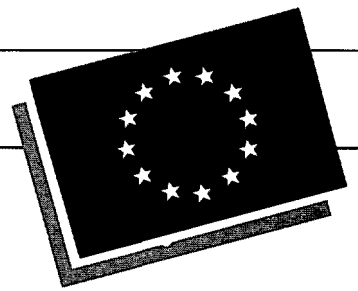


DEVELOPMENT

Commission of the European Communities
Directorate-General for Information, Communication and Culture



EUROPE INFORMATION

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DECEMBER 1990

OFFICIAL DEVELOPMENT ASSISTANCE FROM THE EUROPEAN COMMUNITY AND ITS MEMBER STATES

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(project supported by the European Community)

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INTRODUCTION

The Community of Twelve is an important partner for the developing countries.

In the field of trade, the Community is the largest market for many Third World countries, and an important outlet for all of them. At the same time, developing countries, taken together, represent a bigger market for European exports than the United States or Japan.

As for development assistance, the European Community and its Member States are the largest donors of aid in the world. Out of every 100 dollars in aid going to the Third World, 36 come from the Community of Twelve. This assistance is composed primarily of bilateral aid, aid from the Community as such and contributions to multilateral agencies.

This brochure examines more closely the breakdown of official development assistance. How much of total official aid comes from the Community of Twelve compared with other donors? Which regions receive assistance from the different donors? How does aid from the Community as such compare with aid from Europe as a whole? In which sectors is Community aid concentrated?

An attempt is made here to answer these questions and others. However, whether Europe is doing enough to help the developing countries or whether the best use is being made of the money spent, are matters which fall outside the scope of this publication.



PART I - OVERALL ASSISTANCE FROM THE COMMUNITY OF TWELVE

A COMPARISON WITH AID FROM OTHER MAJOR DONORS

Definitions :

"The Community of Twelve" refers to both the twelve Member States of the European Community and the Community itself. The figures for aid from the Twelve therefore include both bilateral and multilateral aid from Member States, as well as the aid disbursed by the Community under its development policy ⁽¹⁾. Most of the data does not include, however, the relatively marginal contributions from the four countries which are not members of the Development Assistance Committee of the OECD ⁽²⁾ : Greece, Luxembourg, Portugal and Spain.

"Other donors". The other major donors with which European aid is compared, are : the United States, Japan, the (oil-rich) Arab countries and the other members of the OECD Development Assistance Committee (DAC) including Australia, New Zealand, Canada, the Nordic countries, Austria and Switzerland. Some figures have been given for the COMECON or CMEA countries (USSR and the Eastern European States) but statistical difficulties with valuation mean that the data is not comprehensive.

"Development aid" refers to official development assistance (ODA), which includes both grants and soft loans (i.e. loans that are lent at interest rates lower than the market rate and repayable after a grace period). This type of aid does not therefore include other official contributions or private contributions (donations, investments or commercial loans). Unless otherwise indicated, the figures used refer to net disbursements.

"Bilateral / multilateral aid". Bilateral aid refers to aid given directly from one country to another country or region. Multilateral aid, on the other hand, refers to aid that is channelled via an internationally recognised organisation, like the UN, before it arrives at the recipient country.

(1) In this brochure the terms **EEC**, **Europe** and **European aid** are also used to denote Europe of the Twelve and its overall aid.

(2) The primary source of statistics for Parts I and III of this brochure

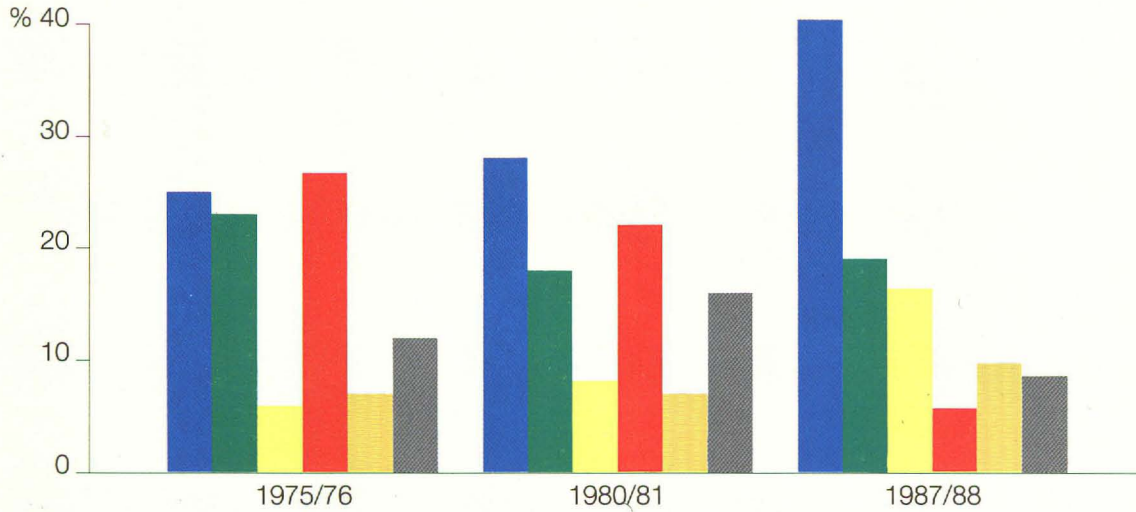
Policy Pipedream ...

If the two great economic powers of Japan and the United States agreed to match the performance of the Twelve, i.e. to grant 0.56% of their GNP for aid, the total available resources for the Third World would increase by more than \$US 24 billion, or more or less half the sum of total ODA disbursed in 1988. The total external debt for sub-Saharan Africa, a region of 45 countries, was \$US 139 billion in 1988.

The Community of Twelve - the largest donor

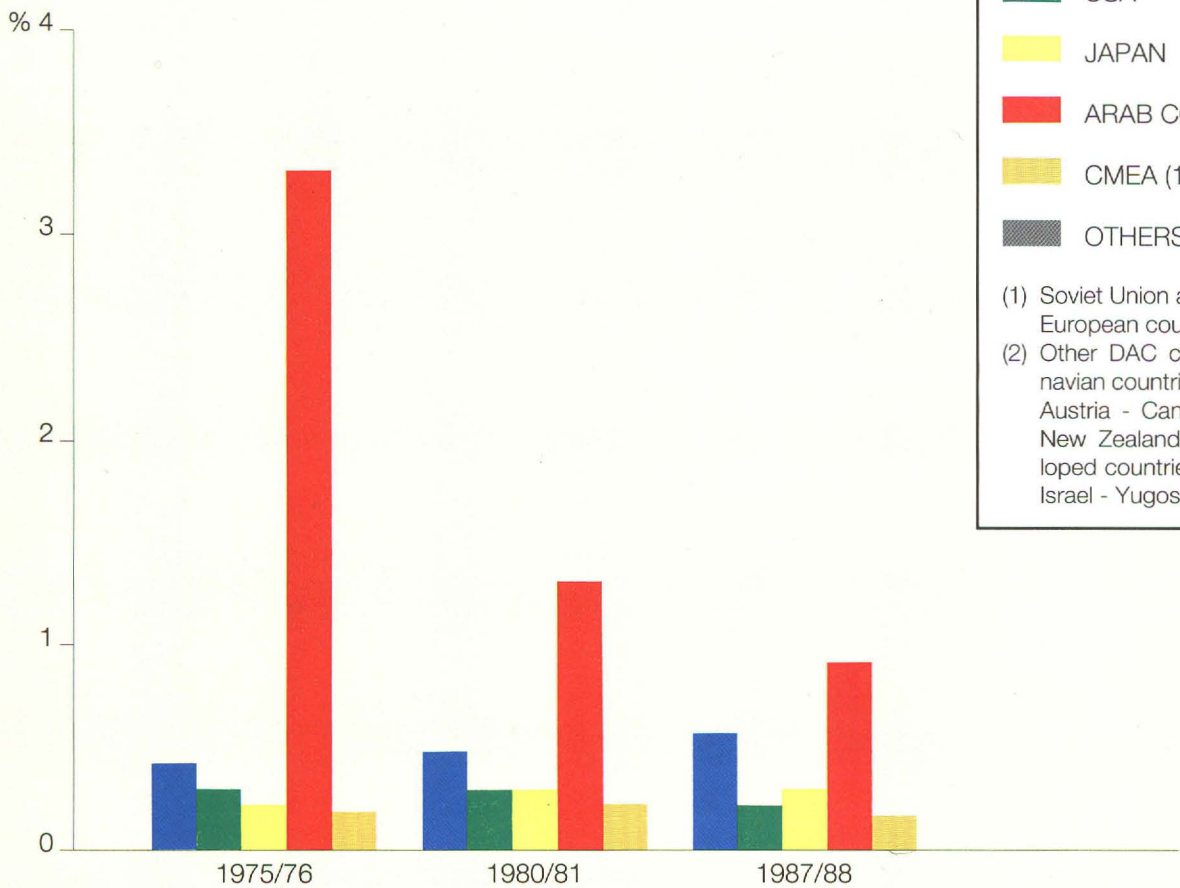
- In 1987-88 the Twelve were the largest source of official development assistance in the world with an average annual net disbursement of \$US 20.3 billion (at 1987 prices and exchange rates). The United States was the next largest donor with a contribution of \$US 9.5 billion. This sum was 53% smaller than the Twelve's total aid, although the United States' capacity to contribute, based on their relative wealth (gross national product), was 15% greater than the EC Member States'. Japan's contribution of \$US 8.2 billion was close behind the United States, while the contributions from the Arab, CMEA and other DAC countries were roughly similar, each amounting to less than a quarter of Europe's contribution.
- An analysis of developments between 1975 and 1988 (figure 2) shows that, relative to their intrinsic wealth, the Arab countries are the most generous donors, with a contribution as high as 3.3% of GNP in 1975/76. Subsequently, however, falling oil prices forced Arab countries to make substantial reductions. Otherwise Europe has been the largest provider of funds, showing a steady growth in aid over the years. In 1987/88 European aid reached 0.56% of GNP, compared to 0.45% in 1975/76. Over the same period the figure for the United States revealed a slight decline from 0.26% to 0.21%, while for Japan the figure showed a marked increase from 0.22% to 0.32%.
- The percentage for the Twelve is obviously an average of the different Member States' performances, which vary considerably : at the top end of the spectrum, the Netherlands contribute 1% of GNP towards development assistance, while less wealthy countries like Portugal and Greece, which have their own problems of underdevelopment, devote a much smaller proportion of their GNP to the Third World.
- Official development assistance appears as an item of expenditure in a country's budget. For the United States aid represents 0.7% of budget expenditure and for Japan it represents 1.2%. In the Community the average figure is 1.8%, reaching as high as 2.9% for France and 2.5% for Germany and the Netherlands.

