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**FOURTEENTH ANNUAL REPORT
FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT**

ON

**THE IMPLEMENTATION OF FINANCIAL AND TECHNICAL ASSISTANCE
TO ASIAN AND LATIN AMERICAN DEVELOPING COUNTRIES**

AT 31 DECEMBER 1990

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EXPLANATORY MEMORANDUM

1. The financial and technical cooperation with non-associated developing countries in Asia and Latin America is regulated by Council Regulation N° 442/81¹. The Regulation's Article 15 requires that the Commission makes an Annual Report to the Council and to the European Parliament on its aid activities.

2. The present Annual Report responds to such requirement for aid activities covered during 1990, and it is the 14th of its kind. The cumulative cooperation for the period 1976-1990 is also treated in the Report and comparisons are made during several time intervals.

3. The highlights of the 1990 Programme are that commitments of ECUS 280 million absorbed 100% of the budgetary appropriation for that year. The breakdown of commitments conformed to the broad classifications set out by the Guidelines indicated in the Council Decision of 19 December 1988. 24 projects and nine supplements were approved during the year. Broken down by regions, Asia absorbed 62% of the annual commitments and Latin America 38%.
 - Excluding disaster relief and supplementary operations, the Community's commitments induced ECUS 192 million in co-financing from local sources plus ECUS 60 million from Member States.

 - The sectoral breakdown of the projects or programmes financed by the Community characterises, through the years, a constant evolution towards types of actions such as institutional development, credit for agro-industries, fisheries, support to economic restructuring and micro-projects in rural areas. Although not abandoned, the evolution of Community financing has placed less emphasis on traditional types of aid such as massive rural infrastructure, isolated irrigation or rural development projects. Such evolution reflects both Community policy to act on priority sectors and the needs of the project beneficiaries. During 1976-1988, purely agricultural projects represented 75% of Community financing, while in 1990 they represented only 50%.

¹of 17 February 1981

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- Most of the Community aid programmes throughout the period, have reached a 75% level of disbursements by the fifth year following the financing decision by the Community. This five-year period is also the expected normal duration of a typical project.
4. The annexes of the Annual Report contain summaries of projects approved during the year, as well as summaries of two singular projects : an effort on the environment and an action dealing with refugees.
- In Brazil, a study will begin on the contamination by mercury in the Amazonian Basin. The objective is to measure the levels of mercury contamination in the valley of Tapagos and to devise alternative methods for gold extraction which do not harm human health nor the environment.
 - Community aid to resettlement of refugees or displaced persons in Latin America and Asia started in 1984 and amounted to ECUS 235 million. This type of aid is characterised by its sectoral or geographic coverage; diversity of institutions executing the projects; and a general approach to problem solving which takes into account the prevailing social, cultural and religious factors. The main regions where this aid has been addressed to are Afghanistan, South-east Asia and Central America.

FOURTEENTH ANNUAL REPORT ON THE IMPLEMENTATION
OF FINANCIAL AND TECHNICAL ASSISTANCE TO LATIN AMERICA AND ASIA

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- I. Council Regulation (EEC) No 442/81 of 17 February 1981
- II. 1990 programme: descriptive summaries of the projects approved
- III.-Payments by calendar year (1976-1990).
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- VI. Summary and conclusions of the report on aid to refugees, returnees and displaced persons

CHAPTER 1 INTRODUCTION

The origin, aims and methods of giving assistance to Asian and Latin American (ALA) developing countries; the structure of this report

- 1.1 Community financial and technical cooperation with Asian and Latin American (ALA) developing countries is funded from Chapter 93 of the general budget of the European Communities. The overall aims of financial and technical cooperation with ALA developing countries are set out in Council Regulation 422/81 of 17 February 1981,¹ which establishes the overall framework and guiding principles for EEC operations in that regard. The appropriations earmarked for these countries are intended to cover the following:
- (a) rural development operations (mainly food-related) in Asian and Latin American developing countries, particularly the poorest;
 - (b) as a secondary activity, involvement in regional cooperation projects may be considered;
 - (c) some funds are set aside for dealing with emergencies, particularly rebuilding in the wake of disasters.
- 1.2 Assistance is given in the form of grants and may pay for imports as well as meeting local costs. Projects may be financed by the EEC acting on its own or co-financed together with the Member States or with international bodies. Part of each project is usually financed by the country receiving the assistance (national contribution).
- 1.3 The procedures stipulate that the Commission must provide the Council and Parliament with information on the administration of the programme. This report (the fourteenth of its kind) has been produced to comply with that requirement.
- 1.4 Regulation (EEC) No 442/81 also lays down procedures for the approval of development operations (projects and programmes).

¹ See Annex I for the full text of the Regulation.

In November 1989 the Council drew up conclusions based on the information provided by the report on the first thirteen years (1976-1988) of ALA cooperation. These conclusions stressed the need to adapt the aims and form of cooperation to the situations and levels of economic development of the countries in question while continuing to concentrate on the most needy sections of the population and the most disadvantaged countries.

In May 1990, at the request of the Council and Parliament, the Commission proposed new policy guidelines for cooperation with the ALA developing countries during the next decade.

The Council and Parliament have been examining the proposals.

If the new guidelines are approved, they will replace Council Regulation (EEC) No 442/81, which is currently in force.

- 1.5 It is proposed that cooperation with the ALA developing countries be reorganized into two broad directions: development aid for the poorest countries and sections of the population and economic cooperation based on mutual interest for countries and regions with considerable potential for growth. The environment is a vital consideration in both cases.

The Commission is thus seeking to set up a balanced set of instruments for cooperation. It is also proposing that multiannual targets be established for 1991 to 1995 and that the budgetary resources earmarked for cooperation with the ALA developing countries be increased.

Six broad fields of activity have been selected in the case of development aid: assistance for rural areas in the widest sense, the environment, the human dimension of development, the structural aspect of development, regional cooperation and assistance for rebuilding.

Three broad fields of activity have been selected in the case of economic cooperation: economic, scientific and technological know-how (cooperation in science and technology, research and development, energy planning), the economic climate (planning, standards, investment codes, economic policy) and businesses (training, exchanges of technology, investment promotion, trade promotion and technical assistance).

The environment will be an integral consideration in all cooperation activities undertaken by the Community, whether under the heading of development aid or under that of economic cooperation. Direct cooperation in environmental matters will also be stepped up.

As an example, environmental cooperation projects have been launched in Colombia and Brazil (see summary in annex V). These are in conformity with the new guidelines put forward by the Commission.

- 1.6 The Commission adopts financing decisions for the projects after receiving the advice of a financing committee consisting of representatives of the Member States and chaired by one of its own staff. The committee meets several times a year and therefore examines projects in several batches as they are ready. The committee devoted six meetings to ALA aid decisions in 1990.
- 1.7 EEC financial and technical cooperation with the ALA developing countries began in 1976, with appropriations totalling 20 million Units of Account.² The sum devoted to such cooperation has increased steadily since, and was approximately ECU 279.6 million in 1990.
- 1.8 These funds were used to finance development operations and projects in thirty-four Asian, Latin American and African developing countries.³ Assistance was also given to fifteen regional institutions and organizations operated by or operating in the countries concerned, and to five international agricultural research bodies.
- 1.9 Chapter 2 describes the content of and procedures surrounding financial and technical cooperation undertaken in 1990, breaking down the data by geographical area and field of investment. Chapter 3 describes and analyzes cooperation activities for the period 1976 to 1990.

² Amounts are quoted in ecus in this report.

³ A number of African countries received this type of aid until they became part of the ACP group in 1984. Three countries or territories in the Middle East are in a similar situation.

CHAPTER 2 THE 1990 PROGRAMME OF FINANCIAL AND TECHNICAL COOPERATION

FUNDS

2.1 The budgetary authorities approved the allocation of ECU 279.6 million to Items 9300 and 9310 of the budget, for the 1990 programme of financial and technical cooperation for ALA developing countries. Table 1 gives the breakdown of this allocation by region, and the amounts committed by the end of 1990. In nominal terms, and discounting carryovers, the appropriations for 1990 are 1% lower than those for 1989 (ECU 283 million).

TABLE 1: COMMITMENT APPROPRIATIONS AND ACTUAL COMMITMENTS FOR THE 1990 FINANCIAL YEAR (ECU million)				
	LATIN AMERICA	ASIA	TOTAL	%
1990 APPROPRIATIONS	104.80	174.80	279.60	
ACTUAL COMMITMENTS IN 1990				
(a) agricultural research	3.15	5.85	9.00	3.2
(b) projects and programmes	99.39	165.09	264.48	94.6
(of which: ordinary	85.99	132.49	218.48	78.1
(disaster	13.40	32.60	46.00	16.5
(relief				
subtotal (a)+(b)*	102.54	170.94	273.48	
(c) administration of the programme	2.25	3.86	6.11	2.2
TOTAL OF ACTUAL COMMITMENTS FOR 1990	104.79 37.5%	174.80 62.5%	279.59 100.0%	100.0
*including continuation of previous projects	11.99	3.03	15.02	

2.2 The ECU 279.59 million of commitments for 1990 absorbed almost all of the 1990 budgetary allocation. Table 1 shows the actual levels of appropriations and commitments for 1990, broken down by region and broad category of expenditure. 3.2% of the actual commitments for 1990 were devoted to agricultural research, and 2.2% to administration of the programme.

The allocation for financial and technical cooperation was divided into a 37% share for Latin America and a 63% share for Asia. Projects and programmes for disaster relief absorbed ECU 46 million, 16% of the total.

Projects launched

- 2.3 Thirty-one projects were approved in 1990 (22 projects for 1990 and nine projects following on from previous projects), for which commitments (not including commitments for the administration of the programme) totalled ECU 279.6 million (1989 figures were 23 projects and commitments of ECU 278 million). Table 2 lists these projects, the amount contributed to them by the Community and their total cost.

- 2.4 Discounting disaster relief measures, the average Community contribution per project approved decreased from ECU 12.9 million in 1989 to ECU 8 million in 1990. The total volume of Community commitments, ECU 279.6 million, was supplemented by local contributions from public and private sources of ECU 192 million and co-financing from the Member States of ECU 60 million.

