



DEVELOPMENT

FINANCIAL COOPERATION UNDER THE LOME CONVENTIONS

REVIEW OF THE AID AT THE END OF 1995

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**Financial cooperation
under
the Lome Conventions**

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Preface

Article 327-§1 of the fourth Lomé Convention requires the ACP States and regional organisations on the one hand and the Commission (in collaboration with the European Investment Bank - EIB) on the other, to prepare an annual report on the management of development finance cooperation. These reports are designed to facilitate the work of the Development Finance Cooperation Committee (DFCC) set up under Article 325 of the Convention in examining whether the objectives of financial cooperation are being achieved. The reports should also look at any general and specific problems resulting from the implementation of cooperation. Article 327-§2a requires the DFCC to prepare an annual report, for submission to the Council of Ministers at its annual meeting to lay down the general guidelines for development finance cooperation. The report focuses on the most recent year of application (1995).

It has been prepared by the Commission in collaboration with the EIB.

The figures, which are expressed in millions of ecu (MECU), refer exclusively to the ACP countries.

This report describes progress made in the implementation of financial cooperation under three Lomé Conventions, with particular attention to work in 1994.

Note above all that the analysis in this report is entirely based on financial data relating to amounts of aid enveloped by Commission and EIB financing decisions (primary commitments) and to secondary commitments and disbursements. Comparisons are drawn between successive Conventions, between sectors and between different ACP States, noting in each case whether performance is "above average" or "below average". Such comparisons are not intended to pass judgment on the aid implementation "performance" of individual ACP States. They should be seen in the context of the mix of programmes and aid instruments concerned and of the aid objectives they are designed to meet. Analyses of payments in the case of inherently quick-disbursing instruments such as Stabex, emergency aid or the Structural Adjustment Facility will give different results from those of inherently slower disbursing rural-development projects or major infrastructure programmes.

The Community's primary aim is to make financial cooperation as effective as possible in achieving development objectives and this is the purpose of this financial analysis. Undue delays in aid implementation can cause linkages between operations to break down and lead to increased costs and impaired quality. Figures on commitments and disbursements of aid must also be seen as measures of progress in realising physical operations, which in turn are means of achieving qualitative and quantitative objectives.

Chapter I

Overview of aid to the ACP States under the Lomé Convention

1. Total aid financed by the EDF

The European Development Fund (EDF) is the main financing tool of the Lomé Convention, and provides grant aid for programmes in the the 70 African, Caribbean and Pacific countries that are signatories to this Convention. EDF funds are made up from ad hoc contributions by the Member States and are not included in the Union budget.

A separate Fund is constituted for the implementation each Convention; currently we have the 6th EDF for Lomé III and the 7th EDF for the first five years of application of Lomé IV. The 8th EDF has just been set up to cover the second five-year application period of Lomé IV. EDF operations are governed by five-year programmes of priority needs focused mainly on areas such as training, self-sufficiency in food, infrastructure, industrial investments and so on.

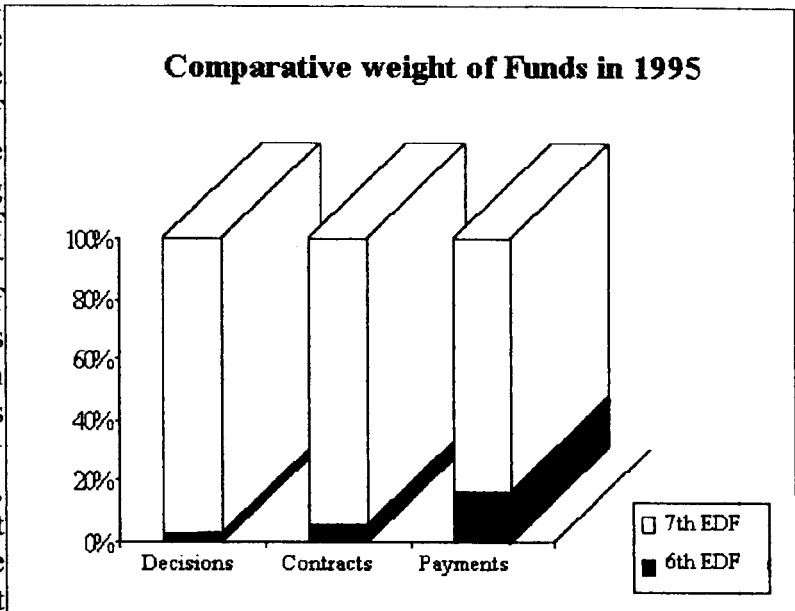
As the implementation cycle of an EDF last longer than the five-year period of the relevant convention, the Commission is usually managing different EDFs at different levels of maturity at the same time.

Table 1

General situation of the 6th and 7th EDFs

	Cumulative total	Year's total 1993	Year's total 1994	Year's total 1995
Decisions				
6th EDF	7 473	16	48	45
7th EDF	8 615	1 950	2 401	1 450
TOTAL		1 966	2 449	1 495
Contracts				
6th EDF	6 791	300	169	92
7th EDF	5 977	1 289	1 751	1 491
TOTAL		1 589	1 920	1 583
Payments				
6th EDF	6 330	562	440	262
7th EDF	4 382	701	1 322	1 276
TOTAL		1 263	1 762	1 538

There are several ways of evaluating and assessing the progress made in the implementation of aid: the physical completion of projects, the commitments and contributions of national governments, the establishment of activities among target groups, the participation of the local authorities and/or beneficiary groups, the arrival of goods at their destination, etc. As the report deals mainly with financial cooperation, the measures utilized were financial decisions,¹ contracts² and payments. However, these indicators only partially reflect what will be considered to be genuine progress in carrying out indicative programmes.



Last year was a turning point in EDF operations, as indeed 1996 will be:

- the 6th EDF is virtually exhausted, 95% of it already allocated;
- the 7th EDF has peaked and is now on a downwards trend;
- the 8th EDF will not enter into force until 1997 after ratification.

Looking at the overall picture, we see that 1995 marked a slowdown in both decisions and payments. One of the reasons is the political and economic situation of a number of ACP countries - Sudan, Somalia, Nigeria, Angola, Rwanda, Burundi, Zaire, Liberia, Sierra Leone, etc.. Another is that the very nature of Community aid has had its constraints. Quite rightly, the agreement revising the fourth Convention, which will govern implementation over the next five years, aims to remedy this.

¹ Decisions taken by the Commission on projects/programmes (costing over ECU 2 million) that have been approved by the EDF Committee. The management of more than one EDF at the same time, combined with the lapse of time between a decision and the corresponding commitment, goes some way to explaining the differing levels of payments and commitments at the final stage.

² Contracts are how financing decisions are implemented and take the form of works, services and supply contracts, programme estimates, and performance by direct labour.

2. Lomé III

Table 2

6th EDF - Breakdown by instrument for the years 1993-1995

	DECISIONS			CONTRACTS			PAYMENTS		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
Indicative prog. (NIP)	59.41	57.56	32.32	310.75	187.32	105.75	441.03	373.07	105,74
Grants	52.61	73.68	19.16	261.13	154.84	80.60	369.38	314.40	80.60
Special loans	6.80	-16.12	13.16	49.62	32.48	25.15	71.65	58.67	25.14
Non-NIP aid	-43.87	-9.63	12.46	-10.89	-17.86	-13.96	120.76	66.56	-13.94
Interest-rate subsidy	-8.40	-2.77	-19.22	-9.06	-3.57	-17.85	9.16	2.39	-17.85
Emergency aid	0.05	-2.28		1.82	-0.47	-0.18	10.11	2.73	-0.18
Aid refugees	-0.46	-0.34	-1.02	1.65	-0.20	-1.21	5.82	3.43	-1.21
Risk capital	-37.31	-24.24	22.71	-33.28	-24.53	-4.67	61.15	31.01	-4.67
Stabex	1.22	-0.01		1.22	-0.01		1.79		
Sysmin		12.00		19.46	7.99	1.04	21.46	21.50	1.04
Other						-0.02	0.91	0.41	-0.02
Balance 4th EDF	1.03	8.01	9.99	7.30	2.93	8.95	10.36	5.09	8.95
Total 6th EDF	15.54	47.93	44.78	299.86	169.46	91.79	561.79	439.63	91.80

Table 3

6th EDF - Breakdown by instrument: cumulative totals at the end of 1995

	ALLOCATION	DECISIONS		CONTRACTS		PAYMENTS	
		Cumulative	% alloc.	Cumulative	% alloc.	Cumulative	% alloc.
Indicative prog. (NIP)	5 067	4 853	95.78%	4 285	84.57%	3 908	77.13%
Grants	4 544	4 330	95.29%	3 837	84.44%	3 518	77.42%
Special loans	523	523	100%	448	85.66%	390	74.57%
Non-NIP aid	2 714	2 620	96.54%	2 506	92.34%	2 422	89.24%
Interest-rate subsidy	87	87	100%	87	100%	82	94.25%
Emergency aid	188	188	100%	187	99.47%	179	95.21%
Aid refugees	98	98	100%	97	98.98%	95	96.94%
Risk capital	600	544	90.67%	513	85.50%	473	78.83%
Stabex	1 449	1 447	99.86%	1 447	99.86%	1 447	99.86%
Sysmin	158	158	100%	102	64.56%	91	57.59%
Struct. adjustment (SAF)	6	6	100%	6	100%	5	83.33%
Balance 4th EDF	122	86	70.49%	61	50.00%	46	37.70%
Other	6	6	100%	6	100%	4	66.67%
Total 6th EDF	7 781	7 473	96.04%	6 791	87.28%	6 330	81.35%

As the tables above show, the 6th EDF is in its final phase: the low level of decisions, contracts and payments, plus a number of decommitments (negative entries), are the classic signs that a Fund is ready for closure. In particular, Table 3 shows that the allocations for almost all instruments are virtually exhausted.

Implementation of the 6th EDF 1986-95

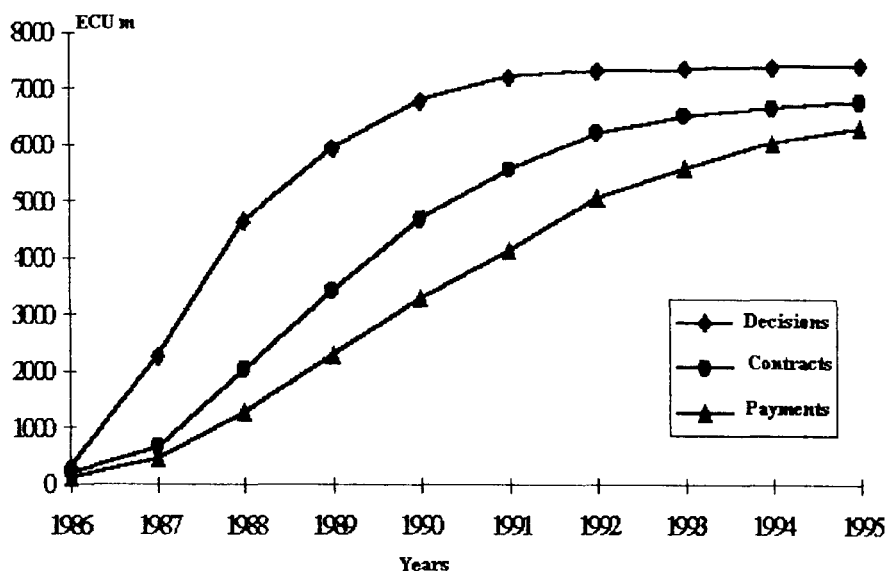


Table 4 gives the cumulative totals for decisions, commitments and payments, plus the percentage take-up they represent of the overall financial allocation over the implementation period of the 6th EDF (1986-95).

Table 4

Implementation of the 6th EDF (1986-1995)

Year	Allocation	Decisions		Contracts		Payments	
		Cumulative	% alloc.	Cumulative	% alloc.	Cumulative	% alloc.
1986	7 400	313	4.23 %	176	2.39 %	117	1.58 %
1987	7 411	2 265	30.56 %	669	9.02 %	469	6.33 %
1988	7 755	4 645	59.90 %	2 026	26.12 %	1 275	16.44 %
1989	7 816	5 950	76.13 %	3 409	43.61 %	2 293	29.07 %
1990	7 951	6 806	85.60 %	4 706	59.19 %	3 323	41.79 %
1991	7 901	7 246	91.71 %	5 576	70.57 %	4 171	52.79 %
1992	7 931	7 365	92.86 %	6 230	78.55 %	5 067	63.89 %
1993	7 933	7 380	93.02 %	6 530	82.31 %	5 629	70.96 %
1994	7 781	7 428	95.46 %	6 699	86.09 %	6 068	77.98 %
1995	7 781	7 473	96.04%	6 791	87.28%	6 330	81,35%

3. Lomé IV

Table 5

Progress in implementing the 7th EDF (1991-95)

Year	Allocation	Decisions		Contracts		Payments	
		Cumulative	% alloc.	Cumulative	% alloc.	Cumulative	% alloc.
1991 (initial)	10 800	---	---	---	---	---	---
1991	10 900	858	7 87 %	398	3 65 %	196	1 80 %
1992	10 900	2 813	25 81 %	1 446	13 27 %	1 083	9 94 %
1993	11 401	4 763	41 78 %	2 735	24 00 %	1 784	15 65 %
1994	11 615	7 165	61 68 %	4 486	38 62 %	3 106	26 74 %
1995	11 628	8 615	74 09%	5 978	51 41%	4.382	37.68%

After four years of implementation, 7th EDF decisions, commitment and payments stand respectively at ECU 8 615 million (64% of the allocation), ECU 5 978 million (51%) and ECU 4 382 million (38%).

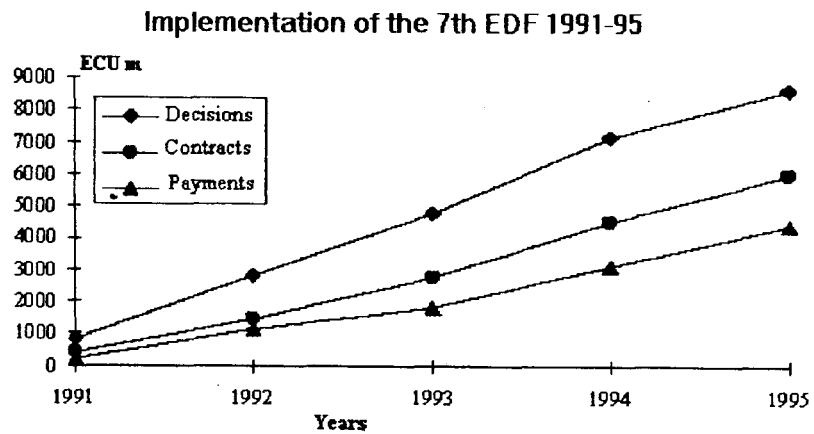
Table 6

7th EDF - Breakdown by instrument for the years 1993-1995

	DECISIONS			CONTRACTS			PAYMENTS		
	1993	1994	1995	1993	1994	1995	1993	1994	1995
Indicative prog. (NIP)	935.89	949.95	773.00	421.24	613.40	677.40	192.63	378.97	464.44
Non- NIP aid	327.85	1218.71	677.04	307.51	925.23	813.98	202.86	630.27	811.44
Bonific. d'intérêts	50.69	53.93	55.18	44.39	47.89	69.91	17.32	15.62	20.57
Emergency aid	84.50	252.05	32.68	64.82	241.16	72.57	33.31	195.12	107.38
Aid refugees	29.31	25.97	5.33	22.53	18.41	12.33	16.73	19.56	11.99
Risk capital	98.00	226.38	233.74	83.44	110.77	277.53	43.37	45.68	98.83
Stabex	1.27	615.15	126.91	29.28	486.46	176.29	29.47	350.85	301.18
Sysmin	64.08	45.23	84.49	63.05	20.54	25.96	62.66	3.44	10.72
Structural adjustment	378.00	222.35	145.50	419.39	184.68	164.02	300.26	257.01	232.63
Balance 5th EDF	307.99	10.10	-6.79	140.97	27.64	15.37	5.37	55.69	28.14
Total 7th EDF	1949.73	2401.11	1450.04	1289.11	1750.95	1491.38	701.12	1321.94	1275.87

The totals would indicate a "normal" use of the allocation but a closer look at the annual figures shows that implementation slowed down in 1995. While it is quite normal for decisions to flatten out once 75% to 80% of the allocation is used up, we would not expect a slowdown in payments. There are various reasons for this: (i) political and economic stability in a number of ACP countries has obliged the European Union to place restrictions on aid or even suspend it; (ii) over 80% of the allocation for quick-disbursing instruments has been used; (iii) the procedures for implementing ACP-EC aid have not always functioned well.

The 7th EDF allocations for structural adjustment and Stabex, two quick-disbursing instruments, are almost exhausted (80% and 85% respectively). Those for emergency aid and refugees are already exhausted and 1996 operations will have to be financed from the Commission budget, pending the entry into force of the 8th EDF. The large sums paid out in emergency aid testifies to the instability reigning in parts of Africa, above all in the Great Lakes region (Burundi, Rwanda, and Zaire).



After a satisfactory resumption of transfers in 1994 after a year of stoppage, Stabex payments were at a high level last year. Sysmin payments, however, were low but could pick up in coming months. Decisions on programmable aid were down in 1995 and contracts and payments marked time. But it should not be forgotten that with programmable aid, unlike the quick-disbursing instruments, there is usually a two-year lapse between the decision and the payment.

Table 7

7th EDF - Breakdown by instrument: cumulative totals at the end of 1995

	ALLOCATION	DECISIONS		CONTRACTS		PAYMENTS	
		Cumulative	% alloc.	Cumulative	% alloc.	Cumulative	% alloc.
Indicative prog. (NIP)	6215.00	3978.64	64.02%	2014.50	32.41%	1179.88	18.98%
Non-NIP aid	5413.01	4635.90	85.64%	3963.10	73.21%	3202.16	59.16%
Interest-rate subsidy	280.00	213.33	76.19%	212.29	75.82%	58.64	20.94%
Emergency aid	412.00	411.97	99.99%	405.94	98.53%	349.99	84.95%
Aid refugees	88.00	81.65	92.78%	72.99	82.94%	57.61	65.47%
Risk capital	825.00	692.03	83.88%	566.01	68.61%	205.54	24.91%
Stabex	1697.35	1618.51	95.36%	1452.38	85.57%	1441.67	84.94%
Sysmin	480.00	253.80	52.88%	109.58	22.83%	76.81	16.00%
Structural adjustment	1153.00	1053.35	91.36%	959.93	83.25%	922.70	80.03%
Balance 5th EDF	477.66	311.26	65.16%	183.98	38.52%	89.20	18.67%
Total 7th EDF	11628.01	8614.54	74.08%	5977.60	51.41%	4382.04	37.69%

4. Mid-term review of the fourth Lomé Convention

The negotiations on the mid-term review of the fourth Convention and the renewal of the its financial protocol kicked off in M'babane (Swaziland) on 20 May 1994 and were wound up on 30 June thanks to the renewed impetus given by the Cannes European Council. The agreement enshrining the amendments was signed in Mauritius on 4 November 1995.

The mid-term review opened the door to a number of amendments and additions that will help ACP-EC cooperation adjust to the changes that have taken place since the Convention was signed in 1989 and thus make aid more effective. The main innovations in the Mauritius agreement are the following.

Political provisions: in addition to the stepping-up of political dialogue between the two parties, inclusion of the principles of protection of human rights and support for democratization and consolidation of the rule of law in the ACP States. These principles are deemed to be "essential elements" of the Convention and their infringement may trigger special measures that may include total or partial suspension of cooperation, although procedural guarantees are written in. These provisions are backed up by a clause designed to ensure that the Joint Assembly is made up as far as possible of elected representatives and to make financing available for institutional reforms in the ACP States.

Trade provisions: various articles plus a major joint ACP-EC declaration highlight the partners' new attitude regarding the importance of trade promotion in their relations. The final round of the negotiations also brought consensus on an extension of preferential access to the Community market for almost all ACP originating products and on adjustments to the rule of origin. A new protocol on the sustainable management of forests was added to the Convention.

Themes and sectors: the two sides seized the opportunity to strengthen or amend provisions in areas of specific cooperation, namely cultural, industrial and decentralized cooperation, shipping and Stabex.

Financial cooperation: apart from the question of the amount of funds to be available under the new financial protocol, there was a shared concern to make aid more effective. Negotiators agreed on amendments designed to:

- make programming more flexible (two-tranche system);
- enhance the regional dimension to structural adjustment and also usher in the possibility of direct budgetary aid;
- relax the financial conditions attached to EIB operations and give the Bank a greater role in private-sector promotion.

The two sides decided to postpone any reform of the procedures for implementing financial and technical cooperation (award of contracts, role of implementing agents, etc.) so that the issues could be studied in greater detail. Debt, however, which is a particularly sensitive issue for the ACP States, was the subject of a major Community declaration. The Community reaffirmed its intention of continuing talks on the issue in international forums taking into account the difficulties of the ACP States, and undertook that all the uncommitted funds earmarked for special loans under earlier Conventions (some ECU 135 million) would be converted into grants.

5. 8th EDF: the 1995-2000 financial protocol

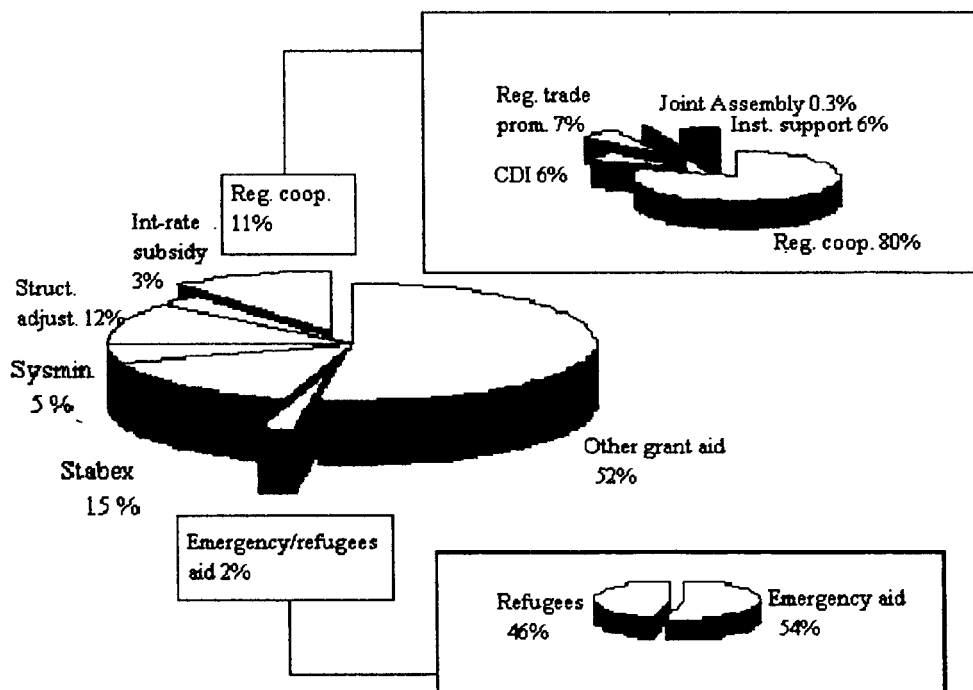
The ACP-EC ministerial conference on 30 June 1995 reached agreement on a total package of ECU 14 625 million for the ACP States, ECU 12.9 7 million in 8th EDF funding and ECU 1 658 million in EIB loans. The Member States' financial contributions will not be called until 7th EDF funds are exhausted, which, at the present disbursement rate, will not be before the year 2001.

