

ACP-EEC COUNCIL OF MINISTERS

COMPILATION OF TEXTS

relating to

ACP-EEC FINANCIAL AND TECHNICAL COOPERATION

Brussels 1988



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FOREWORD

1. This Compilation incorporates all the texts prepared since 1982 in the ACP-EEC Committee which has the task of studying suitable measures to improve the implementation of financial and technical co-operation.
2. That Committee was set up in the first instance within the ACP-EEC Council of Ministers in the second Lomé Convention (Article 108(6)). The present Convention (Article 193) ensures the continued existence of the Committee, and extends its tasks.
3. The Committee is composed on a basis of parity: thirteen representatives of the ACP States and thirteen representatives of the Community (twelve Member States and the Commission). The members of the Committee are appointed by the ACP-EEC Council of Ministers.
4. The Committee's tasks cover inter alia
 - the study, on the basis of specific examples, of mechanisms and procedures appropriate to financial and technical co-operation, in order to improve the functioning thereof;
 - examination of any general or specific problems which may arise in implementing this chapter of co-operation;
 - supervision of the implementation of the objectives and principles of financial and technical co-operation and the follow-up to resolutions adopted by the Council in this area.

The Committee submits to the ACP-EEC Council of Ministers the results of the evaluation of projects and programmes. It is also required to give its opinion on draft decisions of the ACP-EEC Council of Ministers concerning contract conditions and the rules of procedure on arbitration. Lastly, any financing proposal not adopted by the Community authorities may be referred to it.

Each year the Committee examines a report on the management of Community financial and technical aid.

5. In practice the Committee has played a very important role: in particular, it has made it possible - through its detailed study of specific and general instances of typical difficulties - to identify certain obstacles and learn useful lessons for the more effective application of financial and technical co-operation between the Community and the ACP States.

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6. This Compilation is subdivided into two parts.

The first part contains all the general texts (Resolutions and Reports) drawn up within the Committee between 1982 and 1988.

The second part contains texts concerning evaluation and in particular the basic principles ensuing from ex post sectoral evaluation exercises.

A. FINANCIAL AND TECHNICAL COOPERATION

I. RESOLUTIONS BY THE ACP-EEC COUNCIL OF MINISTERS

RESOLUTION BY THE ACP-EEC COUNCIL OF MINISTERS
of 14 May 1982

on financial and technical co-operation

THE ACP-EEC COUNCIL OF MINISTERS,

Having regard to the Second ACP-EEC Convention, signed at Lomé on 31 October 1979 (hereinafter referred to as the "Convention"), and in particular Article 108(6) and Article 119 thereof,

Having regard to the Report and the Draft Resolution submitted by the Article 108 Committee,

HEREBY ADOPTS THE FOLLOWING RESOLUTION:

CHAPTER I: OVERALL ORIENTATION OF EFFORTS

1. General

Financial and technical co-operation should have immediate and lasting effects for the ACP States. To this end, both parties should take all necessary steps to expedite and improve the implementation of national indicative programmes as well as of ACP regional and interregional co-operation projects.

With a view to rendering financial and technical co-operation more effective, joint efforts will be directed so as to:

- organize, encourage and promote rational economic development efforts as are indispensable to the balanced development of all sectors of the economy;
- foster initiative on the part of the various types of economic operators both public and private, including local communities, in mobilizing their own resources and improving knowledge of potential national resources;
- contribute to the promotion of joint undertakings;
- strengthen intra-ACP co-operation, inter alia by developing trade, transport and communications infrastructures.

2. Criteria and procedures

Both parties agree that, in order to improve aid strategy, it is crucial to adopt suitable and flexible criteria and procedures with regard to assistance granted to the ACP States. These criteria and procedures should, in particular, include the following:

- adaptation of financial criteria to take also fully into account the longer-term social rate of return;
- provision of increased assistance to help the ACP States identify, plan, design, prepare and implement their programmes and projects, with a view to expediting the approval and implementation of programmes and projects;
- financing of local costs and, during an appropriate phasing-out, recurring and maintenance costs of both capital and technical assistance development projects;
- joint efforts to attract the most suitable and effective technical assistance personnel and to ensure the most urgent response to the technical assistance needs of the least developed ACP States;
- rapid training of local replacement personnel;
- involvement, in the process of consultation, of the ACP States representatives including diplomatic missions in Brussels in all stages leading to and after a financing decision;
- acceleration of commitments and payments and, in this connection, reduction of bureaucracy to the minimum.

CHAPTER II: APPLICATION OF CERTAIN SPECIFIC PROVISIONS OF THE CONVENTION

1. Measures in favour of the least developed, landlocked and island ACP States

The Council takes note of the financial commitments from which several ACP States listed in Article 48 of the first Lomé Convention have benefitted up to 31 December 1980. Nevertheless the measures taken under the First Lomé Convention in favour of these States have yet to show significant results.

In the implementation of the Convention, the Council therefore recommends:

- that these commitments be implemented expeditiously in all the ACP States listed in Article 155(3) of the Convention;
- that the most flexible and effective means of action authorized under the Convention be applied in implementing projects in the said States;
- that appropriate schemes be put in hand in order to enhance the development of the least developed, landlocked and island countries.

2. Regional Co-operation

Close regional co-operation between the ACP States is important if their capacity to resolve common problems which transcend national boundaries is to be increased. Greater support including administrative assistance should be given by the Community to bring about easier identification, development and implementation of such projects and programmes which have a real impact on the human and economic development at regional level.

With a view to increasing the effectiveness of regional co-operation, the Council recommends:

- that closer co-operation be set up between the ACP States and the Community on the basis of the provisions laid down in Chapter 8 of Title VII of the Convention in favour of regional co-operation so that a genuine regional development process can be set in motion and strengthened;
- that the Commission should be guided in its decisions in the allocation of the Regional Fund by the priorities established by the States in the region concerned in the context of programming and by the need to give effect to the provisions of Article 135(2) of the Convention;
- that the funds available for regional co-operation be used in such a way as to play a stimulating and catalysing role in diversifying resources;
- that in determining seminars, symposiums, etc. to be financed from the regional fund prior consultation should be had with the ACP States concerned and, where appropriate, with the ACP Committee of Ambassadors.

3. Micro-projects

The implementation of micro-projects programmes has had some encouraging results, in particular from the point of view of a lasting increase in the self-development capabilities of the population. Initiatives by local populations or by their groupings or bodies are deserving of appropriate technical and financial support to enhance the effects of micro-projects.

The Council recommends that the experience gained in the implementation of micro-projects programmes will be applied in other fields, and takes note of the existence of simplified procedures which are applied in order to ensure that micro-projects to which both parties attach great importance are implemented speedily.

1. Financing for small and medium-sized undertakings, technical assistance and transfer of technology

a) Choice of projects

In their choice of projects the ACP States should pay attention to the possible negative effects of large-scale projects on economic and social conditions, bearing in mind the fact that very often development is a result of the concomitant and complementary implementation of large, medium and small-scale projects.

b) Technical assistance

The aim of external technical assistance at the request of the ACP States is to assist in the efficient and rapid implementation and operation of projects. It must also contribute to the training of nationals who must replace such external assistance as early as possible. However, the manpower used in such programmes should not exclude such expertise as is available in the ACP States.

The technical assistance cost component of projects should be scaled down without prejudicing efficient and rapid implementation of projects.

c) Technologies to be applied

The materials and technologies used must be adapted as far as possible to the needs of the beneficiary country.

d) General comments

The Council recommends to the ACP States and the Community that they do all in their power to ensure that the opportunities available under the Convention as regards the "two-tier" financing of small and medium-sized undertakings, technical assistance and transfer of technology are put to the best use for development of the ACP States and that they complement the efforts undertaken in other areas of financial and technical co-operation.

CHAPTER III: SECTORS OF INTERVENTION

1. Industrialization

The industrial sector benefited from about one third of the appropriations committed up to the end of 1980 for projects and programmes. The role played in this connection by the Development Banks, to which the EIB granted 20 global loans under the First Lomé Convention, should be enhanced.

2. Rural projects

The Council stresses the potential importance of developing the agricultural resources of each of the ACP countries, both in general and from the more specific angle of combating hunger in the world.

From this point of view the Council considers that the share taken by the development of rural production in the total amount of commitments is already substantial, but could usefully be increased, particularly as regards food crops.

The prices for agricultural products paid to producers are one of the factors for the success of projects aimed at increasing production capacities. It is therefore desirable that the ACP States benefit from all necessary support from the Community.

3. Energy projects

Many projects concern the development of the utilization of various types of energy other than oil. These efforts must be intensified, and more sustained attention be paid to afforestation and flora protection projects.

4. Training of supervisory staff and vocational training

In addition to multi-annual programmes and specific training projects, certain projects involve training aspects - an approach which should be retained and expanded significantly.

The Council recommends to both parties:

- that training of personnel be undertaken on the basis of general and specific programmes drawn up by the ACP States taking into account their priorities;
- that sufficient flexibility be maintained in implementing these programmes so as to take account of possible bottlenecks;
- that activities undertaken in connection with the training of supervisory staff, in particular middle-level managers, administrators and civil servants, and those concerning vocational training, be intensified and, where appropriate, be more closely linked to the various development projects financed by the Community in each ACP State so that they can progressively be taken over totally and smoothly by the national administrators of the ACP States.

The Council considers that in this way it will be possible to overcome the need for technical assistance and to ensure the efficient management of investments.

CHAPTER IV: PRINCIPLES OF INTERVENTION

1. Viability of operations

Sustained improvement in the self-development capability of the ACP populations and their technical cadres should be the subject of special attention from the point of view of the viability of operations after their completion. The various partners collaborating in this long-term endeavour must be closely associated with it.

Development projects should be assessed in the light of their economic and financial viability, particular attention being paid also to social benefits and indirect and long term effects.

2. Integrated projects

Experience shows that integrated development projects are all the more important in that their size is related to the size of the human groups concerned and that they are implemented flexibly, taking into account the implications for the socio-economic and ecological environment.

3. Participation of the local population

Efforts should continue to be made to ensure maximum possible local participation in the projects and programmes determined by the governments of the ACP States as national priorities.

4. Operation and maintenance of investments

Within the limits of the Convention, the ACP States and the Community must utilise all the means available with a view to

improving the maintenance of projects. Regular maintenance of projects, particularly in the areas of social and transport infrastructures, deserves sustained attention. This maintenance is facilitated by the use of materials and equipment adapted to local conditions.

Pursuant to Articles 152 and 153 of the Convention, the Council recommends that, when projects are selected, particular attention be paid by both parties to the problem of the operation and maintenance of investments carried out with the help of Community financing.

5. Participation of the ACP States in contracts financed by the EDF

The Council recommends that in every case and as far as possible optimal use be made of the human and physical resources of the ACP States and that technology which corresponds to the needs of the populations be applied.

In this connection, the number of contracts awarded to ACP undertakings while significant should be increased nevertheless.

To attain these objectives the Council lays emphasis on those provisions of the Convention whose application affords ACP undertakings the possibility of effective participation in studies on and the execution of projects.

CHAPTER V: IMPLEMENTATION OF FINANCIAL AND TECHNICAL CO-OPERATION

As regards the effective acceleration and improvement of the implementation of financial and technical co-operation, the Council takes note and recommends to both parties:

1. Implementation of Article 41 of the First Lomé Convention

The Council recommends that the ACP States endeavour to submit their observations on the management and implementation of financial and technical co-operation.

2. Quality of the Commission's Report

The Council recommends that in the framework of Article 119 of the Convention the content of reports to be submitted by the Commission should be comparable to that of the 1980 report and wherever possible improved upon.

3. Commitments and disbursements

The Council recommends acceleration of commitments and payments and, in this connection, reduction of bureaucracy to the minimum.

4. Complexity of procedures

The Council recommends that the rules governing the procedures of financial and technical co-operation should be interpreted flexibly so as to speed up the implementation of operations.

5. Programming

The Council takes note that:

- the Convention contains procedures which are simplified in relation to the First Lomé Convention;

- the Community post programming exercise is part of the internal procedures of the Community and does not and will not infringe on the sovereignty of the ACP States in their choice;
- the indicative programme drawn up by the programming mission can never and will never be unilaterally amended by the Community.

6. Project preparation and appraisal

The Council takes note that the documents already prepared and circulated by the Commission on preparation and appraisal of dossiers do not include any ACP inputs.

Consequently, the Council recommends that the criteria for project preparation and appraisal should be jointly formulated.

The Council takes note that the dossiers of projects and programmes submitted by the ACP States must be completed as provided for in Article lll of the Convention. To this end, the Community should, where requested, provide adequate technical assistance for the preparation of dossiers.

7. Financing decisions

The Council calls for the streamlining of information gathering in respect of financing decisions in order to avoid repeated requests for information which lead to delays.

The Council recommends that the internal procedures of the Community shall not impede the speedy implementation of financial and technical co-operation.

8. Financing of overruns

The Council takes note that the Community, which increasingly issues invitations to tender prior to the financing decision, considers that the suggestion by the ACP States to issue invitations to tender prior to the financing decision would provide a better estimate of the foreseeable cost of projects and therefore limit the risks of overruns.

The Commission will however apply Article 33 of Protocol No 2 of the First Lomé Convention and Article 117 of the Convention with flexibility when an overrun cannot be covered by these provisions (e.g. inflation) and thus will, where appropriate, finance overruns resulting from causes outside the control of the ACP States.

9. Commission's payment procedures

The Council takes note that the Commission is currently organizing a procedure whereby, at the request of any ACP State which so desires, the system of direct payments by the Commission would be applied to special loans as already applied in the case of grants or subsidies.

10. Participation of third countries in contracts financed by the EDF

The Council recommends that the Community should show understanding, in particular for countries in special geographical situations, on derogations which are justified in accordance with the criteria laid down in Article 56 of the first Lomé Convention and in Article 125 of the Convention.

11. Selection of successful tenderer

The Council takes note that, while price criteria cannot be overlooked, it should however not be the sole selection criteria. Qualifications and guarantees offered by the tenderers, nature and conditions of implementation of the works or supplies, price, operating costs and technical value of the works or supplies must all be assessed together, according to Article 130 of the Convention.

12. Preferences for ACP undertakings

The Council recommends that maximum use should continue to be made of the physical and human potential of the ACP States and that the potential for increase in ACP capabilities should be enhanced. In this regard, while the number of contracts already awarded to ACP undertakings is significant, nevertheless this share should even be increased further.

13. Service contracts financed by the EDF

The Council takes note that the Community intends to forward shortly its proposal to the ACP States in the context of the resumption of discussions on the way in which service contracts are concluded (Article 142 of the Convention). This proposal is aimed at improving the system criticized by the ACP States, and is intended to give a greater role to the invitation to tender procedures compared to direct negotiation of contracts with short-lists.

The present short-list system must not be transformed into a consultation or a request for a price. The ACP States have to choose the consultant in the light of his references and qualifications. Hence, when the ACP State has chosen from the Commission short-list the consultant with whom it intends

to conclude a contract, it has no further need of Commission authorization to negotiate and conclude the contract except that it must do so (as stated in Article 26 of Protocol No 2 of the first Lomé Convention) in participation and agreement with the Commission Delegate on the spot.

14. Programme Aid

The Council takes note that:

- the Community has initiated an in-depth study of the respective advantages of project or programme assistance and will inform the ACP States in due course of the outcome of its study;
- this study will not delay or prevent the adoption of financing decisions regarding requests already submitted;
- the ACP States request that the Community should orientate part of its aid towards programmes and especially where the needs and priorities of the ACP States require this.

15. Assessment of completed schemes

The Council recommends that to ensure that the objectives laid down in the Convention in the field of financial and technical co-operation as well as in the national indicative programmes and in the projects are attained, and to ensure that the means of action brought into play are as effective as possible, the relevant departments of the Commission and of the ACP States shall regularly carry out appraisals, taking into account the provisions of Article 118 of the Convention, on the effects and results of all completed projects as well as of the material condition of each investment carried out. They will carry out

these appraisals jointly and inform the Council, if possible as from 1983, of the initial conclusions which can be drawn from the joint appraisals.

Done at Libreville, 14 May 1982
For the ACP-EEC Council of Ministers
The President
(s.) A.B. BEYE

RESOLUTION BY THE ACP-EEC COUNCIL OF MINISTERS
of 20 May 1983
on financial and technical co-operation

THE ACP-EEC COUNCIL OF MINISTERS,

Having regard to the Second ACP-EEC Convention, signed at Lomé on 31 October 1979 (hereinafter referred to as the "Convention"), and in particular Article 108(6) and Article 119 thereof,

Having regard to the Report and the Draft Resolution submitted by the Article 108 Committee,

Aware of the need to implement the entirety of the Resolution on financial and technical co-operation, adopted by the ACP-EEC Council of Ministers at Libreville on 14 May 1982,

HEREBY ADOPTS THE FOLLOWING RESOLUTION:

I. GENERAL

Council takes note of the report submitted by the Commission according to Article 119 of the Convention and appreciates the quality of the information provided.

However, in order to facilitate the work of the Article 108 Committee, Council invites the Commission for the future:

- a) to accelerate the submission of its reports, and submit them in any case not later than the end of July following the year under review,
- b) to cover more fully the points to which special attention was paid during the discussions of the Article 108 Committee and, the resolutions passed,
- c) to provide statistical data on disbursements related to the various types of financing and the sectoral aspects of the co-operation.

In addition, Council invites both parties to illustrate the discussions of the Article 108 Committee by including in separate papers or report concrete examples of difficulties encountered in the implementation of financial and technical co-operation.

II. APPLICATION OF CERTAIN SPECIFIC PROVISIONS OF THE CONVENTION

1. Least developed, landlocked and island ACP States

Council reaffirms the need for special treatment to be accorded to the least developed ACP States, and for special measures in favour of the landlocked and island ACP States.

Council recalls that in order to help these countries overcome the specific difficulties with which they are faced, special provisions, inspired by this spirit, exist in the Convention.

Council notes the efforts already made in this regard by the Community and invites the relevant ACP-EEC institutions to examine as soon as possible the real impact of these measures and to submit to Council proposals regarding these measures in order to ensure the effective implementation of the most flexible and efficient ways and means by the Convention.

2. Regional co-operation

Council refers to point II.2 of its Resolution of 14 May 1982 on financial and technical co-operation and reiterates its support of the desire of the ACP States to strengthen regional co-operation, given that this is basic to their development.

Council further notes that in order to achieve the objective laid down in the Convention, the increase in resources should be matched by a closer co-operation between the ACP States and the Community in the practical implementation of regional projects.

Council therefore calls on both parties to identify and implement projects which make a real contribution towards solving development problems common to a number of ACP countries.

3. Cofinancing

Council welcomes the emphasis put in the Convention on the use of cofinancing which makes it possible to mobilize the additional financial flows needed to carry out some large scale projects.

Council recommends that preference be given to joint financing as far as possible, especially where resources from various donors are put together in a single fund, and further recommends the simplification of the administrative procedures for the implementation of the projects concerned.

Council welcomes the initiative of the Commission in harmonizing its cofinancing procedures with the World Bank and the Arab Funds, and invites it to extend its efforts in the same direction as regards other donors.

4. Micro-projects

Council refers to point II.3 of its Resolution of 14 May 1982 on financial and technical co-operation to the effect that both parties attach great importance to micro-projects.

Council draws attention to the improved procedure introduced in this respect, whereby the Commission's approval is based on annual programmes setting out the types of projects to be carried out, leaving approval of the actual projects to the Commission Delegate as and when these projects are ripe for implementation.

Council hopes that this procedure will certainly increase the effectiveness of the system and hopes that micro-projects may be prepared, carried out and followed through under the best possible conditions.

III. ACCELERATION AND IMPROVEMENT OF THE IMPLEMENTATION OF FINANCIAL AND TECHNICAL CO-OPERATION

1. Programming

Council notes that the principle of Article 110 of the Convention was not achieved, the projected average rate of commitment being 14,8% while the actual overall commitment rate amounted to 12,1% of the funds available.

Council therefore mandates the Article 108 Committee to look at the reasons for the gap between projections and actual performance, and, where appropriate, propose to the competent authorities the necessary measures to remedy the situation.

2. Identification and preparation of projects or action programmes

Council agrees on the need for increased assistance to help the ACP States, particularly the least developed countries, to define and prepare projects or action programmes for submission for Community financing.

3. Drafting and signature of financing agreements

Council calls on both parties to take the necessary measures so that financing agreements, the conclusion of which influences the actual implementation of the projects or action programmes, are drafted and signed as soon as possible.

4. Preparation of tender dossiers: awarding and signing of contracts

Council recommends that the ACP States ensure that the tender dossiers are prepared within the time-limits laid down, and calls on both parties to ensure that the procedures for awarding and signing contracts do not result in unnecessary delays.

5. Payment and accounting procedures

Council notes that as regards disbursements the rate in the first year of the Convention constitutes apparently an improvement over the rate of disbursement in the first year of the First Lomé Convention (191 MECU or 4,1% of the overall 5th EDF appropriations as compared to 97 MECU or 3,5% of the overall 4th EDF appropriations).

Council, however, mandates the Article 108 Committee to further analyse the situation in order to appreciate whether these figures necessarily signify, in real terms, an improved performance in implementation of projects and action programmes, since the first year of the First Lomé Convention covered only nine months whereas that of the Convention was for a period of twelve months.

Council recommends that both parties take measures designed to ensure a speedy payment system by seeing to it that formalities and administrative procedures are reduced to the minimum compatible with the sound financial management of the projects or action programmes.

Council also urges the ACP States to endeavour, when administering advance payments, to provide, within the time-limits laid down, the supporting payment documents needed to renew advance funds set up to cater for the projects concerned.

Council further draws the attention of the ACP States to the new favourable provisions adopted by the Community which allow contractors from ACP States to obtain, subject to the provision of proof of the external use of the funds, payment in the Member States' currencies required to carry out those contracts which they are performing.

6. Follow-up, completion and start-up

Council recommends that the ACP States take all useful measures, if necessary with the support of the Community, to set up within the time-limits laid down the administrative, technical or financial structures essential for the starting up of the projects or action programmes.

7. Operation and maintenance of projects

Recognizing that many ACP States have difficulties in undertaking immediately the financial responsibility for projects operation and maintenance, Council strongly recommends that more attention be given to maintenance possibilities as from the design phase, in terms of finance, import requirements, necessary expertise, and of institutional limitations.

8. Appropriate technology and adjustment of projects and action programmes to local circumstances

In noting that most investments have a high import component and are foreign-firm oriented, thus limiting the benefits for the local economy in terms of local value added, Council therefore recommends that the EDF should take fully into consideration the benefits for the local economy which would result from increasing the local content and from involving local design and construction companies and the need for adjusting the imported techniques to the environmental and cultural milieu of the ACP countries.

IV. SECTORS OF INTERVENTION

1. Energy

Council recalls the Resolution of the ACP Council of July 1980 calling for the comprehensive collation of data on the energy potential and requirements of the ACP States with a view to providing guidelines for furthering intra-ACP co-operation in this field.

In noting that this work has not yet been done due to a lack of funds, Council welcomes the possibility of the Community financing such studies (preferably at a regional level) in accordance with Article 76 of the Convention.

2. Industrialization

Council underlines the importance of Title V of the Convention and of the common declarations in Annexes X and XI to the Final Act.

Recalling point III.1 of its Resolution of 14 May 1982 on financial and technical co-operation, Council looks forward with great interest to the outcome of the work of the Committee on Industrial Co-operation.

3. Rural development

Council draws attention to the problems of stock-farming, particularly those relating to deficiencies in price-fixing measures for meat and their effects on animal care and nutrition.

Council, therefore, in referring to point III.2 of its Resolution of 14 May 1982 on financial and technical co-operation, again stresses that prices for agricultural products paid to producers are one of the factors for the success of projects aimed at increasing production capacities and therefore further stresses that it is desirable that the ACP States benefit from all necessary support from the Community.

To ensure the viability of integrated rural development schemes, and to improve their performance under the Convention, Council strongly recommends that :

- the projects must be framed on the basis of a precise evaluation of the resources and constraints at the traditional farm level;
- technical solutions chosen must be simple and consistent; special attention must be given to the problem of maintaining the means of production;

- the project must involve the local population in the work or indeed in the expense, where possible, and must offer a guarantee of benefit to the local population.

4. Training

Taking account of the importance of training in all aspects of development, Council stresses the increasing necessity to offer a wider variety of EDF instruments as a package, and that infrastructure, equipment, technical assistance, recurrent costs, fellowships and training programmes should be offered for financing and should be managed in an integrated way.

For this reason, Council recommends that a great effort be made, supported by institutional and administrative measures within the Community and the recipient ACP Governments, to ensure the explicit inclusion of training projects in EDF investment schemes.

Finally, Council recognizes that the issue of training calls for a real dialogue between the Community and the ACP States in order to evolve a coherent and overall policy which will enable the ACP States to work out criteria for action.

5. Transport projects

In recognizing that the regular and satisfactory maintenance of transport infrastructures must remain a matter of constant concern to both parties, in order to ensure a balance between the building of new infrastructures and the maintenance of existing ones, Council recommends that special efforts be made, if necessary with Community support, to improve the administrative and material capacity of the national maintenance services, in particular by taking measures to provide training and suitable equipment.

6. Water supply and sanitation

Council notes with satisfaction the considerable improvements in the planning and realization of water supply and sanitation projects since the basic principles drawn from the assessment work in this sector were adopted, and therefore requests the parties to continue to take the maximum account of the basic principles, which constitute an invaluable guide for action.

7. Education and health

Council refers to point II.4 of its Resolution of 14 May 1982 on financial and technical co-operation, in particular subparagraphs (a) and (c) concerning the choice of projects and the technologies to be applied.

Council therefore requests the parties to ensure that the architectural design of hospital and educational centres is fully adapted to meet local conditions and that attention be given to the need to match technical installations in the management and maintenance capacities of the staff involved, and in particular, to the social and cultural development of the rural communities.

Council wishes further to draw attention to the need for integrated programmes in order to promote the social and cultural development of the rural community in accordance with Article 83(2)(e) of the Convention.

8. Technical co-operation

Council recalls its Resolution of 9 May 1980 on financial and technical co-operation and the three broad aspects of quantity, quality and cost, under which technical assistance must be reviewed.

Council mandates the Article 108 Committee to undertake an in-depth review of this important question, taking into consideration the study being carried out by the Commission relating to the evaluation of technical assistance.

9. Trade promotion

Council draws attention to the fact that, despite the wider provisions of the Convention covering the possibility of assistance from the production stage up to the final stage of distribution, many ACP States still limit their trade promotion activities to participation in trade fairs, though trade fairs clearly represent the final stage in the marketing process.

Council therefore urges ACP States to evolve more innovative methods of trade promotion based on a clearly determined trade policy and also on a competitive production capacity, and urges the Community to support such measures.

V. FUTURE PROGRAMME OF WORK FOR ARTICLE 108 COMMITTEE

In addition to its normal programme, defined by Article 108 of the Convention, Council mandates the Article 108 Committee to undertake an in-depth review of:

(1) Issues of procedure

- (a) Programming : reasons for the gap between target and actual commitment, including statistical analysis of projects presented, rejected or modified, in order to ensure improved implementation of Article 110 of the Convention;
- (b) Disbursements : analysis of the breakdown of statistical data, with a view to ensuring an improved presentation of these data in the annual Commission report in accordance with Article 119 of the Convention.

(2) Sectoral issues

- (a) Rural projects : identification of the sociological and cultural difficulties resulting from the implementation of rural projects, and in particular the resettlement and land ownership problems;

- (b) Training : development of a coherent and overall training policy, based on an examination of ACP States' development needs;
- (c) Technical co-operation : in-depth review of the cost and quality of technical assistance, taking into consideration among other assessments the Commission's study on evaluation of such assistance, in order to improve the implementation of the relevant sections of the Convention.

Done at Brussels, 20 May 1983

For the ACP-EEC Council of Ministers

The President

(s.) M. Qionibaravi

RESOLUTION BY THE ACP-EEC COUNCIL OF MINISTERS
of 2 May 1984

on financial and technical
co-operation

THE ACP-EEC COUNCIL OF MINISTERS,

Having regard to the second ACP-EEC Convention, signed at Lomé on 31 October 1979 (hereinafter referred to as the "Convention"), and in particular Article 108(6) and Article 119 thereof,

Having regard to the Report and the Draft Resolution submitted by the Article 108 Committee,

Conscious of the necessity of putting into practice the set of resolutions on financial and technical co-operation adopted by the ACP-EEC Council of Ministers at Libreville on 14 May 1982 and at Brussels on 20 May 1983,

HEREBY ADOPTS THE FOLLOWING RESOLUTION:

I. PRINCIPLES

1. Cofinancing

Council, being informed of the encouraging results which have been obtained regarding cofinancing of Community funds with funds external to the Community, recommends the pursuit and enlargement of these efforts in renewing its preference for joint financings, which simplify the administration of aid, without excluding parallel financings when these are the only possibility.

It recommends accordingly the following measures:

- (a) rationalization and harmonization of the procedures of donors (works contracts, choice of currencies, competition procedures, guarantees, preference margins for ACP enterprises) and ensuring greater flexibility in the rules of these procedures, with the purpose of alleviating the administrative burden on recipient countries;

- (b) at the request of the recipient ACP State, a commitment by the Community to provide to donors who so request, through the Commission Delegate in the field, technical and administrative support allowing better co-ordination of, as well as better monitoring of, the implementation of projects;
- (c) a larger role for the Commission and the European Investment Bank as catalyst by means of techniques which, like those used by the World Bank and the regional development banks, permit the association in cofinancing of private sector funds in order to attract them to the ACP countries on a significant scale.

2. Micro-projects

Council, having taken note of the improvements made by the Commission, in application of Article 114(1) of the Convention, to the implementation of micro-projects, multi-annual training programmes and sets of technical co-operation and trade promotion actions, by making financing decisions for global amounts, which permits, then, the decentralization of decisions on the individual actions, recommends the pursuit, in the same spirit, of the application of Article 114(2).

It recommends accordingly that accelerated procedures be introduced for financing sets of projects and action programmes, of which the nature and structure is sufficiently defined at the moment when the global financing decision is taken, to allow the decision on individual actions of a limited size (for example, wells, nurseries, maternity clinics, dispensaries, schools, etc.) and their location to be taken on the most decentralized levels.

In any case, Article 122(5) of the Convention is also applicable to the implementation of this kind of projects up to the limit of 3,5 MECU.

3. Regional Co-operation

Council, in order to improve regional co-operation, because it reflects the solidarity of the ACP States as well as the economic co-operation and development within and between the regions of those States, recommends that the greatest efforts be made to ensure:

- (a) a precise definition of the content of regional projects in order to expedite their submission and their implementation;
- (b) a greater precision in the criteria which define the regional character of a project;
- (c) periodic evaluation of the impact of the projects previously financed by the regional fund;
- (d) speeding up and simplifying implementation of regional co-operation, on the basis of detailed examination of difficulties and delays in preparation and execution;

(e) acceleration of regional co-operation by an increase of complementary support by the Community for regional organizations.

4. Programme Aid and Maintenance

Council, being informed of the guidelines adopted by the Council of the European Communities on 3 December 1982 better to define the objectives, types, general character and implementation for maintenance aid, considers that these guidelines are partially in line with the provisions of the Libreville and Brussels Resolutions in that regard. It notes that they constitute a step in the right direction and instructs the Article 108 Committee to keep the situation under review since maintenance aid is only a part of programme aid.

II. PROCEDURES

1. Financing of overruns

Council, having taken account of the results obtained by the Commission, in 1982 and 1983, in launching calls for tenders for execution of projects before the taking of financing decisions, notes that this practice has the double advantage of, on the one hand, accelerating the execution, and, on the other hand, obtaining a better knowledge of costs and so a reduction in the risk of overruns. It recommends therefore that greater use of this procedure be made.

2. Payment procedures

Council, taking account of the measures introduced by the Commission in order to simplify administrative procedures concerning payment, in conformity with the Libreville Resolution (increase in the advances at signature for supply contracts, direct payment to contractors under special loans, a single multicopy payment order form, and reduction in the number of control visas on financial operations), appreciates these simplifications that permit an acceleration of procedures and a decentralization of controls to the delegations in the field.

It recommends that the general clauses and conditions of contracts include the appropriate legal and financial provisions to ensure a better protection for users of supplies financed by the EDF against risks of latent or patent defects during or outside the guarantee period.

It notes finally that the search for practical ways of simplifying and speeding up administrative procedures should be continued, and proceedings in this connection should never be regarded as finished.

III. SECTORAL THEMES

1. Agriculture, rural projects and food strategies

Council, having noted the efforts applied by the Commission concerning some ACP countries to set up and apply strategies having the purpose of food self-sufficiency for these countries, formulates the following recommendations in order to give value to these experiences:

- (a) a commitment to increase substantially financial support and more efficient use of it, within the available instruments;
- (b) a more coherent combination of the available instruments, especially as regards food aid and counterpart funds deriving from it;
- (c) a better co-ordination on the spot, by the recipient country, of various external aids in order to maximise their mobilization;
- (d) stepped-up investment in order to take advantage of improved incentives for food production and to realize export potentials;
- (e) increased aid and more efficient use of it, within the available instruments, to permit governments to improve the return on existing facilities and potentials through increased maintenance, agricultural inputs and other recurrent expenditures, while at the same time stepping up investment levels to lay the basis for sustained and higher growth;

- (f) a better management of food aid, and its integration with well-formulated national food strategies, so as to allow it to play an important role in development programmes, without neglecting its interest in emergency situations;
- (g) a support from the Community in the form of technical assistance for the preparation of food strategies;
- (h) the importance of improvement in rural housing and provision of water and electricity supplies, in order to improve the quality of life in the country areas;
- (i) an encouragement for the co-operative organization of farmers;
- (j) consideration of a system of crop insurance against damage from natural disasters.

Council notes that the Community, having received the request by the ACP States relating to available agricultural products, has stated that it will examine its different implications.

2. Energy

Council, in line with the provisions of its Brussels Resolution concerning Community financing of inventories of the energy needs and resources of the ACP States, takes note with interest of the terms of reference which the Commission uses in the studies which it conducts to make such inventories.

It notes the fact that some funds have been allocated to finance these inventories not only under the EDF, but also on the budget of the Commission. It instructs the Article 108 Committee to continue to review the situation concerning this important subject.

3. Human Resources

Council, conscious of the principle that the development of human resources constitutes the prerequisite of all economic and social development, recommends:

- (a) Education and training: to concentrate the Community's efforts to aid the ACP States to train their manpower in all areas (high and middle technical levels, industry, agriculture, marketing, distribution, maintenance, exploration of natural resources, mining evaluation and extraction, transport and communications, food production, etc.) and, in general, make sure that the projects and programmes financed by the EDF take due consideration of the socio-cultural environment of the recipient countries.
- (b) Women's role in development: to ensure women equal access to education and, especially in rural areas, give them access to the widest facilities (agricultural and food production, appropriate technology, cottage and small-scale industry, marketing, credit facilities, non-conventional energy, water supply, sanitation facilities, health care, education and training programmes, etc.).
- (c) Cultural aspects of development: to integrate the cultural factors in development and co-operation plans, with a view to assuring an authentic development, taking account of the socio-cultural environment of the ACP countries.

4. Health and Social Services

Council, conscious that the provision at affordable prices of essential elements such as drinking water, health and education constitutes a vital component of the strategy against poverty, recommends:

- (a) an increase in Community aid within all the available instruments seeking to satisfy the basic needs of populations, especially in rural areas, using technologies that will permit the extension of the distribution of health services and related facilities at the lowest unit cost;
- (b) an adjustment of the budgetary credits allocated in the ACP States to health services such as to cover their recurrent costs, taking account of serious appraisal of the needs and without neglecting long-term planning linking the health system with productive sectors.

5. Transport and Communications

Council, having noted the priority for development of the economic and social infrastructure, considering this one of the preconditions of development of the ACP States, considers that the strategy in this sector should relate as much to road transport as to ports and maritime transport, to air, rail, river and lacustrine transport, and to telecommunications, postal services, radio and television.

It recommends that the implementation of these infrastructures take account of:

- (a) the importance of recurrent costs;
- (b) the need for maintenance;
- (c) training;
- (d) a better co-ordination of the competing means of transport, public and private;
- (e) the elimination of non-technical barriers;
- (f) regional co-operation and the choice of corridors for landlocked countries;
- (g) access to communications technologies.

6. Environment and Development

Council, conscious of the importance of the inclusion of environment aspects in all development activities, recommends:

- (a) that the Community, at the request of the ACP, take into account these aspects in the preparation and implementation of development projects;
- (b) that as a priority the Community, at the request of the ACP, afford significant financial and technical support in the struggle against the drought which has struck the countries suffering from desertification, and in particular support for regional desertification control schemes;

- (c) that an integrated environment/development strategy comprise such elements as: protection of the environment against pollutants of the air, sea, soil and foods; conservation of natural resources to combat deforestation, desertification, salinization of arid lands; environmental legislation to improve the quality of life; education in all schools as a means of instilling in young people the importance of harmonizing development efforts with environmental factors.

