



DEVELOPMENT

FINANCIAL COOPERATION UNDER THE LOME CONVENTIONS

AID SITUATION AT THE END OF 1996

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under the
Lomé Conventions

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Preface

Under Article 327(1) of the Fourth Lomé Convention, the ACP States and their regional beneficiary organizations, on the one hand, and the Commission, on the other (with the assistance of the European Investment Bank) are required to draft an annual report on the management of financial development cooperation. The report is intended to assist the ACP-EC Development Finance Committee, set up under Article 325 of the Convention, to examine whether the objectives of financial cooperation are being achieved. It should also discuss any general or specific issues raised in practice by such cooperation. In accordance with Article 327(2)(a), the ACP-EC Committee prepares an annual progress report, which is examined by the Council of Ministers at its annual meeting to define general guidelines for development finance cooperation.

This report was drafted by the Commission, with the assistance of the European Investment Bank (EIB).

The figures, expressed in ECU millions, refer to the ACP States alone.

The report gives an account of progress in implementing financial cooperation under the Lomé Conventions still in operation, with particular reference to activities in 1996.

Note that its analysis is based entirely on financial data relating to Commission and EIB financing decisions, secondary commitments and payments. Comparisons have been made between the different Conventions, between different sectors and different ACP States, pointing out whether above average or below average results have been achieved. This is not intended as a judgment of particular ACP States' "performance" in applying aid, but as a tool for assessing aid programmes and instruments and the objectives set. The results of an analysis of quick-disbursing aid instruments such as Stabex, emergency aid and structural adjustment support will necessarily be different from those for rural development projects or major infrastructure programmes which, by their very nature, have a slower disbursement rate.

The Community's overriding concern is to see that financial cooperation meets development objectives as effectively as possible; that is the purpose of the financial report. Any excessive delay in implementation prevents different projects interacting with each other, inflates costs and affects standards. The statistics on contracts and payments are also intended to measure progress on operations directly aimed at achieving qualitative and quantitative objectives.

Introduction

Aid administered by the Directorate-General for Development (DG VIII) of the European Commission is financed from the European Development Fund (EDF) and the Community budget.

The EDF, as the financial instrument for the Lomé Convention, is funded from *ad hoc* contributions by the Member States to five-year programmes.

The Community budget offers a range of different types of finance, reflecting the European Union's efforts on behalf of developing countries – not only the African, Caribbean and Pacific (ACP) group. The chief programmes are food aid, non-governmental organizations (NGOs), rehabilitation, tropical forests, Aids and, more recently, South Africa. ACP countries may receive aid – for example food aid – simultaneously from the EDF and the budget.

Note that the EDF, which is a much less “horizontal” instrument than budget aid, is exclusively devoted to the ACP countries.

The EDF awards grants for aid programmes for 70 ACP States that are signatories to the Lomé Convention. EDF allocations are funded from *ad hoc* contributions by the Member States and are not, therefore, included in the EU budget.

Each Convention has its own distinct EDF: for Lomé III, it was the sixth EDF, and for the first five years of Lomé IV, the seventh EDF. Operations are programmed over five years to address priority requirements in fields such as education, health, rural development, infrastructure and private investment.

The eighth EDF, totalling ECU 12 967 million, has just been established to cover the last five years of Lomé IV. It will enable continued programmable aid, Stabex, Sysmin, structural adjustment operations, etc. It is to enter into force in the course of 1997, once the ratification process for the agreement revising the fourth Lomé Convention, signed in Mauritius on 4 November 1995, is completed.

While the Conventions cover five-year periods, it may take much longer to exhaust the relevant EDF, which is why several EDFs, all at different stages of depletion, may run concurrently.

Chapter I

Overview of aid to the ACP States under the Lomé Convention

There are several ways of evaluating and assessing the progress made in the implementation of aid: the physical completion of projects, the commitments and contributions of national governments, the establishment of activities among target groups, the participation of the local authorities and/or beneficiary groups, the arrival of goods at their destination, etc. As the report deals mainly with financial cooperation, the measures utilized were financial decisions,¹ contracts² and payments. However, these indicators only partially reflect the genuine progress made in carrying out indicative programmes.

Table 1

General situation of the 6th and 7th EDFs

	Cumulative total	Year's total 1994	Year's total 1995	Year's total 1996
Decisions				
6th EDF	7 416	48	45	-56
7th EDF	9 618	2 401	1 450	1 004
TOTAL		2 449	1 495	948
Contracts				
6th EDF	6 907	169	92	116
7th EDF	7 218	1 751	1 491	1 239
TOTAL		1 920	1 583	1 355
Payments				
6th EDF	6 526	440	262	195
7th EDF	5 483	1 322	1 276	1 100
TOTAL		1 762	1 538	1 295

1996 was a turning point in EDF operations: the 6th EDF was virtually exhausted; the 7th, having peaked, continued its downward trend and the 8th will not enter into force until after the ratification of the revised Lomé IV. This situation is significant if one looks at the total cost of decisions taken, at ECU 948 million (for all EDFs), which is even lower than last year for the 6th EDF (down ECU 56 million) as a result of decommitments following closures of the accounts. Contracts and payments totalled ECU 1 355 million and ECU 1 295 million respectively.

¹ Decisions taken by the Commission on projects/programmes (costing over ECU 2 million) that have been approved by the EDF Committee. The management of more than one EDF at the same time, combined with the lapse of time between a decision and the corresponding commitment, goes some way to explaining the differing levels of payments and commitments at the final stage.

² Contracts are how financing decisions are implemented and take the form of works, services and supply contracts, programme estimates, and performance by direct labour.

Lomé III

Decisions, contracts and payments under Lomé III totalled ECU 56 million, ECU 116 million and ECU 195 million respectively.

Table 2

Implementation of the 6th EDF (1986-1996)

Year	Allocation	Decisions		Contracts		Payments	
		Cumulative	% alloc.	Cumulative	% alloc.	Cumulative	% alloc.
1986	7 400	313	4.23%	176	2.39%	117	1.58%
1987	7 411	2 265	30.56%	669	9.02%	469	6.33%
1988	7 755	4 645	59.90%	2 026	26.12%	1 275	16.44%
1989	7 816	5 950	76.13%	3 409	43.61%	2 293	29.07%
1990	7 951	6 806	85.60%	4 706	59.19%	3 323	41.79%
1991	7 901	7 246	91.71%	5 576	70.57%	4 171	52.79%
1992	7 931	7 365	92.86%	6 230	78.55%	5 067	63.89%
1993	7 933	7 380	93.02%	6 530	82.31%	5 629	70.96%
1994	7 781	7 428	95.46%	6 699	86.09%	6 068	77.98%
1995	7 781	7 473	96.04%	6 791	87.28%	6 330	81.35%
1996	7 816	7 416	94.88%	6 907	88.37%	6 526	83.49%

Table 3

6th EDF - Breakdown by instrument for the years 1994-1996

	DECISIONS			CONTRACTS			PAYMENTS		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
Indicative prog. (NIP+RIP)	57.56	32.32	-25.09	187.32	105.75	109.82	373.07	105.74	168.10
Grants	73.68	19.16	-17.48	154.84	80.60	108.70	314.40	80.60	149.88
Special loans	-16.12	13.16	-7.61	32.48	25.15	1.12	58.67	25.14	18.22
Non-NIP aid	-9.63	12.46	-31.29	-17.86	-13.96	6.37	66.56	-13.94	27.46
Interest-rate subsidy	-2.77	-19.22	-4.73	-3.57	-17.85	-4.36	2.39	-17.85	-0.43
Emergency aid	-2.28		-5.14	-0.47	-0.18	-7.52	2.73	-0.18	--
Refugee aid	-0.34	-1.02	-0.65	-0.20	-1.21	-1.29	3.43	-1.21	-0.01
Risk capital	-24.24	22.71	-20.81	-24.53	-4.67	9.87	31.01	-4.67	14.27
Stabex	-0.01		--	-0.01		--			--
Sysmin	12.00		--	7.99	1.04	3.70	21.50	1.04	3.90
Other			0.05		-0.02	-0.54	0.41	-0.02	0.86
Balance 4th EDF	8.01	9.99	--	2.93	8.95	6.51	5.09	8.95	8.87
Total 6th EDF	47.93	44.78	-56.38	169.46	91.79	116.19	439.63	91.80	198.56

Table 4

6th EDF - Breakdown by instrument: cumulative totals at the end of 1996

	ALLOCATION	DECISIONS		CONTRACTS		PAYMENTS	
		Cumulative	% alloc.	Cumulative	% alloc.	Cumulative	% alloc.
Indicative prog. (NIP+RIP)	5 114	4 828	94.4%	4 395	85.9%	4 077	79.7%
Grants	4 599	4 313	93.8%	3 946	85.8%	3 669	79.8%
Special loans	515	515	100.0%	449	87.2%	408	79.2%
Non-NIP aid	2 702	2 588	95.8%	2 512	93.0%	2 449	90.6%
Interest-rate subsidy	82	82	100.0%	82	100%	82	100%
Emergency aid	183	183	100.0%	180	98.4%	179	97.8%
Refugee aid	97	97	100.0%	96	99.0%	95	98.0%
Risk capital	600	523	87.2%	523	87.2%	488	81.3%
Stabex	1 449	1 447	99.9%	1 447	99.9%	1 447	99.9%
Sysmin	158	158	100%	105	66.5%	95	60.1%
Structural adjustment (SAF)	6	6	100%	6	100%	5	83.3%
Balance of 4th EDF	121	87	71.9%	68	56.2%	55	45.4%
Other	6	5	83.3%	5	83.3%	3	50.0%
Total 6th EDF	7 816	7 416	94.9%	6 907	89.4%	6 526	83.5%

Lomé IV

Financing decisions under Lomé IV totalled ECU 1 004 million, contracts ECU 1 239 million, and payments ECU 1 100. The figures show that implementation slowed down compared with previous years, decisions being more indicative of the vitality of the fund than payments. Other factors may also be involved: depletion of allocations for quick-disbursing instruments, aid restrictions or even suspension in countries such as Liberia, Nigeria, Somalia, Sudan, and Zaire, as a result of political developments, and the vagaries of certain procedures for implementing ACP-EC aid.

Table 5

Implementation of the 7th EDF (1991-1996)

Year	Allocation	Decisions		Contracts		Payments	
		Cumulative	% alloc.	Cumulative	% alloc.	Cumulative	% alloc.
1991 (initial)	10 800	---	---	---	---	---	---
1991	10 900	858	7.87 %	398	3.65 %	196	1.80 %
1992	10 900	2 813	25.81 %	1 446	13.27 %	1 083	9.94 %
1993	11 401	4 763	41.78 %	2 735	24.00 %	1 784	15.65 %
1994	11 615	7 165	61.68 %	4 486	38.62 %	3 106	26.74 %
1995	11 628	8 615	74.09%	5 978	51.41%	4 382	37.68%
1996	11 610	9 618	82.84%	7 218	62.17%	5 483	47.23%

The 7th EDF allocation was revised slightly (from ECU 11 628 in 1995 to ECU 11 610) because of deductions made from programmable aid and unexpended balances (the balance of the 5th EDF). In a similar exercise, the NIPs were reduced by ECU 76 million to allow Stabex transfers for 1995 to

be made without disrupting the system (ACP-EC Council of Ministers Decision No 2/96, of 28 June 1996). The deduction from unexpended balances (reduced by ECU 35 million) enabled the NIP for Somalia to be reconstituted under the 6th EDF, as the country's programmable aid allocation had been exhausted financing humanitarian aid. By contrast, Stabex and structural adjustment allocations were boosted by ECU 91 million and ECU 3 million in interest accruing to the Stabex and EDF current accounts respectively.

Table 6

7th EDF - Breakdown by instrument for the years 1994-1996

	DECISIONS			CONTRACTS			PAYMENTS		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
Indicative prog. (NIP+RIP)	949.95	773.00	643.91	613.40	677.40	707.25	378.97	464.44	606.75
Non-NIP aid	1 218.71	677.04	360.14	925.23	813.98	532.26	630.27	811.44	493.71
Interest-rate subsidies	53.93	55.18	37.45	47.89	69.91	38.49	15.62	20.57	32.30
Emergency aid	252.05	32.68	-7.11	241.16	72.57	-6.08	195.12	107.38	33.80
Refugee aid	25.97	5.33	1.84	18.41	12.33	2.72	19.56	11.99	7.75
Risk capital	226.38	233.74	60.14	110.77	277.53	186.16	45.68	98.83	103.91
Stabex	615.15	126.91	155.08	486.46	176.29	152.18	350.85	301.18	162.89
Sysmin	45.23	84.49	33.95	20.54	25.96	51.12	3.44	10.72	24.23
Structural adjustment	222.35	145.50	51.10	184.68	164.02	95.53	257.01	232.63	93.89
Balance of 5th EDF	10.10	-6.79	27.69	27.64	15.37	12.14	55.69	28.14	34.94
Total 7th EDF	2 401.11	1 450.04	1 004.05	1 750.95	1 491.38	1 239.51	1 321.94	1 275.87	1 100.46

Table 7

7th EDF - Breakdown by instrument: cumulative totals at the end of 1996

	ALLOCATION	DECISIONS		CONTRACTS		PAYMENTS	
		Cumulative	% alloc.	Cumulative	% alloc.	Cumulative	% alloc.
Indicative prog. (NIP+RIP)	6 139	4 622	75.3%	2 722	44.3%	1 787	29.1%
Non-NIP aid	5 471	4 996	91.3%	4 495	82.2%	3 696	67.6%
Interest-rate subsidies	280.00	251	89.6%	251	89.6%	91	32.5%
Emergency aid	412.00	405	98.3%	400	97.1%	384	93.2%
Refugee aid	88.00	83	94.3%	76	86.4%	65	73.9%
Risk capital	825.00	752	91.1%	752	91.1%	309	37.4%
Stabex	1 788	1 774	99.2%	1 604	89.7%	1 605	89.8%
Sysmin	480.00	288	60.0%	161	33.5%	101	21.0%
Structural adjustment	1 156	1 104	95.5%	1 055	91.3%	1 017	88.0%
Balance of 5th EDF	442	339	76.7%	196	44.3%	124	28.0%
Total 7th EDF	11 610	9 618	82.8%	7 218	62.2%	5 483	47.2%

Revised Lomé IV

In the course of 1996, Commission officials pressed ahead with programming financial and technical assistance under the 8th EDF in tandem with the process to ratify the agreement on the revision of the Fourth Lomé Convention and the Second Financial Protocol. In line with the new provisions

introduced in this connection, the Commission consulted the Member States on programming policy for each ACP State and region, before opening formal dialogue on indicative programmes with the countries concerned. Prior consultation of the Member States, initially in the ACP State and then in Brussels, in the EDF Committee, is intended to enhance aid coordination and complementarity with the Member States' bilateral aid.

By the end of 1996, such consultations had been held for the majority of ACP States and regions,³ enabling finalization and signature of almost all the indicative programmes in the last quarter of 1996 and the first quarter of 1997. The Commission considers the programming process with the partner countries to have been conducted satisfactorily and in good time.

However, the revised Convention and the related Financial Protocol (the 8th EDF) will not actually enter into force until it has been ratified by two thirds of the ACP States (i.e. 46 countries) and all the EU Member States.

3. With the exception of countries with which the EU has suspended cooperation or where problems implementing existing programmes prevent further programming at this stage.

Chapter II

Programmable aid

1. Implementation of National Indicative Programmes

Lomé III

The 6th EDF started with ECU 4 962 million in programmable aid for ACP States: ECU 4 362 million in the form of grants and ECU 600 in the form of special loans. Since then, grant allocations have increased by ECU 242.3 million to reach ECU 4 605 million.

The bulk of the increase has come from:

- interest subsidies, emergency and refugee aid carried over (ECU 90.4 million);
- reconstitution of the 6th EDF NIP for Somalia (ECU 36.1 million);
- conversion of uncommitted special loans into grants (ECU 85.1 million) under the (EU) Council Decision of 20 December 1995.

Table 8

Implementation of National Indicative Programmes (Lomé III)

Region	Allocation	Decisions		Contracts		Payments	
	ECU m.	ECU m.	% alloc.	ECU m.	% alloc.	ECU m.	% alloc.
Africa	3924.46	3723.07	94.87%	3370.37	85.88%	3135.56	79.90%
Caribbean	150.80	142.38	94.42%	127.92	84.83%	120.06	79.61%
Pacific	102.20	98.13	96.02%	91.13	89.17%	84.62	82.80%
Total ACP NIP	4177.46	3963.58	94.88%	3589.42	85.92%	3340.24	79.96%

The cumulative total for decisions on programmable aid to ACP States (regional and national indicative programmes combined) was ECU 4 828 million (94.4% of the allocation), and for payments ECU 4 077 million (79.7% of the allocation). Decisions for NIPs alone reached a cumulative total of ECU 3 964 million (94.9% of the NIP budget), while cumulative payments reached ECU 3 340 million (80% of the NIP budget).

The payment rate achieved by the end of the year was quite satisfactory: for 34 countries it was over 85%. Of the others, 17 were substantially behind, at less than 75%. They fall into two groups: those affected by civil war or serious disturbances, or whose Community aid is blocked for some reason (Ethiopia, Equatorial Guinea, Liberia, Rwanda, Somalia, Sudan and Zaire), and those experiencing problems with implementation (Barbados, Botswana, Congo, Fiji, Ghana, Kenya, Madagascar, Surinam, Tonga and Trinidad & Tobago).

Programmable aid decisions for 1996 fell by ECU 25.09 million, which represents the difference between decommitments (ECU 119.4 million) and new decisions taken in the course of the year (ECU 94.23 million). NIP decisions for 1996 fell by ECU 31.2 million. Programmable aid payments amounted to ECU 168.1 million, of which NIPs accounted for ECU 119.5 million.

Lomé IV

ECU 6.215 billion was allocated to programmable aid. In 1996, the allocation was provisionally reduced by ECU 76.2 million, which was transferred to the Stabex budget under Decision No 2/96 of the ACP-EC Council of Ministers. This transfer of appropriations enabled Stabex transfers for the application year 1995 to be financed pending the entry into force of the 8th EDF. This deduction will be restored to 7th EDF grants once the 8th EDF is operational. As at 31 December 1996, with this proviso, total ACP programmable aid stood at ECU 6.139 billion.

Table 9

Implementation of National Indicative Programmes (Lomé IV)

Region	Allocation	Decisions		Contracts		Payments	
	ECU m.	ECU m.	% alloc.	ECU m.	% alloc.	ECU m.	% alloc.
Africa	4 406.50	3 237.44	73.46%	1 879.62	42.66%	1 243.90	28.23%
Caribbean	372.40	336.88	90.46%	180.93	48.58%	131.29	35.25%
Pacific	119.00	84.94	71.38%	64.82	54.47%	41.78	35.11%
Total ACP NIPs	4 897.90	3 659.26	74.71%	2 125.37	43.39%	1 416.97	28.93%

Cumulative decisions for programmable aid totalled ECU 4.622 billion (which represents 75.3% of the allocation), while cumulative payments totalled ECU 1.787 billion (29.1% of the allocation). Decisions for the year totalled ECU 643.9 million (i.e. new decisions worth ECU 669.4 million, minus ECU 25.5 in decommitments). Of this, NIPs accounted for ECU 479.8 million. 1996 payments totalled ECU 606.8 million, of which ECU 463.1 million related to NIPs.

Cumulative decisions on NIPs totalled ECU 3.659 billion, representing 74.7% of the NIP budgets. Forty-three countries spent over 85% of their allocation, 21 of these even exceeded 95%. The average delay in implementation is therefore accounted for by 13 countries which spent less than 60%. These were:

- Burundi, Equatorial Guinea, Liberia, Nigeria, Sudan, Togo and Zaire – countries affected by war or serious crises, or where aid has been suspended;
- Kenya, Saint Lucia, Western Samoa and Tonga – countries experiencing problems with aid implementation;
- Eritrea and Ethiopia: the delay in Eritrea is a result of the slow development of cooperation under the Lomé Convention, to which it only formally acceded on 22 October 1993, having obtained the approval of the ACP-EC Council of Ministers following its declaration of independence. In Ethiopia, implementation was first seriously hampered by war, and then by subsequent economic and institutional upheavals.

Cumulative payments totalled ECU 1.417 billion (28.9% of the NIP budget). The average payment rate was well below those achieved at the same stage of previous EDFs. In contrast to decisions, the payments situation is barely satisfactory, even taking into account the breakdown by country.

2. Regional cooperation

Lomé III

Article 112 of the third Lomé Convention provides for the allocation of ECU 1 billion to finance regional programmes and projects. The total allocation is made up of reimbursable aid, and special loans, plus risk capital financed by the EDF.

Decisions have now reached ECU 860 million, not including loans from EIB own resources (ECU 12.38 million), interest-rate subsidies (ECU 1.02 million) and risk capital (ECU 55.53 million). Payments have reached ECU 734 million.

