

# INFOFINANCE 1996

The aid managed by the Directorate-General for Development (DG VIII) of the European Commission is financed through the European Development Fund (EDF) and the General Commission Budget. On the one hand the EDF, the financial instrument of the Lome Convention, is the subject of ad hoc contributions by the Member States. Its operations are governed by five-year programmes. On the other hand, financed by the Community own resources, a large number of budget headings under the General Commission Budget illustrate the effort of the European Union in favour of the developing countries of the ACP (Africa, Caribbean, Pacific), MED (Mediterranean), ALA (Latin America and Asia) and/or of other countries concerned. The main budget headings cover food aid, support for NGOs, rehabilitation actions, environment, health, democracy and human rights and, more recently, South Africa. It should be noted that development aid financed through the Budget can be destined for both ACP and non-ACP countries alike, whereas the EDF, a much less "horizontal" instrument, is destined for the ACP countries only.

## THE EUROPEAN DEVELOPMENT FUND

The EDF provides grants for aid programmes for the 70 ACP countries that are signatories to the Lome Convention. EDF funds are made up of ad hoc contributions by the Member States and are not included in the Union budget. A separate EDF is as a rule constituted for the implementation of each of the Conventions: the 6th EDF for Lome III and the 7th EDF for the first five years of application of Lome IV. Its operations are governed by five-year programmes of priority need focused mainly on areas such as education, health, rural development, infrastructure, private investments ... The 8th EDF which has just been instituted, covers the last five years of Lome IV. Endowed

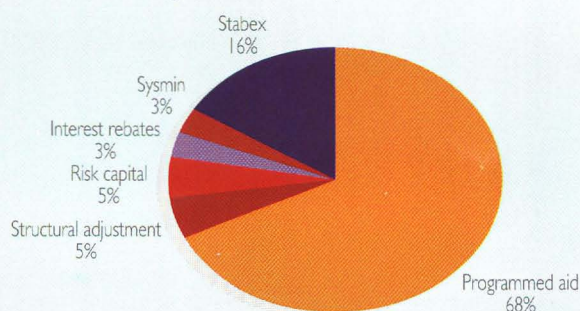
with MECU 12,967 (Millions of ECU) it will continue intervening for programmable aid, Stabex, Sysmin, structural adjustment etc. .... It should enter into force during 1997, following the achievement of the process of ratification of the agreement amending the 4th Lome Convention, signed in Mauritius on the 4th of November 1995. As the implementation cycle of an EDF exceeds the five-year period of the relevant Convention, the Commission is concurrently managing several EDFs which have reached different levels of maturity.

## ANNUAL BREAKDOWN OF AID BY INSTRUMENT UNDER THE EDFs (ACP and OCT<sup>1</sup>)

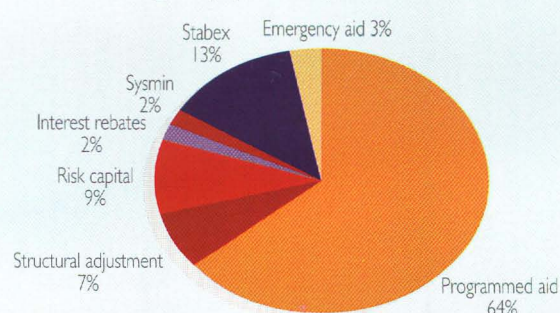
Amount in MECU Instruments	1996			1995			1994		
	Decisions <sup>2</sup>	Contracts <sup>3</sup>	Payments	Decisions	Contracts	Payments	Decisions	Contracts	Payments
Programmed aid	656,48	847,65	833,94	828,58	816,78	740,02	1041,94	863,73	823,34
Structural adjustment	51,10	95,53	94,65	145,50	164,02	232,63	222,35	185,69	258,50
Risk capital	47,33	205,93	122,17	256,82	273,33	123,87	214,43	99,43	82,95
Interest rebates	31,60	33,01	31,90	35,53	52,60	25,20	53,85	47,76	19,50
Emergency aid	-11,87*	-12,62	33,84	33,68	72,39	107,30	249,98	241,21	198,27
Aid for refugees	1,19*	1,43	7,74	4,40	11,22	12,28	25,61	18,24	22,99
Sysmin	33,95	54,81	28,14	84,49	27,00	19,12	57,25	28,54	24,93
Stabex	155,08	154,28	164,99	131,09	178,37	303,26	615,12	486,43	350,83
<b>TOTAL</b>	<b>964,86</b>	<b>1380,02</b>	<b>1317,37</b>	<b>1520,09</b>	<b>1595,71</b>	<b>1563,68</b>	<b>2480,53</b>	<b>1971,03</b>	<b>1781,31</b>

\*These amounts are not included in the following pie-charts because of their low and negative values.

Percentage of decisions by instrument in 1996



Percentage of payments by instrument in 1996



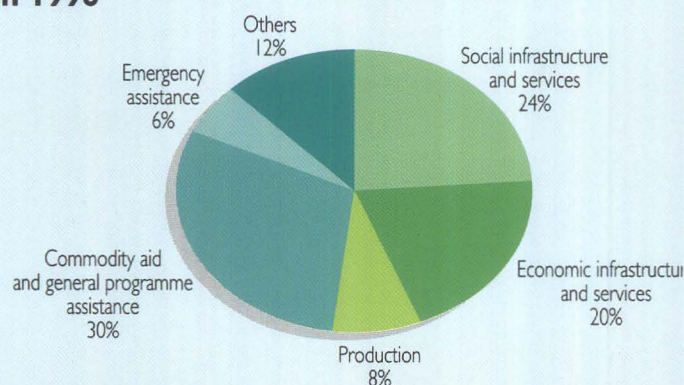
1. ACP: The countries of Africa, the Caribbean and the Pacific that are signatories to the Lome Convention. - OCT: The overseas countries and the territories included in the agreement of association.
2. Decisions taken by the Commission in favour of development actions approved by the EDF Committee (except for projects smaller than 2 MECU). The simultaneous management of several EDFs, as well as the gap in time between the original decision and the subsequent contracts, account for the variances in the annual totals for contracts and payments.
3. The Contracts reflect the implementation of the financing decisions in terms to contracts for works, supplies and services, work programmes and direct labour.

