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TEN-YEAR REPORT

13 YEARS OF DEVELOPMENT COOPERATION
WITH THE DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA

- DATA AND RESULTS -

(presented by the Commission)

[Editor's note: This report and the "Statistical Supplement on Financial and Technical Cooperation during 1988", SEC(89) 842, comprise the Twelfth report in the series "Implementation of Financial and Technical Assistance to Latin American and Asian (LAA) Developing Countries."

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I. INTRODUCTION

1.1. Development cooperation is provided for in the Treaty setting up the European Economic Community. However, it was initially restricted to a small number of African countries and only gradually extended to the whole of Sub-Saharan Africa, the countries south and east of the Mediterranean and the islands of the Caribbean and the Pacific under the preferential cooperation agreements.

1.2. In November 1974, at the invitation of the Council, the Commission presented a communication on development aid in general, pointing out the need to extend it to the non-associated developing countries.

1.3. In this document, the Commission gave a picture of the Community action that was desirable for all developing countries, highlighting the diversity of situations and suggesting greater selection in the global cooperation policy.

1.4. In the matter of cooperation outside the associations (or preferential agreements as we now call them), the Commission stressed the importance of the commercial policy when it came to broadening access to the Community markets for manufactures exported from the industrializing nations and, in particular, of the system of generalized preferences - to which it would have been desirable to add technical assistance with trade promotion, industrial cooperation and scientific and technical cooperation, not forgetting technical assistance with regional cooperation.

1.5. Financial cooperation was seen to be the most essential instrument of the global cooperation policy, although, in view of the scarcity of resources that could be mobilized, it had to be reserved for the poorest countries.

1.6. With these guidelines in mind, an allocation for financial and technical aid with the non-associated developing countries was made in the Community budget for the first time in 1976 and implementation began, on an experimental basis, with the dynamic support of the European Parliament.

1.7. In February 1981, the Council adopted a Regulation codifying this policy.

1.8. Then other instruments of cooperation were gradually inserted in the budget, at the Commission's and Parliament's initiative. The first of them were trade promotion and training.

1.9. Alongside this, and following on from a first generation of trade agreements, the Community negotiated the first cooperation agreement with the developing countries of Latin America and Asia at the end of the 70s. These agreements, concluded with either one country or a group of countries in the same region, currently link the Community to 26 developing nations of Latin America and Asia.

1.10. They are outline agreements covering every possible aspect of cooperation, although they provide neither trade preferences nor specific financial means.

1.11. The Community's relations with the developing countries of Latin America and Asia have expanded and diversified considerably since 1976. The various financial instruments, representing a reality which asserts the Community presence in some 33 countries, are of great interest to our partners.

1.12. Financial and technical cooperation goes to about 30 countries containing almost half the world's population.

1.13. The time has come to take stock of Community aid to the developing countries of Latin America and Asia. Although this document aims to provide all the data, it does not attempt full analysis, particularly since the latest annual reports on financial and technical cooperation have already made some interesting contributions and other reports now being prepared (a first one on the post-evaluation of grants of aid, for example) will be yielding more.

1.14. This report mentions other forms of aid with a view to providing an overall framework, but it concentrates on analysing development aid and more particularly its most significant component, financial and technical cooperation.

II. THE DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA

2.1. The cooperation policy discussed in this report covers 41 countries of Latin America and Asia with a total population of 3400 million, 1865 million of which are in China and India. The countries are extremely diversified and heterogeneous not just from the point of view of geography, climate, language and culture, but political régime, economic model and level of development too.

2.2. The 41 countries cover the whole spectrum as far as level of development (measured in terms of per capita income) is concerned, ranging from the richest (Brunei) to the poorest. Both continents have a fairly large number of countries in the least developed category, among the poorest, that is to say, with average per capita incomes of about US\$ 250, essentially rural populations and subsistence economies not very open to the outside world an away from the currents of international trade, and, at the other end of the scale, countries (NIE) which are already heavily industrialized and have sound, diversified economies largely geared to the world markets.

2.3. A first analysis shows that the sharpest contrast between rich (the countries of East Asia) and poor (the Indian sub-continent, China and Indochina) is to be found in Asia, while all the countries of Latin America bar the island of Hispaniola are in the medium income group. Table 2.1. gives a first breakdown by per capita income, the categories being those of the World Bank (low-income countries, lower middle income countries, upper middle income countries and newly industrialized countries). In the interests of clarifying the analysis, the category of LLDC (UN definition), all of which the World Bank puts in the low-income category, was added.

2.4. In fact, for the two continents in question here, the difference between the LLDCs and the other low-income countries is barely noticeable, except that the LLDCs have very poor capacity when it comes to mobilizing their resources, be they domestic savings or external aid - which poses very special problems as regards making optimum use of the means of cooperation.

2.5. As far as the analysis of the basic needs of these countries - social and economic organization and infrastructure, education, health, better production and services etc - is concerned, there is nothing basically to distinguish the LLDCs from any other low-income country. The most pertinent distinction in this income category would be to take India and China, each of which represents a specific world, with huge populations, dominant rural sectors, administrative structures based on abundant, well-trained élites and remarkable scientific, industrial and commercial capacities, separately. And, as far as the aid policies of all the funders

**Table 2.1. POPULATION OF THE DEVELOPING COUNTRIES
OF LATIN AMERICA AND ASIA,
BY PER CAPITA GNP¹**

	Population (million)	Average per capita GNP in 1987 (US\$)
LLDCs ²	139.2	276
Low-income countries ³	2 094.2	290
Lower middle income countries ⁴	545.2	791
Upper middle income countries ⁵	545.6	1 835
Newly industrialized economies (NIE) ⁶	69.0	3 570

¹ Worked out from the World Bank Atlas 1988, pp 6-9.

² LLDCs - The least advanced countries as defined by the UN in the light of various criteria (income, education, rate of industrialization in relation to GNP, political situation). The group comprises Afghanistan, Bangladesh, Butar, Laos, Maldives, Nepal, Yemen PDR and Yemen AR.

^{3, 4 & 5}

According to the World Bank Atlas 1988, the developing countries are grouped as follows:

- low-income population with per capita GNP of below US\$425;
- lower middle income population with per capita GNP of between US\$425 and US\$1600;
- upper middle income population with per capita GNP of more than US\$1600.

⁶ South Korea, Singapore, Hong Kong & Taiwan.

are concerned, it would seem that this distinction is in fact made, because the aid which India and China receive, in relation to both total population and GNP, amounts to very much less than that received by all the other low-income countries⁷.

2.6. At the other end of the scale are the newly industrialized countries, small in terms of population and from the point of view of our development aid policies, which are not aimed at this category, but whose economic success calls, beyond Asia, for the attention of the economic policy and development strategy leaders in many of the developing countries.

2.7. Table 2.2. lists the main regions to which Community aid is directed, in ascending order according to level of income. Indochina is at the top, followed by the Indian sub-continent, China, Hispaniola, ASEAN, Central America and the Andean Pact, with the rest of Latin America at the bottom.

2.8. Indonesia brings down the average for the ASEAN countries because it alone represents more than half the population of the group, with a per capita income of US\$ 450. The revenue criterion is a pertinent indication for a first analysis of the needs and capacities of these countries, including any shortage of the basic infrastructure needed for development (transport, communications, energy, administrative and social services and financial services). However, it masks an important reality and that is growth potential, which can be measured by a series of indicators such as the rate of domestic savings, the extent to which the economy is geared towards the highly productive sectors such as manufacturing and production-linked services. The ASEAN countries stand out sharply here, with rates of saving that are much higher (25%) than all but the Philippines (20%) and industry as a higher percentage (30%) of GNP. In Latin America, only Brazil and Mexico have similar characteristics.

2.9. On the other hand, the countries of Central America and some of those in the Andean Pact may have an average income which puts them in the intermediate category, but they have many characteristics (rate of savings, agriculture as a percentage of production and employment) similar to those in the poorest countries.

⁷ In 1986, India and China received US\$ 2059 million and US\$ 1134 million respectively in ODA from all sources. This is US\$ 2.6 and US\$ 1.1 per capita or, respectively, 0.9% and 0.4% of their GNP. By way of comparison, the other low-income countries received an average of US\$ 19.6 per capita (3% of GNP).

Table 2.2. DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA
BY REGIONAL GROUP AND AVERAGE GNP IN 1987⁸

GROUP	Population (million)	Per capita GNP (US\$)
Indochina ⁹ (including Burma)	113	194
Indian sub-continent	1 090	285
China	1 069	300
Hispaniola	13	555
ASFAN	296	623
Central America	27	1 019
Andean Pact + Paraguay	69	1 465
Rest of Latin America	270	2 079

2.10. Without going any further into an analysis that would be beyond the scope of this report¹⁰, as far as the Community's cooperation policy is concerned, the above data confirm the validity of what has been done so far, at least as regards the geographical orientation of the aid. The countries on which the Community is concentrating are those which have the greatest need of transfers of external resources and whose situation is such that they cannot go to the markets for the capital and technology they require for their development.

⁸

Source: World Bank Atlas.

⁹

Internal estimate.

¹⁰

The analyses in the Commission communications on Latin America (COM 66/720) and cooperation with the developing countries with high growth potential (COM 68/603) should also be remembered here.

2.11. A World Bank report (World Development Report 1988) says that poverty has got worse since 1970 and worse still since 1980. Economic growth has slowed down, employment and rural wages and incomes have slumped, public spending on basic welfare has malnutrition. The campaign against poverty and the quest for better productivity in agriculture - an essential sector for most of these countries - must therefore remain top priorities in the Community policy for these nations.

2.12. Practically speaking, the transfer of external resources should involve, in particular:

- speeding up investment in:

- . basic infrastructure;
- . rural production and productivity to meet internal food requirements and raise the standard of living in rural areas;
- . social infrastructure, above all geared to development;

- creating jobs in non-rural sectors.

2.13. The priority to go on the weakest countries must not, however, mask the cooperation needs of other developing regions. This is because, first of all, even though it is less imperious than for the poorest countries, there is still a need for solidarity with regions whose average income is six (for the upper part of the category) or 12 (for the lower part) times smaller than that of the Community. The medium-income countries, particularly those of Latin America, are no doubt those whose development has been most retarded by the economic crisis of the 80s. Their problems have mounted. Investment has fallen off, the urban problems have increased, the environment is cause for concern, the public services have deteriorated and the productive apparatus is unsuitable (and all these difficulties are even more marked in Central America and Hispaniola). So even if the cooperation arrangements have to be different and the means and the operators adapted (by involving the firms more), considerations of mutual interest given more emphasis and more stress put on access to the market than aid, cooperation with these countries still absolutely must be developed. The most obvious need in this case is to transfer technologies which will create a better framework for the development of industry and services and encourage direct European investment. This is the aim of the economic cooperation discussed later on in this report.

III. THE COMMUNITY RESPONSE

- 3.1. The Community response to the developing countries' needs set out in the previous chapter is a fairly complete one.
- 3.2. When it comes to access to the market, it should be remembered that the Community's commercial policy is relatively open, particularly as regards manufactures, and it is usefully completed in the developing countries of Latin America and Asia by the Generalized System of Preferences set up in 1971 and adapted and improved every year. In practice, the system offers the poorest countries total exemption from import duties for all their industrial exports, as provided for the ACP countries in the Lomé Convention.
- 3.3. This report only deals with cooperation and aid.
- 3.4. The Community response¹ to Latin America and Asia in this field differs from the approach of the one to the ACP States and the countries south and east of the Mediterranean. This latter approach is contractual (i.e. based on global agreements with a multiannual financial commitment) and the former autonomous, even when these developing countries are linked to the Community by cooperation agreements.
- 3.5. The Community has gradually developed a series of individualized instruments of cooperation and the allocation for them, included in the budget every year, makes it possible to meet the various needs qualitatively.
- 3.6. These instruments can be divided into three categories according to their aims.

¹ This is in addition to that of the Member States - where the volume of ODA is six times greater (annual average disbursements in 1984-86 and ODA - US\$ 7 400 million from the Member States and US\$ 1 116 million from the European Community).

A. Humanitarian aid

3.7. The aim here is to respond to exceptional situations and, in particular, alleviate human suffering. This aid includes:

- emergency aid, involving the rapid mobilization of financial resources to respond to disasters;
- emergency food aid, responding to the same needs, but obviously taking longer to mobilize, although it can be continued for longer²;
- aid for refugees and displaced persons, primarily intended to help them settle and then to return to their country/region of origin;
- aid for reconstruction and disaster prevention³;
- aid to combat drug abuse.

B. Development aid

3.8. This is aimed at speeding up the rate of development via the transfer of capital and know-how. Most is reserved for the poorest countries, the exception being support for regional integration, which is, in principle, open to all developing country groupings. It includes:

- the so-called ordinary food aid⁴;
- financial and technical cooperation;
- Stabex/LLDC;
- cofinancing of microprojects with NGOs.

C. Economic cooperation

3.9. The aim here is to transfer European technology and experience to the various economic and social sectors in a spirit of reciprocal interest in the medium and the long term. Like food aid, this is for all the developing countries. The various instruments it includes are set out in chapter five.

3.10. Community aid to Latin America and Asia reached a total volume of 4409 million ECU overall over the period 1976-88, divided between the three categories as follows:

² Including food aid channelled through international and non-government organizations.

³ For which part of the financial and technical cooperation funds are reserved.

⁴ or food aid intended to be used in the Food for Work projects.

Table 3.1. TOTAL COMMUNITY AID TO LATIN AMERICA AND ASIA IN 1976-86

Category	million ECU		
	<u>Asia</u>	<u>Latin America</u>	<u>All LAA developing countries</u>
Humanitarian aid ³	212.63	52.59	265.22
Development aid ³	2 932.36	1 040.23	3 972.59
Economic cooperation	112.40	58.66	171.26
TOTAL	3 257.39	1 151.68	4 409.07
Including share of low-income developing countries (LDC & low income nations, table 4.1.)	2 747.34	64.50	2 811.84

3.11. As the table shows, the bulk of Community aid over the period in question went to the poorest developing countries, thereby adhering to a policy which had been clearly established by the Council and the European Parliament.

3.12. Development aid is by far the biggest category, followed by humanitarian aid (with a ratio of 15:1), this latter category having also been largely used to help the poorest.

³ The aid for reconstruction and disaster prevention which is part of the ETC has been included in the humanitarian aid here, as has emergency food aid.

IV. DEVELOPMENT AID

4.1. As already mentioned, development aid has made up the bulk of financial cooperation with the developing countries of Latin America and Asia.

4.2. There is no point in a detailed description of all the instruments the Community has used in a summary report of this kind, although they all contribute to the same general aim and provide support for each other. This chapter deals mainly with food aid and financial and technical cooperation, not only because they are the most important in terms of resources, but because they have to be implemented in a more coordinated or integrated manner.

4.3. Table 4.1. groups the developing countries of Latin America and Asia by level of development and type of aid provided by the FEC so far.

Table 4.1. DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA
BY CATEGORY AND BY TYPE OF AID RECEIVED FROM THE FEC

Country	Financial & technical cooperation	Direct food aid	Humanitarian aid	Economic cooperation	NGO
<u>1. LLDC</u>					
Afghanistan	(1)		X		X
Bangladesh	X	X	X	X	X
Butan	X				
Cambodia			X		X
Laos	X		X	X	X
Maldives	X			X	X
Nepal	X	X	X	X	X
PDR Yemen	X		X		
AR Yemen	X	X	X	X	X
Burma	X	X	X	X	
Haiti	X	X	X	X	X

(1) Before 1981 for Afghanistan and before 1978 for Vietnam.

Country	Financial % technical cooperation	Direct food aid	Humanitarian aid	Economic cooperation	NGO
<u>2. Low-income countries</u>					
India	X	X	X	X	X
China	X	X	X	X	X
Pakistan	X	X	X	X	X
Sri Lanka	X	X	X	X	X
Vietnam	(1)		X		X
<u>3. Lower middle income countries</u>					
Indonesia	X	X	X	X	X
Philippines	X	X	X	X	X
Bolivia	X	X	X	X	X
Dominican Republic	X		X	X	X
Honduras	X	X	X	X	X
Nicaragua	X	X	X	X	X
Thailand	X		X	X	X
Salvador	X	X	X	X	X
Guatemala	X	X	X	X	X
Paraguay					X
Peru	X	X	X	X	X
Ecuador	X	X	X	X	X
Colombia	X		X	X	X
Chili			X	X	X
Costa Rica	X				
<u>4. Upper middle income countries</u>					
Brazil			X	X	X
Malaysia	(2)			X	X
Mexico			X	X	X
Uruguay			X	X	X
Panama	(2)			X	
Argentina			X	X	X
Venezuela	(2)			X	X
<u>5. NIE</u>					
South Korea					
Singapore	(2)			X	
Hong Kong					

(2) As part of regional action.

Table 4.2. DEVELOPMENT AID TO THE DEVELOPING COUNTRIES
OF LATIN AMERICA, ASIA AND AFRICA IN 1976-86

INSTRUMENTS	ASIA	LATIN AMERICA	AFRICA	TOTAL		%
				DC	LAA	
million ECU						
1. Financial and technical cooperation ³	1 384.87	565.10	76.25	2 026.22		50.04
2. Ordinary food aid ⁴	1 467.25	373.82		1 836.07		45.36
of which direct	(957.34)	(246.32)		(1 224.65)		(30.25)
3. STABEX	14.86	5.13		19.99		0.49
4. Cofinancing with NGO	70.32	96.18		166.56		4.11
Total development aid	2 937.30	1 040.23	76.25	4 048.84		100.00

4.4. In spite of the fact that NGO cofinancing only represents a small percentage (4%) of the full amount channelled into the development of the developing countries of Latin America and Asia, it has a proportionally greater impact because it goes to microprojects which tend to be fairly well integrated in the social structures of the developing nations.

4.5. The initiative for them stems from the non-governmental organisations of Europe, which are one of the forms of expression of public opinion. The breakdown of resources which the Community allocates to Latin America and Asia is in Latin America's favour, although the majority of the populations concerned are in Asia. This is clear indication of the Europeans' sensibility and solidarity expressed to this part of the world via the NGO.

4.6. The Commission's annual reports on this form of cooperation contain some detailed comment.

4.7. Stabex, the export earnings stabilization system for agricultural products which the Community has created under the Lomé Convention, has been extended over the past two years, in a special form, to the developing countries of Latin America and Asia.

³ Excluding management and research costs.

⁴ Excluding emergency food aid.

- 4.8. Since there are few of this category of developing country in Latin America and Asia and since some of them have no significant export trade with the EEC, it only applies for the moment to five countries - Bangladesh, Nepal, Laos, North Yemen and Haiti.
- 4.9. The automatic nature of the system ensures a rapid response when export earnings are lost due to an accidental decline in production or a drop in prices.
- 4.10. The funds are used either to provide direct assistance for the producers or to improve the conditions of production and, where appropriate, to back up the diversification drive.
- 4.11. The Commission has just presented a report on the first year of application^E. Emphasis should be placed on the complementarity between this instrument and the financial cooperation channelled into the rural sector and in the need for coherent use of these two instruments.