1. EEC aid (Community and Member States) compared with other major donors' aid, in % of total official development assistance (1987 prices and exchange rates).



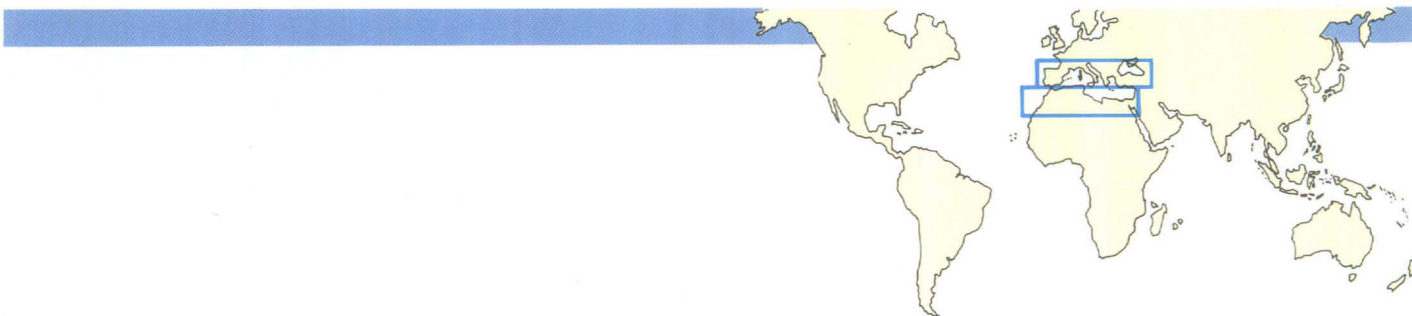
Source : DAC report 1989.

2. Changes in main donors' official assistance, in % of GNP.



- EEC
- USA
- JAPAN
- ARAB COUNTRIES
- CMEA (1)
- OTHERS (2)

(1) Soviet Union and East European countries
 (2) Other DAC countries (Scandinavian countries - Switzerland - Austria - Canada - Australia - New Zealand) and less developed countries (China - India - Israel - Yugoslavia)



Geographical breakdown of development assistance

The major donors' contributions to the development of the different regions of the world are compared in the following table and in figure 3 opposite. Percentages refer to bilateral aid (i.e. 70% of all official development assistance in 1988), which includes aid channelled through the European Community. Multilateral aid is excluded because the relevant statistics are in many cases not broken down geographically.

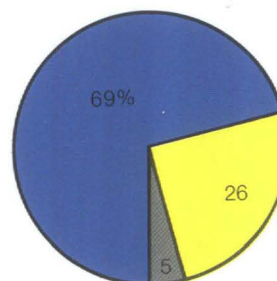
Donors	EEC	USA	Japan	Other DAC	Arab countries	CMEA
Europe	69%	0%	26%	5%	0%	0%
Africa	57%	12%	9%	12%	7%	3%
America	31%	22%	7%	17%	0%	23%
Asia	21%	15%	29%	8%	8%	19%
Oceania	21%	20%	11%	48%	0%	0%

NB :
 Europe : essentially Turkey
 Africa : North Africa and sub-Saharan Africa
 America : South America, Central America and the Caribbean
 Asia : including Middle East
 Oceania : essentially the South Pacific Islands

It is clear from this table that the Twelve taken together are the leading donor in Africa, America and Mediterranean Europe. However, in order to gain a more detailed picture of the geographical breakdown of aid, further analysis is necessary. The following section divides the developing world into 9 sub-regions. For each region three sets of statistics are given. The first two percentages, illustrated in figure 4, show what the region receives as a proportion of total bilateral and total European aid. The third statistic - the blue segment of the accompanying pie charts - shows how much of all aid going to the region is European aid.

Mediterranean Europe

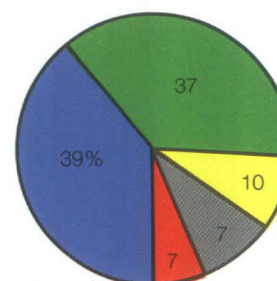
- The region received 1.4% of all bilateral aid.
- It received 2.8% of European aid.
- European aid made up 69% of the total aid received.



This region received the least amount of aid, \$ 540.8 million. Amongst the recipient countries were Portugal and Greece, which have since become members of the Community. The largest amount of aid, however, went to Turkey (57%), which also received aid from Japan (second largest donor) and the United States. Other recipients included Yugoslavia, Cyprus, Malta and Albania.

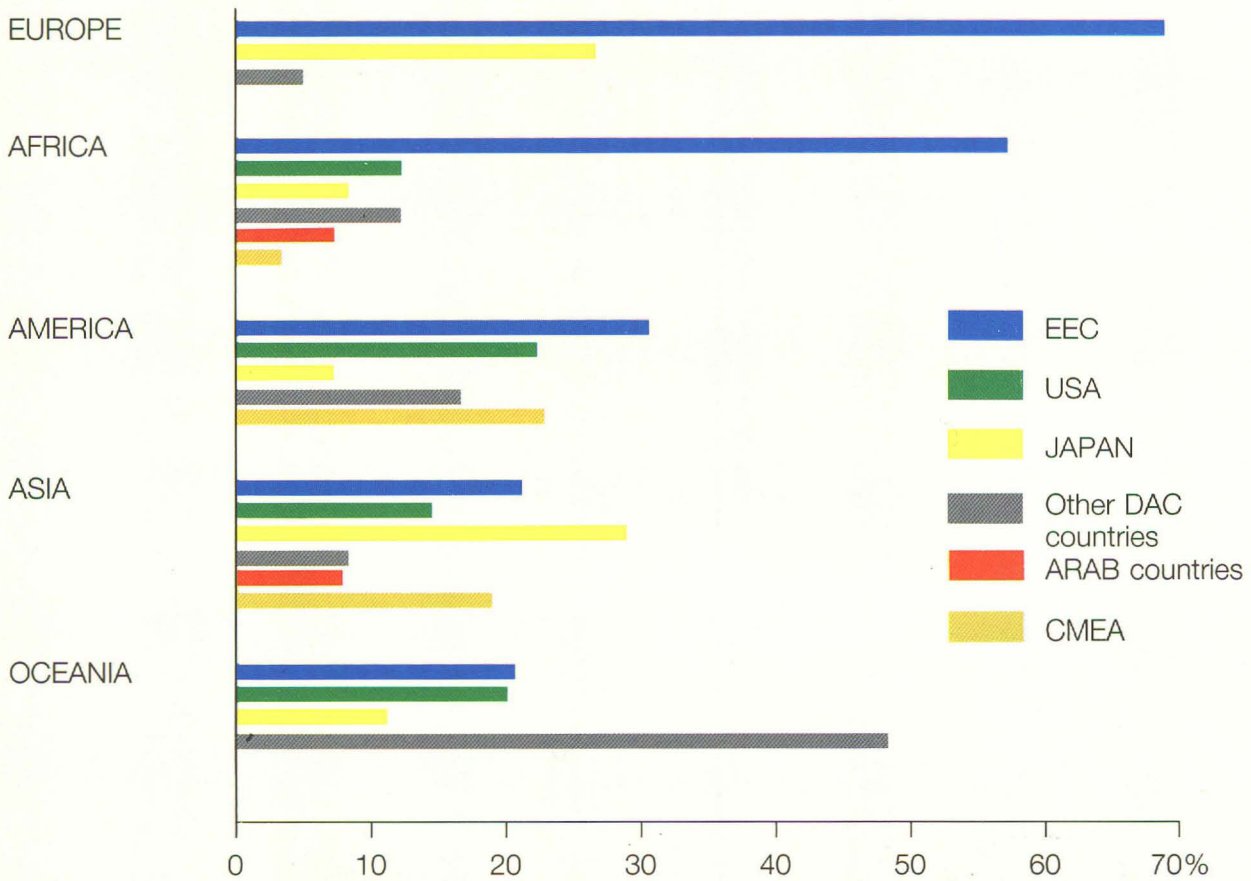
Africa North of the Sahara

- The region received 7.1% of all bilateral aid.
- It received 7.3% of European aid.
- European aid made up 39% of the total aid received.