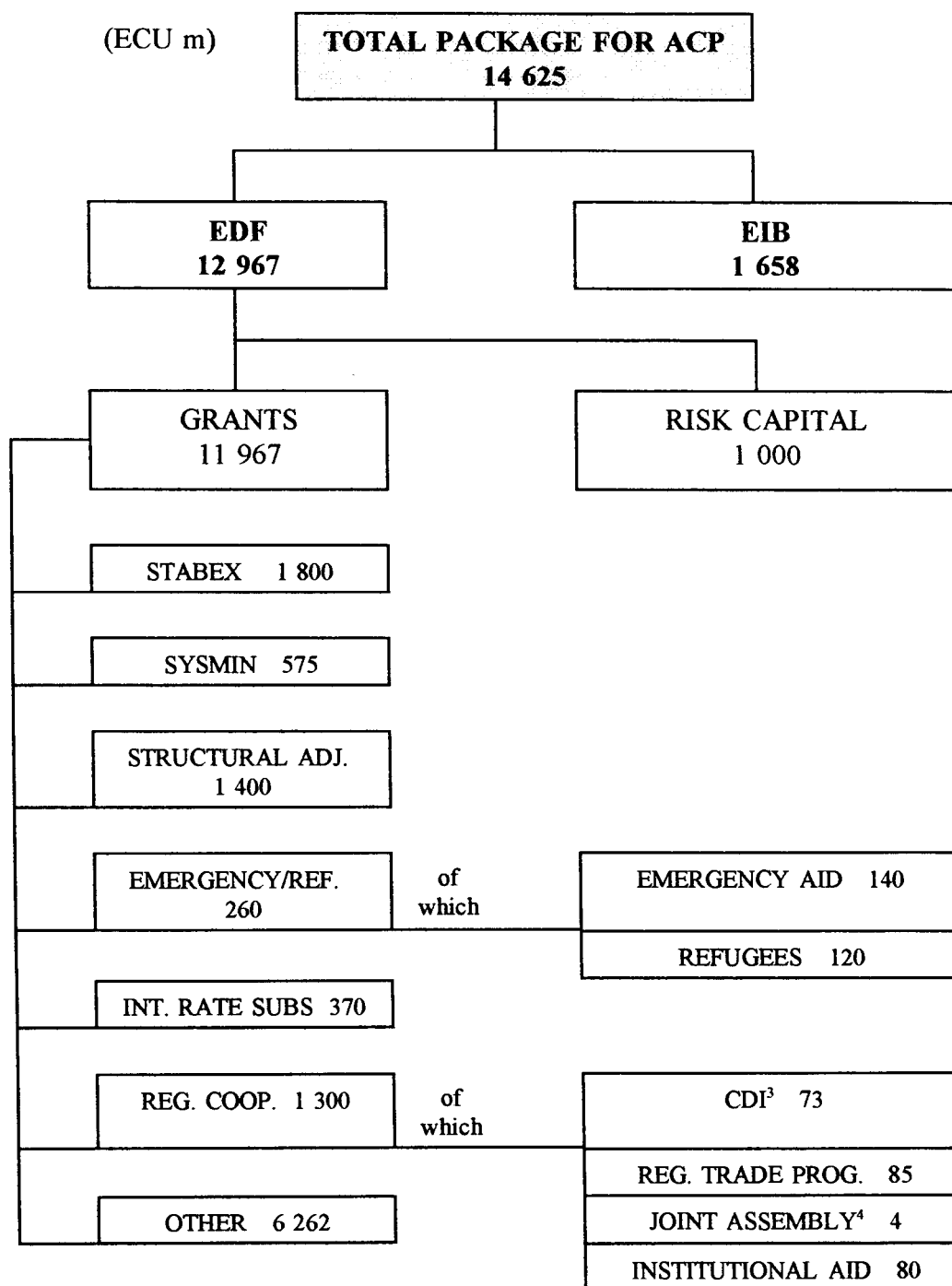
Breakdown of the allocation EDF/EIB (%)



The breakdown of the overall allocation is shown in graphic form below.

Breakdown of ACP allocation by instrument (%)





³ The CDI (Centre for the Development of Industry) was set up under the Lomé Convention in 1977 for the purpose of encouraging European firms to transfer know-how and technology to the ACP countries. It acts as a middle man in putting firms in contact with each other and may also provide expertise and financial assistance (not capital investment).

⁴ The Joint Assembly is an institution of the Lomé Convention (Articles 29 and 32 of Lomé IV). It is a consultative body with the task of promoting better understanding between the peoples of the Member States and the ACP States, promote public awareness of interdependence and encourage cooperation. It is made up of equal numbers of members of the European Parliament on the Community side and parliamentarians and appointed representatives on the ACP side.

6. Aid for the least-developed, landlocked and island States

In a resolution adopted at its XIXth session in M'babane (Swaziland) in May 1994, the ACP-EC Council of Ministers asked for a review to be carried out of the classification of "least-developed" under the Convention on the basis of criteria similar to those of the UN. At its XXth session in Mauritius last November, which was devoted to the revised Lomé IV, the issue of the LDLIC was given special attention, especially the amendment of the list in Article 330.

The mid-term review has improved treatment for the LDLIC under the Stabex system; a new clause specifies that there will be no further reduction of the transfer bases because of a shortfall in resources if the transfer basis is less than ECU 2 million in the case of least-developed or landlocked States or less than ECU 1 million in the case of island States (the new paragraph 5 of Article 194).

At the Mauritius meeting the Council of Ministers agreed after lengthy negotiations to amend the list of least-developed countries in Article 330(1) in accordance with the Community's proposal that five countries be added (Angola, Liberia, Madagascar, Zaire and Zambia) and 11 withdrawn (Antigua and Barbuda, Belize, Botswana, Dominica, Grenada, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, the Seychelles, Swaziland and Tonga). The new list is as follows:

Amended and updated list of least-developed countries (Article 330(1))

A total of 39 ACP States, of which 12 are landlocked and 10 islands

Angola	Eritrea	Mali	Sudan
Benin	Ethiopia	Mauritania	Tanzania
Burkina Faso	Gambia	Mozambique	Togo
Burundi	Guinea-Bissau	Niger	Tuvalu
Cape Verde	Haiti	Rwanda	Uganda
Cent. African Rep.	Kiribati	Solomons	Vanuatu
Chad	Lesotho	Sao Tomé &	Western Samoa
Comoros	Liberia	Principe	Zaire
Djibouti	Madagascar	Sierra Leone	Zambia
Equatorial Guinea	Malawi	Somalia	

The adoption of this decision was also made possible by a joint ACP-EC declaration providing a Community undertaking that, if a country that had been removed from the list as a result of the decision suffered serious injury attributable to the adverse effects of this removal, it would "examine the ways and means of taking account of the specific problems identified by the ACP State concerned. In this context, the EU will pay special attention, in the spirit of the provisions of the Convention, to the problems of countries having to face severe structural weaknesses."

The declaration also provided that particular regard will be paid to the "specific case of Belize to which the benefits deriving from Article 332 f.f. (landlocked ACP States) and Article 335 f.f. (island ACP States) do not apply."

ACP-EC joint committees will monitor the implementation of this declaration and report to the next meeting of the Council of Ministers on the effects.

Chapter II

Programmable aid

1. Implementation of national indicative programmes

Lomé III

After ten years of implementation decisions have been taken allocating ECU 4 billion of Lomé III NIP funds, a decision rate of 97%. Contracts stand at ECU 3.5 billion (85% of the allocation) and payments at ECU 3.2 billion (78%).

As regards decisions, all but five ACP countries are over the 90% mark, which means that there are not enough funds left for new projects. Most fresh financing is thus from the Lomé IV allocation, topped up with remaining Lomé III funds.

Five countries, however, have a decision rate of between 57% and 89%. These are countries where the situation has been or is still unstable (Sudan and Zaire), leading to a halt to Community aid, or where problems have been encountered in implementing programmes (Fiji, Ghana and Suriname)

The average payments rate is about 78% and 19 countries are below this average with rates of between 21% and 74%. Again this is the result of either domestic instability - Ethiopia, Equatorial Guinea, Liberia, Rwanda, Somalia, Sudan and Zaire - or difficulties in implementing programmes - Botswana, Congo, Ghana, Guinea-Bissau, Kenya, Madagascar, Barbados, Suriname, Trinidad and Tobago, Fiji, Tonga and Tuvalu.

If, however, we look at the country breakdown we see that for most of these countries (Equatorial Guinea, Ethiopia, Ghana, Kenya, Madagascar, Sudan, Zaire, Barbados, Suriname, Trinidad and Tobago, Fiji, Tonga and Tuvalu) the delay is occurring at the contract-award stage; payments as a percentage of secondary commitments stand at well over 85%.

Lomé IV

Decisions were taken in 1995 committing ECU 3 179 million (76% of the overall allocation). Contracts were awarded to the tune of ECU 1 616 million (33%) and ECU 954 million was paid out (20%).

Fourteen countries have already committed virtually all their allocation: Benin, the CAR, Côte d'Ivoire, Gabon, Guinea, Mozambique, Namibia, Zimbabwe, Belize, Grenada, Guyana, Jamaica, St Kitts and Nevis and Trinidad and Tobago have decision rates of over 90%. But 16 have yet to commit even half, namely Equatorial Guinea, Eritrea, Ethiopia, Ghana, Guinea-Bissau, Kenya, Malawi, Nigeria, Rwanda, Somalia, Sudan, Togo, Zaire, Haiti, Tonga and Western Samoa. This is for reasons of war, crisis, suspension of aid or difficulties in implementing aid of a structural nature or following natural disasters.

The payments situation is not satisfactory: the average is only about 20% and only four countries (Gambia, the Bahamas, Belize and Grenada) have spent more than 50% of their allocation. Twenty-two countries (Angola, CAR, Comoros, Congo, Equatorial Guinea, Guinea-Bissau, Kenya, Liberia, Madagascar, Rwanda, Somalia, Sudan, Togo, Zaire, Antigua, Dominica, Haiti, St Kitts and Nevis, St Lucia, St Vincent, Suriname and Tonga) have payment rates of under 10%.

Last year did not see any improvement in the situation; performance fell below expectations and was poorer than at the same stage of implementation of previous Funds. This is due not only to the situation in some ACP countries (low absorption capacity) but also to the complexity and inflexibility of the Convention itself.

2. Situation in the ACP countries

This chapter briefly describes progress in implementing development aid to the 70 ACP countries under Lomé III and Lomé IV. A more detailed country-by-country description is published in the European Commission brochure "ACP-EU Cooperation", written by the Directorate-General for Development and published separately from the ACP-EU Courier.

When appraising progress, account has to be taken of all the constraints and uncertainties affecting the preparation and implementation of development projects in the ACP countries. These stem from the **political situation** in the countries concerned, the **economic environment** of the projects, the **project cycle** itself, and the **procedures** specific to ACP-EC cooperation.

Angola

Angola was accorded ECU 102 million from the 6th EDF and ECU 115 million from the 7th. Despite its difficult situation, nearly all 6th EDF funds have been the subject of primary decisions, as have about 84% of the 7th EDF funds. Rehabilitation operations have been approved and financed under the 7th EDF NIP and pursuant to Article 255. Decisions on these operations concerned sums of ECU 55 million and ECU 3 million.

Financing proposals for the rehabilitation of the Tchivinguro Institute and aid for reconstruction were approved. The reconstruction operation is broadly similar to a programme the government put before donors at a round table held in September.¹ Operations provided for in the Lusaka protocol will be implemented in the area covered by the programme (Benguela, Bié, Huambo and Huila).

¹ The government presented a "Community programme for national rehabilitation and reconciliation" at a round table held in September 1995. The total cost of the programme (USD 707 million) was easily covered by donors' pledges. Donors were also able to cover the USD 209 million shortfall in the response to the UN's appeal for humanitarian aid launched in February of last year and adjusted in June.

By approving the reconstruction aid programme (in addition to aid from the budget and under Article 255), the Commission has fulfilled the undertakings it made for the year 1995 at the round table, namely over ECU 100 million (in the framework of support for the government programme), of which ECU 60 million in 1995 if possible.

Antigua and Barbuda

Lomé III is almost wrapped up thanks to the approval in June of a training project on the use of radar for air traffic control. Little progress has been made with Lomé IV projects because of the slow implementation of the project for a training centre with boarding facilities on Antigua, failure to move on the Bolans secondary school project and the passage of two hurricanes, Luis and Marilyn.

Bahamas

The two remaining 7th EDF projects, the rural energy project on Cat Island and building of the Queens Highway on Long Island, are near completion. Once the supporting documents for the Queens Highway are entered and approved, the country's whole allocation will have been disbursed.

Barbados

The approval of the Consett and Skeete's Bay Fisheries project meant that all Lomé III funds were committed. The livestock project was delayed by implementation of the loan component. Under Lomé IV the Hospitality Institute project is progressing well but a decision on the industrial aid project is still pending the outcome of the EDF-financed feasibility study now under way.

Belize

Both the Lomé III and the Lomé IV NIPs are virtually implemented following the opening of the New Belize City Hospital and the completion of the Hummingbird Highway. Although there were a few payment arrears, the primary and secondary commitment rates stand at 100%. Disbursements were completed early in 1996.

Funding of ECU 750 000 was approved for the development of the Maya archaeological site, which involves the restoration of some of the remains, the building of visitor centres and the printing of publicity material. The project is financed under Article 100 of Lomé III and should be completed next year.

The government is currently negotiating with the World Bank and the IMF to get agreement on a structural adjustment loan. With such an agreement, the country would automatically be eligible for the EDF's structural adjustment facility.

Benin

Good progress was made in cooperation with Benin and all 7th EDF programmable resources (ECU 83 million) are now committed. Efforts are now focused on project implementation, the main sectors being communications infrastructure (road surfacing in particular), health and rural development. Support for the structural adjustment programme embraces sectoral components linked to the focal areas of Community aid.

Botswana

The Lomé IV NIP is mainly focused on the development and conservation of natural resources (wildlife and flora, tourism and protection of forests) and on improving vocational training. A major proposed project is the Gaborone vocational training school (financing of some ECU 15 million), which will underpin trade and industry development, is now at the final evaluation stage and will be submitted for approval in coming months. Financing decisions on two other programmes (costing about ECU 2 million each), one designed to lay the foundations for sustainable tourism development (including a detailed framework plan) and the other to promote a dynamic trade policy and to support private-sector/SME development, will be taken in early 1996.

Implementation of the assistance programme in the main sector and elsewhere was slow for a number of reasons: most conservation and rural development programmes and projects are fairly complex to design and implementation also takes longer.

Note that some of the best results have been achieved with decentralized cooperation activities, microprojects in particular. The initial results of a first microprojects programme indicate that larger programmes of this type will be feasible, the approach appearing to be especially well-suited to Botswana where there is a marked socio-economic divide and great differences of income.

Burkina Faso

Implementation of Community aid, structural adjustment in particular, continued satisfactorily. Financial and technical cooperation went up a gear in 1995 as Lomé IV was implemented hand in hand with continued rural development under Lomé III, and aid was forthcoming from all financing instruments. Given its good performance, Burkina Faso was accorded additional funds of ECU 31.2 million from the reserves to finance the NIP and structural adjustment.

Primary commitment totalled ECU 100 million in 1995, the main operations being: the sectoral transport programme and road maintenance (ECU 18 million, plus ECU 11 million from the RIP); reform of the pharmaceuticals sector (ECU 1.6 million); support for structural adjustment (ECU 25 million); a Stabex transfer of ECU 14 million for cotton; geological surveying with ECU 15 million in Sysmin funds; rehabilitation of the Poura mine with Sysmin funding of ECU 11 million; alternative food aid operations (ECU 1.5 million); NGO cofinancing (ECU 1.5 million). At year's end the primary commitment rate for the Lomé IV NIP stood at 93%, while payments were over the 50% mark.

Burundi

With the violence in Burundi continuing and worsening, and no consensus within the government on development policy, it was not easy to continue implementation of development projects. In early 1995 a ECU 5.5 million public-health programme and a second aid programme for the finance ministry (ECU 2 375 000) were approved. A health programme and other operations relating to rural development are either being completed in a normal manner or are a little behind because of security problems. The microprojects and rehabilitation programmes (ECU 18 million) approved at the end of 1994 in the framework of a wider programme for the countries bordering on Rwanda are going ahead as and when possible.

The circumstances did not permit any further use of 1991 Stabex funds.

The Commission is in the process of drawing up its strategy for implementing development projects in 1996 and singling out projects that have a real chance of being implemented.

In March 1995 the Community adopted a common position on aid for Burundi and on ways of restoring confidence and bolstering the rule of law; To this end, a ECU 405 000 contract to provide financing for UN observers and another worth ECU 1.5 million to finance Organization of African Unity observers are close to finalization. In liaison with other donors, the Commission is also studying a variety of initiatives that might help restore peace and normality in Burundi, including aid to help put the legal system back on its feet.

Cameroon

Despite the difficult macroeconomic context, financial and technical cooperation under the Convention improved markedly, largely thanks to the endeavours of the national authorizing officer, with whom dialogue is excellent.

Cape Verde

Implementation of Lomé IV went into top gear in 1995: primary commitments now exceed 80%, of the NIP allocation, even taking into account the ECU 1.7 million. There have been parallel improvements in the level of secondary commitments and payments.

Central African Republic

Great progress was made in commitments and the 6th and 7th EDFs are virtually fully committed. Payments, however, are still lagging behind because the government has difficulty in fulfilling its undertakings on macroeconomic and sectoral policy.

Chad

Payments under the 6th and 7th EDFs are slow because Chad is in the throes of a very long transition period that is having an adverse effect on administration, and because cooperation under the Convention has taken the form of a large number of different operations.

Comoros

Comoron politics were disrupted in 1995 by a coup d'état led by the mercenary, Bob Denard. This led to French intervention and removal from power of President Djohar, who has been held in Réunion since. Community aid was held up by these events and should resume once the political situation has been clarified by the presidential elections. Only one 7th EDF project was approved in 1995, namely the rehabilitation of the Matsamudu-Pmoni road (ECU 5.6 million), and implementation will start once the situation has stabilized.

Congo

A degree of calm has been restored after the serious troubles of 1993-94. Nevertheless, it has proved impossible to establish a serious dialogue with the Congolese authorities on macroeconomic and sectoral policies, including the focal sector of transport. Since the government has not fulfilled its undertakings, the Commission was not able to give the go-ahead for certain operations, resulting in low payment rates for the 6th and 7th EDFs.

Côte d'Ivoire

The economy continued to improve in 1995 when growth reached 5.6%. Implementation of programmes under way continued satisfactorily and an irrigation programme for rice production was launched (ECU 15.7 million). Côte d'Ivoire was given a supplementary allocation of ECU 18.1 million, which was used to back the process of economic reform with a new programme of structural adjustment support (ECU 20.5 million), and received Stabex transfers of ECU 31.8 million. There was also help for banana production under Regulation (EC) No 2686/94 (ECU 7.3 million).

Djibouti

Under the 7th EDF Djibouti was accorded ECU 17.5 million in grant aid and ECU 2.5 million in risk capital. Almost 80% of the programmable resources has been committed (ECU 13 960 000), a rise of less than 2% on 1994. This is because the civil unrest signalled in earlier reports has brought the Djiboutian economy to its knees and paralysed the administration. The Community's aid programme for Djibouti has thus been marking time.

The urban development programme is still dogged by problems. Some progress was made over the year and the invitations to tender for Phase II were published but the government proved incapable of obtaining access to at least one of the two old parts of town scheduled for rehabilitation within the time-limits laid down by DG VIII and so contracts have not been signed.

Dominica

The Lomé III NIP is 100% committed and the payment rate satisfactory (95%). The two main projects concerned road infrastructure. The approval of a agricultural diversification programme (ECU 2 250 000) brought the Lomé IV decision rate up to 65%. Implementation is slow because of the restructuring of banana production and the damage caused by hurricanes. Dominica has received two Stabex transfers of ECU 1.2 million (1992) and ECU 3.4 million (1993) for the banana sector.

Equatorial Guinea

The persistent problems in achieving democratization prevented implementation of 7th EDF operations.

Eritrea

The Community has given Eritrea substantial amounts of aid totalling ECU 200 154 000. This total includes short-term reconstruction and economic recovery aid of ECU 20 million that was drawn in January 1993 from Ethiopia's 7th EDF NIP: of this 65% has been committed and 35% disbursed. Eritrea has also been allocated ECU 35 million for its own NIP. The programme was signed by President Isaias Afewerki of Eritrea and Mr Manuel Marín of the Commission on 22 May 1994 in Asmara. Both programmes focus on rehabilitation of social and transport (55%) infrastructure, irrigation, sectoral studies and institution building.

Eritrea was given an additional ECU 7 million under the first financial protocol of Lomé IV, only 5.3 million of which are to be used for structural adjustment, the rest being used to top up the NIP.

At regional level Eritrea is taking part in the Panafrikan rinderpest eradication campaign. It is also planning to present a request with Ethiopia for a transport link between the two countries.

The EIB approved an ECU 8 million loan for the regional telecommunications programme.

A Community delegations was opened in Asmara in May.

Ethiopia

Under the first Lomé IV financial protocol Ethiopia was allocated ECU 205 million for the NIP, topped up with ECU 75 million for structural adjustment support and ECU 40 million under the minimum guarantee for EIB-managed risk capital operations. In view of the good progress being made in economic reform, an additional ECU 12.4 million was allocated for the structural adjustment programme, ECU 3.4 million of which from the structural adjustment facility and ECU 9 million from the extra NIP allocation, which was increased to ECU 214 million.

Negotiations on the use of Stabex funds for the application years 1992 and 1993 were concluded in 1995 and an invitation to tender published for fertilizers to be financed with Stabex transfers.

Ethiopia's 7th EDF NIP puts the focus on rural development, promotion of small and medium-sized businesses and expansion of the road network. Preparatory work and talks relating to the main projects - SME, roads, water supplies and public hygiene measures in Addis Ababa, training - continued in 1995. Additional studies were also prepared and implemented. The complexity of the issues facing a country undergoing major economic change is prolonging the preparatory stage longer than usual and no project of any significance was approved in 1995.

There was continued monitoring of efforts to improve budget management with assistance for proper administration of the counterpart funds generated by aid programmes. The main new development in EC-Ethiopia cooperation was the finalization of a road policy which will give a framework for donor aid for the development of this sector. The exercise gave proof of the capabilities of the Ethiopian authorities and also showed that donors can make a very useful contribution to establishing the key elements of a sectoral policy and an investment programme.