A. Food aid

- 4.12. Food aid represents (almost equally with financial and technical cooperation) almost half the development aid resources channelled into the developing countries of Latin America and Asia.
- 4.13. Ordinary food aid - i.e. excluding the part used to respond to disasters and exceptional situations - is used to meet the immediate needs of the poorest countries which have not yet achieved self sufficiency in food and can only meet their total requirements with what are very onerous commercial imports.
- 4.14. The aid which the Community provides is channelled in two different ways - indirect mobilization via other organizations and direct allocation by the Commission.
- 4.15. The first category, representing about a third in value, is mainly intended for distribution to particularly underprivileged sections of the population, either directly or in exchange for labour put into (usually infrastructure) works for these same people.
- 4.16. The largest part of the indirect aid (and particularly that used by the Food for Work programmes) is handed over to the World Food Programme. The rest goes to other organizations and NGOs.
- 4.17. The direct aid supplied free of charge to the recipient Governments is usually intended to be sold on the local market. The Community thinking on this has considerably evolved over the period. The greatest attention is paid to ensuring that local production is not negatively effected by putting too much on the market, selling at less than the local cost price or putting goods on the market at the wrong moment.

^E COM(82)81 of 17 February 1982.

4.18. Although this form of aid was initially seen solely as humanitarian aid and aimed at bolstering the trade balance, for some years now, the Community has been treating it as a real instrument of development aid which should contribute to the investment programmes of the recipient country.

4.19. This approach has now been codified in Council Regulations authorizing, on certain conditions, multi-annual commitments to finance specific projects. This is done by setting up what are called counterpart funds representing the product of the sale of the goods the Community has supplied free of charge in local currency.

4.20. These funds are used, with Commission agreement, to finance specific development projects or to boost the resources of projects financed elsewhere, particularly in the rural sector.

4.21. The main recipient of cereals was Bangladesh, the country of Asia which, in spite of considerable progress with its national production, is still far from self sufficiency in food. It is followed by Sri Lanka. However, the other large countries with cereal deficits in the post-war years (India, China and Indonesia) have now achieved a balance, in normal years at least, thanks to considerable domestic efforts, the green revolution and, to a lesser extent, external support.

4.22. It was difficult for the countries which were traditionally the recipients of aid in the form of cereals to use the counterpart funds for specific development schemes. But it was relatively easier for the new recipients (particularly in Latin America). The same applied to milk products supplied as aid, traditionally used to produce reconstituted milk in factories.

4.23. In all but exceptional cases, the counterpart funds have been used to back up development projects financed from the Community's financial and technical cooperation and more rarely for projects financed with bilateral aid from the Member States and for autonomous schemes.

4.24. In three cases, India, Sri Lanka and China, multi-annual commitments or agreements in principle were made for food aid. In Sri Lanka (cereals), the idea was to add to the financing granted from Community financial aid to complete infrastructure and settle the peasants in certain parts of the major Mahawell Ganga irrigation project. The amount was about 54 million FCU and the allocation of resources, which is still under way, will make it possible, in particular, to take over the social aspects attendant on settling the colonizers - something which had not been taken into adequate consideration in the initial project set up by the Government.

Table 4.3. TRENDS IN DIRECT FOOD AID INVOLVING COUNTERPART FUNDS
IN 1976-88, BY MAJOR RECIPIENT⁶

COUNTRY	million ECU					
	Total 1979-88	1984	1985	1986	1987	1988
ASIA						
India	413.6	65.0	25.0	-	37.0	37.2
Bangladesh	304.8	32.5	29.0	30.0	30.0	41.0
Sri Lanka	71.7	6.7	7.9	7.7	9.0	8.2
Nicaragua	69.4	7.3	7.6	7.5	7.4	7.4
Pakistan	49.7	5.0	3.3	4.2	0.7	1.0
Bolivia	34.3	5.8	5.3	7.0	6.0	6.9
Honduras	28.6	2.0	0.9	0.9	2.0	4.3

Source: Internal estimate based on estimated budget prices of products.

(a) Yemen, Indonesia, Kampuchea, Laos, Nepal, Philippines and Vietnam;
(b) Chile, El Salvador, Haiti and Ecuador.

4.25. The multiannual commitments in India and China are for projects to develop domestic dairy production. In India, two major phases of Operation Flood (OF II & OF III) were successively financed via counterpart funds for, respectively, 390 million ECU and 144 million ECU, each time in cofinancing with the World Bank - which supplied IDA credits to finance the external programme costs. The Commission produced a report on the first programme and this justified the decision to finance a second.

4.26. The dairy project now being run in China takes the Indian scheme into account, although in different climatic and socio-economic conditions. It involves more than 75 million ECU in food aid, plus financial aid of 4.5 million ECU.

⁶ The evaluations express the value in world prices of the quantities of products allocated. This only roughly corresponds to the amounts of the counterpart funds created in each country as the latter reflect the prices obtained on the local market in general (but not always higher). In a number of cases, all or part of the direct aid (milk products) went for free distribution to particularly sensitive sections of the population (children etc).

⁷ COM(86) 138 of 20 March 1986 and SEC(87) 136 of 8 September 1987. It may be added that the Community had already made an indirect contribution, via the WHO, to Operation Flood I (about 132 million ECU) in 1970.

B. Financial and technical cooperation

Aims and regulatory framework

4.27. The financial and technical aid began on an experimental basis in 1976, being aimed at meeting vital and urgent needs in the poorest countries of Latin America and Asia and, in particular, covering food requirements. It has gradually developed since then.

4.28. The framework and the aims of this aid are laid down in Council Regulation 442/81, which is based on the idea that a Community development policy helps achieve the Community's aims and demands, inter alia, the implementation of certain financial and technical aid schemes for the non-associated developing countries, in the light of the latter's economic principles and priorities and the developing countries' desire to continue their development on the basis of their own efforts and the resources they have available.

4.29. The aims are defined as follows:

1. "The aid shall be directed as a general rule towards the poorest developing countries"... and "a Community presence should be ensured in the major regions of the developing world while aiming at a reasonable geographical balance among these regions".
2. The aid "shall be mainly directed towards improving the living conditions of the most needy sections of the population of the countries concerned".
3. Special importance "shall be attached to the development of the rural environment and to improving food production".
4. A "subsidiary form of action" is to consider participation in regional projects.
5. Some of the aid "shall be earmarked for measures to deal with exceptional circumstances", particularly reconstruction in the event of disaster.

4.30. The Regulation also provides for the Council regularly to determine (acting on a proposal from the Commission and after seeking the opinion of the European Parliament) the general guidelines which cooperation is to follow.

4.31. Here, the texts the Council has adopted so far have been confined to interpretation and affirmation of the above aims, without any substantial change from one year to the next.

4.32. The emphasis on improving the lot of the neediest populations is confirmed, even increased, as is the essential role of the rural sector - which is taken in the broadest meaning of the term to include farming, herding, fishing, forestry, agro-industry and cottage industry.

4.33. It was stressed here that the aid should, if possible, be used to prepare and implement coherent agricultural policies to improve the food situation of the recipient countries. Community food aid also being used for this purpose. Some extension outside the rural sector was provided for to help with training and, more exceptionally, in the specific case of the least advanced countries, with basic infrastructure where this was a prior requisite for development.

4.34. All levels of agricultural research soon came to the fore and a virtually constant percentage of available resources was earmarked for international research in this field.

4.35. Support for regional integration was encouraged in all the sectors where Community aid had a positive contribution to make.

4.36. Particular emphasis was placed on technical assistance and external expertise with the identification, preparation and monitoring of schemes.

Methods of action

4.37. There are many of these - specific projects and programmes, integrated projects and sectoral programmes. It should be noted that the majority of the schemes financed so far have been of the more conventional type.

4.38. Commodity aid has been used on a number of occasions in various countries, although almost exclusively as a quick way of transferring the foreign exchange required to pay that part of the costs in local currency covered by the Community financing.

4.39. All the aid has been in the form of grants. This is not only the quickest formula. It is also a better way of meeting all the other kinds of aims which the Community has laid down for its financial and technical cooperation.

4.40. In those cases where the immediate use of the aid has been to grant credits to the ultimate recipients (peasants, cooperatives and so on), provisions have been made for reimbursements and interest to be used to set up operating capital or guarantee funds so that schemes initiated by the Community can be continued.

4.41. The process of indentifying and selecting projects tends to be based on requests from the beneficiaries (countries or regional organisations) and, more rarely, from other bilateral (Member States in particular) and international donors. The Commission checks on the agreement of and the priority given by the recipients and on the fact that the aims are in line with the development needs of the recipients and the guidelines laid down by the Community.

4.42. In most cases, the schemes are the subject of appraisal or prior study by experts chosen by the Commission and developed with the responsible authorities. In the early years, for practical reasons, a fairly large number of projects came from the other funders' pipeline. Although cofinancing is expressly provided for (and even recommended) in the Regulation, experience has shown that these projects are even harder and slower to implement and should be assessed by the Commission in the same way as the autonomous projects.

4.43. The Council's guidelines for 1989 recently emphasized the point of increasing the volume of cofinancing, particularly with the Member States but without excluding other States and organisations, so as to improve the effectiveness of the aid to the recipient (Community aid entirely in the form of grants may act as a catalyst) and boost the Community presence.

4.44. When there is a choice between different projects and countries, the Commission takes account, in addition to the quality of the schemes, of the level of revenue and the needs of the recipient countries, of aid previously granted, the experience acquired in implementing it and of the existence of cooperation agreements with certain countries or groups of countries.

4.45. In accordance with the Regulation, the Commission decides on the financing of schemes once it has had a favourable opinion from a Committee - chaired by a representative of the Commission and made up of representatives of the Member States - which expresses itself by a qualified majority. Overall, this procedure has worked efficiently and made it possible to hear the opinions of the Member States, which tend to have fairly wide experience of the developing countries of Latin America and Asia through their local representations and bilateral aid, which is generally speaking much larger than that of the Community.

⁵ and the Court of Auditors' analyses have emphasized

4.46. So far, all the schemes which the Commission has presented have had a favourable opinion from the Committee and the procedure which the Regulation provides for cases of disagreement has never had to be used.

4.47. However, it has to be said that this procedure involves some considerable waiting, as it is provided that the Committee be notified three weeks in advance and that the proposals for decisions be translated into all the official languages - which takes at least two months. This is too long bearing in mind that, since the recent reform of the Financial Regulation, the validity of commitment has been limited to the budget year.

4.48. Implementation tends to be decentralized to the level of the recipient, under Commission control. The projects and schemes here are aimed at development and, even in the case of pilot schemes, they have not only to fit in with the development priorities of the recipient countries, but run under their political responsibility too and involve both the ultimate recipients (usually the peasants) and the various administrative and political cadres. However, in order to ensure adequate speed of implementation and greater effectiveness of the schemes which the Community supports, special arrangements are agreed on with the recipients, on either a case-by-case or a more general basis.

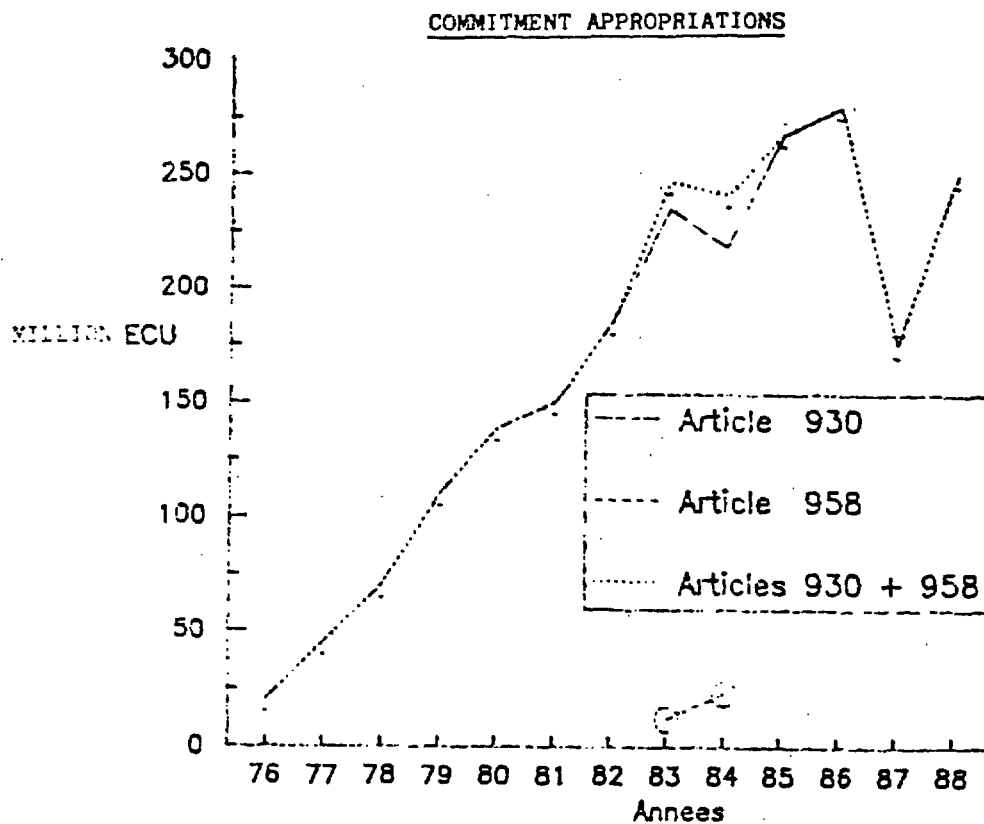
4.49. The Commission - both in Brussels and as far as possible in the Delegations on the spot - regularly monitors implementation and steps in with the authorities which are responsible where necessary.

4.50. The necessary financial means are included in the general budget of the European Communities (title nine). Up until 1987, a single article for separate appropriations (for commitment and payment) combined all the resources, although later on, the budget included separate lines for Latin America and for Asia. Appropriations have to be separate when development schemes, which inevitably take several years, are to be run.

4.51. Commitment appropriations began with a symbolic 20 million ECU in 1976 and the level of resources in the budget has increased rapidly since, peaking in 1985 with 280 million ECU², dropping back down again to 174 million ECU the following year and recovering again, to 208 million ECU, in 1988 (see chart 4.1.).

² Including 30 million transferred successively to the negative reserve.

Chart 4.1. COMMITMENT APPROPRIATIONS IN THE BUDGET
FOR FINANCIAL AND TECHNICAL COOPERATION
WITH THE DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA



4.52. The drop in 1987 was mainly due to the size of the carry-overs which had mounted up over the years. And indeed because of the inadequate numbers of Commission staff, not all the funds allocated were committed over the budget year. The Commission both announced an increase in staff and suggested a break - which did in fact make it possible to rationalize the situation.

4.53. Furthermore, as chart 4.1. shows, over the two years 1983 and 1984, another budget line for world hunger control, introduced with a view to particular improvements to Community aid in the various parts of the globe, meant that extra appropriations could be made available. In the developing countries of Latin America and Asia, these were used for schemes in line with the aims of financial and technical cooperation.

4.45. It should also be remembered that, as will be demonstrated, the actual commitments made in the different years often differed from the budget allocation because of the amounts carried over from one year to the next.

4.55. A relatively small part of the commitment appropriations was also transferred to other instruments of cooperation, and to the negative reserve in 1986. Between 1981 and 1982, on the other hand, a total of 58.5 million ECU was obtained via switches from other instruments of cooperation.

4.56. The Regulation lays down no geographical distribution of aid, although it does suggest that a reasonable geographical balance should be maintained between the regions. Until 1988, the annual guidelines laid down the percentages to go to each of the three continents in which the so-called non-associated developing countries were situated. For years, the breakdown was Africa 5%, Asia 75% and Latin America 20%. In 1984, the last African non-associated countries had joined the Convention, so the percentage earmarked for Africa was transferred to Latin America to reflect the Community's commitment to increase its aid to Central America.

4.57. Since, as already mentioned, the budget has had separate lines for financial and technical cooperation with the two continents since 1988, the latest annual guidelines, for 1989, only provide for reference to the budget. Responsibility for the country allocation has always been on the shoulders of the Commission - which has used pragmatic methods in an attempt to achieve a reasonable breakdown, bearing in mind the needs and other logical criteria, with a multi-annual average.

V. ECONOMIC COOPERATION

A. Volume and general approach

5.1. Over the period covered by this report, economic cooperation with Latin America and Asia has mobilized 178 million ECU overall, 66% of it going to Asia and 34% to Latin America.

5.2. This amount is fairly small because it corresponds to an annual average of only 12.8 million ECU. However, it should be noted that, practically speaking, it only began in 1980 and that it has achieved an annual rate of something like 35 million ECU since 1987.

5.3. Furthermore, since the schemes involved are primarily ones which only involve a transfer of know-how, the individual size is relatively small - unlike those in development aid and even humanitarian aid.

5.4. As already mentioned, the aim of economic cooperation is to create a common network within which trade between the Community and the developing countries can emerge and develop, particularly in the private sector and the non-public sector in the broadest meaning of the term (i.e. to include both non-public firms and institutions, non-governmental organizations and the general public).

5.5. This is the only suitable and justifiable form of cooperation for the relatively more advanced developing countries which have already reached the threshold of industrialization - although there is no exclusivity about this. Not only are there many developing countries which, because of their size, have one or two advanced sectors, in spite of a low level of general development. There are also poor developing countries which sometimes feel the need to miss out some stages.

5.6. The breakdown by category of country in table 5.1. reflects this.

Table 5.1. ECONOMIC COOPERATION WITH THE DEVELOPING COUNTRIES
OF LATIN AMERICA AND ASIA, 1976-78

Category of developing country	million ECU	Population in 1987 (million)	ECU per thousand inhabitants
Low-income (inc. LLDC)	64.94	2 333	29
Lower middle income	44.68	0 369	113
Upper middle income	25.39	0.295	86
Regional organizations	37.05	-	-
Total	171.26	-	-

B. Instruments

5.7. For its economic cooperation with Latin America and Asia, the Community currently has the following instruments, gradually created by the inclusion of specific lines in the budget.

- Training

The idea here is to create or maintain a common technical culture in the developing countries and the Community so as to facilitate the transfer of technology and cooperation, particularly in sectors where there are no specific instruments.

- Scientific and technical cooperation

This is aimed at making the results of European research available to the developing countries and opening it to the specific problems of the Third World.

- Trade promotion

This is to back up the developing countries' drive to diversify their trade in goods and services. The transfer of know-how in this sector is primarily to economic operators (although the public support services are not excluded) and extends to all phases from product design to final marketing (whatever the market), through the organization of production and high-level marketing and, where appropriate, research and partnership between operators in the developing countries and in Europe.

- Industrial promotion and investments

This is intended to facilitate the development of the secondary sector in the developing countries both via the transfer of suitable know-how (which have been tried out in the public sector) with a view to helping it with its responsibility of creating the right climate and favourable legislation and via a variety of measures to provide direct help for private operators in both regions, via technical support and thanks to collaboration with their European counterparts.

In this framework, an instrument specifically designed to back up Europe's small and medium-sized firms in their drive to invest in the developing countries in collaboration with local partners has just been introduced on an experimental basis, in addition to the existing means. It is called EC International Investment Partners and it makes it possible both to provide technical assistance to help identify possibilities and partners and to supply start-up capital in the form of risk capital.

