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LOME III MID TERM REVIEW

1986 - 88

REPORT ON THE IMPLEMENTATION OF
FINANCIAL AND TECHNICAL COOPERATION
UNDER THE LOMÉ CONVENTIONS.

(presented by the Commission)

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CHAPTER 1 : Introduction

Lomé III at the half way stage

This report has been prepared by the Commission in collaboration with the European Investment Bank in accordance with the provisions of Article 193 paragraph 7 of the third Lomé Convention. In line with the terms of that Convention, the report is intended to facilitate the work of the ACP/EEC Committee which has responsibility for examining all questions relating to the implementation of financial and technical cooperation.

In 1988, the half way mark in the implementation of the third Lomé Convention was reached - the expiry date is fixed for 28 February 1990. 1988 also saw the opening of negotiations for a new Convention as provided for in Art. 291 of Lomé III.

The timing of this report presents an opportunity for a mid-term review of the implementation of Lomé III and for updating the analysis contained in the report "Ten Years of Lomé" published by the Commission in September 1986. Chapter 2 takes a global view of aid from the European Development Fund (EDF) managed by the Commission - programmed and non-programmed aid - and looks at particular aspects of that aid (national and regional programmes, the special debt programme for sub-Saharan Africa, STABEX, SYSMIN, aid to least developed landlocked and island ACP States) together with the aid managed by the European Investment Bank. Chapter 3 examines the sectoral breakdown of aid while Chapter 4 studies the stage reached in implementation of aid in terms of placement of contracts etc. as well as indicating the progress made in respect of aid evaluation. A number of important political developments have taken place since the commencement of operations under Lomé III. These are discussed in Chapter 5. Finally, Chapter 6 summarises the principal conclusions to be drawn from the report.

At the outset, it is necessary to be clear on the terminology used in this report. Three distinct stages are involved in the cycle of aid implementation. The first phase involves project approval by the Commission and is referred to in this report as "approval" or "primary commitment". The second stage is that of project execution on the basis of contracts awarded by the ACP States and is designated here as "secondary commitment". The third step in implementation is that of "payments" or "disbursements".

Looking first at 1988, two special points must be noted :

- . the acceleration of implementation of Community aid in favour of ACP States;
- . the application of the special programme to assist poorer and heavily indebted countries in sub-Saharan Africa.

The statistics* provide the evidence of the increase in the pace of implementation of aid. Primary commitments in 1988 of aid from the 6th EDF came to 2378.7 mio ECU, an increase of 22% on the total of aid approved in 1987.

By the end of the third year of Lomé III (in reality, 2 years and 8 months, since the Convention came into operation only on 1 May 1986), total approvals from the 6th EDF exceeded 4½ billion ECU (4,644.6 mio ECU) equivalent to almost 60% of the EDF envelope. A comparable result had never before been achieved neither in percentage terms nor, obviously, in absolute amounts**.

Secondary commitments under the 6th EDF totalled 1356.2 mio ECU in 1988 as against 493.8 in 1987. Payments also rose appreciably - 805.3 mio ECU against 352.5 Mio ECU in 1987. To this should be added payments of aid by the EIB in respect of the Bank's own resources loans which in 1988 totalled 70.1 mio ECU***.

In addition to examining the implementation of financial and technical assistance under the 6th EDF, this report also looks at the progress made in using the aid made available under earlier Conventions. In the case of the 4th EDF, 1988 saw the virtual completion of operations financed by that Fund. Good progress was made in implementing aid under the 5th EDF, notably as regards secondary commitments and disbursements. In fact, of total aid payments of 1.2 billion ECU in 1988, 345 mio Ecu related to the 5th EDF. The picture at the end of 1988 as regards aid implementation under all Funds is shown in Table 1.1.

* The statistics used in this report are drawn, in the case of Commission managed aid, from the annual accounts of the EDF. Figures for EIB aid are taken from the Bank's accounts.

** The comparative percentages of total aid under the 4th and 5th EDFs at the same stage of implementation were 54% and 49% respectively.

***EIB disbursements from the 6th EDF in respect of risk capital came to 32.0 mio ECU in 1988.

TABLE 1.1.
European Development Fund
Approvals, commitments and payments

<u>EDF*</u>	<u>Cumulative</u> <u>Situation</u> <u>at end-1988</u>	<u>% of</u> <u>Envelope</u>	<u>Year</u> <u>1988</u>
<u>Approvals/</u>			
<u>Primary commitments</u>			
EDF4	3083,3	98,7	1,3
EDF5	4549,5	95,7	132,8
EDF6	4644,6	59,9	2378,7
<hr/>			
All EDF	12277,4		2512,8
<u>Secondary commitments</u>			
EDF4	3027,5	96.9	10,2
EDF5	3900,1	82.0	225,4
EDF6	2025,6	26.1	1356,2
<hr/>			
All EDF	8953,2		1591,8
<u>Payments</u>			
EDF4	2950,4	94.4	35,9
EDF5	3392,5	71.4	345,1
EDF6	1274,6	16.4	805,3
<hr/>			
All EDF	7617,5		1186,3

As mentioned above, 1988 was also marked by the coming into operation of the special debt programme for sub-Saharan Africa. This programme, which will be examined in more detail in Chapter 2, provided 300 mio ECU of additional resources as well as calling on a similar figure from national indicative programmes, all designed to speed up the flow of aid to the severely indebted countries which are benefitting from the programme. Additional resources amounting to 120 million ECU (taken from the remainders of earlier EDFs and from unallocated programmable resources under Lomé III) were also made available by the ACP/EEC Council in 1988 so as to increase the percentages of the total of justified demands under the STABEX system that could be covered by transfers and thus respond to the many calls on STABEX resources last year consequent on the severe decline in export earnings from agricultural commodities of a large number of ACP States.

The Annex to this report contains a set of explanatory notes on the different instruments and procedures of financial and technical cooperation. These notes revise and update different "Boxes" presented in the text of "10 Years of Lomé".

* The figures in Table 1.1 for the 4th and 5th EDF include those for countries which were originally overseas countries and territories (OCT) but which are now ACP States.

Chapter 2 : Financial and Technical Cooperation :
General Overview

2.1. National programmed aid

2.1.1. Lomé III

The main distinguishing characteristics of Lomé III as compared with earlier Conventions were the emphasis it placed on a programming approach based on identification by the ACP States in conjunction with the Commission and the EIB of priority sectors for EDF intervention. In particular, stress was placed on rural development and food security policies as a basis for allocation of Lomé finances. As will appear from this report, the direction of EDF aid approved in 1986-88 derives much of its rationale from this new approach.

At the end of 1988, total primary commitments of national indicative programmes under Lomé III exceeded 2.7 billion ECU i.e; 66.5% of resources available for these programmes. In 1988 alone, total approvals came to 1380 million ECU. Comparative figures for the national indicative programmes financed from each of the 4th, 5th and 6th EDF after 3 years of implementation are contained in Table 2.1.

Table 2.1.

National programmed aid approved under
Lomé I, II, III

<u>EDF</u>	<u>Cumulative aid approved</u> <u>after 3 years of implementation*</u>	
	<u>mio ECU</u>	<u>% of aid</u> <u>envelope</u>
4	1192	60.5
5	1308	51.8
6	2749	66.5

The new programming approach adopted under Lomé III, involving concentration of aid on major sectoral priorities - notably agriculture and rural development - has provided a framework for large action programmes which have been approved in substantial blocks.

* Strictly speaking, the relevant comparisons are between 2 years 9 months for Lomé I, 3 years for Lomé II and 2 years 7 months for Lomé III.

In general, these programmes cover a wide range of components and several layers of actions:

- . exploitation of agricultural production in the strict sense of the term;
- . food security;
- . improvement of rural infrastructures (e.g. rural roads and tracks) which facilitate increases in food production;
- . environmental protection and improvement, tree planting etc.
- . contributing to the general welfare of local populations (water, health, literacy, technical assistance, training).

Included also in Lomé III approvals are major roads programmes and other important infrastructures.

Annex Table 1 lists the large action programmes approved up to end-1988.

Yet another factor contributing to the big increase in approval of aid from national indicative programmes has been the recent concentration on import support programmes discussed at point 2.2. below.

By contrast with approvals, secondary commitments of national programmed aid under Lomé III have so far been much slower than for aid under earlier Conventions. Thus, after 3 years of Lomé III, 20.3% of aid approved had been committed in the form of contracts. This compares with 47.5% at the same stage of Lomé II and just under 50% for Lomé I. Payments of Lomé III programmed aid as a proportion of secondary commitments came to 45% as against 48% after 3 years of Lomé II.

The slow follow up to decisions is partly a consequence of the fact that the work involved in preparing the various action and import support programmes for approval has absorbed a great deal of the efforts of Delegation and Commission personnel during the past two years. It can be expected that this slack will be taken up somewhat in 1989 and even more so in following years. More important, however, is the shift in priorities in Lomé III to agricultural and rural development programmes which involve much slower gestation periods than for traditional "bricks and mortar" projects. The fact is that implementation of food security programmes is a long term task involving close and permanent attention to ensure that the actions to be financed are linked with the reforms to be implemented by the States involved. Moreover, the multiplicity of actions covered in programmes and the care needed to ensure their coherence necessitates considerable preparatory work in project identification, harmonisation of administrative procedures, placement of contracts and general coordination.

The shift to food security policies was already observed in Lomé II in the analysis conducted for the report "Ten Years of Lomé" published in 1986. That report pointed out that

"with increasing emphasis on agriculture in Lomé III, means must be found to adapt the application of aid instruments to facilitate higher absorption of EDF aid under the new Convention".

This point was also stressed in the ACP/EEC Council Resolution of 7 July 1988. The Council noted the switch in emphasis 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 called on the Community institutions and on the ACP States to accelerate the rhythm of payment of EDF aid.

While in relative terms, the follow up to aid approvals under Lomé III may not so far have been as fast as in the case of earlier Conventions, there was nevertheless a marked speeding up in 1988 both in secondary commitments and in payments under Lomé III. Secondary commitments rose from 113 mio ECU in 1987 to 434 mio ECU in 1988 and payments from 41 mio ECU to 207 mio ECU. The first stage of the catching up process referred to above had already started therefore in 1988 and, indeed, it is envisaged that total payments from all EDFs of programmed aid will rise from 555 mio ECU in 1988 to about 950 mio ECU in 1989.*

2.1.2. Lomé I and II

1988 saw the virtual completion of primary commitment of programmed aid from the 4th EDF. Secondary commitments and payments of Lomé I programmed aid up to the end of 1988 accounted for 96% and 93% respectively of the total envelope.

Approvals under Lomé II continued in 1988, totalling 69 mio ECU. By the end of the year, approvals from the 5th EDF were equivalent to 95.4% of the total envelope**. Secondary commitments and payments from the 5th EDF proceeded at a satisfactory level. Commitments totalled 182.3 mio ECU and payments 251.3 mio ECU. By the end of the year, 80% of the envelope had been committed and 68% paid. These rates are somewhat lower than those for Lomé I at the same stage (86% for secondary commitments, 74% for payments). The declines are once again mainly due to the higher concentration of aid on rural production which had already commenced under Lomé II - 40% as against 30% at the same stage of Lomé I - with the consequent problems for implementation already discussed above.

Before leaving this point, mention should be made of the system of forecast estimates of expenditure on projects and programmes which was introduced in 1988. Under this system, Delegations provide, every six months, detailed estimates of forecast spending on each project and programme for a period

* Payments from the EDF on aid other than STABEX in the first five months of 1989 show a 40% increase on the corresponding period of 1988.

** The corresponding figure for approvals of Lomé I programmed aid at the same stage of implementation was 94.1%.

covering three half years ahead. These six monthly statistics serve in the first instance to assist the Commission in assessing EDF treasury requirements, notably in the context of the annual paper to the Council on contributions to the Fund. In addition, the half yearly figures coupled with subsequent comparisons with actual six month expenditures, provide a financial framework within which to assess the speed of implementation of projects and programmes and to identify any bottlenecks and constraints and eventually take corrective action to eliminate such blockages. The system - which is still functioning on an experimental basis - is intended therefore as an aid to management both in the Commission and in Delegations.

2.2. National Programmed aid : The Special Debt Programme for Sub-Saharan Africa

One means for facilitating higher absorption of EDF aid is the new emphasis on quick disbursing import support programmes provided for in Article 188 of Lomé III and in the EEC Council decision of 14 December 1987 which launched the special debt programme. This programme was the expression of Community concern, following the Venice Summit in June 1987, to meet the urgent need to contribute towards relieving quickly the external debt constraints which weigh so heavily on many sub-Saharan ACP States.

The ACP States eligible for participation in the debt programme* are those countries in sub-Saharan Africa :

- . which are "poor", that is to say that they are eligible to receive aid from the International Development Association (IDA);
- . where the burden of debt seriously limits their import capacity;
- . which are committed to serious efforts at adjusting their economies and have already undertaken measures towards that end.

The Community response to the debt problem was to provide a total of about 600 mio ECU consisting of:

- a) 300 mio ECU of additional funds - 200 mio ECU from the Lomé III programme reserve and 100 mio ECU** provided by the Council decision of 14 December 1987;

* Benin, Burundi, Central African Republic, Ghana, Guinea Conakry, Guinea Bissau, Kenya, Madagascar, Malawi, Mali, Mauritania, Mozambique, Niger, Sao Tomé e Príncipe, Senegal, Tanzania, Togo, Uganda, Zaire. In addition, 6 other countries - Comores, Equatorial Guinea, Somalia, Sierra Leone, Sudan and Zambia fulfil the first 2 criteria and are provisionally regarded as eligible.

** 60 mio ECU of amounts in the special accounts of the Member States with the EIB - interest and capital repayments in respect of special loans and risk capital - together with 40 mio ECU of unused amounts left over from earlier EDFs. The general import programmes provided for in the Council decision are being financed from the 60 mio ECU allocated from the EIB.

- b) about 300 mio ECU to be devoted to quick disbursing programmes to be financed, with the agreement of countries concerned, from the indicative programmes of a number of ACP States involved in the debt programme*.