## ANNUAL BREAKDOWN OF AID BY SECTOR UNDER THE EDFs (ACP and OCT)

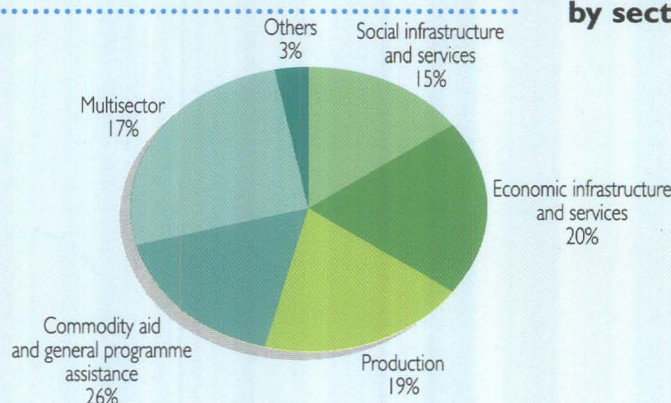
Sector	1996			1995			1994		
	Decisions	Contracts	Payments	Decisions	Contracts	Payments	Decisions	Contracts	Payments
<b>Social infrastructure and services</b>	<b>228,83</b>	<b>196,79</b>	<b>191,13</b>	<b>317,03</b>	<b>196,82</b>	<b>149,44</b>	<b>241,48</b>	<b>229,09</b>	<b>148,11</b>
- Education	27,47	31,30	46,49	22,90	33,26	27,12	77,86	57,42	32,70
- Health	62,09	16,65	25,12	41,81	34,32	24,72	24,48	15,97	16,71
- Population programmes	1,23	5,93	8,43	26,45	7,16	6,13	5,33	7,65	6,11
- Water supply and sanitation	26,59	57,68	44,36	53,92	53,79	36,62	35,11	81,71	41,01
- Government and civil society	48,36	21,32	23,39	22,84	16,42	13,37	20,19	31,99	32,23
- Other social infrastructure	63,09	63,91	43,34	149,11	51,87	41,48	78,51	34,35	19,35
<b>Economic infrastructure and services</b>	<b>193,58</b>	<b>393,30</b>	<b>267,15</b>	<b>376,86</b>	<b>375,00</b>	<b>210,55</b>	<b>438,27</b>	<b>190,56</b>	<b>215,96</b>
- Transport and storage	152,01	301,16	166,63	213,79	153,88	135,91	273,80	106,80	158,36
- Communications	5,68	22,04	24,16	15,99	54,25	9,49	38,50	5,78	9,78
- Energy	8,99	40,51	44,06	97,68	116,35	41,34	73,69	37,78	38,31
- Finance	15,67	28,38	31,99	49,34	50,56	23,75	52,28	40,20	9,45
- Other services	11,23	1,21	0,31	0,06	-0,04	0,06	0,00	0,00	0,06
<b>Production</b>	<b>79,60</b>	<b>284,05</b>	<b>246,20</b>	<b>275,26</b>	<b>203,49</b>	<b>192,19</b>	<b>205,12</b>	<b>196,29</b>	<b>170,32</b>
- Agriculture, fishing and forestry	-12,96	118,27	113,63	71,63	87,23	105,11	133,20	125,99	92,67
- Industry, mining and construction	77,50	127,32	99,57	172,24	90,71	64,50	48,40	54,07	54,79
- Trade and tourism	15,06	38,46	33,00	31,39	25,55	22,58	23,52	16,23	22,86
<b>Multisector</b>	<b>1,63*</b>	<b>152,25</b>	<b>226,50</b>	<b>160,19</b>	<b>330,34</b>	<b>289,09</b>	<b>448,04</b>	<b>377,64</b>	<b>418,79</b>
<b>Commodity aid and general progr. assistance</b>	<b>288,44</b>	<b>311,90</b>	<b>344,63</b>	<b>405,82</b>	<b>413,74</b>	<b>619,47</b>	<b>912,75</b>	<b>771,73</b>	<b>681,59</b>
- Structural Adjustment	134,81	157,17	177,19	276,57	233,02	312,35	300,30	285,09	326,21
- Other gen. progr. and comm. assistance	153,63	154,73	167,44	129,25	180,72	307,12	612,45	486,64	355,38
<b>Emergency assistance</b>	<b>55,74</b>	<b>-8,93</b>	<b>35,68*</b>	<b>49,54</b>	<b>89,76</b>	<b>105,56</b>	<b>205,27</b>	<b>172,85</b>	<b>150,03</b>
<b>Others</b>	<b>117,04</b>	<b>50,66</b>	<b>6,08</b>	<b>-64,61</b>	<b>-13,44</b>	<b>-2,62</b>	<b>29,60</b>	<b>32,87</b>	<b>-3,49</b>
<b>Grand Total</b>	<b>964,86</b>	<b>1380,02</b>	<b>1317,37</b>	<b>1520,09</b>	<b>1595,71</b>	<b>1563,68</b>	<b>2480,53</b>	<b>1971,03</b>	<b>1781,31</b>

\* These amounts are included in the following pie-charts in the item "Others" because of their comparatively low values.