- Energy cooperation

The idea here is both to back up the developing countries' efforts in a particular area of industrial development and to promote the rational utilization of natural resources at international level.

For the developing countries of Latin America and Asia, this cooperation is organized into two complementary plans:

- . support for energy planning and the transfer of technologies developed in the Community;

- the running of other studies and pilot projects to demonstrate and develop proper solutions for their specific needs.

- Regional integration

This makes it possible to transfer European experience in the matter of integration between countries. Modest support for the ecological sector has just been added to the other instruments described above.

C. Geographical breakdown

5.9. Table 5.2. shows how the aid granted is divided between the various instruments and regions. Detailed data for each country are set out in Annex 1.

Table 5.2. ECONOMIC COOPERATION
WITH THE DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA
FOR 1976-88, BY INSTRUMENT

Instrument	Asia	Latin America	Total
	million ECU		
1. Training	15.46	9.75	27.21
2. Scientific & technical cooperation	15.03	11.85	26.88
3. Trade promotion	40.12	16.90	57.02
4. Industrial promotion & investments, including back-up schemes	14.23	4.89	19.12
5. Energy cooperation	21.05	15.04	36.09
6. Ecology	0.08	1.08	1.16
7. Support for regional integration ²	3.13	0.35	3.78
TOTAL	112.40	58.86	171.26

¹ Therefore also including the means provided for cooperation in the agreements, but excluding schemes run, in particular at regional level, as part of financial and technical cooperation.

² This obviously does not include the far larger means released as part of financial and technical cooperation.

VI. QUANTITATIVE ANALYSIS OF FINANCIAL AND TECHNICAL COOPERATION
WITH THE DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA

6.1. The total financial and technical cooperation commitment to the developing countries of Latin America and Asia under Article 930¹ of the general budget came to 2 026.7 million ECU over the period 1976 to 1988. Trends in the annual commitment appropriations included and entered appear in the last two columns of the table on payments in the annex.

A. Geographical breakdown

6.2. Table 6.1. gives the breakdown of commitments by region and sub-region, and by type of project (normal and disaster) in 1976-88. Overall, the structure of commitments by region and sub-region varied only slightly between 1976 and 1988. Over these years, the percentage of projects (normal and disaster) in Asia was 67.8% (65.4% in 1988), as against 28.4% for projects in Latin America (34.6% in 1988), the rest being aid to the non-associated countries of Africa².

6.3. The allocation of commitments by recipient country is set out in Table 6.2.

6.4. India, with 27.2% of commitments for normal projects over the whole of the period 1976-88, was by far the biggest recipient, followed by Bangladesh (7.5%), Thailand (6.9%), Indonesia (6.8%), Pakistan (56.3%), Bolivia (4%), Sri Lanka (3.4%) and Honduras (3%).

6.5. The breakdown of commitments by year of the post-disaster projects is by nature more erratic and the analysis of it is not very significant. Over the period 1976-88, India, Bolivia and Salvador have been the biggest recipients of funds for this type of project.

¹ As indicated, Article 930 of the budget (Financial Cooperation with the developing countries of Latin America and Asia) was divided into two - 9300 (Asia) and 9310 (Latin America - on 1 January 1988. In the interests of simpler presentation and analysis for the whole period 1976-88, only Article 930 will be used here. In 1988, this corresponded to the sum of the activities in 9300 and 9310. The additional, temporary budget line, Article 958, introduced in 1983 and maintained for the 1984 commitments (special world hunger combat programme), is not included in the figures given in this chapter.

² At the time, Angola, Mozambique and Zimbabwe.

Table 6.1. PROGRAMME COMMITMENTS, 1976-88, BY REGION (million ECU)

REGION	ORDINARY PROJECTS		DISASTER PROJECTS		TOTAL PROGRAMMES	
	1976 - million ECU	1988 %	1976 - million ECU	1988 %	1976 - million FCU	1988 %
ASIA	1354.67	69.8	43.35	35.9	1398.02	67.8
REGIONAL LEVEL	34.40	2.5	-	-	34.40	2.5
SOUTH EAST	370.12	27.3	-	-	370.12	26.5
SOUTH	922.16	68.1	38.10	87.9	960.26	66.7
OTHER	27.99	2.1	5.25	3.25	33.24	2.4
		100.0		100.0		100.0
LATIN AMERICA	518.07	26.7	67.98	56.2	586.95	28.4
REGIONAL LEVEL	11.93	2.3	-	-	11.93	2.0
SOUTH AMERICA						
regional	50.56	9.8	-	-	50.58	8.6
by country	148.20	26.6	30.43	44.8	178.63	30.5
CENTRAL AM. & CARIBBEAN						
regional	111.89	21.6	-	-	111.89	19.1
by country	195.49	37.7	37.45	55.2	232.94	39.8
AFRICA	67.76	3.5	9.60	7.9	77.36	3.8
TOTAL	1940.50	100.0	120.83	100.0	2061.33	100.0

ASIA region	ASFAN, ADB, Mekong Committee
ASIA south east	Indonesia, Philippines, Thailand + Vietnam, Laos & China
ASIA south	Afghanistan, Bangladesh, Butan, Burma, India, Maldives, Nepal, Pakistan & Sri Lanka
OTHER	North Yemen, South Yemen, West Bank & Gaza
LATIN AMERICA region	CFAD, CIB, CIMMYT, BID & OLADF
SOUTH AMERICA region	JUNAC
countries	Bolivia, Colombia, Ecuador & Peru
CENTRAL AMERICA & CARIBBEAN region	BCIF, CADEFSCA, CATIF, INCAP & IICA
countries	Costa Rica, Dominican Republic, Haiti, Honduras, Nicaragua, Salvador, Guatemala and Panama
AFRICA	Angola, Mozambique & Zimbabwe

Table 6.2. ALLOCATION OF COMMITMENTS BY RECIPIENT, 1976-88
(million ECU)

	1976 - 1980	1981 - 1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	%	TOTAL	%	
I. ORDINARY PROJECTS																			
CHINA	-	12.00	-	-	6.00	-	6.00	5.15	6.35	8.00	9.8	32.10	1.7				32.10	1.7	
INDONESIA	22.16	71.74	12.00	11.20	23.60	7.30	20.54	10.00	21.30	-	-	131.00	6.8				131.00	6.8	
LAOS	4.10	1.20	-	-	-	1.20	-	5.50	0.40	5.50	2.3	19.70	0.9				19.70	0.9	
PHILIPPINES	6.00	17.50	7.10	-	-	-	10.80	15.50	-	10.40	4.4	54.80	2.8				54.80	2.8	
THAILAND	21.40	92.07	3.20	17.21	26.74	10.90	35.02	5.60	2.80	11.25	4.7	132.12	6.9				132.12	6.9	
VICTAL	2.40	3.00	-	-	-	-	-	-	-	-	-	2.40	0.1				2.40	0.1	
AFGHANISTAN	1.00	0.00	-	-	-	-	-	-	-	-	-	1.00	0.1				1.00	0.1	
BAHRAIN	32.70	83.00	10.00	23.80	17.00	25.50	4.90	-	3.90	26.70	11.2	146.30	7.5				146.30	7.5	
BUTAN	-	9.00	-	3.40	-	4.50	1.30	-	-	3.40	1.4	12.40	0.6				12.40	0.6	
BURMA	5.90	8.00	5.50	-	2.50	-	-	-	3.45	0.50	0.2	17.85	0.9				17.85	0.9	
INDIA	66.40	251.50	36.00	45.00	84.50	60.00	45.00	67.77	51.10	73.65	31.0	530.62	27.3				530.62	27.3	
INDONESIA	0.90	1.70	-	-	-	1.70	-	-	-	-	-	2.20	0.1				2.20	0.1	
JAPAN	5.00	18.50	-	3.70	5.30	5.00	1.80	-	2.70	-	-	23.71	1.2				23.71	1.2	
KOREA	24.30	43.50	10.00	-	7.80	-	26.00	7.90	25.60	18.00	7.6	121.50	6.3				121.50	6.3	
NEW ZEALAND	21.70	20.90	-	-	20.00	-	-	-	25.00	-	-	86.70	4.4				86.70	4.4	
WEST BANK & GAZA	-	3.65	1.65	-	-	2.00	-	-	-	-	-	3.65	0.2				3.65	0.2	
KOREA (SOUTH)	3.10	13.74	5.20	-	2.74	5.80	-	7.50	-	-	-	24.34	1.3				24.34	1.3	
LAOS	4.30	1.00	1.00	-	-	-	-	-	-	-	-	5.30	0.3				5.30	0.3	
LIBAN	0.90	14.60	7.10	0.00	7.50	-	-	11.42	-	-	-	27.96	1.4				27.96	1.4	
MEXICO (COMINTER)	0.40	0.75	-	-	0.75	-	-	-	-	-	-	1.15	0.1				1.15	0.1	
SUB-TOTAL ASIA	350.45	660.48	101.75	109.14	181.62	123.90	151.35	140.24	142.45	158.00	66.5	1354.97	49.8				1354.97	49.8	
BELARUS	3.70	42.50	-	-	15.00	24.50	2.30	20.00	5.20	1.90	0.5	76.30	4.0				76.30	4.0	
BURUNDI	-	4.00	-	-	-	-	4.00	-	-	-	-	4.00	0.2				4.00	0.2	
BURUNDI (S)	1.90	3.00	3.00	-	-	-	-	-	3.00	-	-	14.90	0.8				14.90	0.8	
CHINA	2.00	11.50	-	-	10.50	-	-	18.00	-	21.40	9.0	51.00	2.6				51.00	2.6	
COLOMبيا	-	27.95	-	18.00	-	-	9.95	-	-	-	-	27.95	1.4				27.95	1.4	
E. AFRICA	-	1.00	-	-	-	-	-	-	5.50	-	-	6.50	0.3				6.50	0.3	
GUATEMALA	-	0.00	-	-	-	-	-	12.00	5.50	2.50	3.6	26.00	1.3				26.00	1.3	
HONG KONG	13.50	7.10	-	7.10	-	-	-	4.80	-	-	-	25.50	1.3				25.50	1.3	
HONG KONG (S)	14.50	25.50	-	16.50	9.00	-	2.75	14.50	-	-	-	58.10	3.0				58.10	3.0	
INDONESIA	0.50	34.00	0.50	0.50	0.50	-	2.50	0.50	1.95	1.40	0.6	38.05	1.9				38.05	1.9	
INDONESIA (S)	-	12.00	-	12.00	-	-	-	-	-	-	-	12.00	0.6				12.00	0.6	
JAPAN	1.50	0.00	-	-	-	-	-	-	-	-	-	1.50	0.1				1.50	0.1	
KENYA	-	1.40	-	-	1.40	-	-	-	-	-	-	1.40	0.1				1.40	0.1	
LIBAN	-	0.00	-	2.00	-	-	-	3.00	-	-	-	5.00	0.3				5.00	0.3	
LAOS	0.30	0.00	-	-	-	-	-	-	-	-	-	0.30	0.1				0.30	0.1	
LAOS (S)	1.20	0.50	0.50	-	-	-	-	-	-	-	-	1.70	0.1				1.70	0.1	
MEXICO (COMINTER)	0.40	0.35	0.00	0.35	0.00	0.00	0.00	0.10	0.50	4.0	4.0	44.56	2.3				44.56	2.3	
MEXICO (S)	-	0.00	-	-	-	-	-	0.00	-	-	-	0.00	0.0				0.00	0.0	
CENTRAL AMERICA	-	15.50	-	-	-	-	16.50	2.50	20.00	36.80	15.5	78.20	4.0				78.20	4.0	
BOLIVIA	0.30	30.00	-	-	-	20.00	-	-	-	-	-	23.00	1.2				23.00	1.2	
CUBA	-	1.50	-	-	-	-	4.80	-	-	-	-	4	0.2				4	0.2	
GUATEMALA	0.50	0.25	-	-	-	0.04	0.21	-	-	-	-	2	0.1				2	0.1	
HONDURAS	-	1.00	1.50	-	-	-	-	-	-	-	-	1.71	0.1				1.71	0.1	
PARAGUAY	1.50	0.00	-	-	-	-	-	-	-	-	-	1.50	0.1				1.50	0.1	
SUB-TOTAL S. AM.	61.40	101.35	15.05	20.35	47.55	51.31	45.75	73.31	55.25	75.55	33.5	516.27	26.7				516.27	26.7	

29
Table 6.2. (cont.)

	1978 - 1980 - 1980	1981 - 1985	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	TOTAL	%
AFRICA	1.40	22.01	-	8.75	-	8.01	4.25	-	-	-	-	-	-	-	-	-	-	33.41	1.2
ASIA	3.00	24.84	-	10.85	9.55	-	7.40	0.21	-	-	-	-	-	-	-	-	-	27.85	1.5
MIDDLE EAST	14.50	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14.50	0.7
SUB-TOTAL AFRICA	18.90	46.85	0.00	19.60	9.55	8.01	11.65	0.21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	87.76	3.5
TOTAL OPER. PROJ.	335.76	946.30	122.20	190.88	237.57	184.71	212.76	215.30	201.75	237.55	100.0	1940.49	100.0						
2. DISASTER PROJECTS																			
AFRICA	-	0.00	-	-	-	-	-	-	8.50	-	-	-	-	-	-	-	-	8.50	5.4
ASIA	10.50	11.00	7.00	4.00	-	-	-	-	-	-	-	-	-	-	-	-	-	21.90	18.1
MIDDLE EAST	-	8.70	2.70	-	-	4.00	-	-	-	-	-	-	-	-	-	-	-	8.70	5.5
AFRICA	3.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.00	2.5
NORTH AMERICA	-	2.75	-	-	2.55	0.20	-	-	-	-	-	-	-	-	-	-	-	2.75	2.3
SOUTH AMERICA	-	2.50	-	2.50	-	-	-	-	-	-	-	-	-	-	-	-	-	2.50	2.1
BOLIVIA	-	10.40	-	-	-	3.40	6.00	0.58	-	-	-	-	-	-	-	-	-	10.38	10.8
COLOMBIA	-	3.90	-	-	-	3.90	-	-	-	-	-	-	-	-	-	-	-	3.90	3.2
ECUADOR	-	2.85	-	-	2.85	-	-	-	-	-	-	-	-	-	4.10	100.0	-	6.95	5.8
PERU	1.50	0.30	-	-	-	-	-	5.00	-	-	-	-	-	-	-	-	-	6.80	5.4
COSTA RICA	-	3.60	-	-	-	-	3.60	-	-	-	-	-	-	-	-	-	-	3.60	3.0
D. REPUBLIC	-	3.30	-	-	-	-	3.30	-	6.50	-	-	-	-	-	-	-	-	10.00	8.8
HONDURAS	-	1.50	-	1.50	-	-	-	-	-	-	-	-	-	-	-	-	-	1.50	1.3
PARAGUAY	-	0.30	-	-	-	-	-	5.20	-	-	-	-	-	-	-	-	-	5.20	4.3
TRINIDAD	2.50	1.80	-	1.80	-	-	-	-	-	-	-	-	-	-	-	-	-	4.10	3.4
DOMINICAN REP.	4.70	0.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.90	4.0
DOM. REP. & HAITI	-	1.50	-	-	1.50	-	-	4.55	-	-	-	-	-	-	-	-	-	6.55	5.3
NIGERIA	-	2.50	-	-	2.50	-	-	-	-	-	-	-	-	-	-	-	-	2.50	2.1
INDIA	-	2.00	-	-	2.00	-	-	-	-	-	-	-	-	-	-	-	-	2.00	1.7
CHINA	4.00	0.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.50	3.3
GENERAL AFRICA	1.00	0.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.00	0.8
TOTAL DISASTER	27.50	58.20	9.70	9.70	11.40	11.50	15.90	15.70	15.00	4.10	100.0	120.53	100.0						
3. AGRICULTURAL RESEARCH																			
AFRICA	2.55	5.20	1.40	1.50	1.70	1.70	1.80	1.50	-	1.50	-	-	-	-	-	-	-	14.75	
ASIA	1.50	4.85	0.80	0.90	0.95	1.00	1.00	1.00	-	1.00	-	-	-	-	-	-	-	8.15	
MIDDLE EAST	5.85	7.30	1.20	1.30	1.40	1.50	1.50	1.50	-	1.50	-	-	-	-	-	-	-	16.45	
AFRICA	4.00	8.80	1.50	1.70	1.80	1.80	1.80	1.80	-	1.80	-	-	-	-	-	-	-	16.20	
ASIA	-	0.55	-	-	0.15	0.20	0.30	0.50	-	0.50	-	-	-	-	-	-	-	1.65	
TOTAL AG. RESEARCH	14.00	26.40	4.90	5.40	6.00	6.30	6.70	6.30	0.00	6.90	0.00	37.20	100.0						
4. MANAGEMENT	5.00	21.50	3.50	4.00	4.00	4.00	6.00	5.50	5.20	-	-	36.20	100.0						
TOTAL COMMITMENTS (1-3-4)	385.55	1051.30	135.30	210.38	255.57	206.61	241.38	247.40	221.95	248.55	100.0	2155.70	100.0						
IFAP																			
										1978 - 1985									
	ASIA	%	AM.	%	TOTAL	%	ASIA	%	AM.	%	TOTAL	%							
OPER. PROJ.	135.76	32.6	78.55	32.6	214.31	32.6	135.76	32.6	78.55	32.6	214.31	32.6							
DISASTER PROJ.	27.50	7.3	4.10	7.3	31.60	7.3	27.50	7.3	4.10	7.3	31.60	7.3							
TOTAL	163.26	42.9	82.65	42.9	245.91	42.9	163.26	42.9	82.65	42.9	245.91	42.9							

6.6. The Community's financial and technical aid for all types of project in the developing countries of Latin America and Asia between 1976 and 1988 went to a total of 33 countries (18 in Asia, 11 in Latin America and three in Africa), 16 international institutions (three in Asia and 13 in Latin America) and six agricultural research bodies. The total number of projects was 364.

B. Sectoral structure

6.7. The classification by sector and sub-sector of all projects over the 1976-88 period is set out in table 6.3.

6.8. Agriculture's share was 74.3% (66% in 1988), which is in line with Regulation 442/81. The other sectors of activity, which are in fact linked to the rural sector, share the rest, the biggest of them being the services sector with 9.6% (11.6% in 1988). Tables 6.4 and 6.5, and charts 6.1. and 6.2. below give the sectoral and sub-sectoral structure of the projects, by region, in 1976-88. There is no very significant difference between Latin America and Asia as regards the breakdown between the various sectors. However, agriculture's share in Latin America is smaller than in Asia and, by way of compensation, industrial-type projects represented 11.1% of the total in Latin America, but only an insignificant amount in Asia.

6.9. There are very considerable differences, on the other hand, when it comes to the breakdown of projects within the agricultural sector. There are more projects to do with infrastructure and production and marketing in Asia than in Latin America, although the opposite is true of agrarian reform and integrated rural development projects linked to the traditional rural communities.