In addition to the sectoral and general import support programmes covered by the debt programme, some other ACP States have also launched sectoral import programmes - Angola, Cameroun, and Jamaica.

Table 2.2. shows the situation as regards approvals and payments of import support programmes as at 31 December 1988.

Sectoral import support programmes (SIP) take two forms - (1) supplies of imported goods (i.e. inputs) and (2) provision of foreign exchange facilities permitting imports required for a particular sector. General import programmes (GIP) relate to provision of foreign exchange facilities which may be used to finance all types of imports except those which are formally excluded (the so-called "negative list"). The choice between the different types of programme depends on the extent and nature of the structural adjustment efforts being made by the different ACP States concerned, exchange facility SIP/GIPs being used where the exchange rate policy is considered to be appropriate, input SIPs being adopted where the exchange rate and exchange control systems are not considered to be sufficient. Of the amount of 569 mio ECU approved up to end 1988, 377 mio ECU relate to inputs while 192 mio ECU take the form of exchange facilities.

In considering expenditure so far from import support programmes, a number of factors must be borne in mind. A large proportion of the amounts so far approved was decided on in the second half of 1988. Thus 316 mio ECU were approved between July and December (all but 45 mio ECU between Oct. and Dec.). There has thus been insufficient time for implementation of the cases involved. More generally, it can be expected that, given the time necessary to administer "input" cases - launching of tenders, examination of eligibility of items on "positive lists" and the rhythm of expenditure envisaged in each programme - the speed of such programmes will normally be somewhat slower than for exchange facility cases. Such has been the situation with some of the

* In fact, some sectoral import support programmes approved prior to the debt programme - for Malawi (28.2 mio ECU), Zambia (40 mio ECU), Uganda (15 mio ECU) and Mozambique (40 mio ECU) - are now treated as coming under the debt programme.

TABLE 2.2

Sectoral and General Import Support Programmes (SIP/GIP)

Situation of Approvals and Payments as at 31/12/88

Mio ECU

Country	<u>PRIMARY COMMITMENTS</u>			<u>PAYMENTS</u>		Total
	Indicative Programmes	Additional Resources	Total	Inputs	Exchange Facility	
<u>(I) Debt Programme</u>						
Gambia	2.0	3.0	5.0	3.0	-	3.0
Benin	-	11.0	11.0	-	-	-
Burundi	-	12.0	12.0	-	-	-
Ghana	9.0	11.5	20.5	5.0	-	5.0
Guinée Conakry	-	12.5	12.5	-	-	-
Guinée Bissau	-	6.0	6.0	-	-	-
Kenya	35.0	-	35.0	-	10.0	10.0
Madagascar	2.5	15.0	17.5	-	-	-
Malawi	28.2	12.5	40.7	7.5	7.5	15.0
Mali	10.0	15.0	25.0	-	-	-
Mauritanie	-	7.0	7.0	-	-	-
Mozambique	40.0	30.0	70.0	2.1	-	2.1
Niger	-	14.0	14.0	-	-	-
Sao Tomé & Prin	0.15	1.0	1.15	-	-	-
Sénégal	-	11.5	11.5	11.5	-	11.5
Somalia	15.0	-	15.0	-	0.2	0.2
Sudan	17.8	7.5	25.3	13.0	-	13.0
Tanzanie	65.0	24.5	89.5	9.9	-	9.9
Togo	3.0	7.0	10.0	-	-	-
Uganda	17.25	15.0	32.25	-	22.6	22.6
Zambia	40.0*	-	40.0	8.5	7.1	15.6
Sub-Total debt prog.	284.9	216.0	500.9	60.5	47.2	107.7
<u>(II) Other SIP</u>						
Angola	35.0	-	35.0	3.4	-	3.4
Cameroun	15.0	-	15.0	-	-	-
Jamaica	17.8	-	17.8	-	-	-
Sub total other SIP	67.8	-	67.8	3.4	-	3.4
<u>(III) TOTAL SIP/GIP</u>	352.7	216.0	568.7	63.9	47.4	111.3

* The 40 mio ECU for Zambia includes 22 mio ECU from the 5th EDF.

earliest sectoral import support programmes e.g. Angola and Mozambique.* In the case of the "input" SIPs for Malawi, Zambia, Tanzania and Sudan, expenditure can be regarded as satisfactory, although not as fast as in the case of exchange facility programmes (e.g. those for Uganda**, Malawi and Zambia) except for Sudan where payments were also very quick. Where, however, the input chosen for financing is sufficiently specific (e.g. petrol products), speedy disbursement has been achieved. Thus the total of 11.5 mio ECU approved for Senegal in July 1988 had been paid out by year-end.

In general, it can be said that good progress has been made in launching import support programmes, notably in the context of the special debt programme for sub-Saharan Africa. The decision to adopt that programme was taken in December 1987 and the Programme Committee of Member States approved the Commission proposals in March 1988. The amounts allotted to each ACP State were notified to them in March/April 1988 and the first decisions were taken in April 1988.

2.3. National programmed aid : geographical characteristics of aid approved

Annex Table 2 shows by country and region the situation as regards primary commitments from national indicative programmes up to the end of 1988. Table 2.3. summarises the position in respect of the regions and compares the progress made with that achieved under Lomé II at the same stage of implementation.

* Early administrative "growing pains" would seem to have been recently overcome in Mozambique as expenditure speeded up in the first half of 1989.

** The programme for Uganda, the first of the SIPs, deserves special mention. Approved as an exchange facility programme in July 1987, virtually all the amount had been disbursed by the end of that year.

Table 2.3.

Regional characteristics of national programmed aid allocations and approvals from Lomé II and III at the end of 3 years of implementation

<u>Regional Groups</u>	<u>Lomé II</u>			<u>Lomé III</u>		
	<u>Total approvals</u> <u>mio ECU</u>	<u>%</u>	<u>aid</u> <u>approved</u> <u>/aid</u> <u>envelopes</u> <u>%</u>	<u>Total approvals</u> <u>mio ECU</u>	<u>%</u>	<u>aid</u> <u>approved</u> <u>/aid</u> <u>envelopes</u> <u>%</u>
East Africa	502.2	38.4	56.0	837.7	30.5	62.7
West Africa						
Coastal	172.2	13.4	38.6	527.8	19.2	65.7
Sahel	254.0	19.4	54.6	492.3	17.9	73.4
Southern Africa	120.0	9.2	46.6	446.1	16.2	69.4
Central Africa	181.2	13.8	70.4	313.9	11.4	73.2
Caribbean	46.0	3.5	19.6	87.3	3.2	57.9
Pacific	32.5	2.5	48.0	44.2	1.6	43.3
TOTAL	1308.1	100.0	52.0	2749.3	100.0	66.5

Over 95% of all national programmed aid envelopes have been allocated to Africa, by far the largest share going to East Africa. Under Lomé III, this share dropped in favour of Southern Africa - due to the adherence of Angola and Mozambique to Lomé III.

In the first 3 years of Lomé III, all regions, except the Pacific, showed increased rates of approval of total programme aid envelopes as compared with Lomé II. The rises were particularly marked in the Caribbean and in all regions of Africa, except Central Africa, where the increase was small.

2.4. Regional Aid

A sum of 1 billion ECU was reserved in Art. 112 of the third Lomé Convention for regional cooperation (including EIB aid). 15.2 mio ECU was taken from this sum to help meet the STABEX payment requirements in 1988 leaving the actual envelope for regional aid at 984.8 mio ECU.

By 31 December 1988, primary commitments of regional aid came to 375.3 mio ECU, 332 mio ECU of which related to aid managed by the Commission. The rate of aid approved, 38.1%, was just over half that for national programmed aid. The shortfall is explained by the need to engage in complex and detailed discussions with several partners before deciding on regional programmes and projects. In addition, the large scale of most regional financing actions frequently involves cofinancing by several donors, adding still more to coordination difficulties. All of these factors continue to slow down the rate of approval of regional programmes as compared with those of national aid.

Table 2.4. shows the geographical distribution of regional programmes under Lomé III by comparison with Lomé II after 3 years of implementation.

Table 2.4.

Lomé II and III : Approvals of regional aid
classified by regions after 3 years of implementation

Regions	Lomé II		Lomé III	
	Approvals			
	1981-83 mio ECU	%	1986-88 mio ECU	%
East Africa	42.0	16.2	91.2	24.3
West Africa				
Coastal	17.2	6.6	1.1.	0.3
Sahel	76.4	29.4	70.3	18.7
Southern Africa	31.0	11.9	57.4	15.3
Central Africa	12.9	5.0	2.4	0.6
Caribbean	23.4	9.0	15.9	4.2
Pacific	10.6	4.1	32.2	8.6
General	46.2	17.8	105.2	28.0
TOTAL	<u>259.7</u>	<u>100.0</u>	<u>375.3</u>	<u>100.0</u>

Assessment of the regional distribution over periods as short as 3 years is inevitably influenced by the incidence of particularly large projects, e.g. for Lomé III, the Northern and Central Corridor roads in East Africa, the Karonga Ibanda Road and Beira Port projects in Southern Africa. The regional comparison does however show for both Lomé II and III relatively large shares for East Africa, Sahel and, to a somewhat lesser extent, Southern Africa. The regions with relatively few regional projects in both periods were Coastal West Africa and Central Africa.

The significant amount, notably for Lomé III, for general regional operations refers to the provisions towards the budgets of the Centre for the Development of Industry (CDI) and the Technical Centre for Agricultural and Rural Cooperation as well as for the costs of the ACP Secretariat and of the ACP-EEC Courier magazine.

Mention should also be made of the important role played by regional organisations in the implementation of regional aid. In line with Art. 105 of the Convention which provided for emphasis on such regional organisations, certain of them have, at the request of ACP States, been involved in the process of regional cooperation, notably in the programming phase. Indeed, programming was greatly helped where a representative organisation was mandated to act for the region by the States concerned (Southern Africa, Pacific, Indian Ocean, Caribbean).

The Community has, in addition, provided assistance to a large number of organisations either directly or by way of projects managed by such organisations. Some of these (e.g.* SADCC, ECOWAS) have a wide mandate while others (e.g. CILSS, OMVS, ASECNA) have more specific responsibilities. The rôles of these organisations vary from case to case, ranging from simple coordination to project and/or regional programme management.

Table 2.5. gives examples of significant regional projects aided from the 6th EDF. The importance attached by virtually all regions to improvement of transport and communications will be noted. Particular emphasis has also been placed on the exploitation and sustainable management of natural resources - agriculture, water and energy resources, forestry - on promotion of tourism and on education.

* A list of regional organisations is given at point 2 of the Annex.

Table 2.5

Lomé III: Major Regional Projects

<u>Project</u>	<u>Amount of aid</u> (mio ECU)	<u>Date of decision</u>	<u>Type of aid</u>	<u>Regions affected</u>
Karonga-Ibanda Road	10.0	29/04/87	Grant	Southern Africa
Rehabilitation Port of Belra	39.0	03/04/87	"	"
Timber Development, Komplenga	4.0	15/07/87	"	West Africa
Northern Corridor Road Kenya	22.5	28/07/87	"	East Africa
" " " Uganda	25.0	09/10/87	"	"
Central Corridor Programme	11.0	22/10/87	"	"
Telecommunications(INTELCOM II)	21.0	10/11/87	Risk cap.	West Africa-Sahel
Locust control	5.2	21/01/88	Grants (E.A.)	West Africa-Sahel
Food Security	7.7	25/02/88	Grant	West Africa-Sahel
Rail Terminal Isaka Corridor	9.0	28/03/88	Spec. Loan	East Africa
Regional Agric. Programme	6.8	28/03/88	Grant	Pacific
Project for security of air navigation	15.0	26/04/88	Risk cap.	East&West Africa, Indian Ocean
Tourism Dev. Prog. Phase 2	7.4	05/10/88	Grant	Pacific
University of West Indies	6.2	28/11/88	"	Caribbean
Marine Resources Programme	10.7	21/12/88	"	Pacific
Fouta Djalon River Basin Dev.	30.0	21/12/88	"	West Africa-Sahel
Butane Gas	8.3	21/12/88	"	"

Secondary commitment of regional aid under Lomé III has been a good deal faster than in the case of national indicative programmes - 53% of approvals as against 20% for national aid while the rate of payments as a proportion of total aid approved has been much higher than for national programmes - 17% as against 9%. In this regard, it is worthy of note that almost half of regional aid was decided on in 1988, most of it in the second half of the year. A further point is that because regional programmes to a considerable extent concentrate on fairly traditional type infrastructure programmes, it is not surprising that the speed of their implementation is faster than in the case of rural development oriented national aid programmes which, as has been shown above, are inherently slow disbursing.

The rates of secondary commitment and payment of regional aid from the 4th and 5th EDF's have been about the same as for national programmes.

2.5. Non-programmed aid- STABEX

Management in 1988 of the system for stabilisation of export earnings from agricultural commodities (STABEX) related for the most part to transfer requests for the year 1987. The Commission received 70 transfer requests from 36 ACP States; 27 of these were rejected under Articles 160 & 161 of the Convention (reference levels and degree of dependence). The remaining 43 requests gave rise to transfer rights for 29 countries.

Total STABEX resources available in 1988 amounted to 255.4 mio ECU*. This compared with gross eligible requests amounting to 805.5 mio ECU. Allowing for possible reconstitutions under Art. 174 of the Convention, the transfer base was reduced to 687.2 mio ECU. This amount still exceeded available resources, so reductions were made as provided for by Art. 155 of the Convention. This resulted in transfer bases totalling 579.4 mio ECU which was still far in excess of available resources of 255 mio ECU.

In order to bridge as far as possible the difference, the Committee of ACP-EEC Ambassadors acting on a mandate from the Council of Ministers decided on 7 July 1988 to add 120 mio ECU to the STABEX resources for 1988 made up as follows:

	<u>mio ECU</u>
. unused amounts and interest left over from Lomé I and II	80
. part of available resources for national and regional programmes under Lomé III	40

The Committee of Ambassadors also decided on a share out of the STABEX resources for 1988 (including the additional 120 mio ECU) proportional to the reduced transfer bases of 579 mio ECU. The actual final amount approved (375.4 mio ECU) constituted a further reduction of 35.2% on that transfer base (i.e. 64.8% of the eligible requests, adjusted as described above, were covered).

