

INFOFINANCE 1998

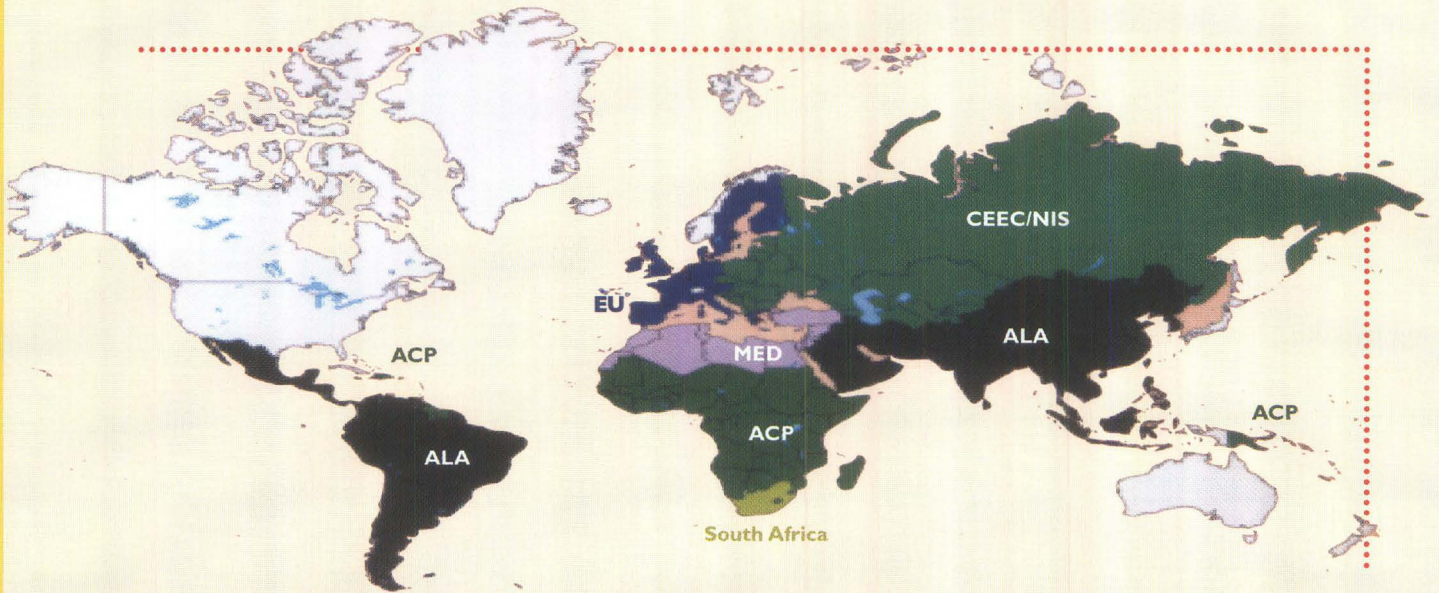
Development aid managed by the European Union is financed through the general Community budget and the European Development Fund (EDF). On one hand, financed by the Community own resources, a large number of budget headings under the general Commission Budget illustrate the effort of the European Union in favour of the developing countries of the ACP (Africa, Caribbean and Pacific), MED (the Mediterranean), ALA (Latin America and Asia), CEECs (Central and Eastern Europe) and NIS (New Independent States of the former Soviet Union). Actions are financed in fields such as food aid, support for NGOs, rehabilitation actions, environment, health, democracy and human rights. On the other hand, the EDF, the financial instrument of the Lome Convention, is the subject of ad hoc contributions by the Member States and is destined only for ACP countries.

The European Union is a major actor in the development aid devoting a budget of 8 614 million Ecu. The European Community is thus the fifth donor in the world.

