

# *Information*

COOPERATION-DEVELOPMENT

No. 194/X/80-EN

---

## LOMÉ II

### *ANALYSIS CHAPTER BY CHAPTER OF THE EEC-ACP CONVENTION*

## CONTENTS

### THE SECOND LOME CONVENTION: Main provisions

	<u>Page</u>
A. <u>TRADE COOPERATION</u> .....	3
A.1. The trade arrangements for imports into the EEC	3
A.2. The arrangements for imports into the EEC of ACP agricultural products	4
A.3. Special protocols on bananas and rum	5
A.4. Safeguard clauses	6
A.5. Rules of origin	7
A.6. Consultation procedures	10
A.7. Trade arrangements for imports into the ACP States	11
A.8. Trade promotion	12
B. <u>THE INSURANCE SYSTEMS: Stabex, Sysmin and the protocol on sugar</u> ..	13
B.1. The Stabex system	13
B.2. Sysmin	21
B.3. The protocol on sugar	25
C. <u>INDUSTRIAL COOPERATION</u> .....	27
C.1. Priority industrial sectors	27
C.2. The bases for industrial development in the ACP States	28
C.3. The financing of industrial development	30
C.4. The institutions of industrial cooperation	31
D. <u>AGRICULTURAL COOPERATION</u> .....	32
D.1. Objectives, financing, schemes	32
D.2. The Technical Centre for Agricultural and Rural Cooperation	33
D.3. Links between food aid and agricultural development	34
E. <u>FINANCIAL AND TECHNICAL COOPERATION</u> .....	34
E.1. Financial cooperation	35
E.2. Community financial aid	36
E.3. Technical cooperation	42
E.4. Procedure: from programming to implementation	43
E.5. Special projects: microprojects	47
F. <u>NEW AREAS OF COOPERATION</u> .....	48
G. <u>ESTABLISHMENT, SERVICES, PAYMENTS AND CAPITAL MOVEMENTS</u> .....	49
H. <u>THE INSTITUTIONS OF THE CONVENTION</u> .....	50
H.1. The ACP-EEC Council of Ministers	51
H.2. The Committee of Ambassadors	52
H.3. The ACP-EEC Consultative Assembly	53
H.4. The Commission delegations in the ACP States	53
<u>ANNEXES:</u>	55
List of the States concerned	56
List of the least developed, landlocked and island States	57
Joint declaration on the treatment of investments	58

## MAIN ABBREVIATIONS USED

ACP (ACP States):	The African, Caribbean and Pacific States which are signatories to the second Lomé Convention
EEC:	(Member States of the) European Economic Community
EIB:	European Investment Bank
EDF:	European Development Fund
CCT:	Common Customs Tariff

## IMPORTANT DATES

<u>Second Lomé Convention:</u>	Signing: 31 October 1979
	Entry into force (trade provisions): 1 March 1980
	Definitive entry into force: following ratification by the national parliaments
	Expiry: 28 February 1985
<u>Opening of new negotiations:</u>	September 1983
<u>Previous conventions:</u>	First Yaoundé Convention (June 1964 to 1969)
	Second Yaoundé Convention (July 1969 to January 1975)
	First Lomé Convention (April 1976 to 29 February 1980)

A. TRADE COOPERATION

A.1. THE TRADE ARRANGEMENTS FOR IMPORTS INTO THE EEC

The general rule for the importation into the Community market of products originating in the ACP States is freedom of access (without quantitative restrictions or measures having equivalent effect) and exemption from customs duties.

Article 2: "Products originating in the ACP States shall be imported into the Community free of customs duties and charges having equivalent effect"

Article 3(1): "The Community shall not apply to imports of products originating in the ACP States any quantitative restrictions or measures having equivalent effect"

This general rule is subject to the following exceptions or restrictions:

- i. There are special arrangements for imports of agricultural products which are directly or indirectly covered by the EEC's common agricultural policy (see A.2.);
- ii. Prohibitions or restrictions on imports, exports or goods in transit may be justified "on grounds of public morality, public policy or public security; the protection of health and life of humans, animals and plants; the protection of national treasures possessing artistic, historic or archeological value or the protection of industrial and commercial property". (Article 5)
- iii. Lastly, if, as a result of the application of these rules, serious disturbances occur on the import market, the Community may take, or may authorize one of its Member States to take, safeguard measures as laid down in Articles 12, 13 and 14 of the Convention (see A.4.).

Express provision is made for ACP-EEC consultation and information procedures with regard to the application of the safeguard clause and in cases where the commercial interests of one or more parties are jeopardized by new measures (new rules, international agreements, etc.).

Conditions governing the application of the general rule

- i. The origin of the products must be proved by means of certificates of origin. There are special rules for defining the origin of products not wholly obtained in an ACP State (see A.5.).
- ii. These arrangements are applicable from 1 March 1980 to 28 February 1985.
- iii. The extension of the system of consultation and exchanges of information between the contracting parties is an innovation introduced by Lomé II. It is designed to forestall or settle any problem of a commercial nature which might arise between the partners (Article 16 - see A.6.).

## A.2. THE ARRANGEMENTS FOR IMPORTS INTO THE EEC OF ACP AGRICULTURAL PRODUCTS

Imports into the Community of agricultural products from the ACP States are subject to special arrangements where the products in question are directly or indirectly covered by the common agricultural policy.

Article 2 of the Convention lays down the broad lines of these special arrangements:

- i. For products subject solely to the application of customs duties on importation into the EEC, the ACP are granted exemption from customs duties.
- ii. For other products, the Community will take the necessary measures to ensure more favourable treatment than that granted to third countries benefiting from the most-favoured-nation clause for the same products.

Under Article 2, the Council of Ministers of the European Community has to adopt a regulation setting out the practical procedures governing these special arrangements.

This regulation will cover the products for which there is a common market organization, namely: beef and veal, fishery products, oils and fats, cereals, rice, products processed from cereals and rice, fresh and processed fruit and vegetables, certain goods resulting from the processing of agricultural products, raw tobacco and live plants.

In certain cases (beef and veal, rice, fruit and vegetables, raw tobacco), the total or partial exemption from duties for imports originating in the ACP States is accompanied by certain conditions and by certain annual or multiannual quantitative limits.

In this area, the Community is largely maintaining the arrangements applicable under the first Lomé Convention. However, the following improvements have been made: duty-free importation of the following products: carrots, asparagus, certain mushrooms, maize, onions, certain fruit juices and preserved fruits.

The Community is also guaranteeing for five years the importation into its markets of an annual quota of 30 000 t of beef and veal from the ACP countries (i.e. 9% more than under the first Lomé Convention). These imports will be free of customs duties and the levies applicable will be reduced by 90% provided an amount equivalent to that reduction is collected by the beneficiary countries.

The ACP countries which export beef to the Community have the following quotas:

Botswana:	18 916 t
Kenya:	142 t
Madagascar:	7 579 t
Swaziland:	3 363 t

### A.3. SPECIAL PROTOCOLS ON BANANAS AND RUM

Two of the protocols annexed to the Convention (Nos 4 and 5) are concerned with ACP exports of bananas and rum to the Community.

#### I. Protocol No 4 on bananas

##### Provisions

Maintenance of the market access and the advantages already enjoyed by the ACP States which export bananas to the EEC.

Joint ACP-EEC effort to enable the ACP States (and in particular Somalia) to increase their exports of bananas to the traditional Community markets, by means of investment at all stages (from production to consumption).

Joint ACP-EEC effort to enable the ACP States to gain a foothold in new markets in the Community.

##### Operation

For the purpose of attaining these objectives, the Protocol sets up a permanent joint group, assisted by a group of experts, whose task will be to keep under continuous review any specific problems arising from application of the Protocol, and to suggest solutions.

##### Support for a producer organization

If the banana-producing ACP States decided to set up a joint organization for the purpose of attaining the objectives set out above, the Community would support that organization, notably by providing finance under the heading of regional cooperation.

#### II. Protocol No 5 on rum

Until the entry into force of a common organization of the market in spirits, rum, arrack, and tafia (CCT subheading 22.09 C I) originating in the ACP States will be imported duty free into the Community within the limits of an annual quota fixed by the Community.

##### Method of calculating the quota

The annual quota is fixed on the basis of the largest annual quantities imported from the ACP States into the Community in the last three years, increased by an annual growth rate of 40% on the market of the United Kingdom and 18% on the other markets.

If the consumption of rum increases significantly in the Member States, the Community will undertake a new examination of the annual percentage increase.

##### Imports not covered by the quota

If the quantity fixed by the tariff quota is exceeded, imports into the Community of rum, arrack and tafia from the ACP States will be subject to

a customs duty calculated as follows:

- i. Containers holding two litres or less: 1 EUA per hectolitre and per degree of alcohol + 5 EUA per hectolitre
- ii. Containers holding more than two litres: 1 EUA per hectolitre and per degree of alcohol.

#### A.4. SAFEGUARD CLAUSES

The conditions governing the application by the EEC of the safeguard clause are set out in Articles 12, 13 and 14 of the Convention. Article 15 states that when safeguard measures are being taken particular attention will be paid to the interests of the least developed, landlocked and island ACP States.

The adoption of safeguard measures by the Community or by one or more of its Member States may be justified in three sets of circumstances:

- i. where there are serious disturbances in a sector of the economy of the Community or of one or more of its Member States;
- ii. where their external financial stability is jeopardized;
- iii. where there is a risk of deterioration in a sector of the economy or region of the Community.

All the data and information required to establish that such circumstances have arisen as a result of imports of the product in question from the ACP States must be provided by the EEC.

A mechanism for the statistical surveillance of certain ACP exports to the Community is also instituted in order to facilitate the examination of circumstances that may cause market disturbances.

Generally speaking, safeguard measures cannot be taken without prior consultation with those concerned. The Community may, however, decide to take immediate safeguard measures where this is justified by special factors.

Limitations: The safeguard measures taken by the Community (or by its Member States) must not be used "for protectionist purposes or to hamper structural development" Article 12(2)): they must be strictly confined to what is necessary to solve the difficulties that have arisen and the Community must select those which least disturb trade with the ACP States.

Regular consultations will be held with the aim of finding satisfactory solutions to problems which might arise from the application of the safeguard clause, and indeed with the aim of jointly seeking ways of avoiding the use of safeguard measures.

#### A.5. RULES OF ORIGIN

Only products originating in the ACP States qualify for the preferential arrangements governing imports into the EEC as described in the foregoing pages. The body of provisions relating to the origin of the products and the proof required as evidence of that origin are set out in Protocol No 1 to the Convention.

Protocol No 1 comprises 33 Articles (Articles 1 to 5 cover the definition of the concept of originating products and Articles 6 to 33 cover the methods of administrative cooperation) and eight Annexes (I to VIII). The main provisions are as follows:

##### The concept of originating products:

Protocol No 1 Article 1: "... shall be considered as products originating in an ACP State .....

- (a) products wholly obtained in one or more ACP States;
- (b) products obtained in one or more ACP States in the manufacture of which products other than those referred to in (a) are used, provided that the said products have undergone sufficient working or processing .....

It is necessary to clarify this distinction as follows:

- (a) Products wholly obtained in one or more ACP States (or in the Community or in the overseas countries or territories) comprise:
  - mineral products extracted from their soil or from their seabed;
  - vegetable products harvested therein;
  - live animals born and raised therein;
  - products from live animals raised therein;
  - products obtained by hunting or fishing (conducted in their territorial waters) or products taken from the sea by their vessels;
  - products made aboard their factory ships;
  - used articles collected there fit only for the recovery of raw materials;
  - waste and scrap resulting from manufacturing operations conducted therein;
  - goods produced there exclusively from the products specified above.



- (b) Products not wholly obtained in one or more ACP States (or in the EEC or the OCT). Such products will not be considered as originating unless the other products used in their manufacture (products generally imported from third countries) have undergone sufficient working or processing in the ACP country.

The following are considered as sufficient:

- i. working or processing which results in a change of tariff heading, except in respect of the products in List A, which sets out certain working or processing operations that cannot confer the status of originating products (List A forms Annex II to Protocol No 1 to the Convention);
- ii. working or processing operations which do not result in a change of tariff heading but which do confer the status of "originating products" on the products subjected to them (List B in Annex III to Protocol I to the Convention).

The following working or processing operations are always considered insufficient to confer the status of originating products:

- operations to ensure the preservation of merchandise in good condition during transport and storage (e.g. chilling, etc.);
- simple operations consisting of screening, sorting, classifying, painting, etc.;
- changes of packaging, placing in bottles, affixing of labels;
- simple mixing of products if one of the components is not originating (in the case of the mixing of products of different kinds, the finished product will be considered as originating if one or more of the main components is recognized as originating);
- simple assembly of parts of articles to constitute a complete article;
- a combination of two or more of the operations specified above;
- the slaughter of animals.

#### Field of application

The rules of origin as defined above are applicable to all the ACP States which are considered as being one territory, and also to products manufactured in the ACP States from one or more components obtained in the EEC or in one of the associated countries and territories. For the purpose of the application of these rules, the products obtained in two or more ACP States are considered as products originating in the ACP State where the last working or processing operation took place.