IV. OUTSTANDING ISSUES

Council notes that among the problems which it instructed the Article 108 Committee to examine, some have not been able to be dealt with; the Committee must therefore continue its work concerning these subjects:

- (a) Programming: reasons for the gap between target and actual commitment, including statistical analysis of projects presented, rejected or modified, in order to ensure improved implementation of Article 110 of the Convention;
- (b) Disbursements: analysis of the breakdown of statistical data, with a view to ensuring an improved presentation of these data in the annual Commission report in accordance with Article 119 of the Convention;
- (c) Technical co-operation: in-depth review of the cost and quality of technical assistance, taking into consideration among other assessments the Commission's study on evaluation of such assistance, in order to improve the implementation of the relevant sections of the Convention;

- (d) Least-developed, landlocked and island countries:
review of implementation of specific provisions of the Convention, and of real impact of measures already taken; proposals relating to further implementation of those specific provisions;

- (e) Concrete cases of typical difficulties encountered in the implementation of financial and technical co-operation:
listing and analysis; methods and means to eliminate or mitigate difficulties.

V. PUBLICATION OF TEXTS

Council recommends that the Resolutions on financial and technical co-operation, adopted at Libreville on 14 May 1982 and at Brussels on 20 May 1983, as well as this Resolution and the Report submitted by the Article 108 Committee, should be speedily published in the "ACP-EEC Courier".

Done at Suva, 2 May 1984

For the ACP-EEC Council of Ministers
The President
(s.) H.L. SHEARER

RESOLUTION OF THE ACP-EEC COUNCIL OF MINISTERS
of 25 APRIL 1986
on financial and technical co-operation

THE ACP-EEC COUNCIL OF MINISTERS,

Having regard to the Second ACP-EEC Convention signed at Lomé on 31 October 1979, and in particular Articles 108(6) and 109 to 118 thereof,

Having regard to the Third ACP-EEC Convention signed at Lomé on 8 December 1984,

Having regard to its Decision No 2/85 of 22 February 1985 on transitional measures valid as from 1 March 1985, and in particular Article 1(1)(g) thereof,

Having regard to its Resolutions of 14 May 1982, 20 May 1983 and 2 May 1984 on financial and technical co-operation, and in particular point IV(e) of the Resolution of 2 May 1984,

Having regard to the Report on the draft Resolution submitted by the Article 108 Committee,

Whereas, on the basis of information and examples provided by the Commission and the ACP General Secretariat, the Article 108 Committee has undertaken an examination of specific and general cases of typical difficulties in implementing financial and technical co-operation,

HEREBY ADOPTS THIS RESOLUTION:

I. INDICATIVE PROGRAMMING

- (a) Council notes that the implementation of the indicative programmes remains very slow for many ACP States due to delays relating to the programming, commitment and disbursement of funds and to administrative and political constraints.

The speedy programming or EDF allocations does, however, involve the risk of insufficient attention being devoted to the in-depth preparations which are necessary for the successful implementation of indicative programming.

- (b) Council therefore recommends:

- the establishment of effective arrangements involving all responsible bodies in the Community and the ACP States in jointly monitoring progress on the preparation and implementation of indicative programmes or projects;
- that the monitoring arrangements should provide an early warning system in respect of material delays in implementation and make it possible to analyse quickly the causes of such delays and to take any necessary corrective actions;
- that, in the spirit of Article 110(4) of the Second Lomé Convention and Article 216(4) of the Third Lomé Convention, the Commission Delegate and the National Authorizing Officer or his Deputies in each ACP State should meet regularly to review progress on the implementation of indicative programmes and projects on the basis of a chart indicating as precisely as possible, for each project or action, the stage of implementation reached and further action required.

- (c) Council further recommends that, within the framework of the 10-year report on Lomé I and II, an in-depth analysis of programming operations under these two Conventions be undertaken and that special consideration be given, in examining the first annual report under Article 193(7) of the Third ACP-EEC Convention, to the programming aspect of financial and technical co-operation.

II. IDENTIFICATION, PREPARATION AND APPRAISAL OF PROJECTS

(a) Council notes the following:

Projects identified for EDF financing are sometimes not adequately formulated. As a result, they have sometimes proved impossible to realise.

Project preparation and appraisal have been major sources of ineffectiveness in projects achieving their objectives. Factors contributing to these problems have been:

- difficulties in some administrations in taking responsibility for preparation of projects;
- inadequacies in preparatory studies and in project design;
- neglect of social and human factors;
- failure to adapt projects to local conditions;
- weaknesses in technical assistance.

At the other extreme, insistence by the Commission on elaborate studies at different stages of project appraisal may result in changes in the nature of projects and contribute to delays and to increases in project costs. Furthermore, the Commission has sometimes demanded detailed information on projects which has been impossible to supply.

The process is full of delays both in the gathering of relevant information, appointment of consultants and the preparation of project files. Apart from adding to costs, such delays adversely affect the local communities involved.

The quality and useful life of a future project will depend on both the general studies before the financing decision and the detailed design work before the project is carried out.

Isolated studies, which draw no lessons from past experience, multiply waste and failures. It is therefore important to avoid them.

Undue emphasis on production leads to the neglect of other aspects, particularly social characteristics of development. Projects cannot be regarded as contributing to integrated development when they neglect social aspects. Studies which are limited to confirming whether the proposed investment is economically justified or not represent an inadequate use of the resources directed to the study.

Some projects are characterized by material errors of design or by preliminary studies which recommended methods of implementation which were inadequate in terms of both quality and quantity. Architectural design of buildings often betrays ignorance of the climatic conditions and of the constraints arising from the resources, tradition and way of life of the locality in which they are to be used in the recipient ACP States. Nor has sufficient attention been paid to the value of local materials or of the tried and tested traditional methods of the recipient ACP States. A tendency to use more European contractors and supplies could exacerbate these problems. Furthermore, appraisal of proposed designs by the Commission and the ACP States is often inadequate.

(b) Council therefore recommends:

- the strengthening of procedures for clear definition by ACP States of projects to be presented for EDF financing;
- in particular, the co-ordination role of the National Authorizing Officer should be reinforced;

- that maximum use be made of the provisions in Article 218 of the Third Lomé Convention by virtue of which the Community, where so requested, may provide assistance towards drawing up the dossiers relating to the identification of projects or programmes proposed under the indicative programmes;
- in defining new projects, greater emphasis should be given to socio-cultural factors, to the choice of projects which are properly designed to make use of local materials, equipment and manpower resources and which take account of maintenance and manpower training needs in order to achieve highest possible levels of project use;
- specifications for equipment should lay emphasis on simplicity, standardization and efficient after sales service;
- consideration should also be given to further measures for speeding up the implementation of procedures for preparation and appraisal of projects through improving project identification, as well as by greater insistence by the Commission and the ACP States on the quality of preparatory studies;
- preparatory studies should be conducted in the spirit and in accordance with the letter of the Convention, if maximum benefit is to be derived from them;
- in the preparation of projects, due account should be taken of the aspirations of local people and of the need to train local beneficiaries to take charge of projects when implemented.

Council requests the Commission to draft and impose a code of conduct upon the consultants entrusted with the preparation of preliminary studies and plans; and mandates the Article 108 Committee to keep this matter under review.

III. FINANCIAL PROPOSAL AND DECISION

(a) Council notes the following:

It is not unusual for several years (an average of two) to pass from the time a study is submitted and the final approval of a project. Moreover, certain factors may have changed in the meantime. Consequently, it is normal for the project which is finally approved and financed to be different both in concept and details from the one planned in the studies. Where, as happened too frequently in the past, financial estimates in the studies have not been revised in a realistic way before being used as a basis for the proposal and the financing agreement, the success of projects has been impaired.

It is exceptional to find financing proposals which offer alternative methods of attaining the same range of objectives. Only too rarely do project planners ask themselves seriously "what combination of ways and means will allow us to avoid these obstacles and profit from these assets". They usually show only one way of proceeding as if it were obviously the best, if not the only one possible.

The time taken to implement projects, their cost and the extent to which objectives are achieved, are closely linked. Poor matching of finance and objectives prevents both attainment of the objectives and containment of the costs. Sometimes, even a slight shortfall in the financing is enough to jeopardize the effectiveness of the project to a greater or lesser degree.

Moreover, the savings resulting from such cost-cutting are in many cases relatively marginal whereas the worth and effectiveness of the projects involved may be considerably reduced.

A large number of projects show the serious defect of having been designed by all parties concerned without sufficient consideration of the burden of recurring maintenance and management costs upon the local authorities which many are unable to bear.

Various pieces of sophisticated equipment have been immobilized since their delivery, for lack of instructions in their use. Due to lack of financial resources and staff, a large amount of equipment is unused, underused or out of order for long periods, because of the absence of specialized local staff to maintain or run it, or because there are no spare parts or after-sales services.

Many past projects have been endangered by cost overruns arising from circumstances beyond the control of ACP States. While the Commission in general makes provision in financing proposals for cost overruns attributable to contractual escalation clauses, with the result that such overruns are now a less serious problem than they were a decade ago, nevertheless inflation and other cost increasing factors tend to delay the completion of projects and even to jeopardize their results. Furthermore, steps to modify projects do not always succeed in preventing cost overruns.

(b) Council therefore recommends that:

- financing proposals should be expressed in a way which facilitates understanding by all parties concerned of the objectives, strategies and conditions of execution thereby facilitating the planning, management, control and ex-post evaluation of operations;
- it should be ensured that the preparation of operations refers to all the set goals and examines the various possible solutions before establishing in detail the content of the projects;
- financing proposals should clearly indicate the running and maintenance component costs associated with the projects and programmes in question, and that appropriate and realistic arrangements for meeting such costs be provided for in the relevant financial or loan agreements so as to ensure that the investments involved are not lost or under-utilized;
- as very often upkeep and running costs are in inverse proportion to the cost of investment, in any financing proposal a study should be made of whether or not to adopt comparatively expensive solutions at the investment stage, in order to reduce the load of recurring costs to be borne by the country;
- maximum use be made of the provision in Article 188 of the Third Lomé Convention whereby financial and technical co-operation may, under certain conditions, cover current administrative maintenance and operating expenses of new, on-going or past projects and programmes.

IV. FINANCING AGREEMENT, FINANCING DECISION AND LOAN CONTRACT

- (a) Council notes that considerable delays occur between the preparation of preliminary project studies and completion of relevant financing and loan agreements.
- (b) Council therefore recommends that all necessary steps be taken both within the ACP States' administrations and the Community institutions to reduce these delays to a minimum.

In this regard, it welcomes the provisions of Article 220(8) of the Third Lomé Convention limiting to four months the period between the financing proposals and the relevant Community decisions.

It further recommends the adoption as far as possible of arrangements for signature of financing and loan agreements by Ambassadors of ACP States to the Community.

- (c) Council further recommends that decision making powers, involving the NAOs and the Commission Delegates, as spelt out in Article 221 of the Convention of Lomé III, should be much more systematically used. To this end, the Council shall periodically review the application of Article 221 in the context of examination of the annual report provided for in Article 193(7) of the Third ACP-EEC Convention. It shall, if necessary, consider measures to implement this provision.

V. PROCEDURES RELATING TO TENDERS AND CONTRACTS

(a) Council notes the following:

Problems arise at all stages of the contract placement process (preparation of tender dossiers, adjudication of bids, award and signature of contracts and contract execution):

- delays in preparation of tender dossiers;
- adjudication of bids is often held up;
- difficulties arise in the award of contracts due to the delays in decisions on tenders, such delays may be due to problems of interpretation or comparison of tenders;
- signature of contracts is frequently held up;
- moreover, the quality of drafting and checking of such contracts is sometimes also faulty;

Council further notes that:

- for the awarding of contracts, "the lowest tender" and the "most economically advantageous tender" are not always equivalent expressions. The criterion

of the "most economically advantageous tender" is in fact wider since it makes it possible to take account of the relationship between quality and price. Yet, in implementing the procedure for invitation to tender, the Commission has tended to insist on the "lowest-bid" approach, and often awarded contracts on this basis. Problems arise when criteria are in conflict, e.g. when the lowest bid is not technically the most appropriate and when the ACP States have the feeling that the Commission ignores both the views of ACP States experts and other relevant criteria like suitability and experience of tenderers. There have been cases where tenderers have obviously underbid simply to obtain the award and have later on turned out to be unreliable. This has often resulted in serious cost overruns, the lowering of specifications and standards, to the detriment of many projects, as well as high maintenance bills, which, for many ACP States, constitute a serious drain on their already meagre financial resources;

- the guarantees provided for the "sound implementation of the contracts" are sometimes inadequate, leaving both the Commission and the ACP State concerned incapable of bringing appropriate pressure to bear upon the defaulting undertakings. Sometimes, penalties exist, but are not imposed;
- some bank guarantees relating to advances granted to suppliers have been found to be valid for periods shorter than the maximum time limit for delivery laid down in the contracts. Consequently, it might prove impossible to recover the advances paid if a supplier makes a faulty delivery after the period covered by the bank guarantee on the advances.

Council, while recognizing the importance of strict application of the provisions of Article 130 of the Second Lomé Convention, requests the Commission to take due account of all relevant factors in adjudicating on tenders.

In this regard, Council welcomes the provisions of Article 236 of the Third Lomé Convention which extend the criteria for assessment of tenders to include the availability of an after-sales service in the ACP States concerned.

- (b) Council therefore recommends that the responsible authorities in ACP States and in the Commission take steps to reduce as far as possible delays in procedures for tendering and award of contracts, including:
- provision of technical assistance in the preparation of tender dossiers when so requested;
 - setting up, where they do not already exist, of Central Tenders Boards or comparable appropriate institutions within the ACP States with responsibility for adjudication and award of contracts;
 - streamlining of procedures within the Commission for advice on tenders;
 - improvement of procedures within ACP States for drafting and signature of contracts.

VI. PAYMENT AND ACCOUNTING PROCEDURES

- (a) Council notes the following:

In general, the administrative circuits for authorizing payment are too long, especially for regional projects and those where responsibility is shared between several ministries; long delays can occur in authorizing and making payments; there are also problems of inadequate control, documentation and accounting procedures; delays in payment execution by the Commission may also be observed.

Council further notes that the local paying agent arrangement facilitates payments.

It also notes the new measures referred to in Annex VI to the Report of the Article 108 Committee of 1 May 1984, which the Commission now adopts for expediting payments.

- (b) Council recommends that the Commission and the ACP States should jointly examine further measures for improvement of payment and accounting procedures in respect of the EDF.

VII. SUPERVISION, IMPLEMENTATION AND FOLLOW-UP OF PROJECTS

(a) Council notes the following:

A number of cases of inadequate supervision of projects' progress have been observed:

- absence of suitable administrative and technical structures and of complementary projects needed to manage completed projects;
- inadequate financial provision for follow-up costs;
- inadequate documentation of the implementation of projects because the reports by the delegations are not provided in due time for all projects;
- consequent inability of the Commission to take decisive actions to prevent projects in progress from being reoriented or interrupted;
- inadequate checking of projects and tolerating the use of poor materials.

Council further notes that:

- in spite of the provisions of Article 118 of the Second Lomé Convention, for most projects the final or subsequent evaluation has either not been carried out or has been done in an incomplete manner;
 - although Council welcomes the improved evaluation procedures now being developed jointly by the Commission and the ACP States, it is most regrettable that frequently the various parties involved seem to concern themselves chiefly with projects which have been recently implemented or with supplementary finance granted to such projects, without, in the latter case, drawing any lessons from the difficulties encountered previously in the same projects. The result of inadequate monitoring of projects which are in progress or completed is that no lessons are learnt from past experience, whether good or bad.
- (b) Council therefore recommends that greater consideration be given by the Commission and the ACP States in preparing project financing proposals to these various aspects of project implementation and follow-up and that the relevant financing and loan agreements should include appropriate provisions affecting these matters.
- (c) Council also recognizes that formal procedures are of decisive importance for the smooth functioning of the aid delivery and implementation process. It requests the Article 193 Committee to examine such procedures, in the framework of examination of annual reports under Article 193(7) of the Third ACP-EEC Convention and on the occasion of study of concrete cases of specific difficulties resulting from the implementation of financial and technical co-operation, with a view to suggesting any improvement which would appear to be necessary.

- (d) Council takes special note of the problems related to technical assistance.

The heightening of human skills and the strengthening of essential administrative, logistical and technical infra-structure are absolutely vital prerequisites to the building of truly self-reliant capacities and to the effective utilization of capital investment. The role that technical assistance can play in this crucial effort cannot be too strongly stressed.

Yet, in this crucial effort, the provision of technical assistance personnel has nevertheless experienced the following shortcomings:

- lack of transparency in the procedures for recruitment and selection of consultants;
- lack of clear definition of the terms of reference given to the consultants;
- the observed preference for European consultants coupled with lack of priority for consultants from ACP States;
- the excessive costs of technical assistance, especially when such cost is debited to the limited amounts available in the indicative programmes of the recipient ACP States;
- noticeable decline in the quality of technical assistance;
- insistence in some cases by the Commission on technical assistance even in circumstances where ACP States do not request it.

Council welcomes the provisions in Part 2 Title III Chapter 3 of the Third Lomé Convention **which are designed** to improve the quality of technical assistance and, in particular, the provisions of Article 210 (1) relating to the award of service contracts on the basis of restricted invitations to tender.

(e) Council recommends that:

- (1) both the ACP States and the Commission take the necessary steps to ensure that all technical assistance financed by the EDF is of high quality. These measures should take account of the following particular needs:
 - adequate definition of terms of reference of technical and co-operation projects;
 - appropriate and transparent procedures for the selection of suitable consultants;
 - drawing up of strict criteria for selection of consultants;
 - monitoring of progress of technical assistance;
 - close association of local personnel with the implementation of technical assistance with the objectives of training them for continued project implementation on completion of the technical co-operation contract;
- (ii) the ACP States and the Commission should mount a publicity campaign in ACP States aimed at registering increasing numbers of qualified consultants from these States who might be considered for technical assistance contracts. Such a course would widen the choice of available consultants, would provide opportunities for fulfilment of the provision of Article 200(3) of the Third Lomé Convention for giving preference to ACP States' experts, institutions or consultancy firms, and through increasing competition for technical assistance would contribute to the reduction of its costs;
- (iii) the Commission immediately carry out a detailed analysis of the costs of its technical assistance by reference to those of other multilateral and bilateral aid programmes. In this regard, attention is drawn to point 7 of Council Resolution of 9 May 1980 on financial and technical co-operation which delegated to the ACP-EEC Committee of Ambassadors responsibility for, inter alia, reducing the cost of technical assistance without prejudice to its quality;
- (iv) the Commission and the ACP States should jointly develop technical co-operation programmes in respect of sectors receiving Community aid in order to co-ordinate work in the fields of research, technical training, management improvement, organizational and decision-making capacities and the follow-up and evaluation of operations. Such programmes should be developed in collaboration with specialist establishments linked to national or regional universities and institutions in the Community and ACP States.

VIII. FOLLOW-UP AND PUBLICATION OF THE PRESENT RESOLUTION

Council invites the Article 108 Committee to monitor closely the implementation of this Resolution and to periodically report to the ACP-EEC Council of Ministers on its findings, conclusions and recommendations. In the light of such ongoing review, this Resolution shall be amended if this should prove advisable.

Council recommends that this Resolution should be published in the "ACP-EEC Courier" at the earliest opportunity in a format conforming to agreed procedures.

Done at Bridgetown, 25 April 1986
For the ACP-EEC Council of Ministers
The President

(s.) P. TOVUA

RESOLUTION BY THE ACP-EEC COUNCIL OF MINISTERS
of 7 May 1988
on ten years of implementation
of financial and technical cooperation
under the first two Lomé Conventions

THE ACP-EEC COUNCIL OF MINISTERS

Having regard to the Third ACP-EEC Convention, signed at Lomé on 8 December 1984 and in particular Article 193 (2),

Having regard to the Second ACP-EEC Convention signed at Lomé on 31 October 1979 and in particular Article 119 (2),

Whereas Article 119 (2) of the Second ACP-EEC Convention provides that the Commission shall submit to the Council of Ministers an annual report on the management of Community financial and technical aid, drawn up in collaboration with the European Investment Bank,

Whereas the Council of Ministers at its meeting on 21 June 1985 requested that the Commission should submit its next report to cover the ten years of cooperation under the first two Lomé Conventions,

Whereas the Commission report presented to the ACP-EEC Council of Ministers on 22 July 1986 (hereinafter referred to as the "The Report") was designed to meet that request,

Whereas the ACP Group of States presented their comments on that Report (hereinafter referred to as the "ACP comments") on 6 November, 1987,

Whereas by Decision of 11 May 1988, the ACP-EEC Council of Ministers delegated to the ACP-EEC Committee of Ambassadors the powers necessary to adopt the Resolution on "Ten Years of Lomé".

HEREBY ADOPTS THE FOLLOWING RESOLUTION :

1. **THE COUNCIL TAKES NOTE** of the Report and of the detailed nature of the information contained therein in respect of the operations of the EDF and of the EIB. IT ALSO NOTES the ACP comments. IT WELCOMES the progress made during the period 1976 to 1985 in implementing financial and technical cooperation financed from the European Development Fund.
2. **THE COUNCIL APPRECIATES** that over and above the implementation of the First and Second Lomé Conventions the Report has brought out the measures taken by the Community in order to respond specifically to particular problems faced by a certain number of countries during the period covered by the Report.
3. IT WELCOMES in this connection that through the Dublin Plan, it was possible to bring effective assistance to countries which were cruelly stricken by drought and by famine in 1984 and that this aid was continued in the framework of the Rehabilitation and Revival Plan for African countries most affected by drought.
4. IT CALLS on the ACP States and the Community to maintain the momentum of EDF aid which is particularly necessary in view of the pressing problems facing ACP States, notably the growing and intolerable burden of debt with which many ACP States, notably the least developed ones, are confronted.

FINANCIAL ASPECTS OF EDF AID

Volume of aid

5. **THE COUNCIL TAKES NOTE** of the growth in the total resources of the different Funds and of the largely concessional nature of Community aid. IT RECOGNIZES the importance of maintaining this high degree of concessional nature of Community aid.
6. **THE COUNCIL FURTHER NOTES** that despite the increase in the total resources of the EDF, growth of population in many ACP States has resulted in a decline in real per capita aid from the EDF during the 10 year period under review.

Allocation criteria

7. **THE COUNCIL TAKES NOTE** of the ACP States' comments on the allocation of programmable resources. IT RECOMMENDS that the Commission in its capacity as manager of the EDF exercises all necessary objectivity in this respect.

Commitment and disbursement rates

8. Despite the progress made in the 10 years 1976 to 1985, THE COUNCIL IS CONCERNED at the slowdown noted in the Report and in the ACP comments in the rates of commitment and disbursement of aid under Lomé II as compared with Lomé I.
9. While conscious of the importance of ensuring that programmes and projects financed from the EDF are of the highest quality as regards their selection, preparation and implementation, THE COUNCIL CONSIDERS that speedy implementation of EDF aid is equally important and is indeed essential for the development of ACP States, whose economies and populations are under continuous strain and which lack the resources necessary to overcome the problems with which they are faced.
10. A particular problem arises because of the change in the direction of EDF aid noted in the Report, namely the switch in emphasis from sectors such as communications and transport infrastructure which have relatively rapid implementation and aid disbursement profiles to rural development and food security policies which, while meriting the highest priority in the present state of development of many ACP States, are more labour intensive, dispersed and slow spending. THE COUNCIL CALLS on the Community institutions and on the ACP States to make all necessary efforts - including streamlining the effectiveness of aid operations - so as to accelerate the rhythm and increase the impact of EDF aid implementation. THE COUNCIL NOTES the efforts at present being made to increase the amount of "quick disbursement" aid.

SPECIFIC ASPECTS

Least developed, Landlocked and Island ACP States

11. THE COUNCIL RECOGNISES the efforts which have already been made by the Community in order to provide for the particular treatment of least developed, landlocked and island States, especially in relation to the establishment of the volume of programmed aid which has been allocated to them and REAFFIRMS the necessity of such efforts.

Regional cooperation

12. THE COUNCIL ALSO REAFFIRMS the importance it attaches to the regional dimension of cooperation since many of the major development problems of ACP States-desertification, inaccessibility or isolated location - can only be tackled at the regional level. IT UNDERLINES the necessity to concentrate efforts on a limited number of major themes which are of interest to the whole of a region in order to avoid dissipating regional action on a large number of projects of limited regional interest.
13. THE COUNCIL RECOGNISES that in the case of regional programmes, the underlying economic and social environment may differ widely as between for example, small island States, on one hand and large landlocked States on the other.
14. THE COUNCIL ALSO RECOGNISES the important role that regional organizations can play and RECOMMENDS that ways and means to enhance their capacity in the process of regional cooperation be sought. Finally, IT STRESSES the importance that must be attached to those efforts which encourage the promotion of real strategies of regional economic integration, when the conditions for such integration are ripe.

Microprojects.

15. THE COUNCIL WELCOMES the improvements made in the financing and in the implementation of microprojects as well as the significant impact that this type of intervention has had on the populations concerned.

SECTORAL EFFECTS

16. THE COUNCIL TAKES NOTE OF the sectoral breakdown of EDF aid under Lomé I and II given in Chapter 3 of the Report and of the ACP comments on the effects of EDF aid in the main sectors of activity.

Transport and communications

17. THE COUNCIL RECOGNISES that lack of maintenance can seriously jeopardise projects and consequently RECOMMENDS the inclusion in all financing proposals of a clear indication of the relationship between the original cost of investments and the subsequent cost of up-keep.
18. THE COUNCIL RECALLS the Resolution on financial and technical cooperation passed at its meeting in 1984 which drew attention to the various factors affecting the implementation of aid to transport and communications. IT STRESSES once again the importance of these factors and URGES the ACP States and the Commission to take full account of them in implementing aid programmes in this sector.

Rural development

19. THE COUNCIL NOTES the increasing emphasis of EDF aid on agriculture and rural development. IT STRESSES the importance of food security policies and RECOMMENDS that such policies be seen in the light of the challenges of providing for rapidly increasing populations in many countries.
20. THE COUNCIL NOTES the wide variety of agricultural projects financed by the EDF and the consequent differences in the characteristics of the results achieved in the various sub-sectors. IT STRESSES the importance of ensuring that objectives set in this sector are realistic and in line with general policies for food security and rural development. IT RECOMMENDS that implementation of aid in this sector should take fully into consideration the effects of the socio-cultural environment on rural development projects.

Industrial Development

21. THE COUNCIL RECOGNISES the need for comparable growth in the industrial sector if the efforts in the agricultural sector are to succeed. IT NOTES that while the aims laid down by the Lomé Conventions regarding industrial cooperation appear to be far reaching and ambitious, the results fall short of expectations. IT URGES the ACP States and the Community to take steps to specifically address problems such as the low levels of productivity, the timely supply of spare parts and inputs and the shortages of foreign exchange.

Investment

22. THE COUNCIL NOTES the constraints on private investment. IT ATTACHES PARTICULAR IMPORTANCE to the development of such investment in the ACP States and welcomes the measures proposed towards that end in the Third ACP-EEC Convention. IT CALLS ON the Community and on the ACP States to take all necessary steps to implement these measures rapidly.

Water engineering, urban infrastructure and housing

23. THE COUNCIL CONSIDERS that investment in infrastructure, water, housing and urban services should take adequate account of socio-cultural and environmental factors and that the choice of technology must be within the capacity of projects beneficiaries to operate and maintain the investments. Pricing policies for public services must also be geared to cover operation and maintenance costs of such services. Indeed, these remarks are equally relevant to other forms of investment. THE COUNCIL UNDERLINES the importance of the participation of recipients of aid at all levels of the project cycle.

Education and Training.

24. THE COUNCIL NOTES the relative decrease of aid to this sector with respect to total aid AND URGES the ACP States to develop effective, country specific strategies consistent with the framework of overall national development and budgetary strategies. IT DRAWS ATTENTION to the utility of non-formal education and training, and RECOMMENDS increased recourse to such methods.

Public Health

25. THE COUNCIL ATTACHES PARTICULAR IMPORTANCE to basic health care and training in the social and community aspects of health and medical care. IT TAKES NOTE of the insufficiency of the national budgets of some States with respect to recurrent costs. THE COUNCIL RECOMMENDS that emphasis be placed on management and on the training and use of local managerial staff and that ways of providing assistance for research and of widening the access of all populations to health services, be explored.

Technical Cooperation

26. THE COUNCIL RECOGNISES that the purpose of technical cooperation is to provide enhanced support for the development of human resources in the ACP States. IT STRESSES the importance of using technical assistance in such a way as to ensure the most effective and economical implementation of EDF financed projects and programmes, as well as the training of local personnel and the transfer of technology.
27. THE COUNCIL NOTES that the basic principles on Technical Cooperation approved by the Council in April 1986 set down the criteria which should apply both as regards overall policy on technical cooperation and operational policy related to selection of technical assistants, the ways in which they carry out their work and, the use of their efforts in order to increase the know-how of ACP personnel having responsibilities for projects IT FURTHER NOTES the provisions in this regard contained in the Council Resolution of April 1986 on specific difficulties.
28. THE COUNCIL DRAWS ATTENTION TO the following more specific aspects on technical cooperation as they emerge from a consideration of the Report and of the ACP comments thereon:-
 - a) The importance of adequate preparatory studies and the need, in commissioning studies to supplement feasibility studies, for careful prior analysis of expected returns from projects and programmes relative to the costs of delaying their implementation;
 - b) The necessity in planning projects to place emphasis on the design of structures which will involve minimum maintenance costs in their operation. It is important to ensure that, in drawing up the terms of reference of studies, appropriate reference should be made to previous experience in similar fields.
 - c) the need to ensure, in the selection of consultants, that they are fully familiar with local conditions and relevant socio-cultural aspects of project design.

29. THE COUNCIL NOTES certain difficulties which exist in ACP States in relation to their requirements and to the use of technical assistance, in particular, the need to reinforce ACP managerial and technical capacities and to stem the brain drain from ACP States caused by shortage of resources to attract and utilise local expertise.
30. THE COUNCIL STRESSES once again the necessity of encouraging the use of ACP technical assistants and experts. IT UNDERLINES the importance of measures aimed at enhancing the ACP States' capacity to build up their technical skills and to improve the know-how of their consultants. In this regard, IT EMPHASISES the importance of the spirit of partnership which must reign between foreign and local technical assistants. IT CALLS on the Community and the ACP States to examine as a matter of urgency ways to make greater use of the nationals of ACP States, and to give due regard to technical cooperation amongst ACP States in order to ensure the most efficient and effective implementation of projects. In this respect Council RECOMMENDS that an easy flow of information concerning the skills existing in the various ACP States be ensured.
31. THE COUNCIL ALSO CALLS for the implementation of projects and programmes as far as possible through established official agencies in ACP States.
32. THE COUNCIL RECOGNISES that in addition to compensating for the shortage of ACP expertise, external consultants should also prepare their ACP counterparts to take over responsibility for the implementation of projects and programmes.

DEVELOPMENT INDICATORS AND PROJECT EFFECTIVENESS

33. THE COUNCIL CALLS on the Community and the ACP States to continue to work at developing indicators of programme and project effectiveness. In this regard, IT RECOMMENDS that all efforts be made to ensure that projects can achieve their goals and that Community aid leads to durable progress. IT CALLS on the Article 193 Committee to undertake an indepth analysis of those factors which are essential for projects to achieve their goals.
34. In considering the value of development indicators, THE COUNCIL DRAWS ATTENTION TO the following factors which affect project effectiveness:-
- the fluctuation of commodity prices;
 - climatic effects;
 - internal and external political events;
 - management problems;
 - inadequate design;
 - the neglect of the role of women and producers and of local customs; and
 - the insufficient involvement of the intended beneficiaries.
35. As regards the role of women, THE COUNCIL URGES that the socio-economic situation of women and their proper role should be fully taken into account at all stages of preparation and implementation of development projects and programmes.
36. THE COUNCIL RECOMMENDS that greater efforts should be made to involve the intended beneficiaries and to ensure that they are able to pay for goods and services and still increase their real incomes.
37. THE COUNCIL RECOMMENDS the linking of project effectiveness to broader issues such as the performance of particular sectors, the identification of bottlenecks and priorities, the importance of establishing commitment/disbursement programmes, sectoral planning, and the relevance of past policies both successful and otherwise. IT STRESSES the importance of constantly adapting experiences to new realities and to the circumstances of particular countries.

38. THE COUNCIL EMPHASISES the importance of learning from past experiences and the need to pay more attention to sociological and other non-economic aspects of project design. One of the consequences of such an approach may be to encourage self-help, like building village roads and schools. It could also encourage the extension of credit to members of farmer cooperatives and the setting up of village markets.

IMPLEMENTATION AND EVALUATION

39. THE COUNCIL RECALLS its resolution of April 1986 concerning the various factors affecting the implementation of EDF aid and URGES that all efforts be made by the ACP States and the Commission to speed up the implementation of the recommendations in that resolution. IT NOTES the efforts currently being made by the Commission to introduce computerised procedures designed to speed up aid implementation and CALLS ON the Commission to accelerate the provision of information on disbursements so as to enhance management on-the-spot of EDF financed projects and programmes.
40. THE COUNCIL WELCOMES the efforts made to harmonise programmes to be financed from the EDF with the objectives elaborated in national development plans and programmes of ACP States. IT STRESSES the importance of ensuring coincidence between EDF aided focal sectors and regions and those set out within national development programmes and plans of the individual ACP States and the adoption of appropriate time-tables drawn up in the light of the priorities established by the ACP States in order to prevent delays in programme preparation and implementation.
41. THE COUNCIL URGES ACP countries to define their global development strategies to facilitate the choice of focal sector and URGES the Community to make its interventions flexible enough to take into account the priorities set by the ACP countries in these global strategies.
42. THE COUNCIL RECOMMENDS that all efforts should be made to keep down the costs of financing EDF projects.

Project Preparation and Approval

43. THE COUNCIL UNDERLINES the vital importance of the institutional and policy environment in supporting project design and implementation. IT RECOGNISES the need to maintain the volume of preliminary studies at a minimum, especially where studies have already been previously undertaken.

Project execution

44. THE COUNCIL URGES that all efforts be made by the ACP States and the Community to ensure the quality of the preparation and verification of contracts. IT RECALLS, in this connection, the Council Resolution of April 1986 on Specific Difficulties.
45. In order to provide maximum information to tenderers, THE COUNCIL URGES the ACP States to prepare special information notes on economic, geographical and other matters of relevance to contracts. IT RECOMMENDS provision of funds from the EDF, with the necessary training component, to the ACP States for the preparation and updating of such notes.
46. THE COUNCIL ONCE AGAIN EMPHASISES that the interests of, and the local conditions in, ACP countries must be taken into account in the awarding of contracts.
47. THE COUNCIL NOTES the provisions of Article 232 of the Third Lomé Convention which provide, by way of exception, for participation of non-ACP developing countries in contracts financed from the EDF. IT URGES that the exercise of the powers of derogation should take into account the difficulties that ACP States may face in obtaining supplies where the provisions of Article 232 are applied too strictly.

Project implementation.

48. In order to accelerate the implementation of projects and programmes THE COUNCIL RECOMMENDS to the ACP States to identify focal sectors before the beginning of the new programming cycle. IT ALSO RECOMMENDS regular monitoring of project preparation and implementation and consideration of the administrative and management framework necessary for the project cycle with respect to the social, economic, cultural and human factors existing in the particular ACP countries, regions of the countries and specific communities. Finally, THE COUNCIL RECOMMENDS that Government support be ensured by provision of the required budget manpower and policy measures.
49. THE COUNCIL ATTACHES IMPORTANCE to the choice of appropriate technology including the maximum use of local inputs, manpower, materials and equipment, the harmonisation of new equipment with the facilities already in existence and the provision of adequate after-sales services.
50. THE COUNCIL IS PARTICULARLY CONCERNED to ensure that the responsible departments in ACP States are adequately equipped with trained personnel who will be able to deal with the administration of EDF aid in all its stages. In this regard, IT RECOGNISES the need to implement regular training programmes in order to familiarise such staff with the text of the Convention and to strengthen their capacity to undertake project implementation as well as the supportive activities required for the development of programmes and the realisation of projects. IT CALLS on the ACP States, with the support of the Commission, to draw up and to implement such programmes.
51. With a view to ensuring the speedy implementation of projects, THE COUNCIL RECOMMENDS that after signature of the financing agreement, the responsible public authorities be able to carry out any preliminary works or services necessary, even prior to calling for tenders.
52. To speed up the implementation of projects, THE COUNCIL RECOMMENDS that the responsible authorities of the Community and the ACP States should review the possibilities of greater delegation and decentralisation of decision-making powers.