ALLOCATION BY SECTOR OF EUROPEAN COMMUNITY AID UNDER THE BUDGET AND THE EDF

	TOTALS		ACP countries		The Mediterranean and the Middle East		Asia		Latin America		Central and Eastern Europe		New independent states	
	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998
(in MECU)														
Programme aid	494	977	291	873	153	12	0	0	18	28	10	0	22	64
Structural adjustment	326	824	123	720	153	12	0	0	18	28	10	0	22	64
Stabex	0	152	0	152	0	0	0	0	0	0	0	0	0	0
Sysmin	168	1	168	1	0	0	0	0	0	0	0	0	0	0
Food aid	277	626	145	138	8	7	80	81	9	0	0	0	35	400
Humanitarian aid	853	898	167	179	64	91	93	123	61	73	432	383	36	49
Humanitarian	527	582	101	132	60	89	84	120	61	65	185	137	36	39
Rehabilitation	326	316	66	47	4	2	9	3	0	8	247	246	0	10
Aid to NGOs	172	188	63	65	12	11	38	31	58	78	0	0	1	3
Natural resources	195	417	33	137	41	156	26	33	62	52	23	33	10	6
Agriculture	157	351	31	124	41	132	17	25	35	31	23	33	10	6
Forestry	40	57	7	4	0	24	9	8	24	21	0	0	0	0
Fisheries	-2	9	-5	9	0	0	0	0	3	0	0	0	0	0
Other productive services	291	581	3	95	116	374	27	20	45	10	35	0	65	82
Industry, mining and construction	222	479	2	23	107	368	1	6	12	0	35	0	65	82
Trade	5	42	-3	42	0	0	4	0	4	0	0	0	0	0
Tourism	5	30	4	30	0	0	0	0	1	0	0	0	0	0
Investment promotion	59	30	0	0	9	6	22	14	28	10	0	0	0	0
Economic infrastructure and services	994	1821	169	847	234	203	70	37	14	22	326	525	181	187
Transport and communications	469	1078	88	622	105	10	11	15	1	1	215	389	49	41
Energy	245	278	65	98	35	30	15	15	10	6	12	6	108	123
Banking, finance & business services	280	465	16	127	94	163	44	7	3	15	99	130	24	23
Social infrastructure and services	1225	1170	10	321	657	409	172	159	162	86	159	85	65	110
Education	374	400	1	69	187	97	28	132	73	27	82	49	3	26
Health and population	191	296	2	92	12	192	137	10	29	2	11	0	0	0
Water supply	343	266	0	141	300	113	0	0	37	12	6	0	0	0
Others	317	208	7	19	158	7	7	17	23	45	60	36	62	84
Government and civil society	543	429	175	86	78	25	14	23	27	16	221	271	28	8
Multisector	316	414	20	62	88	32	119	99	35	105	23	81	31	35
Environment	105	132	5	7	37	4	4	3	6	3	22	80	31	35
Women in development	1	13	1	0	0	0	0	13	0	0	0	0	0	0
Rural development	153	163	0	11	50	21	74	80	29	51	0	0	0	0
Others	57	106	14	44	1	7	41	3	0	51	1	1	0	0
Non specified	706	560	182	180	92	48	0	11	11	15	312	209	109	97
Non specified all regions together	449	533												
Total	6515	8614	1258	2983	1543	1368	639	617	502	485	1541	1587	583	1041

Source : ODI database 1999



THE GENERAL COMMISSION BUDGET

The expenditures of the Union, following the European integration, have considerably developed and diversified to reach in 1998 an amount of 79 billion ECU in commitments (decisions), of which 6 billion (7.5%) 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 cover 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 the contributions to the programmes carried out by other international organisations or non governmental organisations (NGOs).

The distribution of Community aid by geographical area in 1998 is as follows:

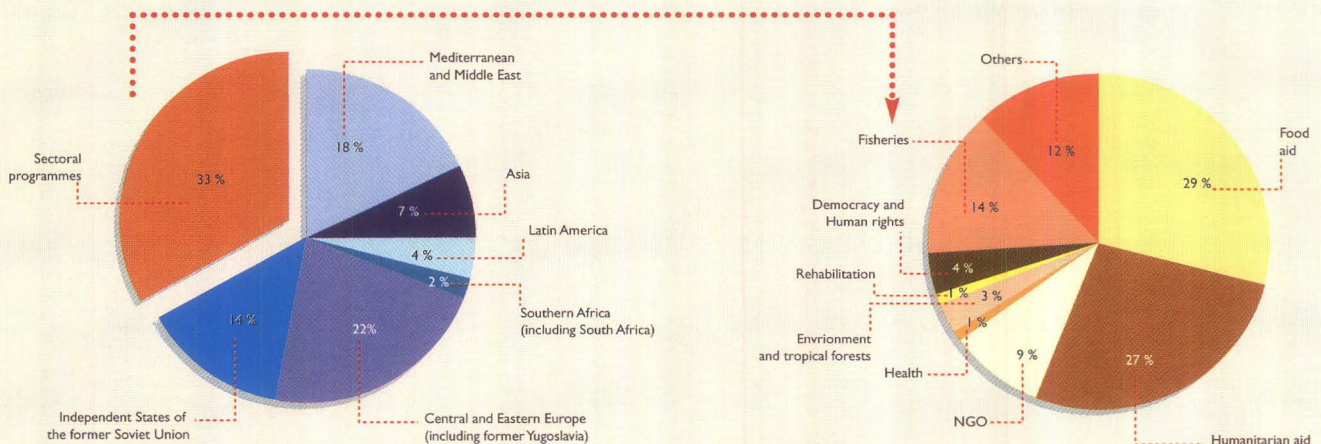
- Mediterranean and Middle East 1068.67 MECU
- Asia 394.81 MECU
- Latin America 240.84 MECU
- Southern Africa (including South Africa) 135.29 MECU
- Central and Eastern Europe (including former Yugoslavia) 360 MECU
- Independent States of the former Soviet Union 862.23 MECU¹.

