

11.11.91

MEMORANDUM
ON THE
COMMUNITY'S DEVELOPMENT AID
in 1990

I	Major new policy orientations	1
II	Volume of aid	6
III	Aid quality, composition and financial terms	14
IV	Public relations, Parliamentary Opinions, information activities	15
V	Multilateral contributions	16
VI	Management and evaluation	17
VII	Procurement policies	20
VIII	Sectoral trend of aid	21
IX	Structural Adjustment	25
X	Aid and the environment	27
XI	Women in development	30
XII	Cooperation through non-governmental organisations	32
XIII	Other instruments of development cooperation.	34

I. Major new policy orientations

General trends

The development policies of the Community have undergone new priorities and evolutions. At all levels one may find more emphasis on environmental protection, respect for human rights, and decentralised cooperation.

A general concern of the development policy of the Community for all beneficiary countries is that aid should be more effective. To this end more emphasis is placed on the domestic policies of developing countries, on the effects of growing trade and in focussing attention on individual country situations.

Sound domestic policies are necessary for an effective external assistance. Hence more attention is now being given to the efforts of national governments to reform and improve institutional and administrative structures. Respect for human rights will be equally important for cooperation between the EC and the developing world.

Development support must be tailored to the particular situations of developing countries and regions. Thus, the form of support that is suitable for of Sub-Saharan Africa may not be appropriate for other developing countries. As a consequence the Community's approach to development in the ACP countries differs from that adopted for the developing countries of Asia, Latin America and the Mediterranean (ALAMED) although the general objectives (ensuring sustainable and equitable development, a mutual interest) are the same.

However development is not just a matter of the right form of development support and correct domestic policies. The increasing inter-dependance in the world economy and environment calls for effective policies in both industrialized and developing countries. An open multilateral trade system is an essential external condition for sustainable development.

Moreover, certain Community trade policy instruments are very important to many developing countries, in particular the Generalised System of Preferences. The Commission has now adopted a memo on the broad lines of the Community's generalized preferences scheme for the 1990s.

The Commission considers that a development-oriented commercial policy instrument such as the GSP that treats the Third World countries on a differential basis is still needed, but that it should be considerably improved in the light of developments since its inception. With this in view, it is drawing up a number of principles likely to contribute to the setting-up of an attractive new scheme, which would be simpler, more stable and more transparent. This approach requires coordination by the donor countries in order to achieve greater harmonization of their GSP policies, and also measures to take account of certain beneficiary countries' increasing ability to make their own contribution to trade liberalization. On the basis of the outcome of the Uruguay Round, the Commission will propose specific measures based on these broad lines and will present the operational scheme.

The Community adopted a Council Resolution on 29 May 1990 setting out its policy on the better integration of environmental concerns in development aid. The Resolution recognises that each developing country must determine its own environment policy but confirms all Community projects and programmes should be subject to an appropriate level of environmental scrutiny. It pledges support for developing countries in improving their understanding of the local environment, in preparing environmental strategies, and in strengthening environmental institutions. It stresses the importance of integrating environmental economics in development planning and of the participation of local people in environmental decision-making. The Resolution draws attention to the links between environmental degradation, poverty and population growth and lists a number of local environmental problems as priorities for development assistance. For the first time the Development Council through the Resolution also stressed the importance of involving developing countries in worldwide efforts to tackle global environmental issues. The Council recognised this could only come about through sustainable growth in the developing countries themselves and through the provision of additional resources on concessional terms.

The Lomé Conventions

In the area of relations between the Community and the African, Caribbean and Pacific States, 1990 was spent drawing up the new convention signed in Lomé on 15 December 1989. The Convention had to be ratified by the Member States and at least two thirds of the ACP States before it enters into force.* The adoption of transitional measures as far back as 1 March enabled certain major provisions of

* The Convention came into force on 1 September 1991.

the Convention to be put into force straight away, particularly the trading arrangements which it lays down. Namibia, independent since 21 March, acceded to the Convention and thus became the 69th ACP State. The Lomé Convention therefore now covers the whole of sub-Saharan Africa apart from South Africa. In view of developments in that country, and in line with the conclusions of the Dublin European Council, the Community decided to increase the funds earmarked under its programme of positive measures to aid the victims of apartheid, especially in terms of meeting the requirements created by the return of exiles.

On the operational front, once the breakdown of programmable resources was settled, the Commission embarked on the process of programming for the next five years. In this the Commission had three aims to keep in view: to consolidate the Lomé III approach of supporting sector-based policies through dialogue and the focussing of aid on a limited number of sectors; to incorporate in the programming exercise the new ideas brought in under Lomé IV, so that they could be given practical effect; and to give due consideration to structural adjustment policies, in consultation with the Member States and the international finance bodies. In addition, some flexibility was built in to the national programmes to allow for changing political and economic situations. By the end of the year the process had been completed for virtually all the ACP countries, and nine indicative programmes were already signed.

The Commission also made a start on regional programming, by giving details of the amount to be allocated to each region and maintaining active contact with national authorizing officers and the various regional bodies concerned.

The main new features are as follows: the importance given to economic integration; "transcendence" of purely geographical considerations; the extension of regional cooperation to include the overseas territories and departments; extension of the scope of cooperation to cover operations encouraging the coordination of structural adjustment policies; clarification of the criteria for defining regional projects and also regional organizations, the importance of which was confirmed; and systemization of methods and procedures in the interests of greater effectiveness.

Development aid to the countries of the Mediterranean basin, in Asia and in Latin America

The Community resources for development of the ALAMED countries include a wide range of financial instruments: official development assistance (ODA), private sector investment, and bank credits and loans. Tariff and multilateral trading-arrangements that encourage developing country exports, schemes that promote private sector investment, the transfer of technology and know-how are also important forms of development support.

The approach to development adopted by the Commission for the ALAMED countries reflects both the diversity of resources needed and the heterogeneous nature of the group of countries. ALAMED includes a group of middle income countries (in Latin America, South-East Asia and the Mediterranean) many of them heavily indebted, and a group of populous but low-income countries mostly in South Asia.

Moreover certain issues are of particular importance for ALAMED namely :

- regional integration and co-operation (MERCOSUR, Andean Pact, ASEAN, Maghreb);
- the resolution of global environmental problems (the Tropical Forests);

Given this diversity of situations and needs the Commission has forged a particular approach to development policy in ALAMED which has a number of elements.

Firstly the importance of the institutional dialogue between the Community and various ALAMED groups (Rio Group, ASEAN, San José Group etc.) on economic and political issues must be stressed. Secondly, as regards development resources, development aid forms part of the Regional Development co-operation programmes of which there are two.

1) **ALA - Asia, Latin America**

The ALA development co-operation programme - the framework for which was agreed by the Council in December 1990 - foresees total financial appropriations of 2.73 billion Ecus for the period 1992 to 1998. This amount, flowing from normal budgetary resources, is to finance two major development instruments :

- development aid in the form of financial and technical co-operation and also actions such as ALA-STABEX,

- economic co-operation with a view to improving the economic climate and supporting industrial and commercial co-operation in particular by promoting investment and encouraging export diversification.