Table 2.6. summarises the situation as regards the countries and products which benefitted from the 1988 STABEX allocation.

* i.e. the annual instalment of 185 mio ECU plus amounts carried over from the previous year, the 25% drawing right on the 1989 instalment, amounts of reconstitutions together with STABEX interest.

Table 2.6.

STABEX transfers 1988 by Country and Product category

<u>Country</u>	<u>mio ECU</u>	<u>% of total transfers</u>	<u>Products categories</u>	<u>mio ECU</u>	<u>% of total transfers</u>
Côte d'Ivoire	111.4	29.7	Coffee	219.2	58.4
Ethiopia	57.2	15.2	Cocoa	31.4	8.4
Cameroun	42.4	11.3	Cotton	24.6	6.5
Burundi	24.5	6.5	Copra	20.6	5.5
Rwanda	22.0	5.9	Oils	14.2	3.8
Tchad	20.6	5.6	Tea	16.6	4.4
Kenya	17.5	4.7	Wood	40.9	10.9
R.C.A.	17.3	4.6	Others	7.9	2.1
Malawi	9.6	2.6			
Solomon Islands	8.7	2.3			
P.N.G.	5.7	1.5			
Vanautu	5.0	1.3			
Others*	33.5	10.1			
	375.4	100.0		375.4	100.0

To the amounts of 375 mio ECU should be added 116.3 mio ECU in respect of replenishments to the EDF by way of deductions from transfer rights which were made in 1988**. When these are taken into account, STABEX aid in 1988 totalled 491.7 mio ECU.***

Up to the end of 1988, total STABEX allocations under Lomé III amounted to 919 mio ECU, equivalent to 75% of the total sum provided in the Convention. By far the main product covered has been coffee - 25.8% (due mainly to the large allocations in 1988) and groundnuts (12.9%). A list of the principal beneficiary countries is given in Table 2.7.

* 17 countries each receiving less than 5 mio ECU - average 2.0 mio ECU.

** Cameroun (18.0), Ivory Coast (17.8), Kenya (23.2), Madagascar (2.1), Papua New Guinea (32.4), Senegal (22.8).

*** These figures and those in Table 2.6 relate to transfers approved in 1988 in respect of the STABEX year 1987. In addition, transfers totalling 57.9 m ECU in respect of the STABEX year 1986 were approved in 1988 giving a total of 551.6 mio ECU decided in 1988 which is the figure shown in the EDF accounts for that year.

Table 2.7.

Lomé III STABEX : approvals to end 1988 classified
by beneficiary countries

<u>Countries</u>	<u>mio ECU</u>	<u>% of total</u>
Ivory Coast	179.0	19.5
Senegal	106.0	11.5
Ethiopia	91.6	10.0
Papua New Guinea	84.5	9.2
Sudan	63.9	7.0
Cameroun	60.3	6.6
Kenya	40.7	4.4
Chad	33.4	3.6
Others*	259.6	28.2
TOTAL	<u>919.0</u>	<u>100.0</u>

* See list of main beneficiary ACP States and amounts in Annex Table 4

2.6 Non-Programmed aid - SYSMIN

Up to the end of 1988, total approvals under Lomé III of mining aid under the so-called "Special Financing Facility" (SYSMIN) first introduced in Lomé II, amounted to 65.5 mio ECU (15.8% of the total envelope of 415 mio ECU provided in Lomé III). These decisions - all taken in 1988 - involved 3 countries - Guinea Conakry (35 mio ECU), Mauritania (18 mio ECU) and Niger (12.5 mio ECU). The Guinea decision related to the alumina industry, the Mauritania case covered iron ore while that for Niger involved exploration for gold and coal. A request from Zambia for a third intervention in its copper industry will be examined when the results of an evaluation of the first two interventions are available. An application from Togo, which related to its phosphate industry was declared admissible in 1988 while one from Botswana for intervention in its nickel copper industry is under examination. So far, only 5 mio ECU of the amounts approved under Lomé III have been committed or disbursed.

As regards SYSMIN action under Lomé II, by the end of 1988, 250.6 mio ECU of the 282 mio ECU provided in the Convention had been approved*, 168.8 mio ECU had been committed and 133.9 mio ECU disbursed. The aid in question relates to the following countries and products.

<u>Country</u>	<u>mio ECU</u>	<u>Products</u>
Zaire	81.0	Copper/cobalt
Zambia	83.0	Copper/cobalt
Liberia	49.3	iron
Guyana	34.5	bauxite
Rwanda	2.8	tin
Total	<u>250.6</u>	

The slow rate of implementation of SYSMIN aid is partly explained by the problems involved in examining requests for aid which result from the insufficiency of the dossiers presented - itself partly due to inadequate appreciation by applicants of the nature of the SYSMIN system - and, more particularly, to the difficulties in bringing together industry rehabilitation programmes which, because of the scale of action involved in SYSMIN cases, usually entail cofinancing by several donors. A number of problems have also been experienced in completing the procedures for giving effect to SYSMIN aid (signature of loan contracts, preparation of tender documents, approval of bids). These problems are aggravated by the often complex structure and lack of flexibility of the mining industry rehabilitation programmes. So as to improve the efficiency of the system, a simplified information sheet for applicants for SYSMIN aid has been established in accordance with the provisions of Annex XXIII of Lomé III.

2.7. Non Programmed aid - Emergency aid and aid for refugees and returnees: Aids

During 1988, the Commission decided on emergency aid actions totalling 38,7 million ECU for the benefit of 15 ACP States. Within this total, assistance to victims of drought and conflict, including that to refugees, continued to be the major cause for EEC intervention. 75 per cent of the total was allocated for these reasons, principally to Ethiopia, Sudan and Mozambique. In addition, substantial amounts were provided for victims of floods and hurricanes, notably in Sudan. The Commission continued to actively support the international campaign against locusts, having approved a total of 5,2 million ECU for this purpose by way of a regional programme. The different emergency actions were implemented by Governments of the beneficiary countries, by specialised organisation (non-governmental organisations, Red Cross, FAO) and by the Commission.

* A request for assistance for most of the balance is still under examination

By the end of 1988, a total amount of 72,2 million ECU had been allocated from the envelope of 210 mio ECU provided for emergency aid in Lomé III.

Aid to refugees and returnees was a new provision in Lomé III (Art. 204) and a total of 80 MECU was set aside for this purpose in the Convention. In 1988, 16 projects in 7 ACP countries* were approved with a total value of over 23 MECU; 10 of these projects were implemented in conjunction with non-governmental organisations. This brought the total number of projects assisted under Lomé III to 39 in 14 ACP States, commitments totalling 34.1 mio ECU.

With almost a quarter of all refugees in sub-Saharan Africa to be found in Sudan, it is not surprising that this has been the largest beneficiary of the new resources. Of a total of 19.8 mio ECU approved in 1988 for Sudan, by far the largest project was for 16.3 MECU to help refugees resettled in that country. Under this multicomponent programme, 12 hospitals are being rehabilitated while 37 primary and 11 intermediate schools are being renovated. A programme to support natural resources development and self sufficiency is also included. The experience gained with this project will be of assistance to other States who may wish to consider similar-type programmes.

Mention should also be made here of the Community support from the EDF for the action campaign against AIDS. In July 1987 the Commission approved for this campaign an amount of 35 mio ECU to be provided from the 5th EDF. The Community actions are in line with those carried out by the World Health Organisation (WHO) under the special AIDS programme and envisage the provision of technical, financial and scientific assistance to ACP countries participating in that programme. Up to mid-1989, some 21 mio ECU of the 35 mio ECU approved had been actually committed for actions in 35 countries. So far expenditure has been modest - approximately 2 mio ECU. This apparent slow rate of implementation must be seen against the necessity on the part of WHO, in consultation with the Commission, to develop programme objectives and strategies for each of the participating countries. In addition, since the Commission actions mainly take the form of technical assistance, payment rates are slow. However, with the completion of the WHO planning activities, it is expected that spending will now accelerate.

2.8. Financial and technical assistance for least developed, landlocked and island countries (LDLIC)

Title V of Part 3 of the third Lomé Convention provides for special treatment for least developed, landlocked and island ACP States. These provisions repeat virtually all the favourable measures provided for in earlier Conventions and in some cases provide for even more favourable treatment - for example, an interest rate of 0.5% on special loans, compared with 0.75 under Lomé II. The number of least developed countries rose under Lomé III from 42 to 43 with the inclusion of Mozambique, while the numbers of landlocked and island states remained the same at 14 and 24 respectively.

* Belize, Malawi, Mozambique, Sudan, Somalia, Uganda and Zaire.

Table 2.8. shows the amounts approved up to 1988 for each of the 3 groups.

Table 2.8.

Lomé III - Aid approved in 1986/88 for least developed, landlocked and island ACP States

	Least developed	Landlocked	Island
	mio ECU	mio ECU	mio ECU
Grants	1606.9	737.8	198.5
Special Loans	59.5	74.1	46.5
Total National Ind. Prog.	1666.4	811.9	245.0
Interest rebates	3.6	8.5	15.7
Emergency aid	88.4	20.8	3.1
Risk capital	242.4	86.0	62.5
STABEX	440.7	146.8	159.3
SYSMIN	65.5	12.4	-
TOTAL AID	2507.0	1086.4	485.6

An inventory of special measures in favour of LDLIC was carried out in 1988 by a joint group of ACP-EEC experts working with the Commission. Among the more important conclusions are the following :

- . the relatively high level of national programmed resources provided under Lomé III for LDLIC - 13.1* ECU per inhabitant as against an average of 5.2 for other ACP - as well as the high grant element in aid - 83.2% consists of outright grants.
- . the preferential treatment under STABEX rules for the LDLIC in respect of eligibility and calculation thresholds. These States account for the vast majority of ACP which benefit from STABEX transfers having received 533 mio ECU up to the end of 1988 as compared with 386 mio ECU for other ACP States. Up to the end of 1988, microprojects approved totalled 45 mio ECU as against 5 mio ECU for other ACP States.

More specifically for landlocked States, Community regional aid is being devoted to opening up communications from these countries. More than 50% of approvals of regional aid under Lomé III relate to financing of transport and communications.

* 13.4 ECU per inhabitant for least developed countries.

Special conditions also apply to island ACP States. Apart from the generally favourable conditions of aid, special attention was also given in the programming process to meet the particular needs of these States e.g. provision of regional funds for development of tourism and transport.

Many of the LDLIC also benefit from the special debt programme for sub-Saharan Africa discussed at point 2.2. above.

2.9. Aid managed by the European Investment Bank (EIB)*

Financial assistance to ACP States which is administered by the EIB consists of loans from its own resources (mainly from borrowings on world capital markets) and aid in the form of risk capital from EDF resources. Own resources' loans may also benefit from interest rebates financed from the EDF.

In 1988, as in 1986 and 1987, Bank operations were constrained by the very difficult economic situations prevailing in most countries of Africa, the Caribbean and Pacific. These were characterised by stagnation of investment and by a continual decline in the borrowing capacity of the countries concerned.

Nonetheless, amounts of EIB aid in 1988 totalling 288.2 mio ECU brought the total of Bank lending under Lomé III to about 50% of the amount foreseen in the Convention. Of the sum lent last year, 122 mio ECU came from the Bank's own resources, the balance being risk capital financed from the EDF.

Annex Table 3 shows the breakdown of resources approved under Lomé III for the different regions and ACP States in each year 1986 to 1988 and for the 3 years combined. Over the total period, approvals of funds from the Bank's own resources have totalled 426.5 mio ECU, equivalent to just under 39% of the amount of 1100 Mio ECU provided in the Convention. Of the amounts approved, by far the largest part - 31% - has gone for projects in Coastal Western Africa (75 mio ECU to Nigeria and 41.1 mio ECU to Ivory Coast). Under 19% has gone to finance projects in Eastern Africa (Kenya 52 mio ECU, Mauritius 28 mio ECU) and 15% and 12% respectively to Southern and Central Africa. Because of the difficult economic situation of countries in the Sahel, it has not been possible to make any "own resources" loans to that region. Loans to Africa as a whole amounted to 328.6 mio ECU or 77% of total lending under Lomé III from the Bank's own resources. Significant proportions have also been lent to the Caribbean (10%) and the Pacific (8%).

* See also sectoral analysis in Chapter 3, point 3.2.

A total of 407.3 mio ECU had been approved up to the end of 1988 to finance risk capital projects (68% of the Lomé III envelope). The largest share (31%) has gone to Eastern Africa (31 mio ECU to Ethiopia, 24.4 mio ECU to Madagascar, 22 mio ECU to Sudan). Primary commitments in the Sahel were equivalent to 23% of total risk capital approvals (Senegal 25.5 mio ECU, Mali 20.5 mio ECU). The figures for Southern Africa came to 15%. Africa as a whole accounted for 84% of total risk capital approved.

2.10. Cofinancing

Better coordination of aid supplied by different donors who have similar objectives serves through suitably tailored cofinancing packages to avoid wastage of scarce aid and to improve the effectiveness of such finance. The importance of cofinancing was already stressed in "10 Years of Lomé" and Article 200 of Lomé III emphasised the importance of cofinancing, particularly where this will facilitate an increase in the financial flows to ACP States and will support their efforts to harmonize international cooperation for their development. Since the coming into force of Lomé III, cofinancing has continued to increase. To date, 72 projects which are being financed with other donors have been approved for nearly 1 billion ECU of EDF aid - some 30% of programmed aid approved under Lomé III. Another 13 projects are under consideration. It is not clear at this stage what the total level of cofinancing from other donors will amount to, although some 250 mio ECU have been earmarked by Member States and 40 million by the EIB. A conservative estimate of the total amount from all donors other than the EDF is a further 1000 mio ECU to match the figure from the EDF. However, past experience would indicate that the rates of non-Community cofinancing are somewhat higher than ours and it may well be that the figure of 1 billion ECU will be exceeded.