TABLE 2: ACTUAL COMMITMENTS BY PROJECT AND BY BENEFICIARY
FOR THE 1990 FINANCIAL YEAR (ECU million)

number	country	title	amount	cofinancing origin	amount	local funds	total
1. ORDINARY PROJECTS							
1.1 Asia							
ALA/83/12	*Pakistan	Baluchistan water supply prog. II	1.56	-	-	-	1.56
ALA/84/23	*N.Yemen	seed production phase III	1.16	-	-	-	1.16
ALA/85/21	*Nepal Ajun	Khola irrigation	0.31	-	-	-	0.31
ALA/90/1	India	alkaline soil improvement	30.15	-	-	3.40	33.55
ALA/90/2	Sri Lanka	pilot agricultural productivity villages	2.50	-	-	-	2.50
ALA/90/3	Bangladesh	North-Central regional study	1.87	France	1.87	-	3.74
ALA/90/8	Bhutan	strengthening of veterinary services	4.00	-	-	1.20	5.20
ALA/90/10	Thailand	Mun river-basin plan	1.50	-	-	-	1.50
ALA/90/11	Philippines	rural institutional strengthening programme (PRISP)	6.00	-	-	1.60	7.60
ALA/90/13	Bangladesh	national minor irrigation development project (NMIDP)	26.64	IDA	43.80	23.07	93.51
ALA/90/14	India	Doon valley integrated watershed management project	22.50	-	-	1.20	23.70
ALA/90/16	Sri Lanka	minor and medium-sized irrigation systems-NW Province	6.30	-	-	0.65	6.95
ALA/90/18	Pakistan	support for rural population in the Chitral area	8.00	UK AK F.	14.60	-	22.60
ALA/90/19	Indonesia	Punggur Utara irrig. project	20.00	-	-	5.22	25.22
TOTAL ASIA:			132.49		60.27	36.64	229.10

**TABLE 2: ACTUAL COMMITMENTS BY PROJECT AND BY BENEFICIARY
FOR THE 1990 FINANCIAL YEAR (ECU million)**

number	country	title	amount	cofinancing origin	amount	local funds	total
1.2 Latin America							
1.2.1 Central America							
ALA/82/15	*Dominican Republic	agrarian reform and integrated rural develop- ment	1.00	-	-	-	1.00
ALA/85/5	*CADESCA	regional food security	0.92	-	-	-	0.92
ALA/89/21 4.31	*Costa Rica	agrarian reform	4.31	-	-	-	
ALA/90/5	Nicaragua	resettlement of qualified per- sonnel	5.10	-	-	-	5.10
ALA/90/6	CABEI	Special Fund for promoting exports	32.00	-	-	20.00	52.00
ALA/90/9	regional	regional support programme for fisheries	13.40	-	-	9.40	22.80
ALA/90/17	Panama	rehabilitation of Sto. Tomás hospital	4.00	-	-	-	4.00
SUBTOTAL CENTRAL AMERICA:			60.73	-	-	29.40	90.13
1.2.2 South America							
ALA/85/16	*Colombia	programme of microprojects on the Pacific coast	0.80	-	-	-	0.80
ALA/86/17	*Bolivia	rural self-help programme	3.26	-	-	-	3.26
ALA/90/12	Peru	Tumbes irrigation project	10.00	-	-	4.80	14.80
ALA/90/20	Colombia	microprojects (phase II)	11.20	-	-	2.80	14.00
SUBTOTAL SOUTH AMERICA:			25.26	-	-	7.60	32.86
TOTAL LATIN AMERICA:			85.99	-	-	37.00	122.99
TOTAL ORDINARY PROJECTS (Asia and Latin America)			218.48		60.27	73.34	352.09

Additions to previous projects.

TABLE 2: ACTUAL COMMITMENTS BY PROJECT AND BY BENEFICIARY
FOR THE 1990 FINANCIAL YEAR (ECU million)

number	country	title	amount	cofinancing origin	amount	local funds	total
2. DISASTER RELIEF PROJECTS							
ALA/90/4	Bangladesh	river survey project	12.60	-	-	0.40	13.00
ALA/90/21	Philippines	earthquake re- construction programme	20.00	-	-	-	20.00
ALA/85/10	*Bolivia	flood protection programme for Santa Cruz	1.70	-	-	-	1.70
ALA/90/23	Bolivia	flood protection	11.70	-	-	0.17	11.87
2. TOTAL DISASTER RELIEF:			46.00	-	-	0.57	46.57
3. AGRICULTURAL RESEARCH							
ALA/90/7/RR/B	CGIAR	CIAT, CIMMYT, CIP	3.15	-	-	64.97	68.12
ALA/90/7/RR/A	CGIAR	ICRISAT, IRRI, ISNAR (1990 contribution)	5.85	-	-	53.16	59.01
3. TOTAL AGRICULTURAL RESEARCH			9.00	-	-	118.13	127.13
4. ADMINISTRATION OF THE PROGRAMME							
ALA/90/7As	EEC	admin costs, outside experts, consultancy services (Asia)	3.86	-	-	-	3.86
ALA/90/7A1	EEC	admin costs, outside experts, consultancy services (Lat.Am.)	2.25	-	-	-	2.25
4. TOTAL ADMINISTRATION OF PROGRAMME			6.11	-	-	-	6.11
GRAND TOTAL 1+2+3+4:			279.59	-	60.27	192.04	531.89

* Additions to previous projects.

Regional distribution of projects

- 2.5 Table 3 shows the distribution of 1990 commitments by region and subregion, and by type of programme (ordinary or disaster relief; appropriations for the administration of the programme are not included). Ordinary projects and disaster relief projects in Asia received a total of ECU 220 million (70% of the ECU 312 million made available); those in Latin America received ECU 90 million (30%).
- 2.6 Appropriations for 1990 were used for ordinary projects in eight countries in Asia - five in southern Asia (80% of commitments for Asia) and three in South-East Asia (20% of commitments).
- 2.7 Four countries and two regional institutions in Latin America received funding for ordinary projects. 28% of the total was used for South America, and 72% for Central America and Hispaniola. Over half of the commitments for this subregion were devoted to projects for regional institutions.

TABLE 3: PROGRAMME COMMITMENTS BY REGION
1976-1989 AND 1990 (ECU million)

REGION:	ordinary projects				disaster-relief projects				programme total			
	1976-1989		1990		1976-1989		1990		1976-1989		1990	
	ECU million	%	ECU million	%	ECU million	%	ECU million	%	ECU million	%	ECU million	%
ASIA	1517.88	69.0	138.34	60.8	62.00	44.3	32.60	70.9	1579.88	67.6	170.94	62.5
1. regional (+ agric. rech.)	34.40	1.6	5.85	2.6	-	-	-	-	34.40	1.5	5.85	2.1
2. South-East	436.58	19.9	27.50	12.1	-	-	20.00	43.5	436.58	18.7	47.50	17.4
3. Southern	1018.91	46.3	104.68	46.0	56.75	40.5	12.60	27.4	1075.66	46.0	117.28	42.9
4. other	27.99	1.3	0.31	0.1	5.25	3.8	-	-	33.24	1.4	-	-
LATIN AMERICA	613.11	27.9	89.14	39.2	68.37	48.8	13.40	29.1	681.48	29.1	102.54	37.5
5. regional (+ agric. rech.)	20.43	0.9	3.15	1.4	-	-	-	-	20.43	0.9	-	-
6. South America												
6.1 as a region	61.76	2.8	-	-	-	-	-	-	61.76	2.6	-	-
6.2 by country	167.90	7.6	25.26	11.1	29.88	43.7	13.40	29.1	197.78	8.5	38.66	14.1
7. Central America and Caribbean												
7.1 as a region	161.39	7.3	46.32	20.4	-	-	-	-	161.39	6.9	46.32	16.9
7.2 by country	201.63	9.2	14.41	6.3	38.49	56.3	-	-	240.12	10.3	14.41	5.3
AFRICA	67.76	3.1	-	-	9.60	6.9	-	-	77.36	3.3	-	-
TOTAL:	2198.75	100.0	227.48	100.0	139.97	100.0	46.00	100.0	2338.72	100.0	273.48	100.0

ASIA (REGIONAL): ASEAN, ADB, MEKONG COMMITTEE
ASIA (SOUTH EAST): INDONESIA, PHILIPPINES, THAILAND AND VIETNAM, LAOS AND CHINA
ASIA (SOUTHERN): AFGHANISTAN, BANGLADESH, BHUTAN, BURMA, INDIA, THE MALDIVES, NEPAL, PAKISTAN, SRI LANKA
OTHER: NORTH YEMEN, SOUTH YEMEN, WEST BANK AND GAZA STRIP
LATIN AMERICA (REGIONAL): CFAD, CIM, CIMMYT, IADB, OLADE
SOUTH AMERICA (REGIONAL): JUNAC
SOUTH AMERICA (COUNTRIES): BOLIVIA, COLOMBIA, ECUADOR, PERU
CENTRAL AMERICA AND
CARIBBEAN (REGIONAL): CABEI, CADESCA, CATIE, INCAP, IICA
CENTRAL AMERICA AND
CARIBBEAN (COUNTRIES): COSTA RICA, DOMINICAN REPUBLIC, HAITI, HONDURAS, NICARAGUA, EL SALVADOR, GUATEMALA,
PANAMA
AFRICA: ANGOLA, MOZAMBIQUE, ZIMBABWE

Distribution according to project type

2.6 There has been a steady change over the years in the type of project and programme financed by the Community, with a move towards operations focused on the development of institutions, credit for agroindustrial activities, fisheries, support for economic restructuring and microprojects in rural areas, and away from more traditional forms of financing rural infrastructure, individual irrigation projects and integrated rural development. This change is the result of both the Community policy of taking action in priority areas and of the wishes of the beneficiaries. Agricultural projects absorbed 50% of the commitments in 1990, compared with 75% between 1976 and 1987.

Table 4 shows the distribution of projects in the 1990 programme and additions to earlier projects.

TABLE 4: TYPES OF PROJECT FINANCED WITH COMMITMENTS FOR THE 1990 FINANCIAL YEAR			
AREA	number of projects	ECU '000	percentage of commitments
1990 PROGRAMME			
1. AGRICULTURE	12	131 660	49.8
A. strategic planning	1	1 870	0.7
B. agrarian reform	-	-	-
C. infrastructure	-	-	-
D. production and marketing	2	32 650	12.3
E. support services	1	6 000	2.3
F. agricultural research	2	9 000	3.4
G. microprojects and rural development	2	19 200	7.3
H. irrigation	4	62 940	23.8
2. FORESTRY/ENVIRONMENT	-	-	-
3. FISHERIES	1	13 400	5.1
4. LIVESTOCK	1	4 000	1.5
5. INDUSTRY/HANDICRAFTS/TRADE	1	32 000	12.1
6. SOCIAL SERVICES	1	5 100	1.9
7. GENERAL INFRASTRUCTURE	3	28 000	10.6
8. REBUILDING/DISASTERS	3	44 300	16.7
9. REFUGEES	-	-	-
10. TECHNICAL ASSISTANCE FOR PUBLIC INSTITUTIONS	-	-	-
11. ECONOMIC RESTRUCTURING AND AJUSTMENT	-	-	-
12. PREPARATION, ADMINISTRATION AND MONITORING OF PROGRAMMES	2	6 110	2.3
TOTAL 1990 PROGRAMME	24	264 570	100.0

TABLE 4: TYPES OF PROJECT FINANCED WITH COMMITMENTS
FOR THE 1990 FINANCIAL YEAR (continued)

AREA	number of projects	ECU '000	percentage of commitments
ADDITIONS TO PREVIOUS PROJECTS			
1. AGRICULTURE		10 843	
B. agrarian reform	2	5 310	
D. production and marketing	1	1 160	
G. microprojects and rural development	2	4 066	
H. irrigation	1	307	
7. GENERAL INFRASTRUCTURE	1	1 560	
8. REBUILDING/DISASTERS	1	1 700	
10. TECHNICAL ASSISTANCE FOR PUBLIC INSTITUTIONS	1	920	
TOTAL ADDITIONS	9	15 023	
TOTAL 1990 FINANCIAL YEAR	33	279 593	

CHAPTER 3 ASSISTANCE RECEIVED FROM 1976 TO 1990

3.1 Table 5 shows the commitments provided for and the sums actually committed and validated as payments under Items 9300 and 9310 (financial and technical cooperation for ALA developing countries) of the general budget for the period 1976-1990.