The guidelines for the Commission's aid for the coffee sector were reviewed in the light of the principles governing the economic reforms and it was decided to amend them with the chief aim of giving more prominence to marketing considerations.

Rehabilitation operations continued and further funding of over ECU 2 million was accorded under the relevant budget heading.

The Commission financed a study outlining a food strategy for Ethiopia. The study stimulated fruitful internal discussions and was presented to the Ethiopian government as a contribution to its own efforts to develop such a strategy. The Commission also decided to embark on a major operation to boost food security reserves, which will be done by purchasing on the local market and taking advantage of the good cereals harvests in 1995.

Talks started this year with both the Member States and the Ethiopian authorities on the Community's cooperation with Ethiopia under the second financial protocol of Lomé IV. If the talks go as scheduled the NIP should be signed at the end of the year.

Fiji

The priorities of the Lomé IV NIP are rural and agricultural development. Aid is also given for the private sector, trade and tourism. As a result of the cyclone that ravaged the country in January 1993, for which emergency assistance of ECU 1 million was granted, the implementation of the NIP began in 1993/94 with the funding of two small (ECU 1.2 million) and two larger (ECU 10.2 million) bridges. The smaller bridges have been completed but the other two are still being built. A centre for training in forestry skills has been built and technical assistance is being given for the marking out of hardwood plantations. Health and rural infrastructure projects are to follow. The EIB started its operations with the funding of a maintenance sector for Nadir airport.

Gabon

The time taken to implement the 6th EDF is attributable to a dispersion of Community aid over too many objectives and sectors. This was remedied with the 7th EDF and much better results are being achieved.

Gambia

Rural development has been allocated 74% of programmable aid under Lomé IV (ECU 14.4 million for the Divisional Development Programme). Projects concern water supplies, agricultural production, roads and rural access roads, and social services and are concentrated in the outlying under-resourced areas of the country (North Bank, Upper River and Western). There has been a growing stress in recent years on aid for grassroots initiatives in the context of decentralized planning.

After the coup d'état of 22 July 1994, however, the Community suspended aid, continuing only that which covered "basic requirements". Priority has been given to decentralized poverty alleviation operations (village initiative support activities under the Divisional Development Programme). Balance-of-payments aid (of which ECU 2 million is still available) has been suspended.

Despite this, implementation of the Lomé III NIP continued in a satisfactory manner. At the end of 1995 contracts stood at 95% of the allocation and payments at 91%. As for Lomé IV, decisions, contracts and payments stand at 83%, 70% and 57% respectively of the allocation.

Ghana

The commitment rate is still adversely affected by earlier problems in the transport sector which led to a long delay while a new project was drawn up. The new project should be approved in early 1996. Better progress was made in other sectors, approval being given to a new microprojects programme and a project to improvement the management of two national parks. A number of other projects, including a training programme for district-level administrators, are at an advanced stage of preparation. Structural adjustment operations are still dogged by delays, as are negotiations on the use of Stabex funds.

Grenada

Cooperation with Grenada proceeded satisfactorily in 1995. Since virtually all NIP funds had been committed at the start of the year, no new projects were approved.

Two road rehabilitation projects are under way (Eastern Main Road and Farm Roads Rehabilitation Project) and are scheduled for completion in the first quarter of 1996. The Levera National Park programme is almost complete and work to develop tourist sites under the Tourism Product Enhancement Programme is continuing. The Pegg's Whim Water Supply project and the microprojects programme are also close to completion.

At the end of the year Grenada received a Stabex transfer of some ECU 2.3 million (1993 application year) for bananas, cocoa and nutmeg.

Preparations for the programming of aid under the second Lomé IV financial protocol started in the second half of the year.

Guinea

The building of a pluralist society in Guinea is continuing slowly but surely, the holding of parliamentary elections on 11 June and the meeting of the National Assembly being another decisive step on this path. The institutional set-up of the young democracy will be completed with the setting-up of the Economic and Social Committee in early 1996. The Community is supporting democratization by providing technical, financial and political aid.

With resources of ECU 280 million available under Lomé IV, the Community is one of Guinea's leading aid donors. Cooperation is proceeding satisfactorily.

NIP resources are focused on rural development, improving economic and social development and raising living standards in the interior. Sysmin funds are being used for economic diversification. Structural adjustment aid is channelled through general imports programmes (GIPs), the counterpart funds in local currency thus generated being used for social spending.

Guinea-Bissau

The cooperation priorities of the 7th EDF are the improvement of inland-communications infrastructure and the enhancement of human and natural resources. For the first time in a long time payments outstripped new commitments, which points to a stepping-up of implementation, largely thanks to various forms of institutional support that improved administrative capacity.

Guyana

In May the Commission approved a water-supply project for an outlying area of the capital (Pouderoyen Water Supply), the financing of ECU 6 million coming from the increase in the NIP accorded at the end of 1994 following the country's good performance in implementing aid. The country's programmable aid is thus virtually fully committed once again.

Work on projects approved in previous years made good progress and the following projects were scheduled for completion in 1996: repair of sea defences (ECU 16.5 million), repair of the pontoon bridge on the Demerara river (ECU 8 million) and the New Amsterdam water-supply scheme (ECU 10.5 million).

The third programme of support for structural adjustment (ECU 2.1 million) was approved at the end of the year. Preparations for cooperation under the second Lomé IV protocol were well advanced by the end of the year.

Haiti

Following the return of President Aristide in October 1994 Haiti has stabilized politically but the economy has stagnated and not much investment has been made in the private sector. Implementation of the first NIP of ECU 120 million, signed in November 1994, started in 1995. The following operations have been approved or are on the drawing board: rehabilitation of infrastructure (ECU 25 million), rehabilitation in the energy sector (ECU 16 million), support unit for the national authorizing officer (ECU 2 million), structural adjustment (ECU 13 million), loans for medium-sized firms (ECU 4 million from the EIB), the rehabilitation of a main road, Route Nationale 3 (ECU 45 million). The total thus decided is ECU 105 million.

The infrastructure-rehabilitation programme is aimed at bringing about a rapid improvement of the living conditions of target groups in both the town and countryside. This involves (i) repairing some basic infrastructure (roads, water supplies, access roads), (ii) reviving food production, (iii) supplying equipment and (iv) staff training. The first three are being implemented with NGOs (local and international) and the fourth with local companies. At year's end contracts worth ECU 10.5 million had been awarded and 3 million disbursed.

The rehabilitation of the energy sector centres on repair or replacement of the generators of the Varreux electric power station (Port-au-Prince) which were damaged in a fire in November 1994. In December 1995 two generators had been repaired, a third was due for repair in January and another was to be delivered in the course of the year.

The structural adjustment programme (ECU 23 million) secured spending on education and health. The first tranche for the 1994/95 budget has been paid and the second payment will be made in 1996 if the conditions attached are met.

The EIB started its first operation in Haiti, giving a global loan of ECU 4 million to Haiti's Development Finance Company (SOFIHDES). It will be used for investment in small and medium-sized manufacturing, agri-industrial and tourism businesses.

The study on the rehabilitation of Route Nationale 3 between Port-au-Prince and Hinche is under way and the government also proposed to add a package of accompanying measures to ensure that the road does not incite a rural exodus or the deforestation of the central plateau thus rendered accessible.

Jamaica

The Lomé IV indicative programme was boosted by the allocation of additional funds of ECU 3.7 million, which will be programmed in early 1996.

The approval of a number of studies and trade promotion activities brought primary commitments up to 100%. Secondary commitments stood at almost 60% and payments at around 30%. Payments were not made as quickly as planned but should pick up markedly next year once certain technical problems are resolved.

The private sector is being developed with a programme to promote European investment and a credit line for SME. Both programmes got off to a good start but minor adjustments are needed if the objectives are to be achieved.

A protocol of agreement was signed in March to cover the disbursement of funds under the general import programme, which is financed from both the NIP and the structural adjustment facility, and the use of counterpart funds. All the GIP funds can now be rapidly released and the counterpart funds will be included in the supplementary 1995/96 budget.

Jamaica has been found eligible to receive Sysmin funds and a study under way of a main road to be financed by Sysmin should be completed in early 1996.

Kenya

Implementation of the 7th EDF NIP (ECU 140 million) has been held up and at the end of the year the commitment rate was just 35% and the payment rate 8%. Most of what was scheduled under this NIP remained a dead letter, the only exception being the conservation of natural resources - two forestry projects and one nature conservation project -, social infrastructure (microprojects), the first phase of which was approved, and the readaptation of industrial firms, which is in the final stages.

Kenya and the Commission undertook a joint appraisal of implementation in October 1993 which led to a review of the NIP itself. The review adhered to the basic principle that the Community's programme must further the overall objectives of the local government reform programmes in the interests of sustainable economic growth and reduction of poverty.

A protocol of agreement on the revision of Kenya's NIP was signed by Kenya and the Commission on 26 June 1995. The focal areas of the revised NIP are: rehabilitation and improvement of transport and communications infrastructure (especially roads); the conservation of natural and cultural assets, including forests and national cultural heritage; export promotion in order to develop the private sector; tourism and administration; enhancement of human resources; institution building.

Four new programmes were approved at the end of the year (total ECU 22.2 million): emergency repairs to the Nairobi-Mombasa road (ECU 1.9 million); a family health programme to improve the health of Kenyans of reproductive age and generally strengthen the foundations for sustainable development (ECU 14.8 million), which is co-financed by the Overseas Development Administration; an export development programme (ECU 4 million) which will improve and consolidate product-marketing systems, develop local markets and boost the competitiveness of local firms; capacity building within the planning ministry to improve management of investments (ECU 1.5 million).

The structural adjustment programme was suspended in 1991 for political reasons and the revised NIP does not provide for structural adjustment but the design of any future structural adjustment programme will take account of the overall objectives of the revised NIP.

Kiribati

Kiribati has ECU 6 million under the Lomé IV NIP, plus ECU 1 million in risk capital from the EIB. The focal sectors of aid are: improved exploitation of natural resources, transport and communications, and training.

Lesotho

Community aid for Lesotho under the 7th EDF is focused on the Muela hydroelectric power station. There were delays in 1992 and 1993 but the project is now going well. In view of its satisfactory implementation of the NIP, Lesotho was accorded a further tranche of ECU 8.2 million from Lomé IV resources in 1995.

A third structural adjustment support programme was approved in 1995, bringing total Lomé IV adjustment support to ECU 20.6 million. As in the past, the resultant counterpart funds will be used to fund social policy, mainly health and education, in an effort to soften the impact of adjustment on the more vulnerable groups in society.

Liberia

Since hostilities broke out almost six years ago, normal economic activity has largely come to a standstill. Community aid, although substantial in financial terms (Over ECU 150 million since 1990), is devoted almost exclusively to humanitarian aid (food aid, emergency assistance and aid for refugees). It is channelled through NGOs and the UN. A rehabilitation programme (ECU 25 million) was launched in March 1994. More than ECU 100 million in programmable aid (Lomé III and Lomé IV) remain blocked.

Madagascar

ECU 11.3 million were committed in 1995. The financing of three projects under the 6th EDF brought the Lomé III primary commitment rate up to 94%. Remaining uncommitted funds of some ECU 7.5 million (not including resources for special loans) may be used for structural adjustment support in 1996. Difficulties in implementing the projects concerning agricultural development and the rehabilitation of secondary airports explain the mediocre rates of commitment (72.6%) and payment (62.7%).

In contrast to 1994, the only 7th EDF projects decided were ones costing less than ECU 2 million. They included the first microprojects programme (ECU 1.9 million) and a number of health-related projects and studies (totalling some ECU 2.5 million). This brought the primary commitment rate up to 86%. However, the secondary commitment (20.3%) and payment (7.1%) rates are low, mainly owing to the delay in publishing the invitations to tender for the road infrastructure programme (ECU 72.5 million decided in 1994), which had to be suspended following the government's failure to fulfil its undertakings.

Malawi

The commitment rate of the 6th EDF is still satisfactory despite decommitments of funds from completed projects or projects close to completion. ECU 9.2 million from resources previously earmarked for special loans was committed in July for use as the third tranche of structural adjustment aid. It will be disbursed in the first half of 1996.

Progress in preparing 7th EDF projects is still slow following the 14-month aid freeze. The greatest difficulties are encountered with the poverty alleviation programme and its agriculture/forestry component. The size of the programme (ECU 20 million under the NIP plus counterpart funds from food aid) and its importance for the country's agricultural adjustment call for very careful preparation. Additional preparatory work is needed for the social and health programmes in order to ensure that they are compatible with overall sectoral policy.

Smaller-scale projects were also approved and are under way - microprojects (ECU 3.1 million) and consultancy services for the road maintenance initiative (ECU 1.57 million) - while others have been identified - ASYCUDA infrastructure component (ECU 2 million), consultancy services for the Karonga-Chilumba-Chiweta road (ECU 0.8 million) and a microprojects extension programme (ECU 6 million).

Also committed and paid out were an additional ECU 12 million for structural adjustment and ECU 11 million for the transborder initiative aimed at regional integration.

Mali

Financial and technical cooperation continued satisfactorily with the ongoing implementation of 6th EDF programmes and a stepping-up of 7th EDF operations. At year's end the 7th EDF primary commitment rate stood at 93%, secondary commitments at 53% and payments at 48%. ECU 15.5 million remains and part of it will be used to finance preparatory studies for 8th EDF operations. The 6th EDF has rates of 99.9% for decisions, 92.2% for commitments and 88.7% for payments.

The major 7th EDF decisions concerned a structural adjustment support programme covering 1995-96 (ECU 25 million), a project to aid a financial institution for small businesses, CISA (ECU 3.75 million) and a livestock development project in the North East (ECU 4.5 million).

Cooperation with Mali is proceeding well and project design and preparation has improved under the 7th EDF, thanks notably to the re-establishment of the monitoring committee. Implementation of projects, however, often runs into obstacles and delays and efforts need to be made to remedy the situation by bolstering, where necessary, the Malian services responsible.

Mauritius

Cooperation is proceeding at a satisfactory pace. The sectoral breakdown of the Lomé IV NIP awards 59% to agricultural development, irrigation in particular, and 16% to the environment.

Sixth EDF payments stand at 83%, and under the 7th EDF decisions have reached 53% and payments 32%. Two major projects were appraised with a view to presenting proposals to the EDF Committee in 1996, an irrigation project on the northern coast and waste management project (each ECU 7 million). Approval of these projects will virtually exhaust Lomé IV resources.

The signing of the second Lomé IV financial protocol in Mauritius provided an occasion for reaffirming the achievements of the Community's cooperation with this country and starting the preparatory work for the programming of the 8th EDF.

Mauritana

Cooperation is still proceeding apace. Implementation of Lomé IV continued not only with the projects already under way but also major financing decisions such as the ECU 58 million Sysmin programme for the mining company, *Société Nationale Industrielle et Minière* and a new tranche of structural adjustment support (ECU 13.3 million).

This should bring the primary commitment rate of the NIP to over 90%, even taking account of the ECU 3.6 million increase accorded during the year. Secondary commitments and payments are also at satisfactory levels. Progress was made in implementing the Stabex framework of mutual obligations concerning structural reforms in the fisheries sector.

Mozambique

Aid for Mozambique was essentially focused on helping the newly-elected government rise to the challenges of economic reform, social stabilization and consolidation of peace. Over the year some 1.7 million refugees returned to Mozambique and 3 to 4 million displaced persons were resettled.

Of the additional NIP resources of ECU 16.6 million accorded in May, it was decided to use ECU 15 million for a general import programme that would support the structural adjustment programme. A health programme in Zambezia province (ECU 22 million) is aimed at consolidating the large number of rehabilitation schemes already undertaken in a province hard hit by the war and now facing an influx of returning refugees. A project in support of the STD/AIDS programme (ECU 5 million) was also approved. Projects to boost economic development included ECU 20 million (ECU 15 million as special loan from regional funds plus ECU 1.5 million from the NIP) for power supplies to Cahora Bassa and ECU 1.5 million for an environmentally-sustainable tourism development.

By the end of the year both the 6th and 7th EDFs were practically fully committed.

Namibia

The elections held in December 1994 confirmed support for the SWAPO government. A national development plan for the period 1995-2000 was unveiled to unanimous donor approval.

EDF projects for which financing was approved and committed on the basis of feasibility studies carried out in previous years included: a tourism development programme (ECU 1.8 million); urban and rural sewerage (ECU 1.8 million); aid for cooperatives (ECU 1.75 million); extension of the educational broadcasting network (ECU 5 million). Regional funds of ECU 21 million were approved for a 100 km section of the Trans Caprivi Highway with a further ECU 2 million allocated from the NIP for works supervision.

Niger

This was an eventful year in Niger's political and economic life. The new government elected at the start of the year started to get to grips with the country's deteriorating economy by

adopting an emergency recovery programme and setting economic performance indicators in agreement with the IMF. Initial results have been encouraging. Niger should thus be in a position to conclude an agreement with the IMF in early 1996 and get a structural adjustment loan from the World Bank. The Community has unstintingly supported the government's efforts, especially by providing budgetary aid throughout a very difficult year: ECU 4.6 million put in reserve in 1994 were mobilized and a further ECU 4 million in the form of structural adjustment support were scheduled to be paid out at the end of the year.

Implementation of the NIP, the allocation of which was upped to ECU 134.2 million in 1995, was proceeding fairly well and the commitment rate should be close to 80% at the end of the year.

Nigeria

The year got off to a good start with the adoption of a budget that marked a radical step towards a sounder macroeconomic policy. Politically, however, a climate of uncertainty continued. An attempted coup in March ended with the imprisonment of about forty people, some of them leading personalities. General Abacha's announcement on 1 October concerning a three-year programme of transition to democracy raised hopes but the hanging of Ken Saro Wiwa and eight other members of the Ogoni people a month later was condemned by the international community. The Community reacted quickly, adopting on 20 November a common position that, among other things, suspended aid. This decision was followed by other restrictive measures two weeks later.

Aid to Nigeria (some ECU 300 million) was still frozen at the end of the year.

Papua New Guinea

The two priority sectors of the Lomé IV NIP are human-resource development and rural development. In terms of human resources one of the main projects is to improve school infrastructure. In the second priority sector microproject programmes are running that will improve water supplies and primary education in rural areas. An environment project has started up in 1995. Stabex transfers under Lomé IV thus far total ECU 79 million.

Dominican Republic

At year's end ECU 80 million had been decided (74% of the NIP, plus SAF funds), ECU 49 million committed (45%) and ECU 39 million (36%) paid out.

Two new projects were approved by the Commission: a private-sector support programme (ECU 4.2 million over three years) and a project to curb demand for illicit drugs cofinanced with the United Nations Drug Control Programme (EDF contribution ECU 200 000). Implementation will start in 1996. Appraisal of a project to combat AIDS costing ECU 1.4 million was completed and it is likely to be approved in January or February. The rest of the NIP (ECU 26.5 million) is mostly earmarked for the *Los Toros* hydroelectric project, appraisal of which was held up because of difficulties with the invitation to tender but now likely to be approved in the first half of 1996 after an additional study has been carried out.

The most important project under way in 1995 was the *Linea Noroeste* Integrated Rural Development Programme (ECU 23.6 million, of which ECU 3.2 million disbursed), which started up in June 1994. Implementation of most of its components proceeded smoothly. Two major social projects that started up in mid-1994 also continued: the Integrated Health programme in the South Western Region (ECU 8.8 million, of which ECU 1 million disbursed) and the Integrated Development Programme of Primary Education at the Local Level in three provinces (ECU 7 million, of which 1.5 million disbursed). Among the smaller projects, the Puerto Plata Provincial Development Programme approved at the end of 1994 (ECU 1.4 million, plus funds from the decentralized cooperation budget heading), started up in September but the park conservation project approved at the same time (ECU 750 000 from the EDF, plus Spanish bilateral cofinancing) has yet to get going because of failure to reach agreement with the Dominican authorities on the appointment of the director.

As regards structural adjustment aid, the second SIP for oil products (ECU 9.5 million from the SAF) generated counterpart funds at the end of 1994, the use of which is on schedule and almost completed in the health and education sectors but running late in the water sector, where implementation will continue in 1996.

Rwanda

There were serious troubles in Rwanda in 1995, notably the killings in the Kibeho displaced persons camp which prompted the Community to suspend aid between May and July. Aid was resumed after the visit of a high-level mission.

The immediate rehabilitation programme (ECU 67 million) called for by the Council on 25 November 1994 is continuing and about 70% of the funds are committed. The same is true of the special rehabilitation programme (ECU 47 million) for Rwanda's neighbours, in addition to which there is an ECU 84 million rehabilitation programme for Zaire. The Commission is studying the possibility of adding a second phase to the rehabilitation programme.

ECHO has provided humanitarian aid of ECU 107 million to refugees and displaced persons since March 1995 on the basis of relief programmes decided in 1994.

An ECU 18 million food aid programme has been implemented in the region, in addition to which there is food aid provided by NGOs, the WFP, the ICRC and other organizations, and the 1993 food aid programme.

St Kitts and Nevis

With the completion of the Dieppe Bay primary school and the St Peter's Community Centre projects implementation of the Lomé III NIP is virtually wrapped up. At year's end the Lomé IV NIP was almost fully committed following approval of the health service reorganization project.

St Lucia

In view of the damage caused by tropical storm Debbie and hurricane Luis it was decided to add remaining Lomé III funds to those of Lomé IV in order to finance a rehabilitation programme, which is currently being prepared. Another reason for the slow implementation of the Lomé IV NIP are the delays in carrying out the feasibility study on the Victoria hospital. A Stabex transfer of ECU 4.2 million for banana exports in 1992 and 1993 was approved.

St Vincent and the Grenadines

An additional ECU 400 000 was added to the Lomé IV NIP allocation. Approval of a revised proposal for the Mt Wynne/Peter's Hope land resettlement project should boost the level of Lomé IV payments. The third phase of Kingstown hospital was approved in February. A Stabex transfer of ECU 5.5 million for bananas in the 1993 application year was approved.

Solomon Islands

Under Lomé IV priority has been given to the rural sector. The NIP provides for a rural infrastructure programme in Malaita province, a road programme in Guadalcanal and the development of non-industrial fisheries. Aid is also given for the enhancement of human resources in the form of training centres in rural areas.

Implementation of EDF programmes slowed markedly in the second half of 1995 after the government's unilateral decision to halt or suspend a number of studies financed with Stabex or NIP funds without giving any explanation. This is having an adverse effect on EC-Solomons cooperation. The Commission is also waiting for the government to appoint a national authorizing officer so that dialogue on EDF programmes can be resumed. This situation has held up the start-up of new projects, including road-building in rural areas of Guadalcanal and those to be financed with the balance of previous NIPs. Nor have any contracts been awarded in the framework of existing projects.

Sao Tomé and Príncipe

An abortive coup did little to disrupt financial and technical cooperation with this small island state which depends on external aid for its survival.