Moreover, co-operation projects of a horizontal nature are broken down as follows:

- Food aid 578.36 MECU
- Humanitarian aid 53.285 MECU
- NGOs 186.89 MECU
- Health 21.5 MECU
- Environment and tropical forests 53.42 MECU
- Rehabilitation 28.66 MECU
- Democracy and Human rights 85.55 MECU.
- Fisheries 271.28 MECU
- Others 249.11 MECU

⁽¹⁾ This amount is distributed as follows : 462 MECU under the Community budget for cooperation and 400 MECU of food aid subsidised by EAGGF (European Agricultural Guidance and Guarantee Fund)

BREAKDOWN OF COOPERATION ACTIONS FINANCED UNDER THE GENERAL BUDGET (IN %) (commitments)



GEOGRAPHICAL BREAKDOWN OF DEVELOPMENT AID BY BUDGET LINE IN 1998

Title	Heading	In mecus	TOTAL		Géré par la DG DEV		Géré par les autres DG ¹	
			Commitments	Payments ²	Commitments	Payments	Commitments	Payments
B1-315	Food aid for Russia (EAGGF)		400.00	0.00	0.00	0.00	400.00	0.00
B7-20..	Food aid		578.36	341.77	578.36	341.77	0.00	0.00
B7-21..	Humanitarian aid		532.85	501.67	0.00	0.00	532.85	501.67
B7-30..	Asia		394.81	236.07	0.00	0.00	394.81	236.07
B7-31..	Latin America		240.84	142.81	0.00	0.00	240.84	142.81
B7-321	Southern Africa (rehabilitation)		7.79	12.56	7.79	12.56	0.00	0.00
B7-320	South Africa		127.50	71.98	127.50	71.98	0.00	0.00
B7-40..	Mediterranean		47.27	133.06	0.00	0.00	47.27	133.06
B7-41..	Economic and social reforms MEDA		940.72	230.71	0.00	0.00	940.72	230.71
B7-42..	Near & Middle East		80.68	57.74	0.00	0.00	80.68	57.74
B7-50..	Central and Eastern Europe (PHARE)		1 118.82	1 032.71	0.00	0.00	1 118.82	1 032.71
B7-51	European Bank for Reconstruction and Development (EBRD)		33.75	4.38	0.00	0.00	33.75	4.38
B7-52..	NIS (TACIS programme) and Mongolia		462.23	399.92	0.00	0.00	462.23	399.92
B7-53..	CEECs/NIS - Nuclear security		68.60	69.20	0.00	0.00	68.60	69.20
B7-54..	Republics of ex Yugoslavia		242.77	122.40	0.00	0.00	242.77	122.40
B7-60..	Co-financing NGO's		186.89	145.19	173.89	141.11	13.00	4.08
B7-61..	Training and public awareness/Women in development		4.21	7.53	3.71	5.20	0.50	2.33
B7-620.	Environment/tropical Forests		53.42	37.88	19.69	17.48	33.73	20.40
B7-621.	Health		21.50	17.63	9.97	10.33	11.53	7.30
B7-63	Population/Demography		7.44	5.18	2.31	0.27	5.13	4.91
B7-6410	Rehabilitation		28.66	36.11	13.66	19.56	15.00	16.55
B7-6430	Decentralised co-operation		3.76	4.48	3.76	4.48	0.00	0.00
B7-65..	Evaluation of Community aid and fight against fraud in the co-operation sector		4.90	3.91	4.53	3.63	0.37	0.28
B7-660.	Specific actions with third countries		23.20	17.68	17.68	15.00	5.52	2.68
B7-6610	Anti-personnel mines		6.08	5.99	1.55	2.30	4.53	3.69
B7-70..	Democracy/Human rights		85.55	65.93	24.38	13.84	61.17	52.09
B7-80..	International agreement on fisheries		271.28	272.93	0.00	0.00	271.28	272.93
B7-81..	External stages of environmental policy		11.83	10.17	0.00	0.00	11.83	10.17
B7-82..	International agreements in agricultural matters		4.20	4.20	0.00	0.00	4.20	4.20
B7-83..	Co-operation with third countries in education		1.93	1.92	0.00	0.00	1.93	1.92
B7-84..	Transport		0.00	1.07	0.00	0.00	0.00	1.07
B7-8710	ACP bananas		0.00	6.35	0.00	6.35	0.00	0.00
B7-8720	Promotion of ALA-MED investments (ECIP)		28.40	21.96	0.00	0.00	28.40	21.96
B7-8...	Trade, customs		12.45	14.08	0.00	0.00	12.45	14.08
B7-95..	Supporting expenditure for external policies		0.00	2.27	0.00	0.00	0.00	2.27
B8-0	Foreign policy and common security (Countries in transition)		37.86	28.21	0.00	0.00	37.86	28.21
B1-B7-B8	Grand total Title B1, B7 and B8		6 070.55	4 067.65	988.78	665.86	5 081.77	3 401.79

Source : revenue and expenditure accounts 1998 , the European Commission

(¹) This heading amalgamates :

DG AGRICULTURE AND FISHERIES, ECHO (European Community Humanitarian Office), DG ENLARGEMENT (for the management of programmes in those countries applying for accession to the European Union)

(²) Commitments correspond to an accounting registration of envisaged expenditure. Payment is done when the project is realised. There is often a time delay, which explains that for certain budget headings the payment is higher than the engagement.