53. THE COUNCIL DRAWS ATTENTION to the possibility, provided for under Article 188 (2) of the Third Lomé Convention, of using EDF resources to finance current administrative expenses, and in particular to provide resources for managing capital projects and programmes.
54. THE COUNCIL NOTES the interest in multiannual training programmes expressed in the ACP comments .

Supervision, Monitoring, Evaluation and Feedback.

55. THE COUNCIL IS CONCERNED at the lack of efficient systems in ACP States for supervision, evaluation and feedback during the project cycle. Not only is the data system for planning inadequate, but, in addition, the ACP States often lack the appropriate administrative structures and the technical know-how necessary to improve the situation.
56. THE COUNCIL RECOMMENDS the creation and promotion of local consultancy bureaux, the establishment of effective monitoring systems and the strengthening of follow-up and evaluation mechanisms managed by national institutions. The involvement of ACP personnel would thereby be increased especially if training of local agents was improved. Finally IT RECOMMENDS the preparation of a practical evaluation manual for use by NAOs and their staff.

FOLLOW UP

57. THE COUNCIL RECALLS the various responsibilities entrusted under the Convention to the Article 193 Committee relating to the implementation of Financial and Technical Cooperation.
58. THE COUNCIL ATTACHES PARTICULAR IMPORTANCE to the speedy implementation of this and past resolutions. IT DIRECTS the Committee to examine the extent to which these resolutions have been, and are being, implemented and to present a comprehensive report to this effect to the next meeting of the ACP-EEC Council of Ministers.

Done at Brussels, 7 July 1988

For the ACP-EEC Council of Ministers
By the ACP-EEC Committee of Ambassadors
The President

(s.) R. RICHARD

II. REPORTS BY THE ARTICLE 108 COMMITTEE

REPORT FROM THE ARTICLE 108 COMMITTEE
of 1 May 1984
on implementation of financial and technical co-operation

P R I N C I P L E S

I. COFINANCING

1. Introduction

The ACP-EEC Council of Ministers, at its meeting on 20 May 1983, adopted a resolution welcoming the emphasis placed in the Convention on the use of cofinancing as a means of mobilizing additional financial flows, particularly for the implementation of large scale projects. The Council further expressed the view that preference be given to joint financing as opposed to parallel financing, whereby the resources of various donors are placed in a single consolidated fund, and it recommended that the various administrative procedures be simplified. In addition, Council noted with appreciation the initiative of the Commission in harmonizing its cofinancing procedures with other aid agencies and asked that this be extended as far as possible.

2. Present position

Cofinancing as a subject is covered by Articles 96-100 in the Convention with the articles in question basically defining the need, forms and procedures for cofinancing as well as specifying the role to be played by the Communities, the Commission and the EIB.

While Article 97 expresses no preference for either joint or parallel financing, it is clear that the advantages of the former are considerable in that the performance of works and supply of goods can be considered as a whole, thereby enabling the most competitive bidding and contracting to be undertaken. In addition, the administrative procedures with respect to subsequent implementation are usually much simpler than is the case with parallel financing where the varying requirements of the different funding organizations can be very demanding and even contradictory. However, it must be noted that some funding organizations are precluded by their statutes from entering into joint financing.

Reference to procedure is contained in Article 98 which specifies the need to co-ordinate and harmonize the operations of the Community and allow these procedures to be made more flexible. This requirement is of particular relevance to the young emerging administrative systems of many ACP States and relates to a sound desire to alleviate, as far as is possible, the burden of administration for these States.

Several specific difficulties have been encountered, namely:

- (i) the requirement by both the World Bank and the Arab Funds for a "bid bond" which was not provided for within EDF regulations. This has since been allowed for;
- (ii) the fact that the World Bank and Arab Funds requirements for a performance bond is not entirely consistent with that of the Commission. However, a compromise has been agreed;
- (iii) the considerable divergence between the World Bank and the Arab Funds on one hand, and the Community on the other, in respect of rules of eligibility for the supply of goods. While in the case of the Community, normally only Member States and the ACP States are eligible, the participation of third countries, as provided for by Article 125(6) has been made possible for World Bank and Arab Funds financing.

In relation to administrative support by the Community of other cofinancing bodies, this is provided for by way of Article 99. The Commission also contends that it has developed a relatively decentralized administration with some 250 professional staff between the 45 delegations in ACP States who are geared to providing advice and assistance to cofinanciers on all aspects of the project cycle, from appraisal to evaluation of tenders to settlement of disputes.

Article 100 further states the co-ordinating role which may be played by either the EIB or the Commission in respect of projects partly financed by these bodies and many examples of this co-operation exist.

3. Conclusion

The present Convention contains some provisions designed to permit and encourage the use of non-Community funds alongside Community funds in ACP countries. These are:

- (i) cofinancing is permitted; it increases the amount or softens the terms of financial flows to the ACP and helps them to simplify the administration of aid, especially for large or regional projects (Articles 96 and 98);
- (ii) cofinancing can involve a single loan agreement with several lenders (joint financing) or several loans from different lenders to the same project (parallel financing) (Article 97);
- (iii) the Community can give other financing agencies administrative help, or take the lead in organizing or co-ordinating several lenders participating with the Community in a particular project (Articles 99 and 100).

Under the First Lomé Convention from EDF funds, 50 projects are cofinanced, with an estimated total value of ECU 3 477 millions, of which the Community and its Member States contributed some 31%. Under Lomé II by the end of 1983 from EDF funds 56 projects were cofinanced, of which 35 were new projects not cofinanced under Lomé I with a further estimated value of ECU 1 980 millions. A further 55 projects are still being explored. In addition, out of its own resources, the European Investment Bank cofinances virtually all of its projects since it is supposed to lend only where there are other sources of funds.

The softening of the terms of the financial package is one of the advantages of Community participation in cofinanced operations. Such Community intervention in the terms of the financing is often a decisive element for those other organizations which by virtue of their statutes or regulations, can only provide money on the hard financial terms of the traditional financial markets. Through its own resources loans and through the risk capital funds managed by the EIB the Community has encouraged cofinancing with the private sector.

Nevertheless, the main weakness of the Community's cofinancing system is that, while there are individual cases of cofinancing between the EIB and, amongst others, private sector lenders, no systematic effort has been made to encourage cofinancing with the private sector, and the existing provisions in the Convention contain no incentives for private sector lenders.

There is therefore significant scope for bringing more EEC private sector funds. Techniques for encouraging this kind of association has been developed by several other international development institutions, notably the World Bank and the Regional Development Banks. They could be adapted relatively simply to the ACP-EEC relationship.

The other outstanding practical problems currently facing cofinancing possibilities relate to:

- (a) the choice of projects to be cofinanced; and
- (b) the arrangements for carrying them out;
- (c) harmonizing works contracts;
- (d) agreeing on the currency to be used;
- (e) margin of preference to be granted to ACP national firms, etc.;
- (f) the need for better co-ordination of aid to the ACP countries;
- (g) greater flexibility in the rules: procedures of each provider of funds, which should ease the administrative burden on the recipient countries;
- (h) via its Delegates, the EEC can give administrative and technical support to other providers of funds in monitoring project implementation;
- (i) stressing to each cofinancier to show greater flexibility in the implementation of its normal procedures e.g. by throwing invitations to tender open to third countries;
- (k) the Commission playing an even more catalytic role if the borrowing and investment protection capacity of the Community could be effectively directed towards the greater promotion of private borrowing and investment in ACP States.

II. MICRO-PROJECTS AND IMPLEMENTATION OF ARTICLE 114 OF THE CONVENTION

1. Introduction

The Article 108 Committee proposed a draft resolution to the ACP-EEC Council of Ministers on 14 May 1982 in Libreville, Gabon, which included reference to the implementation of micro-projects programmes. The resolution which was subsequently adopted by Council noted the satisfying results which had been recorded, with particular reference to encouraging initiatives and self-help capabilities on the part of the local populations in question. In addition, the resolution specifically asks that the improved and simplified procedures developed as a result of experience gained in the implementation of micro-projects programmes, be applied in other fields.

The corresponding resolution at the 1983 ACP-EEC Council of Ministers reiterates the great importance which both parties attach to micro-projects and in particular notes with satisfaction the increased powers of decision provided to the Commission Delegate with respect to approvals.

The purpose of this note is to summarize the new improved procedures for micro-projects. In view of their effectiveness, it is recommended that these procedures should be extended and made applicable to other projects in the light of the scope of Article 114(2) of the Convention.

2. Improved procedures

One of the main conclusions of an assessment of the procedures for financing micro-projects was that an excessive delay tends to occur between the time when the interested authorities make known their needs, to the financing decision in question being made. In line with this conclusion, two major reforms have been made to the procedure:

(a) Approval by global amounts

The procedure in force at the time of assessment provided for approval by the Commission, after the European Development Fund Committee had given its opinion, of each annual programme for each ACP State. The new procedure, known as the accelerated procedure ⁽¹⁾, considerably simplifies and decentralizes the decision-making process: after the EDF Committee has given its opinion, a global financing proposal whereby a certain amount would be allocated to the financing of micro-projects is submitted to the Commission. Each annual programme is then initiated on the basis of a proposal for the allocation of the appropriations which is in turn approved by the Director-General, principal authorizing officer of the EDF. In other words, initiation takes place within the Commission alone.

(b) Approval by indicative programmes

The procedure in force at the time of the assessment also stipulates that each micro-project should be explained in detail and backed up by arguments and statistics and that all the micro-projects thus defined should then be included in an annual programme which was submitted to the Commission to become the subject of a financing agreement. Only once that procedure had been concluded, sometimes years after a given micro-project had been defined, could the decisions on financing and the implementation at last be taken. Needless to say, under such circumstances, the enthusiasm of the population has often become dampened, the initial estimate no longer corresponds to the reality, etc. In view of this situation, it was decided to review the procedure in question. It was stipulated that a financing commitment could henceforth be entered into by the Commission and formalized by the signing of a financing agreement on the basis not of a detailed list of micro-projects, but of an indicative programme, perhaps even embracing several years and covering the sectors involved without at this stage referring to individual projects. Such programmes could, for example, cover rural water supplies, storage infrastructure, investment in agricultural production and in craft industries, processing plants, etc. Once the financing agreement has been signed by the two parties, the ACP State will take the relevant individual financing decisions by agreement with the delegate as the local authorities put forward their ideas and projects are outlined in consequence.

(1) Procedure based on Article 114(1) of the Convention.

Judicious timing of the two improvements described in point (a) and (b) above will therefore mean that in practically every case a decision can be taken on a given micro-project as soon as it has been submitted to the Administration since both the global commitments guaranteeing the availability of the necessary funds to finance the project (EEC share) and the financing agreement providing for financing will already be in force.

3. Conclusion

Article 114 deals with two categories of cases where accelerated procedures can be used:

- (i) those schemes and programmes listed under Article 114(1) (a), (b) and (c);
- (ii) those projects and programmes other than those in Article 114(1) provided that only a "limited amount" is involved.

The "limited amount" as specified in Article 114(2) is not defined. This lack of precision has created problems in the application of the provision.

The Technical Working Party has made attempts in order to define these terms, inter alia by reference to other applicable provisions without however reaching an agreement. It will continue its work in this matter.

Nevertheless, in the spirit of Article 114(2), it is necessary to introduce accelerated procedures similar to those already implemented under paragraph 1 to finance sets of projects and action programmes, the nature and structures of which are sufficiently defined at the time the overall decision is taken to allow the decision on individual projects of a limited size (e.g. wells, nurseries, dispensaries, maternities, schools, etc.) and their location to be taken at the most decentralized levels.

In any case, Article 122(5) is also applicable to the implementation of this kind of projects up to the limit of 3,5 MECU.

III. REGIONAL CO-OPERATION

In the Lomé Convention, regional co-operation reflects the solidarity among the ACP States as a whole and economic co-operation and development within and between the regions of the ACP States.

It is in this context that it is important to look at the evolution of the implementation of Lomé II regional co-operation in order to (a) appreciate its positive aspects; (b) identify the difficulties encountered; and (c) draw conclusions and recommendations for the future.

- (a) Concerning the positive aspects of implementation, it should be noted that a more rapid and a more balanced breakdown than in the past was made of regional allocations between the different ACP regions, this as well as a better sectoral diversification of projects financed, or to be financed.

The breakdown of regional allocations between sub-regions is as follows:

<u>SUB REGION</u>	<u>ALLOCATION IN MECU</u>
West Africa	120-160
Central Africa	50-60
East Africa	115-140
Southern Africa	60-70
Indian Ocean	15-20
Caribbean	45,6-55,6
Pacific	20,9-25,9
	<u>426,5-531,5</u>

A balance of 100 MECU is reserved for the financing of global actions such as regional trade promotion, the contribution to the budget of CID, and the Technical Centre for Agricultural and Rural Co-operation, and for ACP Secretariat experts.

As at end-September 1983, the split between project approved and those identified was as follows:

<u>SUB-REGION</u>	<u>A</u> <u>FINANCING GRANTED</u>	<u>(MECU)</u>	<u>P</u> <u>IDENTIFIED</u>
West Africa	62.234		47.247
Central Africa	27.473		15.500
East Africa	32.182		17.000
Southern Africa	26.014		8.000
Indian Ocean	6.150		-
Caribbean	17.590		12.295
Pacific	10.374		6.200
All ACP	42.950		(57.050)
TOTAL	<u>224.967</u> =====		

- (b) The principal problems encountered in implementing regional co-operation are those linked to difficulties of identification and preparation of a certain number of regional projects, and perhaps to the absence or insufficiency of institutional channels or to a lack of co-ordination.

The process of identification of projects has in fact appeared particularly slow for a certain number of regional projects due in particular to their complexity, the necessity to take recourse to cofinancing and the difficulty of appreciating their truly regional character.

It is important in this context to avoid freezing credits which for the above reasons appear not to be "financable" within a reasonable period as compared to the period of the Convention. In fact this means favouring the projects which the ACP States themselves consider as priority and which are sufficiently well-identified such that a financing decision can take place within a reasonable time.

The Community has financed within the framework of Lomé II a series of technical assistance actions for existing regional organizations such as CARICOM, SPEC, CEAD, SADCC and CEPGL in order to encourage co-operation between ACP States.

(c) Analysis of the progress of regional co-operation leads to a certain number of conclusions and orientations which could improve the implementation of regional co-operation. In this regard the following recommendations could be taken into account:

- a better co-ordination should avoid the presentation of too many projects as compared to the funds available, and the risk of "freezing" credits for projects which are too hypothetical to be financed within a reasonable period;
- the existing Convention lays down the field of application and the objectives of regional co-operation but does not sufficiently specify the criteria which define the "regional" character of a project;
- there should be an evaluation of the impact of projects already financed from the regional fund;
- the difficulties and delays in preparation and execution of regional co-operation need to be examined in further detail, with a view to finding solutions for speeding up and simplifying its implementation;
- some of the difficulties and delays in implementation of regional co-operation could be drastically shortened by reinforced complementary support from the Community to regional organizations.

IV. PROGRAMME AID

1. Introduction

In its Libreville Resolution on financial and technical co-operation of 14 May 1982, the ACP-EEC Council of Ministers took note that:

- "- the Community has initiated an in-depth study of the respective advantages of project or programme assistance and will inform the ACP States in due course of the outcome of its study;
- this study will not delay or prevent the adoption of financing decisions regarding requests already submitted;
- the ACP States request that the Community should orientate part of its aid towards programmes and especially where the needs and priorities of the ACP States require this."

One year later, in Brussels Resolution on financial and technical co-operation of 18 May 1983, Council strongly recommended,

"recognizing that many ACP States have difficulties in undertaking immediately the financing responsibility for projects operation and maintenance, ... that more attention be given to maintenance possibilities as from the design phase, in terms of finance, import requirements, necessary expertise, and of institutional limitations."

2. EEC Council conclusions on maintenance assistance

On 3 December 1982, the Council of the European Communities gave its agreement to the following text:

"Introduction

Following the worsening of the economic and financial situation in a large number of developing countries and in particular in the poorest countries, the Community is receiving an increasing number of requests for maintenance assistance.

In these circumstances it would seem advisable to lay down guidelines for allocating maintenance assistance.

These guidelines apply insofar as the existing legal bases allow for maintenance assistance.

This text does not cover aid to consumption since this is covered at Community level by the existing provisions on food aid and emergency aid.

Objectives

Ensuring the operation of the productive capacities of a certain sector of the economy of a developing country.

Reason: the operation of the production system has, in certain situations, priority over investing in a new project or programme.

The terms "productive capacities", "production system" and "production sectors" should be understood in a broad sense.

Types

- aid for the continuation of previously initiated action,
- aid towards the operation of production sectors,

in the form of the supply or financing of inputs into the production system, e.g. raw materials, spare parts, fertilizers, insecticides, inputs for improving health and education services, but excluding budgetary assistance.

General characteristics

- at the request of a developing country, taking into account the development priorities of that country and in accordance with Community development policy;
- intended to deal with a serious situation, particularly in low-income countries, involving an exceptional and increasing shortage of foreign exchange and/or local resources which rules out adequate maintenance of productive capacities, thus threatening vital economic functions and economic and social development achievements.

Implementation of aid

- where a serious situation as referred to above is of a structural nature, assistance will be linked to measures designed to solve the underlying problems, so that the need for it disappears after a certain time; these measures will be in the form of, primarily sectoral, investment projects or programmes and/or economic policy measures adopted by the recipient country;
- aid will be subject to a time-limit; without prejudice to the legal texts which apply, it will be degressive; where appropriate it will be phased and subject to annual review;

- within the framework of co-operation between the Community and the recipient country and in order to avoid duplication, all relevant factors - including any assistance from bilateral and multilateral donors and from international financial institutions - are to be taken into account;
- aid will be implemented on the same conditions as investment aid;
- any counterpart funds will be used, with the Community's agreement, for projects or programmes;
- all the objectives and components of the aid, including the use of counterpart funds, are to be defined in detail."

3. Conclusion

The Technical Working Party suggests that the Article 108 Committee (Ministers) should take stock of the present situation in the light of the relevant orientations of the Libreville and Brussels Resolutions.

P R O C E D U R E S
V. FINANCING OF OVERRUNS

1. Introduction

The ACP-EEC Council of Ministers in its resolution of 14 May 1982 at Libreville resolved that:

"The Council takes note that the Community, which increasingly issues invitations to tender prior to the financing decision, considers that the suggestion by the ACP States to issue invitations to tender prior to the financing decision would provide a better estimate of the foreseeable cost of projects and therefore limit the risks of overruns."

[ACP-CEE 2202/1/82, point V.8. p. 13]

2. Progress Report on the implementation of the Resolution

The statistics below offer a comparison between the amount and number of invitations to tender issued prior to the financing decisions, and the amount and number of invitations to tender issued after the financing decisions.

International invitations to tender financed by the EDF and issued during 1982

Amount of international tenders issued

(estimation)	ECU	%
Before financing decisions	201 044 000	47,8
After financing decisions	219 341 000	52,2
Total	420 385 000	100,0

Number of international tenders issued

	Number of tenders	%
Before financing decisions	22	18,5
After financing decisions	97	81,5
Total	119	100,0

These figures concern both works and supply contracts. They are confirmed by the statistics relating to the year 1983 (47,2% in amount and 27% in number of tenders issued before financing decisions).

During calendar year 1982 under Lomé I and II ECU 1.095.580.000 was "decided" of which ECU 872.745.000 can be considered as aid possibly liable to lead to tender offers and contracts. The balancing ECU 222.835.000 represented STABEX, risk capital and interest rates subsidies.

Half by volume but only one fifth by number of international calls for tender in 1982 (more than a quarter in number in 1983) occurred before the corresponding financing decision. Tenders issued before decisions were on average for larger amounts than those issued after decisions.

The 22 tenders issued before decision fall into three broad technical types:

- works contracts for roads, a bridge and a water system;
- SYSMIN contracts; and
- heavy electrical equipment installation contracts.

3. Conclusion

To reduce further the incidence of cost-overruns with a view to eliminating such incidence completely, greater use should be made of the practice of issuing invitations to tender before financing decisions are taken.

VI. RECENT DEVELOPMENTS IN EDF PAYMENT PROCEDURES
UNDER GRANTS AND SPECIAL LOANS

1. Introduction

The ACP-EEC Council of Ministers in its resolution of 14 May 1982 at Libreville, took note of the fact that: "... the Commission is currently organizing a procedure whereby at the request of any ACP State which so desires, the system of direct payments by the Commission would be applied to special loans as already applied in the case of grants or subsidies".

The purpose of this note is to summarize the new procedures and the comments of the Article 108 Technical Working Party.

2. New measures

In the course of 1982 and 1983, the Commission introduced four new measures designed to expedite payments. These are:

- (a) 60% advance payments under supply contracts,
- (b) direct disbursement to contractors under EDF special loans,
- (c) a single multicopy payment order form,
- (d) reduction of the number of the control visas on payment orders and the granting of wider powers to delegations in this respect.

(a) 60% advances to suppliers

Until 1982, companies holding supply contracts subject to the EDF General Conditions of Contract were able to receive an advance of only 30% of the contracts value at the time of signature of the contract, followed later by a further 30% advance on proof of shipment of the goods. Both advances to be secured by an advance payment bank guarantee securing payment. The guarantee to be released on provisional acceptance of the goods.

In 1982, the first advance payment was increased to 60% by incorporating the second 30% (on shipment) into the first payment. Hence the relevant Article 20.1 of the "General Conditions for supply contracts financed by the European Economic Community European Development Fund. Part B. Invitation to Tender 1982" now reads as follows:

"20.1. 60% of the contract price, at the time the contract is placed, on provision of a guarantee securing repayment of the full amount of the payment instalment. The guarantee will be released on provisional acceptance, against presentation of any document proving acceptance."

(b) Direct disbursement under special loans to contractors

Until May 1983, the Commission, like the European Investment Bank, disbursed only to the borrowers who were then responsible to pay contractors.

In practice, this two-step payment mechanism appeared to give rise to delays resulting from deficiencies in administration, postal delays, and also from delays by the monetary authorities in making available to the national authorizing officer or to the borrowing organization the foreign currencies disbursed by the Commission. Often all three of these difficulties were combined.

Given these circumstances, the Commission decided to offer to borrowers the possibility to use for special loans the same payment procedures as are available for projects financed by grant. This means the Commission paying directly, on instruction from the borrower, to the beneficiaries of contracts, either by the debit of the Commission account with the local paying agent for payments to be made in the local currency of the borrowing State, or through Brussels, for payments to be made in other currencies, subject to two conditions:

1. this procedure does not assume an automatic or mandatory nature, but remains optional,
2. it is always necessary to obtain prior authorization - specific or generalized - of the authority responsible for the management of the external debt of the ACP borrower.

By a circular note dated 19 May 1983, delegates of the Commission were requested to inform ACP States of the possibilities offered by virtue of this note, which relates equally to loan contracts already in course of execution as well as for future loans.

(c) New multicopy payment order forms for DG VIII

The volume of payments administered by DG VIII has burgeoned under Lomé I and II. During calendar year 1975, approximately 208 MECU was disbursed, requiring some 2 500 payment transactions. During calendar year 1982, approximately 693 MECU was disbursed, requiring some 12 000 payment transactions. This represents a 233% increase in money terms, and a 380% increase in the number of transactions. Hence DG VIII has been obliged to institute certain managerial improvements to accommodate these substantial increases in its workload. Thus for example, the EDF accounts were computerized after 1975.

Now, during 1983, DG VIII has introduced a new multicopy payment order form for use in its Brussels departments. This document will combine the EDF authorizing officer's document, the accountant's instruction to the Bank Paying Agent, copies to the Financial Controller, Commission Delegates, and the computer accounts entries all into one multicopy NCR paper manifold.

(d) Decentralization to delegations of certain control visas

Following the recent reorganization of DG VIII's organogram a reappraisal of payment visa circuits was made and an opportunity to simplify them, and to decentralize certain visas to delegations, was identified.

The new procedure will now mean that, except in special cases, visas certifying the practical technical content of each payment will be made by Commission delegates in the ACP, and no longer by the technicians within DG VIII in Brussels.

3. Conclusions

The Technical Working Party assessed the four new measures set out under point 2 which the Commission had taken to speed up disbursement procedures, and noted that these measures would result in speedier clearance of payments to contractors and suppliers, lighter routine administrative work without detracting from the speed and ease of control, and would decentralize controls allowing them to be carried out by delegations in the field.

It also considered that

- (a) the general clauses and conditions for contracts should be drawn up in such a way as to provide for legal and financial measures which afford better protection to users of supplies financed by the EDF against risks of latent or patent defects of such supplies during and outside the guarantee period;
- (b) the search for practical ways of simplifying and speeding up administrative procedures should be continued, and proceedings in this connection should never be regarded as finished.

S E C T O R S

VII. AGRICULTURE, RURAL PROJECTS AND FOOD STRATEGIES

1. Introduction

The heavy reliance of many ACP States for their economic and social development on the progress of their food and agriculture sector is evident from the fact that it contributes more than half of their national product, employs over 80 percent of their total population, and accounts for two-thirds of their export earnings. But growth in agricultural production over the last two decades has trailed behind population growth while food imports have increased substantially. This claims an increasing share of their severely limited export earning and steadily diminishes capacity to import capital goods for development.

Administrative, structural and institutional impediments to food production and development inefficiencies of marketing systems, inadequate investment resources owing to unfavourable share of international trade and increasing debt burden have aggravated problems of development.

The food strategy as conceived by the World Food Council consists of an integrated policy orientation to food production, distribution and consumption involving the broad economic and social policies which affect the wider distribution of income and peoples access to food. The fundamental issue that emerges is the balance between the need to increase food prices to encourage the production while simultaneously protecting the vulnerable groups against nutritional consequences of higher food prices.

2. Progress report

The Community position concerning food strategy schemes in the first generation food strategy countries shows that in the majority of the countries concerned emphasis is being placed on the production and distribution aspect of agricultural policy. There are other important issues relating to income distribution and access to food.

Among the issues pertinent to food strategy,

- there are several countries which for a number of reasons cannot expect to achieve food self-sufficiency. Certain sections of the population of these countries must be protected against nutritional consequences of high food prices for domestic foodstuffs. The Community, which has before it a request by the ACP States concerning available agricultural products, has stated that it will examine the various implications of this request;
- the Community should also be ready to help implementing detailed income generating measures which will enable the weaker sections of the population to increase their incomes outside the production of food. The transfer of low cost technology and the training that should go with it are matters that have to be dealt with;
- for some countries where food production to satisfy the domestic market is not feasible in the short term, there is need for those countries to increase production of goods other than food crops for export. So there is need of a policy which allows and promotes the sale of these products in the Community market and other external markets;
- the success of food strategy will depend to a large extent on the assistance of development assistance agencies. There is need for greater integration of technical, financial and food aid and greater flexibility and exchangeability in the deployment of various types of aid.

After discussions with the authorities of the various countries the Community decided to support food strategy programmes in Mali, Kenya, Rwanda and Zambia. Except for Rwanda where there is population pressure on the land and hence the need to concentrate on production of food, the emphasis on the selected countries is on marketing and price policies. Other countries have indicated a willingness to adopt and implement a food strategy. Their requests are or will have to be examined in due time. The Community should be ready to help those countries which lack the administrative and technical skills to define and develop their own food strategy.

The Community has already started a number of such experimental schemes to support food strategies in four countries (Mali, Kenya, Rwanda and Zambia).

The Community held the opinion that to "get prices right" would be an important element in solving many agricultural problems. Incentive prices to farmers would be the key instrument for the solution of agricultural output and hunger in the ACP countries. Without denying that a better price policy is indeed a necessary condition for improved food production and alleviation of hunger, it becomes more and more clear now that it is by no means a sufficient condition.

In order to increase food production, more price increases will not suffice as stated by the Community. First there is a need for an optimal price-mix between the various products the farmers produce. Often it is not so much the absolute price of a crop which matters, as an incentive to produce, but it is the relative price of that crop compared to other crops. Second, there is a need for a greatly improved availability of inputs such as fertilizers, insecticides, water, know-how, and third, for greatly improved research and applied research on a decentralized level to significantly improve yields.

Throughout recent history, research has played a crucial role in drastically increasing yields. This certainly is a sector where government intervention is strongly needed and which cannot be solved by the market alone. Also this inevitably has to be done on a country by country basis or even by more decentralized geographical entities, since different natural conditions require quite different varieties and cultivation methods. Of course, instruments to spread the results of research could be available as well. Fourthly, in order to alleviate hunger, increased food production may not even be the crucial variable, but the creation of a minimum purchasing power for those unable to buy food, through the creation of income generating activities.

Food strategy should be understood to be part of the overall Agricultural Development Policy, this way one of its main thrusts should be towards pursuing broad based rural development. Apart from problems linked to the general economic environment of the producers, participating countries will be concerned with a range of issues over the short, medium and long term.

The short term concerns, which should be the starting point, should include improvement of physical infrastructure and rehabilitation of existing production capacity, improvement of capacity utilization timely input supply to farmers.

Re-organization and strengthening of extension and training will be carried through short and medium term. Attention should be paid in the medium term to broaden the level of operation of the rural credit system.

In the long term, a major concern of food strategy should be the expansion of the irrigation system, promotion of rural/urban balance, strengthening of crop processing facilities and of agro-industrial links and protection of the environment against irreversible damages, such as loss of soil fertility due to overuse or inappropriate cropping situation and fertilizer use, waste of water resources, excessive use of energy, deforestation, desertification and depletion of game resources.

The Community should recognize the importance of storage facilities, and provision of an adequate supply of consumer goods to further encourage the producer as an essential part of an incentive package. This is becoming a serious problem and will have to be included in any aid programme supporting the sector.

3. Conclusion

The essence of Community's support in reversing this trend and thereby improving the situation must be:

- a commitment to increase substantially financial support and more efficient use of it, within the available instruments;
- a more coherent combination of the available instruments, especially as regards food aid and counterpart funds deriving from it;
- a better co-ordination of various external aids in order to maximize their mobilization;
- stepped-up investment in order to take advantage of improved incentive for food production and to realize export potentials;
- increased aid and more efficient use of it, within the available instruments, could permit governments to improve the return on existing facilities and potentials through increased maintenance, agricultural inputs and other recurrent expenditures, while at the same time, stepping up investment levels to lay the basis for sustained and higher growth;

- the principle is widely accepted that food aid need not be a disincentive to local production, indeed food aid, properly managed and integrated with well-formulated national food strategies, also has an important role to play in supporting consumption as well as development programmes additional of course, to food aid for emergency situations;
- also to assist in arranging or providing technical assistance for the preparation of food strategies;
- also for Community support for strengthening of research including exploration of alternate energy sources and for the development of national skills in the formulation and implementation of national policies and programmes are vital;
- within the framework of rural development the importance of acceptable and sound farm and rural housing cannot be overemphasized, particularly as a means of providing a level of habitation comparable to that in the urban areas to serve as an incentive to farmers to remain on their land. The need for improved rural water supplies and other services such as electrification, should also be mentioned as being all necessary ingredients in the improvement of the quality of life in the country areas;
- every effort should be made to encourage farmers to form their own organizations to assist in input supply, marketing, dialogue and interaction and in the process to provide the same farmers with a better representational voice;
- many ACP States are subjected to frequent and sudden natural disasters such as hurricanes and floods, which can play havoc with agricultural development. Schemes for possible crop insurance, as a means of ameliorating the effects of these disasters, should be investigated and supported.

VIII. E N E R G Y

1. Introduction

Point IV.1 "Energy" of the Brussels Resolution reads as follows:

"Council recalls the Resolution of the ACP Council of July 1980 calling for the comprehensive collation of data on the energy potential and requirements of the ACP States with a view to providing guidelines for furthering intra-ACP co-operation in this field.

In noting that this work has not yet been done due to a lack of funds, Council welcomes the possibility of the Community financing such studies (preferably at a regional level) in accordance with Article 76 of the Convention."

Progress report

(a) Terms of reference for the drawing up of inventories of energy resources and the requirements in the ACP States

In its meeting of 25 November 1983, the Technical Working Party took note of the following terms of reference, forwarded by the Commission departments:

"These inventories will be prepared in accordance with the methodology which the Commission has already put at the disposal of the ACP States. They will be drawn up in two parts: collection and processing of energy statistics; diagnosis of the energy situation of the ACP State concerned.

PART I: COLLECTION AND PROCESSING OF ENERGY STATISTICS

The collection of data will cover both commercial and non-commercial sources of energy. It will be conducted in accordance with the definitions and all the methods of preparation incorporated in the abovementioned methodology (classification of forms of energy and of user categories, type of measurement of energy quantities, methods of calculation,...).

This collection of data will cover:

- energy resources and reserves, with the inventory indicating inter alia the alternatives as regards medium and long-term future prospection;
- energy operations where use is made of different forms of energy, with the basic information - collected chronologically - being entered in elementary tables illustrating energy operations.

The elementary tables will serve as a basis for the further processing of energy statistics in two stages:

- establishment of the table illustrating the production and use of forms of energy and indicating the successive uses to which each of these sources of energy is put;
- energy balance sheet for which the accounting system employed and the conversion coefficients and equivalence coefficients to be taken into account are those specified in the abovementioned methodology.

PART II: DIAGNOSIS OF THE ENERGY SITUATION

On the basis of the results obtained in the first part it will be possible to diagnose the energy situation by applying a methodology covering the following additional aspects:

1. Aspects peculiar to the energy sector:

- as regards supply: assessment of possible energy reserves and estimate of potential resources for renewable forms of energy,
- collection of data concerning energy utilization plant,
- information on the method of managing the energy system, the role and tasks of energy-producing undertakings, and institutional and legal aspects,
- data relating to prices and tariffs of the various forms of energy,
- regional information including:
 - the spatial component of energy-producing activities and the location of the principal points of use of energy,
 - establishment of matrices for the exchange of energy between the principal areas of a country and between these areas and other countries.

2. Economic and social aspects affecting energy demand

- analyses necessary for understanding the integration of the energy sector into the economic and social context, particularly by means of:
 - . socio-economic indicators relating either to energy consumption or supply
 - . graphs showing the nature of the links between the components of the energy and economic systems."

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The activities required under the first and second parts will be the subject of a report giving the broad outline of the diagnosis of the energy situation.

Moreover, while these activities are being carried out a national of the ACP State concerned will receive appropriate training to enable the energy inventories to be updated in the future.

(b) Commission budget-financed interventions in favour of the ACP

1981 - Article 3270

- Study "Prospectives for ACP development concerning energy" 70 000 ECU
including a methodology on:
 - . collection and processing of energy statistics
 - . energy diagnosticand their application in three test cases (Guinea Bissau, Togo, Benin)
The diffusion of the methodology to ACP was well received by ten of them and has been translated into several EDF interventions.
(sub-total) : 70 000 ECU

1982 - Article 933

- Assistance to SADCC Secretariat on energy programming (7 ACP concerned) 150 000 ECU
 - Firewood Seminar at Luanda for SADCC (7 ACP concerned) 200 000 ECU
 - Studies and R/D actions of a horizontal nature for non-Associated Developing Countries whose results could be used by the ACP (energy economies in tea factories, R/D programme on energy use of ligno-cellulose materials, energy conservation in artisanal fishing, impact of coal use on employment and the environment.) 760 000 ECU
- (sub-total) 1 110 000 ECU

1983

1. Article 947

- Retrospective evaluation of 25 years of energy co-operation including the ACP 230 000 ECU
- Impact of the energy component in development projects (essentially ACP) 41 000 ECU

Article 947 (1983)	(Carried forward)
	271 000 ECUS
- Prospective study on development of new energy sources in the Developing Countries, especially ACP	50 000 ECUS
- Seminar on diffusion of improved hearths	30 000 ECUS
	<hr/>
(Sub-total):	351 000 ECUS

2. Article 958 (part of thematic action-firewood)

- Participation in R/D programme on energy use of ligna-cellulose materials (Rwanda, Burundi)	1 100 000 ECUS
- Technical support to Niger for elaboration of a Firewood strategy and diffusion of improved hearths	200 000 ECUS
- Support for SADCC Firewood Programme (7 ACP countries)	450 000 ECUS
- Information system on knowledge of and results of experience concerning firewood, especially in the ACP	<u>250 000 ECUS</u>
(Sub-total):	2 000 000 ECUS

1984 - Article 933/947

- Diverse actions foreseen of which the realization of energy balance sheets in 10 ACP co-financed with the World Bank, and Firewood Programme are the most important. Estimation.	3 000 000 ECUS
TOTAL:	<u>6 331 000 ECUS</u>

Or 10% of the annual average EDF interventions for energy co-operation.

3. Conclusion

The Technical Working Party suggest to take note of point 2 above and to ask that the matter be kept under review in the light of point 2(a).

IX. HUMAN RESOURCES

The primary aim of development must be the continuing improvement in the standard of living and quality of life of the entire population on the basis of its full participation in development, and a fair distribution of the benefits therefrom. The development of Human Resources, therefore, is a pre-requisite for economic and social development.