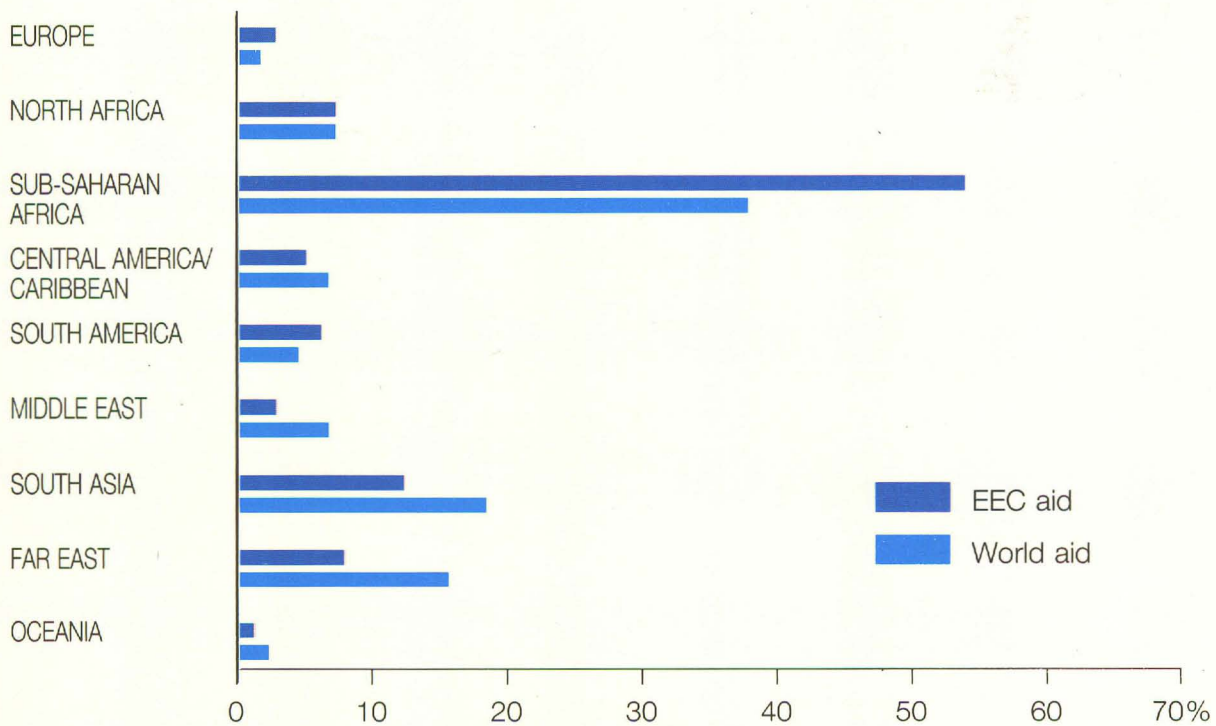


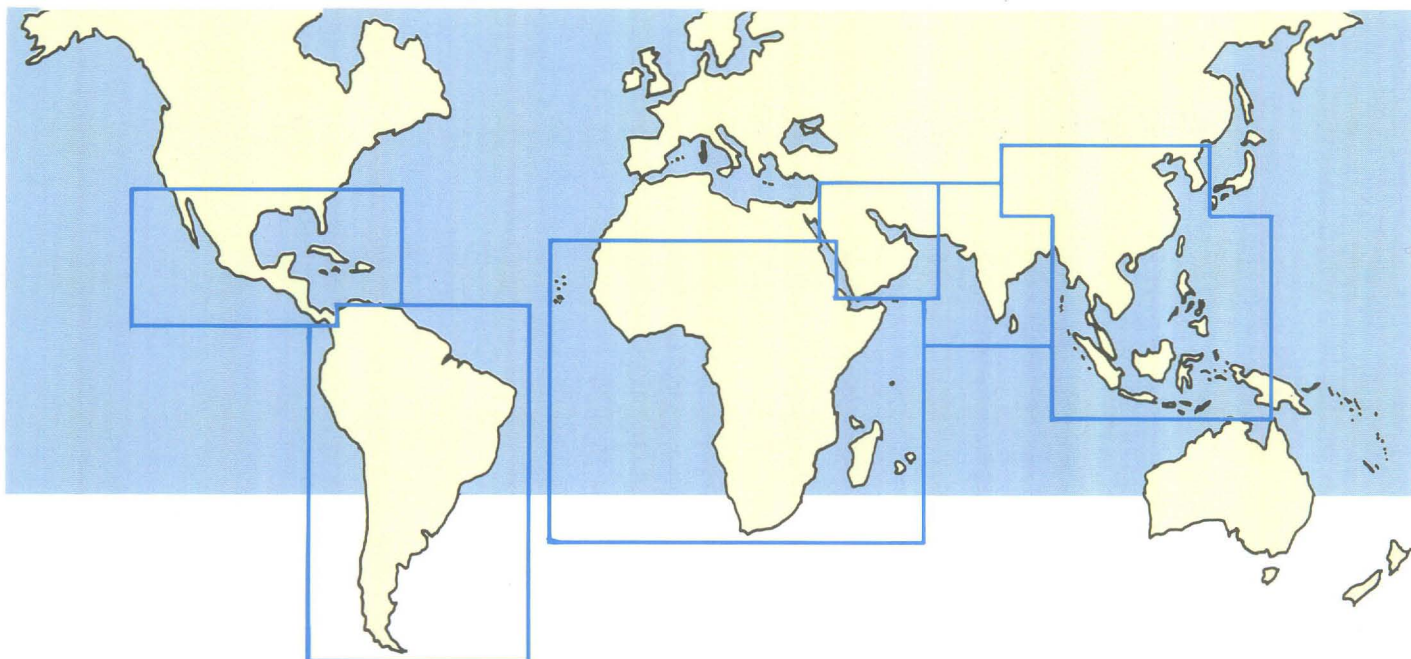
The Community of Twelve was the largest donor in this region, followed by the United States, which concentrated heavily on one country, Egypt. In addition to massive American support (\$ 800 million), Egypt received substantial assistance from the Twelve (\$ 476 million) and from Japan (\$ 173 million). Overall, it received 70% of all bilateral aid to North Africa, and remained the biggest recipient of Japanese aid outside Asia.

3. EEC share of bilateral disbursements to the different regions of the Third World (1988, in %)



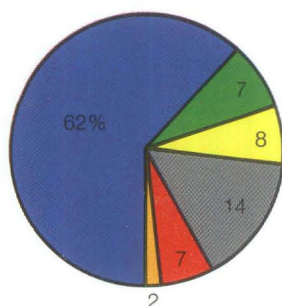
4. Geographical breakdown of EEC and world aid (1988, in %)





Sub-Saharan Africa

- The region received 38% of all bilateral aid.
- It received 54% of all European aid.
- European aid made up 62% of the total aid received.



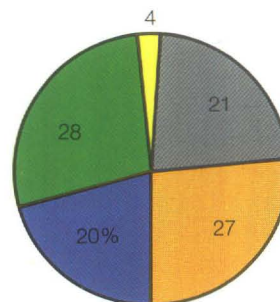
Sub-Saharan Africa receives a larger share of total aid than any other region. With 62% of all aid going to this region, the Twelve are the largest donors, far outstripping other aid sources. In second position, with 14% of the total, are the other DAC countries, predominant amongst them the Nordic countries and Canada. Next come Japan (8%), the United States (7%), the Arab countries (7%), and finally COMECON with 2%.

The importance of European aid is reflected at individual country level. Of the 40 countries which received more than US\$ 100 million from the Twelve in 1988, 23 are in sub-Saharan Africa. Corresponding figures for US aid are one country (Sudan) out of 11, for Japan one country (Kenya) out of 13, and for COMECON one (Mozambique) out of eight.

Since 1981, COMECON and American aid to this region has been stagnant, while aid from Europe, Japan and the other DAC countries has risen regularly. Contributions from the Arab countries, on the other hand, decreased sharply as a result of the decline in oil prices after 1980.

Central America and the Caribbean

- The area received 6.4% of all bilateral aid.
- It received 5.2% of all European aid.
- European aid accounted for 20% of the bilateral aid received.

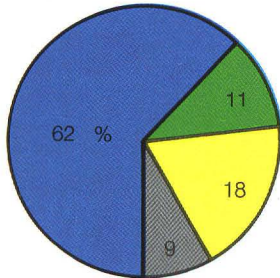


At first glance, aid from the Twelve (20%), the United States (28%), and the COMECON countries (27%) is approximately the same. These overall figures, however, reveal little about the nature of this aid which tends to focus only on specific countries. For instance, COMECON aid goes to only two countries, Nicaragua and Cuba (the second largest recipient of their assistance), while half of European aid goes to the French overseas departments (French Guyana, Guadeloupe, Martinique). Lastly, US aid focuses heavily on four "strategic" countries: Costa Rica, Honduras, El Salvador, and Guatemala between them received 51% of American aid in this region.

Overall, European aid is the most evenly spread. All 32 countries in the region receive aid to varying degrees. Japan assists 19 countries, and the United States 14. Europe is the main source of assistance to Mexico, the Lesser Antilles and Jamaica, while Central America, as a region, is the second largest recipient of European development assistance.

South America

- The region received 4.4% of all bilateral aid.
- It received 5.2% of aid originating from Europe.
- European aid represents 62% of the total aid received in this region.

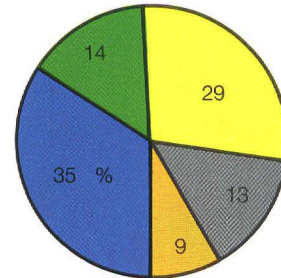


South America receives less bilateral aid (\$ 1 579 million) than any other region except Oceania and Mediterranean Europe. Europe, including the Twelve and the Community, is the largest donor in this region. This would still be the case even if the aid given to French Guyana, an overseas department of France, was not included.

After European aid, Japan (18%), followed by the United States (11%), gave the largest contributions. Europe is the largest donor in most of the region (Argentina, Bolivia, Chile, Colombia, Ecuador, Suriname and Peru) and the second largest in Paraguay (after Japan) and Uruguay (after the United States).