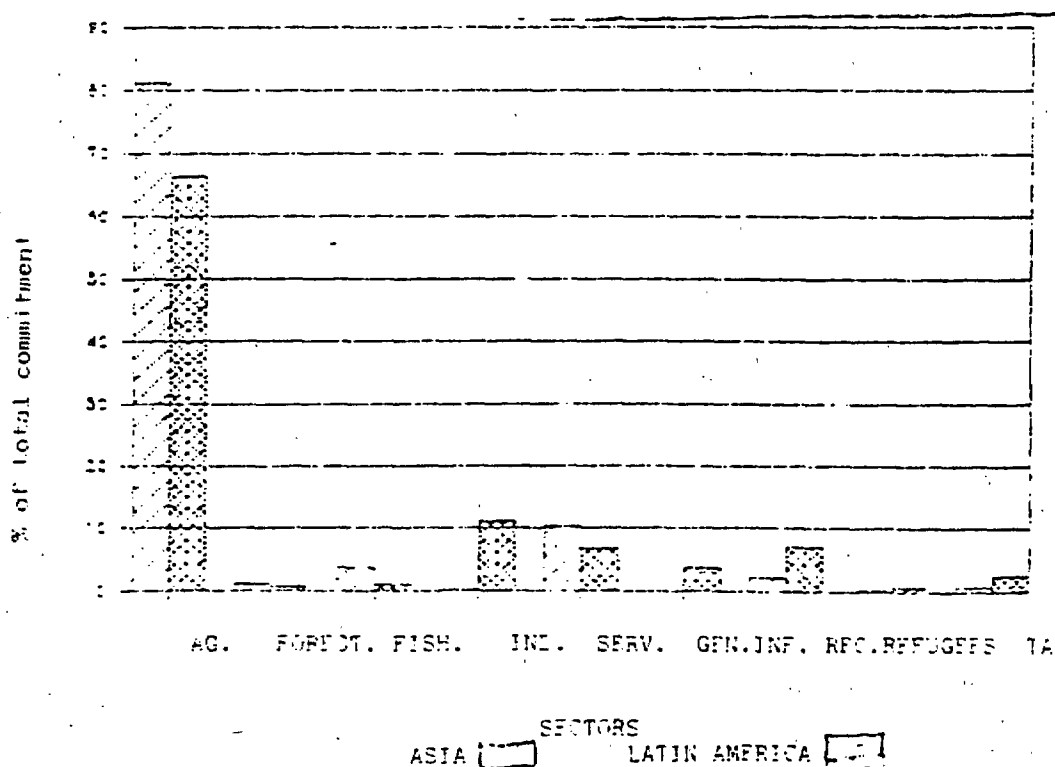
Table 6.3. SECTORAL STRUCTURE OF PROGRAMME COMMITMENTS,
1976-88
(million ECU)

SECTOR	PROGRAMME 1976-1988		
	million ECU	%	number of projects
1 AGRICULTURE	1585.94	74.3	106.0
1 - Planning strategy	11.82	0.7	2
1 - Support for agrarian reform	89.96	5.7	7
1 - Infrastructure	453.27	28.5	59
1 - Production & marketing	390.13	24.5	75
1 - Back-up services	212.67	13.8	26
1 - Agricultural research	94.12	5.9	40
1 - Integrated rural development	331.70	20.9	37
2 FORESTS	21.47	1.0	7
3 FISHERIES	96.33	4.5	24
4 INDUSTRY, COMMERCE & TRADE	46.14	2.2	10
5 SERVICES	268.48	9.9	136.0
5 - Water supply networks	62.05	45.3	17
5 - Energy	30.00	18.1	7
5 - Housing	5.40	0.2	2
5 - Education	46.40	22.6	4
5 - Health	32.63	15.9	5
6 GENERAL INFRASTRUCTURE	24.70	1.0	2
7 RECONSTRUCTION SCHEMES	82.50	3.9	22
8 REFUGEE SCHEMES	11.07	0.5	4
9 TECHNICAL ASSISTANCE & SUPPORT FOR NATIONAL & INTERNATIONAL PUBLIC INSTITUTIONS	27.55	1.3	15
10 PROJECT PREPARATION, MANAGEMENT & CONTROL	36.23	1.8	1
TOTAL	2139.52	100.0	365

**Table 6.4. SECTORAL AND REGIONAL STRUCTURE OF COMMITMENTS,
1976-88 (%)**

SECTOR	1976-88		
	ASIA	LATIN AMERICA	TOTAL
1. AGRICULTURE	81.14	66.10	73.53
2. FORESTRY	1.24	0.69	1.02
3. FISHERIES	3.75	1.28	4.60
4. INDUSTRY, CRAFT & TRADE	0.89	11.16	3.31
5. SERVICE	10.30	6.65	9.18
6. GEN. INFRASTRUCTURE	0.00	3.62	0.99
7. RECONSTRUCTION SCHEMES	2.09	7.02	3.43
8. REFUGEE SCHEMES	0.27	0.85	0.51
9. TECHNICAL ASSISTANCE	0.81	2.63	1.33
TOTAL	100.00	100.00	97.90

**Chart 6.1. SECTORAL AND REGIONAL STRUCTURE
COMMITMENTS 1976-88 (%)**

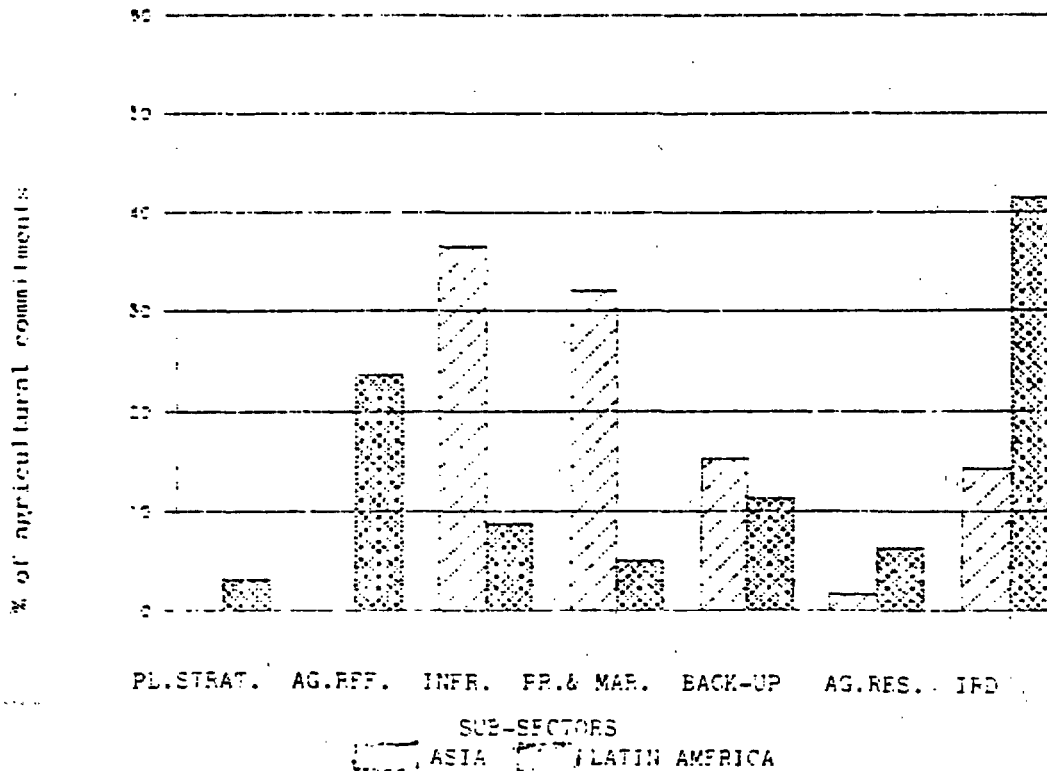


**Table 6.5. STRUCTURE OF THE SUB-SECTOR OF AGRICULTURE
1976-88 (%)**

SUB-SECTOR OF AGRICULTURE	1976-88	
	ASIA	LATIN AMERICA
A. Planning strategy	0.00	3.12
B. Support for agrarian reform	0.00	23.74
C. Infrastructure	36.57	8.77
D. Production & marketing	31.94	5.18
E. Back-up services	16.41	11.27
F. Agricultural research	1.72	6.52
G. Integrated rural development	14.35	41.41
TOTAL	100.00	100.00

Chart 6.2. STRUCTURE OF THE SUB-SECTOR OF AGRICULTURE

COMMITMENTS 1976-88



C. Structure of financing (cofinancing or autonomous financing)

6.10. Between 1976 and 1988, 89 of a total of 364 projects were cofinanced (24%). Over the period, 25% of the total commitment appropriations went into cofinancing, 54% of it with the Member States (table 6.6.).

6.11. The number of cofinanced projects has tended to decline since 1963 (the record year, with 12 cofinancings), reaching just one in 1988. This seems to be due to the practical difficulties of setting up cofinancing, particularly with some bodies such as the Asian Development Bank, the Inter-American Development Bank and even the World Bank. The difficulties inherent in any cofinancing are, in this case, heightened, one or other of the following being affected - the incompatibility of procedures, the difference in objectives, the size of the schemes and the financial conditions and machinery.

Table 6.6. RECAPITULATION OF COFINANCED PROJECTS
BY SOURCE OF FINANCING, 1976-88 (million ECU)

<u>SOURCE OF</u> <u>COFINANCING</u>	<u>Number of</u> <u>projects</u>	<u>Cofinancing</u> <u>contribution</u>	<u>EEC</u> <u>contribution</u>	<u>Total</u> <u>cost*</u>	<u>EEC contribution</u> <u>as % of total</u> <u>commitment</u>
Member States of the EEC	45	559.42	303.71	1756.71	14.09
Other	44	946.59	253.00	1782.42	11.73
TOTAL	89	1506.01	556.71	3541.13	26.82

* Including local financing.

D. Regional projects

6.12. Between 1976 and 1985, 11.2% of the total commitment appropriations allocated to projects were regional projects, one sixth of them in Asia and five sixths in Latin America. This is, respectively, 2.5% and 33.7% of the appropriations for each of the two regions. In other words, the relative importance of regional projects as compared to national ones over this period was 1:10 (table 6.7.).

Table 6.7. REGIONAL PROJECT COMMITMENTS, 1976-88
(million ECU)

ASIA	34.4 = 16.3% of 208.78 or 2.5% of 1354.67 (Total ordinary projects in Asia)
LATIN AMERICA	11.95 = 5.7% of 208.78 or 33.7% of 618.07 (Total ordinary projects in Latin America)
TOTAL	208.78 = 11.2% of 1857.74 (Total ordinary projects in Latin America & Asia)

E. Project payments

6.13. By 31 December 1988, 53.3% of total commitments since 1976 had been paid (table 6.8.). Given the regularly rising curve of commitments since the beginning of this form of aid, this is a satisfactory figure, both as regards the type of scheme financed and in comparison with other programmes and donors.

6.14. The detailed table of payments per calendar year, corresponding to the commitments recorded for each calendar year, is set out in Annex III and Annex IV contains the trends (amount and number of projects) in commitments and payments between 1976 and 1988, divided into development projects proper, studies, technical assistance schemes and administrative costs, including the cost of long-serving experts seconded in the Delegations until the end of 1987.

Table 6.8 AMOUNT OF COMMITMENTS AND PAYMENTS, 1976-88
(million ECU)

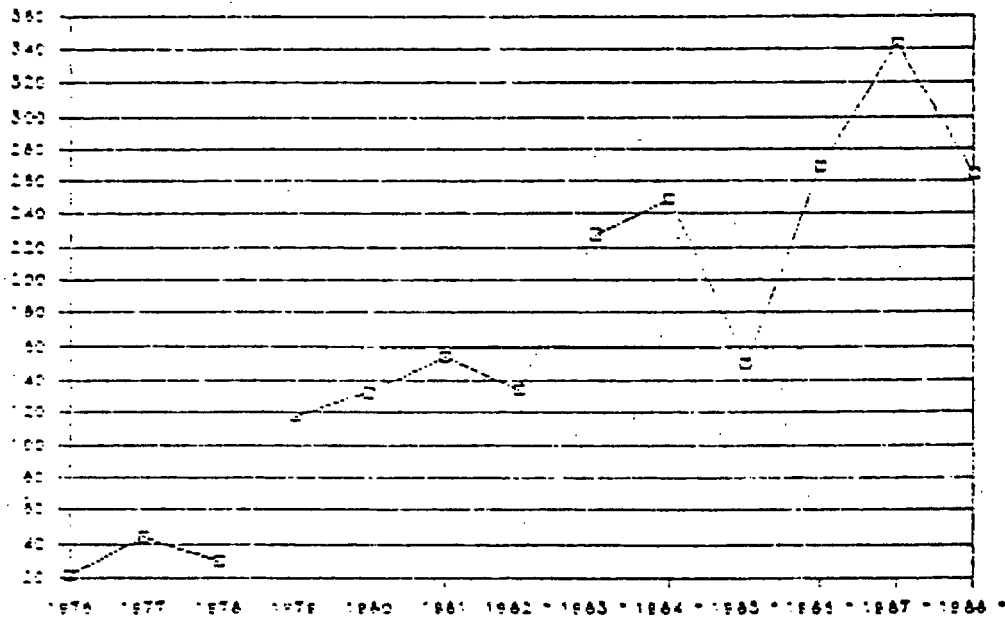
YEAR	COMMITMENTS ENTERED	% OF DEVELOP- MENT PROJECTS	% OF STUDIES & SCHEMES	% OF ADMINISTRATIVE COSTS	PAYMENTS MADE ANNUALLY
1976	21.97	100.0	-	-	-
1977	45.89	86.5	0.5	-	6.8
1978	29.36	95.8	0.2	-	7.8
1979	117.83	95.5	0.4	0.10	19.4
1980	192.45	89.0	0.5	0.50	38.8
1981	153.54	98.4	0.8	0.80	87.7
1982 *	134.89	92.5	0.8	0.70	56.9
1983 *	227.41	98.1	0.5	1.00	128.8
1984 *	249.34	99.7	0.1	0.80	146.0
1985 *	146.72	97.4	1.2	1.40	147.2
1986 *	268.57	92.2	0.7	1.10	171.7
1987 *	342.90	92.0	0.5	1.10	151.7
1988 *	254.01	98.0	1.5	0.02	182.7
TOTAL	2134.10	86.5	0.7	0.8	1130.1

* Including supplements of projects committed in previous years.

6.15. It can be seen that:

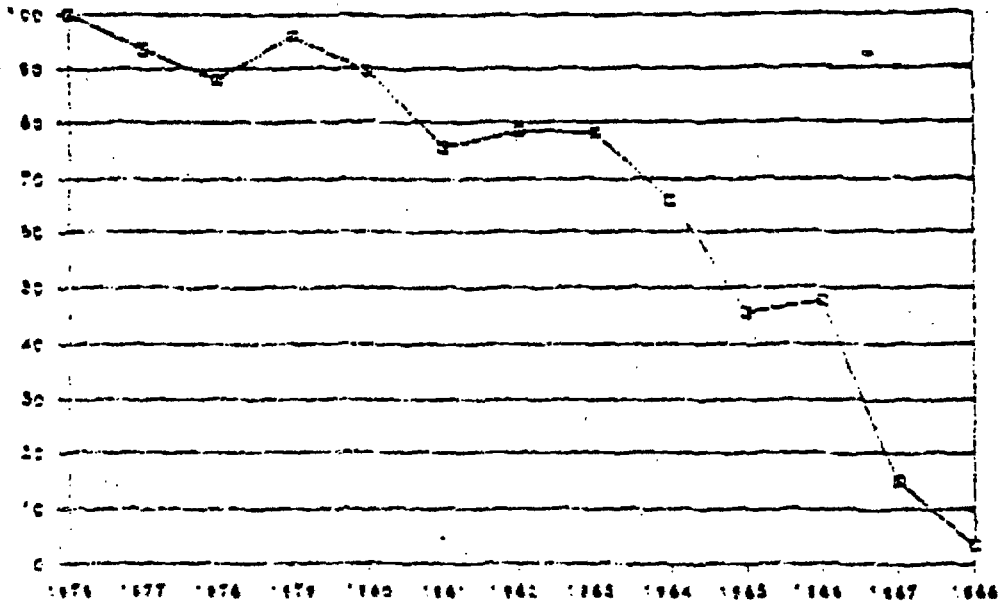
- the considerable growth in the size of commitments over the period continued in spite of large drops in relation to the previous year in 1978, 1982, 1985 and 1988 (see chart 6.3.);
- the percentage of studies and technical assistance schemes increased after 1987 and of administrative costs after 1979. Since 1983, the sum of these two items has stabilized at around 2%, without ever going beyond that.

Chart 6.3. COMMITMENTS, 1976-88
(million ECU)



6.16. Chart 6.4 overleaf gives trends for the 1976-88 period in payments made by 31 December as a percentage of commitments for the year (all types of operation).

Chart 6.4. TOTAL PAYMENTS AS A PERCENTAGE OF ANNUAL COMMITMENTS,
1976-88



6.17. For practically all commitments over the 1976-88 period, 70% of project payments were made before the fifth year after start-up. So overall, in all but the odd case, the financial and technical aid operations in the developing countries of Latin America and Asia were settled within reasonable time limits. The average total payments for projects according to the number of years following the commitment are set out overleaf (table 6.9.).

**Table 6.9. PERCENTAGE OF AVERAGE TOTAL PAYMENTS
ACCORDING TO NUMBER OF YEARS FOLLOWING COMMITMENT***

NUMBER OF YEARS FOLLOWING COMMITMENT	AVERAGE PAYMENTS (%)	AVERAGE TOTAL PAYMENTS (%)
0	4.4	4.4
1	18.9	23.3
2	20.3	43.6
3	11.2	54.8
4	9.9	64.7
5	7.0	71.7
6	6.4	78.1
7	3.4	81.5
8	1.7	83.1
9	2.3	85.4
10	1.6	87.3
11	-6.5	86.5
12	0.0	86.5

* calculated in the light of Annex IV.