Table 10

6th EDF: Regional Cooperation Decisions situation at the end of 1996

Region	Allocation	Cumulative decisions
West Africa	202.98	191.60
Central Africa	74.89	56.58
East Africa	203.34	200.74
Southern Africa	133.02	130.32
Indian Ocean	25.64	25.64
<i>Total Africa</i>	<i>639.87</i>	<i>604.88</i>
Caribbean	71.09	61.71
Pacific	39.00	38.94
"All ACP" budget	156.55	154.92
Total	906.51	860.45

Lomé IV

The fourth Lomé Convention attaches special importance to regional cooperation and contains essential innovations with respect to both objectives and methods/procedures. It assigns a pivotal role to the promotion and support of regional economic integration. The promotion and support of intra-regional trade and the coordination of macroeconomic and sectoral policies at regional level appear as priority objectives in each of the regional indicative programmes. The ACP States concerned have undertaken to take the necessary measures to facilitate this process.

In the course of the year, the Community stepped up technical and financial assistance for some major regional integration initiatives, such as the Cross-Border Initiative in Southern and East Africa and the Indian Ocean, aimed at reducing barriers to trade, investment and intra-regional payments; the setting up of the West African Economic and Monetary Union (UEMOA), and the follow-up to the trade protocol signed by the Southern African Development Community in August 1996.

Decisions totalled ECU 651 million, not including loans from EIB own resources (ECU 101 million), interest-rate subsidies (ECU 25.5 million) and risk capital (ECU 52.82 million). Payments totalled ECU 370 million. Table 11 gives a regional breakdown of decisions under Lomé IV.

Table 11

**7th EDF: Regional cooperation
Decisions situation at the end of 1996**

Region	Allocation	Cumulative decisions
West Africa	228.00	187.48
Central Africa	84.00	39.56
East Africa	199.02	126.06
Southern Africa	128.98	127.90
Indian Ocean	30.00	28.02
<i>Total Africa</i>	<i>670.00</i>	<i>509.02</i>
Caribbean	105.00	83.34
Pacific	35.00	34.22
"All ACP" budget	25.00	24.63
Total	835.00	651.21

Tables 10 and 11 show that, as far as decisions go, Central Africa continues to have the lowest commitment rate. There are a number of reasons for this: firstly, among various national problems, financial and technical cooperation with Zaire have been suspended, while other countries such as Congo and Equatorial Guinea, for various reasons, have had difficulties implementing aid or consolidating democracy; secondly, Central Africa lacks a politically strong, well-organized regional organization, which hampers effective cooperation; thirdly, most of the projects concern infrastructure, which requires lengthy appraisal.

As regards Lomé IV implementation, the statistics show that the Caribbean has lower than average rates for contracts and payments. This is because programming was completed three years later than in other regions. The region embraces 15 ACP countries, two of which, the Dominican Republic and Haiti, are new signatories accounting for two-thirds of the region's total population. This new regional set-up meant that lengthy preparations were needed to draft a regional programme that would satisfy everyone.

The revised Lomé IV

Following the Court of Auditors' report on the implementation of regional cooperation programmes under the 6th EDF (OJ C 303, 14 November 1995), the Commission refined its approach to regional programmes and emphasized even more the need to focus efforts on the main area pinpointed in its 1995 communication (COM (219) 95): regional economic integration. New guidelines for the implementation of regional cooperation programmes under the 8th EDF were drafted, and a new unit set up within DG VIII to coordinate regional cooperation activities became operational in 1996.

Programming for the 8th EDF continued. Strategy papers for all regions were finalized and adopted, and regional indicative programmes (RIPs) negotiated and signed for three regions: West Africa, East Africa, and Southern Africa. Trade and trade-related infrastructure projects dominated the three RIPs; the RIP for West Africa, for example, focused on developing regional trade and improving economic competitiveness.

3. Health and AIDS programmes

Financing for health continued to rise under the 7th EDF, with some ECU 412 million from NIPs and RIPs now committed to such projects.

The policy of sustaining national health spending by using counterpart funds generated by structural adjustment support was maintained; ECU 37.9 million was spent on this in 1996. In total, some ECU 563 million has been mobilized in budgetary aid for the health sector under the 7th EDF. 1996 saw financing decisions on some major programmes, notably a ECU 45 million project to support activities run by the Zairean voluntary sector (churches, associations, NGOs, etc.) to restore health services in the country, and a project costing ECU 18.7 million to improve health services in Malawi. A major regional programme costing ECU 9.5 million enabled technical and financial support to secure the supply of key vaccines in eight countries in the Sahel. Aid for the overhaul of medicines policies also continued in Burkina Faso, Madagascar, Cameroon, Côte d'Ivoire, and the Central African Republic.

A number of projects to support health reforms were financed under the "All ACP" budget, notably two meetings bringing together national experts, technical assistance teams and DG VIII to pool ideas on health service decentralization.

ECU 50 million was earmarked for HIV/AIDS operations under Lomé IV, ECU 20 million from the "All ACP" regional package and ECU 30 million from national indicative programmes. The commitment rate stood at 92% by the end of the year, boosted by the signing of three financing decisions totalling ECU 4 million under the NIPs for the Dominican Republic, Ghana and Benin. A new training course in safe blood transfusion for English-speaking Africa was financed under the regional programme.

Closer coordination with the bilateral aid agencies of the Member States (in line with the Council resolution of 1994 on the subject) took the form of meetings with Member State experts.

4. Microprojects

Six multiannual microproject programmes were adopted under the 7th EDF in 1996. Financing decisions totalling ECU 18.3 million were taken relating to six ACP countries: Congo, Lesotho, Malawi, Mozambique, Uganda and Zimbabwe. A sixth overall commitment authorization for ECU 20 million was granted by the Commission on 2 May 1996 following a favourable opinion from the EDF Committee.

Since the overall total decided since 1992 (ECU 158 million) is now equivalent to about 175% of financing under Lomé III, the microprojects instrument is clearly arousing increasing interest.

The main sectors for microprojects were economic and social infrastructure, primarily in rural areas; village water engineering; education, and health. Various operations took place in the productive sector, particularly in agriculture and small businesses.

The conclusions and recommendations of a recent overview of microprojects show that their impact has been generally beneficial, but that if they are to be sustained in future, they need to be adjusted to keep pace with fast-changing circumstances, and made subject to much tighter implementation conditions, in line with other operations of the same kind.

5. Industrial cooperation and private investment

The vast majority of ACP States have identified the private sector in their indicative programmes as one of the areas in which Community aid under Lomé IV will complement the policy measures and actions undertaken by national governments.

In 1996 attention was concentrated on identifying private-sector projects in the following countries: Angola, Burkina Faso, Burundi, Cameroon, Cape Verde, Comores, Congo, Côte d'Ivoire, Ethiopia, Ghana, Guyana, Jamaica, Kenya, Mauritius, Mozambique, Namibia, Niger, Dominican Republic, Seychelles, Senegal, Surinam, Tanzania, Togo, Trinidad and Tobago, Zimbabwe and Zambia.

Such projects may be carried out at different levels, according to need:

- macroeconomic: with a view to improving the institutional environment in which the private sector has to operate;
- intermediate: e.g. reorganization of financial services and aid for chambers of commerce or other bodies providing services for local firms;
- for firms themselves, e.g. credit lines for investment or training.

The coordination of operations between the Commission, the European Investment Bank and the Centre for the Development of Industry (CDI) was strengthened by regular meetings in the course of the year.

The Commission also considers it essential to coordinate aid with other organizations, with a view to greater efficiency and avoiding duplication of effort. Coordination with the World Bank on support programmes for the private sector was launched in November.

The Commission set up a pilot project to monitor industrial forums in collaboration with the CDI.

The CDI stepped up its efforts markedly in 1996, undertaking 536 projects compared with 367 in 1995 and completing 261 of them (figures to mid-November).

The breakdown by sector is as follows: 40.5% in the agri-food sector, 36.2% in construction materials, and 23.3% in other sectors.

The geographical distribution was as follows: 23% in West Africa, 13% in Central Africa, 18% in East Africa, 24% in Southern Africa, 13% in the Caribbean, and 9% in the Pacific.

6. Development of trade and tourism

The review of the fourth Lomé Convention generated a number of changes giving rise to a new approach to trade cooperation, namely an awareness that trade preferences alone are not sufficient for commercial success, but that there is a need to support ACP States' efforts to make their products more competitive.

The new provisions of the revised Lomé IV underline the importance of competitive trade as a basis for self-reliant development. Hence the development of trade and tourism is a priority objective for ACP-EC cooperation, incorporated into some 40% of the national and regional strategy documents for the 8th EDF approved by the end of 1996.

In the course of the year trade development programmes were set up in the Caribbean, Indian Ocean and West African regions, Namibia and Kenya.

Aid channelled through two specialist organizations supported by the Commission, APROMA and COLEACP, was stepped up, with the focus on support for trade in commodities and horticulture. One of their principal objectives is to set up national and regional associations for professionals.

The EACH programme, launched in January 1996 to market and promote exports to Europe of high-quality craft products from seven selected ACP countries, has greatly boosted interest in such goods by producing touring exhibitions and sales brochures.

In mid-1996, a pilot project for the development of ACP-EU trade was launched, with a view to developing trade in 20 ACP States. Its first operational activities will be launched by early 1997. Throughout the year, the emphasis was on regional integration and support for regional trade initiatives. Particular support was given to the member states of the CARIFORUM in the Caribbean and the SADC in Southern Africa.

Tourism policy was reassessed in 1996; as a result, a new strategy for promoting tourism will be developed in 1997 on the basis of the results of a comprehensive evaluation of EDF-financed tourist development programmes. New tourism programmes will be launched in the Caribbean and Southern Africa.

The review of the fourth Lomé Convention holds out the prospect of a new approach to trade.

7. Cultural cooperation

There are two aspects to ACP-EU cultural cooperation: the inclusion of a cultural dimension in all development projects financed, and the financing of specific cultural activities such as heritage conservation projects; the production and dissemination of cultural products; events, information and publicity.

Cultural activities should help root ACP peoples in their traditional cultures, preserving and disseminating those cultures, while increasing the fund of self-confidence and the creative potential of these diverse civilizations. There are no specific resources for financing projects of a cultural nature. Cultural projects are charged to the NIP of the ACP State concerned, or to regional funds, if the request is made by at least two ACP States, or to "All ACP" funds for projects of a more general nature. A number of national and regional indicative programmes pinpoint culture as a matter for cooperation.

In 1996 the Commission financed 39 cultural programmes and projects worth ECU 7.14 million, including a major programme of support for the plastic arts in Congo, conservation of the religious treasures of the Ethiopian Orthodox church, an exhibition of Dominican/Haitian paintings in the Caribbean and Brussels, the South Pacific Arts Festival in Western Samoa and the co-production of 16 films.

Two major evaluations were completed: a general assessment of ACP-EU cultural cooperation and an overall evaluation of Community financing for ACP cinema. Communications on these will shortly be presented to the EU and ACP authorities.

8. Cooperation on education and training

Prior to Lomé IV, support for education and training under the Conventions was geared to regional cooperation and international trade, generally by way of multiannual training programmes. In the transition phase between Lomé III and Lomé IV, training programmes gave way to the development of training liaison officers, but there were too few staff. Under Lomé IV, the training liaison officers were backed up by education and training programmes aimed at developing local training institutions and tackling problems linked to the expansion of education and training in developing countries. In addition, structural adjustment support programmes specifically geared to maintaining the social sector have been adopted.

Tables 12 and 13 show the proportion of programmable resources devoted to education and training under Lomé III and Lomé IV, and the breakdown by target sector.

Table 12

Aid for education and training under Lomé III and Lomé IV, including structural adjustment funds

	Programmable aid	Amount and % devoted to education and training under structural adjustment aid	Education and training expenditure	Education and training as % of programmable aid, including structural adjustment funds
Lomé III (1986)	2 604	-	245	9.4
Lomé IV (1991)	4 836	445	299	6.2

Table 13**Breakdown of commitments between different education and training priorities
(6th and 7th EDFs)**

Level	Sector	6th EDF	7th EDF
Primary	Primary education	11%	13%
Secondary	Secondary education	39%	22%
University	University education	21%	20%
Non-specific	<i>Politics and administration</i>	<i>11%</i>	<i>13%</i>
	<i>Vocational training</i>	<i>17%</i>	<i>26%</i>
	<i>Teacher training</i>	<i>2%</i>	<i>6%</i>
	Total non-specific	30%	45%

The strategy papers for national indicative programmes under the 8th EDF which are currently under negotiation have increased support for human resources development and the social sectors: over 50% of them include at least one of the key sectors belonging to this category, compared with 23% under the 7th EDF.

Chapter III

Structural adjustment under Lomé IV

Community support for ACP countries' structural adjustment efforts continued as usual in 1996 using the allocation of ECU 1 150 million provided for this purpose under the 7th EDF, plus resources from the indicative programmes for the countries concerned.

Financing decisions on support for structural adjustment programmes covering 37 ACP countries totalled ECU 1 514.2 million, of which ECU 1 070 million, or 70%, came from the structural adjustment facility (SAF); the remainder was covered by the indicative programmes.

Cumulative payments totalled ECU 1 298 million at the end of 1996, of which ECU 1 016 million came from specific structural adjustment resources, so that 88% of allocations were used up. As an indication of how quickly aid of this type is disbursed, some 85% of decisions gave rise to payments. Adjustment support involved new decisions worth ECU 120 million in 1996 (NIP and SAF combined) and ECU 172 million in payments.

The more selective approach to resource distribution adopted by the Community contributed to a continued high disbursement rate relative to decisions; decisions in fact were down on previous years, since 1996 represented the tail end of the first Financial Protocol for Lomé IV and SAF resources were virtually exhausted.

In policy terms, 1996 was marked by preparations for the implementation of 8th EDF (particularly the implementing conditions for the direct budget aid instrument provided for in the second Financial Protocol), continued work on the Special Programme for Africa (e.g. the implementation of new measures on public spending reviews) and stepped up coordination of conditionality rules applied to structural adjustment.

2. Counterpart funds

Counterpart funds are generated by the implementation of a number of Community aid instruments. They constitute the exchange value in local currency of aid in the form of foreign currency or goods. They are usually put to use in general or sectoral import programmes; they may be constituted by indicative programmes, structural adjustment funds, Stabex or food aid.

The Council Resolution of 27 May 1991 laid down the rules to be applied to the constitution, use and monitoring of counterpart funds. The Commission has also made a considerable contribution to formulating policy by taking an active part in the Special Programme of Assistance to Sub-Saharan Africa (SPA), in which the main donors and the Bretton Woods institutions participate.

As they are the property of the ACP States, counterpart funds do not appear in the balance sheets and annual accounts of the Commission. However, Commission departments co-manage these funds and draft a half-yearly report on their implementation.

As a result of the Commission's efforts in recent years, the constitution of counterpart funds is generally satisfactory: where there are delays, they result from local administrative conditions or technical difficulties with implementation.

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While counterpart funds generated by Lomé III programmes were often used to finance the national contribution to projects included in the indicative programmes, under Lomé IV and the Council Resolution they have been allocated to financing budget spending on social services (health and education). Like the structural adjustment programmes, counterpart funds are an integral part of instruments used to finance sectoral reforms and the restructuring of public finances.

The tables below show the situation of counterpart funds at 31 December 1996 for:

- the structural adjustment facility and import programmes under Lomé IV;
- Stabex (application years 1990 to 1996).

Chapter IV

Non-programmable aid

1. Stabex

Stabex transfers for the 1995 application year were decided on 26 July 1996: 19 ACP States received 21 transfers, the largest going to Caribbean countries to offset loss of earnings in the banana sector.⁴

The total transferred was ECU 76.24 million. Under Article 191 of the revised Convention and the second Financial Protocol annexed to it, the annual instalment for the 1995 application year is ECU 360 million. However, this instalment will not become available until after the entry into force of the revised Convention, when the second Financial Protocol annexed to it has been ratified. In order to enable the system to continue operating and to pay transfers for the 1995 application year, the ACP-EC Council of Ministers adopted Decision No 2/96 on 28 June 1996, which provides that: *"The Commission shall deduct temporarily funds unused under the first Financial Protocol to the fourth Lomé Convention and shall add the accumulated interest on the Stabex account opened pursuant to Article 192 of the said Convention, to pay in full or to a large extent for transfers to the ACP States for the 1995 implementing year. Should the second Financial Protocol not be ratified, the Community shall guarantee the availability of the resources so deducted, by recourse to unallocated appropriations. Upon ratification of the second Financial Protocol, transfers thus deducted will be again made available to the ACP States by payment to the Stabex account referred to in Article 192 of the Lomé Convention."*

The unused funds referred to in the above Decision amount to ECU 103.83 million, while the estimated interest on the Stabex account is ECU 6.76 million, making a total of ECU 110.5 million. As this is higher than the total amount of transfers for the 1995 application year, these can be made in full. Pursuant to Article 195(a) of the Convention, on 3 June 1996 the Commission decided on the share-out among eligible ACP States of the balance remaining (ECU 67.6 million) at the end of the period covered by the first Financial Protocol.

An overall evaluation of Stabex was undertaken at the end of 1996 and the conclusions should be available in mid-1997.

2. Sysmin

As in previous years Sysmin continued to experience difficulties in achieving an acceptable level of utilization of the resources made available by the Lomé IV Convention to help ACP countries whose mining sectors are facing difficulties. Nineteen requests were received between 1990 and 1996, nine of these have been approved, and 10 are under appraisal, as can be seen from the table below:

⁴ In a letter dated 24.10.1996 Rwanda requested the re-opening of consultations under Article 203, which were still under way when this report was being drawn up.

Year	1990	1991	1992	1993	1994	1995	1996
Requests received	0	1	3	5	3	7	0
Financing decisions	0	0	2	2	2	2	1
Projects under appraisal - Partial	0	1	1	3	1	5	-1
Projects under appraisal - Cumulative	0	1	2	5	6	11	10

In 1996 only one financing decision was taken, for Botswana (ECU 34 million).

At the end of 1996 commitments under the 7th EDF amounted to ECU 286 million. This means that 40% of the funds available under this instrument remain unused (see table below):

Application year	90/91	91/92	92/93	93/94	94/95	95/96	96/97	TOTAL
Financing decisions	0	0	2	2	2	2	1	9
Amount*	0	0	100	24	44	84	34	286

*in ECU million

Part of the reason for this situation is that Article 219(4) of the Convention puts a ceiling on the resources granted to each beneficiary country, depending on the type of ores involved.

Hence for full use of the available resources a minimum of between three and seven financing decisions must be taken each year (Article 215(1)(a) and (b) and projects/programmes proposed by the ACP Governments must justify approving an amount close to the above ceiling.

In practice, neither of these two requirements was met during the years of implementation of the fourth Lomé Convention, as the table below shows. The small number of projects/programmes submitted and the modest amounts proposed by the National Authorizing Officers for each of the projects/programmes resulted in the non-utilization of ECU 287 million.

Application year		90/91	91/92	92/93	93/94	94/95	95/96	96/97
Financing decisions		0	0	2	2	2	2	1
Amount approved*		-	-	100	24	44	84	34
Financial ceiling * (Article 219(4))		-	-	202	28	175	95	73
Difference not used*	Partial	-	-	102	4	131	11	39
	Cumulative	-	-	102	106	237	248	287

* in ECU million

For the first time since this instrument was set up, the ACP-EC Council of Ministers has not reallocated the balance remaining from 7th EDF Sysmin (480 - 286 = ECU 194 million) to other operations.

3. Aid for refugees

In 1996 three operations for refugees, returnees and displaced persons were decided under Article 255 of Lomé IV for a total of ECU 3.01 million and concerned three ACP countries: Djibouti, Senegal and Zaire. Since the entry into force of Lomé IV, 71 operations have been decided under Article 255 for a total of ECU 83.61 million. The initial allocation was ECU 100 million.⁵

The financial situation under Article 255 is as follows:

(a) decisions	ECU 83 607 869
(b) commitments	ECU 75 827 295 (= 91% of (a))
(c) payments	ECU 64 452 582 (= 77% of (a))

For 1996 alone net commitments amounted to ECU 2.83 million and payments to ECU 6.85 million, leaving ECU 4.39 million available for new operations to assist refugees. This available balance includes the recovery over the period in question of outstanding amounts of ECU 1.05 million, resulting from the closure of various projects: currently these account for 42 operations or 60% of the interventions approved.

Much of Article 255 funding has contributed to general rehabilitation programmes in Zaire, complementing financial instruments (budget headings) and bringing in NGOs and the UNHCR as operational partners. Health services and agriculture, which are vital for the integration and self-sufficiency of the populations concerned, remain the focus of these operations.

⁵ ECU 12 million of which was transferred to Article 254 of Lomé IV.

The Permanent Interservice Group was responsible for coordinating the Commission's assistance for refugees, returnees and displaced persons during 1996.

4. Emergency aid

In 1996 the funds available under Article 254 of the Lomé IV Convention were exhausted. Despite the ACP-EC Council's decision in July 1994 to top up funding by ECU 150 million to cope with the crisis in the Great Lakes region, the scale of the crisis and the humanitarian needs were such that the resources under Article 254 were exhausted and the Commission was obliged to provide the humanitarian assistance required for all the ACP States from the general budget.

Under the second Financial Protocol to Lomé IV, the funds available under Article 254 were substantially reduced; it provides for ECU 140 million for the period 1996-2000 as opposed to the ECU 250 million allocated under the first Protocol for the period 1990-95.

In view of the continuing major humanitarian crises in the ACP States and hence as great a need for assistance as ever, the question of available funding under Article 254 is likely to make it difficult to respond to such situations in the years to come.