Senegal

Implementation of the Lomé III programme continued at a satisfactory pace in 1995. Secondary commitments stood at 98% of the NIP allocation at the end of the year, and payments at 90%. The figures for Lomé IV are: primary commitments 98.5% and secondary commitments 81% (including an additional ECU 22.4 million allocated to Senegal in the share-out of remaining 7th EDF funds). Payments are on the low side (24%) because of delays in carrying out the roads programme (ECU 60 million).

Seychelles

A transport and environment project on the Ile de la Digue (ECU 650 000) was approved and preparatory work got under way for the 8th EDF environment programme (waste collection and treatment).

Sierra Leone

Cooperation with Sierra Leone suffered because of the deteriorating security situation. The conflict started by rebels in 1991 has spread over almost the whole country and only Freetown and the peninsula remain accessible. Two rural development projects in the interior have been suspended. Humanitarian aid for displaced persons in Freetown, Bo and Kenema has been increased (ECU 4.5 million). In the capital projects to create jobs and repair roads, health centres and schools have been set up. Aid was also given for the elections in February 1996.

Somalia

Although the situation in Somalia has improved considerably since the 1992 famine, there are still pockets of fighting between different clans that cause malnutrition and human suffering. Current estimates of the food situation point to shortages in coming months.

The Commission is continuing to finance rehabilitation operations in Somalia with funds taken from the Lomé II and Lomé III NIPs. These funds are topped up where possible by funds from specific budget headings, such as B-5076 on rehabilitation and reconstruction in the least-developed countries (some ECU 1.4 million) and B-7522 on human rights and democracy (ECU 50 000).

Some ECU 12 million of the ECU 38 million rehabilitation programme were committed to 39 operations, which are usually carried out by NGOs in areas of the country where there is some degree of security and where the local authorities subscribe to the principles of the Adis Abeba declaration.

Sudan

In March 1990 the Commission told the Sudanese government that the situation in the country made it impossible to engage in a dialogue on the programming of funds allocated it under Lomé IV. This position reflects the Commission's concern about human rights, humanitarian aid deliveries, democracy, the fighting in the south and lack of any real moves towards peace and it did not change in 1995.

Somalia's Lomé IV allocation is ECU 165 million, of which 142 million in grants and 23 million in EIB risk capital. Non-programmable aid such as Stabex (ECU 102 million between 1990 and 1994) is also suspended. Lomé II and Lomé II projects that were under way have been completed in the normal manner.

Blocked developed aid adds up as follows: ECU 102 million in Stabex transfers and about ECU 70 million in unexpended balances of Lomé II and Lomé III. In addition to this ECU 172 million, there is ECU 25 million in risk capital administered by the EIB, giving a total of ECU 197 million.

The fighting in the south continued throughout 1995. The fighting and the resulting population displacements in the south, plus drought in the north, created substantial humanitarian aid requirements. Since 1992 aid from the Community has been channelled through ECHO (over ECU 62 million) and food aid has totalled ECU 300 million.

Suriname

Two projects were approved in 1995: financing for the second phase of the rice research centre (ECU 3.2 million) and a tourism promotion programme (ECU 800 000).

Swaziland

Good progress was made in implementing the NIP, although a delay in tenders for the project to strengthen the administrative capacity of central government led to lower than expected secondary commitment and payment rates. EDF programmes were focused on the enhancement of human resources and rural infrastructure (small dams). Microprojects remain a very effective and much appreciated tool for aiding local grassroots groups. The main Matsapa-Manzini road linking the airport to the Swaziland's main industrial zone is practically complete.

In view of Swaziland's good performance, it was accorded an additional ECU 3.1 million from Lomé IV resources. Good progress was made in identifying and appraising two priority rural infrastructure projects to be financed with these funds in 1996.

Tanzania

At the end of 1995 Tanzania's Lomé III NIP was fully committed and the Lomé IV NIP (including an additional ECU 19 million accorded in July 1995) was 67% committed. Payments were down on the previous year - ECU 15 million against ECU 27 million. Structural adjustment expenditure was frozen in 1995 (compared to ECU 40 million the previous year) because Tanzania had not achieved the budgetary objectives set out in the adjustment programme. Stabex transfers of ECU 4 million were used in the coffee sector, less than the previous year.

Delays in approving and implementing four projects - Mwanza Water Supply, the Mwanza-Nyangugue road, the Mbeya and Songea Soil Conservation scheme and Irunga and Ruvuma Road maintenance - meant that only ECU 7 million were committed under the Lomé IV NIP, much less than expected. Most of that sum - ECU 4 million - was for monitoring and preventing AIDS. But commitments are expected to be much higher next year after the multiparty elections in October and the formation of a new government.

The Community actively responded to the influx of Rwandan refugees (700 000 persons) in the Kagera region along the border with Rwanda: ECU 25 million were allocated in emergency assistance that was channelled through NGOs and UN agencies and ECU 3 million for the rehabilitation of the environment and infrastructure damaged by population movements.

Togo

All donors suspended aid to Togo at the end of 1992. After the holding of parliamentary elections and the formation of a new government in June 1994 France and the Bretton Woods institutions resumed cooperation. Progress towards re-establishing the rule of law and the undertakings made by the new government led the Commission to decide in March 1995 to resume aid focused on improving the living conditions of the Togolese people. Further progress was made in normalizing the domestic political process (return of the main opposition party to the national assembly and debate in the assembly on draft legislation to implement provisions of the constitution) and solving the refugee problem (framework agreement concluded by the government and the UNHCR on the organization of voluntary repatriation by the UNHCR). If this progress is confirmed, cooperation could be further enlarged.

Tonga

Lomé III aid was focused on port and airport infrastructure, fisheries and an integrated regional development programme for the northern islands, Vava'u. The Vava'u programme is continuing under Lomé IV with the development of the regional capital Neiafu (building of a market, sewerage, mains, roads and conservation of natural and historical sites). Basic infrastructure in rural areas will be provided under a microprojects programme.

Trinidad and Tobago

Implementation of projects approved the previous year got under way and two new programmes were adopted, one for small businesses (ECU 2 million) and the other a second support programme for structural adjustment (ECU 4.3 million). The rural electrification and water supply programmes in the St Patrick region are practically finished and should be closed in early 1996.

A major task was planning the cooperation strategy for the second Lomé IV protocol.

Tuvalu

Under the first three Conventions the aid programme (ECU 5 million in total) was focused on rural development (microprojects), social infrastructure (power supply for the capital, Funafuti) and the environment (coastal protection). Most of the Lomé IV allocation (ECU 1.3 million in grant aid) is being used to finance a fuel import programme.

Uganda

As all donors in the advisory group acknowledged in July, Uganda's programme of economic reform is on the right track. In March the Commission agreed to accord a second tranche of structural adjustment aid from the 7th EDF (ECU 29.7 million), the counterpart funds of which will swell the budget. Given the country's good performance and commitment level, the Commission decided to allocate it an additional ECU 13.3 million to top up the 7th EDF NIP.

Stabex transfers for 1992 and 1993 totalling ECU 68.7 million were finally released after the opening of a separate bank account. The framework of mutual obligations for the 1992 transfer was signed in November and 1990 and 1991 transfers are being used to improve cash crops for export (tea, coffee, silk, etc.) and for money-generating activities in the rural sector (national parks and forests). Some Stabex funds have also been used to repay some of the national debt.

On the social side, a number of large programmes are being implemented, including: (i) a microprojects programme for the Luwero triangle and areas west of the Nile, for rehabilitation in areas bordering on Rwanda and for setting up urban centres and microenterprises (ECU 11 million); (ii) a health programme (ECU 20 million); (iii) a programme to develop human resources (ECU 14.5 million).

A financing agreement was signed in November allocating ECU 1.95 million in aid for the forthcoming presidential and parliamentary elections.

Vanuatu

Aid under Lomé II and Lomé III was focused on rural development (copra, fisheries, livestock and forestry projects). A number of rural access roads have been built and an inventory of the country's archaeological heritage has been drawn up following a survey of the sites.

Two large projects are being implemented under Lomé IV: a programme of rural access roads (ECU 2.3 million) and renovation of rural primary schools (ECU 3.6 million) on a number of islands.

Western Samoa

EDF aid has traditionally been focused on energy, in particular the building of hydroelectric power stations. Lomé IV resources (ECU 9 million) have been earmarked for a major rural water supplies programme, implementation of which has been delayed, however. Other operations have been financed in the meantime (microprojects, preparations for the water programme, etc.).

Zaire

Small but definite progress was made in controlling inflation and getting a grip on public finances. Although normal financial and technical assistance is suspended, the Commission did implement some rehabilitation programmes that went smoothly.

Zambia

Implementation of programmable aid continued in a satisfactory manner. By the end of the year the whole Lomé III NIP (ECU 92 million) was committed and 92% had been paid out. Given this satisfactory performance the Commission decided to top up Zambia's initial Lomé IV allocation of ECU 95 million, bringing it up to ECU 110.7 million. About 80% was accounted for by primary commitments and 40% had been disbursed.

In recent years the Commission has greatly supported Zambia's macroeconomic recovery programme and in 1995 a further tranche of balance-of-payments aid was decided (ECU 16.8 million, of which 13.1 million from the SAF and 3.7 million from the additional NIP allocation). ECU 14.75 million had been paid out by the end of the year.

The Community's aid is focused on the production sector, particularly the economic recovery programme and non-traditional exports . Much aid has also gone to the social sector.

Zimbabwe

There were two events of note in the implementation of the economic reform programme: liberalization of the currency and financial transactions was completed, making the currency freely convertible but the government's backsliding in the implementation of budgetary policies agreed with the World Bank/IMF led the IMF to suspend its programme and the World bank to freeze balance-of-payments aid. The decline in budgetary spending has led to a deterioration in basic health and education services.

The Community decided to finance a mine clearance project in the north-eastern part of the country, which saw a lot of fighting during the war of liberation. The project will last two years and cost ECU 10 million.

**Programmable aid: situation of each country
6th EDF**

Country	Allocation	Decisions		Contracts		Payments	
	ECU m	ECU m	% Alloc.	ECU m	% Alloc.	ECU m	% Alloc.
Angola	102.00	101.61	99.6	83.14	81.5	79.97	78.4
Benin	89.50	89.46	100.0	87.27	97.5	83.93	93.8
Botswana	30.50	28.81	94.5	22.46	73.6	19.06	62.5
Burkina Faso	107.50	107.50	100.0	94.20	87.6	84.60	78.7
Burundi	108.00	108.00	100.0	99.67	92.3	92.01	85.2
Cameroon	101.00	100.99	100.0	97.87	96.9	90.89	90.0
Cape Verde	24.50	24.48	99.9	23.98	97.9	22.76	92.9
Central African Rep.	69.50	69.46	99.9	65.68	94.5	63.08	90.8
Chad	89.00	88.99	100.0	80.58	90.5	72.59	81.6
Comoros	20.50	20.50	100.0	20.34	99.2	19.52	95.2
Congo	48.00	47.98	100.0	39.67	82.6	30.69	63.9
Côte d'Ivoire	82.00	81.87	99.8	80.96	98.7	75.38	91.9
Djibouti	16.00	15.98	99.9	15.04	94.0	13.12	82.0
Equatorial Guinea	12.00	11.95	99.6	6.33	52.8	6.13	51.1
Ethiopia	210.00	209.97	100.0	162.17	77.2	144.56	68.8
Gabon	26.00	24.16	92.9	22.69	87.3	22.48	86.5
Gambia	21.00	20.86	99.3	19.87	94.6	19.12	91.0
Ghana	97.50	83.76	85.9	58.42	59.9	55.63	57.1
Guinea	114.00	113.85	99.9	110.72	97.1	105.29	92.4
Guinea-Bissau	37.50	37.14	99.1	34.70	92.5	27.81	74.1
Kenya	135.00	132.70	98.3	105.26	78.0	96.18	71.2
Lesotho	41.50	41.46	99.9	40.93	98.6	38.93	93.8
Liberia	45.00	44.50	98.9	12.88	28.6	9.49	21.1
Madagascar	125.00	117.34	93.9	85.17	68.1	74.24	59.4
Malawi	114.50	114.27	99.8	97.89	85.5	93.75	81.9
Mali	137.00	136.97	100.0	126.42	92.3	122.25	89.2
Mauritius	31.00	30.59	98.7	26.51	85.5	24.50	79.0
Mauritania	61.50	61.44	99.9	58.45	95.0	52.36	85.1
Mozambique	160.00	157.65	98.5	137.30	85.8	126.86	79.3
Niger	122.00	121.72	99.8	99.14	81.3	95.39	78.2
Nigeria	213.50	213.27	99.9	191.28	89.6	168.93	79.1
Rwanda	110.00	109.75	99.8	102.43	93.1	80.07	72.8
Sao Tomé & Príncipe	6.00	5.93	98.8	5.82	97.1	5.47	91.2
Senegal	108.50	108.50	100.0	106.37	98.0	100.88	93.0
Seychelles	6.20	6.19	99.8	6.11	98.5	6.09	98.2
Sierra Leone	65.50	64.71	98.8	62.38	95.2	59.15	90.3
Somalia	117.00	116.85	99.9	104.76	89.5	86.95	74.3
Sudan	145.00	83.18	57.4	70.79	48.8	68.18	47.0
Swaziland	25.50	24.47	96.0	23.21	91.0	22.13	86.8

Tanzania	176.50	176.24	99.9	163.28	92.5	157.07	89.0
Togo	61.50	59.84	97.3	51.14	83.2	48.11	78.2
Uganda	133.00	132.08	99.3	127.29	95.7	124.68	93.7
Zaire	166.50	138.22	83.0	105.26	63.2	90.47	54.3
Zambia	92.00	92.00	100.0	87.55	95.2	85.22	92.6
Zimbabwe	77.00	76.73	99.6	67.05	87.1	58.57	76.1
Total Africa	3882.20	3.753.95	96.7	3.290.46	84.8	3.024.51	77.9
Antigua & Barbuda	4.50	4.50	99.9	3.89	86.6	3.70	82.2
Bahamas	4.00	3.80	95.1	3.39	84.8	3.29	82.3
Barbados	5.00	4.96	99.2	2.82	56.3	2.46	49.2
Belize	8.00	7.98	99.8	7.75	96.9	7.55	94.4
Dominica	6.00	6.00	99.9	5.96	99.4	5.71	95.2
Grenada	5.50	5.48	99.6	5.46	99.2	5.37	97.7
Guyana	22.10	21.31	96.4	20.90	94.6	20.79	94.1
Jamaica	40.20	39.92	99.3	38.25	95.1	32.92	81.9
St Kitts and Nevis	3.50	3.50	100.0	3.10	88.5	2.86	81.8
St Lucia	6.00	5.98	99.7	5.14	85.6	5.10	85.0
St Vincent & Grenadines	7.00	6.84	97.7	6.67	95.3	6.62	94.6
Suriname	24.00	17.65	73.6	15.98	66.6	15.13	63.1
Trinidad and Tobago	15.00	15.00	100.0	6.15	41.0	5.78	38.6
Total Caribbean	150.80	142.92	94.8	125.46	83.2	117.31	77.8
Fiji	20.00	17.77	88.9	11.53	57.7	10.38	51.9
Kiribati	6.50	6.45	99.2	6.41	98.6	6.07	93.4
PNG	34.50	33.79	97.9	30.52	88.5	30.16	87.4
Solomon Isles	17.00	16.15	95.0	15.02	88.4	13.43	79.0
Tonga	6.50	6.47	99.6	4.79	73.7	3.57	54.9
Tuvalu	2.00	1.94	97.0	1.63	81.3	1.18	59.2
Vanuatu	6.70	6.32	94.4	6.21	92.7	5.50	82.1
Western Samoa	9.00	8.99	99.9	8.68	96.5	8.66	96.2
Total Pacific	102.20	97.89	95.8	84.80	83.0	78.95	77.2
Total ACP	4135.20	3994.76	96.6	3500.72	84.7	3220.76	77.9

**Programmable aid: situation of each country
7th EDF**

Country	Allocation	Decisions		Contracts		Payments	
	ECU m	ECU m	Déc/Dot %	ECU m	Con/Dot %	ECU m	Pai/Dot %
Angola	115.00	97.09	84.4	16.64	14.5	10.45	9.1
Benin	93.80	86.34	92.0	36.33	38.7	9.93	10.6
Botswana	32.00	18.23	57.0	8.19	25.6	4.19	13.1
Burkina Faso	141.70	126.16	89.0	66.42	46.9	41.71	29.4
Burundi	112.00	63.04	56.3	32.69	29.2	23.84	21.3
Cameroon	110.00	81.81	74.4	36.66	33.3	26.08	23.7
Cape Verde	24.70	20.45	82.8	11.55	46.8	3.52	14.3
Central African Rep.	75.00	74.85	99.8	8.92	11.9	3.69	4.9
Chad	108.20	73.59	68.0	44.57	41.2	18.96	17.5
Comoros	23.50	20.51	87.3	4.42	18.8	1.85	7.9
Congo	51.00	37.60	73.7	16.22	31.8	3.29	6.4
Côte d'Ivoire	105.50	101.01	95.7	41.75	39.6	19.33	18.3
Djibouti	19.30	13.96	72.3	4.67	24.2	2.97	15.4
Equatorial Guinea	12.50	5.62	45.0	0.55	4.4	0.47	3.8
Eritrea	55.00	20.58	37.4	13.70	24.9	9.41	17.1
Ethiopia	214.00	52.95	24.7	35.17	16.4	27.47	12.8
Gabon	29.90	29.87	99.9	14.04	47.0	9.97	33.3
Gambia	23.50	19.56	83.2	16.26	69.2	13.45	57.2
Ghana	109.40	33.44	30.6	26.45	24.2	18.21	16.6
Guinea	127.60	115.04	90.2	68.87	54.0	37.50	29.4
Guinea-Bissau	37.00	16.64	45.0	9.39	25.4	4.89	13.2
Kenya	140.00	49.30	35.2	21.72	15.5	11.19	8.0
Lesotho	48.40	38.97	80.5	32.63	67.4	19.36	40.0
Liberia	50.00	0.00	0.0	0.00	0.0	0.00	0.0
Madagascar	130.00	106.60	82.0	20.88	16.1	9.47	7.3
Malawi	124.20	59.82	48.2	41.71	33.6	21.54	17.3
Mali	154.90	139.31	89.9	68.74	44.4	48.20	31.1
Mauritius	34.00	20.37	59.9	12.80	37.6	10.28	30.2
Mauritania	65.90	57.52	87.3	45.48	69.0	27.09	41.1
Mozambique	170.60	160.16	93.9	71.12	41.7	56.94	33.4
Namibie	50.00	47.41	94.8	20.10	40.2	8.82	17.6
Niger	137.20	111.23	81.1	80.04	58.3	67.84	49.4
Nigeria	365.00	146.64	40.2	74.34	20.4	49.17	13.5
Rwanda	118.00	52.60	44.6	29.56	25.0	11.48	9.7
Sao Tomé & Principe	8.00	6.14	76.7	4.81	60.1	3.52	44.0
Senegal	125.70	123.79	98.5	102.87	81.8	37.92	30.2
Seychelles	5.40	5.28	97.7	2.87	53.2	1.69	31.4
Sierra Leone	83.60	62.95	75.3	22.79	27.3	9.95	11.9

Somalia	0.00	0.00	0.0	0.00	0.0	0.00	0.0
Sudan	142.00	0.00	0.0	0.00	0.0	0.00	0.0
Swaziland	28.10	25.23	89.8	14.59	51.9	10.25	36.5
Tanzania	185.00	124.44	67.3	60.51	32.7	33.34	18.0
Togo	68.00	19.08	28.1	13.73	20.2	6.58	9.7
Uganda	158.30	134.94	85.2	57.17	36.1	44.63	28.2
Zaire	170.00	54.31	31.9	0.29	0.2	0.02	0.0
Zambia	110.70	88.12	79.6	56.44	51.0	46.18	41.7
Zimbabwe	88.00	86.51	98.3	58.44	66.4	27.68	31.5
Total Africa	4381.60	2.829.03	64.6	1.427.07	32.6	854.32	19.5
Antigua & Barbuda	3.50	2.57	73.3	0.35	10.1	0.34	9.6
Bahamas	4.40	3.50	79.5	3.50	79.5	2.78	63.1
Barbados	5.50	3.57	65.0	2.33	42.3	1.73	31.4
Belize	9.00	8.98	99.8	8.70	96.7	8.60	95.5
Dominica	5.50	3.59	65.2	0.24	4.4	0.00	0.1
Dominican Rep.	85.00	57.08	67.2	26.07	30.7	17.61	20.7
Grenada	6.50	6.46	99.4	5.38	82.8	4.28	65.8
Guyana	32.80	32.76	99.9	24.09	73.5	9.14	27.9
Haiti	108.70	56.55	52.0	25.37	23.3	8.60	7.9
Jamaica	49.70	45.92	92.4	26.58	53.5	17.26	34.7
St Kitts and Nevis	2.50	2.50	100.0	0.04	1.8	0.01	0.6
St Vincent & Grenadines	5.40	4.63	85.8	0.13	2.5	0.05	0.9
St Lucia	5.00	1.83	36.6	1.00	19.9	0.26	5.2
Suriname	27.00	21.00	77.8	12.45	46.1	1.36	5.0
Trinidad and Tobago	18.10	18.07	99.8	4.30	23.8	3.47	19.2
Total Caribbean	368.60	269.02	73.0	140.53	38.1	75.49	20.5
Fidji	22.00	13.62	61.9	9.93	45.2	4.50	20.5
Kiribati	6.00	5.04	84.0	2.31	38.5	1.52	25.4
PNG	44.20	38.17	86.4	20.31	45.9	10.56	23.9
Solomon Isles	20.90	12.84	61.5	5.98	28.6	3.62	17.3
Tonga	6.00	0.64	10.7	0.19	3.2	0.06	1.0
Tuvalu	1.30	1.04	79.9	0.99	75.9	0.38	29.3
Vanuatu	7.60	6.63	87.2	5.06	66.6	2.09	27.5
Western Samoa	9.00	3.43	38.1	3.32	36.9	1.30	14.4
Total Pacific	117.00	81.41	69.6	48.09	41.1	24.03	20.5
Total ACP	4867.20	3179.46	65.3	1615.69	33.2	9538.84	19.6

3. Regional cooperation

Lomé III

Article 112 of the third Lomé Convention provides for the allocation of ECU 1 billion to finance regional programmes and projects. The total allocation is made up of reimbursable aid and special loans, plus risk capital financed by the EDF and loans from the EIB's own resources.

Decisions have now reached ECU 855 million, contracts ECU 781 million and payments ECU 686 million. Table 8 gives a summary of the programmable aid situation by geographical region.

