

# COMMISSION OF THE EUROPEAN COMMUNITIES

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TENTH REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT  
ON THE IMPLEMENTATION OF FINANCIAL AND TECHNICAL ASSISTANCE TO  
LATIN AMERICAN AND ASIAN (LAA) DEVELOPING COUNTRIES

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### 3. Presentation and summary

This is the ninth annual report of this type and concerns the year 1986.

Following an introduction describing the general framework of aid to Latin American and Asian developing countries, the report devotes a chapter to the 1986 programme.

The 1986 programme foresaw of commitments totalling 244 937 000 ECU, divided between Asia and Latin America in accordance with the guidelines for the year decided by the Council. The sectoral breakdown was similar to that in previous years, with operations being focussed on the rural sector. Support for regional organizations continued to play an important role.

Four projects were co-financed in the 1986 programme: 1 with Germany (7.5M ECU), 1 with Belgium (5.6 M ECU), 1 with several donors (6.9 M ECU) and one with the PAHO and a french NGO (2.9 M ECU). In addition an extension of a project cofinanced in 1979 with the IDB (1 M ECU) was committed in this programme.

The second chapter gives a breakdown of commitments and disbursements during the 1986 calendar year, including programmes for which funds had been committed in previous years, and a breakdown of the activities involved in preparing new projects and managing and monitoring projects in progress. A list of projects completed in 1986 is attached to the report.

The third chapter is devoted to regional projects, particularly regional integration projects, which have been financed since 1976, and are again included in the 1986 programme.

The overall aim of this report is to present the activities committed under the 1986 programme and to compare them with the activities undertaken since this form of assistance was introduced. The analysis which we have presented allowed in various ways to enable the reader to make a critical assessment of the type of activities which have been financed; in view of the paucity of information currently available to the Commission, the analysis of the project impact in terms of development is complete. As had already been announced, the Commission will proceed to a ex-post evaluation of an initial representative sample of projects, incorporating the conclusions in the next annual report.

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In addition, a small commitment was made to project NA/83/6 in Africa (overruns).

## Introduction

### ORIGIN, OBJECTIVES AND PROCEDURES OF FINANCIAL AND TECHNICAL ASSISTANCE TO LATIN AMERICAN AND ASIAN (LAA) DEVELOPING COUNTRIES

Financial and technical cooperation with LAA developing countries was first introduced in 1976, with appropriations totalling 20 million ECU (then equivalent to approximately US\$ 25 million) under Article 930 of the General Budget of the European Communities. The amount allocated in the budget for this purpose has risen steadily, reaching 280 million ECU in 1986 and totalling more than 1 752 million ECU for the period 1976-86. These funds have been used to finance development activities and projects in 33 developing countries in Asia, Africa<sup>1</sup> and Latin America. In addition, they have provided assistance to 14 regional institutions and organizations run by or active in those countries.

The fundamental objectives of financial and technical assistance to LAA developing countries were laid down in Council Regulation 442/81, which fixed the general framework and principles for Community operations in this field. These may be briefly summarized as follows:

- (a) assistance is directed towards the least developed countries and towards the most needy sections of the population of those countries, with special importance being attached to rural development, aimed particularly at improving food production;
- (b) participation in regional projects may also be considered (in which case the projects need not be in the rural sector); some assistance is earmarked for measures designed to deal with exceptional circumstances, particularly reconstruction projects following disasters;
- (c) assistance takes the form of grants and may cover imports and local expenditure. Projects may be financed autonomously or cofinanced with Member States or international bodies;
- (d) funds are allocated in such a way as to ensure a Community presence in the major regions of the developing world.

The procedures for the adoption of programmes are also laid down in Regulation (EEC) No 442/81. Since the 1981 programme (when these procedures were introduced), financing decisions for the various projects have been taken by the Commission after receiving the opinion of a financing committee composed of Member State representatives and chaired by the Commission. This committee meets several times a year, enabling projects to be examined in batches as and when they are ready. The committee met six times in 1986.

The Regulation also requires the Commission to keep Parliament and the Council informed of the management of the programme.

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<sup>1</sup> Certain African countries received assistance under this budget article until they joined the group of ACP countries in 1984.

## 1. 1986 PROGRAMME

### 1.1 Funds available and commitments

The budget authorities approved the sum of 280 million ECU for the 1986 programme of financial and technical assistance to LAA developing countries (Article 930 of the General Budget). Table 1 gives a breakdown of these funds by the various headings of general appropriations and by geographical region, in accordance with the general guidelines for 1986 laid down by Council decision of 10 March 1986.

Under the Community's financial regulation, appropriations contained in the annual budget may be committed during the year in question or the following year. To enable the Annual Report to be submitted on time, it covers only commitments up to the middle of the following year, i.e. 31 July 1987 in the case of the 1986 report. Funds not committed by this date will be committed later in the year, but will normally be charged against the 1987 programme. This explains why only 244 937 million ECU out of the total funds available (307 541 million ECU, made up of 280 million ECU for the 1986 programme plus 45 041 million ECU carried over from the 1985 programme) had been committed by mid-1987. Thus 48 304 million ECU remains to be committed in the second half of 1987 (see Table 1). The funds earmarked for disaster relief (reconstruction/prevention), agricultural research and programme management have already been fully committed.

Table 1: 1986 programme appropriations and commitments  
(Article 930)

(million ECU)

	Percentage laid down in the general guidelines		Breakdown (1986 programme)	Carry-over from 1985	Total funds available	Commitments up to 31 July 1987		Carry-over to 1987 programme
							%	
<b>GENERAL APPROPRIATIONS</b>								
Disaster reserve	5,6	(1)	15,73	0	15,73	15,73	5,6	0
Agricultural research	2,5	(2)	6,90	0	6,90	6,90	2,5	0
Programme management	2,0	(3)	5,50	0	5,50	5,50	2,0	0
Transfers from Art. 930 to Articles 931 and 934	-		1,80	0	1,80	1,80	-	0
<b>TOTAL GENERAL APPROPS.</b>	<b>10,1</b>		<b>29,93</b>	<b>0</b>	<b>29,93</b>	<b>29,93</b>	<b>10,1</b>	<b>0</b>
Flexibility reserve	5		12,5	0	12,5	12,5	5	0
<b>GEOGRAPHICAL BREAKDOWN (STANDARD PROJECTS)</b>								
		(4)					% (7)	(8)
Asia (flexibility reserve)	75		178,18(5)	32,479	182,159	140,742	52,1	41,417
Latin America (flexibility reserve)	25		59,33(11,0)	12,347	82,737	75,85	30,6	6,887
Africa	-		-	0,215	0,215	0,215	-	-
<b>TOTAL (STANDARD PROJECTS)</b>	<b>84,9</b>	<b>100</b>	<b>237,57</b>	<b>45,041(6)</b>	<b>265,111</b>	<b>216,807</b>	<b>82,7</b>	<b>48,304</b>
<b>GRAND TOTAL</b>	<b>100</b>		<b>280,00</b>	<b>45,041</b>	<b>307,541</b>	<b>244,937</b>		

- (1) The general guidelines for 1986 proposed 5% of total commitments.
- (2) In accordance with the general guidelines for 1986 this contribution is equivalent (in real terms) to that allocated in 1985.
- (3) The 1986 guidelines proposed a maximum of 3% of total commitments.
- (4) Regional breakdown laid down in the general guidelines for 1986.
- (5) Including 6 million ECU for China.
- (6) Carryover adjusted (0.8 million ECU more than specified in 9th Report - 1985 programme): Project NA/85/25 Philippines increased by 0.8 million ECU from 10 million ECU to 10.8 million ECU.
- (7) The regional breakdown of funding under the 1986 programme is calculated as follows: 1986 commitments minus carryover from 1985 divided by 1986 programme. The funds for additional assistance to Central America have been fully used.
- (8) This outstanding balance will be allocated to the Asian and Latin American countries in accordance with the geographical breakdown laid down in the general guidelines for the 1987 programme.

The individual commitments made under the 1986 programme are shown in Table 2, together with the project titles, amounts and recipients. Of the 31 commitments made, nineteen (209.77 million ECU) were for new projects in various countries (including 4 from disaster-relief appropriations), three (12 422 million ECU) were for regional institutions (ASEAN) and two (5.9 million ECU) were for other sectoral regional organizations in Latin America (PAHO and CIMMYT).

A commitment of 6.9 million ECU was made jointly to five agricultural research institutes belonging to the CGIAR and five additional commitments (4.445 million ECU) were made to projects financed in previous years which had insufficient funding.

A commitment of 5.5 million ECU was made to finance reports from external consultants, with a view to improving the preparation of subsequent projects, and to pay development consultants living in various countries, who are responsible mainly for monitoring projects/programmes.

Table 2: 1986 programme commitments by project and recipient

Commitment month	Project No	Title	(million ECU)					Co-financing
			Asia	Latin America	Africa	Disasters	Other	
5/86	ALA 86/1	Peru: Support programme for microprojects (arable and stockfarming), Puno'		16,00				
7/86	ALA 86/2	Mexico: Construction of a hospital				5,20		
5/87	ALA 86/3	Peru: Reconstruction/prevention programme: Lake Titicaca				5,00		
11/86	ALA 86/4	ASEAN: Regional aquaculture development and coordination programme (AADCP)	6,77					
9/86	ALA 86/5	Haiti: Interim emergency programme				4,85		
10/86	ALA 86/6	India: Integrated watershed management in ravinous area (UP) mainly counterpart-funded by the supply of fertilizers	45,60					
11/86	ALA 86/7	India: Cooperative rural storage, Bihar	21,19					
12/86	ALA 86/8	Andean Pact: Applied agric. research for the benefit of the countries of the Andean Pact: CIMMYT (phase II)		3,00				
11/86	ALA 86/9	ASEAN: Quality control and industrial standards programme	5,00					
	ALAB6/10	China: Pilot project for the development of the fruit processing sector	1,55					
4/87	ALAB6/11	Yemen AR: Al Mahwit road rehabilitation and maintenance scheme	7,50					DE
1/87	ALAB6/12	Guatemala: Support for smallholders in the Pacific region		12,00				
5/87	ALAB6/13	Thailand: On-farm development of Huai Mong irrigation project	5,60					B
4/87	ALAB6/15	Pakistan: Talli flood irrigation	7,80					
4/87	ALAB6/16	Philippines: Central Cordillera agricultural programme	18,50					
1/87	ALAB6/17	Bolivia: Rural self-development programme (PAC)		20,00				
5/87	ALAB6/18	ASEAN: Regional marine fisheries resources assessment and training programme	0,652					
4/87	ALAB6/19	India: Hydrological computerized modelling system	0,98					
5/87	ALAB6/20	Honduras: Water supply and basic sanitation in the rural sector		14,50				
5/87	ALAB6/21	Indonesia: Seed production and marketing	10,0					
5/87	ALAB6/22	Aid for research to CGIAR (CIAT, CIP, ICRISAT, IRRI, ISNAR)						
7/87	ALAB6/23	Laos: Rural microprojects in Luang Prabang	6,0				6,90	(1)

(1) Cofinanced with a number of Member States.



Table 2 - continued

	AL86/25	Central America: Regional programme for the elimination of rabies in Central America		2,90				(2)
	AL86/30	Nicaragua: Support for smallholders		4,500				
	AL86/31	China: rural irrigation project	3,000					
5/87	ALA 86 AT - C	Outside experts and support for delegations and coordination offices						5,5
9/86	NA/84/5	Bolivia: Reconstruction programme				0,68		
12/86	NA/83/6	Mozambique: Beira fish factory			1,00			
1/87	NA/79/21	Haiti: Development of southern peninsula						IDB
4/87	NA/85/15	China: Rural water supply Technical information centre	0,60					
	NA/87/13	Nicaragua: Agrarian reform		1,950				
TOTALS			140,742	75,85	0,215	15,73	12,4	

(2) Cofinanced with PAHO and a French NGO.

## 1.2 Breakdown of commitments by region, sector and type of financing

### 1.2.1 Regions

In 1986 the least developed countries (LLDCs) presented suitably prepared projects enabling just 7.5% of the funds available to them to be committed (recipient countries: Haiti, Yemen AR, Laos).

In 1984 the exceptionally high rate of 24.2% of available funds was committed, but in 1985 this fell to 3.4%; the average rate of commitment under the programmes from 1976 to 1985 was approximately 15%.

The Commission will endeavour to increase commitments to these countries substantially under future programmes.

In 1986 the funds committed to standard projects were divided between Asia and Latin America in accordance with the percentage laid down in the Council's general guidelines. As under the 1985 programme, Central America received the greater part of the funds contained in the "flexibility reserve".

Table 3 gives the breakdown of commitments by continent and by major region under the 1986 programme and under previous programmes.

In Asia, the 1986 appropriations were committed to standard projects in eight countries and to three ASEAN regional projects. In line with recent trends, the greater part of the assistance was committed to southern Asia (India and Pakistan). However, the relative share of commitments made to south-east Asian countries (China, Indonesia, Laos, Philippines and Thailand) and to ASEAN as a region was increased substantially by comparison with the decade 1976-85. In particular, the funds committed to the three ASEAN programmes were far greater than total Community assistance at regional level during the last decade (1976-85).

In Latin America, most of the 1986 appropriations allocated to standard projects went to South America (47.5% to Peru and Bolivia) and Central America (43.4% to Guatemala, Nicaragua and Honduras). In contrast regional operations, which generally receive a higher and more stable level of financing here than in Asia, fell in 1986 below the level for the programmes from 1976 to 1985.

Table 3: Regional breakdown of commitments under the programme from 1976 to 1985 and under the 1986 programme (million ECU)

REGIONS	STANDARD PROJECTS				DISASTER-RELIEF PROJECTS				TOTAL	
	1976 - 1985		1986		1976 - 1985		1986		1976 - 1986	
	M ECU	%	M ECU	%	M ECU	%	M ECU	%	M ECU	%
ASIA	914,49	72,1	140,74	64,9	36,85	25,29			1095,185	69,0
Regional projects	21,98	(2,4)	12,42	8,8					34,765	3,17
South-east Asia	259,78	(28,4)	45,25	32,2					304,78	27,83
Southern Asia	612,24	(66,9)	75,57	53,7	31,6	85,75			722,41	66,0
Yemen region	20,49	(2,2) (100,0)	7,5	5,3 (100,0)	5,25	14,25 (100,0)			33,24	3,0
LATIN AMERICA	286,73	22,6	75,85	35,0	40,65	40,1	15,73	100,0	416,81	26,2
Regional projects	8,93	(3,1)							11,93	2,9
SOUTH AMERICA										
Regional projects	34,62	(12,1)	3,00	4,0					34,62	8,3
National projects	63,08	(22,0)	36,0	47,5	20,65	50,8	5,68	36,1	125,41	30,0
CENTRAL AMERICA AND THE CARIBBEAN										
Regional projects	50,19	(17,5)	2,9	3,8	1,10	2,7			61,69	14,8
National projects	129,91	(45,3) (100,0)	33,95	44,7 (100,0)	18,9	46,5 (100,0)	10,05	63,9 (100,0)	183,16	44,0
AFRICA	67,54	5,3	0,215	0,1	8,5	5,82			76,255	4,8
TOTAL	1267,96	100,0	216,8	100,0	146,05	100,0	1573	100,0	1646,54	100,0

- ASIA - Regional projects : ASEAN, ADP, Mekong Committee.  
 South-east Asia : China, Indonesia, Laos, Philippines, Thailand, Vietnam.  
 Southern Asia : Afghanistan, Bangladesh, Bhutan, Burma, India, Maldives, Nepal, Pakistan, Sri Lanka.  
 Yemen region : North Yemen, South Yemen, West Bank, Gaza.
- LATIN AMERICA - Regional projects : CFAD, CIM, CIMMYT, IDB, OLADE.
- SOUTH AMERICA : JUNAC, (Regional); Bolivia, Colombia, Ecuador, Peru.
- CENTRAL AMERICA & CARIBBEAN : BCIE, CADESCA, CATIE, INCAP, IICA (Regional); Costa Rica, Dominican Republic, Haiti, Honduras, Nicaragua, El Salvador; Guatemala and Panama (2 regional programmes); Mexico.
- AFRICA : Angola, Mozambique, Zimbabwe.