TABLE 5: COMMITMENT APPROPRIATIONS, SUMS ACTUALLY COMMITTED AND SUMS VALIDATED FOR PAYMENT BY CALENDAR YEAR FOR THE PERIOD 1976-1990 (ECU million)

CALENDAR YEAR	COMMITMENT APPROPRIATIONS	ACTUAL COMMITMENTS	VALIDATION FOR PAYMENT	
			1976-1990	% of commitments for the year
1976	20.00	21.00	21.0	100
1977	45.00	43.70	42.2	97
1978	70.00	29.70	28.3	95
1979	110.00	117.60	114.2	97
1980	138.50	132.50	123.1	93
1981	150.00	153.50	130.1	85
1982	243.00	134.70	121.1	90
1983	212.20	227.40	193.1	85
1984	218.00	249.30	205.1	82
1985	264.00	149.70	91.7	61
1986	248.20	268.60	171.9	64
1987	172.81	342.90	105.1	31
1988	247.75	264.00	55.1	21
1989	283.00	283.00	50.6	18
1990	279.60	279.60	36.7	13
TOTAL	2702.06	2697.20	1489.3	55

Commitments and payments

3.2 Over the period 1976-1990 as a whole, ECU 2 697 million was committed, accounting for almost all the appropriations in the budget. The total committed was allocated to four broad types of ALA aid operation: "ordinary" projects, disaster relief projects, agricultural research and programme administration.

Total payments for the same period were ECU 1 490 million, 55% of the total committed.

The payments percentage shrinks as the years progress because recent projects are in the early stages of implementation. A typical agricultural project (a major irrigation project, for example) lasts six to eight years.

Microprojects in rural areas, agricultural credit projects and some projects in industry last two to three years.

Some projects, such as those relating to aid in kind, disaster relief and agricultural research, are completed and financed in one year.

- 3.3 Most Community aid programmes are completed (actual payments reach 75%) during the fifth year following the issuing of the financing decision. Similarly, five years is the usual duration for which provision is made at the time of the decision. Validation of individual may not keep pace, however, and is difficult to predict.

There are a number of explanations for this:

Firstly, the appreciation in value in recent years of the ecu against the currencies in which suppliers are paid has made it possible to make "savings" in the Community's contribution in the case of finished projects or to expand planned operations (e.g. irrigate larger areas) in the case of projects which are not yet finished.

Secondly, there has been an increase in the share of local expenses met from the Community contribution. "Savings" against the appropriations allocated by the Community have been increasing most in countries which have had success with their stabilization policies. Some countries have brought domestic inflation under control with deflationary economic and monetary measures coupled with a devaluation of their currency.

Thirdly, international competition between suppliers of capital goods in recent years has kept many prices lower than expected.

Commitments by beneficiary country

- 3.4 Table 6 shows actual commitments over the period 1976-1990 for all the countries which have received technical and financial assistance from the Community.

Of the total commitments for ordinary projects over this period (ECU 2 409 million), 29% went to Latin America, 68% to Asia, and the remaining 3% to other areas. Latin America's share had increased from 30% in 1987 to 33% in 1988, 35% in 1989 and 39% in 1990 (ECU 85.99 million out of ECU 218.48 million).

- 3.5 The main beneficiaries in Latin America have been those countries involved in some form of integration (Central America, Andean Pact), because of the special emphasis the Community places on this type of policy, and those countries with the lowest revenues in which programmes for the poor in rural areas conform with the Community aid guidelines (Haiti and in some years Bolivia and Peru). Considerable sums have also been allocated directly in the past to institutions in Latin America (e.g. the Inter-American Institute for Cooperation in Agriculture in Costa Rica).
- 3.6 The main beneficiaries of Community aid in Asia have been India (27% of the total commitments for the period 1976-1990), Bangladesh (8%), Thailand (7%) and Indonesia and Pakistan (6% each). Regional and international institutions received 1.5%.

TABLE 6: ACTUAL COMMITMENTS, BY BENEFICIARY (1976-1990, ECU million)

	1976-1980	1981-1985	1986	1987	1988	1989	1990	TOTAL	%
1. ORDINARY PROJECTS									
CHINA	-	12.00	5.15	6.35	8.60	3.80	-	35.90	1.5
INDONESIA	28.16	7.74	10.00	21.10	-	-	20.00	151.00	6.3
LAOS	4.10	1.20	5.50	0.40	5.50	-	-	16.70	0.7
PHILIPPINES	8.00	17.90	18.50	-	10.40	16.50	6.00	77.30	3.2
THAILAND	21.40	92.07	5.60	2.80	11.25	46.16	1.50	180.78	7.5
VIETNAM	2.40	0.00	-	-	-	-	-	2.40	0.1
AFGHANISTAN	1.00	0.00	-	-	-	-	-	1.00	0.0
BANGLADESH	32.70	83.00	-	3.98	26.70	13.50	28.51	188.39	7.8
BHUTAN	-	9.00	-	-	3.40	-	4.00	16.40	0.7
BURMA	5.90	8.00	-	3.45	0.50	-	-	17.85	0.7
INDIA	86.40	251.50	67.77	51.10	73.65	73.25	52.65	656.32	27.2
MALDIVES	0.50	1.70	-	-	-	-	-	2.20	0.1
NEPAL	5.20	15.80	-	2.71	-	-	0.31	24.02	0.1
PAKISTAN	24.30	45.80	7.80	25.60	18.00	10.00	9.56	141.06	5.9
SRI LANKA	21.70	20.00	-	25.00	-	-	8.80	75.50	3.1
WEST BANK & GAZA	-	3.65	-	-	-	-	-	3.65	0.2
NORTH YEMEN	3.10	13.74	7.50	-	-	-	1.16	25.50	1.1
ADB	4.30	1.00	-	-	-	-	-	5.30	0.2
ASEAN	0.90	14.63	12.42	-	-	-	-	27.95	1.2
MEKONG COMMITTEE	0.40	0.75	-	-	-	-	-	1.15	0.0
SUBTOTAL FOR ASIA	250.46	663.48	140.24	142.49	158.00	163.21	132.49	1650.37	68.5
BOLIVIA	8.70	42.50	20.00	5.20	1.90	18.50	3.26	100.06	4.2
COLOMBIA	-	4.00	-	-	-	-	12.00	16.00	0.7
ECUADOR	2.90	3.00	-	9.00	-	-	-	14.90	0.6
PERU	2.00	11.60	16.00	-	21.40	1.20	10.00	62.20	2.6
COSTA RICA	-	27.95	-	-	-	0.64	4.31	32.90	1.4
EL SALVADOR	-	0.00	-	9.50	-	-	-	9.50	0.4
GUATEMALA	-	0.60	12.00	5.50	8.50	-	-	26.60	1.1
HAITI	13.90	7.13	4.85	-	-	5.50	-	31.38	1.3
HONDURAS	14.96	28.65	14.50	-	-	-	-	58.11	2.4
PARAGUAY	2.96	24.05	5.60	1.96	1.48	-	5.10	41.15	1.7
DOMINICAN REPUBLIC	-	12.00	-	-	-	-	1.00	13.00	0.5
PANAMA	-	-	-	-	-	-	4.00	4.00	0.2
CFAD	1.80	0.00	-	-	-	-	-	1.80	0.1
CIM	-	1.40	-	-	-	-	-	1.40	0.1
CIMMYT	2.00	3.00	-	-	-	-	-	5.00	0.2
IDB	2.00	0.00	-	-	-	-	-	2.00	0.1
OLADE	1.20	0.53	-	-	-	-	-	1.73	0.1
ANDEAN PACT/JUNAC	9.08	25.88	-	0.10	9.50	11.20	-	55.76	2.3

TABLE 6: ACTUAL COMMITMENTS, BY BENEFICIARY (1976-1990, ECU million), contd. (1)

	1976-1980	1981-1985	1986	1987	1988	1989	1990	TOTAL	%
PEC	-	0.00	-	6.00	-	-	-	6.00	0.2
CENTRAL AMERICA	-	16.50	2.90	22.00	36.80	43.50	13.40	135.10	5.6
CABEI	3.23	20.00	-	-	-	6.00	32.00	61.23	2.5
CADESCA	-	4.82	-	-	-	-	0.92	5.74	0.2
CATIE	1.87	0.26	-	-	-	-	-	2.13	0.1
IICA	-	1.71	-	-	-	-	-	1.71	0.1
INCAP	1.80	0.00	-	-	-	-	-	1.80	0.1
SUBTOTAL LAT.AM.	66.40	234.58	78.85	59.26	79.58	86.54	85.99	691.20	28.7
ANGOLA	1.40	22.01	-	-	-	-	-	23.41	1.0
MOZAMBIQUE	3.00	26.64	0.21	-	-	-	-	29.85	1.2
ZIMBABWE	14.50	0.00	-	-	-	-	-	14.50	0.6
SUBTOTAL AFRICA	18.90	48.65	0.21	0.00	0.00	0.00	0.00	67.76	2.8
TOTAL ORDINARY PROJ	335.76	946.70	219.30	201.75	237.58	249.75	218.48	2409.32	100.0
2. DISASTER RELIEF PROJECTS									
BANGLADESH	-	0.00	-	6.50	-	18.65	12.60	37.75	20.3
INDIA	10.90	11.00	-	-	-	-	-	21.90	11.8
PAKISTAN	-	6.70	-	-	-	-	-	6.70	3.6
SRI LANKA	3.00	0.00	-	-	-	-	-	3.00	1.6
PHILIPPINES	-	-	-	-	-	-	20.00	20.00	10.8
NORTH YEMEN	-	2.75	-	-	-	-	-	2.75	1.5
SOUTH YEMEN	-	2.50	-	-	-	-	-	2.50	1.3
BOLIVIA	-	12.40	0.68	-	-	0.05	13.40	26.53	14.3
COLOMBIA	-	3.90	-	-	-	-	-	3.90	2.1
ECUADOR	-	2.85	-	-	3.50	-	-	6.35	3.4
PERU	1.50	0.00	5.00	-	-	-	-	6.50	3.4
COSTA RICA	-	3.60	-	-	-	-	-	3.60	1.9
EL SALVADOR	-	3.30	-	8.50	-	-	-	11.80	6.3
HONDURAS	-	1.60	-	-	-	-	-	1.60	0.9
MEXICO	-	0.00	5.20	-	-	1.04	-	6.24	3.4
NICARAGUA	2.50	1.60	-	-	-	-	-	4.10	2.2
DOMINICAN REPUBLIC	4.80	0.00	-	-	-	-	-	4.80	2.6
DOMINICAN REPUBLIC AND HAITI	-	1.50	4.85	-	-	-	-	6.35	3.4
MOZAMBIQUE	-	2.50	-	-	-	-	-	2.50	1.3
ANGOLA	-	2.00	-	-	-	-	-	2.00	1.1
ZIMBABWE	4.00	0.00	-	-	-	-	-	4.00	2.2
CENTRAL AFRICA	1.10	0.00	-	-	-	-	-	1.10	0.6
TOTAL DISASTER REL.	27.80	58.20	15.73	15.00	3.50	19.74	46.00	185.97	100.0

TABLE 6: ACTUAL COMMITMENTS, BY BENEFICIARY (1976-1990, ECU million), contd. (2)

	1976-1980	1981-1985	1986	1987	1988	1989	1990	TOTAL
3. AGRICULTURAL RESEARCH								
CIMMYT	-	-	-	-	-	1.60	-	1.60
CIAT	2.95	8.20	1.80	-	1.80	1.80	3.15	19.70
CIP	1.50	4.65	1.00	-	1.00	1.00	-	9.15
ICRISAT	5.55	7.30	1.80	-	1.80	1.80	5.85	24.10
IRRI	4.00	8.60	1.80	-	1.80	1.80	-	18.00
ISNAR	-	0.65	0.50	-	0.50	0.50	-	2.15
TOTAL AGRIC. RSCH.	14.00	29.40	6.90	0.00	6.90	8.50	9.00	73.10
4. ADMINISTRATION	6.00	21.50	5.50	5.20	-	5.00	6.11	49.31
TOTAL COMMITMENTS (1 + 2 + 3 + 4)	353.86	1055.80	247.43	221.95	247.98	282.99	279.59	2717.70

SUMMARY BY AREA

	1990			1976-1990		
	ASIA	LAT. AM.	TOTAL	ASIA	LAT. AM.	TOTAL
ORDINARY PROJECTS	132.49	85.99	218.48	1650.37	691.20	2341.56
DISASTER RELIEF PROJECTS	32.60	13.40	46.00	96.40	81.77	176.37
TOTAL:	165.09	99.39	264.48	1744.97	772.97	2517.93
	62.4%	37.6%	100.0%	69.3%	30.7%	100.0%

Utilization of payment appropriations

3.7 Payment appropriations and utilization rates for them for the period 1977-1980 are summarized in Table 7 and detailed in Annex IV.