Regional cooperation under Lomé III
Situation of decisions, contracts and payments at the end of 1995

Region	Allocation	Decisions		Contracts		Payments	
		Cum.	% Alloc.	Cum.	% Alloc.	Cum.	% Alloc.
West Africa	203	192	94.6%	174	85.7%	152	74.9%
Central Africa	75	56	74.7%	53	70.7%	41	54.7%
East Africa	204	203	99.5%	187	91.7%	174	85.3%
Southern Africa	133	130	97.7%	113	85.0%	90	67.7%
Indian Ocean	25	25	100.0%	23	92.0%	14	56.0%
<i>Total Africa</i>	<i>640</i>	<i>606</i>	<i>94.7%</i>	<i>550</i>	<i>85.9%</i>	<i>471</i>	<i>73.6%</i>
Caribbean	71	62	87.3%	55	77.5%	48	67.6%
Pacific	39	35	89.7%	32	82.1%	28	71.8%
All ACP	96	95	99.0%	91	94.8%	90	93.8%
Trade promotion	60	57	95.0%	53	88.3%	49	81.7%
Total	906	855	94.4%	781	86.2%	686	75.7%

Lomé IV

The fourth Lomé Convention attaches special importance to regional cooperation and contains essential innovations with respect to both objectives and methods and procedures. It assigns a pivotal role to the promotion and support of regional economic integration. The promotion and support of intra-regional trade and the coordination of macroeconomic and sectoral policies at the regional level appear as priority objectives in each of the regional indicative programmes. The ACP States concerned have undertaken to take the necessary measures to facilitate this process.

In the course of the year the Community provided financial and technical assistance for some major regional integration initiatives, including the cross-frontier initiative in Southern and East Africa and the Indian Ocean, which is designed to remove barriers to trade, investment

trade, investment and intra-regional payments; the implementation of the West African Economic and Monetary Union (UEMOA); and the implementation of fiscal/customs reforms in the UDEAC (Central African Customs and Economic Union) countries.

Decisions totalled ECU 799 million, contracts ECU 399 million and payments ECU 226 million. Table 9 sets out the situation of Lomé IV programmable aid by region.

Table 9

Regional cooperation under Lomé III
Situation of decisions, contracts and payments at the end of 1995

Region	Allocation	Decisions		Contracts		Payments	
		Cum.	% Alloc.	Cum.	% Alloc.	Cum.	% Alloc.
West Africa	228	145	63.6%	41	18.0%	18	7.9%
Central Africa	84	23	27.4%	11	13.1%	2	2.4%
East Africa	199	94	47.2%	48	24.1%	16	8.0%
Southern Africa	129	117	90.7%	43	33.3%	13	10.1%
Indian Ocean	30	28	93.3%	7	23.3%	3	10.0%
<i>Total Africa</i>	<i>670</i>	<i>407</i>	<i>60.7%</i>	<i>150</i>	<i>22.4%</i>	<i>52</i>	<i>7.8%</i>
Caribbean	105	76	72.4%	3	2.9%	2	1.9%
Pacific	35	32	91.4%	18	51.4%	6	17.1%
All ACP	146	130	89.0%	113	77.4%	73	50.0%
Trade promotion	70	69	98.6%	55	78.6%	38	54.3%
Industrial cooperation	60	60	100.0%	54	90.0%	52	86.7%
PALOP ²	25	25	100.0%	6	24.0%	3	12.0%
Total	1111	799	71.9%	399	35.9%	226	20.3%

Tables 8 and 9 show that Central Africa is the region with the lowest commitment rate. There are a number of reasons for this, including the fact that financial and technical assistance to Zaire has been suspended and that other countries, such as Congo and Equatorial Guinea have had, for a variety of reasons, problems with implementation or in consolidating the process of democratization. Another reason is the lack of any well-organized, politically strong regional organization, which hampers effective cooperation. Finally, most of the projects concern infrastructure, for which lengthy appraisal is needed.

² PALOP: Portuguese-speaking countries of Africa. The project was decided on 29 June 1992 by the chief authorizing officer and the national authorizing officers of five Portuguese-speaking countries of Africa: Angola, Cape Verde, Guinea-Bissau, Mozambique et Sao Tomé and Príncipe. Although the project embraces geographically distant countries, it is designed along the lines of a standard regional project, taking into account the linguistic, social, political and economic problems of the countries concerned.

It is planned to make up for lost time in 1996: two financing proposals will be up for approval, which will bring the decision rate up to 100%.

As regards Lomé IV implementation we see that the Caribbean has lower than average rates for contracts and payments. This is because programming was completed three years later than in other regions. The region embraces 15 ACP countries, two of which, the Dominican Republic and Haiti, are new signatories accounting for two-thirds of the region's total population. This new regional set-up meant that lengthy preparations were needed to draft a regional programme that would satisfy everyone.

Moreover, the complexity of EDF procedures does not provide the necessary flexibility for such a large group of countries.

4. Health and HIV/AIDS programmes

Financing for health has continued to rise under the 7th EDF with some ECU 300 million from NIPs and RIPs already committed to such projects. Of this total 60% is for operations that are part of a process of decentralization which will expand and improve health services in outlying areas. The policy of securing priority budgetary spending on health by using the counterpart funds generated by structural adjustment support was pursued and a total of ECU 75.5 million were deployed in this way over the year in 14 countries implementing structural adjustment programmes. In total some ECU 465 million have been mobilized in budgetary aid for the health sector.

Some major programmes were the subject of financing decisions in 1995, notably a ECU 22 million project to rehabilitate the health service in rural areas of Mozambique and a ECU 14 million project to improve family planning services in Kenya.

Aid for the overhaul of medicines policies also continued in Burkina Faso, Madagascar, Cameroon, Côte d'Ivoire and Central African Republic. The Commission also financed an important ministerial meeting involving 20 ACP countries which took place in Brussels in April. The aim was to combine their efforts to improve drugs policies.

ECU 50 million were earmarked for HIV/AIDS operations under Lomé IV, ECU 20 million from the "all ACP" regional package and ECU 30 million from national indicative programmes. The commitment rate at the end of the year was 87%.

Projects approved in the course of the year included a ECU 4 million project to help Tanzania implement a national strategy to combat HIV/AIDS and sexually transmissible diseases (STDs). Research carried out in Mwanza (Tanzania) with EC and British financing has shown that transmission of HIV/AIDS can be significantly reduced by systematically treating STDs. Other activities financed were transfusions and work to educate and inform particular target groups. A major programme to educate school children in eight African countries was also adopted.

The closer coordination with the bilateral aid agencies of the Member States (in application of the Council resolution of 1994) took the form of meetings with Member State experts.

5. Microprojects

In 1995 seven multiannual microproject programmes were adopted using the decision procedure which involves the Chief Authorizing Officer's signature. Primary commitments for these programmes totalled ECU 18.9 million and concerned five ACP countries: Congo, Ghana, Madagascar, Western Samoa and Zambia.

Since the overall total decided since 1992 (ECU 135.3 million) is now equivalent to about 150% of financing under Lomé III, the microprojects instrument is clearly arousing increasing interest. The main sectors for microprojects were economic and social infrastructure, primarily in rural areas; village water engineering; education; and health. Various operations took place in the productive sector, particularly in agriculture and small businesses.

6. Industrial cooperation and private investment

The vast majority of ACP States have, in their indicative programmes, identified the private sector as one of the areas in which Community aid under Lomé IV will complement the policy measures and actions undertaken by national governments. In 1995 attention was concentrated on identifying private-sector projects in the following countries: Barbados, Burkina Faso, Comoros, Congo, Côte d'Ivoire, Dominican Republic, Ethiopia, Ghana, Guyana, Jamaica, Kenya, Namibia, Niger, Rwanda, Senegal, the Seychelles Togo, Trinidad and Tobago, Zimbabwe and Zambia.

Such projects may be carried out at different levels, according to need:

- macroeconomic, with a view to improving the institutional environment in which the private sector has to operate;
- intermediate: e.g. reorganization of financial services and aid for chambers of commerce or other bodies providing services for local firms;
- for firms themselves, e.g. credit lines for investment or training.

The coordination of operations between the Commission, the European Investment Bank and the CDI was strengthened by regular meetings in the course of the year. The Commission also considers it essential to coordinate aid with other organizations, with a view to greater efficiency and avoiding of duplication of effort.

In November the Commission and the ACP Secretariat organized the third annual meeting of the Advisory Council of the Committee on Industrial Cooperation. The Advisory Council is made up of 24 members representing the ACP States and the Member States of the European Union who come from the business world or are experts in industrial development matters. The Council discussed the Commission's reports on the progress of industrial cooperation and the flow of investments between the European Union and the ACP States.

The promotion of investment through industrial forums, in the course of which European and ACP economic operators can exchange information on specific investment opportunities,

remains an important element of ACP-EEC industrial cooperation. In October an industrial forum for Central Africa, MATCONSTRUCT '95, was held in Libreville (Gabon). This was a major opportunity for inter-African and Euro-African contacts in the field of building materials. An agro-industrial forum for West Africa was held in Dakar (Senegal) in November.

The CDI stepped up its efforts in 1995, undertaking 360 projects compared with 225 in 1994 and completing 172 of them. The breakdown by sector is as follows: 42% in the agri-food sector, 32% in construction materials, 9% in the clothing trade and 17% in other sectors. The geographical distribution shows that 30% of these projects are in West Africa, 9% in Central Africa 19% in East Africa, 21% in Southern Africa, 17% in the Caribbean and 5% in the Pacific.

7. Development of trade and tourism

The review of the fourth Convention has generated a number of changes that signal a radically new approach to trade cooperation, namely an awareness that a variety of factors make for commercial success, not just trade preferences, and that the key is to make the ACP States more competitive. The new provisions underline the importance of trade for any form of self-reliant development and make the development of trade one of the principal objectives of ACP-EC cooperation. The two sides have also pledged to allocate adequate NIP and RIP resources to trade development under the 8th EDF. The revised Convention provides for an integrated sectoral approach whereby all the instruments of the Convention would be deployed in trade promotion, from the earliest stages right through to the marketing of the product.

With an eye to the implementation of the second financial protocol, a detailed reappraisal was undertaken of activities designed to boost ACP trade flows. New, more product-oriented tools will have to be designed for the main ACP products to complement aid for individual countries and subregions. This new priority, trade development, will now have to be translated into action during the forthcoming programming exercise.

In the course of the year trade development programmes were drawn up for the Caribbean, Indian Ocean and West Africa regions, plus Kenya and Namibia. Aid channelled through the professional organizations supported by the Commission, APROMA and COLEACP was stepped up; the focus on setting up national and regional associations for professionals in the commodities and horticulture sectors. A programme to promote the production and marketing of African craft products (EACH) was launched with German co-financing. TRAIN FOR TRADE activities (enhancement of human resources in trade), which are carried out in conjunction with UNCTAD, were extended.

Aid continued for ACP participation in trade fairs in the framework of the integrated regional trade development programme. Financing was given for about 290 ACP participations in trade and tourism fairs, trade missions and seminars, and for technical assistance. From 1997, however, this programme will be replaced by separate programmes for specific products, as described above.

New tourism programmes were developed for the Caribbean and a number of Southern African countries. Others are planned for West Africa, showing that there is keenness in

Africa to develop this sector with Community aid, as the island regions have done. An overall evaluation of Community-financed programmes has been carried out and should help to improve cooperation in this sector in 1996.

Cooperation with the Member States was stepped up in the framework of the forum for national import promotion agencies and with UNCTAD in the framework of the trade efficiency programme set up by UNCTAD in 1994.

8. Cultural cooperation

Within the European Union, the term "cultural cooperation" has become legally established only in recent years. The third Lomé Convention, which came into force in 1986, already included a section devoted to cultural cooperation. These provisions were renewed and extended by Lomé IV. Cultural cooperation therefore underpins all cooperation with the ACP States and is not merely an appendage to it. It involves both taking account of the cultural dimension in all development projects and the financing of specific cultural projects (safeguarding the cultural heritage; production and dissemination of cultural products; cultural events; information and communication).

Projects of a cultural nature should help root ACP peoples in their traditional cultures, preserving and disseminating those cultures, while increasing the fund of self-confidence and the creative potential of these civilizations. However, there are no specific resources for financing projects of a cultural nature. Cultural projects are charged to the NIP of the ACP State concerned, or to regional funds, if the request is made by at least two ACP States, or to "all ACP" funds for projects of a more general nature.

Around 45% of NIPs identify the cultural sector as a sphere of cooperation, namely those of Benin, Guinea, Guinea-Bissau, Nigeria, Sierra Leone, Burundi, Tanzania, Uganda, Djibouti, Ethiopia, Burkina Faso, Gambia, Mali, Senegal, Botswana, Mozambique, Namibia, Papua New Guinea, Comoros, Fiji, Kiribati, Western Samoa, Tonga, Vanuatu, Madagascar and the Seychelles. Under Lomé III and Lomé IV the Commission has financed a large number of cultural projects for a total cost of around ECU 62.5 million in most of the possible sectors for intervention, which probably makes the European Union the largest sponsor of culture at the present time, particularly of film productions.

Indeed, in 1995 the Commission set up a film selection committee which gives an opinion on applications for film financing sent in by EDF national authorizing officers. Its status is purely that of an advisory body. Pursuant to Articles 145, 147 and 148 of Lomé IV the Commission and the ACP States launched a programme to support ACP cultural events in the Member States of the European Union with the aim of gaining recognition for ACP cultures and creating economic outlets for ACP artists. The programme cofinances cultural events of various types, cinema and audiovisual media, plastic and graphic arts, theatre, dance, ballet and music.

9. Education and training

Under Lomé III it was recognized that European Union support for the development of human resources should be more precisely targeted than had been the case heretofore in order to create greater inter-action between human-resource activities and the personnel needs of other EDF development cooperation activities. In the transition from Lomé III to Lomé IV the "multiannual training programmes" of previous Conventions gradually gave way to teaching and training activities in the form of "training windows" within projects which did not yet have the required human resources. Under Lomé IV training windows have been supplemented by a number of training programmes aimed at enhancing the capacity of local institutions in areas in receipt of Community aid. The policy of training windows means that finance for training is not available until the decision to finance the project as a whole has been taken.

Two things should be kept in mind when interpreting the data on education and training under Lomé IV: (i) the final total of aid for education and training will be considerably higher because there are projects which are still in the pipeline but not yet approved; (ii) in addition to programmable aid, Lomé IV provides ECU 1 349 million for the financing of structural adjustment programmes (SAPs). In the first half of 1995 SAPs were approved for 31 countries, 17 of which identified education as a priority sector. ECU 445 million were committed to education in this way between 1991 and 1995, 33% of Lomé IV SAP funds. Table 10 shows the proportion of programmable resources that went to education and training under the two current Conventions.

Table 10

Aid for education and training under Lomé III and Lomé IV, including structural adjustment funds

ECU million

	Programmable aid	Amount and % devoted to education and training under structural adjustment aid	Education and training expenditure	Education and training as % of programmable aid, including structural adjust. funds
Lomé III (1986)	4 960	-	182	3.7 %
Lomé IV (1991)	6 215	445 (33% total SAP)	263	11.4 %

The figures for education and training expenditure do not cover the training windows, which are included elsewhere. Although the figures are not yet available, the training windows in other sectors accounted for at least 5% of the funds for these sectors. The real total is therefore much higher than indicated in the table above. If spending under structural adjustment programmes is included, commitments for education and training and the 7th EDF total ECU 708 million.

Table 11 gives a breakdown of education and training commitments under the 6th and 7th EDFs.

Table 11

**Breakdown of commitments between different education and training priorities
(6th and 7th EDFs)**

Sector	6th EDF	7th EDF		
		Prog. aid	Structural adjustment aid	Total
Primary education	1%	13%	90%	62%
Secondary education	1%	5%		2%
Universities	8%	12%		5%
Vocational training	13%	19%		9%
Teacher training	1%	14%	10%	6%
Higher tech. institutes	16%	6%		3%
School buildings	21%	19%		9%
Health training	1%	2%		1%
Study awards	7%	3%		1%
Other ³	(*)	5%		2%

The Total column in Table 11 shows the percentage of funds devoted to education, by branch, and including structural adjustment spending. Note that as yet there is no complete breakdown of structural adjustment spending by branch of education, although the indication that most is going to primary education is certainly true. Figures for the 6th EDF are incomplete for reasons of classification shortcomings. There are also other forms of funding in the form of training windows in other sectors.

In view of the increasing importance attached to basic education, the amount of EDF aid committed to primary education has increased in the transition to Lomé IV. Indeed, if structural adjustment funds are taken into account, the percentage devoted to primary education rises to 62%. A substantial share of aid still goes to vocational training, which, including technical colleges (3%), training for health workers (1%) and vocational training (9%), accounts for 13% of EDF aid (including structural adjustment). Much of this aid goes on school buildings.

But the share of EDF resources going to education and training is also dependent on the importance that individual countries give this sector in their NIPs. A measurement of the "human resource" element in the 70 NIPs gives us four categories (see Table 12).

³ Under the 7th EDF "other" covers training unrelated to a particular sector, i.e. study and research, regional training programmes, seminars, and training related to environmental and emergency aid operations.

Table 12

Breakdown of NIPs on the basis of priority given to education and training

Category I: programmes with high priority on education and training	Category II: programmes with low priority on education and training	Category III: programmes without provision for education and training	Category IV: programmes still to be finalized at the time of writing
13 countries	45 countries	6 countries	6 countries
19% total	64% total	9% total	9% total

Table 12 shows that almost two-thirds of the ACP countries give education and training low priority and that less than a fifth give it high priority for the use of programmable aid from the 7th EDF. Only a few exclude the sector altogether.

Chapter III

Structural adjustment under Lomé IV and import programmes

1. Structural adjustment under Lomé IV

On the basis of the relevant provisions in the fourth Lomé Convention, the Commission has developed its structural adjustment strategy along the lines of the May 1992 resolution of the Council, which was also approved by the ACP-EC Council.

This policy has four main objectives:

- (1) to focus efforts on the main aspects of the Convention's provisions, namely reconciling structural adjustment and long-term development, tailoring the pace of reform to the specific constraints and capacities of each country, and taking account of the regional and social dimensions to adjustment;
- (2) to ensure maximum consistency with other Community instruments, above all food aid and Stabex, which also affect the balance of payments and public finances because of the counterpart funds they generate;
- (3) to encourage the overhaul of the public finances of the States concerned so that they draw up and manage their budgets better and so ensure that Community aid is used properly;
- (4) to strengthen coordination with other donors (Member States, IMF and the World Bank in particular) at both the planning and implementation stages.

In 1995 the Community continued to lend its support to structural adjustment in accordance with the approach developed since 1989. In the period between the entry into force of Lomé IV and the end of December 1995, the Commission took 71 financing decisions on structural adjustment financing in 36 countries for a total of ECU 1382 million, of which, ECU 1050 million came from the Structural Adjustment Facility (SAF) and the rest from national indicative programmes. Community aid is usually implemented in the form of general import programmes, this instrument being the most appropriate for supplying the central banks of the countries concerned and providing economic operators with the necessary foreign exchange to buy imports. The local currency equivalent of the foreign exchange made available to economic operators constitutes what are called "counterpart funds", which were used in a way to support the financial and monetary balances of the countries concerned. They are used in the context of budgetary policy to cover priority operating/capital expenditure, especially expenditure on essential public services and the upkeep of economic and social infrastructure.

Of the total financing decisions taken on counterpart funds, around 70% have been allocated to social sectors, the bulk going on primary healthcare and primary education, and at least 6% for the upkeep of infrastructure, above all road maintenance. Funds have also been allocated to employment, the restructuring of the production of cash agricultural crops and of parastatals. Following the devaluation of the CFA franc in 1994, funds were allocated to clear governments' arrears with economic operators in order to ensure that public finances could be put on a sound footing.

Besides allocating resources for budgetary spending, the Commission also aims to change radically in the way these budgets are structured and executed so that they become more transparent and more equitable and resources are shifted to priority spending on health, education and infrastructure maintenance. To do this, it has become increasingly involved in public expenditure reviews, often conducted jointly with the World Bank. But this exercise has its limits and the Commission has also been encouraging other donors to become involved in tackling the problem of restructuring public spending. These discussions took place in the framework of the Special Programme for Africa (SPA), which embraces all the main multilateral and bilateral donors, and guidelines were drawn up for a new approach to the donor/recipient country relationship in efforts to deal with public expenditure that places emphasis on the assumption of responsibility and effective action by the government concerned. Meanwhile the Commission, judging that sufficient time had elapsed for it to assess the fruits of its structural adjustment efforts, conducted an evaluation of its adjustment operations and set out the conclusions and proposals for future strategy in a communication to the Council, its thrust being:

- consolidation of the Community's approach, particularly as regards placing priority on long-term development, inclusion of the social dimension and placing programmes in a regional context;
- continuation of discussions on the subject and their translation into tangible improvements in public-spending management and greater regional integration;
- a widening of the scope for action through adjustments to instruments and implementation procedures and participation in discussions on a more realistic form of conditionality.

This communication to the Council produced a Council resolution at the first meeting on 1 June 1995. The resolution reiterates the Community's desire to make the process more effective, to strengthen the dialogue with adjustment partners, to continue to adjust instruments to specific needs and to find a more effective approach to conditionality. The strengthening of coordination with the Member States should also extend to the SPA framework, to relations with the Bretton Woods institutions above all, so that a consensus on priorities can be reached.

2. Counterpart funds

Counterpart funds are generated by the implementation of a number of Community programme-aid instruments. They constitute the exchange value in local currency of aid in the form of foreign currency or of goods. Usually implemented through general or sectoral import programmes, they may be constituted by structural adjustment funds, Stabex, food aid and indicative programmes. These programmes account for no less than 20% of the annual aid total and so their importance is easy to understand.

The Council Resolution of 27 May 1991 laid down the rules to be applied to the constitution, use and monitoring of counterpart funds. The European Commission has also made a considerable contribution towards formulating policy by taking an active part in the Special Programme of Assistance to Sub-Saharan Africa (SPA), in which the main donors and the Bretton Woods Institutions participate.

As they are the property of the ACP States, counterpart funds do not appear in the balance sheets and annual accounts of the Commission, which merely record the hard currency from which they are constituted. However, the departments of the Commission co-manage these funds and report half-yearly on progress. A special annex to the management accounts is devoted to counterpart funds.

Counterpart funds are constituted automatically in countries with convertible currencies and/or a liberalized exchange system. There is a new provision in the revised Convention that provides for the granting of direct budgetary aid to such countries in future. In other countries it is subject to the time taken to sell the currency, which depends on how the country allocates foreign exchange (administrative allocation, currency auctions or other procedures). Although local administrative hold-ups and technical hitches in implementation may occur, the system generally works well thanks to the Commission's efforts.

One of the main principles of the use of counterpart funds under Lomé IV, one laid down in the Council resolution referred to above, is the priority to be given to the "social dimension" of adjustment, that is, the financing of adequate budget expenditure in social sectors, primary education and basic healthcare above all. The impact of these programmes also depends on the conditions and accompanying measures attached to them for the purpose of furthering sectoral or budgetary reforms. The Community has two concerns regarding the use of counterpart funds: (i) to ensure that various programme aid instruments are pulling in the same direction - e.g. deciding to use Stabex funds in a way that is consistent not only with Stabex objectives but also with the adjustment policies being implemented in the country concerned (restructuring the production chain of a crop, for instance); (ii) to underpin reforms in the country's budget planning and budget implementation so that budgets become better and more transparent and it is possible to move gradually from a very specific use of counterpart funds to a much broader targeting of such funds in the context of dialogue with the Commission on macroeconomic and sectoral policy.