The 1986 disaster-relief appropriations were committed to four Latin American countries (Mexico, Peru, Haiti and Bolivia). This is because the very nature of the projects financed from these appropriations makes it impossible to fix the regional breakdown in advance; and Latin America suffered a particularly high number of disasters.

In all, the financial and technical assistance programmes undertaken between 1976 and 1986 have so far covered 35 LAA developing countries and 14 regional institutions. These include 18 countries and three regional institutions in Asia, 14 countries and 11 regional institutions in Latin America and the island of Hispaniola and three countries in Africa (up to 1985 only).

These commitments represent the implementation of 295 projects (174 in Asia, 97 in Latin America and 24 in Africa - a detailed table is given in Annex I.3).

An additional budget heading (Article 958 - Special programme to combat hunger in the world) was introduced in 1983 and retained in 1984. Funds from this heading have gone to the ACP countries, southern and eastern Mediterranean countries and LAA developing countries. Whereas Article 958 enabled the ACP countries to receive financing for projects which did not fall within the scope of the Lomé Convention, in the case of the LAA developing countries it covered more or less the same type of operations as are eligible for financing under Article 930. In practical terms Article 958 led to a slight increase in the funds already available under Article 930 (see Table 4).



TABLE 4 - Continued

OLADE	1,2	0,53						1,73
SUB-TOTAL LATIN AMERICA	64,60	18,41	65,98	50,15	58,17	49,85	75,85	383,01
<b>ANGOLA</b>	1,4		8,75		9,01	4,25		23,41
<b>MOZAMBIQUE</b>	3,0		10,66	8,57		7,40	0,21	29,85
<b>ZIMBAWE</b>	14,5							14,50
SUB-TOTAL AFRICA	18,9		19,41	8,57	9,01	11,65	0,21	67,76
TOTAL STANDARD PROJECTS	331,5	120,16	191,00	251,05	198,28	212,49	216,8	1521,30
<b>2. DISASTER-RELIEF PROJECTS</b>								
<b>ANGOLA</b>				2,00				2,00
BOLIVIA					3,4	9,0	0,68	13,08
COLOMBIA					3,9			3,90
<b>COSTA RICA</b>						3,6		3,60
DOMINICAN REPUBLIC	4,8							4,80
DOM. REP./HAITI				1,50			4,85	9,35
ECUADOR				2,85				2,85
<b>HONDURAS</b>			1,60					1,60
INDIA	10,9	7,00	4,00					21,90
MEXICO							5,20	5,20
<b>MOZAMBIQUE</b>				2,50				2,50
<b>NICARAGUA</b>	2,5		1,60					4,10
<b>PAKISTAN</b>		2,70			4,0			6,70
PERU	1,5						5,00	6,50
EL SALVADOR						3,3		3,30
<b>SRI LANKA</b>	3,0							3,00
<b>YEMEN (NORTH)</b>				2,55				2,55
<b>YEMEN (SOUTH)</b>			2,50		0,2			2,70
<b>ZIMBAWE</b>	4,0							4,00
CENTRAL AFRICA	1,1							1,10
TOTAL DISASTER-RELIEF	27,8	9,70	9,70	11,40	11,5	15,9	15,73	101,73
<b>3. AGRICULTURAL RESEARCH</b>								
<b>CIAT</b>	2,95	1,40	1,60	1,70	1,70	1,80	1,80	12,95
<b>CIP</b>	1,5	0,80	0,90	0,95	1,00	1,00	1,00	7,15
<b>ICRISAT</b>	5,55	1,20	1,30	1,40	1,60	1,80	1,80	14,65
<b>IRRI</b>	4,0	1,50	1,70	1,80	1,80	1,80	1,80	14,40
<b>ISNAR</b>				0,15	0,20	0,30	0,50	1,15

Table 4 - Continued (2)

TOTAL RESEARCH	14,0	4,90	5,50	6,00	6,30	-6,70	6,90	50,30
<b>4. SPECIAL APPROPRIATIONS</b>								
Services of outside experts	6,0	3,50	4,00	4,00	4,00	6,00	5,50	33,00
TOTAL SPECIAL APPROPRIATIONS	6,0	3,50	4,00	4,00	4,00	6,00	5,50	33,00
TOTAL FUNDS COMMITTED <b>(1 + 2 + 3 + 4)</b>	379,3	138,26	210,20	272,45	220,08	241,091	244,94	1706,33

\* Article 958: Special programme to combat hunger in the world.

(1) The figure given in the 9th report (150.194) has since been altered - details of the change are given in note 6 to Table 1.

\* HONDURAS/NICARAGUA - Bridge reconstruction: shared 50/50.

### 1.2.2. Sectors

In accordance with Council Regulation (EEC) No 442/81, the 1986 commitments again focussed on increasing agricultural production. As Table 5 shows, 78.8% of assistance was aimed directly at increasing agricultural production (16 out of 26 new projects).

The other main projects were "Water supply and basic sanitation" in Honduras, regional fisheries projects (ASEAN) and forestry extension programmes in Laos.

There were also major reconstruction projects, including the construction of a hospital in Mexico, flood prevention in Peru and other schemes in Haiti and Bolivia.

Returning to standard projects, "irrigation/drainage and other rural infrastructures" and "integrated development" projects accounted for 76.9% of commitments in the agricultural sector. The other main projects (21.2% of commitments) concerned storage/marketing and agricultural research.

This pattern of funding follows the objectives and priorities laid down in the Council Regulation; the majority of projects focussed on the most needy sections of the rural population and were aimed at improving the food situation, with a view to helping to combat hunger in the world.



TABLE No 5: COMMITMENTS BY SECTOR UNDER THE PROGRAMMES FROM 1976 TO 1985 AND UNDER THE 1986 PROGRAMME (Article 930)

SECTOR	1976-1985 PROGRAMMES				1986 PROGRAMME				
	Million ECU	%	%	Number of Projects (1)	Million ECU	%	%	Number of Projects	Suppl. Projs.
<b>AGRICULTURE</b>	1071,16	75,2	100,0	197	193,07	78,8	100	16	2
Land reform	80,45		7,5	6	1,95		1,0		1
Integrated development	167,69		16,6	25	78,00		40,4	5	1
Irrigation/drainage and other rural infrastructure	312,91		29,2	43	70,48		36,5	6	
Crop production	144,63		13,5	37					
Stock farming	17,65		1,6	6					
Storage, marketing and pre- and post-harvesting schemes	91,00		8,5	19	31,19		16,1	2	
Processing	2,90		0,3	2	1,55		0,8	1	
Rural credit	131,62		12,3	10					
Agricultural services	1,00		0,1	3					
Training/extension services	43,14		4,0	7					
Rural institutions	11,61		1,1	3					
Agricultural research	66,52		6,2	36 (2)	9,9		5,1	2	
FORESTRY	16,47	1,2		6	5,00	2,0		1	
FISHERIES	58,29	4,1		19	7,637	3,1		2	1
INDUSTRY - CRAFT INDUSTRY - COMMERCE	40,14	2,8		8				1	
PUBLIC SERVICES	91,48	6,4	100,0	22	15,10	6,2	100,0		
Water supply networks	77,45		84,7	16	15,10		100,0	1	1
Energy	14,03		15,3	6					
SOCIAL SERVICES	24,40	1,7	100,0	4	8,10	3,3	100,0		
Housing	0,40		1,6	1					
Education	3,00		12,3	1					
Health	21,00		86,1	2	8,10		100,0	2	
RECONSTRUCTION SCHEMES	53,90	3,8		17	10,53	4,5		2	1
FOOD SECURITY	11,82	0,8		2					
SCHEMES TO HELP REFUGEES	11,00	0,8		4					

TABLE 5 - CONTINUED

Technical assistance and support for national and international public institutions	18,69	1,3		13					
Project preparation, management & follow-up	27,50	1,9			5,50	2,2		1	
TOTAL	1424,86	100,0		292	244,937	100,0		26	5

- (1) By 31 December 1986, 81 projects had been fully implemented (100% of commitments disbursed).
- (2) This includes 26 commitments to member institutes of the CGIAR (1 in 1986).

Sectoral breakdown by region

The sectoral breakdown under the 1986 programme was on the whole very similar to that under previous programmes, as can be seen from Table 6.

In Latin America, however, the trend towards greater sectoral diversification continued in 1986. Agriculture accounted for 63.9% of commitments and the other three sectors (water supply and sanitation, health and reconstruction schemes) accounted for the remaining 36.1%.

In Asia agriculture remained the main focus of assistance (90.6% of the 1986 programme, compared with 83.6% under the previous programmes).

Projects in the fisheries (5.3%) and forestry (3.6%) sectors complete the list of commitments in Asia.

The only commitment in Africa in 1986 concerned an overrun on project NA/83/6 in the fisheries sector (Beira fish factory).

Table 6: Percentage of commitments allocated to major sectors and to regions (standard and disaster-relief projects) under the programmes from 1976 to 1985 and under the 1986 programme

SECTOR	1976-1985 PROGRAMMES			TOTAL	1986 PROGRAMME			(1)
	ASIA	LATIN AMERICA	AFRICA		ASIA	LATIN AMERICA	AFRICA	TOTAL
Agriculture	83,6	64,3	31,7	75,1	90,6	63,9	-	78,7
Forestry	1,3	1,2	-	1,2	3,6	-	-	2,0
Fisheries	2,2	0,4	47,6	4,1	5,3	-	100,0	3,1
Trade and Industry	0,5	10,8	-	2,8	-	-	-	-
Drinking water/energy	8,6	2,2	3,0	6,4	0,5	15,8	-	6,2
Health	-	5,0	5,9	1,5	-	8,8	-	3,3
Education	-	-	3,9	0,2	-	-	-	-
Housing	-	0,1	-	0,1	-	-	-	-
Reconstruction schemes	2,4	8,6	3,3	3,8	-	11,5	-	4,3
Food security	-	3,6	-	0,8	-	-	-	-
Aid to refugees	0,4	1,5	2,6	0,8	-	-	-	-
Technical Assistance	1,0	2,3	2,0	1,3	-	-	-	-
<b>TOTAL</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>	<b>100,0</b>

(1) The totals in this column do not add up to 100% because "project preparation and follow-up" has been omitted.

TABLE 7

Breakdown of commitments by sector of agricultural production development under the programmes from 1976 to 1985 and under the 1986 programme standard and disaster-relief programmes (expressed as a percentage)

Sector of Agricultural production development	1976 - 1985			1986		
	ASIA	LATIN AMERICA	AFRICA	ASIA	LATIN AMERICA	AFRICA
Land reform	-	38,2	-	-	3,3	-
Integrated development	11,6	30,3	47,6	19,2	91,5	-
Irrigation drainage and other infrastructure	36,5	9,1	16,7	55,2	-	-
Crop production	16,7	2,3	29,4	-	-	-
Agricultural credit	15,6	3,7	-	-	-	-
Storage, marketing and processing	10,2	6,3	-	25,6	-	-
Training	4,9	1,3	6,3	-	-	-
Stock farming	2,2	-	-	-	-	-
Agricultural services	-	0,5	-	-	-	-
Rural institutions	0,3	4,3	-	-	-	-
Agricultural research	1,9	4,0	-	-	5,2	-
<b>TOTAL</b>	100,0	100,0	100,0	100,0	100,0	-

Agricultural production development

As mentioned earlier, this sector accounted for about 78% of funding for standard and disaster-relief projects in 1986.

In contrast to the wide range of projects undertaken in previous years, in 1986 assistance was focussed, especially in the case of Latin America, on a small number of sectors, mainly integrated rural development (92%), land reform and applied agricultural research (8%) - see Table 7.

In Asia, the majority (55.2%) of projects were in the irrigation/drainage and other rural infrastructure sector. The remainder concerned storage/marketing/processing (25.6%) and integrated development (19.2%).

If we break the projects down by type and compare the results with previous programmes, we can see that the type of projects which recipient countries submit for financial and technical assistance depends on their natural and institutional circumstances and their level of development.

In Asia, more than a third of rural development assistance between 1976 and 1985 concerned irrigation/drainage schemes, and in 1986 this proportion rose to 55.2%.

In Latin America, more than a third of the appropriations for agricultural production development were committed to land reform projects (7 projects, including 1 in 1986). However, the relative share of this sector has fallen to 3.3% while the share of integrated development has increased (although the two sectors are closely linked). The importance of these sectors is due to the priority which the countries of Latin America attach to helping the most disadvantaged sections of the population through this type of rural development operation.

The other project concerned agricultural research, but in general all the projects were aimed at increasing food production. As such they were complementary to the schemes implemented under the regional food security programmes.

### 1.2.3. Cofinancing

The cofinanced projects in the 1986 programme have diminished in number and in value (4 projects for a total value of 22.9 million ECU) when compared to previous years (1985: 60.9 million ECU in total value). Of 27 commitments made for new projects in the 1986 programme, only 4 new were cofinanced with other donors (the project NA/79/21, Haiti, is cofinanced with the IDB in an extension as part of the 1986 programme).

The 4 cofinanced projects were in the Yemen Arab Republic (ALA/86/11) with Germany, Thailand (ALA/86/13), with Belgium, research assistance with the CGRAI (ALA/86/22) with several state members and Central America (ALA/86/25) with the Panamerican Health Organisation (PAHO) and a French NGO.

### 1.2.4. Financial contributions of recipient countries

Except in very special cases (such as disaster-relief assistance), recipient countries are expected to make a financial contribution to projects.

In addition to the Article 930 appropriations, which are the subject of this report, the Community's programme of assistance to LAA developing countries includes two other lines of credit: Article 931 (trade promotion) and Article 920 (food aid). These different forms of assistance are intended to be complementary. In particular, the counterpart funds generated by selling products supplied as food aid on the recipient country's market are used to finance development projects in accordance with procedures agreed between the country concerned and the Commission. These funds have been allocated to Article 930 financial and technical assistance projects, either to finance additional schemes which are complementary to those initially planned or to alleviate the difficulties encountered by the recipient countries in putting up their share of the funding.