3.8 Payment appropriations and actual payments have increased at an average of 20% since 1977. Differences of over 100% between years have been reported, however, particularly during the early years of the cooperation programme.

The overall level of utilization of payment appropriations (1977-1990) exceeded 80%. This fourteen-year period divides into three phases, each associated with a different system of handling payment appropriations.

Allocations in the first budgets were non-differentiated (payment appropriations were equal to commitment appropriations), an approach which proved unsuited to a technical assistance programme and which meant that implementation and expenditure could not keep pace with commitments.

From 1979 to 1986, allocations were differentiated and unused appropriations were almost automatically carried over from one year to the next. This enabled the Commission to use the carryover as a "buffer" to cope with unforeseen early or late payment. This approach proved successful, and only 4.5% of the appropriations allocated (ECU 40 million out of ECU 900 million) were lost through non-utilization.

Greater budgetary discipline was introduced in 1987 (with a formal amendment of the Financial Regulation in 1988) and by a return to the principle of administering appropriations on a year-by-year basis. Following some initial difficulties in 1987-1988, the level of utilization returned to a satisfactory 93% in 1989.

3.9 Implementation of projects and the accompanying utilization of payments depend heavily on the beneficiaries' ability to absorb the funds, but the Commission has at its disposal only limited means of influencing events.

The pace can sometimes be given an immediate boost by supplying additional technical assistance using the annual programme allocation for outside experts or support assignments undertaken by Commission officials.

This approach is limited to a small number of projects recognized as being held up by a specific and soluble problem, however.

The impact of changing the direction of the programme or its implementation procedures by agreement with the beneficiaries is gradual and is felt only after a year or more. An increase in project staff at Commission headquarters and in the delegations is vital if a substantial and lasting improvement in the speed of implementation is to be achieved.

TABLE 7: PAYMENT APPROPRIATIONS AND UTILIZATION OF PAYMENT APPROPRIATIONS
BY CALENDAR YEAR, 1977-1990 (ECU million)

YEAR	PAYMENT APPROPRIATIONS			ACTUAL PAYMENTS			UTILIZATION (%)		
	CURRENT BUDGET	CARRY-OVER	TOTAL	CURRENT BUDGET	CARRY-OVER	TOTAL	CURRENT BUDGET	CARRY-OVER	TOTAL
1977	45.0	-	45.0	6.5	-	6.5	14	-	14
1978	40.8	-	40.8	7.7	-	7.7	19	-	19
1979	55.6	37.70	93.3	18.6	0.0	18.6	33	-	20
1980	22.0	35.60	57.6	3.3	35.6	38.9	15	100	68
1981	67.5	34.20	101.7	53.4	34.2	87.6	79	100	86
1982	168.0	14.10	182.1	52.8	14.1	66.9	31	100	37
1983	112.5	115.20	227.7	28.6	100.1	128.7	25	87	57
1984	118.0	66.40	184.4	104.3	41.9	146.2	88	63	79
1985	114.5	14.70	149.2	133.7	14.7	148.4	99	100	99
1986	210.0	0.90	210.9	171.3	0.9	172.2	82	100	92
1987	248.8	38.70	287.5	154.3	0.0	154.3	62	-	54
1988	198.0	132.10	330.1	162.7	0.0	162.7	82	-	49
1989	183.2	0.00	183.2	169.6	-	169.6	93	-	93
1990	181.6	-	181.6	181.0	-	181.0	100	-	100
TOTAL	1785.5	n/a	n/a	1247.8	241.5	1489.3	n/a	n/a	n/a

n/a: not applicable, as the amounts carried over could be counted twice into the figure given in the current budget for the previous year

The effect of aid in kind on total payments

3.10 The figures for actual payments for each year (see above) include direct payments for ordinary projects and aid in kind. This form of aid has made possible a rapid transfer of resources for meeting local expenditure associated with projects in which the Community is involved. It can, however, only be of use in limited instances, those in which a country has a clear need for the goods in question and has the institutional structure necessary to handle the transfer of goods and resources from a material and financial point of view. One example is India, which received an average of ECU 35 million per year in such aid (mainly fertilizer in bulk) between 1980 and 1989.

Aid in kind accounted for an average of 27% per year of the payments made for financial and technical cooperation over the period, with a high of 42% in 1983, falling steadily thereafter and rising again to 24% in 1989. The amounts allocated for such aid were reduced from 1988. The level of payments for ordinary projects has therefore been increasing.

Studies carried out in 1990

3.11 Annex IV lists the studies performed in 1990 as part of the preparation and analysis of the ALA aid programme.

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ANNEXES

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ANNEX 1

**COUNCIL REGULATION (EEC) No 442/81
OF 17 FEBRUARY 1981**

COUNCIL REGULATION (EEC) No 442/81
of 17 February 1981
on financial and technical aid to non-associated developing countries

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community, and in particular Article 235 thereof,

Having regard to the proposal from the Commission⁽¹⁾,

Having regard to the opinion of the European Parliament⁽²⁾,

Whereas the pursuit of a Community development cooperation policy calls for *inter alia* the carrying out of certain financial and technical aid operations for the benefit of non-associated developing countries, taking account of the economic principles and priorities established by those countries and having regard to the aspirations of the developing countries towards promoting their development on the basis of their own efforts and of the resources available to them;

Whereas the implementation of such operations would be likely to contribute to the attainment of the Community's objectives;

Whereas the Council, in a resolution of 16 July 1974, confirmed the principle of Community financial and technical aid to non-associated developing countries;

Whereas the action to be taken to implement such aid the objectives to be attained and the detailed rules of administration should be laid down;

Whereas provision should be made for a procedure involving the participation of a committee composed of representatives of the Member States;

Whereas the Treaty does not provide the specific powers of action for this purpose,

HAS ADOPTED THIS REGULATION.

Article 1

The Community shall implement measures for financial and technical aid to non-associated developing countries on the basis of the criteria provided for in this Regulation.

Article 2

The aid shall be directed as a general rule towards the poorest developing countries.

⁽¹⁾ OJ No C 54, 4. 3. 1977, p. 5.

⁽²⁾ OJ No C 118, 16. 5. 1977, p. 60.

Bearing this principle in mind, a Community presence should be ensured in the major regions of the developing world while aiming at a reasonable geographical balance among these regions.

Article 3

1. The aid shall be mainly directed towards improving the living conditions of the most needy sections of the population of the countries concerned.

2. Special importance shall be attached to the development of the rural environment and to improving food production.

As a subsidiary form of action, participation in regional projects may be considered.

3. Part of the aid shall be earmarked for measures to deal with exceptional circumstances, in particular projects to promote reconstruction in the event of disasters, where such projects are not financed from other Community funds.

Any unallocated part of the reserve in question shall be released on 31 October of each year to be allocated in some other way, on a proposal from the Commission, in accordance with the procedure laid down in Article 14.

Article 4

Aid shall be granted by the Community either autonomously or, for a substantial share, by means of co-financing with Member States or with multilateral or regional bodies. Whenever possible, the Community nature of the aid shall be maintained.

Article 5

Community aid shall, as a general rule, be in the form of grants.

Article 6

1. Aid may cover expenditure on imports and local expenditure required to carry out projects and programmes.

Taxes, duties and charges and the purchase price of land shall be excluded from Community financing.

2. Maintenance and operating expenses for training and research programmes and for other projects may be covered following a case-by-case examination by the Committee referred to in Article 11, subject to the proviso that aid for other projects can only be given at the launching stage and in decreasing amounts.

3. In cases of co-financing, however, due account shall be taken in each case of the relevant procedures applied by the other aid donors.

Article 7

1. For those operations, for which the Community is the sole source of external aid, participation in calls for tenders, invitations to tender, and purchasing and other contracts shall be open on equal terms to all natural or legal persons of Member States and the recipient State.

Such participation may be extended to other developing countries which are recipients of aid under this Regulation during the same financial year or one of the two preceding financial years.

2. Paragraph 1 shall also apply to co-financing operations.

3. However, in cases of co-financing, the participation of third countries in calls for tenders, invitations to tender, and purchasing and other contracts may be allowed only after case-by-case examination by the Committee referred to in Article 11.

Article 8

The Commission shall administer the aid in accordance with the procedures laid down in this Regulation.

Article 9

1. The funds required for the measures provided for in this Regulation shall be fixed by the general budget of the European Communities.

Projects and programmes thus financed shall be carried out on a multiannual basis pursuant to the Financial Regulation applicable to the said budget.

2. Acting on a proposal from the Commission and after consulting the European Parliament, the Council shall determine, in good time before the end of the year, the general guidelines to be applied to aid for the following year.

Article 10

The choice of measures to be financed on the basis of this Regulation shall be made having regard to the

preferences and wishes expressed by the recipient countries concerned.

Article 11

1. A Committee for aid to non-associated developing countries, hereinafter referred to as 'the Committee', shall be set up at the Commission under the chairmanship of a Commission representative and composed of representatives of the Member States.

2. The secretariat of the Committee shall be provided by the Commission.

3. Any rule of procedure for the Committee not laid down in this Regulation shall be decided on by the Council, acting unanimously on a proposal from the Commission.

Article 12

1. The Committee shall deliver an opinion on the draft financing Decisions submitted to it by the Commission.

2. The draft financing Decisions shall be accompanied by a memorandum, the main purpose of which shall be to assess their effectiveness as far as possible by means of an economic and social evaluation relating the results expected from their implementation to the resources to be invested in them.

Article 13

Within one month the Committee shall decide by a qualified majority as laid down in the first indent of Article 148 (2) of the Treaty.

Article 14

1. The draft financing Decisions accompanied by the Committee's opinion, or, in the absence of such an opinion, by the result of the vote of the Committee, shall be submitted to the Commission.

2. If the Committee's opinion is favourable, the Commission shall take decisions which shall be immediately applicable.

3. In the absence of any favourable opinion of the Committee, the Commission may refer the matter to the Council.

If the Commission refers the matter to the Council, the latter, acting by a qualified majority, shall decide at the second meeting following such referral and at the latest within a period of two months.

If the Council approves the draft financing Decision, the Commission shall take decisions which shall be immediately applicable.