As compared with Lomé I and II, cofinancing trends already show, however, some differences under Lomé III. Since the fall in oil prices, Arab Funds' cofinancing has fallen drastically. The same is true of banks' and private sector investment in the wake of the debt crisis. As a result, the EDF share in cofinancing under Lomé III is rising. Whereas some 25% of ACP projects were cofinanced under Lomé I and II, the Fund is now cofinancing more than it used to and the percentage of the total is larger.

The cofinancing framework agreement with Italy, signed in 1985, has now come fully on stream and Italy is one of the regular cofinancing partners with the EDF, accounting for about one fifth of the Member States' contributions.

Given the necessity for close coordination that structural adjustment is forcing on the donor community and aid recipients alike - there can only be one structural adjustment programme in each country - it can be expected that coordinated financing of all kinds will increase, whether we speak of side-by-side import programmes, parallel or joint cofinancing. In that regard, the EEC Council resolution of 16 May 1989* installed a framework for increased coordination in the context of structural adjustment in ACP States, thus providing the basis for a more meaningful dialogue between all participants - Community Member States, the Commission and EIB, ACP States, Bretton Woods and other institutions, as well as assisting with the further definition of the Community approach to structural adjustment.

2.11. Microprojects

Microprojects constitute an important instrument under the Lomé Conventions, responding as they do to needs expressed by local communities and providing a means whereby these local groups can participate and apply EDF aid to assist their own cultural and economic development. To this should be added the flexible procedures for approval and implementation of microprojects - overall multi-year programmes are approved by Brussels and agreement of the Commission Delegate is given to individual projects proposed locally within the framework of each programme. Lomé III also contributed further to increasing the flexibility of microprojects - increasing the Community contribution to two thirds of the programme cost subject to a ceiling of 250.000 ECU. Government participation is now optional and the local community contributions can include acceptance of responsibility for project maintenance.

In 1988, 11 programmes in as many ACP States** were approved for an amount of 21.3 mio ECU. The total of programmes at the end of the year was 137.6 mio ECU, of which 36.5% were approved from the 6th EDF. In principle, the programmes cover a period of from 18 to 36 months and amounts approved are growing more and more - 4 mio Ecu for the second Zimbabwe programme, 3.5 mio ECU for that for Chad, 3.4 mio ECU for Kenya with an average cost of 1.9 mio ECU under Lomé III.

In a number of ACP States, microprojects represent a significant proportion of national indicative programmes. Microprojects can also be said to be complementary to other actions in national indicative programmes, particularly as they are largely concentrated on rural development.

* Discussed in Chapter 5 below.

** Belize, Chad, Fiji, Ivory Coast, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan and Zimbabwe

A recent evaluation of Lomé II microprojects attested to their efficiency and effectiveness in terms of projects realised and of costs lower than amounts approved. This was due to the interest of the project promoters, the disciplined management both by Delegations and by local communities and by the very flexibility of the system of microprojects itself. The study also stressed the importance of the system in its involvement of local communities and its impact on those communities at the social, institutional and political levels. Aspects of this are the encouragement of initiative and the organisation of local committees.

By contrast, disparities in implementation of microprojects were noted which were in part related to the reluctance on the part of some ACP authorities to involve beneficiaries in planning programmes of microprojects. Here, much depends on the degree of decentralisation of responsibility for implementation and also on the extent to which at central government level, authority is concentrated in a single Ministry or is dispersed.

The evaluation also noted general delays in the implementation of microprojects - from 2 to 5 years as against target figures of 1 year. These delays are attributable to slow administrative procedures in the planning phase, and, in some cases, to poor planning, absence of technical competences, difficulties in organising local contributions, shortages of people qualified to follow up projects.

Those carrying out the study urged the need for more resources both in the Commission and in Delegations for handling microprojects and the widening of responsibility for management at local level. They also recommended the improvement of information sources in order to facilitate the identification, preparation and execution of microprojects and to develop an effective follow up system.

2.12. Non-Governmental Organisations (NGO)

Financial and technical cooperation in favour of ACP States is not limited to actions financed by the EDF under the Lomé Convention. It also includes operations financed from the general budget of the Community relating, notably, to food aid, emergency aid, aid to refugees and returnees, the special programme of aid for SADCC countries as well as the cofinancing of development projects implemented by NGOs in collaboration with local partners.

Under the last heading, NGO projects in ACP States cofinanced with the Community budget during the period 1984 to 1988 involved total financing of about 250 mio ECU of which 100 mio ECU was contributed by the Community. These joint NGO/Community operations represent, therefore, a significant element in Community cooperation with the ACP. They are all the more important in that they relate in the majority of cases to projects which are carried out in close cooperation with local development institutions and that their intention is to reinforce the capability of these local groups to look after themselves. NGO projects therefore very clearly meet

the needs for economic and social development at grassroots level in a way that large scale government cooperation programmes can only achieve indirectly.

A number of the aid projects for refugees and returnees mentioned at point 2.7 above are being implemented by NGOs and indeed the experience of the Community in cooperating with these NGOs has been very positive. These organisations have in particular played a key part in helping to identify the needs of the refugees and returnees.

In the light of the very valuable experience of NGO sponsored actions, the Commission has in recent years been suggesting that NGOs could very well be associated with the implementation of certain parts of national or regional programmes financed from the EDF. Such initiatives would be all the more interesting and opportune bearing in mind the priority attached in Lomé III aid to rural development, to food security and to "people centred" development. These are areas of activity in which the NGOs have long experience and where their activities are likely to achieve positive and long lasting results.

Despite its obvious merits, this approach is not, however, easy to achieve. NGO cooperation in the context of Lomé must have regard to the basic principles of the Convention, in particular, the prerogatives of ACP governments. It may not always be easy to reconcile these principles with the degree of independence which NGOs frequently and rightly insist is necessary for their work at grassroots level and for working methods which are inherently flexible and pragmatic. Nevertheless, some 40 actions in the fields of, inter alia, training, health, resettlement of refugees have now been entrusted to NGOs. ACP governments and the Commission are following these experiments with particular interest. If they prove to be fruitful, consideration will be given to their extension in the future to other operations.

Chapter 3 : Sectoral Breakdown of Community aid

3.1. Aid administered by the Commission

As has been stated already, one of the main features of Lomé III aid approvals has been the high concentration on rural development. This can be clearly seen from Table 3.1. which shows the distribution of Lomé III aid by main sectors compared with Lomé II.

Table 3.1.

Sectoral breakdown of EDF aid approved up to 31 Dec.1988

<u>Major Sectors</u>	<u>Lomé II</u>		<u>Lomé III</u>	
	<u>mio ECU</u>	<u>%</u>	<u>mio ECU</u>	<u>%</u>
Rural Production	1129	24.5	1704	36.6
Transport & Communications	834	18.1	638	13.7
Industrialisation	946	20.6	553	11.9
STABEX, Emergency Aid etc.	881	19.1	1011	21.9
Other	811	17.7	739	15.9
Total aid	4601	100.0	4645	100.0

Table 3.2. presents a more detailed picture of the evolution of sectoral aid* approvals under Lomé III notably in 1987 and 1988. Annex Table 4 shows similar information classified by main beneficiary ACP States as well as corresponding figures for secondary commitments and disbursements.

Within the rural production sector, the importance of integrated programmes will be noted, accounting as they do for 44% of total rural production. About two thirds of these programmes were approved in 1987. At the end of 1988, integrated programmes had been agreed for 20 countries. All but 4 related to programmes varying in size between 20 and 97 mio ECU, the average being almost 38 mio ECU. Another significant subsector is general rural development** - which at the end of 1988 accounted for over 21% of aid to the rural

* The statistical basis for sectoral allocation of EDF aid is somewhat arbitrary. It is at present under review as part of the harmonisation of Community aid statistics to meet the requirements of the Development Assistance Committee of OECD under the Creditor Reporting System.

** The "general" heading in each sectoral group includes items not easily classifiable under other headings.

Table 3.2

Lomé III - Approvals of aid in 1987 and 1988 and 1986/88
classified by Major Sectors and Subsectors

<u>Sector /subsector</u>	<u>Total Approvals (mio ECU)</u>		
	<u>1987</u>	<u>1988</u>	<u>1986/88</u>
<u>Rural Production</u>	836.8	832.1	1703.5
General	128.0	233.9	363.3
Plantations	21.9	50.2	72.1
Farm Drainage	22.9	77.2	108.5
Agriculture	88.3	124.2	233.1
Cooperatives	-	23.5	23.5
Livestock Rearing	10.8	13.3	24.1
Fisheries	8.0	35.0	43.2
Forests	48.5	0.8	49.4
Integrated Programmes	502.2	251.4	757.6
Other	6.2	22.6	28.7
<u>Transport and Communications</u>	422.8	175.9	637.7
General	8.8	23.3	32.1
Roads and Bridges	327.0	84.5	448.7
Railways	38.9	11.5	50.4
Ports and Rivers	5.3	23.9	29.2
Airports	7.1	21.8	28.9
Telecommunications	35.7	10.8	48.2
<u>Industrialisation</u>	239.7	232.8	553.3
General	65.7	32.9	123.8
Extractive and Metals	31.0	80.0	118.8
Chemicals	25.2	-	32.2
Manufacturing	12.9	23.0	45.2
Agro-Industry	20.7	30.4	51.1
Energy	41.6	29.5	102.6
Mining and energy exploration	41.4	31.6	73.0
Artisanat	1.2	5.4	6.6
<u>Social Development and Health</u>	66.7	117.9	191.5
Education	17.3	32.3	52.0
Training	16.0	38.2	58.1
Cultural	7.5	2.2	9.7
Health	25.9	45.2	71.7
<u>Water engineering, Urban</u>			
<u>Infrastructure and Housing</u>	27.6	63.3	102.7
Water	24.3	21.1	55.4
Urban	-	39.4	41.2
Other	3.3	2.8	6.1
<u>Trade Promotion</u>	27.4	21.1	56.3
<u>STABEX</u>	252.9	551.6	919.0
<u>Emergency Aid</u>	25.9	37.0	72.2
<u>Multisectoral Programmes</u>	1.1	266.8	267.9
<u>Other</u>	51.8	80.2	180.5
Drought and desertification	2.6	40.4	43.0
Refugees	0.9	18.6	19.5
Disaster Actions	40.0	-	40.0
Other	8.3	21.2	78.5
TOTAL	1952.8	2378.7	4644.6

production sector. The major items here are the programmes for Nigeria (totalling 135 mio Ecu), for Kenya (88 mio Ecu) and the first sectoral import support programme for Angola (35 mio Ecu). General agriculture (233 mio Ecu) and farm drainage (108 mio Ecu) have also been important subsectors.

In the transport and communications sector, 70% of aid relates to roads and bridges. 34 countries are covered, 14 for sums of between 10 and 47 mio ECU (Zaire). 107 mio ECU - almost a quarter of the total - relates to regional projects.

Aid for industrialisation has been spread over a number of subsectors, the most significant being general industry (124 mio Ecu), extractive industries and metals (119 mio Ecu) and energy projects (103 mio Ecu).

Assistance to social development and health (192 mio Ecu) has been relatively evenly distributed between education, training and health. Aid to water engineering, urban infrastructure and housing (103 mio Ecu) includes 55 mio Ecu for water and 41 mio Ecu for urban projects. The importance of the STABEX aid (919 mio ECU of which 552 mio ECU in 1988) already discussed at point 2.5 above will also be noted.

Finally, programmed aid approved up to 1988 included 268 mio in respect of multisectoral programmes. These cover 22 ACP and 15 of them exceed 10 mio ECU.

Mention has been made from time to time in this report of the relatively slower implementation of rural development programmes. This can be seen in detail from the secondary commitments and payments figures in Annex Table 4. Some appreciation of the extent of the problems involved can be had by comparing the rates of secondary commitments and payments in the different sectors. This is done - for the main sectors - for Lomé III in Table 3.3.

Table 3.3

Lomé III - Secondary Commitments and Payment rates up to end-1988 classified by main sectors

	<u>Commitments/</u> <u>Decisions</u>	<u>Payments/</u> <u>Commitments</u>
	%	
Rural Development	17	45
Transport & Communications	40	28
Industrialisation	50	27
Stabex, Emergency Aid etc.	100	91
TOTAL	44	63

The problem of implementation of rural aid is largely one of secondary commitments since, in fact, once committed, such aid is disbursed more quickly than in the case of other main sectors - except of course for STABEX and emergency aid where decisions, commitments and payments occur almost at the same time. For other sectors - transport and communications - the tempo of secondary commitments is quicker but there is inevitably a delay before payments come on stream. Given the relatively recent decision on many large infrastructure programmes, it is perhaps too early to have a representative sample of payments in these sectors.

It is to be expected that, with the implementation of quick disbursing import programmes and the speeding up of payments of programmed aid in 1989 and following years, the low rates of implementation will rise in the near future.

3.2 The European Investment Bank

An overview of EIB aid under Lomé III in 1988 and in the period covered by the Convention up to the end of last year was given at point 2.9 above. Annex Table 5 gives particulars of sectoral distribution of Bank assistance since the commencement of Lomé III operations.

More than half of EIB aid approvals under Lomé III, totalling approximately 840 mio ECU, relate to industry (55%) the main benefitting sub-sectors being global loans (17.3%), extractive industries (9.7%), agro-industry (9.4%), together with textiles (6.7%).

The rest of Bank financing was divided almost equally between infrastructures (22.4%) and energy (22.6%). Water collection and distribution accounted for 12.7 percentage points of the infrastructures total followed by telecommunications (5.2%). Energy was distributed in a relatively balanced way between traditional power stations (5.8%) hydroelectric stations (5.5%), transport of electricity (6.2%) and distribution (3.5%).

Chapter 4 : Aid Implementation and Evaluation

4.1 Introduction

Chapter 4 of the report "Ten Years of Lomé" provided an analysis of aid implementation under Lomé I and II up to the end of 1985. The present chapter updates that information in respect of Financing and Loan Contracts, Tenders and Contracts*. An assessment is also made of progress in evaluation work in 1988.