### Conditions governing transport

It is specified in Article 5 of Protocol I that, generally speaking, "originating" products must be transported as directly as possible from the ACP State to the Community.

If transit is necessary it must be justified by the geographical or weather conditions, it must not extend beyond the time strictly necessary and it must be proved that the product did not undergo any working or processing operation in the place of transit other than an operation designed merely to preserve it in good condition.

It must therefore be possible to provide the Community customs authorities with:

- a through bill of lading issued in the exporting beneficiary country;
- or a certificate issued by the customs authorities of the country of transit giving an exact description of the goods, the dates of unloading and reloading and certifying the conditions under which the goods remained in the transit country;
- or, failing these, any substantiating documents.

### Temporary exception

The products set out in List C (Annex IV to Protocol No 1) are temporarily excluded from the scope of Protocol No 1. They are mainly mineral oils, hydrocarbons and lubricants.

### Certificates of origin

Evidence of the originating status of ACP products is provided by a movement certificate EUR.1 (of which a specimen appears in Annex V to Protocol No 1).

This certificate is issued by the customs authorities of the exporting ACP State when the goods to which it relates are exported. It is made available to the exporter as soon as actual export has been effected or ensured. This is conditional upon application having been made in writing by the exporter on a form of which a specimen appears in Annex V to Protocol No 1 (Protocol No 1, Article 7).

For postal consignments of originating products the value of which does not exceed 1 420 units of account per consignment, evidence of originating status is supplied by form EUR.2, a specimen of which appears in Annex VI to Protocol No 1. This form is completed directly by the exporter and must comply with the standards and dimensions given in Article 15 of Protocol No 1.

### Verification and penalties

In order to check that the certificates of origin have not been put to fraudulent use, the customs authorities may carry out immediate or subsequent verifications whenever they have reasonable doubts as to the

authenticity of the document or the accuracy of the information which it contains (Protocol No 1, Article 25).

Penalties will be imposed on any person who, in order to qualify for preferential treatment, draws up, or causes to be drawn up, a false document or one which contains incorrect particulars (Protocol No 1, Article 24).

#### Customs Cooperation Committee

A Customs Cooperation Committee is given responsibility for ensuring the proper application of the rules agreed on with regard to origin. This Committee is composed of experts on customs matters from the Member States of the Community, the Commission, the ACP States and regional groupings of the ACP States.

This Committee, which will meet regularly, may make recommendations for amendments to, or derogations from, the rules contained in Protocol No 1 on the basis of the effect of the application of those rules on the ACP States and in particular on the least developed ACP States (Protocol No 1, Articles 28, 29 and 30).

Lastly, the ACP-EEC Council of Ministers will examine at least once a year the application of Protocol No 1. Particular account will be taken of the effects on the rules of origin of technological developments.

#### A.6. CONSULTATION PROCEDURES

Article 16: "In order to ensure effective implementation of the provisions of this Convention in the field of trade cooperation, the Contracting Parties agree to inform and consult each other".

#### Express provision is made for consultations in five cases:

1. where one of the partners envisages taking any trade measures affecting the interests of the other parties to the Convention;
2. if, during the application of this Convention, the ACP States consider that agricultural products which are not subject to special treatment should benefit from such treatment;
3. where a contracting party considers that obstacles to the movement of goods arise as a result of the existing rules of another contracting party;
4. where the Community envisages concluding a preferential agreement with third countries, the ACP States may request consultations in order to safeguard their interests;
5. where the Community or the Member States take safeguard measures, the ACP States may request consultations to ensure that, when they are implemented, the safeguard measures will take account of the existing level of the ACP exports in question to the Community and of their development potential.

#### A.7. TRADE ARRANGEMENTS FOR IMPORTS INTO THE ACP STATES

One of the objectives of trade cooperation is to ensure a "better balance in the trade of the Contracting Parties" and to secure effective additional benefits for the ACP States in order to accelerate the growth of their trade, in particular to the EEC (Article 1).

##### Most-favoured-nation treatment

"The ACP States shall not be required for the duration of this Convention to assume, in respect of imports of products originating in the Community, obligations corresponding to the commitments entered into by the Community." (Article 9) This means that each ACP State is free to apply to products originating in the Community its own customs tariff, subject, however, to two conditions:

1. The ACP State must not discriminate among the Member States of the EEC.
2. It must grant to the Community treatment no less favourable than most-favoured-nation treatment (MFN). This clause does not apply in two cases:
  - i. to trade or economic relations between ACP States
  - ii. to relations between one or more ACP States and other developing countries.

##### Communication of the customs tariff

Each contracting party must have communicated its customs tariff to the Council of Ministers within three months of the entry into force of the Convention.

#### DEVELOPMENT OF EEC-ACP TRADE ('000 million EUA)

	1973	1974	1975	1976	1977	1978
Imports from outside the EEC from developing countries	31.9	61.4	55.0	70.0	75.2	71.2
of which OPEC	15.3	38.9	33.4	41.8	42.3	38.2
of which ACP	6.2	10.5	8.4	10.5	12.5	11.9
Annual increase ACP	+28 %	+ 70%	-17 %	+20 %	+19 %	- 5 %
Share of ACP in imports from outside the EEC	7.4%	8 %	6.7%	6.6%	7.3%	6.7%
Exports to outside the EEC to the developing countries	22.9	35.2	44.1	50.9	61.8	66.5
of which OPEC	6.6	11.4	18.4	24.1	29.7	31.1
of which ACP	4.4	6.1	8.1	9.8	12.5	12.7
Annual increase ACP	+10 %	+37 %	+33 %	+22 %	+27 %	+ 2 %
Share of ACP in exports to outside the EEC	5.5%	5.3%	6.7%	7 %	7.6%	7.3%
EEC-ACP trade balance	-1.7	-4.4	-0.6	-0.6	0.0	0.8

Source: SOEC

#### A.8. TRADE PROMOTION

The trade promotion measures are designed to help the ACP States to:

- i. derive maximum benefit from the trade and industrial provisions contained in the Convention;
- ii. diversify the range and increase the value and volume of their exports;
- iii. participate under the most favourable conditions in the Community, regional and international markets.

Scope: These measures cover the marketing of ACP products of all kinds (in particular agricultural, industrial and artisanal, and also tourism and services) on all markets: those of the EEC, other ACP States and third countries.

Financing: They may be financed either from the EDF funds earmarked for the financing of national schemes or from the funds earmarked for regional cooperation - in the latter case within a maximum limit of 40 million EUA for the duration of the Convention.

The initiative for these operations may come from the public and semi-public services, public and private organizations and enterprises, subject to the conditions governing the presentation of the applications for financing (for procedure, see under "Financial and technical cooperation").

#### Types of trade promotion measures

The Lomé Convention gives a list, which is not, however, exhaustive, of the trade promotion measures which may be taken. These include:

the activities mentioned in the first Lomé Convention, namely:

- "(a) improving the structure and working methods of organizations, departments or firms contributing to the development of the foreign trade of ACP States, or setting up such organizations, departments or firms;
- (b) basic training or advanced vocational training of staff in foreign trade and trade promotion;
- (c) participation by the ACP States in fairs, exhibitions, specialized international shows and the organization of trade events;
- (d) improving cooperation between economic operators in the Member States and the ACP States and establishing links to promote such cooperation;
- (e) carrying out and making use of market research and marketing studies;
- (f) producing and distributing trade information in various forms within the Community and the ACP States with a view to developing trade."

plus the following additional activities:

- (g) product policy, i.e.: research, quality control, packaging, presentation;
- (h) development of supportive infrastructure: transport, storage;
- (i) advertising;
- (j) special assistance to small- and medium-sized undertakings for product identification and development, market outlets and joint marketing ventures;
- (k) the participation of the least developed ACP States in the various trade promotion activities envisaged shall be encouraged by special provisions, inter alia the payment of travel expenses of personnel and costs of transporting articles and goods that are to be exhibited, on the occasion of their participation in fairs and exhibitions.

To sum up it should be stressed that, compared with the first Lomé Convention, Lomé II has introduced two innovations in the sphere of trade promotion:

- i. a fixed amount (40 million EUA) is earmarked for regional trade promotion activities;
- ii. the trade promotion provisions are extended to schemes which go right back to the production stage. A much closer link than before is thus established between production support schemes, the trade arrangements and actual trade promotion activities.

B. THE INSURANCE SYSTEMS: Stabex, Sysmin and the protocol on sugar

B.1. THE STABEX SYSTEM

Article 23: "With the aim of remedying the harmful effects of the instability of export earnings and to help the ACP States overcome one of the main obstacles to the sustained growth of their economies, a system shall be operated to guarantee the stabilization of earnings derived from the ACP States' exports to the Community of products on which their economies are dependent and which are affected by fluctuations in price or quantity or both these factors."

If, therefore, an ACP State records a drop in its earnings from exports to the Community of a given product on the list of products covered by Stabex, it will address to the Commission a request for the transfer of an amount equal to the difference between the earnings from exports of this product to the Community for the year in question and a reference level calculated on the basis of the corresponding earnings for the preceding four years. Unless it appears on the list of least developed States (see annex ), the ACP State which has received a Stabex transfer will be required to replenish the resources of the system over a period of seven years.

This is the basic outline of how the Stabex system works. Its implementation is governed by the following provisions:

## I. MAIN PROVISIONS

### Products covered

The list agreed upon when the second Lomé Convention was negotiated (Article 25(1)) comprises 43 products of agricultural origin, plus, for a period limited to the first five years of the system, iron ore (see below). Other commodities may be included upon a decision of the ACP-EEC Council of Ministers, but not until at least twelve months after the entry into force of the Convention (Article 26).

The list of products covered by Stabex is given on page 19.

### The case of iron ore

Only exports to the Community of iron ore (ores, concentrates, roasted iron pyrites) from sites being worked on 31 October 1979 (date on which the Convention was signed) may benefit under this system - and for a period limited to five years.

Beyond that period, all iron ore exports will come under the Sysmin system described below.

Choice of system: transfers by product or by group of product.

When applying to the Commission for a transfer to compensate for losses of export earnings an ACP State can base its application on a single product on the list or a group of products.

The groups of products are as follows: (see p. 19)

- |                        |                                     |
|------------------------|-------------------------------------|
| (a) Groundnut products | (e) Coconut products                |
| (b) Cocoa products     | (f) Palm and palm nut products      |
| (c) Coffee products    | (g) Raw hides and skins and leather |
| (d) Cotton products    | (h) Wood products                   |

### Exports covered

The only exports taken into account are exports of the above products originating in the ACP States which

- i. are released for home use in the Community,
- ii. or brought under the inward processing arrangements in the Community in order to be processed.

Generally speaking, this system therefore applies only to ACP exports to the Community. There are two instances in which this rule may be waived, and then solely by a decision of the Council of Ministers:

1. For certain countries which expressly so request, exports to other ACP countries may also be taken into account (Article 27).
2. For certain ACP States which export very little to the Community, the losses in earnings may be calculated on the basis of their exports to all destinations (Article 46(3)).

### Dependence threshold of exports

The Stabex system is applied from a certain "dependence threshold", i.e. it takes into account the importance of the product for the economy of the ACP country.

For the product or products concerned (which must be on the list given above), the total exports (to all destinations) from the country which has requested a Stabex transfer must, during the year preceding the year in question, have brought in earnings representing not less than 6.5% of its total earnings from merchandise exports (Article 29).

Generally speaking, the dependence threshold below which no transfer will be authorized is therefore 6.5%.

There are two exceptions to this rule:

- i. for sisal, the dependence threshold is 5% (Article 29)
- ii. for the least developed, landlocked and island ACP States (see annex), the dependence threshold is 2% of earnings (Articles 46 and 47).

### Statistics used

The export statistics taken into account in the implementation of the system are:

- i. those obtained by cross-checking ACP State and Community statistics (in fob value), or
- ii. those obtained by multiplying the unit values for the exports of the ACP State, as given in that State's statistics, by the quantities imported by the Community, as shown in Community statistics.

For each request for a transfer, the ACP State must specify which system it has chosen (Article 30).

### Trigger threshold for the transfer of funds

If, during a calendar year, an ACP State's actual earnings from its exports of any of the products or groups of products considered individually to the Community (standard situation), to the Community and other ACP States (special case No 1), or to all destinations (special case No 2) are at least 6.5% below the reference level set for that product in that ACP State (for the least developed, landlocked and island ACP States the threshold is 2% instead of 6.5%), the ACP State may request a transfer of funds.

The reference level is calculated for each product or group of products and for each country. It corresponds to the average of export earnings in the four years preceding the year of application (Article 36). In certain cases (new line of production), the average is calculated on the basis of three years instead of four years (Article 36(3)).



### Calculation of the transfers of funds

The difference between the reference level and actual earnings, plus 1% for statistical errors and omissions, constitutes the basis of the transfer (Article 39).

### Transfer procedures

(a) If all the conditions listed above are fulfilled, the ACP State addresses a request for a transfer to the Commission, which examines it with the ACP State concerned.

