



European Communities

EUROPEAN PARLIAMENT

WORKING DOCUMENTS

English Edition

1985-86

19 February 1986

A SERIES

DOCUMENT A 2-222/85

REPORT

drawn up on behalf of the Committee on Development
and Cooperation

on the proposal from the Commission of the European
Communities to the Council (COM(85) 559 final -
Doc. C 2-120/85) for a Decision determining the
general guidelines for 1986 concerning financial
and technical aid to non-associated developing
countries

Rapporteur : Mrs Nicole PERY

PE 102.839/fin.
Or.En.

By letter of 18 November 1985, the President of the Council of the European Communities requested the European Parliament to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a decision determining the general guidelines for 1986 concerning financial and technical aid to non-associated developing countries.

On 9 December 1985, the President of the European Parliament referred this proposal to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgets for an opinion.

At its meeting on 20 November 1985, the Committee on Development and Cooperation appointed Mrs Pery rapporteur.

The committee considered the Commission's proposal and the draft report at its meetings of 17 December 1985, 14 January 1986 and 18 February 1986. At the last meeting, the committee unanimously decided to recommend to Parliament that it approve the Commission's proposal with the following amendments. The Commission stated before the committee that it had not taken a decision on these amendments.

The committee unanimously adopted the motion for a resolution as a whole.

The following took part in the vote: Mrs Focke, Chairman; Mr Bersani, vice-chairman; Mrs Pery, rapporteur, Mr Andrews, Mr Cohen, Mrs Daly, Mrs De Backer-Van Ocken, Mr Duran Corsanego, Mr Estrella Pedrola, Mr Fellermaier, Mrs Garcia Arias, Mrs Pantazi, Mrs Rabbethge, Mr Rubert de Ventos, Mrs Simons and Mr Vergeer.

The opinion of the Committee on Budgets is attached.

The report was tabled on 18 February 1986.

The deadline for tabling amendments to this report will be 10 a.m. on 19 February 1986.

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The Committee on Development and Cooperation hereby submits to the European Parliament the following amendments to the Commission' proposal, and motion for a resolution together with explanatory statement:

Proposal for a Council Decision (EEC) determining the general guidelines for 1986 concerning financial and technical aid to non-associated developing countries.

Text proposed by the Commission
of the European Communities

Proposal for a Council Decision determining the general guidelines for 1986 concerning financial and technical aid to non-associated developing countries

Whereas general guidelines should be determined for the administration by the Commission of financial and technical aid to non-associated developing countries in 1986,

Amendments tabled by the
European Parliament

Amendment No. 1

Title of the proposal for a Council
Decision

Proposal for a Council Decision determining the general guidelines for 1986 concerning financial and technical aid to Latin American and Asian developing countries

Amendment No. 2

Preamble, 5th recital

Whereas general guidelines should be determined for the administration by the Commission of financial and technical aid to Latin American and Asian developing countries in 1986,

Remainder of the text unchanged.

A.

MOTION FOR A RESOLUTION

closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Council Decision determining the general guidelines for 1986 concerning financial and technical aid to non-associated developing countries

The European Parliament,

- having regard to the proposal from the Commission to the Council ¹,
- having been consulted by the Council (Doc.C2-120/85),
- having regard to the report of the Committee on Development and Cooperation and the opinion of the Committee on Budgets (Doc. A2-222/85),
- having regard to the result of the vote on the Commission proposal,
- having regard to the Eight Report from the Commission to the Council and the European Parliament on the implementation of financial and technical aid to non-associated developing countries²,
- having regard to its previous resolutions on financial and technical aid to non-associated developing countries, and in particular its resolution of 18.1.85 closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Decision determining the general guidelines for 1985 concerning financial and technical aid to non-associated developing countries (Doc. 2-801/84 - COM(84) 526/final)³,

A. Whereas this programme was instituted at the initiative of the European Parliament,

1. Points out that aid under this programme is concentrated on the poorest Latin American and Asian developing countries, and is particularly directed towards the poorest sectors of the population in these countries;