PRINCIPAL PROGRAMMES FINANCED FROM THE EUROPEAN COMMUNITY BUDGET

GEOGRAPHICAL PROGRAMMES

Since the beginning of the 1990s, the European Community has set up three programmes to help countries of the former Soviet block.

The **PHARE** programme is firstly intended for the ten countries applying for accession to the European Union⁴ in order to help local governments in the implementation of the 'acquis communautaire' with a view to familiarising them with the objectives and procedures of the Community. It also helps these countries to put their infrastructures in conformity with Community standards by mobilising essential investments in fields such as environment, transport and industrial plants. Moreover, this programme helps in supporting the transition towards democracy and the market economy in Albania, Bosnia-Herzegovina and the former Yugoslav republic of Macedonia (FYROM).

The **TACIS** programme aims to support the transition of 14 countries⁵ towards a market economy and to strengthen democratisation, in the form of a partnership financed by non refundable aids in order to subsidise the know-how contribution which emanates from a broad range of public and private organisations. The main benefiting sectors are: teaching, the restructuring of public-sector companies and the devel-

opment of the private sector, agriculture, the infrastructures in the field of energy, telecommunication and transport, nuclear safety and environment, social services and reforms of the public service

OBNOVA is intended to support the rehabilitation and the rebuilding of Bosnia Herzegovina, Croatia, the federal Republic of Yugoslavia and the former Yugoslav republic of Macedonia (FYROM). Its main priorities are regional cooperation, consolidation of democracy and civil society, return and reintegration of refugees and development of the private sector.

The Euro-Mediterranean partnership « **MEDA** » programme is the principal tool for the Community support for economic transition, the development of Mediterranean partners, regional cooperation in the Mediterranean as well as assistance to the West Bank and the Gaza Strip.

The **ALA** programme was set up for Asian and Latin American countries and pursues the following objectives: support for democracy, fight against poverty and social exclusion, encouragement of the economic reforms and improvement of international competitiveness.

SECTORAL PROGRAMMES

The budget heading « **humanitarian aid** » (B7-21) is used to give assistance and emergency help to the victims of catastrophes or conflicts outside the Community. This aid is directed directly towards people in distress. In 1998, the principal beneficiary countries were the Bosnia-Herzegovina (accounting for 26% of the budget heading), the Great Lakes region (23%) and Sudan (10%).

The principal body in this field is the humanitarian Office « **ECHO** » which mobilises and provides rapidly help such as first aid goods, specific food products, medical equipment, medicines and fuel, or services such as medical teams, teams for treatment of water and logistical support by calling upon its partners or by using its own operational capacities.

EC Investment Partners « **ECIP** » (B7-8720) aims to increase direct investment by the local Community and the companies in the countries of Asia, Latin America, the Mediterranean and South Africa.

The B7-60 heading « **cofinancing NGO** » aims to support and strengthen the role of the non-state actors, in particular the NGOs, through co-financing their operations in developing countries and their awareness actions in Europe.

The budget heading **environment** is intended to incorporate environmental concerns into all the sectors of development co-operation, with close attention on the evaluation of the environmental impact on the procedures and the management of forestry resources.

The B7-20 heading is devoted to the operations of **aid and food security** and therefore acts by giving food products or by providing a currency facility to countries in difficulties.

(¹) Poland, Hungary, Bulgaria, Czech Republic, Slovak Republic, Romania, Estonia, Latvia, Lithuania, Slovenia

(²) Armenia, Azerbaïdjan, Bielorussie, Géorgie, Kazakhstan, Kirghistan, Moldavie, Mongolie, Fédération de Russie, Tadjikistan, Turkménistan, Ukraine, Ouzbékistan et Mongolie

THE EUROPEAN DEVELOPMENT FUND

The EDF provides grants for aid programmes of the signatory countries of the Lome Convention. This involves the ACP countries (Africa, the Caribbean and Pacific) ⁶ and 20 OCT (Countries and Overseas Territories located mainly in the Pacific or the Caribbean) which are associated with the European Union and fall constitutionally within the competence of several Member States, without being independent states.