If, after its discussion, the Council has not decided by a qualified majority within a period of two months, the Commission may submit a new draft financing Decision to the Committee and shall inform the European Parliament thereof.

Article 15

Once a year the Commission shall, within the framework of the annual review which will be carried out

by the Council in accordance with Article 9, provide the European Parliament and the Council with information on the administration of Community financial and technical aid to non-associated developing countries.

Article 16

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 17 February 1981.

For the Council

The President

D. F. van der MEI

1990 PROGRAMME

DESCRIPTIVE SUMMARIES OF THE PROJECTS APPROVED

Project: ALA/90/8 BHUTAN

Title: Strengthening of Veterinary Services for Livestock Disease Control

EC contribution: ECU 4 million
Total cost: ECU 5.2 million
Government contribution: ECU 1.2 million

This seven-year project is intended to consolidate the second stage of a regional campaign to eradicate Rinderpest currently covering livestock in Bhutan.¹ Rinderpest is a contagious viral animal disease characterized by inflammation of the intestine. Rinderpest outbreaks have not occurred in Bhutan for 20 years, and no vaccination programme has been carried out in the last three years. The project aims at preserving this ideal situation, and to this end two governmental agencies will coordinate their programmes with EC financial and technical backing.

The Royal Veterinary Epidemiology Centre will implement a programme to strengthen border defences against animal diseases. The Centre will step up and promote its vaccine production against numerous livestock diseases, such as enterotoxaemia and rinderpest, together with the Neufchâtel vaccine against a common poultry disease. The centre's research mandate will cover virology, bacteriology and parasitology.

To run alongside the centre's programme, the veterinary services will organize outreach activities providing vaccines and diagnostic facilities to farmers. Zonal laboratories under the auspices of the veterinary services will report all outbreaks to the Centre which will then establish the cause and the impact and will take measures to stop them.

The project's aims are to reduce livestock losses due to disease and increase productivity in cattle farming. It will have a positive environmental impact in that it will result in healthier, however few, pastures, and in fewer herds, thus enabling pasture rotation.

Livestock farming, particularly cattle, yaks, sheep and goats, is an important source of income for poor households in rural Bhutan. Households with just enough to live on strive to supplement their meagre income by keeping more animals and engaging in other agricultural activities.

1. See ALA/89/4 India: Strengthening of Veterinary Services for Livestock Diseases Control. The next project will cover Nepal. A preparatory project will start running in autumn 1991. A proposal for the financing of a long-term project will be submitted in early 1993.

Livestock provides food - in the form of cheese, butter and meat - as well as manure, wool and hides. Livestock products are widely bartered in subsistence economy areas and, more recently, sold in urban areas. Farmed cattle are also used as draught animals in the fields and pack animals for short distances.

The project will benefit all livestock owners - more than 95% of rural households in Bhutan. Within such households it is essentially women and children that tend the animals; for this reason their earning opportunities should be increased.

Accordingly, Community efforts in the agricultural sector have endeavoured to alleviate poverty in the country's most destitute households. The economic rate of return is 15%.

EC contribution to the project is ECU 4 million and will go primarily to pay for imports of equipment, vehicles and for part of the building costs. EC funds will cover the cost of a team of European specialists which for five years will cooperate with the staff of the Royal Veterinary Epidemiology Centre and the veterinary services, and the cost of several short-term visits by experts. The Government of Bhutan will cover local staff wages and operating, maintenance and other local costs.

Project: ALA/90/13 BANGLADESH

Title: National Minor Irrigation Development Project (NMIDP)

EC contribution: ECU 65 million

Total cost: USD 171.2 million

This EC-financed project will run for seven years and is intended to facilitate private sector investment in minor irrigation development in Bangladesh. The project is part of a larger IDA/World Bank project and brings together a large number of strategies and considerable funds with the aim of ensuring sufficient food production in Bangladesh by increasing the area under irrigation and redefining the roles of government and the private sector in managing irrigation resources.¹

The agricultural sector contributes about half of the GDP, employs some 75% of the working population and generates about 60% of the country's export earnings. Reliable irrigation typically increase yields by some 30% during the monsoon season and makes it possible to grow crops during the dry season. Over the past 15 years the land under irrigation has increased by 100 000 ha per year. Analysis indicates that an annual increase of the irrigated area by about 250 000 ha is necessary to sustain a growth rate of 4-5% in crop production. This would more than cover the rate of growth of the population (2.4% per year) and would also provide export earnings.

Government and beneficiaries share the view that relatively inexpensive, minor irrigation technology will be the main source of agricultural growth. Such technology has not been available through the private sector so far because of trade restrictions, excessive regulations and the high level of public subsidy. The country's desire to promote private investments in the development of minor irrigation projects has become evident with the liberalization of its trade policies. Bangladesh's agricultural policy and Community aid both aim to encourage the private sector to seek greater involvement in irrigation technology and transform the governments's role

¹ Interlinked and mutually supportive projects include: (a) the NMDIP project co-financed by the IDA and the EC; (b) the IDA-financed Shallow Tubewell and Low Lift Pump Irrigation Project to sustain private sector investments; (c) the Agricultural and Rural Credit Project jointly financed by the IDA, the ADB and the USAID, and (d) aid to improve water management, funded from IDA and ODA.

from being the sole importer and distributor of irrigation material to being the main source of information on the usefulness and the need for this kind of material in food production.

The project comprises five headings. The first component will cover the provision of irrigation equipment. Up to 65% of the cost of having DTWs [deep tube wells] supplied and installed by private undertakings as well as by the Bangladesh Agriculture Development Corporation (BDAC) will be co-financed by the EC. The cost of installing pontoon-mounted pump systems to meet private demand and to demonstrate irrigation systems will also be covered. EC funds generated from the co-financing of irrigation equipment will provide additional financial support to the components addressing institutional and environmental development.³

The institutional development component will divest the BDAC of its monopoly on the supply and maintenance of irrigation material and boost its new role as a consumer protection body and local source of technical assistance. The funds referred to above will be used to reorganize BDAC's working methods in the private sector. EC-financed consultancy services will ensure a smooth transition so that the private sector continues to receive assistance in importing irrigation material and joint ventures with foreign suppliers are set up.

The component covering drainage improvement will also be co-financed by the EC up to 65% of the contract cost of identifying and widening drainage channels in areas where groundwater cannot be used, essentially in tidal areas. Workers for this component will be recruited as far as possible among the most disadvantaged groups of population such as women and landless peasants.

Monitoring systems will be set up under the environmental component to detect any misuse of ground or surface water and to assess agro-chemical concentrations in the soil and in the water. A percentage of the counterpart funds thus generated will be allocated to local authorities and rural development cooperatives to improve maintenance and install systems to detect a lowering of the water level due to more extensive use of rechargeable groundwater resources for irrigation purposes.

The fifth component of the project will run in parallel with the other four and will aim at ensuring that the project's main thrust and objectives are clearly understood by farmers, dealers, bankers, NGO staff and government.

³ Irrigation systems eligible for EC co-financing will generate up to ECU 27 million in equivalent funds.

The immediate beneficiaries of the project are the 300 000 households in the regions of Dhaka, Sylhet, Rajshal and Barisal. Thanks to the investments and the jobs opportunities created by the project their average annual income should rise from USD 90 to USD 400. A large number of these households own small plots or no land. On a wider scale, the project will support and reinforce the national government's policy to increase food grains production. Investment in minor irrigation works as envisaged by the project will result in a further 850 000 tonnes of food grains being produced for an estimated value of ECU 110 million. It is believed that since Bangladesh produces enough rice, as more land is brought under irrigation other crops will take over from rice, thus contributing to achieve the country's objective of self-sufficiency in food production.

The project follows the new EC guidelines for cooperation with Asian developing countries, under which the Community gives priority to projects which affect the economic structure and encourage the development of sectoral policies and institutions.

EC contribution will amount to ECU 65 million, broken down as follows:

Irrigation development (facilities and works) - ECU 34 million;

Institutional development (public and private sector):

technical assistance - ECU 1.8 million and

redeployment assistance - a proportion of counterpart funds;

Environment:

technical assistance - ECU 3.1 million and

village water supply - a proportion of counterpart funds;

Training and information dissemination - ECU 3.6 million;

Project technical assistance to Bangladeshi government - ECU 11.3 million;

Vehicles and equipment - ECU 10.3 million

Contingencies - ECU 10.3 million.

Project: ALA/90/14 INDIA

Title: Doon Valley Integrated Watershed Management project

EC contribution: ECU 22.5 million
Total cost: ECU million
Government contribution: ECU million

The project aims at countering the progressive destruction of the wooded regions on the Himalayan foothills and stopping emigration outside the region. It will run for nine years and forms part of the government's strategy to prevent further deterioration of food production resources in the Gangetic plains of the Himalayas.⁴

The Doon Valley is about 80 km long and 30 km wide and over half this area is forest. Deforestation of the valley is essentially due to the need of the local population to provide animal fodder and fuelwood.

Inadequate agricultural methods have impaired the slopes balance and led to erosion. Seasonal floods have contributed to destroy the forest, already threatened, and to impoverish the soil. The general environmental decline of the valley has hindered economic development and forced jobless peasants and shepherds to seek employment elsewhere.

To counteract this trend, the project proposes a small-scale reforestation plan to produce sufficient grass for fodder, and large-scale tree plantations to provide timber and fuelwood. Erosion-control work on gullies and eroding streams will involve digging small irrigation canals to develop local agriculture and improve village water supply and fodder production. The provision of improved seeds through seed exchange programmes should lead to an increase in agricultural output. Biogas production will be encouraged, and should result in lower consumption of fuelwood; higher fuel efficiency should be achieved through use of improved stoves and pressure cookers.

Experience gained from similar projects has shown that the involvement of the local community is essential if the project is to succeed. For this

⁴ Other donor-funded projects in the regions include the Himalayan Watershed Management Project in Uttar Pradesh State (World Bank) and the EC-funded S. Baghirathi project.

reason community participation will be sought at the planning and implementation stages. Thus, the basis will be laid to ensure the sustainable exploitation of the valley's natural resources when the project ends. Plans have taken into account the need to try and reduce the number of hours women spend on household chores and increase their opportunities to engage on income-generating activities.

Approximately 50 000 rural households will benefit from the project, mainly hill farmers with small herds. To enable the target population to enjoy the benefits of the project's main objective - improved environment - but also its short-term spin-offs, the project focuses on work programmes (80% of basic costs). The labour-intensive approach should dissuade local workers from emigrating in search of job opportunities.

It is estimated that the project will generate some 7 million man/days of employment for the local communities during the construction phase and will provide a further 3 million man/days of employment in community resource management. This is equivalent to providing 200 days employment for each low-income rural household. The value to the communities involved in terms of income is roughly equivalent to INR 500 per household per year. The quantifiable economic rate of return is 13.7%, which is satisfactory and typical of environmental projects with slowly-accruing quantifiable benefits and significant unquantifiable benefits.

The Community contribution to the Doon Valley project amounts to ECU 22.5 million and the total cost is ECU 23.7 million. Important components are: agroforestry - ECU 9.27 million - and minor irrigation - ECU 2.19 million. Agriculture, soil conservation and energy saving, management and monitoring account for the remaining ECU 4.56 million. The Indian Government will contribute ECU 1.2 million towards local operational costs.