¹ OJ No. C 285 of 8.11.85, p.7

² COM(85) 560/final

³ OJ No. C 46 of 18.2.85, p.97

2. Notes that in 1986 following the signature of the Lomé Convention by Angola and Mozambique, there will be no allocation for Africa in the programme;
3. Agrees that the 5% finance under this programme formerly reserved for Africa be kept in reserve for allocation to interesting projects, particularly in the field of rural development and food production, in Asia or Latin America;
4. Requests the Commission to investigate the possibility of assisting certain Latin American or Asian countries, where appropriate, to prepare and implement agricultural policies analagous to the food strategies being carried out in four ACP States, integrating food aid, were necessary, in such policies;
5. Insists on the Community fully meeting the financial obligations to Central America arising out of the San Jose Conference⁴ in order to initiate a new and imaginative policy of cooperation with that region; agrees that this additional aid to Central America should remain supplementary to the 20% quota allocated to Latin America;
6. Maintains, however, that the level earmarked as supplementary aid to Latin America should appear clearly in the remarks to Article 930 of the Community Budget and in the relevant section of Volume 7 of the Budget;
7. Regrets that the Commission has not put forward proposals with regard to the financing of aid to Thailand and Indonesia following the conclusion of the agreement with these two countries concerning voluntary restraint on exports of manioc to the Community; stresses that the disproportionately large sums to be taken from Article 930 of the budget under this agreement may jeopardize the utilization of the appropriations which aims to reserve this budget line for the poorest countries;
8. Stresses the importance of integrating projects carried out under this programme in overall national or regional development policies embracing all other aspects of Community assistance and, where appropriate, assistance from other donors;

⁴ 28/29 September 1984

9. Asks the Commission to provide increased finance for human resource development projects in Asia and Latin America, in particular project components related to literacy, training, applied research and medical services in the context of the general priorities for financial and technical cooperation with Latin American and Asian developing countries;
10. Reiterates its criticism of the decision-making procedures provided for in the framework regulation for this programme⁵ whereby a committee composed of representatives of Member States is empowered to decide on projects to be assisted under this programme;
11. Regrets the fact that the Commission was unable to draw up a report assessing future requirements and priorities with regard to aid to Latin American and Asian developing countries, as called for in the European Parliament's resolution of 18 January 1985⁵; insists on such a report being presented during the course of 1986;
12. Notes that, while appropriations for this programme have increased from 20 million ECU in 1976 to 280 million ECU in 1986, the number of staff responsible for its administration has hardly increased; consequently sees the need for staff increases and calls on the Commission to allocate some of the 20 additional staff for DG VIII voted by the European Parliament in the 1986 Budget to this service;
13. Calls for the establishment of more Commission delegations and development experts in Latin America and Asia, particularly in the poorer developing countries where assistance may be required with project formulation and implementation;
14. Stresses the importance of continuing and enhancing technical and financial cooperation with China;
15. Congratulates the Commission on the very noteworthy improvement in the level of utilisation of both commitment and payment appropriations for this programme during the past year;

⁵ Council Regulation (EEC) No. 442/81 of 17 February 1981, OJ No. L48 of 21.2.81, p.8

⁵ OJ No. C 46/97 of 18.2.85

16. Calls on the Commission pursuant to Article 149(2) of the EEC Treaty, to incorporate the amendments adopted by the European Parliament into its proposal, and requests that in future this programme be entitled "financial and technical aid to Latin American and Asian developing countries";
17. Subject to these amendments being adopted by the Commission, approves the proposal for a Council Decision;
18. Instructs its President to forward to the Council and Commission, as Parliament's opinion, the Commission's proposal as voted by the Parliament and the corresponding resolution.

B.

Explanatory Statement

I. Introduction

1. The programme of financial and technical aid to Latin American and Asian developing countries, originally referred to by the rather negative term "non-associated developing countries" (a title retained by the Commission in its draft Council Decision) was instituted through an initiative from the European Parliament and was enabled to operate in its early years entirely through budgetary amendments voted by Parliament. Parliament has thus a particular interest in this programme and has consistently supported the principle of extending Community aid to all needy developing countries.

2. A basic regulation governing this financial and technical aid was adopted by Council on 17 February 1981. While the European Parliament is fundamentally dissatisfied with the decision-making provisions of this regulation, which were subject to an unsatisfactory conciliation procedure, it fully endorses the general guidelines concerning the granting of aid, which are:

- that aid should be concentrated on the poorest developing countries, while maintaining a reasonable geographical balance,
- that aid should be mainly directed towards the poorest sectors of the populations in those countries,
- that particular importance should be attached to rural development and food production,
- that participation in regional projects is possible,
- that a proportion of the aid should be earmarked for emergencies, in particular for post-disaster reconstruction.

3. These guidelines may, if necessary, be adjusted annually. No such adjustment is proposed by the Commission in respect of 1986.

4. Due to the limited funds available for this programme, the Community plays a relatively minor role compared with other donors in Latin America and Asia. Its few projects, while generally useful in themselves, make little impact on the overall development of the countries assisted. It is important that projects and programmes be fully integrated into an overall national or regional development strategy. Programmes such as the highly successful Flood I and II in India show the value of integrating food aid in development strategies, and the possibility of developing global agricultural policies similar to the food strategies at present being implemented in four ACP countries could be investigated. In Central America the possibility exists for coordinated political, economic and developmental cooperation following the 1984 San Jose Conference and the consequent agreement. While the limited volume of the financial resources available for assistance to Central America naturally reduces the scope and effectiveness of Community cooperation with the region, yet new possibilities have been created and an imaginative approach could produce worthwhile results.