6.18. Table 6.9 is illustrated in charts 6.5. and 6.6. overleaf. It emerges that, on average, not including the year of commitment, half the payments for financial and technical aid programs had been carried out by the end of the third year. These results confirm the observations of previous years. However, these are average values which mask the complex reality linked to the very nature of the projects and the difficulties encountered in implementation - which can in fact take between two and eight or even 10 years:

Chart 6.5. AVERAGE PAYMENT OF COMMITMENTS
BY CALENDAR YEAR, 1976-88

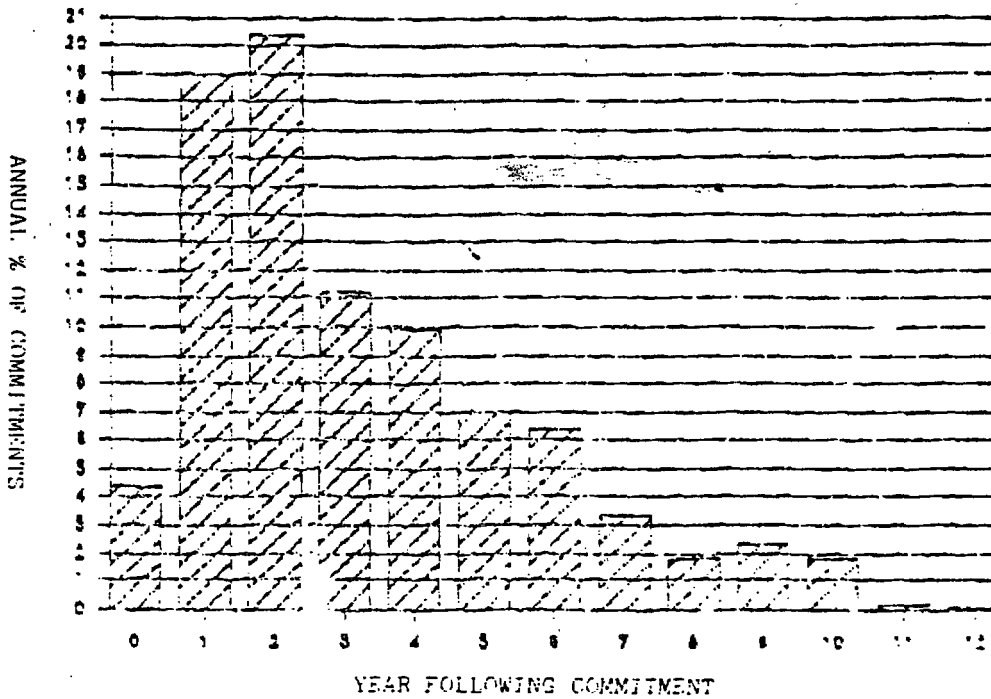
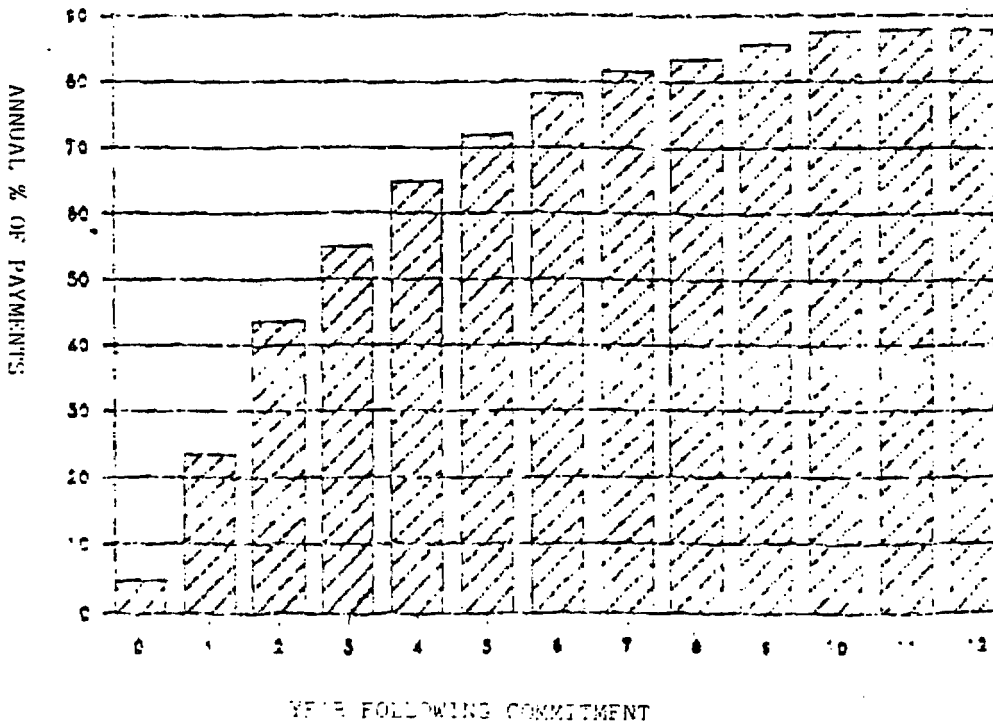


Chart 6.6. AVERAGE TOTAL PAYMENT OF COMMITMENTS
BY CALENDAR YEAR, 1976-88



F. Recapitulation of projects completed between 1976 and 1988

6.19. Table 6.10. recapitulates projects completed by 31 December 1988, giving amounts and numbers for Latin America and for Asia. It can therefore be seen that, for the whole period 1976-88:

- 34% of the total number of projects financed had been completed (125 out of 364);
- these 125 completed projects represented 37% of the value of all funds committed (to be compared with the overall rate of payment of 53%).

Table 6.10. RECAPITULATION OF PROJECTS COMPLETED
(NOT INCLUDING AGRICULTURAL RESEARCH),
1976-88
(million ECU)

	ASIA		LATIN AMERICA		TOTAL		% OF TOTAL COMMITMENTS	
	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER	AMOUNT	NUMBER
	OF PROJECTS		OF PROJECTS		OF PROJECTS		OF PROJECTS	
TOTAL	630.89	88	101.69	40	732.58	125	37.13	34.34

* Total commitments: 2134.7 million ECU for 364 projects.

G. The case of low-income countries

6.20. According to the standard definition, low-income countries are those with a per capita GNP of less than US\$425, 1987 being taken as the reference year (chapter II, table 2.1.).³ This definition also refers to countries called least developed (LLDCs).³

6.21. The Community's financial and technical cooperation with the developing countries of Latin America and Asia covers a total of 42 countries with a combined population of 3400 million. And 15 of these (the only one in Latin America being Haiti), with a population of 2333 million and an average per capita income of less than US\$425, received 1.068 million ECU, or 52% of this aid, between 1976 and 1988. Although South Yemen has a slightly higher average income, it is included nonetheless, as it meets the LLDC criteria, and has had one aid project for a disaster. The other 27 LAA countries, with a combined population of 1167 million, received 993 million ECU over the same period (see table 6.11. and chart 6.7.).

³ The least developed countries as defined by the UN in the light of various criteria (income, education, industrialization as a percentage of GNP and political situation). They are Afghanistan, Bangladesh, Butan, Laos, Maldives, Nepal, North Yemen and South Yemen.

⁴ Although South Yemen has a slightly higher income, it is still in this category because it meets the LLDC criteria.

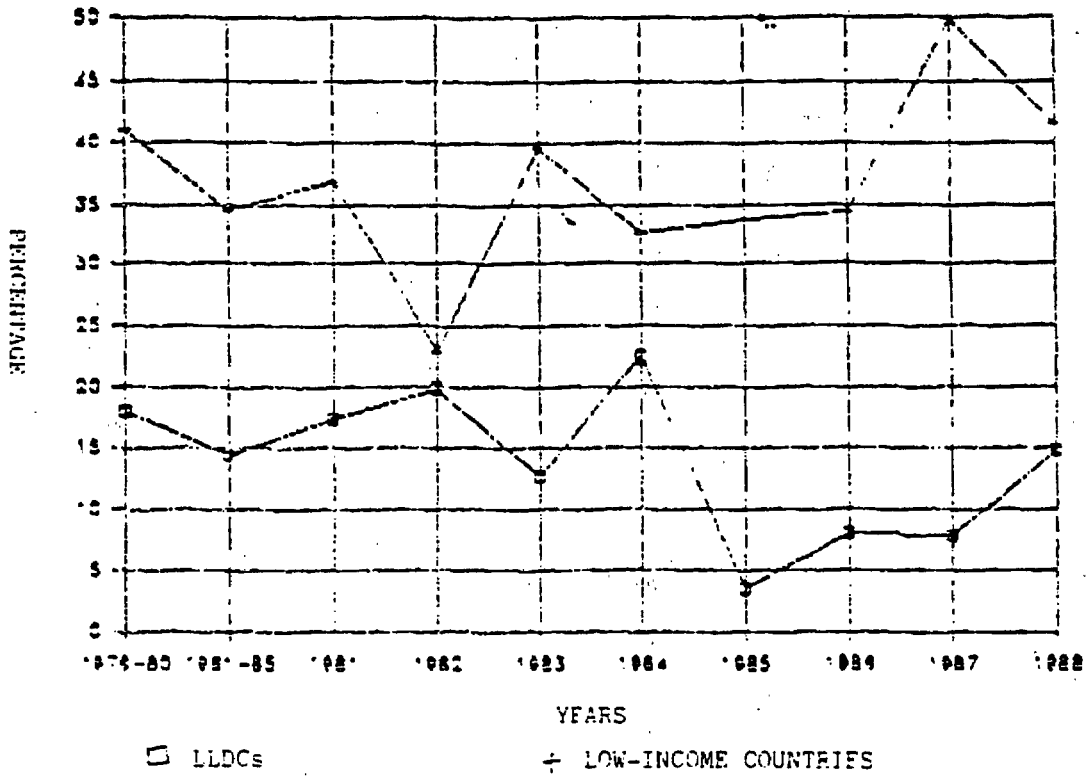
**Table 6.11. RECAPITULATION OF FINANCIAL AND TECHNICAL COOPERATION
WITH THE LLDCs AND LOW-INCOME COUNTRIES
1976-88
(million ECU)**

COUNTRY	POPULATION (million)*	Per capita GDP (US\$)	1976-	1981-	1986	1987	1988	TOTAL
			1980	1985				
LLDCs								
AFGHANISTAN		90	1.00	-	-	-	-	1.00
BANGLADESH	105.9	160	32.70	63.00	-	16.48	28.70	132.88
BUTAN	1.3	150	-	9.00	-	-	3.40	12.40
BURMA	38.4	87	5.50	8.00	-	3.45	6.50	17.55
LAOS	3.8	150	4.10	1.20	5.50	0.40	5.50	11.70
NEPAL	0.2	300	0.50	1.70	-	-	-	2.20
NEPAL	17.4	160	5.20	15.80	-	2.71	-	23.71
NORTH YEMEN	2.3	420	3.10	16.45	7.50	-	-	27.05
SOUTH YEMEN	2.4	580	-	2.50	-	-	-	2.50
SUB TOTAL ASIA	177.7		52.50	137.69	13.00	17.04	36.10	256.33
HAITI	5.5	330	12.30	8.10	5.85	-	-	26.25
TOTAL LLDCs	183.2		64.80	145.79	18.85	17.04	36.10	282.78
TOTAL AID			363.56	1004.30	235.00	216.75	241.56	2051.32
LLDCs AS % OF TOTAL AID			17.95	14.50	8.02	7.86	14.94	12.74
LOW-INCOME COUNTRIES								
CHINA	1066.7	350	-	12.00	5.15	6.35	8.60	32.10
VIETNAM	65.0	87	5.40	-	-	-	-	5.40
INDIA	757.1	300	57.30	262.50	67.77	51.10	70.61	550.32
PAKISTAN	102.8	350	24.30	52.50	7.80	25.60	16.00	126.20
SEI LANKA	18.4	400	24.70	20.00	-	25.00	-	69.70
TOTAL LOW-INCOME COUNTRIES	2040.6		146.7	347.0	80.7	135.1	190.3	754.7
TOTAL AID			363.56	1004.30	235.00	216.75	241.56	2051.32
LOW-INCOME COUNTRIES AS % OF TOTAL			40.00	34.55	34.54	49.65	41.45	25.60
LLDCs-LOW-INCOME COUNTRIES AS % OF TOTAL			58.80	49.07	42.36	57.71	56.42	51.51

IF No figures

* Source: World Bank Atlas 1988 (1987 data).

**Chart 6.7. AID TO LLDCs AND LOW-INCOME COUNTRIES,
1976-88 (%)**



6.22. The aid which the Community provided for the low-income countries over the 1976-88 period totalled 0.50 ECU per capita, on average. Excluding China (which has just acceded to Community aid and, above all, to technical assistance), the 14 other low-income countries, with a combined population of 1 165 million inhabitants, received an average of 0.89 ECU per capita. The remaining 27 countries, with an average per capita income of more than US\$ 425, received an average of 0.85 ECU per capita.

6.23. The 10 countries in the LLDC category received 283 million ECU or an average of 1.55 ECU per capita. The four low-income countries (excluding China) received an average of 0.77 ECU per capita.

6.24. The above figures show that, as in the special case of China, the aid granted over the period tended to go to the neediest, as provided for in the general guidelines. In particular, the LLDCs received almost twice the amount per capita as went to the other recipients. The difference between the whole of the "poorest" category and the others is, however, fairly small. This can mainly be explained by reference to India, which, as chapter II (2.5.) said, can be considered with China to be a special category of developing country.

6.25. The poor countries and the LLDCs in particular now seem to have problems with absorbing and utilizing the aid. This is why the Community has begun and is continuing to gear its aid towards better preparation of projects and programmes and is aiming to:

- i increasingly direct support for these countries to technical assistance and institutional back-up schemes which are a prerequisite of the socio-economic development;
- ii attach greater importance to the organizational and structural aspects of project management, including improvements to management capacity;
- iii use the possibility of financing infrastructure projects which are duly warranted in their general development framework (cf the annual general guidelines for 1988 and 1989).

VII. QUALITATIVE ANALYSIS OF FINANCIAL AND TECHNICAL COOPERATION
WITH THE DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA, 1976-88

7.1. The Community's financial and technical cooperation with the developing countries of Latin America and Asia is at various geographical levels (world, regional and national) and in various sectoral and generic (or horizontal) sectors common to all recipients.

The systematic review of the main types of financial and technical cooperation schemes financed inevitably leads to a certain grouping together or even duplication of schemes and so sectoral schemes of the same type are financed both at regional and national level.

A. Agricultural research

7.2. Agricultural research is a major factor when it comes to boosting rural production, raising peasant incomes and reducing the risks inherent in an economic activity that is closely tied up with the natural conditions.

7.3. The research which international institutes carried out just after World War II was mainly into basic food products. They made a considerable contribution to the green revolution which resulted in an increase in production and self sufficiency in cereals in a large number of developing countries. There are still large gaps in the dissemination and adaptation to the local level and to the conditions of the small producers.

7.4. It was through its financial and technical cooperation with the developing countries of Latin America and Asia that the Community was able to participate in this, since nothing was provided for in the preferential agreements with the ACP or Mediterranean countries.

7.5. Since 1976, several agricultural research units in the Consultative Group on International Agricultural Research (CGIAR)¹ emerge every year among the recipients of this kind of Community cooperation. They are ICRISAT in India (Hyderabad), which is specialized in arid zone crops, IRRI in the Philippines

¹ Technical secretariat FAO and financial secretariat IBRD.

²

- ICRISAT = Institute of Crops research in the Semi-Arid Tropics
- IRRI = International Rice Research Institute
- CIP = Centro internacional de la Papa
- CIAT = Central internacional de Agricultura Tropical
- CIAMYT = Centro Internacional de Mejoramiento de Maiz y Trigo
- ISNAR = International Service for National Agricultural Research

(Los Baños), which specializes in rice, the CIP in Peru (Lima), which specializes in potatoes, and the CIAT in Colombia, which specializes in tropical crops. And there is ISNAR in the Netherlands, which specializes in transferring the results of research from the international institutes to the national research structures in the developing countries, and, a more recent arrival, the CIMMYT in Mexico (Mexico City), which specializes in wheat and maize crops.

7.6. Although these institutes are located in specific countries, they have always been considered as being of international interest - i.e. of being beyond the scope of the developing countries of Latin America and Asia alone. The sum of financial resources to all these international institutes over the 1976-88 period was 60 million ECU.

7.7. The Community support consists of a financial contribution (a grant) to the common research budget of a maximum of 10% of the budget of each of the institutes so as not to create any links of dependence with the Community. This contribution is channelled into research activities which are part of the usual programmes in the institutes and covered by their annual reports. It became clear very early on that this was the only realistic approach in the research sphere and better than having Community contributions tied to particular research projects, with all the programming and management problems that this would have entailed for the recipients.

7.8. It is difficult to say exactly what the specific result of Community financing has been. However, two things are clear:

- First of all, the Community contribution is at a critical threshold making it possible to continue with research that is still very important to the developing countries - in spite of and maybe because of the green revolution, the results of which have been of greater benefit to the big producers than the small.
- Since the Community contribution is added to the contribution of several of the Member States, the Community in the broadest meaning of the term has become one of the biggest donors and, thanks to the coordination which it has been possible to achieve around the Commission, it can influence the direction in which things move.

Total requirements in 1988 (million ECU)	77.7
EEC financing	6.9
Member State financing	14.3
Sub-total for the Twelve	21.2

7.9. In addition to this, various specific research schemes geared to particular problems have been run, at regional level in particular. They are worth 23 million ECU, which brings the percentage earmarked for this kind of scheme to 4% of total commitments. Two of these projects are worth mentioning. One is

for the Andean countries, involves adapting varieties of wheat and maize and is being directly run on a decentralized basis by one of these international centres, the CIMMYT. The other, in Central America, aims to integrate and improve these countries' drive for better development of their peasant production of staples and will be run by the region itself.

7.10. In addition to this specific financing, there are very many rural development projects which also have a component involving applied agricultural research or the adaptation of varieties.

B. Regional cooperation

7.11. Although "participation in regional projects" is provided, in the terms of Regulation 442/81 on financial and technical aid to non-associated developing countries, only as "a subsidiary form of action", it has always been an important aspect of the Community's support for the development drive of the countries of Latin America and Asia. As we have seen, in quantitative terms, 10% of all commitment appropriations over the 1976-88 period went to regional schemes, in different proportions, it is true, to Latin America and Asia - where respectively 35% and 3% of the funds allocated to these regions went into regional operations. This very marked difference between the two continents is caused by a number of things, the main ones of which are linked to the size of the population in the recipient countries and, therefore, the size of their internal markets and to the political will of countries in the same region to combine their efforts.

7.12. The range of regional projects, from the simplest to the most sophisticated, includes schemes of common interest to more than one country, sectoral projects of interest to a set of countries in the same region or continent and projects generally associated with a sub-regional group of countries which have to run regional integration operations when they are trying to set up a consolidated socio-economic-political unit in the long run.

7.13. The Community's support for regional projects crystalized to the benefit of three well-known sub-regional units - ASEAN (Thailand, Philippines, Indonesia, Malaysia, Singapore and now Brunei) in Asia, the Andean Pact (Peru, Bolivia, Ecuador, Colombia and Venezuela in South America and the Central American Common Market (Honduras, Nicaragua, Costa Rica, Salvador and Guatemala). Non-preferential cooperation agreements have been signed, in succession, by the Community and ASEAN, the Andean Pact and the countries of Central America, in the latter case with the inclusion of a sixth country, Panama. Generally speaking, the Community presence involves technical and financial support for pre-investment projects and programmes, including one-off expert assessments, diagnosis, sectoral studies, general planning and technical assistance (institutional support). Development projects have also been financed on an exceptional basis. A chronological presentation of EEC-financed schemes in these three sub-regional units is set out in the annex.

ASEAN

7.14. With ASEAN, the Community has always been up against the fact that there is no real common executive structure to facilitate the institutional and technico-administrative establishment of the projects.