4.2 Financing and Loan Agreements

In total 372 financing agreements were signed between 1986 and 1988 covering 3360 million ECU**. Since the coming into force of Lomé III, 59 special loan contracts for a total of 325.4 mio ECU have been signed.

As indicated in the Ten Year report, problems involved in completion of financing agreements are infrequent and normally such agreements are signed within 3 months following the relevant financing decisions. By contrast, loan contracts often take a long time for signature. The differences are explained partly by the fact that financing agreements are relatively standard in format and are usually completed with minimum of formalities by ACP Ambassadors in Brussels. On the other hand, because special loans, although containing grant elements of about 80%, still impose responsibilities on ACP governments for loan repayments, it is necessary that the formalities under national laws in respect of government borrowing be observed. This, coupled with the fact that loan contracts can differ substantially in form and content from one another, means that the procedures for negotiating and completing contracts can take a considerable time.

4.3 Tenders and Contracts

Table 4.1 contains statistics of international tenders for contracts financed under Lomé I, II and III in the period 1986 to 1988 together with figures for derogations from international tendering.

* The updating of the analysis of payments contained in point 4.2.3 of "Ten Years of Lomé" has already been done in Chapters 2 and 3 above.

** These agreements cover aid under the 4th, 5th and 6th EDFs.

TABLE 4.1

(a) International tenders and (b) Derogations from such tenders in respect of EDF contracts under Lomé I, II and III in the period 1986 to 1988

	Works		Supplies		Total	
	mECU	%	mECU	%	mECU	%
<u>4th EDF</u>						
<i>International Tenders</i>	16.6	55.3	12.8	74.0	29.4	62.2
<i>Derogations</i>	13.4	44.7	4.5	26.0	17.9	37.8
<i>Total Tenders</i>	30.0	100.0	17.3	100.0	47.3	100.0
<u>5th EDF</u>						
<i>International Tenders</i>	90.5	33.2	94.2	57.2	184.7	42.2
<i>Derogations</i>	182.3	66.8	70.5	42.8	252.8	57.8
<i>Total Tenders</i>	272.8	100.0	164.7	100.0	437.5	100.0
<u>6th EDF</u>						
<i>International Tenders</i>	75.5	51.5	45.8	68.2	121.3	56.7
<i>Derogations</i>	71.2	48.5	21.4	31.8	92.6	43.3
<i>Total Tenders</i>	146.7	100.0	67.2	100.0	213.9	100.0
<i>Total International Tenders Lomé I, II & III</i>	182.6		152.8		335.4	

Derogations from international tendering can be permitted in respect of contracts relating to emergency aid and to operations of urgent or minor nature. Lomé II saw a significant increase in such derogations*. The figures in Table 4.1 show the continued importance of such derogations during the period 1986-88. This, taken in conjunction with the increase in the proportion of contracts going to ACP States discussed below, provides evidence of the increased flexibility in the matter of tendering in the Lomé Conventions that favours ACP States.

Table 4.2 gives a breakdown of contracts awarded as a result of tender procedures classified by nationality of contractor. The high proportion of works contracts that go to ACP firms will be noted - 45.6% for Lomé I, 46.6% for Lomé II (1.6% up on the situation at end-1985) and 54.0% for Lomé III. The big increase in the case of the 6th EDF partly reflects the raising of the limits for accelerated tenders provided for in Article 234 of the Third Lomé Convention and also the trend towards smaller works contracts generally. The share of ACP firms in supply contracts rose marginally between 1985 and 1988 in the case of the 4th EDF, fell from 15% to 12.7% for Lomé II and totalled 4% for Lomé III. The ACP share in technical assistance was unchanged at 11.3% for the 4th EDF, fell from 6.6% to 5.6% for the 5th EDF and, so far, amounts to 6.8% for the 6th EDF.

4.4 Evaluation

The programme of evaluation work in 1988 dealt in particular with the launching of a study on the rôle of women in development, a theme whose importance nowadays is increasingly recognised.** This study is continuing in the present year as are the evaluations on the environmental aspects of development and of renewable energy sources.

An important analysis carried out in 1988 relates to the part played by farm buildings and other infrastructures in agricultural projects and programmes. The message is that such infrastructures, instead of supporting agricultural development, can give rise to delays and cost overruns. A number of proposals are made for remedying these problems and for a more rational use of infrastructures in farm development programmes.

* See in this regard Table 4.3 on page 58 of "Ten Years of Lomé".

** of ACP/CEE Council Resolution of 7 July 1988 on "10 Years of Lomé"; Joint Assembly Resolution of 5 February 1987 on "Women, Demography and Development" Community Development Council Conclusions of 9 November 1987 and 16 May 1989.

TABLE 4.2

EDF contracts classified by nationality of firm as at 31 December 1988

Nationality of firms	Works		Fourth EDF Supplies		Tech.Assistance		Total	
	mECU	%	mECU	%	mECU	%	mECU	%
Germany	91.7	7.2	101.7	18.6	87.4	21.4	280.7	12.6
Belgium	66.9	5.3	26.5	4.8	29.8	7.3	123.2	5.5
France	287.3	22.6	129.7	23.7	75.8	18.5	492.8	22.1
Italy	140.7	11.1	76.1	13.9	49.6	12.1	266.4	12.0
Luxembourg	0.0	0.0	0.0	0.0	5.2	1.3	5.2	0.2
Netherlands	34.2	2.7	27.9	5.1	29.9	7.3	92.1	4.1
Denmark	2.3	0.2	3.5	0.6	9.6	2.3	15.4	0.7
United Kingdom	56.0	4.4	112.6	20.6	63.6	15.6	232.3	10.5
Ireland	1.5	0.1	0.1	0.1	9.0	2.2	10.6	0.5
ACP/OCT	579.2	45.6	44.8	8.2	46.4	11.3	670.4	30.1
3rd Countries	10.3	0.8	24.8	4.5	2.7	0.7	37.8	1.7
TOTAL	1,270.2	100.0	547.6	100.0	409.0	100.00	2,226.8	100.0
%	57.0		24.6		18.4		100	
Fifth EDF								
Germany	86.6	7.9	121.3	18.8	103.3	22.2	311.1	14.1
Belgium	38.7	3.5	24.0	3.7	40.7	8.7	103.4	4.7
France	248.3	22.6	128.0	19.8	93.2	20.0	469.5	21.2
Italy	102.1	9.3	66.2	10.2	45.2	9.7	213.5	9.7
Luxembourg	0.0	0.0	2.1	0.3	7.7	1.7	9.8	0.4
Netherlands	5.1	0.5	44.2	6.8	32.6	7.0	81.9	3.7
Denmark	0.0	0.0	1.7	0.3	17.4	3.7	19.2	0.9
United Kingdom	84.7	7.7	155.9	24.1	74.7	16.1	315.3	14.3
Ireland	0.0	0.0	11.0	1.7	12.2	2.6	23.3	1.1
Greece	0.0	0.0	0.8	0.1	12.3	2.6	13.1	0.6
ACP/OCT	512.3	46.6	81.9	12.7	26.1	5.6	620.3	28.1
3rd Countries	21.9	2.0	9.1	1.4	0.0	0.0	30.9	1.4
TOTAL	1,099.5	100.0	646.3	100.0	465.6	100.00	2,211.3	100.0
%	49.7		29.2		21.0		100.0	
Sixth EDF								
Germany	14.8	10.1	2.6	3.9	22.5	12.8	39.9	10.2
Belgium	0.0	0.0	5.7	8.5	16.2	9.3	22.0	5.7
Denmark	0.0	0.0	0.0	0.0	10.0	5.7	10.0	2.6
Spain	0.0	0.0	1.2	1.8	1.6	0.9	2.8	0.7
France	2.0	1.4	14.1	20.9	24.8	14.1	40.8	10.5
Greece	0.0	0.0	0.0	0.0	3.4	1.9	3.4	0.9
Ireland	0.0	0.0	0.2	0.2	4.1	2.4	4.3	1.1
Italy	38.2	26.1	2.3	3.5	17.9	10.2	58.4	15.0
Luxembourg	0.0	0.0	0.2	0.3	2.9	1.7	3.1	0.8
Netherlands	0.0	0.0	18.4	27.4	18.6	10.6	37.0	9.5
Portugal	0.0	0.0	5.0	7.4	8.0	4.6	13.0	3.3
United Kingdom	12.5	8.5	13.8	20.6	33.4	19.0	59.7	15.3
ACP/OCT	79.1	54.0	2.7	4.0	11.9	6.8	93.7	24.1
3rd Countries	0.0	0.0	1.0	1.4	0.1	0.0	1.0	0.3
TOTAL	146.6	100.0	67.2	100.0	175.7	100.00	389.1	100.0
%	37.7		17.3		45.0		100.0	

Evaluation work on micro projects continued while that relating to small and medium sized enterprises was completed. Four country evaluations were launched for Botswana, Niger, Central African Republic and Rwanda. Ad hoc evaluations of problem issues in aid implementation dealt in particular with rural development, food aid and projects cofinanced with NGOs. The evaluation of the Centre for Development of Industry (CDI) commenced in 1988 and is continuing this year. Finally the systematic follow up of projects and programmes financed under Lomé III has commenced.

Mention should also be made of sectoral ex-post evaluation. Over the first three years of Lomé III an ex-post evaluation has been carried out by outside consultants on 25 energy and agro-industrial projects. These include 11 projects cofinanced by the Commission and the EIB in 8 countries - Barbados, Cameroun, Ivory Coast, Fiji, Ghana, Kenya, Papua New Guinea and Swaziland. 14 other projects financed by the EIB alone were also included in the evaluation. In addition, one fishing project financed by the EIB together with a number of indirect operations in the fisheries sector have also been the subject of evaluation studies.

The analytic work associated with evaluation and the conclusions derived from it are not just of academic interest. The ACP States and the Community institutions should all ensure that these results are operational in the sense that they provide a feed back to all interested parties. The main means used towards this end are the following*:

- . systematic circulation of evaluation reports and, in particular, the summary conclusions to those reports;
- . joint development by ACP and EEC experts of "basic principles" as regards the themes evaluated (e.g. rural development, technical assistance etc.).
- . introduction since 1 January 1989 of a new half yearly project reporting system by Delegations highlighting the state of health of all ongoing projects and programmes. This places particular emphasis on the elements which determine the survival of each aided project. These are:
 - the priority accorded by national authorities in the ACP State for the project;
 - the extent to which it is compatible with natural resources and with environmental factors and constraints;
 - compatibility with the socio-cultural milieu;
 - the adequacy of technologies chosen;

* the forecast estimates system discussed in Chapter 2, point 2.1 above should also be seen as providing a basis for assessment of financial results achieved in implementing aid.

- its management and institutional support;
- financial and economic soundness of the operation;
- resistance to uncontrollable external factors (e.g. political, natural disasters).

It is hoped that the care devoted to preparing these "early warning" reports will increase the development effectiveness of projects reviewed.

The Community Development Council in November 1987 approved broad guidelines on evaluation. As a result, the Commission has set in motion a new procedure for systematic cooperation with the evaluation services of the Member States which should enable each to share experiences with the others and should help to improve the operational relevance for all of evaluation. The European Parliament also passed a resolution in March 1989 on evaluation and feed-back - see in this regard Chapter 5 below. This indicates the increasing political momentum for evaluation.

Chapter 5 : Policy evolution under Lomé III

In chapter 5 of "10 Years of Lomé" an outline was presented of the different policy initiatives taken in the period 1976-85 by the Lomé institutions - the ACP-EEC Council of Ministers, the Joint Assembly - as well as by the Community Council of Ministers and the European Parliament. The subsequent years 1986-88 have also witnessed considerable activity at political level.

The most comprehensive action of the ACP-EEC Council was the Resolution of 7 July 1988 on "10 Years of Lomé". This wide ranging resolution, which had been prepared by the ACP/EEC Committee set up to assist the Council in its examination of the financial and technical cooperation (the so - called "Article 193 Committee") reviewed the whole field of aid implementation - financial aspects, specific matters such as the treatment of least developed, landlocked and island ACP States, regional cooperation and microprojects, sectoral effects of aid, development indicators and project effectiveness, aid implementation and evaluation procedures. Among the recommendations is that calling for streamlining of aid to offset the consequences of the necessary priority now given to concentration of aid on rural development which of its nature involves slower disbursement profiles than those for other sectors. The Council welcomed the emphasis on food security policies and recommended that they be seen "in the light of the challenges of providing for rapidly increasing populations in many countries". The Resolution also stressed the importance of regional cooperation and, on the question of investment, called on the Community and the ACP States to take all necessary steps to rapidly implement the measures relating to private investment contained in the third Lomé Convention. It also called for a flow of information on the skills existing in various ACP States so as to make better use of human resources available. On aid implementation, the calls were for greater efficiency, effectiveness and cost saving, for training of ACP personnel and for speeding up of aid implementation.

Most of the work in 1988 of the Art. 193 Committee related to the negotiation of general conditions and regulations to apply to works, supplies and services contracts financed by the EDF and of arbitration rules to apply to disputes. The general conditions dossier has been on the table for many years - the first Lomé Convention envisaged their approval at the first meeting of the ACP-EEC Council! Much effort has been put

into the negotiations by both the ACP and Community sides over the past 2 years and it was hoped that agreement could be reached before the Council meeting in June 1989. Right at the very end, the ACP States asked for additional time to allow the ACP Committee of Ambassadors to complete the internal procedures for approving the texts. An extraordinary meeting of the Art. 193 Committee will be called to approve the texts as soon as that is possible. The Community attaches considerable importance to early completion of these negotiations given the necessity to have a common set of conditions and rules for all contracts financed by the EDF.

