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**COMMISSION REPORT TO THE ACP-EEC
COUNCIL OF MINISTERS
ON THE ADMINISTRATION OF FINANCIAL
AND TECHNICAL COOPERATION IN 1982,
UNDER THE LOME CONVENTION**

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INTRODUCTION

This report for the ACP-EEC Council of Ministers on the management of financial and technical aid in 1982 has been drawn up by the Commission in collaboration with the European Investment Bank pursuant to Article 119 of the second Lomé Convention. It is the second such annual report.

The first report, on operations in 1981, was examined on 27 April this year at the third meeting (authorized representative level) of the Committee set up under Article 108 of the Convention. At a fourth meeting, on 6 May, again at authorized representative level, a report to the Council of Ministers was prepared, as well as a draft resolution on financial and technical cooperation which was on the agenda of the ministerial meeting of the Committee held on 18 May.

The resolution, which the Council itself adopted on 20 May, is an extension and amplification of that adopted in Libreville on 14 May last year, and thus represents the common thinking of ACP States and Community on financial and technical cooperation.

The Commission regards the resolution as matter for satisfaction and, in conjunction with the Libreville resolution, as a valuable guide in its work of implementing cooperation.

In the resolution, the Council invites the Commission, "in order to facilitate the work of the Article 108 Committee ... to accelerate the submission of its reports, and present them in any case not later than the end of July following the year under review".

The Commission has taken note of that injunction and will do its best to comply with it.

The financial and technical cooperation discussed in this report is not the whole of the Lomé Convention, which is much wider in scope, ranging from trade cooperation to a system of joint institutions without an equivalent in the field of international relations: the whole forms the comprehensive, contractual "Lomé policy". Such a policy has indeed made it possible to go beyond the letter of the texts and create a "de facto solidarity" reminiscent of that which Robert Schuman urged Europeans, in his historic declaration on 9 May 1950, to make a basis for the foundation of a Community. Nevertheless, though financial and technical cooperation is not the whole of Lomé it is the most effective instrument of that policy, or in any case the one which produces the most obvious, and most obviously quantifiable, results in the field.

The Lomé Convention, in turn, is not the whole of Community development policy, which has been considerably diversified and expanded over the years. In March this year the OECD's Development Assistance Committee (DAC) observed that Community aid had increased much faster than that of any other international institution, and indeed faster, probably, than that of the industrialized countries as a whole. Lomé is, however, the most elaborate and complete manifestation of that policy.

Times change, however, and towards the end of last year the Commission published its "Memorandum" on Community development policy, at once a review of past operations and an exposition of the principles and guidelines which the Commission considers should inform the Community's development policy in the next ten years.

It is against this background that the Lomé renewal negotiations will get under way in September.

In the memorandum the Commission spells out the objectives of development policy and the methods and institutional structure implementing it. Among the objectives it stresses the importance of food self-reliance and operations in support of the countries' own policies.

As regards methods, it calls for the Community and the governments of the individual recipient countries to engage in a dialogue on development policy, while institutionally it favours the idea of organizing relations with the ACP countries within a framework convention of unlimited duration, supplemented from time to time by specific protocols laying down, or amending, the financial and other detailed provisions.

The present report is organized rather differently from the previous one. Still central is the information required under Article 119, "in particular ... the position as to the commitment, implementation and use of the aid", but a greater effort has been made to look at financial and technical cooperation activities on a geographical basis. This new presentation reflects a major reshuffle in the Commission headquarters departments concerned, which are now organized mainly on a geographical basis so that a clearer and fuller overall picture can be obtained of the economic and social situation in each country.

The first specific item of information that Article 119 requires to be shown in the report is the commitment position. In 1982, almost eleven hundred million ECU (actually 1 095.3 m ECU) was committed out of the funds administered by the Commission or the Bank under Lomé II. Total commitments for the year in fact came to 1 194.8 m ECU, including financing with residual Lomé I funds, a figure 39.7% up on the previous year's total.

The report is also required to show in particular the position as to implementation of aid, another important aspect covered in detail later. At this stage, however, it might be helpful simply to indicate the level of implementation by giving the figure for disbursements - not necessarily the most accurate yardstick, perhaps, but one which has the merit of simplicity. Payments in 1982, then, totalled 719.7 m ECU, almost exactly the same as the 1981 figure of 721 m ECU.

TITLE I: THE CHANGING POLICY APPROACH

CHAPTER I. Human resources

In the introduction to the Report of the Independent Commission on International Development Issues (the Brandt Report), Willy Brandt wrote, in answer to the question "What Does Development Mean?": "One must avoid the persistent confusion of growth and development, and we strongly emphasize that the prime objective of development is to lead to self-fulfilment and creative partnership in the use of a nation's productive forces and its full human potential".¹

This simply-stated objective reflects three basic propositions set out in the Brandt Report: "the elimination of hunger is the most basic of human needs"; "the quality of life is almost meaningless without health, which depends on proper nutrition and a healthy environment"; "illiteracy too is a tremendous waste of human potential".

Human resources, therefore, are at once the end and the means of any development policy - the end, since every individual must be ensured of survival, and then of the opportunity to develop his potential to the full, and the means, since obviously development is impossible, inconceivable even, without human endeavour, human intelligence, science and technology. Obviously, perhaps; yet it bears saying again, for the implications have not yet been fully assimilated in North or South.

The evaluation of the impact of financial and technical cooperation carried out under Article 57(1) of Lomé I and Article 118(2) of Lomé II has made it clear that while the provision of infrastructure and equipment has continued, too little has been done to increase recipient countries' own

¹"North-South: A Programme for Survival"; Pan World Affairs, p.23.

ability to administer and exploit these facilities, so that projects have sometimes been far from being used to capacity¹.

From all this the Commission has drawn the practical conclusion that if financial and technical cooperation is to become more effective it must be geared to a greater extent to the achievement by the developing countries, "and in particular the poorest among them", of "lasting, autonomous development".² The capacity for self-sustaining development can be increased by doing more to develop human resources, which are the key to a local community's or a country's potential. Many of the most pressing problems in ACP countries today have this specifically "human" character: the soaring birthrates and uncontrolled urban growth, the problem of agricultural productivity and food security.

To give practical effect to its findings the Commission decided in 1982 to give greater weight in its financial and technical cooperation activities to the relationship between the "human factor" and the process of economic and social development. On the organizational level this was reflected in the setting up within the Directorate-General for Development of a new administrative unit for human resources. The unit's job is to suggest ways and means of helping countries which so desire to get all sections of their people motivated and enable them to become more involved in the development process. They need to have access to more information, technical and vocational training opportunities and scientific and technical research facilities, they need to be given better opportunities, through better health conditions and judicious land use planning, to put their training to use; development institutions must be organized to stimulate and support human potential, and local communities, producer groupings, small businesses must be involved in the process. The Commission is thus aiming gradually to work out an integrated approach to the human factor in development, and follow it, in close cooperation with the ACP

¹ See especially the Commission Report to the ACP-EEC Council of Ministers on the administration of financial and technical cooperation in 1979 (COM(80)239 final), pp 37-40.

² Memorandum on the Community's development policy (COM(82)640 final), p. II.

States, in such a way that financial and technical cooperation can play an even greater part in the development of each country's resources.

Towards the end of last year the Commission departments concerned started work on the enhancement of human resources in the following fields.

Training

A study was put in hand which should make it possible:

- (a) to identify what the Community can do in the training field in cooperation with the ACP countries;
- (b) to identify specific scope for and means of cooperation among ACP universities to help them in their aim of working more closely together in education, research and training.

The Commission has also asked an institution specialized in this field to look at the scope for the training in Community countries of ACP nationals holding EDF awards and the conditions for such students. The conclusions regarding the social integration of students working in different countries will be ready this year.

Employment and working conditions

In the social field more detailed consideration is being given to working conditions and employment, industrial relations and migrant workers.

Commission staff have had talks with ILO officials on issues of common interest such as the situation of migrant workers, labour-intensive work programmes and urban conditions. This fundamental work should make for an improvement in financial and technical cooperation with the ACP States in these areas.

Women's role in development

On 8 November last year the Council of the European Communities adopted a resolution on Community development aid and the situation of women in the developing countries. As well as a statement by the Community of its willingness to take full account of women's role in development, the resolution sets out objectives, defines practical measures to be taken and identifies areas of cooperation in which women have a particularly important part to play.

A sociological study was also undertaken last year into the consequences of Community aid-financed projects for the status of women in an ACP country. The conclusion reached was that in the three projects under review the position of women was ill-understood at the outset and women were subsequently ignored as economic actors and not involved in the peasant cooperatives set up. A major shortcoming had been the complete failure to consider how women might gain access to credit for agricultural equipment. These rather stark and negative findings, however, should be seen in the light of the study's narrow geographical and conceptual scope. There are obviously many projects, in health and education particularly, which bring about a direct improvement in the situation of women.

The cultural aspects of development

The greater attention being paid to the cultural aspects of development is due in particular to resolutions adopted by the Joint Committee, and subsequently the Consultative Assembly itself, in September 1981 (Luxembourg), February 1982 (Harare), November 1982 (Rome), and February this year (Kingston) on the basis of the report by Mr Chasle on cooperation between the ACP States and the Community.

The Commission took part last year in a number of meetings at which cultural questions were discussed either by parliamentarians (the European Parliament and the ACP-EEC Consultative Assembly) or trade unionists (the ACP-EEC trade unionists meeting in December), or in a wider context, involving other developing countries: the International Peace Academy's "Culture and Development" Conference at Aosta last October, the Avignon "encounters" between the cultural communities of Africa, Europe and the Arab World last March and the big MONDIACULT conference

organized by UNESCO in Mexico last August. There were also special working meetings with UNESCO and British Council staff in December last year.

Work and discussions in this field are still going on, and should result in greater weight being given to cultural factors, for instance in discussions with the recipient countries when projects or programmes are being prepared, as has been the case with recent operations such as the assistance given to the CIADFOR textbook project or the aid for cultural tourism in the Caribbean (CTRC).

Work, including studies, has also been going on in other fields such as technical assistance, health, demography, and appropriate technology; the first results will be available later this year and will be discussed in subsequent annual reports.

CHAPTER II: Agriculture, food and environment

The main developments in these fields stemmed from the follow-up to the 'Plan of Action to combat World Hunger', which had been transmitted by the Commission to the Council in October 1981. At its meeting in November 1981 the Council gave its broad approval to the Commission's proposal.

Among the major elements of the proposed Plan of Action were the following:

operations with a specific theme (campaigns) covering regional groups of countries and directed towards natural resource conservation or improvement,

support for food strategies in selected countries.

The essence of the food strategy idea is that it should be planned and executed by the country itself, assisted by the joint efforts of the Member States and the Commission, and possibly of other donors.

The criteria used for choosing the 'first generation' of food strategy countries were as follows:

existence of a substantial food deficit and a potential capacity to increase production relatively quickly;

capacity and expressed desire of the country to conduct its own food strategy;

the Member States and the Community were significant aid donors.

Mr Pisani visited Kenya, Mali and Zambia in June last year to explain the food strategy approach and to ascertain that the three countries had the capacity and will to implement such a strategy. On the basis of his report, the Council approved in June the choice of these three countries. He visited Rwanda in July, and this led in November to the Commission proposing, and the Council accepting, that Rwanda should be included in the 'first generation' of strategy countries.

The outcome of these various contacts was the setting up in each country of joint Government-EEC Working Groups to establish the objectives and guidelines of the proposed food strategy. The work done by these groups served as useful background to the official letters from the Governments concerned, in three cases from the Head of State, to the Commission reaffirming the country's commitment to a food strategy. The Commission has responded to each of these letters and the first steps to put the strategy into practice are now under way.

There are already indications as to where efforts will be concentrated in each of the selected countries. In Kenya a particular priority will be support of the crop purchasing agency to facilitate purchase of maize from farmers. Joint Government/donor committees to discuss the major aspects of agricultural policy have been established.

In Mali arrangements have been made to reorganize and liberalize the cereals market, and in addition the prices farmers get for the main cereals have been raised. In Rwanda, given the population pressure on available land resources, the focus will be on the intensification of production.

In Zambia the final text of a study on a national food strategy, carried out with Dutch financing, is now available and will form the basis for decisions on a wide number of policy issues.

A number of countries have indicated a willingness to cooperate with the Community in implementing a food strategy. These are Benin, Burundi, Ethiopia, Niger, Somalia, Tanzania and Upper Volta. The Commission is currently examining the various requests.

In the environment field, two studies were commissioned:

Environmental Education and Training;
Environmental Guidelines.

The major results of these studies will be presented to the annual meeting of the Committee of International Development Institutions on the Environment (CIDIE) in the course of this year.

The studies will also help to draw up a policy on how best to include environmental aspects in our development activity.

CHAPTER III: Energy, mining, industry

The year 1982 saw both continuity in the financing of energy, mining and industrial operations under Lomé II and a move to integrate the sectoral approach more fully into the overall development process and the environment in general.

The guidelines set out in the September memorandum are already having their effect.

Counting global loans to development banks, nearly all of which were on-lent, as needed, for individual small or medium-sized industrial projects (see Title V, Chapter IV), 89% of total Bank financing in 1982 went to these three sectors.

The Commission's policy on energy continued to follow the course charted by the Convention towards the goal of self-sufficiency, giving priority to lessening the constraints of oil-import and fuelwood dependence equally. The emphasis was on measures to mitigate the critical shortage of traditional forms of energy which are vital to people's survival, and on operations of direct interest to both sides, such as the bringing into production of fossil fuel deposits, which can supply both ACP and Community countries.

In volume terms the largest operations (grants totalling 27m ECU net of interest rate subsidies) involved hydro-electric schemes, but research into new energy sources, and related pilot projects, also continued or increased.

The salient feature of EIB-financed energy projects in 1982 was the importance of investment projects designed not only to assist industrialization but to reduce ACP countries' dependence on imported energy, enabling them to cut imports of petroleum products by about 700 000 tonnes a year, equivalent to some 2.5% of total ACP oil imports in 1981. The projects financed since the start of the Lomé I implementation period in April 1976 - they include a number of hydro-electric power stations - will allow the ACP States to cut consumption by approximately 1.7m tonnes of oil equivalent a year, 6% of their total oil imports.

The Bank has also financed studies and research which will serve as a basis for the development of ACP coal, oil and natural gas deposits and other energy resources. Even where a country's reserves appear limited, they could have a significant impact on its balance of payments.

The EDF stepped up operations in the mining sector in 1982, financing prospecting, research and study projects.

These operations were undertaken strictly on the basis of mutual ACP-Community benefit. The ACP countries can make the exploitation of their natural resources serve economic and social development, taking care to see that mining operations are more fully integrated into the fabric of local life so that the activity provides a genuine stimulus for the rest of the economy, while the Community, which has to import 75% of its raw materials, has an interest diversifying its sources of supply, dangerously concentrated in recent years on a handful of countries.

Sysmin, set up under Lomé II, has already proved its usefulness for ACP countries which are established mineral producers, but for a variety of reasons, including the state of the world economy, are experiencing temporary difficulties that put their whole development at risk. Two operations have already been undertaken for copper and cobalt: a 55m ECU loan to Zambia and a 40m ECU loan to Zaire, which have helped halt the decline of production capacity in those countries. There have been procedural hold-ups, but these can be regarded as teething troubles. With its flexible trigger mechanism and the fact that the money is spent directly on preserving production facilities, Sysmin has proved from the outset that it can meet the real needs of the mining sector.

In the industrial sector the results of both Commission-backed industrial promotion and technical assistance projects and Bank-financed operations in 1982 were modest, reflecting the relatively low priority given to industrialization by the ACP States in their indicative programmes. However, they confirmed the soundness of the approach to industrialization through integration with rural development or the exploitation of natural resources.

The emphasis was more on the creation of small businesses geared to self-reliant development than on financing of large-scale investment projects.

Here again the approach being followed is in line with the guidelines set out in the memorandum, which call for priority to be given to rural development, and for productive activities to be more closely integrated into the whole economic and social development process.

For the second year running, in 1982 the Bank, like all development agencies, experienced problems in spotting direct investment financing prospects in the industrial sector proper, for a number of reasons. One is that once the most obvious industrial investment projects have been carried out, viable import substitution operations become increasingly hard to find, while projects based on the industrial processing of local raw materials for export are currently stymied by slack world demand and low prices. The last few years of international recession have done nothing to mitigate these problems, particularly for branches of industry which would be competing with the industrialized countries. Also, it should be borne in mind that priority is increasingly going to be given to agricultural development and food self-sufficiency in the ACP States.

Bank financing via the development banks for small or medium-sized industry, energy projects and, to a lesser extent, infrastructure projects, up in 1981, increased again in 1982, as did the EIB's support contribution to project identification, in the form of risk capital to finance pre-investment studies.

The Joint Committee of the ACP-EEC Consultative Assembly initiated a debate on industrial cooperation in 1982, providing an opportunity not only for members of the Committee but for other Lomé bodies with an interest in the matter - the Commission, the EIB and the Centre for Industrial Development - to think more deeply about the forms industrialization might take. One early practical result of this process has been to give a fresh impetus to coordination between Commission, Bank and CID, which have interlocking spheres of responsibility for industrial development under the Lomé Convention.

TITLE II: SECTORAL BREAKDOWN OF FINANCING

Community financing is presented in statistics broken down by sector¹. The group of ACP States has some reservations about this form of presentation².

The Community considers that, in the absence of any recognized international rule on the question, the classification used reflects the reality of the situation being portrayed³.

Community financing is divided into eight sectors. The directly productive sector, which includes industrialization, tourism and rural production, always heads the list of Community financing (63%). This percentage is quite considerably higher than the 1981 figure (57.3%). However, the absolute figures give an even clearer indication than the percentages do of the progress made in this field, since the results more than doubled from one year to the next (690 million ECU compared with 311 million ECU, or 121%).

There was also a striking reversal compared with 1981 in the results of the industrialization and rural production sectors. Financing in the latter amounted to 355 million ECU compared with 330 million ECU in the former. The agrifoods sector, which is classified under industrialization but has obvious connections with agriculture, accounted for 40.4 million ECU. In all, therefore, very nearly 400 million ECU was devoted to agricultural and agro-industrial development in 1982. This figure would be even higher if the financing devoted to village water engineering (18 million ECU) were added to this already appreciable sum.

¹ See statistical annexes.

² Energy is included in industrial production in Community statistics, whereas other bodies exclude it. Moreover, the technical cooperation which is used for the remuneration of EEC experts is not considered separately from the production sector (see ACP-EEC 2156/82, pp 8-9).

³ ACP-EEC 2183/82, p. 4.

A more detailed social and economic analysis would probably show that a part of the investments devoted to other sectors, notably the transport and communications sector, serves directly or indirectly to break the isolation of rural areas.

Hence, it does not seem excessive to estimate that the total amount of investment in the rural environment during the year came to about 50% of overall investment (i.e. more than 500 million ECU).

At Libreville, in its resolution of 14 May 1982, the ACP-EEC Council of Ministers stressed, in connection with rural projects, the importance of developing the agricultural resources of each of the ACP countries, notably "from the more specific angle of combating hunger in the world". While noting the "already substantial" share of total commitments taken up by the development of rural production, the Council indicated that this share "could usefully be increased". The 1982 results show that this suggestion was followed up.

CHAPTER I: Agricultural and rural projects

In 1982, the appropriate departments of the ACP States and the Commission administered 302 agricultural projects involving a total of almost one thousand million ECU (923 million ECU). These are global figures for both the fourth and fifth EDFs. They cover projects proper and do not take into account either studies or experts' reports of little financial import or regional projects. Naturally, all these projects were at very different stages, ranging from appraisal to completed execution in the field.

In 1982 alone, 75 new projects were financed for an overall amount of 312 million ECU, and 43 projects worth a total of 103 million ECU were completed.

Although no categorical conclusions should be drawn from a comparison of these figures, they do show that the average unit cost was 2.4 million ECU for completed projects and 4.2 million ECU for new projects. The average cost of projects administered is slightly over 3 million ECU (3.06 million ECU). Since the beginning of the 1980s projects with a unit cost of 10 million ECU are not uncommon. In 1982, the 20 million ECU barrier was almost reached for the Iringa Agricultural Development Programme project in Tanzania (19.3 million ECU) and was broken for the Coffee Rehabilitation Programme in Uganda (25 million ECU) and the Coffee Improvement Phase II in Ethiopia (27.2 million ECU).

Between the beginning of the fourth EDF and 1982, a period of about seven years, the unit costs of rural investment projects virtually doubled.

Agricultural projects can be classified in five main categories:

- (i) integrated projects;
- (ii) hydro-agricultural improvements;
- (iii) industrial-scale crops;
- (iv) stock-farming projects;
- (v) fisheries and fish-breeding projects.

As in all classifications, a certain amount of approximation is involved. While nearly all hydro-agricultural improvements are geared to food-crop operations (rice in the majority of cases, but sometimes cotton), integrated projects may also include coffee, groundnut or cotton crops, in addition to the production of food (which is very often the dominant component). Finally, as well as projects involving permanent crops such as palm or tea plantations, there are a number of others involving annual industrial crops such as cotton or groundnuts, which are inserted into a food crop rotation system in which food production takes first place.

There is a category heading "Other" in addition to the other five. It includes studies, technical assistance for various purposes, and projects involving cooperatives.

The following figures are for agricultural projects under the fourth and fifth EDFs, with the exception of regional projects, which are listed elsewhere.

In all, the agricultural projects administered during the year can be broken down as follows:

Integrated projects (food-crop biased) and purely food projects

48 projects for a total of: 287 million ECU
average: 6 million ECU

Hydro-agricultural schemes

28 projects for a total of: 147 million ECU
average: 5.3 million ECU

Industrial crops

57 projects for a total of: 311 million ECU
average: 5.5 million ECU

Stock-farming

52 projects (including studies)
for a total of: 83 million ECU
average: 1.6 million ECU
average per project (excluding studies)
about 2 million ECU

Fisheries

51 projects (including studies)
for a total of: 37 million ECU
average: 0.7 million ECU
average per project (excluding studies)
about 1.3 million ECU

Other (mostly studies)

66 projects for a total of: 58 million ECU
average: 0.8 million ECU

In the resolution which it adopted as a result of its meeting of 20 May 1983 in Brussels, the ACP-EEC Council of Ministers allocated an important place to rural development. This resolution recalls and strengthens the Libreville resolution (14 May 1982), particularly as regards the prices paid to producers for agricultural products, which must be high enough to serve as incentives. A similar remark in respect of stock farming is a new development.