The Commission in its 1982 Report acknowledges that while financial and technical co-operation under the Lomé Conventions had adequately provided infrastructure and equipment, very little has been done to develop the ACP countries own human resources capable of administering, maintaining and exploiting these facilities. Aware of this lacuna, and realizing the importance of the human factor in the development plans of individual local communities and countries, a special unit on Human Resources has been set up within the Directorate-General for Development with the ultimate purpose of integrating the human factor in development plans and strategies. Work is being carried out in several areas.

(a) Education and Training

The report points out that most of the financing in this sector was allocated to study awards and training courses under multi-annual training programmes. The fact that training programmes are now to be integrated in the development schemes and therefore suited to existing employment opportunities is most welcome.

The report goes on to say that special emphasis was put on the training of teachers at the primary and vocational level. However, the training of teachers at the level of universities and higher institutions of learning should also be included in the training schemes. For example, the Statistical Training Programme for Africa (STPA) which has been submitted to the EEC for EDF financing, emphasizes the importance of making provisions for the training of teaching staff for these Statistical Training Centres.

The self-reliant development efforts of the ACP States embrace self-reliance in the areas of education, research and training. ACP educationalists, researchers and administrators have adopted an important set of recommendations aimed at bringing about co-operation in the three areas (Intra-ACP Seminar on Co-operation in Education, Research and Training for Self-Reliant Development, Brussels, 5-9 October 1981). Similarly, the "Basic Principles Derived from Evaluation of Operations financed in the Education and Training Sector", agreed at a meeting of ACP and EEC experts in Addis Ababa in March 1982, should be approved by the ACP-EEC Council of Ministers at the earliest opportunity and serve as the basis for future activity in these fields.

In pursuance of the ACP-EEC Consultative Assembly Resolution on ACP-EEC Cultural Co-operation (Luxembourg, September 1981), the Commission should provide the ACP States with all possible technical and financial support to enable them to implement the education, research and training activities which they have identified as priority sectors in their indicative programmes. It is recognized that it is the responsibility of the ACP States to initiate projects proposals in accordance with their declared policies.

Although the ACP-EEC Council of Ministers stressed the importance of the training aspect of technical assistance, serious difficulties have impeded its implementation so far. Consequently, technical assistance to the ACP States has too often taken the form of the provision of substitute personnel. As training is a fundamental aspect of any project and programme, the ACP and the EEC should look to the problem. It is noted, therefore, with great satisfaction, that an ACP and EEC experts' meeting took place in April 1984 to devise future guidelines for technical assistance.

Training, along with health and rural development, is one of the fields on which aid should be concentrated, as all meet the ACP countries most basic needs and constitute the foundations of real development. The ACP countries should continuously endeavour to develop basic practical education on integrated lines (e.g. in rural areas, literacy campaigns, preventive medicine and agricultural training should be co-ordinated) and to foster technical and vocational training. But in order to be effective this approach calls for more funds. It also needs to be integrated in an overall national policy that stops favouring government services at the expense of the primary and secondary sectors.

With regard to project-linked training, this is something about which firms are relatively uninformed and project costs are usually calculated too finely to include a training component. The fact that infrastructures and multiannual training programmes are no longer looked after by different Commission departments should remove a significant factor that inhibited a dynamic overall approach to training questions. That approach should be guided by section 9 of the "Basic principles (Addis Ababa 1982)" referred to above.

Very high priority should be attached to the development of human resources within the context of the Convention. It is therefore recommended that special efforts by the Community in assisting ACP countries to develop their human resources as much as possible should be further strengthened.

Major areas of such resources should comprise:

- high and middle-level technical manpower;
- manpower for industry at the workshop level;
- improved agricultural manpower;
- manpower for marketing, distribution and maintenance services;
- manpower for business support institutions (such as industrial estates and extension services; agricultural extension, etc.);
- manpower for major sectors such as natural resources exploration, evaluation and extraction (including mining), transport and communications, food production, etc.).

Though the eradication of illiteracy is a major area of concern, it is recognized that it must be a matter primarily for local resources (e.g. use of local languages), whilst Community aid might be provided in the form of technical assistance for programme planning or for the design and production of teaching materials.

Attention is called to the need for research on the methods and content of non-formal education, particularly of education technologies for converting the out-of-school/drop out population into an efficient and productive workforce in industry, farming and services including maintenance of equipment and structures. Special attention should be paid to the training needs of women.

Special attention should be given to the development of national capabilities in the design, planning, installation and management of development operations and services, the lack of which constitutes a grave weakness in most ACP countries. Special and imaginative efforts should also be made to create with Community support conditions of work and other incentives to halt and reverse the present brain drain from the ACP countries.

The ACP Group recognizes the importance of integrating education and training activities into the development policies of the countries concerned in order to avoid waste of financial, human and technical resources. Moreover, the ACP would like to ensure that EDF-financed projects and programmes take into consideration the socio-cultural environment of the recipient countries.

The scope for ACP-EEC co-operation in bringing about effective collaboration among ACP universities in the areas of education, research and training should be examined jointly, in the light of conclusions of the Intra-ACP Seminar on Education, Research and Training for Self-Reliant Development.

(b) Employment and working conditions

The Commission Report makes reference to another study which has been commissioned on the training and conditions of APC nationals holding EDF awards in the EEC countries. The ACP States are of the view that such a study should also take into account the situation of non-EDF award holders who face serious financial, social and administrative problems, for purposes of comparison with a view to ensuring a balanced study. The ACP States point out that this issue has been brought to the attention of the EEC, but consider that, so far, no co-ordinated approach has been adopted to tackle the problem, which is gravely affecting the social and economic progress of the ACP States. The Commission states that, at the request of the ACP States, it proposes to extend to all ACP nationals in the various Community countries the study which it has put in hand concerning the training possibilities and conditions afforded EDF award holders.

(c) Women's role in development

With respect to women's role in development, it is now widely recognized that women are active contributors to development. Although the Commission's investigation into this area is limited, its findings reveal that, on the whole, women's participation, particularly that of rural women, has been generally ignored or underrated (see the conclusions of the EEC Council of Ministers of 8 November 1982 on Community development aid in relation to the situation of women in the developing countries).

Equal educational opportunities for women in all fields should be encouraged; in the case of rural women, care must be taken to ensure that they have access to

- agricultural production and food production;
- appropriate technology;
- cottage and small-scale industry;
- marketing;
- credit facilities;
- non-conventional energy;
- water supply;
- sanitation facilities;
- health care;
- education and training programmes.

(d) Cultural aspects of development

The various institutions of the Convention have acknowledged the importance of integrating the cultural factors in all development and co-operation plans with a view to assuring an authentic development and enriching and enforcing the ACP-EEC Agreement.

The ACP welcomes the fact that the Commission, in planning and implementing EDF-financed projects and programmes, is attaching greater importance to the socio-cultural environment of the recipient countries. This aspect has been stressed in the Chasle Reports on ACP-EEC Cultural Co-operation which have been adopted by the ACP-EEC Consultative Assembly.

X. HEALTH AND SOCIAL SERVICES

The provision of public services to the people of ACP countries has put a great strain on the resources of their governments, yet the provision by public agencies of essentials such as safe drinking water, sanitation, health and education, at a price which can be afforded, is a vital component of the strategy of poverty alleviation. Increases in per capita incomes will not provide access to such services; massive increases in expenditure by governments are required.

Moreover, in common with many other developing countries, the age structure of the population of the ACP is such that almost half of the population is below the age of fifteen. The need to provide these children with the health and education facilities to enable them to lead as productive lives as possible is obvious.

It would appear that the priorities of health programmes have been recognized to some extent in that in the finance provided under the Lomé Convention so far, the emphasis has reportedly been generally placed on small and medium sized medical units located mainly in rural areas; on the adjustment of infrastructure and equipment to the needs and lifestyle of the users; on the training of medical and ancillary medical and maintenance staff; on the co-ordination of preventive medicine; and on health education and curative medicine schemes.

According to the Commission report, of the 11 million ECU earmarked for Health Projects, 10,5 million was spent on infrastructures. Health education, training in primary health care, hygiene, medicine and pharmacology, research on diseases, amongst other things, are part

and parcel of the Health Sector. Several primary health programmes have recently been presented by ACP countries and approved by the Community. Medical training is provided under the multi-annual training programme of various ACP countries and within the framework of specific health projects, but it cannot be isolated. It is essential however that the governments concerned and the Community pay great attention to including in each project the necessary operations of health education and personnel training, in accordance with paragraph D.1. of the basic principles for the health sector.

However, the Community could increase its assistance in this area in line with the general policy of meeting basic priority needs of the ACP States by providing for research activities for design standards and technology that will permit the extension of the distribution of health and health-related services at low unit cost. It would assist in the solution of the administrative problems of improving access to these services for the rural population with both financial and technical aid and it could enter into commitments to provide the governments of the least developed countries with basic medical supplies, possibly in kind, as a means of widening the reach of Community aid in the short term. Both of these measures would mean going beyond the scope of the current provisions of the Lomé Convention, but would be entirely justified in the context of the Least Developed ACP States' needs.

The health sector is suffering in many ACP countries from insufficient budgetary provisions to cover recurring costs. Depending on local situations the range of measures to be taken could be:

- serious budgetary appraisal of the past (present and future) needs for health systems, in order to maintain or modify the organization of the services,
- realistic long-term planning that will link the health system with the productive sectors.

XI. TRANSPORT AND COMMUNICATIONS

One of the basic pre-conditions for the development of ACP States is greater investment in and development of their economic and social infrastructure. The priority in this area is the development of efficient transport and communications infrastructural systems to facilitate domestic, regional and internal marketing, reduce transport costs, improve communications and to facilitate development efforts particularly in rural areas.

The transport and communications sector, which is third in order of importance as far as financing is concerned, must continue to be given high priority overall, with options provided to the ACP States for interventions to be made in road, sea, inland waterway, rail, air components or telecommunications, according to priority and circumstances. In particular, high priority must be given to road transport because, for most ACP States, this is a most important factor in domestic and inter-regional development. The high degree of road maintenance expenditure must be given careful consideration in order to determine how much this is a function of unsatisfactory construction, untimely road maintenance, or the effects of the extremes of tropical climatic conditions.

To provide a clear analysis of the sector, it is proposed to split the infrastructure on the investment components from that of technical assistance.

No projects were reported on for 1982 in the area of rail transports which plays an essential role, particularly in landlocked countries, in the transport of heavy goods and passengers, or to river and domestic waterway transportation. Despite the fact that 2 railroad projects were decided on in 1983, this lack of projects needs to be carefully examined from the point of view of redressing the situation.

Assistance in air transport is positive and must continue with emphasis on training and management, the improvement of existing institutions and the establishment of new facilities, according to the developing needs and technological advancement.

Interest accorded to sea transport appeared to be secondary in spite of the fact that more than three quarters of ACP foreign trade is undertaken in this area. Two regional projects were financed, one in 1982 in the Pacific, and one in 1983 in Central Africa.

It is known that many of the island ACP States are facing difficulties in the proper co-ordination and rational listing of their national inter-island sea shipping services and more meaningful assistance might be rendered in this field.

Annex XIX, which is the main provision specifically for transport in the Convention, was practically not applied as far as trade questions are concerned. Links with multinational companies and shipowners, shippers and coastal trade between ACP States, containerization, are among other factors that limit or develop the growth of nations as the case may be.

If 1983 is included in communications only 2 countries and one sector (telephones) benefitted practically from financing. It is sad to note that on the occasion of the World Communications Year (WCY) which has once more afforded the occasion to strengthen the role of communications in development, the opportunity was not taken to involve the ACP States in a sector of real technological advancement. The ACP and the EEC must therefore take the necessary corrective measures.

It is true that, in ACP-EEC relations, the first and foremost question has been, and will always be: what degree of priority are the ACP States themselves ready to give to such and such an area of co-operation? The reply to this question will determine to what use the financial resources would be put. While recognizing the high priority of one area, there must be openness to balancing, in financial terms, this against the needs of other areas which also have importance.

The deficiencies in the management and expansion of the transport resources in ACP States could, however, be the subject of increased efforts by the Community through increased financing. The experience and expertise available in the Community in the design, installation, maintenance and management of all types of transport services could be put to valuable use in many ACP States. Assistance could be given, for example, in terms of the

technical input to the planning, preparation and evaluation of transport projects; in the provision of information, both in the preparation of projects and during their subsequent management, and to enable ACP governments to negotiate with, say shipping lines or suppliers more effectively; in the training of personnel in technical management skills; and in research into and information on appropriate technology to render transport facilities more relevant to the needs and the resources available to the governments of the ACP States.

For satisfactory implementation of various schemes under transport and communications planned during the Convention period:

- (a) ACP countries should make the development of transport and communications a priority and give it the required support;
- (b) the Community should provide special and ongoing assistance by supplying ACP countries with services, equipment, capital and know how, in order to develop transport and communications networks within ACP countries and thus accelerate the development of rural access, which will complement national efforts.

The main elements of the strategy should therefore include the following areas:

- road transport,
- maritime transport and ports,
- air transport,
- rail transport,
- river and lake transport,
- telecommunications,
- mail services and
- radio and television.

To be more specific, the implementation of these infrastructures should take into consideration the following issues:

- the importance of recurrent costs of such infrastructures,
- greater involvement of national services in maintenance activities,
- training,

- competition among transport means, between private and public transport; a better co-ordination should be sought;
- non-technical barriers which create constraints on inter-state links: their elimination and, in general, improvement of transit systems;
- regional co-operation and choice of corridors for landlocked countries;
- access to communications technologies (control of exploitation and maintenance, as well as participation in, for certain types of equipment, the manufacturing of components).

XII. ENVIRONMENT AND DEVELOPMENT

The "Article 119" Report (1982) informs that two studies were commissioned in this field, namely:

- Environmental Education and Training; and
- Environmental Guidelines.

The major results of these studies, the Report informs, will be presented to the annual meeting of the Committee of International Development Institutions on the Environment (CIDIE) in the course of this year, with the hope that the studies will help draw up a policy on how best to include environmental aspects in development activity. The preoccupation of the EEC should not just be to study environment and development but take positive steps to solve those problems in particular:

- the Community should therefore consider at the request of ACP States meeting the cost of taking environmental aspects into account in the design and completion of such projects. They will furthermore provide assistance including in the field of training with a view to developing the indigenous capacity of ACP States to undertake environmental management and in the evaluation of the costs and benefits, quantitative and qualitative, of environment protection measures;
- as a priority, the Community should, upon request, afford its significant financial and technical support to drought-stricken ACP States suffering from desertification, and in this context give support to the Plan of Action to Combat Desertification.

Considering that environment provides the human, physical and biological resources that forms the basis of any development process and that an integrated approach should form an integral part of any development planning, environmental considerations have to be taken into account in the plan of action of any international development strategy.

In order to promote the accelerated development of the ACP countries within the framework of the Convention, environment factors have to be taken into account in order to reduce social and economic costs that arise from neglect and utter disregard of problems of pollution; soil degradation; resource depletion; desertification; flooding, water-borne diseases; climatic changes and others that result from various development processes and patterns.

The main components to be included in such an integrated environment/development strategy should include:

- protection of the environment by monitoring pollutants in the air (smoke, and noxious industrial gases), in the sea (oil), in the soil (excess fertilizers and heavy metal pesticides), and in foods as contaminants;
- conservation of natural resources to combat deforestation, soil loss and degradation, mineral depletion, desertification, salinization of arid farm lands;
- environmental legislation to improve the quality of life by maintaining the basic needs of clean air and water, good food and health and in a satisfactory work and leisure ratio;
- promotion of environmentally-sound development through careful development planning for sitting an economic activity, choice of process and technology, anticipatory environmental problems, choice of end products, marketing strategy, and periodic assessment of rural-urban population migration resulting from the promotion of the industrialization process;
- environmental education to be provided in all schools as a means of instilling in young people the importance of harmonizing development efforts with the environment. The question of specialized training on the relationship between development and the environment might also be considered at a tertiary level.

XIII. OUTSTANDING ISSUES

In its Brussels Resolution of 20 May 1983, the ACP-EEC Council of Ministers mandated the Article 108 Committee to undertake an in-depth review of the following issues:

- Programming: reasons for the gap between target and actual commitment, including statistical analysis of projects presented, rejected or modified, in order to ensure improved implementation of Article 110 of the Convention;
- Disbursements: analysis of the breakdown of statistical data, with a view to ensuring an improved presentation of these data in the annual Commission report in accordance with Article 119 of the Convention;
- Technical co-operation: in-depth review of the cost and quality of technical assistance, taking into consideration among other assessments the Commission's study on evaluation of such assistance, in order to improve the implementation of the relevant sections of the Convention;
- Least-developed, landlocked and island countries: review of the effective implementation of the specific provisions of the Convention and of the real impact of the implementation measures which have already been taken; submission of proposals relating to the further implementation of these specific provisions;
- Concrete cases of typical difficulties encountered in the implementation of financial and technical co-operation: listing and analysis of cases, and methods and means for eliminating or mitigating of difficulties.

The Technical Working Party has not yet been in a position to examine these points carefully, inter alia because of the burden of work imposed on its members in the context of the present ACP-EEC negotiations.

The points mentioned under 1) will be reviewed shortly; the results of this review will be indicated in the next report from the Article 108 Committee to the ACP-EEC Council of Ministers.

REPORT OF THE ARTICLE 108 COMMITTEE
OF 24 APRIL 1986

on specific and general cases of typical difficulties
encountered in implementing financial and
technical cooperation

INTRODUCTION

Under Article 108(6)(a) of the second Lomé Convention, the Article 108 Committee is "to study, in general terms and on the basis of specific examples, suitable measures to improve the implementation of financial and technical co-operation, notably by accelerating and streamlining procedures".

In the context of that function, the Technical Working Party of the Article 108 Committee has undertaken a first examination of specific cases of typical difficulties encountered in implementing financial and technical co-operation. The results of that examination are embodied in this report.

On the basis that more can be learnt from mistakes than from successes, it was decided to stress how certain projects had failed in varying degrees, and in particular, to point out the factors responsible and the obstacles, limitations and constraints experienced. The aim of this report is to make it possible to avoid in future the snags most frequently encountered and thus ensure that development resources are used more effectively.

The causes of the defects or difficulties which certain projects may experience are numerous and it is sometimes hard to discover their origin and hence to lay the blame for them with one or other of the parties involved in project implementation.

The Technical Working Party's aim is to throw light on a number of weaknesses which frequently recur in many of the projects and which reduce their effectiveness through:

- delays;
- inadequate preparatory studies;
- technical design difficulties;
- weaknesses in technical assistance;
- underestimation of costs, inflation, cost overruns;
- neglect of social and human factors;
- failure to adapt projects to local conditions;
- reduced programmes.

This report has endeavoured therefore to define, on the basis of specific examples, the principal factors which have influenced the effectiveness of the resources brought to bear in order to attain project objectives.

The report is a result of research contributions from both the Commission and the ACP General Secretariat, based on published or unpublished information, available, for the most part, at end 1983.

I. INDICATIVE PROGRAMMING

The first step after signature of a Convention does not in general suffer from undue delays. Eight months after the signature of Lomé II, 71% of the total available funds had already been programmed for 41 countries. There were, however, a few cases of delays due to internal political (Liberia) or administrative (Congo and Tuvalu) constraints.

The speedy programming of EDF allocations does, however, involve the risk or insufficient attention being devoted to the indepth preparations which are necessary for the successful implementation of indicative programmes.

A clear preference has been expressed for the % sector breakdown programming approach of Lomé II rather than the project approach of Lomé I. The % sector breakdown allows for more realistic flexibility for appropriate adaptation within sectoral guidelines.

The implementation of the Indicative Programmes, however, remains very slow for many ACP States:

- (a) five years after the expiry of Lomé I, 12 1/2% of the programmable resources still remained to be paid out; the proportion of the Indicative Programmes which had been disbursed was lower than 75% for 11 ACP States, 4 of which are among the least developed;
- (b) by the end of the fifth year of the Lomé II Convention, the Commission had planned to commit all of the allocations for the Indicative Programmes of the ACP States. In fact only 77,5% was committed. At the end of the same period, for 24 of the 63 Indicative Programmes, less than 25% had been disbursed.

II. IDENTIFICATION, PREPARATION AND APPRAISAL OF PROJECTS

Although most Indicative Programmes are formulated promptly, the ACP State's choice of projects to be included in them are sometimes not adequately formulated. As a result, some have proved impossible to realize and others have been cancelled. Sometimes the relevant Ministry is slow to act.

- (a) In Trinidad and Tobago, 16% of the projects in the Programme for Lomé I have proved impossible to realize, and 46% of the projects were still only at the initial preparatory stage at the end of 1979.
- (b) In Swaziland, at the end of 1981, the agricultural projects of the Lomé II Indicative Programme had still not been clearly identified.
- (c) In Suriname, as at 30 May 1983, only 42% of Lomé I and 15% of Lomé II Indicative Programmes have led to definitive projects commitments.
- (d) In Uganda, there is inadequate concentration of decision-making for the country promptly to identify new projects since approximately fifty persons in the administration must be consulted and satisfied before finalizing a project request.
- (e) The Somalia Government has had a tendency to keep requesting changes in their Indicative Programme and then has exhibited reluctance to justify these changes with the substantial project detail and appraisal necessary to justify formal project financial proposals.
- (f) In Guinea-Conakry, in mid-1983, three and a half years into Lomé II, only 24% of the Indicative Programme had led to definitive project commitments.

It is necessary to take account of different reasons which can explain these situations. Projects that are proposed in the framework of an indicative programme need not be feasible, by definition. It is inherent in the nature of an indicative programme that projects to which funds have been allocated could prove to be not feasible in the long-run on the basis of studies done afterwards, the latter being part of implementing the programme.

Projects can also be withdrawn, revised or restructured if they no longer fit in the national development plan due to a change of the national development policy as provided for in Article 109(5) of the Lomé II Convention where it is expressly stated that indicative programmes shall be sufficiently flexible to take account of any changes occurring in the economic situation of each of the ACP States, and any modifications of their initial priorities and objectives. It further provides for each programme to be revised at the request of the ACP State concerned.

Individual project identification can also be problematic:

- (a) Tonga took over three years to identify the need for a dredger.
- (b) Somalia's requests for its multiannual training programme have not been sufficiently co-ordinated with other projects, and have taken little account of local training efforts.
- (c) In Fiji, it took over two years before the government presented the agricultural component of its Indicative Programme.

Project preparation and appraisal have been major sources of ineffectiveness in projects achieving their objectives. Factors contributing to these problems have been:

- difficulties in some administrations in taking responsibility for preparation of projects;
- inadequacies in preparatory studies and in project design;
- neglect of social and human factors;
- failure to adapt projects to local conditions;
- weaknesses in technical assistance.

At the other extreme, insistence by the Commission on elaborate studies at different stages of project appraisal may result in changes in the nature of projects and contribute to delays and to increase in project costs. Furthermore, the Commission has sometimes demanded detailed information on projects which has been impossible to supply.

The process is full of delays both in the gathering of relevant information, appointment of consultants and the preparation of project files. Apart from adding to costs, such delays adversely affect the local communities involved.

The problems which can arise from delays are amply illustrated by an example from Sierra Leone.

The Sierra Leone Government developed two projects in the educational sector, one of which was designated as "Support for Existing Educational Institutions". The Delegation described it as follows:

"It provides for a number of urgently-required facilities, including improvements to the water and electricity supplies at Njala University College, hostels for female students at Bo and Milton Margai Teachers' College, a hostel and extension to teaching accommodation at the Port Loko Women Teachers' College, transport for students, and science laboratory equipment for thirty secondary schools, mainly in rural areas".

A project proposal, which estimated the total cost of all these facilities at 2,05 millions ECU was officially presented to the Commission in April 1978. However, it was only approved eighteen months later in October 1979.

This delay caused the estimated cost of a part of the project to rise from 355 000 ECU to 476 000 ECU, an increase of 34%. There were political costs too. Whilst the delay persisted, the students at Njala University College were having to live in poor conditions, without electricity or water for large stretches of each day. As a result, the student body resolved to go on a peaceful sit-down strike in 1980.

Other examples indicate that as a result of delays in appraisal, inflation will raise costs, often necessitating an awkward trimming exercise while ACP communities have to wait for the services that will be delivered by the project. This can mean discomfort for these communities and social unrest as in the case of Njala University College. Moreover, even after the most thorough appraisal, there can still be no certainty that a feasibility study will still have been purged of all serious flaws. This raises the question of how appraisals can be streamlined without sacrificing rigor.

The quality and useful life of a future project will depend on both the general studies before the financing decision and the detailed design work before the project is carried out. Isolated studies, which draw no lessons from past experience, multiply waste and failures.

Two examples from the Central African Republic particularly illustrate this point: the development project for a stockfarming area and the "Ecole Nationale Superieure" in Banqui are both characterized by material errors of design.

In the matter of studies, the estimates of population growth have proved inaccurate for four projects involving water-supply in relation to health and social sectors. Two cases of over-estimating growth have led to certain installations being under-used or not used at all, while in other cases, underestimation of growth will make it necessary to extend the installations in the near future. Serious problems encountered in one tea-factory derive from incomplete specifications, poor planning in the choice of machinery and an incomplete preliminary study. In one project for rural dams the inadequacy of the studies and improvisation in the course of the work (particularly in siting) caused abnormally high costs and a reduction in the programme.

The financing of projects on the basis of inadequate studies causes serious concern when the weakness in the studies and in design errors are clearly discernible at the stage of processing the project.

- (a) A fairly typical case is that of the Kaedi-Kiffa road in Mauritania, the design of which was criticised in the early stages by the technical controller. Even at that stage, it was possible to predict the actual sequence of events, ending with the rapid deterioration of the road, until it became almost totally unusable.
- (b) The preparatory studies being of poor quality or out-of-date, the difficulties encountered by the contractor for the Lwana-Musenge road in Zaïre are due to the fact that the study had been done 12 years earlier.
- (c) Similarly, faults in the original study for the Bohicon-Savalou road in Benin necessitated an increase in quantities or a change in the project at a cost of 2,8 millions ECU, i.e. 18% of the total.

Any preparatory study which confines itself merely to confirming that the proposed investment is economically justifiable or not, produces little of value and represents a poor use of resources directed to the study. It is important, therefore, that if maximum benefit is to be derived from the studies, they should be conducted in the spirit and in accordance with the letter of the Lomé Convention.

Undue emphasis on production leads to the neglect of other aspects, particularly social aspects of development. Projects cannot be regarded as contributing to integrated development when they neglect social aspects.

The financing proposal for a pilot project for small scale tobacco farmers in the Mzimba region of North-West Malawi did not include funds for the infrastructure to serve the population, and the technical investments were implemented without ensuring that water resources would be sufficient for the population. Projects should also take account of the aspirations of local people. It is sometimes possible for the local beneficiaries to take charge of the projects. Training is undoubtedly the main prerequisite for taking over projects in this way.

There have been many technical design mistakes in a number of projects. Architectural design of buildings often betrays ignorance of the climatic conditions and of the constraints arising from tradition in the recipient ACP States.

Many architectural designs are not appropriate to the climate of tropical countries, for example, as in the cases of the Institution de la Santé Publique in Abidjan, the six threshing machines provided in the Corgol Development Area in Mauritania, an integrated rural development project, the BASP in Lesotho, and a hospital in Nouakchott in Mauritania.

III. FINANCING PROPOSAL AND DECISION

Most Community financed operations are based on preliminary studies carried out in most cases by specialized consultants as well as by the departments of the Administrations of the ACP States concerned. They are normally changed first by the Delegations and subsequently by the Commission's services; other changes may be made at the request of Member States of the Community within the EDF Committee. It is not unusual for several years (an average of two) to pass from the time a study is submitted and the final approval of the project. Moreover, certain factors may have changed in the meantime. Consequently, it is normal for the project which is finally financed to be different in both concept and details from the one planned in the studies.

It is exceptional to find financing proposals which offer alternative methods of attaining the same range of objectives. Only too rarely do project planners ask themselves seriously "what combination of ways and means will allow us to avoid these obstacles and profit from these assets". They usually show only one way of proceeding as if it were obviously the best, indeed the only one possible. Consequently, all the problems foreseeable in the course of the execution of the project are systematically underestimated while, on the other hand, the development forecasts are overestimated. In certain projects, the comparison of the results themselves are poor but because the forecasts are clearly unrealistic. In the case of projects which follow on others, in the framework of a single operation, the often modest results of the preceding project are overestimated. Criticism is vague and often non-existent.

The time taken to implement projects, their cost and the extent to which objectives are achieved are closely linked. Poor matching of finance and objectives prevents both attainment of the objectives and containment of the costs. Sometimes, even a slight shortfall in the financing is enough to jeopardize the effectiveness of the project to a greater or lesser degree.

- (a) For example, a deliberate decision by the Commission not to finance the full cost of the Kaedi-Kiffa road (1,5 million ECU instead of 1,8 million ECU requested by the Mauritanian Government, which was a reasonable estimate) meant that the investment was in the end almost a total failure since it could not stand up to the erosion caused by the violent winds and the periodic rising of the wadis.
- (b) Out of 22 rural post offices planned in Lesotho, 4 will not be built. The financing agreement signed on 21 February 1979 retained the estimate costs used in the preliminary study, which had been based on prices in March 1977 (1,5 million ECU). The validity of the study at the time of its publication is not in question but since the prices were out of date after two years of inflation, they should have been revised before being used as a basis for the proposal and the financing agreement. The problem raised here is common to almost all projects.
- (c) In the Machakos district of Kenya, the number of dams to be constructed was reduced, for financial reasons, from 50 to 20 although their usefulness was recognized.
- (d) The limited extent to which mechanized cultivation has been developed in Kara Valley, Togo, has meant that the area cultivated is only half of that intended and consequently production is much less than was hoped originally.
- (e) As a result of the underestimation of costs in the financing proposal, not all of the agricultural warehouses project in Zambia (2,2 millions ECU) could be carried out; two of the 13 warehouses were not built and the total surface-area was reduced from 9 000 m² to 6 000 m².

- (f) For the construction of a road which eventually cost 29,3% more than the estimate, the Commission accepted the lowest tender on the grounds that "it is the only tender which can be fitted in the appropriations available". The consultants and the local authorities who were together responsible for supervising the works considered the tender unrealistic and the contract had to be cancelled in the course of construction. The last 11 kilometers of a 147-kilometers road were not given the final layer of bitumen which would have represented 1,5% of the total cost of the road, just because the allocations were exhausted; as a result, this stretch is deteriorating rapidly.

Many projects have been under-used through a lack of human and material resources. The following examples are indicative of a general and more widespread situation:

- (a) the cases of the "Institut National de la Santé Publique" and of the Korhogo Hospital in the Ivory Coast,
- (b) the rural dispensaries programme in Lesotho,
- (c) an oil palm mill in the Ivory Coast,
- (d) an agricultural development programme in Togo.

Numerous projects are jeopardized by failure to maintain equipment. Indeed, many ACP States encounter extreme difficulty in meeting the running costs necessary in many projects. This is true:

- of a number of roads and schools in Togo,
- of the furniture in the primary schools in Senegal,
- of the roads built in Malawi under the National Rural Development Programme (NRDP);
- the Ivory Coast budget was not able to finance in time the necessary replacements in the oil palm plantations.

A large number of projects show the serious defects of having been designed without sufficient consideration of the burden of recurring maintenance and management costs upon the local authorities which many are unable to bear.

- (a) It was therefore hardly advisable for the "Institut National de la Santé Publique" (INSP) and the "Ecole Nationale Supérieure Agronomique" (ENSA) in Abidjan (Ivory Coast) to have centralized air conditioning installed, where electricity consumption and maintenance involved a costly solution. At the ENSA, it has been out of order for some time; at the INSP, where it is now well worn, its overhaul could not be met from the Institute's operating budget.
- (b) The Banqui slaughterhouse in the Central African Republic (5,9 millions ECU) is operating at only 25% of its potential capacity in the main because of the very high operating costs of the project, which constitutes a burden on the recipient country which is too heavy to bear.

The repairs, completed in May 1979, to the Banqui-Damara Road in the CAR (3,7 millions ECU) cost 2,5 times the initial amount paid for its construction in 1968.

The recurring costs of certain projects arising from their construction or financing pose a particularly serious problem.

The finance of 9,6 million ECU provided by the EDF for the part-financing of a dam-project in Mauritania has proven insufficient to carry out all the work planned so that the government had to find the balance of approximately 2 1/4 millions ECU from its own meagre resources. At the same time, it had also to finance the high level of annual recurring costs of the project which were estimated at 5,76 millions ECU in November 1982.

A large amount of equipment is not used, under-used or out of order for long periods because of a lack of specialized local staff to maintain or run it, or because there are no spare parts or after-sales services.

- (a) This is the case with various pieces of equipment at the hospitals in Nouakchott in Mauritania and Korhogo in the Ivory Coast. One third of the extension at the Nouakchott hospital, which is fully equipped, has been unused since 1978, because of a lack of financial resources and staff.
- (b) Various pieces of sophisticated equipment at the veterinary school in Dakar (Senegal) have never been plugged in.
- (c) Two graders and two loaders intended for Atakora in Benin have been immobilized since their delivery, for lack of instructions in their use and maintenance.
- (d) Through lack of medical and para-medical staff, the hospital at Korhogo is only used at 50% of its capacity.
- (e) A heavy public works vehicle cannot be maintained locally in Malawi as it is too complex.

All these examples show that the principle of only financing capital expenditure is dangerous, and that in practice it is often necessary to finance recurrent, operating and maintenance costs if the investments are not to be lost or underused.

Projects have been endangered by cost overruns arising from circumstances beyond the control of ACP States such as unforeseen delays arising from procedural and other factors. In several cases, the call for tenders had to be cancelled as the tenders exceeded the estimate.

Inflation means that long delays generally lead to financial overruns.

- (a) A part of the water supply in Lilongwe, Malawi, was completed two years late and with a 15% overrun.
- (b) More than two years elapsed between the signing of the financing agreement for the provision of public utilities at the tourism complex in Nouakchott - Mauritania (September 1973) and the conclusion of the contract (January 1976), and the total cost of the project rose in practice from 0,9 million ECU planned to 2,0 million ECU, an increase of 122%.

Delays also jeopardize the results of projects.

- (a) The airlift financed as emergency aid to mitigate the effects of the interruptions of fuel supplies by rail to Malawi was requested by the National Authorities but was implemented only a short time before the rail service was re-established, too late to have any significant effect on the shortage of fuel.
- (b) Out of 500 kms of tracks to be created in Atakora, in Benin, in the financing stage of the 4th EDF, only 100 km were built, because of a delay of about two years in starting up, during which time the construction costs rose by 160%.

The cost, results and time, necessary for the implementation of a project are so interrelated that when it is progressing badly, it is not unusual for it to show simultaneously the three symptoms of delay, financial overruns and unsatisfactory results,

- (a) as in the case of the San Pedro-Issia road in the Ivory Coast, which was built in 64 months instead of the 33 months planned, gave rise to excess costs of 47 million ECU against an estimated cost of 16,9 million ECU.
- (b) Financing the telecommunication network in Somalia cost nearly 8 million ECU, against 3,3 million ECU envisaged in the study, in spite of substantial reductions in the equipment provided.
- (c) In the case of the Bohicon-Savalou road in Benin, an overrun of 5,3 million ECU is to be expected, which amounts to 34% of the original cost.

IV. FINANCING AGREEMENT, FINANCING DECISION AND LOAN CONTRACT

Once the Commission's financing decision has been taken, a financial agreement (and a financing contract for special loans) still have to be drawn up and signed with the recipient State(s) before the project may proceed.

Besides the delays arising during the preparation of projects further delays have occurred in implementing projects under the Indicative Programmes. Firstly, there are delays arising from the signing of financing agreements and loan contracts. At best, it takes on average, over three years for a project to go through the stages of feasibility study, financing proposals, financing agreements, signing and disbursement.

Thus procedural arrangements for the presentation of a financing proposal and a decision on it are sometimes far too long and need a review. Over such period of time, the project details might be seriously affected.

This apparently routine administrative procedure experiences delays. The following examples are indicative:

(a) Malawi

Blantyre Industrial Area

Financing Proposal submitted: 16 December 1980

Financing Agreement sent 9 March 1981, signed 25 August 1981

Creation of the Small-scale Enterprise Development
Organization of Malawi (SEDOM)

Financing Proposal submitted: 16 December 1980

Financing Agreement sent 20 March 1981, signed 29 October 1981

(b) Regional Project

Congo-Ocean Railway (Congo-Gabon-Central African Republic)

Financing Proposal submitted: 14/15 May 1979

Financing Agreement sent 31 October 1979, signed 9 September 1980

Addendum No 1 for supplementary financing sent 22 October 1980,
signed 9 July 1981

(delays due to the Central African Republic in this case)

(c) Mali

Seed and crop protection (special loan)

Financing Proposal submitted :	15.5.1979
Commission decision	25.5.1979
Financing Agreement signed	12.9.1979
Commission request to delegate to fix a date for negotiating loan contract	1.2.1980
Reminder	20.5.1980
Negotiation but no agreement	20.6.1980
Agreement in principle on loan contract	15.1.1981
Signature in Brussels of loan contract	20.3.1981

(d) It took over one year for the signature of the Financing Agreement on the first microprojects programme in Ghana under Lomé II worth 500 000 ECU.