Many of the Resolutions of the Joint Assembly over the past 3 years have knock-on effects on financial and technical cooperation (e.g. the Resolution on women, demography and development passed in Arusha, Tanzania on 5/2/87). The principal resolutions which have more specific implications for EDF aid are those relating to ACP debt (Arusha Feb. 1987), Regional cooperation (Lisbon Sept. 1987) and the new ACP EEC Convention (Madrid Sept. 1988). The debt resolution called for orientation of Lomé III actions to help solve the debt problems of ACP States, for encouragement of private investment, for debt write off and softer interest terms, for a more understanding attitude by the International Monetary Fund on structural adjustment terms, for creation of a special debt relief fund financed by sale of part of the gold reserves of Member States and for greater coordination by the Community and its Member States in dealing with the Bretton Woods institutions. The Lisbon resolution on regional cooperation stressed, in particular, the importance of such cooperation in the field of transport and communication as well as the need for greater 'South-South' trade and general development of internal markets within regions. It requested ACP States, with the assistance of the Commission, to provide more technical, financial and administrative assistance to those regional organisations which are seeking to develop their financial and monetary cooperation and improve the enforcement of their monetary discipline. The Madrid Resolution covered a wide range of topics including structural adjustment, regional cooperation, promotion of science and technology, industrial development (including a proposal to establish the ACP-EEC equivalent of the International Finance Corporation), debt write off.

Within the Community, the Council of Ministers passed a number of resolutions in the period under review. Some of these related to evaluation (November 1987 and May 1989); to programming (17 April and 11 November 1986). The Council also decided in Dec. 1987 on the allocation of resources to finance the special debt programme for sub-Saharan Africa (see point 2.2 in Chapter 2 above). Perhaps, the most significant resolutions were those related to structural adjustment*.

* Resolution on the Economic Situation in sub-Saharan Africa (31 May 1988) and that on Strengthening Community Coordination in support of Structural Adjustment in the ACP States (16 May 1989).

These two Resolutions recognize the importance of using the financial resources of the EDF - notably quick disbursing measures such as import support programmes - to give support to the adjustment process in the case of ACP States faced with increasing economic and financial problems. The 1988 Resolution underlined the need for the Community to assist ACP States through the influence it can exert in coordinating the efforts of different donors; reforms should be carried out in a pragmatic and differentiated way which take account of the peculiar characteristics and the policy options of individual ACP States. It also stressed the essential participation of governments of each ACP concerned in the reform process. The May 1989 Resolution reaffirmed the need to strengthen coordination in the task of adjustment. Member States accept the need to strengthen the Community coordination process so as to bring a more coherent approach to the dialogue with the Bretton Woods institutions and the ACP States eligible for assistance. They also undertook to extend their coordination to the Executive Directors of the World Bank and the International Monetary Fund.

The European Parliament has also addressed itself to matters affecting Community financial and technical cooperation with developing countries including ACP States. Apart from a number of resolutions relating to famine in particular countries - Mozambique, Ethiopia - the Parliament passed several resolutions in February 1987, one calling, inter alia, for Community initiatives to relaunch the North South dialogue, a second on trade in primary products. Of more particular interest was a third one, a wide ranging resolution on the debt crisis which called for increased private investment in developing countries, for long term recycling of debt, for write offs and reduced interest rates. The Parliament also recommended closer coordination between the responsible Community institutions and as between the Community and the Bretton Woods organisations. Finally, it recommended training programmes to equip debt managers in developing countries to better handle their loan portfolios. A Parliament resolution of 17 March 1989 on evaluation of development programmes and projects called on the Commission to assess programmes and projects on a regular basis in the light of standard criteria in order to ensure practical and systematic feedback of the results of evaluation. It also called for the involvement in the evaluation process of all those affected by the projects in question.

Chapter 6 : Conclusions

This report has attempted to present the results achieved under Lomé III and earlier Conventions in the period since the current Convention came into force. The picture that emerges is of high levels of primary commitment of aid - programmed and non-programmed- in 1988 following the successful programming exercises of 1986 and 1987. A large proportion of programmed aid has been concentrated on rural development, thus reflecting the high priority attached by ACP States and the Community alike to agriculture and food security policies. At the level of aid implementation - secondary commitments and payments - due mainly to STABEX, but also to a substantial rise in the implementation of programmed aid, there was a marked increase in activity in 1988 and, for the first time, total payments from the EDF topped the 1 billion ECU level and are still rising. Aid payments to ACP States from the Community Budget also rose sharply in 1988.

Nevertheless, the slow rate of implementation of programmed aid related to rural development and food security policies has been a matter of concern. The implementation of the Sub-Saharan debt programme and the extended use of import support programmes has provided the opportunity to respond to the need for quicker disbursement of EDF aid.

Another point of note is that although approval of regional aid under Lomé III has been relatively slow as compared with national aid, the disbursement rate has been almost double that of national programmes.

A big problem under Lomé III has been the need for strong STABEX support for ACP States badly affected by falls in earnings from agricultural exports. An additional sum of 120 mio ECU was needed to top up the resources available in 1988 and the situation will also be bad in 1989.

Implementation of SYSMIN aid continues to be slow and just 16% of the Lomé III envelope had been approved up to end 1988.

The report has also shown the continued active Community response to those afflicted by natural disasters as well as to refugees and returnees. The AIDS programme is proceeding steadily if somewhat slowly as regards payments. Microprojects continue to play an important part in EDF aid, representing significant proportions of national indicative programmes in a number of ACP States. NGO activities cofinanced with the Community are also important and the Commission would welcome increased association of NGOs in the implementation of programmes financed from the EDF where that is feasible.

Aid from the European Investment Bank has been constrained, as far as the Bank's own resources lending is concerned, by the difficult economic conditions in many ACP States. The Bank has, however, maintained its lending notably in the form of placement of risk capital provided from the EDF, 70% of the Lomé III envelope having been approved up to end 1988. More than half of the EIB aid has gone to industry, the balance being divided between infrastructures and energy.

ANNEX

EXPLANATORY NOTES ON INSTRUMENTS AND PROCEDURES FOR IMPLEMENTATION OF FINANCIAL AND TECHNICAL COOPERATION UNDER THE LOME CONVENTIONS

1. List of ACP Countries

Angola	Madagascar#
Antigua & Barbuda*#	Malawi*+
Bahamas#	Mali*+
Barbados#	Mauritania*
Belize*	Mauritius#
Benin*	Mozambique*
Botswana*+	Niger*+
Burkina Faso*+	Nigeria
Burundi*+	Papua New Guinea#
Cameroon	Rwanda*+
Cape Verde*#	St. Christopher & Nevis*#
Central African Republic*+	St. Lucia*#
Chad*+	St. Vincent & Grenadines*#
Comoros*#	Sao Tome & Principe*#
Congo	Senegal
Djibouti*	Seychelles*#
Dominica*#	Sierra Leone*
Equatorial Guinea*	Solomon Islands*#
Ethiopia*	Somalia*
Fiji#	Sudan*
Gabon	Suriname
Gambia*	Swaziland*+
Ghana	Tanzania*
Grenada*#	Togo*
Guinea*	Tonga*#
Guinea Bissau*	Trinidad & Tobago#
Guyana	Tuvalu*#
Ivory Coast	Uganda*+
Jamaica#	Western Samoa*#
Kenya	Vanuatu*#
Kiribati*#	Zaire
Lesotho*+	Zambia+
Liberia	Zimbabwe+

* Least developed ACP States # Island ACP + Landlocked ACP

2. List of organisations associated with implementation of regional cooperation.

SADCC	:	Southern Africa Development Coordination Conference
PTA	:	Preferential Trade Area
CEAO	:	Economic Community of West Africa
ECOWAS	:	Economic Community of West African States
CILSS	:	Inter State Committee in the fight against drought in the Sahel
OMVS	:	Organisation for exploitation of the resources of the Senegal river
ASECNA	:	Association for air navigation security in Africa
CARICOM	:	Caribbean Community
OECS	:	Organisation of Eastern Caribbean States
SPEC	:	South Pacific Economic Commission
IOC	:	Indian Ocean Commission

3. The European Development Fund (EDF) Principal Characteristics and Procedures

Each ACP-EEC Convention provides for a general envelope of aid to be allocated from the EDF during the Convention. In addition, it provides for loans by the European Investment Bank (EIB) from its own resources which may benefit from interest rate subsidies from the EDF.

Aid from the EDF consists of

- (i) Programmed aid (65% of total EDF aid)
 - grants, representing the bulk of financial aid
 - special loans (40 year duration, 10 years grace, interest at 1% - 0.50% for least developed ACPs, under Lomé III)
- (ii) Non-programmed aid
 - stabilization of export earnings from agricultural commodities (STABEX)
 - special financing facility for mining products (SYSMIN)
 - emergency aid
 - risk capital (managed by EIB)*
 - interest subsidies on loans from the own resources of the EIB

Details of the amounts provided under the various aid headings under Lomé I, II and III are as follows:

	million ECU		
	Lomé I	Lomé II	Lomé III
Total Convention	3483	5428	8855
EDF	3093	4743	7755
- grants	2174	2977	4920
- special loans	446	525	600
- risk capital	96	274	600
- STABEX	377	685	1220
- SYSmin	-	282	415
EIB "own resources" loans	390	685	1100

* Under Lomé III, part of the amount provided for risk capital has been included in the national allocation of the indicative programmes for least developed ACP States.

The procedures for allocation of non-programmed aid are based on the relevant provisions contained in the corresponding Articles of the Lomé Conventions.

At the beginning of each Convention, the Commission informs each ACP State of the total programmed aid to be allotted to it.

The award of programmed aid is very much dependent on the EDF decision cycle. Broadly speaking, five distinct stages can be identified:

1. Preparation of indicative programmes by ACP States in agreement with the Commission and the EIB;
2. Project preparation by the ACP States and their examination by the Commission;
3. Project approval by the Commission of a project financing proposal, following favourable opinion of the EDF Committee*;
4. Project execution on the basis of contracts awarded by the ACP States following invitation of international tenders open to firms in the Member States and ACP States;
5. Payments of aid to contractors. Such payments are made in European currency to contractors in the Member States or in national currency, where the contractors are nationals of the ACP State concerned.

While there is some overlapping between the five stages discussed above (some of the stages also apply to non programmed aid), most of the programming of aid takes place in the early years of each Convention, approval and commitment stages are spread out over several years and payments may be made over a number of years. In this regard, while each Lomé Convention runs for up to five years, the Community legislation (the Internal Agreement and the Financial Regulation) relating to each EDF remains in force until the funds provided by the relevant Convention are paid out.

* The EDF Committee is composed of representatives of the Member States and is chaired by the Commission representative.

4. Lomé III : Programming based on support for sectoral policies

Lomé III envisaged more precise definition than in the past of programme content and also stressed the importance of the work done in preparation for programming.

On the question of content, it was jointly established that rigour and coordination were increasingly necessary in the management of domestic resources and also in the use of funds from external sources. The Community and the ACP States considered that the best way of securing this coordination and of making cooperation more effective was to situate a growing proportion of its operations in the context of support for sectoral policies because:

- such an approach enables Community operations to be more closely adjusted to the priority sectoral objectives established by each of the ACP States;
- support for sectoral policies makes it possible to use a very wide range of forms of aid (aid for maintenance, technical assistance, training, etc.) in addition to investment projects;
- such support means that for each operation, over and above its own merits, greater weight is given to its contribution to the success of the sectoral policy, so maximising its economic impact.

For this to succeed, the bulk of the Community financial resources placed at each State's disposal must, in the first instance, be focused on a limited number of sectors, or even a single sector. Without such concentration, there is a danger that Community operations would be thinly spread over a large number of highly diversified objectives and that they would have little chance of securing maximum economic impact.

Secondly, this approach means that, on the basis of exchanges of views between representatives of the ACP State and the Commission, the measures and operations most likely to ensure the attainment of the objectives which the ACP State has set itself for the sector concerned have to be specified, irrespective of whether the measures have to be taken by the ACP State itself or on the responsibility of the Community.

Lastly, it presupposes effective coordination between the Commission and the main providers of funds (including, obviously, the Member States) in order to ensure that operations in the focal sectors receiving Community aid are coordinated and complement each other.

It is laid down in the Convention that certain individual operations may be identified, in addition to the focal sectors, in the case of the continuation of projects which were begun under the preceding Convention and which are clearly deserving of priority.

Support for sectoral policies involves a far more demanding approach than in the past, and this has meant a change in the programming process.

The programming mission is now preceded by a preparatory stage of vital importance. Thus, a few weeks after the signing of the third Convention, the Commission notified each ACP Head of State of the amount of the programmable envelope for which his country would be eligible.

This notification reflects the contractual nature of the relations between the Community and the ACP States: the amount of aid is known at the outset, and this assures stable and predictable relations, and no extraneous considerations interfere.

With this notification as starting point, and on the basis of an analysis of the social and economic situation in each State conducted by the Commission in conjunction with the main providers of funds, exchanges of views commence between the Commission delegate in each ACP State and the representatives of the State concerned in order:

- to ensure that the Community is aware of the development objectives and priorities of the State concerned;
- to identify the focal sector or sectors for Community aid;
- to seek the most appropriate ways and means of attaining the objectives set.

The Commission for its part has always considered it self-evident that these exchanges of views could not be used to call into question the choices made as regards social organisation, the development model and overall development policy, or the sectoral priorities set by each State. Nor could they be used to launch discussions on each State's macro-economic policy.

It is not until this preparatory work has been completed that the programming mission, led by the Commission, and with the participation of the European Investment Bank, goes to each ACP State.

The indicative programme of Community aid is then drawn up with the national authorities; it sets out the sectors chosen, and within this framework, the indicative guidelines for Community aid; it identifies the most appropriate ways and means of implementing them, and determines the operations to be conducted outside the context of support for sectoral policies.

While the compilation of the indicative programme thus marks the end of a process, it is neither possible nor advisable for this document to fix, once and for all, all the conditions, measures and operations to be applied by the State and the Community in order to attain the objectives set. Programming must be sufficiently flexible to enable the action taken to be constantly adjusted in line with the objectives.

5. STABEX

STABEX - the system for stabilisation of export earnings from agricultural commodities - was first introduced in Lomé I with the objective of providing funds to ACP countries to cover shortfalls in earnings brought about by fluctuations in prices or output of agricultural products exported to EEC countries.*

A total of 383.5 million ECU was provided for the system in Lomé I and this was increased to 659.5 million ECU in Lomé II and to 1220 under Lomé III**. Twenty-nine products were covered under the first Convention and this was extended to 44 under the second Convention and to 48 under Lomé III.