In 1998, at the end of the process of ratification of the agreement amending the 4th Lome Convention signed in Mauritius on 4 November 1995, the 8th EDF was implemented. It is endowed with MECU 12,967 distributed between MECU 12,802 for the ACP states and MECU 165 for the OCT. Interventions are made following programming of priority needs such as education, health, rural development, infrastructure, private investment, etc.

ANNUAL BREAKDOWN OF AID BY INSTRUMENT UNDER THE EDF (ACP STATES AND OCT)

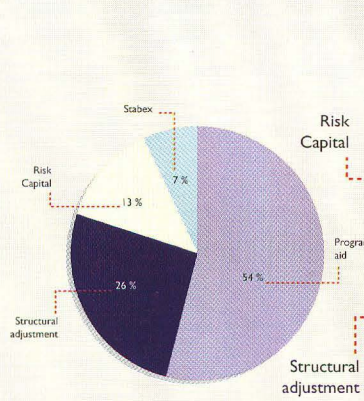
In MECU	1998			1997			1996		
	Decisions	Contracts	Payments	Decisions	Contracts	Payments	Decisions	Contracts	Payments
Programmed aid	1 198.25	685.23	812.40	403.83	824.41	891.26	656.48	847.65	833.94
Structural adjustment	586.56	415.77	279.53	40.70	57.20	74.35	51.10	95.53	94.65
Risk capital	297.05	212.59	171.33	13.05	6.90	118.07	47.33	205.93	122.17
Interest rebates	24.54 *	14.55	27.05 *		- 7.75	52.94	31.60	33.01	31.90
Emergency aid	36.73 *	34.91	12.65 *		0.91	10.07	- 11.87	- 12.62	33.84
Aid for refugees	0.94 *	1.96 *	5.52 *		5.35	8.29	1.19	1.43	7.74
Sysmin	0.51 *	46.93	41.83	168.35	55.67	38.98	33.95	54.81	28.14
Stabex	151.69	106.79	89.31		18.73	18.73	155.08	154.28	164.99
TOTAL	2 296.28	1 518.73	1 439.62	625.93	961.42	1 212.69	964.86	1 380.02	1 317.37

*These amounts are not included in the following pie-charts because of their low values. The negative amounts shown under decisions or contracts relate to the cancellation of previously accepted commitments. The EDF is managed by DG Development, except for « emergency aid » and « aid for the refugees » lines, managed by ECHO.

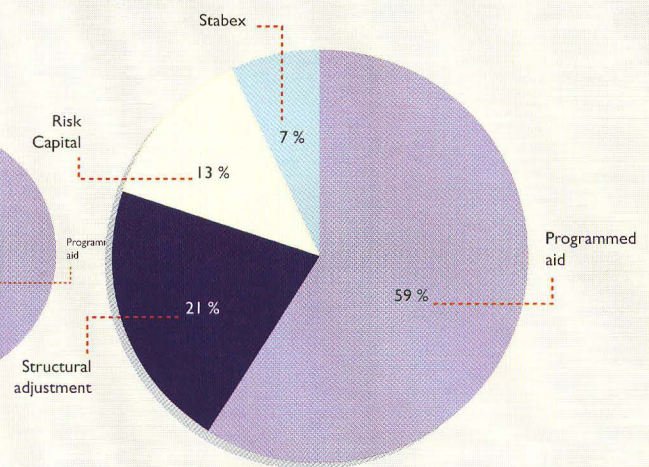
The STABEX instrument was set up to help ACP states mitigate the effect of the income falls coming from the production and the sale of agricultural products. These losses can either result from the difficulties of a country or a sector, or from more general difficulties on the markets resulting in falls in export prices or exported quantities, or the two at the same time.

SYSMIN is a mechanism giving ACP states the means of financing their mining sector if in difficulty and thus contribute to the setting up of a more solid and wider economic base for the development of the recipient states. Aid is granted in the form of subsidies and can also benefit diversification projects outside the mining sector.

Percentage of decisions by instrument in 1998



Percentage of payments by instrument in 1998

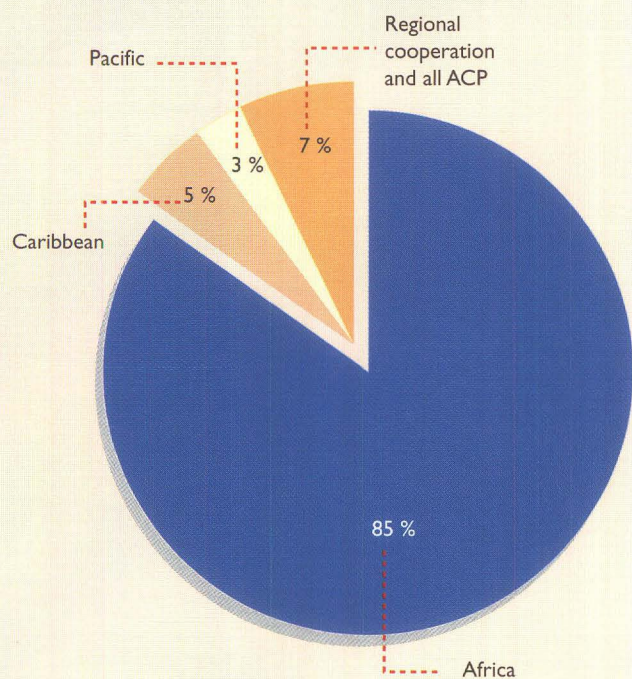


(1) South Africa became an ACP state in October 1999. She does not benefit from the financial instruments of the EDF but from a specific budget line.