(e) Although the financing proposals on the Agricultural Development Bank in Ghana were submitted in 1981 the financing agreement was not signed until 1984 and technical assistants were not appointed until September 1985.

Such delays are exceptional now. Since many ACP Ambassadors in Brussels have been empowered to sign, there has been a marked reduction in this problem. Nevertheless, there are still certain cases of delay, especially for regional projects covering a number of countries.

(a) In the Pacific for regional projects several ACP countries have to sign and delays have been encountered.

(b) Similarly, in West Africa, for the regional project of the Organization for the Enhancement of the River Senegal (OMVS), Mauritania took over a year to sign their part of the documentation.

Signature of the financing contracts covering special loans is more problematic although their texts and conditions are standard for all ACP (excepting the technical annex concerning the project concerned).

(a) Thus, for example, Trinidad-and-Tobago did not sign a loan contract sent to them in 1980 until April 1984.

(b) The financing contract and contract of guarantee for a line of credit to the Benin Development Bank was sent for the beneficiaries' signature in January 1983 and only returned signed in November 1983.

Such delays are seldom due to a question of substance in the documents, but can be due to simple delay, or to unclear responsibilities and too many participants in the checking of the documents.

V. PROCEDURES RELATING TO TENDERS AND CONTRACTS

(i) Preparation of tenders and adjudication of bids

Problems arise both in relation to preparation of tenders and adjudication of bids as the following examples indicate:

- (a) In the Gambia, for the project "Development of artisanal fisheries" there was a two-year delay in the preparation of a tender dossier.
- (b) In Cameroun, for the project "Fitting out of six technical/industrial training colleges", following signature of a financing agreement on 10.4.1979, there was a 2½ years delay, despite repeated reminders from the Commission delegate, before the Minister for National Education sent the tender dossier to the Commission for approval on 26.11.1981.
- (c) In Uganda, substantial problems have arisen with tender dossiers prepared by the Ministry of Works.
- (d) Lesotho : general delay in preparation of tender dossiers: Previous delays in tender dossiers have been continued with the recent Village Water Supplies tender:
- (e) Somalia omitted to publish locally two EDF tenders.
- (f) Tanzania : Kilber Arusha Mill
 - 31.12.1980 : Works contract tender opened
 - 1.12.1981 : Contract still not signed with the beneficiary
 - 27.10.1982 : Negotiations continuing with a second bidder.

- (g) In Niger, for the "Development of modern rice cultivation on the Niger River" works contract, the adjudication was delayed so much that the work could not be completed as planned before the rainy season and a whole year's delay and resulting cost increases occurred.

There is a contrast between the case of Ghana, where delays are frequent and the situation in Uganda, where a Central Tenders Board has power to adjudicate all government contracts and carries out a prompt service. Such clear focus of responsibility could be used elsewhere to improve other countries' procedures for adjudication of bids.

(ii) Award of contracts

For the awarding of contracts, the "lowest tender" and "the most economically advantageous tender" are not always equivalent expressions. The criterion of the "most economically advantageous tender" is in fact wider since it makes it possible to take account of the relationship between quality and price, yet in implementing the procedure for invitation to tender, the Commission has tended to insist on the "lowest-bid" approach, and has often awarded contracts on this basis. Problems arise when criteria are in conflict e.g. when the lowest bid is not technically the most appropriate and when the ACP States have the feeling that the Commission ignores both the views of ACP States experts and other relevant criteria like suitability and experience of tenderers. This has often resulted in serious cost-overruns, the lowering of specifications and standards to the detriment of many projects, as well as high maintenance bills; which, for many ACP States, constitute a serious drain on their already meagre financial resources.

- (a) The lowest bid for the Nouakchott Rosso road, in Mauritania, was pared to the bone and it subsequently turned out to be that the unit prices were underestimated. In spite of this, the Commission insisted on them, and the contract which was concluded for an amount of 4,4 million ECU, finally cost 8,6 million ECU, and half of the road must now be rebuilt at an estimated cost of 12 million ECU. For the rice project along the Senegal River, also in Mauritania, the Commission ignored

the advice that was pressed upon it and insisted on the cheapest motor-driven pumps, which are, however, the least robust and generally last no more than two years. Their numerous breakdowns reduce the areas irrigated and endanger crops.

- (b) In the case of the Sibiti-Niari Valley road project in the Congo, the Commission imposed the choice of a firm for works, since its offer was the lowest. The Congo administration favoured awarding the contract to the second lowest bidder (more expensive by 6,7%), particularly because the lowest bidder had no references in Africa, and had underestimated the plant required. Also, before beginning the work, the firm required four to five months to bring in its plant, which was not on the spot, unlike that of its competitor. The Congo administration's fears proved correct: the manager of the firm had no experience in roads, and the professional reports noted numerous technical errors committed by the firm.
- (c) In one Central African landlocked country, the EDF co-financed a large power-station for an amount of 40 million ECU. The studies for the hydro-electric station were described by the Commission itself as inadequate, yet, as the invitation to tender was imminent, the Commission wrongly did not think it expedient to rework them. The weakness of the geological studies led to the local authorities agreeing to an abnormal variation in the specification which might have expensive consequences. Following a dispute between the Commission and the local authorities about two tenders differing by 50 000 ECU, the award of a contract for the electricity network was delayed for seven months. Yet, the Commission in the end accepted a tender some 1,5 million ECU higher than the original one, a very costly way to implement the "lowest bid" approach to the award of contracts.

It is true that with services of equal quality, a selection based on the amount of tenders is justified, but the comparison must be made on a valid basis.

- (a) The tenders for a dairy at Blantyre, in Malawi, were compared not in local currency, as provided for in the general conditions (Articles 31 and 33), but in ECU.
- (b) The tenders for supervision of the construction work on the Forum-Gleita in Mauritania were compared in local currency, but on the basis of a rate converted from the ECU or European currencies which differed from each other and which, moreover, all differed from the rate applicable under the EDF Financial Regulation. If the tenders of the two best-placed undertakings had been correctly converted, their order in the size of bids would have been reversed.

The present system, under supplies contract, shows a strong bias in favour of taking the lowest bid. Although there are circumstances where there is merit in making awards to the lowest bidders, experience has shown that because of the diversity in quality of goods and services obtained in the EEC countries and lack of information in ACP States on these goods and their manufacture, it is not always advisable to accept the lowest bidder.

There have been cases where tenderers have obviously underbid simply to obtain the award and have later on turned out to be unreliable. This is particularly so in the cases of supply agencies. In fact, there have been some instances when supply agencies have supplied goods of non-EEC or ACP origin possibly because their bids had been underestimated.

The guarantees provided for the "sound implementation of the contracts" are sometimes inadequate, leaving both the Commission and the ACP State concerned incapable of bringing appropriate pressure to bear upon the defaulting undertakings. Sometimes, penalties exist but are not imposed.

The case of a project in N'Gosel Grical, Mauritania, combines both these faults.

Some bank guarantees relating to advances granted to suppliers have been found to be valid for periods shorter than the maximum time-limit for delivery laid down in the contracts. Consequently, it might prove impossible to recover the advances paid if these suppliers make a faulty delivery after the period covered by the bank guarantee on the advance.

For services, the Commission has often restricted the ACP for reasons of internal regulations and national distribution of benefits to particular Community Member States.

(111) Signature of contracts

There are numerous examples of delays in the signature of contracts. Seven examples :

- (a) In Togo, for the project "Solar pumps, Assalingue", there was a delay of six months (January - July 1980) in the signature of the principal contract. The addendum to that contract was on 27.10.1982 still in the signature circuit - since June 1980.
- (b) In the Congo, for the project "Productivity and Social Investment" the supply contract was signed by the company on 13.5.1981 and was not signed by the authorities until 15.1.1982.
- (c) In Cape Verde, there is general delay in signing contracts. For example, the Lomé II microprojects programme was delayed from April 1982 until June 1983, since the administration had not presented the necessary contract letters and invoices to justify the advance payment.
- (d) In Suriname, for direct works on the Carolina Bridge carried out by public authorities (and therefore not subject to contract) there was a 10 months' delay in presentation of the cost estimates.

- (e) In Ghana, for contract signature, the National Authorizing Officer needs approval from the Public Agreements Committee and then from the Provisional National Defence Council for Government Contracts. This procedure has led to delays.
- (f) In contrast, the responsibilities in Uganda are very clear and no problems have been encountered at contract signature level. The Central Tender Board awards all contracts and Permanent Secretaries in all the ministries are empowered to sign contracts.
- (g) In Senegal, at the other extreme, the contract drafting and signing process is too formalised. The National Commission of Public Contracts (Commission Nationale des Contrats de l'Administration) must approve all contracts and is a major bottleneck. For a tender offer of 23.8.1982 for a contract placed on 9.12.1982 for an intensive cereal production programme, the contract had still not emerged from the National Commission in July 1983 and so was still not signed.

Experience has shown that the quality of drafting and checking of contracts leaves much to be desired. It is even more surprising to note that contractors also often omit to check their own contracts thoroughly. Often the payment clauses do not tie in with the contract limit amount due to a miscalculation, an exchange-rate difference or an indexation clause. The period of the contractual validity for services contracts frequently does not tie in with the detailed provisions for payment or those stipulated in the technical annexes. An example of incorrect drafting can be

found in Malawi for the project "Chetwawa Blantyre Road", where a clause stipulating payment in 45 days was included in the contract. This was unrealistic, indeed impossible to respect for the foreign currency portion of payments. Late-payment interest thus had to be paid. The standard 90-day period allowable under the general clauses and conditions for works contracts should not be shortened.

However, it is important to look at the procedure for the drafting of contracts and see whether it does not provide for the liaison between the national authorising officer and the local EEC delegate and that liaison is supposed to assist the parties to cross check each other because of mutual interest, i.e. on the part of the EEC to ensure that the correct amount is stated on the contract so as to avoid overpayments and on the part of the ACP state to avoid untimely depletion of resources. So it would seem inconceivable that a contract can reach a final stage before this procedure is completed, and therefore, if there are faults, the Delegate and the NAO share the responsibility.

Secondly, if these serious omissions are common, the question that immediately arises is, at what stage of the investigations or report are they discovered.

(iv) Contract Execution

Here can only be outlined the multiplicity of physical, technical and administrative problems and delays that can arise during the actual execution of contracts.

One example concerns the emergency-aid supply of salt to Uganda. Kenyan railways initially undertook to trans-ship at fixed prices and subsequently tried to raise the tariffs - despite the fact that they were unable to make available the necessary number of wagons as quickly as originally planned.

In case of trans-shipment of supplies, obtaining provisional acceptance and transit clearance is more difficult. The resulting payment delays cause suppliers to increase bid prices.

- (a) Land Rovers arrived in Lagos Airport (Nigeria) in December 1981 destined for a Hydrological Project, but, despite the Commission's requests, were not released by the Nigerian authorities until April 1983. As at June 1983, the Federal Ministry of Water resources had still not registered them.
- (b) In Lesotho, there is a general delay in issuing provisional acceptance for supplies. This is due to inadequately clear delegation within the administration and implementing ministries as to who is empowered to issue such acceptances.
- (c) In Somalia, the administration attempted to requisition at the port a transformer destined for an EDF project, saying that it had another use for it. This attempt led to a delay in the execution of the contract.

VI. PAYMENT AND ACCOUNTING PROCEDURES

In general the administrative circuits for authorization of payments are too long - especially in the case of regional projects and those where the responsibility is shared between several Ministries.

It is not untypical for a payment to take three to four months to be authorized and made. It is often difficult, due to lack of dates on documents, to determine why and where the delays occur.

ACP national currency payments made from paying agent accounts to the administration itself avoid the need for an ACP State to prefinance. These take the form of advances to be justified by later documentation of direct labour works achieved. While, in general, the local paying agent arrangement has expedited national-currency disbursement, an average 3-4 month delay still occurs.

Here are some examples, taken at random:

(a) Bahamas

Project (4.11.06)	
Invoice	1.06.81
NAO signature	19.08.81
Delegate signature	18.09.81
Payment	14.10.81

(b) Benin

Project (4.13.11)	
Invoice	19.11.81
NAO signature	30.01.82
Delegate signature	19.02.82
Payment	23.02.82

(c) Madagascar

Project (4.35.24)	
Invoice	6.10.81
NAO signature	15.01.82
Delegate signature	3.02.82
Payment	18.02.82

(d) Zambia

Project (4.56.42)	
Invoice	23.04.81
NAO signature	10.07.81
Delegate signature	10.07.81
Payment	14.07.81

The average period between invoice date and NAO signature in this small sample was 2½ months.

There is also a problem of delay and inadequate control, documentation and accounting for local funds.

- (a) In the Central African Republic, the documentation for the "Bambari Water Supply" project was not presented on time, thus delaying completion of the project.
- (b) In Botswana, for the SLOCA livestock project, difficulties in obtaining documentation for reimbursement of the study prefinance by the Government delayed reimbursement. Again, in Botswana, during 1980/81, loss of documents attributable to the administration and the paying agent meant that national currency payments could not be charged to the correct contracts or projects for over a year.

Abnormal delays also occur in the second and third (final) payment under supply contracts, since the ACP administration takes a very long time to issue the acceptances necessary to enable payment, and sometimes totally omits to do so.

The example of Bunger in Ethiopia is typical, where eventually the Commission was obliged to pay from Brussels under Article 58 of the EDF IV Financial Regulation without the NAC's acceptance.

Regarding loan disbursements two problems occur. Sometimes the recipient ACP States do not pass on promptly to contractors the funds received from EDF special loans.

In early 1982, Zambia withheld payment for railway wagons supplied by Zimbabwe and financed under a special loan which had already been disbursed to them by the Commission months before. This problem can now be circumvented with the new provision for direct EEC supplier payments under special loans.

Again in Zambia difficulties are experienced (and procedures are certainly slow) in providing evidence of good use of previous disbursements when presenting subsequent disbursement requests.

The Financial Regulation and General Provisions for Contracts are designed to reinforce the sound financial management of projects, yet the ACP States do not take account of the provisions favourable to them. For example, there is an explicit provision in Article 47(2) of the EDF V Financial Regulation for allowing Member State currency payments to local works contractors on condition that they provide justification of the external origin of the goods or services. Yet ACP States sometimes have the impression that such payments require a derogation or are impossible.

- (a) Payments have hence been delayed, in the cases of Zaire and the Gambia, to the detriment of the works contractors and the projects concerned.
- (b) In Vanuatu, some problems have been encountered in authorizing payments. But these problems are expected to be reduced now that the Commission antenna there is opened.

- (c) In Ghana, delays arose in the consultant's cedi payments for the Axim-Mpataba-Elubo Road project simply because the implementing agency - the Ghana Highway Authority - failed to fully involve the NAO in the project implementation. When however this was resolved, payments have subsequently been facilitated.
- (d) In Madagascar, despite the positive facilities for currency payment made available by the EDF V Financial Regulation there have been significant delays and costs related to obtaining import certificates and currency payments certificates for essential spare parts and inputs for EDF projects.
- (e) In Somalia, the Commission Delegation has been obliged to assume the task of establishing all EDF payment orders, because the local administration was unable to take care of them, thus leading to payment delays.
- (f) In Sudan, there have been several cases of the originals of bank advance payment guarantees being lost by the administration. This has resulted in extra costs for EDF contractors which they tend to factor into future contracts' prices.
- (g) In various countries, Sudan, Liberia, Ghana and Uganda, to only quote a few, multiple exchange rate schemes have engendered confusion, delay, and uncertainty for contractors and for EDF disbursement procedures.

Delays and errors in payment execution by the Commission may also be observed. On the basis of a representative example, the Court of Auditors analysed the average period of time required for implementing the EDF's financial operations in 1983. The maximum time-limit for payment laid down in most of the contracts financed by the EDF is sixty (60) days after the receipt of the invoices. This time limit is not always fully respected.

Almost two years after the implementation of an exceptional aid to Malawi, 1,4 million ECU unspent remain committed, which prevents them from being reallocated to other projects.

A quite considerable delay is often noted in the accounting of expenditure on projects by the Commission. As a result, the rate of consumption of the resources of the indicative programmes is sometimes not correctly reported (case of Lesotho and exceptional aid to Senegal).

VII. SUPERVISION, IMPLEMENTATION AND
FOLLOW-UP OF PROJECTS

(1) Supervision

The Commission is sometimes not equipped with adequate documentation on the implementation of projects by reasons of the failings of the delegations or the internal documentation system of certain departments of the Commission itself.

One would expect faster and more decisive actions from the Commission to prevent projects in progress from being interrupted on account of serious mishaps. The urgent need to strengthen the dyke at Gorgo in Mauritania at an estimated cost of 1,25 million ECU has been recognized since 1980 following an expert's report. Since the appropriate decisions were not taken in good time, however, the dyke collapsed in September 1982.

In Senegal, the drainage network and installations in the bay of Soumbédioune, completed since mid-1980, had not yet been put into operation by June 1981, on account of a mutual rejection of responsibilities by the Senegalese authorities, the consultants, the suppliers and the Commission.

The Commission and its delegation on the spot share a significant part of the responsibility for the failure of the Sibiti-Valley road project in Congo. Indeed, as they did not perform adequate checks, the errors and shortcomings could not be foreseen nor corrected. This project may now be considered as a serious failure. The Commission Delegation is further implicated in the responsibilities for the failure through its toleration of poor materials. Furthermore, at no time during the implementation of the work did the Commission delegation on the spot foresee the coming disaster nor was it aware of the errors committed. On the contrary, it reported inaccurately on the state of progress of the works in its quarterly report.

In Cape Verde, several cases of insufficient supervision of project implementation by ministries have been remarked.

In Niger, for the project HYDRONIGER concerning a system for predicting hydrology for the Niger River Basin, the Niger Basin Authority was insufficiently established, and supported by the Niger State, to ensure adequate implementation of the project.

In Kenya and in Lesotho, to quote just two examples, the implementing ACP ministries have failed to fulfil their annual progress report responsibilities.

The Commission's delegations fulfil a key support in supervising project implementation on the ground. These permanent delegations are effective in singling out EDF aid actions in the ACP States as better-managed. They do not however always provide the reports required on the progress of the projects. Where these reports do exist they are sometimes so technical and involved or, on the contrary, so brief that they hardly serve as a basis for assessing projects.

Often the delegations and the technical assistants are obliged to make good the great difficulties encountered by local authorities in fulfilling their obligations. Very few ACP States fulfil their obligation to produce the necessary reports on project implementation.

Where more than one administration is involved in supervision, there are often more serious problems and delays due to a lack of co-ordination. This difficulty is obviously more frequent in the case of regional projects.

Projects with long implementation requiring stringent budgetary control often lead to cost overruns. In Benin, for the "Abercore rural structure project", the Commission had been waiting since May 1981 for the administration's official request for a 15% project ceiling increase.

(11) Technical assistance

The heightening of human skills, and the strengthening of essential administrative, logistical and technical infrastructure, are absolutely vital prerequisites to the building of truly self-reliant capacities and to the effective utilization of capital investment. The role that technical assistance must play in this crucial effort cannot be too strongly stressed.

Yet, in this crucial effort, the provision of technical assistance personnel has nevertheless experienced the following shortcomings:

- lack of transparency in the procedures for recruitment and selection of consultants;
- lack of clear definition of the terms of reference given to the consultants;
- the observed preference for European consultants coupled with lack of priority for consultants from ACP States;
- the excessive costs of technical assistance, especially when such cost is debited to the recipient ACP States limited indicative amount;
- noticeable decline in the quality of technical assistance;
- insistence in some cases by the Commission on technical assistance even in circumstances where ACP States do not request it.

The Community's partiality for EEC technical assistance personnel manifests itself also in the multiplicity of studies by consultants on the same projects, as was the case with the Sibiti-Niari Valley Road Project in the Congo. The Community has financed the study for this project four times and the road construction and works supervision twice. Instead of the 3,7 million ECU initially foreseen for the studies and the works, the Sibiti-Niari Valley Road will have absorbed a total of 34,3 million ECU in finance. The cost of the first study has been estimated at 69 000 ECU and was initially financed for this amount. In the end, the EDF will have borne some 500 000 ECU in study expenses, or 7 times more. But these expenses will serve for the construction of 20 km only, i.e. a study costs per km almost 24 900 ECU thus 27 times higher than the cost per km initially foreseen. To this should be added several experts reports and studies not provided for at the outset, and borne by the Congo or by other sources of financing.

The substantial amounts expended in furthering this partiality tend to divert much needed funds from more productive activities identified by the ACP States.

The variable quality of technical assistance has been detrimental to the National Rural Development Programme (NRDP) in Malawi, to the development project in Atakora in Benin and in general in Mauritania.

In two livestock development operations in Mali and Congo, the negative results of the operations were almost solely the consequence of the poor quality and performance of the technical assistance services, yet, the Commission continued to pay for them from EDF resources allocated to these countries for several years.

In the case of the building of two slaughterhouses, one of them was the subject of three preliminary studies which partly overlapped, while the consultant employed for the second produced mediocre studies, was in connivance with a potential tenderer and was guilty of negligence in the supervision of the works. One may express surprise that a European technical assistant of twenty-three, with only a law degree, was sent out under a contract financed by the EDF by a consultancy firm, in response to a request for a "very high-level officer with sound experience" to carry out a study on the operation of the project. One slaughterhouse project was allocated three technical assistants, at a cost of 335 000 ECU during the first three years of operation, even though the project only operated at fifty percent of capacity.

An expert supplied by the Commission to a regional project, in the Caribbean, had to be withdrawn after one year, because of substantial failings in English (verbal and written) creating difficulties in communication, and furthermore, he was a financial economist more experienced in the analysis of the public sector rather than private investment oriented; consequently, his productivity was relatively low. In this case, the urgently required Technical Assistance in Institution Building was less efficient than expected.

Furthermore, there is grave concern about the excessive cost of utilizing EEC consultants and technical assistance personnel financed by the EDF, especially since the ACP States indicative programmes are being curtailed by the sometimes excessively high technical assistance costs. This point was brought to the attention of the Joint Council of Ministers at their meeting held in Nairobi in May 1980. The final resolution adopted by the Council authorized the ACP-EEC Committee of Ambassadors to use all appropriate means to reduce the costs of technical assistance without jeopardizing its quality. Regrettably, instead of promoting a search for solutions as directed by Council, the Commission still attempts to explain away the shortcomings to create the impression that what was required to be done was already being done, while the reality is different.

For example, within the framework of the tea-project in Zambia, the local authorities called the payments made to one consultancy bureau "absurdly excessive"; the consultants were being paid 90 000 ECU per annum for providing a project manager, this fee being exclusive of travel expenses and rent, which were reimbursed separately. Again, in Zambia, the fees paid for supervising the work on the "feeder roads" programme amounted to 17% of the total cost (4,3 million ECU) of the project.

Beginning with the first Lomé Convention, the support of the ACP consulting firms, and their competition from EDF contracts has been urged. There remains, however, a certain reticence on the part of the project officers. In the course of the 4th and the 5th EDF, very few of these firms have, in effect, been used and no individual experts from ACP countries are listed in the Commission register.

It was estimated ten years ago, that Technical Assistance accounted for 22% of EDF aid. Based on desaggregation of EDF budget allocations for the years 1978-1983 and from the Balance Sheets and Accounts of the EDF for the years 1976-1983, it would seem that the average percentage is no less now than it was a decade ago.

If the emphasis was on the temporary nature of this type of aid, why has its proportion of total aid expenditure not been reduced? How has the purpose of technical assistance awarded by EDF evolved? What are the prospects for improving the present system to meet effective aid requirements? It is therefore appropriate to ask what lessons can be learned from the past and to ensure that this relatively expensive form of aid does not remain a long-term feature of Community aid expenditure.

(iii) Completion and start-up

Key components are sometimes lacking on project completion or when such completion is supposed to take place either because of the absence of the body to be set up to manage the relevant project or because no provision is made in the national budget for managing the project - a typical case of the latter is that of road maintenance. An example of the first type of problem is to be found in the case of the Mpongwe development Project in Zambia. Togo is only one of many examples of the second type of problem.

Trained local staff are often promised by ACP States at the outset but on project completion it emerges that no arrangements have been made to provide. In both this and the situation where a managing body is not set up it may be necessary for technical assistance to stay on and continue management after supposed completion and start up.

In Lesotho, the integrated rural development project "Basic Agricultural Services Programme" was halted because of:

- the absence of the administrative and technical structures needed to manage the project;
- the BASP evaluation report was negative; building of roads or other related infrastructure was perceived as not contributing to the encouragement of farmers to produce.

In some cases, the ACP State undertakes to carry out a complementary project necessary to support the EDF project and then fails to do so. On completion, the EDF project then remains non-viable.

In the Ivory Coast, the EDF financed the drilling of 500 wells and bore-holes and left the local authorities to supply and instal the pumps. The local authorities then discovered that they were unable to make available the necessary funds and the Commission was obliged to intervene, with some savings from the implementation of the project, so that the wells and bore-holes did not remain unused as a result of the lack of pumps.

The purpose of development projects is that they are implemented and that they start operations integrated with the social economic and development programmes of the State concerned.

Certain problems have been encountered at this "start-up" phase in the ACP States.

- (a) In Suriname, nine microprojects, with a total allocation of 0,5 million ECU, were proposed to the Commission. Of the nine, one project has been withdrawn (the Tapawatra mini hydraulic power installation) due to a change in policy. Another project (Malang road, installation of a drainage canal and a sluice gate) was not completed by the Ministry of Agriculture since the local communities concerned could not meet their obligation to contribute to the project as required by the Community. This means that only seven out of the nine projects have been executed resulting in an uncommitted amount for which new projects are to be submitted in due course.

- (b) In Uganda, the "Uganda Hoes Limited Project" was delayed for several years due to the lack of Government management support for Uganda Hoes Limited.
- (c) In Ghana, for the "Twifo Oil Palm Development Project", the land title has remained incomplete since 1978, and so hindered project progress.
- (d) In Niger, for an experimental project for installation of two solar pumps, the original site was not made available and other sites were not made ready.
- (e) In Somalia, where the EDF financed a Pharmaceutical Institute, to be completed and operational in April 1984, the Government had still not begun to take action to establish the institute or staff it in June 1983.
- (f) In Liberia, the EDF successfully completed its Science and Technology Centre but the electricity and water utilities promised by the Government had still not been connected in June 1983. In the same country, the Ministry of Health promised to provide the working capital and capital costs for a rural health sector funded by EDF IV and the Commission used EDF V funds to cover this gap, in order to ensure the viability of the project.

(iv) Evaluation and follow-up

Article 118(2) of the Second Lomé Convention lays down that completed projects must be subject of an evaluation which "shall concern the result, by comparison with the objectives, and also the administration, operating and maintenance of the schemes ... The relevant authorities ... shall each take the appropriate measures called for by the results of the evaluation work". Chapter 9 of the "Manual of Instructions for Commission Delegates" states that "the Commission determines for each project or type of project, the necessity and timetable for subsequent evaluation reports (...). If the delegate finds that a project is being utilized in conditions which reduce its effectiveness, he draws the matter to the attention of the administrative authorities responsible and seeks with them to find remedies for the situation: provision of the necessary personnel, other administrative measures (...). Should serious difficulties arise as regards functioning or utilization, a solution might be found in the form of additional investment, technical assistance or other additional aid. The delegate advises the Commission and indicates the most appropriate means, backed up by an estimate of whatever action is considered necessary".

In spite of the provisions of Article 118(2) of Lomé II, for most projects, the final or subsequent evaluation has either not been carried out or has been done in an incomplete manner. It is most regrettable that frequently the various parties involved seem to concern themselves chiefly with projects which have been recently implemented or with supplementary finance granted to such projects, without, in the latter case, drawing any lessons from the difficulties encountered previously in these same projects.

The result of inadequate monitoring of projects which are in progress or completed is that no lessons are learnt from past experience, whether good or bad.

B. EVALUATION

I. RESOLUTIONS BY THE ACP-EEC COUNCIL OF MINISTERS

RESOLUTION OF THE ACP-EEC COUNCIL OF MINISTERS
of 25 APRIL 1985 on

EVALUATION

The ACP-EEC COUNCIL OF MINISTERS,

Having regard to the second ACP-EEC Convention, signed in Lomé,
on 31 October 1979,

Having regard to Decision No 2/85 of the ACP-EEC Council of
Ministers of 22 February 1985, on transitional measures valid as
from 1 March 1985, and in particular Article 1(1)(g) thereof,

Having regard to the Resolutions of the ACP-EEC Council of Ministers
of 14 May 1982, and 20 May 1983, on Financial and Technical Co-
operation,

Having regard to the draft Resolution submitted by the Article 108
Committee,

Having regard to the conclusions of the meetings of ACP-EEC Experts on
ex-post evaluation in

- Niamey (Niger), 30 May - 3 June 1983 on Road Infrastructure
- Nairobi (Kenya), 9-13 January 1984 on Livestock Operations
- Harare (Zimbabwe), 2-6 April 1984 on Technical Co-operation
- Abidjan (Ivory Coast), 24-28 June 1985 on Trade Promotion

and examination by the Article 108 Committee of proposals arising
from those meetings.

Whereas the effectiveness of the evaluation and the systematic
follow-up of the results thereof play an essential role in
ACP-EEC Co-operation.

Whereas it is necessary to increase the participation of the
ACP partners during the different phases of evaluation, in order
to ensure that it becomes a genuine joint effort;

Whereas it is necessary to improve the information system with respect to the various documents produced during the evaluation process;

Whereas with respect to the basic principles resulting from evaluation in the different fields of interest reviewed, it is necessary to ensure that they are applied in operational practice having regard to the diversity and specificity of the ACP States,

Whereas lessons from experience should systematically be gathered whether or not their formulation is the result of the execution of formal evaluation exercises,

1. NOTES the main findings and the basic sectoral principles annexed hereto, which emerged from the meeting of ACP and EEC experts and the consideration thereof by the Article 108 Committee on the evaluation of
 - road infrastructure
 - livestock operations
 - technical co-operation
 - trade promotion,
2. RECOMMENDS strongly that the relevant departments of the ACP and EEC partners take account of these basic principles when devising, studying, carrying out, managing and evaluating new projects and action programmes in these sectors,
3. FURTHER NOTES that the evaluation process (identification and choice of sector, aid instrument, country or region in question; preparation of relevant documented information; field missions and reports thereof; synthesis of evaluation, findings, conclusions and recommendations; formulation of the basic principles by the ACP-EEC experts; consideration of the basic principles by the relevant bodies of the ACP and EEC, and the Article 108 Committee) even though leading already to positive results, still shows nevertheless a certain number of weaknesses especially with regard to:
 - (a) the respect of the provisions of the Convention calling for "joint evaluation";

- (b) the information system concerning evaluation results;
- (c) the practical application of recommendations resulting from the evaluation process (operational feed-back);

4. RECOGNIZES that joint evaluation as stipulated in the Lomé Conventions implies equally shared responsibilities in this field.

DECIDES that:

(a) the method of evaluation should rely to a considerable extent on contribution from those who are involved in the formulation of development and co-operation policies and in the identification, appraisal, and implementation of projects and programmes; and consequently

(b) there should be equal participation by and equal distribution of tasks among the ACP-EEC partners in the entire evaluation process outlined above by the involvement of ACP experts, institutions or relevant organizations and the ACP General Secretariat in Brussels;

5. DECIDES, with reference to point (3), that the ACP States and the Commission jointly define and apply the procedures necessary in order to improve the information system and the operational feed-back of lessons learnt;

6. DECIDES that, without prejudice to point (5):

(a) the text of the basic principles should be as clear and brief as possible;

(b) the Resolutions, together with the basic principles, and the Reports of the Article 108 Committee as approved should be given the widest possible publicity including:

- (1) publication of information about them, on a regular basis, in the "ACP-EEC Courier";
- (11) inclusion in the preparation material concerning subsequent projects and action programmes in the relevant area;

(iii) generalized transmission to all bodies and individuals who might be involved in the subsequent projects and action programmes in the relevant area;

7. DECIDES, with reference to points (3) and (4) that promotion of ACP capabilities in evaluation should be developed systematically throughout the evaluation cycle;
8. DECIDES finally that lessons learnt from experience whether or not they are the result of formal evaluation should be applied to development and co-operation policies. Consequently, appropriate procedures should be devised and applied accordingly by the Article 108 Committee;
9. REQUESTS the Article 108 Committee to monitor closely the implementation of this Resolution and to report periodically to the ACP-EEC Council of Ministers on its findings, conclusions and recommendations;

Done at Bridgetown, the 25 April 1986

For the ACP-EEC Council of Ministers

The Chairman

(s.) P. TOVUA

RESOLUTION
OF THE ACP-EEC COUNCIL OF MINISTERS
of 15 MAY 1987
on EVALUATION

THE ACP-EEC COUNCIL OF MINISTERS,

Having regard to the third ACP-EEC Convention, signed in Lomé on 8 December 1984,

Having regard to the Resolution of the ACP-EEC Council of Ministers of 25 April 1986 on evaluation,

Having regard to the draft Resolution submitted by the Article 193 Committee,

Having regard to the findings of the meetings of ACP and EEC Experts on ex post evaluation held in

- Antananarivo (Madagascar) from 26 to 30 May 1986 on agricultural irrigation projects:

Brussels from 22 to 26 September 1986 on operations financed in the health and drinking water sectors,

and examination by the Article 193 Committee of the proposals arising from those meetings.

Whereas note should be taken of the sectoral basic principles which are based on the main findings of the discussions on evaluation in the aforementioned fields and their application at the operational level should be recommended.

Whereas it is advisable to ensure that those basic principles are applied in an operational manner in view of the diversity and specific character of the ACP States.

1. NOTES the main findings and the sectoral basic principles resulting from the joint discussions on evaluation in the fields of
 - irrigation
 - health
 - drinking-water supplies.
2. RECOMMENDS strongly that the relevant departments of the ACP and EEC partners take account of these basic principles when devising, studying, carrying out, managing and evaluating new projects and action programmes in these sectors.
3. REQUESTS the Article 193 Committee to monitor closely the implementation of this Resolution and to report periodically to the ACP-EEC Council of Ministers on its findings, conclusions and recommendations.

Done at Brussels, 25 May 1987

For the ACP-EEC Council of Ministers
The Chairman

(s.) Mrs Eugenia CHARLES

RESOLUTION BY ACP-EEC COUNCIL OF MINISTERS
on 11 May 1988
on Evaluation

THE ACP-EEC COUNCIL OF MINISTERS,

Having regard to the third ACP-EEC Convention, signed in Lome on 8th December 1984,

Having regard to the Resolution of the ACP-EEC Council of Ministers of 25th April 1986 on evaluation; to the review thereon and to the latest updating of the work programme on evaluation;

Having regard to the draft Resolution submitted by the Article 193 Committee;

Having regard to the conclusions and recommendations of the meetings of ACP and EEC Experts on evaluations, held in:-

- Kingston, Jamaica, from 22nd to 26th June 1987 on agro-industrial projects;
- Brussels, from 28th September to 3rd October 1987, on operations in the fields of crop development, rural development and education and training;

and to the examination by the Article 193 Committee of the proposals arising from those meetings;

Whereas note should be taken of basic principles which are based on evaluations in the aforementioned fields and their application at the operational level should be recommended;

Whereas it is advisable to ensure that those basic principles are applied in an operational manner, taking into account of the diversity and specific character of the ACP States.

1. NOTES the attached basic principles resulting from the joint discussions on evaluation in the fields of:-

- agro-industrial operations;
- crop development;
- rural development;
- education and training.

2. **RECOMMENDS** strongly that the relevant ACP-EEC departments take account of these basic principles when devising, studying, carrying out, monitoring and evaluating new projects and action programmes in these areas.
3. **NOTES** the findings of the review of the application of past ACP-EEC Council Resolutions on evaluation and consequently recommends that:-
 - a) Efforts to make the text of the Basic Principles as clear and brief as possible should be pursued.
 - b) Further progress should be made with respect to the principle of ensuring equally shared ACP-EEC responsibilities when programming, designing and implementing evaluation work.
 - c) The information system should be further developed, both with respect to its general and its user-specific thrust, and directed at the ACP as well as the EEC.
 - d) Operational **feed-back** of lessons learned from experience, whether or not they are the result of formal evaluation, needs consistent, long-term strengthening.
 - e) The Committee should make every effort to identify the major factors affecting the survival of development programmes and projects during all phases of the project cycle up to and including operations and maintenance.
4. **NOTES** the work achieved in the various sectors up to date, as well as the updating of the report of the Article 108 Committee, and urges that efforts be pursued to complete work already in hand and to implement the work programme envisaged.
5. **REQUESTS** the Article 193 Committee to monitor closely the implementation of this Resolution and to report periodically to the ACP-EEC Council of Ministers on its findings, conclusions and recommendations.

