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The Community's Project Aid in Asia

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The European Community is continuously enlarging both the scope and the size of its overall assistance to the developing countries which is additional to the development aid offered to the Third World by each of the ten Member States of the Community individually. The Community's aid package consists today of food aid, project aid, technical assistance, scholarship at universities both inside and outside the Community, vocational training at institutes and in plants in Europe, trade promotion programmes and financial and technical assistance in the energy field.

Almost all of the developing countries of Asia are beneficiaries to at least some of these measures and most of them benefit from them all. Project aid is the measure that has shown the biggest growth in recent years, both in regard to the 62 countries of Africa, the Caribbean and the Pacific which are signatories to the Lomé Convention with the Community, and which benefit from the European Development Fund, and in regard to developing countries of Asia and Latin America for whom the Community provides funds in its annual budget under the heading : Technical and Financial Assistance to the Non-Associated Developing Countries. This last mentioned assistance programme was introduced in 1976 and from a modest 20 million ECU (the European Currency Unit) in that year, the available annual amount has grown to 200 million ECU in 1982. Up to the end of 1981 not less than 533 million ECU or about US\$ 600 million had been allocated to development projects in Asia and Latin America and of these approximately US\$ 450 million in Asia.



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The programme for the non-associated developing countries is based on policy guidelines laid down in an EEC regulation.

Briefly, these policy guidelines may be summarized as follows :

- the aid shall be directed to the poorest developing countries and to the poorest sections of their populations. This implies that only developing countries with a per capita income of less than US\$ 750 are eligible under the programme;
- it shall be aimed essentially at developing the rural sector, with particular emphasis on the improvement of food supplies;
- a subsidiary part of the funds shall be directed towards regional projects (in which case projects outside the rural sector may be considered);
- a limited proportion of the funds shall be set aside for exceptional measures, particularly post-catastrophe reconstruction projects;
- the aid shall be in grant form, and may be used to cover both foreign and local costs;
- projects may be funded directly (autonomously), or in cofinancement with Member States or international organizations;
- the allocation of funds should help maintain a Community presence in the major regions of the developing world.

Each annual programme has been prepared on the basis of project ideas, gathered by the Commission from the eligible recipient countries, from Member States aid agencies, and from international aid organizations. The selection and preparation of projects has been made in accordance with the basic policy objectives outlined above, while taking account not only of the technical and economic viability of

individual projects, but also of the need to construct a balanced overall programme in keeping with the relative needs of the different recipients.

Cooperation with recipient countries

Full attention is given to the preferences expressed by the governments of the recipient countries, and to the fit between individual projects and the overall development needs and priorities of the countries concerned. An increasing effort has in fact been made to ensure a greater coherence among the actions financed by the Community in individual recipient countries over successive years. For example, particular regions or sectors have on occasion been selected as priority areas for Community funding with certain recipients.

Once a project has been fully appraised, the final financing decision is taken by the Commission after having consulted the Member States. Up till 1980, this consultation was carried out once a year, in the form of a presentation to the Council of Ministers of the annual programme taken as a whole. From the 1981 programme onwards, however, the Commission has been able to seek an opinion on individual projects from the financing committee set up under the new Regulation. This committee, comprising Member State representatives and chaired by the Commission, meets several times a year, and projects can thus be processed as and when they are ready, rather than being delayed until the entire programme has been prepared.

The funds for the programmes are provided under the general budget of the EEC, with separate annual provisions for commitments and payments. The commitment credits are "dissociated," so that under the Community's financial regulations there is a two-year period in which the available credits must be committed (i.e., the relevant budget year plus the following year). If credits are not committed within this period, by financing decisions for specific individual projects, the funds are cancelled.

ASEAN

Of the ASEAN countries only Indonesia, the Philippines and Thailand have a per capita income which makes them eligible for Community project aid. It follows from the table below that the three countries have in the programme's first five-year period received financial assistance to a total of US\$ 77.2 million for a wide variety of rural development projects. Some of the projects have been autonomously financed by the Community, others have been cofinanced with the Asian Development Bank, the Mekong Committee or one of the Member States of the Community. Further the table contains 3 smaller Asian projects which have been established in favour of all the five countries of the Association.