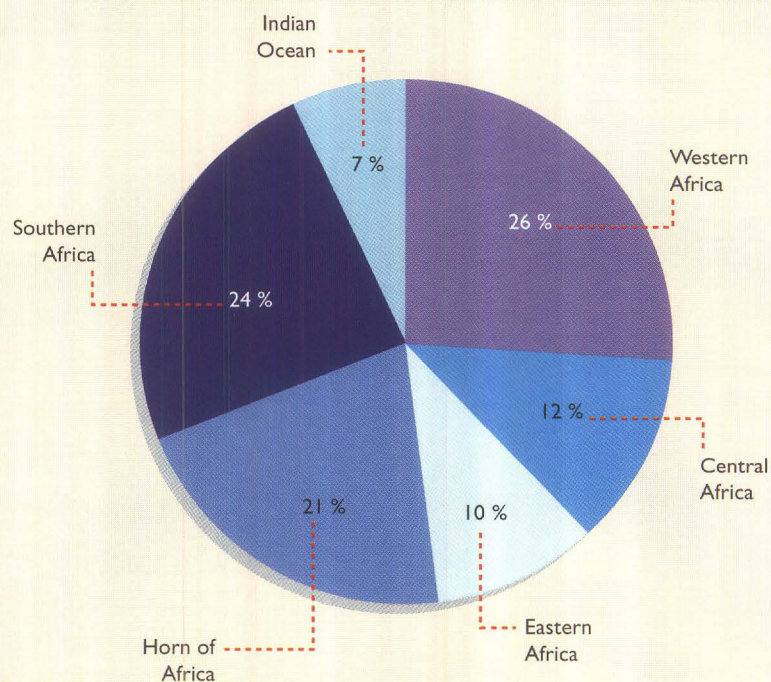
ANNUAL BREAKDOWN OF AID BY GEOGRAPHICAL REGION UNDER THE EDFs

in mio Ecu	1998			1997			1996		
	Decisions	Contracts	Payments	Decisions	Contracts	Payments	Decisions	Contracts	Payments
Western Africa	526.15	446.66	419.74	144.35	218.04	345.29	172.50	356.69	385.83
Central Africa	228.82	102.98	114.93	53.71	107.83	75.32	79.23	81.17	108.59
Eastern Africa	193.49	173.24	119.31	49.34	89.77	137.74	78.73	112.65	130.53
Horn of Africa	400.49	148.66	102.06	66.64	74.33	45.70	66.00	82.19	50.11
Southern Africa	474.88	243.36	236.25	21.13	118.09	178.69	187.05	198.24	170.46
Indian Ocean	128.81	70.37	74.20	42.18	68.75	85.31	14.29	80.99	53.31
Total Africa	1952.65	1185.27	1066.50	377.35	676.81	868.05	597.80	911.93	898.83
The Caribbean	113.59	118.99	136.38	86.33	109.39	99.69	166.44	162.00	143.42
Pacific	62.74	22.17	52.33	16.31	28.16	31.51	16.45	53.76	40.47
Regional cooperation and all ACP	167.31	192.31	184.41	136.00	147.06	213.44	184.17	252.33	234.65
TOTAL	2296.28	1518.74	1439.62	615.99	961.42	1212.69	964.86	1380.02	1317.37

Breakdown of EDF-aid by geographical region in 1998



Breakdown of EDF-aid in africa in 1998



OFFICIAL DEVELOPMENT ASSISTANCE (ODA) OF DAC COUNTRIES

The OECD (Organisation for Economic Cooperation and Development) goal is to promote policies bringing about the strongest expansion of the economy and employment, together with a progression of the standard of living in the Member States, as well as contributing 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 expert committees were created. One of those is the Development assistance Committee (DAC), whose members have decided to achieve an increase in the total volume of the resources put at the disposal of the developing countries and to improve its effectiveness. The OECD, contrary to the European Union, distinguishes two types of development aid:

- The ODA « official development assistance » regrouping the donations and loans destined for the developing countries (Africa, the Caribbean, Pacific, Asia, Latin America, the Mediterranean and the Middle East), and
 - The OA « official assistance » intended for countries in transition (Central, Eastern Europe and countries of the former Soviet Union).
- Owing to this distinction, the total evaluation of the development aid of the European Union made by the OECD is lower than the amounts included in Community's accountancy.