Project: ALA/90/5 NICARAGUA

Title: Resettlement of qualified personnel in Nicaragua with a view to economic reconstruction and development

EC contribution: ECU 5.1 million

Total cost: ECU 5.1 million

1. This three-year programme sets out to promote a "reverse brain drain" by encouraging highly-educated nationals currently based abroad to resettle in the country, with a view to strengthening local structures and contributing to economic recovery. The programme will be implemented by the IOM (International Organization for Migration)
2. Brain drain affects third world countries in general, but has become particularly marked in Nicaragua where the effects of a long lasting civil war coupled with the disastrous economic situation have led to a veritable exodus of the country's qualified personnel.

The project is justified in view of Nicaragua's present situation, which is marked by political (cessation of hostilities, new government) and economic changes (lifting of the US embargo, revival of the subregional integration movement).

3. The programme consists of the following stages:
 - (a) identification of specific requirements and corresponding vacancies in the public and private sectors in close cooperation with the government;
 - (b) selection and recruitment of highly educated nationals not currently resident in the country using selection criteria geared towards development requirements and actual needs;
 - (c) continuous follow-up throughout the project's life, following the period of financial assistance, including a final evaluation of the results and impact of the project.
4. The project will be implemented by the Geneva-based IOM. The organization will have to provide the necessary logistic and operational infrastructure for the project, which will be carried out according to a workplan to be approved in advance by the Commission departments.

The total cost of bringing 300 professionals back to Nicaragua is ECU 5.1 million. The Community's financial contribution will go directly to the IOM.

5. In an economy characterized by a working population restricted to 30% of the total population (a population which is excessively young), where the unemployment rate is particularly high (around 25%) and where a considerable number of people are employed in a non-productive capacity, the contribution of every employed person is particularly important, amounting, as it does, to some USD 2 500 per person per year for a per capita income of USD 500 per year. Since they would occupy key posts, the candidates targeted by the project will represent a very significant gain for the country.

Project: ALA/90/6

Title: Honduras and Nicaragua - establishment of a Special Fund for promoting Honduran and Nicaraguan exports

EEC contribution: ECU 30 million

Total cost: ECU 52 million

Government contribution: ECU 20 million

1. The aim of this three-year programme is to set up a special fund to promote the exports of the two countries in Central America which are least developed and which run the highest structural deficit in intra-regional trade.
2. It is a logical sequel to programme ALA/89/12, which set up a regional Payments System designed to revive intra-regional trade in Central America. For the Payments System to remain in balance in the long term and for regional trade to develop unperturbed, there needs to be a lasting improvement in the export capabilities of Honduras and Nicaragua.
3. The project will seek to set up and bring into operation a special fund, which will make loans to firms making goods for export in the two countries.

The Fund will be administered by CABEI (the Central American Bank for Economic Integration), which is already responsible for the PAPIC programme (ALA/89/9). The Community will contribute technical assistance for projects submitted by on-lenders for approval for credit from the Fund.

4. The objective of the Special Fund will be to extend loans to exporters in the two countries on terms which provide incentive but which are none the less close to those found on the market. The loans will fund fixed-capital investment projects, purchases of inputs needed for the production of export goods, pre-investment studies and technical assistance. The two countries should receive equal amounts in loans over the period of the programme.

Project: ALA/90/9

Title: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama - regional support programme for the development of fisheries in Central America

EEC contribution: ECU 13.4 million

Total cost: ECU 22.8 million

Government contribution: ECU 9.2 million

1. The aim of this four-year programme is to support the development of fisheries in Central America with a view to exploiting available fish stocks more efficiently and profitably, promoting and diversifying local production and consumption and increasing the know-how and incomes of those involved in the sector.
2. The fisheries sector has interesting potential which could be put to good use in current plans for economic recovery and regional integration in Central America.

The region has a propitious natural environment for the development of fisheries and aquaculture. With the exception of El Salvador, all the countries concerned have access to two oceans, with a total coastline of 6 600km, and have sizeable continental shelves (in relation to land surface), with a total area of 250 000km².

In the long term fish products could usefully complement traditional agricultural products, which are encountering increasing difficulties:

- production for local consumption should play an increasing role in Central America's food security strategy and contribute above all to reducing the population's protein deficit;
 - the fishing industry should be able to increase substantially the amount of foreign exchange it generates for the regional economy.
3. The programme takes an integrated approach based on complementary areas: research into and assessment of fishery resources, non-industrial (artisanal) fishing (with the aim of improving the business skills of small producers by means of training and loans), aquaculture (in which assistance will be provided for high-calibre staff from the region), research on the exploitation of fauna, including the shrimp (trying out new collecting and processing methods), stepping up bilateral country-to-country cooperation in the sector in order to promote integration and thus bring about better utilization of the region's human, economic and material resources.

4. The programme will enjoy financial, technical and administrative autonomy under the legal supervision of the EEC and ODELPESCA (Latin American Fisheries Development Organization), which will sign the financial agreement, and a Steering Committee which will be made up of senior representatives of the national fisheries authorities.

The European technical assistance team will include three experts whose services will be provided throughout the duration of the programme (a co-director and two experts in the FAS/research and credit/finance fields who will be assigned to the regional implementation unit).

The estimated unit cost of the programme, which will last four years, is ECU 22.8 million, ECU 13.4 million of which will be contributed by the Community. Approximately half of the Community contribution will be spent on training, technical assistance and specialist equipment.

5. Besides contributing to a better standard of living for fishermen and the other beneficiaries, the programme will help to establish a logical overall policy for the development of fisheries in Central America.

Project: ALA/90/17

Title: Panama - rehabilitation of Santo Tomás hospital

EEC contribution: ECU 4 million

Total cost: ECU ...million

Government contribution: ECU ...million

1. The aim of this two-year programme is to renovate Santo Tomás hospital, a large public hospital in Panama City which is in a very poor state as a result of the political and economic difficulties facing the country. The operation is designed to meet highly urgent social needs, since Santo Tomás primarily cares for the neediest sections of the Panamanian population.
2. The main problems now affecting Panama have their roots in General Noriega's rise to power, and more especially in national and international opposition to his regime and the sanctions imposed by the United States in 1987. The precarious financial situation has also had adverse repercussions on essential public services such as health, education and housing and has slowed down public investment.

Santo Tomás hospital, founded in 1702 and built on its present site in 1924, plays a key role in providing medical care for the neediest sections of the capital's population. Because the two public health networks have not been merged, Santo Tomás, which comes under the Ministry of Health, is the only major public health institution open to those not covered by the social security system, such as the unemployed.

3. The project has two sections:
 - (a) Structural improvements to the hospital
 - general repairs to roofs,
 - renovation of the water supply and drainage systems,
 - renovation of the electrical system,
 - improvements to the remaining services and installations in the hospital.
 - (b) European experts will assist in the renovation programme; a department will be established to maintain the hospital's infrastructure and staff will be provided with training. A master plan will be drawn up for the development of the hospital.
4. The project will come under the political authority of the Ministry of Public Health and will be implemented by an Executive Unit (with European and Panamanian representatives), which will enjoy financial and administrative autonomy.

A technical assistance team will be attached to the project and will comprise two permanent experts and one short-term expert.

The estimated cost of the project, which will last two years, is ECU 4 million, all of which will be covered by the Community from the "exceptional circumstances" reserve under budget Item 9310.

5. The grounds for the project are the following:

- In Panama's critical social and economic situation, Community support will help to consolidate the country's public health system.
- Santo Tomás is the only hospital in the entire country for people without health insurance, which means that it covers over 55% of the population.
- Given Panama's current economic situation, any injection of foreign capital is bound to have a snowball effect, in this case particularly as far as renovation work is concerned.

Project: ALA/90/12

Title: Peru - Tumbes irrigation project

EEC contribution: ECU 10 million

Total cost: ECU 14.8 million

Government contribution: ECU 3 million

1. The aim of this project, which will last three or four years and which will be carried out against the background of a binational agreement between Peru and Ecuador for the exploitation of the water resources of the Puyanjo-Tumbes river, is to renovate and improve the existing 10 700 ha irrigation system and to add to it another 1 600 ha. The growing of bananas, rice, soyabeans, maize, citrus fruits and vegetables will be expanded and yields increased through intensive farming methods. All these activities, to which will be added marketing, training and research, have been planned in such a way as to dovetail with the proposed binational programme.
2. The border area between Peru and Ecuador has been the scene in the past of a number of conflicts and disputes, and this has prevented the development of the region from progressing smoothly. The negotiations held by Peru and Ecuador in an effort to make up for lost time resulted, after much effort, in a good agreement, one of the aims of which is to implement a large-scale and very ambitious programme to exploit the water resources of the Puyango-Tumbes river which flows through the two countries.

Even if this large binational programme, currently at the study stage, can be implemented, its magnitude means that its effects will not be felt for some time. Peru and Ecuador have requested and received assistance from the Commission for two small irrigation projects, one on either side of the border.

The projects studies for Ecuador are not yet finished, but the two countries have agreed that the other proposal, dealing with the Peruvian half, should go ahead.

1. The aims of the project are: (i) to create conditions favourable to irrigated farming and its future expansion through improvements in or building of infrastructure and efficient use of water; (ii) to ensure that there is a transfer of technology to the farmers concerned; (iii) to boost crop yields through intensive growing techniques, suitable machinery, better inputs and the application of the findings of an associated research programme, taking care from the outset to protect the ecological balance; (iv) supporting the formation of producer groups for water management, production and marketing.

4. A Peruvian subcommittee has been set up as part of the binational Joint Committee working on the main Puyango-Tumbes project, and it is this body which will guide the operations referred to in this proposal. A special project management unit will be established in Tumbes, and will be answerable to the subcommittee. It will be provided with a Peruvian and a European co-director. Implementation of the project will be independent.

The project provides for a team of four European experts, who will remain with it throughout its duration: a co-director, an administrator, an agricultural engineer and a rural engineer. The team will be supplemented by a reserve of personnel to carry out short-term back-up missions in specific fields, according to need.

The total cost of the project is ECU 14 800 000, of which the Community is contributing ECU 10 000 000 and the Peruvian government ECU 3 800 000. The beneficiaries' contribution, in labour, will be worth ECU 1 000 000.

5. The Tumbes irrigation project has a number of motivations. From a production point of view, the project will lead to an 80% increase in the value of agricultural output from the very outset. From a socioeconomic point of view, the project will help approximately 4 000 small farmers 1 000 of whom have no access to water supplies at the moment and the rest of whom have insufficient or irregular supplies.

From a technical and organizational point of view, the project will strengthen the institutions involved in developing irrigated agriculture in the region, particularly the Peruvian subcommittee of the Puyango-Tumbes project.

Project: ALA/90/20

Title: Colombia - programme of microprojects in the Pacific Coast area (second stage)

EEC contribution: ECU 11.2 million

Total cost: ECU 14 million

Government contribution: ECU 2.8 million

1. The programme, which covers five years, aims to step up and broaden a process of self-reliant development begun in the first stage, in order to reach a target of 5 100 families made up predominantly of black descendants former slaves, living isolated in subsistence conditions along seven rivers on Colombia's Pacific coast. The purpose of the programme is to set up development operations to help communities of fishermen, farmers and miners, and is made up of a number of components (technical assistance, microprojects and small social infrastructure schemes).
2. Colombia is undergoing one of the most serious crises in its history. The campaign being undertaken by the government against the drug cartel has cost not only many human lives but also threatens to destabilize the country both politically and economically.

