

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(88) 397 final

Brussels, 25 July 1988

Proposal for a
COUNCIL DECISION

determining general guidelines for 1989 for
financial and technical assistance to Latin American
and Asian developing countries

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. Since 1976, the Community is carrying out financial and technical co-operation with the Asian and Latin American (ALA) developing countries as part of its development co-operation policy. The basic aims of this form of co-operation are set out in Council Regulation (EEC) N° 442/81.

The necessary financial resources are fixed each year in a special heading in Chapter 93 of the general budget of the European Communities; in 1988 this heading was divided into two regional sub-headings.

Financial and technical co-operation is available as a general rule to the poorest developing countries in Asia and Latin America and is aimed mainly at developing food production and improving the living conditions of the poorest sections of the population, with the subsidiary aim of promoting regional co-operation among developing countries.

2. This instrument is one of those development aid instruments which the Community makes available to the ALA developing countries under its co-operation policy. Other forms of aid are financed from other appropriations, most of which come under Title 9 of the budget.

Development co-operation is provided mainly through standard food aid, cofinanced with NGOs, Stabex PMA, while humanitarian aid is in addition provided in the form of emergency aid, emergency food aid, aid to refugees and displaced persons and aid for drug abuse control; economic co-operation is available for trade promotion, energy projects, industrial, technological and scientific co-operation schemes and training.

Humanitarian aid and economic co-operation is in principle available to all developing countries in Asia and Latin America.

3. Regulation (EEC) N° 442/81 lays down the basic aims of financial and technical co-operation with the ALA developing countries and provides that the Council, after consulting Parliament, shall determine before the end of the year and guidelines to be applied to aid for the following year.

Each year, the Commission accordingly send the Council a proposal for a Decision.

In the past the general guidelines have not only defined the aims and priorities of the operations to be financed but have also allocated the aid by continent and by general heading (disaster reserve, international agricultural research, administrative expenses, etc...).

The guidelines have always been a useful guide for the Commission in its executive role.

4. Proposed guidelines for 1989

In the course of the 1988 budget procedure the budgetary authority decided to split the budget heading containing the appropriations for financial and technical cooperation with the ALA developing countries into two headings, one for Asia (9300) and the other for Latin America (9310).

It is therefore clear that within the framework of this decision there is no longer any need to indicate a division of aid by continent.

Within this context, the basic aims of this form of aid and the principles governing Community operations in this field remain unchanged. However the creation of two separate budget lines for Asia and Latin America will allow the co-operation to be better adapted to the priorities and needs of the beneficiary countries.

The large number of LLDCs and highly populated countries in Asia means that Community aid to the region must focus on countries with a relatively low level of development.

Notwithstanding the value of maintaining technology transfers to the rural sector wherever necessary, Community aid should contribute to an increase in investment - and in particular productive investment - beyond the level which can be generated by domestic savings, by bringing in foreign capital.

The wide variety of cultures and development conditions in Asia will be taken into account and Community aid will be tailored to the needs of individual countries.

The development threshold to be taken into consideration for Community aid to Latin American countries will be assessed in the context of the general situation of the regions of the area which are more developed than Asia.

In view of the vast disparity between the richest and poorest sections of the population of most countries of Latin America, which lead to social and political tensions, Community aid will be targeted mainly on the poorest sections of the rural population and will focus on the transfer of technology and appropriate know-how via pilot schemes which can serve as a model for the countries' wider policies.

Particular emphasis will be placed on the production of staple foods, support measures for national land reform legislation and programmes enabling grassroots (in many cases aboriginal) communities to take responsibility for their own development.

A special effort will be made to support the desire and efforts of countries in this region to achieve regional or subregional integration, since most Latin American countries do not have a large enough internal market to enable sustainable industrial production, an essential condition for subsequent progress, to start up or recover.

On this front, Central America will receive particular attention, in accordance with the undertakings which the Community renewed at the 1988 ministerial conference in Hamburg (San José IV).

Two reserves, common to the two budget headings, and recorded against each, should be set up as follows:

- (i) 3% of funds available under each budget heading to support international agricultural research carried out by member institutes of the OGIAR situated in Asia or Latin America - this forms an integral part of overall Community support for agricultural research on behalf of developing countries;
- (ii) 2% of funds available under each budget heading for the services of outside experts.

External assistance is essential for the implementation of financial and technical cooperation: it enables Commission departments to commission studies with a view to identifying and monitoring projects and programmes and provides non-member countries with expert help for implementation and feasibility studies, and indeed technical studies.

The percentage of total appropriations earmarked for this second reserve lower than in previous years because the appropriation covering the expenses of the external delegations in Latin America and Asia has been transferred to other budget headings (since 1 January 1988).

