germany on the integration of development cooperation policies in the Community².

2. The objectives of harmonizing and coordinating the policies of the Member States and the Community in the field of development cooperation.

2.1 The main aim of harmonizing and coordinating the cooperation policies of the Member States and the Community is to increase the effectiveness of the various types of development cooperation action.

As far as this aim is concerned it seems clear in particular that a greater degree of effectiveness at Community level will be achieved only when the various policies of the Community Member States are made to complement one another very closely.

¹COM (75) 94 -- The harmonization and coordination of development cooperation policies within the Community (Commission Communication to the Council of 5 March 1975).

²Memorandum from the Government of the Federal Republic of Germany for a programme of action to integrate further the policies of the Community in the field of development cooperation, dated 31 March 1976.

If this is the objective, it will obviously be possible to attain it only progressively - passing through a stage where information is exchanged but the Member States and the Community take their own decisions, to the stage of true coordination, where the individual decisions will have to be coordinated on the lines of general principles agreed on jointly.

The establishment of a joint development cooperation policy can be seen as the culmination of this trend.

2.2 This progressive integration of aid policies is expressed in the German Memorandum as the transition from a phase of "coordination of action" to a phase of "harmonization of policies".

This view, which is based on an evolution in successive stages, seems logical, but it is the Commission's opinion that the integration of aid policies is governed at the present time by an internal dynamism which is hard to reconcile with so precise a pattern.

Experience has shown that it is difficult in practice to distinguish clearly between the different stages of this process and that coordination and harmonization situations of different degrees of intensity can co-exist, as at present. In certain fields (as in the CIEC) harmonization has reached the stage of the formulation of truly common positions, whereas in other cases coordination has scarcely begun.

And so, rather than aiming straight away to cover, by coordination, all aspects of cooperation, the Commission is in favour of covering them progressively in the light inter alia of international developments.

In the first place it will therefore be necessary to strengthen the structures which currently ensure the coordination of cooperation policies (in particular those provided for under the Lomé Convention) and then progressively establish new structures corresponding to the requirements of coordination on a broader basis.

At the same time an attempt will be made to develop existing information channels and procedures, and to create new ones where this proves necessary (within the framework already outlined in the Resolution adopted by the Council on 16 June 1974).

Naturally, the final objective is still, as stressed in the German Memorandum, to establish the principle of overall Community responsibility for development cooperation.

3. The scope of harmonization and coordination

In dealing with the scope of coordination and the programme of work, the Commission drew a distinction in March 1975 between the general aspects and the operational aspects of cooperation. Since that time considerable progress has been made in both directions. Developments have been particularly satisfactory as to the general aspects, as a result of the need for the Community and the Member States to put forward common positions in certain international forums; while implementation of the Lomé policy has provided the new impetus for operational cooperation

4. Proposals to achieve a progressive combination of the Member States' and the Community's policies and action in the field of development cooperation

4.1 Within the framework outlined above, the Commission feels that a number of practical measures can be carried out during the period covered by the Lomé Convention and by financial protocols of the same nature. The general aspects of such measures are examined here and Section 5 sets out the practical arrangements and timetable for their execution.

4.2 A number of specific topics relating to the general aspects have been tackled on an ad hoc basis in the Working Party on Development Cooperation. This work resulted in 1974 in the adoption of a series of resolutions by the Council (Ministers responsible for cooperation). These resolutions concerned, as well as the approximation of cooperation policies in general, the volume, terms and geographical distribution of aid and the problem of the debt burden of the developing countries.

In addition, Community preparation for international conferences relating to development cooperation has been progressively intensified. One can mention here the UNIDO Conference in Lima, the sixth and seventh special sessions of the United Nations General Assembly, and in particular the CIEC and the fourth session of UNCTAD.

The Commission agrees with the German Government that harmonization for the purpose of international conferences must be strengthened and put on a systematic basis. The objective should be to arrive at common positions on the main topics under consideration. As was shown by UNCTAD IV, it is only by putting forward common positions that the Community can have a significant influence on the results of such conferences.

4.3 The continuation and intensification of the Community's work in connection with the CIEC and other international conferences will doubtless occupy the greater part of the "coordination capacity" of the relevant departments of the Commission and the Member States. In addition, preparation by the Community for these meetings will make it possible, as the past has shown, to tackle successively all the important questions which arise in the international cooperation field. Experience has also shown that deadlines imposed by international developments have a healthy accelerating effect on the work of Community coordination.

Naturally this does not prevent the examination, within the Community and as far as possible in parallel with the above work, of certain specific subjects of particular interest to the Member States and the Community, for instance technical assistance against payment for certain groups of developing countries.

Along the same lines, there has been a beginning of Community coordination in the field of scientific research of interest to the developing countries in the framework of the Scientific and Technical Research Committee (CREST).