The following table shows the evolution of the official development assistance extended by the 21 Member States of the DAC, during the period 1991-1997. An analysis of the figures highlights the continuing downward trend in overall disbursements figures by DAC members.

Total ODA fell from 58,926 million \$ in 1995 to 55,843 in 1996 and to 52,222 million US\$ in 1997, i.e. a fall of more than 6% between the last two years. Japan accounted for the lion's share of this decline, reducing its contribution from 14,489 million \$ in 1995 to 9,439 million \$ in 1996, i.e. a drop of 34.85%. However, since 1997, a rise of 9% has brought their figure to 10,347 million \$.

For the Member States of the European Union, a general tendency to a fall in credits available has been recorded since 1995.

The countries of the Union (including the EC) paid 29,356 million \$, i.e. 56.21% of the ODA in 1997. Japan remains the first donor with 19.81% of the total ODA, France being the second with 13.64% followed by the United States and Germany with respectively 12.91% and 12.84% of the total ODA. The EC accounts for 11.08% of the total ODA and 19.72% of the total of the ODA of the Member States of the Union.

The theoretical aim set by the United Nations is that each country devotes 0.7% of its GNP to development aid. However, when the individual situation of the countries is analysed, it is noted that only the countries of northern Europe apply this objective. Denmark, with 0.97%, remains despite a reduction recorded in 1996, the country which devotes the greatest part of its GNP to the ODA, followed by Norway, the Netherlands and Sweden with ODA/GNP ratios respectively of 0.86%, 0.81% and 0.79%.

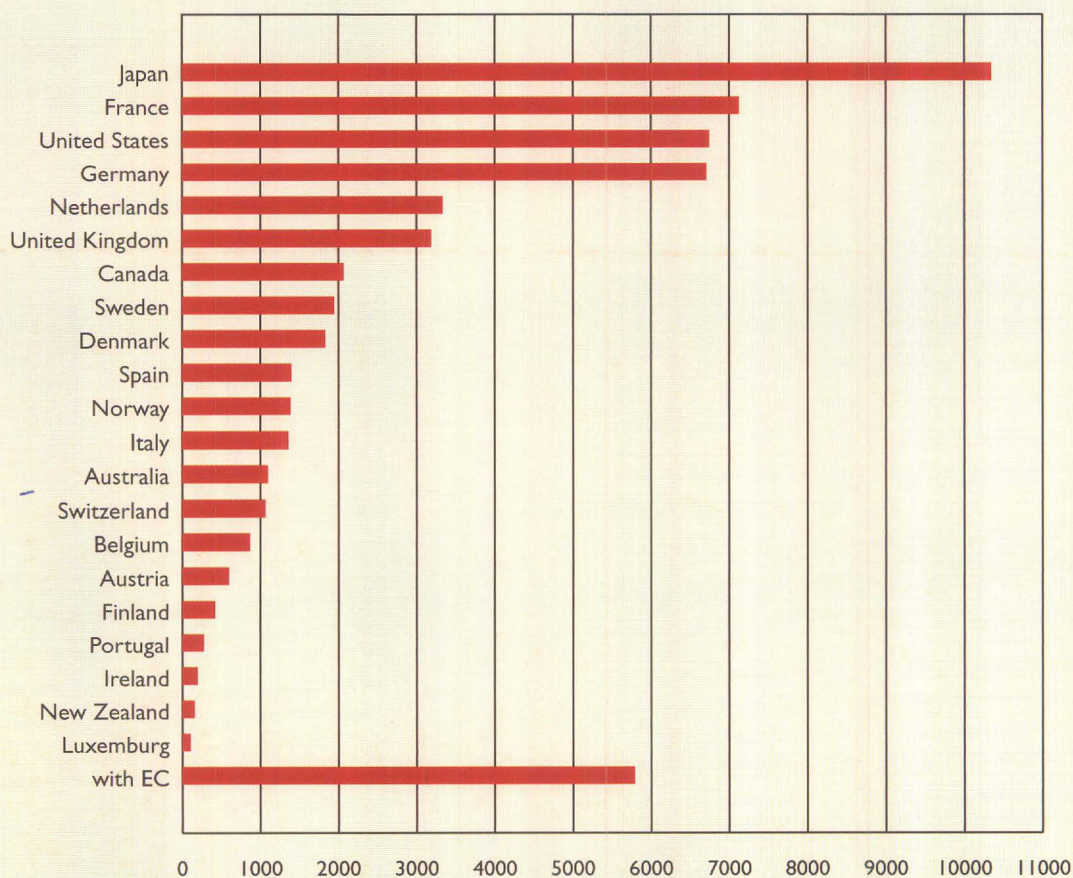
The average of the total DAC countries' ODA in relation to their GNP was 0.24% in 1997. As regards the Member States of the EC, the average amounted in 1996 to 0.36%

