

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(83) 534 final

Brussels, 15 September 1983

Proposal for a
COUNCIL DECISION

determining the general guidelines for 1984 concerning financial
and technical aid to non-associated developing countries

(submitted to the Council by the Commission)

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EXPLANATORY MEMORANDUM

1. Background

The Regulation governing the Community's financial and technical assistance for non-associated developing countries¹⁾ provides that "acting on a proposal from the Commission and after consulting the European Parliament, the Council shall determine, in good time before the end of the year, the general guidelines to be applied to and for the following year" (Article 9.2).

These annual guidelines provide the opportunity to amplify the general objectives laid down in the Regulation, and to specify the proportions of funding which should be devoted to particular geographical areas or set aside for certain general provisions.

The guidelines proposed by the Commission for 1984 are given in annex, and the following remarks are intended to clarify certain general points which should be borne in mind when considering these guidelines.

2. Summary of objectives

The central objectives of this financial and technical assistance are laid down in the above-mentioned Regulation, which notes, inter alia, that:

- the aid shall be directed to the poorest developing countries and to the poorest groups of their populations, and shall be aimed essentially at the rural sector, with particular emphasis on improving food supplies;
- a subsidiary part of the funds shall be directed towards regional actions, and a further proportion shall be set aside for exceptional measures, particularly for post-catastrophe reconstruction projects;
- the aid shall be in grant form, and may be used to cover both foreign or local costs; projects may be financed autonomously, or in cofinancement with Member States or international organisations;
- the allocation of funds shall help to maintain a Community presence in the major regions of the developing world.

3. Experience gained to date

The experience gained since 1976 in implementing this assistance has been described in some detail in the various annual implementation reports (the most recent of which covered the year ending 31 December 1982).

Briefly, it is clear that this is now a well-established component of the Community's overall development policy, and one which is very well received by the recipient countries to whom it is addressed. The assistance provided has always been concentrated on rural development (and particularly on problems related to food production), and directed towards the poorest developing countries.

¹⁾ Council Regulation 442/81

More specifically, the experience gained to date has also shown that one of the key problems in this area is that of absorptive capacity. These problems of preparing and implementing effective development projects are naturally most serious in the very poorest countries, but remain important even with more developed recipients.

The only way of overcoming these constraints is to provide for substantial donor involvement in project preparation and implementation, and to pay close attention to project supervision and control. The special provision made for the recruitment of outside experts is of great assistance here, but it must be stressed that this is only a partial solution, and it remains essential to provide adequate staff resources within the Commission, both in Brussels and in the field.

4. The volume of aid

Over the period 1976-83, total commitment credits of 1,011.5 MECU have been made available for this assistance (of which 235.0 MECU under the 1983 budget). This funding has served some 30 recipient countries in Asia, Latin America and Africa, with a total population of some 1.350 million, and average per capita income of \$ 310 (1980 IBRD data).

While the volume of funding available has grown rapidly, it is clearly still very small in relation to the needs of the recipient countries to whom the programme is addressed. Given the political will expressed on several occasions by Parliament and Council in favour of a significant Community participation in the development of these important regions of the world, the Commission considers it essential that the 1984 budget should include commitment credits of 300 MECU and payment credits of 180 MECU.

5. Comments on the proposed guidelines for 1984

In most respects, the guidelines proposed for 1984 are virtually identical to those followed in previous years. This is the case for the geographical allocation of funding (75% for Asia, 20% for Latin America, and 5% for Africa), and for the eligible recipients ¹⁾. As in previous years, certain countries have been singled out for a particular effort in 1984, taking account of their specific circumstances or of particular Community obligations.

The general provisions for the recruitment of outside experts (3% of budget credits) and for international agricultural research (2% - 3%) have also been set at levels similar to those of previous years, as has the special reserve for post-catastrophe projects (5-7%).

Finally, it should be emphasised that the overall objectives and the choice of sectors and types of action, remain exactly as in previous years. As laid down in the Regulation, priority will continue to be given to rural development actions, and particularly to the improvement of food supplies.