Great Lakes region

Whereas the humanitarian situation was static up to August 1996 with the presence of over 1.7 million Rwandan and Burundian refugees (in Zaire, Burundi and Tanzania), the situation changed completely as of 15 November 1996 when more than 500 000 Rwandan refugees returned to their place of origin in Rwanda after fighting broke out in Kivu province (Zaire).

The humanitarian situation has gone from being practically under control in medical and nutritional terms to one of the utmost urgency requiring a complete redeployment of humanitarian aid (in terms of personnel, logistics and management of stocks). Several very worrying humanitarian problems persist:

- the perilous situation of refugees in Zaire who have not yet returned home and displaced Zaireans affected by the repercussions of the fighting beyond Kivu. This is clearly the priority in emergency terms;
- the influx of Burundian and Zairean refugees into the Kigoma region in Tanzania;
- the absence of any move by refugees to return from Tanzania;
- the worsening crisis in Burundi;
- the consequences of the different military strategies in the region, particularly in Zaire, on the civilian population.

ECHO continued its support in **Rwanda** with very specific programmes to help unaccompanied children, vulnerable groups (the disabled) and prison inmates who already number 85 000. The more structural programmes in the health sector (support for nutritional health centres) have been taken over by the local authorities.

In **Burundi** ECHO-financed programmes focused on priority needs in the field of primary health care, surgery, nutrition and drinking water supplies.

Before the wave of repatriation of Rwandan refugees in November 1996, ECHO carried out care and maintenance programmes in the refugee camps to cover minimum survival needs through UNHCR and NGO programmes. The humanitarian aid provided for two years to refugees in the camps ensured they had a satisfactory state of health (medical and nutritional). A coordination system was set up between the Commission and the Member States to facilitate the financing and selection of programmes for support in the whole region. In 1996 ECHO channelled humanitarian aid totalling ECU 205 million into the Great Lakes region (with no budget contribution under Article 254).

Angola

Implementation of the Lusaka peace agreements, which were signed in November 1994, is way behind schedule. Demobilization has not yet finished and neither a Government of national unity and reconciliation, nor a unified national army has been set up. Angola remains divided into areas controlled by the Government and areas controlled by UNITA and distrust persists between the two sides.

In 1996 ECHO financed 35 operations via 23 NGO and international organizations covering the priority sectors of health, distribution of essential goods, logistics and mine clearance work targeted on 14 provinces.

The objectives of this humanitarian aid are twofold: to come to the relief swiftly of the Angolan people with an impact on mortality and general morbidity; to contribute to the peace process, the unity of the country and the return of confidence by means of the international presence. Implementing humanitarian aid programmes is not always easy because of security problems (mines and bandits) in certain regions. In addition, the free movement of persons and goods provided for in the Lusaka Protocol is still largely obstructed.

In the course of 1996 ECHO and DG VIII conducted a general evaluation of the situation in the health sector, with the aim of defining a general framework for Community support. As a result of this coordination between the two Commission departments it was decided to concentrate DG VIII operations (rehabilitation and development) in the provinces of Planalto central and Luanda and to step up ECHO support in the other provinces. Total humanitarian aid in 1996 amounted to ECU 14 million (with no budget contribution under Article 254).

Somalia

In 1996 the political situation in Southern Somalia continued to be marked by internal wrangling among the leaders of the different clans and factions to gain control of the entire country.

In the north-west of the country the self-proclaimed independent Somalian State enjoyed relative economic recovery despite the prevailing political uncertainty. In some parts of the country, especially Mogadishu, rivalry between clans and factions boiled over into violent clashes.

The death of General Aideed from wounds sustained in a battle in Mogadishu at the end of July raised hopes for a possible national reconciliation. In October, a meeting sponsored by President Moi of Kenya was held in Nairobi between the Somalian "leaders" but there was no marked improvement in the situation.

Humanitarian assistance was twofold: it tackled emergency needs at national level (response to an outbreak of cholera in Mogadishu and Kismayo, therapeutic feeding centre in Bardera); and it covered the fundamental needs of the most vulnerable people in sectors which are not yet considered sufficiently secure for DG VIII-financed rehabilitation projects.

In 1996 ECHO allocated a total of ECU 5 million for humanitarian assistance in Somalia (with no budget contribution under Article 254).

Sudan and northern Uganda

The prospects for bringing the fighting in southern Sudan to an end are more uncertain than ever in 1996 despite the fact that a few small factions from the south signed a "political charter" with the Government, pitting the Sudan People's Liberation Army (SPLA) against the Government and other factions from the south.

This fighting has caused widespread destabilization in the region and in relations with Uganda, Eritrea and Ethiopia, who are all involved to varying degrees. Other emergency needs have arisen in the course of the year not directly linked with the conflict: two outbreaks of cholera and floods in the Pochalla region.

The response to humanitarian needs was, however, considerably hampered in all sectors by security and logistical problems and the Government's ban on aircraft landing on several airstrips. Where necessary ECHO backed flexible and mobile key operations in the most difficult sectors as a prior condition for implementing more structured projects. ECHO also turned its attention to other sectors, including veterinary and food security programmes (distribution of fishing equipment, etc.)

In 1996 ECHO downscaled its support for Sudanese refugees in northern Uganda because the programme to resettle refugees was severely jeopardized by security problems caused by two guerrilla movements, the West Nile Bank Front and the Lord's Resistance Army. Humanitarian operations and the supply of basic requirements were curbed by the Government. In 1996 humanitarian assistance

provided by ECHO in the region amounted to over ECU 13 million (with no budget contribution under Article 254).

Liberia

1996 was a year of marked contrast in Liberia. Initially there was a sharp deterioration in the political and military situation. In defiance of the Abuja peace agreement of August 1995, inter-factional fighting resumed in April 1996 in Monrovia, a zone until then seen as a safe haven under the protection of ECOMOG, the multinational African force. However, since none of the factions was able to win a decisive military victory and each was war-weary and afraid of losing its support, the peace process was relaunched in the summer under pressure from the international community and Abuja II was signed in August 1996. Since then a fragile agreement has held between the factions. Demobilization began on 22 November and is continuing without too many problems. It remains to be seen whether it will be successfully completed and whether the factions consider elections (scheduled for May 1997) to be the only way of gaining power.

On the humanitarian front, there was massive looting of aid and humanitarian agencies in Monrovia in April 1996. In response to the attitude of the warring factions to the take-over and diversion of aid, the agencies and donors joined forces and adopted a minimalist approach so as not to expose staff and equipment nor let aid "feed" the war. This approach based on close donor/agency coordination, targeting and careful monitoring of aid and preventive measures, meant that all needs could be met with funding kept to the bare minimum.

Several coordination meetings with donors and agencies were held in Brussels. The close coordination between ECHO and DG VIII was maintained both at headquarters and on the ground and a clear share-out of responsibilities made it possible to maximize the impact of operations financed by each department. Humanitarian assistance totalled ECU 1.9 million in 1996 (with no budget contribution under Article 254).

Haiti

René Preval, the second democratically elected President of the Republic of Haiti, took office in February 1995. On 28 June 1996 the Security Council approved the renewal of UN support and set up a UN Assistance Mission until 30 November 1996. The presence of this force is necessary because of the deep-seated climate of insecurity in Haiti. The OAS/UN civilian mission was renewed until December.

In 1996 Haiti was still the poorest country in the hemisphere with a per capita income of USD 270. The country remains dependent on international aid and will be unable to carry out the reform programme (privatization and structural adjustment) without financial help from donors and operational assistance from private organizations (like NGOs).

After the emergency situation following the end of the embargo, ECHO must now respond to a widespread humanitarian crisis: 40% of the Haitian population has no access to primary health care and malnutrition and diarrhoea remain the prime causes

of death of children aged between 1 and 59 months. In addition, Haiti is vulnerable to natural disasters, compounded by the total lack of disaster prevention structures or systems.

Since 1991, the European Commission has contributed humanitarian aid totalling ECU 42 890 000 in response to the Haitian population's needs. This year a large-scale plan was approved, essentially focused on the health sector. The plan covers the whole of Haiti with special emphasis on three departments, taking account of the interventions of other donors (Member States, World Bank, USAID and IDB). In total over 20 European and local partners (NGOs, Red Cross and UN agencies) are implementing this global plan coordinated by the ECHO office in Haiti.

While there are no reliable health indicators to measure the impact of humanitarian assistance, it is clear that it will help to provide a degree of political and social stability by responding immediately to people's most pressing needs.

However, there is likely to be some delay in implementing the development programmes planned by both the European Union and other donors, primarily focused on the developing infrastructure and productive sectors. Total humanitarian assistance in 1996 was ECU 15 million (with no contribution from the Article 254 budget heading).

Sierra Leone

1996 will stand out as a year of hope and peace with two decisive developments on the political front. The military junta handed over power to President Kabbah at the head of a civilian Government following democratic elections in February. In addition, the peace negotiations with the RUF rebel movement, which had been at a standstill for months and were undermining the establishment and authority of the new civilian powers, finally concluded with the signing of the peace agreement on 30 November in Abidjan.

On the ground, however, the situation is far from settled because of the presence of renegade bands of RUF fighters and army soldiers who are keen to get control of economic wealth and bands of civilian militia (Kamajos) who are determined to "pacify" the country. The demobilization process is already proving complex and difficult to manage.

Compared with 1995 the situation has radically improved. Most needs, particularly food and health, are now under control. The transport of aid on both sides of the front line has improved despite persistent security problems caused by armed bands.

There has not yet been any move on the part of either displaced persons (between 500 000 and 800 000) or refugees in Guinea (300 000) to return and resettle as they are cautiously awaiting the stabilization of peace and guarantees of greater security. This could start happening at the beginning of 1997 and ECHO and DG VIII are planning a coordinated operation to cover some of the needs at this level. Although a number of rehabilitation programmes have started up and ECHO is concentrating on switching the course of its programmes to rehabilitation, humanitarian assistance continues to be justified in the camps for displaced persons and the newly accessible

areas. ECHO has been very active in coordinating work on the ground to improve the targeting of food aid and to reduce dependence. The impact of the programmes funded has proved decisive in improving the humanitarian situation as a whole.

Total humanitarian assistance in 1996 (up to May 1997) amounted to ECU 6.3 million, with no contribution from the Article 254 budget heading.

Mali

In March 1996 the peace agreement between the Malian Government and the Tuareg rebel movements was officially ratified. After five years of civil war, most of the basic structures in the northern regions have been damaged and the whole fabric of inter-community relations needs to be built up again. The programme to demobilize ex-fighters has been set up with some difficulty.

On the humanitarian front there has been a spontaneous wave of refugees and displaced persons (over 100 000 people) returning to their land. Delays in organizing and implementing resettlement and rehabilitation programmes have greatly hampered the whole process of reconstituting and reactivating the socio-economic fabric, thus jeopardizing the stabilization of northern Mali. Faced with the need to respond quickly to primary essential needs (water, food, health) ECHO decided to set up an ECU 1 million humanitarian assistance programme in February 1996. The programme covers the "sensitive" areas of population return and resettlement in the three regions of the North.

ECHO's action is also designed to encourage the process of reactivating rehabilitation and development programmes in the North by introducing a policy of systematic consultation on the ground between the Malian authorities, humanitarian agencies, donors and recipient populations. To this end, and as a result of coordination with the various DG VIII departments concerned, the Commission as a whole is now playing a key role in stabilizing the situation in northern Mali. ECHO intends to stay there until the end of 1997 in order to see the transitional phase of return and resettlement through to the end.

Humanitarian assistance throughout the year totalled ECU 2.1 million, including ECU 1.1 million (52.38%) from the Article 254 budget heading.

ECHO FLIGHT

The ECHO Flight system for the Horn of Africa, set up in May 1994, continued to operate. The service operates with seven planes out of Nairobi, Djibouti, Mandera and Lokichoggio in support of humanitarian operations in Somalia, Kenya and southern Sudan. Between May 1994 and the end of 1996 ECHO Flight carried over 75 000 passengers and 30 000 tonnes of freight in more than 27 000 hours of flight. In the course of 1996 efficient implementation of humanitarian assistance was threatened by poor security conditions, particularly in Sudan, and by lack of air freight capacity at Lokichoggio because the Sudanese government banned the C-130 from flying in its air space in July 1995. Humanitarian assistance in 1996 totalled ECU 12 million (with no budget contribution under Article 254).

5. Rehabilitation aid

The Commission continued, on the basis of the Council conclusions of 2 December 1993, to implement rehabilitation projects, above all within the framework of the Special Initiative for Africa.

The total amount of rehabilitation aid decided since the launching of the Initiative (May 1993) for the eight African countries concerned is ECU 606.8 million. Rwanda and the neighbouring countries and Haiti were also added (decisions amounting to ECU 176.1 million). This sum also includes funds from headings B7-5071 and B7-5076 (rehabilitation), under which the ACP countries were accorded some ECU 57 million in 1996.

Operational partners were usually NGOs and the priority sectors remained health, basic infrastructure, revival of agricultural production and economic/social reintegration.

Chapter V Implementation of aid

1. Invitations to tender and award of contracts

In accordance with the Financial Regulation applicable to the 7th EDF, the Commission informs the Council each year of the contracts concluded during the year, in an annual report devoted to invitations to tender and contracts. The summary data below give a more complete picture of aid implementation for 1996.

The table below shows the changes in the proportions of works, supplies and service contracts under successive EDFs.

EDF	Works	Supplies	Technical assistance
6th	42.47 %	30.49 %	26.04 %
7th	44.13%	14.27%	41.60%

The pattern of contracts varies over the lifetime of the Convention concerned, technical assistance being of more importance during the initial stages, as attested to by the high percentage (41.60%) of this type of contract under the 7th EDF.

Tables 15 and 16 give breakdowns of contracts by nationality of the contractors. They show that three-quarters of the works contracts under the 6th EDF were won by France (25.35%), Italy (25.83%) and ACP States (25.94%). The result is the same for the 7th EDF, with a breakdown for the same countries of 22.55% for France, 27.21% for Italy and 33.95% for ACP countries.

The biggest share of 6th EDF supply contracts was won by ACP countries (22.71%), France (17.28%), United Kingdom (14.28%) and Germany (12.64%). As regards the 7th EDF, supplies from the United Kingdom accounted for almost 20.92% of all contracts awarded. Supplies of ACP origin (19.7%) and those from France (19.03%) also obtained significant shares, followed by supplies of Italian and Dutch origin (14.09% and 11.95%).

Service contracts financed under the 6th EDF are fairly evenly balanced between consultants from France (17.07%), Germany (14.17%), the United Kingdom (12.80%), and Belgium (12.39%). For the 7th EDF consultants from France obtained the biggest share (18.47%) followed by the United Kingdom (13.53%), Belgium (11.81%) and Germany (10.55%).

Table 14 shows a cumulative and percentage breakdown of contracts concluded under the 7th EDF, classified by the type of award procedure.

The data given below refer to the first nine months of the year as the data for the end of 1996 are not available.

Table 14

Percentage and cumulative breakdown of 7th EDF contracts classified by type of award procedure

TYPE OF PROCEDURE	7 TH EDF		
	WORKS %	SUPPLIES %	SERVICES %
OPEN INVITATIONS TO TENDER	69.01	54.72	0.00
ACCELERATED INVITATIONS TO TENDER	13.34	0.38	0.01
INVITATIONS TO TENDER AFTER PREQUALIFICATION	3.69	14.12	9.44
TOTAL OPEN PROCEDURES	86.04	69.22	9.45
RESTRICTED INVITATIONS TO TENDER	5.48	13.59	34.89
SUPPLEMENTARY INVITATIONS TO TENDER	91.52	82.82	44.35
DIRECT AGREEMENT	8.48	17.18	55.65
GRAND TOTAL	100.00	100.00	100.00

OTHER COMMITMENTS	7TH EDF
(*) OTHER	22.13%
ESTIMATE	18.49%
DIRECT LABOUR	1.17%
NOT AWARDED	0.00%
TOTAL II	41.80%

(*) Study awards, direct support to institutions, seminars, fairs, import programmes, currency etc.

Table 15

Breakdown between Member States, ACP, OCT and non-member countries at the end of 1996 - 6th EDF

I- Contracts awarded

NATIONALITY ORIGIN	WORKS			SUPPLIES			SERVICES			TOTAL		
	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1
BELGIUM	59 037 453	4.4	4.6	68 199 536	7.32	7.4	98 516 281	12.39	12.3	225 753 271	7.39	7.5
DENMARK	13 606 019	1.0	0.9	5 765 448	0.62	0.6	30 322 936	3.81	3.9	49 694 404	1.63	1.6
GERMANY	53 754 359	4.0	4.2	117 729 488	12.64	12.7	112 708 432	14.17	14.3	284 192 281	9.31	9.5
GREECE	0	0.0	0.0	1 697 361	0.18	0.2	10 515 105	1.32	1.3	12 212 466	0.40	0.4
SPAIN	1 050 363	0.0	0.0	16 558 827	1.78	1.8	20 327 485	2.56	2.5	37 936 676	1.24	1.2
FRANCE	336 529 735	25.3	26.4	160 883 674	17.28	17.2	135 697 263	17.07	16.8	633 110 674	20.73	21.1
IRELAND	1 400 000	0.1	0.1	698 982	0.08	0.1	19 70 057	2.51	2.5	22 069 040	0.72	0.7
ITALY	342 853 522	25.8	26.6	78 128 852	8.39	8.3	81 873 067	10.30	10.2	502 855 442	16.47	16.6
LUXEMBOURG	976 200	0.0	0.1	1 297 740	0.14	0.1	12 656 380	1.59	1.7	14 930 320	0.49	0.5
NETHERLANDS	42 770 867	3.2	3.4	90 000 477	9.66	9.7	55 419 065	6.97	7.2	188 190 410	6.16	6.3
PORTUGAL	59 357 672	4.4	2.1	19 456 579	2.09	2.1	28 151 143	3.54	3.6	106 65 395	3.50	2.5
UNITED KINGDOM	66 981 336	5.0	5.3	132 957 922	14.28	14.2	101 740 528	12.80	12.5	301 679 787	9.88	9.9
ACP	344 286 752	25.9	25.9	211 472 550	22.71	22.8	68 605 912	8.63	8.8	624 365 214	20.45	20.5
OCT	4 407 406	0.3	0.4	4 500	0.00	0.0	3 422 593	0.43	0.4	7 834 500	0.26	0.3
NON-MEMBER COUNTRIES	465 000	0.0	0.0	26 404 537	2.84	2.8	15 203 831	1.91	1.9	42 073 369	1.38	1.4
TOTAL	1327 476 689	100.0	100.0	931 256 480	100.0	100.0	795 130 086	100.0	100.0	3053 863 257	100.00	100.0
%	43.47%			30.49%			26.04%			100%		

II. Other commitments

(*)OTHER	545.990.356	12.26%
ESTIMATE	753.845.228	16.92%
DIRECT LABOUR	100.783.276	2.26%
NOT AWARDED	0	0.00%
TOTAL II	1400.618.861	31.44%
TOTAL I + II	4454.482.861	100%

(*)Study awards, direct support to institutions, seminars, fairs, import programmes, currency etc.

Table 16

Breakdown between Member States, ACP, OCT and non-member countries at the end of 1996 - 7th EDF

I- Contracts awarded

NATIONALITY ORIGIN	WORKS			SUPPLIES			SERVICES			TOTAL		
	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1	AMOUNT	%	% AN-1
BELGIUM	27 744 195	3.91	0.7	2 863 375	1.25	1.5	78 904 701	11.8	11.6	109 512 272	6.82	5.5
DENMARK	3 100 000	0.44	0.6	1 644 268	0.72	0.9	25 013 002	3.74	3.9	29 757 271	1.85	2.1
GERMANY	21 611 803	3.05	4.3	10 158 622	4.43	4.6	70 461 066	10.5	12.5	102 231 493	6.36	7.9
GREECE	0	0.00	0.0	172 676	0.08	0.0	5 172 142	0.7	0.6	5 44 819	0.33	0.3
SPAIN	25 948 009	3.66	5.2	11 115 688	4.85	4.9	15 447 244	2.3	2.5	52 510 943	3.27	4.0
FRANCE	159 812 840	22.55	22.5	43 606 108	19.03	18.0	123 426 164	18.4	18.0	326 845 114	20.35	19.9
IRELAND	0	0.00	0.0	316 559	0.14	0.1	32 385 712	4.8	3.7	32 702 272	2.04	1.6
ITALY	192 907 481	27.21	32.0	32 291 244	14.09	13.0	51 461 949	7.7	7.0	276 960 675	17.24	18.5
LUXEMBOURG	0	0.00	0.0	201 880	0.09	0.0	12 551 234	1.8	2.2	12 753 114	0.79	0.9
NETHERLANDS	820 000	0.12	0.0	27 383 212	11.95	14.5	45 153 511	6.7	7.2	73 356 724	4.57	5.2
PORTUGAL	9 175 360	1.29	1.8	1 729 749	0.75	0.4	19 181 048	2.8	2.9	30 086 157	1.87	2.1
UNITED KINGDOM	20 934 513	2.95	4.1	47 934 106	20.92	24.2	90 390 540	13.5	12.8	159 259 160	9.92	10.8
ACP	240 662 766	33.95	27.5	45 753 777	19.97	16.2	65 009 706	9.7	9.6	351 426 250	20.88	18.2
OCT	5 162 753	0.73	1.0	1 397 407	0.61	0.6	650 773	0.1	0.1	7 210 934	0.45	0.6
NON-MEMBER COUNTRIES	979 977	0.14	0.2	2 550 210	1.11	1.1	32 666 150	4.8	5.3	36 196 337	2.25	2.5
TOTAL	708 859 702	100.00	100.0	229 118 890	100.00	100.0	668 174 949	100.0	100.0	1606 153 541	100.0	100.0
%	44.13%			14.27%			41.60%			100%		

II- Other commitments

(*)OTHER	618.107.884	22.36%
ESTIMATE	507.901.175	18.37%
DIRECT LABOUR	32.414.039	1.17%
NOT AWARDED	0	0.00%
TOTAL II	1158.423.098	41.90%
TOTAL I + II	2764.576.640	100%

(*)Study awards, direct support to institutions, seminars, fairs, import programmes, currency etc.