The Council also stressed the need for an accurate assessment of the traditional farming situation when projects were being prepared, the advantages of choosing appropriate techniques and the importance of maintenance and the motivation of the local people.

The Commission considers it very encouraging that the highest political authority of the Convention is dealing so pragmatically with questions relating to the rural environment, which is indeed the main axis of development.

CHAPTER II: Industrialization and energy

Industrialization, which received large amounts of financing during the year (330 million ECU) comes in second place, immediately after rural production. In the statistics broken down by sector, industrialization includes the extractive industries and it should be pointed out in this connection that Sysmin operations accounted for 95 million ECU in 1982.

The Commission's contributions to industry proper during the year were relatively small. They consisted in the allocation of additional funds for the Demerara forestry project in Guyana and supplementary financing for the Soguiplast project in Guinea.

The Bank's overall financing, on the other hand, in the various sectors of industry came to more than 88 million ECU in 1982, about 57% of the Bank's total operations. This includes aid to development banks (49.4 million ECU), most of which is subsequently allocated to small and medium-sized industrial projects on a case-by-case basis and over several financial years. There were direct contributions (38.8 million ECU) to five agro-industrial projects (27.8 million ECU) - in Cameroon (two palm-oil works), Ivory Coast (rubber factory), Somalia (dairy) and Papua New Guinea (palm-oil works) - as well as a project in the chemical industries sector (phosphoric acid and fertilizer factory) in Senegal. The various individually financed projects should contribute towards the direct creation of about 3 600 jobs, mostly in agro-industrial complexes.

Industrialization includes energy or "energy-biased" projects, which also account for a very large sum (nearly 85 million ECU).

EIB contributions in the energy sector amounted to 48.6 million ECU. This is still a very important activity of the Bank (31.4% of its total financing in 1982). The projects aimed at reducing the ACP States' dependence on energy (more than 90% of the financing in this sector) involve two thermoelectric power stations fired by domestic coal in Zimbabwe and Botswana and a geothermal power station in Kenya. The saving in foreign currency as a result will be equivalent to about 700 000 tonnes of oil per year, which is 20% of the oil consumption of the three countries concerned.

The Commission co-financed large or medium-sized energy operations (Suniatu and Omus projects).

Financing in connection with new sources of energy covered studies and technical cooperation in preparation for projects. In Guinea and Senegal it was for drawing up a programme for the development of renewable sources of energy in the rural environment. In Ivory Coast, Rwanda and Zaire it covered a scheme for introducing gasifiers and in Togo the harnessing for energy purposes of liquid effluents from an oil works. There were projects in Zaire for the electrification of health and social centres and the refrigeration of vaccines and medicines by photovoltaic solar energy. There were also two regional projects, one in the South Pacific to work out a programme for the development of renewable sources of energy in the region, and the other in the CEA0¹ and CILSS² countries.

¹CEAO: West African Economic Community.

²CILSS: Inter-state Committee for Drought Control in the Sahel.

CHAPTER III: Transport and communications

With more than 112 million ECU committed in the course of the year, this sector receives the third largest share of financing. Within this sector, road transport infrastructure (roads and bridges) takes by far the biggest share (nearly 72 million ECU). There is an increasing trend towards repairs and maintenance rather than the building of entirely new structures. This applies particularly to Chad, Togo, Senegal and Central African Republic.

It is certainly not an entirely new phenomenon. In its annual report covering the 1981 financial year¹ the Court of Auditors gives the following examples: "37% of the fifth EDF indicative programme for Togo is devoted to infrastructure, and under this heading, provision is made essentially for the reinforcement and maintenance of existing roads, rather than for new roads. The EDF will make a contribution of 5 million ECU for repairs to the Nouakchott-Rosso road in Mauritania".

The Court of Auditors does not confine this comment to road projects. Similar remarks are made - mutatis mutandis - in practically all fields, and in respect of projects involving buildings in particular.

This view seems to be tinged with a pessimism² which can be considered to be too specific (to EDF-financed constructions) and, what is more, somewhat excessive. It is too specific because there is no exception to the law that all things human will age and decay. It

¹OJ C 344, 31 December 1982, p. 122.

²See also Title V, Chapter II, p. 67.

is somewhat excessive, or at least too sweeping, because EDF constructions belong to the recipients and it is in their interest to preserve them. Moreover, maintenance of most of the constructions in question is adequate. Distinctions could no doubt be drawn between countries on the basis of their economic and geographical situations, but the most relevant factor is probably project category. There can be no doubt that road projects, which are fundamental for development, are among the most expensive to study, execute and maintain.

What is more, the price rise already referred to in previous reports¹ is continuing. It is due not only to well-known inflationary factors but also to difficulties in executing projects encountered on the spot. These difficulties are not necessarily technical, but are often also administrative (management problems, supply breakdowns, etc.).

Two important air-transport projects were financed, one in West Africa and one in East Africa, the aim being to modernize airports' technical facilities so as to increase the safety of air navigation both when flying over countries and during landing and take-off procedures.

The Bank provided the transport sector with finance for a regional maritime project covering seven ACP States in the Pacific in the form of four risk capital operations for a total of 2 575 000 ECU (1.7% of the Bank's operations in 1982).

A 10 million ECU loan with an interest-rate subsidy from the EIB's own resources (6.5% of total commitments) was allocated to the telecommunications sector as a contribution towards financing the extension of the international telephone installations in Abidjan (Ivory Coast) to cope with the foreseeable increase in traffic up to 1990.

¹See the 1980 report: COM(81)686 final, p. 18.

The tourism sector received only 4.85 million ECU (3.1% of the Bank's total operations in 1982). Both operations, which were financed via development banks, concerned the enlargement or construction of hotels, one in Lilongwe, the new capital of Malawi, and the other on the "Petite Côte" in Senegal, 80 km south of Dakar. The Commission provided 800 000 ECU for a study on tourism in the Caribbean.

CHAPTER IV: Education and training

In 1982, most of the financing in this sector (nearly 60 million ECU out of a total of slightly more than 65 million ECU) went on study awards and training courses under multiannual training programmes.

More emphasis was laid than in the past on the integration of training programmes in other Community-financed development schemes. Vocational training is given preference over general training, and study awards must meet clearly defined requirements.

An ever-increasing number of countries are concerned about the fact that certain types of training are not suited to actual employment opportunities. This is why studies have been undertaken to look at this fundamental problem and propose appropriate solutions. These studies will have to specify the means which are to be used (infrastructure, equipment, teaching staff, practical forms of cooperation between university institutions in the ACP States) to obtain the desired result.

The teacher training schemes are not new. During the year the emphasis was on training in the fields of primary and vocational education.

CHAPTER V: Water engineering, urban infrastructure and housing

The commitments made in this sector in the course of the year came to slightly more than 40 million ECU. The urban development share was quite small (about 4 million), most of the financing from the resources of the fifth EDF going on water engineering for human purposes (water supply and sanitation). The level of this financing was distinctly lower than in 1981, when it exceeded 87 million ECU. It should be borne in mind, however, that the 1981 results had been very high because of the financing of the very large water supply project in Addis Abeba (53 million ECU). Generally speaking, then, water supply systems in the urban environment have outweighed those in the rural environment. This is in line with the choices made by the ACP at the time of programming, when about 150 million ECU was earmarked for towns as against about 50 million ECU for rural areas. This priority is no doubt imposed by the generalized phenomenon of urbanization, but it is not going to improve the living conditions of rural inhabitants, who account for more than 80% of the population, nor will it further the development of the rural productive sector, which should gradually enable the entire country to be self-sufficient in food. Admittedly, choices inevitably mean limitations.

A number of projects which have been submitted to the Commission for a financing decision are one-off operations, aimed at meeting certain clearly identified and well-defined needs. However, should the recipient country want to devise or implement a policy for water engineering for human use via control operations, these operations do not provide back-up.

In Sierra Leone, additional financing was granted to improve the water supply of N'Djala University College. In Mali, financing is to be provided to fit solar pumps to existing boreholes on the main transhumance route between Nara and Bamako. In the Comoros, financing was granted to supply the Fombani Centre, where the existing system had been destroyed as a result of bad weather.

Other operations should be mentioned because they involve cooperation with other donors. One in Guinea concerns a village water engineering project launched successfully with fourth EDF resources and then developed further with fifth EDF resources (5 million ECU as a grant, of which 1.5 million ECU for micro projects) with support from other external aid donors (UNCDF, USAID and UNICEF), reaching a level of 12.5 million ECU. Another concerns a Community financial contribution (5.3 million ECU in the form of a grant) to the Mogadishu water supply project at a total cost of 39 million ECU with contributions from IDA and AFESD. Moreover, the terms of Community financing (a grant in this case) make it easier to service the loans granted by other donors. A third operation concerns the development of village water engineering in Togo. As financing from fourth EDF resources has well and truly reached its investment objectives, it has, and will continue to be, extended by parallel operations financed by other aid donors, such as BOAD (Conseil de l'Entente) and IBRD as well as a joint operation by USAID and French bilateral aid. The appraisal of another project financed by French and Belgian aid has also been continued, partly to develop water supply points in a very deprived rural environment, but mainly to back up Togo's own efforts to set up a system to ensure that the local recipient population takes responsibility for the technical and financial aspects of maintenance. The Community contribution might take the form of support for national departments' information campaigns on water problems (water-borne diseases, maintenance of water intake systems), the training of village artisans to carry out repairs, and the development of the distribution of spare parts within the country.

Financing granted to Swaziland is to provide rural inhabitants with water supply systems (using springs and boreholes) of varying degrees of complexity, the technology being geared to the physical constraints and capacities of the beneficiaries. This project, being carried out with the cooperation of the German bilateral aid authorities, has highlighted the problems of operation and maintenance and solutions have been proposed involving the local people in day-to-day operations and the technical and financial support of central and regional departments for more complex operations.

Another operation, in Zambia, is of particular interest in that it involves the inhabitants of townships, with populations of between 3 000 and 16 000, and is one of the most effective ways of preventing rural depopulation. These townships offer the local people, who are engaged in rural activities, attractive enough facilities (health care, schools, water, electricity and other public utilities plus cinemas) to stop the drift to the capital.

It is worth noting in connection with these village water engineering operations that the "basic principles" which were jointly defined by the ACP and EEC experts meeting in Bamako in November 1979 have helped the various government departments responsible for devising sectoral policies in their search for original solutions well adapted to each country's social and economic situation.

In the urban environment, the project to improve the Georgetown sanitation system in Guyana is interesting in that the Community financing not only meets an obvious and urgent need but also backs up the considerable effort being made by the local authorities to maintain a minimum service in a relatively densely populated urban area.

Finally, mention must be made of the fifth EDF regional cooperation money (10 million ECU) used to pay for the water supply of Industries Chimiques du Sénégal (ICS), Senegal's counterpart to contributions from external aid donors (over 300 million ECU) for launching an industrial scheme to transform Senegalese phosphates into fertilizers required by the regional market (Senegal, Ivory Coast, Cameroon and Nigeria). This project was financed in July 1982 and the work was actually started in October. It should be in operation by the end of 1983 so as to enable the industrial complex to get under way according to schedule at the beginning of 1984. This promises to be yet another illustration of the fact that, when the objectives are clearly defined and people are willing to get on with the job, the procedures - very often accused of delaying the rate of commitments - do not hold up operations at all, but, on the contrary, are a guarantee of proper execution for both the recipients and the donors.

The only urban-planning project financed in 1982, back-up infrastructure for the rehabilitation of the Poura mine in Upper Volta, is relatively new in some respects. It includes not only urban infrastructure works (water, roads, etc.) but above all reforestation and food crop schemes aimed at developing urban living linked to the rural environment. It is a kind of integrated urban development project and the results are encouraging at this stage.

CHAPTER VI: Health

Nearly all the financing in this sector in 1982 - a relatively modest 11 million ECU - went on infrastructure (10.5 million ECU). The trends already noted in certain projects financed in 1981 seem to have been confirmed, a particular example being the Kaedi hospital project in Mauritania, which is in execution but still not complete. The lessons to be learned from this project, a model one in many respects, will have to be examined as soon as possible in order to evaluate the impact of this type of project in various social and economic environments.

Otherwise, stress is still being laid on better health services, mainly in the rural environment, with particular emphasis on preventive medicine and the training of medical staff.

In the island state of the Bahamas, three rural health centres were financed in July in order to provide better facilities for the inhabitants of the small isolated islands, who until now had had no regular medical service and had to cross the sea by boat, a dangerous venture sometimes, to get health care in the larger neighbouring islands.

In addition to national schemes, in October Community aid financed a regional health project aimed at close cooperation between the health services of two neighbouring states in East Africa (Kenya and Tanzania). The purpose of the project is to identify and examine health problems in the rural environment and experiment with pilot schemes in order to improve rural inhabitants' health (flying doctor teams).

The project also includes ongoing training schemes for rural health workers in the two states concerned in order to improve their qualifications, knowledge and working methods.

CHAPTER VII: Trade promotion

The new approach to trade promotion introduced by the second Lomé Convention and the choices made by the ACP States were examined in detail in the report for 1981.

Fifty ACP States have expressed interest in trade promotion and asked for operations of this kind to be included in their national indicative programmes. Resources for regional trade promotion can be up to 40 million ECU (Article 22 of the Convention), so that when the money under national programmes is added, the total available for trade promotion can be put at about 80 million ECU.

In spite of this, many ACP States have not yet submitted concrete proposals for trade promotion schemes. By 31 December financing operations covered only 19 countries, for a total amount of 9.9 million ECU. Regional operations reached 8.1 million ECU, which brings total commitments for trade promotion up to 18 million ECU.

Priority can be, and is, given to schemes to improve the training of trade personnel in government departments, and semi-public or private organizations with a view to the promotion of products and adaptation to developments on both domestic and external markets, all along the marketing chain. This involves, for instance, the training of chamber of commerce staff and intra-ACP trade promotion. In practical terms, one ACP State was able to say that within the structure of its foreign trade the percentage of its exports of finished and semi-finished goods had increased from 20% to 40%.

Nevertheless, it has been noted that ACP States too often choose operations at the end of the marketing chain, such as participation in fairs and exhibitions, whereas operations at an earlier stage might often prove to be more useful. Be that as it may, a total of two hundred participations by ACP States in forty-five trade events - at a cost of 2 million ECU - were organized for various ACP countries, either individually or through regional organizations.

TITLE III: FINANCIAL AND TECHNICAL COOPERATION BY GEOGRAPHICAL AREA

CHAPTER I: The Sahel

A number of factors, some external (oil prices, drop in world demand) and some internal (climatic vagaries), have meant that the Sahel (Cape Verde, Chad, Gambia, Mali, Mauritania, Niger, Senegal and Upper Volta) has been facing serious structural difficulties - even going as far as to suffer a drop in per capita income in numerous cases - for nearly a decade now. These economic and - for some countries - financial difficulties (problems of indebtedness) were aggravated in 1982 by the considerable drop in the prices of raw materials, often in conjunction with a reduction in the volume of exports and a corresponding drop in export earnings.

In the context of the priorities set by the governments, action financed by Community aid during the year continued to aim at reviving the economies by concentrating on the productive sectors, notably by:

- (i) diversifying domestic production and exports (market-gardening produce, fisheries development);
- (ii) supporting the production and marketing system for certain export products (Stabex transfers to Gambia, Mali and Senegal).

Also, wherever the need was felt, training schemes were set up on the basis of requirements (qualifications and numbers).

Generally speaking, the financing operations fit in with an overall policy aimed at remedying several fundamental imbalances, namely:

(i) The disparity between grain production and consumption

Despite the very great difficulties involved in collecting reliable data on grain production and consumption in the Sahel, it appears that production is tending to grow less quickly than consumption. Dietary habits in the towns have done much to widen the gap between the two, and local accidents of climate (inadequate rainfall or uneven spread over a given province) or other scourges (infestation with rodents) do nothing to help.

Rainfall was adequate in the Sahel in 1982. At the same time the countries felt the need to take steps to improve the working of their economies, the main one being to raise agricultural prices for 1981/82, which led to an increase in food production throughout the area, thus reflecting how sensitive the reaction of those engaged in economic activity is to decisions of this nature. This step had a positive effect in particular on rural development projects financed by Community aid, a sector which accounts for a considerable proportion of the funds available under the indicative programmes (some 35% of the total).

Self-sufficiency in food is still the prime objective of the Sahel countries. For this, it is important that the rural population concerned should adopt new cultivation methods. This is why the most successful framework for action has turned out to be that which encourages the peasant in the village to take an interest in dryland farming and farming on small irrigated areas.

(ii) Deterioration of the Land

Any increase in grain production has been due, to a large extent, to an increase in the area under cultivation, although improved varieties or productivity brought about by the introduction of new growing techniques are beginning to have an effect.

For ecological reasons, the growing of food crops in most Sahelian regions is practised essentially on an extensive scale.

The Commission took this situation into consideration in the projects implemented in 1982, first by restoring the fertility of the soil, worn out from successive harvests, and by encouraging a change in production techniques in order to take into account the fact that there was little land available.

(iii) The precarious development of stock farming

Large-scale action is being taken in two areas, namely:

animal health: considerable progress has been made in protecting the livestock from major diseases;

more wateringpoints have been provided for the livestock, but at the same time care has been taken to cut down on pockets of overgrazing.

(iv) Deforestation

Another important problem for the Sahel is the tree cover and fuelwood supply, particularly for cooking food. So as to slow down the intensive deforestation caused around towns and also in rural areas the Community is providing aid to help perfect techniques to reduce consumption of this source of energy.

* * * *

Several Sahelian countries have set out to devise and implement food self-sufficiency policies or, as in Mali, a "food strategy", to which the Community has pledged its support as part of the action plan to combat world hunger. This move is aimed in particular at ensuring a greater degree of coordination between the policies worked out by the states concerned

and the support which the Commission, the Member States and other aid donors can provide.

Finally, experience has shown that there is no purely national answer to all the problems common to the Sahelian countries. Their regional dimension dictates an approach which must be coordinated if national efforts are to have any chance of success. It is with this necessity in mind that the Commission is offering to collaborate with the Permanent Inter-State Committee for Drought Control in the Sahel (CILSS), which acts as a focal point for reflection and analysis leading to the drafting of operation guidelines, notably in the attempt to achieve national and regional self-sufficiency in food, on the basis of an analysis of existing constraints (prices, marketing, storage) and financial difficulties (recurrent costs).

CHAPTER II: West African coast

The West African coastal subregion comprises nine countries, ranging Guinea-Bissau to Nigeria, with very diverse populations, resources, cultures and languages. Taken all together, however, they make up a tropical, humid zone, the main features of which are that it has direct access to the sea and maritime activities such as fishing and the shipping trade and consists - with the exception of Benin and Togo - of a band of tropical forest in the south with savannah forest in the north. This means that rural production in these countries is very diversified as regards crops - for food and export - and livestock, notably trypanotolerant cattle that can be used as draught animals (an undeniably important factor for stepping up the peasants' production capacity).

The population density is generally low enough for there to be no danger as yet of overexploitation of the soil or of any competition between arable farmers and stock farmers.

In short, the geographical, physical and human features of these countries mean they have substantial advantages over the landlocked countries of the interior as regards both the production of food and export crops and, generally, trade with the outside world, since the transport costs for imports and exports are very much lower. In normal circumstances, these countries do not, or should not, have any serious food problems, provided that suitable pricing policies are pursued, and it is perfectly feasible to develop produce for export provided that the arrangements for foreign trade are liberal enough and the prices set so as to provide a better return than on food crops, for

which the prices on the local market provide less reward per work day; it can be seen from the example set by Ivory Coast that the path towards self-sufficiency should not be advocated at all costs. There are also some countries in the subregion that have considerable mineral resources.

Among the factors holding back development, to varying degrees, are the small size of several of the domestic markets, the lack of skilled labour, the absence of efficient communications (telecommunications and intellectual as well as physical links) and monetary instability; hence, it is easy to understand the attempts that have been made since independence to promote regional cooperation - in other words, to create a viable economic area.

Despite the generally favourable natural conditions, the economic situation in all the countries of the subregion has deteriorated to varying degrees in most sectors - traditional and/or export crops, industrial production, trade deficit caused by the levelling-off or decrease in value of exports (lower prices for raw materials)* and by an increase in the cost of imports, hence a more-or-less general deterioration in the terms of trade. The recent fall in the price of oil has meant that even Nigeria, an important member of OPEC, is facing similar problems. The consequences of this state of affairs are well known - a slowing-down of economic activity, fewer jobs leading to an increase in unemployment, notably in the towns, budget deficits and, in certain cases, an increase in the foreign debt. The fact that there is a shortage of foreign currency, that the population has continued to grow over the last few decades, that the towns are expanding (rapidly in certain countries such as Ivory Coast and Nigeria) and that agricultural production is at a standstill, all this helps to make the situation more sombre and make it more urgent and more difficult to find a solution to crucial monetary problems.

* Coffee, cocoa, phosphates, diamonds and even, recently, to some extent, oil.

In these circumstances, unfortunately, it is hardly surprising that the majority of the nine countries in the subregion figure in fact among the least developed countries.

The European Community is trying to ease the situation by providing food aid for six out of the nine (Benin, Ghana, Guinea, Guinea-Bissau, Sierra Leone and, to a small degree, Togo) and, when the conditions are met, by transferring Stabex funds - over 70 m ECU was transferred for the 1981 application year (of which nearly 16 m ECU from the special allocation of 40 m ECU), mainly for Ivory Coast and Ghana and small amounts for Benin and Sierra Leone.

But these are cyclical measures and only structural aid will go any way towards improving the situation. Formerly, under the two Yaoundé Conventions, Community aid went first and foremost towards improving economic and social infrastructure but progressively, notably with the implementation of the Lomé Conventions, in response to the wishes of the states concerned, the emphasis has shifted to the development of natural resources, especially via rural development, which is at the present stage the essential driving force for development.