5. The new agreement with Central America should enable the Community to play an enhanced role in that region. Other cooperation agreements, less comprehensive in nature, exist with certain Latin American countries and regions, notably Brazil and the Andean Pact countries, yet little has so far resulted from these accords. Admittedly the problems of Latin America are enormous, particularly its debt burden, and the scope of these agreements is very limited. Though not strictly within the scope of financial and technical cooperation with Latin American countries, it would be useful if the Community institutions and governments of its Member States would use their influence in the IMF and other international bodies to help alleviate the pressures on the indebted countries of Latin America and, more particularly, to ensure that the austerity policies imposed on those countries are compatible with effective development policies, so that these nations can both meet their international financial commitments and improve the situation of their inhabitants, as proposed in Mr McGowan's report on relations between the EEC and Latin America - development aspects. (1)

(1) Doc. A2-44/85, OJ No. C 175 of 15.7.1985, p. 247

6. The European Parliament has consistently favoured the principle of regional projects and programmes. The difficulties of carrying out regional actions in Latin American and Asian countries appear to be even greater than in the ACP, and regional projects are among the least successful projects, but this does not mean that efforts in this area should cease.

7. While concentrating aid on the poorest countries, and on the poorest sectors of the population in those countries, it is still important for the assistance provided to be appropriate with regard to the degree of development in each recipient state or region. This links in with the need for all projects and programmes to be integrated into overall development strategies. Included in such an integrated approach to cooperation must be actions carried out under other programmes to assist Latin American and Asian countries, notably trade promotion (budget Article 931) training (Article 934) cooperation in the field of energy (Article 933) and measures to encourage regional and sub-regional integration (Article 932). The need to suit assistance to the degree of development of a country means that while relatively rich countries (e.g. ASEAN States) could not, for example, benefit from normal project aid under Article 930, they could certainly benefit from training facilities, including the exchange of managerial and technical staff with European firms if such exchanges could be organised on a regular basis.

II. The 1986 general guidelines

8. The most striking aspect of the 1986 guidelines is that, for the first time, no allocation is to be provided for Africa as, following the signing of the Lomé Convention by Mozambique and Angola, all the countries of that continent, with the exception of Namibia and the Republic of South Africa, are now associated with the European Community.

9. In the past the geographical allocation was

Asia	75%
Latin America	20%
Africa	5%.

It is proposed that, in 1986, the proportionate breakdown should be Asia 75%; Latin America 20%, with the remaining 5% being kept in reserve to allow flexibility in meeting requests for financing of worthwhile projects in either of these regions. The Committee on Development and Cooperation agrees with this concept.

10. It should be noted that, within the geographical allocations stated above, between 5 and 6% of the aid should be earmarked for measures to deal with exceptional circumstances, in particular projects to permit reconstruction in the event of disasters, where such projects are not financed from other Community funds. Pursuant to Article 3(3) of Council Regulation No. 442/81 of 17 February 1981⁽²⁾ "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."

11. At the San José Conference on 28/29 September 1984 Commissioner Pisani made a statement pledging an increase in Community aid to Central America. In particular this aid should increase from 40 million ECU to 80 million ECU per annum. Article 4(4) of the Commission proposal states that additional aid allocated by the Community to Central America as a result of the San José meeting would remain supplementary to the geographical allocation mentioned in paragraph 6.

12. While agreeing with the principle of additionality, the European Parliament is distressed to note that, despite the adoption of the 1986 budget, the precise sum to be allocated for this supplementary assistance to Latin America in 1986 has not yet been decided on by the Council and Commission. The European Parliament maintains that the commentary to budgetary article 930, and, more particularly, the explanations provided in volume 7 of the preliminary draft general budget, are unclear as the financial

(2) OJ No. L 48/8 of 21.2.81 p.8

breakdown for regions such as Central America is not readily apparent. This must be rectified in future budgets. Meanwhile the European Parliament must press for the fulfilment of the obligation entered into at San Jose.

13. In paragraph 12 of the European Parliament's resolution⁽³⁾ of 18 January 1985 closing the procedure for consultation of the European Parliament on the proposal from the Commission of the European Communities to the Council for a Decision determining the general guidelines for 1985 concerning financial and technical aid to non-associated developing countries (Doc. 2-801/84), the Commission was asked to "draw up a report assessing future requirements and priorities with regard to aid to the non-associated developing countries, indicating the criteria to be followed in the choice of countries, programmes and projects, and to submit a report to the Committee on Development and Cooperation of the European Parliament by 30 June 1985". The only reply received to this request was a brief note from Commission Cheysson to Mrs Focke, Chairman of the Committee on Development and Cooperation, dated 8 November 1985.⁽⁴⁾ This note referred to the serious staff shortage faced by the Commission services responsible for the administration of this programme and states that the time has come for a new look at the role which the Community should play in the regions concerned, or rather the range of roles which we should play according to the capacities of each region and the nature of the corresponding European presence. In other words this note raises new questions without really addressing itself to the task given it in the resolution of 18 January 1985.