7.15. In spite of the complexity of the machinery involved in approving ASEAN projects, the regional cooperation programme serves as an anchor for long-term schemes in what are deemed to be priority sectors when it comes to strengthening the Community's ties with the countries in this region of rapid economic expansion. So regional cooperation is geared to the sectors of industry and technology (60% of the aid - 18 million ECU). The schemes are concentrated in the field of industrial norms and the attendant technological development with European operators. They are to be intensified and extended to telecommunications and technical and industrial training. Other fish farming and fisheries (26% of the aid) and storage and food processing projects are also the opportunity for Community operators to strengthen their relations with ASEAN.

Andean Pact

7.16. The Andean Pact has gradually set up efficient community institutions similar to those in the European Community. They include the JUNAC (Junta del Acuerdo de Cartagena), which is the organ of technical and administrative integration, like the Commission in the EEC, and in an excellent position to channel the Community's financial and technical cooperation to help the regional integration drive of its five members. Although the integration process is a laborious one, greater political cohesion is now in view both inside and with the outside world.

7.17. The Community presence in respect of the JUNAC is therefore appreciated. The EEC is the Junta's main external funder and has made it possible to run major pre-investment programmes in the development sphere in rural, industrial and energy sectors. These schemes, which have an obvious snowball effect as potential triggers of further action, have made a significant contribution to the integration cause. In particular, they have improved the extent to which the JUNAC can prepare and propose measures to redirect the integration process - which have recently led to the adoption of the Protocolo Modificadorio de Quito to the Cartagena Agreement setting up the Andean Pact.

7.18. Total aid to the Junta over the period 1979 to 1988 was 42 million ECU, divided as follows - rural sector 42%, wood 24%, food technology 8%, economic and industrial planning 24% and energy 2%.

7.19. Lastly, alongside this support for the Junta, the Andean countries have also had:

- Community support for a sectoral organization (ASFTA) which combines the five Andean Pact countries in the telecommunications sector.

- The preparatory studies are in fact already under way with Community financing and they should mean that an Andean telecommunications satellite can be launched in 1990. This will be an instrument of integration par excellence, bearing in mind the geographical scale and complex relief of the sub-region, particularly the rural areas;
- Community support for three countries (Peru, Ecuador and Colombia) of this region to help with reciprocal fishing interests with a view to cooperating on a better understanding and rational exploitation of the common Pacific seaboard.

Central-American Common Market (CACM)

7.20. The Central American Common Market began receiving Community support at the time it was going into a serious decline. Institutionally speaking, the SIECA was no longer any more than a symbolic secretariat and the CACM was only kept alive by one or two of its satellite institutions such as the regional economic integration bank (BOIEP) and its nutritional (INCAP) and industrial (ICAITI) research institutes. After a decade of expansion, these countries' economies were undermined by the world recession which had cut their external export earnings dramatically and caused a financial crisis. And since this meant the balance of intra-regional transactions could not be paid, it in turn blocked trade and reduced industrial production, which had been built up in the light of the Common Market, to practically nothing.

The Community's approach to financial and technical cooperation in this sub-region had long been geared primarily to each of the member nations. Then, the signing of a non-preferential cooperation agreement between the Community and Central America (including Panama and the five CACM countries) revealed the Community's desire to cooperate to promote regional integration - a necessity for this narrow market of 55 million people. The political dialogue set up alongside this Central American agreement will have contributed to the internal search for a solution to the very considerable political, social and economic problems facing the countries involved.

7.21. There is no doubt about the drive to restore peace to this region, in spite of the fact that the situation there is still extremely delicate. Yet this is a sine qua non of the lasting success of the major financial efforts which the EEC has made for this region over the past few years.

7.22. Regional cooperation has been positive overall. At the same time as providing direct Community support for the countries in these sub-regional organizations, it boosts their drive for regional integration (this is the case of the Andean Pact and the CACM) and, to a lesser degree their regional collaboration (as in the case of ASFAN).

930 - Financial and technical cooperation (million ECU).

YEAR	ASEAN	CENTRAL AMERICA	ANDEAN PACT ³
1976	-	-	-
1977	-	3,60	3,60
1978	0,60	2,80	2,70
1979	0,30	1,60	0,30
1980	-	2,70	2,00
1981	7,10	1,60	5,03
1982	0,03	3,20	2,68
1983	7,50	1,40	6,06
1984	-	20,00	7,26
1985	-	22,65	7,00
1986	12,42	2,90	3,00
1987	-	22,00	0,10
1988	-	36,80	15,00
TOTAL	27,95	121,25	55,23

C. Reconstruction and the prevention of disasters and their effects

7.23. It is usual for needs to fall into three phases in the period following a disaster. There is immediate survival to begin with, an intermediate phase and a reconstruction phase and the range of Community instruments responds to them by, respectively, emergency aid and emergency food aid, aid for refugees and displaced persons and reconstruction and prevention schemes. As already explained, there is a special reserve for this in the financial and technical cooperation funds and the size of it, generally between 6% and 10% of total commitment appropriations, has been laid down in the annual guidelines.

7.24. These schemes usually involve rebuilding infrastructure (dams, roads and hospitals) destroyed in disasters, building protective infrastructure (dykes against flooding) and setting up infrastructure and equipment to prevent or reduce the effects of disaster (radar to predict a hurricane, for example). These structural schemes are, by definition, non-programmable.

³ Inside and outside of the JUNAC.

7.25. Over the 1976-88 period, financial and technical cooperation was an opportunity to help with this problem with a total of 120 million ECU (49 projects). The approach was essentially that of contributing by running specific reconstruction and disaster prevention projects, including operations to reduce human and material losses. Although the actual and anticipated results seem satisfactory, this approach is a very slow one, since financing for a project cannot be decided before an analysis and a technical plan are available and implementation tends to take several years, even when exceptional efforts have been made by the Commission (e.g. the hospitals in Mexico and Salvador). In cases where the work was absolutely essential to get the situation righted, an alternative solution had already been set up before implementation of the project began. So alternative methods were tried in some cases. This approach is worth extending and developing to improve the effect, although the traditional approach is still valid in other cases.

D. Rural development

7.26. Rural development projects (in the broadest meaning of the term) include a wide range of projects which are difficult to codify strictly into sub-sectors. Many of them in fact combine several complementary activities, covering such things as productive activity, production support and social action. Rather than authentic integrated rural development schemes, in which the considerations of sectoral policy that are so important for coherence are set aside, what we have is global rural development, in that these projects cater simultaneously for needs connected to the living conditions and the income of the rural populations. The main types of projects and programmes are reviewed below and an indication is given, in each case, of the approximate relative importance in terms of number of projects and global volume of financing over the 1976-88 period.

Production projects

7.27. Projects mainly concerned with production, which still also tend to deal with aspects of marketing, cover:

- agriculture (rice, tea, oilseed, rubber, cotton etc production). A total of 23 projects representing 166 million ECU (average financial contribution from the EEC about 5 million ECU) were financed, primarily in Asia and often in cofinancing with the Member States;
- fisheries (artisanal and modern sea fishing and fish farming). A total of 24 projects involved a total Community contribution of 95 million ECU, roughly two thirds of it for sea fishing and a third for fish farming, the latter being mainly in Asia;

- herding (dairy cattle, sheep and South American Camelidae), with six specialized projects representing total Community financing of 35 million ECU, mainly in Asia. The contribution to this sector is small, no doubt because of its great complexity. Of course, in addition to this, there are many other composite projects with herding components (e.g. rural microproject programmes on the Andean highlands);
- forestry (applied research, pilot plantations and commercial plantations) with a view both to exploitation and the anti-erosion campaign (protection of the heritage). The Community contribution ran to 17 projects in this sub-sector, representing 40 million ECU, 50% of it for specialized plantation schemes in Asia.

7.28. More precisely, the projects linked to research into tropical wood, industrial promotion of timber as a construction material and training tend more to be regional schemes (Andean Pact and ASEAN). The plantation projects proper tend to be localized in the Indian sub-continent and there has been one project in the Andes (covering several thousand hectares), in cofinancing with one of the Member States. Furthermore, many rural development projects (including the microproject programmes) have meant that hundreds of thousands of trees have been planted to combat erosion and protect the heritage.

Agricultural production

7.29. One much larger category of development schemes, primarily involving agricultural production but not linked exclusively to one production, includes a wide variety of projects with a number of components relating to production, marketing, production support infrastructure, credit, training and social action. There are 44 projects in all in this category, representing a financial contribution from the Community of a total of 212 million ECU. This set of projects includes the most conventional rural projects, including the integrated rural development schemes. They have tended to be focused on the small producers and the two other categories illustrated above and the aim has been to support the traditional communities and the agrarian reform. These, overall, have had 404 million ECU - 23% of the aid granted to these countries.

Irrigation and drainage projects

7.30. The projects aimed at constructing irrigation works and drainage systems account for a major part of the financial and technical aid and the main sector of physical infrastructure.

All in all, 40 projects have been financed here, for a total volume of 345 million ECU or about 17% of the total commitment appropriations or 18% of the funds allocated to these countries.

Communications infrastructure

7.31. Another category of projects contains communications infrastructure, paths to open up isolated areas and secondary roads so resources can be capitalized on (supply of inputs and the marketing of products) and the populations hitherto cut off can accede to the better-off areas. A total of 10 projects (for 100 million ECU) were financed over the period in this sector. There were also a number of composite projects which usually included a section on communications or other production or production support infrastructure.

Commodity aid

7.32. This type of programme was used relatively broadly over the period in question. A total of 17 schemes representing Community financing of 169 million ECU (21% of all aid to these countries) were decided on.

7.33. However, in view of the general policy of placing direct emphasis on certain aspects of development, this was mainly a piece of financial machinery to transfer resources when the Community had to cover a large amount of the local costs of the projects it financed.

So this programme was an opportunity to add a rapid effect on the recipient country's balance of payments to the anticipated development effects. It goes without saying, in a context like this, that the essential thing to bear in mind is the desire and the ability of the country in question to ensure that the counterpart funds representing the exact value of the goods received are set up and to guarantee that they are available to meet the needs of project implementation.

7.34. India is the country to have benefited most from this machinery (with nine schemes worth 169 million ECU), because, since it can produce almost all the materials and equipment needed to run projects in the rural sector locally, the Community had virtually only to finance the local currency costs.

7.35. The other countries in which this system was used to a lesser degree were those of Central America (in particular, for a batch of projects decided on in 1962), Asia, Thailand, Bangladesh and Nepal.

In Thailand, unlike the other countries, the products supplied were used directly in the projects - which were programmes of agricultural credit supplied in kind.

7.36. The main products supplied were chemical fertilizers and, to a lesser extent, pesticides and other (particularly chemical) products used in industry. In one case, vegetable oil was supplied.

One of the constraints was in fact that of identifying products which could feature in this sort of programme. The country has to import large quantities regularly, the products have to be available on the Community market and they have to be able to be delivered in the recipient country at a price that is no higher than the price of imports from other sources. Lastly, the import and distribution channels whereby this commodity aid can be absorbed without any major difficulty have to be available locally.

This considerably restricts the possibilities. In India, for example, the self sufficiency which has almost been achieved in nitrogen fertilizer has very much reduced the volume of aid channelled into this area.

In Central America, the commodity aid which the Commission decided on for Costa Rica and the Dominican Republic had to be dropped, as proper import channels could not be found in countries where the volumes imported are relatively small and the import and distribution sector is entirely private and fairly scattered.

Generally speaking, the supply of manufactures, spare parts, equipment etc was fairly difficult because of the countries' need to ensure a degree of standardization. The usually small amount of aid the Community could offer each country and the need to open the call for tender to all the Member Countries.

7.37. The experience was a positive one overall. The two problems which cropped up in some cases had to do with inflation, which considerably eroded the value of the counterpart funds and the recipient countries' inability actually to put the counterpart funds at the disposal of the project at the right moment.

Industry

7.36. As mentioned on a number of occasions, the financial and technical cooperation was essentially concentrated on the rural sector in the broadest sense of the term.

However, the industrial sector was not left out and a total of something like 81 million ECU was channelled into this sector. Regional cooperation was the first to be involved, with about 13 programmes backing the thinking on creating laws and a framework that were favourable to industrial development and regional integration, plus an important programme for S.M.I.-S.M.I. in Central America.

And the fact that several countries found it impossible to absorb all the labour force in the rural areas in agriculture led the Community to finance agro-industrial projects and schemes to support small and medium-sized industries located in rural areas. Only a few schemes have been financed so far, but others are being examined.

Themes

7.39. These same rural development projects can be divided up according to theme - food strategy-security, for example, associated industries, agrarian reform, self-reliant rural development in the traditional rural communities, health and hygiene and rural credit facilities.

Food strategy-security

7.40. Reducing food dependence in the countries and sub-regions is a theme which has always had the firm support of the Community. Two sub-regions, the Andean Pact at the level of the JUNAC and the CACM via an ad hoc structure, the CADESCA, are currently working seriously on food strategy-security. This not only involves analysing the whole chain (production, processing, marketing and consumption) of the main commodities (cereals, oilseeds, meat and milk), but coming up with regional price, import and buffer stock creation policies and managing these policies. All in all, there were seven projects, worth 31 million ECU, here, mainly in Latin America.

7.41. It should be noted that food strategy seminars have been run in Bolivia and, more recently, in a country such as Bangladesh⁴, which is extremely dependent on international aid, food aid especially, and had the merit of itself making its cadres and decision-makers aware of this worrying structural problem. The Community is particularly concerned with meeting this sort of need and even with encouraging awareness on the subject.

7.42. This is coherently completed by considerable support for grain storage infrastructure, particularly in the densely populated countries of Asia. A total of 10 storage infrastructure projects (21 million ECU), completed by projects to do with cereal seed products (eight projects worth 46 million ECU) and harvest conservation (five projects worth 10 million ECU).

Support for agrarian reform

7.43. In Central America and Hispaniola, after the financing of conventional projects from 1977 onwards, financial and technical cooperation gradually focused, especially after 1980, on support for the application of the laws on agrarian reform. The idea was to help the recipient Governments and peasants in countries where such laws existed but were poorly applied or not applied at all show that applying them could work towards three main aims - an increase in the national production of the staple cereals (modern farms going in more for cash and export crops), achievement of a proper income from small but viable exploitation structures

⁴ Although this was financed under the training instrument.

and a reduction in social tension via better land distribution. This theme enabled the Community to have an original and much appreciated presence in Central America and, to a lesser extent, in the Andean region and a few countries of Asia. A total of seven projects were run here with Community financing of 74 million ECU.

Traditional rural communities

7.44. After financing conventional projects in the Andes in 1976-80, the Community then (1982 onwards) concentrated on projects offering support to the traditional rural communities. This involved schemes which were new from various points of view.

7.45. The target populations were the most under-privileged rural marginals on the highlands (about 4000 m altitude) in particularly difficult ecological conditions. The fields of operation were totally decentralized among these populations, as indeed was the decision-making, thanks to the programmes being organically attached to units, the Regional Development Corporations, which were themselves decentralized in the departments. The schemes here were rural and other microproject programmes (combining a multitude of varied, complementary and coherent operations) connected with both social and productive aspects and aimed at preserving the heritage. Such schemes are decided on locally with the ultimate recipients and all the operations and activities, micro-infrastructure, credit facilities and training depend for rapid implementation on the closely-knit social fabric of the traditional rural communities and on the solidarity of their members. These programmes tend to be in two distinct, successive phases:

- the first, generally short phase lasting three years and aimed at setting up basic, social and productive micro-infrastructure, plus production back-up activities (technical facilities, supervision, credit, inputs and training). This is called the rural microproject programme;
- the second, the rural autonomous development programme, pursuing one or two infrastructure works not completed during phase one, but on a selective basis, concentrates on systematic training schemes for all levels (technicians, supervisors and peasants) involved in production and on peasant organization with a view to cutting the rural communities' dependence on the authorities. The main characteristics of the organization and management of these programmes are the specific structure, the joint management (national and expatriate co-direction), the autonomous implementation and utilization of means and the total decentralization of the decision-making. The flexibility needed for this very diversified type of operation and the performance which has attended it are very largely behind its success and the peasants are its greatest

promoters. There were 12 schemes of this type over the period, representing a Community contribution of 112 million ECU. Schemes of this sort were recently run in the Philippines and Guatemala.

Health and hygiene

7.46. Health and hygiene are another field to have benefited from financial and technical cooperation. First of all, there are many rural development projects involving a range of activities which have their health (small items of health infrastructure) and hygiene (drinking water, latrines and waste water) components. Some projects, in Honduras and Pakistan, for example, were solely concerned with drinking water supplies (wells and small distribution networks) and waste water drainage, always with the relevant education campaigns. At regional level, the Central American countries had a vast child health education project which was cofinanced with one of the Member States and an international organization. General hospitals in towns were financed solely from reconstruction after disaster funds. A total of 23 projects (and 113 million ECU of Community financing) were run in this field.

Rural education

7.47. Practically all the projects and programmes financed, other than a small number strictly concentrated on infrastructure, generally in cofinancing or as a first phase of intervention, contained a large training component for peasants, supervisory staff and, very often, higher management staff.

7.48. There were also specific conventional-type training projects, also involving creating infrastructure, which were financed in countries where such action was a development priority. They tended to relate to schools of vocational training at various levels. In one case, the extension of primary education in rural areas was also covered. A total of 23 projects were financed here, representing a contribution of 164 million ECU.

Cooperatives

7.49. One important field to have had sustained support from the Community is that of the cooperatives, which, alongside the small and medium-sized firms, constitutes one of the most innovative and dynamic ways of organizing production which is particularly well-suited to the developing countries, whether it be in the rural sector or in industry and services. The financial means mobilized, in different forms, for cooperatives and cooperative-managed projects as part of financial and technical aid represent something like 140 million ECU, spread over 20 or so projects. In terms of

finance and number of projects, the main recipient here was India, where the cooperative movement is one of the best instruments of the national rural development policy. In Thailand, the Community gave support to a major specific training project. In Central America, a regional programme involving strong technical assistance and a fairly large credit fund is intended to get the cooperative movements of the six nations off the ground again, harmoniously and in such a way as to make them an effective instrument of economic recovery and ensure they are independent of what can be too much official red tape.

7.50. In Latin America, there has also been a series of schemes financed by the Community over a number of years under the training instrument and geared to transferring European experience in this field. This is of particular interest to this part of the world, especially in view of its historical development and recent achievements. It has, without abandoning its social inspiration, concentrated on the enterprise of these organizations. The results obtained with very limited financial means include the improvement of the Latin American regional organizations, a European presence in the cooperative movements of practically all the countries in the region and the establishment of direct trade and industrial relations between the cooperatives of both regions.

Ecology

7.51. The protection of the environment and the natural heritage has involved a number of specialized (tree planting and anti-erosion) projects, already mentioned in the section on forests and in relation to the development and protection of drainage basins (15 projects representing a total Community contribution of 143 million ECU). This important aspect is in fact systematically included in every rural development scheme - although of course to an extent which varies in the light of total cost and the very diversified means.

Environmental protection measures should be continued and expanded to include nature conservation in the objectives of development programmes and projects, particularly in moist tropical forest regions.

Women

7.52. Only one specific project (primary training) for women in rural areas was financed - in Pakistan (18.5 million ECU). But in fact every rural development project is based on the active involvement of the family unit at the head of the rural smallholding in which the woman plays what is often a decisive part. Women shoulder specific responsibilities, in the light of the cultural features and traditions which vary from tribe to tribe, and they are carefully taken into account.