2. Evaluation of EU aid

The 1996 evaluation covered not only specific projects but also several major sectors and themes which concerned different areas of the world, for example:

- Health/fight against AIDS (ACP)
- Food aid programme, in conjunction with several Member States (ACP/ALA/MED)
- Special programme against apartheid (South Africa)
- Urban development (ACP)
- Human rights (Rwanda)
- Institutional development (ACP/ALA/MED)

The training programme on project cycle management, which began in 1992, continued in the ACP States and Europe. Major evaluations which started in 1995 and which are still under way also continued. New evaluations were put in hand on the environment and tropical forestry in all the ACP, ALA and MED regions. An evaluation of all EU aid to the ACP States, requested by the Development Council in 1995 has made headway: a comprehensive list of all EU aid flows in the world has been produced.

In 1996 progress was made on joint ACP-EU evaluation in the following fields:

Urban development: two workshops were organized (Dakar in May and Brussels in July 1996) for the ACP officials and experts concerned and for advisers from delegations. Many people participated in these workshops and they proved so useful and relevant, particularly with regard to 8th EDF programming, that it was decided to hold a third seminar in Nairobi at the beginning of 1997. This third seminar will conclude the evaluation process. The evaluation has evidently made a considerable impact which will continue to have a bearing on general policy guidelines, indicative programmes and specific programmes currently in the pipeline.

Mining sector and Sysmin-related activities: after the preliminary analysis of all Sysmin projects financed in 1996, the first phase was prepared, the terms of reference were drawn up jointly, invitations to tender were issued, the joint ACP-EU team of consultants was appointed and the first mission was sent to Botswana. At the end of the year invitations to tender were continuing for missions on the ground in seven other countries: Dominican Republic, Guinea, Guyana, Mauritania, Namibia, Niger and Senegal.

Technical Centre for Rural and Agricultural Cooperation (CTA): this evaluation generally acknowledged and approved the appropriate nature and effectiveness of the Secretariat's mandate and action and also made a great many detailed recommendations concerning specific organizational changes in the Centre. The Centre also organized a wide-ranging debate on the report, both in the Advisory Committee (representing the Member States and the Commission) and internally by setting up four working parties on: planning long-term strategies; devising and organizing detailed programmes; publications, information and documentation; logistical and management questions, including finance and personnel. These working parties began work at the end of 1995 on the basis of the evaluation report to prepare the Centre's mid-term plan for 1997-2000 and a special meeting of representatives of the ACP Secretariat and the Commission evaluation team was held in May 1996. At

this meeting the representatives of the evaluation team approved the detailed and comprehensive approach followed by the Centre to implement the main recommendations of the evaluation. Half way through December the mid-term plan was completed after being approved by the ACP Agricultural Cooperation sub-Committee and the ACP-EU Working Party in October. It takes due account of the evaluation and provides a good example of how to make full use of the conclusions of an evaluation.

Regional Cooperation: the study phase on this key activity was completed in 1995 and evaluation on the ground ended in 1996. The report on this last phase was virtually concluded at the end of the year.

Chapter VI

European Investment Bank operations

1. Overview

In 1996 EIB activity in the ACP countries, affected by the time taken - longer than anticipated - for ratification of the second Financial Protocol to Lomé IV, was confined to committing resources available under the first Financial Protocol. In the course of the year it signed financing contracts for a total of ECU 387 million; ECU 296.4 million in loans from own resources accompanied by interest-rate subsidies and ECU 90.60 million in risk capital from the EDF. Sixteen projects were financed exclusively with own resources (ECU 246.3 million), others were financed with risk capital, either exclusively for 20 projects (ECU 63.7 million), or combined with loans from own resources. Some ECU 245 million was disbursed, ECU 13 million under Lomé III and the rest, ECU 232 million, under Lomé IV, including ECU 136 million in loans from own resources. By the end of 1996 some ECU 750 million had been paid out under Lomé IV: ECU 449 million in loans from own resources and ECU 301 million for risk-capital operations, i.e. 40% of commitments at year's end.

2. Sectoral breakdown of the Bank's operations

The three main sectors of Bank activity in 1996 were industry (including small and medium-sized enterprises), communications infrastructure (transport and telecommunications) and energy. Industry and SME with ECU 138 million, accounted for 36% of all financing in 1996. Most was accorded in the form of global loans (ECU 97.23 million) to banks or local financial institutions to enable them to finance either shareholdings in SME or on lending to SME. This was particularly the case in Kenya (ECU 35 million), Ethiopia (ECU 10m) and the Caribbean (ECU 35.5m). Individual loans totalled ECU 40.47 million, including ECU 30.37 million in risk capital for textiles projects in Ethiopia and Burkina Faso, the production of metal goods in Mauritania and ECU 10.10 million from own resources for a mining project in Uganda.

Communications infrastructure, with a little over ECU 124 million, accounted for 32% of all financing in 1996. An ECU 30 million loan from own resources was made to ASECNA (Agency for the Safety of Aerial Navigation in Africa and Madagascar) to enable it to renew and modernize airport and aviation facilities at several airports in African and Madagascar. Gabon and Mauritius also received loans of ECU 10.5 million and ECU 8 million for projects of a similar nature. The construction of a new wharf at the port of Lüderitz and a container terminal at Walvis Bay in Namibia will be partially financed by a loan from own resources of ECU 12 million while in Jamaica ECU 60 million will finance the extension of national and international telecommunications and the construction of a second container terminal at the port of Kingston. The energy sector, where activity had slackened somewhat in the previous year, was the third biggest beneficiary of Bank operations in 1996. With some ECU 109 million, it accounted for 28% of all financing and mainly concerned the Caribbean. There were several operations to increase electricity production and transmission capacity in the Bahamas (ECU 20 million), Barbados (ECU 20 million), St Lucia (ECU 8 million), Grenada (ECU 4 million) and gas transmission capacity in Trinidad and

Tobago (ECU 45 million). Mali received ECU 5.3 million and Botswana ECU 6.6 million to build an electricity sub-station to link up with Zimbabwe and South Africa's grids. There were considerably fewer projects in the water sector. With ECU 15 million granted to Malawi to finance the extension and modernization of the water supply system in Lilongwe, this sector accounted for a little less than 4% of all the Bank's financing.

3. Geographical breakdown of the Bank's operations

In *Africa* 18 countries received financing totalling ECU 189.7 million: ECU 84.5 million in risk capital and ECU 105.2 million from own resources, of which ECU 30 million for the ASECNA regional project). The main reason for the relative slackening in the Bank's activity in this region is the progressive exhaustion of the resources available under the first Financial Protocol and the fast pace of commitments in the first years of its implementation. **Southern Africa:** Loans totalling ECU 57.4 million were accorded, of which ECU 34.6 million from own resources. Projects included the extension and modernization of the water supply system in Malawi, construction of an electricity sub-station in Botswana and development of port and airport facilities in Namibia and Mauritius. Many productive projects were also financed: sugar refinery in Swaziland, mining in Zimbabwe and Mozambique. Global loans to finance small and medium-sized investments and shareholdings were accorded in Namibia, Zambia and Madagascar. **West Africa:** Loans totalling ECU 20.3 million in risk capital were granted to the industrial sector. Projects included: setting up a workshop to produce saline batteries in Mali, the extension and modernization of cotton processing factories in Burkina Faso, the setting up of machine shops and smelters in Mauritania and the construction of a door frame factory in Guinea Bissau. There was a project in the electrical energy sector in Mali and a global loan was accorded to Côte d'Ivoire. The Bank also acquired, on behalf of the European Union, a shareholding in a regional financial company in West Africa. **Central and East Africa:** Financing was accorded totalling ECU 82 million, of which ECU 41.5 million in risk capital. The EIB financed the modernization of airport and aviation facilities in Gabon and the textile industry in Ethiopia. Global loans were accorded to Kenya, Ethiopia and Uganda and Gabon was given financing for a fish farm pilot project.

Caribbean: Financing increased substantially to a level of almost ECU 200 million, mainly from own resources (ECU 188 million). Projects included the extension of national and international telecommunications and expansion of port infrastructure in Jamaica (ECU 60 million). In Trinidad and Tobago (ECU 45 million), St Lucia, Grenada, Barbados and Bahamas, financing will be used to develop energy (electricity and gas) production and transmission capacity. Global loans to finance small and medium investments were accorded to the Dominican Republic and Belize and to the Caribbean Development Bank for a regional project of a similar nature.

Pacific: the EIB accorded a loan of ECU 3.7 million from own resources to finance the extension of Tonga's telecommunications network.

Chapter VII

Geographical aspects

This Chapter describes briefly the progress made in implementing financial and technical cooperation with the 70 ACP countries under the Conventions which are still operational. A more detailed description by country is given in the Commission publication entitled "EU-ACP Cooperation", compiled by the Directorate-General for Development and issued in conjunction with the ACP-EU Courier.

Implementation in the 70 ACP countries

ANGOLA

Angola was allocated ECU 102 million under the NIP (National Indicative Programme) for the 6th EDF and ECU 115 million under the 7th EDF NIP.

The most important ongoing project under the 6th EDF NIP is the ECU 16 million rehabilitation programme, covering operations to be implemented by NGOs. A road rehabilitation project which was suspended because of the war is due to be resumed in 1997. Under the 7th EDF NIP the most important ongoing projects are: the Luanda Industrial Institute in the education sector (ECU 2.7 million), a post-emergency health project (ECU 15 million) and a microprojects programme under the heading of decentralized cooperation (ECU 4.5 million). A rehabilitation project in Huambo (ECU 3 million in aid for displaced persons) was approved and launched under Article 255 of the fourth Lomé Convention. Two financing agreements were signed in 1996 under the 7th EDF National Indicative Programme. One, concerning the education sector and in particular the rehabilitation of Tchivinguiro Institute, was allocated ECU 8.24 million; the other, comprising support for reconstruction, came under the heading of rehabilitation operations, with a budget of ECU 55 million. This project is being affected by the unstable situation in Angola, particularly as regards safety and access to certain areas, and could suffer delays in its implementation.

The programming exercise for the 8th EDF is entering its final stage. It should be possible for the NIP to be signed in February 1997.

ANTIGUA AND BARBUDA

The two projects already under way in 1996 under the 6th EDF NIP concern the training of air traffic controllers (ECU 590 000) and completion of the second stage of the road rehabilitation programme (ECU 3.1 million). Under the 7th EDF progress has been made on implementing the project concerning the improvement and expansion of the Antigua Hotel Training Centre (ECU 2.2 million).

The 8th EDF NIP is ready for signing, following the favourable opinion delivered in December 1996.

BAHAMAS

Total NIP resources under the 6th and 7th EDF are ECU 4 million and ECU 4.4 million respectively. Their implementation rate was 95% and 80% respectively at the end of 1996.

The two projects being implemented were completed during the year; one concerned energy (rural energy project on Cat Island) and the other a road (Queen's Highway on Long Island).

The Bahamas ratified the agreement amending the fourth Lomé Convention and the parties involved are finalizing the negotiations on the programming papers.

BARBADOS

Total NIP resources under the 6th and 7th EDF are ECU 5 million and ECU 5.5 million respectively.

The projects under way in 1996 under the 6th EDF NIP concern a project to develop crop and in particular livestock production (livestock development project - total cost ECU 2.5 million) in order to develop local productivity and reduce meat imports, and a fisheries project (rural fisheries at Conset Bay and Skeet's Bay - ECU 1.5 million) in order to improve, among other aspects, the storage, marketing and transport of fish.

Under the seventh EDF the aim of the project concerning the Barbados Hospitality Institute (ECU 2.75 million) is to provide training for people working in the tourist industry. Training sessions are arranged for civil servants in sectors of strategic importance for the country under the project entitled "Training Support to Key Institutions of Economic and Social Development" *[sic]* (ECU 0.31 million). The National Development Foundation project (ECU 0.25 million) is intended to help the poorest sections of the population by means of loans at lower interest rates, and the national fruit orchards project (ECU 0.55 million) is intended to develop new growing techniques for fruit trees. Owing to the limited success of this project, the funds may be put to another use, i.e. projects which will give a better return. The project entitled "Industrial Sector Study" (ECU 0.08 million) is intended to identify new opportunities for industrial development projects. If the project is a success, an additional sum of ECU 1.9 million (balance from the 7th EDF) plus an increase under the 8th EDF may be considered.

No new project was launched in 1996. The Government ratified the agreement amending the fourth Lomé Convention and the parties concerned are moving towards the conclusion of the negotiations on the programming papers.

BELIZE

NIP resources under the 6th and 7th EDF total ECU 8 million and ECU 9 million respectively. Following the inauguration of the New Belize City Hospital in 1995, two complementary components of the project were implemented in 1996: equipment and staff training. The training programme will be completed in 1997. Negotiations are under way to arrange training awards in the neonatology sector. The 7th EDF resources have been used to finance the preparatory study on the Belmopan-Sibun section of the Hummingbird Highway, which will be built with 8th EDF funds.

During the year two projects were approved for a total of ECU 1.1 million: starting in 1997, they are to provide proper housing for the plantation workers and instruct them how to use chemicals properly, in the most environmentally-friendly way possible.

Belize has ratified the agreement amending the fourth Lomé Convention and the parties concerned are completing negotiations on the programming documents.

BENIN

NIP resources under the 6th and 7th EDF total ECU 124 million and ECU 137 million respectively.

Under the 6th EDF Indicative Programme projects concerning infrastructure and rural development were carried out in 1996, and included a road infrastructure rehabilitation programme (ECU 24.3 million), a project to rehabilitate the Godomey-Bohicon road (ECU 18.5 million) and an urban water supply project (ECU 6.0 million). These three projects were completed during the year. An integrated rural development project in Mono province is under way at a cost of ECU 16.5 million.

The projects carried out in 1996 under the 7th EDF Indicative Programme concern road infrastructure, health and rural development. They include: a project for the rehabilitation of the Bérébouay-Malanville road (ECU 29 million); a project for the rehabilitation of the Parakou-Djougou road (ECU 14 million); a project for the rehabilitation of the Cotonou-Hillakondji road (ECU 9 million); a project for the rehabilitation of the Cotonou-Porto Novo road (ECU 8 million); a health programme (ECU 11.8 million); and a programme for rural restructuring in Mono (ECU 6.5 million).

The draft NIP for the 8th EDF was approved on 2 December 1996. A decision has not yet been taken regarding the signatory and the date for signing the NIP. Before signing, the draft NIP must be presented to the Council of Ministers of the Republic of Benin.

BOTSWANA

NIP resources under the 6th and 7th EDF total ECU 30.5 million and ECU 32 million respectively.

The 7th EDF NIP focuses mainly on developing and conserving natural resources and improving vocational training courses. The implementation of projects and programmes in these areas continued satisfactorily during the year. In particular, the project for setting up a Vocational Training Centre in Gaborone (ECU 15 million) was approved. The aim of this programme is to increase productivity and local competitiveness and to increase employment opportunities for early school-leavers. An ECU 33.7 million Sysmin programme under the 7th EDF was approved during the year; it should improve the viability of the copper/nickel mines and the socio-economic activities of the 50 000 inhabitants of Selebi-Twike, the town concerned.

Mr João de Deus Pinheiro, Member of the Commission, signed the 8th EDF NIP for Botswana during his official visit there on 15 and 16 October 1996. The areas covered are still the management of natural resources and the environment, and support for the productive sectors, and for developing the private sector.

Botswana has already ratified the agreement amending the fourth Lomé Convention.

BURKINA FASO

Resources for the 6th and 7th EDF NIPs are ECU 107.5 million and ECU 144.5 million respectively. During the year, cooperation with Burkina Faso progressed satisfactorily; the operations in progress under the 6th EDF NIP are as follows: integrated development of the province of Sourou-Yatenga-Passoré (ECU 44.1 million); rural development of the province of Sissili (ECU 32 million); agricultural development of the Douna plain (ECU 2.6 million); and the Comoé rice operation, Stage II (ECU 3.6 million). Furthermore, technical assistance in preparation for the sectoral transport programme (ECU 6.9 million) was launched during the year. Operations under way under the 7th EDF are: support for the sectoral transport programme and road maintenance (ECU 29 million, of which ECU 11 million from the Regional Indicative Programme); rural water engineering in the south-west of the country (ECU 15 million); support for small- and medium-sized enterprises (ECU 10.5 million); Bagré hydro-agricultural development (ECU 2 million); and support for decentralization (ECU 2.4 million). The following operations were launched during the year: geological mapping under SYSMIN (ECU 15 million); rehabilitation of the Poura mine under SYSMIN (ECU 11 million); studies on road works under PASEC-T (ECU 3.9 million); support for reform of the pharmaceutical sector (ECU 1.6 million); and a population survey (ECU 0.9 million).

Support for structural adjustment has focused mainly on roads, the social sectors (health and education), the medicines policy and reforms in the key sectors of the economy through support for sectoral policies.

Stabex transfers have contributed to the continuation of reforms and increased competitiveness in cotton production. The section earmarked for structural adjustment support has contributed to day-to-day maintenance of roads under the sectoral transport programme.

The National Indicative Programme under the 8th EDF amounting to ECU 180 million was signed on 28 October 1996; the focal sectors are road transport and rural development.

BURUNDI

NIP resources under the 6th and 7th EDF total ECU 108 million and ECU 124 million respectively.

As a result of the country's unstable situation, it was decided in February 1996 to stop the two major operations under way, financed under the 6th EDF, and the health programme financed under the 7th EDF. The rehabilitation programme for the victims of the situation in the Great Lakes region (ECU 18 million) and the microprojects programme were continued on a smaller scale. The unit providing assistance for the national authorizing officer also remained operational. Following the military coup of 25 July 1996 and the subsequent embargo imposed by the neighbouring countries, the Commission withdrew the staff from its Delegation. Consequently, the future of the above programmes is being considered and no new programme was launched in 1996, although humanitarian aid and food aid continued to be supplied in an attempt to meet the population's essential requirements.

CAMEROON

The NIP allocation under the 6th and 7th EDF was ECU 101 million and ECU 110 million respectively.

In 1996 a total of ECU 29.1 million was approved for new operations, the most important of which were Stabex transfers (ECU 14.9 million under the 7th EDF) and four projects financed under the 7th EDF, namely: protection, drainage and roads in the town of Kousseri (ECU 7.3 million), reorganization of the health services in the North province (ECU 1.96 million), institutional support for the Ministry of Public Works (ECU 1.9 million) and support for the population of Lagdo (ECU 3 million). Disbursements totalled ECU 25 million; this sum covers all instruments and includes ECU 13.6 million and ECU 10.5 million for Stabex and the 6th and 7th EDF NIPs respectively. In 1996 satisfactory progress was made on the projects, in particular those concerning rural development poles and support for health services (financed under the 6th EDF) and also the road maintenance programme, support for structural adjustment and the project concerning funds for urban organizations and micro-industries, all financed under the 7th EDF. A number of evaluation operations were conducted, in particular on the structural adjustment, Stabex, road and health projects. An audit was conducted of Community support for the Structural Adjustment Programme (SAP) (almost ECU 17 million for the 1994/95 budget year and over ECU 33 million in 1995/96). The conclusions of the evaluation operations and audit are being taken into account for the follow-up. In the case of certain projects financed earlier, in particular the road on the Tikar plain, the development of the Tikar plain and the development of Mandara mountains, 1996 was given over to preparing their actual implementation with the launch of invitations to tender and the award of contracts, etc. The only black spot involves the Stabex 1992-93 Framework of Mutual Obligations (FMO), for which the Commission was obliged to suspend operations, owing to the failure of the Government to observe its undertakings regarding the liberalization of the coffee and cocoa sectors. Negotiations under way at the end of the year offer the hope that a rapid solution may be found in order not only to enable activities to be resumed but also to allow negotiation of the FMO concerning the transfers made in 1996. The National Assembly ratified the Mauritius Agreement at its November session and negotiations on the future 8th EDF NIP (ECU 133 million) were near completion in December.

CAPE VERDE

The implementation of Lomé IV kept up its momentum in 1996. At the end of the year, primary commitments should exceed 90% of the NIP allocation. The rates for secondary commitments and disbursements confirm the improvement recorded in 1995 and should reach 73% and 47% respectively at the end of 1996. The Community continued its supplies of food aid to Cap Verde in 1996 and launched detailed consultations in order to enable the country to implement as viable as possible a food security policy.

The National Indicative Programme for the use of 8th EDF resources was signed in Praia on 30 November by Mr Pinheiro.