Eligibility for assistance is based on the two following criteria:

1. A product is eligible if, the year prior to the year of application, it represented 6% of a country's total export earnings to all destinations.***
2. A country is eligible if there has been a drop in earnings of at least 6% - as compared to an average for the four years preceding the year of application.***

Transfers have been used to maintain financial flows in the sector concerned or for the purpose of promoting diversification.

ACP countries are required to give an account of what is done with the aid funds.

STABEX aid usually takes the form of grants although, in some cases - notably in the more developed ACP States - aid may be given as interest free loans.

Where the trend in exports which give rise to STABEX transfers subsequently permits it the ACP States concerned shall help replenish the resources of the system.

* While in general STABEX takes into account only exports to the EEC, by derogation from the general rule, for 13 ACP countries which, because of their geographical situation do not have the EEC as a natural outlet, exports to all destinations are taken into consideration.

** Including increase of 120 mio ECU agreed by the Council in July 1988.

*** 1.5% in the case of least developed ACP States.

6. SYSMIN

The "Special Financing Facility" or SYSMIN system was first provided for in Lomé II to assist ACP States heavily dependent on mining exports to the Community to remedy the harmful effects on their incomes of serious temporary disruptions affecting the mining sector. 282 million ECU was provided for the Facility in Lomé II, and 415 mio ECU in Lomé III, taking the form of special loans (40 years duration, 10 years grace, interest at 1% - 0.50% for least developed ACPs).

The products covered by SYSMIN are copper and cobalt, phosphates, manganese, bauxite and alumina, tin, iron ore. Countries can apply for SYSMIN aid if the relevant products have, on average, represented more than 15% of their total exports for 4 years (10% for least developed countries).

Award of aid follows case by case analysis of possibilities for reestablishing viable operations in the sector concerned. Most SYSMIN aid involves cofinance with other donors e.g. European Investment Bank, World Bank Group, African Development Bank.

7. Financial assistance administered by the EIB

Financial assistance administered by the Bank consists of loans from its own resources (mainly from borrowings on the capital markets) and aid in the form of risk capital from EDF resources.

The loans from the Bank's own resources are reserved for operations capable of producing a sufficient economic and financial return. In providing such loans, the EIB takes into account the economic and financial situation of the ACP country concerned as well as factors which can give assurance that the debt will be serviced. The Bank makes the granting of loans conditional upon the receipt of suitable forms of security and normally requires a guarantee from the country concerned or other first-class guarantees. Loans from the EIB's own resources generally attract interest rate subsidies for which an overall sum is set aside out of EDF grant funds (210 mio ECU under Lomé III). The interest rate subsidy is normally 3%, but when necessary it is automatically adjusted so that the interest rate actually borne by the borrower will be neither less than 5% nor more than 8%.

Risk capital may be granted through the acquisition of holdings or by means of quasi-capital assistance. Holdings taken in the capital of enterprises or development banks in the ACP States are of a temporary and minority nature and are destined for transfer, at an appropriate time, to nationals or institutions of the ACP

States. Quasi-capital assistance may be provided in the form of loans subordinated to the redemption of other bank claims or in the form of conditional loans whose repayment, maturity and interest payments depend on the attainment of the level of return or production expected from the project. This capital is a form of financial aid particularly well-suited to the difficult financial situation and economic conditions facing the majority of the ACP States. The total provided in Lomé III for risk capital is 600 million ECU.

8. Cofinancing

A. Forms of cofinancing

Lomé III provides for two types of cofinancing, joint or parallel, preference being given to the solution that is best from a cost and efficiency viewpoint:

- joint financing: all financing resources are placed in a common fund and disbursements made according to the progress of the project and in proportion to the respective contributions;
- parallel financing: each financial contribution is assigned from the outset to a separate part of the project, which is treated independently of the others.

There is, however, a definite preference for joint financing, which avoids competition between different sources of financing and makes it possible to rationalise financial procedures and checks.

B. Cofinancing procedures

Lomé III lays down (Article 200) that "with the agreement of the parties concerned, necessary measures shall be taken to coordinate and harmonise operations of the Community and of the other cofinancing bodies in order to avoid an increase in the number of procedures to be implemented by the ACP States and to allow those procedures to be made more flexible". This point is crucial since, under Community rules, participation in invitations to tender, in other procedures for the award of contracts and in the contracts themselves, is normally confined to Member States and ACP States. Article 232.7 of Lomé III provides, however, for participation by non-Community and non-ACP countries in contracts financed by the Community where the Community participates in the financing of regional or interregional schemes involving such third countries and in the joint financing of projects with other providers of funds.

9. Financing and Technical Cooperation - Implementation Procedures.

Financing Agreement : The legal instrument which determines the rights and obligations of the beneficiary ACP State(s) and the Community in respect of projects and programmes aided by the EDF. The agreement which is signed by the Government(s) concerned and the Commission covers financing provisions, rules relating to tendering and placement of contracts and contains a technical description of the aided project and of the manner in which aid is to be implemented.

Amounts provided for in financing agreements which remain unspent are recycled into the EDF allocations for the ACP States concerned.

Loan Contract: Where aid to projects consists of special loans, the financing agreement is completed by a loan contract with the borrower which sets out the conditions for execution and reimbursement of the loan and of interest obligations. Where the special loan is made to a body other than an ACP Government, it must be covered by a guarantee agreement with the Government.

Tendering and Contracts: The fundamental principle applied to competition for EDF contracts is that of equal opportunity for bidders in the Community and in the ACP States. Only in exceptional cases are third countries permitted to bid (e.g. where projects involve cofinancing with such countries). Normally, competition takes the form of open international tendering. Contracts are awarded by the authorities of the ACP country concerned with the approval of the Commission Delegate. In exceptional cases (e.g. where a bid although not the lowest, is considered by the national authorities to be economically the most advantageous) the Commission may decide to accept that bid.

Despite the general practice of international tendering, Lomé III also provides for restricted tendering, contracts by direct agreement or performance of contracts through public works departments in the case of operations relating to emergency aid, and to actions of urgent or minor nature. In order to benefit ACP bidders for EDF financed contracts, an accelerated tendering procedure may be applied to works worth less than 4 million ECU and a preference of 10% on works contracts and of 15% on all supplies contracts is given to ACP firms.

Payments Procedures: The basic concern of the Commission in respect of EDF payments is that each beneficiary State should not have to prefinance EDF aid from its national budget. With this in mind, payments are made directly to firms who supply goods and services; this is true both in respect of payments in ACP currencies authorised locally and for payments in European currencies authorised by the Commission.

In the case of supply contracts, 60% may be paid to the supplier, where he provides a bank guarantee, at the time of signature of the contract, a further 30% on provisional acceptance by the authorities of the ACP State and the last 10% on final acceptance.

ANNEX TABLE 1

Lomé III - Large Action Programmes* approved up to end 1988

ACP	Programme	Amount mio ECU	Date of Approval
Angola	Rehabilitation of Boavida Hospital, Luanda	19.5	8.11.88
Benin	Road Rehabilitation Programme	24.3	9.10.87
	Integrated Rur. Dev. Prog. - Mono Province	32.5	5.10.88
Burundi	Social & Economic Dev. - Cankuzo/Rutana	34.8	1.12.87
Cameroun	Dev. Benoue Rural Basin	25.0	1.12.87
	Yaoundé - Ayos Road	30.7	5.10.88
Cap Vert	Villa de Praia development	19.8	29. 4.88
Central African Rep.	North Dev. Programme	25.0	17. 7.87
	South Cent. Dev. Programme	20.3	30. 6.88
Congo	Fedar Pool and river basin	36.0	30. 6.88
Ethiopia	North Shewa Rural Development	24.0	9. 9.87
	South Shewa Rural Development	26.2	30. 6.88
	Padep Centre Shewa Peasant Programme	53.4	30. 6.88
Ghana	Transport Infrastructure	21.0	29. 4.87
Guin. Conakry	Rur. Dev. Guinee Maritime	40.0	28. 7.87
	Rur. Dev. Upper Guinee	30.0	28. 7.87
Guin. Bissau	Eastern Province Rural Development	23.8	21.12.87
Guyana	Infrastructure Rehabilitation	15.0	20. 5.88
Burkina Faso	Integrated Prog. Sourou Yatenga	44.0	2. 2.88
Kenya	Livestock programme	20.0	28. 7.87
	Cereals Sector Programme	65.0	24. 4.88
Liberia	South East Dev. Programme	22.0	16.10.87
Malawi	Blantyre-Lilangwe Road	21.5	31. 7.86
Mali	Food Strategy Programme	19.5	4.11.87
	Food Security Programme - South	21.4	8. 3.88
Mauritania	Road Programme	15.0	25. 9.87
	Rur. Dev. - Gorgol	35.0	5. 1.88
Mozambique	Nacala Railway Ph.2	25.0	26. 1.87
Niger	Road Maintenance	15.0	9. 4.87
	Small scale drainage programme	21.6	29. 4.87
	Drainage - Niger valley	58.6	30. 6.88
Nigeria	Oil Palm Development	68.8	30. 6.88
	N.E. Zone Programme	35.0	22. 7.88
	Sokoto Desert control	30.6	28.11.88
Rwanda	Food Strategy Programme	51.0	21.12.87
Senegal	Podor Dev. Programme	87.0	7. 7.87
Sierra Leone	Fadugu Kubala	17.5	21.12.87
Sudan	Jebel Marra R.D. Prog.	15.8	25. 2.87
	Transport & Agric. Support Programmes	34.0	28.11.88
Tanzania	Rural Dev. Programmes (various)	94.0	22. 1.87
Tchad	Road maintenance	19.5	29. 4.87
	Rural Dev. Programme	15.0	30. 6.87
Zaire	Rural Dev. Kivu	40.0	28. 7.87
	Matadi-Kinshasa Road	22.5	21.12.87
	Oso - Osakari Road	19.5	21.12.87
	Econ. Dev. Programme - Interior	25.0	28.11.88
Zimbabwe	Agricultural Finance Corporation	23.5	29. 4.88

* Programmes of 15 million ECU upwards financed from national indicative programmes. Unless included in more general programmes, import support programmes are not shown in this table.

Annex Table 2

Lomé III: Approved programmed aid 1986-88

classified by country and region

mio ECU

<u>Country/Region</u>	<u>1988</u>	<u>1986-88</u>
Southern Africa	167.2	446.2
Angola	21.7	58.2
Botswana	11.4	17.7
Lesotho	18.1	36.5
Malawi	14.1	88.9
Mozambique	43.6	123.0
Swaziland	15.5	25.5
Zambia	14.1	52.5
Zimbabwe	28.7	43.9
Western Africa-Sahel	263.9	492.3
Burkina Faso	47.6	49.2
Cape Verde	19.8	20.5
Chad	3.6	51.5
Gambia	12.7	18.3
Mali	47.6	71.0
Mauritania	42.6	58.2
Niger	78.5	115.1
Senegal	11.5	108.5
Coastal West Africa	301.4	527.7
Benin	47.8	76.8
Ghana	21.0	47.0
Guinea Conakry	23.8	96.6
Guinea Bissau	6.2	33.0
Ivory Coast	2.3	23.7
Liberia	0.3	27.7
Nigeria	164.4	164.4
Sierra Leone	6.2	26.2
Togo	29.4	32.3
Eastern Africa	425.6	837.6
Burundi	26.3	63.8
Comores	8.0	8.1
Djibouti	11.4	12.2
Ethiopia	117.6	149.0
Kenya	78.4	113.8
Madagascar	30.7	77.8
Mauritius	10.6	24.0
Rwanda	1.9	53.1
Seychelles	0.2	1.8
Somalia	20.7	23.1
Sudan	56.6	85.7
Tanzania	34.8	138.3
Uganda	28.4	86.9

mio ECU

<u>Country/Region</u>	1988	1986-88
Central Africa	132.4	313.9
Cameroun	46.5	74.3
Cen.African Republic	20.3	56.4
Congo	36.2	36.3
Equatorial Guinea	0.1	0.1
Gabon	2.1	19.2
Sao Tomé e Principe	1.6	5.8
Zaire	25.6	121.8
TOTAL AFRICA	1290.5	2617.7
Caribbean	57.4	87.3
Antigua & Barbuda	0.2	0.2
Bahamas	2.5	2.6
Barbados	0.2	0.5
Belize	5.5	6.0
Dominica	0.0	4.9
Grenada	0.7	4.5
Guyana	15.4	17.4
Jamaica	24.6	39.2
St. Chris. & Nevis	0.0	0.0
Ste Lucia	3.7	5.2
St.Vinc.& Grenadines	2.8	5.0
Suriname	1.1	1.1
Trinidad & Tobago	0.7	0.7
Pacific	32.5	44.2
Fiji	5.2	5.2
Kiribati	0.1	0.6
Papua New Guinea	19.4	22.8
Solomon Islands	3.8	10.2
Western Samoa	0.5	0.6
Tonga	-	0.2
Tuvalu	0.0	0.8
Vanautu	3.5	3.8
TOTAL ACP	1380.4	2749.2

Annex Table 3

Lomé III : EIB finance to ACP States to end-1988

mio ECU

Region/Country	Own Resources		Risk Capital					
	1986	1987	1988	1986/88	1986	1987	1988	1986/88
Southern Africa	2.5	47.0	16.0	65.5	5.0	27.7	30.0	62.7
Angola						4.0		4.0
Botswana		11.0	13.0	24.0		5.0		5.0
Lesotho					3.5			3.5
Malawi	2.5	4.0	3.0	9.5	1.5	2.5	8.0	12.0
Mozambique						3.0	6.0	9.0
Swaziland						3.0	3.0	6.0
Zambia						10.2	13.0	23.2
Zimbabwe		32.0		32.0				
Western Africa-Sahel					13.5	41.3	37.4	92.2
Burkina Faso							4.5	4.5
Cape Verde							3.0	3.0
Chád							2.2	2.2
Gambia							5.7	5.7
Mali							20.5	20.5
Mauritania						15.0	1.5	16.5
Niger						14.3		14.3
Senegal					13.5	12.0		25.5
Coastal Western Africa	41.2	46.9	45.0	133.1		13.5	16.5	30.0
Benin						6.5		6.5
Ghana	17.0			17.0		7.0		7.0
Guinea Conakry							16.5	16.5
Guinea Bissau								
Ivory Coast	24.2	16.9		41.1				
Liberia								
Nigeria		30.0	45.0	75.0				
Sierra Leone								
Togo								
Eastern Africa	15.0	37.0	28.0	80.0	18.8	71.0	36.7	126.4
Burundi					3.0		2.5	5.5
Comores						2.0		2.0
Djibouti							2.0	2.0
Ethiopia						21.0	10.0	31.0
Kenya		27.0	25.0	52.0		7.5		7.5
Madagascar					3.3	15.5	5.7	24.4
Mauritius	15.0	10.0	3.0	28.0	3.5	3.0		6.5
Rwanda								
Seychelles								
Somalia						13.0		13.0
Sudan					9.0		13.0	22.0
Tanzania						7.0	3.5	10.5
Uganda						2.0		2.0