4.4 At the practical level, operational coordination can be undertaken:

by country or regional group, where the various Community partners agree on a common, complementary policy towards a specific country or group of countries;

by project or programme of action, where two or more partners take part together in the same action.

4.4.1.1 Coordination on a country-by-country basis (ACP and southern Mediterranean initially) will find its logical place in the meetings which are currently being held between the Commission and the Member States to programme financial and technical assistance under the Lomé Convention and in those which will soon be held in a similar context for the Maghreb and Mashreq countries.

Hitherto these meetings have served to coordinate the action of the Community with that of the Member States in each ACP State on the basis of the information received on the national aid policies; but now there is a growing tendency to go beyond this stage. The Member States are showing increasing

interest in mounting Community projects, and the exchange of information leads to the formulation of a common attitude - if not a common policy - towards the ACP country under consideration.

This trend must be supported, and it will therefore be necessary for these meetings to continue during the life of the Lomé Convention and agreements of like nature with periodic thoroughgoing examinations not only of the Community's aid programmes and policies but also of those of the Member States, thus leading to a better de facto coordination of the projects undertaken or contemplated by the Member States themselves.

In addition, ad hoc committees could be formed at a more technical level, if the need became apparent, to tackle the specific problems which might be raised as a result of a particular situation in a given country (disasters, etc.).

For the Mediterranean countries - since the institutional framework is of a like nature to that provided by the Lomé Convention - it is necessary to envisage a similar development of coordination between the Community and the Member States and among the Member States themselves. The Commission's proposals on cooperation with these countries will therefore be prepared in the light of information it can obtain on action being or to be undertaken by the Member States in this part of the world. This information should permit de facto coordination between Member States by making their activities better known.

4.4.1.2 In relation to other developing countries a start has already been made on coordination between the Community and the Member States (food aid). The orienting of national action towards a Community context should be encouraged, and steps should be taken in the short term at least to ensure that action taken by one country does not conflict with that taken by others.

4.4.2 Operational coordination by project or programme of action has been achieved in the past in a non-institutional framework with fairly successful results.

Coordination of this type should be intensified where a number of Member States and the Community participate as providers of funds in the same financing operation.

This is particularly interesting where such participation accompanies or brings about that of other providers of funds, in particular certain oil-producing countries.

4.4.3 The joint examination of the sectoral aspects of aid policies (training, stock farming, water supply, etc.) or of the instruments of cooperation (trade promotion, industrial promotion, food aid) is of particular importance because of the influence it can have on the moulding of a concerted attitude towards specific problems.

Such an examination can be carried out:

on an extended basis by general discussions organized around a specific topic;

on a restricted basis, in order to solve a specific problem, via the provision by a Member State or the Commission of experts from the various Member States.

In the former category, meetings of experts have already been arranged in the past on technical themes (stock farming, project evaluation). Such activity must be continued and the range of participants and subjects extended.

The Commission intends to hold meetings including not only government representatives but also non-official participants who, through the work they do, could make an effective contribution to the subject under discussion.

As regards the second point - the mobilization of individual capacities - the Commission feels that it should be possible and useful to second for a shorter or longer period an expert belonging to a public or semi-public body in one Member State or a Community official to a similar body in another Member State. or to the Commission. Such secondments would be made in order to integrate the efforts of national and Community authorities on a provisional basis so as to facilitate the solution of specific problems through experience gained.

For its part, the Commission will undertake on the basis of the information supplied by the Member States to establish an inventory by category of available experts, to collect and forward the requests to use this facility and, on a general level, to follow up this new type of coordination.

4.4.4 The coordination of the Member States' sectoral policies is also necessary in certain international bodies specializing in particular aspects of development to avoid the risk of divergent positions being adopted on the questions of principle that these bodies have to tackle and on the action to be taken.

This coordination must be organized as speedily as possible in the case of the IFAD since the Fund's preparatory committee will be meeting shortly and since it is necessary to look a little further ahead to the functioning of the Fund's decision-making organs¹.

¹A Commission staff paper analysing this subject will be submitted at a later stage to define the conditions and arrangements under which the coordination in this context can be organized.

4.5 Although at operational level the framework for coordinating cooperation policies between the Community and the Member States seems to be fairly clear-cut - particularly because of past experience - the same cannot be said of coordinating relations with non-governmental organizations.

The opportunities here seem to be particularly interesting and, with a view to putting them into practice, the Commission proposes, as suggested in the German Memorandum, to arrange a meeting between Community experts and experts from the Member States for an exchange of views on the results and methods of cooperation between governmental and non-governmental organizations. The experience gained by the Governments could thus be examined and put to good use. This meeting could take place some time this Autumn.

It seems premature, however, to establish contacts in the immediate future with voluntary organizations, as is suggested in the German Memorandum.