CENTRAL AFRICAN REPUBLIC

The Central African Republic (CAR) has ECU 69.5 million under the 6th EDF and ECU 75 million under the 7th EDF NIP. The implementation rate under the 6th EDF is satisfactory. Resources are 100% committed under the 7th EDF NIP but there are serious delays in the signing of the contracts and in disbursements. Community support for the Sectoral Transport Programme (ECU 50 million), decided on in October 1995, has not yet given rise to the signing of contracts, owing to the delay with which the Government has

implemented its sectoral policy undertakings. The rate of disbursements under the 7th EDF NIP was slowed down by difficulties encountered in structural adjustment; this programme, supported by the funding agencies (including the Community, with ECU 10 million under the Structural Adjustment Facility (SAF)), had begun to fall behind schedule at the end of 1995.

Lastly, it was not possible to complete negotiations on the Stabex Framework of Mutual Obligations (FMO) owing to the lack of viable sectoral guidelines which could be backed up using Stabex resources.

Constant unrest resulting from, among other factors, failure to pay civil servants and the military and political demands - which were accompanied by a resurgence of banditry in Bangui and in the province - meant that practically a year of cooperation with the CAR was lost, despite the Commission's efforts to help the country at a very critical time for its survival, through a substantial contribution to the "Plan Minimum de Trésorerie".

The CAR ratified the Mauritius Agreement, but has not yet lodged the ratification instruments.

CHAD

Chad has a budget of ECU 89 million under the 6th EDF and ECU 110.3 million under the 7th EDF. In 1996 a total of ECU 24.4 million was approved for new operations, the largest of which were the Ere-Kelo road project (ECU 13.5 million) and a General Import Programme as part of Support for Structural Adjustment (ECU 10.2 million). Certain emergency medical aid schemes decided upon in 1996 should also be noted. At the same time certain projects have been identified and feasibility studies launched and these may give rise to financing decisions in 1997. These include the rehabilitation of engineering works under the Sectoral Transport Programme (STP), the regular maintenance of the surfaced road network (STP) and upgrading of the Kélo-Moundou road. In 1996 a Framework of Mutual Obligations concerning Stabex transfers (cotton) for 1993 and 1994 was signed; it covered a total of some ECU 11 million and was intended to improve cotton production infrastructure and also provide support for the STP. The contract for the project to rehabilitate rural tracks was awarded after being blocked for a long time by the national administration, and the project for the support and revitalization of education was started after being considerably delayed by difficulties in determining priorities. Despite this, and despite all the elections (constitutional referendum in March, presidential election in July and the general elections scheduled for the beginning of 1997), project implementation has been normal, with a steady increase in the rates of contracts and disbursements. Internal evaluation of the rural development projects ADER/PPDRZC (6th EDF) gave rise to major restructuring, marked by greater geographical and thematic concentration. This should make it possible to speed up the implementation and conclusion of these projects in 1997. An external evaluation operation concerning the microprojects programme (7th EDF), the results of which should be available at the beginning of 1997, has also been launched.

Chad has not yet lodged instruments for the ratification of the Mauritius Agreement. Negotiations on the 8th EDF NIP did not begin until the end of 1996 owing to the prolonged electoral period.

COMOROS

In March 1996, Mohamed Taki Abdoukarim was elected President of the Islamic Federal Republic of the Comoros, thereby succeeding President Djohar. Following a significant decline in cooperation with the Comoros, as a result of the political instability, cooperation resumed a normal pace, which meant that the amounts financed by Lomé IV could be committed: the 7th EDF National Indicative Programme amounted to ECU 23.5 million, there were transfers amounting to ECU 1.9 million under the 1991-92 and 1993 Stabex and the 1991/97 fisheries agreements generated revenue of the order of ECU 2.2 million.

Projects in the Comoros received ECU 3.7 million under the regional programme (IOC). The 8th EDF National Indicative Programme under the amended Lomé IV Convention was signed in Moroni on 25 February 1997 for a sum of ECU 27.5 million, with an expected EIB contribution of ECU 3 million in loans.

CONGO

Total NIP resources under the 6th and 7th EDF are ECU 69.5 million and ECU 75 million respectively. Implementation of financial and technical cooperation is greatly influenced by the reform process as it affects macroeconomic and sectoral policies. The results have been fairly modest in the past, and this explains the considerable delay in implementing the 6th and 7th EDF NIPs. Support for the national programme for developing the health sector (ECU 10 million) has run into difficulties arising from the lack of texts on the implementation of the sectoral policy, on which the Government had given an undertaking for 1997. In 1996, the decisions (ECU 4.3 million) concerned mainly studies (rehabilitation of the Brazzaville-Kinkala road), microprojects in urban areas and a cultural cooperation programme (support for the plastic arts).

There was some progress in 1996 regarding reform policy, and this led to the conclusion of an agreement with the IMF backed up by an ESAF. The Congolese Government finally took the measures needed to launch, in November 1996, the work on drawing up a sectoral transport policy, with 7th EDF financing. This work should be concluded in 1997 with the drawing-up of a national transport plan which could be supported by substantial Community financing.

At the end of the year, Congo had not yet ratified the Mauritius Agreement.

COTE D'IVOIRE

Total NIP resources under the 6th and 7th EDF are ECU 82 million and ECU 111.8 million respectively. The operations carried out under the 6th EDF NIP are as follows: programme to support sheep and cattle-raising (ECU 11 million), structural adjustment support (ECU 2.6 million) and programme of support for coastal districts (ECU 2 million). The operations under the 7th EDF are: programme of support for the coastal districts (ECU 26.5 million), support for the health sector (ECU 11.2 million), Bouaké wholesale market (ECU 12 million), support programme for pineapple production (ECU 6.5 million), development of coastal forests (ECU 2 million), development (preparatory phase) of Orumbo-Boka forests (ECU 1.7 million), development of irrigated rice-growing in the central region (ECU 15.7 million) and support for structural adjustment (GIP IV) (ECU 17.9 million). During the year the programme of support for structural adjustment (GIP V) (ECU 11 million) was launched under the heading of programmable aid. The main projects and programmes

launched in 1996 under the heading of non-programmable aid were the following: support for structural adjustment (GIP V) (ECU 11.8 million), unexpended balance from Stabex 1993 and Protocol No 1 to the fourth Lomé Convention (ECU 21.1 million).

Support for structural adjustment covered health (rehabilitation, equipment and support for the medicines policy) and decentralization (budget aid for districts). Stabex transfers helped in continuing the reform of coffee and cocoa production and in financing various rural development programmes.

The 8th EDF National Indicative Programme was signed in October 1996; the focal sectors were health, decentralization and rural development (including environmental protection).

DJIBOUTI

NIP resources for Djibouti under the 6th and 7th EDF totalled ECU 16 million and ECU 19.3 million respectively. The 7th EDF NIP focused mainly on urban development, rural development and the development of human resources. Implementation of projects in these sectors made good progress in 1996. With ECU 9.1 million, i.e. 47.5% of the programmable funds, sanitation in the old quarters of the town of Djibouti is the main priority under the 7th EDF. Support amounting to ECU 4.1 million for the 1996-97 Structural Adjustment Programme was approved in 1996.

On 25 November 1996 Mr Athanassios Theodorakis, Deputy Director-General of the Directorate-General for Development, signed the 8th EDF NIP for Djibouti. This NIP focuses on two aspects: achieving greater competitiveness by improving transport links with the neighbouring countries, particularly Ethiopia; and raising living and health standards in urban and rural areas, notably through improved water supplies for the population and support for the social sectors.

DOMINICA

Total NIP resources under the 6th and 7th EDF were ECU 6 million and ECU 5.5 million respectively.

Operations over the past year concerned mainly tourism, agriculture and infrastructure. Under the 6th EDF one operation was financed, namely a tourist promotion and development programme (ECU 0.62 million), which is nearing completion. Three projects are under way under the 7th EDF NIP: an eco-tourism development project (ECU 0.62 million), an agricultural diversification programme (ECU 2.25 million) and a microprojects programme for improving the economic infrastructures of local communities (ECU 0.55 million).

Under Stabex Dominica received ECU 9.4 million and ECU 12.8 million in transfers for the 1994 and 1995 application years respectively. An ECU 2.2 million structural adjustment project has also been completed. During the year a programme for the destruction of solid waste was launched for an amount of ECU 1.65 million. It is to be implemented in 1997.

The country has ratified the Mauritius Agreement and the 8th EDF NIP is ready for signing.

DOMINICAN REPUBLIC

Up to the end of 1996, financing decisions were taken for an amount of ECU 77.4 million (91%), contracts were signed for ECU 35.2 million (41%) and disbursements totalled ECU 23.9 million (28%) under the first National Indicative Programme (7th EDF), totalling ECU 85 million and signed in December 1991. If the sum of ECU 23 million from the Structural Adjustment Facility,

almost entirely disbursed in 1994, is added, these figures are at the end of 1996 ECU 100.4 million (93% of the total NIP + SAF), ECU 58.0 million (54%) and ECU 46.7 million (43%) respectively. The country also benefited under the 7th EDF from SYSMIN resources (ECU 23 million) and risk capital (ECU 26 million). The largest of the projects financed under the NIP and under way in 1996 concerns the integrated rural development of la Línea Noreste, which was launched in June 1994 (ECU 23.6 million); the implementation of most of its components progressed normally in 1996, following reorientation aimed at improving its social impact. Two projects in the social sectors, also launched in 1994, continued in 1996, namely the integrated health programme in the south-west (ECU 8.8 million) and the integrated programme for the development of primary education at local level (ECU 7.0 million). The first is progressing normally and underwent evaluation in 1996, and the second suffered some delays which will result in its extension.

The smaller projects include the provincial development programme in Puerto Plata, a decentralized social-sector project launched in 1995 (ECU 1.4 million).

Under the heading of non-programmable aid, implementation of the geological and mining development programme financed from Sysmin (ECU 23 million) and made up of ten projects was launched at the end of 1995, the invitations to tender were issued in 1996 and most of the contracts can be signed at the beginning of 1997. The implementation of credit lines financed from risk capital (ECU 11 million) has continued normally, although the launch of the electricity transmission network (ECU 15 million) depends on the adoption of a law in this sector.

Two projects approved in 1995 were launched at the end of 1996, namely the programme of support for the private sector (ECU 4.2 million) and the park conservation project (ECU 0.75 million). Two new projects were approved by the Commission: the Los Toros hydroelectric project (ECU 18.9 million) and the project for combating AIDS (ECU 1.4 million).

The amended fourth Lomé Convention was ratified by the Dominican Republic's parliament in November 1996. The 8th EDF NIP is under negotiation, and should be signed at the beginning of 1997. Cooperation will focus on the social sectors (health and education), water and sanitation in poor urban areas, and support for institutional reforms.

ERITREA

A short-term reconstruction programme (ECU 20 million) had been launched in Eritrea in January 1993 under the 7th EDF. It concerns the upgrading of the Asmara-Massawa road and social infrastructure (health units and schools), the building of irrigation dams and water supply points. All the projects under way should be completed at the end of 1997. The sum of ECU 35 million was allocated to Eritrea under its NIP, signed in May 1994, and an additional amount of ECU 1.7 million was allocated in 1995. The NIP focuses mainly on the rehabilitation of infrastructure (60%) and sectoral studies (18%): studies on transport, water resources and national irrigation potential and preparatory studies for the rehabilitation of the Nefasit-Tera Imni road and for the upgrading of transmission lines, substations and distribution systems in the Massawa region were launched in 1996. The sum of ECU 80 million was allocated to the 8th EDF. Since 1993, eight projects for a total of ECU 6.2 million have been financed under Article 255 of the Lomé Convention. In the context of regional programmes, Eritrea participates in the pan-African campaign against rinderpest and has undertaken, along with Ethiopia, to finance a transport link between the two countries.

ETHIOPIA

Over 67% of the 6th EDF funds were allocated to agriculture and rural development; additional 25% were allocated to sectoral import programmes. One major rural development programme (North, Central and South Shewa) aimed at increasing the food production in the high potential areas was approved in 1988 with a total allocation of 103.6 MECU; commitments are 79 % and disbursements 70 %. A project in favor of the development of the coffee sector in southern Ethiopia was approved in 1988 with a total allocation of 38.1 MECU; commitments are 59 % and disbursements 42 %. The implementation faced severe difficulties due to war and civil unrest and, since the re-establishment of peace, due to the economic and institutional changes. Three sectoral import programmes aimed at providing imported inputs to key economic activities had a total allocation of 51.5 MECU now committed at 91 % and disbursed at 90 %. 66% of the funds committed so far under the 7th EDF were allocated to import support. One sectoral import project was approved in 1992 for an amount of 27 MECU of which 15 for a "private sector facility"; 97% of the funds are committed and 95% disbursed. An allocation of 9 MECU was done and disbursed in reinforcement of the structural adjustment programme(SA). The remaining committed funds are allocated to a number of less than 2 MECU projects in the areas of rural development, education and water supply to Addis Ababa. Under the 6th EDF and 7th EDF Ethiopia was entitled to STABEX transfers (98 and over 100 MECU respectively). One structural adjustment program for an amount of 75 MECU was approved in 1993 and increased in 1995 by 12.4 MECU (9 from NIP); funds were totally released at the end of 1995. Rehabilitation projects are being implemented in Ethiopia since 1994 funded by NIP resources (6.9 MECU) and by the relevant Commission budget line (over 6.1 MECU). Over 30 NGOs projects are being implemented mainly in the fields of health and rural development. During 1996 very few commitments were taken under the NIP. Work on the road sector policy continued during the year including the preparation of a 2 MECU project in support of the implementation of this policy, ready for approval in December 1996. Other commitments relate to the education (1.05 MECU) and culture (750,000 ECU). Discussions continued on the support to the private sector and on further support to the education sector but no new decision was taken. Preparatory work was intense on future road projects. The discussions started in 1995 on the strategy for co-operation under the second financial protocol of Lomé IV were virtually concluded in 1996 with the Indicative Programme signed early 1997. Ethiopia ratified the Lomé Convention (as amended) in December 1996.

FIJI

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of 22 MECU and 20 MECU respectively. Actual payments stand at some 32 % of the allocation for the 7th EDF and 55 % for 6th EDF. Taking payments as a measure for the actual utilisation of cooperation, Fiji's cooperation with the EU leaves room for improvement. The main ongoing projects under the the 7th EDF are situated in the sector of infrastructure, in particular in rural areas: two major and two smaller bridges which were destroyed by a cyclone in January 1993 are or have been reconstructed. In 1996, the rehabilitation of 3 smaller bridges has been decided which is funded partially from 6th EDF funds also. Agricultural and rural development is also supported by the reconstruction of the Forestry Training Centre, which will also have a positive impact on the environment. As far as the 6th EDF is concerned, the major ongoing project refers to the support of the private sector by the construction of a Tax Free Zone. Support is also given to the Fiji Trade and Development Board in order to promote private investment and trade.

On 17/10/1996, Fiji has ratified the Lomé IV Convention as revised on 4/11/1995.

GABON

Gabon has ECU 26 million under the 6th EDF NIP and ECU 29.9 million under the 7th EDF. The country's performance is very satisfactory owing in particular to effective cooperation between the national administration and the Commission and concentration of the 7th EDF NIP on two major programmes: health and village water engineering. The health programme was subject to some delay owing in particular to the late promulgation of the law on sectoral policy, and then there were some teething troubles, but it should soon be properly operational. The village water engineering programme is progressing normally. Community support (ECU 15.8 million, of which ECU 8.2 million under the 7th EDF NIP and ECU 7.6 million under the Structural Adjustment Facility (SAF)) for Gabon's SAP has been implemented at a satisfactory rate and in an acceptable manner. It has helped improve the budget implementation rate in target sectors. A significant operation (ECU 14 million) under Sysmin is under way and is intended to improve the competitiveness of the uranium and manganese mines and to promote diversification. Gabon has not yet ratified the Mauritius Agreement, pending the election of a new National Assembly. Good progress has been made in the negotiations on the future 8th EDF NIP.

GAMBIA

In October 1996 the secondary commitment rate was 93% and the disbursement rate was 91% of the total amount of the NIP (+ debt programme) under Lomé III.

Implementation is progressing rather slowly under Lomé IV, owing to partial suspension of cooperation with Gambia. At the end of October 1996 primary commitments amounted to 97.5% and secondary commitments to 79.6% of the NIP + structural adjustment. Disbursements are at around 70.7 % of the total.

GHANA

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of 109.4 MECU and 86 MECU respectively. Most important ongoing projects financed under the 6th EDF are: transport Infrastructure Programme (TRIP II) (32.0 MECU) and Protected Areas Development Programme (4.6 MECU). Seven programmes and projects are financed under the 7th EDF: Transport Infrastructure Programme (TRIP II) (16.0 MECU); 1996 Structural Adjustment Programme (15.0 MECU); 3rd Microprojects Programme (7.0 MECU); Small and Medium Enterprises Development Programme (4.8 MECU); Decentralised Cooperation Programme (1.5 MECU); AIDS Control Programme (1.9 MECU); University Link Ghana/Brussels (1.2 MECU). Stabex 1992/93 (including balances of application year 1993 and first Financial Protocol) 27.2 MECU.

Structural adjustment support is focusing on macroeconomic stability, social sector budget expenditure, and privatisation of state-owned enterprise. Stabex focusses on the restructuring of the Ghana Cocoa Board, smallholder farmer development, and rural transportation (feeder roads). The following projects are still in preparation under the 7th EDF: Woodworking Sector Development Programme (4.9 MECU); Western Region Agricultural Development Programme (12.0 MECU); Small Towns Water Supply Programme (15.0 MECU); Rural Electrification Programme (9.0 MECU).

GRENADA

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of 6.5 MECU and 5.5 MECU respectively. One project under the NIP of the 6th EDF is still ongoing: "Levera National Park" (0.979 MECU) which foresees the establishment of a natural park in the north of the island of Grenada, for tourism and environment preservation purposes. The project is nearly finished, after a series of delays. Five ongoing projects are financed under the NIP of the 7th EDF: "Peggy's Whim Water Supply (1.58 MECU - finished during 1996); "Eastern Main Road" (2 MECU) which is aimed at the rehabilitation of a section of the road (nearly finished after a series of long delays); "Tourism Development" (1 MECU) of which the marketing and promotion components have been concluded, but the rehabilitation of sites has suffered a number of delays: it should start early 1997; "Microprojects programme" (0.22 MECU - concluded during 1996); "Rehabilitation of Farm Roads" (1.58 MECU - project nearly concluded, to be closed). During the year a project of 2 MECU concerning Structural Adjustment Programme has been concluded. Concerning the Stabex, Grenada has been receiving about 2 MECU/year under this instrument, for the last 3 years. The funds have been used to support the agriculture sector, in particular the three main export crops: bananas, nutmeg/mace and cocoa, and also for some diversification activities within the sector. Given the very high levels of decisions (99.8% for the 6th EDF and 99.4% for the 7th EDF), no new projects were started during the year. The NIP for the 8th EDF (6.5 MECU) has been approved and is ready for signature. The country has ratified the Lomé IV-bis Convention. The resident advisor post in Grenada was discontinued in the framework of the redeployment of the Commission's external service and the responsibility for the country was transferred to the Delegation in Barbados.

GUINEA

Guinea has ECU 101.5 million under the 6th EDF NIP and ECU 127.6 million under the 7th EDF. There are respectively 26 and 32 programmes at present being implemented as part of the programmable aid allocated under the 6th and 7th EDF.

While financing from the resources of the National Indicative Programmes is focused mainly on rural development, improvement of economic and social infrastructure and improvement of living conditions for people in the interior of the country, Sysmin financing is aimed at modernizing the mining industry (Lomé III) and economic diversification (Lomé IV). EIB financing, granted in the form of risk capital and subsidized loans from own resources, is geared to modernizing industry and basic infrastructure. Community support for structural adjustment is given through general import programmes (GIP) with the national currency expenditure concentrated on the social sectors.

Since 6th EDF resources have been committed in full, no new project could be financed; one programme (support for secondary towns) is still at the appraisal stage under the 7th EDF. Preparation of the projects which will be financed with Sysmin resources from Lomé IV has run into delays and cannot be completed until 1997. The programme will nevertheless include an agro-industrial component (SOGUIPAH family plantations) and a transport infrastructure component (roads and bridges).

The 8th EDF programming exercise is under way at the same time and the work of preparing the programmes/projects has started. The guidelines for cooperation under the second Financial Protocol to Lomé IV are largely similar to what has gone before and recommend the following as focal sectors: development of infrastructure; promotion of peasant farming and rural development; support for decentralized communities; improvement of health services; and improvement and extension of basic education.

On the basis of Guinea's allocation of some ECU 282 million under Lomé IV (all sources) and the sum of ECU 154 million granted for the NIP under the amended fourth Lomé Convention, the EU is among the country's leading cooperation partners. Cooperation has evolved satisfactorily in past years as regards both variety and quality of the programmes implemented (rural development programmes which, in Guinea, generally take the form of decentralized cooperation with the active participation of the population, programmes for the improvement of basic economic infrastructure, this being one of the country's top priorities, support for structural adjustment and support for democratization) and the rate of commitment of programmable resources.

This generally positive trend in EU-Guinea cooperation has recently been disrupted by government decisions which jeopardize the implementation of certain operations (application of Guinea's new taxation policy to contracts financed with EDF resources).

