



COMMISSION OF THE EUROPEAN COMMUNITIES

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COM(95) 293 final

95/0164 (SYN)

Proposal for a

COUNCIL REGULATION (EC)

ON HIV/AIDS-RELATED OPERATIONS IN
DEVELOPING COUNTRIES

(presented by the Commission)

EXPLANATORY MEMORANDUM

Over the last ten years the HIV/AIDS epidemic has spread over the globe at an exponential rate. The number of people now infected by the virus is estimated at around 17 million, a figure which according to WHO projections is set to rise to 40 million by 2000, with developing countries accounting for 80% of all cases. The epidemic is already having a devastating impact on a number of African and Asian countries, as it primarily strikes at the active population and thus attacks the very heart of the social and economic fabric.

In 1986 the international community responded to the terrible threat posed by the epidemic, acting on a WHO initiative to set up a world programme to combat AIDS. It was in the light of this concerted international action that the Community launched its own programme in 1987, initially as part of its cooperation with the ACP countries, and subsequently extending it to all the developing countries by creating a new budget heading in 1988. Some 220 projects have been financed in 85 countries, partly from EDF resources and partly - ECU 55.2 million - under the new budget heading.

Since the start of the programme great care has been taken to coordinate Community activities in this field with those of the Member States. A group of Commission and Member State experts convenes on a regular basis to pool their experience and ensure that Community and bilateral programmes and policies are strategically consistent. In early 1994, as a result of these coordination activities, the Commission presented the Council with a Communication on the policy principles and strategic priorities governing the activities of the Community and its Member States in the developing countries. In a Resolution adopted in May 1994, the Council approved these guidelines and called for closer coordination between the Commission and the Member States at the implementation stage. The Community programme provides the broad geographical coverage required by the nature of the epidemic while ensuring that better use is made of the expertise available within the Community and promoting technical collaboration between specialist bodies in the Member States.

The proposed regulation is based on the political and strategic principles recently approved by the Council. It is designed to formalize ongoing structural support to developing countries in their struggle to curb the expansion of the epidemic while addressing its social, economic and health-related repercussions.

The draft regulation establishes the objectives and procedures governing the implementation of Community support. It provides for a Committee to which all projects costing more than ECU 2 million must be submitted for approval. Given the very limited number of projects currently exceeding this threshold, it is proposed that the Committee meet once a year in any case for an exchange of views based on the general guidelines for the next year's projects.

To emphasize the need for continuity, no duration is specified in this proposal.

**PROPOSAL FOR A COUNCIL REGULATION (EC) No ...
OF ...
ON HIV/AIDS-RELATED OPERATIONS IN DEVELOPING COUNTRIES**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 130w thereof,

Having regard to the proposal from the Commission,

In cooperation with the European Parliament,¹

Whereas the budgetary authority decided, in the framework of the 1988 budget, to create a budgetary line designed to support the fight against the HIV/AIDS epidemic;

Whereas the Commission, in its communication of 7 January 1994 to the Council and Parliament on HIV/AIDS in the developing countries, outlined the policy principles and strategic priorities needed to enhance the effectiveness of action by the Community and the Member States in that field;

Whereas HIV/SIDA is no longer an emerging epidemic, but has become a pandemic spread throughout the whole world, and is evolving with different social and political implications, depending on the regions and/or countries in question, and thus requires a structural and multisectoral response;

Whereas the Council, in its resolution of 6 May 1994, emphasized the gravity of the HIV/AIDS epidemic and the need to step up efforts to give more support to the developing countries' national strategies; whereas it identified, as priorities for such support, strategies aimed at more effective prevention of transmission based on education, the promotion of sexual and reproductive health and transfusion safety, along with strategies to help the HIV-positive and the sick, in particular by strengthening health systems and combatting discrimination and social exclusion;

Whereas the European Parliament and the EEC-ACP Joint Assembly, in resolutions adopted respectively on 14 April 1986 and 15 February 1993, also underlined the need to take greater account of the economic and social consequences of HIV/AIDS, notably through measures designed to enhance the status of women and help communities care for families and individuals affected by the pandemic;

Whereas the calls of both the Council and Parliament for increased Community involvement in this field;

¹ Opinion delivered on ... (OJ No ..., ...) and Decision of ... (OJ No ..., of ...).

Whereas the effectiveness of programmes to support national strategies to combat HIV/AIDS depends on improved coordination of aid both within the Community and with other donors and UN agencies, in particular the new programme being set up with cosponsoring from the UN, and on the use of flexible procedures tailored to the specific nature of the activities and the partners concerned; whereas the Council and Parliament resolutions call for efforts in that direction;

Whereas rules and procedures should be established for cooperation in the field of HIV/AIDS,

HAS ADOPTED THIS REGULATION:

Article 1

The Community shall implement a programme to assist the developing countries in their efforts to combat the spread of the HIV/AIDS epidemic and help them cope with its impact on health and social and economic development.