5. Information in the field of development aid

In addition to what has been said above, it is important to stress the need for those responsible for cooperation policy to be kept fully informed of what is going on.

5.1 In its Memorandum, the German Government proposes the preparation of an annual report on the cooperation policies pursued by the Member States and the Community itself. The Commission welcomes and seconds this proposal.

The Commission is aware of the potential importance of such a report, particularly for the purpose of keeping Parliament and the public informed of the development efforts being made within the Community. It agrees with the German Government that this report should in principle cover all the cooperation relations of the Member States and the Community with the Third World. In order to avoid duplication of effort with similar reports, this new report should be centred on the specific features of the cooperation policies conducted within the Community.

The Commission feels however that the overall and comprehensive nature which, viewed ambitiously, such a report should have, can be acquired only

progressively. The Commission wishes moreover to draw the Member States' attention to the fact that the preparation of such a paper makes it necessary for the Commission to collect important information from them specifically for this purpose. It therefore hopes that it can count on the Member States' cooperation in this work.

Because of the staff situation, the Commission proposes initially to devote the greater part of the annual report to the cooperation work undertaken by the Community as such (for food aid national data may be incorporated even in this initial stage). Since this would be the first report of its kind, it should give a brief history of Community cooperation work. Subsequent reports could gradually embrace national policies.

5.2 In addition to this document, other sectoral information will have to be brought to the attention of those involved. For instance, information from the Member States' on their future aid programmes will be standardized and collected for each ACP and Maghreb State, and later each Maghreb State, in order to provide a coherent, overall view. Such information will automatically enable the Member States and the Community to avoid duplication of effort and to align their own action better on that being taken by others.

As for other information, the Commission has already prepared and forwarded to the Member States a document on the economic prospects and development of each ACP State.

The Commission might also have to provide annual notes on economic and political developments in each ACP country and any other developing country linked to the Community by an agreement of the same nature as the Lomé Convention.

6. Implementation procedures and timetable

6.1 The implementation procedure and timetable is indicated, where necessary, for the various aspects of aid policy integration dealt with above.

During the next few months the Community's work programme will depend in the first place on the topics tackled within the CIEC and connected with the application of the resolutions of UNCTAD IV. The second stage of this conference will probably deal in greater depth with a number of topics already being discussed within the Community, a number of which are specifically mentioned in the German Memorandum.

These topics will cover:

- (i) certain aspects of industrial and technological cooperation: it has become apparent that one of the aspects on which the Community will have to examine its position more thoroughly is how to involve business firms in international cooperation. This topic will call for concerted positions on very practical points (protection agreements, guarantees, arbitration etc.);
- (ii) the food problem: the Community will have to make a contribution to the discussion on the re-establishment of greater security of food supplies at world level;
- (iii) the geographical distribution and terms of aid: a consensus on this point should be sought at international level, which implies continued efforts to achieve intra-Community coordination;
- (iv) the problem of indebtedness: following Nairobi, the Community must give greater depth to the general position it defined in Nairobi, with a view to its presentation at the CIEC; it should in future approach the requests for debt relief as far as possible on a concerted basis (between creditor Member States).

Other topics, such as the untying of aid, offer in the Commission's view little chance of progress at the present time - as was shown by the Community's discussions on this subject in Nairobi. It therefore seems preferable to suspend the discussion of these topics for the moment in favour of an intensification of the work in other fields, and to take them up again at a later stage.

6.2 As far as the operational aspects of aid harmonization are concerned, it is necessary first of all to intensify - in the context of the Lomé Convention and agreements of like nature - the contacts already being made for the purpose of coordination at the level of a given country or project. As regards more specifically the operations referred to in point 4.4.3, the Commission proposes to organize two meetings of experts next year: the first - on the effects of Community aid on agriculture in the developing countries - should take place next May, the second - on the utilization of solar energy - possibly being held towards the end of next year.

6.3 The meeting between experts from the Community and the Member States regarding relations with non-governmental organizations (NGOs) would be held this November at the invitation of the Commission.

6.4 The annual report on the degree of integration of cooperation policies within the Community could be drawn up by the Commission for June 1977.

The report on the programmes of Community aid (to be published annually) will appear at the end of next year, and the updated versions of the documents on the prospects and economic development of the ACP States and southern Mediterranean developing countries will be prepared as from January 1978. Documents on the short-term economic situation of given countries will be drawn up if there are any important changes in this situation.

6.5 Naturally, these initial indications of methods and procedures are not intended to cover all the requirements in the matter of harmonizing development cooperation policies. Indeed, the evolving nature of this subject suggests, as was stressed earlier, the adoption of a flexible approach.

It will be a simple matter, on taking stock of this policy for the first time, to note the progress achieved and define the needs, which will give rise to more structured measures.