GUINEA-BISSAU

Implementation of the NIP under Lomé III continued in 1996 at a satisfactory rate. In mid-December 1996, secondary commitments amounted to 95% of the NIP total and disbursements, 91%.

For Lomé IV, primary commitments were 100%, secondary commitments were 39% and disbursements 31% of the National Indicative Programme. Disbursements are still low since the first project committed (building of the bridge at João Landim) has been approved and represents over 50% of the NIP. Decisions have been taken on 100% of the Structural Adjustment Facility.

EQUATORIAL GUINEA

Equatorial Guinea has ECU 10.5 million under the 6th EDF NIP and ECU 12.5 million under the 7th EDF NIP. There is a considerable delay in using NIP financial resources under the 6th and particularly the 7th EDF; this delay stems from the fact that the Commission, owing to

continuing difficulties in Equatorial Guinea as regards observance of Article 5 of the fourth Lomé Convention, was unable to accept the implementation of operations planned under the 7th EDF NIP.

The Community has supported certain steps forward in democratization by positive measures: contribution to the holding of a census (ECU 112 000) in preparation for the municipal elections and effective use of a part (ECU 5.9 million out of a total of ECU 8.4 million) of the major Stabex transfers in order to revamp cocoa production for the benefit of the "parcelistas" (small planters).

The Government of Equatorial Guinea has ratified the Mauritius Agreement and has requested that consultations be opened under Article 366a so that cooperation with the Community can be restored.

GUYANA

Projects financed under the programmable aid of the 6th EDF are all concluded. Outstanding activities refer to a few studies carried out recently and financed with 6th EDF balances. Under the 7th EDF the following actions are ongoing: "New Amsterdam Water Supply" (4.5 MECU - project nearly completed); "Rehabilitation of Sea Defenses" (13 MECU - project nearly completed); "Demerara Harbour Bridge" (8 MECU - rehabilitation of a floating bridge nearly concluded); "Pouderoyen Water Supply" (6 MECU - design phase almost completed, the works tender should be ready for publication during the first quarter of 1997); "Support to the Private Sector Centre" (0.45 MECU - provision of technical assistance to the Centre started in June 1996. Project on-going according to schedule, should be concluded mid 1998); "Small Business Credit Initiative" (0.7 MECU - the project provides loans, from a revolving fund, to small and micro business. It is running according to the work plan and should terminate late 1997).

Concerning the Structural Adjustment Programme (SAP), the two first SAPs are concluded, the 3rd programme (2.1 MECU) started early 1996 and 80% of the GIP component is now disbursed. The counterpart funds are supporting the social sectors, mainly education and health. Sysmin transfers from 5th EDF: the balances (1.6 MECU) of the project are being used to finance the supply of spare parts for the bauxite mining industry. Eligibility is being assessed for a new support.

The NIP for the 8th EDF has been approved and is ready for signature. The country has ratified the Lomé IV-bis Convention.

HAITI

Under the National Indicative Programme for the 7th European Development Fund, Haiti is allocated 112.5 MECU¹ plus 14 MECU of risk capital. The following are the main interventions underway: "Infrastructure rehabilitation" (25.0 MECU) concerning roads, agriculture, education and water supply (started in 1994); "Rehabilitation in the energy sector" (16.0 MECU) concerning the rehabilitation of power station at Varreux (started in 1995); "Réhabilitation de la route Nationale 3" (40.0 MECU) which foresees the reconstruction of main road from Port-au-Prince to Hinche (started in 1996). One intervention under the Stabex (32.5 MECU) concerns rural roads, infrastructures and coffee production.

ECHO, supports humanitarian assistance through three projects started in 1994 (18.0 MECU), 1995 (11.6 MECU), 1996 (10.0 MECU); they concern educational sector and health.

¹ Allocation of 106 MECU plus 6,5 additional for structural adjustment

In 1996 the Commission stepped up this support with an allocation of 148 million ECU to Haiti for the coming 8th European Development Fund. This level of support is making the Commission the largest donor to Haiti. The National Indicative Programme, to be signed in early 1997, will focus on three sectors: agricultural production, transport (mainly a road to Jérémie) and governance (mainly reform of the justice system). Resources from the annual instruments will continue to be mobilised at even higher levels than the NIP, reflecting the Commission's strong commitment to supporting Haitian democracy and development.

JAMAICA

Under the National Indicative Programme for the 8th and the 7th European Development Fund, Jamaica is allocated respectively 40.2 MECU and 49.7 MECU. Under 6th and 7th EDF the bulk of projects are in the sectors rural development, environment and infrastructure. The most important are: "Road Rehabilitation" (13.5 MECU), "Target Europe" (3 MECU) concerning export promotion towards Europe; "Credit scheme small enterprises" (6.2 MECU) aimed at strengthening private sector; "Negril/Ochos Rios wastewater project" (a total of 40 MECU, of which 25 from Sysmin); "Morant Yallahs agriculture development programme" (4.5 MECU of which 1.4 as a loan); "Rural roads and bridge rehabilitation" (7.3 MECU); "Sangster airport" (7.1 MECU); "Rural Water supplies" (6.7 MECU). Furthermore Jamaica was, in the last years, eligible for special assistance under the Banana producer and Sysmin facilities, as well as under the Banana and the Sugar protocol. The latter being tariff free quota, thus indirect, total benefits are difficult to calculate, but are estimated being superior to 125 MECU. Concerning the execution of the EDFs during 1995, emphasis was laid on the consolidation of the ongoing activities and on the preparation of the 8th EDF. Projects newly approved concerned ongoing activities (trade promotion) or the preparation of further projects (feasibility studies). Jamaica has successfully ended its structural adjustment programme but is committed to staying with its current policies, while attempting to address also the poverty issue. EDF aid under Lomé IV is concentrated on infrastructural development, private sector support and structural adjustment actions. While there is no further need for the latter, the other actions, which are under implementation now will make an important contribution to growth and employment.

Jamaica has ratified the second protocol of the Lomé IV convention and negotiations for the 8th EDF NIP are nearly completed.

KENYA

Under the National Indicative Programme for the 6th and the 7th European Development Fund, Kenya is allocated respectively 128.0 MECU and 140.0 MECU. The Lomé IV NIP (first financial protocol) puts the main thrust of the co-operation on roads rehabilitation, conservation of natural and cultural resources, private sector development, community participation, social service delivery, institutional and governance support. The Memorandum of Understanding concerning this NIP was signed in June 1995. Therefore the implementation of most programmes started only in 1996.

During 1996 the financing decision for the following programmes was taken: Support towards the establishment of core functions and programmes within the Kenya Institute of Public Policy Research and Analysis (1,993,000 ECU); Establishing of a sustainable tourism development base in Kenya (1.97 MECU); Community development programme (12.5 MECU) which will contribute to the devolution of poverty alleviation activities to local beneficiaries in its main aspects of strengthening the beneficiaries' ability to take charge of their own development and

fostering people's self-reliance; Support services programme (1.79 MECU); Micro-enterprises support programme (10.0 MECU) which is to improve the overall performance of micro-enterprises and its financial and non-financial intermediaries, in order to establish a sustainable base for the long-term development of the sector; Technical education support programme (5.0 MECU) in order to establish a sustainable, quality-driven and demand-oriented human resource development base.

The preparation of the NIP for the second financial protocol for Lomé IV is well under way. It is foreseen that the new NIP (161 MECU) will have two focal sectors: the productive sector (roads rehabilitation, trade and tourism, and agriculture) and the social sector (health, community based development and education).

Kenya ratified on 8 November 1996 the Lomé Convention as revised by the agreement signed in Mauritius.

KIRIBATI

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 6 MECU and 6.5 MECU. The main ongoing projects under the the 7th EDF concern in the productive sector a seaweed development programme; in the field of human resources development, a Training for Kiribati national programme; in transport infrastructure, an Airport Development Programme (1.2 MECU)

The first two mentioned programmes are progressing well, whereas the last one suffers delays.

As far as the 6th EDF is concerned, 94 % of the National Indicative Programme have been employed for the telecommunications focal sector.

Kiribati has benefitted from Stabex resources under Lomé III (2.46 MECU) and Lomé IV (626.893 ECU) to compensate for shortfalls of copra exports.

The resources obtained are being used to improve copra production and marketing.

The country has ratified the Lomé IV Convention, as revised on 4/11/1995, on 10/7/1996.

LESOTHO

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 50 MECU and 41.5 MECU. Good progress continued to be made in 1996 on the implementation of ongoing projects, in particular the Muela Hydropower component of the "Lesotho Highlands Water Project" (LHWP) which has absorbed the major part of 6th and 7th EDF NIP resources. Despite a strike in 1966, the Muela dam, cofinanced by the EDF and the EIB, as well as the bypass tunnel were expected to be completed before the deadline for the start of the transfer of water from the Katse reservoir to South Africa at the end of 1997.

Following the success of the two earlier Microprojects programmes, a Third Microprojects Programme amounting to 2 MECU was approved in 1996. Among other operations financed during the course of 1996 under the the 7th EDF were the first phase of a "Highlands Community Forestry project" in the Katse catchment area (1.3 MECU), the provision of technical assistance to the office of the National Authorising Officer as well as various studies to identify and prepare operations to be carried out under the 8th EDF NIP.

The 8th EDF programming exercise was practically completed by the end of the year, with the NIP scheduled for signature early in 1997.

LIBERIA

Since the outbreak of hostilities in Liberia seven years ago, normal economic activities have largely stopped, and Community cooperation comprises almost solely humanitarian aid channelled through NGOs and the United Nations. Nevertheless, following the signing of the peace agreements in Abudja, Nigeria, in August 1996, Community cooperation schemes could resume in 1997.

MADAGASCAR

In 1996, ECU 12 million was committed, bringing the primary rate of commitment under Lomé III to 95.5%, very close to that reached at the end of 1995 (94%), as these projects have been financed as a result of large sums coming free, in particular through the cancellation of a financing agreement on housing/health amounting to ECU 4.8 million. These projects concern: greater institutional back-up, rural development operations to be maintained pending the 8th EDF, with the emphasis on the restructuring of rural communities and projects to combat poverty through decentralized cooperation and microprojects.

The commitment under the 7th EDF hardly varied in relation to the end of 1995 since it is 90% and 10% is reserved for a Structural Adjustment Programme which will be presented in February 1997.

A Stabex of ECU 12 million was approved in July 1996, with the emphasis on tracks to provide access to remote areas and the restructuring of vanilla /coffee production.

The 8th EDF strategy paper was approved in May 1996 by the EDF Committee, and the NIP, amounting to ECU 188.5 million, a 45% increase over the 7th EDF, will be signed in the first quarter of 1997.

MALAWI

The commitment rate for Malawi's 6th EDF programme is almost 100%, with payments standing at a respectable 82.6%. As a result of the December 96 EDF Committee's approval of two major projects: "Promotion of Soil Conservation and Rural Production" for 15.5 MECU and "Support to Health Reform and Decentralisation" for 18.7 MECU. Malawi's 7th EDF NIP is now 90% committed. Payments currently stand at 40%. This is obviously due to the late start of most of the major projects.

It is expected that by early 1997 this commitment rate will increase to around 94% as a result of two financing proposals (<2 MECU), both in the health sectors, one concerning the extension of the AIDS programme in Malawi and the second concerning Health Technology (i.e. the Maintenance of Hospital infrastructure and equipment). Another such proposal will be initiated to provide support to private sector development.

Negotiations with the Government of Malawi are currently underway to define the 8th EDF National Indicative Programme. The focal areas have been identified as health, transport infrastructure and conservation of natural resources. Non focal area interventions will mainly concern "good governance" activities.

MALI

Mali has ECU 137 million under the 6th EDF NIP and ECU 210.6 million under the 7th EDF NIP. In 1996, the implementation of cooperation progressed satisfactorily and the 7th EDF allocation was increased by ECU 8.8 million, of which ECU 5.7 million in specific structural adjustment resources and ECU 3.1 million from programmable resources earmarked for structural adjustment. A 6th EDF project on the rehabilitation of hydro-agricultural works for the "Office du Niger" (ECU 57.7 million) is under way. The main 7th EDF projects and programmes under way comprise: support for the rehabilitation programme and maintenance of priority roads (ECU 37 million); support for the improvement of the national health system (ECU 10.2 million), efforts to combat silting and to develop forest resources in the northern regions (ECU 7.4 million), support for the development of secondary towns in the 4th and 5th regions (ECU 5 million), the development of livestock production areas in the north-east of the country (ECU 4.5 million); the harnessing of surface water in the 5th region (ECU 4.3 million), support for the Crédit Initiative (ECU 4.1 million); a programme of microprojects (ECU 3 million); a programme for the installation of solar pumps (ECU 2.9 million); the rebuilding of primary schools in the Gao region (ECU 1.93 million). Furthermore, a financing decision amounting to ECU 14.8 million was taken in December 1996 to support structural adjustment in 1997. The support concerns mainly health and road maintenance. The last quarter of the year was given over to the programming of the 8th EDF, in preparation of the signing of the National Indicative Programme scheduled for the beginning of 1997. The focal sectors are decentralization, transport and agriculture.

MAURITIUS

Cooperation with Mauritius is proceeding at a satisfactory pace. Commitments under the 6th EDF have reached 92% and disbursements, 97%.

For the 7th EDF, the north coast irrigation project (ECU 9 million) was approved. On the other hand, an important solid waste disposal project (ECU 7 million) was cancelled at the close of appraisal. Replacement projects (including the Phoenix-Nouvelle France road) are at present being appraised. Commitments under the 7th EDF are therefore only 55% and disbursements 46%.

Preparation of the 8th EDF National Indicative Programme (ECU 39.5 million) is progressing well and a number of preparatory studies are at present under way for future projects.

MAURITANIA

Cooperation with Mauritania has continued but has been subject to a number of difficulties. In particular completion of the implementation of Lomé III has been delayed by problems resulting from cancellation of a major works contract. Serious delays and shortcomings in performance led the Mauritanian administration to cancel it and conclude a contract with another firm. This led to an improvement on the ground in a situation which could have had adverse effects for the population.

At the end of 1996 commitments under the Lomé IV NIP exceeded 97% of the allocation, with secondary commitments and disbursements expected to reach 83% and 60% respectively. The situation is therefore still satisfactory despite the slow-down recorded in recent months.

In a year in which Mauritania was very much affected by fresh general elections, very little progress was made on structural adjustment and Stabex. In the light of the results of an

evaluation, dialogue on this must therefore be resumed with the authorities at the beginning of 1997.

MOZAMBIQUE

During 1995 support continued to be given to a wide variety of projects promoting rehabilitation of social services and infrastructure as well as reinforcing regional communication links and assisting economic reform. The consolidation of peace in Mozambique has facilitated access to all areas of the country and Lomé resources, whether from the NIP or article 255, have been used to establish reasonable conditions for returning refugees or displaced people. However, land mines continue to pose a danger to human life and to impede development work.

No major new projects were decided in 1996. It was a year of consolidation of rehabilitation activity and preparation of longer-term development actions to be financed from the 8th EDF. A number of studies were undertaken and a project to strengthen the capacity of the NAO to manage co-operation was approved. A number of projects, all for amounts less than 2 MECU, were agreed for microprojects, for water supply and for the issue of identity cards. Preparatory studies approved included studies relating to management of the Nacala railway; port dredging, livestock development and support for mine clearance.

The indicative programme for the 8th EDF, for which Mozambique's allocation is 214.5 MECU, was negotiated during the course of the year.

NAMIBIA

After Independence in 1990 Namibia became the 69th Member of the Lomé Convention, after a transitional period the first NIP was signed in March 1992. The financial allocation of the 7th EDF is 50 MECU. Agreement was reached between the Government of Namibia and the Commission to concentrate assistance on the following 3 focal sectors: Agriculture and Rural development (40%); Health (30%); Education and Human Resources Development (20%). The remaining 10% was used for activities outside the focal sectors which included development of trade and services especially tourism.

A total primary commitment of 95% at the end of 1995 left little room to initiate new activities during 1996. However, the Commission decided to finance of the Cross Border Initiative which covers a General Import Programme as well as a capacity building programme for a total of 5.37 MECU, of which 1.37 MECU from the Namibia NIP and 4 MECU from regional funds.

On 15 October 1996 Namibia became the first of the 70 ACP States to conclude its framework of cooperation with the EU; Professor Joao de Deus Pinheiro, Member of the Commission and the Namibian Prime Minister Hage Geingob signed the Namibian NIP under the 8th EDF which will make 52 MECU available for assistance in the following concentration sectors: Education and Training (27-30%); Agriculture and Rural Development (27-30%); support to Productive Areas (27-30%). Between 10 and maximum 20% of the NIP will be available for interventions outside the concentration sectors, this includes health and AIDS.

The Namibian National Assembly ratified the Second Protocol Lomé IV bis on 15 October 1996.

NIGER

Niger has ECU 122 million under Lomé III and ECU 153.3 million under Lomé IV for implementing its National Indicative Programme. The cooperation areas concern mainly agriculture, road infrastructure, livestock production, health, education, and support for the private sector. Under the 6th EDF the main projects concern agriculture, road infrastructure and electricity. They involve: a large-scale irrigation programme in the valley of the River Niger, a small-scale irrigation programme in the valley of the Tarka, maintenance of Route nationale N°1, the installation of a high-voltage line by "Nigelec" and a programme of research into gold and coal. Under the 7th EDF the main projects implemented concern mainly rural development and the development of the private sector, and in particular: a development programme in the pastoral area ("Prozopas"); support for the private sector ("AFELEN"); structural adjustment support; and a road infrastructure programme. Following the EU decision of June 1996 gradually to resume cooperation, the Commission provided support for the elections and presented a proposal to the EDF Committee concerning structural adjustment aid of ECU 14 million. The financing agreement was signed on 9 November 1996 and the first instalment will very shortly be disbursed in order to ease the very tense situation regarding public finance. In view of the opposition parties' boycott of the general elections on 23 November, it was agreed that the second instalment would not be paid until after a period of observation of the country's democratic credentials, in particular respect for fundamental freedoms and the rule of law. Under the heading of regional cooperation, the Regional Indicative Programme for West Africa gives Niger funding for operations concerning the management of natural resources and environmental protection, transport and communications and the development of human resources.

Under the 8th EDF the Niger NIP has an allocation of ECU 160 million. The main sectors covered are education, water and soil conservation and soil protection and restoration, and support for the private sector. The discussions concerning the strategy paper have nevertheless been suspended.

NIGERIA

Under the National Indicative Programme for the 6th and the 7th European Development Fund, Nigeria is allocated respectively 213.5 MECU and 365 MECU. Lomé IVbis (200 MECU) will not be notified until suspension lifted. These resources are focused on Rural development, Human resources development, Environmental protection, Provision of drinking water.

Main projects financed under the 6th EDF are: "Oil Palm Belt Rural Development Project" (68.9 MECU); "Rural Electrification" (4.2 MECU); "North East Arid Zone Development Programme" (35 MECU); "Sokoto Environmental Protection Programme" (30.6 MECU); "Training and Rural Programme" (30 MECU); "Middle Belt Programme" (33 MECU); "Sectoral Import Programme" (10 MECU); "Training Awards Programme" (19 MECU); "Environmental Monitoring" (2 MECU); "Katsina Afforestation Programme" (9.4 MECU). Main projects financed under the 7th EDF are: "Aeronautical Satellite Telecommunication" (20 MECU); "Mambilla Tea Development" (31.8 MECU); "Rural Health Facilities" (1 MECU); "Nigerian Telecommunications Maintenance and Training" (0.5 MECU); "Oban Hills National Park Programme" (6.5 MECU); "Universities Libraries Programme" (11.5 MECU); "Katsina Arids Zone Programme" (25 MECU); "Assistance to News Agency Nigeria" (3 MECU); "Borno Region Anti-Poverty Programme" (15.4 MECU); "Management Support Unit" (2 MECU); "Kaduna Arid Zone Afforestation" (1 MECU); "Multi-Annual Training Programme"

(2.8 MECU). A sum of 25 MECU was foreseen for Structural Adjustment in the Lomé IV N.I.P. However, following the breakdown of relations between IMF and the Government in 1993 this sum was reallocated to other countries and consequently is no longer available to Nigeria. The Bank issued a warning to Nigeria on 5th December '96 that unless debt repayments were made by 13th December, all outstanding loans would be suspended (approx \$ 1.5 Billion).

Nigeria benefits from a number of regional co-operation programmes of which the most important ones are the following: "Aeronautical Satellite Communication" (30,5 MECU of which 20 MECU from NIP); "Pan-African Rinderpest Programme" (1,9 MECU); "Regional Centre for Training in Aerospace Surveys" (RECTAS) (3 MECU).

Ten days after the hanging of Ken Saro Wiwa and 8 other Ogoni leaders on November 10th 1995, all EU Development Co-operation with Nigeria was suspended, and other measures against Nigeria were adopted, including an arms embargo and visa restrictions.

Strategy Document has been prepared in December 1995 in consultation with Member States. However, it will have to be extensively revised in view of the changing political circumstances. Principal areas foreseen: Basic Education, Basic Health care, and Decentralised co-operation through community-based organisations (40,000 are thought to exist).