Both of these instruments include expenditures related to environmental protection. In addition, over the same period, resources of perhaps 1.5 billion Ecus are likely to be allocated to food aid and emergency aid programmes.

2) The developing countries of the Mediterranean

As regards the renewed Mediterranean policy, the framework for which was also agreed in December 1990, the form and structure of the resources to be supplied by the Community are somewhat different. The total resources agreed amount to 4.4 bn Ecus for the period 1992-1996. Of these 2.4 bn relate to the financial protocols by country/zone of which 1.3 bn is in the form of EIB loans and 0.3 bn in the form of budgetary support for economic reform programmes in the Mediterranean developing countries.

In addition 2.0 billion Ecus are allowed for across the board horizontal co-operation of which some 1.8 billion will be in the form of EIB loans and 0.2 bn from budgetary resources to finance technical assistance, regional co-operation and environmental projects.

The new Mediterranean policy stresses ;

- the importance of the environment and of horizontal action in this regard ;
- the need to support and mitigate the social costs of structural economic reforms ;
- the importance of the regional approach to development.

To these programmes directed at particular zones must be added the horizontal instruments which form an integral part of the Commission's support to development in ALAMED.

Instruments relating to trade

- the Generalised System of Preferences. This has recently been used in a specific and less generalised way for the poorer countries of the ANDEAN PACT within the framework of a more general programme to tackle the drug problem;
- action within the GATT and in particular in the URUGUAY ROUND to improve the functioning of the multilateral trading system and ensure improved market access for developing country exports.

- actions related to the 1992 programme. In particular, improving the flow of information available to developing countries about matters such as norms and standards thereby ensuring continued and improved access of developing country imports to the Community market.

Instruments relating to the promotion of investment in ALAMED countries in particular the EC Investment Partner Scheme.

II. Volume of Aid

(a) Total volume of Community aid

The total volume of Community aid is composed of financial aid from the European Development Fund, the general budget of the EC and loans from the European Investment Bank.

Table 1 shows the amounts of aid flows in 1989 and 1990.

Table 1

Total flows of EC Aid in 1989 and 1990

	1989		1990	
	mio ECU*	mio\$	mioEcu	mio\$
<u>ODA and OPSC**</u>				
- Commitments	3541	3901	3060	3885
- Disbursements	2511	2809	2550	3237
<u>ODA</u>				
- Commitments	3085	3366	2391	3035
- Disbursements	2441	2688	2385	3028

* Ecu 1 = US\$ 1.10175 in 1989; \$1 = Ecu 0.908
Ecu 1 = \$ 1.2696 in 1990; \$1 = Ecu 0.7877

** ODA: Official Development Assistance
OPSC: Other Public Sector Contributions.

Commitments were at a higher level in 1989 than in 1990 due to the peaking of commitments under the Lomé III Convention in 1987-1989 and a winding down of commitments that started already in 1989.

Disbursements remained at roughly the same level of appr. 2.8 bio Ecus in both years.

(b) European Development Fund

European Development Fund resources are managed by the Commission (grants, special loans, Stabex, Sysmin) and the European Investment Bank (interest rate subsidies, risk capital).

Commitments under the EDF totalled Ecu 789 million in 1990. Converted into current dollars, the figure was 1002 million.

As in 1988 and 1989, the bulk of EDF financing in 1990 came from Lomé III resources (sixth EDF). 98% of the 8th EDF was committed at the end of 1990 and the fourth EDF was closed at a final level of commitments of 3003 mio Ecu. The rate of commitment for Lomé III reached 86% of the financial envelope by end-1990*. This percentage is higher than under previous Lomé Conventions after 5 years of operation.

The EDF finances various forms of cooperation. Programmed aid absorbs approximately 70% of the total and relates to development operations which are set out in development programmes for each ACP State and region which cover the whole period of the Convention. These plans indicate development priorities. Aid from the Community is used in priority areas which may consist of economic sectors or investment programmes.

* Lomé III expired in March 1990; however, to the extent that programmed aid remains to be committed or amounts committed are not yet disbursed, the relevant provision of the Convention remains in place until the envelope is spent.

By the end of 1990, commitments for programmed aid of Lomé III for ACP countries reached 4320 mio Ecu, (i.e. 86% of the envelope). The acceleration of commitments since 1988 has in part been due to special import programmes which were started that year and financed with additional resources provided by the special programme for highly indebted low income countries in Sub-Saharan Africa. This programme was introduced by a special Council decision of December 1987 and should be seen in the wider context of structural adjustment actions designed to achieve economic reforms in the benefitting countries. The characteristics of the special debt programme have been described in the memorandum on the Community's aid in 1986 and 1987. By the end of 1990, the Community had committed 800 mio Ecu to these special import programmes in 38 countries.*

Commitments for regional cooperation were 748 mio Ecu by the end of 1990; i.e. almost 75% of the financial envelope of Lomé III**. The rate of commitment is lower than that for national indicative programmes due to the fact that regional programmes are complex and frequently involve a number of partners in different countries and, in the case of large projects, cofinancing with several donors. The performance varies too by region. West Africa, the Indian Ocean countries and the Caribbean countries had achieved a relatively high rate of commitment by the end of 1990.

Non-programmed aid is designed in the first instance to assist in situations arising because of fluctuation in the prices of agricultural (STABEX) or of mining products (SYSMIN) or to contribute to relieving the effects of natural disasters or comparable circumstances (Emergency Aid). Risk capital operations, managed by the EIB, have under Lomé III been in part integrated in the indicative development programmes of various beneficiary states. However, together with interest rebates on loans from the Bank's own resources, risk capital is for the most part classified under non-programmed aid.

* including 13 countries not covered by the special debt programme who agreed to use part of their national programmed aid to finance import support programmes.

** 1 bio Ecu, including loans from the EIB.

Total commitments for non-programmed aid were 2488 mio Ecu by the end of 1990 of which 1408 mio Ecu related to STABEX, 117 mio Ecu to SYSMIN, 542 mio Ecu for risk capital operations and 363 mio Ecu for special aid (emergency measures and aid to refugees) and interest subsidies.

Disbursements under EDF resources totalled Ecu 1238 million in 1990. Expressed in dollars, the corresponding figure is 1872 million.

Disbursements in 1990 originated largely from the 6th EDF. By the end of 1990 for the 5th EDF the percentage was 81% and almost 42% of the 6th EDF had been paid.

Payment of programmed aid is relatively low amounting to 29.9% of the envelope (1500 mio Ecu) at the end of 1990.

The overall situation with regard to commitments and disbursements is shown in the following table:

Table 2
EDF Commitments and Disbursements in 1989 and 1990 (1)

EDF	1989		1990	
	Commitments	Disbursements	Commitments	Disbursements
4th	3.3	32.2	-83.2	22.0
5th	38.9	240.7	24.3	193.9
6th	1324.2	1024.5	886.3	1040.4
Total	1366.4	1297.2	827.4	1256.3

(1) Including amounts relating to Overseas Countries and Territories.