2. 1986 Activities

2.1. Breakdown of commitments and disbursements as at 31 December 1986

Commitments

Total commitments to financial and technical assistance to LAA developing countries under Article 930 of the General Budget amounted to 1 529.5 million ECU over the period 1976 to 1986 (see Table 8).

Table 8: Commitments by calendar year from 1976 to 1986 (Article 930)  
(million ECU, rounded)

CALENDAR YEAR	COMMITMENT APPROPRIATION	COMMITMENTS ENTERED
1976	20,0	21,0
1977	45,0	45,0
1978	70,0	29,7
1979	110,0	117,8
1980	138,5	132,5
1981	150,0	153,6
1982	243,0	134,8
1983	212,2	227,5
1984	218,0	249,3
1985	264,0 (*)	149,7
1986	248,2 (*)	268,6
<b>TOTAL 1976-1986</b>	<b>1718,9</b>	<b>1529,5</b>

(\*) Not including the 4 million ECU transferred from Article 930 to Article 931 in 1985 and the 1.8 million ECU transferred in 1986.



In 1986 a total of 268.6 million ECU was committed under the 1986 programme, including the outstanding balance from the 1985 programme. As the table shows, this left 189.4 million ECU of appropriations which had not been committed by the end of 1986. This is smaller than the carryover from 1985 (when 209.8 million ECU had not been committed). Since these are differentiated appropriations they can be committed during the year in question or during the following year (i.e. 1987). In 1985 the difference between commitment appropriations and commitments entered was 114.3 million ECU, whereas in 1986 commitments entered exceeded commitment appropriations by 20.2 million ECU.)

#### Disbursements

Table 9 shows that 53.7% of the funds committed by 31 December 1986 under all the financial and technical assistance programmes (Article 930) from 1976 to 1986 had been disbursed by that date (a detailed table is given in Annex II).

In 1986 a higher percentage of appropriations under the current programme was disbursed in the current calendar year than in previous years (7.7%).

Total disbursements as a proportion of commitments increased from 52% in 1985 to 53.7% in 1986.

Diagrams 1 and 2 below show that on average half of the commitments to financial and technical assistance programmes are disbursed during the three years following the commitment decision. This is comparable with the trend in previous years, but these average figures mask a complex situation, since the implementation period of different types of projects varies from 1 to 5 years, depending on the objectives involved.

TABLE 9

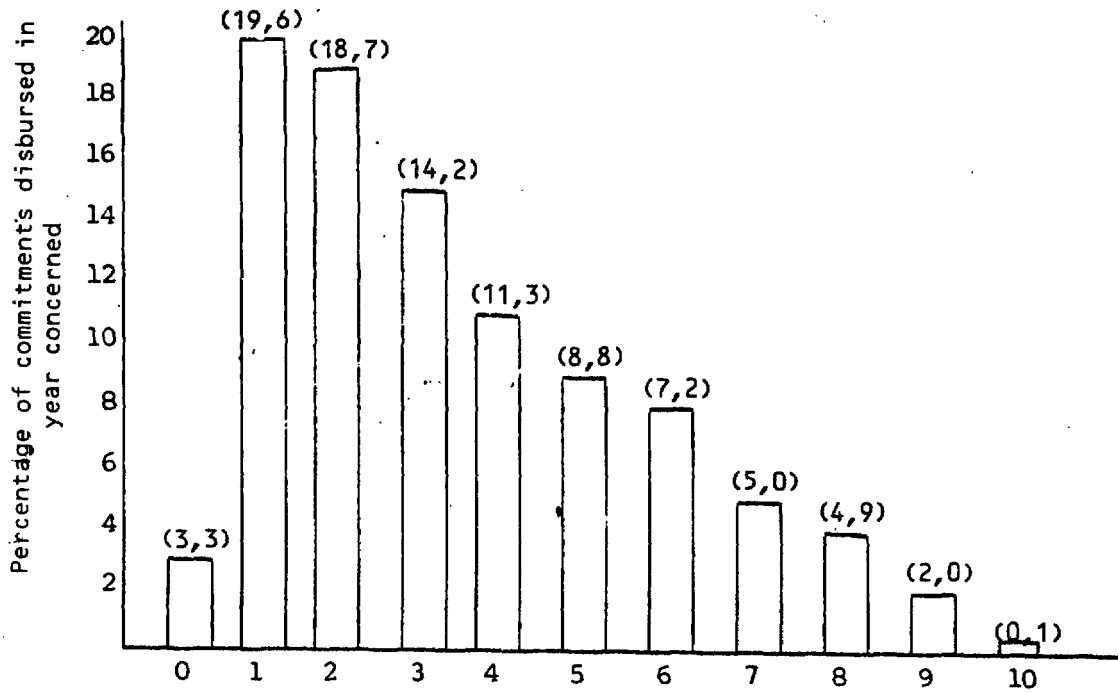
DISBURSEMENTS BY CALENDAR YEAR OF  
COMMITMENT (Article 930)

(million ECU)

CALENDAR YEAR	COMMITMENTS	DISBURSEMENTS	DISBURSEMENTS AS A PERCENTAGE OF COMMITMENTS
1976	21,0	20,9	99,5
1977	45,0	40,4	92,0
1978	29,7	24,6	82,8
1979	117,8	108,7	92,3
1980	132,5	117,4	88,6
1981	153,6	101,4	66,0
1982	134,8	84,7	62,8
1983	227,5	151,1	66,4
1984	249,3	121,8	48,9
1985	149,7	29,9	20,0
1986	268,6	20,7	7,7
<b>TOTAL</b>	1529,5	821,6	53,7

DIAGRAM 1

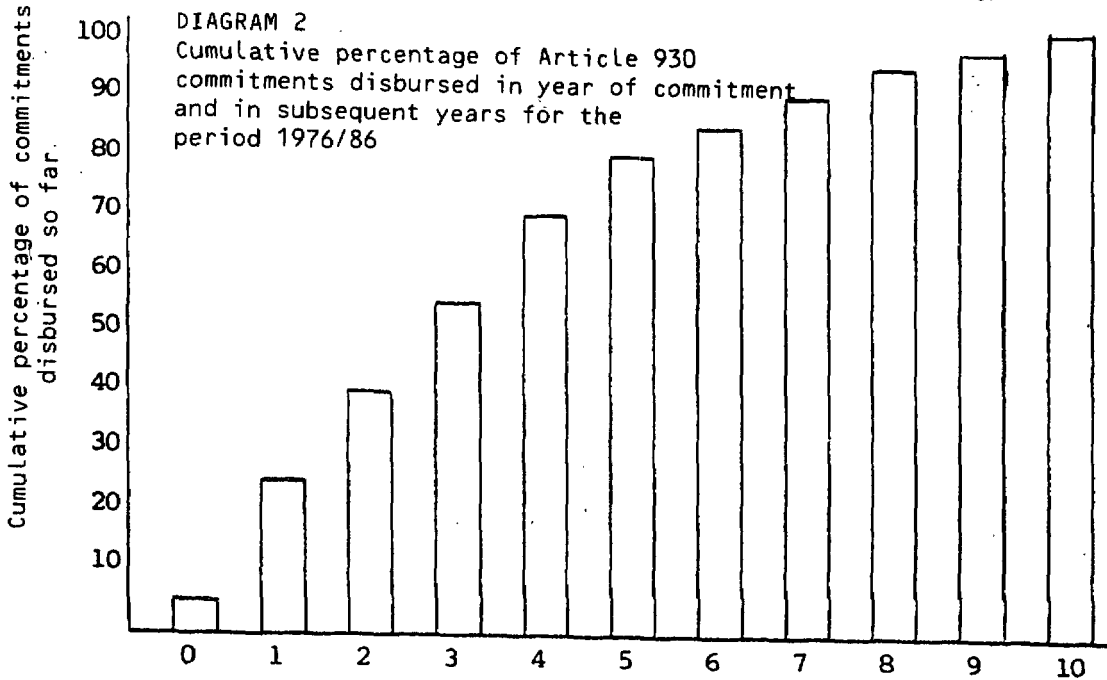
Percentage of Article 930 commitments disbursed in year of commitment and in subsequent years for the period 1976-86



Number of years after commitment (0 = year of commitment)

DIAGRAM 2

Cumulative percentage of Article 930 commitments disbursed in year of commitment and in subsequent years for the period 1976/86



Number of years after commitment (0 = year of commitment)

The figures for the period up to 31 December 1986 show that 107 of the 296 projects financed in countries or regional institutions had received 100% disbursements and were therefore deemed to have been completed. A post-project evaluation of some projects is being undertaken and this may lead to the implementation of an additional stage in certain cases.

During the decade nearly 100% of the commitments to research institutes belonging to CGIAR ( a total of 27 projects) were disbursed in full in the year of commitment.

## 2.2 Preparation and monitoring of projects

Although individual projects contain an element of technical assistance, this does not cover the preparation of new projects and it is not always sufficient to ensure that projects are carried out under optimum conditions.

For this reason a small proportion of the assistance provided to LAA developing countries is reserved for technical assistance, on a short-term or long-term basis, in the preparation, implementation, follow-up and monitoring of projects, particularly in countries with serious social, economic and administrative problems.

In 1986, as in 1985, nearly all short-term consultancy services were provided under a framework agreement between the Commission and a group of consultancy firms selected following an invitation to tender in accordance with Community procedures.

Although overall commitments have been made to cover the costs of this contract and any amendments to it, most of the funds available are paid to the group only when the services requested by the Commission have been provided. Annex III shows how these funds have been used to pay for short-term services actually provided in 1986 under the framework agreement.

Funding for the services of outside experts also covers the installation and working expenses of development consultants living in certain recipient countries. It is their job to monitor Community-funded projects in their region and, where necessary, to help local administrative departments prepare and implement projects.

At the end of 1986 nine such consultants were assigned to offices in Bangkok, New Delhi, Dhaka, Islamabad, Jakarta, San Jose de Costa Rica and Caracas. In addition, a contract was awarded to a consultancy firm to provide a consultant in Haiti/Dominican Republic.

3. REGIONAL PROJECTS

3.1 General

3.2 Regional and sectoral breakdown

3.3 Implementation

3.4 Integration projects

3.4.1 ASEAN

3.4.2 Andean Pact

3.4.3 CACM

\*

\* \*

### 3. REGIONAL PROJECTS

For some years now the third chapter of the Annual Report on the implementation of assistance to LAA developing countries has dealt with a particular type or feature of Community aid. The eighth and ninth Annual Reports dealt respectively with project evaluation (with examples) and agricultural research.

This year the subject is regional projects, and this chapter explains the categories into which these projects fall and their relative importance by comparison with bilateral projects (those with one country/body), and examines in greater detail the support given to regional integration organizations.

#### 3.1 General

Article 3 of the Regulation on financial and technical aid to LAA developing countries states that "as a subsidiary form of action, participation in regional projects may be considered".

The nature of regional projects means that this form of aid needs to extend beyond the rural sector to include other economic sectors as laid down in the annual general guidelines.

In general the regional projects which the EEC finances under this instrument are small-scale operations; they focus mainly on technical cooperation (transfer of know-how) and take the form of studies, technical assistance or institutional support in economic planning (rural or industrial) or scientific and technical research. Some of these operations are pilot projects or demonstrations, the results of which may be used in many other projects, but the capital component is always small. In fact traditional regional projects, which require a large capital input (the investment required in infrastructure projects, for example, can easily run to hundreds of millions of ECU), are excluded.

For the purposes of simplification regional projects may be divided into two main categories:

1. regional projects aimed at the integration of countries in a sub-regional unit;
2. other regional projects, which may concern sectoral activities, services (regional development banks) or horizontal activities benefiting a number of countries.

This chapter does not deal with assistance to the international agricultural research institutes which are members of the Consultative Group on International Agricultural Research (CGIAR), two of which are situated in Asia (ICRISAT at Hyderabad, India and IRRI at Los Banos, Philippines) and two in Latin America (CIAT at Cali, Colombia and CIP at Lima, Peru), since their international role extends beyond the regions in which they are situated.

Table 1 shows the development and relative importance of these two categories of regional projects during the period 1976-86.

Table 1: Regional aid by category of regional project (1976-86)

(million ECU)

	Integration projects			Other projects			TOTAL 1 + 2		Total EEC aid	Regional projects as % of total aid
	No of projects	million ECU	%	No of projects	million ECU	%	No of projects	million ECU		
1976	-	-	-	1	1,50	100,0	1	1,50	20,00	7,5
1977	4	7,20	94,7	1	0,40	5,3	5	7,60	45,00	16,9
1978	8	3,73	47,2	4	4,17	52,8	12	7,90	63,10	12,5
1979	3	1,10	22,4	4	3,80	77,6	7	4,90	105,90	4,6
1980	2	2,50	47,2	3	2,80	52,8	5	5,30	145,30	3,6
1981	3	9,33	74,9	3	3,13	25,1	6	12,46	138,26	9,0
1982	4	7,07	77,9	1	2,00	22,1	5	9,07	210,20	4,3
1983	3	13,56	70,2	3	5,75	29,8	6	19,31	259,72	7,4
1984	3	27,25	99,9	1	0,04	0,1	4	27,29	197,06	13,8
1985	3	27,82	100,0	-	-	-	3	27,82	238,75	11,6
1986	3	15,43	72,3	2	5,90	27,7	5	21,33	244,94	8,7
<b>TOTAL</b>	<b>36</b>	<b>111,99</b>	<b>79,2</b>	<b>23</b>	<b>29,49</b>	<b>20,8</b>	<b>59</b>	<b>141,48</b>	<b>1688,25</b>	<b>8,4</b>

The above figures show that:

- (i) although there are annual fluctuations, on average regional projects account for a little over 8% of total aid;
- (ii) regional integration projects receive the bulk of this funding, with an average annual share of 80%, rising to 90% for the last three years;
- (iii) the fall in funding for category 2 (particularly for development banks such as the ADB and the IDB), especially since 1979, is due to the priority given to integration projects;
- (iv) the increase in funding for regional projects is inversely proportional to the number of projects financed. This is a result of the policy of giving priority to more global and longer-term projects (implemented over several years), which naturally require higher levels of funding.



### 3.2 Regional and sectoral breakdown

Table 2 gives a summary of the geographical breakdown of regional projects (categories 1 and 2) between Asia and Latin America, and within Latin America between South America, Central America and Hispaniola, for the period 1976-86, distinguishing in each case between standard and disaster-relief projects

Table 2

Region	Standard projects	Disaster - relief projects	TOTAL	
	million ECU	million ECU	million ECU	%
<u>Asia</u>	36,8	-	36,8	29
<u>Latin America</u>				
- Latin America as such	-	1,1	1,1	1
- South America	37,6	-	37,6	29
- Central America	51,6	-	51,6	40
- Hispaniola	-	1,5	1,5	
<b>Total</b>	<b>126,0</b>	<b>2,6</b>	<b>128,6</b>	<b>100</b>

#### 3.2.1 Regional breakdown

During this period the majority of regional projects (71%) were in Latin America. They mainly involved two sub-regional groups (Andean Pact and Central America) and the island of Hispaniola, and to a lesser extent bodies such as "Organización Latino-Americana de La Energía" (OLADE), Pan-American Health Organization (PAHO), Inter-American Development Bank (IDB), "Centro Agronómico Tropical de Investigación y Enseñanza" (CATIE) and "Centro Internacional de Mejoramiento de Maíz y Trigo" (CIMMYT).