An example of this, for 1982, is the project for the development of the Kara valley in Togo, which received financing under the second, fourth and fifth EDFs; the present phase (III) has now passed beyond the pilot stage reached by the two earlier phases and is enabling numerous peasants in the overpopulated Kabyée mountains to transfer to a ready-developed zone, where they can practise a more modern form of agriculture, combining stock farming and the use of draught animals. Another integrated rural development project was launched in northern Sierra Leone. A similar programme has been under way in Guinea-Bissau for several years; although it is based on industrial crops (cotton and groundnuts), it contains a food-crop component based on action by peasant associations (village committees). As can be seen from the modicum of success achieved with the development of rice growing, the price policies pursued can play a decisive part, sometimes on the negative side.

Although relatively little has been done by way of developing fishery resources, the Community is contributing towards such development with projects aimed at encouraging artisanal fishing in Guinea-Bissau and Sierra Leone and via fishery agreements concluded with Guinea-Bissau and being negotiated with Guinea; these agreements provide for financial compensation designed to help improve the countries' economic situation. They also help to improve the knowledge of fishery resources and the knowledge of fishing techniques on the part of the nationals of the countries concerned.

As usual, participation by the local people in projects was most effective in the framework of rural development operations, microprojects (in Ghana, Guinea-Bissau and Togo for the time being; programmes are being prepared for various other countries of the subregion, notably Ivory Coast) and also in providing boreholes, particularly in rural areas, or motivating the villagers to see that maintenance is carried out properly on structures and equipment (notably in Ivory Coast; the Togolese government has just taken some measures intended to act as incentives in this respect).

Several agricultural projects have large training components. Also, work has continued actively on the implementation and/or preparation of the multiannual training programmes (e.g. in Benin, Guinea, Guinea-Bissau, Nigeria and Togo). Also, new links have been established between Nigerian and European universities.

It is interesting to add that, during the year, Community aid was called upon to step in, probably temporarily but in an unusual manner, for another source of external financing, which failed to materialize because of present circumstances. This was for the SOGUIPLAST project in Guinea, for which a Community grant of 7.15 m ECU was provided in addition to the aid accorded earlier for this same project, to replace aid from Iraq which could not be mobilized.

Appraisal of regional cooperation operations has continued apace, despite the fact that, because of sheer chance in many instances or because cofinancing arrangements are involved, the preparation and implementation of aid is more complicated than for projects on an indicative programme. A large proportion of such schemes consist of training manpower in technical spheres, where there is a notorious lack of qualified staff, especially in the middle ranks. The spheres involved are statistics, telecommunications, electricity (production and management), management refresher courses and maritime occupations (still at the identification stage). The regional dimension of these different operations, more often than not, spreads beyond the confines of the West African coast. Still on the subject of regional cooperation, complicated preparations are under way for a large-scale telecommunications project for cofinancing under ECOWAS, as is the appraisal of new phases of agricultural research projects in Liberia and Nigeria. There are also plans for a reafforestation project in the upper Niger valley in Guinea, in cooperation with the Niger Basin Authority, which will be an interesting step towards protection of the soil and the environment in the subregion and deserves to be followed up by numerous other such schemes. Along these same lines, a study is being carried out concerning an inventory and the classification of forestry resources in Guinea-Bissau. It is designed to help plan the development of forestry resources and ensure that the environment is protected.

CHAPTER III: Central Africa

The geographical area of central Africa comprises seven countries, namely Cameroon, Central African Republic (CAR), Congo, Equatorial Guinea, Gabon, Sao Tome and Principe and Zaire.

All these countries, except the Central African Republic - a landlocked country - have direct access to the Atlantic; Sao Tome and Principe consists of two islands and Equatorial Guinea covers part of the mainland and an island in the Gulf of Guinea.

It can be said generally that the central African countries have fairly favourable climates; except in the north of Cameroon and the Central African Republic there is adequate rainfall throughout the region, which is even abundant in the equatorial zone, to support both the natural flora and crops. Proof of this is that there are thousands of square kilometres of virgin forest which are being exploited as the basis of a large-scale timber industry (in Cameroon, Central African Republic, Congo, Gabon and Zaire).

Agriculture is developed enough to make all the countries of central Africa more or less self-sufficient in food, except in Gabon, where there is no rural tradition, and in Sao Tome and Principe, where cocoa is grown as a monoculture, preventing adequate production of food crops. Given the good natural conditions, a wide range of crops is grown, either specially for local consumption (such as root crops and tubers) or for export (such as coffee and, in the Central African Republic, cotton), or for both (such as fruit - bananas, oranges and so on). For some years now the Community has been contributing aid for the development of this spectrum of agricultural produce. An example of one such project is "Rural development in north-west province" in Cameroon, which really got off the ground in 1982 and which will encourage production generally in the region, while improving the living conditions of the people. Another example is the project

for "Rural development in the coffee belt" in the Central African Republic, which is aimed, inter alia, at intensifying food-crop and coffee production and will constitute, as from early 1983 under the fifth EDF, a follow-up to an earlier project financed by the fourth EDF.

The central African countries referred to above have an advantage over many others on the continent in that they are rich in raw materials; Zaire's resources (cobalt, copper, diamonds, gold, manganese, tin, zinc, etc.) are well known, as are the diamonds of the Central African Republic; Cameroon, Congo and Gabon are also oil-exporting countries. The challenge of the future for countries such as Congo, Gabon and Zaire would seem to be how to exploit the natural resources to the utmost and use their earnings to improve the standard of living of the population as a whole. It is in this light that Community aid to Zaire under Sysmin must be viewed (40m ECU to restore Gecamines' cobalt and copper production capacity). Nevertheless, the drop in the prices of several raw materials and the present drop in oil prices show how dependent and vulnerable these countries are and underline the need for a reasonable and prudent policy.

The central African countries all suffer from a common problem, that of an inadequate transport network. It still needs improving, not only to open up the interior of the countries but also to provide reliable means of communication so as to guarantee a regular flow of goods for export and import. This is why a large proportion of the indicative programmes under the fifth EDF has been earmarked to improve the transport system. Assistance is being planned, or is already forthcoming, for Cameroon (Yaoundé - Douala road and railway); the EDF has financed a modern earth road in the Central African Republic, linking the Cameroon frontier with the centre of the country and Bangui; a start has been made on improving the roads in Equatorial Guinea and, next year, Sao Tome and Principe will have a modern vessel to provide a link with Gabon; in Congo the EDF is involved in the CFCO railway project and is financing a road to provide access to the coast via Zaire. Finally, studies have been completed on several other projects, which will be starting up shortly.

Mention should be made here of the Transgabon railway, the first section of which was opened in January 1983 and to which the EDF made a contribution. Given the high degree of interdependence between the success of projects in several sectors - to refer only to agriculture and its perishable production - and the existence of good transport facilities, it makes sense for countries to place the emphasis on operations aimed at providing efficient and speedy transport at the lowest possible cost. In this context, we should like to highlight a regional project aimed at improving air navigation safety in Africa and Madagascar, which was approved during the first half of 1982 and which will help to do just that in Cameroon and Congo.

We have already referred to the optimum allocation and utilization of resources. There is still much to be done to achieve this aim in the field of education. We can scarcely claim that the projects carried out or launched in 1982 were essentially in the "social" sector, which includes not only education but also medicine, etc., but it must be stressed that the multiannual training programmes being implemented in these countries do help to fill gaps in both general and specialized education.

CHAPTER IV: The Horn of Africa

Djibouti had a relatively good year, but the main two countries of this region were faced with serious troubles in 1982.

These events worked against the development efforts of the governments of Ethiopia and Somalia at a time when concentration of all resources on that objective is essential if the situation is to improve. An added, and tragic, complication is the presence of refugees in the region.

Though there were fewer refugees in Somalia than in preceding years, there still remains on Somali soil a very large number of people who are dependent exclusively on international aid for their livelihood. Djibouti is affected by the same phenomenon, though to a lesser extent.

For its part, Ethiopia is trying gradually to bring back to normal the situation of people displaced by the wars in Eritrea and the Ogaden.

The UNHCR recently launched a series of schemes to help encourage refugees to return to their homes in Ethiopia.

The Community is making a financial contribution to this operation, which is essential if peace is to be restored to the region for good.

The EDF's action has run very smoothly in this region, which is one of those concerned by operations planned as part of food strategy.

Other efforts are being made by the governments themselves.

Somalia in particular has embarked upon the reform of its finance system and is trying to revive its economy by encouraging the private sector - which has been disadvantaged in relation to the state sector in the past - to play a larger part.

In Ethiopia, the government is pursuing its policy along the lines set out in the 1981-91 ten-year plan despite the serious difficulties encountered (drought and drop in the price of coffee, the main export product).

Djibouti had a relatively good year, during which the economic situation improved, mainly because of the healthy state of the Djibouti franc, which is linked to the dollar.

CHAPTER V: East Africa

All the East African states (Burundi, Kenya, Rwanda, Sudan, Tanzania, Uganda) have been adversely affected by a deterioration in the terms of trade, all of them having to import almost all their oil requirements and most of them dependent on similar export crops (tea, coffee, cotton, etc.) which have either undergone a drop in world prices, or are stagnant. Following dramatic expansion of investment in Sudan against the background of the oil crisis and the worsening terms of trade, the debt situation has deteriorated significantly, requiring almost annual rescheduling. Even a relatively prosperous country like Kenya is not free from this problem.

Sadly, the economic cooperation which would help to cope with the situation has not been achieved because of political factors. The old East African Community exists no more but, more seriously, the issue of the distribution of the net assets and liabilities is far from being resolved and political attitudes have hardened, resulting in increased barriers to cooperation. Kenya and Sudan (along with Ethiopia) are steadily developing links northwards to include Egypt. This process is being helped in part by growing cooperation with the West.

On the other hand, Uganda looks to Tanzania for protection, and Tanzania sees itself more and more as a front-line state and is deeply interested in southern African political questions (SADCC, Namibia) and related economic cooperation.

Rwanda and Burundi have, for historical reasons, more in common with Zaire, and their cooperation with East African countries is mainly to overcome their isolation and ensure an outlet to the Indian Ocean, through the so-called central and northern corridors. This cooperation, of course, is strongly supported by the front-line states in the interests of pan-Africanism and growing intra-African links, but the closure of the Tanzania-Kenya border is an important obstacle to this trend.

There are moves to establish a preferential trade area covering countries in east and central Africa and the Horn, but the process is slow and hampered by objections from certain participants, including Tanzania.

It is clear that the world economic recession has not affected Tanzania or Uganda alone, as both Kenya and Sudan find themselves in considerable difficulties as regards their balance of payments and foreign exchange availability, but the effect is felt more directly in the poorer states.

Nevertheless, with better economic management, and taking into account the considerable productive potential in all the countries of the area, especially Sudan and Kenya, the East African region could overcome most of its difficulties. There is a serious population problem at present in only three of them (Burundi, Kenya, Rwanda).

As long as the political will to cooperate is lacking, nothing of lasting value can be achieved on a regional basis; and with the possible exception (relatively speaking) of Kenya, and perhaps Rwanda and Burundi, the infrastructure and trained manpower is lacking to make real progress on a national basis.

CHAPTER VI: The Indian Ocean

This zone has suffered from the recession like everywhere else but in a manner peculiar to the island countries of which it consists. The major event of the year was a conference in Port Louis, known as the Indian Ocean Conference, at which the authorities of Madagascar and Mauritius met to work out joint guidelines for the two governments so that they could promote projects of mutual interest.

This initiative is particularly interesting since regional projects - bar a few exceptions such as fishery (tuna fishing in Seychelles) or training (sea-training school in Majunga) projects - are difficult to implement in this part of the world, notably because the recurrent costs are frequently out of all proportion with the expected benefits for each country.

The economic year was a difficult one for Madagascar, notably because of the shortage of foreign exchange, which was taken up for the purchase of imported food and fuel required for the day-to-day running of the country; this, of course, means little is left for capital development. At the IMF meeting held in June to discuss Madagascar, it was confirmed that there would be international support for that country provided it took action to restore its economy to health.

The main features of cooperation with the Community were:

- (i) continued implementation of the fourth EDF (69.5 m ECU). Two large-scale projects - the Manakara-Irondro road (18 m ECU) and water supplies in the south (9 m ECU) - were of great political importance since they were in the south of the country, but have suffered from the lack of imports (cement, in respect of the road project) and inadequate management (water project);
- (ii) the fifth EDF was slow getting started; only the small-scale water engineering programme (7 m ECU) and the assistance following cyclones (5 m ECU) have been carried out. Progress has been made with preparations for the other projects.

Little progress has been made with the fifth EDF indicative programme for the Comoros. The nature of the projects chosen for the programme account for this slow commitment rate (60% of funds were earmarked for port projects and for the development of energy resources, projects which call for long preparatory studies) but it is also due to the distribution of decision-making powers in the country and the necessary "running-in" period for a new administration.

The economic future of the Comoros will be dependent for a while yet on foreign currency earnings from sales on the world market of a few products, the prices of which fluctuate all too frequently (cloves, vanilla, ylang-ylang) and for which the markets are threatened by substitutes.

However, the measures taken by the government to improve food production and the Community's efforts to introduce a new crop (maize) and conserve and improve the soil also form part of an overall policy to promote rural development.

The 1982 elections in Mauritius led to a change in the political direction which the country is taking. Approximately half the amount available under the fifth EDF indicative programme had been committed when the new authorities re-examined the programme. Nevertheless, on the whole, the remaining projects outstanding were confirmed. They involve diversifying agricultural production and a Community contribution to the construction of the Phoenix-La Vigie road, to be cofinanced with France. For this project the new government has requested not only funds earmarked under the fifth EDF but also the unexpended balance under the fourth EDF.

The Community is still the main trading partner for Mauritius. Exports to the EEC in 1981 were worth Mau Rs 2 711 m¹ - 75% of total exports. Sugar exports to the Community under the second Lomé Convention (Sugar Protocol) account for a large share of this sum. This explains the great importance which Mauritius attaches to cooperation with the EEC. Express mention is made in the new government's policy programme of the need to maintain what the country has achieved in its relations with the EEC.

The economic situation in the Seychelles became distinctly worse in 1982 because of a definite slowing down of the tourist trade, leading to a deterioration of the balance of payments.

Following the events of February 1982, the Community decided to grant emergency aid to the tune of 200 000 ECU for repairs to Mahé airport, which had suffered damage.

Discussions continued with the Seychelles government during the year about ways of financing the project for the development of Victoria hospital, which has been delayed because the feasibility study was not ready and there were problems over the cofinancing terms. The Community contribution will involve the construction of a new building (75% of the indicative programme).

A group of four Indian Ocean countries (Comoros, Madagascar, Mauritius and Seychelles), which met in December, has presented a study on development of tuna fishing in the Indian Ocean for financing by the Community (regional cooperation, Lomé II).

¹ 1 ECU = Mau Rs 10.3307 (1.1.1983).

CHAPTER VII: Southern African region

In the case of southern Africa, the situation in the region and the orientation of Community programmes have been the subject of detailed consideration by the Joint Committee of the ACP-EEC Consultative Assembly. These discussions led to the adoption by the Consultative Assembly of a wide-ranging resolution on southern Africa in November 1982, which called for increased economic assistance to all Lomé states in southern Africa and to all members of the Southern African Development Coordination Conference (SADCC).*

A major purpose of this aid would be to reduce dependence on South Africa and to encourage regional cooperation among the countries of southern Africa, with particular regard to humanitarian assistance for refugees and to the rehabilitation and development of the transport and communications system. The Consultative Assembly resolution also stressed the need to create a pool of technical and managerial skills to pave the way for majority rule in Namibia and South Africa and recommended that the Community should promote further assistance in this field.

Further recommendations on Community aid to southern Africa are contained in a report and resolution of Parliament, discussed in 1982 and finally adopted in early 1983. In addition to aid for refugees and transport and communications infrastructure, this resolution called for increased cooperation with SADCC countries in the mining and energy fields, in the formulation of an agro-food strategy, in the industrial sector, and in the development of education and training systems. The parliamentary resolution also emphasized the need for the Community to participate fully in the development of Namibia expressing the hope that an independent Namibia would opt for ACP membership. In addition, Parliament welcomed the decision of Angola and Mozambique to participate in the negotiations relating to the third ACP-EEC Convention and reaffirmed that pending their accession to the convention, the two countries should benefit fully from Community programmes intended to assist other developing countries.

* SADCC members include Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

The recommendations of these parliamentary bodies have had an important bearing on the evolution of Community programmes in southern Africa, and at the SADCC International Conference in Maseru, originally scheduled for November 1982, the Commission outlined the Community's contribution to the implementation of SADCC programmes and to the development of SADCC states. Under the Lomé II regional programme for ACP States, approximately a third has been allocated to SADCC projects in the transport and communications sector, with a further third earmarked for programmes in the fields of agriculture, food security and animal disease control. The remainder is assigned to education and training programmes and to projects in the industrial, mining and energy sectors. In addition, the Community has launched a technical assistance programme in support of the SADCC Secretariat and its initiatives in the different sectors.

As regards the Lomé II indicative programmes in southern African countries, approximately half the EDF commitments to end-1982 have been directed to agriculture and rural development, with a further third assigned to social infrastructure and training programmes, and the remainder to economic infrastructure, industry, energy and mining (see enclosed table).

Cooperation with Zambia assumed particular interest in 1982 with the initial implementation of the mining provisions of Lomé II, mainly with regard to the rehabilitation of the copper mining industry; further interest attaches to its role as a pilot country within the Community's food strategy programme.

Assistance has been provided from EDF regional resources and other Community aid programmes for the training of Namibian students and the relief of southern African refugees. Cooperation arrangements outside Lomé have been initiated with Angola and Mozambique, notably in the spheres of agriculture, fisheries and energy.

CHAPTER VIII: The Caribbean

The list of states signatory to the Lomé Convention in this region grew longer in 1982 because two countries gained independence and acceded to the Convention; they were Belize, which became an ACP State on 5 March, and Antigua and Barbuda, which acceded on 30 July. Thus, the number of Caribbean states whose relations with the Community are governed by the Lomé Convention was brought up to twelve.¹

All these countries are islands, except Belize, Guyana and Suriname, and account has been taken of their specific difficulties in the Convention. The difficulties are caused in particular by the countries' remoteness, which puts up transport costs, and their small size. In addition, building and maintaining the minimum social infrastructure required as well as ports and airports places a very heavy burden on their economies, since the costs of investment, depreciation and maintenance have to be spread among a very small number of taxpayers.

On account of these problems, regional cooperation is essential in order to spread the cost of joint services and form a broader market. Hence, the Commission will be financing the LIAT (air transport, 5 m ECU) and WISCO (shipping, 6 m ECU) projects - financing for the latter started in 1978 and the project is currently under way; it involved the purchase of a vessel and containers to provide a link between the small islands and trans-shipment facilities to the main intercontinental ports.

Since the majority of the countries in the region do not have abundant natural resources, their economies remain dependent on exports of products such as bananas, cocoa and sugar, which are subject to sharp price fluctuations and easily damaged by natural disasters (hurricanes in 1979 and 1980).

¹ Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago.

The way in which Community aid is allocated reflects the structure of these economies - the mutual commitments as regards sugar, the Protocol on rum and the use of Stabex and emergency aid to restore damaged economies to health.

However, the need to diversify agriculture has not been forgotten; the support granted to the Caribbean Food Corporation and the Caribbean Institute for Agriculture and Development could help in the future to restore the balance of the food situation in the region.

This diversification exercise will succeed only if trade promotion campaigns are launched for the different products selected. This is why several Community-funded projects during the year concerned trade promotion, either within the indicative programmes or using the resources provided under Article 22 of the second Lomé Convention for comprehensive operations of a regional nature (this is what is being done with the large-scale project - helped by an EDF grant of 1 800 000 ECU - to develop all the countries' trade promotion departments and train specialists for those departments).

Also, the important role that tourism plays in the economies of these countries has been taken into consideration, particularly in applying the already mentioned Article 22 to campaigns to encourage potential European customers to spend their holidays in the Caribbean; this promotion has been very successful, thanks in particular to the financing of a Caribbean stand (for some fifteen ACP countries and OCT) at the Berlin tourist fair and by launching projects designed to provide more efficient facilities for the Caribbean Tourism Association.

CHAPTER IX: The Pacific

Not only are the eight Pacific countries signatory to the second Lomé Convention¹ island countries but their own territory is widely dispersed (archipelagos), they are far away from any large markets and all, except Papua New Guinea, are small.

These constraints mean that building and maintaining the minimum social infrastructure required as well as ports and airports places a very heavy burden on their economies, since the relative costs of investment, depreciation and maintenance have to be spread amongst a very small number of taxpayers.

Although the per capita GNP of these countries gives the impression that the standard of living is relatively high, there is in fact a huge disparity between incomes and living standards in the towns and in the countryside. What does not appear from these figures either, in the case of the least developed countries, is the artificial nature of the economy, which is dependent essentially on self-sufficient activities. This is due partly to the fact that the people are still very much attached to their traditional way of life.

Since nature is pretty generous and the villages are run along communal lines, the rural population is never really in need, except when there is a natural disaster such as a cyclone.

Hence, the development effort is closely linked to rural activity and takes the form of progressive evolution rather than a revolutionary change in the living habits through large infrastructure projects.

As in most developing countries, one of the points of major concern here at present is dependence on outside sources of energy, which means a huge oil bill accounting for 25% of export earnings for Fiji and over 100% for Samoa.

Therefore, the Community is trying to improve these ACP countries' situation via regional projects in the transport sector (Pacific Forum Line - purchase of containers - 1m ECU), telecommunications (9m ECU) and new sources of energy (biomass, etc.). Fishery and forestry projects have also been financed recently on several islands.

¹ Fiji, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu.

TITLE IV: IMPLEMENTATION OF THE SPECIFIC PROVISIONS OF THE CONVENTION

CHAPTER I: Measures to help the least developed, landlocked and island
ACP States

The raison d'être and content of the special policy introduced by the Lomé Convention to help the least developed, landlocked and island ACP States are well known and have already been described in detail.

This policy, set out in Article 155 of the Second Lomé Convention, is reflected in "special treatment" accorded to the least developed States on the basis of what the text rather eliptically refers to as "the nature of their needs". This involves in particular financial provisions designed to make the terms of the aid more favourable; the aid is made up mainly of grants and, where appropriate, special loans the terms of which are highly favourable to the borrower, and risk capital.

In the case of landlocked and island States there are "special measures" designed to take into account their particular geographical location, in particular as regards communications and energy.

The least developed ACP States, of which there were 35 when the Convention was signed, not total 39 following the accession of Antigua and Barbuda, Belize, Kiribati and Saint Vincent and the Grenadines.