The Community shall give priority to backing strategies aimed at:

- promoting an effective policy to prevent HIV/AIDS from being transmitted sexually, perinatally or through the blood;
- breaking the "poverty-instability-HIV/AIDS" cycle, with particular attention being accorded to groups in high-risk environments (refugees, migrants etc.);
- reinforcing health and social services so that they can cope with the growing demands of the spreading epidemic;
- helping governments assess the epidemic's impact on different economic sectors and social groups, and draft and implement strategies to cope with it;
- developing biomedical and sociological knowledge of the epidemic and scientific understanding of the impact of measures, with a view to improving their quality.

Article 2

The measures to be taken to achieve the priority objectives mentioned in Article 1 shall include:

- sexual and reproductive health education adapted specially to make it accessible to the target groups, people in high-risk environments and young people and women generally;

- better prevention of the transmission of HIV and sexually-transmitted diseases and better treatment of the latter diseases;
- improving the availability and use of different means and methods of protection;
- strengthening health services, particularly in outlying areas, in order to expand prevention and care, and improving the safety of blood transfusions;
- technical back-up to help governments analyse the social and economic impact of the epidemic and develop and implement suitable strategies in the sectors concerned (health, education, the reduction of poverty etc.);
- technical and financial support to enable NGOs and grassroots groups to optimize their contribution to prevention and care, notably through help with the formation of networks;
- the development of scientific training through better monitoring of programmes based on relevant indicators, and the strengthening of applied medical, sociological and anthropological research;
- the promotion of respect for human rights and freedom from discrimination and stigma for those living with the virus, in particular by putting an appropriate legal framework in place.

Article 3

The agents of cooperation eligible for financial support under this Regulation include national, regional and local government departments and agencies, local authorities and other local bodies, regional organizations, international organizations, research institutes and universities, local communities and the private sector, including non-governmental organizations and grassroots associations able to contribute whatever expertise they have to the design, implementation and monitoring of the priority strategies in the HIV/AIDS field described in Article 2.

Article 4

1. The instruments to be employed in the course of the activities referred to in Article 1 include studies, technical assistance, training or other services, supplies and works, along with audits and evaluation and monitoring missions. Priority shall be given to enhancing national capacities, particularly through training with a view to long-term viability.
2. Community financing may cover both investment, with the exception of the purchase of buildings, and operating costs in local or foreign currency, depending on the needs of the operation.

3. A systematic effort shall be made to get the agents or partners ultimately benefiting from the operation (countries, local communities, firms etc.) to contribute, if possible financially, according to their means and the nature of the operation concerned.

4. Opportunities shall be sought for cofinancing, especially with Member States. Necessary measures will be taken to emphasise the Community character of aid provided under this Regulation.

5. In order to reinforce coherence and complementarity between the actions financed by the Community and those financed by the Member States, with the aim of guaranteeing optimal efficiency of the totality of these actions, the Commission will take all necessary coordination measures, notably :

- a) the establishment of a system for the systematic exchange of information on actions financed or for which financing is foreseen by the Community and the Member States;
- b) on the spot coordination of these actions by means of regular meetings and exchange of information between the representatives of the Commission and Member States in the beneficiary country or countries concerned.

Article 5

Financial support under this Regulation shall be in the form of grants.

Article 6

1. The Commission shall appraise, decide and administer the cofinancing of operations covered by this Regulation according to the budgetary and other procedures in force, and in particular those laid down in the Financial Regulation applicable to the general budget of the European Communities.

2. Decisions relating to grants of more than ECU 2 million for individual operations financed under this Regulation or any change resulting in an increase of more than 20% in the sum initially approved for such an operation shall be taken under the procedure laid down in Article 7.

3. All financing agreements or contracts concluded under this Regulation shall provide for the Commission and the Court of Auditors to conduct on-the-spot checks according to the usual procedures laid down by the Commission under the rules in force, and in particular those of the Financial Regulation applicable to the general budget of the European Communities.

4. Where operations are the subject of financing agreements between the Community and the recipient country, such agreements shall stipulate that the payment of taxes, duties or any other charges is not to be covered by the Community.

5. Participation in invitations to tender and the award of contracts shall be open on equal terms to natural and legal persons of the Member States and of the recipient country. It may be extended to other developing countries and, in exceptional cases which are fully justified, to third countries.

6. Supplies shall originate in the Member States, the recipient country or other developing countries. In exceptional cases, where circumstances warrant, supplies may originate elsewhere.

Article 7

1. The Commission shall be assisted by an advisory committee made up of representatives from the Member States and chaired by a representative of the Commission, depending on the beneficiary country or region concerned, as follows:

- a) for the ACP countries, the EDF Committee set up by Article 21 of Internal Agreement 91/401/EEC on the financing and administration of Community aid under the fourth Lomé Convention, adopted on 16 July 1990 by the representatives of the Member States meeting in the Council;
- b) for the Mediterranean countries, the MED Committee set up by Article 6 of Council Regulation (EEC) No 1762/92 of 29 June 1992;
- c) for the Asian and Latin American countries, the ALA Committee set up by Article 15 of Council Regulation (EEC) No 443/92 of 25 February 1992.