A request for a transfer may be declared inadmissible in three cases:

- i. if the request is presented too late (after 31 March of the year following the year of application);
- ii. if the fall in the ACP State's export earnings is seen to be the result of a trade policy of that ACP State adversely affecting exports to the Community in particular;
- iii. if the requesting ACP State has recorded earnings from its exports to all destinations during the year of application in excess of the average of its earnings from exports to all destinations in the four years preceding the year of application for each product for which a request has been made (Article 38).

(b) If the request for a transfer is admissible, the Commission adopts a transfer decision. This decision provides for the transfer to the ACP State to be made rapidly. It should be noted that provision is even made for the payment of advances in order to speed up the process (Article 40).

(c) Each transfer gives rise to the conclusion of a transfer agreement between the Commission and the ACP State concerned.

(d) The requesting ACP State decides how the transfers of funds will be used, subject to two conditions:

- i. Before the transfer agreement is signed, it must indicate to the Commission how it intends to use this transfer (Article 41(2)).
- ii. Within the twelve months following the signing of the transfer agreement, it must be able to prove that it has used the resources transferred with the aim of "maintaining financial flows in the sector in question or, for the purpose of promoting diversification, directed towards other appropriate sectors and used for economic and social development" (Article 23).

## II. THE SYSTEM'S RESOURCES

### Initial amount

The Community is allocating to the system, for the duration of the Convention, an amount of 550 million EUA, managed by the Commission, to cover all its commitments under the system (Article 31). This overall

amount is divided into five instalments corresponding to the five years of application.

#### Annual resources

For each year of application the resources available are made up of the following elements:

- i. the annual instalment of 110 million EUA;
- ii. the amounts replenished by the ACP States (see below under replenishment).

If, during a year of application, these resources prove insufficient, it is for the Council of Ministers to decide whether:

- i. to authorize the use in advance of a maximum of 20% of the following year's instalment, or
- ii. to reduce the amount of the transfers to be made.

If, on the other hand, the resources available for one year are not all disbursed, the balance is carried over to the following year.

#### Replenishment of the system's resources

All the ACP States which have received Stabex transfers, except the least developed ACP States (numbering 35 when the Convention was signed - see annex), are required, if the development of their export earnings permits, to contribute during the seven years following the transfer towards the replenishment of the system's resources, in accordance with the following procedure (Articles 43 and 44):

At the beginning of each of the seven years following the transfer, the Commission ascertains whether, for the preceding year:

- i. the unit value of the product which gave rise to a transfer was higher than the average unit value calculated during the preceding four years;
- ii. the quantities of the same product exported to the Community were at least equal to the average quantities exported during the preceding four years;
- iii. the earnings from exports of this product amounted to at least 106.5% of the average export earnings for the preceding four years.

If the above three conditions are fulfilled, the ACP State contributes to the system an amount equal to the difference between the actual earnings derived in the preceding year from exports to the Community and the average of earnings during the four years prior to that year.

#### Payments

This amount, which may not exceed the initial amount of the transfer, is

paid at the rate of one fifth per year after a period of deferment of two years.

If, on expiry of the seven-year period referred to in Article 42, these payments have not been made in full, the Council of Ministers will decide whether to require that they be made in one or more instalments or to waive the rights to repayment.

LIST OF PRODUCTS COVERED BY STABEX

1. Products covered by the Lomé Convention from the beginning

- (a) ( 1. groundnuts, shelled or not  
( 2. groundnut oil
- (b) ( 3. cocoa beans  
( 4. cocoa paste  
( 5. coca butter
- (c) ( 6. raw or roasted coffee  
( 7. extracts, essence or concentrates of coffee
- (d) ( 8. cotton, not carded or combed  
( 9. cotton linters
- (e) (10. coconuts  
(11. copra  
(12. coconut oil
- (f) (13. palm oil  
(14. palm kernel oil  
(15. palm nuts and kernels
- (g) (16. raw hides and skins  
(17. bovine cattle leather  
(18. sheep and lamb skin leather  
(19. goat and kid skin leather
- (h) (20. wood in the rough  
(21. wood roughly squared or half-squared, but not further manufactured  
(22. wood sawn lengthwise, but not further prepared  
23. fresh bananas  
24. tea  
25. raw sisal  
26. iron ore (ores, concentrates and roasted iron pyrites)

2. Products added during the life of the Lomé Convention

- 27. vanilla
- 28. cloves (whole fruit, cloves and stems)
- 29. sheep's or lamb's wool, not carded or combed
- 30. fine animal hair of Angora goats - mohair
- 31. gum arabic
- 32. pyrethrum (flowers, leaves, stems, peel and roots; saps and extracts from pyrethrum)
- 33. essential oils, not terpeneless, of cloves, of niaouli and of ylang-ylang
- 34. sesame seed

3. Products included in the new Convention

- 35. cashew nuts
- 36. pepper
- 37. shrimps and prawns
- 38. squid
- 39. cotton seeds
- 40. oil-cake
- 41. rubber
- 42. peas
- 43. beans
- 44. lentils

S T A B E X

CUMULATIVE RESULTS BY PRODUCT

(as at 15 July 1979)

(1000 EUA)

PRODUCT	1975 amount	1976 amount	1977 amount	1978 amount	TOTAL amount	TOTAL %
Groundnuts	6 591	4 442	4 551	9 272	24 857	9.27
Groundnut oil		6 756	7 383	49 882	64 021	23.87
Oil-cake	1 191	153		15 224	16 568	6.18
Cocoa	277			781	1 058	0.39
Cocoa paste		464			464	0.17
Coffee	13 548			946	14 494	5.41
Cotton	10 222	5 000	2 083	2 340	19 646	7.33
Copra		2 163			2 163	0.81
Coconut oil	615	1 500			2 115	0.79
Palm oil		766	1 467		2 233	0.83
Palm kernel oil		627	1 212		1 839	0.69
Raw hides and skins	8 402				8 402	3.13
Wood in the rough	37 843	349			38 192	14.24
Sawn wood		550	147		697	0.26
Bananas	1 297	73	447	674	2 491	0.93
Tea		1 400			1 400	0.52
Sisal		6 928	8 177	5 473	20 577	7.67
Iron ore		3 977	6 974	33 395	44 347	16.54
Cloves		1 140			1 140	0.42
Gum arabic		848			848	0.32
Pyrethrum				609	609	0.23
<b>TOTAL</b>	<b>79 986</b>	<b>37 136</b>	<b>32 442</b>	<b>118 597</b>	<b>268 160</b>	<b>100.00</b>
<u>Products</u>						
-affected by the economic situation (1)(2)(3)(4)	56 467	7 478	11 782	38 867	114 595	42.73
-affected by local circumstances	23 519	29 658	20 660	79 729	153 566	57.27
<b>TOTAL</b>	<b>79 986</b>	<b>37 136</b>	<b>32 442</b>	<b>118 597</b>	<b>268 160</b>	<b>100.00</b>

(1) Wood in the rough, raw hides, skins and leather, cotton in 1975

(2) Sisal, sawn wood in 1976

(3) Sisal, iron ore in 1977

(4) Iron ore in 1978

## B.2. SYSMIN

An innovation belonging to the Second Lomé Convention, the mining system (Sysmin) provides two types of aid:

- i. aid to maintain capacity for the production of certain mining products, comprising financial and technical aid for projects and programmes through a "special financing facility";
- ii. technical and financial assistance from the Community for the development of new mining and energy resources in the ACP States.

## I. SYSTEM FOR THE MAINTENANCE OF PRODUCTION OR EXPORT CAPACITY

### Objective of the system

This system has been established to help States whose economies are largely dependent on their exports of one or more mining products to the Community to cope with a drop in production that is beyond their control.

It is intended to "assist these States in their efforts to remedy the harmful effects on their income of serious temporary disruptions affecting those mining sectors" (Article 49).

### Products covered

This system at present covers six products: copper (and cobalt), phosphates, manganese, bauxite and alumina, tin, iron pyrites and iron ore, whether or not in agglomerate form (including pellets).

(For iron ore, this system will of course only take into account exports to the Community which are not provisionally covered by the Stabex system.)

In addition, the Council of Ministers may decide, at the request of an ACP State, to add one or more products to this list, but not until twelve months have elapsed after the entry into force of the Convention.

### Special financing facility

In order to meet the needs of the system, a "special financing facility" of 280 million EUA is set up. One-fifth of this amount, i.e. 56 million EUA, may be committed each year. If necessary, the Commission may also authorize a maximum of 50% of the following year's instalment to be used in advance. Conversely, the amounts not used during one year are carried over to the following year, up to 28 February 1985, the expiry date of the Convention. On that date the Council of Ministers will decide on the allocation of the balances remaining.

### Beneficiaries

Any ACP State which, during the preceding four years, has, as a general rule, derived at least 15% of its earnings from exports to the Community of one of the mining products mentioned above and which foresees or records a fall of at least 10% in its capacity to produce or export that product may make an application to the Commission for aid via the special financing facility.

### Amount of aid

Following examination of this application with the ACP State concerned, the Commission can accord it entitlement to aid for the financing of projects or programmes designed to maintain or renew production plant.

The amount of aid is fixed on the basis of:

- i. the nature of the projects and programmes proposed by the ACP State;
- ii. the funds available under the special financing facility;
- iii. the possibilities for cofinancing;
- iv. the scale of the losses of earnings suffered by the ACP State;
- v. the fact that no ACP State may be eligible for more than 50% of the funds available under an annual instalment.

### Prefinancing

This aid may be provided as a means of prefinancing projects and programmes intended to maintain production plant when imminent deterioration is feared.

These advances may be made in the form of supplies, the provision of services or cash payments.

### Financing agreement

The financing agreement signed by the ACP State concerned and the Community takes into account the total amount of the aid, including the advances.

### Reimbursement

Aid granted from the special financing facility will be reimbursed on the same terms as special loans, i.e. in most cases over 40 years with a grace period of 10 years and with an interest-rate of 1%.

## II. DEVELOPMENT OF THE MINING AND ENERGY POTENTIAL OF THE ACP STATES

The whole range of technical and financial instruments provided for in the Convention can be used to promote the exploitation of the ACP States' mining and energy potential. The possible forms of aid in this sphere are as follows:

- i. technical assistance activities to strengthen the ACP States' scientific and technical capacity in the field of geology and mining;
- ii. establishment of national or regional exploration funds in the ACP States;
- iii. financial assistance in the form of risk capital or quasi-capital (see allocation procedures under "Financial cooperation") to finance research or investment preparatory to the launching of mining and energy projects;

- iv. assistance from the European Investment Bank from its own resources where the project is proved to be of mutual interest to the ACP State and the Community (Article 59).

Any ACP State or group of ACP States may obtain such assistance on presentation of a reasoned request.

In addition, in a "Joint Declaration on the encouragement of mining investment" (Annex VIII), the two parties establish the possibility of concluding specific agreements for the promotion of mining and energy investment.



MAIN MINERAL EXPORTS

	Producer country	Dependence threshold (Average 1972-76)	EEC's share of exports (Average)
<u>COPPER</u>	ZAMBIA	91%	60%
	ZAIRE	55%	91%
	PAPUA NEW GUINEA	51.7%	40%
<u>PHOSPHATES</u>	TOGO	59%	92%
	SENEGAL	17.6%	54%
<u>BAUXITE</u>	GUINEA	90%	34% (1976)
<u>ALUMINA</u>	JAMAICA	67%	19% (1976)
	SURINAME	70%	29% (1976)
	GUYANA	40%	9% (bauxite 1976)
<u>MANGANESE</u>	GABON	15%	32%
<u>IRON ORE</u>	LIBERIA	69%	74%
	MAURITANIA	71%	75%
<u>TIN</u>	RWANDA	13%	

MAIN EEC IMPORTS FROM THE ACP COUNTRIES (million EUA)

1977

	<u>Total Community imports - net</u>	<u>ACP country of origin</u>
<u>COPPER</u>	2 341	Zaire (445) - Zambia (423) - PNG (74)
<u>BAUXITE/ALUMINA</u>	922	Guinea (90) - Guyana (23) - Jamaica (48) - Suriname (59)
<u>PHOSPHATES</u>	470	Togo (63) - Senegal (26)
<u>IRON ORE</u>	1 900	Liberia (256) - Mauritania (120)

### B.3. THE PROTOCOL ON SUGAR

Article 48 and Protocol No 7 of the second Lomé Convention take over in their entirety the provisions on sugar that were laid down in Article 25 and Protocol No 3 to the first Lomé Convention. This means that the Community is still committed for an indefinite period to purchase and import at guaranteed prices specific quantities of cane sugar, raw or white, which 14 ACP States undertake to deliver to it.

This is, then, a reciprocal commitment to supply and purchase agreed quantities of sugar at a guaranteed price, to be negotiated every year (see below), involving 14 ACP States on the one hand and the Community on the other.