(c) General Budget of the Communities

In parallel with the EDF, the general budget of the Community contains a title "cooperation with developing and non-members countries".* Most of the budget resources go to non ACP countries i.e. Mediterranean, Asian and Latin American countries.

* Other budgetary resources may also provide funds for certain developing countries, even if they are not intended primarily for that purpose. This applies in particular to the European Regional Development Fund (ERDF) and the European Social Fund (ESF). In 1990, the contributions to the Budget from these other resources accounted for commitments totalling around Ecu 149 million and disbursements totalling Ecu 75 million, which went to various countries, some of which are legally part of the Community but are still regarded as developing countries according to the DAC classification. This applies in particular to the French overseas departments.

Table 3

EC aid financed from the budget in 1989 & 1990

Chapter of the Budget	1989		1990 (mio Ecu)	
	Commitments	Disbursements	Commitments	Disbursements
Food aid	679.7	886.3	539.4	484.9
Cooperation with Latin America & Asian (LAA) developing countries	370.3	221.3	379.4	244.7
Specific measures (in particular NGOs)	96.1	80.8	123.0	99.9
Exceptional measures (e.g. emergency aid)	89.4	86.9	136.0	105.7
Cooperation with Mediterranean countries	201.1	71.0	218.7	102.8
Operation of Commission Delegations in developing countries	1.5	1.5	1.5	1.5
Cooperation with non-member countries (economic & trade agreements)	19.7	14.7	18.3	14.0
	1457.8	1062.5	1414.3	1053.3

Food aid

The total volume of disbursements for bilateral food aid from the Community was \$400 mio (313 Mecu) in 1990.

The Community's direct food aid in 1989 benefitted 39 countries, and represented roughly 65% of total food aid. It was mainly sold by the Governments and the proceeds of the sale (counterpart funds) utilised to finance development projects or sectoral programmes.

Bangladesh, China, Egypt, Ethiopia, Mozambique and Sudan were the countries which received the largest volumes of food aid in these two years.

Multilateral food aid was \$216 mio in 1990 (170 Mecu). The principal contribution from the EC was made to the World Food Programme.

35% of the food aid was distributed through international and non governmental organisations. In this context, a large part of the assistance is directed at refugees throughout the world.

The principal products financed with Food aid were:

	1989	1990
	000 tonnes	
Cereals	1,063.2	1,763.9
Butteroil	12.8	12.1
Milk Powder	80.4	113.3
Oils	13.7	49.5
Sugar	7.0	8.7

Aid to Mediterranean countries

During the year 1990, the implementation of the third financial protocol funds (1987-91) generally proceeded in a satisfactory manner. Whereas end 1989, commitments stood at 45% for budget funds and 41% for EIB own resources, the figures for 1990 were respectively 71% and 52%. As usual disbursements have been slower: end 1990, disbursements stood at 13% of commitments for budget funds and 21% for EIB loans.

As to the first and second financial protocols, covering the periods of 1978-81 and 1982-86 respectively, their implementation has continued as could be expected. Between end 1989 and end 1990, the disbursement rate (for both budget and EIB funds together) for the first protocol stayed unchanged at 93%. This absence of progress is mainly due to the specific circumstances prevailing in Lebanon, as well as to specific implementation problems in Algeria, Egypt and Syria. For the second protocol, the same disbursement rate passes from 67% end 1989 to 75% end 1990.

The main feature of 1990, however, is the birth of the Community's Renovated Mediterranean Policy (RMP). On the basis of the Commission's proposals of November 1989 on the main policy orientations, the European Council of December 1989 invited the Commission to submit concrete proposals, which was done in June 1990. As a result, the Council adopted, on 18-19 December 1990, Guidelines for the Community's policy towards Mediterranean Third Countries for the period 1992-96.

The objective of the RMP is to extend and deepen cooperation between the Community and Mediterranean Third Countries.

The RMP consists of three components of which the fourth financial protocols for the 1992-96 period, to be concluded with the countries of the Maghreb (Algeria, Morocco, Tunisia), the Mashraq (Egypt, Jordan, Lebanon, Syria) and Israel, is the key component.

The fourth generation of financial protocols will provide the following amounts:

- budget funds: Ecu 1,075 million (of which Ecu 300 million within the non-country allocated new structural adjustment facility designed to support economic reforms in South and East Mediterranean countries), as against Ecu 615 million previously, an increase of 75%; out of the Ecu 775 million of the bilateral protocols, Ecu 80 million are risk capital funds;
- EIB own resources: Ecu 1,300 million, as against Ecu 1,000 million previously, an increase of 30%.

Globally, the fourth financial protocols will thus be increased by 47% over the 1992-96 period.

In February 1991, the Council also agreed on the individual country allocations.

The second component of the RMP concerns Community financial support for regional cooperation within the Mediterranean area as well as for environmental projects. For these operations, an amount of 1.8 billion ECU of EIB own resources has been allocated, of which 0.8 billion ECU are for environmental projects in the Mediterranean region. These latter funds will benefit from a 3 percentage point interest rate subsidy, financed from the Community budget funds of 0.2 billion ECU tentatively allocated to "horizontal" cooperation.

The third component concerns additional trade concessions. Concrete proposals are being worked out.

Table 4

Financial Protocols with Mediterranean Countries
Situation as at 31.12.90

mio Ecu

Country	Protocole I (1978-81)		Protocole II (1982-1986)		Protocol III (1987-91)		Total	
	Comm.	Payments	Comm.	Payments	Comm.	Payments	Comm.	Payments
Algeria	114	95	141	71	151	2	406	168
Egypt	169	151	276	215	268	21	713	387
Jordan	40	40	63	57	72	25	175	122
Lebanon	30	26	16	7	-	-	46	33
Morocco	130	130	198	188	258	48	586	366
Syria	60	55	93	52	-	-	153	107
Tunisia	95	94	139	106	180	64	414	264
Total	638	591	926	696	929	160	2493	1447

Cooperation with the countries of Asia and Latin America

In response to an invitation from the Council in November 1989, the Commission adopted a communication on guidelines for cooperation with the developing countries of Latin America and Asia. It is proposed that the Community increase funding and adapt the cooperation instruments to the needs of the countries concerned, while maintaining a

consistent approach in parallel with the policies towards the ACP countries and the Mediterranean developing countries. The proposals focus on development aid targeted on the poorest countries and the poorest sections of the population of those countries, and economic cooperation with countries or regions which have major commercial potential. The Council approved the guidelines in December 1990, setting an indicative aid package of Ecu 2,750 million for the period 1992-1996, 10% of which is earmarked for the environment, mainly for the protection of the Amazonian forest.

Financial and technical cooperation with the countries of Latin America absorbed Ecu 105 million in commitment appropriations: the main operations focused on regional integration in Central America and in the Andean countries. The main economic cooperation projects concerned trade promotion (Ecu 5.5 million) and training (Ecu 7.4 million). Some Ecu 8 million was devoted to industrial cooperation, Ecu 3.6 million to energy cooperation and Ecu 2.8 million to the promotion of regional integration. A major humanitarian aid operation was mounted for the repatriation of Nicaraguan nationals.