Rural credit facilities

7.53. This is also an important field, a vital one even, and systematically taken into account in most rural development projects as an essential instrument of support for production.

Several specialized projects have been run to support specialized national banks and other bodies. There were a total of 29 of these, worth 174 million ECU, including six specialized ones, mainly in Asia. This type of project has the advantage of relatively rapid payment of financing in foreign exchange (which has a beneficial effect on the balance of payments), while the ultimate recipients tend to use the funds in the form of local currency.

Technical assistance

7.54. Lastly, technical assistance and expert advice certainly count among the privileged means the Commission uses to implement its cooperation. Given its limited numbers and staff, the consultancies and the experts are vital partners in this. They are needed during the preparation of schemes put forward for financing, performing their tasks via short-term missions and expertise. It would be no exaggeration to say that all financing decisions were based on groundwork (reconnaissance mission, identification and pre-feasibility and feasibility studies) in which the Commission was at least involved, in most cases in a decisive manner.

7.55. An original and effective system of bringing in expert advice from outside has gradually been devised and it both meets the demands of the Community's tender procedures and enables the various departments to keep the delays inherent in the contract decision-making process down to a minimum. What is involved is outline contracts, signed with two groups of consultancies for each of the three distinct areas of cooperation (rural development and infrastructure; trade, industry and services; training and research). This machinery is used for the groundwork, monitoring, control and evaluation of projects and programmes.

7.56. During implementation, a distinction must be made between the technical assistance related to the running of projects and programmes during their lifetime and the short-term expert support, monitoring, control, evaluation and post-evaluation missions. The idea of technical assistance - and the size of the team will usually vary between two and 10 per project or programme - is to complement national abilities, ensure the transfer of knowledge, primarily by training instructors (especially extension workers), and advise the nationals who are responsible for the work. Just as vital as this technical assistance is the dynamism it guarantees the project through its motivation and total availability.

Since 1982, duties closely connected with the decision-making and responsibility for projects have been in the hands of the head of the technical assistance team, with the agreement of the recipient country. He, in this case, supplies technical assistance with management and often acts as co-director, alongside the national

project director. Although the developing countries of Latin America and Asia have undeniable competence and capacities of their own, experience has shown that European technical assistance is essential to the proper running of the projects and programmes. Their administrative capacities have in many cases reached saturation point when it comes to absorbing international aid and so it is difficult for the authorities to free competent people for the projects on a full-time basis.

7.57. A total of around 20 million ECU went into short-term expert missions over the 1976-88 period, mainly to prepare projects. The average cost of technical assistance as an integral part of the projects and programmes tends to vary between 10% and 15% of the total costs. So the cost over the period in question can be put at 200 million ECU at least.

VIII. SPECIFIC SUMMARY OF FINANCIAL AND TECHNICAL COOPERATION
WITH THE DEVELOPING COUNTRIES OF LATIN AMERICA AND ASIA

A. Coherence of schemes with developing country requirements and Community objectives

8.1. The above presentation of the way appropriations for financial and technical cooperation in the Community Budget are used shows that this cooperation really did meet the priority needs of the developing countries of Latin America and Asia and, over the early period, of non-associated Africa too.

8.2. As chapter two showed, these needs are all the larger in countries in the low-income group - and in the lower middle income group when, as some in Latin America do, they have many characteristics (savings and employment rates etc) similar to those in the low-income group.

8.3. Geographically speaking, these two categories contain all the developing countries to have received Community development aid - which involves, typically, the coordinated transfer of resources and know-how.

8.4. This aid was strongly concentrated on the rural sector in the broadest meaning of the term, which is fully in line with the needs of the above category of countries, all of which have the majority (and the poorest sections) of their populations working in the primary sector.

8.5. Although the amount of aid supplied by the Community so far has been relatively small and its weight on the whole development policy of the countries and sectors concerned relatively light, it has to be admitted that it has partially overcome this handicap thanks to the quality of the aid, which is entirely in the form of grants, and to the choice of schemes which meet very strong needs getting little coverage from aid from other sources.

B. Coherence of the methods of action

8.6. Developing the poorest of the developing countries in the broadest sense, raising the standard of living of the neediest sections of the population, improving food production, backing up the integration of regional cooperation among the developing countries and, as a subsidiary, laying on measures to cope with disaster are the Community aims for cooperation with the developing countries of Latin America and Asia as a response to their needs.

8.7. The types of cooperation schemes run over the reference period were altered in the light of the various objectives. Although the bulk of them were conventional development projects (including integrated rural development projects), this was in line with the desire to target the ultimate destination of the aid.

8.8. This approach does indeed seem to be the best when it comes to investments in the field of general, production and social infrastructure, as well as in the case of disaster prevention and reconstruction. It is also suitable for most development and production support schemes in the rural sector.

8.9. After projects, the most common form of Community cooperation has been programmes of schemes or microprojects, in particular as a response to the need for direct support for the peasant communities, especially the traditional ones, for their productive sectors (cooperatives, artisans and SME) and sectors such as research, health and the transfer of technology.

8.10. Commodity aid was used less often, exclusively as a way of financing the local project costs covered by the Community, whenever it could cater for particular balance of payments requirements.

8.11. However, the sectoral support programme or aid was little used, even when it was in principle compatible with the general guidelines of cooperation.

8.12. Grants were used above all for international agricultural research.

8.13. Overall, it is reasonable to conclude that the variety of methods of action was well suited to the needs of the developing countries concerned.

8.14. The preponderance of conventional-type projects and programmes did, however, include, independently of the specific problems of implementation which cropped up, relatively long periods of disbursement, so the actual effect of the aid came with a considerable delay. This resulted, overall, in an actual transfer of resources to Latin America and Asia reflecting only half the amounts committed, in spite of the urgency of the needs. What is even more striking is the fact that, over the 10 years in question, commitments and disbursements were never even equal (in 1988, only 8.1 million ECU were disbursed as against the 264 million ECU committed)².

¹ The first three years of implementation have to be considered as an experimental period.

² As already mentioned, there were many reasons for this, although the one given above is the most important.

8.15. The level of Community aid granted and, above all, the small percentage it represents of the total aid received by the majority of the developing countries concerned makes it difficult for the Community to envisage sectoral adjustment programmes. In future, however, structural schemes and programmes could be envisaged, in some cases at least, provided the Commission's economic analysis capacity is improved and broader cooperation with other funders is ensured - and, above all, schemes are realistically targeted in the sub-sectors, zones and institutions on which the combined effect of the Community's means of aid could have a real effect.

8.16. It has been said that grants (or non-reimbursable aid) are the only form of aid used in the developing countries of Latin America and Asia so far.

8.17. This choice was dictated by the three following considerations:

- the category of countries concerned, essentially the poor and intermediate ones;
- the aims of the aid, which is always directly or indirectly geared to social impact and involves financing an important technical assistance component;
- the suitability of setting up what are inevitably complex and costly structures with a view to recuperating capital and interest and any loans on varying favourable terms.

Experience seems to suggest that the choice was justified¹ and should be maintained in the future.

8.18. It should also be remembered that, in specific cases where the Community's contribution to the ultimate recipients (peasants, cooperatives and firms) has, for reasons of efficiency, been in the form of loans, it has always been easy to find ad hoc solutions whereby the resources thus reconstituted can be geared to precise development aims in the same sector, inter alia, via the creation of working capital.

C. Impact

8.19. Although only a third of the schemes financed have actually been completed so far (see chapter VI) and although a thorough evaluation of the results in terms of development was only run on a sample of about 14 projects in the agricultural sector, the Commission's information suggests that Community cooperation has had an undeniable impact. The results are not just physical.

¹ See remarks under the various headings in this report.

They have also been achieved in terms of participation and even direct shouldering of responsibility for their future by the ultimate recipients, living in very harsh conditions. There are also the positive effects of introducing ideas and different and more appropriate methods of intervention to the countries' political, administrative and technical leaders.

8.20. A large number of achievements were set out in chapter VII of this report. Below are one or two cases in which the effect of Community action was more decisive.

Support for regional integration

8.21. As already mentioned, pre-investment schemes were the main ones concerned here, although there were also a number of investment programmes and projects in both rural and industrial sectors.

8.22. Quite apart from the direct, practical results of these schemes, there is no doubt that the Community's support made it possible to improve (and even to awaken) the will of these countries and their élites to the idea of joining together to seek solutions to their specific problems. This was particularly important in that the Community is, in practice, the only aid donor to be sensitive to this and have this policy.

8.23. The effect was particularly significant in the Andean Pact, where Community financing facilitated the reorientation of regional integration efforts, and in Central America, where the main schemes financed are beginning to have direct effects on the economic operators (small and medium-sized businesses and cooperatives) and the families (in, say, the case of a child survival project). But it has also been an opportunity to launch, and even start for the first time, a direct dialogue between the political and technical leaders of the various national authorities and socio-economic circles.

Taking into account of the social dimension of rural development and the need for active involvement of the peasant population

8.24. Unlike regional integration, this is an area where the Community is not alone, because this approach is also that of, in particular, the bilateral aid from the Member States.

8.25. Nonetheless, in many cases, the Community-financed schemes represented, if not an absolute innovation, at least an essential contribution to the quest for new methods of action.

8.26. The Community has given the leaders of the developing countries of Latin America and Asia the knowledge and experience it and its Member States have acquired over two decades of cooperation with the countries of Africa and in the long history of the development of their own peasant milieux.

8.27. Both awareness and impact are particularly obvious in Latin America, where the States had intervened but little in the rural areas and where aid previously obtained from other sources had been in the form of loans and therefore geared to projects of more immediate and direct profitability. Two main models have been developed here, as indicated in Chapter VII - support for national agrarian reform laws and the programmes of autonomous development in the traditional communities.

8.28. This approach is perhaps less applicable to Asia since, particularly in the Indian sub-continent, the Governments' rural development policies are more important and more geared to small productions and the poor peasants. So Community support has essentially been a way of increasing the resources available to run these policies. In other countries, the particular guidelines of Community aid have, wherever possible, meant that projects with a social effect and involving active peasant mobilization have been able to be encouraged. For example, a programme of rural microprojects in Laos has been defined for the first time and is shortly to begin and a project in the Philippines is to transpose (with the relevant amount of adaptation) autonomous development schemes developed in Bolivia.

Preserving the natural heritage and the ecological dimension

8.29. This is a theme whose importance has only recently been recognized by public opinion and Governments, even in the industrialized world.

8.30. For the developing countries, where minimum coverage of the essential needs of an expanding population is an urgent necessity and the process of development has to be started up and maintained, the protection of the environment, a longer-term aim, cannot easily be taken as a priority when action plans are being drawn up.

8.31. Furthermore, even in the rural population directly concerned, there is often a conflict between immediate needs (food and firewood for cooking and maybe heating) and the longer-term ones of soil conservation and protection of the forest cover. Many a technically well-designed initiative has failed because it did not reconcile the short-term interests of the population with those of the immediate environment.

8.32. After participation in the early years in a number of projects devised by other donors, all the projects which the Community devised and financed in Latin America and Asia paid particular attention to relations between the peasant and his environment.

8.33. Although it is difficult to speak about the direct effects for the time being, it is clear that this constant concern in the designing of projects and programmes to support the peasant smallholders contributed to making the responsible authorities aware of what was involved and that practical schemes are being run in the field, which, if successful, will be models for the future in various parts of Latin America and Asia.

Irrigation, storage and reducing losses after harvesting

8.34. Overall, the aid granted so far as part of financial and technical cooperation has emphasized agricultural production, as has been said in various parts of this report.

8.35. It is worth pointing out here that, in purely quantitative terms, Community aid in the field of improving basic production to feed the populations will have a considerable physical effect in support of the efforts of the developing countries and the other donors, even if, in proportion to the needs, this can only be considered as a small additional contribution.

8.36. If we confine our attention to irrigation and storage, one of the major reasons for which is to reduce losses after the harvest, it emerges that the Community will have helped put about 240,000 ha (1) of land under irrigation - which is vital to better production and greater security - and build storage capacity of about 2,000,000 t (1) for staple food products.

The development of new approaches - Support for small and medium-sized firms

8.37. Although financial and technical cooperation with the developing countries of Latin America and Asia has been implemented with general aims in view and limited means available, it has still made for an open, thoroughgoing dialogue with the recipients, particularly since there was no obligation on either side to cooperate in pre-established fields in pre-established ways. This has made for great flexibility, which has, in turn, led to great creativity and different methods of intervention have been tried out. As already mentioned, the results seem positive overall.

(1) This refers to an order of grandeur based on the Community financing. These figures would be much bigger if the other donors' contributions were also included.

8.38. As an example of the success of using different approaches in development cooperation, the case of the Programme of Support for Small and Medium-sized Industries in Central America is described below. Although this scheme, which was decided on in late 1984, has not yet been completed, it has just been evaluated and significant conclusions can be drawn. The operation, costing a total of 22.67 million ECU, was financed with 20 million ECU from the Community, 2.67 million ECU from Italy and a local contribution from the BCIE and is ambitious because it aims to:

- get the industrial sector of five countries hit by a serious economic crisis and poor intra-regional trade off the ground again;
- introduce new approaches on the part of the local banking sector vis-à-vis the firms;
- bring in a SME support system offering advice on both their financing plans and the technical content of their investment plans;
- develop, homogeneously and harmoniously, the methods of action used over a region that is limited but composed of independent States which have developed separately over the past 150 years;
- lastly, step up the role of the Central American Economic Integration Bank as an institution that can encourage the process of regional integration.

8.39. The means to be deployed were:

- creation of working capital to set up a system of foreign exchange loans so that raw materials and capital goods could be imported, particularly from Europe. The management of these funds was put in the hands of the BCIE;
- European technical assistance at various levels (BCIE and the Central American banking system) with a view both to improving the working methods of the trading banks and offering the SME direct support with credit preparation, implementation and supervision;
- a programme of training and exchange of ideas in the Central American framework.

8.40. Start-up was difficult, particularly because of the time it took to negotiate with the central banks to get their guarantee as regards maintenance of the foreign exchange value of the loans granted to the firms. However, after a year's delay, the project settled well and full utilization of resources is expected before the first half of 1989. Estimates suggest that the economic impact of the project is to scale. In less than three years, 153 firms have had funds from the Programme of Support

and their employment has gone up by 29% and their sales by 40%, the patterns of trade having altered to some degree. The evaluation also stressed the need for extra funds and the point of involving other funders in the Support Programme, as defined in the Community project. This project is a model for support to the industrial sector in Central America and perhaps other countries too.

The European presence

8.41. The European presence in Latin America and Asia is one of the secondary aims laid down in the basic Regulation on financial and technical aid.

8.42. It is an area in which it can be stated unhesitatingly that the record of 13 years of cooperation has been entirely positive. This goes beyond the finding set out in other parts of this report whereby Community aid has gone to 33 countries of Latin America, Asia and Africa and to regional and international organizations working to help them.

8.43. The Commission is in a position to see that this cooperation is increasingly sought and desired by the potential recipients, be they Governments or economic and social circles, in spite of the almost total lack of publicity about what the Community does for the developing countries⁴ of Latin America and Asia in both Europe and the recipient nations.

8.44. The reasons are:

- the quality of this aid, entirely in the form of grants, which involves no constraints on the future use of the recipient's resources and makes it possible to run productive projects with a high social content, often as pilot or demonstration schemes, as a support for national policies;
- the disinterested nature of the aid which, coming from an expanding regional community which is open to the world, seems less politically tied than other bilateral aid;
- the desire to obtain European methods of action which have proved their worth - which is true of economic cooperation, as it is also of financial and technical cooperation, particularly the important part constituted by the transfer of technology;
- the finding that cooperation and aid are an efficient way of engaging and relaunching dialogue and partnership with the Community in other fields such as trade, direct investments and the coordination of positions in international fora.

⁴ A lack which should perhaps be made up for.

8.45. The Community's place amongst the aid donors is in fact clearly identified by the special features of its aid mentioned above. Although it has been relatively weak, financially speaking, so far (not just in relation to the countries' total needs but in relation to total external aid too), it has found a niche for itself, as a complement to the other aid sources - which are calling on it increasingly to take over the technical assistance and more social aspects of the schemes they plan.

8.46. There is no doubt that, in both Latin America and Asia, this role would be considerably improved by greater financial availability. This would also mean a more balanced dialogue could be run with the international aid institutions, thereby making it possible to get them to share the Community's views and avoid Community aid in the long term becoming machinery to compensate for the negative social effects of other aid (of the Central American States).

8.47. It should be stressed that the European presence in Latin America and Asia is not confined to schemes run at Community level. It is in addition to the cooperation of the Member States - which for several of them comes before and in one or two cases quantitatively exceeds - that of the Community. The two are complementary and mutually supportive both in terms of presence and operation, since the Commission always ensure pragmatic coordination. The most obvious, but not necessarily the only practical manifestation of this complementarity is the case of the many cofinancing schemes involving Community cooperation and bilateral cooperation from the Member States.

The Commission's capacity for implementation

8.48. After the general level of resources allocated by the Community the other main factors restricting the effectiveness of development cooperation with Latin America and Asia were set out in the 11th report on the implementation of financial and technical aid with the developing countries of Latin America and Asia⁵. The main point is the recipients' capacity to run schemes and the Commission's management capacity.

8.49. Here, we should realize that the beginning of this aid in 1976 had to consider the Commission's lack of any long experience with the countries and regions of the world to which cooperation was to be extended. And the Commission had to take up a challenge - that of extending cooperation to 30 or so more countries, some of which had populations bigger than the whole of the ACP countries and represented very different cultures and historical development.

⁵ Document COM(88)715 final of 16 January 1989.

8.50. This initial handicap was overcome by using cofinancing with other funders, in which, in the early days, the Community's involvement in financial terms was often marginal.

8.51. The first projects financed autonomously tended to come up against serious problems of implementation and considerable delay and some are still not finished yet. However, there is more to it than that, since unforeseeable factors (the security problem, for example) sometimes also cropped up.

8.52. These problems were gradually overcome thanks to the experience of the Commission, which realized the need to step up the departments specially allocated to this kind of cooperation.

8.53. The staff in Brussels now has a high level of operation. But it should be emphasized that, in view of the complexity of the tasks and the ambitious nature of the aims laid down for Community political cooperation, further augmentation seems necessary.

8.54. Furthermore, the Commission, which did not initially have any offices in the developing countries of Latin America and Asia, created a network of Delegations, with direct or indirect coverage of 30 or so countries, over the period we are looking at.

8.55. Given the permanency we now have in Community cooperation in these parts of the world, further extension of the network would seem to be a good idea, as would priority on stepping up the staff allocated to it, in particular as regards the development specialists whose ranks are small compared to the monitoring needed of Community schemes in the developing countries of Latin America and Asia and to the practice of other donors and the Commission itself in other parts of the world.

IX. CONCLUSIONS AND LESSONS FOR THE FUTURE

9.1. The summary of 13 years of development cooperation gives us an overall view and enables us to draw conclusions about and learn from the Community's cooperation with the developing countries of Latin America and Asia, essentially in respect of what has been done in terms of development support in relation both to the needs of the developing nations in these two regions and to the objectives laid down by the Council and the European Parliament.