### Percentage of decisions by sector in 1996



### Percentage of payments by sector in 1996



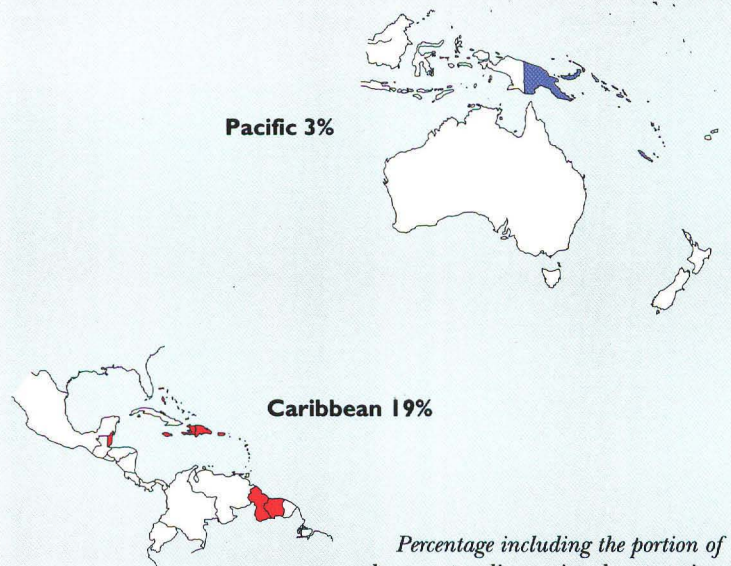
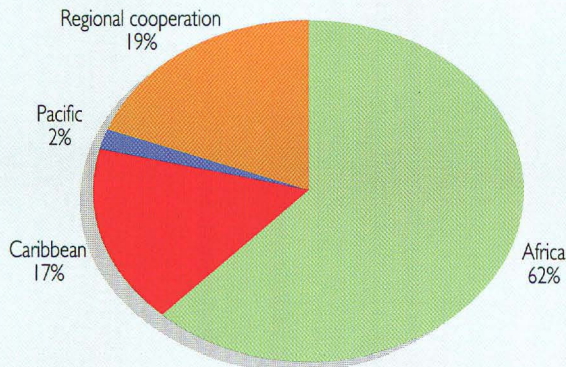
N.B. The sectoral breakdown of the aid financed under the EDF is based on the sectoral codification established by the Development Aid Committee of the OECD (Organisation for Economic Co-operation and Development).

**ANNUAL BREAKDOWN BY GEOGRAPHICAL AREA UNDER THE EDFs**

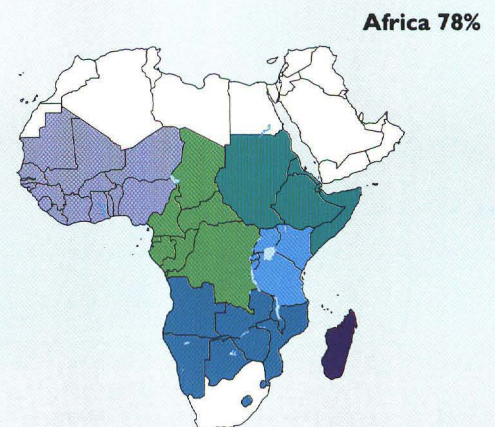
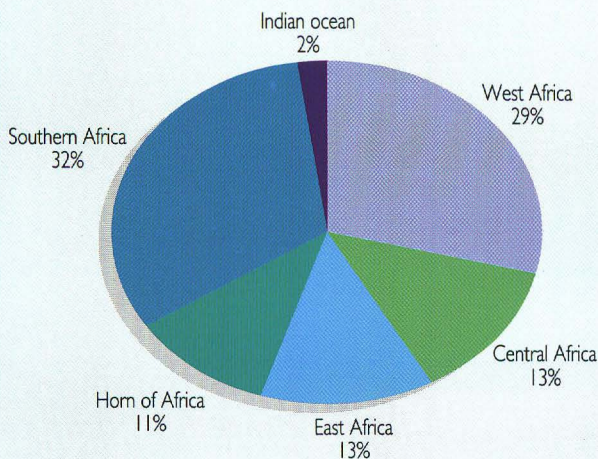
Amount in MECU	1996			1995			1994		
	Decisions	Contracts	Payments	Decisions	Contracts	Payments	Decisions	Contracts	Payments
<b>Region</b>									
Western Africa	172,50	356,69	385,83	392,47	461,02	420,00	600,69	473,69	526,74
Central Africa	79,23	81,17	108,59	178,52	91,32	102,49	177,94	215,63	190,92
Eastern Africa	78,73	112,65	130,53	104,46	203,14	210,04	355,26	177,99	186,51
Horn of Africa	66,00	82,19	50,11	32,93	50,03	67,02	194,37	128,13	148,40
Southern Africa	187,05	198,24	170,46	275,95	241,94	224,74	299,64	312,73	256,10
Indian Ocean	14,29	80,99	53,31	41,07	46,54	32,64	160,11	49,78	36,66
<b>Total Africa</b>	<b>597,80</b>	<b>911,93</b>	<b>898,83</b>	<b>1025,40</b>	<b>1093,99</b>	<b>1056,93</b>	<b>1788,01</b>	<b>1357,95</b>	<b>1345,33</b>
Caribbean	166,44	162,00	143,42	192,74	177,59	186,78	136,83	171,32	91,34
Pacific	16,45	53,76	40,47	46,47	37,26	66,49	104,43	85,71	40,71
Regional co-operation	184,17	252,33	234,65	255,48	286,87	253,48	451,26	356,05	303,93
<b>Total</b>	<b>964,86</b>	<b>1380,02</b>	<b>1317,37</b>	<b>1520,09</b>	<b>1595,71</b>	<b>1563,68</b>	<b>2480,53</b>	<b>1971,03</b>	<b>1781,31</b>

**Percentage of decisions by geographical region in 1996**

The geographical distribution of total aid for the ACP countries illustrates the substantial share which is allocated to the African countries (62%). This share reaches 78% if one adds to it the corresponding regional co-operation. However, the other major areas are not neglected and have equally large financial volumes allocated.