Under the financial and technical cooperation, the Asia Region absorbed ECU 175 million in commitment appropriations. Eighty percent of the volume of operations responded to investment projects, while the remainder responded to catastrophies in Bangladesh and the Philippines. The main economic cooperation projects dealt with trade promotion (ECU 6 million) and training (ECU 7.3 million). Regional integration (ECU 1 million) and energy (ECU 1.8 million) accounted for the rest of the appropriations.

III. Aid quality, composition and financial terms

The Community's development assistance is mainly bilateral and consists of grants and loans at very favourable terms. Multilateral aid only concerns food aid and was 185 mio Ecu in commitments and 170 mio Ecu in payments i.e. around 6% of total aid in 1990.

The third protocols with Mediterranean countries and the 4th Lomé Convention have abolished the special loans.

Apart from funds managed by the EIB (risk capital, and loans from the Bank's own resources) all financing will henceforth be in the form of grants.

Risk capital may be provided in the form of loans or equity participation. Loans are either subordinated or conditional in which case the servicing and/or duration is linked to the fulfillment of certain conditions with regard to the performance of the project financed.

The interest rates may vary depending on the characteristics of the project but shall in any case be less than 3%.

The fourth Lomé Convention stipulates that in order to minimise the effects of exchange rate fluctuations, the Community will bear the risks in the case of risk capital operations designed to strengthen an enterprise's own funds. In other cases (financing for private sector firms) the exchange rate risk shall be shared between the Community and the other parties involved.

Under Lomé IV loans from the EIB's own resources under Lomé IV shall be granted a 4% interest subsidy. The rate of subsidy shall be adjusted so that the interest rate borne by the borrower will not be less than 3% and not higher than 6%. The duration of loans from the Bank's own resources can be variable but may not exceed 25 years. Some Mediterranean countries also benefit from an interest subsidy (2%). The other terms of finance are variable.

Some ACP States have from time to time experienced difficulties in fulfilling their obligation vis-à-vis the EIB. Art. 292 of the Lomé IV Convention foresees arrangements, made on a case by case basis with the Commission, to use available foreign currency from EDF disbursements for servicing of debts to the EIB.

IV Public Relations, Parliamentary Opinions, Information Activities

As a result of a major review of aid and cooperation with Asia and Latin America carried out in 1989 and 1990, and after approval from Council and Parliament, a comprehensive report was published in 1990 by the Commission, aimed at the general public, and printed in three languages.

A review of relations between the Community and ASEAN was widely circulated as a supplement to the Far Eastern Economic Review.

The Courier, a magazine published every two months which deals with relations between the developing countries, particularly the ACP countries, and the Community is one of the principal sources of information for the public on Community development aid. The magazine has a circulation of 80.000 in French and English and is distributed all over the world.

Specific issues in 1990 concerned e.g. finance and banking, aid to refugees, policies for irrigation and road construction. Every edition contains a country report and interviews with leading personalities in the field of development.

The Commission's information departments spend approximately 600.000 Ecu annually on the production of publications on the Community's development policy, participation in events and other public relations. An important publication in 1990 was the aid review "From Lomé III to Lomé IV", a report on the implementation of the financial and technical cooperation under the Lomé Conventions, prepared by the Directorate General for Development of the Commission in collaboration with the European Investment Bank.

The European Parliament, in particular the Committee for Development and Cooperation, has actively worked at reinforcing and improving EC development policy. The Committee was concerned, inter alia, with the debt situation in developing countries, and action in favour of human rights of the population in the Third World.

In May 1990, the Parliament gave its assent to the fourth Lomé Convention.

The ACP-EEC Joint Assembly held the first of its two annual sessions in Port Moresby, Papua New Guinea, and the second in Luxembourg. The first session was dominated by examination of the specific problems of the South Pacific countries and completion of the task of assessing the impact of 1991 on the ACP countries. Both sessions also included discussion on the priorities adopted for implementing the ACP-EEC Convention, and also the situation in southern Africa. Other important points from the Luxembourg session were the following: ACP debt, with an appeal being made for cancellation of official debt; the effects of the Gulf crisis on the ACP countries and the consequent need for increased financial resources; a hearing on women in development; and progress reports from the groups set up to look into intra-ACP trade and transport issues.

V. Multilateral Contributions

The bulk of the Community's multilateral contributions involve food aid. A substantial proportion of this aid (between a quarter and a third, depending on the year) is allocated via United Nations specialised agencies (UNHCR, WFP, UNRWA, UNDRO) or the Red Cross (ICRC, LICROSS). For 1990, the quantities involved for different commodities were 431.540 tonnes of cereals, approximately 24.000 tonnes of milk powder, 18.000 tonnes of vegetable oil, and 10.200 tonnes of sugar. Funds allocated to these international organisations totalled 170 million Ecu in 1990.

During 1990 the Commission continued its exploratory talks with the Food and Agriculture Organization of the United Nations (FAO) in order to work out membership status for the Community commensurate with its spheres of competence. On the basis of the outcome of these talks, in October the Council decided to initiate negotiations with the FAO with a view to amending the organization's Constitution to allow membership by a regional economic integration organization, since at present only States can be members. At its 98th meeting the FAO Council expressed a favourable opinion on Community membership.

VI. Management and evaluation

Management of aid

Following the consistent concern expressed by the ACP-EEC Council of Ministers and the proposal of Vice-President Marin during the meeting of the ACP-EEC Council of Ministers held in Fiji in March 1990 for a joint evaluation on the application of procedures for financial cooperation such a study was agreed by the ACP-EEC Council in its meeting in Brussels in May 1991.

The evaluation is undertaken within the framework of the responsibilities of the Development Finance Cooperation Committee as set out in Art. 325 of Lomé IV.

The objective of the study comprises an examination of the application of implementation procedures with a view to identifying problem areas and bottlenecks and to make practical proposals aimed at facilitating implementation.

It will concentrate on different stages of operation as follows: programming, project studies, project execution and evaluation. All these stages are inter related and delays in one could bear consequences on another.

The ACP Secretariat and the Commission will draw up the conclusions based on the analyses done and will make proposals with a view to enhance the implementation of projects and programmes.

As regards the implementation of aid cooperation with Mediterranean, Asian and Latin American countries a number of measures were progressively introduced to strengthen project management and improve project impact. Among others, such measures placed particular emphasis on the key issues of aid sustainability, the need to address such issues properly at the preparation stage, and the importance of following them through implementation, to completion and ex-post evaluation.

Evaluation of Aid

In 1990 the Commission's Evaluation unit produced (mainly by employment of external consultants) 118 reports* dealing with 37 different subjects in developing countries of Africa, Asia, Latin America and the Mediterranean region. The main sectoral evaluations refer to tourism development and the fisheries sector; the thematic evaluations to the integration of women in rural development projects and environmental effects of EDF financed operations; the instrumental evaluations to the Centre for Industrial Development, sectoral and general import programmes, appraisal and monitoring of small-scale projects, food aid, regional cooperation, etc.

As regards country evaluations, a number of projects have been identified in Asian and Latin American developing countries, as well as in countries of the South-East Mediterranean region; this fact replies to requests from the Member States to earmark an increasing percentage of evaluation funds for non-ACP projects and programmes.