#### Agreed quantities

For each delivery period, which runs from 1 July to 30 June, each of the 14 ACP States (listed below) undertakes to deliver the following quantities of cane sugar, expressed in terms of white sugar equivalent:

ACP State	Agreed quantities (t)
Barbados	49 300
Fiji	163 600
Guyana	157 700
Mauritius	487 200
Jamaica	118 300
Kenya	5 000
Madagascar	10 000
Malawi	20 000
Uganda	5 000
Congo	10 000
Swaziland	116 400
Tanzania	10 000
Trinidad and Tobago	69 000
Suriname	4 000

#### Implementation

The price of raw or white cane sugar is freely negotiated between buyers and sellers. If the agreed quantities of ACP sugar cannot be marketed in the Community at a price equivalent to or in excess of the guaranteed price, the Community fulfils its purchase commitment through the medium of the intervention agencies or other agents.

#### The guaranteed price

The guaranteed price is negotiated annually. It is decided at the latest by 1 May each year, to cover the delivery period commencing 1 July (Article 5(4) of Protocol No 7). It is expressed in European units of account (see the section on financial and technical cooperation) and refers to standard quality unpacked sugar, cif Community ports.

It should also be noted that the negotiated price cannot be fixed below a certain minimum level (Article 5(2) and (3)).

#### Failure to deliver

If an ACP State which fails to deliver its agreed quantity during any delivery period does so for reasons of force majeure, the Community may, at the request of the State concerned, allow the necessary additional period for delivery.

If the State concerned does not wish to take advantage of the additional period, the shortfall is reallocated among the other sugar-exporting ACP States.

In all cases where a State fails to deliver its agreed quantity in full for reasons other than force majeure, that quantity is reduced for each subsequent delivery period by the undelivered quantity.

#### Consultation clause

Consultations on the application of the Protocol on sugar may be held in an appropriate forum, to be decided by the Contracting Parties.

#### Scope

The provisions described in this section do not apply to relations between the ACP States and the French overseas departments.

#### Other beneficiaries

Any other ACP State which could regularly export specific quantities of sugar may apply to the Council of Ministers to participate in the Protocol.

In addition, the Community has undertaken to apply identical treatment to sugar exports from the following OCT (overseas countries and territories), in respect of the quantities stated below:

Belize: 39 400 t

St Kitts, Nevis and Anguilla: 14 800 t

#### Duration of the commitment

The agreement on the supply and purchase of sugar was concluded for an indefinite period and entered into force on 1 March 1975. However, after a period of seven years "the Protocol may be denounced by the Community with respect to each ACP State and by each ACP State with respect to the Community, subject to two years' notice". (Article 10 of Protocol No 7)

Furthermore, Article 2 of the Protocol stipulates that "no change ... may enter into force until a period of five years has elapsed from the date on which the Convention enters into force. Thereafter, such changes as may be agreed upon will come into force at a time to be agreed".

C. INDUSTRIAL COOPERATION

The provisions on industrial cooperation (Articles 65 to 82) agreed upon in the second Lomé Convention are at once more precise and more specific than those contained in the first Convention (Articles 26 to 39).

The general objective remains the same, namely to promote industrial development in the ACP States. However, emphasis is placed on:

- i. priority industrial sectors;
- ii. creating or consolidating the bases for independent industrial development in the ACP States (through training, transfer of technology, SME, etc.);
- iii. the financing of industrial development by private investment;
- iv. the continued existence of the ACP-EEC institutions to ensure that industrial development schemes are encouraged, presented in a coherent form and followed up properly.

C.1. PRIORITY INDUSTRIAL SECTORS

As under the first Lomé Convention, it is up to the ACP States to choose which industrial cooperation schemes they would like to see implemented under the fifth EDF and the choice is made in accordance with their own development priorities. However, it emerges from the different provisions contained in the second Lomé Convention that those industries that ought to be developed or expanded as a matter of priority are as follows:

- i. Integral industries capable of creating linkages between various sectors of the economy and especially between the different industrial sectors in the ACP States in order to provide those States with the basis they need to develop their technologies (Articles 66 and 73).
- ii. Processing of the ACP States' raw materials.  
"In the framework of overall cooperation with respect to industrial development, special emphasis will be placed on the domestic processing of ACP raw materials with a view to achieving a larger and equitable share of processed raw materials in both production and exports of the ACP States." (Article 70)

The Community undertakes to help:

- a. promote, develop and finance processing industries in the ACP States;
- b. carry out feasibility studies;
- c. evaluate processing possibilities and provide information on processing technology;
- d. promote within the Community and on other markets the exports of products processed by the ACP countries.

- iii. Industries linked to the development of agriculture and the promotion of agricultural production. The objective here is to slow down the rural exodus by creating jobs in rural areas and to stimulate the production of the food for domestic consumption and, if possible, for export.
- iv. Any other line of production which may increase value added locally, have a favourable effect on employment (job creation for ACP nationals) or the trade balance (foreign currency earnings), facilitate the diversification or regional balance of industry or foster industrial or interregional cooperation between ACP and EEC firms. (Article 73)

## C.2. THE BASES FOR INDUSTRIAL DEVELOPMENT IN THE ACP STATES

### Appropriate action

Precise guidelines are set out in the Convention for seven types of scheme aimed at developing or consolidating the bases of industrial development in the ACP countries. Particular attention is to be given to meeting "the special needs of the least developed, landlocked and island ACP States" (Article 82) - a list of these States is given in the annex.

#### 1. Industrial training of ACP nationals (Article 68)

On the basis of requests from the ACP States, the Community will provide assistance in the evaluation of needs and the execution of appropriate schemes such as:

- i. the posting of ACP nationals in appropriate training institutes;
- ii. the establishment of specialized industrial training programmes at all levels and the organization of practical and in-service training;
- iii. the consolidation and promotion of appropriate indigenous technology;
- iv. the promotion of exchanges between universities and specialized institutes in the Community and in the ACP States.

#### 2. Transfer of technology (Article 71)

With a view to assisting the ACP States to strengthen their indigenous capacity for scientific and technological development and to facilitating the acquisition, transfer and adaptation of technology under the best possible conditions, the Community undertakes, where an ACP State so requests, to contribute to:

- i. the establishment and strengthening of industry-related scientific and technical infrastructure in the ACP States;
- ii. the drawing-up and implementation of research and development programmes;
- iii. the creation of possibilities for collaboration among research institutes and undertakings of the ACP States, the Community, the Member States and other countries;

- iv. the identification, evaluation and acquisition on the most favourable terms of foreign technology, patents and other industrial property through financing or other suitable arrangements with firms and institutions within the Community;
- v. the provision of advisory services for the preparation of regulations governing the transfer of technology and for the supply of information on:
  - a. the terms of technology contracts;
  - b. the types and sources of technology;
  - c. the experience of ACP States and other countries with the use of certain technology;
- vi. the promotion of technology cooperation between ACP States and other developing countries in order to make the best use of existing possibilities.

3. The development of small and medium-sized industries (Article 69)

The Community will contribute towards the development of "all types of small and medium-sized industries identified by the ACP States as important in terms of their development objectives" through:

- i. financial and technical cooperation schemes suited to the specific needs of such industries;
- ii. encouragement, by appropriate incentives, of the transfer of resources from Community private undertakings, notably through joint ventures between small and medium-sized industries of the Community and of the ACP States;
- iii. technical assistance schemes aimed at:
  - a. evaluating the development potential of the small and medium-sized industries of a given ACP State or group of States;
  - b. identifying the possibilities for subcontracting and facilitating the implementation thereof.

4. Industrial infrastructure (Article 72)

All the instruments of financial and technical cooperation may be used for setting up the necessary infrastructure in the ACP States for the development of industry - in the fields of transport and communications, energy, research and so on.

5. Trade promotion (Article 74)

Trade promotion schemes (see "Trade cooperation" in section A) will be carried out to encourage the marketing of the ACP States' industrial products on the Community market, that of other ACP States and external markets.

6. Cooperation in the field of energy (Article 76)

The objective of cooperation in the field of energy is to achieve self-sufficiency for the ACP States by developing conventional and non-conventional energy resources. The schemes to be implemented include:

- i. inventories of energy resources and demand;
- ii. the development of wind, solar, geothermal and hydro energy sources;
- iii. the exploration and development of national and regional energy sources;
- iv. strengthening the control of the ACP States over the energy resources;
- v. the establishment of a rural energy programme;
- vi. the promotion of research and the dissemination of appropriate technology as well as training the necessary manpower;
- vii. the application of energy-saving techniques;
- viii. monitoring the effects of each project on the environment;
- ix. the conservation of the ACP States' energy resources.

7. Industrial information and promotion activities (Article 77)

In the Convention explicit provision is made for the partners to the industrial cooperation arrangements to be informed about techniques, markets and production and for the exchange of any data that may be of use for the development of industry in the ACP States.

To back up this information policy there will be schemes:

- i. to gather and disseminate all relevant information concerning trends in industrial policies in the Community, the ACP States and the world at large;
- ii. to organize meetings between industrial policy-makers, promoters and economic operators from the Community and the ACP States (Article 77(c));
- iii. to carry out studies to pinpoint and take advantage of the practical possibilities for industrial cooperation with the Community;
- iv. to set up industrial promotion bodies in the ACP States.

C.3. THE FINANCING OF INDUSTRIAL DEVELOPMENT

Generally speaking, all the opportunities offered under the Convention by way of financial cooperation (see section E) can benefit industrial cooperation programmes, projects and schemes. However:

- i. Community financing for the establishment or extension of industries

in the ACP States is provided first and foremost in the form of loans from the European Investment Bank or risk capital (see section E);

- ii. research, exploration and development projects of mutual interest, notably in the field of energy, may also be financed by:
  - a. other financial and technical resources of the Community;
  - b. schemes aimed at attracting private and public capital, notably cofinancing schemes.
- iii. the Community and the Member States will also "endeavour to implement measures to encourage their economic operators to participate in the industrial development efforts of the ACP States" (Article 60).

European investors have to comply with the development objectives of the States in which they operate and abide by the regulations, in return for which the host States will endeavour to give investors as clear an indication as possible of the priority areas for industrial cooperation and of their specific wishes.

The ACP State also undertakes to accord investment from the Member States of the Community non-discriminatory treatment (Article 64 and Annex IX). (See details on page 58).

#### C.4. THE INSTITUTIONS OF INDUSTRIAL COOPERATION

There are two institutions and they come under the Convention's decision-making body, the ACP-EEC Council of Ministers, assisted by the Committee of Ambassadors (see section F).

The Committee on Industrial Cooperation monitors the progress of industrial cooperation. In particular it guides, supervises and controls the activities of the Centre for Industrial Development.

At the request of the Community or of the ACP States it may organize a review of trends in industrial policies of the ACP States and of the Member States as well as developments in the world industrial situation (Article 78(c)).

The composition of the Committee on Industrial Cooperation and the detailed rules for its operation have to be determined by the ACP-EEC Council of Ministers (Article 78).

The Centre for Industrial Development (CID) (Articles 80 and 81) has the following duties:

- i. the dissemination of information and organization of contacts between economic operators and industrial and financial policy-makers in the Community and in the ACP States;
- ii. the execution of feasibility studies for the purpose of accelerating the establishment of industrial undertakings in the ACP States;
- iii. the identification and evaluation of opportunities for industrial training for ACP nationals and the possibilities of acquiring, adapting and developing appropriate industrial technology;



iv. seeking out possible sources of financing.

The Centre has to pay particular attention to the problems of the least developed, landlocked and island ACP States.

The Centre comes under the Committee on Industrial Cooperation, which is managed by a Director assisted by a deputy, both of whom are appointed by the Committee.

An Advisory Council, consisting of "persons with wide experience in the industrial field especially in the manufacturing sector", advises and assists the Centre in its industrial promotion activities. It gives its opinion on the Centre's annual work programme, budget and general report. Funds for the Centre's budget are supplied from the resources earmarked for the financing of regional cooperation projects, up to a ceiling of 25 million EUA.

The statutes and rules of procedure of the Centre are to be adopted by the Council of Ministers, on a proposal from the Committee of Ambassadors, after the entry into force of the Convention.

#### D. AGRICULTURAL COOPERATION

##### D.1. OBJECTIVES, FINANCING, SCHEMES

###### Main objective

Article 83: "to assist [the ACP States] in their efforts to resolve problems relating to rural development and the improvement and expansion of agricultural production for domestic consumption and export and problems they may encounter with regard to security of food supplies for their populations".

###### General objectives

To contribute to:

- i. a higher standard of living for and the social and cultural development of the rural community (through schemes aimed at creating jobs, increasing the quantity and quality of production, developing health and education infrastructure and helping the peasants to gain greater control over their technical and economic environment);
- ii. reinforcing the security of the ACP States' food supplies (schemes aimed at stepping up production of food crops, improving transport and marketing and introducing the local processing of animal and plant products);
- iii. improving the productivity of rural activities (schemes aimed at diversifying, facilitating the transfer of technology, protecting the environment and developing industrial activities in rural areas).

### Financing agricultural cooperation

Cooperation schemes in rural areas are financed from the resources provided under the financial and technical cooperation chapter (see section E) of the Convention for the individual States' indicative programmes or for regional projects. It is up to the ACP States to make their choice and work out their priorities. The Community's financing is in addition to that provided by the ACP States themselves.