*Percentage including the portion of the corresponding regional cooperation.*



## THE GENERAL COMMISSION BUDGET

The expenditures of the Union, following the European integration, have considerably developed and diversified to reach in 1996 an amount of 86.6 Billion ECU in commitments (decisions) of which 5.5 Billion concern external co-operation projects. The greatest part of the latter figure also covers development aid. Some of these actions are defined by geographical area whilst others are of a more horizontal nature. Horizontal co-operation projects mainly concern humanitarian and food aid expenditure, initiatives in the field of democracy and of human rights as well as Community participation in various actions for developing countries, including contributions to the programmes carried out by other international organisations or non governmental organisations (NGOs).

With exception of the ACP states, co-operation and aid actions defined by geographical area cover:

- Co-operation with the developing countries of the Mediterranean Basin;
- Co-operation with the developing countries of Asia and of Latin America.
- The action plan for South Africa, which intends to adhere to the Lome IV Convention.

The breakdown of Community aid by geographical area in 1996 is as follows:

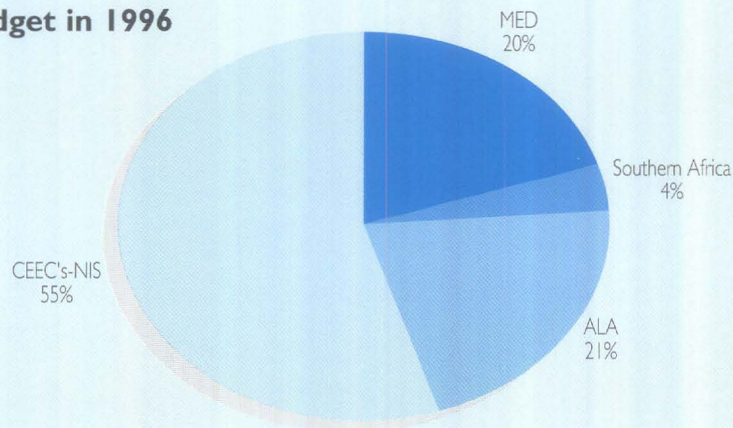
- Mediterranean 654 MECU;
- Asia and Latin America 670 MECU;
- Southern Africa (including South Africa) 149 MECU.

For information, co-operation with Central and Eastern European countries and the Newly Independent States of the former Soviet Union, reached 1,855 MECU.

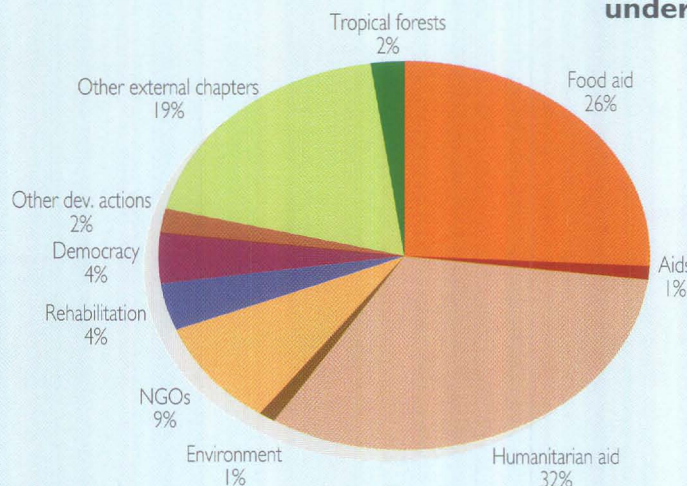
Additionally, the breakdown of horizontal actions is as follows:

- Food aid 560 MECU;
- Humanitarian aid 707 MECU;
- NGOs 192 MECU;
- Aids 15 MECU;
- Environment 15 MECU;
- Tropical forests 50 MECU;
- Rehabilitation 82 MECU;
- Democracy and human rights 90 MECU;
- Other development actions 47 MECU;
- Other external chapters of Community policy 419 MECU;