The overall results of EEC financed operations are, generally speaking, positive as far as the achievement of the immediate objectives and the quality of the technical implementation are concerned. Satisfactory sustainability perspectives, however, are apparently more difficult to reach; their improvement needs a longer-term learning process of all partners involved in project preparation and implementation. To speed up this process, the Commission has, among others, initiated the "Integrated approach to project cycle management" covering by a coherent set of appraisal criteria the different steps in the project cycle from its identification until its evaluation.

* They refer to evaluations financed by the CEC budget; they do not include the so-called built-in evaluations financed from EDF funds or other project resources.

Other elements of equal importance for project success are comprehensive preliminary studies taking into account the needs of beneficiaries, efficient local institutions responsible for the project, a favourable macro- and macro-economic framework as well as a favourable political context, a permanent "policy dialogue" between the partners involved and an appropriate choice of technologies.

A continuous follow-up mechanism of on-going projects should be introduced systematically, such as the Commission's "early warning" reports which the delegations in ACP countries have to fill in; the system gives a particular focus on sustainability considerations and is supplying useful information data for future ex-post evaluations.

In November 1990, the Commission organised an ACP/EEC experts' meeting to review the results of a sectoral evaluation of EDF financed energy projects and to prepare "Proposal for Basic Principles" for future projects and programmes in this sector. These proposals have meanwhile been adopted by the ACP/EEC Council of Ministers in May 1991.

Furthermore, the Evaluation Unit continued in 1990 to produce "EVALUATION" of each completed evaluation which summarizes in maximum 2 pages the main findings, conclusions and recommendations of the evaluation. They are widely distributed among the international donors community and developing countries, for their information; the relevant basic reports are sent on request.

Finally, the intra-Community cooperation between the evaluation departments of EC Member States and the Commission continued in 1990, on the basis of the "Guidelines" for the evaluation of development cooperation adopted on 9 November 1987 by the Council of Ministers. The cooperation referred in particular to an exchange of information about completed and planned evaluations, the preparation of a "joint" evaluation of food aid from Member States and the Community, and - most important - the review of feed back mechanisms applied in the Community. This last study which is designed to improve the impact of evaluation results in the operational process of project preparation and implementation, shall be completed by mid-1991.

VII Procurement Policies

The rules governing participation in contracts by the Community have under Lomé III provided far more favourable terms for ACP countries.

These terms concerned the possibility of operations performed by direct labour, restricted tendering for work contracts and preferences accorded to national enterprises of ACP States. As a result, the participation by ACP countries in work contracts has increased significantly. By the end of 1990, 56% of work contracts had been obtained by ACP States, compared to 46% and 49% for Lomé I and Lomé II respectively.

The ACP share for supply contracts increased considerably during 1990 up to 19% of the value of all awarded contracts. This figure was much lower under Lomé I (8%) and Lomé II (12%).

The share for technical assistance was 6.5%, yet this was an increase compared to 1989 (5.7%); the percentage was higher under Lomé I (11%) but lower for Lomé II (6%).

Lomé IV operates under basically the same rules as Lomé III. Some improvements can, however, be noted. Operations may be performed by direct labour from the ACP States up to an amount of 5 mio Ecu (4 mio Ecu under Lomé III). With the aim of ensuring rapid and effective implementation of programmes an accelerated tendering procedure may be used for work contracts costing less than 5 mio Ecu and for emergency assistance.

Further, preferences to encourage participation of ACP States have been improved by clearer indications of the conditions. For works contracts of a value of less than 5 million Ecu, tenderers of ACP States, provided that at least one quarter of the capital stock and management staff originates from one or more ACP State, shall be accorded a 10% price preference. Supply contracts, irrespective of the value of the supplies, with a minimum of 50% of ACP origin, will be accorded a 15% price preference when tenders of equivalent economic, technical and administrative quality.

In respect of service contracts preference shall be given to experts, institutions, consulting companies or firms from ACP States where the tenders are of equivalent economic and technical quality. Successful tenderers for subcontracting from ACP countries shall be given preference and an ACP State may propose to the prospective tenderers the assistance of other ACP States companies or firms.

VIII Sectoral Trend of Aid

Lomé Conventions

Table 6 presents figures that are virtually definitive for Lomé II, where 98% of the total financial envelope has been decided, and while it represents an almost final picture for Lomé III, where 86% of the envelope has been decided.

Table 6
Sectoral breakdown of EDF aid approved up to 31.12.90

Sectors	Lomé II		Lomé III	
	mio Ecu	%	mio Ecu	%
Rural production	1136	24,7	2080	30,6
Transport & Communication	848	18,6	999	14,7
Industry	918	20,0	780	11,6
Health, Social Development, Water Engineering	677	14,8	507	7,4
STABEX	630	13,7	1408	20,7
Others(*)	392	8,6	1032	15,2
Total	4601	100,0	6806	100,0

(*) Others include emergency aid, aid to refugees, trade promotion and various smaller sectors.

The increase in expenditure on rural development was almost twice as high under Lomé III compared to Lomé II. In relative terms rural development used up more than 30% of all aid under Lomé III compared to less than 25% under Lomé II. This confirms the importance attached to this field of cooperation under the Lomé III Convention. Very large integrated programmes have been started e.g. in Burkina Faso, Burundi, Guinée Conakry, Senegal, Tanzania and Zaire. The practice of these programmes also shows the difficulties of implementation of such comprehensive actions which explains the relative slow progress in almost all of these countries.

As regards transport and communications the contribution of Lomé III was almost 1 bio Ecu by the end of 1990, which is higher than the amount for Lomé II. However, in relative terms this sector was less important representing nearly 15% under Lomé III as compared to 18.5% under Lomé II. This decreasing share was also found for industry and the sectors of health, social development and water engineering. The latter two sectors showed an even lower amount of finance under Lomé III.

The lower share for transport and communications can be explained by a deliberate shift away from this sector, in particular from roads and bridges, in favour of the rural development strategies.

The decline in the industrial sector can also be explained by the lack of success of the Sysmin instrument. Financing in the sector of extractive industry was more than 330 mio Ecu under Lomé II but only 170 mio Ecu under Lomé III by the end of 1990.

As regards the health sector the volume of aid was almost equal under Lomé II and III. There was a stronger emphasis on the operational expenditure (technical assistance, training, operational costs) and health campaigns and less financing of infrastructure (construction, equipment).

The social sector has received less finance under Lomé III than under Lomé II. This can partly be explained by a change in definition: the large multi-component programmes in the rural sector include the social dimension and thereby reduce the number of projects identifiable as pertaining to the social sector.

Another factor is the increase of funds available in local currency from counterpart funds generated by import programmes and food aid which allow more projects to be carried out which can be paid with local money and which are more often to be found in the social sector.

Aid to the sector of water engineering dropped, again this is partly due to the definition of the integrated rural development programmes.

The relative decrease of the industry and social sector was mirrored by an increase for other sectors such as Stabex and various new instruments under Lomé III.