UGANDA

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 118 MECU and 158.3 MECU. The main ongoing projects concern a smallholder Tea Development Programme (STDP) amounting to 20 MECU has been implemented in accordance with the financial agreement signed in 1994. The South Western Uganda Road Maintenance Programme (SWURMP) amounting to 23 MECU approved in 1994 has started being implemented. The social sectors have been taken into consideration by the implementation of several large programmes, such as microprojects programmes amounting to a total of 11 MECU addressing the Luwero triangle and West Nile regions, rehabilitations on the Rwanda border, urban centres and the creation of micro-enterprises; a health programme of 20 MECU and a programme for the development of human resources amounting to 14.5 MECU. As unanimously agreed by all donors in the Consultative Group which met in November, Uganda's economic reform programme is generally on track. The Commission has released 22 billion Uganda shillings (equivalent to 16.3 MECU) of counterparts funds generated from 7th EDF import support programmes agreed the previous years. Stabex transfers released under the 7th EDF for the years '90, '91 and '92 amounting to a total of ECU 98 million are being used to serve improving harvested export crops (tea, coffee, silk, etc.) and money-generating activities in the rural sector (national parks and natural forests). A financing agreement of 2 MECU was signed in November 1996 with the objective of supporting the implementation of the microprojects programmes. A new microprojects programme amounting to 2 MECU and addressing the Karamoja region was approved in September 1996. Both actions are funded from the 7th EDF NIP.

The envelope for the 8th EDF NIP amounting to 210 MECU has been communicated to the Government and the new NIP is due to be signed early 1997. Uganda has not yet ratified the second Protocol of Lomé IV.

PAPUA NEW GUINEA

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme (NIP) of respectively 44.2 MECU and 34.5 MECU. Towards the end of 1996, projects have

been decided to the extent of 87 % and 98 % of these total envelopes. Contracts concluded on these projects amount to 66 % and 89 % of the total envelopes. Actual payments stand at some 30 % and 88 %. The main ongoing projects under the the 7th EDF NIP concern educational infrastructure (in the framework of a Human Resources Development Programme) and the improvement of rural infrastructure, of water supply in particular.

Micro project style rural development programmes (such as water supply) were started under the 6th EDF which otherwise concentrated mainly on projects referring to the improvement of the rural sector transport infrastructure by rehabilitation of roads. A major road rehabilitation project (20 MECU) financed not only from 6th and 7th EDF resources, but also from Lomé III Sysmin funds, did not take off in 1996 as was foreseen (lowest bid exceeds the presently available amount), which weighs on secondary commitment and payment rates. It is to be noted that Papua New Guinea was a major beneficiary of Lomé III Sysmin funds (30 MECU) and even more so of Lomé III (78 Mecu) and Lomé IV (84 Mecu) Stabex resources, to compensate for shortfalls in the export of coffee, cocoa and oil palm products. It is in the same production sectors that Stabex resources are employed.

In the framework of the Lomé IV cooperation, Papua New Guinea has also been allocated grants from the Structural Adjustment Facility for a total of MECU 22.5, of which the counterpart funds are used to supplement the Government's budget for non-salary recurrent expenditure in the education sector.

The Lomé IV Convention , as revised on 4/11/1995, was ratified by Papua New Guinea on 20/9/1996.

RWANDA

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 118 MECU and 110 MECU. After the tragic events in 1994 ,the EU Council pronounced itself to be in favour of an Immediate action programme for rehabilitation of social and productive structures in Rwanda. As a consequence the Commission decided on the First Rehabilitation Programme . This programme is financed from EDF VII resources (39 MECU), from Stabex (20 MECU) and from counterpart funds.(8 MECU).

Activities financed from EDF and Stabex resources are still ongoing , while those funded by Counterpart funds have been completed. Ongoing activities funded from EDF resources comprise: rebuilding of Kigali airport , repair of damage to roads ,rehabilitation of health and education systems , safeguarding of the environment as well as a special import programme. Activities funded from Stabex funds comprise the rehabilitation of the tea and coffee sector. Implementation of the rehabilitation programme is well underway and is to be completed in 1997. The only pending issue is the assistance to the Akagera Nat. Park , where resettlement by returning refugees has jeopardised the foreseen intervention. Humanitarian assistance,through ECHO,and food aid continued to be given to the region in 1996.,and especially to Rwanda in view of the massive return of refugees to the country.

Rwanda ratified the Lome IV bis Convention in 1996.

Programming for the 8th EDF has not yet started , but is envisaged to take place in early 1997.

ST. KITTS AND NEVIS

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 2.5 MECU and 3.5 MECU. One project is ongoing; it concern the health sector for an amount of 2.5 MECU (Hospital rehabilitation and extension).

The 8th EDF NIP (3 MECU) was approved by management on 2.12.96 and is ready for signature.

ST. VINCENT AND THE GRENADINES

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 5.4 MECU and 7 MECU. The ongoing action financed under the 6th EDF NIP is the "Orange Hill Development Programme" (2.8 MECU). The purpose of the project was to support the settlement of farmers in Orange Hill Estate. It will be completed and closed in 1997.

Under the 7th EDF NIP: "Mount Wynne and Petters Hope" (3.2 MECU). The project aimed at the establishment of smallholding; including the necessary road access. Subsequently to the signature of the financing agreement, the Government decided to finance the roadworks with a loan from the Caribbean Development Bank. The project had to be redesigned and implementation was substantially delayed. Its major activities will thus be implemented in 1997 and 1998. "Kingstown Hospital Redevelopment" (1.88 MECU). The purpose of the project is to expand the existing facilities. The cost estimated for the works was largely insufficient due to technical contingencies and requirement for additional facilities not foreseen in the initial study. An addendum to the financing agreement was signed in December 1996 for the additional funding and the works contract should be signed soon afterwards. No new projects were initiated during this year.

For Stabex transfer years 1994 (including reliquats) and 1995 St. Vincent and the Grenadines received 25.9 MECU and 13.5 MECU respectively, concerning the sole product fresh bananas. Implementation of the 1994 FMO is under way with project support in the areas of restructuring of the banana industry to increase quality and productivity, to promote agricultural diversification and broader economic diversification and to provide for a social safety net to attenuate the socio-economic consequences of the restructuring process. The FMO for the 1995 transfer should be concluded during the year 1997.

The NIP for the 8th EDF (6 MECU) has been approved and is ready for signature. As of 1 December 1996 St. Vincent and the Grenadines had not yet ratified the Lomé IV-bis Convention.

ST. LUCIA

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 5 MECU and 6 MECU. Under the 6th EDF NIP two projects are ongoing. The first project - Roseau Agricultural Resettlement and Diversification (1.4 MECU) - is aimed at the development of a former banana estate by settling leasehold farmers. Implementation as originally foreseen could not take place due to disagreement between project management and farmers. Project redesign is under way. The latter - Mabouya Valley Phase I (2.695 MECU) - is aimed at the resettlement of 140 farmers while reducing dependence on banana monoculture. Project aims largely achieved, implementation activities completed. The ongoing projects under the 7th EDF are: "Overseas Training Awards (0.75 MECU)" aiming to provide overseas training in fields of importance to the country's social and economic development. Expected completion by 1997. "Victoria Hospital Study" (0.25 MECU). The unsatisfactory performance by consultant brought to the amicable termination of the contract which will revert approximately 100.000 ECU to NIP. "Mabouya Valley Phase II" (0.8 MECU). This action is the continuation of Phase I financed under 6th EDF aiming at the improvement of living standards of 1.656 households.

For Stabex transfer years 1994 (including reliquats) and 1995 St. Lucia received 22.5 MECU and 17.7 MECU respectively, concerning the sole product fresh bananas. Implementation of the 1994 Framework of Mutual Obligations (FMO) is under way with project support in the areas of restructuring of the banana industry to increase quality and productivity, to promote agricultural diversification and broader economic diversification and to provide for a social safety net to attenuate the socio-economic consequences of the restructuring process. The FMO for the 1995 transfer should be concluded during 1997.

The NIP for the 8th EDF (6.0 MECU) has been approved and is ready for signature.

The country has ratified the Lomé IV-bis Convention.

SOLOMON ISLANDS

Under Lomé IV priority has been given to the rural sector. The NIP provides for a rural infrastructure programme in Malaita province, a road programme in Guadalcanal and the development of non-industrial fisheries. Aid is also given for the enhancement of human resources in the form of training centres in rural areas. Implementation of EDF programmes continued to be diminished throughout 1996 after the Government's unilateral decision in 1995 to halt or suspend a number of studies financed by Stabex or through the NIP without giving any explanation. This has continued to adversely effect EC-Solomons cooperation. However, towards the end of 1996 there were signs that Government wished to improved relations. The National Authorising Officer was appointed, allowing dialogue on EDF programmes to be resumed. Government ratified the Forestry Inventory study, indicated it wished to open dialogue on the other associated Forestry Sector studies and agreed to the resumption of the Maritime Sector study. Should Government's initiatives continue to be positive, it will open the way for new commitments on existing projects, the implementation of new projects, including road-building in rural areas of Guadalcanal and those to be financed under the balances from previous NIPs.

WESTERN SAMOA

Since the first Lomé Convention, and up to the mid-1990s, EU cooperation with Western Samoa was concentrated heavily in the energy sector. Three hydro-electric power plants were built, the last of which, the Afulilo HP Plant, was financed from 6th EDF funds (9MECU) and completed using .28MECU of 7th EDF funds (also 9 MECU in total). Sixth EDF resources have now been almost totally absorbed. The 7th EDF national indicative programme focused on the social sector, with a large part of the funds allocated to a major Rural Water Supply Scheme which would improve infrastructure on the two main islands, Upolu and Savai'i. Implementation of the scheme was delayed pending confirmation of the putting into place of cost recovery measures, and contracts concluded by end-96 (36% of total funds available) and payments made (22%) were at accordingly low levels. (The Scheme is now likely to go ahead in 1997, with additional funding from 8th EDF resources). A Microprojects Programme (1 MECU) is also being funded from Western Samoa's 7th EDF allocation. In addition, Western Samoa benefitted from Emergency Aid following two serious cyclones in 1990 (Ofa) and 1991 (Val). Substantial Stabex transfers have also been made over the years, principally in respect of losses in export earning on copra, cocoa beans, coconut oil and copra products.

Western Samoa received a substantial allocation (ECU 750.000) in 1996 for cultural cooperation activities in connection with the South Pacific Festival of Arts, also held in Apia, in September 1996. Finally, in 1996 Western Samoa played host to the ACP/EU Council of Ministers, which was held in the capital, Apia, in June.

SIERRA LEONE

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 83.6 MECU and 65.5 MECU. Principal ongoing projects are: "Rehabilitation of the Electricity Sector" (6th/7th EDF) for an amount of 12.5 MECU; "Structural Adjustment Support Programme" (7th EDF): 20 MECU; "Technical assistance to the Sierra Leone Roads Authority" (7th EDF): 0.75 MECU; "Microprojects Programme" (7th EDF): 2 MECU; "Sierra Leone Roads Authority Support Programme" (7th EDF): 20.5 MECU; "Children Affected by War" (7th EDF): 1.2 MECU; "Resettlement and Rehabilitation Programme" (7th EDF): 9.2 MECU.

The improvement in the security situation (Peace Agreement signed 30 November 1996) has permitted the resumption of projects previously suspended (or restricted) due to the civil war. Humanitarian assistance (6.5 MECU) from ECHO was provided in 1996 in the form of food and medicines to the displaced people (1.5 MECU). During 1996, 9.2 MECU have been approved in order to implement the "Resettlement and Rehabilitation programme".

Following the democratic, multi-party elections in March 1996 and the signature of a Peace Agreement in November 1996 ending over five years of civil war, the 8th EDF programming exercise is now being undertaken as a matter of priority. Signature of the 8th EDF National Indicative Programme is planned for mid-1997.

SAO TOME AND PRINCIPE

Sao Tomé has ECU 6 million under the 6th EDF NIP and ECU 10.1 million under the 7th EDF NIP. Rural development was the focal sector for Community aid under the 6th EDF. The country's palm oil requirements were met through joint financing with the EDF (planting of 650 ha of palm trees at Ribeira Peixe) and the EIB (setting-up of an oil mill). The entire output was absorbed by the local market and, to a certain extent, foreign exchange purchases by the WFP for the programme of support for the rural population. The Indicative Programme, drawn up under the 7th EDF, focused on the rehabilitation of infrastructure: roads (the road from São João dos Angolares to Ribeira Peixe serves the oil mill and considerably facilitates distribution and marketing of the product); water supplies (town of São Tomé, Trindade and São João dos Angolares); structure of the port of São Tomé; and development of the service area of the port. A Structural Adjustment Facility (SAF) also finances imports of oil, sanitary equipment, medicines and school supplies. Stabex funds (cocoa) were used to supply agricultural inputs and equipment and for the rehabilitation of housing and rural tracks. On the strength of the satisfactory implementation of the NIP and the SAF, the country has been given an additional allocation of ECU 2.1 million under the 7th EDF. Community aid under the 8th EDF will support two key sectors, the shortcomings in which act as a brake on development, namely infrastructure (energy, roads and water) and health.

SENEGAL

The implementation of the Lomé III programme continued in 1996 at a satisfactory rate. The contracts reached 99% and disbursements 94% of the NIP total at the end of October 1996. For Lomé IV (Indicative Programme and Structural Adjustment Facility), at the end of October 1996 the decisions amounted to 99% and contracts 87% of the Indicative Programme, including the

additional amounts allocated to Senegal in 1995 as part of the redistribution of the 7th EDF overall unexpended balances. Disbursements (48%) are still low because of delays in implementation of the road programme (ECU 60 million).

SEYCHELLES

Cooperation with the Seychelles is proceeding at a satisfactory pace. The 6th EDF has been committed in full and decisions for the 7th EDF have reached 81% and disbursements 63%. With the project for the rehabilitation of Victoria market, the 7th EDF will have been fully used in 1997.

Good progress is being made in the preparation of the National Indicative Programme for the 8th EDF (ECU 5.5 million) and a number of preparatory studies for new projects are at present under way.

SOMALIA

The country's recent history has been greatly influenced by the international military humanitarian operation launched at the end of 1992, aimed at restoring peace. Because of the lack of progress in the peace process and the lack of cooperation from the Somali factions about security issues, all troops were withdrawn in March 1995. Relative peace has been maintained despite this withdrawal of international peace-keeping troops, but inter-clan rivalry and fighting persists, frustrating all efforts to bring about national reconciliation. Although the overall humanitarian situation in Somalia is greatly improved in comparison with the days of the 1992 famine, there are still pockets where sustained inter-clan rivalry continues to cause human suffering and malnutrition. The Commission continues to finance rehabilitation operations in Somalia, using the balances remaining under Somalia's Lomé II and Lomé III National Indicative Programmes. These funds are supplemented where possible by recourse to such budget lines as B-5076 Rehabilitation and Reconstruction in LDCs (2,8 MECU). Under the 38 MECU Rehabilitation Programme, during 1996 a further 50 rehabilitation activities have been launched for a total of almost 11 MECU. 90 % of the Programme has been committed and 43% disbursed. Therefore a second Rehabilitation Programme for 47 MECU has been adopted. Activities under both programmes are being undertaken principally by NGOs, where the prevailing security situation permits and where the local authorities have accepted the principles of the Addis Abeba declaration. The main regions covered are the North-East, North-West, Middle Shebelle, Awdal and Bari. It covers social sectors (education, health) as well as productive sectors like livestock and agriculture, rehabilitation of physical infrastructure and institutional reconstruction.

SUDAN

The Commission informed the Government of SUDAN in March 1990 that the circumstances pertaining in SUDAN did not provide an acceptable basis on which to launch a meaningful Lomé IV programming dialogue for the funds placed at Sudan's disposal. This has remained the position ever since reflecting the concerns of the European Union in respect of human rights, the lack of democracy, the continuing armed conflict in the South, the lack of meaningful progress towards peace and the lack of sincere actions to assist humanitarian assistance. Ongoing projects under LOME II and III were not affected and continued until normal project closure or until the local security situation obliged them to close. Under LOME

II an amount of MECU 18.02 remains while under LOME III an amount of MECU 53.89 remains which includes the reliquats of LOME I (MECU 4.58).

The amount once available to The SUDAN under LOME IV was 165 MECU consisting of 142 MECU in grant form and 23 MECU of risk capital managed by the European Investment Bank. No allocation was made to The Sudan under LOME IV bis. Non programmable EDF resources in the form of STABEX for the period 1990-1994 amounting to MECU 101 also remain suspended. The total amount still "in suspense" is therefore MECU 172.91.

Except for one short technical assistance mission to a rehabilitation project there have been no development aid actions in Sudan in 1996. The internal situation politically, economically and socially continues to deteriorate and by its own actions The Sudan is committing itself to increasing diplomatic, political and economic quarantine.

SURINAME

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 27 MECU and 24 MECU. Under the 6th EDF (plus transfers from the 4th to the 6th EDF) the rehabilitation of the Jenny-Ingikondré road section (2.7 MECU) has been implemented. Projects financed under the 7th EDF are: "rice research and Breeding Station" (3.2 MECU); the "rehabilitation of the East-West connection" (19.7 MECU); "Micro-projects programme" (2 MECU), which after a difficult initial phase, now has reached cruise speed; "Tourism development programme" (ECU 849,000). Sysmin programme (20-25 MECU; energy and telecommunications projects): eligibility has been established; a draft programme of project proposals has technically been reviewed and streamlined.

The 8th EDF NIP (32.5 MECU) was approved by Management on 2.12.1996 and is ready for signing.

TANZANIA

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 185 MECU and 176.5 MECU. Under the Lome IV NIP (first financial protocol) resources have been concentrated in the sector of economic infrastructure, specifically roads, railways and telecommunications. Other areas of support include institutional strengthening and human resources development, natural resources management (Serengeti Park), and Aids prevention. In addition there have also been large disbursements (85 MECU) under the Structural Adjustment Facility, under Stabex, particularly for the coffee sector, and from risk capital resources managed by the European Investment Bank. During 1996, the implementation of a number of Lome IV projects has advanced satisfactorily, notably the Southern Highlands Telecommunications Project and support operations in the refugee-affected areas of western Tanzania. Structural Adjustment Support has also been resumed in response to Tanzania's improved macroeconomic performance. Under Stabex, new agreements have been signed for the utilisation of approximately ECU 21 m in the coffee sector, bringing the total stabex transfer for coffee to ECU 51 m since 1990.

An allocation was agreed for the Wazo Hill-Bagamoyo Road (1.8 MECU), for which the Government of Italy will finance the rehabilitation works. Several large infrastructure projects (road rehabilitation, urban water supply) have reached an advanced stage of preparation, but will only be finalised in 1997 and 1998.

The NIP for the Lomé IV second financial protocol is expected to be signed early in 1997. It is foreseen that the two focal sectors will be transport, and social infrastructure and services (mainly education and water supply).

TOGO

Allocations under the 6th and 7th EDF NIPs for Togo are ECU 61.5 million and ECU 68 million respectively. The Lomé III focal sectors are infrastructure and rural development, the main projects being as follows: road programme (suspended/to be terminated) costing ECU 23.2 million; Bassar integrated rural development (ECU 10.3 million); Savanes integrated rural development (ECU 6.4 million); microprojects programmes (ECU 2.6 million); and a Sectoral Import Programme (ECU 10 million). Under Lomé IV, the focal sectors concern road infrastructure, rural development and village water engineering. The main projects under way are: a village water engineering project (ECU 11.2 million); a microprojects programme (ECU 5 million); and a national agricultural survey (ECU 1.9 million). A General Import Programme (GIP) under Lomé IV Structural Adjustment (ECU 17 million) was not implemented following the decision to suspend aid and was cancelled. Under the heading of regional cooperation, the operations concern external trade statistics (ECOWAS project - Community Information Technology Centre), the campaign against AIDS, support for the private sector (technical assistance for the WADB and a fund for the guaranteeing of private investment in West Africa) and the environment (PACIPE). Togo, as a member of the UEMOA, is included in the support programme for it. The Stabex transfer entitlements for Togo under Lomé IV have reached ECU 20 million (cotton, coffee, cocoa, palm oil and shea). The suspension of cooperation has meant these funds have been blocked. In the case of Sysmin, a loan of ECU 15.7 million (40-year reimbursement, grace period of 10 years, annual rate of 0.5%) was granted to the Togolese Phosphates Board (Office Togolais des Phosphates - OTP) under Lomé III. No disbursement occurred following the decision to suspend aid. The funds will be made available only if the OTP is opened up to private capital and if an acceptable situation is reached regarding arrears to the EIB. The technical aspects of an application under Lomé IV and a mining diversification project will be examined shortly. The sectors which have benefited from EIB financing are infrastructure (transport and Lomé port) and the agri-food industry. The EIB has suspended its aid and the arrears owed by Togo have been accumulating since 1992. A solution to this problem of arrears would now seem to be in sight following the payment in July and September 1996 of the sums due for 1992 and 1993 (some ECU 800 000) on various special loans and risk capital. The 8th EDF programming process is blocked.

