

# COMMISSION OF THE EUROPEAN COMMUNITIES

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FINANCIAL AND TECHNICAL ASSISTANCE  
TO NON-ASSOCIATES DEVELOPING COUNTRIES

GENERAL GUIDELINES FOR THE 1980 PROGRAMME  
(ARTICLE 930 OF THE BUDGET)

(Communication from the Commission to the Council and  
to the European Parliament)

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I. Introduction

Since its commencement in 1976 (on a symbolic scale), the non-associates aid programme has grown steadily, and it has permitted the Community to make an increasingly significant contribution to the development of a group of countries which were previously largely excluded from the scope of the Community's activities.

Further, the experience of these past four years has demonstrated clearly the great value of this programme, not only for the recipient countries, which are among the poorest and least-developed in the world, but also for the Community itself, which has benefitted from the strengthening of its reciprocal links with these countries.

In helping to improve living conditions for the rural poor in Asia, Latin America, and parts of Africa, and in expanding cooperation between the Community and these countries, the non-associates aid programme has become an important component of the Community's overall contribution to world development.

Despite the programme's steady expansion, however, it is apparent that the funds available are still very limited in relation to the needs and requirements of the recipient countries. It must be noted here that the total population of those countries eligible for assistance under the non-associates programme amounts to about 1250 million (1976 estimates), or 31 % of the world's total population. Of these 1250 million, some 900 million people lived in countries whose percapita GNP was below \$ 200.

For this reason, the Commission is of the opinion that this form of aid should be increased substantially in future years, to help meet the real and growing needs of the recipient countries, and allow the Community to confirm its commitment to helping the most needy. The funds available for the 1980 programme are not yet known (the final decision by the Budgetary Authority will be made only at the end of 1979), but the Commission considers that the amount available for commitment should be increased significantly over that inscribed in the Budget for 1979 (110 M EUA) and for this reason has proposed an amount of 140 M EUA in the draft budget for 1980.

## II. Geographical Allocation

In determining the allocation of this aid among the three target continents, the basic criterion must be the size and level of need of the different regions. In addition, however, there is a certain minimum threshold of intervention below which no significant projects can be implemented, and one must consider also the need to ensure a reasonable balance in Community assistance to the different target regions.

Taking due account of these considerations, it would seem that an allocation similar to that followed in 1979 should be adopted again for 1980. This would permit 73 % of the aid to be allocated to Asia, 20 % to Latin America, and 7 % to Africa<sup>(1)</sup>.

It must be remembered, however, that an allocation of this type can only be of limited significance, given the relatively small size of the non-associates aid programme. These figures should therefore be regarded as an indicative pattern only, subject to slight modification depending on the individual projects which become available.

As regards the choice of individual recipient countries, the approach to be followed should as in previous years be an essentially pragmatic one, dependent on the identification of valuable projects rather than on any abstract allocation for individual recipients. The criteria to be followed in selecting projects will include in particular the degree of fit between project objectives and our own general aid principles, the technical possibility of achieving the desired objectives, the manner in which earlier projects have been implemented, the rate of disbursement and the degree of cooperation established with the responsible authorities.

As in previous programmes, aid will be directed essentially towards the poorest developing countries in the three target regions. Under certain limited circumstances, however, aid may also be granted to less poor developing countries in the target regions, on the condition that the projects concerned are clearly in favour of the very poorest regions or population groups in these countries. This possibility

(1) If Angola and/or Mozambique should become signatories of the new EEC/ACP, the African allocation could be partly or wholly redistributed /conventio among the other target regions. It should also be noted that the funds to be held in reserve for post-catastrophe projects, along with the separate provisions for studies and administrative expenses, are not subject to this general geographical allocation.

has already been introduced in the guidelines for the 1979 programme, and resulted in the inclusion in that programme of two valuable projects in Peru and Ecuador.

Following on a suggestion already made in the general guidelines for the 1979 programme, an effort will again be made to achieve a certain degree of "concentration" of non-associates aid. Rather than financing a small project each year in each eligible country, aid for some of the smaller recipients should be concentrated in one year on a more substantial project, and no further aid granted for one or more years. This would help avoid an excessive fragmentation of resources, while at the same time increasing the direct impact of Community aid.

Several countries, including Honduras and Thailand, might be considered for such concentrated assistance under the 1980 programme. But perhaps the best example of this procedure can be provided by Sri Lanka. The main development priority of the Sri Lanka government is the implementation of the Mahaweli Ganga irrigation scheme, a major programme for harnessing and distributing the country's water resources. Rather than making a series of minor contributions to small components of this project, over a number of years, the Commission intends to propose a major contribution to this scheme under the 1980 programme. Several Member States are also likely to make substantial contributions to this project, which, by removing the constraint of water-shortage, should play a crucial role in realising the considerable development potential of this country.

A continued effort will be made to provide assistance for projects of a regional character, to the extent that valuable and effective projects of this type can be identified. It must be stressed, however, that such projects are rare, particularly in the rural sector. Further, the governments of many developing countries do not yet seem fully prepared to make the commitment to practical cooperation and integration that such projects may require. This is particularly the case in Asia. The situation is somewhat better in Latin America, but even here good regional projects are scarce.