Implementation of the first Lomé IV financial protocol in respect of programmes generating counterpart funds (the SAF and Stabex) was virtually completed in 1995: 91% of the SAF (not from NIP allocations) and 96% of Stabex funds were allocated. With payments standing at 80% and 85% respectively, resources will be exhausted in 1996 unless the revised Convention is speedily ratified and the new financial protocol comes into force.

With decisions at ECU 151.8 million (ECU 145.5 million from the SAF, plus ECU 6.3 million from NIPs) and payments at ECU 257.2 million (232 620 00 from the SAF and 24 570 000 from NIPs) structural adjustment support remained a quick-disbursing form of aid.

The pace at which counterpart funds were constituted and disbursed was satisfactory: Benin, Ghana, Guinea, Jamaica, Mali and Mozambique, among others, constituted large amounts of counterpart funds, while Burkina Faso, Cameroon, Chad, Gabon, Ghana, Côte d'Ivoire, Mali, Mozambique, Sierra Leone and Trinidad and Tobago consumed a large proportion of theirs.

In the case of Stabex (ECU 131.9 million in decisions and ECU 303 260 000 in payments), it is more difficult to analyze performance in terms of counterpart funds since some of them are used for EDF-type projects and others used to underpin structural adjustment programmes, this latter option being very effective in terms of constituting and paying out counterpart funds. Nevertheless, the time taken to conclude frameworks of mutual obligations, whatever use the funds are put to, does slow down the speed of implementation.

As for food aid, 1995 was the first year in which a serious attempt was made to keep accounts of the counterpart funds and the gathering of information to give a clear picture of what is happening will continue in 1996.

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Années d'application 1990 - 1995
(situation au 31/12/1995)

Country	Year	Product	Amount Decided (MECU)	Amount Paid (MECU)	Date of signature of the FMO	Amount of FMO (ECU)	Counterpart funds (in millions of local currency)				
							L.C.	Amounts due (a)	Paid in account (b)	Committed	Paid from account
Benin	1990	Palmier	0,3	0,3	23/02/92	0,3	XOF	83,6	83,6	83,6	83,6
Benin	1991	Palmier	0,4	0,4	24/08/93	0,4	XOF	118,4	118,4	118,4	49,7
Benin	1993	Palmier	0,7	0,7							
Burundi	1990	Coffee	16,2	16,2							
Burundi	1990	Tea	0,3	0,3	10/06/92	16,5	BIF	2.528,1	2.528,1	2.461,2	2.461,2
Burundi	1991	Coffee	7,8	7,8							
Burundi	1991	Hides &	0,2	0,2		8,0					
Burundi	1992	Coffee	9,0				BIF				
Burundi	1992	Hides &	0,3								
Burundi	1993	Coffee	19,6								
Burundi	1993	Peaux br	0,3								
Burkina Faso	1990	Hides &	0,4	0,4							
Burkina Faso	1991	Hides &	0,7	0,7							
Burkina Faso	1991	Torteaux	0,4	0,4							
Burkina Faso	1991	Noix de	0,7	0,7	22/02/94	2,1	XOF	1.409,9	81,2		
Burkina Faso	1992	Hides &	0,8	0,8							
Burkina Faso	1992	Cotton	0,8	0,8		1,4	XOF	955,5			
Burkina Faso	1993	Cotton	0,7	0,7		0,7	XOF	464,2			
Burkina Faso	1994	Cotton	13,9	13,9							
Cap Verde	1990	Hides &	0,0	0,0							
Cap Verde	1990	Bananas	0,1	0,1	27/10/92	0,1	CVE	10,0			
Cap Verde	1993	Bananas	0,4	0,4	01/03/96						
Cap Verde	1994	Bananas	0,7	0,7	01/03/96						
Cameroon	1990	Cocoa	39,1	39,1							
Cameroon	1990	Coffee	28,3	28,3	14/02/93	67,4	XAF	23.505,0	21.338,0	23.505,0	
Cameroon	1991	Cocoa	39,9	39,9							
Cameroon (1)	1991	Coffee	29,3	29,3	13/08/93	69,2	XAF	49.360,4	40.838,4	54.099,9	40.298,4
Cameroon	1992	Cocoa	26,4	26,4	17/05/95						
Cameroon	1992	Coffee	21,5	21,5		47,9	XAF				
Cameroon	1993	Cocoa	20,1	20,1	17/05/95						
Cameroon	1993	Coffee	12,5	12,5		32,6	XAF	55.838,3	192,3	407,5	79,3
Cameroon	1994	Cocoa	12,2	12,2		12,2	XAF	7.889,4			
Chad	1993	Cotton	4,4	4,4		4,4	ECU	4.439,2	4.712,5		
Chad	1994	Cotton	6,5				ECU	6.530,8	6.530,8		
Comores	1990	Vanilla	1,4	1,4							
Comores	1990	Girofle	0,9	0,9	23/10/92	2,3	KMF	897,3	913,3	913,3	901,8
Comores	1991	Huiles es	0,2	0,2	18/10/95	0,2					
Comores	1992	Girofle	0,8	0,8	18/10/95						
Comores	1992	Huiles es	0,1	0,1	18/10/95						
Comores	1993	Girofle	0,3	0,3	18/10/95						
Comores	1993	Huiles es	0,5	0,5	18/10/95						
Centrafrique	1990	Coffee	6,1	6,1							
Centrafrique	1990	Cotton	0,6	0,6	16/10/92	6,7	XAF	3.406,0	3.484,3	2.809,4	2.411,9
Centrafrique	1991	Coffee	2,5	2,5	20/01/95	2,5	XAF				
Centrafrique	1992	Coffee	1,9	1,9							
Centrafrique	1992	Cotton	0,4	0,4		2,3	XAF				
Centrafrique	1993	Coffee	4,6	4,6							
Centrafrique	1993	Cotton	0,7	0,7							
Centrafrique	1993	Wood	1,0	1,0		6,3	XAF				
Cote d'Ivoire	1990	Cocoa	16,7	16,7							
Cote d'Ivoire	1990	Coffee	74,5	74,5	21/12/91	91,2	XOF	31.687,2	31.687,2	31.800,0	31.345,7
Cote d'Ivoire	1991	Cocoa	67,1	67,1							
Cote d'Ivoire (1)	1991	Wood	4,7	4,7	19/03/93	71,8	XOF	22.045,0	23.481,7	25.008,0	23.404,0
Cote d'Ivoire	1992	Cocoa	46,6	46,6							
Cote d'Ivoire	1992	Cotton	7,2	7,2	02/08/94	53,8	XOF	44.069,7	42.501,0	43.700,0	42.277,5
Cote d'Ivoire	1993	Cocoa	8,7	8,7	04/07/95						

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Country	Year	Product	Amount Decided (MECU)	Amount Paid (MECU)	Date of signature of the FMO	Amount of FMO (ECU)	Counterpart funds (in millions of local currency)				
							L.C.	Amounts due (a)	Paid in account (b)	Committed	Paid from account
Cote d'Ivoire	1993	Coffee	23,2	23,2	04/07/95	31,8					
Dominica	1990	Bananas	0,7	0,7							
Dominica	1991	Bananas	0,2	0,2	30/03/93	0,8	XCD				
Dominica	1992	Bananas	1,2	1,2		1,2					
Dominica	1993	Bananas	3,4	3,4		3,4					
Dominica	1994	Bananas	9,2	9,2							
Ethiopia	1990	Coffee	58,5	58,5							
Ethiopia	1990	Hides &	6,1	6,1	22/02/93	64,6	ETB	396,3	250,2	396,0	243,0
Ethiopia	1991	Coffee	39,8	39,8							
Ethiopia	1991	Hides &	9,6	9,6	26/08/93	49,4	ETB	295,4	115,6	295,4	115,4
Ethiopia	1992	Coffee	35,7	35,7							
Ethiopia	1992	Hides &	5,2	5,2		40,9					
Ethiopia	1993	Coffee	27,6	19,3							
Ethiopia	1993	Hides &	4,9	2,4		32,6					
Falkland Islands	1990	Wool not	0,6	0,6		0,6					
Falkland Islands	1991	Wool not	1,2	1,2		1,2					
Falkland Islands	1992	Wool	1,1	1,1							
Falkland Islands	1993	Wool	1,2								
Falkland Islands	1994	Wool	0,9								
French Polynesia	1990	Copra oil	0,9	0,9							
French Polynesia	1992	Copra oil	0,1	0,1							
Gambia	1991	Arachide	0,4	0,4		0,4	GMD				
Ghana	1990	Cocoa	6,9	6,9	02/11/92	6,9	GHC	4.676,7	4.676,7	4.676,7	
Ghana	1991	Cocoa	16,4	16,4	08/10/93	16,4	GHC	14.961,0	13.853,3	14.961,0	
Ghana	1992	Cocoa	4,9	4,9		4,9					
Ghana	1993	Cocoa	15,7	15,7		15,7					
Grenada	1990	Cocoa	0,6	0,6							
Grenada	1990	Bananas	0,3	0,3							
Grenada	1990	Nutmegs	1,1	1,1	15/06/92	2,0	XCD	7,5	7,5	7,5	7,5
Grenada	1991	Cocoa	0,3	0,3							
Grenada	1991	Bananas	0,4	0,4							
Grenada	1991	Nutmegs	1,1	1,1	15/11/93	1,8	XCD	6,1	6,1	6,1	
Grenada	1992	Cocoa	0,2	0,2							
Grenada	1992	Bananas	0,6	0,6							
Grenada	1992	Nutmegs	1,7	1,7	16/08/94	2,4	XCD	7,4	7,4	7,4	6,3
Grenada	1993	Cocoa	0,2	0,2							
Grenada	1993	Bananas	0,6	0,6							
Grenada	1993	Nutmegs	1,4	1,4	20/12/95	2,2	XCD	3,5	3,5		
Grenada	1994	Bananas	1,1	1,1							
Grenada	1994	Nutmeg	0,8	0,8							
Grenada	1994	Cocoa	0,1	0,1							
Guinée Bissau	1991	Arachide	0,2	0,2							
Guinée Bissau	1991	Palmier	0,2	0,2	03/12/93	0,4	GWP	0,4	0,4	0,4	0,1
Guinée Bissau	1992	Cotton	0,1	0,1							
Guinée Bissau	1992	Palmier	0,2	0,2							
Guinée Bissau	1992	Crevettes	0,1	0,1		0,4	GWP	0,4	0,4	0,4	0,0
Guinée Bissau	1993	Arachide	0,1	0,1	01/08/95						
Guinée Bissau	1993	Niox et a	0,0	0,0			GWP	0,1	0,1	0,1	
Guinée Bissau	1994	Noix et a	0,4								
Guinée Equatoriale	1990	Cocoa	2,1	2,1							
Guinée Equatoriale	1990	Coffee	0,2	0,2	08/06/93	2,3	XAF	1.788,0	1.219,1	1.118,4	749,9
Guinée Equatoriale	1991	Cocoa	1,2	1,2	11/04/95	1,2		917,6	843,3	843,3	843,3
Guinée Equatoriale	1992	Cocoa	1,5	1,5	11/04/95	1,5		1.040,2			
Guinée Equatoriale	1993	Cocoa	0,9	0,9	11/04/95	0,9		581,3			
Guinée Equatoriale	1994	Cocoa	1,6	1,6		1,6		1.032,7			
Haiti	1990	Cocoa	1,4	1,4	22/05/95						

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Country	Year	Product	Amount Decided (MECU)	Amount Paid (MECU)	Date of signature of the FMO	Amount of FMO (ECU)	Counterpart funds (in millions of local currency)				
							L.C.	Amounts due (a)	Paid in account (b)	Committed	Paid from account
Haiti	1990	Coffee	9,8	9,8	22/05/95						
Haiti	1990	Huiles es	0,4	0,4	22/05/95						
Haiti	1991	Coffee	5,1	5,1	22/05/95						
Haiti	1991	Huiles es	0,3	0,3	22/05/95						
Haiti	1992	Coffee	3,9	3,9	22/05/95						
Haiti	1992	Cocoa	0,1	0,1	22/05/95						
Haiti	1993	Cocoa	0,1	0,1	22/05/95						
Haiti	1993	Coffee	4,5	4,5	22/05/95						
Haiti	1994	Coffee	6,5	6,5							
Kenya	1990	Coffee	28,9	28,9	03/07/92	28,9	KES	2.251,0	1.789,4	2.527,0	
Kenya	1991	Coffee	16,4	16,4	28/09/95	16,4					
Kenya	1992	Coffee	16,5	16,5							
Kenya	1992	Tea	0,3	0,3							
Kenya	1993	Coffee	16,0	16,0							
Kiribati	1990	Copra	0,4	0,4	30/06/93	0,4	AUD				
Kiribati	1991	Copra	0,2	0,2	27/07/93	0,2	AUD	1,1	1,1	1,1	
Kiribati	1993	Copra	0,0	0,0		0,0	AUD				
Lesotho	1991	Wool	0,4	0,4							
Lesotho	1991	Mohair	0,6	0,6							
Lesotho	1992	Wool	1,0	1,0							
Lesotho (1)	1992	Mohair	0,4	0,4	10/05/94	2,3	LSM	12.972,2	4.635,6	8.200,0	3.388,2
Lesotho	1993	Wool	1,0	1,0							
Lesotho	1993	Mohair	0,1	0,1		1,0					
Lesotho	1994	Wool	0,3								
Madagascar	1990	Coffee	19,0	19,0							
Madagascar	1990	Vanilla	1,7	1,7							
Madagascar	1990	Girofle	0,8	0,8							
Madagascar	1990	Huiles es	0,1	0,1	13/07/92	21,6	MGF	54.433,5	54.427,1	50.466,7	
Madagascar	1991	Coffee	14,0	14,0							
Madagascar	1991	Vanilla	1,6	1,6							
Madagascar	1991	Girofle	0,6	0,6		16,6					
Madagascar	1991	Huiles es	0,3	0,3							
Madagascar	1992	Coffee	9,1	9,1							
Madagascar	1992	Vanilla	0,4	0,4							
Madagascar	1992	Girofle	0,5	0,5		10,0					
Madagascar	1993	Coffee	3,8	3,8							
Madagascar	1993	Girofle	0,5	0,5							
Mali	1990	Cotton	0,3	0,3	29/12/92	0,3	XOF	113,7	104,0	104,0	
Mali	1991	Cotton	0,6	0,6	26/01/94	0,6	XOF	400,0	400,0	400,0	
Malawi	1990	Tea	1,7	1,7	20/07/95						
Malawi	1991	Tea	2,3	2,3	20/07/95						
Malawi	1991	Coffee	0,2	0,2	20/07/95						
Malawi	1994	Tea	4,2								
Mauritania	1990	Calmar/P	9,6	9,6	30/06/92	9,6	MRO	1.002,4	1.002,4	755,1	71,6
Mauritania	1991	Calmar/P	4,1	4,1	20/07/93	4,1	MRO	342,1			
Mauritania	1992	Calmar/P	0,8	0,8							
Mauritania	1994	Calmar/P	1,0	1,0							
Mozambique	1991	Cashew	1,2	1,2							
Mozambique	1991	Wood	0,0	0,0		1,3	MZM				
Mozambique	1992	Cashew	0,6	0,6							
Mozambique	1993	Copra	0,2	0,2							
Mozambique	1993	Cashew	1,6	1,6							
Papua New Guinea	1990	Cocoa	6,8	6,8							
Papua New Guinea	1990	Coffee	7,6	7,6							
Papua New Guinea	1990	Copra	3,3	3,3							
Papua New Guinea	1990	Palmier	7,3	7,3	27/02/92	24,9	PGK	29,8	29,6	29,6	

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Country	Year	Product	Amount Decided (MECU)	Amount Paid (MECU)	Date of signature of the FMO	Amount of FMO (ECU)	Counterpart funds (in millions of local currency)				
							L.C.	Amounts due (a)	Paid in account (b)	Committed	Paid from account
Sudan	1991	Oil cakes	0,4								
Sudan	1992	Arachide	0,2								
Sudan	1992	Cotton	24,6								
Sudan	1992	Gomme	3,5								
Sudan	1993	Cotton	1,6								
Sudan	1993	Hides &	0,8								
Sudan	1994	Cotton	7,0								
Tanzania	1990	Coffee	19,1	19,1							
Tanzania	1990	Tea	0,0	0,0							
Tanzania	1990	Sisal	0,1	0,1	12/09/92	19,2	TZS	7.630,9	7.840,9	7.778,4	7.778,4
Tanzania	1991	Coffee	11,2	11,2							
Tanzania	1991	Cotton	1,3	1,3		12,5	TZS	6.874,5	6.874,5	6.344,7	6.333,9
Tanzania	1992	Coffee	12,5	12,5							
Tanzania	1992	Cotton	0,9	0,9							
Tanzania	1992	Girofle	0,2	0,2	29/04/94	11,2	TZS				
Tanzania	1993	Coffee	8,3	8,3							
Tanzania	1994	Coffee	2,8								
Tuvalu	1990	Copra	0,0	0,0		0,0	AUD	0,0	0,0	0,0	0,0
Tuvalu	1991	Copra	0,0	0,0	21/03/94	0,0					
Tuvalu	1993	Copra	0,0	0,0	14/09/95	0,0					
Tuvalu	1994	Copra	0,0								
Togo	1990	Cocoa	1,7	1,7							
Togo	1990	Coffee	3,5	3,5		5,2	ECU	5,2	5,2		
Togo	1991	Cocoa	1,7	1,7							
Togo	1991	Coffee	6,1	6,1		7,7	ECU	7,7	7,7		
Togo	1992	Cocoa	1,1	1,1							
Togo	1992	Coffee	1,7	1,7							
Togo	1992	Cotton	0,3	0,3		3,1	ECU	3,1	3,1		
Togo	1993	Cocoa	1,9	1,9							
Togo	1993	Coffee	1,7	1,7							
Togo	1993	Noix et h	0,3	0,3		3,9	ECU	3,9	3,9		
Togo	1994	Cocoa	0,4	0,4		0,4					
Tonga	1990	Copra	0,5	0,5							
Tonga	1990	Bananas	0,5	0,5		1,0	TOP				
Tonga	1991	Copra	0,3	0,3							
Tonga	1991	Bananas	0,5	0,5		0,7					
Tonga	1992	Copra	0,1	0,1							
Tonga	1992	Vanilla	0,0	0,0		0,1					
Tonga	1993	Copra	0,1	0,1		0,1	TOP				
Tonga	1994	Vanilla	0,1	0,1							
Uganda	1990	Coffee	36,3	36,3							
Uganda	1990	Cotton	0,7	0,7	13/03/92	37,7	UGX	36.985,6	43.684,2	37.150,7	23.274,1
Uganda	1991	Coffee	32,8	32,8							
Uganda	1991	Hides &	1,4	1,4	24/06/93	34,2	UGX	34.209,8	40.238,5	24.024,6	16.051,9
Uganda	1992	Coffee	22,7	22,7							
Uganda	1992	Hides &	1,6	1,6		24,3	UGX	24.338,6	24.780,6	24.780,6	24,8
Uganda	1993	Coffee	44,0	44,0							
Uganda	1993	Hides &	0,4	0,4		44,4	UGX	44.434,124	45.286,5		
Vanuatu	1990	Copra	1,7	1,7							
Vanuatu	1991	Copra	0,4	0,4	23/07/93	2,1	VUV	2,2	2,2	2,1	
Vanuatu	1992	Copra	0,3	0,3							
Vanuatu	1993	Copra	0,5	0,3							
Vanuatu	1994	Copra	0,1			0,5	VUV	0,5	0,5	0,5	0,5
Western Samoa	1990	Cocoa	0,4	0,4							
Western Samoa	1990	Copra	1,6	1,6							
Western Samoa	1990	Oil cakes	0,2	0,2	15/12/92	2,2	WST	7,8	7,8	7,8	4,0

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Country	Year	Product	Amount Decided (MECU)	Amount Paid (MECU)	Date of signature of the FMO	Amount of FMO (ECU)	Counterpart funds (in millions of local currency)				
							L.C.	Amounts due (a)	Paid in account (b)	Committed	Paid from account
Western Samoa	1991	Cocoa	0,3	0,3	18/04/95						
Western Samoa	1991	Copra	1,8	1,8							
Western Samoa	1991	Oil cakes	0,2	0,2		2,3	WST	7,0		7,0	
Western Samoa	1993	Copra	0,1	0,1							
Western Samoa	1993	Oil cakes	0,0	0,0		0,1					
Western Samoa	1994	Copra	1,2	1,2							
Zimbabwe	1992	Coffee	2,5	2,5	26/06/95						
Zimbabwe	1992	Cotton	12,8	12,8		15,3					
Zimbabwe	1993	Cotton	5,4	5,4		5,4					
Zimbabwe	1994	Coffee	2,7								
Zimbabwe	1994	Cotton	2,1								
Grand Total			1.634,9	1.444,9		1.277,4					

(1) les montants engagés correspondent aux FCP payés augmenté des intérêts générés.