Asia received only a small share (29%) of these funds because regional projects there concerned mainly ASEAN, the Asian Development Bank (ADB) (for studies only) and the Interim Mekong Committee.

As explained below, it has been difficult to launch (i.e. design and implement) truly regional projects with ASEAN. Furthermore, the EEC stopped financing ADB projects in 1981, essentially because its invitation to tender procedures are incompatible with those of the EEC.

#### 3.2.2 Sectoral breakdown

Regional projects over the period 1976-80 fell into the following categories: rural sector (52%), industrial sector (29%) and services (including institutional support) (19%).

A more detailed breakdown by sub-sector and region is given in Table 3.

Table 3

Sector	Asia	Latin America		TOTAL
		South America	Central America	
<u>Agriculture</u>	29	53	29	36
Production (general)				
Food and nutrition				
Pre/post-harvest techniques				
Applied agricultural research				
Rural credit				
Rural institutions				
Integrated rural development	23	4	-	7
Forestry and wood-working industries	22	-	-	6
<u>Fisheries</u>	23	33	34	31
<u>Industry</u>				
Industrial credit				
Industrial cooperation and trade				
<u>Services</u>	3	10	37	20
Health				
Housing				
Energy				
Prevention				
Institutional support				
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 3.3 Implementation of regional projects

The design and implementation of regional projects are generally considered to be more complex than is the case for bilateral projects (one recipient only). Indeed, they require a number of partners, each with its own problems, priorities, constraints and procedures, to work together in a coordinated fashion. In spite of these delicate aspects, it is interesting to note that, unlike cofinanced projects, there is no particular delay in implementation, even in terms of the rate of disbursement, as the following table shows:

Year	Rate of disbursement (%)	
	Regional projects	All projects (Art. 930)
1976	100,0	99,5
1977	87,1	92,2
1978	100,0	82,9
1979	91,1	92,3
1980	94,5	88,7
1981	68,4	66,0
1982	94,5	62,8
1983	61,9	66,4
1984	25,7	48,8
1985	28,7	19,9
1986	0,4	7,7

### 3.4 Integration projects

As mentioned above, this category accounted for some 80% of regional projects during the period 1976-86. It concerns three sub-regions (South-East Asia, the Andean Pact and Central America).

These projects are implemented on behalf of the countries concerned by regional integration organizations and/or their satellite bodies. In Asia these include ASEAN and its sectoral committees, and in Latin America JUNAC (Andean Pact) and various Central American regional organizations.

Community support for each of these three sub-regional groups is channelled direct to the member countries (bilateral projects) or through the regional organizations (regional projects). The EEC makes quite clear that one of its main objectives is to support the political, social and economic integration efforts of the countries in each of these sub-regions, without however seeking to interfere in the free choice of forms and solutions of the member countries concerned.

Before examining each of these three sub-regional groups in turn, some of their characteristics are compared in Table 4.

Table 4

Characteristics of the sub-regional groups ASEAN, Andean Pact and Central America

Characteristics	ASEAN	Andean Pact	Central America
Region	Asia (South-East)	South America	Isthmus (CACM + Panama)
Member countries	Thailand, Philippines, Indonesia, Singapore, Malaysia, Brunei	Peru, Bolivia, Ecuador, Colombia, Venezuela	Honduras, Nicaragua, Guatemala, El Salvador, Costa Rica, (Panama)
Institutional basis	Bangkok Declaration	Carthagen Agreement	General Treaty on Economic Integration
Year of signature	1967	1969	1960
Total human population (million inhabitants) <sup>1</sup>	280	79	25
Average per capita income (US\$) (range of incomes) <sup>1</sup>	773 (540 - 20 180)	1 573 (410 - 3 220)	1 024 (710 - 2 100)
Community institutions	Secretariat Sectoral committees	JUNAC, "Comision" (Council of Ministers), Andean Parliament, Court of Justice, Reserve Fund, Regional Bank, Economic and Social Committee	Secretariat Sectoral institutions
Date of Cooperation Agreement with EEC	1980	Initialed December 1983 Ratified 1987	1985 (Central American isthmus + Panama) ratified 1987
Overall Community assistance to sub-region <sup>2</sup> 1976-86 (million ECU)	359	275	384
of which financial and technical assistance			
- began	1978	1977	1977
- total 1976-86 (million ECU)	295	160	176
- of which regional	37	50	60

<sup>1</sup>Source: OECD/IBRD - 1984.

<sup>2</sup>All projects and aid instruments.

3.41. Regional Financial and Technical Assistance to ASEAN

The Association of South-East Asian Nations (ASEAN) has regrouped five countries since 1964 - Indonesia, Malaysia, Philippines, Singapore and Thailand. Brunei joined in January 1985. The main objective of the association was to achieve stronger political cooperation among member states. This initial emphasis still very much characterizes the intra and inter-regional cooperation activities and programmes in the region.

The region achieved remarkable economic expansion during the 1970s, averaging 7.5% real GNP yearly growth, which continued at a rate of 5.7% in 1981-84 despite a relatively adverse international economic environment.

In 1980, a five-year cooperation agreement between the European Communities and ASEAN was signed recognising the importance of economic integration for both regions, and providing the foundation and framework for strengthening of economic relations. The agreement emphasises the need to develop further regional economic and development cooperation between the two parties. The agreement was extended in October 1985 for another five year period, stressing the need to strengthen the European presence within ASEAN through a comprehensive and concerted approach, to encourage a greater flow of investment, to boost science and technology cooperation and to emphasise human resource development programmes.

In keeping with the priority orientations defined during the ASEAN-E.C. Ministerial Meeting in Bangkok (18-19 October 1985), regional projects now rather focus on areas relating to the industrial and service sectors, in accordance with ASEAN members' economic development, and in sectors where Community technical assistance and inputs can make a valuable contribution. Emphasis is put on interregional collaborative programmes, establishing strong linkages and long term relations between institutions and agencies of both regions. (See list of projects).

Since the ASEAN organisation has not established a proper executive structure, it has had to resort to a rather unwieldy and cumbersome decision making process to reach consensus. The ASEAN Secretariat is only a coordinating body, operating through a series of eleven working committees, in turn serviced by a host of sub-committees, expert groups, and ad-hoc working groups. When applied to the process of regional cooperation, the consensus rule gives rise to lengthy negotiation and repeated consultations which contribute to the relatively low pace in elaboration of ASEAN regional projects. On the other hand, the consensus mechanism can actually facilitate implementation of a regional cooperative programme, because when reaching a consensus, the parties concerned normally sort out their differences and make acceptance of programme activities smoother during execution.

The major ASEAN regional integration projects presently under execution are hereunder briefly presented:

(See Table I for details on financial and technical assistance to the ASEAN region).

REGIONAL PROJECTS IN ASEAN

Year		Responsible Organisation	Title	EEC Grant (Mio ECU)	Status
<b>I. Regional Integration Projects (ASEAN)</b>					
1978	NA/	COFAF(1)	Grains Post-Harvest Study	0.30	completed
1978	NA/	COFAF	Timber Technology Study	0.30	completed
1979	NA/	COFAF	Aquaculture Study	0.30	completed
1981	NA/81/2	COST (2)	ASEAN-EC Scientific and Technological Cooperation Programme	2.80	ongoing
1981	NA/81/16	ASEAN Food Handling Bureau (AFHB) (Malaysia)	Grains Post-Harvest Technology Programme	4.30	ongoing
1983	NA/83/32	COFAF/AATC (Malaysia)	ASEAN Timber Technology Prog.	7.50	ongoing
1986	ALA/86/4	COFAF/AADCP (Thailand)	ASEAN Aquaculture Coordination and Development Programme	6.33	starting
1986	ALA/86/9	COIME(3)/TISI (Thailand)	Industrial Standards Harmonisation and Quality Control Strengthening Programme	5.00	starting
1986	ALA/86/18	SEAFDEC (Thailand)	ASEAN Marine Fisheries Assessment	0.65	starting
Sub-total:				27.48	
<b>II. Other regional projects</b>					
1976	NA/76/8	ADB	Rural Technical Assistance	1.50	completed
1977	NA/77/13	ADB	Channel-financed Agricultural Projects	2.90	completed
1977	NA/77/14	ADB	Rural Technical Assistance	0.40	completed
1978	NA/78/14	ADB	Rural Technical Assistance	1.20	completed
1979	NA/79/16A	ADB	Rural Technical Assistance	1.20	completed
1979	NA/79/18	Mekong Comm.	Rural Technical Assistance	0.40	completed
1981	NA/81/11	ADB	Rural Technical Assistance	1.00	ongoing
1983	NA/83/5	Mekong Comm.	Technical Assistance	0.75	completed
Sub-total:				9.35	
Grand total:				36.83	

- 1) ASEAN Committee on Food, Agriculture and Forestry
- 2) ASEAN Committee for Science and Technology
- 3) ASEAN Committee for Industry, Minerals and Energy

ALA/81/2 ASEAN-EEC Scientific and Technological Cooperation Programme (STC)

The project aims to upgrade the capabilities of national institutes, universities and the public sector in the ASEAN region by promoting the transfer of technology and strengthened relations with specialized agencies from the European Community.

The project comprises a series of activities, including interregional scientific seminars, short-term training and fellowships, and technical advisory actions to ASEAN national institutions.

Scientific and technological research is becoming increasingly recognised as one of the key factors influencing the sound economic development of national economies and in the overall functioning of the world economy. Scientific and technological advances, industrial performance and social and economic welfare are now increasingly interlinked.

On a scientific level, the grouping of efforts, the interaction of different experiences and approaches to scientific research between ASEAN countries and the EEC constitute an important field for EC/ASEAN cooperation.

The recent approach in the implementation of the programme is to inject a truly regional dimension to our science and technology cooperation by encouraging and stimulating an ongoing exchange and sharing of information, experience, expertise and facilities existing in the research laboratories and institutions within both the member states of the Community and those of ASEAN. The sharing of knowledge both accelerates economic growth and forges close economic and technological ties between the two regions.

In the STC programme, the primary focus consists of fostering closer relationships between the scientific communities of both partners through the gradual establishment of EC/ASEAN networks of research institutes in specific fields of mutual interest to both parties.

During a first phase (1981-84), the fields of energy, environment control and manpower development were selected.

Since then, during the second phase, the scope of assistance has been expanded to cover fields of direct relevance for industrial application such as ceramic glass and optics, corrosion science, geophysics, instrumentation and measurement, electronics, applied chemistry, polymer science, enzyme and membrane technology and various other applied sciences actions in relation with industrial users.

At present, a total of 12 scientific seminars, 43 scientific expert advisory actions and about 120 training scholarships in EC institutions have been carried out or are being processed (see Table II for details).

The EC grant for the project has been 2 800 000 ECU, excluding certain counterpart contributions provided by ASEAN national bodies participating in the project. In 1986 the programme has been extended by a new EC grant of 1.2 Mio ECU for integrated scientific advisory actions.

TABLE II

Actions under Preparation/Executed as of September 1987

	INDONESIA	MALAYSIA	PHILIPPINES	SINGAPORE	THAILAND
Seminars*	Marine Corrosion Biotechnological Processes	Water Management Toxic and Hazardous Waste Management	Marine Science Material Sciences	Micro Electronics Biotechnologies	Energy Conservation Biochemical Engineering
Expertise	Solar Energy Ceramics Microbial Fermentation Membrane Technology Ceramics/Glass Technology Industrial Chemicals Laboratory for Applied Chemistry Enzyme Technology Membrane Technology in Juice Concentration Fermentation Processes	Toxic Wastes Regulation Auto Emission Testing Auto Parts Testing National Science Centre	Solar collector test station High Polymers Remote Sensing/ Geostatistics Solar Energy Electronic Standards Material Sciences Industrial Corrosion Speciality Ceramics Microelectronics	Computer Centre Equipment Sciences and Technology Policy Computer Education Electronics Design Energy Conservation Electronical Metrology Biomechanical Gait Laboratory Repair of Structures Medical Lab. Technology Microwave Calibration Ship Simulation System Electromechanical application technology	Agricultural Wastes Environmental Control Science and Technology Policy Speciality Chemicals from Biotechnology

\* In addition, 2 seminars were held in Europe on Science and Technology Policy



ALA/81/16 ASEAN Regional collaboration programme on grains post-harvest technology (Kuala Lumpur)

The project was designed to increase the availability of basic foodstuff in the ASEAN region by means of assisting ASEAN reduce the quantitative and qualitative losses of grains (particularly rice) which occur at local farmer and co-operative level as a result of poor handling, processing and storage.

The project has established a collaborative programme of training, research and extension using and developing the facilities of existing national institutions. The project aims at promoting a greater exchange of information and collaborative actions among these institutions at the regional level, and with specialised European agencies. The training is primarily for extension and technical personnel responsible for advisory services to farmers and other agencies handling and storing grain in the rural context.

This project, of 4.3 Mio ECU, is implemented through the national institutions responsible for grain post-harvest technology in Indonesia, Malaysia, the Philippines and Thailand assisted by the ASEAN Food Handling Bureau (AFHB) based in Kuala Lumpur.

The principal activities of training are upgrading of existing training institutions through the provision of regional courses, scholarships and additional specialized instruction, as well as improving the training methods and extension activities.

Under the research component, the project has provided equipment and technical assistance for adaptive research and technology development for grain handling, especially drying and milling at the farm and village level, as well as bulk storage and handling of grains.

ALA/83/32 ASEAN-EEC Timber Technology Programme (Kuala Lumpur)

The project is intended to help strengthen the applied research, training and technical information services available to the timber-processing industry in the ASEAN region through the establishment of an ASEAN Timber Technology Centre (ATTC) and the implementation of a coordinated regional programme of applied research in certain specific areas of timber technology.

The ATTC, located in Kuala Lumpur, has the capacity to serve the needs of the timber-processing industry and its related national research and training institutes or national and regional trade associations throughout the ASEAN region. The regional research programme implemented under the project is carried out by selected national research institutes throughout the region under the overall coordination and supervision of the ATTC.

The ATTC provides technical assistance in the field of timber technology to research and training institutes, trade associations and firms in the timber-processing sector, as well as undertaking itself certain training and information tasks which can best be handled at the regional level.

The cost of the project is estimated at 12 920 000 ECU, of which the EEC provides 7 500 000 ECU. The Malaysian Government, as host country, provides in-kind inputs (value of 2 400 000 ECU), while the individual ASEAN countries participating in the research programme provide additional in-kind inputs, in line with their respective participation in the concerted regional programme, with a total value of 2 400 000 ECU.