Most of the landlocked and island ACP States are also on the list of least developed ACP States. The only landlocked ACP State not to appear on this list is Zambia.

Of the nineteen island ACP States, eight are not among the least developed too, namely Bahamas, Barbados, Fiji, Jamaica, Madagascar, Maruitius, Papua New Guinea, Trinidad and Tobago.

Under the fifth EDF, the amount of the programmable resources allocated to the least developed, landlocked and island ACP States is 1 765.5 m ECU, whereas the corresponding amount for the other ACP States is 560.5 m ECU. The former group of ACP States has therefore had 76% of the resources under the indicative programmes allocated to it;¹ the per capita allocation in this group is on average double that of the other ACP States.

Non-programmable resources amount to 2 132 m ECU.

At 31 December 1982 the percentage of commitments under the indicative programmes for the least developed, landlocked and island countries was 642 m ECU, i.e. 28% of their minimum national indicative programmes. For the other ACP States the corresponding percentage was no more than 6% at the same date. Total commitments embracing all EDF resources (i.e. not just the programmable funds, but also Stabex, interest rate subsidies and risk capital) amounted at the end of the year to 938 m ECU for the ACP States listed in Article 155 of the second Convention out of the overall committed total of 1 514 m ECU, i.e. 62%. These results show that the obligation contained in the texts, to grant more favourable treatment to the least developed, landlocked and island ACP States, a need reaffirmed by the ACP-EEC Council of Ministers of 20 May 1983, was observed and acted on.

For the regional projects involving these States, the amounts committed up to 31 December total 111.1 m ECU, i.e. 17.6% of total fifth EDF resources available for this category of projects.²

¹Minimum indicative programmes.

²The total amount of regional resources committed at 31 December was 157.4 m ECU, i.e. 25% of available resources.

The ACP-EEC Subcommittee set up during the year to consider problems specific to the least developed, landlocked and island countries has so far held three meetings. On the basis of a jointly established working programme, it examines the specific problems of the ACP States concerned and the application of the specific provisions in the Lomé Convention which refer to these countries.

The breakdown of financing granted by the EIB during the year to the various ACP States according to whether or not they belonged to the group of least developed countries (Article 155 of the second Lomé Convention) resembles the breakdown under the first Lomé Convention (Article 48) and in the first year of implementation of the second Lomé Convention: over 70% of aid in the form of risk capital has been granted to thirteen ACP States on the list of least developed countries while the other States have received over 87% of the loans from the Bank's own resources.

All the loans from the Bank's own resources have been granted for projects situated in countries with a relatively higher per capita income¹ or with a middle-range income² and over 54% of the aid in the form of risk capital has been granted to the poorest ACP countries.

¹GDP exceeding US\$ 1 000 a year.

²GDP between US\$ 370 and US\$ 1 000 a year.

CHAPTER II: Regional cooperation

Regional cooperation is one of the important aspects of financial and technical cooperation. The second Lomé Convention contains very comprehensive provisions on regional cooperation (Articles 133 to 136) and these set out the ways and means by which the Community can provide the ACP States with aid in this sphere.

The funds amount at present to 631.5 m ECU. Following the accessions of Zimbabwe, Vanuatu, Saint Vincent and the Grenadines and Belize, 31.5 m ECU were added to the 600 m ECU initially earmarked under Article 133.

Under the first Lomé Convention, regional cooperation went through what was at times a difficult running-in period. Its greatly improved progress under the second Convention bodes well for the future. Although it is obviously still too early to paint a full picture, only two years having passed since the entry into force of the second Convention, it is clear that a better balance has been obtained from the sectoral point of view (fewer infrastructure projects, more projects geared to production and training) and also from the geographical point of view (greater importance of regional cooperation in East Africa, central Africa and southern Africa).

In addition, the sharp increase in the number of projects proposed by ACP regional organizations is proof that the new provisions of Lomé II have encouraged these institutions to play a more important role in regional cooperation.

There is also the emergence of a new generation of more comprehensive operations which may be considered innovations if compared with the essentially "conventional" operations conducted under Lomé I. This new generation of projects (such as the Centre for research into new energy sources

set up by the CEAO,¹ the SPEC's² integrated energy programme, the agricultural research projects organized by CARDI,³ IITA,⁴ ILRAD,⁵ etc.) is intended to solve problems shared by the ACP States at regional level. It comes mainly from the ACP States' regional bodies but mention should also be made, in this context, of operations concerning the "corridors" in East Africa, for which the initiative rests, as is only natural, with the ACP States involved, in conjunction with the Commission.

The positive results obtained hitherto should not, however, disguise the fact that there are still some difficulties. First of all, there is a tendency to consider regional resources as a kind of supplement to national indicative programmes, and this sometimes gives rise to projects the truly regional nature of which may be queried.

Furthermore, the pull of all the various interests, further intensified by the desire to share out the available resources on an arithmetically fair basis - an admirable aim on the face of it - sometimes means that resources are thinly spread over too great a number of excessively small projects.

Lastly, the procedures for programming regional projects, although distinctly more efficient than under Lomé I, are still rather cumbersome, particularly as regards the identification of projects emanating from a number of ACP States but not backed by an active regional organization. The preparation of such projects is often too slow and time-consuming, and even costly in relation to their scale.

When the Convention is renewed, all the favourable results achieved, alongside which there have also been some substantial difficulties, will certainly have to be examined in detail by the partners in order to make regional cooperation even more effective.

¹CEAO: West African Economic Community.

²SPEC: South Pacific Bureau for Economic Cooperation.

³CARDI: Caribbean Agricultural Research and Development Institute.

⁴IITA: International Institute for Tropical Agriculture.

⁵ILRAD: International Laboratory for Research on Animal Disease.

By the end of 1982, financial commitments had been made for some hundred regional projects totalling 157.4 m ECU. This amount corresponds to some 25% of the available regional resources.

At the same time projects for an amount of 93 m ECU were being appraised: the financial commitments for these projects were to be made during the first half of 1983.

The total commitments made or in the pipeline at 31 December 1982 therefore amounted to some 250 million ECU, i.e. 40% of regional resources.

CHAPTER III: Small and medium-sized enterprises

During the year the European Investment Bank granted the development banks financing on fifteen occasions for a total of 49.4m ECU (29m ECU in the form of five subsidized loans from own resources and 20.4m ECU in the form of risk capital), representing 32% of its total operations.

The loans from own resources were accorded for financial institutions in Ivory Coast, Kenya, Mauritius, Barbados and Trinidad and Tobago. The aid provided as risk capital varies in kind; it consisted mainly of six global loans to development banks in Uganda, Burundi, the Seychelles, Mauritius and Vanuatu; it also took the form of three loans to the State to help it to finance or increase its participation in the capital of national development banks in Uganda, Jamaica and Dominica, and once the acquisition by the EIB of a holding, on behalf of and at the risk of the Community, in the capital of a development bank in Djibouti.

This form of financing via development banks, which increased very significantly in 1982, makes it possible mainly to help set up and expand small businesses in the traditional sectors covered by the Bank's operations (see the Article 119 Report for 1981).

In 1982, 46 loans totalling 22.3m ECU (9.1m ECU under Lomé I and 13.2m ECU under Lomé II) were allocated under the various ongoing global loans. They were for small and medium-sized investment operations in manufacturing (40 loans amounting to 20.6m ECU), primarily agri-industry, textiles and leather, and also for tourism (six loans amounting to 1.7m ECU). The range of projects financed by funds allocated under global loans contributed directly to the creation of some 1 500 jobs.

In all, at 31 December 1982, under the two Lomé Conventions, the EIB had contributed to the financing of some 190 small businesses in the ACP countries.

The financing decisions taken in 1982 by the Commission account for 4.8m ECU. These operations relate especially to small firms and have involved mainly technical assistance, training and information in the sphere of industrial cooperation. The small firm, which continues to pose a great many problems, belongs to one of two categories:

- (i) the rural small firm in an "economic desert", completely cut off from the sources of financing to be found in urban areas;
- (ii) the urban small firm, which has a degree of infrastructure and a potential market to draw on, namely the wage-earners in the towns.

These two kinds of firms find it difficult to gain access to institutionalized credit because they can rarely give any financial guarantees. People's banks and savings and credit cooperatives could act as efficient intermediaries in this respect for the development banks.

One of the major obstacles to the development of the small firm is often the lack of training (technical or management skills) of the entrepreneur. The Commission is anxious to help to provide this essential training.

Lastly, it should be pointed out that the Commission also finances the CID budget (Centre for Industrial Development), which amounted in 1982 to over 5.5m ECU.

CHAPTER IV: Technical assistance

The ACP-EEC Council of Ministers took the opportunity to draw attention to its Resolution of 20 May 1983 to the three main criteria according to which the use of technical assistance should be examined: quantity, quality and cost. It had already stressed in Libreville in 1982 the importance of the training aspect of technical assistance. In this case, however, the objective cannot be easily reached, even though it is clearly "identified".

During the year just over 73m ECU was earmarked for technical assistance proper (operations directly concerned with training, including training awards, being excluded) from the resources of the fifth EDF.

As for the training aspect of technical assistance, it should be pointed out that although success has undeniably been achieved in some areas serious difficulties have arisen in most cases: "opposite numbers" with the right kind of temperament and abilities are difficult to find, technical assistants are not necessarily good teachers and the actual work often takes up their full attention. In these cases, unfortunately, technical assistance merely provides substitute personnel and does not play any part in training.

Technical assistance is nevertheless essential for many operations. In some cases it is already needed when the project is being elaborated, i.e. when decisions are being taken on requirements and resources and on methods of execution, and costs are being evaluated, etc., but it is also necessary at the execution stage and even after: technical and financial supervision of the works, helping the population affected to adjust to the project, and management of the project in many cases.

Technical assistance is a success in so far as the national departments concerned on the one hand and the expatriate staff on the other work in close cooperation. This is what makes the role being played in projects by technical assistance in countries such as Upper Volta, Guinea, Benin, Swaziland and Zambia a very positive one. The success achieved in these cases depends on the existence of effective dialogue between the various parties involved: government department, expatriate staff, beneficiaries, Commission staff.

Technical studies in particular will continue to be essential for a long time to come, especially in highly technical areas. Even in these areas, it would be advisable for the national departments to play a more active part in monitoring these studies and perhaps participate more readily in the administrative work involved in compiling the invitation to tender dossiers.

CHAPTER V: Emergency aid

Community emergency aid granted under Article 137 of the Second Lomé Convention is intended, as stated in that Article, for the victims of "natural disasters or extraordinary circumstances having comparable effects", the latter generally referring to the repercussions of the various kinds of conflicts which can affect these countries.

This aid is mainly humanitarian: it provides immediate help for populations whose existence is threatened owing to disasters of one kind or another. The aid generally involves the sending of certain foodstuffs, medicines, medical instruments, shelters, bedding, etc., through the most appropriate channels: governments, intergovernmental organizations (UNHCR, UNDRO, UNICEF, WHO, etc.¹), non-governmental organizations and agencies belonging to the Red Cross family, and Commission delegations.

Such aid is granted on a flexible basis and by simplified procedures, and this means that the requirements of speed and effectiveness essential to this type of operation can be met.

¹UNHCR: Office of the United Nations High Commissioner for Refugees
UNDRO: Office of United Nations Disaster Relief Co-ordinator
UNICEF: United Nations Children's Fund
WHO: World Health Organization.

The funds available for emergency aid amount to 200m ECU for the five years of the Second Lomé Convention,

During the year 30 emergency aid operations were undertaken under Article 137 of the Second Lomé Convention. These operations involved 20 ACP countries and represented a total of 19.1m ECU.¹

Most of this money, i.e. 12.1m ECU or 65% of the total, went to help refugees or displaced persons in the wake of the various conflicts in Africa. The money was channelled towards meeting the urgent needs of refugees in the host countries (Somalia: 5m ECU; Rwanda: 2m ECU) and also the requirements resulting from repatriation operations (1.5m ECU for refugees returning to Ethiopia). Most of these operations were carried out by the UNHCR, but the International Committee of the Red Cross (ICRC) and some other non-governmental organizations (NGOs) also participated.

The remainder of this aid, i.e. 6.6m ECU, namely 35% of the total, was granted to the victims of a number of natural disasters, such as:

- (i) cyclones and the like in Mauritius, Madagascar, Tonga, Malawi: aid provided via the Commission delegations, the governments of the countries concerned and an NGO (WCC)²;
- (ii) drought in Zimbabwe, Mali, Cape Verde: aid channelled through delegations and a government;
- (iii) floods in Benin: delegation;
- (iv) epidemics in Swaziland and Ghana: aid provided via delegations and the WHO.

¹ It was decided on 13 November 1981 to grant aid to the tune of 450 000 ECU for the Ogaden refugees in Somalia and this sum was committed in January 1982.

² World Council of Churches.

In all these operations involved:

- seven Commission delegations;
- seven governments;
- four intergovernmental agencies belonging to the UN family;
- five non-governmental organizations.

As a result of the flexibility of the aid system and the simplification of administrative procedures, these operations were implemented very quickly. In full-scale emergencies, the time lapse between receipt of the request for aid and adoption of the decision by the Commission varied from one to six days. As for actual implementation, 28 of the 30 operations were conducted within periods ranging from two to seven months. For the other two, the scheduled implementation dates were not observed. In one case, this was the result of late delivery of products and the lack of a supplier for some of the orders. In the other, the delay was due mainly to the internal procedures of the implementing organization.

CHAPTER VI: Stabex

On 14 September 1982, the Commission took 37 transfer decisions representing total disbursements of over 183 m ECU (including 341 412 ECU from OCT funds) to offset all or some of the losses in export earnings suffered in 1981 by 27 ACP States.

As in 1980, the losses suffered by the ACP States on their export earnings reached a distinctly higher figure than the amount earmarked for the stabilization of export earnings. Following appraisal of the dossiers, the applications totalled 453 107 231 m ECU, whereas in 1981 the annual ceiling under the second Lomé Convention up to which the European Community had undertaken to offset such losses amounted to 112.1 m ECU (= annual allocation of 111.75 m ECU less advance withdrawals in 1980 of 22 m ECU plus advance withdrawals from the 1982 fund of 22.35 m ECU).

In view of the scale of the ACP States' difficulties, the Community presented to the ACP-EEC Council of Ministers at Libreville an exceptional proposal comprising additional financing to be provided independently of the system. At the same time, following a case-by-case examination of the repayments to the system due from certain ACP States for the first two years of the first Lomé Convention, under Article 21 of that Convention, a deduction was made from those States' transfer rights.

The consequences of implementing the decisions taken by the ACP-EEC Council of Ministers at Libreville have been as follows:

- (i) the amount of entitlement to transfers has been reduced to 427 320 422 ECU by the procedure of deducting repayments due under Lomé I;
- (ii) a total of 182.8 m ECU has been made available for financing, of which 40 m ECU will be used for projects and 142.8 m ECU will be transferred under Stabex or on a similar basis;

(iii) an overall cover rate of 42.8% has thereby been achieved: transfers of less than 1 m ECU have been paid in full, and the least developed ACP countries (cover rate of 46.5% have been treated differently from the others (41.9%).

The ACP-EEC Council of Ministers at Libreville, furthermore, instructed the ACP-EEC Committee of Ambassadors "to carry out, in the letter and the spirit of the Convention, a thorough examination of the Stabex system with a view to preparing the deliberations of the special meeting of the Council of Ministers, convened to this end". This special meeting was held in the first half of 1983.

In addition, for the following financial year, the Commission paid advances in 1982 which were to be offset against the transfers totalling 1.45 m ECU to be paid in 1983 to Tonga and Swaziland.

TITLE V: BROAD QUALITATIVE ASSESSMENT OF THE IMPLEMENTATION OF
FINANCIAL AND TECHNICAL COOPERATION

CHAPTER I - Viability of operations, integrated projects, participation
by local people

It was in connection with plans for integrated rural development that the ACP-EEC Council, in its resolution of 20 May 1983, raised the fundamental question of the viability of operations and the association of the local people with the works undertaken.

In this connection the Convention's supreme political institution strongly recommends that all involved:

- (i) take account of the importance of the traditional holding;
- (ii) opt for simplicity and coherence in technical matters;
- (iii) associate the local people with the work in hand.

The Council certainly decided to bring up the question of viability in connection with rural development problems because these projects are the most important and the most necessary. It is clear, however, that the issue of viability crops up with respect to all projects and that it is always an essential consideration.

It would seem that the notion of viability can be approached from two angles, namely:

- (i) in the abstract - technically the project is a good one but it is not effective - or not enough - because it is not suited to the environment or there are no operating resources. This phenomenon has been observed in connection with certain hospital projects for example;
- (ii) from the practical angle - the project is viable because it produces the desired effects.

To call in question the viability of an operation is to call in question the choice of design and execution of the project. The question of the management and maintenance of projects is closely linked to the above issue but is treated separately by the Council in its resolution.

The Court of Auditors adopted a similar approach in its report for 1981.¹ The Court, although it stated that "taken overall, the situation is satisfactory" and stressed "the important contribution made by EDF aid to the development of the countries concerned", levelled strongly worded criticism in particular at certain integrated development projects aimed notably, but not only, at the rural sector.

Getting down to the root of the matter the Court stated that it was "regrettable that the Commission should agree in this way to finance projects on the basis of inadequate studies ...".

The Commission accepts this criticism but would point out that it is really exceptional that a study - once it has been accepted by the parties concerned - proves to be inadequate before the project is executed. Moreover, the case quoted dates back to 1963. Also, the Commission has for a long time - if not always - been against rushing into commitments since it knows full well how easy it is to commit funds, but any carelessness at that stage always has to be paid for during the technical and financial execution.

It is at the programming stage, even though this is done "by objectives" under the Lomé II system, that the question of viability has to be examined. It is important to avoid a situation where, in order to appear fair and do justice to everyone, certain political arguments are allowed to interfere with the options dictated by objective economic and technical criteria.

¹OJ C 344, 31.12.1982, pp. 117-119.

In the agricultural context in particular we must be very careful about projects that are to be carried out in several phases, that could be referred to as "telescopic projects" or, in an even more graphic manner, as "grants in perpetuity", which can turn out to be veritable budget subsidies for the local agricultural departments and a substantial annuity for the consultants responsible for the technical assistance (with an average increase of 10% per annum in the cost of such assistance). Luckily, projects of this type are fairly rare but they do exist. Therefore, the authorities concerned should, without having any preconceived ideas or being excessively inflexible, work out more precisely the boundaries of their contribution in space and time.

At the execution stage, care must be taken to see that the administrative formula adopted suits the desired objective. Thus, still on the subject of agriculture, numerous projects are carried out on a direct labour basis and the bodies involved sometimes have trouble procuring certain supplies on the local market (spares, cement, reinforcing bars and so on). Lack of foreign exchange is then often given as the reason for not being able to import the supplies which are, after all, essential for the project, and so project execution suffers.

The attention of the authorities - perhaps even at central level - should be drawn to this situation, for any expenditure to be made in local currency on an EDF-financed project is provided for via convertible currency transfers. The resources required should always be available and the project should always be financially independent.

Development companies, state or semi-public bodies, whatever their individual denomination may be, are in some instances unsuitable management structures and often have an overabundant staff. Legally these companies' budgets are state-guaranteed, but their actual operation in fact depends on external financing. Experience has shown that when this source of financing dries up current, or even completed, projects are frequently endangered.

It would be risky to put forward a definition, perforce abstract, of an integrated agricultural project. Nevertheless, such projects do have a number of common traits from which we can assess their scope, namely:

- (i) they aim to step up existing production and improve productivity, or create new forms of production;
- (ii) they are carried out over a wide area;
- (iii) they comprise a package of schemes of different natures in the communications, housing and other sectors as well as in agriculture.

Hence, they are complex projects that call for the deployment of various resources on a large scale.

Naturally, this complexity is reflected in the execution stage, for it is sometimes noted that the original targets had been set too high and the time allowed to reach them often assessed in much too optimistic a manner. It is not possible to change the behaviour of a rural community in just a few years, especially since it does not always view with a favourable eye the arrival on the traditional scene of external management structures and since these structures turn out, in many instances, to be cumbersome and unsuitable.

It is not uncommon for an integrated rural development project to comprise ten to twelve components. In the case of one ten-component project (food-crop productivity, groundnut propagation, plant health protection measures, reforestation, farming small livestock, development of swamps and lowlands, small agricultural machinery workshop, rural tracks, extension services, technical training centre), only a few of them came up with the anticipated results, notably the development of swamps and lowlands and the agricultural machinery workshop. If a request were received for continuation of the project, action would obviously have to be concentrated on these strong points.

It was likewise in connection with rural development projects that the ACP-EEC Council, in its resolution of 20 May 1983, brought up the question of participation by the local people. It stated clearly and precisely that "the project must involve the local population in the works or indeed in the expense, where possible, and must offer a guarantee of benefit to the local population". The recommendation has been forestalled by events since examples have already been quoted in the past, notably in the construction sector¹. It can also happen that the local people do more than merely participate - the initiative can sometimes come from them. There is an example of this in Madagascar, where a small-scale agricultural water engineering project emanated directly from the villagers. The people are participating either by providing local materials or directly by providing their labour. The project is producing a remarkable snowball effect in that, in 1982, nearly 23 000 traditional holdings benefited from the scheme, in which 173 small structures have enabled irrigation to be improved over 8 500 ha for a sum of some 1 400 000 ECU.

In the sphere of water engineering for human use, at least in urban areas, the people's contribution consists more often than not merely of payment for services rendered. This is why it is of the utmost importance that an evaluation be made of the real cost price of distributing water or of the cost of sewerage facilities in relation to the beneficiaries' ability to contribute. This can lead either to providing for a level of service within a project which is in line with the users' resources (as in a project currently under appraisal, for a water supply to three regional centres in Mauritania) or to scaling the tariff by reference to the level of service and consumption, which is generally the tendency in the large towns.

¹1981 report, p.26.

It is essential in rural areas for the people to be associated with the decision-making processes (for instance concerning a watering point - whether it should be modern or traditional, siting, type of work: well, borehole, spring, etc.) and it is desirable for them to participate in carrying out the project by providing labour or making a financial contribution, where possible, for the purchase of equipment for example.