FCP Lomé IV
FACILITE D'AJUSTEMENT STRUCTUREL et
PROGRAMMES D'IMPORTATION
(situation au 31/12/1995)

Country	Decisions (MECU)	Payments (MECU)	Counterpart funds (in millions of local currency)					Sector of application (as a percentage of commitments)					
			Currency	Amounts due (a)	Paid in Account (b)	Committed	Paid from account	Rural Development	Infra-structure	Industry	Education	Health	Others (c)
Benin	43,1	33,7	XOF	19.526,2	15.097,9	15.078,0	13.910,4					11,1	88,9
Burundi	12,0	3,9	BIF	4.165,3	1.248,9	1.222,0	500,0				68,0	32,0	
Burkina Faso	103,8	93,6	XOF	51.735,2	46.035,9	36.035,9	19.108,9	1,0			20,0	29,0	50,0
Cameroon	49,7	49,4	XAF	25.150,4	23.310,5	23.310,5	13.689,2	20,7	71,6			7,7	
Central African Rep.	10,0	6,5	XAF	6.023,9	3.965,8	3.860,4	3.090,7		26,0			41,0	33,0
Chad	18,2	17,9	XOF	11.259,6	9.472,0	6.141,0	4.546,0		26,0		1,0	18,0	45,0
Comores	6,6	6,5	KMF	2.527,9	2.515,5	2.515,5	1.900,8						
Congo	14,3	8,1	XOF	8.810,4	5.222,0	5.222,0	322,0		20,0		10,0	20,0	50,0
Dominica	2,2	2,1	XCD	7,4	2,7	6,3	1,8						
Dominican Republic	31,3	31,1	DOP	478,1	809,7	529,3	390,1	5,2	32,2		21,3	20,7	20,6
Ethiopia	87,4	74,6	ETB	611,7	249,6	608,8	249,6				50,0	50,0	
Gabon	15,8	15,4	XOF	10.167,1	8.419,0	8.419,0	6.324,9						
Gambia	8,2	6,2	GMD	91,7	70,0	70,0	62,9		11,0		45,6	41,6	1,8
Ghana	102,6	80,9	GHC	120.903,7	81.632,0	81.632,0	78.207,7	3,8			42,5	47,8	5,8
Grenada	2,0	2,0	XCD	5,7	5,7	5,7	5,7	4,0			37,0	48,0	11,0
Guinea	32,6	25,5	GNF	40.048,6	31.140,4	31.103,1	13.205,8	11,0	5,0		47,0	23,0	14,0
Guinea Bissau	8,0	4,5	GWP	160.341,7	12.386,6	12.386,6	0,0						
Guyana ^(d)	8,6	7,2	GYD	1.400,6	981,6	1.258,1	830,9				50,0	36,0	14,0
Haiti	23,0	12,0	HTG	569,8									
Ivory Coast	15,5	15,4	XOF	5.804,6	5.060,1	5.060,1	5.060,1	3,8				96,2	
Ivory Coast	18,5	18,3	XOF	5804,6 ^(e)	11.199,0	11.199,0	11.199,0					74,0	26,0
Ivory Coast	28,8	28,3	XOF	18.370,6	18.213,1	17.831,2	17.003,3					50,0	50,0
Ivory Coast	20,5	12,0	XOF	13.270,2	7.999,0	8.303,5	3.979,2					46,0	54,0
Jamaica	7,1	2,7	JMD	344,2	168,3	168,3	0,0						
Lesotho	20,6	16,3	LSM	87,5	70,5	70,5	67,3		22,7		58,9	17,7	0,7
Malawi	62,8	57,4	MWK	703,9	778,3 ^(d)	778,3	633,5	41,3			21,7	37,0	
Mali	82,9	72,8	XOF	39.383,9	25.513,0	25.513,0	23.535,0	0,5	20,5		34,5	44,5	
Mauritania	33,3	19,8	MRO	2.859,6	2.836,2	2.836,2	2.622,0	1,3	77,6			21,1	
Mozambique	55,0	45,0	MZM	373.260,0	191.969,9	169.084,2	74.424,7						100,0
Niger	24,0	23,7	XOF	15.235,6	15.096,9	12.579,7	10.120,8					100,0	
Papua New Guinea	21,2	21,2	PGK	25,6	25,6	23,1	23,1					100,0	
Sao Tome & Principe	1,5	1,3	STD	446,6	446,6	446,6	446,6						
Senegal	46,1	45,6	XOF	28.074,2	n.c.	n.c.	n.c.						
Sierra Leone	20,0	9,0	SLL	7.021,6	4.495,2	4.334,3	3.688,4	20,3	4,2	0,5	23,5	33,3	18,2
Tanzania	110,0	84,6	TZS	69.905,0	47.844,7	47.434,1	47.434,1				50,0	50,0	
Togo			XOF										
Trinidad & Tobago	9,0	4,7	TTD	66,1	44,7	40,6	40,6						
Uganda	61,0	31,3	UGX	77.095,6	46.365,0	43.030,0	22.209,0						100,0
Zambia	109,1	106,9	ZMK	63.048,9	56.068,1	56.068,1	56.068,1				33,0	40,0	27,0
Zimbabwe	60,0	38,6	ZWD	619,2	359,6	231,5	231,5				39,8	31,1	29,9
TOTALS:	1.386,1	1.135,9											

a) As determined by Headquarters on the basis of the commitments or payments in ECU

b) Including in certain cases interest generation on CPF accounts

c) Others include national contributions to EDF projects, general contributions to budgets, thematic actions (institution building environment) measures for refugees and displaced persons etc.

d) Note devaluation of FCFA between transfer of 1st tranche (330) and second tranche (660)

e) Including a balance of 4.9 MECU from the 6th EDF

f) Amounts committed include interest generated under Lomé III

FCP - AIDE ALIMENTAIRE

(situation au 31/12/1995)

Country	Year of Decision	Counterpart funds (in millions of local currency)				
		Currency	Amounts due	Paid in Account	Committed	Paid from account
Angola	1991	AON	4.659,2	4.659,2	4.659,2	4.659,2
	1992	AON	15.394,5	15.394,5	15.394,5	15.394,5
	1993	AON	614.970,5	614.970,5	614.970,5	1.375,3
Burkina Faso	1991	XOF	500,0	563,8	563,8	563,8
	1992	XOF	2.674,3	3.219,4	2.913,8	2.794,2
Cap Verde	1993	CVE	77,1	77,1	77,1	42,4
	1994	CVE	158,0	24,5	24,5	
Chad	1990	XAF	63,9	63,9	63,9	54,3
	1995	XAF	562,6	562,5	562,5	279,8
Comores	1990	KMF	387,6	1.148,3	1.148,3	1.023,9
Djibouti	1990	DJF	160,4	142,1	64,0	127,1
Dominican Republic	1990	DOP	25,1	19,2	20,6	18,3
Eritrea	1994	ETB	17.019,7	16.000,0		
Ethiopia	1993	ETB	53,7	51,7	51,5	51,5
	1994	ETB	39,2		39,2	
Guyana	1990	GYD	11,5	14,3	20,4	19,7
Madagascar	1990	MGF	3.088,8	3.088,8	3.088,8	3.088,8
	1991	MGF	4.172,4	4.172,4	4.172,4	4.172,4
	1992	MGF	3.754,2	3.754,2	3.754,2	3.754,2
*	1994	MGF	4.932,1	4.288,4	5.192,2	3.754,2
	1994	MK	32.000,0	32.000,0	26.426,8	13.307,5
Mali		XOF	754,4	720,8	745,4	720,8
Mauritania	1989	MRP	225,9	225,9	225,9	225,9
	1990	MRP	14,0	14,0	14,0	14,0
	1991	MRP	230,7	230,7	221,7	194,6
Mozambique	1992	MZM	65.623,9	30.325,6	65.623,9	35.298,8
	1993	MZM	14.751,8	14.751,8	14.751,8	14.582,9
	1994	MZM	67.111,4	50.266,1	16.845,4	
Namibia	1993	NAD	3,6	4,1	4,0	3,4
Niger	1989	CFA	277,5	63,0	62,6	62,6
Sao Tome & Principe *		STD	137,0	137,0	143,8	130,9
Sudan	1989	STD	48,7	48,7	48,7	42,1
	1992	STD	33,0	32,4	32,4	32,4
Tanzania	1992	TZS	1.042,7	1.328,7	985,8	985,8
Togo		XOF		265,2	230,6	230,6
Vanuatu	1990	VUV	2,3	2,3	2,1	2,1
Zambia	1992	ZMK	7.525,7	7.525,7	7.525,7	7.525,7

* amonts committed correspond to CPF paid plus interest generated

FCP Lomé III
PROGRAMME SPECIALE DETTE
PROGRAMMES D'IMPORTATION
(situation au 31/12/1995)

Country	Decisions (MECU)	Payments (MECU)	Counterpart funds (in millions of local currency)				Sector of application (as a percentage of commitments)						
			Currency	Amounts due (a)	Paid in Account (b)	Committed	Paid from account	Rural Development	Infra-structure	Industry	Education	Health	Others (c)
Angola	38,5	38,2	AON	2.147,7	1.917,3	1.917,3	1.917,3	11,8	5,7		3,9	27,5	51,2
Benin	37,7	37,5	XOF	12.167,5	12.167,5	12.167,5	12.167,5				8,0	0,2	91,8
Burundi	12,0	11,9	BIF	2.354,0	2.354,0	2.354,0	2.354,0	19,0	31,0	19,0	8,0	7,0	16,0
Cameroon	12,0	11,9	XAF	5.980,0	5.980,0	5.980,0	5.980,0	100,0					
Cap Verde	4,0	3,9	CVE	344,8	295,1	344,8	312,2						100,0
Central African Rep.	6,2	6,2	XAF	2.165,5	2.165,5	2.094,4	2.093,8	8,3	0,7			1,0	90,0
Chad	9,5	9,5	XAF	3.356,2	3.356,2	3.356,2	3.274,8	100,0					
Equatorial Guinea	1,5	1,3	XAF	465,8	465,8	562,4	562,4		14,1	76,0			0,1
Ethiopia	51,5	45,9	FKP	130,1	105,0	107,8	104,3	83,3	4,6				12,1
Gambia	4,9	4,9	GMD	40,4	40,4	40,1	39,8	71,4	21,8		3,0		3,8
Ghana	20,5	19,3	GHC	5.844,0	4.596,0	4.596,0	4.596,0				17,0	56,2	26,8
Guinea	12,5	12,5	GNF	9.537,3	9.537,3	9.537,3	9.456,3	22,0	2,2		40,0	4,8	37,4
Guinea Bissau	6,0	6,0	GWP	19.323,4	19.466,7	19.466,7	19.466,7	14,6	15,3	0,1	1,5	5,4	63,1
Guyana	17,3	17,0	GYD	79,0	72,2	72,2	66,2		99,0				0,1
Ivory Coast	41,0	41,0	XOF	14.518,0	14.518,0	14.518,0	14.518,0	53,9				46,1	
Jamaica	14,9	14,9	JMD	269,6	229,9	229,9	40,0				11,3	51,2	37,5
Kenya	42,0	42,0	KES	1.065,5	1.065,5	1.065,5	862,0	100,0					
Madagascar	17,2	17,2	MGF	30.604,6	30.604,6	30.604,6	30.604,6	7,3	33,0	2,4	16,7	15,0	25,9
Malawi (d)	21,7	12,5	MWK	45,5	45,5	45,3	44,9	11,3	8,8		2,9	17,6	59,3
Mali	28,5	28,5	XOF	9.254,0	9.381,0	9.381,0	9.246,0	16,5		15,0	25,0	40,0	3,5
Mauritania	7,0	7,0	MRO	629,6	629,6	629,6	629,6		20,6				79,4
Mauritius	3,0	2,8	MUR										
Mozambique	69,0	58,0	MZM	82.800,0	82.800,0	82.800,0	82.800,0						100,0
Niger	14,0	13,7	XOF	895,7	932,3	929,3	929,3					100,0	
Nigeria	10,0	10,0	NGN	125,8	125,8	125,8						100,0	
Papua New Guinea	5,5	5,5	PGK	6,8	6,8	6,8	6,8		100,0				
Rwanda	12,0	11,8	RWF	1.936,5	1.707,0	755,2	279,3						100,0
Sao Tome & Principe	1,2	1,2	STD	106,2	106,2	59,5	59,5		10,1	0,2	5,2	17,6	66,9
Senegal	11,5	11,5	XOF	4.076,0	4.076,0	4.076,0	4.076,0	100,0					
Sierra Leone	6,0	4,8	SLL	3.143,0	1.908,0	1.906,0	1.852,0						100,0
Somalia	29,3	29,3											
Sudan	33,6	30,0	SDD	92,6	92,6	92,6	92,6	100,0					
Surinam	7,3	7,3	SRG	16,1	17,8	17,7	16,3	69,2					20,8
Tanzania	24,5	23,6	TZS	13,4	13,6	13,2	13,2		9,2		45,4	45,4	
Togo	9,9	9,7	XOF	3.296,8	2.671,6	2.671,6	2.208,0						
Trinidad & Tobago	5,0	5,0	TTD	33.920,6	33.920,6	33.920,6	33.920,6						
Uganda	38,1	38,1	UGX										
Zaire	24,0	23,8											
Zambia	38,6	37,8	ZMK	807,3	670,8	670,8	670,8						100,0
TOTALS:	748,6	712,8											

a) As determined by the Delegation on the basis of the commitments or payments in ECU including interest on Ecu accounts

b) Including interest generation on CPF accounts

c) Others include national contributions to EDF projects, general contributions to budgets, thematic actions (institution building environment) measures for refugees and displaced persons etc.

d) The tranche of 42.2 MECU will not generate counterpart funds according to the report of 31/12/93

n.c.-Not communicated

Chapter IV

Non-programmable aid

1. Stabex

The system for stabilizing export earnings from agricultural commodities was set up under Lomé I in order to provide the ACP countries with funds to compensate for losses of earnings resulting from fluctuations in prices or in output of agricultural products exported to Member States of the Community.

Article 186 of Lomé IV specifies that this system should remedy the harmful effects of the instability of export earnings and help ACP States overcome one of the main obstacles to the stability, profitability and sustained growth of their economies. In order to attain these objectives, transfers shall be devoted, in accordance with a framework of mutual obligations to be agreed between the ACP State concerned and the Commission in each case, either to the sector that recorded the loss of export earnings, and used there for the benefit of economic operators adversely affected by this loss, or, where appropriate, to diversification, for use in other appropriate productive sectors.

The criteria for eligibility are as follows:

1. A product is eligible for Stabex if, in the year prior to the year of application, it accounted for 5% of a country's total earnings from exports to all destinations, (4% in the case of sisal).

2. A country is eligible for Stabex if it has recorded a loss of earnings of at least 4.5% by comparison with the average of the six years preceding the year of application, after excluding the lowest and the highest figures. (In both instances, the percentage is 1% for the least-developed, landlocked and island ACP States.)

The ACP States are accountable for the use they make of the funds transferred. Aid granted under Stabex is non-reimbursable.

This system was allocated ECU 390 million under Lomé I, ECU 660 million under Lomé II, ECU 1 449 million under Lomé III, and ECU 1 600 million under Lomé IV.¹

Stabex transfers for the 1994 application year were decided on 24 July 1995: 26 ACP States received 30 transfers, the two largest transfers going to two Caribbean islands, one of which had suffered drought and the other the razing of its banana plantations by a hurricane. The total transferred was ECU 138 089 469, a sum less than the resources available for the application year in question. This meant that ACP States' losses were covered in full for the first time since the entry into force of Lomé IV. The sharp fall in coffee and cocoa prices

¹ Including the increases approved by the Council in July 1988, July 1989, March 1990 and December 1991.

had earlier shaken the system's finances and the coverage rates for the 1990 to 1992 application years were around the 40% mark, rising to 60% in 1993. There will soon be a proposal from the Commission on what to do with the ECU 63 million remaining from the 1994 application year pursuant to Article 195 of the Convention (which lays down how any sums remaining at the end of the period covered by the first financial protocol should be divided up and repaid to the ACP States).

Evaluations of the implementation of the frameworks of mutual obligations carried out for the Commission by external consultants will continue until mid-1996, at which point there will be an overall evaluation of Stabex under the fourth ACP-EC Convention.

On the basis of what has been done so far, the following remarks can be made:

- The new Lomé IV provisions concerning FMOs and accounts requiring two signatures (ACP State and Commission) make for much better monitoring and checks on the use of the transfers.
- The overall objectives of Stabex, as set out in Article 186(1) of Lomé IV, are to contribute to the stability, profitability and sustained growth of ACP States' economies and to ensure the economic and social progress of the peoples concerned by safeguarding their purchasing power. Evaluations carried out so far show that priority has been given to restoring macroeconomic balances rather than safeguarding purchasing power, a choice doubtless dictated by the parlous, in some cases catastrophic, state of some ACP States' finances in the period 1990-92.
- A shift towards the second objective is evident from 1992 on, however.
- The Commission is advised to improve its analytical and negotiating capacity so that it can conceive and draft its own strategy for key sectors and draw up proposals for operations in pursuit of its own objectives rather than those of other donors.

2. Sysmin

The "special financing facility", Sysmin, was created under Lomé II in order to help ACP States that were heavily dependent on their mining exports to the Community to remedy the harmful effects on their income of serious temporary disturbances affecting the mining sector. The products covered by Sysmin under Lomé IV are copper, cobalt, phosphates, manganese, bauxite and alumina, tin, iron ore and uranium. Countries may request Sysmin aid if the products concerned have made up, on average, more than 15% of their total exports for four years (10% for the least-developed countries) or 20% or more of their export earnings from all mining products (12% for the least-developed, landlocked and island countries).

A ECU 15 million special loan under Lomé III for Togo's phosphates industry is still blocked because of the political situation.

The Sysmin allocation under the first financial protocol of the fourth Lomé Convention is ECU 480 million. Nine projects had been approved by the end of the year for a total of ECU 253 million.

Three projects were approved in the course of the year: ECU 58 million was allocated to an iron ore project in Mauritania and ECU 26 million was awarded to Burkina Faso for two projects. One project is the rehabilitation of the Poura gold mine, the other a geophysical survey by air to obtain general geological information. Appraisal of four applications (from Guinea, Suriname, Jamaica and Botswana) is at an advanced stage. Nine further applications have been received from the following countries: Zambia, Mali, Sierra Leone, Guyana, Zimbabwe, Togo, Central African Republic, Papua New Guinea and Niger.

**Sysmin operations at the end of 1995
(Lomé IV)**

Country	Decisions (ECU m)	Applications under appraisal	
Burkina Faso	27	Botswana	Papua New Guinea
Dominican Rep.	23	Central African Rep.	Sierra Leone
Gabon	14	Guinea	Suriname
Mauritania	58	Guyana	Togo
Namibia	40	Jamaica	Zambia
Niger	31	Mali	Zimbabwe
Zambia	60	Niger 2	
Total	253		

The implementation rate of Sysmin is sometimes lower than the average of other non-programmable aid instruments. This is because of the internal situation of the eligible ACP countries and the specific difficulties of the mining sector. When metal prices go above a certain level, the instrument cannot be used. This fact that Sysmin is not used in certain circumstances does not mean that it is not a valid instrument. Only a few countries were eligible in 1996 because metal prices were quite high.

3. Aid for refugees

Nine² operations for refugees, returnees and displaced persons were decided under Article 255 of Lomé IV for a total of ECU 13.58 million and concerned seven ACP countries: Angola, Côte d'Ivoire, Djibouti, Kenya, Malawi, Mozambique and Uganda. Since the entry into force of Lomé IV, 68 operations have been decided for a total of ECU 81 652 970. The initial allocation was ECU 100 million.³

² From the accounting point of view, only eight decisions were taken in 1995, in which case the total is ECU 12.84 million.

³ ECU 12 million of which was a transfer under Article 254 of Lomé IV.

The financial situation under Article 255 is as follows:

(a)	decisions	ECU 81 652 970
(b)	contracts	ECU 70 620 690 (86%)
(c)	payments	ECU 56 327 389 (69%)

Much Article 255 funding has contributed to rehabilitation programmes in Angola and Mozambique, complementing financing from the NIP and other budget headings and bringing in NGOs and the UNHCR as operational partners. Health services and agriculture, which are vital for survival, remain the focus of these operations.

The setting-up this year of the Permanent Interservice Group has improved coordination of the Commission's assistance for refugees, returnees and displaced persons thanks to meetings and consultation between the departments involved.

4. Emergency aid

In the course of the year the Commission devoted ECU 212 million to meet humanitarian requirements of refugees, displaced persons, returnees and the most vulnerable sections of the population in ACP countries. Below we report on the implementation of this humanitarian aid by country or region.

In the **Great Lakes region** (Rwanda, Burundi, Tanzania, Zaire and Uganda) the situation remained very unstable because of the presence of 1.7 million Rwandan refugees and 200 000 Burundian refugees, who are a heavy burden on the host countries and, indeed, on the international community, added to which there are frequent incursions into western Rwanda by armed Hutu gangs from Zaire and an increasing polarization of Hutus and Tutsis.

To cope with this tide of refugees, the Commission pressed on with the regional approach it had been developing since the start of the Rwandan crisis in April 1994. In the interests of the greatest possible coordination, speed of action and efficiency, the UNHCR was designated as lead agency and from April 1994 until now it has received ECU 118 million for humanitarian operations for refugees and returnees in the region, funding which covered not only the UNHCR's own operations but also those of many NGOs. A joint ECHO-UNHCR Task Force was also set up to take initiatives to encourage refugees to return to their country of origin. It has mounted information campaigns among the refugees and supported measures to restore justice and confidence. The Commission decided in November 1995 to accord the UNHCR a further ECU 42.25 million for use in the region.

The Commission continued to support some 20 NGOs working in **Rwanda** in areas such as health, care for unaccompanied children, aid for vulnerable groups and basic rehabilitation. As a result of these efforts health centres, chemist's and hospitals reopened throughout the country and health services resumed. Most medicines and equipment were supplied by ECHO's partners and thanks to this aid Rwanda's pharmaceutical office (OPHAR) was put back on its feet. More than 200 schools were repaired and re-equipped, and the education system started to function again. The Commission also financed food programmes for children and expectant and nursing mothers, centres for unaccompanied children and the ICRC's programme to track down and reunite families. Support was given for the rebuilding of the legal system and other measures to restore confidence.

The situation in **Burundi** deteriorated greatly. At the start of the year the Commission mounted a plan to aid displaced and dispersed people return to their villages by creating acceptable conditions. Some ten NGOs received financing to provide medical and food aid and health care, and to mount mini-rehabilitation programmes to provide houses and water. This work was undermined security problems, daily acts of violence, threat to the safety of aid workers and difficulty in getting access to the people needing aid. Relief in Burundi remains extremely difficult.

Since the signing of the Lusaka peace agreement in November 1994, which put an end to the civil war in **Angola**, there has been a slight reduction in the level of humanitarian aid, down from ECU 24 million in 1994 to ECU 17 million in 1995. All regions that were previously cut off by the fighting are now accessible to humanitarian aid. It is these regions, and the health service in general, which have been given priority. Consolidation of the peace and economic recovery will be a slow and difficult process after 20 years of war. The work of clearing mines and demobilizing troops is also holding up the resumption of economic activity. To meet the urgent requirements of the most needy and anchor the peace process, the Commission financed projects by 20 NGOs in all the accessible areas. NGOs were also contracted for mine clearance and extensive aid was provided for injured soldiers.

It is estimated that 4 250 000 people have been affected by the war in **Sudan**, 3 600 000 in the south, 350 000 in the transit area and 300 000 in the camps around Khartoum (of a total of 1 200 000 people forced to leave their homes and live around the capital). Another 200 000 odd Sudanese are refugees living in transit camps in northern Uganda. In 1995 the Commission accorded over ECU 20 million for humanitarian programmes in Sudan and refugees in Uganda. It has obviously tried to give assistance in a way that, while being effective, would not inflame the conflict. Programmes in the north have focused on meeting the basic requirements of displaced people around Khartoum. Programmes in the south have focused on three aspects: food security of households (fishery projects, seed exchanges, veterinary programmes, etc.) to build up a minimum of self-sufficiency and prevent dependency and deflection of aid; low-cost primary health care; basic relief (shelter, domestic items, sanitation, nutrition, etc.) designed for large numbers of displaced persons.

March saw the final withdrawal of Un peacekeeping troops from **Somalia** and that of many NGOs. While the fighting has not intensified as feared, sporadic fighting has continued throughout the country, fuelled by massive unemployment, the collapse of the dollar-based economy and dwindling supplies of food. In areas of some degree of stability, however, some rehabilitation programmes did start up and some ECHO-financed programmes were taken over by DG VIII. In other areas the Commission continued to confine aid to basic relief programmes which it was sure could be implemented; they focused on primary and secondary health care, supplementary nutritional programmes, sanitation and food security. Its partners took care to restrict their activities to the most vulnerable groups and work in a way that limited the danger and required minimum protection. But threats, kidnapping and forced evacuations did not cease and in November a member of Caritas was killed. The Commission also continued to provide significant support for campaigns to control cholera and measles epidemics and for victims of the fighting in the north-east.