ALA/86/6 ASEAN Regional Aquaculture Development and Coordinating Programme (AADCP) (Bangkok)

The project is aimed at improving the socio-economic conditions of the rural poor through aquaculture development by strengthening the applied research, development and training services of selected aquaculture institutes within ASEAN, and thus helping to upgrade the sector's technical capacities.

The five topics selected for inter-regional cooperation are:

- (1) coastal zone assessment for aquaculture (Indonesia)
- (2) lakes and reservoirs site and resources assessment management
- (3) aquaculture training and extension work (Philippines)
- (4) fish feeds and mariculture and post-harvest technology (Singapore)
- (5) fish and crustacean genetics (Thailand)

The total cost of the project is 9.32 Mio ECU, out of which the EEC contributes 6.77 Mio ECU in the form of a grant under the 1986 programme for PVD ALA, and ASEAN member countries contribute 2.55 Mio ECU.

The project, implemented by the five ASEAN participating institutes under the direction of the Steering Committee of the AADCP, appointed by COFAF and reporting to it through the CGF (COFAF Coordinating Group on Fisheries), is coordinated by a central Coordinating Office in Bangkok.

The ASEAN institutes involved in each component are twinned with an EEC institute having complementary expertise, research and training goals.

ALA/86/8 ASEAN Industrial Standards and Quality Control Programme (Bangkok)

The project aims at furthering the development of ASEAN trade and industry through the promotion of regional harmonisation of industrial standards for certain selected sectors (electrical and electronics products, iron and steel products, agricultural machinery, quality and safety assurance), as well as through strengthening the capabilities of national industrial standards and quality control systems. The project is also intended to encourage more intensive links between relevant standards bodies in the ASEAN region and Europe.

The total direct cost of the three-year project is 5.0 Mio ECU to be financed in the form of an EEC grant. The ASEAN member countries will provide regional and national coordination office and secretarial facilities and professional staff.

The project as a whole is coordinated and managed by the Thai Industrial Standards Institute (TISI), with overall direction for the project provided by a Project Steering Committee (PSC) appointed by COIME.

ALA/86/18 ASEAN Regional Marine Fisheries Resources Assessment and Training Programme (Bangkok)

The aim of the project is to assist ASEAN fisheries authorities to improve the management of fisheries at national and regional level through the development of appropriate stock assessment and data analysis methods for policy making. Priority topics will be selected among several areas of interest to all countries for which a good fish stock data basis exists and can be the subject of detailed examination.

The cost of this project is 1 015 000 ECU, out of which the EEC contributes 652 000 ECU in the form of a grant, and ASEAN contributes the balance.

Activities include technical assistance, training and technical workshops, as well as provision of necessary data processing equipment and software.

The executing agency for the two-year project is SEAFDEC (South East Asian Fisheries Development Centre), based in Bangkok (Thailand).

### 3.4.2 THE ANDEAN PACT

Set up in 1969 by the "Acuerdo de Cartagena", signed in the town of that name in Colombia, the Andean Pact provides not only for free trade but also for the creation of a real economic union based on joint industrial planning and the harmonization of economic policies. Recognizing the failure of their industrial policy, severely affected by the world crisis, the five countries<sup>1</sup> readjusted their objectives: agriculture (including reducing the sub-region's food dependence) is now placed on a par with industry (small and medium-sized enterprises, capital goods). This new approach to the integration process was laid down in the "Protocolo Modificatorio" to the Cartagena Agreement, signed in Quito in March 1987. In addition to this major policy change, amendments and adjustments were made to a number of economic policies (cancellation of joint investment arrangements, Decision 24) and new mechanisms were introduced.

A non-preferential EEC-Andean Pact Cooperation Agreement was initialled in December 1983 and finally ratified by the Andean countries early in 1987. It covers the three traditional areas of trade, development cooperation and economic cooperation. It provides for a Joint Committee to meet once a year.

The Andean Pact has progressively provided itself with institutions which make it more and more similar to the EEC: JUNAC ("Junta del Acuerdo de Cartagena"), a technico-administrative integration body (equivalent to our Commission) led by a "junta" of three members (equivalent to our Commissioners), a "Comision" (equivalent to our Council), the Andean Parliament, the Andean Court of Justice, the Reserve Fund (Andean currency = Andean peso), the "Corporacion Andina de Fomento" (CAF - equivalent to the EIB), Economic and Social Council, etc.

#### EEC/ANDEAN PACT COOPERATION

In addition to bilateral aid from EEC Member States and trade cooperation (since 1971 the Andean Pact has benefited under the Generalized System of Preferences), EEC cooperation with the Andean Pact takes place at two levels and under a multitude of instruments:

- (i) at national level (Peru, Bolivia, Ecuador, Colombia, Venezuela) and sub-regional level (Junta del Acuerdo de Cartagena - JUNAC), plus a few regional operations outside the JUNAC framework;
- (ii) under the various cooperation instruments, the main ones being financial and technical cooperation (Article 930), food aid (Chapter 92), trade promotion (Article 931), training (Article 934), energy (Article 933), regional integration (Article 932), NGOs (Article 941), emergency aid (Article 950) and cooperation agreements (Article 990).

Total Community assistance to the sub-region under all instruments<sup>2</sup> from 1976-86 amounted to some 275 million ECU, including 160 million ECU in the form of financial aid and 50 million ECU in regional grants, 35 million ECU of which was channelled through the JUNAC as financial and technical cooperation.

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<sup>1</sup> The five signatory countries were originally Peru, Bolivia, Colombia, Ecuador and Chile, but a few years later these changed to Peru, Bolivia, Colombia, Ecuador and Venezuela. They are all now democracies.

<sup>2</sup> Not including international agricultural research (20 million ECU).

### EEC-JUNAC Cooperation

EEC-JUNAC cooperation includes financial and technical cooperation, energy, trade promotion, aid for regional integration and, more recently, economic cooperation under the EEC-Andean Pact Cooperation Agreement.

#### Financial and technical cooperation

Financial and technical cooperation started ten years ago (in 1977). It is the biggest source of external support which JUNAC receives, and totals some 35 million ECU (Article 930); it takes the form of grants for preinvestment operations (15 projects led to separate financing agreements) aimed at specific technico-economic objectives and is designed to facilitate the integration process of the five countries concerned.

The structural breakdown of this cooperation is as follows:

rural sector:	30% (4 projects);
technology:	26% (6 projects);
industry:	42% (4 projects);
energy:	2% (1 project).

Community support initially focussed on the rural sector (Departamento Agropecuario) and rural technology and food technology/nutrition (Grupo Tecnológico), but it has since expanded to include the industrial sector (Desarrollo Industrial) and energy.

Community support for JUNAC mainly takes the form of studies (diagnostic, pre-feasibility and feasibility, technical, evaluation) carried out jointly by experts from the sub-region recruited on temporary contracts by JUNAC with assistance from European experts, the whole cost being borne by the EEC. The sub-regional counterpart (JUNAC + member countries) generally covers some 30-50% of the total cost and mainly involves the secondment of national technical staff and the provision of reception

The way this financial and technical cooperation was implemented changed from the period 1976-82 to the period from 1983 to the present.

In the earlier period projects were more specific (i.e. limited in scope) and the implementation period was shorter (during this period payment appropriations to JUNAC projects were disbursed faster than payment appropriations to the other LAA developing countries). In the second period financing has been focused on programmes (groups of sometimes heterogeneous operations linked by coherent themes), the implementation of which has been held up by the objective difficulties facing JUNAC: lack of political mandate, hesitations on the part of member countries on account of the world crisis, budgetary difficulties, internal restructuring, etc. With its reduced budget JUNAC reorganized and reduced the number of its services and terminated outside contracts.

The first two three-year programmes financed with the help of the EEC - for which the financing decisions were taken at an interval of six months, late in 1984 and early in 1985, and coincided with the signature of the EEC-Andean Pact Cooperation Agreement - typify the current period. They concern the two priority areas of the new regional integration policy following the reorganization of the integration process:

- (i) the rural sector, including basic food production = Food security/strategy programme (NA/84/6): 7 million ECU (EEC);
- (ii) the industrial sector (SMEs): Sub-regional industrial/trade programme (NA/85/3): 7 million ECU (EEC).

The "Protocolo Modificatorio" to the Cartagena Agreement was recently adopted. JUNAC now has a political mandate and should be in a position to put the technico-administrative machine back on its feet and make better use of cooperation with the EEC.

In spite of the difficulties which have beset JUNAC, particularly over the last two years, the financial management of EEC funds and the procedures used have been *exemplary*.

With the aim of supplementing the skills available within the sub-region, the EEC has made the following European technical assistance available to JUNAC:

- (i) Advisor to the Director of the "Agropecuario" department;<sup>1</sup>
- (ii) Advisor to the Director of the "Grupo Tecnologico";
- (iii) Advisor to the Director of the "Desarrollo Industrial" department;
- (iv) Advisor to the head of the PRID-MADERA programme (industrial promotion of wood products).

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<sup>1</sup> Contract terminated in mid-1986; might be reinstated when a new director is appointed in this department.

Table 1: Financial and technical aid to JUNAC

List of operations funded and completed

Project/ programme No	Title/aim	EEC financial contribution	Status
NA/77/19	<u>Rural technical cooperation</u> Diagnostic and pre-feasibility studies in various agricultural sub-sectors (crop quarantine, improved seeds, cold chain)	1.0	completed
NA/77/20	<u>Food technology</u> Studies/research with a view to processing locally-produced basic agricultural products using simple and inexpensive technology for consumption by vulnerable sections of the population	2.6	"
NA/78/27	<u>Wood technology</u>	1.6 + 0.14	"
/28	Wood derivatives	0.1	"
/29	Prototype buildings Applied research into species of tropical wood extant in the sub-region (survey/ classification) and studies of their characteristics and strength as building materials. Study of boards and prototype buildings with a view to promoting the use of wood in construction.	0.4	"
NA/78/30	<u>Palm oil</u> Feasibility study for oil palm plantations in certain countries (mainly Peru and Ecuador)	0.4	"
NA/78/31	<u>Industry: standardization and quality control</u> Diagnosis of needs and recommendations in certain industrial sub-sectors	0.2	"
NA/79/27	<u>Food technology/nutrition</u> Extension of project NA/77/20 to the related areas	0.3 + 0.06	"
NA/80/26	<u>Rural technical cooperation</u> Continuation of project NA/77/19: feasibility studies and technical dossiers for crop quarantine, improved seeds, cold chain/ network. Technical assistance: Advisor to Director of the "Agropecuario" department rural planning expert (2 years), milk collection expert (8 months) Training	2.0 + 0.255	"
NA/81/7	<u>Technical cooperation: industry and economic planning</u> Continuation of project NA/78/31: feasibility study and application of standardization to certain industrial sub-sectors, diagnoses in other areas. Economic planning: preparation of a sub-regional econometric model (147 variables) for economic outlook	1.1	"

Table 2: Financial and technical aid to JUNAC

List of operations funded and not yet completed

Project/ programme No	Title/aim	EEC financial contribution	Percentage of payments disbursed
NA/81/8	<u>Rural technology (PADT/rural)</u> Development and transfer of rural technologies appropriate to the needs of the rural population living at high altitudes in the Andean countries: Bolivia/Peru/Ecuador and Colombia/Venezuela	3.93	60%
NA/82/4	<u>Energy</u> Energy planning	0.5 + 0.1	75%
NA/83/8	<u>Industrial promotion of wood</u> Programme promoting the use of wood (tropical wood from the sub-region) as an alternative building material replacing imported materials. Includes information (circulating research results), training in various skills (through workshops, seminars, etc.); and demonstrations (rural buildings and prototypes).	6.0	66%
NA/84/6	<u>Food strategy/security</u> This programme of studies, coordinated among the 5 participating member countries, includes: - the complete production cycle (pre-production, production, marketing, processing) of certain basic foodstuffs; - strategic considerations (reserve stocks, food security systems) including food security programming and management (management of related economic policies with simulation of decisions and their results) using a production/consumption model prepared by JUNAC with EEC aid (cf. convenio Padt-Alimentos NA/77/20); - technical support for institutions and European advisor working with the technology directorate.	7.0	56%
NA/85/3	<u>Sub-regional industry/trade</u> This preinvestment programme (studies, technical assistance, training) comprises two distinct but interdependent, chapters: - Industrial development: industrial rationalization and modernization, support for capital goods industries, investment promotion, technical standardization, quality certificates and weights and measures, technological projects; - Intra-subregional circulation of people and goods: tourism, frontier posts and transport documents, river transport, harmonization of customs legislation, goods nomenclature and valorization, data-bank, etc. This programme includes the sending of a European advisor to work with the Director of the Industrial Department.	7.0	40%



## Regional cooperation outside the JUNAC framework

### 1. Applied agricultural research

The Centro Internacional de Mejoramiento de Mais y Trigo (CIMMYT, based in Mexico) conducts applied agricultural research for the Andean countries under which the following two programmes have been financed:

- NA/82/7 Applied agricultural research/CIMMYT - 2.0 million ECU
- NA/86/18 " " " " - 3.0 million ECU

As the title suggests, this is a decentralized, applied research programme aimed at improving maize and wheat production by introducing, adapting, propagating and demonstrating varieties at different ecological stages and strengthening and coordinating the national structures for research and the training of technicians and peasant farmers both on the spot and abroad (postgraduate study awards). This work is conducted by CIMMYT, an organization which enjoys worldwide renown.

### 2. Agricultural research (International research centres)

Each year since 1978 the EEC has supported the agricultural research activities of two centres belonging to the CGIAR, the "Centro Internacional de la Papa" (CIP) based in Lima (Peru) and the "Centro Internacional de Agricultura Tropical" (CIAT) based in Cali (Colombia).

Over the nine-year period 1978-86 this form of financial support amounted to 20.1 million ECU (12.98 million ECU to CIAT and 7.15 million ECU to CIP).

As indicated above, these cannot really be regarded as regional projects, since the results are clearly applicable worldwide. They are listed here for information only and are not included under the heading of regional projects, in the present chapter.

### 3. Energy: OLADE ("Organisacion Latino-Americana de Desarrollo de La Energia")

The EEC has financed a number of pre-investment projects; those in the Andean Pact countries concern mainly Peru, Ecuador and Colombia (total financing: 1.7 million ECU). They have never been monitored closely enough and this continental sectoral organization does not seem to be efficient.

#### 4. Andean satellite telecommunications system (ASETA)

The association of state telecommunications companies of the Andean countries (ASETA) asked the EEC to finance a feasibility study for the CONDOR project (regional satellite).

The EEC financed this study, carried out by the European Satellite Consulting Organization (ESCO), under Article 930 (financial and technical assistance) at a cost of 0.3 million ECU; at the same time it financed technical assistance for ASETA from the European Space Agency (ESA) costing 30 000 ECU. The feasibility study has now been completed and accepted by ASETA and the Commission. ASETA is currently holding a political meeting in Lima during which the technical and political instances of the five countries are to take a decision on the basis of results of the study. The Commission has confirmed its willingness in principle to finance the next stage, the technical dossier and the invitation to tender dossiers, expected to cost some 2 million ECU, under certain conditions.