### Types of agricultural cooperation scheme (Article 84)

- a. Integrated rural development projects,
- b. Hydro-agricultural improvement schemes,
- c. Crop protection, preservation, storage and marketing (see also p. 12),
- d. Establishment of agri-industrial units,
- e. Protection, exploitation and improvement of livestock,
- f. Development of livestock products,
- g. Exploitation of fishery resources and development of fish farming,
- h. Development of forestry resources,
- i. Health and social infrastructure in rural areas,
- j. Training of staff for research and advisory work and to implement agricultural projects.

### Technical assistance (Article 86)

In order to implement these schemes national or regional rural development bodies may call upon technical assistance for a given period. The experts placed at their disposal will help them formulate rural development policies, identify projects, evaluate them and so on.

### D.2. THE TECHNICAL CENTRE FOR AGRICULTURAL AND RURAL COOPERATION (TCARC)

This Centre comes under the Committee of Ambassadors (see section F) and has been established to provide better access for the ACP States' authorities responsible for agricultural and rural development to information, research, training and innovations in the agricultural and rural field.

As soon as the Convention enters into force the Committee of Ambassadors has to appoint a Director for the Centre and stipulate its detailed rules of operation and procedures for the adoption of its budget.

The Director will be aided by a staff recruited within the limits of the budget placed at the Centre's disposal by the Committee of Ambassadors.

The functions of the Centre, as defined in the Convention (Article 88), are

as follows:

- i. the dissemination of scientific and technical information in general (scientific publications, results from agricultural research institutes, information from data banks, information on agricultural extension and so on) or in response to specific requests from an ACP State (requests for training or help with agricultural programming or the introduction of certain agricultural techniques) by putting the applicants in touch with the relevant research or training bodies in the Member States or other ACP States or with other bodies specializing in tropical agriculture;
- ii. the organization of meetings of delegates from organizations in the ACP States and the Member States specializing in applied agricultural research, tropical agriculture and questions of rural development.

#### D.3. LINKS BETWEEN FOOD AID AND AGRICULTURAL DEVELOPMENT

First of all, it should be noted that food aid is not governed by the Lomé Convention. It may be granted to ACP countries, among others, which are in a difficult situation with regard to food supplies as a result of the adverse circumstances they are encountering.

In any case, food aid is and should remain a temporary and exceptional measure. It should be coordinated with rural development schemes with the ultimate aim of enabling all the ACP States to become self-sufficient in food production.

#### E. FINANCIAL AND TECHNICAL COOPERATION

##### General aims

Article 91: "The objective of financial and technical cooperation shall be to promote the economic and social development of the ACP States on the basis of the priorities laid down by those States and in the mutual interests of the parties".

Special treatment is reserved for the least developed countries, and provision is also made for specific assistance to landlocked and island States (see list in annex).

Such cooperation should also encourage regional cooperation between ACP countries.

It must complement their own development efforts, and is to relate to the preparation, financing and implementation of projects and programmes.

Projects and programmes may involve:

- I. capital projects,
- II. technical cooperation.

## E.1. FINANCIAL COOPERATION

### THE EUROPEAN UNIT OF ACCOUNT

#### ECU and EUA

Since the introduction of the European Monetary System on 13 March 1979 the ECU is the currency unit that is gradually being used in most areas of Community activity. Lomé II, however, still uses the EUA.

The EUA was introduced in 1975 and gradually extended to the various fields of Community endeavour. Since 21 April 1975 (Council Decision in OJ No L 104) it has been used to denominate Community aid under the Lomé Convention.

The EUA can now be used in banking and trade and a number of banks offer time deposits in EUA.

#### Definitions

The ECU is the same as the EUA except that a revision clause is included to allow for changes in its makeup. Like the EUA it is a unit made up of a basket of currencies comprising specific amounts in the Member States' currencies.

These amounts are fixed having regard to the economic weight of each Member State in the Community.

For both the ECU and the EUA the sums are:

Belgium Bfrs 3.66; Luxembourg Lfrs 0.14; Netherlands Fl 0.286; Denmark Dkr 0.217; FR Germany DM 0.828; Italy Lit 109; France FF 1.15; United Kingdom £ 0.0885 and Ireland £Ir 0.00759.

#### Calculation and publication

The value of the ECU or EUA in any given currency is equal to the sum of the equivalents in that currency of the amounts making up the unit.

Commission officials calculate the value daily on the basis of representative rates of each Community currency against the dollar as a common point of reference.

The rates on each market are recorded by the central bank concerned at 1430 hrs. The Commission uses these figures to work out the value of the ECU/EUA in terms of Community and other major currencies. The rates are published every day in the C series of the Official Journal of the European Communities. They can be obtained direct from the Commission by means of an automatic-reply telex service and are also published by the main European press agencies and many newspapers.

For its own purposes the Commission also works out a monthly EUA equivalent in about a hundred different currencies. It is not usually converted into ACP States' currencies as the Convention provides that aid money will be paid in one of the Member States' currencies into an account in that currency in the ACP institution selected by the "paying agent" (see below), to be converted into the national currency as payments are effected.

E.2. COMMUNITY FINANCIAL AID (EDF + EIB)

Total provision

Community financial aid to the ACP States for the lifetime of the Convention has been set at 5 227 million EUA, broken down as follows:

---

EDF: 4 542 million EUA

of which: 2 928 million EUA in the form of grants  
504 million EUA in the form of special loans  
280 million EUA in the form of risk capital

---

Total project aid 3 712 million EUA

+ Stabex 550 million EUA  
+ Sysmin 280 million EUA

EIB\* 685 million EUA in the form of loans from the Bank's own resources with interest rate subsidies of 3%

---

Grand total: 5 227 million EUA

---

\* The EIB will be able to commit 200 million EUA to the mining and energy sector in the form of ordinary loans not eligible for interest rate subsidies. This sum is not included here.

Commitment period

Community financial aid to the ACP States will be committed from the day of the Convention's entry into force (i.e. after it has been ratified by all the parliaments) until 28 February 1985, its expiry date.

Member States' contributions to the fifth EDF

The fifth EDF stands at 4 636 million EUA (4 542 million EUA for financing operations in the ACP States plus 94 million EUA earmarked for the overseas countries and territories (OCT), made up of Member States' contributions in the following amounts:

Belgium:	273.524 million EUA	Italy:	533.140 million EUA
Denmark:	115.900 million EUA	Luxembourg:	9.272 million EUA
Germany:	1311.988 million EUA	Netherlands:	343.064 million EUA
France :	1186.816 million EUA	United Kingdom:	834.480 million EUA
Ireland:	27.816 million EUA		

This scale of contributions can be altered by a unanimous decision of the Council on the accession of a new Community Member State. Payment is made in instalments in accordance with a timetable drawn up by the Commission and in line with financing needs.

The beneficiaries of financial aid

The following are eligible for Community financial cooperation (Article 94);

(a) ACP States,

- (b) regional or interstate bodies authorized by ACP States,
- (c) joint bodies set up by the Community and the ACP States,
- (d) public or semi-public development agencies of the ACP States (notably development banks),
- (e) local authorities and private bodies working in ACP States for their economic and social development,
- (f) undertakings carrying out their activities in accordance with industrial and business management methods and formed as companies or firms of an ACP State (see Article 161),
- (g) groups of producers that are nationals of the ACP States,
- (h) for training purposes, award holders and trainees.

#### Methods of financing

(a) Grants: grants under the fifth EDF are primarily intended for the financing of economic and social infrastructure projects unlikely to show any return in the short term. Priority is given to projects in the least developed ACP countries.

Part of the 2 928 million EUA earmarked for (non-repayable) grants under the fifth EDF will be used to subsidize interest rates on EIB loans (see below).

(b) Special loans from the EDF: special loans are granted for forty years with a ten-year grace period. They bear interest at 1% per year.

Special loans to the least developed States are made on similar terms, except that the interest rate is only 0.75%.

(c) Risk capital: financial assistance in the form of risk capital is administered by the EIB. The sum of 280 million EUA is earmarked for this purpose. It is intended to be used inter alia for:

- i. increasing directly or indirectly the own resources (or resources treated as such) of public, semi-public or even private undertakings (see also under "Quasi-capital assistance").
- ii. financing specific studies for the preparation and the drawing-up of projects providing assistance to undertakings during the start-up period (see also under "Acquisition of holdings").
- iii. financing research and investment in preparation for the launching of projects in the mining and energy sectors.

#### Sectors eligible

"Industry, agri-industry, mining, tourism and in exceptional circumstances, transport and telecommunications" (Article 105).

### Quasi-capital assistance

This takes the form either of a subordinated loan to be repaid only after other priority bank claims have been settled, or of a conditional loan, the repayment or duration of which is decided in the light of the fulfilment of certain conditions indicating that a project has surmounted the risks involved in the start-up period or become financially viable.

Acquisition of holdings: the Community may acquire temporary minority holdings in the capital of development-financing undertakings or institutions in the ACP States. "As soon as the conditions are met [the holdings] shall be transferred, preferably to nationals or institutions of the ACP States". (Article 105(3)).

These types of financing are used either to supplement ordinary EIB loans (see below) or other Community financial assistance, or as the main method of financing in the least developed countries, where a loan on open market terms would be unsuitable.

(d) Ordinary loans: the European Investment Bank can grant ordinary loans from its own resources up to a total of 685 million EUA for the five years of the Convention. Such loans are normally used to finance projects which should provide a certain return on the investment. Projects are assessed in accordance with the EIB's usual procedures, in the light of the economic and financial position of the ACP State or States concerned.

In practice EIB loans are never used to fund a whole project; they go to supplement the borrower's own resources and credit from other sources (cofinancing operations).

The duration of an EIB loan is determined in the light of each project's particular economic and financial profile. One element taken into account will be the normal amortization period for the equipment financed, which in the case of an infrastructure project can be about twenty years.

The maximum duration for such loans is set at 25 years.

The interest rate on EIB loans is not laid down once and for all, but will be determined by the rate at which the EIB borrows on capital markets.

Interest rate subsidies financed by the EDF reduce the rate charged by the Bank at the time of signing of each loan contract by 3%. However, 3% is a notional figure since in practice the interest rate subsidy has to be adjusted so that the interest rate actually borne by the borrower falls between 5% and 8%. All EIB loans are granted at subsidized rates of interest except those to be used for investments in the oil industry.

The terms of actual Bank loans under the first Lomé Convention have been fairly uniform, with durations from 11 to 15 years and interest rates between 6% and 6.5% including the interest rate subsidies.

### Other special methods of financing

#### (a) EIB loans for mining projects

The EIB can contribute funds up to a total of 200 million EUA towards

mining and energy projects of mutual interest in ACP States.

These loans will be made in accordance with Article 18 of the Bank's Statute, which provides for loans outside the Community.

(b) Loans through an intermediary for SME

The Convention allows the Community to provide financial assistance to public or semi-public agencies (such as development banks) which then channel the money to the final recipients. Such aid can take the form of reimbursable aid or grants provided through an intermediary or directly to small and medium-sized enterprises in the ACP States.

Finance through an intermediary may be accorded:

- i. by the EIB from the resources administered by it to banks or financial institutions for onlending to small and medium-sized industrial, agro-industrial or tourist undertakings;
- ii. by the Commission from the resources administered by it to public bodies, local authorities or cooperatives aimed at developing craft, commercial and agricultural sectors.

Special rules governing the initial financing

Where the Community gives financial assistance to an onlending body such as a development bank, it relies on certain particulars provided by the ACP State concerned, notably as regards:

- i. the activities, capacity and soundness of the onlending body;
- ii. where there is a programme for promotion of SME: scope and nature of projects, financing requirements, existence of possible promoters, need for technical assistance for the preparation and management of projects.

If Community approval is forthcoming a credit line is opened for the onlending body.

(c) Cofinancing and boosting private financial flows

With the aim of increasing the flow of funds to ACP States, particular attention is devoted to cofinancing operations concerning:

- i. large projects which cannot be financed by any one source of financing alone;
- ii. projects in which participation by the Community may facilitate the participation of other financing institutions (Member States' aid agencies, multilateral sources such as the World Bank, Arab Funds, etc.);
- iii. projects for which diversification of financing might be advantageous from the point of view of the terms of financing or the cost of the investment;
- iv. projects of a regional or inter-regional nature.



Cofinancing may take the form of joint financing (all sources of funds participate on the same footing, with the project regarded as a single entity. Funds are pooled and disbursement is in proportion to contributions) or parallel financing (each contribution is earmarked in advance for a specific part of the project, treated independently of the other elements).

At the request of the ACP State in question and with the agreement of the other parties concerned, the Commission or the Bank may act as a leading or coordinating agency for projects part-financed by them.

Official development aid alone cannot hope to mobilize sufficient funds to finance the ACP States' development, particularly in the industrial sphere. Special provision is thus made for private capital contributions and access to the financial markets for ACP enterprises. Three types of measure are involved:

- i. for the mining and energy sector: cofinancing operations, EIB financial support, provision for investment protection agreements covering specific projects;
- ii. in the industrial sector: the Convention contains provisions designed to encourage Community firms to participate in the ACP States' industrial development (see "Industrial cooperation").