ODA DISBURSEMENTS OF DAC COUNTRIES - PERIOD 1991-1997 (IN MILLIONS OF US \$)

Countries	Total ODA 1991	Total ODA 1992	Total ODA 1993	Total ODA 1994	Total ODA 1995	Total ODA 1996	Total ODA 1997	ODA 1996 as a % of DAC total	ODA 1997 in % of DAC total	ODA 1996 in % of National GNP	ODA 1997 in % of National GNP
Australia	1 050	1 011	953	1 091	1 194	1 121	1 097	2.02%	2.10%	0.30%	0.28%
Austria	543	531	544	655	767	557	599	1.00%	1.15%	0.24%	0.26%
Belgium	831	840	810	727	1 034	913	869	1.65%	1.66%	0.34%	0.31%
Canada	2 604	2 515	2 400	2 250	2 067	1 795	2 065	3.24%	3.95%	0.32%	0.34%
Denmark	1 200	1 392	1 340	1 446	1 623	1 772	1 832	3.19%	3.51%	1.04%	0.97%
Finland	930	644	355	290	388	408	423	0.74%	0.81%	0.34%	0.33%
France	7 386	8 162	7 915	8 466	8 443	7 451	7 124	13.43%	13.64%	0.48%	0.45%
Germany	6 890	6 963	6 954	6 818	7 524	7 601	6 707	13.70%	12.84%	0.33%	0.28%
Ireland	72	70	81	109	153	179	194	0.32%	0.37%	0.31%	0.31%
Italy	3 347	4 122	3 043	2 705	1 623	2 416	1 361	4.35%	2.61%	0.20%	0.11%
Japan	10 945	11 119	11 259	13 239	14 489	9 439	10 347	17.01%	19.81%	0.20%	0.22%
Luxembourg	42	38	50	59	65	82	107	0.15%	0.20%	0.44%	0.55%
Netherlands	2 517	2 742	2 525	2 517	3 226	3 246	3 335	5.85%	6.39%	0.81%	0.81%
New Zealand	100	97	98	110	123	122	158	0.22%	0.30%	0.21%	0.26%
Norway	1 178	1 226	1 014	1 137	1 244	1 311	1 388	2.36%	2.66%	0.85%	0.86%
Portugal	213	302	235	303	258	218	277	0.39%	0.53%	0.21%	0.25%
Spain	1 262	1 518	1 304	1 305	1 348	1 251	1 395	2.25%	2.67%	0.22%	0.24%
Sweden	2 116	2 453	1 769	1 819	1 704	1 999	1 946	3.60%	3.73%	0.84%	0.79%
Switzerland	863	1 139	793	982	1 084	1 026	1 067	1.85%	2.04%	0.34%	0.34%
United Kingdom	3 184	3 153	2 920	3 197	3 202	3 199	3 187	5.77%	6.10%	0.27%	0.26%
United States	9 407	10 813	10 123	9 927	7 367	9 377	6 744	16.90%	12.91%	0.12%	0.09%
TOTAL DAC	56 680	60 850	56 485	59 152	58 926	55 483	52 222	100.00%	100.00%	0.25%	0.24%
EU countries	30 533	32 930	29 845	30 416	31 358	31 292	29 356	56.40%	56.21%	0.37%	0.36%
of which EC	3 818	4 461	3 948	4 825	5 501	5 455	5 790	9.83%	11.08%		

Source OECD

ODA IN 1997 (IN MILLIONS OF US\$)



THE FIGHT AGAINST POVERTY

Category	Payments of official development assistance (million \$)		Share of the aid allocated geographically	
	1996	1997	1996	1997
Least advanced countries	1 400	1 417	34%	33%
Low income countries	896	798	21%	18%
Country with intermediate income of the lower section	1534	1 675	37%	39%
Country with intermediate income of the higher section	256	372	6%	8%
Country with high income	22	10	2%	2%
Total allocated by geographical region	4.108	4.272	100%	100%
Non allocated geographically	1 347	1 518		
Total of aid	5 455	5 790		

The fight against poverty is a priority for the development policy of the European Community, mainly thanks to the Lome Convention and the ALA regulation established in 1992. In 1997, the union devoted 51% of its budget to help the least advanced countries and the countries with low income. The objective is to raise gradually this rate up to 66% in order to meet the needs for these countries.

Efforts are directed on the reduction of inequalities between growth and the standard of living of the people, with particular stress on environment, gender issues, the improvement of social welfare and support for the microfinance institutions in the context of the development of the sector of small private enterprises. Very close attention is devoted to the countries in crisis, via the humanitarian Office « ECHO ».