#### 5. Other regional projects

The Andean countries have also benefited from three other regional projects:

NA/78/25 - CFAD/Solidarios (line of credit to small agricultural firms managed by the IDB): 1.8 million ECU;

NA/80/30 - IDB/rural microprojects (line of credit to the IDB special fund for agricultural and agro-industrial SMEs): 2.0 million ECU;

NA/79/40 - PAHO/Preparedness (contributions to an awareness raising/educational programme informing people of the best way to deal with natural disasters, particularly earthquakes): 1.1 million ECU.

#### Conclusions

With the basic objective of supporting the integration efforts of the countries of the Andean sub-region, cooperation with JUNAC follows two specific objectives simultaneously:

- (i) institutional support, aimed at strengthening the efficiency and credibility of this technico-administrative body vis-à-vis its five member countries. Thus a number of high-level European advisors help bring to life projects receiving financial and technical support from the EEC, both at regional and national level;
- (ii) sectoral technical support, whereby selected European experts complement the work of sub-regional experts and thus help to solve socio-economic problems and the problems of the Andean integration.

However, a purely quantitative assessment of the financial resources devoted to regional operations benefiting the Andean Pact via JUNAC (35 million ECU) as a proportion of total EEC funding for cooperation with the Andean Pact (275 million ECU) is unlikely to do justice to the support given to JUNAC for regional integration projects: These are preinvestment operations with a potential multiplier effect which may have a quite substantial impact.

### 3.4.3. Central America

The approach to regional integration in Central America is different from that in ASEAN or JUNAC.

The signature in 1960 of the General Treaty on Central American Economic Integration by five countries (Honduras, Nicaragua, El Salvador, Guatemala and Costa Rica) was the starting point for their integration. The Central American Common Market (CACM) was founded the following year, when a Permanent Secretariat (SIECA) was also set up and an Integration Programme adopted, together with a common external customs tariff.

Following a relatively favourable period up to 1978, during which integration efforts contributed to the economic development of the sub-region's countries, the integration process was interrupted in 1979 by the economic, political and social crisis which affected the Central American countries.

All kinds of difficulties prevented the mechanisms of integration from developing and functioning and the Council of Economic Ministers, which had an important political role, no longer met. The CACM lived on essentially through the passive existence of the SIECA and the barely coordinated activities of its satellite bodies, such as BCIE (Banco Centro-Americano de Integracion Economica), INCAP (Instituto de Nutricion de Centro America y Panama); ICAITI (Instituto Centro-Americano de Industria y Tecnologia), etc.

The BCIE is the regional bank set up specifically to promote the development and economic integration of the countries of Central America (CACM). The financial contributions come mainly from the five member countries of the CACM and the IDB (Inter-American Development Bank). The Bank also receives support from other sources, including the EEC (since 1979).

INCAP is a subregional institute carrying out research on nutrition and food technology, directed mainly at the problems of the disadvantaged/vulnerable sections of the sub-region's population.

CADESCA is an action committee set up under the SELA (Sistema Economico Latino Americano), a continent-wide institution. Thus CADESCA is not a regional institution; it nevertheless plays a sectoral role, including an important food security programme.

In September 1984, the Inter-ministerial Conference held in San José (Costa Rica) marked a change in direction for cooperation between the EEC and the Central American isthmus (CACM + Panama), which now extends beyond the socio-economic and technical spheres to include political relations. This has since taken the concrete form of a non-privileged economic cooperation agreement, signed in Luxembourg in November 1985 and officially ratified in Guatemala City in February 1987 on the occasion of the third Ministerial Conference (External Relations Ministers of the Central American isthmus and the EEC).

Financial and technical cooperation

Since 1977 the European Community has increasingly given concrete support to the CACM countries, mainly in the form of financial and technical assistance, where the conditions for development operations were fulfilled.

Assistance to these countries took the form of support for land reform. The EEC financed development operations in countries with a land reform law, essentially with three objectives:

- (i) to show that applying the land reform law produced viable and profitable agricultural holdings;
- (ii) to help reduce social, and even political, tensions;
- (iii) to help increase national food production, particularly of subsistence crops.

EEC assistance to the countries of the Central American isthmus (CACM + Panama) over the period 1979-86 totalled 384 million ECU.

This included in particular 176 million ECU of financial and technical assistance and 164 million ECU of food aid (direct and indirect), together with more modest contributions towards trade promotion, emergency aid, contributions to NGOs and technical assistance to regional institutions. The figure for financial and technical assistance includes the special assistance granted to Central America above and beyond its normal share of LAA aid (30 million ECU in 1982 and 20 million ECU in 1985); regional projects accounted for a total of 60 million ECU.

Regional projects can be divided into those with an integration objective and others. The first category concerns support operations for institutions/bodies (see Table 1).

The EEC currently gives priority to these regional operations, including the integration projects concerning the six countries of the Central American isthmus (CACM + Panama) which have signed the Agreement.

A brief description of the objectives of the main regional integration projects financed since 1984 is given below.

NA/84/14/BCIE/Support for the reactivation of industrial SMEs in Central America

This project, cofinanced with Italy, is aimed at stimulating industrial SMEs in Central America and strengthening the impetus given to them by the BCIE (Banco Centro-Americano de Integracion Economica. It includes the provisions of technical assistance at various levels - BCIE, Central American banking system - and the creation of a currency fund giving industrial SMEs in the five countries concerned (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua) access to credit on favourable terms (EEC contribution: 20 million ECU, including 13.35 million ECU for the fund and 6.65 million ECU for technical assistance and training; Italian contribution: Lit 3 662 million = approx. 2.67 million ECU).

This project was approved by the Commission in December 1984 and the financing agreement between the BCIE and the EEC was concluded on 13 June 1985.

Table 1: Central America

Regional projects financed with EEC support (1977-86)

Year	Project No	Body/institution responsible for implementation	Title	EEC financial contribution (million ECU)	Progress
<u>Category I: Integration projects</u>					
1977	NA/77/06	INCAP:	Nutritional research	1,8	Completed
1977	NA/77/16	BCIE:	Grain storage	1,8	"
1978	NA/78/26	BCIE:	Studies/research	0,43	"
1979	NA/79/28	BCIE:	" "	0,50	"
1980	NA/80/28	BCIE:	" "	0,50	"
1984	NA/84/14	BCIE:	Industrial SMEs	20,00	Ongoing
				(cof EEC/Italy)	
1985	NA/85/5	CADESCA:	Food security	4,82	"
1985	NA/85/20	UNICEF:	Child protection	16,85	"
				(cof EEC/Italy)	
				UNICEF	
1986	LA /86/25		Rabies prevention	2,9	"
<u>Category II: Other Regional projects</u>					
1978	NA/78/34	CATIE:	Pilot projects	0,57	Completed
1979	NA/79/32	CATIE:	Research	1,1	"
1979	NA/79/40	PAHO:	Pre-disaster (education)	1,1	"
1980	NA/80/31	CATIE:	Research	0,2	"
1981	NA/81/21	IICA:	Industry/training	1,6	"
1982	NA/82/9		Honduras-Nicaragua /Bridges	3,2	Ongoing
1983	NA/83/2	CIME:	Resettlement of emigrants	1,4	"

NA/85/5/CADESCA (Comité de Accion para el Desarrollo Economico y Social de Centro America)/ Regional technical cooperation programme on food security (EEC contribution: 4.84 million ECU)

This programme, cofinanced with France and coordinated by CADESCA (Committee set up by SELA - Latin American Economic System), consists of a coherent group of operations involving training and the exchange of experiences (consultants' reports, studies, enquiries, programmes) concerning food security in this region (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama).

The aim is to define a regional framework for food security policy and to undertake concrete operations aimed at attaining food security by means of information, production, marketing, credit and research.

The programme is managed at the political level by an ad hoc Committee (made up of one high-level representative of each country and one representative of the EEC working in Central America) and at the technical level by Special Food Security Committees (departments of Ministries or public institutions); it was launched in mid-1986 under ideal conditions.

NA/85/20/ Child protection project in Central America (EEC contribution: 16.5 million ECU)

This project is aimed at improving mother and child health policies in Central America, where child mortality rates are extremely high.

It concerns the equivalent of US \$31 million and is cofinanced in more or less equal parts by the European Community and the Italian Government; it is to be implemented with assistance from UNICEF.

The project consists largely of training/information operations at all levels (administrative authorities responsible for design/programming, field workers, target population) and the provision of resources (medical equipment, medicines, transport equipment and vehicles).

NA/86/25/Rabies control (recipients: El Salvador, Guatemala, Honduras and Nicaragua) - EEC contribution: 2.9 million ECU

This project is aimed at achieving a substantial improvement in the epidemiological situation of rabies in the four countries affected in Central America, with the aim of eliminating the illness in the urban environment. Accordingly, 3.3 million dogs are to be vaccinated over a period of two years. The countries themselves will then maintain the favourable epidemiological situation achieved by means of concentrated operations coordinated at regional level.

The EEC financial contribution is for the equipment and materials needed (vaccines, vehicles, etc.) and the field teams who will manage the vaccination campaigns. This project is being cofinanced with the recipient countries (approx: US \$1 million), the Pan American Health Organization (PAHO - US \$1.4 million) and the French NGO Bioforce (US \$0.5 million).

ANNEXES

ANNEX I - Details of commitments by sector, region and programme year



## ANNEX I.1

1986 programme commitments by sector and region (Article 930)

(million ECU)

SECTOR	ASIA						LATIN AMERICA				-AFRICA		OTHER		TOTAL		NUMBER OF PROJECTS		
	REGIONAL	SOUTH-EAST	SOUTH	YEMEN REGION	TOTAL	%	REGIONAL	SOUTH	CENTR. CARIB.	TOTAL	%		%		%		%	NVX	SUPL:
<u>AGRICULTURE</u>	-	-	-	-	-	90,6	-	-	-	-	63,9	-	-	-	-	-	78,8	-	-
Land reform	-	-	-	-	-	-	-	-	1,95	1,95	2,2	-	-	-	-	1,95	0,8	-	1
Integrated rural development	-	18,5	6,0	-	24,5	17,4	-	36,0	17,5	53,5	58,4	-	-	-	-	78,0	31,8	5	1
Rural infrastructure:																			
irrigation	-	8,6	54,38	-	62,98	44,7	-	-	-	-	-	-	-	-	-	62,98	25,7	5	-
other	-	-	-	7,5	7,5	5,3	-	-	-	-	-	-	-	-	-	7,5	3,1	1	-
Crop production																			
Stock farming																			
Storage/marketing	-	10,0	21,19	-	31,19	22,1	-	-	-	-	-	-	-	-	-	31,19	12,7	2	-
Processing	-	1,55	-	-	1,55	1,1	-	-	-	-	-	-	-	-	-	1,55	0,6	1	-
Credit																			
Agricultural services																			
Training/extension services																			
Rural institutions																			
Research	-	-	-	-	-	-	3,0	-	-	3,0	3,3	-	-	6,9	55,6	9,9	4,0	2	-

FORESTRY	-	5, 0	-	-	5, 0	3,6	-	-	-	-	-	-	-	-	-	5, 0	2,0	1	-
FISHERIES	7,422	-	-	-	7,422	5,3	-	-	-	-	-	0,215	100	-	-	7,637	3,1	2	1
INDUSTRY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
TRADE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>PUBLIC SERVICES</u>																			
Water supply network	-	0, 6	-	-	0, 6	0,5	-	-	14, 5	14,5	15,8	-	-	-	-	15, 1	6,2	1	1
Energy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>SOCIAL SERVICES</u>																			
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	2, 9	-	5, 2	8,1	8,8	-	-	-	-	8, 1	3,3	2	-
<u>RECONSTRUCTION SCHEMES</u>	-	-	-	-	-	-	-	5,68	4,85	10,53	11,5	-	-	-	-	10, 53	4,3	2	1
<u>FOOD SECURITY</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>SCHEMES TO HELP REFUGEES</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>TECHNICAL ASSISTANCE AND SUPPORT FOR NATIONAL AND INTERNATIONAL PUBLIC INSTITUTIONS</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<u>PREPARATION AND MONITORING OF PROJECTS</u>	-	-	-	-	-	-	-	-	-	-	-	-	-	5,5	44,4	5, 5	2,2	1	-
TOTAL	7,422	44,25	81,57	7,5	140,742	100	5,9	41,68	44,0	91,58	100	0,215	100	12,4	100	244,937	100	26	5

## ANNEX I.2

1976-1985 programme commitments by sector and region (Article 930)

(million ECU)

SECTOR	ASIA						LATIN AMERICA					AFRICA		OTHERS		TOTAL	
	REGIONAL	SOUTH EAST	SOUTH	YEMEN REGION	TOTAL	%	REGIONAL	SOUTH	CENTRAL	TOTAL	%		%		%		%
<b>AGRICULTURE</b>																	
Land reform								82,4	82,4	192						82,4	4,9
Integrated rural development		40,6	71,9	4,39	116,89	107		77,3	40,0	117,3	273	11,5	151			245,69	146
Rural infrastructure: irrigation		121,54	228,456	0,7	350,696	322		23,28		23,28	5,4					373,976	222
other		1,5		7,5	9,0	0,8			4,85	4,85	1,1	4,0	5,2			17,85	1,1
Crop production		27,628	94,0	11,0	132,628	122	4,9			4,9	1,1	7,1	9,3			144,628	8,6
Stockfarming		4,65	13,0		17,65	1,6										17,65	1,1
Storage/marketing	4,6	10,0	96,49		111,09	102	1,8		9,35	11,15	2,6					122,24	7,3
Processing		2,45			2,45	0,2		2,0		2,0	0,5					4,45	0,3
Credit		66,12	57,7		123,82	114	3,8	4,0		7,8	1,8					131,62	7,8
Agricultural services								1,0		1,0	0,2					1,0	0,1
Training/extension services		5,44	33,5		38,94	3,6			2,7	2,7	0,6	1,5	2,0			43,14	2,6
Rural institutions		2,5			2,5	0,2	1,71		7,4	7,4	1,7					11,61	0,7
Research	7,5	4,9		2,4	14,8	1,4	11,32			11,32	2,6			50,3	60,4	70,3	4,2