### Breakdown of community aid by geographical zone under the community budget in 1996



### Breakdown of community aid by horizontal action under the community budget in 1996

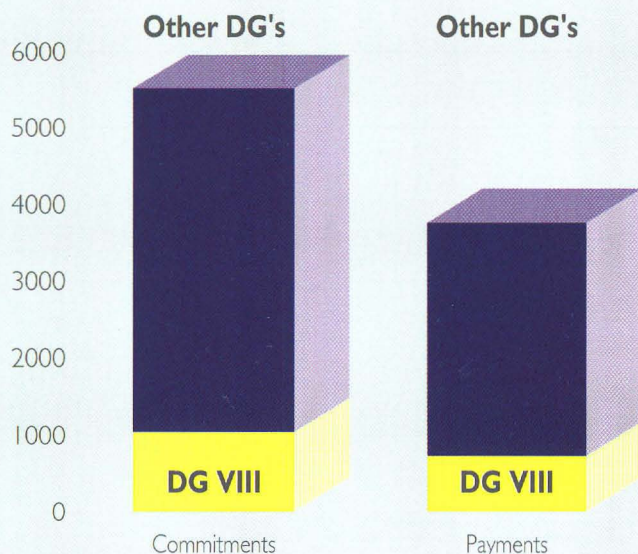


## ANNUAL BREAKDOWN OF DEVELOPMENT AID BY BUDGET LINE (1996 EXERCISE)

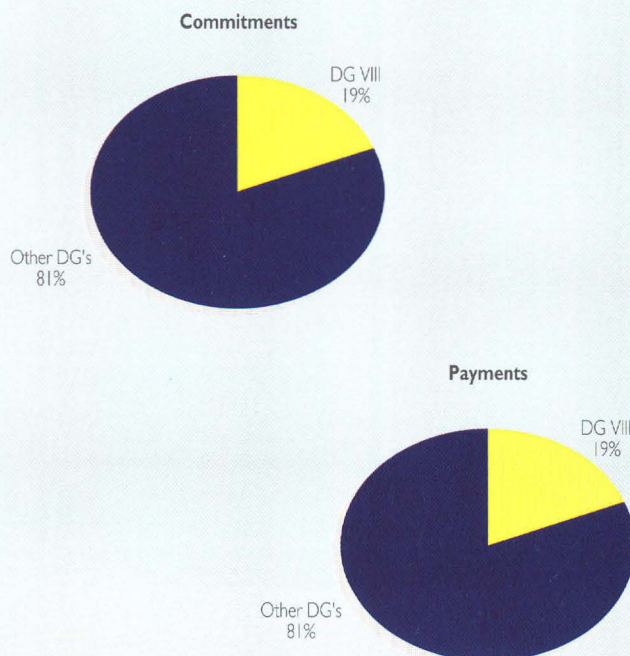
Amount in MECU

Item	Description <sup>4</sup>	TOTAL		Managed by DG VIII		Managed by other DG's	
		Commitments	Payments	Commitments	Payments	Commitments	Payments
B7-20..	Food aid	560,17	430,42	560,17	430,42		
B7-21..	Humanitarian aid	707,35	575,78			707,35	575,78
B7-30..	Asia	406,12	283,94			406,12	283,94
B7-31..	Latin America	262,90	152,33			262,90	152,33
B7-3200	South Africa	129,21	28,52	129,21	28,52		
B7-3210	Southern Africa	20,00	8,82	20,00	8,82		
B7-40..	Mediterranean	164,65	109,48			164,65	109,48
B7-41	MEDA	403,00	154,63			403,00	154,63
B7-42..	Near and Middle East	86,10	93,33			86,10	93,33
B7-50..	PHARE (CEEC's)	1,228,37	838,41			1,228,37	838,41
B7-52..	TACIS (NIS)	525,00	369,45			525,00	369,45
B7-53	CEEC's/NIS - Nuclear security	3,76	1,71			3,76	1,71
B7-54..	Republics of ex-Yugoslavia	97,92	12,88			97,92	12,88
B7-60..	Cofinancing NGO's	192,28	150,37	174,81	144,89	17,47	5,48
B7-61..	Training and public awareness	7,42	7,52	5,40	3,70	2,02	3,82
B7-6150	Anti-personnel mines	9,62		1,70		7,92	
B7-620.	Environment/Tropical forests	64,64	51,50	22,10	18,30	42,54	33,20
B7-621.	Health	25,25	19,00	16,70	12,10	8,55	6,90
B7-63..	Population/Demography	13,40	3,59	2,30		11,10	3,59
B7-6410	Rehabilitation	74,41	38,79	37,00	27,90	37,41	10,89
B7-64..	Other specific actions	7,74	5,00	5,70	4,30	2,04	0,70
B7-65..	Evaluation / Inspection	6,03	4,97	5,90	4,90	0,13	0,07
B7-70..	Democracy/Human rights	90,66	65,25	19,00	12,10	71,66	53,15
B7-7010	Bananas ACP	32,85	24,57	32,85	24,57		
B7-8...	Other external chapters of Community policy	386,70	320,92			386,70	320,92
<b>B7</b>	<b>Grand total title B-7</b>	<b>5.505,55</b>	<b>3.751,18</b>	<b>1.032,84</b>	<b>720,52</b>	<b>4.472,71</b>	<b>3.030,66</b>

**Breakdown between DG VIII and other DG's in managing co-operation actions financed under the General Budget (in MECU)**