2. The Commission representative shall submit to the committee a draft of the measures to be taken. The committee shall deliver its opinion on the draft, voting if necessary, within a period that the chairman may specify according to the urgency of the matter at hand.

The opinion shall be entered in the minutes; each Member State shall be entitled to ask that its position be recorded in the minutes. The Commission shall take full account of the committee's opinion. It shall notify the committee of the manner in which it has taken account of that opinion.

Article 8

An exchange of views will take place, once a year, on the basis of a presentation by the Commission's representative of the general guidelines for the operations to be carried out in the year ahead, in the framework of a joint meeting of the three committees mentioned in Article 7, paragraph 1.

Article 9

After each budget year, the Commission shall report to Parliament and the Council, summarizing the operations financed in the course of that year and evaluating the implementation of this Regulation in that period.

The summary shall in particular contain information about those with whom contracts have been concluded.

The report shall also set out the conclusions of any independent evaluations of specific operations.

Article 10

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, ...

For the Council
The President

FINANCIAL STATEMENT

I. TITLE OF OPERATION

Council Regulation on Community aid to developing countries in the field of HIV/AIDS.

Proposed new title

Action in the field of HIV/AIDS in the developing countries

II. BUDGET HEADING INVOLVED¹

B7-5046

III. LEGAL BASIS

- Draft Regulation submitted to the Council and Parliament;
- Parliament Resolutions on AIDS, OJ C 88, 14 April 1986;
- Council Resolutions, OJ C 184, 23 July 1986;
- Resolutions of the ACP-EEC Joint Assembly, OJ C 41/22, 15 February 1993;
- Council Resolution (6449/94, 6 May 1994).

IV. DESCRIPTION OF OPERATION

A. General objective

- To curb the spread of the HIV/AIDS epidemic, counteract discrimination against AIDS sufferers and contribute to measures to cope with the consequences of the epidemic in the developing countries.

B. Period covered and arrangements for renewal or extension

- indeterminate

V. CLASSIFICATION OF EXPENDITURE OR REVENUE

Non-compulsory expenditure
Differentiated appropriations

VI. TYPE OF EXPENDITURE

Financing activities in the field of HIV/AIDS as part of the strategies and policies laid down in the Council Resolutions of May 1994. 100% subsidies and subsidies for joint financing with other sources in the public and/or private sector.

¹ EDF resources are also used.

Supporting measures may take the form of technical assistance, studies, supplies of material and equipment, works and administrative expenditure (parts A and B). One full-time A-grade administrator is currently allocated to the operation.

VII. FINANCIAL IMPACT

A. Method of calculating total cost of operation

12,5 millions ECUs for the 95 Budget, increased to 13,5 millions ECUs in the frame work of the RB. The amount for the APB for 96 is 15 millions ECUs.

B. Itemised breakdown of cost (% of total)²

	1995
Minimizing the spread of the virus (using the health system)	55
Support for the health system (treatment and care)	12
Social and economic impact	6
Scientific apprenticeship	8
Other ³	9
Operating expenditure, including part B	10

² Budget and EDF financing.

³ Including short-term technical assistance for supervision, monitoring and evaluation.

7.3 Indicative schedule of appropriations

Budget heading	1995 Budget	1996 (APB)
B7-5046	13.5	15.0

8. FRAUD PREVENTION MEASURES

Each project is managed and supervised to minimize the risk of fraud. There are regular technical and financial reports and monitoring and evaluation missions. The internal and external evaluations carried out to date have been satisfactory.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 A. Specific and quantified objectives

- To contain the spread of the epidemic among the population in general and certain target groups in particular.
- To support the health care system and help it to cope with the epidemic.
- To evaluate the social and economic impact of the epidemic and support the infrastructure and communities affected.
- To improve scientific knowledge of HIV/AIDS and priority measures.

9.1 B. Target population

The general public of the developing countries and certain groups targeted by specific measures. These measures will be carried out in cooperation with AIDS committees, governments, the private sector and NGOs.

9.1 C. Indicators

- Special direct and indirect indicators will be devised and evaluated for each project, thus enabling the Community to quantify the results of its input.
- Community measures will dovetail with public health, education and general development projects implemented at international, regional and national level.

9.2 Grounds for the operation

The HIV/AIDS epidemic is recognized as a major threat to public health and general development in the developing countries.

A worldwide, coordinated response is needed in view of the scale of the problem and the resources required. The Community approach allows for such a response throughout the developing world.

9.3 Monitoring and evaluation of the operation

- Monitoring and evaluation indicators are devised for each project.
- Some special impact studies will also be carried out.
- Cost-effectiveness is a key criterion for all projects.
- Results and information will be disseminated regularly.
- Management procedures and methods will be reassessed regularly.
- Annual and final reports will be produced for each project.

The operation as a whole will be systematically monitored, and an evaluation will take place after three years.

9.4 Coherence with financial programming

The operation is included in the Commission financial programming for the period concerned.

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DOCUMENTS

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