14. The European Parliament must, accordingly, regret that the Commission was unable to draw up a report assessing future requirements and priorities indicating criteria to be followed, and reiterates this request with renewed insistence.

15. With regard to staff shortages, the European Parliament is particularly aware of the inadequacies in this field. In all the programme of assistance to Latin American and Asian developing countries is administered by 44 A and B grade staff (geographic and technical), compared with 372 for the Lomé Convention. In the 1986 budget Parliament voted an amendment to provide 20

(3) Rapporteur Mr Guermeur, OJ C46 of 18.1.85, p.97

(4) PE 101.808

additional staff for DG VIII. Parliament must insist on these staff effectively being allocated to DG VIII and not to other Commission services, with some of them going to this sector within the Directorate General.

16. Related to this staff shortage is the shortage of Commission delegations in Latin American and Asian developing countries. While there are over 270 staff in the 54 delegation to ACP countries, there are only 10 for all the 40 Latin American and Asian countries assisted by this programme. While a small number of delegations exist, with development experts available, the need is great, particularly in the case of the poorest countries where administrative inadequacies can lead to difficulties in project formulation and implementation. Here the help provided by Community experts can be invaluable.

17. It should be noted that the aid granted to the Republic of China in 1982 and 1985 should be continued on comparable terms. This is fully consistent with the views of the Committee on Development and Cooperation.

III. Implementation of the programme

18. The European Parliament is particularly pleased to note the very marked improvement in the level of implementation of this programme, to such an extent that, in respect of payment appropriations, transfers which were not approved became necessary during the course of 1985. This constitutes a noteworthy contrast with earlier years when delays in both payments and commitments incited criticisms from both the European Parliament and the Court of Auditors. With regard to commitment appropriations the position is also most satisfactory as can be seen from Document COM(85) 569 final - 8th Report on the implementation of financial and technical aid to non-associated developing countries. Thus of the total 219.211 million ECU available for commitment in the 1984 programme, 209.585 million ECU had been committed by mid 1985. Thus only 9.626 million ECU remained to be committed by the end of this year. It is evident that the Commission is making a praiseworthy effort to utilise funds fully despite inadequacies in staffing levels.

IV. Title of the programme

19. In recent general budgets the European Parliament, has, by amendment, changed the title of Article 930 from "programme of financial and technical aid to non-associated developing countries" to "programme of financial and technical aid to Latin American and Asian developing countries". While recognising that this does not correspond with Council Regulation No. 442/81 of 17 February 1981 (with which it is not in agreement regarding decision-making procedures) it has nevertheless proposed to amend the title of the present proposed Council Decision to correspond to the new title of budgetary article 930.

OPINION OF THE COMMITTEE ON BUDGETS

Letter from the chairman of the committee to Mrs FOCKE, chairman of the
Committee on Development and Cooperation

Subject: Proposal for a Council decision determining the general guidelines
for 1986 concerning financial and technical aid to non-associated
developing countries
(COM(85) 559 - Doc. C 2-120/85)

Dear Mrs Focke,

The Committee on Budgets considered the abovementioned proposal at its meeting
of 23 January 1986.

It noted that the guidelines proposed by the Commission for 1986 are substantially
the same as those followed in 1984 and 1985. It approved of the establishment,
on the basis of the quota hitherto allocated to Africa, of a general reserve
to be added to the normal quotas for Asia and Latin America.

It noted that the extra aid to be allocated to Latin America following the
San José ministerial meeting will be in addition to the appropriations earmarked
for Latin America.

Yours sincerely,

(sgd) Jean-Pierre COT

The following took part in the vote: Mr COT, chairman, Mr ABENS, Mr CHAMBEIRON,
Mr CHRISTODOULOU, Mr COLOM I NAVAL,
Mr James ELLES, Mr FICH, Mr HERMAN (deputizing
for Mr DEPRez), Mrs HOFF, Mr LANGES, Mr LOUWES,
Mr LUCAS PIRES, Mr PAKIRIAZIS (deputizing
for Mr PAPOUTSIS), Mr PASTY, Mr POETSCHKI
(deputizing for Mr RYAN), Mr ROSA, Mr SANZ
(deputizing for Mr GARCIA RAYA), Mr TOMLINSON
and Mr VON DER VRING