Done at Port-Louis, 11 May 1988

For the ACP-EEC Council of Ministers
The Chairman

(s.) A. SOUMAILA

II. BASIC PRINCIPLES
EMERGING FROM EX POST
SECTORIAL EVALUATION

BASIC PRINCIPLES

emerging from ex post evaluation
of projects and programmes in the sector of
HEALTH

I. MAIN CONCLUSIONS

A. Policy Aspects

1. There exist very significant differences in health status between and within nations. Within a single country, social groups can differ by as much as 20 years in mean life expectancy, and ratios of infant mortality can reach one in ten. These differences highlight the potential for significant improvements in health, and experience has shown such improvements to be feasible.
2. Improvements in health depend upon many factors which are part of a multidisciplinary approach for welfare of population, only one of which is provision of adequate health services. Development of health policy is most likely to be efficacious in countries already used to such a policy and embarked on a path aimed at meeting in the basic needs of the majority. In contrary, it appears that in the absence of the basic infrastructure necessary to the maintenance of health, a health service programme is likely to be ineffective.

If intersectoral initiatives are to have a lasting impact there is a need for them to contribute to the development of a local capacity aimed to create and maintain a healthy environment. In a situation of scarce management resources it is important to avoid the duplication of administrative structures.

3. In many countries, little is known of the consequences for health of decisions taken in other sectors and there is no provision for taking these considerations into account. Existing data collection systems require study and improvement to ensure a maximum of availability of information relative to health.
4. A major theme of international experience is the complexity of the task of creating effective and sustainable health initiatives. Projects funded in this sector have not had the desired impact due to shortages of personnel, inadequate maintenance, severe resource constraints and lack of coherence with the rest of the health service.

5. Previous policy of support for large hospitals and for curative care in general was past practice. But it is important not to go to the other extreme. One cannot expect the public to accept the emphasis be on preventive activities if the demand for access to curative care is neglected. Primary-level care has proven difficult to sustain in isolation from supervision by skilled health workers and possible referral to hospital. In many countries the rural health services are still inadequate and not decentralized enough. Even in the towns, access to health services may largely be limited to the more affluent or those in formal employment, whilst the health needs of a growing population of urban poor are largely unmet.
6. While many countries have accepted a phc-based (primary health care-based) approach in principle, few have formulated coherent plans for achieving this through which projects funded by donors could be considered. It is even rarer to obtain realistic projections to finance recurrent expenditure. Often little attention is paid to the activities of non-government organizations in the health sector. In many countries, a private sector concentrates on providing sophisticated curative services and its impact on the health development programme is often largely unstudied. In some cases, legislative regulations in the health sector could have been revised in view of adapting them to developments in this sector.
7. For the past, health sector support by the EEC was concentrated on the construction of facilities, sophisticated hospitals with, in some cases, unfortunate results: problems arisen in recruiting appropriate staff, in maintaining overly sophisticated equipment and in administering a complex institution. Running costs of hospital can consume a large proportion of the national health budget. The design of facilities, including those in the rural areas, has often neglected constraints in human and financial resources with the consequence that expansion of access to basic health services has been slowed.
8. The effectiveness of health services depends on the quantity and quality of its skilled workers. In many cases too little priority has been given to the need to plan and implement a programme to create an appropriate pool of local health personnel. In most countries, shortages of skilled workers are a major constraint to health development. Technical assistance can fill this gap in some countries but it cannot provide a long-term solution. The creation of new training capacity is required to meet present and future needs that correspond to needs and problems faced by health workers as trainers and supervisors.

There is a lack of teaching materials appropriate to local conditions. There is lack of experienced teachers to lead the training programme or to ensure reinforcement of health workers according to change. Often there has been little co-ordination between training institutions and those responsible for in-service education programmes.

In many countries health workers show an unwillingness to serve in the rural areas due to lack of provision of adequate incentives. The financial incentives in the private sector, often much higher than those in government service, encourage health workers to abandon work in higher priority areas in the public sector for the private sector.

9. Inadequate funding in general and recurrent funding in particular have been highlighted as a major obstacle to the long term viability of health initiatives. In some countries, as much as 85 per cent of the public health budget is pre-empted for the pay of health workers without having sufficient resources for drugs, technical support, or means of transport. In the past, provisions for resources required for the running of the project as current cost, supervision, in-service training, administrative support, maintenance, spare parts and consumable inputs are often underestimated.

In response to this problem, health projects have increasingly incorporated a mechanism of self-finance without being part of a coherent sectoral financing policy. A number of instruments are available whereby funds can be raised for the health sector: compulsory insurance, earmarked taxes, local community health funds and direct user charges. However, where the revenue collection mechanism has not been integrated into a well-planned health sector development process, specific problems related to countries have arisen.

Some donors are reluctant to cover the running costs of capital equipment, by funding only. Where running costs cannot be met, the project is unsustainable; however, even a relatively minor amount of recurrent support can yield important benefits.

10. The importance of organised community initiatives in creating sustainable health development is high. That means that there are community health workers (chw) who do not neglect the needs and wishes of the local people to ensure the more easy acceptance of health programmes by the local community. In the past, the

chws were not enough supervised or retrained and deliveries of drugs were irregular. Projects are more successful when local bodies have real influence and when support and continued training were provided. Voluntary organisations and women's groups can sensitise people to available health sector services, and convince people to make use of them and organise mass campaigns to improve the environment or control specific diseases.

The selection of trainees for phc projects has not always evaluated their qualifications and requirement to take a local leadership role and their training has not always reflected the tasks to be undertaken. In addition, the cost of an effective chw programme have been underestimated to cover all items, as drug purchases, remuneration of chws and complementary health service activities. It has been particularly difficult to fund preventive and promotive activities, whose efficacy has to be demonstrated to the community.

In many countries traditional birth attendants and traditional healers play an important role in providing health care. One can still improve their effectiveness and make useful their experience to medical personnel.

11. In most societies, women have the major responsibility for meeting the physiological needs of household members which deal with subsistence food production and preparation, the collection of water, as well as the care of the young and the sick. By improving the efficiency with which these tasks can be accomplished substantial effects on health could be obtained. However, women do not have recent adequate information on health-related issues. It is compounded by a low level of literacy among women. Several reports, however, have stressed the danger of giving advice which is divorced from the local reality, and which is not complemented by concrete measures to solve problems. Moreover, education alone can do little to solve these problems and difficulty of access to effective treatments such as oral rehydration therapy for diarrhoea and basic chemotherapy complicate much more women tasks to take care of the sick household members.
12. Many decisions are made in the absence of adequate information including even in the case of new technologies which are imported without a critical review. Past experience needs to be evaluated but in many countries there is a shortage of personnel capable of this kind of activity. There is a need for more analysis of the information available and to make available to decision-makers this information.

B. Operational Aspects

13. The conclusions leading to the formulation of the Basic Principles in paragraph 13 can be found in paragraphs 14 to 19 below.
14. There is no systematic co-ordination between authorities responsible for health activities, as ministries, local authorities, community organizations, private companies and both local and foreign non-governmental organizations (NGOs). The preference of donors for funding individual projects in isolation has also contributed to the fragmentation of activities and to a multiplication of structures, as result, lack of integration of local health developments into the national process.
15. Almost every evaluation has highlighted weaknesses in the administration of the health sector development process and yet many countries have not created a capacity to plan and supervise this process. Often sectorial strategies of health development are not based on a clear identification of constraints and during the implementation phase of projects there is no efficient administrative support. This has usually been lacking in health initiatives. While the need to plan the phasing in of new facilities, to change existing styles of work, to develop new administrative practices, and for innovative approaches to health development, have all been recognised, the means for accomplishing them are often lacking and in addition, capacity to analyse unexpected problems which arise and to reformulate the implementation strategy is needed. This cannot be assumed by expatriate teams which could not take full responsibility for decision-making and substitute to local administrative capacity. Many countries are suffering from a lack of national staff in the health sector. In certain countries an overly centralised administrative apparatus has led to some bureaucratic inertia in this sector.
16. There are many cases where the design was unnecessarily lavish and dependent on sophisticated technology. Design faults have mainly concerned connection of water and electricity, easy access to patients, ventilation and water-proofing, installation of equipment, recruitment of staff and lack of staff housing. There has been also a tendency not to plan for the possibility of further expansion, control of the work of the consultant and architects has not been efficient, and delivery of materials and equipment has not been co-ordinated. These have led to delays, cost over-runs and sub-standard quality.
17. In some cases the local authorities have not had adequate resources to oversee the architects and monitor construction. Local contractors may lack experience in the new construction techniques and have not been trained in maintenance.

18. Health facilities are frequently found to have inappropriate equipment, to local conditions or so sophisticated that much of it is not functioning after installation. There is little standardisation, and users have little instruction; spare parts are in short supply, and there is little provision for maintenance. Expensive units have been sometimes lost due to long delays in implementing the facility for installation. A number of factors can render the equipment useless, e.g. absence of electricity supply, shortages of consumables, such as reagents and X-ray film, and a lack of spare parts. Donors, who avoid the longer-term commitment required to sustain an equipment service, may have also contributed to the subsequent difficulties.

On the other hand, the experience has been variable. There has been difficulty in recruiting suitable trainees, and retaining them in the public sector once they are skilled.

19. Drug shortages are common to all health services. Frequently the problem is more acute in the smaller rural facilities. Weaknesses in the procurement system and the distribution network add to the problem of lack of funds. Significant savings can often be made through rationalising the pharmaceutical sector. In many countries the choice of imported drugs is not monitored for efficiency or cost-effectiveness. Health workers frequently demonstrate inappropriate prescribing practices. This is due, to some extent, to a lack of information on rational treatment norms. In the absence of a capacity to monitor the quality of drugs and vaccines, an undesirable choice may have to be made between unnecessarily costly brand-name drugs and the risk of inadequate treatment due to defective products.
20. The EEC has funded several medical support programmes in the wake of a disaster. The immediate aim of meeting urgent needs may have been well served by an effective intervention by an NGO in collaboration with national organizations. But in the transition from the emergency phase to one of rehabilitation towards a sustainable health system, problems have arisen. This process of transferring to the national authorities, while keeping essential services intact, has been a complex one. Inadequate attempts have been made to integrate local people into emergency work. Where different donors fund emergency aid projects, problems of efficient co-ordination among them arise.

II. BASIC PRINCIPLES

A. Policy Aspects

1. Health policy should aim at diminishing high levels of morbidity and mortality, in a cost effective way, through a combination of promotive and preventive activities, and curative care.

This requires a long-term commitment of financial, technical and administrative resources to a process whose principal beneficiaries will often be the less privileged sections of society.

2. It is known that there is an important relationship between the environment and good health; therefore health sector development needs to be an integral part of a broad process aimed at meeting people's basic needs. These include the provision of basic education, access to clean water, improved sanitation, and maintenance of adequate nutrition. Where health components have been included in a rural development project, they should be integrated into the existing health services.
3. There is a need to strengthen the capacity of people concerned primarily with health to also play a role in the shaping of wider development policy. Provision needs to be made for adequate collection, analysis and interpretation of relevant data by health workers. It is necessary to have a system that enables health-related issues to reach the decision-makers. The possible health implications of all major EEC funded projects should be assessed at the project formulation and appraisal stage, and where a health impact is likely to be involved it should be fully covered in any eventual evaluation.

4. As stated in Article 192 of the Lomé III Convention, the responsibility for analysing the sector, identifying projects and defining the means for implementing them, rests with the national authorities. If requested EEC support should be made available (under Article 188) to strengthen and develop the capacity for sectoral planning.
5. The focus of health strategy in many countries will be on establishing a viable health service in the rural areas. In addition, the health problems of the urban poor, and special groups (e.g. the handicapped, nomads and refugees), deserve attention.
6. Health development strategies should include: definition of priorities, the preparation of a development plan, and a projection of the pattern of future recurrent expenditure. This requires the strengthening of a health information system and a proper assessment of the role and contribution of the private sector. Existing laws may require reform to bring them into conformity with health policy.
7. A cost-effective use of health infrastructure requires a functioning referral system. Priority should be given to the creation of a network of appropriate out-patient facilities and basic hospitals, from which the majority of patients can be served. More sophisticated facilities can only be effective as referral centres. Efforts should be made to strengthen and improve the effectiveness of existing facilities. The support which hospitals give to primary health care activities should be strengthened.
8. The development of human resources should be planned on the basis of a training needs assessment and an understanding of the sectoral context within which health workers make decisions about their careers. There is a need to increase the capacity to train and retrain those supervisory staff who are in short supply. There is also a need to provide more teaching on the social and community aspects of health activity. As the major mechanism for changing current practice, continuing in-service education requires substantial support and should be adequately budgeted as part of all new programmes.
9. In many countries the effectiveness of health projects has been compromised by an inability to fund recurrent expenses. The alleviation of this problem requires a combination of measures including advance planning of the full resource implications of new initiatives, and finding new sources of finance for health activities. Certain methods of funding health services, such as user charges or insurance schemes, need to be carefully planned as they have an impact on the nature and distribution of the services provided. A health initiative may take a number of years to become a sustainable component of the health sector. Article 188 of the Lomé III Convention provides a means for financing inputs during the start-up period, as well as in situations where serious under-funding is compromising a previously established programme.

10. Primary health care initiatives should be planned and implemented with the involvement of the organized community. A community health worker programme can increase the capacity to deal with health problems. In some countries traditional healers and traditional birth attendants play a role in providing health care. They need further attention and support to improve the services they provide. Their function in the health development process should be clearly defined.
11. Every individual in the community has a role to play in improving health. In organized community activities due recognition should be given to the role of women in health promotion. In addition initiatives are required to improve their effectiveness in meeting household subsistence and basic needs. Adequate support should be given to creating effective programmes aimed at disseminating health-related information. Measures are also required to ensure the availability near the home of effective therapies, including oral rehydration and essential drugs.
12. There needs to be an enhanced capacity within the ACP countries for medical research, and for the more effective evaluation of health services and new technologies. There is a need for more international exchange of experience and expertise, for example through links between institutions.

B. Operational Aspects

13. Some key factors in the successful operation of health policy are:
 - effective administration;
 - careful advance planning of health facilities;
 - efficient equipment procurement and maintenance;
 - rationalisation of drug services.

These are discussed in paragraphs 14 to 19 below.
14. Health projects or the health components of other projects should not be formulated in isolation, but should be planned and operated as an integral part of the health sector as a whole, which in turn needs to fit into broader development strategy.
15. Administrative practices can be improved by:
 - strengthening the administrative capacity at the local level;
 - introducing measures to enhance effectiveness and efficiency;
 - developing the use of regular management audits.

16. The successful design, construction, and operation of health facilities can be facilitated by:
 - a pre-assessment of the economic, social and cultural environment as a basis for the drawing up of the architect's brief;
 - drawing the lessons from past experience, particularly from EDF projects;
 - taking into account the experience and views of local people and local medical personnel;
 - providing adequate administrative and technical support - careful advance planning of the operational requirements;
 - the use of standard design briefs.
 17. The achievement of national development objectives can be enhanced by the training and use of local experts in design, construction, and maintenance processes.
 18. Significant increases in efficiency can result from improving equipment procurement and maintenance services by:
 - a selection of appropriate equipment - standardization within a country where possible;
 - ensuring adequate supplies of spare parts;
 - development of a local maintenance team, with capacity for training;
 - provision for the rapid replacement of parts when breakdowns occur.
 19. The use of drugs can be made more effective by:
 - establishing lists of essential drugs;
 - improving procurement practices;
 - better training of medical workers in the use of drugs;
 - improving local distribution and storage;
 - developing regional quality control laboratories.
 20. In formulating a strategy for emergency aid the problems of reconstruction should be anticipated by utilizing local people as much as possible and by supporting the development of a team to plan and implement the rehabilitation process.
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BASIC PRINCIPLES

emerging from ex post evaluation
of projects and programmes in the sector of

DRINKING WATER SUPPLY

I. Main conclusions

A. Policy Aspects

1. Within the 4th and 5th EDF a total of 189 projects related to water supply, sanitation and urban development were approved amounting to ECU 340 million, corresponding to 5% of the EDF total. The Lomé III Convention with its focus on co-operation in agricultural and rural development, certainly leaves scope for further activities in this field, particularly regarding rural water supply (see Art. 12).
2. The Lomé III Convention reflects the concern of the ACP and EEC member states for the human factor by including the social dimension and by emphasising the role of women in development. Moreover, it focusses on environmental protection particularly against drought and desertification.
3. The most frequent objectives of water supply projects are: covering of a basic need; improvement of water safety and quality; or improvement with standard of living (e.g. convenience, time-saving). But seldom is there any indication that these "perceived needs" were systematically checked or quantified at the appraisal stage.

It can, however, be assumed that the situation is now improving as more and more recipient countries define realistic policies and priorities in their national and sectoral development plans.

In particular, the lack of clear policies regarding the generation of revenue and the structure of tariffs has been criticized as damaging to project success. There seems to exist a general consensus that full cost-recovery, i.e. including administrative, operational and maintenance costs, as well as depreciation and interest on capital, can be expected only in a few large-scale projects. Projects where consumers pay at least part of these costs, tend to be more successful than comparable projects wholly dependent on subsidies, except for projects for public sector consumers who notoriously do not pay for their water use.

Regarding demand projections for drinking water, it appears that there is a marked tendency to overestimate future water demands, especially for secondary population centres or for consumption from standpipes. In larger urban areas, however, the demand has frequently been under-estimated because of low assumptions made for future population growth and the immigration effects.

Experience seems to show that larger supply systems usually are more flexible and better meet unforeseen demands. In the case of rural supply schemes, several evaluations referred to random drilling without adequate prior studies or without due consideration to the problems of maintaining or adequate project preparation.

4. In many countries a fairly large number of donors is involved in financing projects in the same water supply sector, neglecting exchange of information or co-ordination among them. There is no co-ordination either with existing plans in the fields of regional or town planning, road construction, sewage projects or settlement schemes, giving rise to mistakes in the estimation of demand or in design aspects of the project.
5. National administrations have often contributed to project failures by:
 - the assignment of more than one institution for the implementation of a project or programme without clear definitions as to responsibilities,
 - the inadequate staffing of the executing agency and the lack of sufficient transport facilities and other logistic support,
 - the reluctance to charge for the cost of water services, as well as the lack of a suitable accounting system,
 - a preference for the establishment of new water schemes.
6. The main beneficiaries of water supply systems financed by donor agencies were often the more affluent population, with the most deprived people frequently left unserved. In this context, the problem of choosing between the alternative concepts of providing "more for less" or "less for more" is a frequent issue of discussion, i.e. the choice of whether to improve the water supply substantially for a relatively small group of better-off people who are able to pay cost-covering rates or, at the other extreme, whether to aim at securing a basic minimum supply for the largest possible number of people in the target area.

The main improvements in living conditions of the population have been:

- (1) saving time and drudgery on the part of the female population, who are traditionally responsible for collecting water,
- (11) more liberal use of water in the household: the per-capita consumption of water increases significantly when water is more readily accessible.

On the other hand, the quality of water has not been regarded by the users as a major factor, and there are cases where the target group has preferred to go on using traditional sources, especially when the water of the project (bore-hole) had undesirable qualities of smell or taste. Treatment plants for the improvement of water quality could not solve the problems neither because of short-falls due to lack of maintenance.

As to positive effects on the health situation, they can only be expected if the supply project is accompanied by comprehensive health and hygiene education programmes - usually a fairly long-term and expensive undertaking.

So far as economic benefits are concerned, there is the generation of employment during the construction, and to a lesser degree the maintenance of the project. But the benefits are insignificant for practical purposes.

On the other hand some negative effects were observed, e.g. where the convenience of a reliable water source led to former nomadic tribes adopting a settled way of life without an accompanying reduction of their herds, leading to overgrazing in the vicinity of the water supply and considerable environmental damage.

B. Operational aspects

7. The main difficulties in the planning and implementation phase of water supply projects are:
 - donors providing equipment without the personnel to ensure its efficient operation, or spare parts; lack of training before handing over the project to national institutions;
 - undue delays in clearing urgently required construction materials and spare parts, or delays in the actual construction works of the project, usually when the contractor was a public entity.
8. The acceptability of the planned water supply scheme by the target group is of utmost importance. Should be taken into consideration: distances for fetching water, the reliability of the water supply, preferences (objective or subjective) as to taste, etc.

Water supply projects stood a better chance of being accepted by the community if their traditional sources had run dry for periods of the year. In this context the storage of water is a crucially important part of many water supply projects.

9. An important factor for project success is the degree of community participation in the planning, design, construction and maintenance of a project, in particular for rural water supply schemes. In the urban areas, probably due to the complexity of the systems, the said participation becomes relatively less important.

10. In some countries, community participation in rural water supply projects seems to be hampered by the reluctance of water authorities to delegate responsibility. Such participation may also be difficult to achieve in countries not having a strong tradition of communal activity. A first important step towards participation is to gain the backing of the project by the local leaders or chiefs. Without their consent community participation is usually doomed to fail. The greatest willingness to participate, in kind and in cash, can be found in arid areas, compared to areas of regular rainfall. Projects were more likely to be successful if they could count on the support of local water committees.
11. The appropriate location of the source of water chosen after consultation of the local population is important, not only from the point of view of accessibility but also because of local sensibilities (e.g. by locating it near a grave-yard).

In practice, however, technical reasons motivated by hydro-geological problems influence more often the choice of location of the source, like the nature of aquifers, the conditions of the soil, the risk of contamination of the source and of erosion in the catchment area.

12. In general, water supply techniques and distribution systems did not generate many problems in large-scale projects. A considerable number of unreliable water systems have been identified however in village schemes, mainly because of breakdown of diesel pumped stations, of hand pumps, lacking spare parts, of shallow-wells and wrongly dimensioned pipe systems.

Positive results were reported regarding schemes based on mountain catchment and gravity fed systems, hand-dug wells and locally manufactured handpumps, and on taking into account regional particularities.

13. On the equipment side, the malfunctioning, the lack of integration of the various training components, and the lack of maintenance of handpumps, even after a relatively short time of becoming operational, stand out as being the prime source of difficulty.

More sophisticated items of equipment were also often found to be inadequate, because imported diesel or other motor pumps have broken down, pipes and accessories did not fit or were of inferior quality, and sophisticated equipment was difficult to maintain.

14. Concerning the design of larger urban water supply systems, there were few criticisms:

- lack of provision for auxiliary facilities (stores, workshops, offices, etc. ...),
- lack of emergency systems as back-ups in those countries where power cuts frequently occur,
- lack of stand-by facilities to be used during pump repairs and maintenance,
- delays in implementing the works, particularly when the contractor is a public institution,
- low-quality preparation of the transfer of project responsibility to the national institution concerned.

Rather more beset with difficulties are the smaller peri-urban supply schemes: the schemes are not matched to consumer needs and there is a tendency to create unnecessary superstructures, neither preventing contamination nor adding to the convenience of the consumer.

15. The projections concerning time periods and costs were generally found to be less than satisfactory. In large projects substantial time over-runs - extending in some cases up to five years - were reported, resulting in sizeable cost over-runs of the order of 30 - 60%.

In several cases, the delay resulted in costly changes to the project at a later stage and caused problems in meeting (the meanwhile increased) water demand of the target population.

16. Water losses in the range 30 - 40% are common phenomena in practically all the larger water supply systems. Apart from technical losses, systems to control leakages (e.g. unauthorized use of water) were considered in many cases to be inadequate. Problems also arise from the usually high number of outstanding accounts, particularly of public institutions.
17. The effective operation and maintenance of water supply schemes is one of the key requirements for project success. The management and up-keep of larger schemes is usually carried out by the central water authority. In smaller projects (in particular in rural projects) these tasks depend on the local water committees and their ability to maintain the system in good working order. In spite of the lack of preventive up-keep, the operation of larger water supply schemes in urban areas runs in a satisfactory manner. On the whole however, better results are recorded where private undertakings are in charge of the operation and maintenance of the schemes.

II. PRINCIPES DE BASE

A. Policy Aspects

1. An adequate and regular supply of drinking water constitutes so basic a need that it should have high priority in EEC assistance to ACP countries. This is in line with the emphasis in the Lomé III Convention on the need to improve the living conditions of the rural and peri-urban population.
2. In any water supply project financed from the EDF special attention should be given to environmental protection, as well as to social and cultural factors. As water plays such an important part in the life of the household, women should be actively involved in decisions concerning its supply and use.
3. A comprehensive water policy is needed on which development priorities should be based, and there should be an institutional framework and budget provision. This sector policy should be based upon:
 - experience with existing water supply projects;
 - actual and projected demand for water;
 - available and potential water resources;
 - ecological requirements, land use and water rights;
 - provision for recurrent costs to be met.
4. The effective implementation of a water policy requires the regular collection and exchange of information and co-ordination of the policies of the aid agencies and consultation between all the main parties concerned. For example, plans for water supply projects should take into consideration ongoing regional and urban planning, particularly new settlement schemes, road construction and sewage disposal plans.

5. The institutional structure requires a strong commitment by the Government with special attention to:
 - the need for a responsible authority with sufficient autonomy;
 - training and the timely secondment of qualified personnel as well as logistic support;
 - an efficient management system.
6. For a project to be successful it should take into consideration the aspirations of the population and the expected benefits, and should aim at providing a reliable water supply. As to water quality, there is a trade-off particularly in rural areas between the objective of supplying water of good quality and the need to keep down the per-capita cost so that as many people can be supplied as possible.

B. Operational aspects

7. Project planning and implementation should be improved by:
 - giving as much attention to the operational phase, as to the construction phase and the purchase of equipment;
 - establishing a realistic budget which takes full account of operation and maintenance costs;
 - making early arrangements for training in order to ensure a smooth take-over when the aid comes to an end, albeit with provision for further aid inputs if the need should arise;
 - transfer of appropriate technology and research to improve project design and implementation.

The executing agency should consider if it is sufficiently equipped to carry out studies and construction work using its own resources, or alternatively whether it should use a public tender procedure.

8. New rural water supply projects should satisfy the following conditions:
 - the new water supply point should be more reliable and more accessible than the traditional source;
 - storage facilities should be adequate;
 - the taste has to be acceptable to the target group.

9. In rural water supply projects an active local community participation should be a prime objective in the preparation phase, especially in respect to:
 - the identification of water sources;
 - dealing with land and water property rights;
 - avoiding erosion in catchment areas;
 - ensuring the equitable supply and distribution of water;
 - definition of responsibilities for construction, operation and maintenance of the schemes.

10. In the implementation of rural water projects the following steps have often proved to be useful:
 - involving the local leadership, and taking into consideration the active interest shown by local communities;
 - forming a local group or authority, such as a water committee; defining its relation to the Government; and having it appoint personnel to be in charge of operations;
 - establishing a village water maintenance fund under the supervision of the water committee or similar body;
 - making provision for stores, properly equipped with supplies of spare parts, and served by qualified personnel to be established at strategic locations;
 - using community labour in the construction phase if at all technically possible;

11. The following factors should be taken into account when determining the location and type of water source:
 - hydrogeological survey;
 - depth of water table;
 - availability of surface water compared with ground water;
 - good mechanical soil condition and adequate permeability;
 - constancy of water availability;
 - protection from contamination, pollution (especially in surface water sources);
 - risk of erosion in catchment areas.

12. The technology and distribution systems chosen for water supply projects should - as far as possible - be based on:

- local availability of resources and material;
- local capacity to operate and maintain the system;
- equitable access.

Simple use of roof catchment devices can often provide cheap sources of water. Spring-fed gravity systems are suitable for mountainous regions, shallow wells or bore-holes with hand pumps for arid zones like the Sahel, and diesel operated, piped water systems for countries with an advanced infrastructure.

13. Equipment specification should primarily take account of the maintenance aspect. Account should be taken of the results of the tests carried out under comparable circumstances. As a complementary measure it might be necessary to stimulate efforts for local spare parts production. In regions where regular maintenance tends to be a problem the possibility of ensuring a minimum water supply in the case of equipment failure should be considered.
14. In larger schemes provision should be made for auxiliary facilities like emergency power systems and stand-by units during repair and maintenance works, and also if feasible, for future expansion.
15. Care should be taken during planning to control time - and cost over-runs by:
- taking into account inflationary effects;
 - preparing realistic time tables which also allow sufficient time for project appraisal.

16. Particularly in large-scale projects provision should be made for the control of unaccounted-for water losses, which are often substantial and to follow up delinquent accounts. Also in this context, special attention should be paid to the problems with public sector users.
 17. Public institutions are recommended for the operation and maintenance of large-scale projects. In order to improve their effectiveness preventive measures like meter control should be adopted. In smaller schemes, water committees, preferably with strong female representation, have proved to be useful. Such committees should appoint local community members and craftsmen for the day-to-day operation and routine maintenance of the project and arrange for an efficient firm to carry out regular supervision and repair works.
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BASIC PRINCIPLES

emerging from ex-post evaluation
of projects and programmes in the sector of
ROAD INFRASTRUCTURE

I. MAIN FINDINGS

A. Project level

1. The conclusion drawn from the evaluation was that the quality of road studies and the efficiency with which the works are undertaken still all too often leave room for improvement. Shortcomings in this area lead in most cases to cost increases which can be very considerable.
2. At the project identification stage, there appears not to be sufficient effort made to look at alternative approaches from either the technical or the economic point of view.
3. Forecasts of the volume and type of traffic have been found in many cases to be unrealistic.
4. It is very difficult to forecast the kind of damage that will be caused by axle loads that are too high; operators often ignore the traffic regulations in this respect.
5. At the execution stage, supervision of the work has sometimes proved to have been inadequate, yet, a high standard of supervision can often compensate for certain design errors at the study stage. Also, there is no sufficient collaboration between the consultants responsible for supervision and the department concerned, whereas efficient collaboration enables the department's knowledge of the terrain to be put to better use.
6. Experience in the field has done nothing to speed up project execution - which, mainly as a result of administrative difficulties, is actually taking longer, resulting in cost escalation. Conversely, where unreasonably tight schedules have been set, the result has been cost escalation again, as contractors over-equip.
7. At both the study and execution stage of projects, the efforts if any at all, to develop the recipient country's own level of skills by provision of on-the-job training was often found to be inadequate.

8. In some cases, likewise, insufficient attention seems to have been paid to the choice of implementation methods, particularly as between capital-intensive and labour-intensive methods.
9. Finally, it emerged from the evaluation that it has been very rare, when road projects were being designed, studied or carried out, for any thought to be given to the exigencies of evaluation or the collection of base-line data, though this is a valuable and comparatively cheap means of systematically making the most of the fruits of experience.

B. Policy level

1. Many infrastructure projects and notably roads, exhibit generally favourable rates of return. Once countries have acquired basic infrastructure, their prospects for agricultural and industrial development and for attracting foreign investment are generally improved.
2. Nevertheless, the evaluation revealed that a fundamental weakness which jeopardizes the physical survival of roads and consequently prejudices economic development is the almost systematic absence of maintenance. Moreover, despite the high rate of return on roads, it is difficult to mobilize the resources involved and to put them to effective use even though money spent on maintenance is highly cost effective. Here it is noteworthy that, in absence of EDF financing of recurrent costs, ACP States in their anxiety to carry out new investments are often faced with the difficult choice between letting existing infrastructure deteriorate or increasing their budget deficits.

II. BASIC PRINCIPLES

A. Road policy

1. The evaluation showed the need for a road policy to extend and improve the transport capacity of a country, taking into account all modes of transport. It is of the utmost importance that national road policies be harmonized at regional level, in order to secure compatibility of laws and administrative practices and thus eliminate obstacles to co-ordinated regional development.
2. National and regional road transport plans - whether existing or to be drawn up - should constitute the frame of reference for all operations, whether they involve extensions, improvements or day-to-day and periodic maintenance.

3. The three forms of action: extensions, improvements and maintenance, should be considered on an equal basis and assessed on each occasion by reference to their economic and social justification.
4. A good road department, sufficiently well equipped and with trained personnel, is essential. It is necessary to make road departments technically, administratively and financially efficient by means of training programmes and improvements in management, making sure notably that a reasonable balance is struck between staff strength and organizational capacity on the one hand and equipment and operating resources on the other.
5. The improvement and extension of the road system should be devised so as to enable a country's economy to eventually finance road maintenance from its own resources. This policy should be backed up by the establishment of an effective mechanism for monitoring the road system, allowing a planned programme of maintenance and preventive action.
6. The enactment and application of laws at national and regional levels should aim at:
 - combatting excessive deterioration of roads including limitation of axle loads;
 - taking due account in the implementation of policy of conservation of natural resources and the protection of the environment.
7. Research into road building techniques should include ways and means to reduce dependence on scarce building materials.

B. Co-operation policy

1. In this regard, Community involvement in the sphere of financial and technical co-operation should be aimed at helping the ACP States to set up an efficient and well maintained road network. Co-operation should cover, inter alia, the following:

(a) formulation and establishment of transport plans and implementation thereof;

- (b) Community support for the development of a public works tradition with the aim of improving the human resources and equipment at the disposal of the departments in question;
 - (c) rational distribution of available resources between new investments, network upgrading and maintenance in the context of a policy aimed at self-sufficiency in this field;
 - (d) optimum utilization of national and especially human resources, while protecting the environment;
 - (e) harmonization of laws and regulations at regional level;
 - (f) adaptation of procedures and standards of good practice to the ACP States' needs.
2. There should be proper co-ordination by the recipient ACP States of the various funding agencies' policies in the sphere of financial and technical co-operation to help in achieving the best use of available resources.

C. Operation policy

1. Technical and economic studies should be of a good quality consistent with the importance of the works in question. They should be examined carefully and monitored constantly during execution.
 2. The execution of operations should be undertaken on the basis of a clear, contractual and balanced definition of the responsibilities of the roads departments, the works supervisors and the contractor. Reasonable time-schedules should be established by the department and complied with by the contractor.
 3. Right from the project-désign stage, provision should be made for evaluation, thus enabling operationally useful lessons to be learnt from the experience gained.
 4. Throughout the study, execution and evaluation process, the professional skills and capabilities of national road departments should be fully utilized and progressively improved.
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BASIC PRINCIPLES
emerging from ex-post evaluation
of projects and programmes in the sector of
LIVESTOCK OPERATIONS

I. MAIN FINDINGS

A. Livestock Development Operations

- (a) The results of these operations vary considerably and are in many cases disappointing; a large number could turn out not to be viable; their design is faulty in many instances, and their objectives are far from being achieved.

These difficulties are largely inherent in the very nature of the problems to be coped with: often, specific situations in terms of natural and human factors, are still not properly understood. Thus, in many cases, the projects fail as a result of faulty design.

- (b) Operations which are aimed at the integrated development of traditional livestock production and set out to place at the farmers' disposal certain items of infrastructure and services, including health protection, often fail to help the farmers to the extent expected given the amount of money invested.
- (c) The health protection measures, notably the large-scale vaccination campaigns, have been remarkably effective from the technical viewpoint. It is the lack of systematic monitored follow-up to these campaigns that has led to non viability of results. This problem has not received the attention it deserves neither from national departments nor from funding agencies.
- (d) Operations to develop the use of draught animals, notably when combined with fattening operations on peasant farms, have, where the conditions were right, turned out to be powerful development instruments. Not only do they easily remain viable after the external aid has been withdrawn but in many instances, they tend to continue to expand in a spectacular manner, carried along by their own impetus. These very encouraging features have been observed particularly in cases where draught animals have been introduced as an integral part of mass agricultural modernization operations. This useful development instrument deserves special attention.

- (e) "Modern" livestock farming (ranches, feed lots, livestock farms etc) has strictly limited potential as a development instrument. The viability of such projects depends on high levels of technical, business and financial management which are almost always found only in large independent operations.
- (f) Processing and marketing operations based essentially on slaughterhouses must be based on simple, sturdy infrastructure and equipment, be of a capacity suited to actual economic and market conditions, be managed by experienced and conscientious staff, and develop its marketing policies in line with those of the private sector. Unfortunately, the conditions appropriate to such development do not always pertain.

B. Sectoral policy and Co-operation policy

- (a) Whereas the contribution to livestock production to GNP is considerable in many countries, the amount of external aid allocated to the sector is relatively low. In many cases, livestock production clearly suffers from neglect on the part of the national authorities and a hesitant attitude on the part of the funding agencies.
- (b) The structures of many livestock production departments are heavily centralized and concentrate on animal health schemes, to the detriment of action to encourage animal husbandry techniques among those engaged in livestock production.
- (c) In a very few cases a symbiosis between a well run central production unit (nucleus estate) and small holders (with livestock and crops) has proved very effective.
- (d) As in other spheres, a good many of the difficulties encountered in livestock production operations are due to actions which do not take

sufficient account of the interest of livestock producers or their organizations. Not enough emphasis has been placed on the capacity of producers to carry production costs.