FORESTRY	0,33	5,0	12,3		17,63	1,6	1,84	2,0		3,84	0,9				21,47	1,3	
FISHERIES	7,722	6,6	14,0		28,322	2,6			1,2	1,2	0,3	36,41	477		65,932	3,9	
INDUSTRY	2,8			2,0	4,8	0,4	34,34			34,34	8,0				39,14	2,3	
TRADE									1,0	1,0	0,2				1,0	0,1	
<u>PUBLIC SERVICES</u>																	
Water supply network		2,3	68,7		71,0	6,5			19,3	19,3	4,5	2,25	2,9		92,55	5,5	
Energy			11,8		11,8	1,1	2,23			2,23	0,5				14,03	0,8	
<u>SOCIAL SERVICES</u>																	
Housing							0,4			0,4	0,1				0,4	0,02	
Education												3,0	3,9		3,0	0,2	
Health							20,4		5,2	25,7	6,0	4,5	5,9		29,1	1,7	
<u>RECONSTRUCTION SCHEMES</u>			17,9	5,25	23,15	2,1	1,1	24,83	12,85	38,78	9,0	2,5	3,3		64,43	3,8	
<u>FOOD SECURITY</u>							11,82			11,82	2,8				11,82	0,7	
<u>SCHEMES TO HELP REFUGEES</u>			4,0		4,0	0,4	1,4		3,6	5,0	1,2	2,0	2,6		11,0	0,7	
<u>TECHNICAL ASSISTANCE AND SUPPORT FOR NATIONAL AND INTERNATIONAL PUBLIC INSTITUTIONS</u>	6,45	2,0	1,1		9,55	0,9	4,685		2,96	7,645	1,8	1,5	2,0		19,69	1,1	
<u>PREPARATION AND MONITORING OF PROJECTS</u>														33,0	39,6	33,0	2,0
TOTAL	29,402	303,228	724,846	33,24	1090,72	100	101,754	134,41	192,81	428,965	100	76,26	100	83,3	1000	1679241	100

ANNEX I.3

1976-1986 PROGRAMME COMMITMENTS (ARTICLE 930)

NUMBER OF PROJECTS

SECTOR	ASIA	LATIN AMERICA	AFRICA	OTHER	TOTAL
<u>AGRICULTURE</u>					
Land reform	-	7 (1)*			7 (1)
Integrated rural development	12 (1)	17 (5)	2		31 (6)
Rural infrastructure:					
irrigation	39 (5)	5			45 (5)
other	2 (1)	2	1		5 (1)
Crop production	30	4	3		37 -
Stockfarming	6	-			6 -
Storage/marketing	16 (2)	5			21 (2)
Processing	2 (1)	1			3 (1)
Credit	7	3			10 -
Agricultural services	2	1			3 -
Training/extension services	4	2	1		7 -
Rural institutions	1	2			3 -
Research	4	7 (1)		27 (1)	38 (2)
FORESTRY	4 (1)	3			7 (1)
FISHERIES	10 (2)	1	11 (1)		22 (3)
INDUSTRY	3 (1)	5			8 (1)
TRADE		1			1 -
<u>PUBLIC SERVICES</u>					
Water supply network	15 (1)	3 (1)			18 (2)
Energy	2	4			6 -
<u>SOCIAL SERVICES</u>					
Housing		1			1 -
Education			1		1 -
Health		3 (2)	1		4 (2)
<u>RECONSTRUCTION SCHEMES</u>					
FOOD SECURITY	8	11 (3)	1		20 (3)
SCHEMES TO HELP REFUGEES		2			2 -
TECHNICAL ASSISTANCE AND SUPPORT FOR NATIONAL AND INTERNATIONAL PUBLIC INSTITUTIONS	7	5	2		4 -
			1		13 -
TOTAL	174 (15)	97 (13)	24 (1)	27 (1)	322**(30)

\* Number of projects . 1986 in brackets.

\*\* Including 30 disaster-relief projects (4).

ANNEX II - Correspondence of disbursements to commitments by annual programme

ANNEX II: Disbursements by calendar year (Article 930)

(million ECU)

CALENDAR YEAR	COMMITMENTS	DISBURSEMENTS BY CALENDAR YEAR																		TOTAL	%			
		1977 %		1978 %		1979 %		1980 %		1981 %		1982 %		1983 %		1984 %		1985 %				1986 %		
1976	21,0	6,3	30	3,3	16	4,0	19	1,3	6	2,1	10	1,4	7	2,0	9	0,3	1	0,1	1	0,03	0,1	20,9	99	
1977	45,0			4,5	10	6,2	13	10,7	24	6,8	15	3,2	7	2,8	6	2,2	6	2,2	6	1,5	3,4	41,5	92	
1978	29,7					5,5	19	1,9	6	4,5	15	2,8	9	4,4	15	2,6	9	0,5	2	2,3	7,7	24,6	83	
1979	117,8					3,7	3	24,3	21	30,6	26	15,2	13	14,5	12	10,1	9	6,7	6	3,5	2,9	108,7	92	
1980	132,5							1,7	1	41,8	32	28,7	22	15,6	12	13,2	10	8,0	6	8,5	6,4	117,5	89	
1981	153,6									1,9	1	12,3	8	52,1	34	10,0	7	16,6	11	8,6	5,6	100,8	66	
1982	134,8											3,3	2	8,7	6	31,8	24	19,8	15	21,0	15,6	84,6	63	
1983	227,5													28,7	13	67,4	30	35,4	15	19,7	8,7	151,2	66	
1984	249,3															7,7	3	55,1	22	58,9	23,6	121,7	49	
1985	149,7																	2,8	2	27,0	18,0	29,8	20	
1986	268,6																				20,7	8,0	20,7	8
<b>TOTAL</b>	<b>1528,5</b>	<b>6,3</b>		<b>7,8</b>		<b>19,4</b>		<b>39,9</b>		<b>87,7</b>		<b>66,9</b>		<b>128,8</b>		<b>145,3</b>		<b>147,2</b>		<b>171,7</b>		<b>821,6</b>		

ANNEX III - Services of outside experts



1. SHORT-TERM STUDIES AND SERVICES OF EXPERTS

COUNTRY	TITLE	COST (ECU)
Bolivia	Rural development (identification/seminars)	100 000
Pakistan	Development of alternative crops	55 000
ASEAN	Aquaculture (identification mission)	3 000
Guatemala	Rural project identification	49 000
Guatemala	Integrated rural development	26 000
Honduras	Evaluation rural sanitation prep. project	40 000
Philippines	"Cordillera" rural development project	58 000
Mexico	Hospital project	53 000
Haiti	Roads: Evaluation IDB projects and new proposal	29 000
Thailand	Definition of project helping Khmer refugees	22 000
India	Chambal: report revision	4 000
Honduras	Food aid - project evaluation	8 000
Peru	Lake Titicaca flood prevention	64 000
Peru	Continuation of PUNO project	3 000
Bolivia/Peru	Food security study	6 000
All countries	Data processing for use in annual report	12 000
All countries	European Parliament: evaluations of aid requirements	192 000
Colombia	Rural microprojects programme	3 000
Central America	Fisheries project	55 000
Philippines	NGO microprojects	36 000
El Salvador	Rehabilitation of university and hospital	17 000
Bangladesh	Fisheries report	74 000
Yemen	Fruit and vegetable production and marketing	72 000
Nepal	Evaluation and preparation of food aid proposal	21 000
Nepal	Rural development project	39 000
India	Livestock production (Tamil Nadu)	46 000
Central America	Forestry project	44 000
China	Fruit processing	35 000
Laos	Project identification	32 000
China	Identification (irrigation at Gansu)	30 000
Guatemala	Irrigation (DRI) in the North Pacific region	47 000
Bolivia	Lake Titicaca study	25 000

COUNTRY	TITLE	COST (ECU)
Nepal	Hilly and mountainous terrain crop improvement study	250 000
Angola	Study on the rehabilitation of drought-afflicted areas	90 000
Indonesia	Seed production and marketing project (Palawija)	58 000
Mexico	Pre-identification of reconstruction project following earthquake	13 000
Pakistan	Monitoring and adjustment of solar energy system	10 000
Burma	Rural development project feasibility study	41 000
All countries	Evaluation of tasks undertaken in the field of cooperation with LAA developing countries	10 000
Nicaragua	Strengthening of land reform and development of rural integration	85 000
India	Kashmir fisheries project evaluation study	34 000
Pakistan	Search for and preidentification of health schemes with the UNHCR	9 000
Indonesia	Assistance study on the use of food aid in the UPGK project	10 000
Haiti	Emergency programme preparation	6 000
Uruguay	Repatriation and resettlement project	14 000
CADESCA (Central America)	Regional cooperatives project	8 000
Bangladesh	Ranpur region rural development project	9 000
China	Agricultural feasibility study	17 000
Costa Rica	Evaluation of a technical assistance invitation to tender for a project at Osa Golfito	3 000
Colombia	Project identification in the Nevado del Ruiz volcano disaster zone	4 000
Sri Lanka	Support mission - BM project donors meeting	3 000
Miscellaneous	Small studies and missions	26 000
TOTAL 1		2 000 000

2. Installation and working expenses of development specialists

Recruitment of experts for Commission delegations and offices (Venezuela, Thailand, India, Bangladesh, Pakistan, Costa Rica, Indonesia) and for assistance in project implementation and monitoring:

TOTAL 2	2 870 000
TOTAL 1 + 2	4 870 000

ANNEX IV - List of projects completed in 1986

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 79/38	Sri Lanka "Post cyclone rehabilitation programme in the eastern coconut plantations"	Project	Agriculture Agricultural Services	Cofinanced by Italy	3.80	3.0	78.9	2.53	0.36	4.4

The aim of the project was the rehabilitation of coconut plantations in the districts of Batticaloa, Ampara and Palonnaruma, hit by the cyclone at the end of November 1978.

The following work has been carried out to this end:

- (i) About 1 million coconut palm trunks have been used for wood to rebuild houses;
- (ii) Construction and equipping of 2 wood cutting plants;
- (iii) Construction of 3 experimental barns.
- (iv) Distribution of seeds and fertilizers and construction of irrigation wells.

Technical assistance has been provided by the Italian company AGROTEC.

The outstanding balance of the project was used for various operations such as a pesticide campaign, the construction of warehouses, alteration of vehicles and so on.

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 81/26	OLADE: 'Geothermal prefeasibility study in Haiti'	Study	Public Services Energy	Autonomous	0.60	0.53	88.33	0.25	0.175	19.76

The project consisted of two different phases.

- (i) a study of the country's existing geothermal resources;
- (ii) on the basis of the results of the first phase a feasibility study was to be carried out on the utilization of low and medium energy enthalpy geothermal resources.

The identification study has shown that the costs of exploiting the energy were too high in view of the location of the energy, the quantity available and the area's energy requirements. For these reasons only 80% of the funds originally allocated have been used and the project has been ended without going on to the second phase.

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 85/23	5 institutes of the CGRAI: CIAT, CIP, ICRISAT, IRRI and ISNAR	Support for agricultural research	Agriculture	Cofinanced	90.43	6.70	7.4	-	6.70	-

Since 1976 the Community has financed the Consultative Group on International Agricultural Research (CGRAI) and since 1984 it has financed all the programmes of each centre rather than specific research projects. This is why it is necessary to indicate what fields each of these recipient institutes covered under their annual budgets of Community aid:

- (a) CIAT (International Centre for Tropical Agriculture) - Cali (Colombia). Research focuses mainly on four products: beans (frijol) manioc, rice and beef and veal in the tropical zones of Latin America and the Caribbean.
- (b) CIP (International Potato Centre) - Lima (Peru). Its main aims are to improve potato varieties in the regions they originally come from (high plateaux of the Andes) and create varieties suitable for flat tropical zones.
- (c) ICRISAT (International Crops Research Institute for the Semi-Arid Tropics) Hyderabad (India). It conducts programmes on genetic improvement of the major crops of the semi-arid tropics (sorghum, millet, chick peas, peas, ground-nuts) and some research into farming systems and the socio-economic conditions of farmers.
- (d) IRRI (International Rice Research Institute) Manila (Phillipines). It is the oldest of the centres and it deals exclusively with research into rice growing.
- (e) ISNAR (International Service for National Agricultural Research), the Hague (Netherlands). It mainly helps countries which want to improve their own agricultural research systems. It also provides the link between research carried out in international centres and that carried out in national research centres.

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 80/22	Honduras "Small rural storage silos" (IHMA)	Project	Agricultural Storage	Autonomous	7.30	3.50	47.9	3.34	1.49	4

This project, carried by the EEC and the Honduran Institute of Agricultural Marketing (IHMA), originally aimed to build 200 sheds or small agricultural storage silos to prevent estimated losses of 20 - 30% of cereal production due to a lack of the necessary infra-structure. For budgetary reasons the original figure was reduced to 110 silos which were completed in December 1986. The project also included an operation to help farmers' associations by providing them with the necessary infra-structure and equipment. As a national contribution the IMHA carried out a training programme for the recipient groups. The project has been something of a failure since not only were there problems during the building and equipment phase (delays in supplies, staff and administrative problems within the IHMA, insufficient technical assistance) but also the report on the utilization on the silos shows that they are hardly used (if at all), which proves that the original aims of the programme were ill-founded.

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA/78/22	Honduras: "Agricultural and stock breeding extension and research"	Project	Agriculture Agricultural Services	Cofinanced by the Inter American Development Bank	8.00	2.40	30	2.34	52.0	0.5

The objectives of this project included:

- (i) establishing appropriate technologies to increase production/productivity, particularly of cereals and foodstuffs;
- (ii) spreading these technologies as widely as possible;
- (iii) promoting new seed varieties;
- (iv) increasing the productivity of stock farms by breeding pure-bred animals;
- (v) conservation and soil analysis operations.

EEC aid was used for the building programme (41 jobs in 30 places), machinery, equipment, vehicles and running costs (44% of the total running costs).

Despite various delays and bureaucratic and administrative problems the final outcome of the project can be regarded as positive.



YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA/81/05	Nicaragua "ENABAS Training Programme"	Technical Assistance	Technical assistance and support for national and international public bodies	Autonomous	0.85	0.80	100	0.78	0.037	5.7

The aim of the project was to assist ENABAS (Empresa Nicaraguense de Alimentos Basicos) in its principal task of distributing staple cereals for cultivation. Training courses were provided for the 2000 employees on the following subjects:

- (i) vehicle maintenance;
- (ii) ENABAS transport systems;
- (iii) General training (emphasis on seeds - handling and storage)

8 European technicians were sent out to give the training courses (total of 48 man/months) and teaching equipment and building materials were supplied.

Overall responsibility for project coordination lay with the Nicaraguan Ministry of Internal Trade while responsibility for day-to-day running lay with ENABAS itself.

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 80/41	Zimbabwe "Rural Clinics"	Project	Social Services Health	Autonomous	4.50	4.50	100	2.71	0.27	33.8

The aim of the project is to improve the health conditions of the rural tribal population by building 64 rural clinics in 5 provinces. It also includes the equipment and medicines needed for these clinics (maternity unit, preventative medicine, basic medical care) and some 230 houses for staff working in the clinics.

Responsibility for the project lies with the Ministry of Health and also the Ministry of Public Works which is providing technical assistance for the construction work.

The severe drought of the last few years has meant that for the time being construction has been halted (47 clinics are actually in operation) and the rest of the funds are being used to supply water to the existing clinics. The project can be considered to have had a positive impact, given the amount of assistance provided for some 6000 people by each clinic at a cost of 932 ECU (a modest sum in terms of the benefits reaped).