Provided bilateral agreements are concluded at government level, the ACP States will grant equal treatment to investors from all Community Member States (see below for a list of investment promotion and protection agreements concluded between Member States and ACP countries: see also pp. 31 and 58.).

- iii. an in-depth study on means of making available substantial capital resources for industrial development is also being undertaken. The results will be known within nine months of the signing of the Convention, that is by 31 July 1980.

#### Special allocations of funds within the EDF

Out of the 3 712 million EUA earmarked for the financing of development projects and programmes in the ACP under the fifth EDF there are two special allocations:

- i. the sum of 600 million EUA for regional projects;
- ii. up to 200 million EUA for emergency aid to ACP States "faced with serious economic and social difficulties of an exceptional nature resulting from natural disasters or extraordinary circumstances having comparable effects" (Article 137).

LIST OF INVESTMENT PROMOTION AND PROTECTION AGREEMENTS

concluded between the Community Member States and the ACP States

MEMBER STATE	ACP STATE	DATE OF SIGNING	DATE OF ENTRY INTO FORCE
BELGIUM	ZAIRE	28.03.1976	(R = in process of ratification) 01.01.1977
DENMARK	MALAWI	02.03.1971	02.03.1971
GERMANY	BENIN	29.06.1978	R
	CAMEROON	29.06.1962	21.11.1963
	CENTRAL AFRICAN REPUBLIC	13.08.1965	21.10.1965
	CONGO	13.09.1965	14.10.1967
	IVORY COAST	27.10.1966	10.06.1968
	GABON	16.05.1969	29.03.1972
	GUINEA	19.04.1962	13.03.1965
	LIBERIA	12.12.1961	22.10.1967
	MADAGASCAR	21.09.1962	21.03.1966
	MALI	28.07.1977	R
	MAURITIUS	25.05.1971	27.08.1973
	NIGER	29.10.1964	10.01.1966
	UGANDA	29.11.1966	19.08.1968
	RWANDA	18.05.1967	28.02.1969
	SENEGAL	24.01.1964	16.01.1966
	SIERRA LEONE	08.04.1965	10.12.1966
	SUDAN	07.02.1963	24.11.1967
	TANZANIA	30.01.1965	12.07.1968
	CHAD	11.04.1967	23.11.1968
	TOGO	16.05.1961	21.12.1964
	ZAIRE	18.03.1969	12.07.1971
	ZAMBIA	10.12.1966	25.08.1972
FRANCE	LIBERIA	26.01.1979	R
	MAURITIUS	22.03.1973	01.03.1974
	SUDAN	31.07.1978	R
	ZAIRE	05.10.1972	01.03.1975
ITALY	IVORY COAST	23.07.1969	R
	GUINEA	20.04.1964	Entered into force on the date of signing but not yet ratified
	CHAD	11.07.1969	R
NETHERLANDS	CAMEROON	06.07.1965	07.05.1966
	IVORY COAST	25.04.1965	08.09.1966
	KENYA	11.09.1970	R
	UGANDA	24.04.1970	R
	SENEGAL	12.06.1965	23.05.1967
	SUDAN	22.08.1970	27.03.1972
	TANZANIA	14.04.1970	28.07.1972
UNITED KINGDOM	None		

### E.3. TECHNICAL COOPERATION

Projects and programmes in the ACP States financed in whole or in part by the Community can be in the form of general studies, specific studies on a project or programme, supervisory services, advisory services or the provision of technical assistance, whether or not related to a given project or programme or, lastly, training schemes, which are subject to special rules.

#### Training

There are two kinds of training schemes:

##### i. schemes based on multiannual programmes

These are general training schemes for ACP nationals to progressively replace technical assistance staff;

##### ii. specific schemes

These schemes which are in the fields of vocational training or research, take the form of:

- a. awards for studies and training courses;
- b. the provision in the ACP States of experts and instructors;
- c. the organization of seminars;
- d. the supply of teaching equipment;
- e. collaboration between training and research establishments and universities.

#### Location of training project

In order of priority: in the ACP State concerned, in another ACP State, in an EEC Member State or in another developing country.

#### Technical cooperation schemes

##### i. Project- and programme-linked schemes

- a. development studies and technical, economic and financial studies;
- b. help with the preparation of project dossiers;
- c. help with the implementation and supervision of work;
- d. temporary coverage of the cost of technicians.

##### ii. General technical cooperation

- a. studies of the prospects and means for economic development and diversification;
- b. sectoral or product studies;

- c. provision of technicians, advisers and experts for limited periods;
- d. supply of instructional and experimentation equipment;
- e. general information and documentation;
- f. specific schemes for the least developed ACP States.

#### Technical cooperation contracts

Technical cooperation schemes are generally governed by service contracts concluded with consultancy firms or consulting engineers or experts recruited with reference to their professional qualifications and practical experience of the problems to be dealt with. Given equal competence, preference will be given to ACP experts or consultancy firms.

Generally speaking, technical cooperation contracts are arranged by mutual agreement; international invitations to tender are issued for very important and technically complicated studies. In more exceptional cases, and if the ACP State has sufficient national administrative and technical staff, contracts will be executed by the public works department (for details of these three types of contract see "Procedure"). In the last case the Community can arrange to provide certain material inputs that might be lacking or send an expert to make up the staff numbers.

#### Negotiation of contracts

Technical cooperation contracts are prepared, negotiated and concluded by the appropriate authorities of the ACP States, in participation and agreement with the Commission Delegate (see "Institutions").

#### E.4. PROCEDURE: FROM PROGRAMMING TO IMPLEMENTATION

In the main, the provisions on programming, appraisal, implementation and evaluation of projects and programmes have been taken over from the first Lomé Convention.

The negotiators of Lomé II, however, were anxious to achieve two things:

- i. to step up the responsibility of the ACP States in the administration of financial and technical cooperation;
- ii. to streamline and accelerate the procedures.

#### Responsibilities of the partners

The responsibilities incumbent on each partner are clearly set out in Article 108 of the Convention.

Also, an ACP-EEC Committee has been set up within the ACP-EEC Council of Ministers (see "Institutions") "to study, in general terms and on the basis of specific examples, suitable measures to improve the implementation of financial and technical cooperation" (Article 108(6)).

The Committee, composed - on the basis of parity - of representatives of the ACP States and of the EEC appointed by the Ministers, will meet every

quarter and at least once a year at ministerial level.

On the basis of the information provided by the Committee and the annual report on the management of financial and technical aid drawn up by the Commission, the Council of Ministers defines general policy and states what measures should be taken.

#### The different phases of aid implementation

##### (a) PROGRAMMING

The Community aid programmed at the beginning of the period covered by the Convention is integrated into each ACP State's economic and social development plan.

Programming teams, consisting of experts from the Commission and the Bank, will be sent on mission to each ACP State during the course of 1980 in order to draw up, in collaboration with the national authorities, an "indicative programme of aid". The programme will give a first indication of how much programmable aid (that is, excluding Stabex transfers, aid under Sysmin and exceptional aid, which are, by definition, not programmable) each ACP State is likely to receive and of which spheres are to benefit from that aid. The programme is only indicative and, hence, can be modified (Article 109).

A timetable for the optimum pace for overall commitments year by year is set at the programming stage (Article 110).

##### (b) REQUESTS FOR FINANCING

It is the responsibility of the ACP States alone to submit their requests for financing to the Community in the form of a project dossier which they have drawn up.

The Community may provide technical assistance for drawing up the dossiers if the ACP States so request.

##### (c) APPRAISAL

As soon as the requests for financing are received the Commission departments appraise the projects in close collaboration with the recipient ACP State and on the basis of criteria worked out jointly.

##### (d) PREPARATION OF THE DECISION

The conclusions of the appraisal of each project are summarized in a "financing proposal" drawn up in close collaboration between the Community and the ACP State concerned.

Each financing proposal is submitted either to the EDF Committee or to the Article 22 Committee (EIB) for approval, both of which are made up of representatives of the EEC Member States.

Should the Committee consulted deliver an unfavourable opinion, the Community then consults the ACP State on whether to submit the dossier afresh, in a modified form or as it stands. There is an appeal procedure whereby an ACP State may request a hearing by the competent body in order to present its arguments in support of the project.

(e) FINANCING DECISION

The financing proposals together with the opinion of the relevant Committee are presented either to the Commission (in the case of grants and special loans) or to the EIB's Board of Directors (in the case of subsidized loans and risk capital).

(f) FINANCING AGREEMENT

A financing agreement is drawn up by the Community for any project on which a financing decision has been taken and this is then submitted to the ACP State concerned for signature.

(g) IMPLEMENTATION

The ACP States are responsible for the implementation of projects. The Commission simply ensures that they are implemented in accordance with EDF rules and under the best possible economic and technical conditions.

I. Drawing up works and supply contracts

i. Invitations to tender

The invitation to tender dossier is prepared by the ACP State; it is examined and approved by the Delegate and the Commission (in the case of the normal invitation to tender procedure) or by the Delegate alone (expedited procedure).

A timetable is drawn up by mutual agreement and the invitation to tender is given broad publicity. Invitations to tender are published in the Official Journal of the European Communities, the official journal of the State concerned and of the other ACP States as well as in the press at large and the specialized press. Tenders are opened at a meeting of the committee responsible for the examination of tenders in the ACP State concerned and the Delegate is present at the meeting as an observer.

The ACP State awards the contract following approval by the Delegate or the Commission.

The contract is negotiated and concluded by the ACP State and it is forwarded to the Commission for information via the Delegate, who endorses it.

As a general rule contracts are awarded following an international invitation to tender but the competent authorities of the ACP States, in agreement with the Commission, may exceptionally authorize:

- a. the placing of contracts after restricted invitations to tender;
- b. the conclusion of contracts by direct agreement;
- c. the performance of contracts by public works departments.

These derogations from the general rule apply to the following cases:

- a. exceptional aid schemes;

- b. other schemes where the urgency of the situation is acknowledged;
- c. other schemes where the nature, minor importance or particular characteristics of certain works or supplies so warrant.

ii. Contracts by direct agreement

The ACP State is free to enter into any discussions it considers useful and awards the contract to the chosen firm. The contract is forwarded to the Commission for information via the Delegate, who endorses it.

iii. Performance by direct labour

The ACP State draws up an estimate, which is forwarded to the Commission for information via the Delegate, who endorses it.

II. Technical cooperation contracts

The contract is awarded by mutual agreement or following an invitation to tender (see p. 45).

III. Performance of contracts or estimates

- i. At the technical level, the ACP State is responsible for deciding on:
  - a. adjustments and alterations on matters of detail;
  - b. changes of site for multiple-unit projects;
  - c. the imposition or remission of penalties for delay;
  - d. discharging guarantors;
  - e. the purchase of goods, irrespective of their origin, on the local market;
  - f. the use of construction equipment and machinery not originating in the Member States;
  - g. subcontracting;
  - h. provisional and final acceptance.
- ii. At the financial level the National Authorizing Officer, who is appointed by the government of the ACP State concerned, clears and authorizes expenditure. The Delegate exercises financial control over authorizations for expenditure. Payment is made:
  - a. in the national currencies, through the central banks of the recipient States;
  - b. in other currencies, by the Commission, generally after clearance and authorization by the national authorities.

(h) EVALUATION

Evaluation of the effects and results of completed or current projects is carried out at regular intervals and jointly by the Community and the ACP State concerned.

E.5. SPECIAL PROJECTS - MICROPROJECTS<sup>1</sup>

These are "small projects making an economic and social impact on the life of people and the local communities in the ACP States" and which are "normally ... located in rural areas" (Article 146).

Examples of such projects are: dams, water supply systems, rural electrification, silos and warehouses, rural tracks, primary schools, training colleges, craft industries, social centres, community centres, urban land development and so on.

Financing

There are three sources of financing for microprojects:

- a. the community concerned, which makes a contribution in cash or in kind;
- b. the ACP State, which makes a financial contribution;
- c. the EDF, which provides a grant. There is a ceiling of 150 000 EUA on the EDF's contribution to each project. Moreover this contribution may not exceed 50% of the total cost of the project.

Annual programme

Decisions on microprojects are taken by the State concerned in the framework of an annual programme, which has to be approved by the Commission.

---

<sup>1</sup> It should be noted that the Community pursues a policy of cofinancing microprojects - outside the framework of the Lomé Convention - with non-governmental organizations (NGOs) operating throughout the developing world.

For 1980, for example, the sum of 15 million EUA has been earmarked for that purpose. In 1979 it was possible to cofinance 152 such projects with a slightly lower allocation of funds.



## F. NEW AREAS OF COOPERATION

The negotiation of the second Lomé Convention provided an opportunity for the establishment of new instruments of cooperation such as Sysmin (see p. 21) or the Technical Centre for Agricultural and Rural Cooperation (see p. 33). It also provided an opportunity for consolidating policies that had been introduced under Lomé I - this is what is happening in the field of regional cooperation or that of cofinancing - and even to open up totally new spheres of cooperation, such as that of sea fishing, and include declarations on shipping and on workers.