Social and economic surveys show that, in most cases, the people are prepared to help choose the project and undertake it when they are properly informed and motivated. The same surveys indicate that the ability and desire to make a financial contribution to the project are underestimated. In many instances, by the authorities, who do not even bother to ask. This is why the Commission recommends, notably where village water engineering is concerned, that project preparation should comprise a social and economic survey and a motivation programme in order to find the most effective means of ensuring that the people do participate. Projects of this nature are under way (or being appraised) with this in mind especially in west Africa, but also in Swaziland, Zambia and Zimbabwe.

CHAPTER II: Operation and maintenance of projects

The ACP-EEC Council acknowledged the importance and serious nature of the question of operation and maintenance of projects in that a special paragraph was devoted to it in its latest resolution. The court of Auditors, after noting that "EDF projects are in danger of rapid collapse" considers that the trend is irreversible "unless it is accepted that an increasingly large proportion of future funds is to be devoted to salvaging the achievements of earlier EDF projects, with the disturbing consequence that a 7th or 8th EDF may be anticipated purely to serve as a "Repairs Fund".

This prediction would appear too general; many projects, probably the majority, are maintained satisfactorily and operate well but they are like contented people - they have no problems and so no-one talks about them, at least not enough!¹ It is also probably too pessimistic; Articles 152 and 153 of the Lomé Convention contain provision - on certain conditions and within certain limits - for the financing of maintenance and operation of plant that is not yet fully productive and for "extended aid", notably for maintenance. The aid is provided temporarily and on a diminishing scale, but it exists.

For its part, the Council of the European Communities adopted, on 8 November 1982, some "guidelines" on maintenance aid, to be accorded when a serious situation of a structural nature arises preventing developing countries, particularly the poorest, from maintaining their productive system (in the broadest sense of the word) in operation.

It is at the project-design stage - and the ACP-EEC Council is quite right in stressing this - that attention must be paid to maintenance. One example among many in the sphere of rural development is that the introduction of the use of draught animals is often preferable to motorised mechanization, which has been

¹See 1980 report, p. 54.

looked upon for too long as a cure for all evils. Generally speaking, the objectives of projects have to be viewed realistically from the outset. It is one thing to produce on the drawing-board a complex and tempting project which is perfectly all right on paper, but it is quite a different matter to put it into practice in the field. And it is another thing altogether, no less difficult, to make it work for any length of time. Hence, "developers" should learn a little modesty, which does not mean they should be bereft of ambition, quite the contrary.

The Court of Auditors, in its latest report, to which we have referred many times already, quotes examples of architectural design and buildings which are unsuitable for local conditions. It also quotes others which are perfectly suitable. So, it is obvious which path we must take (use of local materials, etc.), even though that path may not be an easy one.

The results of evaluations are of great value, of course, for designing projects with presenting few difficulties regarding operation and maintenance. In the field of village water engineering, for example, the "basic principles" worked out jointly by ACP and EEC experts at Bamako in 1979 are helping the different departments responsible for drafting sectoral policies to come up with original ideas that are well suited to each country's social and economic environment. An example of this is the financing granted to Swaziland, which is to provide rural inhabitants with water supply systems (using springs and boreholes) of varying degrees of complexity, the technology being geared to the capacities of the beneficiaries. This project, which is being carried out with the cooperation of the German bilateral aid authorities, has highlighted the problems of operation and maintenance and solutions have been proposed involving the local in day-to-day operations and the technical and financial support of central and regional departments for more complex operations.

Chapter III: Evaluation

The importance which the ACP-EEC Council is now attaching to evaluation work was expressed in the resolution it adopted in Libreville in May 1982.

The point in question reads as follows:

"The Council recommends that to ensure that the objectives laid down in the Convention in the field of financial and technical cooperation as well as in the national indicative programmes and in the projects are attained, and to ensure that the means of action brought into play are as effective as possible, the relevant departments of the Commission and of the ACP States shall regularly carry out appraisals, taking into account the provisions of Article 118 of the Convention, on the effects and results of all completed projects as well as of the material condition of each investment carried out. They will carry out these appraisals jointly and inform the Council, if possible as from 1983, of the initial conclusions which can be drawn from the joint appraisals."

The only justification for evaluation work is its operational usefulness in applying the lessons learned from experience in order to improve the impact of our action on development.

During the year the Commission launched and completed, with the assistance of independent experts, an evaluation of one of the most important instruments of the Community's development aid - food aid.

In March 1982 the Commission ran an ACP-EEC seminar in Addis Ababa on education and training - a seminar from which the "basic principles" for that sector emerged, which were agreed upon jointly by the ACP and EEC officials that took part.

Evaluation operations have continued on the sectors of road infrastructure and livestock production. In both these fields summary reports were drawn up, from which draft "basic principles" were derived for each sector. These documents were to serve as the basis for discussions at ACP-EEC seminars on both these sectors to be held in 1983.

The evaluation exercise on livestock production was carried out in cooperation with the Member States. Several of them have contributed to the evaluation reports on stock-farming operations financed from the various sources of bilateral aid in question. These reports were used in compiling the summary report on livestock production, which was then distributed to all the Member States that had contributed towards the individual project reports. In this way it was possible to broaden the basis of the "raw material" and put the results to use for the benefit of several aid bodies concerned.

The results of these evaluation exercises are summarized below (those of the road infrastructure evaluation were given in the last report on financial and technical cooperation (1981)). Lastly, in 1982 the Commission launched an evaluation exercise for appropriate technology, suited to the needs of grassroots rural and urban communities.

Main conclusions and recommendations derived from the evaluation of food aid and livestock-production operations

Food aid

The Community's food-aid programme is a vast operation costing over 700 m ECU and it now appears certain that food aid will have an important role to play throughout the eighties.

Food aid is financed from the Community budget and, therefore, lies outside the scope of the Lomé Convention. However, it seems appropriate to report on it here since over 80% of the aid goes to ACP countries.

The evaluation study concerned ten countries, five in Africa, three on the Indian subcontinent, one in the Middle East and one in Latin America. It showed that an appropriate government policy is of vital importance and that food aid can operate successfully only if it is closely associated with an overall food strategy that stimulates domestic agricultural production. It also revealed that food aid has complex effects and that, hence, each country's specific needs must be analysed in depth. However, it can also be seen from the results of evaluation that, although EEC food aid has a part to play in improving food strategies, the long-term objective must still be to cut down such aid gradually so as to phase in financial aid instead. The aim of the food strategies is, inter alia, to achieve an optimum development impact, including improvement of the balance of payments. There has been only limited success with this latter objective since, given the size of the programme, only a relatively small proportion - barring exceptions - of food import requirements has been covered, and because of the structure of the programme, which consists for the most part of milk products, whereas aid in the form of grain sold on the market has been acknowledged as the most suitable way of meeting food-strategy needs.

Three sets of recommendations emerge from the evaluation, on the programme's objectives, its dimensions and structure, and the methods of operation. As far as the objectives of Community policy are concerned, it is recommended that they be reviewed in the light of how far food aid may go towards stimulating growth and in the light of the effects of free distribution of food aid, while emphasizing that the top priority is food security. The need to set quantity objectives for each country's programme is stressed in the study, as is the need to combine the objectives of food aid and the rest of the Community's aid programmes in a single framework with a common goal.

It is recommended that, for the coming years, the Community adopt a positive stance as regards increasing aid in the form of grains for inclusion in a future Food Aid Convention. Milk products are much less worthwhile and more difficult to allocate effectively in a food-aid programme. Hence, it is recommended that milk products be replaced by financial assistance or by aid in the form of grains of an equivalent value. Also advocated is that an increased proportion of food aid be delivered indirectly, via refugee agencies and organizations for example.

The evaluators also said that a larger share of the food aid programme should be allocated for sale via the domestic distribution channels.

The main institutional change advocated is that a multiannual programme be introduced comprising a formal agreement between donor and recipient and the strengthening of the structure established in the field for carrying out the food aid programme. The guiding principle for this measure is that an "indicative food-aid programme" be negotiated for each country.

It is also recommended that the Community act more resolutely to coordinate its food aid with that of other donors.

In conclusion, the evaluation study points up the need for a thorough review of the Community's food-aid programme so as to adapt it in practice to development objectives.

The Commission has started to follow up these recommendations in that it has sent a communication to the Council on the role of food aid as a development aid instrument and has set about making the first adjustments to its administrative mechanisms.

Livestock production

Taking stock of the operations to develop livestock production, the evaluators came to the following conclusions concerning the main spheres.

Operations to develop traditional stock farming aim to place at the farmers' disposal certain items of infrastructure and services, including health protection. Generally, however, they do not succeed in helping the farmers to the extent expected in view of the amount of money invested. Since a large proportion of the financial resources is absorbed by the administrative departments and semi-public bodies, such schemes all too frequently have a hidden purpose - that of keeping these departments and bodies going. They are hardly likely to survive once external aid has ceased.

The health protection measures, notably the large-scale vaccination campaigns, have been remarkably effective from the technical viewpoint. It is the fairly systematic lack of follow-up and monitoring afterwards that could well mean the results will not be lasting and that these measures, instead of propping up the stock-farming departments beyond the period covered by the projects, have often even led to their becoming more of a backwater within the administrative framework as a whole. Here again what has been achieved could eventually disappear altogether.

Operations to develop the use of draught animals have turned out to be powerful development instruments. Not only do they easily remain viable after the external aid has been withdrawn but they tend to continue expanding, in a spectacular manner in many instances, carried along by their own impetus. These very encouraging features have been observed in particular in cases where draught animals have been introduced as part of mass agricultural modernization operations. This development instrument has such good development potential that it deserves special attention.

Modern stock farming (ranches, feed lots, fixed-location farms, etc.) has strictly limited potential as a development instrument because of the one-off character of the operations in question. In most cases, the viability of such projects is not secured, except for those implemented and managed in accordance with the essential high technical standards and a high level of financial and managerial discipline.

Processing and marketing operations, the king pins of which are slaughterhouses, can be successful in certain strict circumstances, which do not always pertain; they must be based on simple, sturdy infrastructure and equipment, be of a capacity suited to actual economic conditions and evolve in tune with those conditions, market the produce in harmony with, and not in opposition to, private interests and be strictly managed by experience and conscientious staff.

The evaluation report analyses the weak spots in the policies for the development of stock farming and makes recommendations for introducing the desired changes. It then reviews the measures that should be taken in respect of the five categories of operation referred to above. It places particular emphasis on the need to concentrate not so much on improving the animal - that is one way of going about it - but rather on the priorities as perceived by the stock farmer himself and on the decisive role he plays in developing livestock resources.

The "basic principles" to be established following this evaluation exercise will be discussed and finalized at an ACP-EEC seminar during the course of 1983.

CHAPTER IV: The ACP-EEC Courier

During the year the Courier confirmed its steady objective of acting as a source of information, a documentation aid (notably via the "Dossiers"), a link between the EEC and the ACP countries as well as between the ACP countries themselves, a forum for the exchange of ideas - enabling leading figures of the ACP States and of European countries, belonging to different nationalities and schools of thought, to express themselves freely - and an instrument to help implementation of the Lomé Convention to run smoothly, notably via cooperation with the CID (yellow pages) and by informing readers of the operational situation of EDF projects (blue pages).

The Courier has continued appearing at the same rate, every two months. During the year the total number of pages, white, yellow (news round-up and CID) and blue (operational summary), has never gone above the 140-page ceiling set in the EDF Committee's decision taken at its 157th meeting on 17 May 1981.

The overall circulation figures of the English and French editions have levelled off at 77 500, of which 36 500 in English and 41 000 in French. The difference between the two editions also seems to have levelled out with 4 500 more copies in French than in English. In 1981 this difference was the same, while in 1980 it was still 7 500 and in 1979 12 000.

Around one quarter of the total number of issues - both English and French - is circulated in Europe (the Ten plus the rest). Regarding the distribution policy outside Europe, it should be noted that, generally speaking, greater responsibility falls to the Commission Delegations, which have better insight into the information requirements and distribution problems on the spot and can provide more effective management and monitoring of the mailing lists, especially where new requests are concerned.

As for the content, each issue has dealt with a particular theme in its "Dossier" section:

- (i) The dossier on new and renewable energy (No 71) dealt with the key issues of the United Nations Conference on the same subject, which was held in Nairobi in August 1981, and constitutes a follow-up to the energy dossier published in No 51.

- (ii) The dossier on the least developed countries (No 72) took stock of the United Nations Conference held in Paris in September 1981, in which 22 ACP States were directly involved.
- (iii) The dossier on education and training (No 73) was intended to update earlier dossiers on this theme (Nos 25 and 46) and put forward, inter alia, the viewpoint of Mr M'Bow, the Director-General of Unesco.
- (iv) the dossier on tropical forestry (No 74) updated the one contained in No 40 and illustrated the importance of this resource for the ACP States.
- (v) The dossier on sugar (No 75) pointed up the historical, social and economic importance of sugar and showed how vital was the Sugar Protocol in the Lomé Convention.
- (vi) The dossier on the Memorandum on the Community's development policy (No 76) was illustrated by an interview with Mr Edgard Pisani.

As in the past, the aim of the dossiers was to present an overall approach to the subject and then point out the problems peculiar to the ACP States as a whole in relation to the issue in question. This picture was generally completed by reference to a few particular cases in connection with ACP countries and a brief summary of Community cooperation, particularly on the part of the EDF and the EIB, in the sector concerned.

The "ACP" columns continued to consist mainly of reports on the economies of the ACP States. The following ACP countries were surveyed in depth during the year (in chronological order and with a reference to the chief person interviewed in brackets): No 71 - Dominica (Prime Minister), Saint Vincent and the Grenadines (Prime Minister), Saint Lucia (Finance Minister); No 72 - Rwanda (President), Jamaica (Prime Minister); No 73 - Trinidad and Tobago (several ministers); No 74 - Ivory Coast (several ministers); No 75 - Burundi (President); No 76 - Vanuatu

(Prime Minister), Tuvalu (Prime Minister) and Kiribati (President). These surveys helped to illustrate the needs and development priorities of the states concerned. They also provided a platform for the authorities to express their opinions on ACP-EEC cooperation and, lastly, enabled readers in the Community countries or other parts of the world to gain a better knowledge of these countries.

In these same columns it was possible for other persons in senior positions from the ACP countries to express their views, notably Mr E. Carrington, Deputy Secretary-General of the Group of ACP States, and the chairmen of the ACP specialized committees responsible for agricultural, industrial, financial and technical cooperation and for intra-ACP cooperation.

The section entitled "Viewpoint" began in 1982 with comments by a few leading figures on the Cancún summit (H.E. Mr I. Jazairy, H.E. Mr Sy, Mr R. Hormats (US Assistant Secretary of State) and Lord Carrington). Other well-known people were also interviewed by the editorial staff during the year, namely Mr Y. Le Portz (EIB), Mr F. Blanchard (ILO), Mr M. Tolba (UNDP), Mr F. Owono-Nguéma (ACCT) and Mr J.-P. Cot (the then French Minister for Development and Cooperation). A mini-dossier was published on the subject of world hunger, giving a broad idea of the overall problem and stating the principle of a strategy to combat hunger, with the comments of the Parliament rapporteur.

The columns headed "Europe" began with an interview with Victor Michel, MEP, on the evaluation of cooperation and also celebrated the 25th anniversary of the signing of the Treaty of Rome. Together with more general articles, a report on a conversation with the new President of the European Parliament, Mr Pieter Dankert, told readers about his ideas on reviving the European idea and Lomé policy.

Under "The Arts" came an article by H.E. Mr R. Chasle on the transfer of culture and other contributions on, for example, the Ile de Gorée, the British Museum, sculpture in Zimbabwe, Cameroonian art, cultural symbiosis in Mauritius, the African cinema and so on.

As in past years, the editorial staff have made every effort to improve the content of the "News round-up" (yellow pages) with its three

sections, namely "The Convention at work", "General information" on the developing countries and brief notes on the "European Community". The main events of 1982 covered in this section were the meeting of the ACP Council of Ministers in Lesotho, the meeting of the Joint Committee in Zimbabwe, the first Sysmin allocations to Zambia and Zaire, the meeting of the ACP-EEC Council of Ministers in Gabon and the restructuring of the Directorate-General for Development.

Since there were more press briefings and communiqués about the activities of the ACP Committee of Ambassadors, it was possible to report more fully in the "News round-up" columns on the ACP countries' viewpoints.

For their part, the CID officials made an effort to improve the content - and presentation - of the yellow pages reserved for them, which went a long way towards making the publication more functional.

The columns dealing with the "Operational summary of EEC-financed development schemes" (blue pages) got into full swing with the progressive execution of the fifth EDF. Hence, the publication has continued to make prospective EDF contracts more easily accessible to those engaged in economic activity in both the ACP countries and the EEC.

TITLE VI - FINANCIAL IMPLEMENTATION IN 1982

CHAPTER I - Financing

Commitments

As has already been mentioned,¹ significant progress was made during the year in the commitments entered into under the second Lomé Convention, which totalled nearly 1 100 million ECU (1 095.3 million) compared with 697 million ECU in 1981 (+ 57%).

To gain an overall view of all the commitments entered into in the year, it is necessary to add to this figure the commitments entered into under Lomé I, which are clearly tapering off but still total 100 million ECU (compared with 158 million ECU in 1981).

In all, commitments in 1982 totalled nearly 1 200 million ECU (compared with 855 million ECU in 1981). In percentage terms, the increase in the amount of commitments in 1982 compared with 1981 is practically the same as the increase in 1981 compared with 1980 (40%).

Aid administered by the Commission

The sum total of the commitments entered into in the year by the Commission from the Lomé II resources which it administers (i.e. from the fifth EDF, apart from interest rate subsidies and risk capital, which is administered by the EIB) was 914.7 million ECU compared with 611 million ECU in 1981 (the latter figure an aggregate in respect of the fifth and fourth EDFs), i.e. a percentage increase of virtually 50%. If the comparison is based solely on the fifth EDF, the increase from 1981 - the starting year, admittedly - to 1982 is obviously much greater still (101.5%).

¹ See Introduction, p. 3.

The resources administered by the Commission consist of grants, special loans, Stabex and Sysmin. Following the most recent accessions to the Convention (Zimbabwe, Saint Vincent and the Grenadines, and Vanuatu), the final allocations under the various categories of aid were as follows:

	<u>million ECU</u>
Grants	
(excluding 284 million ECU in risk capital and 175 million ECU in interest rate subsidies)	2.469
Special loans	518
Stabex	557
Special financing facility in respect of mining products (Sysmin)	282
	<hr/>
	3.826

Financing approved by the Commission in 1982 breaks down as follows:

- (i) commitments totalling 573.6 million ECU in the form of grants and 179.2 million ECU in the form of special loans or under the special financing facility in respect of mining products (Sysmin). These latter two types of financing involve the same highly favourable terms: duration of 40 years, grace period of 10 years, interest rate of 1% reduced further to 0.75% for the least developed ACP States.

Since the commitments relating to Sysmin (95 million ECU) cannot be programmed, the sum committed in 1982 in respect of national and regional projects and programmes was 476.6 million ECU.

Under Article 110 of the Convention, an optimum rate of commitments year by year is worked out with each ACP State concerned. With the exception of Chad, Nigeria and Uganda, for which no advance rate of commitments has been worked out, it would appear that the average rate of commitments in respect of the indicative programmes at 31 December 1982 was 32.1%.

It will be seen, therefore, that the slight lag in 1981 (2.7% compared with the optimum rate) was tending to increase, since the ideal rate in the second year should have been 38.6%, and that it reached 6.5%. The result is better, however, if one considers merely the national indicative programmes, in which case the commitment percentage works out at 34%. It must also be stressed that this is an average covering a remarkable variety of situations: the commitments are almost negligible in certain countries - fortunately very few - but in certain other countries exceed the optimum rate by several percentage points or even tens of percentage points. Thus:

- (ii) 19.1 million ECU was committed in 1982 for emergency aid under Article 137 of the Convention (compared with 22.8 million ECU in 1981).

It will be seen that, as in the previous year, the annual ceiling of 60 million ECU was not reached.

- (iii) 142.8 million ECU was committed for Stabex. As was the case the previous year, the transfer requests in respect of Stabex easily exceeded the resources available. However, the ACP-EEC Council of Ministers decided at its May 1982 meeting in Libreville to mobilize 40 million ECU of additional funds, bringing the aggregate to 182.8 million ECU.¹

¹ See Title IV - Chap. VII.

Aid administered by the EIB

In 1982, financing by the EIB totalled 155.7 million ECU, of which:

119.2 million ECU in the form of loans from its own resources at subsidized rates of interest;

36.5 million ECU in the form of risk capital, of which 1.2 million ECU under the first Lomé Convention (residue from overall authorizations for studies).

Loans from the Bank's own resources

In the course of the year the Bank accorded 14 subsidized loans totalling 119.2 million ECU. The terms of these loans are broadly similar; they run for between 11 and 18 years, with a grace period for the repayment of the principal of 3 to 5 years and a uniform interest rate of 8%, account being taken of the interest rate subsidies from EDF resources and the provisions of Article 104(3) of the second Lomé Convention.

Funds drawn from the Bank's own resources were broken down as follows: energy (36.9%), global loans to development banks (24.3%) to be spent on small-or medium-scale investment schemes, agro-industry (21.2%), chemical industries (9.2%) and telecommunications infrastructure (8.4%).

Risk capital

In 1982, 21 contracts were signed for risk capital operations involving 35.3 million ECU under the second Lomé Convention. Nineteen ACP States were concerned (11 in Africa, 3 in the Caribbean and 5 in the Pacific).

During the year very wide use was made of the many different types of risk capital operation: conditional loans to the state, either for the latter to acquire holdings in the capital of companies (e.g. the dairy project in Somalia) or of development banks (Uganda Development Bank, Dominica Agricultural, Industrial and Development Bank, National Development Bank of Jamaica), or for financing feasibility studies (coal in Zimbabwe); direct subordinated loans to undertakings (Empresa Pública de Agua e Electricidade in Cape Verde, Grenada Electricity Services Limited); acquisition of holdings by the EIB on behalf of the Community in development banks (Caisse de Développement de Djibouti); conditional or subordinated loans to development banks, which will onlend the funds to companies or acquire a holding in their capital (Capitol Hotel in Malawi, Société Hôtelière de Sali in Senegal, Mineral Water Catchment and Bottling Plant in Dominica), global loans (Banque Nationale de Développement Economique du Burundi, Seychelles Development Bank, Vanuatu Development Bank).