- (e) Project design is frequently based on expensive and economically precarious solutions such as ranch farming, as against cheaper solutions aimed at promoting peasant small holder farming, draught animal and livestock fattening.
- (f) Once the operation is under way, it seems to acquire a life of its own, even if it becomes obvious that the approach is wrong and that mistakes are being made in the implementation, rarely is it revised and redirected to take account of errors in project design and projects proceed from stage to stage without correction. In virtually all cases, attempts to adopt guidelines and redirect operations are still severely handicapped because there is no provision for a built-in, operational, on-going monitoring and periodic evaluation mechanism.
- (g) Research and training have hitherto been concentrated on livestock production and especially on health problems without attaching sufficient importance to livestock producers and to combined systems of production, including livestock and agriculture.
- (h) Although the limits imposed on the development of livestock resources by the shortage of water are now fully recognized, awareness of the limits imposed by poor soils is only beginning to dawn. The design of many projects has proved faulty, because insufficient attention was paid to environmental constraint, especially to limits in grazing resources.

II. BASIC PRINCIPLES

A. Sectoral and co-operation policy

1. Sectoral policy concerning the development of livestock resources should be focused in improving the economic and social welfare of the livestock producer within the context of his society, with particular attention being paid to the role of women.

2. The scale of the financial resources to be allocated to such efforts should, as far as possible, be in reasonable proportion to the livestock sector's potential and current contribution to national wealth.
3. The combination of crop and livestock production should be encouraged.
4. The design of livestock operations should take into account the specific nature of livestock production, particularly as regards the length of time needed to achieve the objectives as well as the economic, social, cultural and ecological constraints. With regard to the latter, the limits of renewable natural resources should be observed.
5. Every possible effort should be made - within the country's economic development plan - to promote and encourage private initiatives of all kinds, in the provision of the goods and services needed by the livestock producer, such as drugs, animal feed, credit, the marketing of livestock products, artificial insemination, etc.
6. It is essential to formulate and implement a pricing policy for inputs and livestock products alike. The cost of production should as far as possible, eventually be paid in full by the user, although this by no means rules out the possibility of a subsidies policy of limited duration. Prices should be such as to encourage good quality production in all the links of the chain.
7. The role of co-operation policy should be to help the national authorities' own efforts in the elaboration and implementation of their sectoral policy. This demands a long-term political will on the part of the funding agency, concentrated, directly and indirectly, upon the attainment of the strategic objectives of the sectoral policy.

8. Approved projects and action programmes should be sufficiently flexible to enable these objectives to be attained. Any re-orientation decided on should be based on the results of joint evaluation at regular and frequent intervals.
9. Research should be developed at both national and regional levels not only in the animal husbandry, health and environment fields, but also into the social, economic and cultural problems of livestock producers. Sharing of research findings among all interested ACP-EEC institutions should be encouraged.
10. Extension and training schemes should be stepped up and should provide a vehicle for disseminating research findings, while making it possible for research workers to devise programmes geared to livestock producers' practical problems.

B. Operational policy

1. Operations should be the tangible expression of the sectoral policy. The choice of activities to be promoted should reflect the priorities of this policy. While these priorities often place prime emphasis on cattle production, other priorities may emerge from social and economic, nutritional and ecological circumstances: for example, the development of small ruminants and other species and products which are of particular importance to some countries. Particular attention should be paid to milk production from cattle and also from other species.
2. Operations to improve "traditional" livestock production should be designed and implemented in as close a collaboration as possible with the livestock producers involved. Financing should, as far as possible, be of direct benefit for producers, and should also enable the national department to play an effective role. All agencies participating in these

operations including national departments, should meet livestock producers' requirements. Efforts to meet these requirements should stem, as far as possible, from initiatives taken by those concerned, and should aim at eventual financing by them.

3. Operations to promote "modern" livestock production, the nature of which calls for major investment in each production unit, must be carefully analysed before a decision is taken to finance them. Private initiatives should be encouraged in this field. Where appropriate, experimental breeding and demonstration operations could be supported.
4. In the sphere of health protection, the major epidemics must be brought under control, and if possible, eradicated by co-ordinated action at regional level. The fact that control measures are compulsory necessitates public-sector financing, but this does not exclude a contribution from livestock producers where possible.

The funding agency's role will involve the financing of the campaign and also measures to consolidate the results, as part of a policy aimed at self-sufficiency in this sphere.

The control of other animal diseases should, as far as possible, at technical and financial levels, be based on livestock producers' own initiatives. Operations in this sphere will therefore focus on backing up these initiatives.

5. Animal-traction development operations must form part of the rural development schemes designed to promote one or more easily marketable food or cash crops.

Specific measures to promote animal traction should be adopted to combat the obstacles to this practice, such as the limited availability of draught animals, the presence

of trypanosomiasis, etc. In conjunction with the promotion of animal traction, the use of animal manure and the intensification of other agricultural practices should be encouraged.

6. As regards the handling, processing and marketing of meat, there should be simple, effective and hygienic slaughterhouse technology and possibly the decentralization of such facilities. The slaughterhouses must be appropriately designed as one of the links in the marketing chain for meat and animal by-products, with rigorous management applied to ensure viability.

The processing, marketing, and distribution of all livestock products, notably meat, milk, hides, deserves similar attention. A government policy should be formulated to support these concepts.

7. An appropriate policy for the development of livestock production through the above-mentioned operations will enable this sector to make a more significant contribution towards food security and economic progress.
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BASIC PRINCIPLES

emerging from ex-post evaluation
of projects and programmes in the sector of
TECHNICAL CO-OPERATION

DEFINITION

The term "technical co-operation" as used hereafter covers services provided for ACP authorities and institutions and services connected with the implementation of projects and programmes, as well as the contribution of staff of firms responsible for the execution and supervision of the works necessary for the implementation of such projects and programmes. In addition, it covers specific training measures aimed at ensuring the subsequent hand-over by technical co-operation personnel to national staff.

I. MAIN FINDINGS

A. At operational level

- a) Expenditure on technical assistance is often justified a priori as providing the key to development of the capabilities of staff and institutions in the ACP States. While in fact most technical assistants carry out effectively the material tasks allotted to them, the overall impact of technical assistance on local capabilities continues to be limited by the way in which programmes of technical assistance are designed. Neither the means adopted, the responsibilities allocated to technical assistants, nor the pace of technical operations will permit at one and the same time:
- the effective execution of work programmes;
 - the passage of responsibility for continued operation of projects and programmes to national personnel in the ACP States;
 - the training needed to equip such local personnel to succeed in exercising that responsibility.
- b) The conflict of interest between attainment of physically measurable objectives related to project implementation (which, in many instances, represents the priority aim of both the national authorities in the ACP States and of the Commission) and, on the other hand, the equipping of national personnel to carry on the work initiated by technical assistance can be seen in the following factors:

- (i) recruitment of technical assistants by reference to their technical qualifications, insufficient attention being given to human qualities, ability to communicate with those they are sent to assist, and to their capacity to adapt since in many cases the problems to be solved frequently involve socio-political as well as technical matters;
- (ii) inadequate capabilities of technical assistants to fulfil the important role of training their counterparts due to the inability of many European consulting firms responsible for design and implementation of contracts to train and promote local personnel;
- (iii) over-concentration on achievement of physical objectives leads to:
 - monopolization of responsibility for projects by technical assistants at the expense of local counterparts;
 - consequent resentment of the latter who are not given specific responsibilities and are largely spectators;
 - a secondary role for training aspects;
 - ultimate departure of technical assistants who leave behind national personnel who are inadequately prepared both in terms of training and in resources for maintenance of projects.
- (iv) because of insufficient training of nationals, technical assistance tends to perpetuate itself. The tendency for technical co-operation to continue indefinitely is exacerbated by the interests of co-operation firms themselves who are seeking to sell their services in developing countries. At the same time, there is a lack of both national and expatriate staff continuity in implementation of projects and programmes.
- (v) The quality of the technical assistance financed from the EDF shows some tendency to decline due to difficulties in recruiting the highly qualified and experienced staff demanded by ACP States. As a result, some consultants are less familiar with local conditions in ACP States, are not always able to communicate without difficulty with those they are sent to assist and often do not have an adequate capacity to adapt to local conditions.

Shortcomings in technical assistance may also be due to:

- lack of back-up support of experts on the part of their parent consulting agencies,
 - vagueness of terms of reference of experts,
 - inadequate basis for systematic monitoring of the work of individual experts and consultancy firms,
 - recruitment of experts to perform day-to-day administrative tasks rather than to fulfill developmental functions,
 - inadequate consultation between experts and local ACP authorities before and during the process of technical co-operation leading to lack of mutual understanding and esteem.
- (vi) There is also a lack of consistency in costs of technical assistance. Differences recorded in experts remuneration do not always appear to be based on entirely objective criteria such as qualifications, experience, living conditions in the place of secondment etc.
- c) Notwithstanding the above criticisms, some technical assistants have, by virtue of their personal qualities, managed to make themselves very useful during their missions while so training their local counterparts that the experts became "dispensable" thereafter. These experts have shown the ability to listen, adjust to, learn and understand the cultural values of those with whom they are working. They have also brought to their work sound technical and professional qualifications as well as skills in communication.

B. Co-operation Policy

- a) The impact of technical co-operation on development depends on the quality of the operation of which it is part. If it is centred on carrying out a project which is too sophisticated, which cannot be integrated into the host country's economy and society and is hence not suitable, it will not be viable. If it is aimed at supporting institutions servicing such operations, it cannot promote development. In practice, operations which should be the responsibility of the recipient countries are sometimes left to the contracting bodies to design. If they are too sophisticated or unsuited to the context, they cannot be implemented without technical assistance and are too difficult to operate and maintain afterwards without it. Hence, by the force of circumstances, technical assistance becomes an integral part of the operation, with no time limit, whereas its "raison d'être" is to make systematic preparations for its withdrawal.

- (b) Flaws in project design are frequently exacerbated by ambiguities during the negotiations preceding implementation of technical co-operation:
- even where national authorities are not convinced of the need for technical assistance, they seek and accept it because they see it as an implied prerequisite of aid financing. The underlying tension so resulting can adversely affect the effectiveness of those providing the technical assistance,
 - where, on the other hand, ACP requests for technical assistance receive a reserved response from the funding agency which considers the tasks for which assistance is requested to be more appropriate to the normal functioning of the relevant institutions in the country. As a consequence, the risks of irrelevant or misunderstood terms of reference are increased and the priority to be attached to development of indigenous capacities diminished,
 - the frequent preference by recipient countries for rapid implementation of visible and sometimes spectacular aid instead of concentrating on mobilising local resources can have an adverse and demotivating effect on national decision makers responsible for designing and implementing policies for human resource development,
 - lack of understanding by national bodies of the tasks to be carried out by them as part of technical co-operation; technical co-operation can succeed fully only to the extent that both partners do everything necessary to ensure positive development results.
- (c) The stipulation by aid donors that each expert should work in tandem with a local counterpart is an expression of real concern for the promotion of indigenous capacities. It can be beneficial to the execution of a project and in many cases has proved to be effective in the training of both experts and their national counterparts. It is not, however, sufficient for the development of indigenous capacities. Promotion of human resources calls for far more comprehensive action involving the application of both informal and formal training methods (study trips, courses, etc.) not only for the benefit of the counterparts but also for all other agents who play an essential role in the smooth operation of the institutions which provide the framework for the project. By concentrating mainly on the counterparts, the "tandem" formula overlooks other important aspects of promotion of indigenous capacities. Moreover, promotion of national consultancy firms in the form of twinning arrangements with European companies is not always effective since it frequently involves conflicts because of misunderstandings in relation to distribution of tasks and earnings. As a result, co-operation between European and national consultants has often proved to be sporadic and devoid of any lasting effects as regards development of indigenous capacities. However, such effects would seem to be possible if sources of conflict between the partners were removed: much may be learned in this respect, from the methods of non-governmental organizations.

- d) In order to avoid constraints imposed by national structures and institutions that are felt to be too weak and/or too centralized, the aid bodies have sometimes preferred to set up ad hoc institutions to execute and manage a specific project or programme, backing it up with technical assistance. This method has not always come up to expectations and the viability of those projects has been precarious because it was too bound up with the aid. Moreover, the type of institution thus formed is in fact an enclave which weakens responsibility and the national institutions interested, generating jealousy, stress and duplication of effort and often discouraging the growth of indigenous capacities instead of developing them.

II. BASIC PRINCIPLES

A. Co-operation Policy

1. Before technical co-operation is considered, it is essential to explore whether it would be desirable to achieve the objectives in question by other more appropriate or less costly means, in particular, by using as far as possible, available human resources and national institutions. To this end, the objectives in question must be clearly set out.
2. Each technical co-operation activity should be carefully designed with a view to achieving a reasonable balance between the immediate objectives of the project or programme and the enhancing of indigenous capacities for the development of the ACP State in question so that the development process acquires more self-reliance and greater long-term viability. The enhancement of indigenous capacities should, as far as possible, be expressed in quantifiable terms.
3. The balance should be determined on the basis of the situation and needs of each country. The enhancement of indigenous capacities through technical co-operation, both at human and institutional level, needs to form part of the national or regional policy for developing human and material resources.
4. The provision of support for institutions must aim to bring about improvements in their system, and achieve an irreversible strengthening of capacity in their main functions i.e. planning, management, production etc.
5. Any development project or programme must serve systematically to promote indigenous capacities though a transfer of know-how to the national staff concerned by personnel responsible for the design or implementation of that project or programme. Where the work undertaken by a technical co-operation agent is relatively long-lasting, preparation should be made for him to hand over the work by

having one or more counterparts join him at an appropriate stage. They should be gradually trained by having them take effective charge of the duties and responsibilities of the technical co-operation agent.

6. Technical co-operation missions should be adjusted as to type and duration to the level of development of each country's resources. Where relatively well-developed human and institutional resources exist, the need will generally be for short and repeated back-up missions to undertake advisory, training and evaluation work; in other cases, uninterrupted but limited missions will be more appropriate. In all cases, there will be a need for suitable training facilities in order to ensure the long-term impact of the technical co-operation mission.
7. The choice of whether to use the services of consultancy firms or of experts recruited individually should take account principally of the nature of the problems and the scale and complexity of the technical means and management resources required, as well as the comparative cost of each of the two solutions.
8. ACP-EEC technical co-operation should strengthen the ACP States' capacity to negotiate co-operation contracts, in the interests of resisting pressures and habits which incline towards the use of consultancy firms in cases where there is no absolute necessity.
9. The recruitment of technical assistants, both individual experts and consulting firms, will be effected in accordance with the terms of Chapter 3 of Title III of the Third Lomé Convention, particular attention being given to the provisions of Articles 207 and 209 to 213.
10. For the implementation of projects and programmes, practical encouragement should be given to inter-ACP technical co-operation, in particular, by collating and disseminating up-to-date information (data bank) on the expertise available in those countries.

With the same objective, encouragement should be given to twinning between EEC and ACP institutions, particularly in the form of joint private-public sector ventures or consultancy firms and durable co-operation agreements between research or higher education institutions.

B. Operational Policy

1. The recruitment of technical co-operation staff, the determination of the content (aims and functions) and duration of their missions, their remuneration and the ways in which their contribution to the development of the countries to which they are sent is followed up and evaluated should conform to the principles for technical co-operation policy laid down above. The procedures to be applied in this context should ensure objectivity in terms of the choice and quality of the services provided.
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2. The recruitment of technical co-operation agents by the Commission should ensure continuity of the services provided and the necessary logistics and professional back-up. The same back-up should be provided by consultancy firms for the staff employed by them. Where both the authorities in the country concerned and the Community already know and have confidence in a particular co-operation agent, who is also able to offer the technical qualifications required, his recruitment, for a given period, should be effected by simplified procedures, but without being subject to interferences as a result of personal interest and habits. The framework contract is particularly recommended where occasional expert services are required. The contract would have to insist however, on the expert's training function. Moreover, under no circumstances, should this contractual formula lead to technical co-operation assignments that were not strictly limited in time.

There should be preliminary contact, involving a short period of trial employment, between the technical co-operation agent and the institution which would be employing him so as to be in a better position to ascertain his suitability for the job. Such a contact should be considered where its costs appear reasonable in relation to the importance and cost of the services to be provided.

3. The terms of reference for technical co-operation missions should set out clearly and precisely the responsibilities of technical co-operation personnel and the time to be devoted to each of the tasks in question. They should also specify, where appropriate, the responsibilities of the host institution. They should allow for an objective evaluation of the services provided taking into account the costs involved.

There should be consultation between the national authorities, the Commission, the institutions directly involved and technical co-operation staff when the terms of reference of such staff annexed to the co-operation contract are finally drawn up or revised.

4. The criteria to be observed in the choice of technical co-operation staff must take account of the professional skills (technical and training ability) and the personal and human qualities of such staff. The latter qualities must include respect for the cultural values and the political and administrative circumstances of the host country. The agent must be capable of communicating and working in a team, be adaptable and, at the same time, scrupulous in carrying out his duties. An adequate knowledge of the official language is necessary for the execution of the contract; a knowledge of the local languages would be an advantage.

Hence, thorough training of technical co-operation staff and their specific preparation for each mission are essential. The host country and institution should play an active role in such preparation.

5. On-going and ex-post evaluation is essential in order to guarantee that technical co-operation will make a substantial contribution to development. Such evaluation should be undertaken jointly by the ACP and EEC, so that grossly unsatisfactory experts or consultancy firms are no longer used and so that, in all cases, the basis of technical co-operation can be improved.
 6. Steps should be taken to harmonize at a reasonable level the remuneration and costs of technical co-operation staff. Measures to this effect, based on a thorough analysis of the existing situation, should include in particular the establishment of reference scales based on objective criteria relating to the qualifications, the nature of the tasks to be undertaken and services to be provided, the living conditions in the host country and the family situation of technical co-operation staff. The results of such analysis shall be communicated to the ACP-EEC Council of Ministers through the Article 108 Committee and to the authorities in the ACP States.
 7. In order to capitalize on experience acquired in the execution of technical co-operation activities, technical co-operation staff will be required to draw up a general report at the end of their missions. This report will be submitted to the national authorities and the Commission. Periodic recapitulation of such reports shall be communicated to the ACP-EEC Council of Ministers through the Article 108 Committee.
 8. In order to ensure an effective application of these basic principles and of others which already exist, in respect of the different spheres of activity of technical co-operation, the contracts should contain a statement in which the signatories acknowledge their acquaintance with those principles and with the resolutions of the ACP-EEC Council relating to them.
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BASIC PRINCIPLES

emerging from ex-post evaluation
of projects and programmes in the sector of

TRADE PROMOTION

I. MAIN FINDINGS

A. Operational level

1. The picture resulting from the evaluation of a large number of trade promotion activities points to a certain number of positive results: the contribution of EEC aid to institution building, strengthening trade promotion institutions, ensuring staff training, improving working programmes, structures, organization of work and procedures, has often been very effective. Acquisition, storage and dissemination of market information was improved. Many promotional and public relations events have been judged highly favourably. The evaluation has, however, identified both exceptional profitability and perfect uselessness of some individual actions.

Those activities that proved of doubtful value have been weak precisely because of the absence, in many cases, of a coherent trade policy framework both at national and regional level.

2. Many trade promotion activities have failed to lay the necessary stress on the viability issue. Monitoring and evaluation of trade promotion activities have been generally weak. Mechanisms allowing for necessary reorientations have thus largely been absent, flexibility of operations has been low, revision of objectives proved difficult.
3. The Community has over the years supported participation by ACP States under precisely drawn conditions at selected trade fairs through financial and technical assistance. The support has invariably included training and professional development of personnel responsible for trade promotion in general and for fairs in particular, organization of meetings of professionals, preparation and publication of technical and product literature.

Results varied widely from event to event. In cases where results were disappointing, it has been observed that ACP States undertook this activity without prior determination of the level of production available for the target market and of the demand for the product, the competition, the prices.

In some cases the officials selected to man the stands lacked the knowledge of the products being exhibited and as a result could not make ACP participation in fairs effective. Few ACP States made it a point to analyse the costs and benefits that accrued to them as a result of their participation in trade fairs. Reports on follow up from ACP States on results have been inadequate.

4. The evaluation has shown that there does not appear to exist a clear conception at all of the various fields of action that trade promotion operations could be concerned with. However, under the Lomé III Convention, trade promotion has to be considered to mean the development of trade and services and where the entire production-marketing chain comes under consideration.
5. The results of training events and seminars are difficult to determine precisely. The development of human resources is a vital element in trade promotion programmes where experience, information and expertise have been transferred. The major weaknesses lay in the location of training events (mostly in Europe) and the difficulties for continuous provision of counterparts for training in the developing countries. In some cases lack of relevance of subject matters treated in certain seminars to the practical problems of participants has been observed.
6. Consultant services have been used in a considerable number of fields, including the entire production chain (design, product development and adaptation, quality control, etc.) market development (identification of markets, assessment of absorptive capacity, design of promotional activities, etc.), institution building (filling of executive and advisory functions, counterpart training, etc.), definition of overall trade policies, etc.

The quality of consultant services has varied greatly and has been judged from outstanding to unacceptable.

Among the factors responsible for unsatisfactory performance of technical assistance, the following appear to merit special attention:

- consultant selection mechanisms are far from assuring uniformly high standards of personal and professional qualification;
 - terms of reference are often vague; they do not clearly enough specify objectives to be reached, neither in terms of physical achievements nor in terms of human resources development. They neglect specification of performance indication;
 - there is no clearly defined mechanism of performance control through adequate monitoring of technical assistance activities; reporting standards were often inadequate;
 - in some cases, the technical assistance assignments appear to be regarded as semi-permanent arrangements, renewal of contracts being almost automatic at the end of each term. There was no awareness of the urgency to transfer knowledge and technology;
 - there is no systematic follow-up, by host countries, of results of consultants' activities, analyses being filed and forgotten, proposals and recommendations going unheeded.
7. The allocations of funds to trade promotion activities within indicative programmes have been omitted by many ACP countries and marginal for most of the others.

Moreover, a noticeable feature of the trade promotion programme is the slowness with which the implementation process works. This slow rate of implementation points to a lack of urgency on the part of the beneficiary States and Commission services alike and to structural deficiencies in both.

This lack of urgency and priority was due to the fact that the potential was not generally recognized and that the financial volume allotted to trade promotion has tended to be, in the majority of cases, relatively marginal.

8. These more "subjective" factors are reinforced by the fact that the administrative structure and capacity of the Commission services as well as those of a majority of ACP administration as well as the procedures to be applied by them, are not always adequate. Staff limitations in number as well as professional proficiency make it difficult to carry out a significant trade promotion programme geared to improve the commercial capabilities of ACP countries, with respect to domestic, regional and international markets, products, human resources and policy development, to a point where theoretical potential can be turned into practical reality. This, the EEC financed trade promotion programme has, indeed, failed to do. In this sense, it has been of marginal importance.
9. It has not been tried in the past to counteract some of these weaknesses by having systematically recourse to EEC Member States' Trade Promotion Organizations, and there seem thus to exist institutional resources that might play a useful role in the future.
10. The analysis leading to the above conclusions points to weaknesses of monitoring and evaluation. This state of affairs is largely to blame where unsatisfactory results have to be deplored. Corrective action cannot be applied where monitoring and evaluation results, indicative of the necessary reorientations and reforms were not undertaken. Monitoring and evaluation cannot be better than the project concept they are meant to mirror and to guide.

B. Policy level

1. The nature and objectives of "Trade Promotion", as pursued within the framework of ACP-EEC development co-operation, have changed significantly over time. Largely concentrated on export promotion of visible products towards EEC markets, under the Yaounde Conventions, the concept has been widened systematically to include the development of domestic, regional as well as international markets, import management and services including tourism. The scope of "Trade Promotion" thus embraces today all stages of value adding activities up to and inclusive of final distribution. It would be well justified, therefore, to modify the expression "Trade Promotion" and to replace it by "Development of Trade and Services".

The developmental function of trade promotion lies, as the case may be, either in the maintenance or acceleration of an increase or in slowing down and possibly reversing a decrease in the volume of sales to internal or external markets.

In keeping with this general trend there has been important progress in the field of trade development and co-operation policy formulation.

There is, thus, an important trend in recent years away from an unco-ordinated, unintegrated approach marked by the juxtaposition of a series of more or less unrelated activities, towards a trade promotion policy conceived as an integral part of the development process, focussed on country or regional specific needs.

While this trend has to be judged favourably, it is still true, on the other hand, that trade liberalization on the part of the Community and trade promotion in ACP countries apparently have not advanced "pari passu".

2. In a complex area like the development of commercial capacity geared to domestic, regional and international markets, only gradual progress can be expected. Therefore, the application of standard trade promotion instruments was considered by both partners as valid in itself. Actual results proved to be of widely varying value, due to the following:
 - Lack of adequate understanding of the potential of trade promotion as a development mechanism and to the institutional limits of both partners;
 - Absorptive capacity of trade promotion operations on the part of many ACP countries is as yet quite limited. These limitations are, indeed, conditioned by countries' capabilities to conceive and implement trade promotion policies and operations alike.
 - Some ACP States have made more than token allocations in their national indicative programmes, in some cases these resources have not been utilized, due, it appears, to a lack of identification of appropriate activities to be financed.
 - There are some cases where trade promotion operations financed seemed to run counter to trade policies actually pursued. Thus there is little point on launching an export promotion drive in a situation where, for example, monetary policies concerning exchange rates and foreign currencies are favouring imports, where import substitution policies hamper the import of indispensable inputs into products to be exported, where administrative and control mechanisms overburden exporters and where solid business interests are entrenched in the importing rather than in the exporting trade. Nevertheless there are cases where limited trade promotion allocations have been instrumental in overcoming such problems.

3. Although increasing significantly within the Lomé Conventions as compared to the Yaounde Conventions, overall allocations for trade promotion ranged roughly from 1 to 3% of total EDF allocations.

Representative percentages conceal large differences in relative importance of trade promotion programmes which, for Lomé II, ranged from 0,2% to roughly 10%.

The available figures seem to imply that only a very few ACP countries regard trade promotion as an important activity. In general, choices with respect to the overall importance of the trade promotion effort and to the areas concerned by them, do not seem to be the result of thoroughly prepared and well justified commercial policies.

It has been found to be important, notably, that production oriented projects in agriculture and industry carry within their design the essential commercial and trade content to ensure their commercial success.

4. Evaluation results show that the Community does not as yet have the capacity to adequately respond to expectations and possibilities opened up by the Lomé III Convention the field of the development of trade and services.
5. Trade promotion institutions of some host countries were found to be of varying capability, drive and efficiency. Among the major weaknesses identified were a lack of
 - active marketing guidance and dissemination of services offered among the business communities;
 - direct authoritative linkages between the national institution and overseas trade representatives.
6. Established Marketing Boards are in many cases far from functioning really satisfactorily and may merit greater financial and technical support to achieve satisfactory performance.

7. There is no a priori merit in integrating trade promotion operations into certain projects appearing in the indicative programmes. Trade promotion does not have a logical link with all sectors. The merit lies in associating it with trade policies, production oriented and related sectors such as agricultural, industrial and production projects which have sometimes been found particularly weak with respect to their marketing components.
8. Co-ordination among the different funding agencies and the host country authorities has often been found insufficient in trade promotion as well as in other areas of development support. Contradictions, overlappings and rivalries are the inevitable result.
9. While trade promotion is by its nature a regional endeavour since it implies at least two countries (where it does not exclusively concentrate on the domestic market), it is nevertheless true that trade development will imply, in general, national policy decisions only. Yet, there are also cases where policy decisions must be taken in a closely co-ordinated fashion by several ACP States.

Such co-ordination is as yet insufficient and political determination, on the part of ACP States, to improve the situation seems to be weak.

II. BASIC PRINCIPLES

A. Recommendations on policies

1. Taking account of the broadened scope of trade promotion over the last decade, embracing human resources, product and market development, and considering the policies and opportunities laid down in the Lomé III Convention, "Trade Promotion" within the context of these "Principles" should be understood to mean the "Development of Trade and Services".

2. In keeping with this evolution, the development of trade and services should be conceived as an integral part of overall development policies. Trade promotion should harmoniously correspond to the overall trade policy, which provides a propitious framework for trade and services promotion operations. Community support for trade co-operation should cover not only project execution but also assistance to ACP States in establishing coherent trade policies and systematic strategies. The ultimate responsibility for such policies rests however with the governments and regional organizations of ACP States and their commitment is an essential prerequisite for success.

3. Efforts to improve trade performance and to realise the ACPs' trade potential should be systematically pursued. These efforts should be geared to the socio-economic situation in each country and region.

Support should be conceived according to trade policy priorities in terms of products and markets (domestic, regional and international) and human resources development, especially education and training.

4. The Community should take appropriate measures to ensure that it acquires the necessary capacity for trade promotion project identification, appraisal, implementation and evaluation so that the expectations and possibilities opened up by the Convention of Lomé III in the field of the development of trade and services can be realised.

5. A high quality of institutional support for trade promotion programmes is essential. The structure and working methods of such institutions should reflect the needs of the trading community and the range of services to be provided. While no optimum standard institutional model exists, evidence suggests that the following characteristics are typical of successful trade promotion institutions:

- strong government support,
- autonomy in operations,
- close relations with the business community,
- adequate financial resources,
- strong representation in the market place,
- well qualified personnel, and
- an action-oriented approach.

6. Community support for trade and trade promotion policies should aim at an appropriate balance between development, production and marketing of traditional products on the one hand and non-traditional products on the other. Product quality, management of processing facilities and rapid availability of market information, can and should be improved by concerted ACP-EEC action.
7. Policy guidelines for trade promotion operations should be concerned with strengthening links in the chain starting with production and ending with consumption. Project identification and design should take account of each link, and this implies that actions may be concentrated on the weaker links only. Special attention must be given to the marketing and commercial content of production oriented projects.
8. Co-ordination between donor agencies' headquarters and field representatives, to be actively encouraged by the host country, is essential to avoid contradictions, duplication and rivalries. Provided this can be achieved, complementary financing of the same operation by different donors or concentration by certain donors on certain sectors, may then be considered as equally valid solutions to be applied to given circumstances.
9. Regional and intra-regional trade between ACP countries should be encouraged, especially where national economies are too limited to provide sufficiently large market outlets and where complementary production exists or can be developed. In these cases, assistance to regional and sub-regional organizations charged with implementing such policies should be reinforced.

B. Recommendations on trade promotion operations

1. Given their revenue generating potential, trade promotion operations conforming to these basic principles deserve to be reinforced and extended. They should be the visible expression of well conceived national, regional and interregional trade development policies as advocated in section A above.
2. Project appraisal should ensure that concrete results will prove viable after external financing has come to an end. Overall long term impact should have a good probability to justify the importance of project costs. Objectives should be clearly spelt out and indicators should be specified allowing monitoring and evaluation. Appraisal and evaluation criteria should be built into the project and closely interlinked so as to allow a steady improvement of both. Flexibility should allow necessary reorientation of objectives to suit changing circumstances.

3. Operations designed to facilitate contacts between buyers and sellers deserve continued attention. Evidence suggests, however, that only projects conforming to certain criteria (available production conforming to requirements of target markets, concentration on certain well specified production lines, rigorous selection of participants), will yield encouraging results.

For each of the operations in question (trade fairs, trade missions, workshops, specialized exhibitions, etc...), selection, appraisal, and evaluation criteria should be reviewed and, where necessary, redefined. Controlled procedures should ensure that these criteria are rigorously respected, in terms of preparation, execution and follow-up.

4. Trade promotion projects are of a widely varying nature and content. It appears useful therefore, to establish a list of the most representative types of actions and to develop criteria for their selection, appraisal and evaluation. Ready examples already inscribed in Lomé III include actions with a view to improving product design and packaging, product handling and transport, market studies..
5. As human resources development is the essential element in the improvement of commercial capacity, training events and projects as well as training components in trade promotion operations, deserve special attention. These should be tailored to the practical professional needs of ACP States and regions.

Members of the business community will best profit from contacts and discussions with their colleagues in other countries, especially when structured around specialized activities such as trade fairs and missions.

Of professional ACP traders and trade promotion specialists, the establishment of a common syllabus should be encouraged, the application of which should be adjusted for each country, in accordance with its legislation and its practical requirements.

6. The "Basic Principles" proposed by the Harare meeting of ACP/EEC experts in April 1984, are highly relevant to the improvement of technical assistance assignments that are part of trade promotion operations. For these operations, selection of technical assistants, whether of ACP or EEC origin, must become much more professional. Terms of reference must become more closely defined and specify performance indicators for physical achievements as well as for human resources development. Performance control must be tightened and reporting standards thoroughly reviewed and improved. The tendency toward self-perpetuating technical co-operation assignments must be eliminated. Follow-up on the recommendations, as agreed by host-countries, must be strengthened.

Standard formats to ensure the operational application of these recommendations should be worked out.

7. It goes without saying that the absence of an appropriate allocation for trade, services and tourism development in national and regional programmes will exclude the possibility of support in this field. On the other hand, countries and regions would put major emphasis on the inclusion of marketing and commercial aspects in other priority production sectors.
 8. Implementation procedures provided should fit the complex nature of trade promotion programmes. Possibilities for decision making, involving National Authorizing Officers and Commission Delegates, as spelt out in Article 221 of the Convention of Lomé III, should be much more systematically used. Measures to implement this recommendation should be speedily defined and applied.
 9. A promising possibility to intensify ACP-EEC trade promotion co-operation would consist in the establishment of a co-operation network among bilateral and multilateral agencies and ACP-EEC trade promotion institutions. The realization of such a network would have to be thoroughly prepared. It could play a major role in the identification, appraisal, implementation and evaluation of concrete trade promotion programmes and could also facilitate the sharing of experience concerning evolving techniques and methods bearing on trade development co-operation and human resources development.
 10. Monitoring and evaluation should become part and parcel of trade promotion co-operation. There should be clearly defined mechanisms of operational feed-back of practical lessons learned, into the design and implementation procedures of new operations.
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BASIC PRINCIPLES

emerging from ex post evaluation
of projects and programmes in the sector of

IRRIGATION

I. MAIN FINDINGS

A. Policy aspects

1. During the seventies and the eighties, there has been a growing consciousness among policy makers and planners, concerning the threat to life support systems in Africa and especially in the Soudano-Sahelian zone, posed by the tendencies toward growing ecological destruction.

However, this consciousness has not yet given rise to the large scale concerned action called for. This is all the more disquieting as the ecological balance is steadily deteriorating and has reached, today, alarming proportions.

2. Irrigation development is difficult and problematic in practice because it is a particular form of agricultural intensification, which adds not only to the technical problems of irrigation itself, but also to those of a more demanding farming system.

Depending on the resource basis, irrigation may or may not be counted among the priority areas. In sahelian countries irrigation is clearly of strategic importance and has been firmly supported by political leadership.

The results of most irrigation schemes fall far below pre-project expectations. The conventional criteria for project acceptance are not properly used.

3. However, given the strategic importance of irrigation in many cases, economic considerations have never been found to be the only motivating factor for policy decision makers.
4. In recent years, attention of policy makers has been drawn especially to the position and the importance women have in rural societies. Systematic but as yet insufficient efforts are undertaken today to change this situation for the better.

5. If irrigation, or its intensification, adds a new activity to the existing farming system, it competes for the scarce resources of the farming family. Planners often overestimate the size of irrigated plot that a farmer and his family can cope with, not taking into consideration other activities they manage.

National economic objectives of cash cropping pursued in a project may not coincide with the needs and interests of the farmers. So, a cropping pattern imposed on them against their wishes will not succeed.

6. Irrigation development can influence the independence of the individual farmer. On the one hand, he may have to grow a compulsory project crop and may have to conform to institutional authorities in using their facilities for credit, supplies, marketing, the payment of water charges, etc. On the other hand, he has to share the irrigation facilities with his fellow project farmers. This change can create adaptation problems for the farmer; such problems can seriously hamper project performance.

In many government-run projects, farmers have a tenant status only, "share cropping", without much certainty of their right to hold land. Such conditions do not induce them to work efficiently.

7. In some large irrigation projects, it would appear that because of sophisticated technology used, results tend to be poor.

Although the investment costs for a pumped water supply are lower than those of the headworks for a gravity water supply, the operation and maintenance of pumps is more expensive and is heavily dependent on regular supplies of fuel and spare parts.

Basic and furrow systems are cheaper and simpler to operate and maintain than the more sophisticated trickle and sprinkler systems, which are risky because of possible breakdowns and lack of spare parts.

8. The general state of irrigation development would let think that recipient countries and donor agencies alike attach more importance to the physical construction of works than to their actual utilization by the farmers.

The paramount importance of support services that must accompany any effort of production increase through irrigation, has all too often been overlooked. Yet, well working support services have sometimes been formed to stimulate irrigated production even without any further government action.