The transfers from the Stabex system increased more than twofold representing just over 20% of the aid under Lomé III by the end of 1990 (Lomé II : 13,2%).

New instruments classified in table 6 under "others" are the quick disbursing import programmes (multi sector programmes), thematic actions, in particular concerning the combat against desertification and drought and against natural disasters (127 mio Ecu by the end of Lomé III), the aid to refugees and an increase in aid for trade promotion.

The sectoral lending by the EIB during the 5 years of Lomé III is shown in table 7.

Table 7

Sectoral breakdown of EIB Financing under Lomé III
(own resources and risk capital)

Sector	1989		1990		1986-1990	
	m Ecu	%	m Ecu	%	m Ecu	%
Energy	10	3,9	53	35,9	252	20,3
Infrastructure	102	39,4	19	12,8	306	24,7
Industry	147	56,7	76	51,3	682	55,0
of which:						
Global loans	46	17,8	65	43,9	266	21,5
Total	259	100,0	148	100,0	1240	100,0

EIB lending for infrastructure declined in 1990 abruptly to the lowest level of the last five years, while lending for energy projects and to small and medium enterprises through global loans increased considerably, making 1990 the third year in importance since 1986 for energy lending and the second for global loans.

Total lending for industry, including tourism, was 76.7 million Ecu, 51.3% of the year's total. An encouraging development within the industrial sector operations was the growth of lending in the form of global loans, which reached 65.2 million Ecu, the third consecutive year of growth in this area. The global loan to Nigeria was the largest at 50 million Ecu. The decline in direct industrial lending and increase of global loan lending are likely signs of new patterns in development lending, tending to shift away from a strategy of development based on large industrial projects towards one based on the development of small and medium sized projects, mostly financed through global loans. This reflects the Bank's continued commitment to promoting the private, small and medium scale enterprises (SME) sector through local financial intermediaries.

Aid to Mediterranean countries

Infrastructure still takes an important place in the Community financing for mediterranean countries. Almost one third of the grants and loans were by the end of 1990 allocated to various infrastructure investments in ports, water supply resources, roads, railways, power stations etc. The budgetary aid from the Community is further largely allocated to agriculture while loans from the EIB are mainly used for industry. Details are shown in Table 8.

Table 8
Sector breakdown of financial protocols
with Mediterranean countries

(Commitments as at 31.12.90)

A. Budgetary resources

Sectors	Protocol 1		Protocol 2		Protocol 3		Total	
	mio Ecu	%	mio Ecu	%	mio Ecu	%	mio Ecu	%
Infrastructure	119	39	65	16	79	18	263	23
Agriculture	46	15	170	42	198	45	412	36
Industry/Commerce	24	8	77	18	101	23	202	18
Scientific Co-op.	21	7	19	5	17	4	57	5
Education	70	23	55	13	44	10	169	15
Health, Environment Habitatation.	24	8	22	6	0	0	46	4
Total	305	100	408	100	437	100	1150	100

B. European Investment Bank

Sectors	Protocol 1		Protocol 2		Protocol 3		Total	
	mio Ecu	%	mio Ecu	%	mio Ecu	%	mio Ecu	%
Infrastructure	162	49	175	34	217	44	554	41
Agriculture	20	6	57	11	59	12	135	10
Industry	60	18	145	28	113	23	318	24
Energy	90	27	140	27	103	21	333	25
Total	332	100.0	517	100.0	492	100.0	1340	100.0

Aid to Asian and Latin American countries

The sectoral evolution of EC-financed projects/programmes in Asia and Latin America has steadily changed throughout the years towards operations such as institutional development, agro-industrial credit, fisheries, support to economic restructuring and rural micro-projects, and away from the more traditional financing of rural infrastructures, irrigation projects and traditional integrated rural development. The shift responds both to the Community's policies on priority sectors and the demands of aid beneficiaries. Agricultural projects in 1989 accounted for almost 60% of all commitments.

Table 9

**Sectoral Structure of EC 1990 Programme Commitments
in Asia and Latin America *)**

Sector	mic Ecu
Agriculture/Rural Development	160.5
Social Services/Water Engineering	16.2
Trade Promotion	32.0
Other	70.9
Total	279.6

*) This table indicates a sectoral breakdown of financial and technical cooperation.

IX Structural Adjustment

Previous memoranda on Community aid have given a detailed description of the policies for structural adjustment that the Community has started on the basis of Art. 188 of the Lomé III Convention (which provided for the sectoral import programmes) and has extended with the introduction of the special debt programme in 1987.

The first import support programmes under Art. 188 of Lomé III were approved in 1987. The bulk of programmes have, however, arisen in the framework of the debt programme which effectively got under way in March 1988. The amount provided was 572 mic Ecu (*) and the programme forms part of a wider debt action coordinated by the World Bank.

(*) The total of the debt programme (572 mic Ecu) is made up of 311 mic Ecu of additional resources (211 mic Ecu from the Lomé III programmed aid reserve and 100 mic Ecu covered by a Council Decision of 14.12.87) together with 261 mic Ecu from the normal indicative programme allocations of ACP States.

Table 10 shows the situation at end-1990 of the import programmes. 51 programmes in all had been approved up to the end of 1990 of which 35 were covered by the debt programme. The 51 programmes related to 38 countries (25 covered by the debt programme), the amount of finance approved being 800 mio Ecu (of which 556 mio Ecu from the debt programme).

All but 4 programmes related to sectoral import programmes, the exceptional 4 cases covering general import programmes. (*) The sectoral import programmes involved either financing of inputs (e.g. fertilizers, machinery, raw materials, oil, spare parts, seeds, pesticides, medicine, educational equipment) or provision of foreign exchange for allocation to either the public or private sectors for imports of designated goods (the so called "positive lists"). Of the total sectoral import programmes, approximately 70% related to inputs, and 30% to foreign exchange allocations.

Table 10

Import Support Programmes - Situation at end 1988, 1989, 1990

	Decisions		Payments	
	Total	Debt Progr.	Total	Debt Progr.
end-1988	569	501	107	103
end-1989	675	547	352	303
end-1990	800	556	569	431

The Special Debt Programme expired in 1990. The Commission has evaluated the results of the import programmes financed from the resources of this programme in a special report. (**)

(*) The low proportion of general import programmes is explained by the fact that such programmes did not strictly fall within the framework of Art. 188 of Lomé III. The Council decision of December 1987 provided for 60 mio Ecu specifically for this instrument.

(**) The Commission has presented an evaluation on the implementation of the Special Debt Programme to the Member States in April 1991.

The conclusions of the Commission report indicated that the import programmes financed by the Debt Programme have been quite successful. The Community has been able to respond quickly to the new situation in ACP States, structural adjustment has become a major innovation in Lomé IV and the coordination with other major donors, in particular the world Bank and the IMF has improved significantly.

One may conclude that the experience gained with the import programmes financed under Lomé III will be very useful creating the right conditions for the implementation of the structural adjustment policy that will be carried out under Lomé IV.