1) A full list of past recipients, up to and including 1982, is given in Annex B

Proposal for a Council Decision determining the general guidelines for 1984 concerning financial and technical aid to non-associated developing countries

(Submitted by the Commission to the Council on 20 September 1983)

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 442/81 of 17 February 1981 on financial and technical aid to non-associated developing countries⁽¹⁾, and in particular Article 9 (2) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament,

HAS DECIDED AS FOLLOWS:

Article 1

General provisions

- (a) The reserve for post-catastrophe actions shall be set at between 5 and 7 % of budget credits; funds not used for this purpose by 31 October shall be made available for normal development projects in line with the geographical allocation of funding set out below.
- (b) Assistance for international agricultural research (through the CGIAR institutes) shall account for 2 to 3 % of budget credits.
- (c) The special provision for the recruitment of outside expertise shall be set at 3 % of budget credits. Within this, approximately 2 % will be earmarked for short-term expert assistance or small studies, and the rest for the establishment of development officers in key recipient countries.

Article 2

Geographical allocation of funding

After deducting the above general provisions, 75 % of budget credits shall be allocated for projects in Asia, 20 % for Latin America and 5 % for Africa.

⁽¹⁾ OJ No L 48, 21. 2. 1981, p. 8.

Article 3

Eligible recipients

Eligible recipients shall include all those recipient countries or organizations who have received assistance in years prior to 1984, plus Columbia (considered for assistance in 1982).

Article 4

The allocation of funding

As in previous years, funds shall be allocated on a project basis, taking due account of:

- the availability and readiness of specific projects, their intrinsic developmental value, and their fit with the needs and priorities of recipient countries,
- the income levels and development needs of particular recipient countries, the volume of funding provided in previous years, and the experience gained in implementing past aid.

However, a particular effort shall be made for certain recipient countries, taking account of their specific circumstances:

- in Asia, a particular effort shall be made for *Thailand* (taking account of Community obligations to that country in the context of the agreement on cassava production and diversification), and for *Indonesia* (taking account of the dramatic deterioration in that country's balance-of-payments position), while *India* shall of course continue to be the largest recipient (taking account of its size and level of income, of the substantial efforts and successes achieved, and of its serious balance-of-payments problems, particularly *vis-à-vis* the Community),
- in Latin America, a particular effort shall be made for *Bolivia* (taking account of the special needs of that country following its return to democratic government),
- in Africa, assistance to *Angola* and *Mozambique* shall be continued, covering normal rural development actions or regional actions and with

an emphasis on actions which can help pave the way for the integration of these countries within the Lomé Convention.

For regional actions, emphasis shall continue to be given to the direct or indirect development of the rural sector, while not excluding other sectors should this be appropriate and practical.

Article 5

Sectoral emphases and type of action

As in previous years, priority shall be given to the rural sector, and particularly to actions aimed at increasing food production and improving the availability of food supplies. Within the rural sector, both production and support services shall be considered, as well as actions in the field of social or production infrastructure.

The type of action to be considered, as in previous years, shall include traditional single-sector projects, multi-sector integrated projects, or sectoral programmes. The choice of approach shall be made taking account of recipient needs and priorities, of the specific requirements of a particular action, and of the possibilities for accelerating commitments and disbursements and thus of maximizing the overall effectiveness of Community assistance.

ANNEX

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

List of countries and organizations having received EEC assistance on at least one occasion, indicating the latest annual programme concerned in each case (up to and including 1982)

I. COUNTRIES

Asia		Latin America	
India	1982	Honduras	1982
Bangladesh	1982	Nicaragua	1982
Pakistan	1981	Haiti	1982
Afghanistan	1977	Costa Rica	1982
Sri Lanka	1980	Dominican Republic	1982
Nepal	1982	Bolivia	1979
Maldives	1980	Ecuador	1981
Bhutan	1982	Peru	1980
Burma	1981	Africa	
Thailand	1982	Angola	1982
Indonesia	1982	Mozambique	1982
Philippines	1981	Zimbabwe	1980
Vietnam	1977		
Laos	1979		
North Yemen	1981		
South Yemen	1982		
Palestine (occupied territories)	1981		

II. ORGANIZATIONS**Asia**

ASEAN	Association of South East Asian Nations
ADB	Asian Development Bank
ICRISAT	International Crop Research Institute for the Semi-Arid Tropics
IRRI	International Rice Research Institute
Interim Mekong Committee	

Latin America**ANDEAN PACT JUNTA**

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