Following table shows these projects since 1976.

Year	Country	Title of project	EC Contribution million US\$
1976	Indonesia	Pilot Project on Integrated Soyabean Production	1.1
	Indonesia	Bali Irrigation (Study) ^c	0.1
	Philippines	Mindanao Irrigation (Study) ^c	0.2
1977	Indonesia	S.E. Sulawesi Transmigration ^a	2.3
	Thailand	Pig Breeding Promotion Centre	0.1
	Thailand	Inland Fisheries ^b	1.0
1978	Indonesia	S.E. Sulawesi Transmigration ^a	3.8
	Indonesia	Consulting Services to KIK/KMKP Small business credit programme (Technical assistance)	3.0
	Indonesia	Strengthening Dairy-cattle breeding Centre (Baturaden)	0.2
	ASEAN	Regional Research and Training Centre (Timber industry)	(0.4)
	ASEAN	Post-harvest Grain Research and Training Centre	(0.4)
	Thailand	Seed Production Centre (Study)	0.1
	Thailand	Crop Diversification and Soyabean Production Study	0.3
	1979	Indonesia	Talungagung Flood Control and Drainage Project (Java)
Indonesia	Pilot Project for Agricultural Development Sumatra	4.1	
Thailand	Winged Bean Crop Development	0.8	
Thailand	Rubber Smallholdings Yield Improvement	2.5	
Thailand	Pump Irrigation in Pa Mong Stage I Area (study) ^d	1.0	
Thailand	Preliminary Crop Development in the N.E. Region	3.6	
Philippines	Bicol River Basin Development ^a	6.2	
ASEAN	Rural Aquaculture Study	(0.4)	

Year	Country	Title of project	EC Contribution million US\$
1980	Indonesia	Baturaden Dairy Development ^e	6.2
	Indonesia	Lower Citanduy Irrigation ^b	5.4
	Philippines	Crop Protection Programme ^e	4.9
	Thailand	Huai Mong Irrigation and Drainage	15.5
	Thailand	Smallholder Rubber II	2.5
	Thailand	Cooperative Training and Marketing	3.5
	Thailand	Ing-Yom-Nan Water Diversion	0.4

- a) Co-financed with ADB (Asian Development Bank);
- b) Project financed through ADB;
- c) Studies financed through ADB;
- d) In cooperation with the Mekong Committee;
- e) Co-financed with Member States.

The funds under the 1981 programme are not yet fully allocated but certain projects in Thailand, Indonesia and the Philippines have already been approved.

One of them is a \$ 12 million programme for rehabilitation and expansion of some 50 village-level irrigation schemes in Bali and the provision of support activities including a water-management training centre. This follows an earlier study which started in 1976.

Thailand will benefit from a \$ 2.3 million allocation to a seed centre project in the Southern region of the country. The project is aimed at increasing food production and farmers incomes through an improvement in the availability of high quality seed. On completion the project will produce and distribute 1,000 tonnes of seed annually (750 tonnes of rice, 125 tonnes each of mungbean and groundnuts).

The Philippines is the recipient of a \$ 7.8 million grant for a

project which is aimed at raising incomes and living standards of Pelawan. One can see from the table that also regional (ASEAN) projects are eligible for EEC financial assistance. The latest one is a three-year project which involves the strengthening of existing training, research and development activities aimed at reducing the quantitative and qualitative post-harvest losses, arising from poor processing, storage or pest losses. It is estimated that in the ASEAN region up to 30% of the rice crop may be lost due to these causes. The European Community has recently allocated \$ 4.7 million to this project.

As said before the implementation of projects is based on close cooperation between the recipient country and the Community. As far as ASEAN is concerned this cooperation has been strengthened by the establishment of a development advisor in the Commission's Delegation in Bangkok whose field of operation also includes Burma and Bangladesh.

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