The very nature of the reserve for operations in response to exceptional circumstances and disasters means that it should be fixed at an overall level for all ALA developing countries. The funds for this reserve are to be drawn from the relevant geographical budget heading for the region to which the recipient country belongs.

The percentage of appropriations allocated to this reserve was 6% in previous years. However, it will not be possible to keep spending down to this limit in 1988, and it has in the past prevented the Commission from providing adequate relief for disaster victims when a large number of such unforeseeable events occurred in a given year.

In view of past experience, the Commission proposes a reserve of up to 10% of total available funds.

II

(Preparatory Acts)

COMMISSION

Proposal for a Council Decision determining general guidelines for 1989 for financial and technical assistance to Latin American and Asian developing countries

COM(88) 397 final

(Submitted by the Commission on 29 July 1988)

(88/C 222/07)

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,

Whereas general guidelines should be determined for the administration by the Commission of financial and technical assistance to Latin American and Asian developing countries in 1989;

Whereas at the close of the conference held in Hamburg in February 1988 (San Jose IV) the Community confirmed its support to the process of democratization in the various countries of Central America,

HAS DECIDED AS FOLLOWS:

Article 1

Objectives and priorities

Community aid should be concentrated on helping the poorest countries and the neediest sections of the population.

Priority will be given to the rural sector and, in particular, to measures aimed at improving the food situation, as a contribution towards the campaign to combat hunger in the world. Within the rural sector special attention will be paid to production, support

services and operations in the sphere of social infrastructure as well as training of farmers and middle-level staff within the projects and programmes which have been adopted. Encouragement will equally be given to the least-developed countries in looking for jointventure exercises with Community enterprises.

Support for regional integration efforts will be maintained and stepped up in all sectors in which Community support can make a positive contribution.

Aid will be tailored to the needs and priorities of each country and each region.

In Asia particular attention will be paid to the need for a transfer of capital, with a view to increasing productive investment in particular in the rural sector, as well as the need to improve the living standards of the neediest sections of the population.

In Latin America particular attention will be paid to reducing social disparities, through support for pilot projects to promote land reform efforts by calling on the potential of rural communities for self-management.

Community aid to Central America at both regional and national level will be given special attention.

Ad hoc training projects may be considered in countries where they constitute a necessary preliminary to other activities.

Wherever possible, Community aid will be used to prepare and implement agricultural policies (food strategies) incorporating Community food aid where necessary.

⁽¹⁾ OJ No L 48, 21. 2. 1981, p. 8.

In exceptional circumstances aid may be allocated for infrastructure in least-developed countries where shortcomings handicap rural development.

Article 2

Budget appropriations

There shall be separate budget appropriations for the implementation of financial and technical cooperation in Asia and in Latin America.

Reserves common to Asia and Latin America will be set up for the specific operations referred to in Article 5: the specified percentage indicated in Article 5 will be used from each of the two budget appropriations.

Article 3

Measures to deal with exceptional circumstances

The part of the aid to be earmarked, pursuant to Article 3 (3) of Regulation (EEC) No 442/81, to deal with exceptional circumstances, in particular projects which concern reconstruction following disasters, will be limited to a maximum of 10 % of the available funds referred to in Article 2, thus making it possible to provide an adequate response to needs which are difficult to forecast.

Article 4

Implementation of aid

Aid shall be granted for projects or programmes, including integrated projects and sectoral programmes,

where appropriate, in accordance with Regulation (EEC) No 442/81 and all other applicable provisions.

The allocation of funds shall take account of:

- the intrinsic value to development and the degree to which intervention corresponds to the priorities of the recipient countries and regions and the needs of the poorest sections of the population,
- the income levels and development needs of the recipient countries, funding provided in previous years and the experience gained in implementing past aid,
- cooperation agreements concluded with certain recipient countries or groups of recipient countries.

The Commission and the Member States will continue to make strong efforts to increase the volume of cofinancing, in particular between the Community and the Member States as well as other countries and organizations.

Article 5

Special provisions

The Community shall support agricultural research in Asia and Latin America at all levels. The upper limit for international research shall be 3 % of the funds referred to Article 2.

The upper limit for the cost of administering the 1989 programme (use of outside experts, provision of specialists) shall be 2 % of the funds referred to in Article 2.

FINANCIAL STATEMENT

Budget heading: Articles 9300 and 9310

Direct financial implications: None that are new

This communication will serve as a guide for the application of headings 9300 and 9310 of the 1989 budget up to the ceiling of the appropriations entered under those headings by the budgetary authority.