Southern Asia

- The region receives 18.6% of all bilateral aid.
- It receives 12.4% of European aid.
- European aid makes up 35% of bilateral aid received.

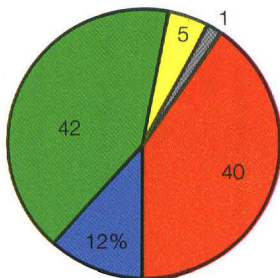


Europe is the largest donor in this region, providing the most funds to India and Nepal. Not only is India the largest recipient of European aid in the region (US\$ 674.5 million), but also throughout the world. Japan is the second largest donor in the region and the largest in Bangladesh and Sri Lanka. The United States provide the most funds to Pakistan while the COMECON countries, predominantly the USSR, donate the most to Afghanistan and also make sizeable contributions to India.

Since 1981, European aid to the region and aid from the United States remained stable, while Japan's contributions have more or less doubled.

Middle East

- The region receives 6.7% of all bilateral aid.
- It receives 3% of European aid.
- European aid makes up 12% of the total aid received.

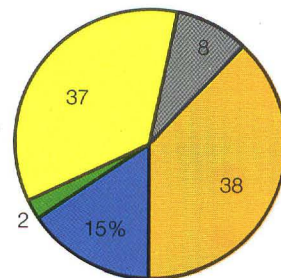


At first glance, the United States appears to be the largest donor to this region, providing 42% of all bilateral aid received. This statistic is, however, somewhat misleading since nearly all this aid is channelled to Israel (US\$ 1 191 million). In second place are the Arab countries with 40%. Their aid is focussed differently and tends to involve a transfer of resources from oil-rich Arab countries to non oil-exporting Arab countries. Syria and Jordan receive the majority of Arab aid.

European aid is more modest but more evenly distributed. Aid is channelled to all the countries, particularly to the Yemen Arab Republic, Syria, Lebanon, Jordan, Iran and Israel.

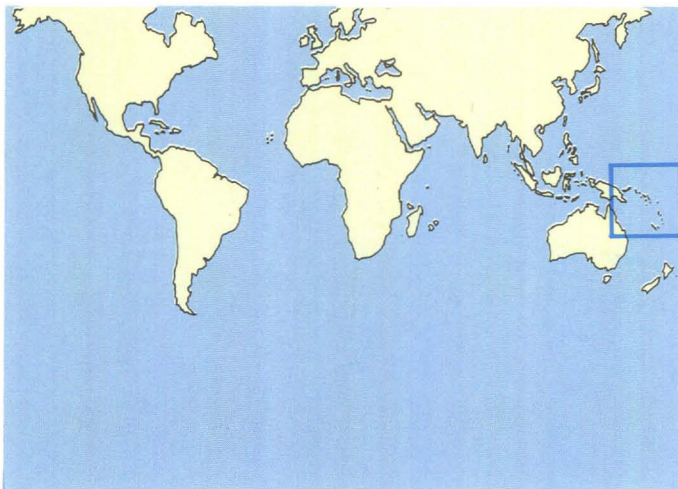
Far East

- The region received 15.3% of all bilateral aid.
- It received 8% of European aid.
- European aid makes up 15% of bilateral aid received.



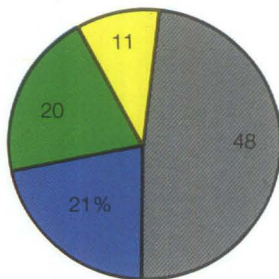
The main source of aid in this region are the COMECON countries (38%), but this is earmarked exclusively for the Communist countries : mainly Vietnam and Mongolia, then Kampuchea, North Korea and Laos. Next comes Japan which provides 37% of total aid to the Far East and is the leading donor in Indonesia, China, the Philippines, Thailand and Burma.

The main recipients of European aid in the region are Indonesia, the Philippines and Thailand, followed by China. The increase in aid for China is the most striking feature of European aid to the region since 1981.



Oceania

- The region receives 2.1% of all bilateral aid.
- It receives 1.2% of all European aid.
- European aid makes up 21% of the bilateral aid it receives.



A large part of the total contributions going to the region are in fact provided for territories under French sovereignty (New Caledonia and French Polynesia) or United States sovereignty (Western Samoa, Line Islands and Trust Territory of the Pacific Islands). Of the US\$ 750 million earmarked for the independent island states, Papua New Guinea received nearly half, mostly from Australia. Overall, the "other DAC countries", predominantly Australia, were the leading donors in the region, contributing almost 50% of total aid to the Pacific Islands. They were followed by the Twelve and the United States.



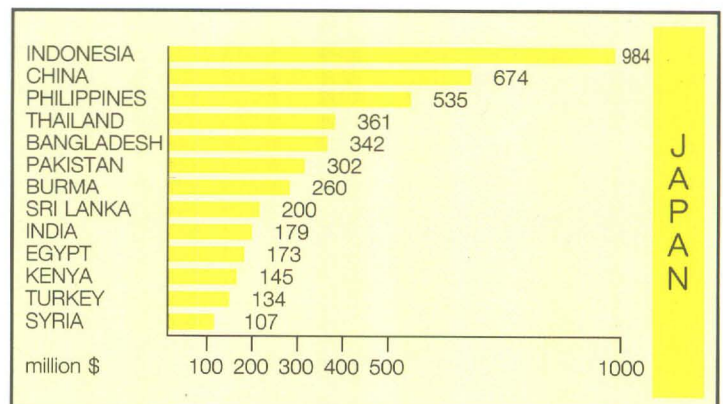
In broad terms, a comparison of donor aid to the different regions reveals that there exist regional economic blocs, based on geographical proximity and reflected in trade and aid flows. Relative to the other donors, the Twelve target a greater proportion of their aid to sub-Saharan Africa and South America. For the United States, much of their aid is concentrated on Central America and the Caribbean, as well as certain countries like Israel and Egypt; much of Japanese aid is concentrated on South Asia and the Pacific Basin; and the COMECON and Arab countries focus heavily on the Far East and the Middle East respectively.

Profile of development assistance

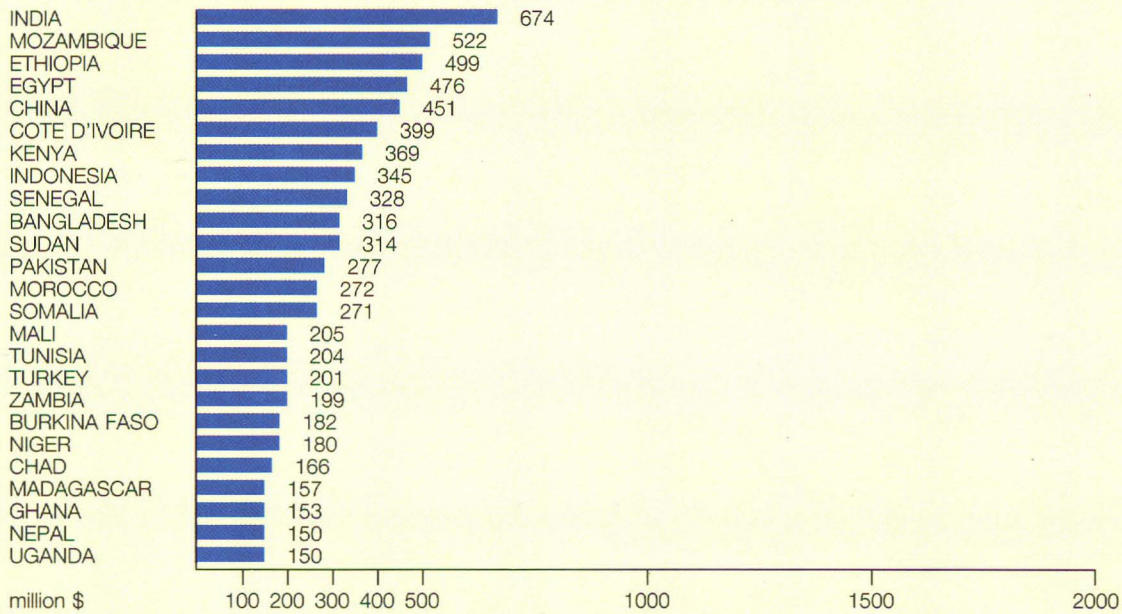
A comparison between the distribution of aid from the Twelve among its various recipients and of contributions from the other main donors reveals some interesting trends:

- The number of large recipients is noticeably higher for European aid. In 1988, for example, 40 countries received aid of more than \$US 100 million from the Twelve. In contrast, only 13 countries received more than this amount from Japan, 11 from the US and 8 from the COMECON countries.
- Aid from other donors is clearly concentrated on a few countries. For example, the largest six recipients attract more than 44% of US aid, almost 50% of Japanese aid, and 85% of aid from the COMECON countries. The six largest recipients of European aid, on the other hand, receive only 20% of total European disbursements.
- This profile of the distribution of donor aid shows that official development assistance from the United States, the COMECON countries and Japan tends to be influenced by strategic and/or political considerations. In contrast, European aid is more evenly distributed across the developing world. In part, this is because the diverse composition of European aid, pooled from the different Member States, results in a mixture of different "preferences".

The even-handed nature of European aid has become more pronounced over the past decade. In 1981, 18 countries received assistance of more than \$US 100 million whereas in 1988 there were 40. Aid from Japan has also shown a similar trend; 13 countries today receive aid of over \$US 100 million against 7 in 1981. Over the same period, however, the concentration of US aid and of aid from COMECON countries changed little.