X Aid and the environment

The Community adopted a Council Resolution on 29 May 1990 setting out its policy on the better integration of environmental concerns in development aid. This built on previous Resolutions and on the text of Lomé IV. It pledges support for developing countries in improving their understanding of the local environment, in preparing environmental strategies, and in strengthening environmental institutions. It stresses the importance of integrating environmental economics in development planning and of the participation of local people in environmental decision-making. The Resolution draws attention to the links between environmental degradation, poverty and population growth and lists a number of local environmental problems as priorities for development assistance. For the first time the Development Council through the Resolution also stressed the importance of involving developing countries in worldwide efforts to tackle global environmental issues. The Council recognised this could only come about through sustainable growth in the developing countries themselves and through the provision of additional resources on concessional terms.

Lomé IV Convention

Sustainable development, including protection and enhancement of the environment, is the central principle guiding cooperation policy under Lomé IV.

In due recognition of the importance of environmental concerns to both the European Community and to ACP partners, a special Title, has been included within the Convention.

This Title requires the Community and its partner ACP States to adopt a range of technical and administrative provisions to ensure adequate screening of the environmental consequences of all projects and programmes, as well as jointly agreed checklists and the introduction of Environmental Impact Assessment (EIA) procedures.

Their effective implementation will depend upon the provision of adequate staff training in environmental appraisal and monitoring techniques, as well as the modification of existing procedures and manuals. This has been receiving priority attention.

The specific provisions on Title I dealing with pesticides, agrochemicals and hazardous waste are under examination with a view to presenting an overview of their implementation in 1992.

The importance given to local environmental problems both in the Lomé IV text and in the Council Resolution is being reflected in the National Indicative Programmes (NIP) being agreed with ACP partners. A significant percentage have given priority to the environment either as a cross-cutting issue for all sectors or through specific projects to protect the environment and conserve natural resources. The fight against desertification and the protection of tropical forests receive particular attention.

Latin America and Asia

In early 1991 the Council adopted new guidelines for cooperation with Asian and Latin American (ALA) countries in the 1990s. These include significant commitments on the environment and require environmental assessment to be undertaken on all projects. They also recognise the importance of tackling ALA environmental preoccupations, in particular the deterioration of the urban environment, air and water pollution, industrial hazards and the over-exploitation of natural resources. Furthermore, they draw attention to the importance of ALA countries in tackling global environmental issues. However, for the first time the Guidelines allow aid to the more advanced ALA developing countries for specific sectors, including the environment. The Council agreed to reserve at least 10% of the enhanced resources available to the region for the environment and in particular the protection of tropical forests.

In the summer of 1990 the Commission was mandated, together with the World Bank to assist the Brazilian authorities to formulate a Pilot Programme for the protection of tropical forests. The European Council and the G7 Summit of 1991 both approved financial support for the implementation of a nine-month preliminary phase prior to execution of a full first operational phase. The Commission is at present pursuing active contacts with potential donors in order to implement the preliminary phase as soon as possible. A specific financial commitment has already been made by the Community for US\$15 million.

Mediterranean countries

At the end of 1990 the Community renewed its Mediterranean cooperation policy. Again the Council has agreed substantially to increase the funds available for the region and to reserve a significant portion of the budget for national or regional projects in favour of the environment. The environmental funds may be allocated to demonstration projects, training, technical assistance and institution-strengthening. The Commission's resources will be used in close collaboration with the European investment Bank which will provide loans for environment with favourable terms.

Commission Budget Lines

While the vast bulk of the Community's environmental expenditure in developing countries is channelled through the major bilateral programmes, Parliamentary initiatives have ensured that there are also two budget lines specifically devoted to environmental and development issues. One, for ecology in developing countries, received a 25% increase to 12 MECU in 1991. It is used for pump-priming projects, for methodological research and to improve the Commission's own capacity to integrate the environment into its own internal activities. It is also being used extensively for formulating policy. A significant sum has been set aside for funding Country Environment Profiles of ACP and ALA countries in the run-up to the Rio Conference in June 1992. In 1991 the European Parliament provided a further budget allocation of 2 MECU specifically for the protection and rational management of tropical forests, particularly in the context of global environmental problems.

The Commission's staff are contributing to the formulation of overall policy on the global environmental problems and are participating in the negotiations leading up to the UN Conference on Environment and Development in June 1992.

They are also actively pursuing how environmental criteria should be introduced into the project and programme assessment procedures. This will draw on the 1988 OECD Council Recommendation on Environmental Assessment of Development Assistance as well as the draft Guidelines on Good Practices for Environmental Impact Assessment of Development projects proposed in the DAC Ad-Hoc Working Group on Environment and Development, together with the relevant legislation of the European Community and its Member States.

Particular attention will be paid to ensuring coherence between any procedures to be adopted by the External Relations and Development Directorates-General in this area.

XI Women in Development

The European Community's policy on Women in Development (WID) can be characterized by the preoccupation of increasing development effectiveness and sustainability by integrating women as agents and full beneficiaries into the mainstream of development. As such the policy is based on both the principle of human rights and social justice, as well as on the straightforward economic rationale of cost efficient targetting of resources.

The latter proceeds from the recognition that women in almost all third world societies provide much of the labour in such key sectors of the economy as agriculture, animal husbandry, fisheries, commerce etc... Their productivity however is much constrained by gender-related difficulties that limit their access to information and training, to resources and markets.

The Community however is not only concerned about improving yields and outputs. This is only a means to an end. The final aim of Community development cooperation is the improvement of the standards of living of the population, in particular the very poor. And it is here where women should in fact constitute the main target group, because of their key role as providers of basic family needs.

For these reasons the Community has formulated its Women in Development (WID) policy which focusses on improving women's income earning capability and broader opportunities.

Two main lines of action are concentrated on:

1. Equip women to improve productivity and income by integrating women as an autonomous target group in general development programmes. Thus they will have to be taken into consideration when allocating means of production such as land, capital, technology or when providing production support services like training and extension, credit, input delivery and marketing services.
2. Build human capital for the long term through education, nutrition, family planning services and other basic health care. In this context special attention will be given to the social dimension of structural adjustment programmes, in particular the impact of cost-recovery systems for basic services like health, water, education, on women and girls.

The basic principles of this policy are increasingly endorsed by third world countries. The fourth Lomé Convention clearly reflects this policy. Also in the cooperation agreements between the European Community and the Asian and Latin American countries the women's dimension is also increasingly incorporated.

In order to translate this policy into practice, an overall strategy has been elaborated to increase the capability of development staff within the European Commission to effectively deal with the WID issue in their daily work.

Activities include an awareness-raising and information campaign through i.a. staff meetings and the issue of an informal WID newsletter.

The development of training materials on gender and development has been financed for use in training programmes of present and future development workers. This will be followed up by technical training of Commission staff and possibly of high level administrators in recipient countries.

A large-scale evaluation has been carried out of a number of mainstream rural development projects as to the participation of, and effects on women. The evaluation concerned Community financed projects in the field of agriculture, animal husbandry, forestry and drinking water supply, implemented in 8 African countries.

On the basis of the results staff instructions and guidelines have been formulated as to how to ensure that women participate and benefit from future operations financed by the Community.