In **Liberia**, despite the peace concluded between the various factions in August, the overall situation was far from stable. The peace agreements did, however, open access to a number of regions that had been cut off for two or three years and the Commission stepped in to finance medical, food, nutritional and sanitation projects carried out by some ten NGOs. It also financed some one-off projects to control cholera and two major yellow fever vaccination programmes in Buchanan and Monrovia. In parallel to its operations in Liberia itself, the Commission supported a number of programmes to aid Liberian refugees (roughly a million), most of whom are in Guinea and Côte d'Ivoire.

Humanitarian aid in **Sierra Leone** was hampered by the conditions of insecurity created by the civil war. Many international organizations withdrew their staff and ran only skeleton programmes. In these difficult circumstances the Commission concentrated on "strategic" programmes (geographical and sectoral targeting) designed to maintain the living conditions on displaced persons and the population of the main towns, who are very dependent on external aid.

Following the return of President Aristide to **Haiti**, the European Union expressed its willingness to participate actively in the country's reconstruction. An ambitious ECU 23 million programme for 1994-95 was immediately adopted; it included over 20 projects concerning health, food and water supplies/purification.

The **ECHO flight** system for the Horn of African, set up in May 1994, continued to operate. It transports essential goods and passengers to places to which there is no other access, chiefly in the service of NGOs conducting humanitarian operations. The service operates with eight planes out of Nairobi, Entebbe, Djibouti, Mandera and Lokichoggio in support of humanitarian operations in Somalia, Kenya, southern Sudan and Uganda. Although insecurity has led to the suspension of flights on occasion, notably to Sudan, ECHO flight has proved to be an invaluable system of transport for emergency evacuations. In the framework of the ECHO flight system, the Commission also financed the parachuting of staple foods from a Hercules C-130 of the Belgian air force into southern Sudan and the transport of seeds, tools and logistic equipment to Sudan and, when need be, to Somalia. In July the Sudanese government banned the BAF C-130 from flying in its air space and has not budged, despite strong pressure. As a result, at the end of the year Lokichoggio had no heavy freight capacity, the relief effort was blocked and famine threatened. Between May 1994 and the end of 1995 ECHO flight carried over 50 000 passengers, over 13 000 tonnes of freight in over 15 500 hours of flight. The operation cost ECU 16 million in 1995, including the C-130 operation.

5. Rehabilitation aid

The Commission continued to implement rehabilitation projects, above all within the framework of the Special Initiative for Africa.

The total amount of rehabilitation aid decided since the launching of the Initiative (May 1993) is ECU 433.8 million. Rwanda and the neighbouring countries and Haiti were added in 1995 (decisions ECU 156.9 million. This sum also includes funds from headings B7-5071 and B7-5076 (rehabilitation), under which the ACP countries were accorded some ECU 61 million in 1995.

Operational partners were usually NGOs and the priority sectors remained health, basic infrastructure, revival of agricultural production and economic and social reinsertion.

The payments situation was satisfactory in so far as the payments rate for the Special Initiative continued to accelerate and at the end of the year stood at 25% (ECU 107.8 million) of the sums committed.

Chapter V

European Investment Bank operations

1. Overview

The EIB maintained 1994's high level of activity in the ACP countries thanks to ongoing operations in southern Africa, increased financing for West Africa and a resumption of operations in central Africa where the Bank had not been active for years.

In the course of the year it signed financing contracts for a total of nearly ECU 430 million, of which ECU 203.7 million in loans from own resources accompanied by interest-rate subsidies and ECU 223.7 million in risk capital from the EDF (ECU 31 million from Lomé III). Eleven projects were financed exclusively with own resources (ECU 107.7 million), others were financed with risk capital 33 projects, total ECU 190.2 million) or with risk capital combined with loans from own resources. Over ECU 250 million were disbursed, ECU 26 million under Lomé III and the rest under Lomé IV.

More than a billion ecus had been paid out under Lomé III by the end of 1995: ECU 553 million in loans from own resources and nearly 475 million for risk-capital operations. These sums account for all net commitments of own resources and 90% of risk-capital commitments.

ECU 225 million was paid out under Lomé IV, 130 million of which in loans from own resources. This brought the total to nearly ECU 523 million: 314 million in own resources and 209 million in risk capital, i.e. 35% and 31%, respectively, of commitments at year's end.

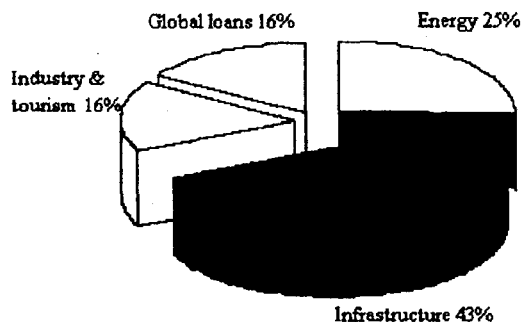
2. Sectoral breakdown of the Bank's operations

The main sectors of Bank activity in 1995 were infrastructure and industry (including small and medium-sized enterprises). Activity slackened in the energy sector, however.

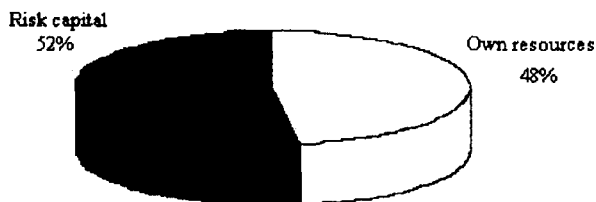
Infrastructure with ECU 180 million accounted for 42.8% of all financing

in 1995, of which 105 million was for projects to supply drinking water and treat waste water. One project was a loan of ECU 40 million to Botswana for onlending to the Water Utilities Corporation to cofinance the North-South Carrier Water project, which

Breakdown of EIB financing by sector
1995



Breakdown of EIB financing by instrument
1995



involves building a dam in the north, laying a 360 km pipeline and installing four pumping stations and three treatment stations. This will supply water to the south-east, Gabarone above all. Mauritius received a loan of ECU 16 million to renovate and extend the waste-water collection and evacuation facilities north of Port-Louis and in the Baie du Tombeau area. In Senegal ECU 15 million is financing the modernization of Dakar's water system.

Table 13

Breakdown of EIB financing by sector in 1995

ECU m

	Own resources	Risk capital	Total	Energy	Infrastructure	Industry & Tourism	Global loans
Africa	137.7	174.2	311.9	107.5	139.1	21.3	44.0
Caribbean	33.0	28.1	61.1	-	36.0	0.6	24.5
Pacific	33.0	21.4	54.4	-	8.0	46.4	-
Total	203.7	223.7	427.4	107.5	183.1	68.3	68.5

ECU 80 million went on communications infrastructure, including ECU 21 million in risk capital for Ethiopia to finance the modernization of Addis Ababa airport and the installation of air safety equipment, plus the development of six regional airports. There were four operations costing ECU 13 million (ECU 7 million for Burkina Faso and ECU 6 million for Côte d'Ivoire) to repair infrastructure and modernize rolling stock on the Abidjan-Kaya link. Urban telecommunications networks in Fiji and Namibia were also financed.

Industry and SME received just under ECU 140 million, roughly 32% of the total, in roughly equal proportions of direct and global loans. Two direct loans totalling ECU 46 million, of which 25 million in the Bank's own resources, were made to Papua New Guinea to start operations at the Lihir gold mine and to build processing plant. Other direct loans went to projects in the agri-industrial and textiles sectors. The ECU 68 million in global loans went to local banks and financial institutions to finance either shareholdings in or onlending to SME. In the course of the year 38 loans for a total of ECU 23 million were made to SME. Energy got 25% of the Bank's financing, the main operations concerning power production and transmission and exploitation of hydrocarbons.

3. Geographical breakdown of the Bank's operations

In Africa 18 countries received financing of ECU 312 million: 138 million from own resources and 174 million in risk capital.

Southern Africa: ECU 125 million, of which 31 million in risk capital. Projects included treatment of waste water in Botswana and Mauritius, rehabilitation of a hydroelectric power station in Zimbabwe, the modernization of the telephone network in Namibia, and development of port facilities at Port-Louis in Mauritius. Many productive projects were also financed: processing of cashew nuts in Mozambique and shrimp farming in Madagascar, tanning in Namibia, cotton spinning in Zambia. Global loans were accorded in Zambia and Swaziland.

West Africa: ECU 114 million, of which 78 million in risk capital. Two regional projects were accorded for the same two countries: the rehabilitation of the railway between Abidjan in Côte d'Ivoire and Kaya in Burkina Faso and an electricity link-up between the two countries (total ECU 26 million). Côte d'Ivoire also received loans for developing hydrocarbon deposits and modernizing a cocoa factory and a plastics factory. Other financing concerned a hydroelectric station in Guinea, the modernization of Dakar's water supply, a number of airports in Senegal and telecommunications improvements in Burkina Faso. Ghana was accorded a global loan.

East Africa: ECU 46 million, all in risk capital. The EIB has financed the modernization of airports in Ethiopia (ECU 21 million) and the rehabilitation of hotels in animal reserves in Tanzania. Global loans were accorded to Uganda and Tanzania.

Central Africa: ECU 27 million, of which 19 million in risk capital. Projects include the extension of the power grid in Douala (Cameroon) and a glue factory, and the rehabilitation of power generation and transmission plant in São Tomé and Príncipe.

Caribbean: ECU 61 million, of which 28 million in risk capital. Projects include the management of water resources and waste water in the Bahamas, Antigua, Grenada and Guyana, an airport for St Kitts and Nevis and the expansion of the port area at Montego Bay, Jamaica. Global loans were accorded in Guyana, Dominican Republic and Haiti, a first in the case of Haiti. A fish farm was financed in Suriname.

Pacific: ECU 54 million, of which 21 million in risk capital. A project to operate a gold mine on Lihir island in Papua New Guinea was accorded ECU 46 million, of which 25 million from own resources. In Fiji the EIB is financing the modernization of the telephone network and a feasibility study on development of a port.

Chapter VI

Implementation of aid

1. Invitations to tender and award of contracts

In accordance with the Financial Regulation applicable to the 7th EDF, the Commission informs the Council each year of the contracts concluded during the year. The Commission sets out this information in an annual report devoted to invitations to tender and contracts. The summary data below give a more complete picture of the implementation of the aid.

Table 14 shows the changes in the proportions of works, supplies and service contracts under successive EDFs.

Table 14

Percentage breakdown at 30.9.95 of works, supplies and technical assistance contracts

EDF	Works	Supplies	Technical assistance
6th	42.43 %	31.36 %	26.21 %
7th	41.92 %	13.91 %	44,17 %

The pattern of by which the various types of contract are awarded depends on the stage of implementation of the Convention concerned, technical assistance being of more importance during the initial stages, as attested to by the high percentage (44.17%) of this type of contract under the 7th EDF.

Tables 16 and 17 give breakdowns of contracts at 30 September 1995 by nationality of the contractors. They show that three-quarters of the works contracts under the 6th EDF were won by France (26.83%), Italy (25.77%) and ACP States (26.15%). The result is the same for the 7th EDF, with a breakdown for the same countries of 20.59% for France, 31.90% for Italy and 26.48% for ACP countries.

The biggest share of 6th EDF supply contracts was won by Germany (12.40%), France (17.34%), United Kingdom (14.31%) and the ACP countries (22.19%). As regards the 7th EDF, supplies from the United Kingdom accounted for almost 28.28% of all contracts awarded. Supplies of French and Italian origin also obtained significant shares (15.38% and 16.16%) followed by supplies of ACP origin (15.44%).

Contracts for services financed under the 6th EDF, are fairly evenly balanced between consultants from Belgium (12.75%), Germany (14.02%), France (16.67%), Italy (10.12%) and the United Kingdom (12.30%). For the 7th EDF the relative share-out was the same with respect to Belgium (12.46%), Germany (12.92%), the United Kingdom (12.47%) and France (12.47%).

Table 15 shows a percentage breakdown of contracts concluded under the 6th and 7th EDFs, classified by the type of contract-award procedure.

Table 15

**EDF contracts classified by type of award procedure
(cumulative totals at 30 September 1995)**

Type of procedure	6th EDF			7th EDF		
	Works %	Fournitures %	Services %	Works %	Fournitures %	Services %
Open invitations to tender	62.97	74.41	0.00	75.85	60.77	0.00
Accelerated invitations to tender	15.01	0.03	0.00	11.82	0.62	0.00
Invitations to tender after prequalification	8.38	2.95	3.79	4.63	11.55	11.12
Total open procedures	86.36	77.39	3.79	92.30	72.94	11.12
Restricted invitations to tender	6.28	10.95	45.49	2.47	10.89	27.00
Supplementary invitations to tender	0.00	0.00	3.85	0.00	0.00	0.70
Direct agreement	7.36	11.67	46.79	5.23	16.17	60.94
Consultants facility	0.00	0.00	0.03	0.00	0.00	0.25
Total other procedures	13.64	22.61	96.21	7.70	27.06	88.88
Grand total	100.00	100.00	100.00	100.00	100.00	100.00

Other commitments	6th EDF	7th EDF
(*) Other	12.01%	23.73%
Estimate	17.30%	18.12%
Direct labour	2.34%	1.10%
Not awarded	--	--
Total II	31.66%	42.95%

(*) Study awards, direct support to institutions, seminars, fairs, import programmes, currency, etc.

Table 16

Breakdown between Member States, ACP, OCT and non-member countries at 30.09.95 - Projects all countries - 6th EDF

I- Contracts awarded

NATIONALITY ORIGIN	WORKS			SUPPLIES			SERVICES			TOTAL CONTRACTS		
	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1
BELGIUM	60 041 457	4 82	4 9	72 141 205	7 83	7 4	98 194 515	12 75	12 2	230 377 178	7 84	7 5
DENMARK	11 993 271	0 96	0 7	5 567 077	0 6	0 6	30 630 233	3 98	4 2	48 190 582	1 64	1 6
GERMANY	48 978 200	3 93	3 4	114 248 713	12 4	12	107 955 565	14 02	14 5	271 182 479	9 23	8 9
GREECE	0	0	0	1 596 261	0 17	0 2	10 482 945	1 36	1 4	12 079 207	0 41	0 4
SPAIN	560 556	0 04	0 1	16 210 621	1 76	1 8	19 553 665	2 54	2 3	36 324 842	1 24	1 2
FRANCE	334 282 991	26 83	27 4	159 711 375	17 34	17 6	128 366 882	16 67	16 5	622 361 250	21 19	21 5
IRELAND	1 400 000	0 11	0 1	865 347	0 09	0 1	19 172 465	2 49	2 7	21 437 812	0 73	0 8
ITALY	321 127 887	25 77	26 4	77 258 462	8 39	8 3	77 877 288	10 12	10 2	476 263 638	16 22	16 6
LUXEMBURG	912 000	0 07	0 1	1 297 740	0 14	0 2	13 039 243	1 69	1 9	15 248 984	0 52	0 6
NETHERLANDS	42 770 867	3 43	3 5	89 978 815	9 77	10	52 232 734	6 78	6 9	184 982 417	6 3	6 4
PORTUGAL	27 010 621	2 17	2 2	19 708 103	2 14	2 2	27 628 903	3 59	3 8	74 347 628	2 53	2 6
UNITED KINGDOM	66 701 349	5 35	5 4	131 778 114	14 31	14 5	94 698 465	12 3	12 8	293 177 929	9 98	10 2
ACP	325 811 902	26 15	25 6	204 360 778	22 19	22 3	69 315 481	9	8 9	599 488 161	20 41	20 3
OCT	4 407 406	0 35	0 4	0	0	0	3 425 372	0 44	0 5	7 832 779	0 27	0 3
N O N - M E M B E R C O U N T R I E S	0	0	0	26 389 279	2 86	2 8	17 329 152	2 25	1 2	43 718 432	1 49	1 2
TOTAL	1 245 998 511	100	100	921 111 895	100	100	769 902 915	100	100	2 937 013 323	100	100
%	42.42%			31.36%			26.21%			100%		

II. Other commitments

(*)OTHER	516 110 641	12.01%
ESTIMATE	743 628 978	17.30%
DIRECT LABOUR	100 690 998	2.34%
NOT AWARDED	0	0.00%
TOTAL II	1 360 430 617	31.66%
TOTAL I + II	4.297.443.940	100,00%

(*) Study awards, direct support to institutions, seminars, fairs, import programmes, currency, etc.

Table 17

Breakdown between Member States, ACP, OCT and non-member countries at 30.09.95 - Projects all countries - 7th EDF

I- Contracts awarded

NATIONALITY ORIGIN	WORKS			SUPPLIES			SERVICES			TOTAL CONTRACTS		
	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1
BELGIUM	3 112 658	0.72	0.1	2 690 023	1.87	0.9	56 919 505	12.46	10.3	62 722 187	6.07	4.8
DENMARK	3 100 000	0.72	0	934 744	0.65	0.8	15 987 391	3.5	4.8	20 022 135	1.94	2.3
GERMANY	17 805 803	4.11	5.6	9 271 911	6.45	5.8	59 010 364	12.92	15.7	86 088 078	8.33	10.1
GREECE	0	0	0	40 122	0.03	0	2 450 156	0.54	0.3	2 490 278	0.24	0.2
SPAIN	25 750 000	5.94	6.1	8 807 299	6.13	9.2	10 558 345	2.31	1.7	45 115 644	4.36	4.6
FRANCE	89 223 864	20.59	18.3	22 122 758	15.39	13.5	85 488 520	18.72	20.3	196 835 144	19.04	18.4
IRELAND	0	0	0	152 151	0.11	0.2	15 061 209	3.3	4.8	15 213 360	1.47	2.2
ITALY	138 252 065	31.9	35.9	23 225 127	16.16	19.4	30 109 953	6.59	5.7	191 587 146	18.53	19.8
LUXEMBURG	0	0	0	5 000	0	0	10 295 575	2.25	1.9	10 300 575	1	0.8
NETHERLANDS	6 000 000	1.38	0	11 150 991	7.76	4.9	26 995 191	5.91	5.7	44 146 182	4.27	3.3
PORTUGAL	9 154 360	2.11	3.3	604 983	0.42	0.5	13 711 561	3	3.5	23 470 905	2.27	2.9
UNITED KINGDOM	19 637 697	4.53	5.8	40 659 720	28.28	32.6	56 927 887	12.47	12.1	117 225 305	11.34	12.8
ACP	114 770 786	26.48	24.5	22 199 901	15.44	11.8	50 398 919	11.04	9.4	187 369 607	18.12	15.8
OCT	5 582 753	1.29	0.5	0	0	0	572 613	0.13	0.2	6 155 367	0.6	0.3
N O N - M E M B E R C O U N T R I E S	979 977	0.23	0	1 890 205	1.31	0.5	22 173 503	4.86	3.7	25 043 685	2.42	1.7
TOTAL	433 369 965	100	100	143 754 941	100	100	456 660 699	100	100	1 033 785 607	100	100
%	41.92%			13.91%			44.17%			100%		

II Other commitments

(*)OTHER	430 008 590	23.73%
ESTIMATE	328 328 252	18.12%
DIRECT LABOUR	19 867 981	1.10%
NON ATTRIBUE	0	0.00%
TOTAL II	778 204 823	42.95%
TOTAL I + II	1 811 990 430	100.00%

(*) Study awards, direct support to institutions, seminars, fairs, import programmes, currency, etc.

2. Evaluation of European aid

The project-cycle management method, which is designed to intensify dialogue with the ACP States and improve the identification, implementation, monitoring and evaluation of development projects and programmes, was further consolidated. The main aim is to make aid effective in the long-term. The EDF project cycle has six distinct stages:

1. Indicative programming

Establishment of main thrust and principles of cooperation, specifying the focal sector and/or theme for each country and stressing the overall and specific objectives.

2. Identification

First draft of ideas for the project, outlined in terms of overall and specific objectives and expected results, and the underlying assumptions, with a view to deciding whether or not there is a need for a pre-feasibility or feasibility study.

3. Appraisal

Project details - results, activities, costs, resources and assumptions - worked out on the basis of a feasibility study; the Commission then examines the project's suitability and of its consistency with sectoral policies.

4. Financing

Drafting of the financing proposal, submission to the EDF Committee, approval of Committee and Commission financing decision; drafting and signing of the financing agreement by the two parties (ACP and EC).

5. Implementation

Execution of the project using the resources provided for in the financing agreement, with a view to achieving the results and specific objectives of the project; drafting of the work plans and monitoring reports.

6. Evaluation

Analysis of the coherence and relevance of the objectives: analysis of the results and effects (impact) of the project and the strategy adopted during or after implementation, bearing in mind any possible changes in the project and/or the formulation of recommendations for similar projects in the future.

The use of this method has improved the quality of work, particularly in the preparatory stages of projects (identification and design). A number of sectoral and thematic evaluations (initiated in 1994) were pursued, the main ones relating to institutional development, human rights and democracy, culture and development, trade, lines of credit and support projects for SME, tourism, Stabex, Sysmin, urban development and structural adjustment programmes.

Two reports on evaluation in 1995 are being drawn up: one under Article 327(b) and Annex LV to Lomé IV and a more general one on all the evaluation work financed with EDF and budgetary funds. New evaluations were put in hand on the environment, on the development of human resources in the Southern African Development Community and on human rights observers in Rwanda. An evaluation of all EU aid to Ethiopia has also started, and a valuable contribution has been made in the form of an evaluation by various donors of emergency aid to Rwanda.

In addition, over 20 evaluations of project progress were carried out and others put in hand: evaluations continued on structural adjustment and Stabex, and on microprojects in a number of countries. The lessons drawn from these evaluations were the subject of a major meeting and a round of discussions on rural development in Ethiopia. The reports on SME, tourism and trade have been reflected in policy-making and led to amendments to financing proposals for new projects. The evaluations of transport and rural areas (especially as regards water supplies) have greatly influenced the design of new projects, fuelled discussions on sectoral policy within and without the Commission and were reflected in the programming exercise and the Lomé IV policy guidelines until mid-1995.

As a general rule, the lessons drawn from these evaluations are very similar to the conclusions drawn by other donors from their own evaluations, namely:

- the importance of sound macroeconomic and sectoral policies for development: failing such policies, traditional-style project design must try to bolster policy since projects are worthwhile only in the context of sound policies which they underpin;
- the clear identification of the beneficiaries when designing and implementing projects, plus involvement of the beneficiaries, is often the key to a project's success and its long-term value. Greater attention should be paid to institutional aspects, ranging from the beneficiaries' involvement to the proper integration of projects into institutions and formal and informal policies;
- the quality of project preparation has improved with the project cycle management method but checks are still inadequate and need to be organized and applied more systematically.

A series of brief summaries is currently being prepared: they will abridge the conclusions and detailed recommendations of about 20 of the most significant evaluations carried out since mid-1995. The summaries will be published as part of the Commission's Evinfo series in 1996.