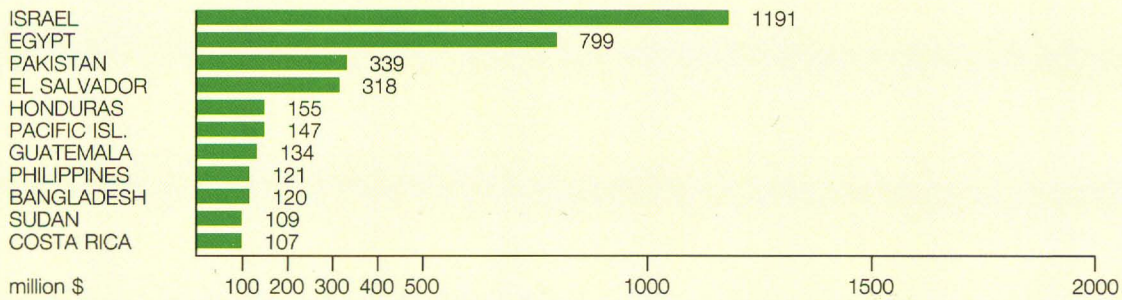


5. Main recipients of aid from four of the principal donors
(ODA net, 1988, in million \$)

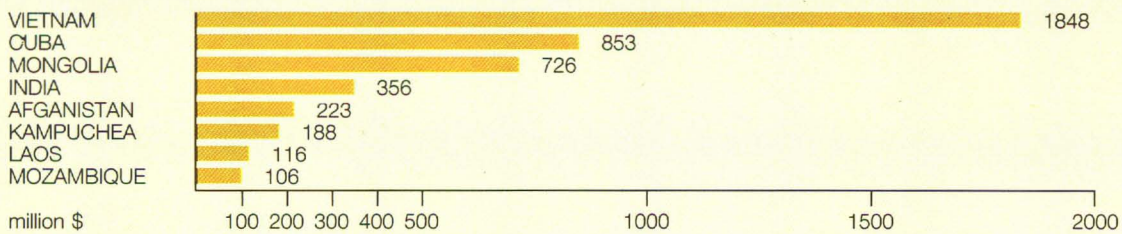


N.B. Another 15 countries received aid from the Community of more than 100 million US \$.

EEC



USA



COMECON

PART II - ASSISTANCE FROM THE EUROPEAN COMMUNITY

Aid from the European Community as such is granted to developing countries either under cooperation agreements or as a result of unilateral Community decisions. Agreements containing specific and legally binding financial arrangements, are the Lome Convention, which concerns 69 African, Caribbean and Pacific countries, and the agreements with Mediterranean countries. Aid resulting from unilateral Community decisions includes food aid, emergency aid, and the development aid granted to Latin American and Asian countries. This aid does not involve any contractual obligation, even where there are cooperation agreements with the countries concerned. ⁽¹⁾

For historical reasons, there is no one single financing system which applies to all these types of aid. The European Development Fund (EDF), set up in 1958, is the oldest Community instrument and has financed each of the successive Yaounde and Lome Conventions. It is made up of Member States' contributions and is separate from the Community budget. Assistance is also provided through loans made from the European Investment Bank (EIB). All other development expenditure, however, falls under the budget.

Position of development assistance in Community expenditure

- Development aid, including budget payments, European Development Fund expenditure and EIB loans, accounted for 5.4% of total Community expenditure in 1988. The Community's development policy is relatively important when compared to the other sectoral activities of the Community, apart from the Common Agricultural Policy which accounted for 63% of Community spending in 1988. It should also be noted that 5.4% of budget expenditure is considerably higher than the corresponding percentages for the Member States (never higher than 2.9%).

Development aid expenditure as a percentage of total Community expenditure. Comparison with other Community policies.

	million ECU	
	1985 %	1988 %
Development aid	1792 (6.2)	2175 (5.4)
Regional policy	1662 (5.8)	3093 (7.6)
Social policy	1620 (5.6)	2501 (6.2)
Research, industry, energy, transport	721(2.5)	1196 (3.0)

- Over the last twelve years, the share of EDF expenditure relative to budget expenditure has progressively fallen. In 1976 EDF disbursements amounted to almost 65% of total expenditure, whereas they stood at 47% in 1988. This does not mean that the funds granted to the ACP countries under the Lome Conventions were reduced, but rather that the Community's other development activities have become more numerous and relatively more important.

Changes in Community expenditure on development cooperation (million ECU)

	1980	1986	1988
EDF disbursements	485	843	1134
EIB Loans (own resources)	117	193	121
Total Budget expenditure	461	854	1282
- Food aid	314	412	581
- Specific operation (emergency aid, etc)	58	51	64
- Cofinancing with non-governmental organisations	10	35	84
- Financial cooperation with mediterranean countries	35	107	102
- Financial Cooperation with Latin American & Asian countries	44	181	197
- Other	-	68	254
Total	946	1890	2537

Some Basic Figures

- financing under the 6th EDF (1986-1990) = 7400 million ECU
- financing provided for in the cooperation agreements with southern Mediterranean countries (1987-1991) = 1681 million ECU (including 1066 million for EIB loans)

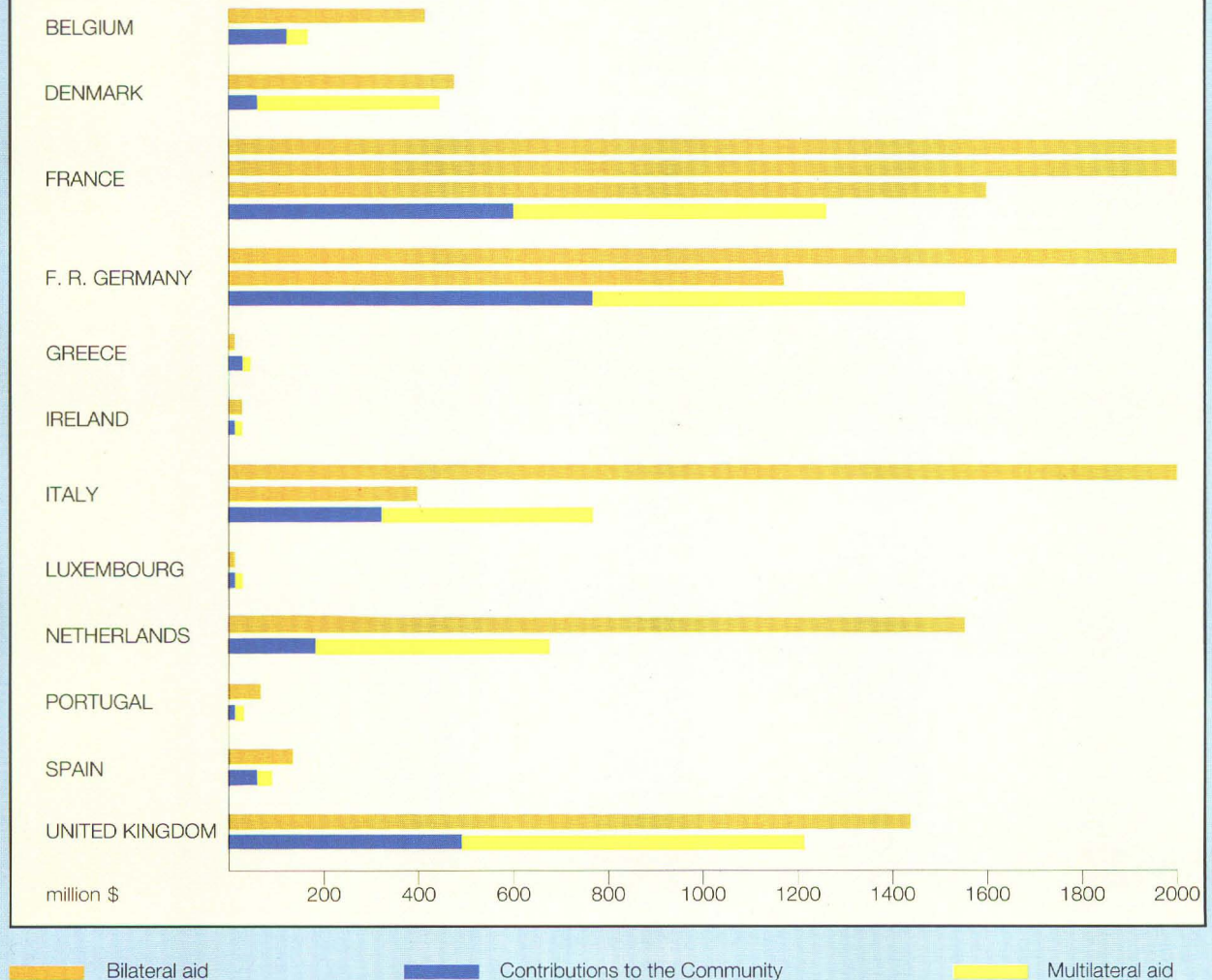
(1) For a more detailed analysis of Community cooperation policy, see "Europe-South dialogue", CEC, 1988.

Volume of Community development assistance

In 1988, aid from the Community amounted to \$US 2.9 billion (net disbursements), corresponding to 5.3% of total world official development assistance and 12% of total assistance from the Twelve (bilateral and multilateral aid).

- In volume terms, Community aid, although a significant and increasing source of assistance, remains relatively modest. For example, compared with national bilateral aid, Community aid represents 29% of US aid, 61% of German aid, and 110% of UK aid.
- Compared with total aid from the Twelve (Community plus Member States), Community aid represents almost 17% of all bilateral aid and 12% of total aid (bilateral and multilateral) from the Member States.
- In 1978 Community aid was just over \$US 800 million. By 1988 it had increased by almost 220%, i.e. more than double. Over the same period, the total for the Twelve increased by 142%. Over the last ten years Community aid has therefore been growing faster than Member States' aid. Since they are the sole donors of Community aid this implies that Member States are channelling more of their aid through the Community.
- The Member States' contributions to the European Community for development aid, measured as a proportion of total national aid expenditure, vary from Member State to Member State. The lowest figure is Denmark with 7% and the highest is Greece with 87%. This is displayed clearly in figure 6 which compares bilateral aid, payments to multilateral bodies and contributions to the European Community for each country.