Through the ACP/EC Cultural Foundation, the Commission is also financing a series of Country Profiles on the socio-economic role and status of women in different countries. These country profiles are to serve as a reference document for development planning by both the Governments concerned and the donor agencies including NGOs active in the country.

Another injection to enhance the inclusion of women in mainstream development planning is the provision of short term WID consultancies to the Commission Delegations in a selected number of countries. The aim is to assist Delegation staff and the relevant national authorities to incorporate WID in ongoing and planned Community financed projects and programmes.

The Community scheme of co-financing Non-Governmental Organisations should also be mentioned. Through this system an increasing number of NGO-Women's projects are co-financed in the field of income-generation, credit, literacy and vocational training, childcare, health, family planning, prevention of aids and drug abuse. The NGO co-financing scheme also constitutes an important means of supporting innovative actions for improving the status of women. Thus NGO actions which address the issue of sexual violence, the legal status of women, awareness raising and networking can be co-financed by the Community.

Through various trade union organisations, training and awareness raising actions for women workers are being financed in Latin America and Africa.

Finally, through the NGO system the Community supports quite a number of women's organisations and networks in third world countries as well as in Europe with the aim of influencing policies and extending public awareness on women and development issues.

XII Cooperation through non-governmental organizations

From its origins 16 years ago, cooperation between the Community and NGDOs has been a tangible Community contribution to the links of solidarity between the people of Europe and the poor of the Third World. It covers, among other things, the cofinancing of development projects in developing countries, campaigns to heighten public awareness in Europe of development issues, food aid and emergency aid, and support for liaison between NGDOs to make their work more effective.

One facet of EC-NGDO cooperation is the implementation of a large number of microprojects of various sorts. Experience shows that the multiplier effect of such small-scale projects is considerable and that their success is largely due to the high level of motivation and commitment of NGDOs and their local partners, to NGOs' independence, to their relatively small size and their resulting autonomy and administrative flexibility. The interaction of these advantages generally makes for more efficient, more flexible and speedier design and execution of projects in the developing countries.

The Commission respects the specific characteristics of NGDOs, such as their autonomy and their pluralism; its relations with them are marked by trust in their motivation and particular abilities.

The Community's contribution to various NGDO operations in 1990 totalled some Ecu 318.5 million, broken down as follows:

Ecu 122.7	million for food aid
Ecu 80.9	million for cofinancing small-scale development projects in developing countries
Ecu 9.3	million for cofinancing campaigns to heighten European public awareness of development issues
Ecu 5.2	million for the purchase of food products by NGOs
Ecu 37.7	million for emergency aid
Ecu 10.3	million for refugees and displaced persons
Ecu 8.0	million to aid NGOs operating in Chile
Ecu 3.7	million for drug-abuse control
Ecu 30.0	million to aid victims of apartheid
Ecu 13.2	million to aid inhabitants of the Front Line states
Ecu 0.5	million to aid NGOs operating on the West Bank and in the Gaza Strip

This total Community contribution of Ecu 318.5 million in 1990 is a considerable increase on the amount allocated in 1989 (Ecu 279 million, i.e. up 14%) and in 1988 (Ecu 266 million, i.e. up 22%).

Some of these items represent new areas of cooperation, for instance the budget headings for Chile and for victims of apartheid were created in 1986, those for drugs control and to aid the populations of the West Bank and the Gaza Strip in 1987, and that for the Front Line states in 1988. This diversification reflects the NGOs' ability to operate in a variety of sectors, especially those areas of cooperation where the Community is not able to intervene officially.

EC-NGDO Cooperation on food aid

Food aid is a long standing area of cooperation between the Community and the NGOs and has been a particularly important programme both financially and politically.

Last year NGOs distributed 255.000 tonnes of Community food aid worth some Ecu 123 million to people in the developing countries, often in the form of emergency aid.

The organisation of NGDO aid operations is largely in the hands of a joint body set up by NGOs working in the field, EURONAIID.

Such cooperation with NGOs is vital in the case of all forms of disasters, which unfortunately are becoming increasingly frequent; humanitarian organizations acting in liaison with their local partners have shown themselves to be particularly capable in mounting relief operations without loss of time.

As to non-emergency food aid, the NGOs are trying to enhance its development potential by incorporating it, wherever possible, into grassroots projects to promote self-reliant development. In all these operations NGOs try to stimulate local agriculture by buying local food products.

The Commission attaches particular importance to cooperation with NGOs in the field of food aid and intends to develop and encourage it still further in coming years.

Co-financing small-scale development projects and campaigns to heighten European public awareness of development issues in 1990.

These programmes also date back to the beginning of EC-NGDO cooperation and are still among the most important. The initial budget of Ecu 2.5 million in 1976 has grown steadily over the years to stand at Ecu 90 million in 1990. This sum has been fully committed, thanks to the quality of the projects submitted by NGDOs for Community cofinancing.

Last year the Community contributed Ecu 80.9 million for 450 projects in the developing countries out of 824 requests for a total of Ecu 133 million.

As in the past, these projects were extremely varied in nature, falling into the traditional three main sectors - rural development, training and health. The focus is still on an effective grassroots approach, often making use of the structures of local communities. On average, the Community contributes Ecu 176.0000 per project. The priority is to reach directly the poorest sections of the population, who often make a contribution in kind to their project and in return undertake to maintain and run it once the foreign aid comes to an end.

Moving to the campaigns to heighten public awareness of development issues, the Community allocated Ecu 9.3 million to 114 cofinanced projects in 1990. These main themes of these campaigns were general development problems, agri-food issues, southern Africa and apartheid, etc. The main targets were the public at large, and schools.

XIII Other instruments of development cooperation

The Lomé IV Convention emphasises that the private sector needs to be made more dynamic and should play a greater role, in particular through small and medium sized firms.

The Community is prepared to support all activities that will enhance the role of private investors through the full range of instruments provided by the Convention. In particular, attention is drawn to measures to improve the legal and fiscal framework for business, the role of chambers of commerce and other professional organisations, direct assistance for the creation of businesses, development of advisory services and special training programmes for entrepreneurs.

The Centre for the Development of Industry will also help to establish and strengthen industrial enterprises in the ACP States. Major tasks of the CDI will be the identification of industrial operation for viable projects, to assist in the promotion and implementation of these projects and in the presentation of such projects to financing institutions.

The industrial cooperation in 1990 was characterised by a serie of important projects, studies and other activities.

Particular attention has been paid to ACP-EEC inter-company cooperation now especially relevant in the context of the new Convention. An increasing number of ACP countries have reserved a proportion of their indicative programme for activities supporting the private sector. The Commission will play an active role in the identification, preparation and the implementation of these activities.

Various studies have been started regarding investment protection and related matters which are of crucial importance for developing private sector investments and joint ventures of ACP and EEC companies.

The Commission adopted a communication proposing that the experimental phase of the EC International Investment Partners system continue in non-ACP developing countries for a further five years, with a regulation specifying the objectives and operating criteria. The proposal takes account of the positive evaluation of the role played by the system since 1988; the Commission emphasized the contribution which it could make to closer economic cooperation with Latin America and Asia, and also with the Mediterranean countries.