A sectoral breakdown shows that over 55% of the total amount of assistance was granted to development banks; the tourism and energy sectors respectively absorbed about 13.6% and 13%. The remainder was used to finance operations involving shipping (7.4%), agro-industry(8.2%) and pre-investment studies (2.5%).

Disbursements

The very marked increase in commitments in 1982 was not matched by disbursements, which were actually slightly down on the previous year. The figures show that disbursements totalled 719.7 million ECU in 1982 compared with 721 million ECU in 1981. This demonstrates that the famous pipeline from commitment to disbursement tends to grow longer since commitments, are themselves increasing.

The Commission has endeavoured, on the basis of concrete evidence, to carry out a detailed analysis of the causes of the problems encountered in the implementation of financial and technical cooperation and, in particular, of the delays observed in the execution of projects. The inevitable consequence of such delays is that disbursements slow down, as is happening currently. Looking ahead to the meeting of the Article 108 Committee, the Community sent a communication to the ACP States on 11 March 1983.¹ There would seem no point in repeating or summarizing its content, but the conclusion of the communication deserves to be quoted in full:

"The implementation of projects financed from EDF resources can clearly be delayed. Yet, good development is not only a matter of spending quickly but also of realizing viable projects within the funds available. This document has given many examples of this tension between dispatch and quality. Speed should not be an end in itself.

On the other hand, unnecessary delay is very costly due to the inexorable erosion by inflation of the value of the total funds allocation available.

Further efforts will be needed to improve integration of EDF projects and procedures into the ACP States' policy and administrative procedures."

Disbursements made in 1982 by the Commission from EDF resources (except for the risk capital administered by the Bank) totalled 596 million ECU, of which a little over 309 million ECU from the fifth EDF and nearly 287 million ECU from the fourth EDF. The total volume of disbursements from the fifth EDF since the Convention entered into force is 518.9 million ECU.

¹Doc. ACP-EEC 2126/83.

Disbursements by the Bank during the year in the form of loans from its own resources plus risk capital operations totalled 123.7 million ECU (75.2 million ECU under Lomé I and 48.5 million ECU under Lomé II), i.e. virtually no increase on 1981. This situation could be the result of reduced commitments in the ACP States in 1982 and the higher proportion of global loans in the Bank's operations, for the Bank's disbursements are often spread over longer periods in the case of projects financed through development banks.

CHAPTER II: Financing agreements - Invitations to tender

Financing agreements

During the year 151 financing agreements were signed with the ACP States for a total amount of 706 million ECU, comprising:

- (i) 27 agreements involving a sum of 121 million ECU from the fourth EDF;
- (ii) 124 agreements involving a sum of 585 million ECU from the fifth EDF (including 27 agreements representing a total of 18 million ECU for microprojects alone).

Compared with the previous year it will be seen that:

- (i) the fourth EDF agreements were down 60% in number and 22% in value;
- (ii) the fifth EDF agreements were up 359% in number and 279% in value.

After 1981, which was a transitional year, 1982 marked a further winding-down in the implementation of the fourth EDF and saw the fifth EDF projects reach normal operation. The latter accounted for an average of 5.8 million ECU per financing agreement, a figure which has remained steady since the start-up period (1981). In the case of microprojects, the average amount of financing per programme was of the order of 660 000 ECU.

Invitations to tender

In the year 114 international invitations to tender were issued for the ACP States, representing a total of 404.6 million ECU, up 31% in number and 81.3% in value compared with 1981.

The statistical breakdown is as follows:

	<u>Fourth EDF</u>		<u>Fifth EDF</u>	
	<u>Number</u>	<u>Amount (ECU)</u>	<u>Number</u>	<u>Amount (ECU)</u>
Works	8	40 670 000	15	156 689 000
Supplies	38	73 804 350	52	128 387 000
Studies	-	-	1	5 000 000
TOTAL	46	114 474 350	68	290 076 300

With regard to the fourth EDF, although the total number of invitations to tender was 33% down on the previous year and overall value 16% down, contrary to the trend in 1981 there was a fall in terms of value in the case of works (56%) and an increase in the case of supplies (70%). These figures show that, at a later stage of the procedure, the wind-down in the implementation of the fourth EDF has not been uniform, unlike the case of financing agreements.

With regard to the fifth EDF, the total number of invitations to tender increased by 277% and their overall value by 233% compared with 1981. In the case of works, this increase amounted to 66% and 117% respectively, the relative difference between the two figures being explained by the larger scale of operations being set up than in the previous year. In the case of supplies, the number of contracts was virtually five times larger and their value over seven times greater. It is therefore clear that the fifth EDF, as from the second year of implementation, has reached normal operation. It should also be noted that, for the first time, a major studies contract was the subject of an international invitation to tender.

General conditions

In accordance with Article 22 of Protocol No 2 to the first Lomé Convention and Article 131 of the second Lomé Convention, the Community transmitted to the ACP States its proposals for common rules for works, services and supplies,

respectively in March 1978, July 1978 and March 1979. These texts were the subject of counter-proposals from the ACP States. The Community expects to begin negotiations on the substance in 1983, and this should enable the ACP-EEC Council to take a formal decision on the matter. When this lengthy process is completed, the texts adopted will of course be applicable to contracts concluded under the second Lomé Convention arrangements.

CHAPTER III: Award of contracts

Anxious to take account of the points contained in the Libreville Resolution on the award of contracts, the Commission has paid special attention to the question of the selection of contractors.

An analysis of the results of competitive tendering at 31 December 1982 shows that, under both the fourth and the fifth EDFs, the contracts awarded to the ACP States took first place in terms of their overall share (30%). This tendency was particularly evident in the case of works contracts, where the ACP States' share was 45%. This was largely the result of invitations to tender by accelerated procedure and a large number of works carried out by direct labour. There are a number of advantages of such procedures for undertakings and government departments in the ACP States.

With regard in particular to the selection of contractors, it must be emphasized that the price preference mechanism in favour of undertakings in the ACP States has reinforced the above tendency, this mechanism applying fully to both works contracts and supply contracts.

However, price has not been the sole criterion applied to the selection of contractors. The preference mechanism is itself proof that contracts are not automatically awarded to the lowest bidder. Nevertheless, the Commission and the national authorities concerned have, in a number of cases, given preference to other criteria such as the terms of execution of works or supplies (e.g. shorter periods of performance offered by certain tenderers) or the technical value of such works or supplies. This approach is in direct response to the wishes expressed by the ACP-EEC Council in the Libreville Resolution.

The Commission regrets, however, that in some cases - fortunately not many - problems in negotiations with a tenderer have caused the national authorities to delay the final choice of contractor for several months. Such difficulties also occur in the award of technical cooperation contracts. It is important that they be prevented from occurring, especially in view of their impact on the cost of the works or supplies.

TABLE Ia - Breakdown, by country and sector, of commitments in 1982
(5th EDF + EIB ordinary loans)

(million ECU)

	Development of production				Economic infra- structure	Social develop- ment	Trade promotio- n	Emergency aid	Stabex	Other	Total
	Indust- rializ- ation	Sysmin	Tourism	Rural produc- tion							
Antigua and Barbuda						0,1					0,1
Bahamas						0,3					0,3
Barbados	4,9						0,2				5,1
Belize						0,1					0,1
Benin				3,0		6,7		0,4	0,7		10,8
Botswana	19,2			0,8		3,0	1,1			0,2	24,3
Burundi	1,3			8,3		0,3					9,9
Cameroon	13,9			13,8			0,7		13,5		41,9
Cape Verde	1,8			0,4		0,6		0,5			3,3
Central African Rep.	0,1			10,1	18,2				1,2		29,6
Comoros	0,1				0,1	0,7					0,9
Congo						1,0	0,1				1,1
Ivory Coast	13,9			4,6	12,4				27,6		58,5
Djibouti	0,4			1,1		0,1					1,6
Dominica	1,0			0,1		0,1			0,4		1,6
Ethiopia	12,4			27,2		5,0		1,8	0,8		47,2
Fiji				0,7	1,8	0,6	0,1		0,5		3,7
Gabon	3,2			5,5		0,5					9,2
Gambia				1,7					3,3	0,2	5,2
Ghana	0,1			4,0		1,5		0,1	25,6		31,3
Grenada	2,4				0,4				0,1	0,1	3,0
Guinea	7,2			0,3		4,5					12,0
Guinea-Bissau				8,6		1,9				0,1	10,6
Equatorial Guinea					0,5						0
Guyana	1,9			2,4		2,2					4,6
Upper Volta						8,7					11,1
Jamaica	5,3					4,6					9,9
Kenya	20,5			3,9	10,0	0,6		0,4	16,5		51,9
Kiribati				0,2							0,2
Lesotho	5,5					2,1	0,1	0,1	0,3		8,1
Liberia	0,5			0,4							0,9
Madagascar				5,3		0,3		1,1	2,7		9,4
Malawi			3,0	0,4				0,3	0,5		4,2
Mali	2,6			14,5		3,6	0,4	0,3	0,5		21,9
Mauritius	5,3			4,5		3,2					13,0
Mauritania				20,5							20,5
Niger				7,4		0,3		0,3			8,3
Nigeria				0,6		0,5					1,1
Uganda	10,0			9,9		3,9					23,8
Papua New Guinea	9,3					3,2	0,1		13,8		26,4
Rwanda	0,8			10,4		4,4		2,0	0,5	0,1	18,2
Saint Lucia				0,2	0,2						0,4
St Vincent & Grenadines						0,6					0,6
Solomon Islands				1,6		1,8			0,6		4,0
Samoa					0,3				1,7		2,0
Sao Tome and Principe				2,1					0,8		2,9
Senegal	13,7		1,8	22,8	2,5	4,3	1,1		20,5		66,7
Seychelles	1,0					0,1		0,2			1,3
Sierra Leone				11,6		4,8			0,9		17,6
Somalia	2,6				8,0	5,6	0,7	5,4	0,7		23,0
Sudan	1,2			38,0		0,3	0,1	1,2	8,5		52,3
Suriname					1,9						1,9
Swaziland						3,2					3,2
Tanzania	2,5			33,0	5,0	12,2			0,5		53,2
Chad				7,1		15,6		1,5			8,6
Togo				2,2	15,6	0,2				0,1	18,1
Tonga					0,3	0,1		1,4			1,8
Trinidad and Tobago	9,2										9,2
Tuvalu	0,2				0,1				0,1		0,4
Vanuatu	1,0			2,3		0,2					3,5
Zaire	8,7	40,0		0,3		0,6		0,8			50,4
Zambia	0,5	55,0		12,6		5,2		0,3			73,6
Zimbabwe	24,8			1,4		0,8	0,1	1,0			28,1
Regional aid	26,0		0,8	49,4	34,3	10,3	4,4	-	-	2,5	127,7
TOTAL	235,0	95,0	5,6	355,2	112,3	117,5	9,5	19,1	142,8	3,3	1.095,3

TABLE Ib - Breakdown, by country and sector, of commitments at end 1982
(5th EDF + EIB ordinary loans)

(million ECU)

	Development of production				Economic infra- structure	Social develop- ment	Trade promotion	Emergency aid	Stabex	Other	Total
	Indus- trializ- ation	Sysmin	Tourism	Rural produc- tion							
Antigua and Barbuda						0,1					0,1
Bahamas						0,4					0,4
Barbados				1,3		0,3	0,2				6,7
Belize	4,9					0,1					0,1
Benin	0,2			3,0		7,0		0,4	0,7	0,1	11,4
Botswana	19,2			0,8	1,5	3,5	1,1			0,2	26,3
Burundi	5,3			8,4		0,7			11,0		25,4
Cameroon	13,9			13,8	13,8	0,4	0,7		13,5	0,3	56,4
Cape Verde	1,8			0,4		0,8		1,0	0,2		4,2
Central African Rep.	0,1			10,1	18,2	0,2		0,5	2,2		31,3
Comoros	0,3				0,3	0,9		0,2	1,1		2,8
Congo	0,4				0,2	3,7	0,1				4,4
Ivory Coast	13,9			4,7	12,4	12,0	2,3		46,8		92,1
Djibouti	2,2			1,1		0,2		0,1			3,6
Dominica	1,0			0,2	0,1	0,2		0,5	2,9		4,9
Ethiopia	12,5			27,2		58,4		2,0	0,8		100,9
Fiji	16,0			0,7	1,8	1,0	0,1	0,3	1,3		21,2
Gabon	32,4			5,5		0,6					38,5
Gambia				1,7		3,6		0,1	11,4	0,2	17,0
Ghana	0,1			4,6	7,0	2,0		0,2	25,6		39,5
Grenada	2,4				0,4	0,2			0,1	0,1	3,2
Guinea	7,2			0,7		5,0		0,5			13,4
Guinea-Bissau				9,1		2,2			1,5	0,1	12,9
Equatorial Guinea						0,1					0,1
Guyana	1,9				0,5	2,7	0,1				5,2
Upper Volta				3,7	17,0	19,7					40,4
Jamaica	5,3			0,1		4,8			3,3		13,5
Kenya	30,2			18,3	10,0	1,0		0,7	26,5	0,2	88,0
Kiribati				0,2					0,5		0,8
Lesotho	8,5		0,1			2,5		0,1	0,5	0,2	12,0
Liberia	1,2			0,4		0,1					1,7
Madagascar	2,2			13,3		0,6		1,3	3,9		21,3
Malawi			3,0	0,4		3,8	0,2	0,4	1,8		9,6
Mali	2,6			31,4		4,1	0,4	0,9	3,1		42,5
Mauritius	6,9			4,5		3,2					14,6
Mauritania				20,5	0,5	0,8					21,8
Niger	13,5			7,9	19,4	0,5	0,4	1,1		0,3	43,1
Nigeria				0,6		0,9		0,3			1,8
Uganda	10,0			14,3	0,1	4,2		3,3		0,2	32,1
Papua New Guinea	61,3					3,3	0,2		13,8		78,6
Rwanda	3,0			24,9		5,3		2,0	7,1	0,1	42,4
Saint Lucia				0,2	1,3				1,4		2,9
St Vincent & Grenadines						2,9		0,2			3,1
Solomon Islands				1,6		1,8			0,6		4,0
Samoa	8,0				0,4				2,9		11,3
Sao Tome and Principe				2,2					0,8		3,0
Senegal	28,9		1,8	23,6	2,5	7,0	1,1	0,2	59,1		124,2
Seychelles	1,0					0,1		0,2			1,3
Sierra Leone			0,1	13,1	0,3	5,0			1,8		20,3
Somalia	2,6				19,0	6,1	0,7	16,0	2,6		47,0
Sudan	1,2			39,5	0,3	3,0	0,1	1,7	21,9		67,7
Suriname				0,2	2,6						2,8
Swaziland	8,9					3,6					12,5
Tanzania	10,0			33,0	5,0	17,3		0,1	6,8		72,2
Chad				7,1		0,5		3,0	2,6		13,2
Togo	0,1			5,2	21,6	1,1				0,1	28,1
Tonga	1,0				0,3	0,1		1,4	0,6		3,4
Trinidad and Tobago	9,2			0,5		0,7					10,4
Tuvalu	0,2			0,1	0,1				0,1		0,5
Vanuatu	1,0			2,3		0,2					3,5
Zaire	14,7	40,0		0,4	0,1	1,6		2,8			59,6
Zambia	42,4	55,0		12,6		10,9	0,8	1,1			122,8
Zimbabwe	24,8			1,4		0,8	0,1	1,0			28,1
Regional aid	38,3	-	0,8	52,9	40,6	11,3	8,1	-	-	12,0	164,0
TOTAL	472,7	95,0	5,8	429,7	197,3	235,1	18,0	43,6	280,8	14,1	1.792,1

TABLE Iia - Breakdown of commitments in 1982 by sector and method of financing

(million ECU)								
	Grants	Special Loans	Sysmin	Stabex	Risk capital	EIB ordinary loans	Total	%
I. <u>DEVELOPMENT OF PRODUCTION</u>							690,8	63,1
1. <u>Industrialization</u>							330,0	30,1
General	21,8				20,4	29,0	71,2	6,5
Extractive industries	5,1		95,0				100,1	9,1
Chemical industries	2,9					11,0	13,9	1,3
Manufacturing industries	7,2	2,5					9,7	0,9
Agricultural and food industries	6,0	6,3			2,9	25,2	40,4	3,7
Projects with energy bias	36,1				4,6	44,0	84,7	7,7
Infrastructure linked with industrial projects		10,0					10,0	0,9
2. <u>Tourism</u>	0,8				4,8		5,6	0,5
3. <u>Rural production</u>							355,2	32,5
General	29,8	31,5					61,3	5,6
Plantations	81,9	4,2					86,1	7,9
Hydro-agricultural schemes	15,4						15,4	1,4
Agriculture	98,3						98,3	9,0
Credit and marketing cooperatives	0,3						0,3	
Stock-farming	29,8	2,0					31,8	2,9
Fisheries	8,3	0,5					8,8	0,8
Forests	2,3						2,3	0,2
Microprojects and other	14,8						14,8	1,4
Integrated projects with agriculture bias	31,4	4,7					36,1	3,3
II. <u>ECONOMIC INFRASTRUCTURE</u>							112,3	10,3
4. <u>Transport and communications</u>								
General	0,2						0,2	
Roads and bridges	55,5	16,3					71,8	6,6
Railways	0,2	0,3					0,5	
Ports and inland waterways	1,6				2,6		4,2	0,4
Airports	10,1						10,1	0,9
Telecommunications	9,6	5,9				10,0	25,5	2,4
III. <u>SOCIAL DEVELOPMENT</u>							117,5	10,7
5. <u>Education and training</u>							65,4	6,0
Education infrastructure	0,5						0,5	
Specific projects, vocational training & provision of instructors	5,3						5,3	0,5
Study and training grants	59,6						59,6	5,5
6. <u>Health</u>							11,0	1,0
Infrastructure	10,5						10,5	1,0
Health campaigns and technical cooperation	0,5						0,5	
7. <u>Water engineering, housing and urban infrastructure</u>							41,1	3,7
General	5,4						5,4	0,5
Village water supply	18,0						18,0	1,6
Urban water supply	11,5						11,5	1,0
Urban drainage	1,9						1,9	0,2
Town planning	4,3						4,3	0,4
IV. <u>TRADE PROMOTION</u>	9,5						9,5	0,9
V. <u>EMERGENCY AID</u>	19,1						19,1	1,7
VI. <u>STABEX</u>				142,8			142,8	13,0
VII. <u>OTHER</u>	3,3						3,3	0,3
Information, documentation, seminars, planning, general technical cooperation	618,8	84,2	95,0	142,8	35,3	119,2	1.095,3	100 %

TABLE Iib - Breakdown of commitments at end 1982 by sector and method of financing

(million ECU)

	Grants	Special loans Sysmin	Stabex	Risk capital	EIB ordinary loans	Total	%	
I. <u>DEVELOPMENT OF PRODUCTION</u>						1.003,2	56,0	
1. <u>Industrialization</u>						567,7	31,7	
General	31,5			35,8	40,5	107,8	6,0	
Extractive industries	11,9	95,0		12,0	65,0	183,9	10,3	
Chemical industries	3,0			3,9	11,0	17,9	1,0	
Manufacturing industries	11,7	2,5		4,0	16,5	34,7	1,9	
Agricultural and food industries	6,9	6,3		3,6	25,2	42,0	2,3	
Projects with energy bias	59,5			16,9	95,0	171,4	9,6	
Infrastructure linked with industrial projects		10,0				10,0	0,6	
2. <u>Tourism</u>	1,0			4,8		5,8	0,3	
3. <u>Rural production</u>						429,7	24,0	
General	30,8	31,5				62,3	3,5	
Plantations	82,1	4,2				86,3	4,8	
Hydro-agricultural schemes	23,6					23,6	1,3	
Agriculture	134,6					134,6	7,5	
Credit and marketing cooperatives	0,3					0,3	0,0	
Stock-farming	36,5	2,0				38,5	2,2	
Fisheries	8,7	0,5				9,2	0,5	
Forests	2,9					2,9	0,2	
Microprojects and other	22,0					22,0	1,2	
Integrated projects with agriculture bias	45,3	4,7				50,0	2,8	
II. <u>ECONOMIC INFRASTRUCTURE</u>						197,3	11,0	
4. <u>Transport and communications</u>						197,3	11,0	
General	0,4					0,4	0,0	
Roads and bridges	119,8	16,3				136,1	7,6	
Railways	4,0	0,8			10,0	14,8	0,8	
Ports and inland waterways	3,2			2,6	4,4	10,2	0,6	
Airports	10,1				10,0	10,1	0,6	
Telecommunications	9,8	5,9				25,7	1,4	
III. <u>SOCIAL DEVELOPMENT</u>						235,1	13,1	
5. <u>Education and training</u>						87,6	4,9	
Education infrastructure	0,5					0,5	0,0	
Specific projects, vocational training & provision of instructors	5,8					5,8	0,3	
Study and training grants	81,3					81,3	4,6	
6. <u>Health</u>						18,6	1,0	
Infrastructure	17,8					17,8	1,0	
Health campaigns and technical cooperation	0,8					0,8	0,0	
7. <u>Water engineering, housing and urban infrastructure</u>						128,9	7,2	
General	53,9	5,0				58,9	3,3	
Village water supply	32,8	8,0				40,8	2,3	
Urban water supply	17,1					17,1	1,0	
Urban drainage	7,8					7,8	0,4	
Town planning	4,3					4,3	0,2	
IV. <u>TRADE PROMOTION</u>	18,0					18,0	1,0	
V. <u>EMERGENCY AID</u>	43,6					43,6	2,4	
VI. <u>STABEX</u>			280,8			280,8	15,7	
VII. <u>OTHER</u>	14,1					14,1	0,8	
Information, documentation, seminars, planning, general technical cooperation								
	957,4	97,7	95,0	280,8	83,6	277,6	1.792,1	100 %

TABLE IIIa: Financing situation in 1982 by method of financing and by administrative body