### I. Regional cooperation (Articles 133 to 136)

It is the regional dimension that forms the basis for the constitution of the European Community of nine States and many of the ACP States realize how much their own development is dependent on the links they forge with their neighbours through projects or joint action. The second Lomé Convention provides financing to the tune of 600 million EUA (as against 300 million EUA under Lomé I) for regional or inter-regional projects. Financing for regional projects is accorded either direct to a regional body that requests it, with the agreement of the Member States, or to the States concerned. It is intended for the setting-up of regional and inter-regional undertakings, for the transport and communications sectors, tourism, energy production, research, agriculture, training, the control of major endemic diseases and so on (Article 135). Stress is also laid on the fact that regional projects lend themselves very well to cofinancing operations (Article 133).

### II. Cofinancing (Articles 96 to 100)

From the text of the new Convention it emerges very clearly that cofinancing is a priority area (the first Lomé Convention hardly mentioned it). The main cases in which the Community's financial resources can be dovetailed into cofinancing arrangements are large-scale projects, projects in which participation by the EEC can help to attract other providers of funds, projects that would benefit from a diversification of financing and regional projects (Article 96).

The Community participation may take the form of joint financing, or parallel financing, depending which is best from a cost and efficiency viewpoint (Article 97).

The Articles that follow set out:

- i. the need to harmonize operations and make procedures more flexible where cofinancing is involved;
- ii. the fact that the Community may provide the other cofinancing bodies with administrative help, and lastly
- iii. that the Commission or the EIB may act as a leading or coordinating agency where appropriate (Article 100).

Under Lomé I, 20.7% of funds used on projects were integrated into cofinancing operations. They generated seven times their own value.

We should also remember that there are explicit references to cofinancing in Lomé II under the Articles dealing with cooperation in the fields of mining and energy (Articles 54, 58 and 76).

### III. Workers (Annex XV to the Convention)

Annexed to the Convention is a "joint declaration on workers who are nationals of one of the Contracting Parties and are residing legally in the territory of a Member State or an ACP State" guaranteeing equality of treatment with nationals of that State in respect of working conditions and pay and as regards social security benefits linked to employment.

These arrangements are similar to those made under the cooperation agreements the Community signed with the Maghreb countries.

### IV. Sea fishing (Annex XVIII to the Convention)

In a joint declaration annexed to the Convention it is stated that:

- i. the ACP States are willing to negotiate with the Community bilateral fishery agreements guaranteeing "mutually satisfactory conditions";
- ii. under such agreements there will not be any discrimination between Member States of the Community;
- iii. the "mutually satisfactory conditions" refer to the nature and scale of the compensation to be received by the ACP States concerned;
- iv. the compensation granted under bilateral agreements in exchange for fishing rights will be additional to allocations under the Convention for the development of fisheries and the conservation and exploitation of fishery resources.

### V. Shipping (Annex XIX to the Convention)

The Community states its willingness to contribute to the development of shipping (development of shipping companies, setting-up of joint ventures, technical assistance for training and management) with any ACP State that so requests.

## G. ESTABLISHMENT, SERVICES, PAYMENTS AND CAPITAL MOVEMENTS

Title IX of the Convention, Articles 156 to 162

### Arrangements for establishment and the provision of services

The ACP States will treat nationals and companies or firms of the EEC Member States on a non-discriminatory basis. If an ACP State is unable to provide such treatment for a given activity, the EEC States are not bound to accord such treatment for this activity to the nationals and companies or firms of the ACP State in question.

The same applies for the EEC Member States vis-à-vis the ACP States.

Definition of "companies or firms" (Article 161)

"For the purpose of this Convention "companies or firms" means companies or firms constituted under civil or commercial law, including cooperative societies and other legal persons governed by public or private law, save for those which are non-profit-making."

"Companies or firms of a Member State or of an ACP State" means companies or firms formed in accordance with the local law whose registered office or central administration is in one such State. Failing this, they must be engaged in activities which have an effective and continuous link with the economy of the Member State or the ACP State.

Provisions relating to current payments and capital movements

The ACP States and the EEC Member States will refrain from taking action in the field of foreign exchange transactions which would be incompatible with their commitments in respect of trade in goods, services, establishment and industrial cooperation. These provisions apply to capital movements linked with investments and current payments. However, the ACP States and the EEC can adopt the necessary protective measures should there be any serious economic difficulties or balance of payments problems.

Furthermore, in respect of exchange transactions linked with investments and current payments, the EEC Member States will avoid taking discriminatory measures vis-à-vis the ACP States (and vice versa) or according more favourable treatment to third States.

Availability of currency

Throughout the duration of the loans and risk capital operations each ACP State undertakes:

- a. to make available for the beneficiaries of Community financing the currency necessary for the payment of interest and commission on and amortization of loans and quasi-capital aid granted for the implementation of aid measures on its territory;
- b. to make available to the EIB the foreign currency necessary for the transfer of all sums received by it in national (ACP) currency which represent the net revenue and proceeds from transactions involving the acquisition by the Community of holdings in the capital of firms.

H. THE INSTITUTIONS OF THE CONVENTION

The second Lomé Convention has three institutions - the Council of Ministers, the Committee of Ambassadors and the Consultative Assembly.

We should add to these the bodies referred to earlier which are answerable to the Council of Ministers, namely the Committee on Industrial Cooperation (p. 31), the Centre for Industrial Development (p. 31), the Technical Centre for Agricultural and Rural Cooperation (p. 33) and the ACP-EEC Committee on financial and technical cooperation. The Consultative Assembly for its part is assisted by a Joint Committee. Lastly, there are the European Commission's Delegations in the ACP States which, although they are not Convention

institutions as such, play a substantial part in the implementation of financial and technical cooperation.

#### H.1. THE ACP-EEC COUNCIL OF MINISTERS

Members: the members of the Council of the European Communities;  
a member of the government of each of the ACP States;  
members of the Commission of the European Communities;  
a representative of the European Investment Bank attends Council meetings when questions for which the Bank is responsible are being discussed.

#### Proceedings

The proceedings of the Council are valid if at least half the members of the Council of the European Communities, one member of the Commission and two thirds of the representatives of the governments of the ACP States are present.

#### Operation

The ACP-EEC Council of Ministers:

- i. lays down its own rules of procedure;
- ii. has as its President alternately a member of the Council of the European Communities and a member of the government of an ACP State, the latter being designated by the ACP States;
- iii. meets at least once a year, meetings being called by its President, or whenever necessary, in accordance with the conditions laid down in the rules of procedure;
- iv. acts by mutual agreement between the Community on the one hand and the ACP States on the other.

#### The Council's role and powers

The ACP-EEC Council of Ministers:

- i. establishes the broad outline of the work to be undertaken for the application of the second Lomé Convention;
- ii. periodically reviews the progress made in attaining the objectives set in the Convention and takes any steps necessary to attain them;
- iii. formulates resolutions, recommendations or opinions to attain the objectives of the Convention;
- iv. publishes an annual report and such other information as it considers appropriate;
- v. makes all the arrangements that are appropriate for ensuring the maintenance of contacts, consultations and cooperation between the economic and social sectors of the Member States and the ACP States;

- vi. discusses any problems arising from the application of the Convention;
- vii. holds consultations, at the request of the Community or of the ACP States, in all cases provided for under the Convention;
- viii. may set up committees, groups or ad hoc working groups to undertake such activities as it considers necessary;
- ix. at the request of one of the Contracting Parties, acts as the forum for exchanges of views on questions having direct bearing on the matters covered by the Convention or, by agreement among the Parties, on other economic or technical questions which are of mutual interest;
- x. presents each year a report on its activities to the Consultative Assembly;
- xi. may, where appropriate, delegate any of its powers to the Committee of Ambassadors.

## H.2. THE COMMITTEE OF AMBASSADORS

Members: one representative of each ACP State;  
one representative of the Commission;  
one representative of each EEC Member State.

### Tasks:

- i. assists the ACP-EEC Council of Ministers and carries out any mandate entrusted to it by the Council;
- ii. exercises such other duties as are assigned to it by the Council of Ministers;
- iii. keeps under review the functioning of the Convention and the progress towards attainment of its objectives;
- iv. accounts for its actions to the Council, submits proposals for resolutions, recommendations or opinions which it may consider necessary or appropriate;
- v. supervises the work of all the committees or other bodies established or provided for under the Convention and submits reports to the Council.

### Operation

The office of Chairman of the Committee of Ambassadors is held alternately by a representative of an ACP State, designated by the ACP States, and a representative of an EEC Member State, designated by the Community.

The Committee of Ambassadors lays down its own rules of procedure and submits them to the Council for approval.

The Committee meets at least every six months.

### H.3. THE ACP-EEC CONSULTATIVE ASSEMBLY

#### Members

It is composed, on a basis of parity, of members of the European Parliament for the Community and of members of parliament or representatives designated by the ACP States.

#### Operation

The Consultative Assembly appoints its Bureau and adopts its own rules of procedure.

It meets at least once a year.

The proceedings are prepared by a Joint Committee. Also, it may set up ad hoc consultative committees to undertake such specific activities as it determines.

#### Tasks

The Council of Ministers presents an annual report to the Consultative Assembly, which examines it.

It may adopt resolutions on matters concerning or covered by the Convention.

It may submit to the Council of Ministers any conclusions and make any recommendations for the strengthening of cooperation between the ACP countries and the EEC.

It may establish contacts with economic and social circles and obtain their views on the operation of the Convention.

### H.4. THE COMMISSION DELEGATIONS IN THE ACP STATES

Although, strictly speaking, they do not form part of the institutions of the Lomé Convention, the Commission Delegations in the ACP States play an essential role in its implementation.

At the moment there are 42 Commission Delegations<sup>1</sup>.

#### Members

Each Delegation consists of one Delegate assisted by a team of between two and ten people.

The team is generally made up of one economist and technicians with various qualifications.

---

<sup>1</sup> The addresses of the Delegations may be obtained from the Commission of the European Communities, Directorate-General for Development (Information).

### Tasks

There are five main aspects of a Delegation's duties:

- i. providing technical aid in the preparation and appraisal of projects financed from the EDF's resources;
- ii. informing the authorities of the country or countries to which it has been assigned of Community activities which may directly concern cooperation between the Community and its partners;
- iii. cooperating with the national authorities in evaluating completed projects;
- iv. carrying out regular evaluations of schemes being financed by the EDF;
- v. ensuring that the projects are properly implemented from the financial and technical angles.

### Powers

The Delegations play an active part in all stages of implementation of the projects and programmes financed in the context of financial and technical cooperation. Thus the Commission has transferred to them the following powers:

- i. to award contracts once certain conditions have been met;
- ii. to approve contracts and estimates;
- iii. to endorse payments to holders of contracts (the actual payments are made by the paying agent, which is generally the central bank of the ACP State concerned or a bank chosen by that State).

**ANNEXES**



THE ACP STATES

at the time of signing:

BAHAMAS	GUINEA	SAMOA
BARBADOS	GUINEA-BISSAU	SAO TOME AND PRINCIPE
BENIN	GUYANA	SENEGAL
BOTSWANA	IVORY COAST	SEYCHELLES
BURUNDI	JAMAICA	SIERRA LEONE
CAMEROON	KENYA	SOLOMON ISLANDS
CAPE VERDE	LESOTHO	SOMALIA
CENTRAL AFRICAN REPUBLIC	LIBERIA	SUDAN
CHAD	MADAGASCAR	SURINAME
COMOROS	MALAWI	SWAZILAND
CONGO	MALI	TANZANIA
DJIBOUTI	MAURITANIA	TOGO
DOMINICA	MAURITIUS	TONGA
EQUATORIAL GUINEA	NIGER	TRINIDAD AND TOBAGO
ETHIOPIA	NIGERIA	TUVALU
FIJI	PAPUA NEW GUINEA	UGANDA
GABON	RWANDA	UPPER VOLTA
GAMBIA	SAINT LUCIA	ZAIRE
GHANA	SAINT VINCENT	ZAMBIA
GRENADA		

STATES WHICH MAY ACCEDE TO THE CONVENTION:

Any overseas countries or territories that become independent.

Angola, Mozambique, Zimbabwe, Namibia.

THE EEC MEMBER STATES

at the time of signing:

BELGIUM, DENMARK, FEDERAL REPUBLIC OF GERMANY, FRANCE, IRELAND, ITALY,  
LUXEMBOURG, NETHERLANDS, UNITED KINGDOM

STATES WHICH MAY ACCEDE TO THE EEC DURING THE LIFE OF THE CONVENTION:

GREECE, PORTUGAL, SPAIN

LIST OF LEAST DEVELOPED, LANDLOCKED AND ISLAND STATES

I. LEAST DEVELOPED STATES

Benin, Botswana, Burundi  
Cape Verde, Central African Republic, Chad, Comoros  
Djibouti, Dominica  
Ethiopia  
Gambia, Grenada, Guinea, Guinea-Bissau  
Lesotho  
Malawi, Mali, Mauritania  
Niger  
Rwanda  
Samoa, Sao Tome and Principe, Seychelles, Sierra Leone,  
Solomon Islands, Somalia, Saint Lucia, Sudan, Swaziland  
Tanzania, Togo, Tonga, Tuvalu  
Uganda, Upper Volta

II. LANDLOCKED STATES

Botswana, Burundi  
Central African Republic, Chad  
Lesotho  
Malawi, Mali  
Niger  
Rwanda  
Swaziland  
Uganda, Upper Volta  
Zambia

III. ISLAND STATES

Bahamas, Barbados  
Cape Verde, Comoros  
Dominica  
Fiji  
Grenada  
Jamaica  
Madagascar, Mauritius  
Papua New Guinea  
Samoa, Sao Tome and Principe,  
Seychelles, Solomon Islands,  
Saint Lucia  
Tonga, Trinidad and Tobago,  
Tuvalu

Relevant Articles of the Convention: 15, 21, 46, 47, 53, 82, 90, 93,  
106, 107, 108, 112, 125, 129, 133, 135, 139, 141, 145, 152, 153 and  
Article 30 of Protocol No 1.