The region is a particularly backward area of the country, being more or less cut off because of communications difficulties. It is an area of virgin rain forest, where travel is exclusively by inland waterway.

3. The programme constitutes the second stage of the operation known as the Programme of Microprojects on the Pacific Coast (NA/85/16), which it was estimated would last four years.

The second stage has three objectives:

- to step up the action taken during the first stage, notably in connection with credit, technical assistance and fisheries;
- to broaden the scope of the operation, with the same aims and working methods, making maximum use of the central facilities already set up and thus benefitting from considerable economies of scale;
- to act selectively to improve production techniques (agriculture, fisheries) and storage and marketing techniques.

The programme will aim to promote a process of self-reliant development, thus improving the economic and social conditions of the population in the region and making it easier for the beneficiaries to participate actively.

At present, the people there live in precarious subsistence conditions and do not have the training or the organizational capability to enable them to start up a process of self-reliant and self-sustained development.

The expected benefits are:

- economic: improvement of individual incomes, job creation and stabilization, use of available resources, stimulation of trade between communities and production of marketable surpluses;
- social: direct improvement of living conditions (health, food, education), promotion of the community, acquisition of know-how and management capability, reversal of the present drift from the area.

4. The operations planned fall within the context of those recommended by PLADECOP (Integral Development Plan for the Pacific Coast), which the Colombian government has asked the Cauca Valley Autonomous Regional Corporation (CVC) to undertake. The programme will be supervised by the Corporation and administered by two executive co-directors, one national, appointed by the CVC, and the other European, made available as part of expatriate technical assistance.

The technical assistance team is composed of three permanent European experts: a co-director, an administrator and an economist, backed up by consultants in case of need.

The programme will last five years and cost ECU 14 million, ECU 11.2 million of which will be provided by the Community and ECU 2.8 million of which will be provided by Colombia.

5. The results expected after five years are:

- 5 100 families able to produce and sell their production and enjoy a total income equal to or exceeding the national minimum wage;
- launching and consolidation of marketing structures;
- a large number of completed social and economic projects;
- a decision-making structure allowing the community to achieve self-reliance;
- the production of a marketable surplus sufficiently big to support and continue the process of development launched by the programme.

Project: ALA/90/21 PHILIPPINES

Title: Earthquake Reconstruction Programme

EC contribution: ECU 20 million

Total cost: ECU million

Government contribution: ECU million

This three-year project is intended to contribute to the reconstruction efforts of the Philippine government following the earthquake which hit the Central and Northern Luzon region on 16 July 1990. The earthquake had an intensity of 7.7 on the Richter scale and left 1 666 dead, 4 650 missing presumed dead and 3 561 injured, while 148 000 persons were made homeless.

Material damage was immediately estimated by the ADB and an EC consultant engineer. Reconstruction priorities were coordinated by the Presidential Task Force.

The project's priority objectives are: (1) the reconstruction of agricultural infrastructure in seven municipalities; (2) the reconstruction of two provincial hospitals, and (3) a long-term strategic town planning study for two municipalities and a study on an alternative transport system for Northern Luzon.

The agricultural component covers the Central Cordillera region and is implemented through the CECAP structure which is already in place.¹ Operations envisaged include the rehabilitation of damaged fields, the repair of canals, irrigation systems and foot-bridges, the re-routing of foot trails for essential local access and the indispensable development of agricultural production and marketing through farmers organizations. Long-term agricultural programmes, such as improved food production, strengthening of extension activities, promotion of Community initiatives on health, sanitation and nutrition, will facilitate and reinforce the rehabilitation and reconstruction work carried out. Building on existing CECAP strategies, emphasis will be placed on a micro-project approach with a view to ensuring the fullest participation of the local communities.

The project's health component provides for the reconstruction of the

¹ Central Cordillera Agricultural Project (CECAP) ALA/PH/86/16. This ongoing EC-funded project covers 22 municipalities (including two in the region hit by the earthquake). The activities and resources provided under the Earthquake reconstruction programme will be kept distinct from those provided under the CECAP.

provincial hospitals of Dagupan (200 beds) and Agoo (100 beds), which were more than 50% destroyed in the earthquake. Their reconstruction will ensure basic medical care in Northern Luzon and modernize two essential links in the network of rural and municipal health clinics. A pilot project concerning preventative health programmes will be developed to strengthen the hospitals' outreach services as part of the general reconstruction work. The scope of this component will depend to a large extent on the participation of the NGOs and local community-based organizations. The Department of Health is the Implementing Authority.

Two studies have been undertaken to develop a long-term approach in dealing with the structural weaknesses highlighted by the earthquake. A study on an alternative transport plan will be conducted to assist the Department of Public Works and Highways and the Regional Development Council for Northern Luzon. The Dalton Pass, a major mountain pass through the Caraballo range, was severely damaged by the earthquake and is regularly affected by landslides caused by typhoons. New roads should be built or existing ones upgraded to palliate the problem.

The second study will propose a long-term urban development strategy for two major cities. The strategy will lay particular emphasis on reviving the urban economy of Baguio and establishing sound environmental criteria for the reconstruction of Dagupan, taking account of the fragile soil structure which contributed to the destructiveness of the earthquake.

Both studies will be conducted by European consultants. The first will be carried out over a period of eight months while the second will take twelve months.

The population and the environment of Central and Northern Luzon, which have been severely affected by the earthquake, are the immediate beneficiaries of the project. The Commission's prompt response and the effective use of technical and financial cooperation means have gone beyond rehabilitation to improve the region's overall situation. The project bridges the gap between EC emergency aid and resumption of long-term development projects.

The Commission's contribution amounts to ECU 20 million. All costs will be met (equipment, operational costs and wages) in respect of the agricultural and study components (ECU 6.8 million and ECU 2.4 million respectively). Under the health component the Community's ECU 10.8 million will cover the cost of rebuilding the hospitals and the subcomponents' operational costs. The Philippine Government's contribution will meet the hospitals' operational costs in full.

Project: ALA/90/23 BOLIVIA

Title: Flood protection operations in La Paz, Trinidad, Santa Ana and Villa Montes

EC contribution: ECU 11.70 million
Total cost: ECU 11.86 million
Government contribution: ECU 160 000

1. The main aim of the programme is to provide both short and long term protection for people and property against the catastrophic flooding that periodically affects the towns of Trinidad, Santa Ana and Villa Montes, and to make safe certain inhabited or habitable areas lying in the Kellumani river basin in La Paz, so that full use can be made of land in places where living conditions (lower altitude, better climate) are less difficult.

The programme, which consists of three distinct elements, is aimed at:

- (a) the completion and improvement of flood control works executed under the project NA/84/05 in the town of Trinidad and in Santa Ana del Yacuma.

The following works are covered by the programme:

Trinidad: waterproofing, stabilization and drainage of protective embankment, vegetative cover for slopes, construction of Mocovi and north-east culverts and interior drainage system, upgrading power plant for automatic operation of pumping station, provision of mobile dredger for municipal maintenance department;

Santa Ana: waterproofing, stabilization and drainage of protective embankment, construction of rainwater and sewage water discharge networks and primary water supply network, construction of two 120m³ reservoirs and supply of pumps and accessories.

The total duration of the works in these two towns is estimated at two years.

- (b) Erosion control in the Kellumani river basin, in which the capital, La Paz, is located.

Aid will be made available to protect the capital against erosion of the banks and the silting up of the canals, which frequently occur when rivers and streams flood the city.

The municipal authorities have been obliged to set up a body to study and control these phenomena. In cooperation with the GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit GmbH), they have carried out engineering works (culverts, embankments, sedimentation reservoirs, reforestation, etc.) in order to improve the Achumani-Huayaliani basin. To complete this flood-control scheme, works also need to be carried out in the Kellumani basin.

The duration of these works will be 17 months. The programme's technical assistance will benefit from the experience and collaboration of the teams of the GTZ-H.A.M. (municipal authorities) project.

- (c) Protection of the town of Villa Montes from the periodic and disastrous flooding of the Pilcomayo river.

Villa Montes, 16 000 inhabitants, is part of the Tarija administrative district, in the south of the country, almost at the border with Argentina. The river Pilcomayo runs through the town. Rising in the mountains, in the rainy seasons the swollen river rushes down the valley through Villa Montes, carrying with it large amounts of solid material.

This produces a critical situation in the parts of the town along the river banks.

Erosion of the banks is also threatening the railway bridge (on the line to Argentina) and the gas pipeline to Argentina.

The operations envisaged under this item are:

- (a) topographic studies of a 5km by 3km strip of land; morphological, hydraulic and sedimentation studies;
- (b) preparation of technical papers and invitations to tender;
- (c) execution of works and technical assistance.

The overall duration of this part of the programme is estimated at 30 months.

3. Project management and administration will be in the hands of a Bolivian and a European co-directors. The former will be appointed by the Bolivian authorities (CORDEBENI, CORDETAR and A.M. La Paz) with the Commission's approval, the latter by the Commission.

The estimated total cost of the programme is ECU 11.86 million, with a Community contribution of ECU 11.7 million.

ANNEX III

ANNEX I Payments by calendar year (ECU million)

1976 - 1990

Calendar year	Commitments	Payments in calendar year																				TOTAL	%											
		1977	%	1978	%	1979	%	1980	%	1981	%	1982	%	1983	%	1984	%	1985	%	1986	%			1987	%	1988	%	1989	%	1990	%			
1976	21.00	6.5	3	3.1	15	3.9	19	1.2	6	2.1	10	1.3	6	2.0	10	0.6	3	0.3	1	-	-	-	-	-	-	-	-	-	21.0	100.0				
1977	43.70	-	-	4.6	11	5.5	13	9.7	22	6.8	16	3.2	7	2.8	6	2.7	6	3.2	7	1.8	4	0.9	2	-0.50	-	1.4	3	-	42.2	97.7				
1978	29.70	-	-	-	-	5.5	19	1.9	6	4.5	15	2.8	9	4.4	15	2.6	9	0.5	2	2.4	8	0.7	2	0.80	3	0.6	2	1.6	5	28.3	95.3			
1979	117.60	-	-	-	-	3.7	3	24.3	21	30.5	26	15.3	13	14.5	12	10.1	9	6.8	6	3.5	3	1.3	1	2.50	2	1.4	1	0.3	0	114.2	97.1			
1980	132.50	-	-	-	-	-	-	1.7	1	41.8	32	28.7	22	15.6	12	13.3	10	7.8	6	8.5	6	1.7	1	-0.30	-	2.0	2	2.3	2	123.1	93.1			
1981	153.50	-	-	-	-	-	-	-	-	1.9	1	12.3	8	32.1	34	10.0	7	16.6	11	8.5	6	7.7	5	6.80	4	8.0	5	6.2	4	130.1	84.8			
1982	134.70	-	-	-	-	-	-	-	-	-	-	3.3	2	8.7	6	31.8	24	19.8	15	21.1	16	10.0	7	10.80	8	11.6	9	4.0	3	121.1	89.9			
1983	227.40	-	-	-	-	-	-	-	-	-	-	-	-	28.6	13	67.4	30	35.5	16	19.6	9	13.1	6	13.60	6	5.2	2	10.1	4	193.1	84.9			
1984	249.30	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7.7	3	55.1	22	59.0	24	21.6	9	20.70	8	22.5	9	18.5	7	205.1	82.3			
1985	149.70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.8	2	27.1	18	18.9	13	19.80	13	11.3	8	11.8	8	91.7	61.3				
1986	268.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.7	8	64.8	24	42.70	16	28.0	10	15.7	6	171.9	64.0			
1987	342.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13.6	4	36.70	11	32.9	10	21.9	6	105.1	30.7
1988	264.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.10	3	33.4	13	12.6	5	55.1	20.9	
1989	283.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11.3	4	39.3	14	50.6	17.9	
1990	279.60	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36.7	13	36.7	13.1		
TOTAL	2697.20	6.5	-	7.7	-	18.6	-	38.9	-	87.6	-	66.9	-	128.7	-	146.2	-	148.4	-	172.2	-	154.3	-	163.5	-	169.6	-	181.0	-	1489.3	55.2			