	(million ECU)							
	Total volume (Art. 95 of the Convention)		Commitments in 1982				Total	
			Aid administered by the Commission		Aid administered by the EIB			
	Amount	%	Amount	%	Amount	%	Amount	%
<u>EDF Resources</u>	<u>4.637</u>	<u>87,1</u>	<u>914,7</u>	<u>100</u>	<u>61,4</u>	<u>34,0</u>	<u>976,1</u>	<u>89,1</u>
Grants	2.996	56,3	592,7	64,8	26,1	14,4	618,8	56,5
of which: interest rate subsidies	(175)	(3,3)			(26,1)	(14,4)	(26,1)	(2,4)
emergency aid	(202)	(3,8)	(19,1)	(2,1)			(19,1)	(1,7)
Special loans	518	9,7	84,2	9,2			84,2	7,7
Risk capital	284	5,3			35,3	19,6	35,3	3,2
Stabex	557	10,5	142,8	15,6			142,8	13,0
Special financing facility - Sysmin	282	5,3	95,0	10,4			95,0	8,7
<u>EIB Resources</u>	<u>685</u>	<u>12,9</u>			<u>119,2</u>	<u>66,0</u>	<u>119,2</u>	<u>10,9</u>
Loans from EIB resources	685	12,9			119,2	66,0	119,2	10,9
<u>Total</u>	<u>5.322</u>	<u>100</u>	<u>914,7</u>	<u>100</u>	<u>180,6</u>	<u>100</u>	<u>1.095,3</u>	<u>100</u>

TABLE IIIb: Financing situation at end 1982 by method of financing and by administrative body

(million ECU)

	Total volume (Art. 95 of the Convention)		Commitments at end 1982				Total	
			Aid administered by the Commission		Aid administered by the EIB			
	Amount	%	Amount	%	Amount	%	Amount	%
<u>EDF Resources</u>	<u>4.637</u>	<u>87,1</u>	<u>1.368,5</u>	<u>100</u>	<u>146,0</u>	<u>34,5</u>	<u>1.514,5</u>	<u>84,5</u>
Grants	2.996	56,3	895,0	65,4	62,4	14,7	957,4	53,4
of which: interest rate subsidies	(175)	(3,3)			(62,4)	(14,7)	(62,4)	(3,5)
exceptional aid	(202)	(3,8)	(43,6)	(3,2)			(43,6)	(2,4)
Special loans	518	9,7	97,7	7,1			97,7	5,4
Risk capital	284	5,3			83,6	19,8	83,6	4,7
Stabex	557	10,5	280,8	20,5			280,8	15,7
Special financing facility - Sysmin	282	5,3	95,0	7,0			95,0	5,3
<u>EIB Resources</u>	<u>685</u>	<u>12,9</u>			<u>277,6</u>	<u>65,5</u>	<u>277,6</u>	<u>15,5</u>
Loans from EIB resources	685	12,9			277,6	65,5	277,6	15,5
<u>Total</u>	<u>5.322</u>	<u>100</u>	<u>1.368,5</u>	<u>100</u>	<u>423,6</u>	<u>100</u>	<u>1.792,1</u>	<u>100</u>

TABLE IV-1-a: Sectoral summary for 1982, showing percentage breakdown, method of financing and administrative body (programmable aid and Sysmin)

(million ECU)

	Development of production				Economic infra- structure	Social devel- opment	Trade promot- ion	Other	Total
	Industrializat- ion	Tourism	Rural production	Total					
	Sysmin			(1)					
					(2)	(3)	(4)	(5)	(1 to 5)
<u>1. Aid administered by the Commission</u>									
Programmable grants	55,4	0,8	312,3	368,5	74,8	117,5	9,5	3,3	573,6
Special loans	18,8	95,0	42,9	156,7	22,5				179,2
Total	74,2	95,0	0,8	355,2	97,3	117,5	9,5	3,3	752,8
Breakdown in %	9,9	12,6	0,1	47,2	12,9	15,6	1,3	0,4	100 %
<u>2. Aid administered by the EIB</u>									
Loans from EIB resources	109,2			109,2	10,0				119,2
Interest rate subsidies	23,7			23,7	2,4				26,1
Risk capital	27,9	4,8		32,7	2,6				35,3
Total	160,8	4,8		165,6	15,0				180,6
Breakdown in %	89,0	2,7		91,7	8,3				100 %
<u>3. Grand total</u>	235,0	95,0	5,6	355,2	690,8	112,3	117,5	9,5	933,4
Breakdown in %	25,2	10,2	0,6	38,0	74,0	12,0	12,6	1,0	100 %

TABLE IV-1-b: Sectoral summary at end 1982, showing percentage breakdown, method of financing and administrative body (programmable aid and Sysmin)

(million ECU)

	Development of production				Economic infra- structure	Social devel- opment	Trade promotion	Other	Total
	Industrializat- ion	Tourism	Rural production	Total					
	Sysmin			(1)					
					(2)	(3)	(4)	(5)	(1 to 5)
<u>1. Aid administered by the Commission</u>									
Programmable grants	69,8		386,8	457,6	139,6	222,1	18,0	14,1	851,4
Special loans	18,8	95,0	42,9	156,7	23,0	13,0			192,7
Total	88,6	95,0	429,7	614,3	162,6	235,1	18,0	14,1	1.044,1
Breakdown in %	8,5	9,1	41,2	58,9	15,6	22,5	1,7	1,3	100 %
<u>2. Aid administered by the EIB</u>									
Loans from EIB resources	253,2			253,2	24,4				277,6
Interest rate subsidies	54,7			54,7	7,7				62,4
Risk capital	76,2		4,8	81,0	2,6				83,6
Total	384,1		4,8	388,9	34,7				423,6
Breakdown in %	90,7		1,1	91,8	8,2				100 %
<u>3. Grand total</u>	472,7	95,0	5,8	429,7	197,3	235,1	18,0	14,1	1.467,7
Breakdown in %	32,2	6,5	0,4	29,3	13,4	16,0	1,2	1,0	100 %

TABLE IV-2-a: Sectoral summary for 1982, showing percentage breakdown, method of financing and administrative body
(programmable and non-programmable aid)

(million ECU)				
	Projects and programmes	Emergency aid	Stabex	Total
	(1 to 5)	(6)	(7)	(1 to 7)
<u>1. Aid administered by the Commission</u>				
Programmable grants	573,6			573,6
Special loans	179,2			179,2
Emergency aid		19,1		19,1
Stabex			142,8	142,8
Total	752,8	19,1	142,8	914,7
Breakdown of total in %	82,3	2,1	15,6	100 %
<u>2. Aid administered by the EIB</u>				
Loans from EIB resources	119,2			119,2
Interest rate subsidies	26,1			26,1
Risk capital	35,3			35,3
Total	180,6			180,6
<u>3. Grand total</u>				
Breakdown of total in %	85,3	1,7	13,0	100 %

TABLE IV-2-b: Sectoral summary at end 1982, showing percentage breakdown, method of financing and administrative body

(million ECU)

	Projects and programmes	Emergency aid	Stabex	Total
	(1 to 5)	(6)	(7)	(1 to 7)
<u>1. Aid administered by the Commission</u>				
Programmable grants	851,4			851,4
Special loans	192,7			192,7
Emergency aid		43,6		43,6
Stabex			280,8	280,8
Total	1.044,1	43,6	280,8	1.368,5
Breakdown of total in %	76,3	3,2	20,5	100 %
<u>2. Aid administered by the EIB</u>				
Loans from EIB resources	277,6			277,6
Interest rate subsidies	62,4			62,4
Risk capital	83,6			83,6
Total	423,6			423,6
<u>3. Grand total</u>	1.467,7	43,6	280,8	1.792,1
Breakdown of total in %	81,9	2,4	14,7	100 %

TABLE Va Situation of commitments and payments at end 1982

EDF resources

(million ECU)

	Administered by Commission Commitments				Administered by EIB Commitments		Total EDF commit- ments	EDF payments	Payments as % of commit- ments	
	Projects and programmes (special loans and grants)	Sysfin (special loans)	Stabex	Emergency aid	Total	Risk capital				Interest rate sub- sidies
	(1)	(2)	(3)	(4)	(5) 1-4	(6)	(7)	(8)= 5+6+7	(9)	(10) 9/8
Antigua and Barbuda	0,1				0,1			0,1		
Bahamas	0,3				0,3			0,3		
Barbados	0,2				0,2		0,9	1,1	0,1	9,1
Belize	0,1				0,1			0,1		
Benin	9,7		0,7	0,4	10,8			10,8	0,6	5,5
Botswana	5,2				5,2		4,1	9,3	4,3	46,2
Burundi	8,6				8,6	1,3		9,9	2,3	23,2
Cameroon	14,8		13,5		28,3		2,9	31,2	16,6	53,2
Cape Verde	1,0			0,5	1,5	1,8		3,3	1,1	33,3
Central African Rep.	28,4		1,2		29,6			29,6	1,2	4,0
Comoros	0,9				0,9			0,9	0,6	66,6
Congo	1,1				1,1			1,1	0,2	18,2
Ivory Coast	4,6		27,6		32,2		4,7	36,9	33,1	89,7
Djibouti	1,2				1,2	0,4		1,6	1,4	87,5
Dominica	0,2		0,4		0,6	1,0		1,6	0,6	37,5
Ethiopia	44,1		0,8	1,8	46,7	0,5		47,2	2,2	4,7
Fiji	1,4		0,5		1,9	1,8		3,7	1,1	29,7
Gabon	9,2				9,2			9,2	0,6	6,5
Gambia	1,9		3,3		5,2			5,2	0,8	15,4
Ghana	5,6		25,6	0,1	31,3			31,3	26,0	83,1
Grenada	0,5		0,1		0,6	2,4		3,0	0,2	6,7
Guinea	12,0				12,0			12,0	1,2	10,0
Guinea-Bissau	10,6				10,6			10,6	0,7	6,6
Equatorial Guinea								4,6	1,3	28,3
Guyana	4,6				4,6			11,1	2,7	24,3
Upper Volta	11,1				11,1			9,9	0,2	2,0
Jamaica	4,9				4,9	5,0		9,9	21,9	62,7
Kenya	14,5		16,5	0,4	31,4		3,5	34,9		
Kiribati	0,2				0,2			0,2		
Lesotho	7,7		0,3	0,1	8,1			8,1	1,6	19,7
Lesotho	0,9				0,9			0,9	0,7	77,7
Liberia	5,6		2,7	1,1	9,4			9,4	6,2	65,9
Madagascar	0,4		0,5	0,3	1,2	3,0		4,2	1,2	28,6
Malawi	21,1		0,5	0,3	21,9			21,9	8,2	37,4
Mali	7,7				7,7	0,5	0,8	9,0	0,8	8,9
Mauritius	20,5				20,5			20,5	5,7	27,8
Mauritania	8,0			0,3	8,3			8,3	3,1	37,3
Niger	1,1				1,1			1,1	0,1	9,1
Nigeria	13,8				13,8	10,0		23,8	3,2	13,4
Uganda	3,5		13,8		17,1		1,4	18,5	19,2	103,8
Papua New Guinea	15,7		0,5	2,0	18,2			18,2	6,9	37,9
Rwanda	0,4				0,4			0,4	1,2	300,0
Saint Lucia	0,6				0,6			0,6	1,1	183,3
St. Vincent and Grenadines	3,4		0,6		4,0			4,0	0,6	15,0
Solomon Islands			1,7		1,7	0,3		2,0	1,8	90,0
Samoa	2,1		0,8		2,9			2,9	0,9	31,0
Sao Tome and Principe	30,6		20,5		51,1	1,9	2,7	55,7	24,7	44,3
Senegal	0,1			0,2	0,3	1,0		1,3	0,5	38,5
Seychelles	16,7		0,9		17,6			17,6	1,3	7,4
Sierra Leone	14,3		0,7	5,4	20,4	2,6		23,0	17,2	74,8
Somalia	42,6		8,5	1,2	52,3			52,3	21,7	41,5
Sudan	1,9				1,9			1,9	0,2	10,5
Suriname	3,2				3,2			3,2		
Swaziland	52,7		0,5		53,2			53,2	11,2	21,0
Tanzania	7,1			1,5	8,6			8,6	2,5	29,1
Chad	18,1				18,1			18,1	1,3	7,2
Togo	0,1			1,4	1,5	0,3		1,8	2,2	122,2
Tonga							1,2	1,2	0,2	16,7
Trinidad and Tobago	0,2		0,1		0,3	0,1		0,4	0,2	50,0
Tuvalu	2,5				2,5	1,0		3,5		
Vanuatu	9,6	40,0		0,8	50,4			50,4	3,7	7,3
Zaire	18,3	55,0		0,3	73,6			73,6	32,1	43,6
Zambia	2,8			1,0	3,8	0,4	3,9	8,1	1,3	16,0
Zimbabwe										
Regional aid	127,7				127,7			127,7	24,3	19,0
Total	657,8	95,0	142,8	19,1	914,7	35,3	26,1	976,1	328,1	33,6

TABLE vb Situation of commitments and payments at end 1982
EDF resources

(million ECU)

	Administered by Commission Commitments				Administered by EIB Commitments		Total EDF commit- ments	EDF payments	Payments as % of commit- ments	
	Projects and programmes (special loans and grants)	Sysmin (special loans)	Stabex	Emer- gency aid	Total	Risk capital				Interest rate subsidi- es
	(1)	(2)	(3)	(4)	(5) 1+4	(6)				(7)
Antigua and Barbuda	0,1				0,1			0,1		
Bahamas	0,4				0,4			0,4		
Barbados	1,8				1,8		0,9	2,7	1,1	40,7
Belize	0,1				0,1			0,1		
Benin	10,3		0,7	0,4	11,4			11,4	0,6	5,3
Botswana	7,2				7,2		4,1	11,3	4,3	38,0
Burundi	9,1		11,0		20,1	5,3		25,4	13,4	52,8
Cameroon	15,5		13,5		29,0		6,7	35,7	20,4	57,1
Cape Verde	1,2		0,2	1,0	2,4	1,8		4,2	1,3	30,9
Central African Rep.	28,6		2,2	0,5	31,3			31,3	2,7	8,6
Comoros	1,3		1,1	0,2	2,6	0,2		2,8	1,7	60,7
Congo	4,4				4,4			4,4	0,3	6,8
Ivory Coast	19,0		46,8		65,8		4,7	70,5	52,3	74,2
Djibouti	1,3			0,1	1,4	2,2		3,6	1,8	50,0
Dominica	0,5		2,9	0,5	3,9	1,0		4,9	3,5	71,4
Ethiopia	97,6		0,8	2,0	100,4	0,5		100,9	2,4	2,4
Fiji	1,8		1,3	0,3	3,4	1,8		9,2	6,0	65,2
Gabon	9,3				9,3		7,2	16,5	7,8	47,3
Gambia	5,5		11,4	0,1	17,0			17,0	9,0	52,9
Ghana	13,7		25,6	0,2	39,5		2,4	39,5	26,0	65,8
Grenada	0,7		0,1		0,8			3,2	0,3	9,4
Guinea	12,9			0,5	13,4			13,4	1,4	10,4
Guinea-Bissau	11,4		1,5		12,9			12,9	2,3	17,8
Equatorial Guinea	0,1				0,1			0,1		
Guyana	5,2				5,2			5,2	1,3	25,0
Upper Volta	40,4				40,4			40,4	3,7	9,2
Jamaica	5,2		3,3		8,5	5,0		13,5	3,4	25,2
Kenya	30,7		26,5	0,7	57,9	1,5	5,1	64,5	34,2	53,0
Kiribati	0,3		0,5		0,8			0,8	0,5	62,5
Lesotho	8,4		0,5	0,1	9,0	3,0		12,0	1,9	15,8
Liberia	1,0				1,0	0,7		1,7	0,7	41,2
Madagascar	13,9		3,9	1,3	19,1	2,2		21,3	9,2	43,2
Malawi	4,4		1,8	0,4	6,6	3,0		9,6	2,5	26,0
Malï	38,5		3,1	0,9	42,5			42,5	11,3	26,6
Mauritius	9,3				9,3	0,5	0,8	10,6	0,8	7,5
Mauritania	21,8				21,8			21,8	5,7	26,1
Niger	28,4			1,1	29,5		3,6	33,1	6,7	20,2
Nigeria	1,5		0,3		1,8			1,8	0,1	5,5
Uganda	18,8			3,3	22,1	10,0		32,1	3,5	10,9
Papua New Guinea	3,5		13,8		17,3	12,0	1,4	30,7	19,2	62,5
Rwanda	33,3		7,1	2,0	42,4			42,4	13,5	31,8
Saint Lucia	1,5		1,4		2,9			2,9	2,6	89,6
Saint Vincent & Grenadines	2,9			0,2	3,1			3,1	1,1	35,5
Solomon Islands	3,4		0,6		4,0			4,0	0,6	15,0
Samoa	5,1		2,9		8,0	3,3		11,3	3,0	26,5
Sao Tome & Principe	2,2		0,8		3,0			3,0	1,0	33,3
Senegal	34,1		59,1	0,2	93,4	4,2	5,6	103,2	66,5	64,4
Seychelles	0,1			0,2	0,3	1,0		1,3	0,5	38,5
Sierra Leone	18,5		1,8		20,3			20,3	2,3	11,3
Somalia	25,8		2,6	16,0	44,4	2,6		47,0	26,3	56,0
Sudan	44,1		21,9	1,7	67,7			67,7	36,0	53,2
Suriname	2,8				2,8			2,8	0,2	7,1
Swaziland	3,6				3,6		1,9	5,5	1,9	34,5
Tanzania	57,8		6,8	0,1	64,7	7,5		72,2	17,6	24,4
Chad	7,6		2,6	3,0	13,2			13,2	5,5	41,7
Togo	22,2				22,2		1,5	23,7	2,8	11,8
Tonga	0,1		0,6	1,4	2,1	1,3		3,4	2,8	82,3
Trinidad and Tobago	1,2				1,2		1,2	2,4	0,2	8,3
Tuvalu	0,3		0,1		0,4	0,1		0,5	0,3	60,0
Vanuatu	2,5				2,5	1,0		3,5		
Zaire	10,8	40,0		2,8	53,6	6,0		59,6	5,2	8,7
Zambia	25,2	55,0		1,1	81,3	1,5	8,5	91,3	34,5	37,8
Zimbabwe	2,8			1,0	3,8	0,4	3,9	8,1	1,3	16,0
Regional aid	156,1				156,1	1,6	1,3	159,0	29,9	18,8
Total	949,1	95,0	280,8	43,6	1.368,5	83,6	62,4	1.514,5	518,9	34,3

Table VI

Ordinary loans and risk capital committed by the EIB in ACP countries in 1982 (Lomé II)

(million ECU)

- Breakdown by sector -

Sector	(million ECU)								
	Loans from own resources			Risk capital from EDF resources			Total		
	No	Amount	%	No	Amount	%	No	Amount	%
<u>Industrialization</u>									
1. Agro-industrial complexes	4	25,2	21,2	2	2,9	8,2	6	28,1	18,2
2. Chemical industries	1	11,0	9,2	-	-	-	1	11,0	7,1
3. Energy	3	44,0	36,9	3	4,6	13,0	6	48,6	31,4
4. General (including lines of credit)	5	29,0	24,3	10	20,4	57,8	15	49,4	32,0
Total	13	109,2	91,6	15	27,9	79,0	28	137,1	88,7
<u>Tourism</u>	-	-	-	2	4,8	13,6	2	4,8	3,1
<u>Economic infrastructure</u>									
Transport	-	-	-	4	2,6	7,4	4	2,6	1,7
Telecommunications	1	10,0	8,4	-	-	-	1	10,0	6,5
<u>Grand total</u>	14	119,2	100,0	21	35,3	100,0	35	154,5	100,0

Table VII

FINANCING IN AFRICAN, CARIBBEAN AND PACIFIC (ACP) COUNTRIES IN 1982

UNDER LOME II

Breakdown by location of project

(million ECU)

	Loans from own resources			Risk capital from EDF resources			Total		
	No	Amount	%	No	Amount	%	No	Amount	%
AFRICA	11	99,3	83,3	11	23,3	66,1	22	122,6	79,4
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West Africa	4	32,6	27,3	2	3,6	10,2	6	36,2	23,5
Cape Verde	-	-	-	1	1,8	5,1	1	1,8	1,2
Ivory Coast	3	21,6	18,1	-	-	-	3	21,6	14,0
Senegal	1	11,0	9,2	1	1,8	5,1	2	12,8	8,3
Central and equatorial Africa	2	10,7	9,0	1	1,3	3,7	3	12,0	7,7
Burundi	-	-	-	1	1,3	3,7	1	1,3	0,8
Cameroon	2	10,7	9,0	-	-	-	2	10,7	6,9
East and southern Africa	5	56,0	47,0	9	18,4	52,2	14	74,4	48,2
Botswana	1	15,0	12,6	-	-	-	1	15,0	9,7
Djibouti	-	-	-	1	0,4	1,1	1	0,4	0,3
Ethiopia	-	-	-	1	0,5	1,4	1	0,5	0,3
Kenya	2	17,0	14,3	-	-	-	2	17,0	11,0
Malawi	-	-	-	1	3,0	8,6	1	3,0	2,0
Mauritius	1	4,0	3,4	1	0,5	1,4	2	4,5	2,9
Uganda	-	-	-	2	10,0	28,4	2	10,0	6,5
Seychelles	-	-	-	1	1,0	2,8	1	1,0	0,6
Somalia	-	-	-	1	2,6	7,4	1	2,6	1,7
Zimbabwe	1	20,0	16,7	1	0,4	1,1	2	20,4	13,2
CARIBBEAN	2	12,0	10,1	4	8,4	23,8	6	20,4	13,2
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Barbados	1	4,0	3,4	-	-	-	1	4,0	2,6
Dominica	-	-	-	2	1,0	2,8	2	1,0	0,6
Grenada	-	-	-	1	2,4	6,8	1	2,4	1,6
Jamaica	-	-	-	1	5,0	14,2	1	5,0	3,3
Trinidad & Tobago	1	8,0	6,7	-	-	-	1	8,0	5,2
PACIFIC	1	7,9	6,6	5	3,6	10,1	6	11,5	7,4
-----	-	----	----	-	----	----	-	----	----
Fiji	-	-	-	1	1,8	5,1	1	1,8	1,2
Papua New Guinea	1	7,9	6,6	-	-	-	1	7,9	5,1
Samoa	-	-	-	1	0,3	0,9	1	0,3	0,2
Tonga	-	-	-	1	0,3	0,9	1	0,3	0,2
Tuvalu	-	-	-	1	0,1	0,4	1	0,1	0,1
Vanuatu	-	-	-	1	1,0	2,8	1	1,0	0,6
TOTAL	14	119,2	100,0	21	35,3	100,0	35	154,5	100,0