JOINT DECLARATION ON INVESTMENTS

- "1. Where an ACP State has entered, or enters, into an inter-governmental agreement relating to the treatment of investments with any Member States, the ACP State concerned recognizes that the right of non-discriminatory treatment of investments coming from Member States of the Community in ACP States takes effect from the entry into force of the Convention.
2. (a) The application of this right shall be based on bilateral inter-governmental investment agreements which shall serve as reference agreements.  
  
(b) As regards such bilateral inter-governmental investment agreements concluded before the entry into force of this Convention, the application of non-discriminatory treatment shall take into account any provisions in the reference agreement. The ACP State shall have the right to modify or adapt this treatment when international obligations and/or changed de facto circumstances so necessitate.
3. For the purpose of applying non-discriminatory treatment on the basis of paragraph 2(a) the Contracting States shall proceed to bilateral inter-governmental Exchanges of Letters or other appropriate form required by law of a Contracting State.
4. Any Contracting State has the right to ask for such an agreement. The agreement when concluded shall come into effect without delay in accordance with the law of the ACP State concerned.
5. Such agreements shall cover disputes relating to investment arising only after the entry into force of the new Convention.
6. The treatment of investments made before the entry into force of this Convention shall be examined by the two parties in the light of the provisions of the agreement of reference."

## OTHER PUBLICATIONS RELATED TO 'DEVELOPMENT'

Other EEC publications about the Community's relations with the Third World can be obtained from the following address:

Spokesman's Group and Directorate-General for Information  
Publications distribution service, Room 2/84  
Commission of the European Communities  
Rue de la Loi, 200  
B - 1049 Brussels (Belgium)

### 1. Dossiers

- The European Community and the Third World  
Brussels, September 1977 (English, French, German, Italian)
- Europe and the Third World  
A study on interdependence (by M. Noelke)
- Implications for the Southern Mediterranean countries of the second enlargement of the European Community (R. Taylor)
- Europe - Third World : The challenge of Interdependence (M. Nölke)  
Edition 1980

### 2. "Information Series" and "Europe Information":

(generally all Community languages)

- Food Aid n° 165/77
- The European Community and the Textile-Agreements  
special edition (June 1978)
- The European Community and the Arab World n° 169/79
- Europe-Tiers Monde: Rural Development
- Solar Energy: A new area of ACP-EEC Cooperation
- The EEC and the developing countries: Outside the Lome Convention  
and the Southern Mediterranean
- Community Wine Imports
- EEC - Egypt
- EEC - Jordan
- EEC - Syria
- EEC - Lebanon
- EEC - Tunisia
- EEC - Algeria
- EEC - Israel

EXTERNAL DELEGATIONS IN ACP-STATES

<b>Barbados</b> 1 ) Sunjet House, Fairchild Street P.O. Box 654 C Bridgetown Tel. 743 62 Telex 327 DELEGFED WB	<b>Gambia</b> 10 Cameron Street P.O. Box 512 Banjul Tel. 777 Telex 2233 DELCOM GV - BANJUL	<b>Mali</b> Rue Guégau - Badalabougou B.P. 115 Bamako Tel. 22 23 56 Telex 526 DELEGFED - BAMAKO	<b>Somalia</b> Via Makka Al Mukarram n° Z-A/6/17 P.O. Box 943 Mogadiscio Tel. 310 18/300 49/811 18 Telex 628 FED MOG SM - MOGADISCIO
<b>Benin</b> Avenue Roume, Bâtiment administratif B.P. 910 Cotonou Tel. 31 26 84/31 26 17 Telex 5257 DELEGFED - COTONOU	<b>Ghana</b> 20 Water Road, North Ridge P.O. Box 9505 Kotoka Airport, Accra Tel. 281 38 Telex 2069 DELCOMEUR - ACCRA	<b>Mauritania</b> 6 ) Ilôt V, Lot 24 B.P. 213 Nouakchott Tel. 527 24/527 32 Telex 549 DELEG MTN - NOUAKCHOTT	<b>Sudan</b> 16 Street No 3, New Extension P.O. Box 2363 Khartoum Tel. 444 85/445 10/446 75 Telex 254 DELEGSUD KM - KHARTOUM
<b>Botswana, Lesotho and Swaziland</b> P.O. Box MS 518 Maseru, Lesotho Tel. 237 26/223 09 Telex 351 bb DELEGEUR - MASERU	<b>Guinea</b> Commission Central Mail Department (Diplomatic Bag Section - B 1/123) Rue de la Loi 200, 1049 Bruxelles Tel. 412 75/412 76 (Conakry/Guinea) Telex 628 DELEUR CKY	<b>Mauritius</b> 61/63 route Floreal Vacoas P.O. Box 144 Port-Louis Tel. 86 50 61/86 50 62/86 50 63 Telex 4282 DELCEC IW PORT LOUIS	<b>Suriname</b> Dr S. Redmondstraat 239 P.O. Box 484 Paramaribo Tel. 993 22 Telex 192 DELEGFED PBO - PARAMARIBO
<b>Burundi</b> Avenue P. Lumumba 52 B.P. 103 Bujumbura Tel. 34 26/33 25 Telex 31 FED BDI - BUJUMBURA	<b>Guinea-Bissau</b> 3 ) Rua Eduardo Mondlane 29 Caixa Postal 359 Bissau Tel. 33 60/28 78 Telegramme DELEGFED BISSAU (Guinée)	<b>Netherlands Antilles</b> Mgr Kieckensweg 24 P.O. Box 822 Willemstad, Curaçao Tel. 250 84 Telex 1089 DELEG NA - WILLEMSTAD	<b>Syria</b> 73 rue Rachid Damascus Tel. 33 52 91 Telex 11378 SHERAT SY (temporary) attn. Delegation CCE
<b>Cameroun</b> 2 ) Immeuble C.P.N.S., 4 <sup>e</sup> étage B.P. 847 ou 1867 Yaoundé Tel. 22 13 87/22 33 67/22 21 49 Telex 8298 DELEGFED KN - YAOUNDÉ	<b>Guyana</b> 4 ) 18 Hincks Street, Robbstown P.O. Box 623 Georgetown Tel. 626 15/640 04/654 24 Telex 258 DELEG GY - GEORGETOWN	<b>Niger</b> B.P. 877 Niamey Tel. 73 23 60/73 27 73 Telex 5267 NI DELEGFED - NIAMEY	<b>Tanzania</b> Extelcoms House, 9th Floor Independence Avenue P.O. Box 9514 Dar es Salaam Tel. 311 51/311 52 Telex 41353 DELCOMEUR - DAR ES SALAAM
<b>Central African Republic</b> Rue de Flandre B.P. 1298 Bangui Tel. 61 30 53/61 01 13 Telex 5231 EC DELEGFED - BANGUI	<b>Ivory Coast</b> Avenue Chardy, Centre Nour Al Hayat B.P. 1821 Abidjan 01 Tel. 22 80 26/32 21 75/22 69 20 Telex 3729 DELCEE - ABIDJAN	<b>Nigeria</b> Plot 1311 Victoria Island PM Bag 12767 Lagos Tel. 68 22 36 Telex 21247 UKREP NG - LAGOS attn. - Delegate EEC	<b>Togo</b> Rue de Calais 22 B.P. 1657 Lomé Tel. 36 62/78 32 Telex 5267 DELEGFED - LOMÉ
<b>Chad</b> Lot 7 bis, Ilot 25 du Quartier résidentiel BP 552 N'Djamena Tel. 22 74/22 76 Telex 5245 DELEGFED - N'DJAMENA	<b>Jamaica</b> 5 ) Mutual Life Center, 2nd Floor Oxford Rd/Old Hope Rd P.O. Box 435, Kingston 5 Tel. 929 30 30/929 30 31/929 30 32 Telex 2391 DELEGEC KINGSTON 5	<b>Pacific (Fiji, Samoa and Tonga)</b> 7 ) Dominion House, 3rd Floor Private Mail Bag, GPO Suva, Fidji Tel. 31 36 33 Telex 2311 DELECOM FJ - SUVA	<b>Trinidad and Tobago</b> 9 ) 2, Champs Elysées Long Circular Maraval P.O. Box 1144 Port of Spain Tel. 622 66 28
<b>Congo</b> Hôtel des Relais B.P. 2149 Brazzaville Tel. 81 38 78/81 37 00 Telex 5257 KG DELEGFED - BRAZZAVILLE	<b>Kenya</b> National Bank Building Harambee Avenue P.O. Box 45119 Nairobi Tel. 33 35 92 Telex 22302 DELEGFED - NAIROBI	<b>Papua New Guinea</b> 8 ) Development Bank Building 2nd Floor Waigani P.O. Box 1264 Boroko Port Moresby Tel. 25 92 22 Telex NE 22307 DELEUR - PORT MORESBY (Papua New Guinea)	<b>Uganda</b> Uganda Commercial Bank Building, Plot 12 Kampala Road, 5th Floor P.O. Box 5244 Kampala Tel. 335 97/336 86 Telex 61139 DELEGFED - KAMPALA
<b>Ethiopia</b> Tedla Desta Building Africa Avenue (Bole Road) 1st Floor P.O. Box 5570 Addis Ababa Tel. 15 25 11 Telex 21135 DELEGEUR - ADDIS ABABA	<b>Liberia</b> E.J. Roye Building, Ashmun Street P.O. Box 3049 Monrovia Tel. 219 01/224 08 Telex 4358 DELEGFED LI - MONROVIA	<b>Rwanda</b> Parcelle 471, Avenue Député Kamunzini B.P. 515 Kigali Tel. 55 86/55 89 Telex 15 DELEGFED RW - KIGALI	<b>Upper Volta</b> B.P. 352 Ouagadougou Tel. 363 46/363 48 Telex 5242 DELEGFED UV - OUAGADOUGOU
<b>Gabon</b> Quartier Batterie IV Lotissement des Cocotiers B.P. 321 Libreville Tel. 73 22 50 Telex DELEGFED 5511 GO - LIBREVILLE	<b>Madagascar</b> Immeuble Ny Havana - 67 hectares B.P. 746 Antananarivo Tel. 242 16 Telex 22327 DELEGFED MG - ANTANANARIVO	<b>Senegal</b> Avenue Albert Sarraut 57 (2 <sup>e</sup> étage) B.P. 3345 Dakar Tel. 21 13 24/21 57 77/21 79 75 Telex 440 DELEGSE SG - DAKAR	<b>Zaire</b> Avenue Princesse Astrid 251 Coin av. Lupangu & ex-av. des Aviateurs B.P. 2000 Kinshasa Tel. 229 88/266 55 Telex 21766 DECEKIN - KINSHASA
	<b>Malawi</b> Lingadzi House P.O. Box 30102, Capital City Lilongwe 3 Tel. 73 02 55/73 01 73/73 05 93 Telex 4260 DELEGEUR MI - LILONGWE	<b>Sierra Leone</b> 2 Lamina Sankoh Street P.O. Box 1399 Freetown Tel. 239 75 Telex 3203 DELFED SL - FREETOWN	<b>Zambia</b> Cha Cha Cha Road, Stand 19 Baker House P.O. Box 3871 Lusaka Tel. 722 53 Telex 40440 DECEC ZA - LUSAKA

- 1) Also responsible for Antigua, British Virgin Islands, Dominica, Montserrat, St Kitts, Nevis, Anguilla, St Lucia, and for the Caribbean Development Bank.
- 2) Also responsible for Equatorial Guinea.
- 3) Also responsible for Cape Verde.
- 4) Also responsible for relations with the Coricom Secretariat.
- 5) Also responsible for the Bahamas, Belize, the Cayman Islands and the Turks and Caicos Islands.
- 6) Also responsible for Comoros, Djibouti, Mayotte, Réunion and Seychelles.
- 7) Also responsible for Brunei, French Polynesia, New Caledonia and dependencies, New Hebrides, Pitcairn, Tuvalu and Wallis and Futuna Islands.
- 8) Also responsible for Kiribati and Solomon Islands.
- 9) Also responsible for French Guiana, Grenada, Guadeloupe and dependencies, Martinique, Guiana, Saint Pierre and Miquelon and the South Atlantic overseas territories.