Negative amounts represent reimbursements from the ADB

TOTAL Commitments	ECU 2697	million
TOTAL Payments	ECU 1489	million
To be paid	ECU 1207	million

ANNEX IV : Short-term studies carried out in 1990

BENEFICIARY	TITLE	COMMITMENTS ECU '000			PARTNER
		ASIA	LATIN AMERICA	TOTAL	
ALA Develop.Country	Techn.Assist.	66.2	-	66.2	J.Martinho
"	"	-	137.0	137.0	Turcat.
"	"	-	26.0	26.0	Domingo
"	"	89.8	-	89.8	Mertens
"	"	-	6.0	6.0	Bultot
"	"	-	13.0	13.0	Pantaleoni
"	"	23.2	11.0	34.2	J.P. Geeraert
"	"	-	61.0	61.0	J.L. Carrioni (détaché)
"	"	-	19.0	19.0	Mlle. Rivet
"	"	-	19.0	19.0	M. Guasch
"	"	-	35.0	35.0	J.L. Dupont
"	"	-	16.0	16.0	Reinoso
"	Dec.Report	59.2	29.0	88.2	Office de Publ.
"	"	4.0	2.0	6.0	O. Retout
"	Temp. Serv.	406.2	211.0	617.2	DG I
BANGLADESH	Study	57.7	-	57.7	
NEPAL	Vet.Contr.	480.0	-	480.0	
Subtotal 1		1186.3	585.0	1771.3	
FRAMEWORK CONTRACTS					
	Field A	900.0	1250.0	2150.0	SETA
	Field C		50.0	50.0	BONIFICA
	Field A	1700.0	300.0	2000.0	DANGROUP
Subtotal 2		2600.0	1600.0	4200.0	
TOTAL 1 + 2		3786.3	2185.0	5971.3	

**DESCRIPTIVE SUMMARIES OF TWO ENVIRONMENTAL
PROTECTION PROJECTS**

Title: Brazil - Study on mercury contamination in the Amazon Basin

- (1) The aim of the project is to conduct research on the levels of mercury contamination in the Tapagos Valley, in the Amazon region and to identify alternative gold extraction methods which are not harmful to humans and the environment.
- (2) "Garimpo" gold digging in the Tapagos Valley is flourishing and results in the release of mercury, representing a direct threat on health and the environment of the region. Available information already seems to point to alarming levels of mercury contamination.
- (3) The Group for the Study and Defence of Ecosystems in the Lower and Middle Amazon (GEBEBAM), will carry out the following activities in close cooperation with various governmental organizations:
 - (a) preliminary evaluation of equipment and existing data on mercury pollution in the Tapagos Valley;
 - (b) organization and coordination of a European and Brazilian research team to gather fresh data with a view to establishing current mercury levels in the region concerned and compare such levels with those recorded elsewhere.

The team will be responsible for:

- determining the mercury level in the blood, urine, hair and nails of the local population;
- determining the mercury level in the water, sediments, soil, fish and other animals;
- monitoring the state of health of individuals already affected by mercury poisoning in medical centres and, whenever possible, providing treatment.

The following will be analysed by the Imperial College of Science, Technology and Medicine and the Medical School of Southampton Hospital:

- 100 human tissue samples (blood, urine, nails and hair)
- 50 foodstuff samples (fish and vegetables)
- 100 samples from the environment (sediments, alluvial soil, dust and water);

(c) evaluation of new data collected and preparation of a plan of action to be put before the Brazilian authorities and the Commission of the EC, covering the following:

- continuation of analyses to gauge contamination;
- public awareness campaigns and training;
- appropriate technological changes (research and dissemination of materials and equipment);
- organization of long-term work for Brazilian and European organizations and research institutes.

Proposals for long-term activities will take account of other proposals put forward by potential donors, so as to avoid duplication of efforts and ensure full collaboration;

- (d) education of the local population on the toxic effects of mercury and the dangers attached to its prolonged utilization.
- (4) The project will be implemented by the GEBEBAM, a group of research specialists covering every aspect of the Amazon environment with headquarters in Para State.

In addition to its institutional ties with UNAMAZ (the Organization of Amazon Universities) and Para's Federal University, the GEBEBAM has established work links with various governmental organizations, such as the DNPM (National Department of Mining), the State secretariat for public health of Para and the Para mining company (Paraminerios), all of which have pledged the support of their technical staff to the project. These organizations will play an active role in implementing the project and ensuring its follow-up.

- (5) The project will provide reliable data on mercury contamination in the environment, locally produced foodstuffs and human tissues.

The project is intended to be the initial - and the most important - stage of a comprehensive long-term programme which, once approved by the Brazilian government and the Commission, aims to determine the extent and level of contamination, the environmental impact, the level of exposure in human beings and its effects on health, together with the best ways of providing health education and the most appropriate measures to end mercury contamination in the region.

Title: Colombia - project for the conservation of rainforests in North-West Amazonia - phase II (Article B 946/90)

1. The first phase of the project began in 1990 and was financed from Article 946 (contract No. 946/89/32). The aim of the second phase is to carry on the work, retaining the aims set for phase I.

The overall objectives of the project are:

- i) in the framework of the Colombian government's policy for the Amazon region, to continue the development of a conservation strategy for the rainforests of the region based on a consolidation of a native territory of 18 million hectares designated by the government as collective Indian property in 1987;
 - ii) To study the way the ecosystems work and to develop technologies and programmes suited to the process of development and conservation; to stabilize colonization;
 - iii) to contribute to national, regional and international efforts to promote appropriate policies, recognizing the rights of the native inhabitants and conservation of the rainforest ecosystem.
2. Indian rights are covered by a number of laws in Colombia. To back these up, a way of working with them should be developed in order to gain more knowledge of their way of life and the use of the resources of the rainforest and to tailor to the Amazon region the activities of institutions dealing with public health, education and natural resources. This knowledge is vital to the detection of genuine problems and to increasing the involvement of the native population in Amazon policy, a policy in which they have an interest.

What this means for the Indians is greater awareness, training and consolidation of their own societies. Their culture is completely integrated with the forest ecosystem, and their way of life, social and political structures and technology are based on the use of the forest's resources and the maintenance of harmony with it. Society spent centuries rejecting these values, but is now paradoxically asking the Indians to adopt them once more in order to help conserve the forests.

Colombia's current problem is not a lack of legislation on Indian rights, but of seeking ways to put the laws into practice and to conserve the rainforests of the Amazon region. The final objective of both phases I and II is to establish such a basis, and enable the policy to function as well as possible.

Four approaches were used during the first phase of the programme:

- With the native population: investigation of the situation in each part of the region, identification of problems, assistance with understanding the Colombian government's policy, consolidation of the organization of communities;
- With regional institutions: pinpointing the areas which can provide the greatest guidance and direct the adjustment of public health, education and natural resources programmes for the region;
- In terms of national policy: consolidation of Colombia's policy for the Amazon region in coordination with the institutions responsible for it; developing laws and methods of enforcing them;
- Internationally: encouraging the promotion of Colombia's experience in order to help other international institutions seeking ways of protecting the rainforest.

The project will last three years and cost a total of ECU 1 000 000, ECU 344 000 per year.

3. The specific aims of the project are the following:

- (a) to consolidate the Indians' way of life in order to conserve the rainforest;
- (b) to consolidate decision-making capacity in Indian communities regarding issues which concern them;
- (c) to increase the Indians' awareness of the problems and dangers associated with the survival of the rainforests of the Amazon;
- (d) to direct and guide the State's projects in the region in accordance with these principles.

As in phase I, it will continue to:

- (1) add to the team of staff;
- (2) examine the current system of decision-making and identify possible community-related problems in it;
- (3) strengthen government relations with the project through the advisory committee, and assist government action with information and advice;

- (4) stimulate and assist the organization of meetings between the native communities and the organizations working in the region;
 - (5) stimulate the Indian communities' ability to assess problems affecting them;
 - (6) organize workshops with government personnel in order to assist them in directing and adapting programmes to the cultural and ecological characteristics of the region, as determined during the meetings with the communities;
 - (7) support the implementation of projects developed by the Indian communities;
 - (8) organize an effective system for cooperation in the Bogotá process on the basis of the Colombian foundation.
4. Responsibility for the project, its supervision and distribution of funds to the Colombian organizations involved lies with the GAIA foundation.

The foundation will establish subcontracts with three Colombian foundations such as Etnollano, Puerto Rastrojo and COAMA, and with the advisory committee.

The advisory committee is composed of GAIA, the NGOs referred to above and the following Colombian government bodies:

- * the Amazonian affairs secretariat attached to the Office of the President;
- * the Indian Affairs division of the Interior Ministry;
- * the Indian Affairs division of the Ministry of Urban Planning;
- * the Institute for the Protection of National Resources (INDERENA).

**SUMMARY AND CONCLUSIONS OF THE REPORT
ON AID TO REFUGEES, RETURNEES AND DISPLACED PERSONS**

SUMMARY AND CONCLUSIONSENCOURAGING RESULTS

1. Community resettlement assistance for refugees, returnees and displaced persons in developing countries has increased tenfold in six years and totalled approximately ECU 906 million for the period 1984-1989.

The Community aid received over the same period by the developing countries of Latin America and Asia alone, through the many channels used (food aid, emergency aid, financial and technical assistance, aid given via NGOs and special aid under Article 936 of the budget), was ECU 235 million.

Aid under Article 936, which is that dealt with in this report, accounts during the period referred to above for 7.2% of the overall amount of aid targeted at refugees in developing countries and for 27% of such aid in the ALA countries. Financial assistance increased from ECU 2 million in 1989 to ECU 28 million in 1990. In other words, this form of aid, one which Parliament considers a priority, offers a response to a need which showed no signs of diminishing during the six-year period examined and, on the contrary, continued to grow apace.

2. Among the distinguishing features of Article 936 aid are its sectoral and geographical coverage, its flexibility, the variety of bodies implementing the projects under it and its general approach to the issues it tackles: since each of these is unique, the particular social, cultural and religious characteristics of the recipients and the crisis which led them to leave their homes are taken into account. It also leaves considerable latitude in the interests of an easy response to changes in the political situation, disputes or unexpected movements of population.

Because the purpose of this aid is to be a half-way stage between emergency aid and development aid, it gives rise to frequent uncertainty.

3. Some of the projects implemented with funds from Article 936 are obvious models. One example is the multiannual project for assistance to Guatemalan refugees in Mexico, implemented by the UNHCR. Current and completed projects include the following: a programme to assist displaced persons in Mozambique (this created a shock-wave in the region), rebuilding aid for Tenancingo in El Salvador, the production of quilts, schoolbags and school uniforms for Afghan refugees in Pakistan and the establishment near Peshawar of a hospital and training centre by a group of NGOs,