Region/Country	Own Resources		Risk Capital					
	1986	1987	1988	1986/88	1986	1987	1988	1986/88
<i>Central Africa</i>	50.0			50.0	14.0	2.1	16.0	32.1
<i>Cameroun</i>								
<i>Gen. African Republic</i>								
<i>Congo</i>					10.0		16.0	26.0
<i>Equatorial Guinea</i>					4.0			4.0
<i>Gabon</i>								
<i>Sao Tomé e Príncipe</i>						2.1		2.1
<i>Zaire</i>	50.0			50.0				
<i>Total Africa</i>	108.7	130.9	89.0	328.6	51.3	155.6	136.6	343.4
<i>Caribbean</i>	21.5	16.9	6.0	44.4	2.0	8.1	2.8	12.9
<i>Antigua & Barbuda</i>								
<i>Bahamas</i>	8.5	9.1		17.6				
<i>Barbados</i>							0.1	0.1
<i>Belize</i>		2.5		2.5		1.0		1.0
<i>Dominica</i>						3.8		3.8
<i>Grenada</i>						1.8		1.8
<i>Guyana</i>								
<i>Jamaica</i>	10.0	5.3		15.3				
<i>St. Christ. & Nevis</i>						1.5		1.5
<i>Ste Lucia</i>	3.0		3.0	6.0	2.0			2.0
<i>St Vinc. & Grenadines</i>			3.0	3.0			2.8	2.8
<i>Suriname</i>								
<i>Trinidad & Tobago</i>								
<i>Pacific</i>	20.5		12.0	32.5	1.0	1.6	7.7	10.3
<i>Fiji</i>	3.5			3.5	1.0			1.0
<i>Kiribati</i>								
<i>Papua New Guinea</i>	17.0		12.0	29.0			3.5	3.5
<i>Solomon Islands</i>						0.1		0.1
<i>Western Samoa</i>							4.2	4.2
<i>Tonga</i>						1.5		1.5
<i>Tuvalu</i>								
<i>Vanautu</i>								
<i>Regional Projects</i>		6.0	15.0	21.0		21.0	19.7	40.7
TOTAL	150.7	153.7	122.0	426.4	54.3	186.2	166.8	407.3

ANNEX TABLE 4

Lomé III: Total Approvals, Commitments and Disbursements at 31 December 1988 classified by Major Sectors and subsectors and by main* beneficiary ACP States.

Sector/Subsector and main* beneficiary ACP States	Approved	Total aid Committed <u>mio ECU</u>	Disbursed
<u>Rural Production</u>	1703.5	293.1	131.5
General	363.3	81.0	27.3
Angola	35.2	5.8	3.5
Kenya	88.4	37.0	10.4
Liberia	27.0	4.8	0.5
Nigeria	134.5	0.0	0
Sudan	10.1	0.0	0.0
Plantations	72.1	15.1	10.5
Ethiopia	38.1	0	0
Ivory Coast	20.9	12.9	9.8
Farm Drainage	108.5	11.7	6.0
Chad	15.0	5.1	2.6
Madagascar	21.3	6.0	3.1
Niger	63.6	0.0	0.0
Agriculture	233.1	49.1	33.2
Ethiopia	53.4	0	0
Malawi	37.7	15.6	9.8
Sudan	27.7	12.1	9.1
Togo	12.3	0	0
Zambia	24.7	1.1	0.8
Regional	32.8	11.5	9.4
Cooperatives	23.5	0.0	0.0
Zimbabwe	23.5	0.0	0.0
Livestock rearing	24.1	2.0	0.3
Cent.Afr. Republic	10.0	0.6	0.0

* Beneficiary ACP States are listed where the amount approved is 10 mio ECU or more.

Sector/Subsector and main beneficiary ACP States	Approved	Total aid Committed mio ECU	Disbursed
Fisheries	43.2	11.9	4.7
Cameroun	15.0	5.6	1.0
Regional	11.4	0.4	0.3
Forests	49.4	25.5	7.8
Cen. Afr. Republic	25.0	13.9	3.4
Integrated Programmes	757.6	75.5	27.5
Benin	32.5	0	0
Burkina Faso	45.5	0.1	0.0
Burundi	34.8	1.2	0.2
Cameroun	25.7	4.7	2.2
Cen. Afr. Republic	20.3	0	0
Congo	36.0	0	0
Ethiopia	50.2	0.2	0
Guinee Conakry	70.0	5.5	0.6
Guinee Bissau	23.8	0.2	0
Mali	40.9	4.1	0
Mauritania	35.0	0	0
Niger	21.6	2.5	0.8
Rwanda	51.0	8.1	1.9
Senegal	97.0	12.0	5.1
Tanzania	94.0	24.1	12.0
Zaire	61.0	7.5	2.9
Other	28.7	21.3	14.1
Sudan	18.2	15.4	13.2
<u>Transport & Communications</u>	637.7	255.0	71.2
General	32.1	5.3	0.6
Guyana	17.0	0.9	0.5
Roads and Bridges	448.7	157.7	52.0
Benin	28.1	3.7	3.1
Cameroun	31.0	0.0	0.0
Chad	20.9	10.8	2.1
Ghana	21.8	2.9	1.8
Kenya	14.9	4.6	0.0
Lesotho	10.3	0.0	0
Madagascar	10.0	0.0	0.0
Malawi	25.8	19.7	12.1
Mauritania	15.0	0	0
Niger	15.0	0.0	0.0
Papua New Guinea	19.0	0.0	0.0
Sierra Leone	17.5	8.7	1.7
Uganda	24.0	14.3	2.4
Zaire	46.9	4.9	4.9
Regional	106.5	73.9	14.0

Sector/Subsector and main beneficiary ACP States	Approved	Total aid Committed mio ECU	Disbursed
Railways	50.4	19.3	15.8
Mozambique	25.7	18.7	15.4
Sudan	11.7	0.2	0.0
Regional	11.0	0.4	0.4
Ports and Rivers	29.2	21.2	1.0
Ethiopia	10.0	10.0	0
Airports	28.9	15.7	0.1
Regional	15.6	15.5	0.1
Telecommunications	48.2	35.9	1.7
Senegal	12.0	12.0	1.2
Regional	26.7	21.1	0
<u>Industrialisation</u>	553.3	277.7	75.4
General	123.8	69.1	29.0
Mauritius	12.9	3.5	1.0
Tanzania	13.0	2.0	0
Zambia	10.5	0	0
Regional	40.6	24.7	16.4
Extractive and Metals	118.8	54.8	5.8
Ethiopia	21.0	21.0	4.5
Ghana	13.0	13.0	0
Guinee Conakry	51.6	0	0
Mauritania	10.0	10.0	1.2
Niger	12.5	0	0
Chemicals	32.2	25.8	9.9
Zambia	18.2	11.8	4.7
Manufacturing	45.2	26.1	10.1
Agro Industry	51.1	27.6	2.8
Congo	16.0	0	0
Madagascar	11.0	11.0	0
Energy projects	102.6	38.3	11.9
Madagascar	15.5	0	0
Mali	21.0	0	0
Niger	14.3	0	0

Sector/Subsector and main beneficiary ACP States	Approved	Total aid Committed <u>mio ECU</u>	Disbursed
Mining & energy exploration	73.0	35.5	5.7
Mauritania	23.0	5.0	3.5
Somalia	13.0	10.0	0.4
Tanzania	16.5	0	0
Artisanat	6.6	0.4	0.1
<u>Social Dev.</u> (Educ. & Training)	119.8	34.0	8.5
General	31.9	3.9	1.7
Infrastructure	20.1	9.0	0.4
Training	58.1	12.5	3.8
Nigeria	30.0	0.0	0.0
<u>Health</u>	71.7	15.3	5.0
General	40.1	8.6	2.5
Angola	19.5	0	0
Chad	12.0	6.7	2.2
Infrastructure	30.7	5.9	2.0
<u>Water Engineering, Urban Infrastructure & Housing</u>	102.7	29.0	4.6
Village water engineering	18.1	1.6	0.8
Water Supplies	37.3	12.7	2.4
Congo	10.0	0	0
Urban sanitation	14.8	11.1	0.3
Urban improvement	26.4	0.1	0
Cape Verde	19.8	0.1	0
<u>Trade promotion</u>	56.3	33.5	25.3
General	12.2	5.7	2.8
Structures & Trade Policies	17.3	17.3	17.1
Uganda	17.3	17.3	17.1
Other	26.8	10.5	5.3

Sector/Subsector and main beneficiary ACP States	Approved	Total aid Committed <u>mio ECU</u>	Disbursed
<u>STABEX</u>	919.0	919.0	854.6
Benin	10.4	10.4	10.4
Burundi	24.5	24.5	12.5
Cameroun	60.4	60.4	18.0
Gen. Afr. Republic	19.0	19.0	19.0
Cote d'Ivoire	179.0	179.0	179.0
Ethiopia	91.6	91.6	91.6
Gambia	10.9	10.9	10.9
Kenya	40.7	40.7	40.7
Malawi	11.9	11.9	2.4
Mali	15.6	15.6	15.6
Mozambique	20.2	20.2	20.2
Papua New Guinea	84.5	84.5	84.5
Rwanda	25.4	25.4	25.4
Senegal	106.0	106.0	106.0
Solomon Islands	27.7	27.7	27.7
Sudan	63.9	63.9	63.9
Tchad	33.4	33.4	33.4
Togo	13.5	13.5	13.5
Vanuatu	16.4	16.4	16.4
<u>Emergency Aid</u>	72.2	71.8	49.7
Ethiopia	26.8	26.8	20.4
<u>Other</u>	408.4	97.2	48.8
Multisectoral Programmes	267.9	56.5	31.5
Benin	11.0	0	0
Burundi	12.0	0	0
Ghana	20.5	13.2	5.0
Guinea Conakry	12.5	0	0
Jamaica	17.8	0	0
Madagascar	15.0	0.0	0
Malawi	12.5	12.5	7.5
Mali	15.0	0	0
Mozambique	30.0	0	0
Niger	14.0	0	0
Senegal	11.5	11.5	11.5
Somalia	15.0	0.2	0.0
Tanzania	24.5	0	0
Togo	10.4	0	0
Uganda	15.0	15.0	5.5

Sector/Subsector and main beneficiary ACP States	Approved	Total aid Committed <u>mio ECU</u>	Disbursed
Programming & General Technical Assistance	21.6	17.4	5.8
Actions against drought and desertification	43.0	0.4	0.1
Regional	38.6	0.3	0.1
Actions against natural disasters	40.0	6.1	2.1
Mozambique	40.0	6.1	2.1
TOTAL	4644.6	2025.6	1274.6

Annex Table 5

Lomé III: Sectoral distribution of EIB financing in 1986 to 1988
(own resources and risk capital)

Sector/Subsector	1986	1987	1988	1986/88	1986	1987	1988	1986/88
	mECU				%			
INDUSTRY	124.5	197.0	137.8	459.3	60.7	58.0	47.7	55.0
Extractive	50.0	32.0	-	81.0	24.4	9.1	-	9.7
Chemicals	7.0	7.0	-	14.0	3.4	2.1	-	1.7
Agro Industry	-	35.6	42.7	78.3	-	10.5	14.8	9.4
Textiles	23.5	19.9	12.5	55.9	11.4	5.8	4.3	6.7
Manufacturing	-	-	19.5	19.5	-	-	6.7	2.3
Paper pulp & paper	4.5	-	2.5	7.0	2.2	-	0.9	0.8
Building Materials	4.0	-	9.5	13.5	2.0	-	3.3	1.6
Wood products	4.5	-	-	4.5	2.2	-	-	0.5
Sectoral support	-	-	25.0	25.0	-	-	8.7	3.0
Other services	3.5	-	3.0	6.5	1.7	-	1.0	0.8
Global loans	27.5	94.4	21.9	143.8	13.4	27.8	7.6	17.3
Other contributions to Development Banks	-	9.1	1.2	10.3	-	2.7	0.4	1.2
INFRASTRUCTURES	28.5	69.3	87.9	185.7	13.9	20.4	30.4	22.4
Transport	-	11.3	-	11.3	-	3.3	-	1.4
Air Transport	-	-	15.0	15.0	-	-	5.2	1.8
Maritime Transport	-	-	10.0	10.0	-	-	3.4	1.2
Telecommunications	10.0	33.0	-	43.0	4.9	9.7	0.0	5.2
Water Collection & Distribution	18.5	25.0	62.9	106.4	9.0	7.4	21.8	12.8
ENERGY	52.0	73.7	63.1	188.8	25.4	21.6	21.9	22.6
Trad. Power Stations	2.0	37.6	9.0	48.6	1.0	11.0	3.1	5.8
Hydro Elec. Stations	30.0	3.8	12.6	46.4	14.6	1.1	4.4	5.5
Elec. Transport	20.0	14.3	17.5	51.8	9.8	4.2	6.1	6.2
Elec. Distribution	-	18.0	11.0	29.0	-	5.3	3.8	3.5
Oil Transport & provision	-	-	13.0	13.0	-	-	4.5	1.6
TOTAL	205.0	339.9	288.8	833.7	100.0	100.0	100.0	100.0