6. Breakdown of Member States' assistance into bilateral aid, multilateral aid and contributions to the European Community (1988, in million \$).

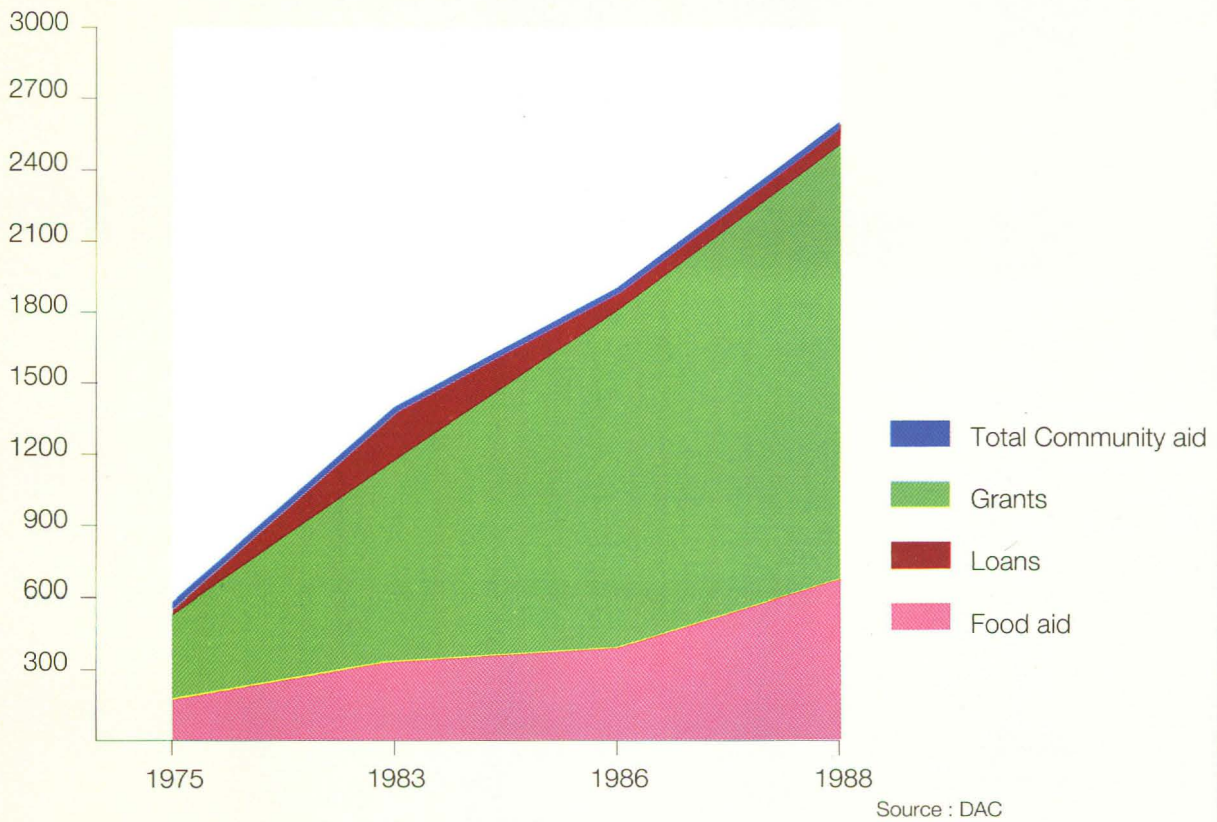


Profile of Community assistance

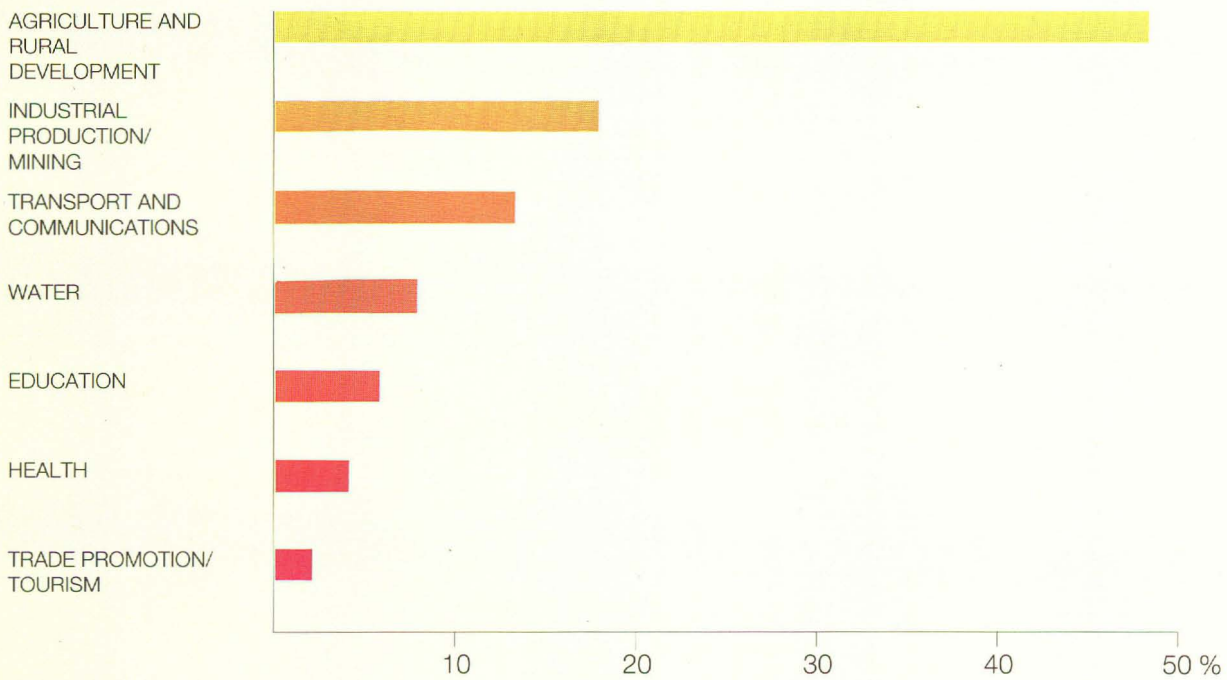
In broad terms, Community contributions are mostly made up of grants, mainly allocated to development projects, although food aid is also significant. Community assistance is given to a very wide range of countries - almost all the developing countries - but with an even clearer priority for sub-Saharan Africa than that given by other donors. The Community also allocates a larger share of its aid than do other donors to agriculture and rural development.

- In 1988 grants made up 97% of Community aid (as against 91% in 1975-77), compared to 78% for all the DAC countries. This indicates the particularly high concessional element present in Community aid.
- An increasing proportion of Community aid is used to finance development projects. In 1975-77 they made up only 52% of total aid, whereas in 1988 they accounted for 64%. The proportion spent on food aid, the other major area of expenditure, dropped from 31% in 1975-77 to 23% in 1988. Nevertheless, the Community remains an important donor of this type of aid, ranked second (15% of total food aid), behind the United States.
- The major sector targeted by Community aid is agriculture and rural development, which accounted for 48.5% of total sector-specific aid (see figure 8). Sector-specific aid does not, however, include the large contributions to food aid and STABEX.
- Agricultural production, representing a modest part of Rural Development, accounted for 24% of total Community commitments in 1988, whereas for all the other DAC countries (including Member States) this figure was only 11%. More generally, aid to encourage production (in both agriculture and industry) dominates Community aid, taking up 40% of all commitments, compared to 18% for the DAC countries, 36% for the World Bank and 17% for the UN agencies.