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 80/40	Zimbabwe: "Equipment and infrastructure for education"	Project	Social Services Education	Autonomous	3.00	3.00	100	2.56	21	14.1

The aim of the project was to improve vocational training of various sectors of the population by means of:

- (a) building and equipping the Technical School of Gweru;
- (b) equipment for the University of Zimbabwe's Faculties of Engineering and Agriculture;
- (c) teaching material for 300 primary schools in rural areas.

Technical assistance with the equipment was provided by the ILO (International Labour Organization) and the Zimbabwe Government collaborated on this through the Ministry of Construction.

The latest report from the Commission Delegation in Harare points out that although the project is proving positive and follows the same lines as the education and development policy pursued by the Zimbabwe Government, it is essential that the equipment purchased should not be too sophisticated for its potential users.

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 80/39	Zimbabwe: "Strengthens services"	National extension project	Agriculture Agric- ultural Services	Autonomous	4.62	1.50	32.5	1 063	1 063	29

The aim of the project was to build houses and provide vehicles to back up the national extension services in several tribal areas and other zones where a variety of projects are under way. The estimated total number of recipients is over 100 000 people. The project aimed to build 70 houses for rural extension workers and to purchase 30 all-terrain vehicles. More houses have been built than originally planned and there are now 123 in total.

This work to support the extension services has been carried out, supervised and directed by the competent authorities, i.e. the Ministry of Land, Colonization and Rural Development.

The success of the project must be looked at over the long term. Its real impact on the increase in agricultural production is hard to assess given the wide variety of factors which come into play in this sector.

A request will be put in to use the rest of the financing for building staff housing.

YEAR AND NUMBER OF OPERATION	RECIPIENT AND TITLE OF THE OPERATION	TYPE OF OPERATION	SECTOR	TYPE OF FINANCING	TOTAL COST OF THE PROJECT IN MILLIONS OF ECU	EEC CONTRIBUTION IN MILLIONS OF ECU		PAYMENTS IN MILLIONS OF ECU		
						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 83/13	Yemen: "Al Bayda integrated rural development"	Project	Agriculture Integrated development	Cofinanced by Netherlands	11.00	2.74	24.9	1.44	1.27	1.1

This project has worked in conjunction with a project organized by the Dutch government and the government of the Arab Republic of Yemen in two specific areas:

- (i) Improvement of water supplies and drainage systems in various villages in the province of Al Bayda;
- (ii) Construction of roads in the same areas.

The work successfully completed with Community aid consists of 6 water pumping systems, 5 drainage systems and 63 kms of road. The Yemen and the Netherland's contribution of 11m ECU has been used for other projects in the integrated development programme in the fields of agriculture, stock-breeding, women in development, socioeconomic studies, maintenance, administration and technical assistance.

This technical assistance was provided by the Dutch company ILACO throughout the project. Given the project's success the competent authorities have requested a further Community contribution for the next two years.

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						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 82/11	YEMEN PDR "Reconstruction following flood damage in Dhella"	Project	Reconstruction	Autonomous	2.50	2.50	100	1.96	372	6.8

The aim of the project was to restore agricultural production in an area of Yemen PDR (Tuban Valley) that was severely affected by flooding in March 1982. The extent of the damage (40% of all the cultivable land, 80% of production and 23 000 ha affected) made necessary the following measures:

- (i) construction of 80 irrigation wells;
- (ii) installation of 50 water-pumping systems;
- (iii) 2 alarm stations to give early warning of future flood hazards.

Technical assistance has been provided by the UK firm MMP (M. MacDonald & Partners Ltd.).

The civil war in the country, which continued until January 1986, had a serious effect on the project (loss of plant and equipment, late deliveries, etc.); the desired objectives have therefore been achieved neither quickly nor 100% according to plan.

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						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 83/05	LAOS "Technical assistance for the MeKong Secretariat"	Technical assistance	Technical assistance and institutional support	Autonomous	0.75	0.75	100	0.63	0.11	100

The aim of the project was as follows:

- (i) provision of an expert for 3 years to undertake training and technical assistance/coordination in Luang Prabang and Vientiane provinces, where other projects supported by the Community are in progress;
- (ii) reforestation: a small-scale reforestation project has been carried out, with the purchase of materials financed out of EEC aid;
- (iii) purchase of 3 vehicles (1 car and 2 lorries) for the current projects in both provinces;
- (iv) small-scale anti-erosion works.

The MeKong Committee was responsible for management of the project and for contacts with the Laos Government, which contributed in the form of manpower.

The project has been successfully completed and can be regarded as the first phase of a larger-scale project that is due to be carried out in the same areas (with cofinancing by Belgium) by the end of 1987.

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						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 79/13	PHILIPPINES "Programme of riverside development along the Rio Bicol"	Project	Agriculture-Irrigation, drainage and other rural infrastructure operations (ADB)	Cofinanced with the Asian Development Bank	55.7	4.5	8.08	3.28	1.22	100

The project has installed water supply infrastructure (pumps, filters, etc.) in 91 villages adjoining the Rio Bicol and rehabilitated 43 km of tracks in the same area. The beneficiary population is thought to number around 75 000 persons.

The ADB contribution has been used principally to finance irrigation and drainage works, agricultural services and measures to control soil erosion.

The ADB has also acted as project administrator.

In view of the satisfactory fulfillment of the project's objectives, a request has been made for further funds in order to finance the installation of additional water supply facilities.



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						%	UNTIL 1985	1986	% BALANCE	
NA 80/14	PHILIPPINES "Crop protection programme"	Project	Agriculture Agricultural services	Parallel cofinancing Germany	6.596	3.5	53.06	2.941	0.27	9.85

The aim of the project was to construct and renovate infrastructural facilities within the control areas of the national network covered by the crop protection services. EEC funds were accordingly used for the construction or renovation of the following: 31 laboratories, 18 nurseries and 12 fumigation sites. These funds were also used for the purchase of means of transport (67 cars, 387 motorcycles, 4 motorboats and 200 bicycles) as well as for equipment, fixtures and fittings required for the means of transport and infrastructure introduced. The project has also been cofinanced by Germany which, in particular, has financed the technical assistance provided by GTZ (German Agency for Technical Cooperation).

In view of the success already in achieving the project's objectives and with the aim of consolidating and furthering such achievements, a team has been set up to examine the possibility of carrying out a further phase of the project for the purpose of consolidation.

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						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 80/37	INDIA "Emergency shelters in Kerala"	Project	Reconstruction	Autonomous	3.80	3.80	100	3.80	-	100

The project involved the building of 95 flood shelters in the state of Kerala in South-West India. The value of the project, once completed, is self-evident in the light of the extensive use made of such shelters during the 1985 monsoon. At the last inspection, it was found that the shelters were still being used by families which had been made homeless and also as school classrooms.

The project implementing authorities were the Kerala Rural Development Boards and the State Construction Corporation. These authorities decided, given the steep increase in construction costs, to reduce the initially planned size of the shelters so as to be able to complete the 95 units scheduled, from which between 20 000 and 30 000 persons will benefit.

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						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 78/01	INDIA "Cooperative storage" (NCDC)	Project	Agriculture Storage, marketing and pre-and post- harvest operations	Autonomous National con- tribution by National Co- operative Develop- ment Corporation State cooperative banks of M.P. and Rajasthan	43.11	15.40	35.7	15.10	0.30	100

The project involved the construction of 6 871 silos with a storage capacity of some 784 000 tonnes for use by cooperatives in Rajasthan and Madhya Pradesh in Central and North-West India. It is estimated that the beneficiary population numbers around 3 million farmers, i.e. some 15 million persons in total. Technical assistance was provided by the "project cells", independent entities but based on the structural organization of the NCDC and the cooperative banks. Both EEC and Indian Government financing has been provided for the silo construction project.

The principal aims of the project were to:

- (i) create closed storage space suitable for primary agricultural undertakings;
- (ii) increase the economically profitable use of cereals and fertilizer by cooperatives;
- (iii) prevent losses caused by open-air storage and thereby maintain stable agricultural prices.

The project, which can be considered successful, resulted, despite various vicissitudes, in the construction of 4 699 silos with storage capacity for 601 400 tonnes (the discrepancy vis-à-vis the initial project figures was the result of Indian inflation and the revised planning which specified a smaller number of silos, each to have a larger capacity).

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						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 79/03	BANGLADESH "Grain storage for emergency food needs"	Project	Agriculture Agricultural services	Autonomous	8.00	8.00	100	7.19	0.81	100

The aim of the project was to build 12 grain stores in various key locations with the aim of ensuring focal grain storage and distribution points in case of emergency following natural disasters.

Technical assistance was provided by the UK firm Wallace, Evans & Partners, whose contract ended six months before the end of the project. The local contribution was in the form of construction manpower. These local workers are currently being employed on a constant basis and to good effect.

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						OF ECU	%	UNTIL 1985	1986	% BALANCE
NA 78/05	SRI LANKA "Integrated development of small farms in the Mahaweli Ganga area (system G)"	Project	Agriculture Irrigation, drainage and other rural infrastructure	Self-financed	2.0	2.0	100	1.32	0.68	100

The aim of the project, in line with the Sri Lankan Government's integrated rural development policy, is to improve rural living conditions by increasing agricultural food production. The immediate aims of the project were:

- (i) active development of the TDF (experimental training farm) concept in Altanakadawala (0-5.7 ha), and
- (ii) implementation of the System G programme in the river basin of the Mahaweli Ganga, the largest river in the country (0-5.134 ha).

Technical assistance has been provided by the FAO.

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							%	UNTIL 1985	1986	%BALANCE
NA/77/15	BOLIVIA : Rural development project ULTA/ULLA	Project	Livestock	Cofinanced : BIRD	24,0 mio Ecus	2,0 mio Ecus	8,3%	0,77	0,67	28,9%

This is one of the first projects of EEC financial and technical aid to Latin-America, which explains the Community's marginal contribution to World Bank Project.

The objective of this rural development project in the livestock (South American camelids) was to develop the animal resources (llamas, vicuna sector, alpacas) at production and first transformation levels in order to increase the income and the living conditions of the beneficiaries. The Community contribution was addressed to social infrastructure, and support to production, and administration.

This project which under World Bank leadership, who were also upon major management of the EEC contribution, has accounted many difficulties. The hard natural conditions (4700 mts altitude, isolation, setting, climate) were aggravated by specific difficulties relative to Bolivia during the last decade.

The EEC contribution has been decided notably to the construction of 31 schools and 29 connected structures, 155 wells, 80 latrines, 4 sanitary stations, 56 km of roads and the acquisition of 795 desks and 2 ambulances, the foreseen objectives as the social target. Not only because of a reduction in well sinking however the project is a failure in relation to the productive aspects. The main error was never to have had permanent on the ground any expatriate technical assistance. The heavy Missions from Washington as ample as they might have been could not replace this gap. The World Bank simply withdrew from the project on 31/XII/1986 leaving the Commission services facing a fait accompli. The recent Mission from the court of Auditors in the beginning of 1987 noticed great difficulties in obtain precise information.

This situation is regrettable : on the one hand for the benefiting population and on the other hand for this sector (camelids)

that presents a large economic potential provided that certain actions at national and subregional level (Andean Pact) are taken. The only positive result of this project will have been, after 10 years a certain "conscienceness" of the herdowners in the area. The new generation trained in the schools built with the EEC contribution who are looking for effective support for the future.

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						%		UNTIL 1985	1986	%BALANCE
NA 83/7	Rural Microprojects programme (PMPRI) BAIVIA <del>Rural micorprojects programme : rural development</del>	Project	Rural development	Autonomous	24 millionEcu	16mioEcu	67%	15.1	0,9	100%

This programme consists of the rapid implementation of a group of rural microprojects for the benefit of the marginal rural population of the Bolivian "Altiplano" (the two poorest districts Oruro and Potosi). The aim is to contribute to the of the productive agricultural sector in the widest sense. Due to the severe ecological conditions which difficulties have been compounded by drought followed by floods in 1982 and 1983. The peasants left their fields after losing their crops and heads. It was in this context, that the PMPR programme was set up with the aim of restoring the basis of rural life with dangers such as water, communications, production, supporting infrastructure, and a revolving fund.

The programme conceived initially for a period of two years has been reinforced after the first year of implementation by additional financing (12 million ECU) from the budget which 958 "Fight against hunger in the World". A second financing convention (958/84/BOL) has therefore superposed a second project of two years duration on the same programme, it utilises the same institutions for complementary activities related to production action current and protection of the croissant. After three years in execution the PMPR I programme will have meant a total injection of 30 million ECUS including an additional 2 millions to compensate for fiscal exchange losses.

To resume, this programme divided in two similar exercises, each in one district is characterised by :

- attachment to decentralised autonomous administrations (Regional Development Corporations), insuring an effective national contribution to the programme;
- Modicated and competent european technical assistance (under difficult living conditions);
- a light tweight structure, exceptional and autonomous (attached directly to the Presidency of the two Regional development corporations, CORDEOR (ORURO) et CORDEPO (Potosi), with simplified procedures.



- decisional autonomy for the co-directors (national and expatriate) for the use of the means (such as personnel, finance, and equipment), in advance by the Corporations and the EEC for the implementation of the programme;
- identification and organisation into a hierarchy of actions (small actions microinvestments) directly with the beneficiaries (local communities) on the spot is the national and expatriate personnel live permanently in the area of the works.

Success on appropriate term for the programme : despite all types of extreme difficulty which Bolivia experienced during this period and which have effected the PMPR I adversely. The approach and methodology of this new type of programme was seen to be adapted to the needs, priority and capacity of the beneficiaries. In the crew of those concerned (Rural communities, professional institutions, Government) the structure demonstrated dynamism and efficiency. The Commission services did not hesitate to move rapidly, encouraging some exceptional procedures. The qualitative objectives (dialogue, revitalisation, confidence, training) were achieved, as were to a major extent the indicative quantitative objectives. It suffices to enunciate in the order of size, the main physical achievements : 400 irrigation works, 150 wells, 2 000 glasshouses, 50 of which are for demonstration, 80 dipping stations, 20 dipping stations, 20 animal husbandry buildings (shearing stations, abattoirs, and stores), 80 various buildings (stores, meeting rooms, workshops), 20 environmental works, construction or rehabilitation of 6 000 km of roads, production, distribution and planting several hundred thousand trees, distribution of input credits to a thousand credit groups annually, representing some 12 000 families.

The results due to the combined efforts of the Government, the Corporations, the national and expatriate staff, the benefic and the EEC, meant that this type of programme was extended to another Bolivian district (La Paz) from 1984 (PMPR II NA 84/8) and a Peruvian district (PUNO) from 1986 (PAMPA-ALA/86/17) it also meant that at the end of this programme of pre-development (PMPR I) another actions supported by the EEC, the Rural selfdevelopment programme PAC (ALA 86/17) where as well as following immediately from PMPR I, will look at training and peasant organisation

Two recent missions, in 1986 and 1987, by the Commission Financial Control and the Count of Auditors respectively : have stated their support for this mean approach in development aid.