Table VIII

GEOGRAPHICAL BREAKDOWN OF EIB FINANCING IN ACP COUNTRIES IN 1982

BY PER CAPITA INCOME

- LOME II -

(million ECU)

COUNTRY (per capita GDP - US\$ 1980)	Loans from own resources		Risk capital operations		Total
	Amount	%	Amount	%	Amount
<u>Per capita GDP ≤ US\$ 370</u>	-	-	<u>19,2</u>	<u>54,4</u>	<u>19,2</u>
Burundi	-	-	1,3	3,7	1,3
Cape Verde	-	-	1,8	5,1	1,8
Ethiopia	-	-	0,5	1,4	0,5
Malawi	-	-	3,0	8,5	3,0
Uganda	-	-	10,0	28,3	10,0
Somalia	-	-	2,6	7,4	2,6
<u>US\$ 370 < per cap. GDP < US\$1.000</u>	<u>81,6</u>	<u>68,4</u>	<u>7,8</u>	<u>22,1</u>	<u>89,4</u>
Botswana	15,0	12,6	-	-	15,0
Cameroon	10,7	9,0	-	-	10,7
Djibouti	-	-	0,4	1,1	0,4
Dominica	-	-	<u>1,0</u>	2,8	1,0
Grenada	-	-	2,4	6,8	2,4
Kenya	17,0	14,3	-	-	17,0
Papua New Guinea	7,9	6,6	-	-	7,9
Samoa	-	-	0,3	0,9	0,3
Senegal	11,0	9,2	1,8	5,1	12,8
Tonga	-	-	0,3	0,9	0,3
Tuvalu	-	-	0,2	0,6	0,2
Vanuatu	-	-	1,0	2,8	1,0
Zimbabwe	20,0	16,7	0,4	1,1	20,4
<u>Per cap. > GDP US\$1.000</u>	<u>37,6</u>	<u>31,6</u>	<u>8,3</u>	<u>23,5</u>	<u>45,9</u>
Barbados	4,0	3,4	-	-	4,0
Ivory Coast	21,6	18,1	-	-	21,6
Fiji	-	-	1,8	5,1	1,8
Jamaica	-	-	5,0	14,2	5,0
Mauritius	4,0	3,4	0,5	1,4	4,5
Seychelles	-	-	1,0	2,8	1,0
Trinidad & Tobago	8,0	6,7	-	-	8,0
TOTAL ACP	119,2	100,0	35,3	100,0	154,5

Table IX

Interest rate subsidies in 1982

- LOME II -

(million ECU)

Country	Name of project	Amount of Loan	Amount of subsidy
Barbados	Barbados Development Bank	4,00	0,92
Botswana	Morupule	15,00	4,11
Cameroon	CAMDEV II	6,90	1,91
	SOCAPALM III	3,80	1,04
Ivory Coast	INTELCI	10,00	2,43
	COFINCI II	5,00	0,77
	SAPH II	6,60	1,49
Kenya	Development Finance Company (DFCK III)	8,00	1,88
	Olkaria Geothermal Power	9,00	1,63
Mauritius	Development Bank of Mauritius (DBM)	4,00	0,75
Papua New Guinea	Higaturu II	7,90	1,36
Senegal	Industries Chimiques du Sénégal (ICS)	11,00	2,70
Trinidad & Tobago	TTDFC Global Loan	8,00	1,16
Zimbabwe	Wankie Power	20,00	3,93
TOTAL		119,20	26,08

Table X: Stabex 1982 payments (year of application 1981)

(million ECU)				
	Products	Stabex payments	Breakdown of 40 million ECU	Total
Benin	Cotton, not carded or combed	101.694	28.475	130.169
	Palm oil	198.893	55.692	254.585
Cameroon	Palm nut and kernel oil	425.520	119.148	544.668
	Cocoa products	8.084.683	2.263.765	10.348.448
Central African Republic	Raw or roasted coffee	5.459.706	1.528.755	6.988.461
Ivory Coast	Raw or roasted coffee	1.200.616	336.180	1.536.796
Dominica	Raw or roasted coffee	27.601.201	7.728.523	35.329.724
Ethiopia	Coconut products	392.297	109.846	502.143
Fiji	Raw or roasted coffee	756.794	211.908	968.702
Gambia	Coconut oil	510.459	142.932	653.391
	Groundnuts	1.738.342	486.747	2.225.089
	Groundnut oil	1.125.275	315.085	1.440.360
	Oil-cake	413.858	115.883	529.741
Ghana	Cocoa products	25.606.655	7.170.037	32.776.692
Grenada	Nutmeg and mace	154.320	43.211	197.531
Kenya	Raw or roasted coffee	16.448.532	4.605.699	21.054.231
Lesotho	Mohair	276.977	77.556	354.533
Madagascar	Raw or roasted coffee	2.688.131	752.695	3.440.826
Malawi	Tea	510.459	142.932	653.391
Mali	Shea almonds	510.459	142.932	653.391
Papua New Guinea	Raw or roasted coffee	7.360.518	2.060.995	9.421.513
	Cocoa beans	4.482.798	1.255.214	5.738.012
	Copra	1.082.569	303.126	1.385.695
	Coconut oil	906.347	253.783	1.160.130
Rwanda	Raw or roasted coffee	510.459	142.932	653.391
Solomon Islands	Copra	565.092	158.229	723.321
Samoa	Cocoa beans	914.719	256.127	1.170.846
	Copra	808.903	226.498	1.035.401
Sao Tome and Principe	Cocoa beans	777.258	217.637	994.895
Senegal	Groundnut products	20.525.673	5.747.326	26.272.999
Sierra Leone	Palm nuts and kernels	845.514	236.749	1.082.263
	Cocoa beans	41.680	11.671	53.351
Somalia	Fresh bananas	741.567	207.644	949.211
Sudan	Cotton, not carded or combed	8.499.198	2.379.832	10.879.030
Tanzania	Raw or roasted coffee	542.321	151.853	694.174
Tuvalu	Copra	44.223	12.383	56.606
Total payments		142.853.710	40.000.000	182.853.710
Vanuatu	Cocoa beans (OCT appropriation)	341.412		

Table XI - a

Statistical situation of fourth EDF at 31 December 1982

Breakdown including ACP, OCT and other countries

('000 ECU)

Nationality of firms	Works contracts			Supply contracts			Technical cooperation contracts			Total contracts		
	Amount	% 31.12.82	% 31.12.81	Amount	% 31.12.82	% 31.12.81	Amount	% 31.12.82	% 31.12.81	Amount	% 31.12.82	% 31.12.81
Germany	72.865	6,79	7,63	81.847	19,98	20,14	71.749	21,00	20,81	226.462	12,41	12,84
Belgium	61.461	5,72	6,60	19.928	4,87	4,42	26.079	7,63	8,30	107.469	5,90	6,46
France	259.367	24,16	23,43	93.603	22,84	22,75	68.234	19,97	19,98	421.203	23,08	22,63
Italy	114.682	10,68	11,23	60.447	14,76	14,80	38.175	11,17	11,35	213.303	11,69	12,02
Luxembourg	-	-	-	21	0,01	0,01	4.608	1,35	1,52	4.629	0,25	0,29
Netherlands	33.850	3,15	3,44	16.653	4,07	4,31	25.444	7,45	7,32	75.948	4,16	4,37
Denmark	2.309	0,22	0,25	2.803	0,68	0,59	6.859	2,00	2,03	11.971	0,66	0,67
United Kingdom	43.830	4,08	3,39	75.964	18,55	18,49	51.989	15,22	14,19	171.782	9,41	8,69
Ireland	-	-	-	46	0,01	0,02	6.241	1,83	1,69	6.287	0,34	0,32
ACP-OCT	475.052	44,25	42,93	34.694	8,47	8,47	40.490	11,85	12,30	550.237	30,15	29,67
Third countries	10.254	0,95	1,10	23.567	5,76	6,00	1.794	0,53	0,51	35.614	1,95	2,04
	1.073.670	100,00	100,00	409.573	100,00	100,00	341.662	100,00	100,00	1.824.905	100,00	100,00
	58,83 %			22,45 %			18,72 %			100,00 %		

Table XI - b

Statistical situation of fifth EDF at 31 December 1982

Breakdown including ACP, OCT and other countries

Nationality of firms	('000 ECU)											
	Works contracts			Supply contracts			Technical cooperation contracts			Total contracts		
	Amount	%	%	Amount	%	%	Amount	%	%	Amount	%	%
	31.12.82	30.6.82		31.12.82	30.6.82		31.12.82	30.6.82		31.12.82	30.6.82	
Germany	34.961	17,69	25,84	10.353	19,04	15,77	11.382	21,62	20,57	56.696	18,61	23,78
Belgium	5.517	2,79	2,60	1.321	2,43	4,24	4.178	7,94	8,42	11.016	3,62	3,62
France	41.008	20,75	24,13	9.073	16,69	12,79	14.971	28,43	28,54	65.052	21,35	23,23
Italy	9.706	4,91	7,17	8.972	16,50	26,02	5.324	10,11	5,83	24.002	7,88	9,48
Luxembourg	-	-	-	-	-	-	398	0,76	0,47	398	0,13	0,06
Netherlands	-	-	-	7.647	14,07	2,90	3.282	6,23	3,93	10.929	3,59	0,92
Denmark	-	-	-	15	0,01	0,06	1.384	2,63	3,41	1.399	0,46	0,48
United Kingdom	118	0,06	0,01	10.848	19,96	34,94	7.175	13,63	4,13	18.141	5,95	5,21
Ireland	-	-	-	4.800	8,83	-	832	1,58	0,99	5.632	1,85	0,14
Greece	-	-	-	-	-	-	-	-	-	-	-	-
ACP-OCT	88.918	44,99	27,38	1.205	2,22	3,14	3.684	7,00	23,71	93.807	30,79	23,67
Third countries	17.410	8,81	12,87	136	0,25	0,14	35	0,07	-	17.581	5,77	9,41
	197.638	100,00	100,00	54.370	100,00	100,00	52.645	100,00	100,00	304.653	100,00	100,00
	64,87 %			17,85 %			17,28 %			100,00 %		

TABLE XII

Numbers of technical cooperation staff employed in ACP countries in 1982

Sector	Total ACP	Least-developed, landlocked or island countries	%
- Planning and administration	42	32	76,2
- Public utilities	84	70	83,3
- Agriculture	444	285	64,2
- Industry	147	127	86,4
- Trade	33	8	24,2
- Training	73	60	82,2
- Health	11	10	90,1
- Social services	21	15	71,4
- Multi-sector	92	52	56,5
	947	659	69,6

RESOLUTION BY THE ACP-EEC COUNCIL OF MINISTERS
of 20 May 1983
on financial and technical co-operation

THE ACP-EEC COUNCIL OF MINISTERS,

Having regard to the Second ACP-EEC Convention, signed at Lomé on 31 October 1979 (hereinafter referred to as the "Convention"), and in particular Article 108 (6) and Article 119 thereof,

Having regard to the Report and the Draft Resolution submitted by the Article 108 Committee,

Aware of the need to implement the entirety of the Resolution on financial and technical co-operation, adopted by the ACP-EEC Council of Ministers at Libreville on 14 May 1982,

HEREBY ADOPTS THE FOLLOWING RESOLUTION :

I. GENERAL

Council takes note of the report submitted by the Commission according to Article 119 of the Convention and appreciates the quality of the information provided.

However, in order to facilitate the work of the Article 108 Committee, Council invites the Commission for the future :

- a) to accelerate the submission of its reports, and submit them in any case not later than the end of July following the year under review,
- b) to cover more fully the points to which special attention was paid during the discussions of the Article 108 Committee and, the resolutions passed,
- c) to provide statistical data on disbursements related to the various types of financing and the sectorial aspects of the co-operation.

In addition, Council invites both parties to illustrate the discussions of the Article 108 Committee by including in separate papers or reports concrete examples of difficulties encountered in the implementation of financial and technical co-operation.

II. APPLICATION OF CERTAIN SPECIFIC PROVISIONS OF THE CONVENTION

1. Least developed, landlocked and island ACP States

Council reaffirms the need for special treatment to be accorded to the least developed ACP States, and for special measures in favour of the landlocked and island ACP States.

Council recalls that in order to help these countries overcome the specific difficulties with which they are faced, special provisions, inspired by this spirit, exist in the Convention.

Council notes the efforts already made in this regard by the Community and invites the relevant ACP-EEC institutions to examine as soon as possible the real impact of these measures and to submit to Council proposals regarding these measures in order to ensure the effective implementation of the most flexible and efficient ways and means by the Convention.

2. Regional co-operation

Council refers to point II.2 of its Resolution of 14 May 1982 on financial and technical co-operation and reiterates its support of the desire of the ACP States to strengthen regional co-operation, given that this is basic to their development.

Council further notes that in order to achieve the objective laid down in the Convention, the increase in resources should be matched by a closer co-operation between the ACP States and the Community in the practical implementation of regional projects.

Council therefore calls on both parties to identify and implement projects which make a real contribution towards solving development problems common to a number of ACP countries.

3. Cofinancing

Council welcomes the emphasis put in the Convention on the use of cofinancing which makes it possible to mobilize the additional financial flows needed to carry out some large scale projects.

Council recommends that preference be given to joint financing as far as possible, especially where resources from various donors are put together in a single fund, and further recommends the simplification of the administrative procedures for the implementation of the projects concerned.

Council welcomes the initiative of the Commission in harmonizing its cofinancing procedures with the World Bank and the Arab Funds, and invites it to extend its efforts in the same direction as regards other donors.

4. Micro-projects

Council refers to point II.3 of its Resolution of 14 May 1982 on financial and technical co-operation to the effect that both parties attach great importance to micro-projects.

Council draws attention to the improved procedure introduced in this respect, whereby the Commission's approval is based on annual programmes setting out the types of projects to be carried out, leaving approval of the actual projects to the Commission Delegate as and when these projects are ripe for implementation.

Council hopes that this procedure will certainly increase the effectiveness of the system and hopes that micro-projects may be prepared, carried out and followed through under the best possible conditions.

.../...

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III. ACCELERATION AND IMPROVEMENT OF THE IMPLEMENTATION OF FINANCIAL AND TECHNICAL CO-OPERATION

1. Programming

Council notes that the principle of Article 110 of the Convention was not achieved, the projected average rate of commitment being 14,8 % while the actual overall commitment rate amounted to 12,1 % of the funds available.

Council therefore mandates the Article 108 Committee to look at the reasons for the gap between projections and actual performance, and, where appropriate, propose to the competent authorities the necessary measures to remedy the situation.

2. Identification and preparation of projects or action programmes

Council agrees on the need for increased assistance to help the ACP States, particularly the least developed countries, to define and prepare projects or action programmes for submission for Community financing.

3. Drafting and signature of financing agreements .

Council calls on both parties to take the necessary measures so that financing agreements, the conclusion of which influences the actual implementation of the projects or action programmes, are drafted and signed as soon as possible.

4. Preparation of tender dossiers ; awarding and signing of contracts

Council recommends that the ACP States ensure that the tender dossiers are prepared within the time-limits laid down, and calls on both parties to ensure that the procedures for awarding and signing contracts do not result in unnecessary delays.

5. Payment and accounting procedures

Council notes that as regards disbursements the rate in the first year of the Convention constitutes apparently an improvement over the rate of disbursement in the first year of the First Lomé Convention (191 MECU or 4,1 % of the overall 5th EDF appropriations as compared to 97 MECU or 3,5 % of the overall 4th EDF appropriations).

Council, however, mandates the Article 108 Committee to further analyse the situation in order to appreciate whether these figures necessarily signify, in real terms, an improved performance in implementation of projects and action programmes, since the first year of the First Lomé Convention covered only nine months whereas that of the Convention was for a period of twelve months.

Council recommends that both parties take measures destined to ensure a speedy payment system by seeing to it that formalities and administrative procedures are reduced to the minimum compatible with the sound financial management of the projects or action programmes.

Council also urges the ACP States to endeavour, when administering advance payments, to provide, within the time-limits laid down, the supporting payment documents needed to renew advance funds set up to cater for the projects concerned.

Council further draws the attention of the ACP States to the new favourable provisions adopted by the Community which allow contractors from ACP States to obtain, subject to the provision of proof of the external use of the funds, payment in the Member States' currencies required to carry out those contracts which they are performing.

6. Follow-up, completion and start-up

Council recommends that the ACP States take all useful measures, if necessary with the support of the Community, to set up within the time-limits laid down the administrative, technical or financial structures essential for the starting up of the projects or action programmes.

7. Operation and maintenance of projects

Recognizing that many ACP States have difficulties in undertaking immediately the financial responsibility for projects operation and maintenance, Council strongly recommends that more attention be given to maintenance possibilities as from the design phase, in terms of finance, import requirements, necessary expertise, and of institutional limitations.

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8. Appropriate technology and adjustment of projects and action programmes to local circumstances

In noting that most investments have a high import component and are foreign-firm oriented, thus limiting the benefits for the local economy in terms of local value added, Council therefore recommends that the EDF should take fully into consideration the benefits for the local economy which would result from increasing the local content and from involving local design and construction companies and the need for adjusting the imported techniques to the environmental and cultural milieu of the ACP countries.

IV. SECTORS OF INTERVENTION

1. Energy

Council recalls the Resolution of the ACP Council of July 1980 calling for the comprehensive collation of data on the energy potential and requirements of the ACP States with a view to providing guidelines for furthering intra-ACP co-operation in this field.

In noting that this work has not yet been done due to a lack of funds, Council welcomes the possibility of the Community financing such studies (preferably at a regional level) in accordance with Article 76 of the Convention.

2. Industrialization

Council underlines the importance of Title V of the Convention and of the common declarations in Annexes X and XI to the Final Act.

.../...

Recalling point III.1 of its Resolution of 14 May 1982 on financial and technical co-operation, Council looks forward with great interest to the outcome of the work of the Committee on Industrial Co-operation.

3. Rural development

Council draws attention to the problems of stock-farming, particularly those relating to deficiencies in price-fixing measures for meat and their effects on animal care and nutrition.

Council, therefore, in referring to point III.2 of its Resolution of 14 May 1982 on financial and technical co-operation, again stresses that prices for agricultural products paid to producers are one of the factors for the success of projects aimed at increasing production capacities and therefore further stresses that it is desirable that the ACP States benefit from all necessary support from the Community.

To ensure the viability of integrated rural development schemes, and to improve their performance under the Convention, Council strongly recommends that :

- the projects must be framed on the basis of a precise evaluation of the resources and constraints at the traditional farm level ;
- technical solutions chosen must be simple and consistent ; special attention must be given to the problem of maintaining the means of production ;

- the project must involve the local population in the work or indeed in the expense, where possible, and must offer a guarantee of benefit to the local population.

4. Training

Taking account of the importance of training in all aspects of development, Council stresses the increasing necessity to offer a wider variety of EDF instruments as a package, and that infrastructure, equipment, technical assistance, recurrent costs, fellowships and training programmes should be offered for financing and should be managed in an integrated way.

For this reason, Council recommends that a great effort be made, supported by institutional and administrative measures within the Community and the recipient ACP Governments, to ensure the explicit inclusion of training projects in EDF investment schemes.

Finally, Council recognizes that the issue of training calls for a real dialogue between the Community and the ACP States in order to evolve a coherent and overall policy which will enable the ACP States to work out criteria for action.

.../...

5. Transport projects

In recognizing that the regular and satisfactory maintenance of transport infrastructures must remain a matter of constant concern to both parties, in order to ensure a balance between the building of new infrastructures and the maintenance of existing ones, Council recommends that special efforts be made, if necessary with Community support, to improve the administrative and material capacity of the national maintenance services, in particular by taking measures to provide training and suitable equipment.

6. Water supply and sanitation

Council notes with satisfaction the considerable improvements in the planning and realization of water supply and sanitation projects since the basic principles drawn from the assessment work in this sector were adopted, and therefore requests the parties to continue to take the maximum account of the basic principles, which constitute an invaluable guide for action.

7. Education and health

Council refers to point II.4 of its Resolution of 14 May 1982 on financial and technical co-operation, in particular subparagraphs (a) and (c) concerning the choice of projects and the technologies to be applied.

Council therefore requests the parties to ensure that the architectural design of hospital and educational centres is fully adapted to meet local conditions and that attention be given to the need to match technical installations in the management and maintenance capacities of the staff involved, and in particular, to the social and cultural development of the rural communities.

Council wishes further to draw attention to the need for integrated programmes in order to promote the social and cultural development of the rural community in accordance with Article 83(2)(e) of the Convention.

8. Technical co-operation

Council recalls its Resolution of 9 May 1980 on financial and technical co-operation and the three broad aspects of quantity, quality and cost, under which technical assistance must be reviewed.

Council mandates the Article 108 Committee to undertake an in-depth review of this important question, taking into consideration the study being carried out by the Commission relating to the evaluation of technical assistance.

9. Trade promotion

Council draws attention to the fact that, despite the wider provisions of the Convention covering the possibility of assistance from the production stage up to the final stage of distribution, many ACP States still limit their trade promotion activities to participation in trade fairs, though trade fairs clearly represent the final stage in the marketing process.

Council therefore urges ACP States to evolve more innovative methods of trade promotion based on a clearly determined trade policy and also on a competitive production capacity, and urges the Community to support such measures.

V. FUTURE PROGRAMME OF WORK FOR ARTICLE 108 COMMITTEE

In addition to its normal programme, defined by Article 108 of the Convention, Council mandates the Article 108 Committee to undertake an in-depth review of :

(1) Issues of procedure

- (a) Programming : reasons for the gap between target and actual commitment, including statistical analysis of projects presented, rejected or modified, in order to ensure improved implementation of Article 110 of the Convention ;
- (b) Disbursements : analysis of the breakdown of statistical data, with a view to ensuring an improved presentation of these data in the annual Commission report in accordance with Article 119 of the Convention.

(2) Sectoral issues

- (a) Rural projects : identification of the sociological and cultural difficulties resulting from the implementation of rural projects, and in particular the resettlement and land ownership problems ;

- (b) Training : development of a coherent and overall training policy, based on an examination of ACP States' development needs ;
- (c) Technical cooperation : in-depth review of the cost and quality of technical assistance, taking into consideration among other assessments the Commission's study on evaluation of such assistance, in order to improve the implementation of the relevant sections of the Convention.

Done at Brussels, 20 May 1983

For the ACP-EEC Council of Ministers

The President

(s.) M. Qionibaravi