7. Growth of Community aid, 1975-1988 (net disbursements in million \$).



8. Breakdown of Community aid by main sectors (1988 commitments) as a % of total sector-specific aid.



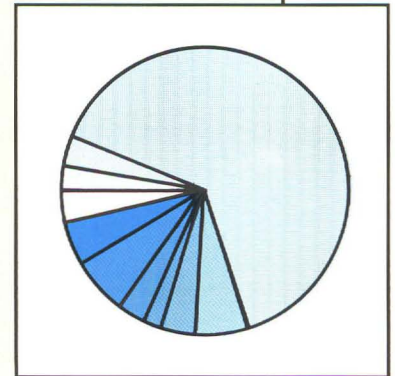
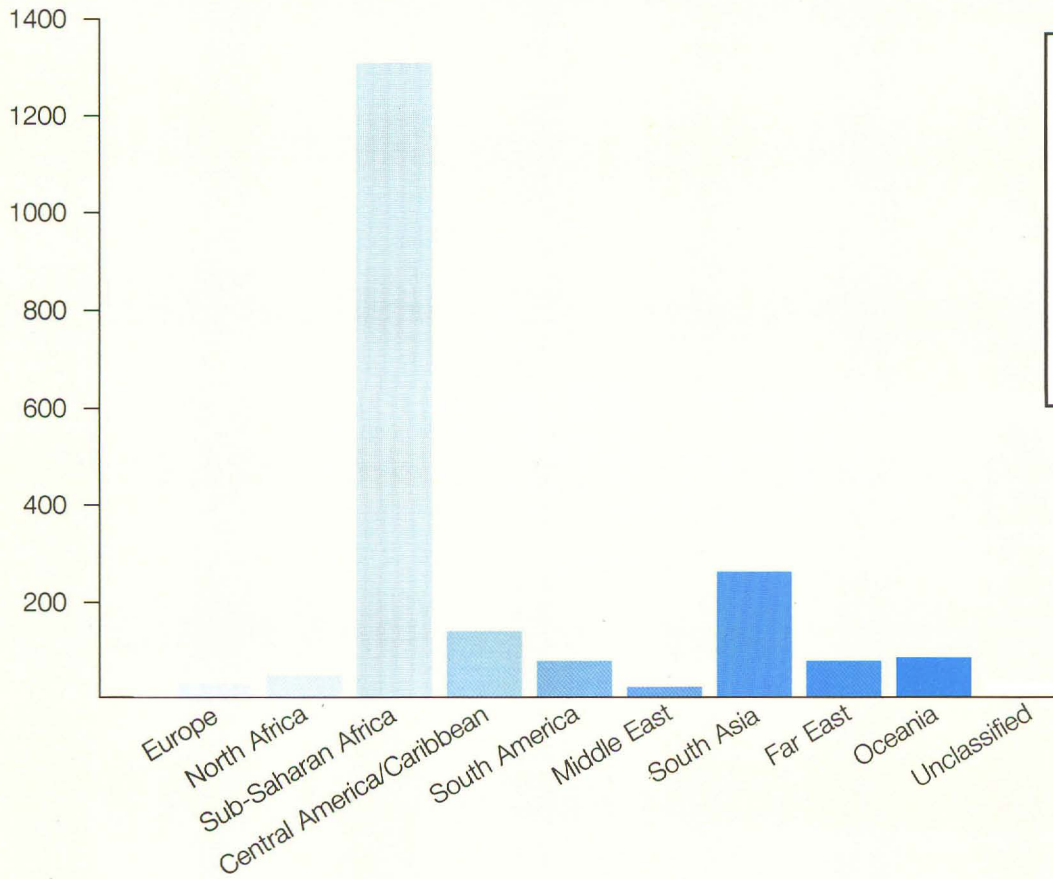
Geographical distribution of Community assistance

- Sub-Saharan Africa is by far the largest recipient of Community aid, accounting for 63% of all country-specific disbursements in 1988. Corresponding figures for aid from the Twelve (Community plus Member States) and total World aid going to this region are 54% and 38% respectively.
- The next largest recipients of Community aid are, in the following order : southern Asia (12.3%), Latin America and the Caribbean (11.1%), Oceania (3.9%), the Far East (3.7%), southern Europe (1.8%) and the Middle East (1%).
- Compared to 1986, the proportion of Community aid going to sub-Saharan Africa, to the Caribbean and Latin America, and to southern Asia had risen by 8%, 4.6% and 4.3% respectively. In the case of the ACP countries in Africa and the Caribbean, these increases reflect progress in the field with the implementation of Lome III projects; in addition, for sub-Saharan Africa, 1988 was a year of substantial Stabex transfers and food aid. In the case of Latin America and Asia, they reflect the rise in development aid for these regions decided by the Community in 1987 and 1988.
- Initially focussed on French-speaking Africa, Community development policy has since expanded to cover all areas of the world. Although some regions in the world receive more Community aid than others, the majority of developing countries nevertheless benefit from EC aid. The distribution of Community aid is similar to the distribution of aid from the Twelve as a whole, reflecting Europe's worldwide historical and commercial ties.
- On average, Community aid represents 5.3% of world aid and 17% of total bilateral aid from the Twelve. These percentages vary from region to region. For the continent of Africa, Community contributions account for 8.7% of total aid resources and 17.4% of total contributions from the Twelve. The corresponding figures for other regions of the world are : America 4.4% and 14.3%, Asia 2.5% and 11.8%.

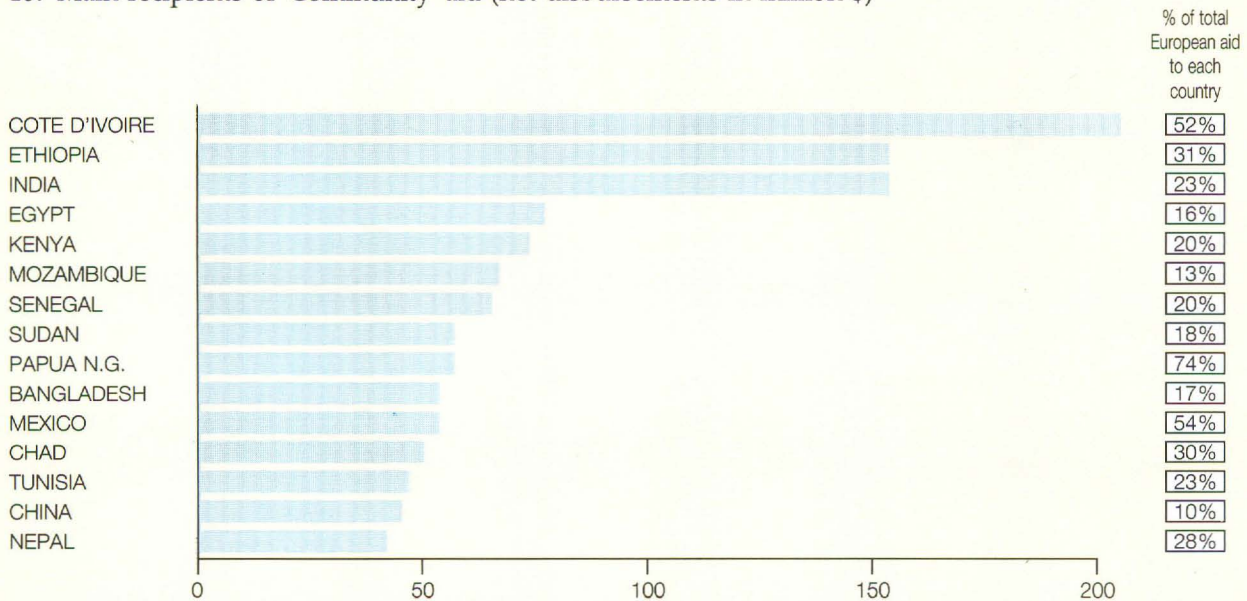
Papua New Guinea, Mexico and Chad. Cote d'Ivoire was the largest recipient of Community aid, mainly because it received substantial support from the Stabex fund to compensate for serious losses on cocoa export earnings.

Figure 10 shows the largest recipients of Community aid, as well as the proportion of European aid which each amount represents. In 1988, Community aid accounted for more than a third of European assistance (Community and Member States) in certain countries, such as Cote d'Ivoire, Ethiopia,

9. Geographical distribution of Community aid (net disbursements, in million \$).



10. Main recipients of Community aid (net disbursements in million \$)



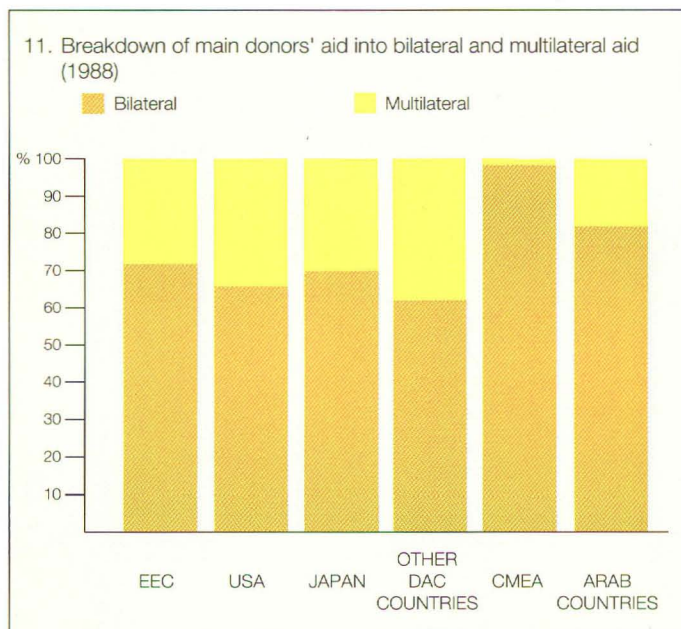
Amount of Community aid in 1988
 % Community aid as % of total European aid

Source:EEC memorandum to DAC

PART III - MULTILATERAL ASSISTANCE

So far this brochure has dealt with bilateral development assistance. A substantial amount of development aid is, however, disbursed multilaterally.

- On average, just under a third of total development aid (31%) from the major donors other than the COMECON and Arab countries (the Twelve, United States, Japan and other DAC countries), is channelled through multilateral agencies. The other DAC countries, particularly the Nordic countries, show the strongest commitment to multilateral agencies, contributing 35% of their aid in this way. The United States also strongly support these agencies, with multilateral disbursements reaching a third of their total assistance, while the Twelve channel 29% of their total aid through multilateral agencies.



- In volume terms, however, the largest multilateral donors are the Twelve, which between them accounted for 31% of all multilateral disbursements in 1988, excluding their contributions to the European Development Fund and the European Community budget⁽¹⁾. The United States are next (30%), followed by Japan (24%) and the other DAC countries. Over the last decade, the most significant trend has been the emergence of Japan as a major multilateral donor. In 1988, Japan and the United States provided half of all multilateral aid, excluding European Community assistance.

(1) Each Member State's bilateral aid, multilateral aid and contributions to European Community aid (EDF and budget) are shown in figure 6.