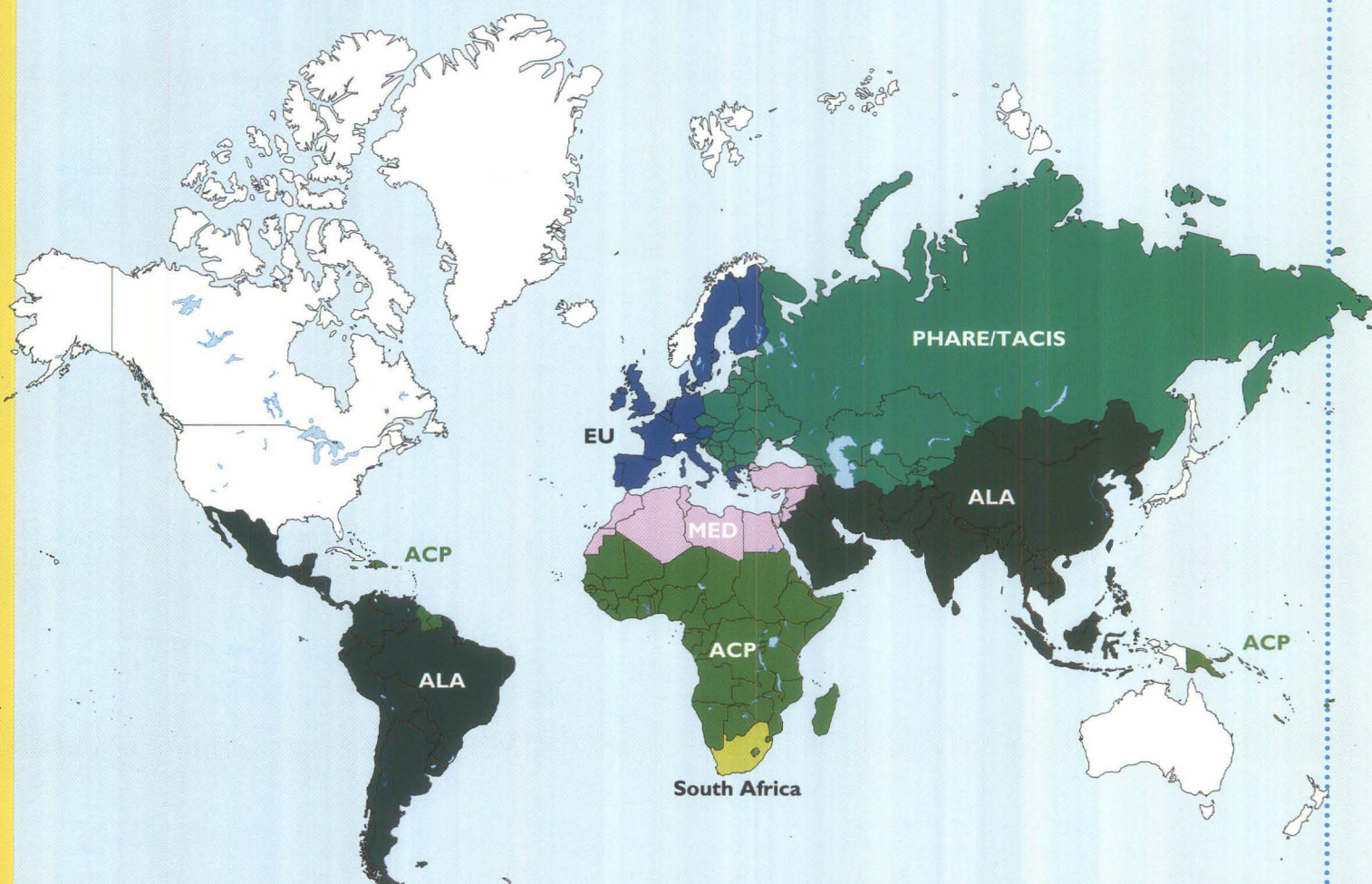
**Breakdown between DG VIII and other DG's in managing co-operation actions financed under the General Budget (in %)**



<sup>4</sup> Part B of the General Commission Budget refers to operational credits. It is divided into eight items. The item B-7 concerns expenditures for external actions.

# EVOLUTION OF COMMUNITY AID

## THE GEOGRAPHICAL AREAS



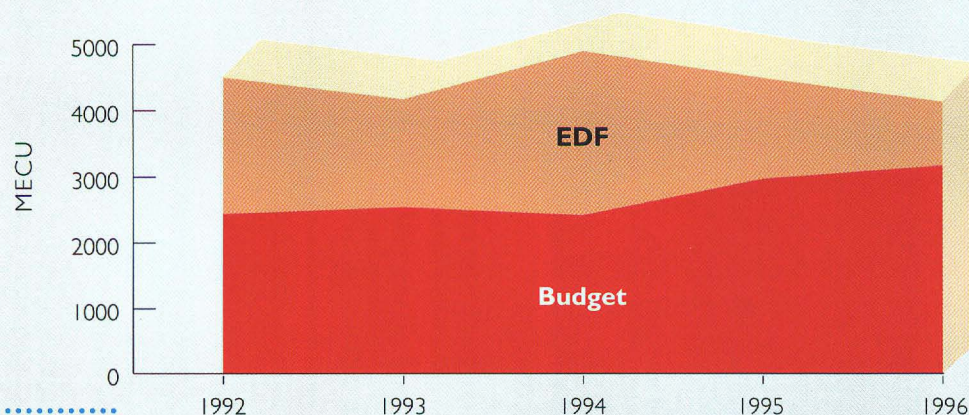
The table below compares, by geographical zone, the evolution of decisions taken by the European Commission under the EDF and the General Commission Budget in the sphere of co-operation with developing countries, from 1992 onwards. Also included in this table are the data regarding the countries of Central and Eastern Europe as well as those of the Newly Independent States of the ex-Soviet Union (PHARE/TACIS).