9. Errors in planning and implementing irrigation systems appear to be repeated again and again. Staff at the headquarters of donor agencies and government departments responsible for projects are not usually sufficiently informed of what is going on "in the field". Monitoring and evaluation have been partially done and carried out mostly by expatriates not always familiar with all the project details.

B. Operational aspects

10. Irrigation organizations (I.O.s) meet problems due to large bureaucratic growth involving high recurrent costs, tendency to centralize responsibilities, public tasks not directly related to agricultural production (social infrastructure) and to services "upstream" and "downstream" of agricultural production.

On the other hand, they do not charge the farmers for the real costs of the production-related services provided to them. Furthermore, government contributions, previously agreed upon are only slowly, reluctantly and partly disbursed. This forces the IO either to reduce its costs by postponing project maintenance and reducing the services it provides, or to engage in supposedly remunerative side-activities and to undertake new construction works.

11. Frequently observed shortcomings of irrigation organizations (IO's) - most of which are initiated and controlled by the governments - are:
 - they have difficulty in involving and motivating the local farmers;
 - their primary interest is in construction objectives at the expense of the irrigated crop production proper;
 - they tend to expand into activities other than agricultural production;
 - they are reluctant to give up their established positions and to transfer management responsibilities to water users' associates (WUA's) which are not generally enthusiastic to take up these functions in the beginning.

In areas where irrigation is traditional, the IO can possibly restrict its activities to introducing some technical improvements. In areas where irrigation is not traditional, however, its introduction will require long-term assistance to train farmers to form WUA's and to accept their share of the project's operation and maintenance (O+M). The only successful WUA's that have been formed are those in the small-scale, village projects. In the larger projects, either no efforts have been made to form WUA's or they have only been partially successful, resulting in high O+M costs.

Responsibility within the IO's tends to be strongly centralized and based in a city, thereby attracting the most highly-qualified technical and management officers away from where actual irrigation development is supposed to be taking place. A duty assignment of an irrigation project is often even regarded as a posting in exile, which obviously does not enhance job dedication or project performance.

12. It appears that satisfactory financial results for the farmers have only been possible with substantial subsidies on costs for O+M and other services provided to the farmers (tractor services, fertilizers, etc.).

In regions where the inhabitants have become used to the gift-like character of irrigation development - with free irrigation facilities and free water - it is difficult to introduce a system of water charges to cover O+M costs.

Due to the degree of cultivation and the output rates, it has not always been possible for the farmers to contribute substantially to the reimbursement of the implementation costs.

13. Divergence between forecasts and reality is particularly marked in irrigation projects. Common problems, especially in the larger projects, result from unequal water distribution, poor maintenance, and low irrigation efficiencies.

Over-optimistic forecasts are also common in the field of mechanization of tillage and harvesting. In smallholders irrigation projects in Sub-Saharan Africa, tractors are rarely superior to draught animals, either in reliability or in performance. One still confuses adapted and advanced technology.

Finally, the economic internal rate of return (EIRR), which was recalculated for the projects evaluated, is low, often even negative. This is in sharp contrast to the original estimated EIRR's of 10% or more in the project proposals which only consider short-term profit, neglecting long-term impact.

- total implementation costs and those for O+M
 - the time required for full implementation;
 - cropping intensity and production levels,
 - opportunity cost of labour.
14. There have been numerous complex economic and social constraints that have deterred the development of local consulting enterprises and expertise in the ACP countries. The most important factors are a lack of supportive policies by ACP governments, selection criteria applied by governments and donors that implicitly favour expatriate expertise, a certain measure of entrenched prejudice against national expertise, the weakness in management and capital endowment of national professional associations and firms. Yet, it is noted that more extensive use is made of local expertise.

II. BASIC PRINCIPLES

A. Policy Aspects

1. In order to place irrigation problems in context, it is vital that policy makers and development project planners respond to the danger inherent in present ecological trends that threaten the very existence of rural life support systems: declining soil fertility, progressive erosion, deforestation with its corollary desertification, steady decline in rainfall quantities. If these trends are allowed to continue, agricultural and livestock production operations in general and irrigation projects in particular will face growing difficulties and will eventually cease to exist. Faced with this grim reality, policy makers and planners should respond to the urgent need for the conception and the implementation of an overall strategy, including a balance between economic and demographic development, to halt and reverse this deadly course of ecological destruction.
2. Irrigation should be treated as one among many other instruments to be applied within the framework of a well balanced rural development policy. Irrigation operations should be integrated into viable farming systems which in each particular case reflect the production possibilities offered by natural resources. Where assessment by reference to relevant technical, economic, financial, socio-cultural, institutional and ecological criteria supports the contribution of irrigation operations to security in food production, the development of such operations is to be considered as having a high priority.

3. The conception, design, implementation and maintenance of irrigation infrastructures should place special emphasis on equitable water distribution and management and on avoidance of health hazards.
4. Socio-cultural factors frequently have a significant impact on the effectiveness of rural development programmes and due account should be had of such factors in agricultural irrigation schemes. In drawing up these schemes, special attention should be devoted to the roles played in rural societies by different sections of the population. In particular, the increasing importance of the role of women should be taken into account. In this regard, project design should lay special emphasis on the needs and role of women and should adopt solutions specifically enhancing the quality of their lives, increasing their income and lessening the burden of their work, and encouraging their involvement in project preparation and implementation.
5. A project design pursuing an equitable distribution of benefits to different groups and a correct balance between food and cash crops can only be achieved by involving future beneficiaries from the very beginning in project preparation and design. This "bottom-up" planning process is also necessary in situations where existing cropping patterns and irrigation systems are being further developed and improved.
6. There are situations, however, where traditional farming systems cannot be maintained and where major re-orientations are necessary. Rural communities concerned should be informed, from the very beginning, of the need for the important changes in their way of life that are required by these circumstances and should be fully involved in decision making. A clear definition of the rights of rural communities, which should include stable entitlement to land use, and of their obligations, will be among the most important prerequisites for success.
7. In all cases the choice of technology is of critical importance. This choice should correspond to each particular situation and should not be influenced in advance by standards favoured by donors or by recipients. Such adapted technology may evolve over time, as operations start with a flexible base design, expanding gradually as technology standards reach more efficient, yet more demanding levels. Small-scale characteristics should be incorporated, where desirable, even in large-scale projects.

These considerations do not exclude any choice, whatever its degree of sophistication. Simple solutions, and especially gravity fed water supply systems, should, wherever possible, be used in preference to more complicated and import-dependant pumping systems. Land preparation methods should, where possible, give preference to the use of animal traction rather than tractors, in cases that are technically feasible and economically justified.

Choice of technology and project design should be based on a realistic assessment of the value of labour of interested population groups.

Where transfer of technology from donor to recipient countries is necessary, such transfer should be effective.

8. In this light, it becomes obvious that irrigation projects should not merely be the brainchildren of engineers, but should necessarily call for an interdisciplinary approach requiring the expertise of and close cooperation between civil as well as agricultural engineers and other professions. This should be aimed not only at achieving feasible project design but should include systematic training in favour of farmers' groups as well as project management. Whether aid should be directed at new operations or at the rehabilitation and upgrading of existing, including traditional ones, will be decided case by case, within the framework of an overall strategy.
9. Policy makers, project designers and managers as well as farming communities encounter numerous pitfalls in the conception, implementation and full running of irrigation operations. It is not surprising, therefore, that experience in this field has been varied and often disappointing. Monitoring and evaluation should, therefore, become an integral part of all irrigation operations and should allow management to correct errors in project implementation.

B. Operational Aspects

10. Particular attention should be given to ensuring that the institutions set up for the implementation of irrigation programmes correspond to the tasks to be performed in each particular case. It is equally important that the responsible institutions should be sufficiently flexible to respond to changing circumstances.

11. While a variety of institutions, including those responsible for design and implementation of farm production systems, are involved in implementation of irrigation operations, primary responsibility for the design and launching of such operations rests with the Irrigation Organizations. In addition, it is important to form Water User's Organizations which should be involved in planning, execution, maintenance, management and product marketing of irrigation systems. Indeed, as they become more experienced and better trained, the user organizations should progressively take over these tasks from the Irrigation Organizations. Special attention should be given to the supportive services for implementation of irrigation systems. These include applied research, training, rural extension services, credit and marketing. Water Users Organizations should be encouraged to draw on these services.

In all of this, a dynamic process of decentralisation towards farmers, their organizations and specialized agencies should be continually aimed at and achieved. The success of such a process is dependent on the following factors (a) size and scope of irrigation operations, (b) farmers' experience with irrigation techniques adopted for the project, (c) fuller use of appropriate local expertise and technology.

12. The eventual objective of irrigation schemes should be that all operating costs, including depreciation, should be covered from national sources. While Governments should contribute to covering such costs in line with their development strategies and having regard to the public interest, including the impact of such operations on consumers, it is important that water users, notably farmers, should pay for the services provided to them.

While the farmers should be required to contribute to costs from the start, the level of such contributions should not be such as to act as a disincentive to production.

Charges to farmers should be reviewed from time to time by reference to their capacity to contribute more substantially. In this regard, realistic farm products price policies and if possible development of crop insurance schemes should reinforce the capability of farmers to contribute towards irrigation costs.

The financial support of donors, including a significant grant element, should go hand in hand with the implementation of the agreed policy measures by the recipient countries to ensure the self-sufficiency of irrigation projects.

13. Common problems in evaluated projects have been low rates of return and operating deficits. Appraisals have come up with overoptimistic conclusions. More realism is required, particularly on yields, adoption rates, revenues and costs in order to avoid disbursement delays and substantial problems during implementation. These problems, particularly the likelihood of operational deficits have to be faced at appraisal and design stages. The above considerations lead to the conclusion that the internal economic rate of return, the conventional yardstick applied to judge the acceptability of the financing of projects by donors, should be based on more realistic assumptions and completed by adequate sensitivity analysis. Other relevant criteria, like simplicity of technical design and preservation of the environment, should also be taken into account. Unwavering political commitment by governments and genuine interest by farmers are essential for project success.

 14. In all phases of irrigation development - identification, planning, design study and implementation - special emphasis should be placed on the mobilization and use of national consultants, contractors and expertise. Their performance should be improved, wherever necessary, by the provision of special training programmes and by encouraging partnership between ACP and EEC consultants.
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BASIC PRINCIPLES

emerging from ex post evaluation
of projects and programmes in the sector of
AGRO-INDUSTRIAL OPERATION

1. Agro-industrial projects are often insufficiently integrated into their sectoral and regional context. Among the most important factors causing this isolation are questionable choices of the location of operations when applying agronomic and socio-economic criteria, insufficient attention to transportation and social infrastructure and the lack of a well conceived, longterm sectoral policy.

Therefore, the option for longterm support of consistent sectoral policies, as advocated under the Lomé III Convention, appears particularly justified for agro-industrial projects. Sectoral policies should give clear directions for the objectives of a project and marketing of its output. Coordination among different financing agencies in pursuit of such support is to be considered vital.

2. In the identification of agro-industrial projects, sound preparatory studies are essential, albeit insufficient, for eventual project success. Assumptions concerning implementation-phasing and expected yields continue to be over-optimistic, capacities planned for processing units to be over-sized, and the importance of transportation and social infrastructure to be underestimated.

The terms of reference of preparatory studies should stress the importance of realistic project objectives, for both the development of human resources and for physical targets. The choice of processing technology should reflect the flexibility necessary to adapt to changing volumes of raw materials.

The formulation and application of such terms of reference should be done in collaboration with the beneficiaries.

Transportation and social infrastructure aimed at improving the well-being of outgrowers and estate workers have a relatively high local cost element, the financing of which donors should accept.

For the working out of these studies, a team of highly qualified experts of good repute should be constituted, including an important proportion of nationals.

3. Phasing of the development of the agricultural plantations is the installation of the industrial processing plants are generally inadequate and causes considerable losses due either to inability to process the agricultural output or to the under utilization of existing industrial capacities.

Coordination of these two phases of development could be achieved by placing the execution of both under the responsibility of a single management structure.

4. Production seldom achieves expected standards of output and quality mainly due to inadequacy of planning, of day-to-day organisation of work and of maintenance.

Preventative maintenance programmes and appropriate safety measures should be strictly implemented through adequate planning, information and training. These should be applied to the agricultural and industrial facilities, as well as to ancillary infrastructure, and monitored regularly.

5. Frequently, there are no provisions for the technical and management staff to acquire practical professional experience in the relevant sector. A lack of appropriate extension services to farmers is equally noticeable.

An ongoing programme for human resources development should be designed with the project for management and technical staff and for workers. Specific provisions should be made to facilitate the transfer of knowledge and responsibilities to nationals.

An extension service for outgrowers should be organised by the nucleus estate in collaboration with existing extension services, with the main objective of improving the production yields of the outgrowers relative to that of the nucleus estate. The extension package should take into account the socio-cultural and economic background of the outgrowers.

6. Research is of fundamental importance for project success. As a result, a close collaboration should be established between the project and the relevant national research centre. Particular attention should be paid to the adaptation of technology to crop and industrial production which is appropriate to the project.
7. Certain projects evaluated have been found to be largely concentrated on production objectives, while neglecting marketing and the need to compensate, through appropriate government measures, owners of land expropriated for the establishment of plantations; moreover, farmer, worker and staff welfare has not received the close attention it deserves. The quality of life and work of those that have to give up their land to make the establishment of agro-industrial complexes possible and of those that work on them should be systematically considered and improved, taking full account of the socio-cultural realities of the individuals and communities concerned. Employment creation, participation of producers in decision making, and close attention to nutritional problems are aspects to be taken as seriously as traditional areas like education and health. It should be ensured, however, that the importance of activities in these fields remain compatible with the financial strength of the agro-industrial complexes that have to support them.
8. Most of the projects evaluated did not pay sufficient attention to social stratification and especially to the status and role of women, even if they constitute a significant part of the labour force.

Such attention is urgently required. All through the project cycle, the specific situation and needs of women should be investigated, and adequate solutions considering also their cost, should be applied. Among the areas deserving special attention are project repercussions on the workload, the influence and the income of women.
9. The environmental repercussions of agro-industrial projects are as yet not entirely understood, or taken into consideration. Negative influences on the micro-climatic balance, on soil stability (erosion) and fertility, etc do exist. Moreover, effluents from industrial plant constitutes a very serious problem. Close attention should be paid to the possible negative impact on the environment of agro-industrial projects. Land productivity should be sustained, i.a. through adequate cropping systems. Where a legal framework is a prerequisite for effective preventive action, appropriate steps should be taken without delay. Constant monitoring of the ecological situation should permit appropriate preventive or corrective measures to be taken.

10. Institutional capacity and managerial capability have been found to be decisive factors of project success. Commercially oriented agencies with decision-making powers, be they private or State owned, have been found to obtain better results than government departments with cumbersome administrative procedures.

National and international companies assuming management functions should also assume part of the risks. Involvement of expatriate companies should be accepted only after clearly defined targets for their partial or entire substitution by national organisations and management have been set. This approach should be reflected in overall diminishing percentages, over time, of total aid funds devoted to technical assistance. Agricultural crop insurance should be considered when advisable.

11. Aid procedures (of both donor organisations and national administrations), have been found to be insufficiently adapted to beneficiaries' needs. They often represent a great burden on national administrations, given the limited administrative capacities available in many of them. Their nature and their practical application have sometimes proved a source of irritation and friction. Judicious choices of existing procedures can, however, lead to satisfactory results as exemplified by the lump sum payment method applied to given stages of land preparation and planting.

The practical application of aid procedures should not be considered tabou and should be discussed in a spirit of mutual respect and understanding.

The possibilities they offer for efficient aid delivery should be used deliberately.

12. A major factor affecting the success of agro-industrial projects is their direct dependence on world market prices. Price fluctuations can reach up to several hundred percent and are thus out of all proportion to the fluctuations assumed in conventional sensitivity analyses. Since viability depends on project benefits on the one hand and project costs (financial, economic and social) on the other, and since every project aspect has a bearing on the one and/or the other, all of these aspects must be considered.

Diversification of crops should be promoted in cases where market considerations as well as natural and human resources allow such strategy to be pursued. Moreover, diversification of products resulting from a given crop,

will also help spreading marketing risks and is easier to achieve. Moreover, product processing should systematically be considered. The improvement of the quality standards of all products must remain a constant concern.

Diversification of markets should be actively pursued. Absorption capacities of the domestic market should be exploited, as well as those of regional and sub-regional markets. South-south trade is to be encouraged in this context. However, hard currency requirements may limit choices in these respects. Appropriate use should be made of instruments like trade promotion, which exist under the Lomé III convention.

Marketing facilities and market information quality, as well as information collection and presentation systems, should be improved. While access to producers to hard currency export markets may require as yet the services of international brokers, every effort should be made to help producers to acquire the necessary skills themselves and to support the development of efficient marketing methods.

If domestic production costs are likely to exceed world market prices and if production is to be supported in spite of this fact, attention should be paid to the ability and the determination of the authorities to maintain the required policies as long as it is considered necessary to deal with these difficulties. Comprehension on the part of developed countries for such policies should be all the more readily forthcoming as some of their agricultural export policies contribute to the difficulties in question.

13. Stabilization funds contribute to risk-spreading over time when they are well organized and where funds accumulated are actually used for this purpose. Such funds should preferably be owned and controlled by producers themselves.

If this proves impossible, at least distinct accounts should be established and separate management structures entrusted with their administration. Stabilization mechanisms like STABEK or the ones mentioned above should be maintained and further developed.

BASIC PRINCIPLES
emerging from ex post evaluation
of projects and programmes in the sector of
CROP DEVELOPMENT

1. Crop development is a process involving the research and application of a wide-ranging combination of plant production and marketing practices with the objective of achieving more and better quality crops for the benefit of producers and consumers.
2. Crop development policies have often failed to recognise the problems of under-nourishment and malnutrition caused by insufficiency in the rate of growth of food production compared with population growth. This is aggravated by various factors such as scarcity of good quality arable lands, post-harvest losses, inappropriate subsidy policies, inadequate supplies of inputs, poor marketing strategies, protective agricultural practices and produce dumping on international markets.

Policies should aim at training farmers in crop management, improving nutritional standards, increased regional cooperation among A.C.P. States relative to food security, and eliminating distortions on the domestic and foreign markets.

3. Community tenure is a typical, though not exclusive practice and largely determines the farming systems practiced. Problems of land development and use of improved technology arise from this practice, mainly through insecurity of land tenure, particularly as it affects women.

Modification of tenure to address these problems, however, should be initiated cautiously over a period of time and in a manner consistent with the social and economic conditions in each country, in order to enhance security and encourage optimum use of the land. Project funding, therefore, should deliberately address this issue, in the general context outlined.

4. Pricing policies have not been sufficiently successful in continuously rewarding farmers adequately. Agricultural pricing policies of developed countries and exchange rate fluctuations tend to have detrimental effects on farmers' incomes. Government intervention in the form of subsidised credit and physical inputs, has often not effectively offset these negative effects.

Likewise, at the domestic level, price adjustment policies, in particular farmgate price fixing and consumer subsidies, as well as over-valued exchange rates, have generally not encouraged crop production.

International efforts should be centered on stabilising real incomes of farmers. Over-valued exchange rates should be avoided.

5. Technology policies have been geared to technology transfer as a short term objective and the development of appropriate indigenous technology as a long term goal. Lack of human and financial resources, and the interests of donor countries in promoting the sale of their technology are however often curtailing progress.

Technology policy should lay emphasis on cost effective, ecologically sustainable, economically profitable, and socially compatible technologies built on existing indigenous technologies, rather than on replacing them with imported and often irrelevant ones. This search for new adaptable technologies must continue whilst appropriate extension strategies to disseminate these technologies are developed.

6. The importance of women as farmers in developing countries is widely recognised. Women produce most of the food crops in many A.C.P. countries, yet they are hardly ever involved in the planning and implementation of crop development projects. They are equally disadvantaged in land ownership and in most cases confined to subsistence farming, mainly because they cannot raise credit.

It is essential that women be granted equal use rights to land, credit and technical advice as men, and their views considered and integrated into crop development programmes. Education and training for women should be provided, so as to prepare them for agricultural employment, and they should have more representation and involvement in decision making.

7. Agricultural credit in most cases has not had the desired impact because of :-
- a) inefficient management of credit institutions;
 - b) misallocation of credit as a result of subsidised interest rates; poor management by farmers and inadequate involvement of credit institutions;
 - c) lack of appropriate technologies; and

d) the non-availability of credit.

E.D.F support should be made available to appropriate credit institutions for on-lending to farmers when the level of profit is judged adequate and the repayment potential assured. Credit should cover food and cash crops, processing, storage, and marketing. The use of cooperatives and farmers' organisations for on-lending and for mobilising domestic savings as resources, as well as greater involvement of local banks, should be encouraged.

8. Basic agricultural inputs supply to farmers is frequently untimely. In addition, such inputs from developed States often lack adaptability and are often too costly for the low purchasing power of farmers.

Supplies should be planned consulting farmers and their organisations regarding timeliness and appropriateness of input supply. Simple technical options should be identified, researched and tested under local conditions and using local inputs wherever possible.

9. Crop protection, post harvest handling, storage, housing and farm buildings are deficient in most crop development programmes.

Crop protection measures based on proven traditional practices should be encouraged. Farmers should be trained in appropriate pre- and post-harvest practices. Farm buildings, storage structures, and housing facilities should be kept simple and functional.

10. Administrative and management procedures are not sufficiently effective. At the farm level, management problems often persist after the departure of foreign technical assistants.

Instead of creating new project specific structures, national administrative agencies should be strengthened while ensuring strict coordination among all administrations and agencies involved. Project-specific management training for farmers is essential, as well as their participation in decision-making.

11. Inefficient agricultural marketing has in many instances diminished the desired impact on crop development. Marketing institutions therefore require improvement in the following respects:- adequate physical infrastructure, better organisation, improved information systems, more efficient quality control, as well as adequate transport and other supporting

services. Government marketing institutions should operate both in competition and in cooperation, with other marketing organisations, rather than as monopolies.

12. Agricultural research in developing States has frequently concentrated too heavily on cash crops, while neglecting the need for close integration with extension services, including inadequate attention to non-technical, socio-economic and cultural issues; it has often not been relevant to specific on-farm conditions. In some countries, agricultural research is poorly planned and managed, whilst government policies have failed to adequately support agricultural research activities.

Research programmes must lay more emphasis on food crops and ensure better coordination with extension services in order to assist farmers adopt and implement improved practices and farming systems. Research should therefore be more inter-disciplinary and planned to cover short, medium and long term requirements, related to local needs. Such research should be backed by adequate funding.

13. Extension services have generally had a limited impact, notably because they have lacked adequate technology packages to present to farmers and because they have been poorly coordinated with research. Inadequate communication techniques and inefficient extension staff in comparison to the number of farm holdings to be serviced, have resulted in poor technology transfer.

Extension services should be more closely coordinated with research, and treat farmers as equal participants in the process of technology generation, modification and adaptation to local conditions. More training should also be given in such areas as communication techniques, monitoring and evaluation, whilst adequate funding should be provided to programmes which apply appropriate and profitable technologies.

14. The horticultural sector has not yet achieved its potential to contribute to food security, balanced nutrition, employment and foreign exchange earnings in developing States. Marketing of horticultural products is still very poor in some cases and basic research is urgently needed.

Market penetration requires increased study of access to world markets, and of factors conditioning more efficient marketing like production quotas, costs,

infrastructure, transport facilities, etc., and better planning. This sector should be supported by an effective research and extension programme. More attention should be paid to urban gardening for purposes of nutrition.

15. Tropical soils tend to be poor and readily degradable. Land clearing techniques often destroy soil structures resulting in land deterioration and soil erosion. Soils often have low moisture content.

Soil management in the semi-arid tropics should aim at moisture conservation, sustained land use and improved soil fertility. Such practices as water conservation, production of organic matter, crop rotation, pest control, mixed cropping and agro-forestry are essential.

16. Animal traction has often received inadequate attention, given the special advantages of animal power, resulting in overemphasis on mechanical traction. Lack of spare parts and maintenance personnel, as well as high costs and scarcity of fuel result in high risks in this latter area. Comparative cost analysis studies between animal and mechanical traction have not been systematically undertaken.

The optimal choice of appropriate traction should be an essential consideration in the design of every crop development project.

Where mechanical traction is preferred, attention should be paid to maintenance, fuel availability and cost. In the case of animal traction, applied research is essential to establish correct types of traction with the involvement of local craftsmen for maintenance.

In both cases adequate credit facilities must be available, whilst training of local personnel to service and maintain the form of traction chosen ought to be assured.

17. Project viability prospects at the design stage have been affected by inadequate studies and insufficient involvement of national expertise. Implementation strategies have seldom been based on a clear identification of constraints. Underfunding has been identified as one of the major problems all through the project cycle. Monitoring, evaluation and feedback continue to be of insufficient operational relevance due to poor quality staff, collection of irrelevant data,

and in some cases over-sophisticated techniques little related to the practical needs of project management. More national expertise should be involved in project identification and planning; data at the design stage should be as realistic as possible; criteria for evaluation should be clearly stated. Due attention should be given to local conditions relating to maintenance and operational capacities; project management capacity should be enhanced to deal with unexpected problems requiring reformulation during the implementation phase; monitoring should be kept simple and relevant to practical management needs. Adequate and timely funding all through the project cycle must be ensured.

BASIC PRINCIPLES

emerging from ex post evaluation
of projects and programmes in the sector of
RURAL DEVELOPMENT

1. Rural Development may be defined as any multi-component operation which aims at improving living conditions in rural areas, with special emphasis on agricultural production and economic and social infrastructure.
2. The success of rural development projects is heavily dependent upon their being planned in the context of coherent national policies governing the socio-economic "climate". Where inappropriate or inefficient macro-policies have been pursued, these have constituted such an inhospitable economic environment that even well designed rural development projects have sometimes failed.

Macro-policy aspects important for the success of rural development projects include:-

- a comprehensive food security/food strategy policy;
- avoidance of over-valued exchange rates;
- sector policies focussing on the removal of constraints and backed by sector aid;
- commitment to regional cooperation;
- product prices that give adequate incentives to farmers;
- avoidance of inefficient administrative structures;
- fair balance in the rural/urban terms of trade;
- encouragement of rural initiatives;
- integration of agriculture with general agrarian development (including employment, the environment, and infrastructure);
- adequate attention to social and cultural constraints;
- appreciation of factors relating to the economic employment of labour;
- a policy whereby skilled and talented people can be persuaded to live and work in rural areas;

- adequate supplies of agricultural inputs and consumer goods;
 - an effective policy with regard to maintaining an acceptable balance between population growth and food production.
3. Project viability is the acid test of successful development assistance. Many rural development projects experienced severe problems during preparation and implementation, and some falter or fail completely after the aid is withdrawn.

The main factors affecting project viability at each stage of the project cycle, and throughout the project's life, should be identified and systematically dealt with.

- Pre-Implementation phase : The beneficiaries should be consulted at all stages, including the difficult hand-over period; projects should be kept to a manageable size, with key bottlenecks being tackled first; and there needs to be adequate time at the project formulation stage for good project design, including consideration of associated infrastructural needs.
 - Implementation phase : Projects need to be kept flexible and responsive to changing needs and circumstances; effective management, with clear lines of authority, is essential; and the monitoring and evaluation functions must be geared primarily to the needs of management.
 - Post-implementation phase : Deliberate steps need to be taken to prevent post-implementation relapse, both by building in specific provisions for the post-implementation phase right from the start, and by delaying the final "signing off" of the EECs involvement for a considerable period so that the project's progress can be monitored and further assistance provided, should the need become apparent.
4. In many cases small rural businesses have been found to be successful, mainly because they have had to operate at the grassroots level, and there has been active participation by the beneficiaries.

It would be desirable if more of the resources available for rural development were allocated to these small businesses, for example, in the form of business-

orientated extension advice, and direct assistance through e.g. vocational training (in which volunteers or non-governmental organisations might have a major role), small business credit schemes, and support for cooperatives and women's groups. Village blacksmiths and other craftsmen have a key role to play in the development of small industries in the rural areas, and they could be helped by the establishment of regional workshops and extension advice tailored to meet their needs.

5. Environmental considerations are of vital importance to the success of rural development projects. The process of decertification is one aspect that represents a most serious threat in view of the marginal nature of much of the land in A.C.P. countries. Decertification is largely a man-made process of land deterioration. The most commonly identified causes are wholesale tree clearing, burning, over-cropping and over-grazing of the land.

Environmental degradation can only be contained through a comprehensive approach to land use which seeks to supply, in an integrated manner, a combination of practical crop, livestock and forestry options.

6. Land settlement projects seem to be particularly prone to problems due to:-

- extra complexity and need for a high degree of management skill;
- inadequate data on which to plan for unfamiliar locations;
- conflicts of interests between settlers and the indigenous population;
- difficult choices of priorities between infrastructure and agriculture;
- excessive dispersal of many new settlements.

Settlement projects are necessarily highly complex and slow-maturing. There are more unknowns than usual and careful phasing is highly desirable. A flexible management approach should be adopted throughout, with special emphasis on effective monitoring and evaluation. The fostering of a mutually beneficial rural/urban linkage is the single main key to the success of settlement projects (new towns are hardly ever necessary and should be avoided). All settlers must know

precisely what are their rights to land and pasturage. To ease the hand-over problems settler organisations should be encouraged to gradually assume management responsibility.

7. Discrimination against women remains an obstacle to further progress in rural development.

More attention should be paid to creating appropriate conditions in the family and society at large which would give women a greater opportunity to participate in the activities of the rural community at the levels of planning and implementation. rural development projects should be seen as invaluable training grounds for the wider participation of women in the management of rural activities.

8. Training and human resources are vital components for successful rural development projects. A direct correlation has been found between farmers' general level of education and their productivity.

A training/motivation component should be incorporated in every rural development project. It should relate to felt needs in the rural areas. A wide range of formal and informal methods of teaching (including audio-visual aids) should be used. Experts specialising in rural problems (in particular sociologists) should be more involved with training and project preparation and implementation in general.

9. Administrative practices and procedures which pertain to project/programme preparation and implementation, constitute a major source of frustration and delay, leading to important losses and misallocation of resources, greatly amplified costs and wasteful use of staff time.

Steps should be taken, therefore, to ensure political commitment on the part of the A.C.P./E.E.C. Council to have such policies and procedures evaluated and reviewed, with a view to modifying any practice or procedure found to be inconsistent with the attainment of the objectives of the projects or programmes. The rules and regulations should aim at, and be interpreted, so as to ensure an optimal balance between administrative rigour and responsiveness to practical needs and realities.

BASIC PRINCIPLES

emerging from ex post evaluation
of projects and programmes in the sector of
EDUCATION AND TRAINING

1. A well educated and trained population is the most valuable resources base any country can have. Consequently, education and training are vitally important for effective cooperation in all other sectors.

Each A.C.P. State has to define its own educational policy within the context of its wider development needs and may choose education and training as a sector of concentration in its own right rather than as an integral component of another sector. As future support for education and training is to be more related to other sectors, all project studies should, where appropriate, include an education and training component, which is relevant to the needs of the sector and to the involvement of any other donor agencies. Criteria for selection of projects are user needs their relevance to these needs, national commitment and future viability. Innovations are essential if education is to be available to the whole population. Support can be invaluable in the improvement of administrative and management systems. Greater emphasis on the importance of education and training will minimise the risk of reduced funding of this sector.

2. Pre-primary education can be crucially important in preparing the child for primary education.

More attention should be given to this area and to the field of special education such as education of the physically and mentally handicapped.

3. Primary education provides an essential basis for literacy, and has a high macro-economic and social value. Direct aid to this sub-sector has been inhibited by the high local-costs component, and the use of western materials and techniques which are seldom very appropriate.

Problems encountered in both the primary and secondary sub-sectors relate to the shortage of teachers particularly in the fields of mathematics, science and technology, and to their status, salaries and motivation.

Support should be directed towards improving pedagogic techniques; teacher training; supply of teaching materials; equipment and books; improving teaching

conditions and status; provision of assistance for in-service courses, seminars and refresher courses; provision of housing.

4. Universities have been criticised for their lack of knowledge of employers' requirements, and of problem-oriented research. Given the fact that education budgets are likely to remain roughly at the present levels, the irresistible demands for the expansion of increased primary and secondary education can only be met by further economies, and increased emphasis on possibilities of cost recovery at all levels.

There should be greater awareness of the important role of the universities in national development. Support should focus on helping A.C.P. countries to solve their basic economic problems. Projects concentrating on highly specialised training should be conceived bearing in mind the difficulty of correctly assessing labour market requirements in advance, and the risk of project under-utilization. Universities should become more cost-conscious, making economies where possible, and increasing revenue through consultancy and advisory services, contracted research, fund-raising, etc., although the burden of budgetary constraints should not be borne by the universities alone.

5. Technical/vocational education tends to have high unit costs due to the specialised buildings and equipment required. The institutions have inadequate linkages with future employment and in some cases have an inferior status in the community.

Technical/vocational institutes should be geared to the country's projected need of technically trained managers and technicians. They should be encouraged:-

- to adapt their training programmes to the needs of the working world;
- to reduce unit costs by avoiding especially the under-utilization of plant and equipment and over-specialization;
- to provide sandwich courses which are often more practical and efficient, as an alternative to formal full-time courses;
- to widen the curriculum to include management and problem solving;
- to interest private business to assume greater responsibility for their own training needs.

6. Despite their importance in tackling such problems as high population growth, food security and the drift to the towns, non-formal training methods have received insufficient attention. Lack of integration of such methods in the global education system and inappropriate pedagogical approaches have often been observed.

Success in non-formal education projects such as literacy, adult and continuing education and distance learning, should increase with the creation and adaptation of pedagogical methods to suit local conditions. Development of syllabi and study materials should be based on in-field experience. Aspirations and motivations of the people and of local economies and power structures should be fully taken into consideration. On the job training in favour of all educational levels requires consistent support and should be promoted through adequate resource allocation.

7. Women have not enjoyed equal opportunities in education and training. Yet they are the first teachers of children, and act as a bridge between the home, school and work. Women's education contributes positively to efforts at controlling population growth and improves the social and economic climate for development. Despite the acknowledged role of women in agriculture, non-formal training projects for women tend to concentrate on such activities as handicrafts.

Education and training should be geared to improving the participation of women in economic and social activities as well as in other areas, especially concerning child care, health and nutrition.

8. Lack of facilities for required training may make Training abroad necessary. Under Lome I and II the Multiannual Training Programme (MTP) was the linchpin of such training. Emphasis has now shifted from the MTP to project-related training.

In spite of this policy change, adequate training programmes are still needed, especially in cases where the sector concentration policy may not naturally apply or where there is no local provision for training. The success of such training depends upon: effective planning in relation to the country's needs; objective selection of candidates; effective development of the trained personnel; provision of incentives to prevent brain drain; reduction in the mobility of staff, and

provision of follow-up, such as refresher courses. Where possible, training should be in other A.C.P. States and, to facilitate this, A.C.P. States should try to circulate information on the training opportunities available.

9. Regional training institutions can survive if they have the strength and support to resist the tendency to allow national interests to prevail.

The motivation for the development of such institutions should come from the countries themselves. Regional institutions would be more valuable to the extent that they are geared to higher level, professional training, and carry out programmes which the contributing countries are unlikely to be able to supply themselves. National institutions should be encouraged to cater for regional needs and to set up networks of information and manpower exchange.

10. Past mistakes with respect to education building projects are frequently repeated. Project implementation and maintenance are adversely affected by delays.

Building designs can be improved by pre-consultation with users. Where possible, multi-purpose and standardised designs should be used and over-specialization avoided; evaluations of similar projects should be studied; buildings and equipment should be chosen bearing in mind the need and cost of maintenance; where possible, existing dilapidated buildings should be restored and local contractors and materials used; costly delays should be avoided; and A.C.P./E.E.C. liaison in the appointment of consultants improved. Design cuts which prejudice project success should be avoided by review when funds become inadequate. Synchronisation of structure completion and arrival of staff and equipment should be improved, and the optimal use of facilities such as rotation and sharing encouraged.

11. Books and teaching materials are not in sufficient supply or appropriately oriented. Procurement has often been a problem because of incompatibility of materials with existing systems, inadequate provisions for after-sales services, and excessive costs.

Local and regional capabilities to produce textbooks and technical materials suitable for local conditions should be utilised and increased taking advantage of

waiver powers, if necessary, offered by the Lome III Convention concerning the origin of supplies. This should help to provide an adequate supply of appropriate teaching materials and books.

12. There is a shortage of expert advisers both in the Commission headquarters and in its delegations in the A.C.P. States. This shortage will become more acute with the greater emphasis on project-orientation other than in the field of formal education.

If it is not possible to increase the number of professional advisers in this sector with the E.E.C. and the delegations, care should be taken to ensure that the selection of projects and programmes reflects this shortage. Complicated packages of small projects, difficult to administer or requiring a lot of outside professional expertise; should, if possible, be avoided. The E.E.C. may have to be strengthened to enable it to appraise and supervise projects more effectively.

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