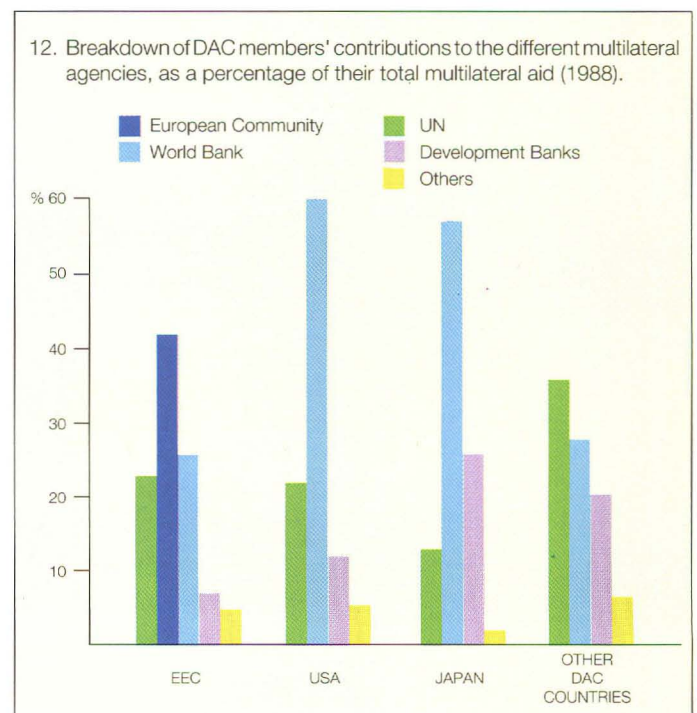
The EC is not treated as a multilateral agency in this brochure, since it represents only 12 donors. It is however considered as such by the OECD's Development Assistance Committee (DAC), whose figures show EC disbursements as representing 17% of total multilateral aid in 1988, and the Twelve as providing 41% of total multilateral aid when EC aid is included.

Profile of Major Multilateral Agencies

Multilateral agencies fall into two categories. The first includes those which administer concessional aid, i.e. mainly grants. Predominant in this category are the family of United Nations agencies whose areas of specialisation range from health, education, agriculture and refugees to industrial promotion. 23% of total multilateral aid is channelled through these UN agencies. The European Community is the other major multilateral agency in this category, administering 17% of total multilateral aid⁽¹⁾.

The second category, managing 55% of total multilateral aid in 1988, comprises the development banks which disburse aid mostly on a non-concessional basis. Like commercial banks, they raise their funds on the capital markets and loan to developing countries at market interest rates. The World Bank, which includes both the International Bank for Reconstruction and Development (IBRD) and the International Development Agency (IDA), is the largest institution in this category, handling 40% of total multilateral aid. The other financial institutions are the regional development banks (Asian, African and Inter-American Development Banks) which disbursed 14% of all multilateral aid in 1988. It should be noted that the IDA makes soft loans to developing countries which are, therefore, concessional in nature.

Of the Member States' total multilateral aid, 42% is channelled to the European Community, 23% to the UN, 27% to the World Bank and 6% to the Development Banks (see figure 12). The United States, on the other hand, contribute 61% of



multilateral aid to the World Bank, 22 % to the UN and 12 % to the Development Banks. Likewise Japan channels most of its multilateral aid through the World Bank (58 %), 26 % to the Development Banks and 14 % to the UN.

In recent years, three trends have emerged in net disbursements by multilateral agencies: there has been a lack of growth in the total flow of multilateral aid over the years; there has been a marked shift from non-concessional aid towards concessional flows; and geographically, a greater proportion of multilateral aid has gone to sub-Saharan Africa.

Contributions from the Twelve to United Nations agencies

A closer examination of a sample of UN agencies and their contributions from the Twelve reveals a clearer picture of donor contributions to multilateral agencies in general. A significant feature of this breakdown is that for almost every agency the Twelve are the largest donors, contributing on average 36 % of total funds to each of the agencies (see figure 13). The United States, the other significant donor, contributes more than the Twelve in only two cases: WFP and UNRWA. While the Commission, which administers Community aid, does not contribute to all the UN agencies, it nevertheless makes substantial contributions to WFP, UNHCR, UNBRO, UNRWA and UNDRO.

	% Community	% EEC (Community + Member States)
UNDP	-	38.1
FAO	-	35.8
WFP	11.8	22.2
WHO	-	29.3
UNIDO	-	29.7
UNHCR	10.7	46.4
UNBRO	10.0	17.0
UNRWA	19.7	38.0
UNDRO	11.3	20.0
AVERAGE 1988-89	4.6	35.9

UNDP	: United Nations Development Programme
FAO	: Food and Agriculture Organisation
WFP	: World Food Programme
WHO	: World Health Organisation
UNHCR	: United Nations High Commission for Refugees
UNIDO	: United Nations Industrial Development Organisation
UNDRO	: United Nations Disaster and Relief Organisation
UNRWA	: United Nations Relief and Works Agency for Palestine Refugees in the Near East
UNBRO	: United Nations (Thailand/Kampuchea) Border Relief Operation

A further breakdown of the Twelve's contributions to the UN agencies reveals that Germany provides the largest amount, with 16.2 % of total European donations, followed closely by the Netherlands, which contribute 16 %. Significantly, the next major contributor to the UN is the European Commission with 15 %.

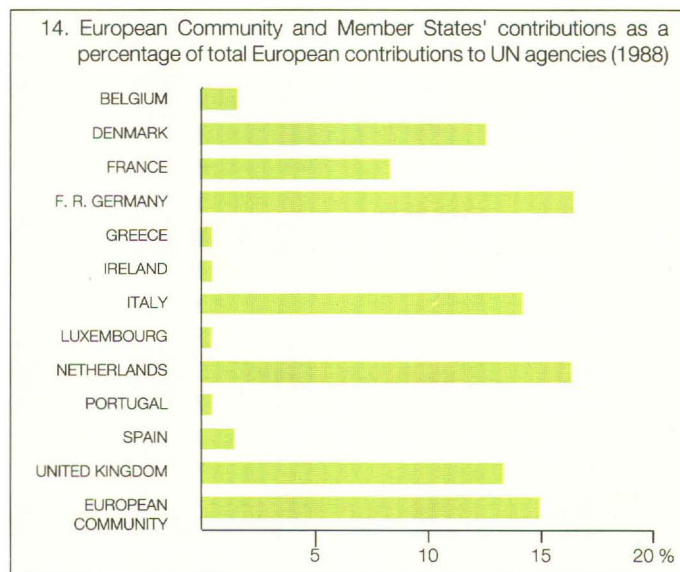


Figure 15 reveals that WFP, followed by UNDR0 and UNDP, received the most funding while UNIDO received the least. Taken together as a family of agencies, the UN focus the majority of their activities on social infrastructure (28 % of commitments), then food aid (2 %), emergency aid (19 %), followed by production (17 %) in both agriculture and industry, and lastly economic infrastructure (6 %).

	Total (million \$)	Percentage
UNDP	950.0	20.5
FAO	267.7	5.8
WFP	1 051.0	22.7
WHO	297.4	6.4
UNIDO	76.1	1.6
UNHCR	434.0	9.4
UNBRO	157.9	3.4
UNRWA	141.7	3.1
UNDRO	992.0	21.4
AVERAGE 1988-89	4 367.8	100.0

Statistical annexes

TABLE I

Main donors of official development assistance 1988
(in million \$ at 1988 prices and exchange rates)

EEC:	24 140
United States:	10 141
Japan:	9 134
Other DAC countries:	4 679
Arab countries:	2 340
CMEA countries:	4 690
TOTAL:	55 124

Source: DAC Report 1989

TABLE II

Official development assistance from the European Community and its Member States, 1988 net disbursements

	Million \$	% of GNP
Belgium	597	0.4
Denmark	922	0.9
France	6 865	0.7
Germany	4 731	0.4
Greece	38	0.1
Ireland	57	0.2
Italy	3 183	0.4
Luxembourg	18	0.3
Netherlands	2 231	1.0
Portugal	83	0.2
Spain	240	0.1
United Kingdom	2 645	0.3
European Community	2 909	-

TABLE III

Main donors of ODA in the different regions of the Third World -
1988 net disbursements in million \$

	Europe	Africa	America	Asia	Oceania
EEC	356	7 921	1 485	3 035	155
Japan	137	1 175	359	4 109	82
USA	-25	1 677	1 085	2 095	152
Other DAC countries	24	1 713	820	1 196	363
Arab countries	0	973	0	1 124	0
CMEA	0	430	1 104	2 731	0
TOTAL	482	13 889	4 853	14 290	752

TABLE IV

EEC-ACP cooperation
Financing available under the first, second, third and fourth
Lome Conventions

million ECU

	Lome I	Lome II	Lome III	Lome IV
EIB loans from own resources	390	685	1 100	1 200
EDF	3 072	4 724	7 400	10 800
- grants	2 150	2 999	4 860	6 215
- special loans	446	525	600	-
- risk capital	99	284	600	825
- structural adjustment	-	-	-	1 150
- STABEX	377	634	925	1 500
- SYSMIN	-	282	415	480
- Others	-	-	-	630
TOTAL	3 462	5 409	8 500	12 000

TABLE V

Cooperation with southern Mediterranean countries
(Maghreb - Mashreq - Israel)
Contributions provided for the financial Protocols - million ECU

	Budget	European Investment Bank	Total
First Protocol 1976-1981	307	362	669
Second Protocol 1982-1986	415	600	1 015
Third Protocol 1987-1991	615	1 066	1 681

TABLE VI

European Community aid to the "non-associated" developing countries (1) - million ECU

1976	20.0	1983	212.2
1977	45.0	1984	218.0
1978	70.0	1985	264.0
1979	110.0	1986	248.0
1980	138.5	1987	290.1
1981	150.0	1988	327.0
1982	243.0	1989	368.4

(1) Mainly in Asia and Latin America.

TABLE VII

Geographical breakdown of Community food aid - 1988

	Cereals	Butteroil	Milkpowder
Middle East	1.1%	1.4%	1.0%
Africa	37.6%	12.6%	17.5%
Asia	36.4%	39.1%	28.6%
Latin America	2.3%	5.1%	5.9%
International Organisations	39.6%	41.8%	47.0%