### DECISIONS OF COMMUNITY AID BY GEOGRAPHICAL ZONE (period 1992-1996)

	1996		1995		1994		1993		1992	
	MECU	%	MECU	%	MECU	%	MECU	%	MECU	%
ALA	670	16,2	808	18,0	524	10,7	634	15,2	566	12,6
MED	654	15,8	491	10,9	436	8,9	399	9,6	412	9,1
PHARE/TACIS (p.m.)	1855	44,8	1678	37,3	1466	29,9	1514	36,2	1465	32,5
<b>Sub-total (budget)</b>	<b>3179</b>	<b>76,7</b>	<b>2977</b>	<b>66,2</b>	<b>2426</b>	<b>49,4</b>	<b>2547</b>	<b>61,0</b>	<b>2443</b>	<b>54,2</b>
ACP-OCT (EDF)	965	23,3	1520	33,8	2480	50,6	1631	39,0	2062	45,8
TOTAL	4144	100,0	4497	100,0	4906	100,0	4178	100,0	4505	100,0
Others <sup>5</sup>	2326		2018		1937		1558		1302	
<b>TOTAL GENERAL</b>	<b>6470</b>		<b>6515</b>		<b>6843</b>		<b>5736</b>		<b>5807</b>	

5. The item "Others" includes amongst others food aid, humanitarian aid and aid to NGO's (Non-Governmental Organisations), covering all four of the above geographical zones as well as South Africa. Indeed, having since 1986 supported the process of democratic transition in South Africa, the European Union committed itself to the negotiation of a long-term framework of co-operation with this country. Decisions under the General Commission Budget in favour of South Africa reached 90 MECU in 1993, 102 MECU in 1994, 123 MECU in 1995 and 129 MECU in 1996.

### Evolution of decisions of community aid (period 1992-1996)



## OFFICIAL DEVELOPMENT ASSISTANCE (ODA) OF DAC COUNTRIES

The OECD (Organisation for Economic Co-operation and Development) aims to promote policies aiming to carry out the strongest expansion of the economy and of employment and a progression of the standard of living in the Member States, to contribute to a healthy economic expansion in the Member States, as well as the non-member countries, in the process of development, as well as to contribute to the expansion of world trade on a multilateral and non discriminatory basis in accordance with the international obligations. To make it possible for the OECD to achieve its objectives, a number of committees of experts were created. One of those is the Committee of Development aid

(DAC), of which the members decided to arrive at an increase in the total volume of the resources placed at the disposal of the developing countries and to improve effectiveness of it.

The following table shows the evolution of Official Development Assistance (ODA) extended by the 21 Member States of the DAC, during the period 1990-1995.

The analysis of the preliminary figures for 1995 demonstrates that the overall volume is slightly lower than the previous year (-0.7%): from 59.1 billion dollars in 1994 to 58.7 billion dollars in 1995.

### ODA DISBURSEMENTS OF DAC COUNTRIES - PERIOD 1990-1995 (IN MILLIONS OF US \$)

Countries	Total ODA 1990	Total ODA 1991	Total ODA 1992	Total ODA 1993	Total ODA 1994	Total ODA 1995	ODA 1995 as a % of total DAC	ODA 1994 as a % of countries' GNP	ODA 1995 as a % of countries' GNP
Australia	955	1.050	1.011	953	1.091	1.136	1,93 %	0,34 %	0,34 %
Austria	394	543	531	544	655	747	1,27 %	0,33 %	0,32 %
Belgium	88	83	84	80	72	1.03	1,76	0,32 %	0,38 %
Canada	2.470	2.604	2.515	2.373	2.250	2.113	3,60 %	0,43 %	0,39 %
Denmark	1.171	1.200	1.392	1.340	1.446	1.628	2,77 %	1,03 %	0,97 %
Finland	846	930	644	355	290	387	0,66 %	0,31 %	0,32 %
France	6.874	7.386	8.162	7.915	8.466	8.439	14,37 %	0,64 %	0,55 %
Germany	6.320	6.890	6.963	6.954	6.818	7.481	12,74 %	0,34 %	0,31 %
Ireland	57	72	70	81	109	143	0,24 %	0,25 %	0,27 %
Italy	3.395	3.347	4.122	3.043	2.705	1.521	2,59 %	0,27 %	0,14 %
Japan	9.054	10.945	11.119	11.259	13.239	14.354	24,45 %	0,29 %	0,28 %
Luxembourg	25	42	38	50	59	--	0,00 %	0,40 %	0,00 %
Netherlands	2.526	2.517	2.742	2.525	2.517	3.321	5,66 %	0,76 %	0,80 %
New Zealand	95	100	97	98	110	123	0,21 %	0,24 %	0,23 %
Norway	1.205	1.178	1.226	1.014	1.137	1.247	2,12 %	1,05 %	0,87 %
Portugal	148	213	302	246	308	269	0,46 %	0,35 %	0,27 %
Spain	965	1.262	1.518	1.213	1.305	1.309	2,23 %	0,28 %	0,23 %
Sweden	1.998	2.116	2.453	1.769	1.819	1.887	3,21 %	0,96 %	0,85 %
Switzerland	750	863	1.139	793	982	1.084	1,85 %	0,36 %	0,34 %
United Kingdom	2.630	3.184	3.153	2.908	3.197	3.185	5,42 %	0,31 %	0,29 %
United States	10.194	9.407	10.813	9.721	9.927	7.303	12,44 %	0,14 %	0,10 %
<b>TOTAL DAC</b>	<b>52.961</b>	<b>56.680</b>	<b>60.850</b>	<b>55.962</b>	<b>59.156</b>	<b>58.710</b>	<b>100,00 %</b>	<b>0,30 %</b>	<b>0,27 %</b>
<b>EU Countries <sup>(1)</sup></b>	<b>25.000</b>	<b>26.944</b>	<b>29.302</b>	<b>27.083</b>	<b>30.420</b>	<b>31.411</b>	<b>53,50 %</b>	<b>0,42 %</b>	<b>0,38 %</b>
<b>of which EC <sup>(2)</sup></b>	<b>3.028</b>	<b>3.818</b>	<b>4.461</b>	<b>3.948</b>	<b>4.825</b>	<b>5.501</b>	<b>9,37 %</b>		

(1) - Total of the EU Countries at the end of 1995, excluding Greece which is not yet a member of the DAC.