### III. Sectoral Allocation

Community aid under the non-associates programme will continue to be concentrated essentially on the development of the rural sector (broadly defined), and particularly on those actions which can, directly, or indirectly, improve the position of the poorest groups in the rural population, and increase the supply of foodstuffs. This will include, where appropriate, the strengthening of social and economic infrastructure.

Considerable emphasis will continue to be given to integrated rural development projects. Such projects, encompassing all the development measures required to improve economic and social conditions in a specific (if limited) target area, have accounted for 24.6 % of total programme funding in past years (average 1976-79).<sup>(1)</sup> They provide one of the most effective methods of making a direct and lasting impact on the living conditions of the rural poor, but it must be borne in mind that such projects are necessarily difficult to execute and have a relatively slow rate of disbursement.

Greater emphasis than hitherto will be given to projects in the field of fisheries and aquaculture, rural roads, and forestry development. Over the past four programmes, these sectors accounted respectively for 3.9 %, 2.0 % and 0.9 % of total programme funding.

The fisheries sector, both marine and inland, is increasingly recognised as one of the areas offering the greatest potential for improved nutrition in tropical countries, while rural transport improvements are of considerable importance in alleviating the marketing constraint which faces so many poor rural areas. The forestry sector also offers great potential for development, in terms of watershed protection as well as firewood and timber production, and this sector is likely to become increasingly important in future with the growing need for a better utilisation of the world's renewable resources.

Other main sectors of interest will be irrigation and water supplies (averaging 16.1 % of past funding) and post-harvest storage (16.9 %). Irrigation in particular is of crucial importance in many areas, and should maintain the significant share of non-associates aid which it has received up till now.

<sup>(1)</sup> Cf. Progress Report on the administration of the Programmes of Technical & Financial Assistance to non-associated Developing Countries for 1976, 1977 and 1978.

Another field of activity in which the Commission proposes to intensify its assistance is that of project preparation, through studies and technical assistance. This area has accounted for 9.1 % of total funding over the past four programmes. Many of the poorest developing countries experience considerable difficulty in preparing a sufficient number of projects acceptable for external finance and capable of rapid implementation. Expanded assistance in this field will help to remove this increasingly serious bottleneck, and provide the recipient countries with a better pipeline of good projects capable of being proposed for Community finance or for assistance from other donors.

Larger project-preparation studies will continue to be financed as separate projects, either autonomously or in cooperation with such organisations as the Asian Development Bank. As in the 1979 programme, however, a small proportion of total programme funds (between 1 and 2 %) will be set aside for the finance of smaller studies and technical assistance grants, as to help simplify the administrative procedures involved.

Support for agricultural research will be continued, both through assistance to the major international research institutes, and through support for applied research on the national level. In total, research support has accounted for 7.1 % of total funding under previous programmes. Given, however, that our contribution to the work of the CGIAR institutes already accounts for a quite significant proportion of their overall budgets, this assistance should not be increased substantially in the immediate future.

#### IV. Other points

##### IV. 1. Catastrophe reserve

As in 1978 and 1979, a proportion of the funds available under the 1980 programme will be held in reserve for long-term reconstruction or prevention projects following catastrophes. Given the impossibility of predicting likely needs for this type of assistance, it is always difficult to determine in advance the amount of funds which should be allocated to this reserve. If however one takes account of the experience of previous years<sup>1</sup>, it would seem that an allocation of 7 % to 10 % of total programme funds would be most appropriate.

<sup>1</sup>The proportion of total programme funds used for post-catastrophe projects was 3% in 1978 (one project in India) and 10 % in 1979 (two projects in India, and one each in Sri Lanka, Nicaragua and the Central American region).

#### IV.2. Provision for administrative costs

As in the three previous years, a small proportion of total programme funds (around 1 %) will be set aside as a special provision for administrative costs to cover the short-term recruitment of outside experts who will give specialized technical assistance in the identification, appraisal and implementation of projects. This assistance does not substitute to the contribution given by the staff of the various departments of the Commission which anyway will have to be increased.

#### IV.3. Cofinancing

Cofinanced projects will continue to represent an important proportion of the total aid provided under the non-associates programme.

In past years, a large number of projects have been cofinanced with various international aid organisations (notably the Asian Development Bank and the Inter-American Development Bank), and this very effective form of cooperation will be continued, and where possible intensified, in the future.

Cofinancement with Member States, however, has been relatively limited up till now<sup>1</sup> and a major effort will be required on both sides if this form of cooperation is to be expanded.

#### IV.4. Disbursement rates

Disbursement rates for aid provided under the non-associates programmes have been relatively slow in the past, though it must be recognised that a major cause of this is the deliberate orientation of the programme towards projects in the rural sector, many of which, by their very nature, require careful and painstaking implementation over a period of several years.

A number of steps have however been taken to help improve this situation,

<sup>1</sup>No projects were cofinanced directly with Member States under the 1976 or 1977 programmes. Three such projects were included in the 1978 programme (UK, F, I), accounting for 14.9 % of total programme funding. Five projects have been included in the 1979 programme (B, D, I (2), NL), accounting for 9.4 % of total programme funding.

including the intensification and regularisation of contacts with potential recipients and cofinancing partners, and an attempt to build up a stock of ready projects capable of rapid implementation. These efforts will be further intensified wherever practicable.

In addition, it is intended to prepare an initial part of the 1980 programme by about the month of June, so that a first block of financing decisions may be taken earlier in the year and the implementation of these projects advanced.