9.2. The summary should be read alongside the Commission's successive annual reports, particularly the latest one (January 1988), which contains various additional information on the whole period, with particular reference to the problems of implementation.

9.3. It will soon be supplemented by a closer analysis of the results actually achieved in terms of development by a sample of finished projects which have been evaluated. The conclusions of these examinations are already available and they were taken into consideration in the writing of this report, although there was not enough time to integrate them analytically.

A positive record

9.4. The record is positive, overall, for three reasons:

1. The Community has been able to extend its cooperation to all the developing nations of the world, going beyond its privileged relations with the developing countries of Africa and the Mediterranean. The European presence is now a reality in almost every part of the Third World - which was the Council's aim.
2. The Council's operational targets¹ have been reached. Development aid, represented by financial and technical cooperation plus the food aid implemented directly by the Commission, has thus responded to the obvious needs of the developing countries of Latin America and Asia and the neediest of them especially.
3. Community aid has been implemented effectively overall, in spite of a fairly difficult start-up period which was in part due to the Commission's lack of experience in the development countries - themselves by definition unfamiliar with Community aid.

¹ Targets set out in Regulation 442/81 and in the annual guidelines (i.e. agricultural production and the rural sector in the broadest meaning of the term, a higher standard of living for the neediest and support for regional integration).

9.5. This is clear from the interest displayed by the Governments of the majority of developing countries which are potential recipients of Community aid and its expansion and from the results recorded for various projects and programmes, both finished and at an advanced stage of implementation.

B. Four improvements to be made

9.6. There are four points to make in relation to the shortcomings and requisite improvements.

1. The main weakness in the implementation of financial and technical cooperation is the time it takes to disburse the aid. The average project or programme is only completed six or eight years after the resources are committed. This is clear from the proportion of commitments and overall payments over the period in question - barely 50%. This means that their economic and financial effect is very considerably diminished.

Sudden change is out of the question in development, certainly, but, since the Community aid is only intended to back up the efforts of the international community and the country itself, it would seem sensible to think about the possibility of supporting development in other ways.

This is not to say that we should abandon the projects and programmes in which the Community has acquired positive and sometimes original experience in Latin America and Asia, but that the percentage of schemes involving faster payment should be stepped up to make for greater impact.

The Commission will be taking the ongoing evaluations further and developing improved forms of aid whereby the aims of the existing Regulation can be reconciled with the need to increase the impact of Community aid.

2. Better integration of all the Community instruments of financial and technical cooperation should be sought. Closer ties between financial cooperation and food aid are already under way. Progress should be made, including Stabex for the least developed nations and the other instruments in the same move.

This integration is dictated by the relatively low level of Community aid in the developing countries concerned and reflects a trend the Commission and the Council hope to see in other parts of the world (the ACP States in particular).

Integration of the instruments of financial and technical cooperation and those of economic cooperation in the broadest meaning of the term is also desirable. The Community should be contributing to the economic modernization of the countries which receive its aid and the transmission of European expertise can play a fundamental part in this.

3. The same considerations militate in favour of greater coordination with the Member States and, in appropriate cases, with the international institutions.

Not only will the Community presence be increased, but it will also be possible to let the other donors know about the lessons of the experience of Community aid.

4. From an overall point of view, another fact which emerges clearly from the summary is the reduced impact, given the budgetary resources allocated to it, of the Community's financial and technical cooperation, on the development requirements of LAA developing countries and the need to maintain and promote economic and political relations between these regions and the Community.

9.7. In terms of development policy and external relations, it would be appropriate to revise the overall level of financial and economic cooperation with Latin America and Asia.

In budgetary terms, the amount available for development operations will be one of the main elements determining the overall level of aid to Latin America and Asia.

Other points to consider are population growth, and the emergence of new countries as potential recipients of food aid (although food aid as a proportion of total aid to some of the larger Asian countries is likely to fall as a result of their progress toward food self-sufficiency). It would be paradoxical if the success of developing countries in increasing agricultural production were to result in an overall reduction in Community aid, since their development needs are still enormous.

Outlook for the future

9.8. In the mid-70s, when the overall policies which still govern the activities dealt with in this document were established, the Community reasoned solely in terms of financial and technical cooperation, which was then implemented essentially in the form of development projects.

9.9. Three things have happened since then:

- 1 the Community has considerably diversified its range of instruments. Over and above the food aid which has been with us since the early 70s, development aid now includes Stabex and the LLDCs. And several instruments of economic cooperation have also been introduced. There is support

- for scientific and technical cooperation, training, energy cooperation, cooperation with the environment and fisheries, trade promotion, industrial promotion and joint investments.
2. The methods of the development aid donors have themselves profoundly developed. Over and above the conventional projects, they now finance regional and sectoral programmes, give commodity aid and help with structural adjustment (macro-economic and sectoral) programmes. The Community itself has evolved along similar lines, although this has been more apparent in the field of Lomé policy than in aid to the developing countries of Latin America and Asia, as the relative volume of Community aid made it easier to do under Lomé.
 3. The economic situation of the developing countries has itself changed over the period. Situations are more diverse, food product shortfalls are far smaller, a range of serious debt situations has appeared, the network of agreements between the Community and the developing countries of Latin America and Asia has been extended and the more advanced developing countries have increased their call for more sophisticated cooperation (science, research, industry and know-how) with the Community and for the development of joint investments. This trend is all the stronger with completion of the Single Market of 1992 on the horizon.

* * *

9.10. On the threshold of the 90s and on the eve of the Single Market, the Commission feels that the time has come for some general reflexion by the Community on the future development of all its forms of aid and cooperation with the developing countries of Latin America and Asia.

9.11. Early 1990 will see a new ACP-EEC Convention lasting five years or even longer. And the Commission will continue its reflexion on taking its relations with the Mediterranean countries further.

9.12. So, for both political and economic reasons, the ways of reinforcing the Community presence in those parts of the world with which its relations have been less organized should be investigated alongside. Thought should be given, in particular, to:

- i the network of all types of agreement with the countries of these zones which it would be desirable to improve or extend;
- ii the methods of financial and technical cooperation (in the light of the evaluation of ongoing projects) and the multi-annual approach that should perhaps be introduced;
- iii the methods and instruments of economic cooperation, particularly with the most advanced of the developing countries.

9.13. The Commission therefore proposes to put such general reflexion before the Council and the European Parliament before the end of 1989.

**Annex I. COMMUNITY COOPERATION WITH LATIN AMERICA AND ASIA,
1976-88 (million ECU)**

INSTRUMENTS:	ASIE		AMERIQUE LATINE									TOTAL GENERAL		
	1976/TOTAL		AMERIQUE DU SUD		AM. SUD (PACTE ANDIN)		AM. SUD (TRIPLEX-AM. L.)		S/TOTAL AMERIQUE LATINE					
	ASIE	AMERIQUE CENTR.	(PACTE ANDIN)		AUTRES		TOTAL REGION		TOTAL AMERIQUE LATINE					
	PAYS (REGION)	PAYS (REGION)	PAYS (REGION)	PAYS (REGION)	PAYS		PAYS (REGION)	TOTAL						
COOPERATION AU DEVELOPPEMENT :														
930	1135.77	129.10	1184.87	175.25	121.25	164.51	55.23	5.20	43.85	0.00	368.62	175.48	565.10	1949.07
92	1462.25	0.00	1462.25	166.96	0.00	86.45	0.00	21.34	13.47	0.00	373.82	0.00	373.82	1836.07
STABEX	14.56	0.00	14.56	0.00	0.00	0.00	0.00	0.00	5.13	0.00	5.13	0.00	5.13	19.99
941	70.38	0.00	70.38	25.40	0.00	31.44	0.00	30.70	5.35	0.00	96.18	0.00	96.18	166.56
TOTAL C.D. :	2903.26	129.10	2932.36	367.62	121.25	292.40	55.23	117.84	65.90	0.00	863.75	175.48	1040.23	3972.59
COOPERATION ECONOMIQUE :														
931	33.61	5.51	40.12	2.58	0.00	5.38	2.31	5.61	0.51	0.00	14.09	2.51	15.90	57.02
932	0.00	3.57	3.57	0.00	0.00	0.01	0.34	0.00	0.00	0.00	0.01	0.34	0.35	3.78
933	11.75	0.92	12.67	0.00	0.00	5.02	1.00	1.30	0.60	0.00	6.32	1.60	6.12	29.79
934	14.46	3.96	18.46	1.32	2.00	2.34	0.00	1.83	0.45	0.74	5.96	2.79	6.75	27.21
935	0.39	4.19	4.48	0.00	0.00	0.00	0.00	0.00	0.00	2.10	0.00	2.10	2.10	6.59
946	0.00	0.00	0.00	0.00	0.00	0.82	0.00	0.27	0.00	0.00	1.08	0.00	1.08	1.16
990	3.32	5.92	9.74	0.00	0.00	0.14	1.95	0.69	0.00	0.00	6.53	1.95	2.79	12.53
766	8.35	0.03	8.38	0.00	0.00	3.38	0.00	3.54	0.00	0.00	6.92	0.00	6.92	15.30
7309	13.80	0.10	13.99	0.54	0.00	0.09	0.39	0.28	0.00	0.00	9.51	0.35	9.90	23.80
7330	1.13	0.00	1.13	0.13	0.00	0.34	0.00	1.45	0.00	0.00	1.35	0.00	1.35	3.08
TOTAL C.E. :	87.47	24.94	112.40	4.57	2.80	17.52	6.55	25.61	0.97	2.84	48.67	12.19	56.66	171.26
AIDES HUMANITAIRES :														
92	59.54	0.00	59.54	5.80	0.00	3.83	0.00	2.02	1.04	0.00	12.73	0.00	12.73	72.26
926	29.71	0.20	29.91	14.60	0.00	0.00	0.00	5.97	0.00	0.20	20.57	0.20	20.77	50.66
550	119.12	0.00	119.12	6.38	0.30	5.17	0.00	2.47	1.30	0.00	15.32	0.30	15.62	134.73
949	1.95	2.12	4.07	0.00	0.00	2.44	0.00	0.63	0.22	0.19	3.29	0.19	3.48	7.55
	0.00													
TOTAL A.H. :	210.32	2.32	212.63	26.78	0.30	11.48	0.00	11.09	2.56	0.39	51.90	0.69	52.59	265.22

Annex II. COOPERATION WITH LATIN AMERICA AND ASIA,
BY CATEGORY, AND INDICATION OF THE TYPE OF AID RECEIVED FROM THE EEC

PAYS	Coop. Fin.& Techn.	Autres ⁽¹⁾ (Mio ECU)	Coop. écono- mique	Aide Humanitaire	Population 1987 (millions)
1. PMA					
Afghanistan	1.0	1.8	0.0	7.3	NC
Bangladesh	152.8	404.3	4.7	39.4	105.3
Bhoutan	12.4	0.6	0.1	0.0	1.3
Cambodge	10.0	12.2	0.0	53.7	NC
Laos	17.2	2.2	0.3	4.4	3.7
Maldives	2.2	0.5	0.8	0.0	0.2
Népal	23.5	5.2	1.4	1.2	17.0
Yemen PDR	3.5	14.1	0.0	0.8	2.3
Yemen Arab R.	27.1	15.7	0.1	0.5	3.4
Birmanie	13.4	0.1	0.6	0.2	38.4
Bhuti	25.4	36.8	0.3	2.0	6.2
2. Pays à bas revenu					
Inde	552.3	527.0	21.5	47.0	787.1
Chine	32.7	115.9	28.6	3.0	068.7
Pakistan	128.4	209.2	3.4	26.9	102.5
Sri Lanka	69.7	105.7	3.1	2.0	16.4
Vietnam	2.4	34.7	0.0	10.7	65.0

(1) Autres: Aide alimentaire (direct et indirecte), Stabex, et ONG

PAYS	Coop. Fin.& Techn.	Autres	Coop. écono- mique	Aide Humanitaire	Population 1987 (millions)
3. Pays à revenu moyen bas					
Indonésie	130.2	27.4	5.1	0.0	169.8
Philippines	54.8	25.0	9.4	3.5	55.3
Bolivie	72.9	50.3	1.2	2.1	7.0
Rép. Dominic.	18.3	5.5	0.7	0.5	7.0
Honduras	58.0	35.6	0.8	5.6	5.0
Nicaragua	38.5	122.4	1.0	9.7	4.0
Thaïlande	133.1	22.7	7.0	9.9	54.0
El Salvador	21.3	15.0	0.0	4.8	5.0
Guatemala	26.0	17.4	1.2	6.4	8.4
Paraguay	0.0	5.5	0.0	1.7	4.0
Pérou	57.5	52.9	5.2	2.2	21.0
Equateur	21.3	14.3	5.0	3.1	10.0
Colombie	8.0	9.5	5.0	4.2	30.0
Chili	0.0	47.7	0.0	0.8	13.0
Costa Rica	31.6	1.6	1.0	0.0	3.0
4. Pays à revenu moyen haut					
Brésil	0.0	18.5	7.4	1.6	141.2
Malaisie	2.0	0.3	2.2	0.3	16.6
Mexique	5.2	4.7	6.2	5.3	82.0
Uruguay	0.0	4.2	3.7	0.8	3.0
Panama	20.0	0.3	0.3	0.1	2.3
Argentine	0.0	2.6	4.9	0.9	31.4
Vénézuéla	20.0	1.0	0.7	0.0	18.3
5. N.I.C.					
Corée du Sud					42.0
Singapour	(2)				3.0
Hong Kong					6.0
					NC

(2) Dans le cadre d'actions régionales.

Annex III. PAYMENTS BY CALENDAR YEAR (million ECU)

	ANNEX CREDIT ENGAGE- CIVILE D'ENGAG. KENTS		Paiements dans l'année civile																				TOTAL	K				
	1977	X	1978	X	1979	X	1980	X	1981	X	1982	X	1983	X	1984	X	1985	X	1986	X	1987	X			1988*	X		
1976	20.00	20.97	6.3	30	3.3	16	4.0	19	1.3	6	2.1	10	1.4	7	2.0	10	0.3	1	0.1	0	0.0	0	0.0	0	0.01	0	20.8	99.4
1977	45.00	43.83	-	-	4.5	10	6.2	14	10.7	21	6.8	16	3.2	7	2.8	6	2.2	5	2.2	5	1.5	3	1.0	2	-0.52	-1	40.5	92.5
1978	70.00	29.68	-	-	-	-	5.5	19	1.9	6	4.5	15	2.8	9	4.4	15	2.6	9	0.5	2	2.3	8	0.7	2	0.76	3	26.0	87.5
1979	110.00	117.63	-	-	-	-	3.7	3	24.3	21	30.6	26	15.2	13	14.5	12	10.1	9	5.7	6	3.5	3	1.3	1	2.53	2	112.5	95.6
1980	136.50	132.45	-	-	-	-	-	1.7	1	41.8	32	28.7	22	15.6	12	13.2	10	8.0	6	8.5	6	1.7	1	-0.31	0	118.9	89.7	
1981	150.00	153.54	-	-	-	-	-	-	1.9	1	12.3	8	52.1	31	10.0	7	15.6	11	8.6	6	7.7	5	6.80	4	116.0	75.6		
1982	243.00	134.69	-	-	-	-	-	-	-	-	3.3	2	8.7	6	31.8	24	19.8	15	21.0	16	10.0	7	10.81	8	105.4	78.3		
1983	212.20	227.41	-	-	-	-	-	-	-	-	-	-	28.7	13	67.4	30	35.4	16	19.7	9	13.0	6	13.59	6	177.8	78.2		
1984	218.00	219.34	-	-	-	-	-	-	-	-	-	-	-	-	7.7	3	55.1	22	58.2	24	21.6	9	20.69	8	164.0	65.8		
1985	264.00	149.71	-	-	-	-	-	-	-	-	-	-	-	-	-	2.8	2	27.0	18	18.9	13	19.80	13	68.5	45.8			
1986	248.20	268.57	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.7	8	64.8	21	42.70	16	128.2	47.7		
1987	172.81	342.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.6	4	36.75	11	50.4	11.7		
1988	247.75	264.01	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.12	3	9.1	3.5	
TOTAL	2139.46	2131.71	6.3	-	7.8	-	19.4	-	39.5	-	87.7	-	66.9	-	128.8	-	145.3	-	147.2	-	171.7	-	154.3	-	162.74	-	1138.1	53.3

* LES MONTANTS NEGATIFS CONCERNENT DES REMBOURSEMENTS DE L'ADB (1977: -614 493 ECU, 1980: -400 291 ECU)

Annex IV. PROJECT PAYMENT RATES (ECU)

EXERCICE D'ENGAGE- MENT	NOMBRE DE PROJETS	MONTANTS ENGAGES	POURCENTAGE DE L'ENGAGEMENT TOTAL	NOMBRE DE PROJETS		Y LES PAIEMENTS PAR RAPPORT AUX ENGAGEMENTS
				TOTALEMENT MISES EN OEUVRE	EFFECTUES AU 31.12.88	
PROJETS :						
1976	8	2998372	100.0	7	20901690	92.7
1977	21	4341654	38.5	15	40615315	93.5
1978	17	2961173	39.8	15	26030679	87.9
1979	50	11700710	99.5	36	111929121	95.7
1980	33	1314261	99.0	17	117492303	89.6
1981	33	15981922	98.4	10	113373929	75.3
1982 *	25	13217713	98.5	9	103466065	78.0
1983 *	33	22315500	98.1	8	173475224	77.7
1984 *	35	24700639	99.1	7	161733908	65.1
1985 *	22	14581000	97.4	2	64687704	44.4
1986 *	32	263719065	98.2	3	123486414	46.8
1987 *	45	335921000	98.0	2	45045384	13.4
1988 *	29	259070571	98.1	0	8260614	3.2
TOTAL PROJETS:	386	210527745	98.4	131	1110498521	52.9
ETUDES A COURT TERME, ACTIONS, TRAVAIL ADMINISTRATIFS:						
1977	1	204799	0.5	1	204799	100.0
1978	1	65525	0.2	1	65525	100.0
1979	15	622839	0.5	14	622839	100.0
1980	18	1302531	1.0	14	1302531	100.0
1981	32	2529099	1.6	24	2529099	100.0
1982	31	2061001	1.5	24	2061001	99.6
1983	43	4254607	1.9	29	4254607	100.0
1984	15	2292386	0.9	4	2292386	99.3
1985	23	3865313	2.6	10	3865313	99.2
1986	41	4758705	1.8	25	4758705	97.9
1987	57	5320224	2.0	8	5320224	76.6
1988	18	854553	1.9	0	854553	16.8
TOTAL ET/A/PA:	294	34147557	1.6	153	27927123	81.8
TOTAL PROJETS+ET/A/PA:		2134575301			1138425703	53.3

* : Y COMPRIS LES SUPPLEMENTES DES PROJETS ENGAGES LES ANNEES PRECEDENTES
1982=4, 1983=2, 1984=4, 1985=5, 1986=6, 1987=6, 1988=3 : TOTAL=30