(2) - i.e. that portion of EU Member States' total ODA channelled through the Commission (EDF and General Commission Budget), included above.



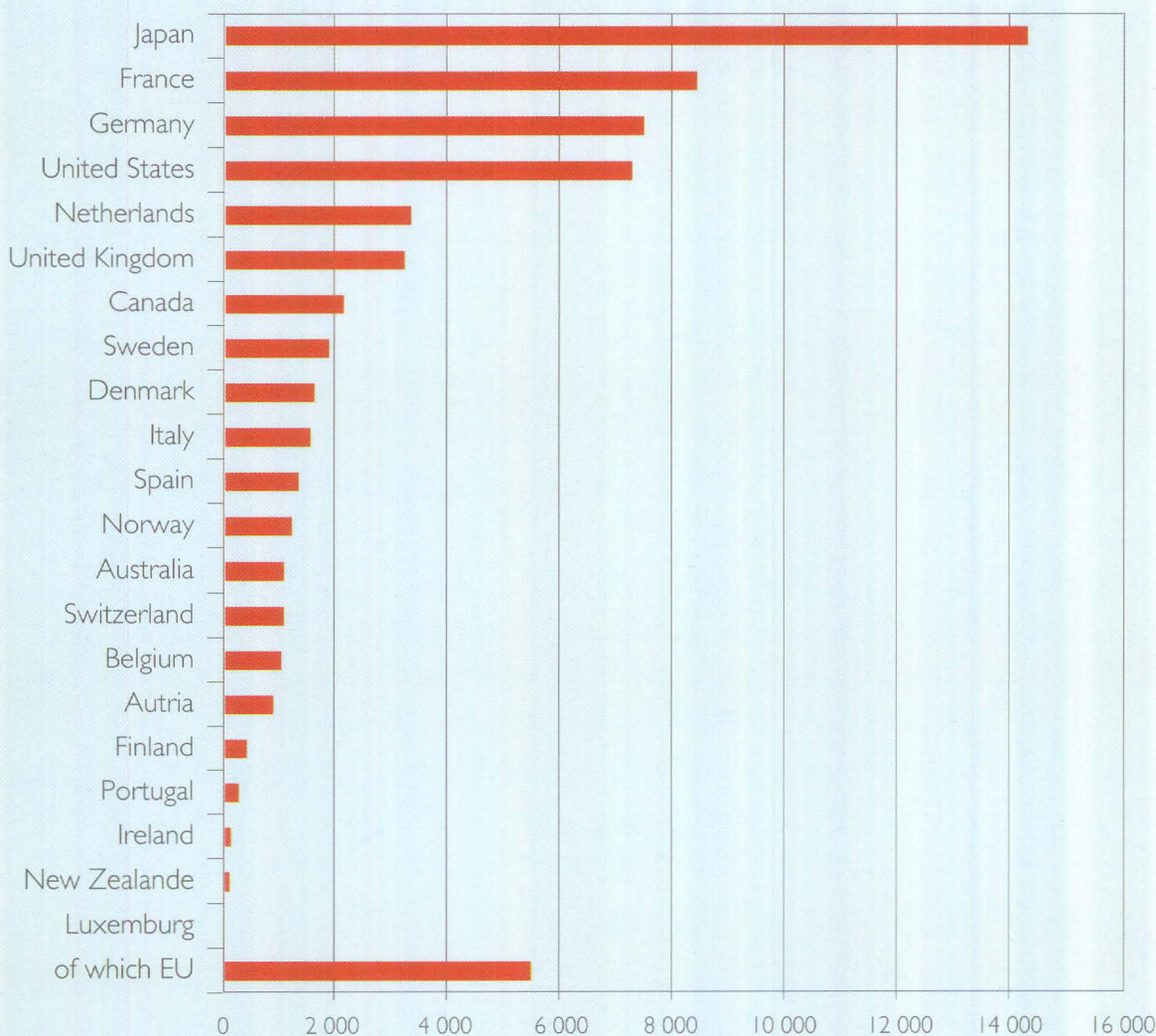
The analysis by country underlines that the volume of ODA of 14 of the Member States of the DAC in relation to their national GNP in 1995, fell in relation to the previous year.

The United States recorded the most important downward trend between 1994 and 1995; more than 25% (7.3 billion dollars in '95 compared with 9.9 billion dollars in '94). This is all the more remarkable if one considers that until 1994 the US together with Japan, were the largest donors. Indeed, during the past year, France and Germany have disbursed larger volumes than the United States: respectively 8.44 billion dollars and 7.48 billion dollars; of these three countries, only Germany increased its aid in volume in relation to 1994.

When analysing the situation of the countries in relation to their GNP, it is noted that the greatest efforts are undertaken by the countries of northern Europe. The Scandinavian countries in particular remain those which devote the highest percentage of their national GNP to ODA: Denmark, Norway and Sweden respectively reach 0.97%, 0.87% and 0.85% of their GNP.

Lastly, still in relation to the GNP, only three Member States recorded an increase in 1995: i.e. Belgium, Finland and Ireland. Indeed, the majority of the Member States of the DAC are in the process of reducing their budget deficit, which can partially explain this fall in volume.

ODA in 1995 (in billions of US \$)



Coordination, conception and general supervision  
Giovanni Fuga - consultant

European Commission - Directorate General for Development  
Unit "General financial affairs; relations with EIB"

Unit "General financial affairs; relations with EIB"  
CE-DGVIII/C/5  
G-12 3/72

200, rue de la Loi - B-1049 Brussels  
tel. 32/2/295 19 08 - fax 32/2/296 98 42