TONGA

EU cooperation with the Kingdom of Tonga has concentrated traditionally on a geographical area - the northerly island group, Vava'u. Funds from Tonga's 6th EDF allocation (6 MECU) were devoted almost exclusively to an integrated rural development programme comprising a series of improvements in the island group's infrastructure (roads and buildings related to the agriculture, health and education sectors). In addition, Vava'u's airport (Lupepeau) was substantially upgraded. Implementation of EU assistance has for many years been far below the ACP average: at end of 1996 contracts had been signed for 85% of the 6th EDF allocation and 67% of the allocation had been disbursed. Of the 7th EDF allocation (6 MECU) - destined, also, for the most part for improving infrastructure in the Vava'u island group's capital, Neiafu - 6.2% of the allocation had been contracted at end '96 and only 3.6% disbursed. The three main components of the continuing Vava'u Development Programme (harbour, roads and water supply upgrading) were all still under preparation, only, in December 1996. Tonga has benefited over the years from substantial Stabex transfers, principally in respect of loss of export earnings on coconut oil, copra products and bananas.

TRINIDAD & TOBAGO

Cooperation under the 7th and the 6th EDF provides for a National Indicative Programme of respectively 18.1 MECU and 15 MECU. The following actions have been implemented under the 6th EDF NIP: "Road Rehabilitation" (6 MECU, special loan + 11.5 MECU, grant, 7th EDF) - the works were re-tendered during 1996, due to over-pricing of the first tender bids. The contract should be awarded beginning of 1997, allowing for the works to start during the first quarter of the year. "Youth Agricultural Credit and Training Programme" (5 MECU, from 4th, 5th, 6th and 7th EDF) - 1st work-plan covering the period June 1996 to Dec. 1997 signed and committed. "Tourism Development Programme" (1 MECU) - training and marketing components completed. Site rehabilitation not yet started since a consensus for the works has not been found. In this context the Commission is considering closing the project. Under the 7th EDF NIP: "Road Rehabilitation" (cf. details above); "Youth Agricultural Credit and Training Programme" (cf. details above); "Rural Electrification" (2 MECU) - as after completion of the initial plan substantial balances remained, it was decided to extend the programme. Tender for this second phase should be published during the first quarter of 1997. "Small Business Development" (2 MECU) - the project provides mainly training and credit facilities for small business and institutional support for the implementing agency. The first work-plan was signed in March 1996, it expires at the end of the year. "Drug Abuse Demand Reduction" (0.25 MECU) - co-financing with UNDCP of the national programme, started mid 1996. Under the Structural Adjustment Programme, the 1st SAP is concluded, the 2nd programme (4.3 MECU) started early 1996. Counterpart funds are supporting mainly the education sector.

Negotiations for the 8th EDF NIP (21 MECU) are on-going. The country has ratified the Lomé IV-bis Convention.

TUVALU

Tuvalu acceded to the Lomé Convention in 1978 and its programmable aid under the first three Conventions focussed largely on rural development, social infrastructure and the environment. The two main 6th EDF projects, funded from the total allocation of ECU 2m, consisted of an Electrification Programme and of a Coastal Protection Programme, aiming to limit and counter the effects of erosion. The latter objective is of particular importance to

Tuvalu which, in addition to being an extremely low-lying archipelago, has its main concentration of fertile land in the coastal areas. By end-96 some 84% of 6th EDF funds had been contracted, and 75% disbursed. Under the 7th EDF (1.3 MECU) the bulk of NIP resources (ECU 900.000) is being used to finance a fuel import programme, with part of the balance going to an educational programme aiming to rehabilitate a number of primary schools on the Outer Islands (programme agreed in 1996). Some 78% of 7th EDF funds were contracted at end-96, and 48% of the total allocation had been disbursed.

VANUATU

EU-Vanuatu cooperation has focussed heavily over the years since the country's independence (1980) on rural development, with 6th EDF funds (6.7 MECU) going towards a coconut development project, rural access roads, training in the fisheries sector, forestry management and support for smallholder cattle farming. The great majority of 6th EDF funds had been contracted (92%) and disbursed (86%) by end-96. The NIP for the 7th EDF concentrated also on rural development, with as its two main projects a programme of rehabilitation of primary schools (3.6 MECU) and another Rural Access Roads programme (2.3 MECU). In addition, an Archaeological Sites Survey has been funded. Implementation has continued at a reasonable pace, with some 70% of the total 7th EDF allocation (ECU 7.6m) contracted and 33% paid by end-96. In addition to the above programmable aid Vanuatu has benefited over the years from substantial Stabex transfers (principally for losses in copra earnings). A Framework of Mutual Obligations covering the use of 1992-94 transfers was signed in 1996. Finally, a number of projects promoting sustainable forestry have been funded in Vanuatu through the Commission's Budget Line for Tropical Forests.

ZAMBIA

Progress with the implementation of the National Indicative Programme (NIP) under Lomé III and IV continued to be satisfactory during 1996. Under Lomé III, the NIP has been fully committed and some 94 % of the funds have been disbursed. Of the total allocation of 110,7 MECU under the Lomé IV NIP, 109,7 MECU or 99 % had already been committed by December 1996, and 55,2 MECU or 50 % of this had been disbursed. Again in respect of Lomé IV (First Protocol) and under the Structural Adjustment Facility, Zambia has been allocated almost 160 MECU (including 60 MECU from SYSMIN funds) for balance of payments support and this amount has been fully disbursed.

Existing programmes and projects being financed by the European Development Fund (EDF) under Lomé IV (First Protocol) are aimed at both economic revival, by assisting in the creation of the necessary conditions for sustainable economic growth, and supporting the social sectors and thus helping to alleviate some of the adverse short-term effects associated with the implementation of the Government's general structural adjustment programme.

Major projects decided by the European Community in respect of Zambia in 1996 included a substantial Feeder Roads Programme (9 MECU), the Rehabilitation of Lusaka International Airport Runway (11 MECU), a micro-credit project for the empowerment of the poor (1,66 MECU), Tourism Development (1,5 MECU), Economic Management Support (1,5 MECU) and Accountancy Training for the Ministries of Education and Health (0,6 MECU). In addition, a number of important studies have commenced in the Health, Education and Water sectors, and also the more general Private Sector, which will hopefully provide the basis for a substantial investment in these sectors by the European Community under the 8th EDF.

ZIMBABWE

During 1996, cooperation with Zimbabwe proceeded well. The Lomé III and Lomé IV National Indicative Programmes are 99.7% committed, with secondary commitments at 92.3% and 73.2%, respectively. Payments are at 80.2% for Lomé III and 36.4% for Lomé IV. It is expected that by the end of 1997, secondary commitments will be around 95% for both the Lomé III and Lomé IV NIPs. Most projects are on the way to completion. Programmes in the focal sectors agriculture, health and education are supplemented by a very successful Microprojects Programme, whose interventions are focused on the same sectors. The ZimTrade support programme is nearing completion and is currently being evaluated. Works for a demining project in the North-East of Zimbabwe, financed from Lomé IV with 10 MECU, will get underway next year. Under the Lomé IV NIP, 15 MECU set aside for structural adjustment were not disbursed: the donor supported structural adjustment programme, which was interrupted in May 1995, has not yet been relaunched. In addition to considerable funds made available from the STABEX instrument (almost 40 MECU since 1992, of which 12,1 MECU are for 1995), it is expected that Zimbabwe will also in the future receive funds from the SYSMIN facility. STABEX funds have been used for research in the cotton and coffee sectors, loan repayments by coffee growers and, due to the recent severe drought, for drought relief. 1996 marked an important development in relations with Zimbabwe: the new National Indicative Programme (for 110 MECU) was signed on 29 November in Harare. The programme foresees the same focal sectors as in the past, but with a greater emphasis on support within a framework of government sectoral policies. In addition, a decentralized cooperation programme, financed with 5 MECU from the NIP, will be launched in 1997.

ZAIRE

Zaire has ECU 166.5 million under the 6th EDF and ECU 170 million under the 7th EDF NIP. Cooperation with this country has been suspended since January 1992. The Community's action is therefore confined to humanitarian aid and a number of rehabilitation programmes of direct help to the population of the three main regions (economic hinterland of Kinshasa, the two Kasai, Grand-Kivu): the Transitional Health Support Programme (Programme d'Appui Transitoire à la Santé - PATS), launched in 1994, received an EDF contribution of ECU 21.3 million and some ECU 8 million from the Community budget. Almost all the operations end during the first half of 1997. Under the Special Programme for the Rehabilitation of the Countries Bordering on Rwanda (Programme Spécial de Réhabilitation des Pays voisins du Rwanda - SRR) ECU 18.4 million was allocated from the EDF and ECU 2 million from the Community budget for the rehabilitation of roads and reforestation in Kivu. The Programme for the Resettlement of Refugees from Shaba in Kasai (Programme de Réinsertion des Refoulés du Shaba au Kasai - PSK) was financed by some ECU 2.5 million from the budget and ECU 2 million under Article 255 of the fourth Lomé Convention. The Rehabilitation Support Programme (Programme d'Appui à la Réhabilitation - PAR) totalled ECU 90 million, of which ECU 84 million came from the 7th EDF and ECU 6 million from the "rehabilitation" budget heading. The programme covers a number of components in the social, transport and agricultural production sectors. The fighting in Kivu since September 1996 has led to a halt in operations under the PATS, PSRR and PAR programmes for this region. An evaluation conducted in 1996 of the PATS yielded very satisfactory results. The Commission therefore decided to pursue the programme; further EDF financing of ECU 45 million for PATS II was allocated in December 1996.

Zaire has not yet ratified the Mauritius Agreement.

ANNEXE

Répartition par pays de l'aide programmable

6e FED

situation au 31/12/1996

Countries	Dotation	Decisions		Contracts		Payments	
	Mecu	Mecu	Dec/Dot	Mecu	Con/Dot	Mecu	Pay/Dot
			%		%		%
Angola	102,00	101,23	99,25%	86,72	85,02%	82,93	81,30%
Benin	89,50	89,21	99,68%	86,62	96,78%	84,22	94,10%
Botswana	30,50	30,28	99,28%	21,60	70,82%	19,88	65,18%
Burkina Faso	107,50	107,48	99,98%	93,94	87,39%	89,99	83,71%
Burundi	108,00	107,22	99,28%	95,69	88,60%	93,42	86,50%
Cameroon	101,00	100,95	99,95%	98,33	97,36%	93,59	92,66%
Cape Verde	24,50	24,48	99,92%	24,15	98,57%	23,38	95,43%
Central African Rep.	69,50	68,33	98,32%	65,73	94,58%	64,31	92,53%
Chad	89,00	88,99	99,99%	83,10	93,37%	78,10	87,75%
Comoros	20,50	20,50	100,00%	20,30	99,03%	19,96	97,37%
Congo	48,00	47,93	99,86%	39,22	81,71%	34,25	71,35%
Côte d'Ivoire	82,00	81,91	99,89%	79,51	96,96%	77,62	94,66%
Djibouti	16,00	15,98	99,86%	14,75	92,19%	13,36	83,50%
Equatorial Guinea	12,00	11,95	99,58%	10,15	84,58%	7,21	60,08%
Ethiopia	210,00	209,91	99,96%	167,13	79,59%	149,96	71,41%
Gabon	26,00	23,79	91,49%	23,78	91,45%	23,10	88,84%
Gambia	21,00	20,84	99,26%	19,56	93,14%	19,14	91,14%
Ghana	97,50	97,10	99,59%	92,25	94,62%	59,53	61,06%
Guinea	114,00	111,82	98,09%	109,83	96,34%	106,54	93,46%
Guinea Bissau	37,50	37,17	99,12%	35,70	95,20%	30,54	81,44%
Kenya	135,00	109,33	80,99%	101,68	75,32%	97,77	72,42%
Lesotho	41,50	41,49	99,97%	40,68	98,03%	39,67	95,59%
Liberia	45,00	21,26	47,24%	20,80	46,22%	12,82	28,49%
Madagascar	125,00	112,17	89,74%	90,54	72,43%	81,33	65,06%
Malawi	114,50	114,04	99,60%	97,76	85,38%	94,88	82,86%
Mali	137,00	136,90	99,93%	126,98	92,69%	124,44	90,83%
Mauritius	31,00	30,92	99,74%	28,42	91,68%	26,78	86,39%
Mauritania	61,50	61,50	100,00%	60,32	98,08%	56,51	91,89%
Mozambique	160,00	157,69	98,56%	137,08	85,68%	130,47	81,54%
Niger	122,00	121,78	99,82%	102,70	84,18%	97,24	79,70%
Nigeria	213,50	213,21	99,87%	185,79	87,02%	175,69	82,29%
Rwanda	110,00	109,99	99,99%	102,38	93,07%	81,63	74,21%
Sao Tomé & Principe	6,00	5,97	99,52%	5,83	97,19%	5,75	95,83%
Senegal	108,50	108,49	99,99%	108,31	99,82%	102,85	94,79%
Seychelles	6,20	6,18	99,68%	6,13	98,87%	6,10	98,39%
Sierra Leone	65,50	63,95	97,63%	62,32	95,15%	59,85	91,37%
Somalia	159,26	142,42	89,43%	111,32	69,90%	95,68	60,08%
Sudan	145,00	80,41	55,46%	69,80	48,14%	68,40	47,17%
Swaziland	25,50	25,13	98,55%	24,09	94,47%	22,85	89,61%
Tanzania	176,50	163,36	92,56%	161,38	91,43%	159,69	90,48%

Togo	61,50	59,00	95,93%	50,65	82,36%	48,72	79,22%
Uganda	133,00	127,81	96,10%	125,75	94,55%	124,89	93,90%
Zaire	166,50	144,09	86,54%	121,34	72,88%	99,94	60,02%
Zambia	92,00	91,98	99,98%	88,98	96,72%	86,67	94,21%
Zimbabwe	77,00	76,93	99,90%	71,24	92,52%	63,91	83,00%
Total Africa	3.924,46	3.723,06	94,87%	3.370,33	85,88%	3.135,55	79,90%
Antigua & Barbuda	4,50	4,40	97,69%	4,40	97,69%	3,81	84,58%
Bahamas	4,00	3,80	95,08%	3,39	84,77%	3,29	82,27%
Barbados	5,00	4,96	99,18%	2,83	56,61%	2,62	52,40%
Belize	8,00	7,96	99,51%	7,74	96,75%	7,68	96,00%
Dominica	6,00	5,91	98,49%	5,89	98,13%	5,73	95,50%
Grenada	5,50	5,49	99,82%	5,47	99,41%	5,38	97,82%
Guyana	22,10	21,71	98,24%	21,60	97,72%	21,11	95,52%
Jamaica	40,20	39,92	99,31%	39,59	98,48%	34,13	84,90%
St Kitts and Nevis	3,50	3,08	88,10%	3,08	88,10%	3,08	88,10%
St Lucia	6,00	5,97	99,45%	5,12	85,37%	5,10	85,02%
St Vincent & Grenadines	7,00	6,80	97,14%	6,63	94,76%	6,62	94,64%
Suriname	24,00	17,38	72,43%	15,86	66,10%	15,61	65,06%
Trinidad and Tobago	15,00	15,00	100,00%	6,31	42,08%	5,88	39,21%
Total Caribbean	150,80	142,38	94,42%	127,91	84,82%	120,05	79,61%
Fiji	20,00	18,87	94,34%	16,67	83,35%	13,18	65,90%
Kiribati	6,50	6,46	99,44%	6,42	98,72%	6,09	93,76%
PNG	34,50	33,79	97,94%	30,68	88,93%	30,43	88,20%
Solomon Islands	17,00	15,33	90,19%	15,13	89,00%	14,23	83,71%
Tonga	6,50	6,47	99,59%	5,54	85,23%	4,67	71,85%
Tuvalu	2,00	1,98	99,01%	1,63	81,61%	1,52	76,04%
Vanuatu	6,70	6,54	97,68%	6,37	95,07%	5,82	86,87%
Western Samoa	9,00	8,68	96,48%	8,68	96,48%	8,67	96,31%
Total Pacific	102,20	98,14	96,02%	91,12	89,16%	84,61	82,79%
Total ACP	4.177,46	3.963,59	94,88%	3.589,37	85,92%	3.340,22	79,96%

Répartition par pays de l'aide programmable

7e FED

situation au 31/12/1997

Countries	Dotation	Decisions		Contracts		Payments	
	Mecu	Mecu	Dec/Dot	Mecu	Con/Dot	Mecu	Pay/Dot
			%		%		%
Angola	115,00	97,14	84,47%	18,08	15,72%	14,34	12,47%
Benin	93,80	80,93	86,28%	47,86	51,02%	19,20	20,47%
Botswana	32,00	30,77	96,16%	11,12	34,74%	6,54	20,45%
Burkina Faso	144,30	139,30	96,53%	94,71	65,63%	66,29	45,94%
Burundi	112,00	61,73	55,11%	33,38	29,80%	27,03	24,13%
Cameroon	110,00	96,21	87,46%	45,58	41,44%	34,79	31,63%
Cape Verde	24,70	22,53	91,21%	17,47	70,71%	9,95	40,27%
Central African Rep.	75,00	74,89	99,86%	16,39	21,85%	8,52	11,37%
Chad	110,30	93,49	84,76%	56,98	51,66%	35,56	32,24%
Comoros	23,50	20,64	87,81%	11,29	48,04%	5,74	24,42%
Congo	51,00	41,03	80,46%	23,07	45,24%	8,63	16,93%
Côte d'Ivoire	111,80	110,69	99,01%	75,53	67,56%	47,64	42,61%
Djibouti	19,90	18,15	91,19%	11,13	55,91%	5,81	29,18%
Equatorial Guinea	12,50	5,77	46,13%	0,55	4,40%	0,47	3,77%
Eritrea	55,00	25,93	47,14%	19,89	36,16%	11,59	21,08%
Ethiopia	214,00	56,46	26,38%	48,64	22,73%	40,89	19,11%
Gabon	29,90	29,87	99,89%	18,83	62,99%	14,22	47,56%
Gambia	23,50	20,32	86,46%	17,24	73,35%	15,51	66,02%
Ghana	109,40	71,99	65,81%	31,73	29,00%	25,14	22,98%
Guinea	127,60	120,85	94,71%	73,10	57,29%	57,17	44,81%
Guinea Bissau	37,00	36,45	98,51%	15,18	41,04%	8,52	23,02%
Kenya	140,00	80,59	57,56%	29,30	20,93%	16,06	11,47%
Lesotho	50,00	47,63	95,27%	35,62	71,24%	26,49	52,98%
Liberia	50,00	0,00		0,00		0,00	
Madagascar	133,20	114,86	86,23%	75,19	56,45%	32,91	24,71%
Malawi	124,20	108,51	87,36%	49,12	39,55%	28,97	23,32%
Mali	158,00	153,05	96,87%	106,34	67,31%	72,12	45,65%
Mauritius	34,00	25,86	76,05%	14,32	42,12%	11,93	35,08%
Mauritania	65,90	64,32	97,60%	53,58	81,31%	39,49	59,93%
Mozambique	170,60	160,67	94,18%	101,18	59,31%	69,17	40,55%
Namibie	50,00	49,62	99,25%	35,53	71,05%	20,35	40,70%
Niger	138,90	122,23	88,00%	89,86	64,70%	78,03	56,18%
Nigeria	365,00	146,45	40,12%	72,69	19,91%	54,92	15,05%
Rwanda	118,00	106,72	90,44%	37,36	31,66%	19,90	16,87%
Sao Tomé & Principe	8,00	6,64	82,96%	5,18	64,70%	3,88	48,54%
Senegal	125,90	124,80	99,13%	108,82	86,44%	55,85	44,36%
Seychelles	5,40	4,91	90,96%	4,39	81,31%	3,11	57,59%
Sierra Leone	83,60	72,73	86,99%	26,85	32,12%	15,39	18,41%
Somalia	0,00	0,00		0,00		0,00	
Sudan	0,00	0,00		0,00		0,00	

Swaziland	28,10	28,05	99,82%	15,51	55,20%	12,74	45,33%
Tanzania	185,00	127,27	68,79%	81,72	44,17%	51,31	27,73%
Togo	68,00	19,19	28,22%	16,17	23,78%	11,39	16,75%
Uganda	158,30	140,88	89,00%	80,87	51,09%	58,94	37,23%
Zaire	170,00	76,40	44,94%	6,18	3,63%	1,08	0,63%
Zambia	110,70	109,66	99,06%	78,84	71,21%	58,37	52,73%
Zimbabwe	91,50	91,25	99,73%	67,27	73,52%	37,92	41,45%
Total Africa	4.264,50	3.237,41	75,92%	1.879,61	44,08%	1.243,89	29,17%
Antigua & Barbuda	3,50	2,54	72,65%	0,62	17,74%	0,34	9,77%
Bahamas	4,40	3,50	79,55%	3,50	79,55%	2,78	63,11%
Barbados	5,50	3,56	64,81%	2,88	52,38%	2,42	43,95%
Belize	9,00	8,98	99,76%	8,96	99,60%	8,76	97,28%
Dominica	5,50	5,28	96,04%	1,31	23,76%	0,26	4,64%
Dominican Rep.	85,00	77,40	91,06%	38,38	45,15%	24,13	28,39%
Grenada	6,50	6,46	99,43%	5,54	85,23%	4,88	75,06%
Guyana	32,80	32,73	99,79%	24,74	75,43%	17,08	52,06%
Haiti	112,50	100,75	89,55%	44,42	39,48%	34,37	30,55%
Jamaica	49,70	46,02	92,59%	28,59	57,52%	24,77	49,84%
St Kitts and Nevis	2,50	2,50	100,00%	0,29	11,58%	0,03	1,37%
St Vincent & Grenadines	5,40	5,09	94,23%	0,47	8,72%	0,13	2,31%
St Lucia	5,00	1,83	36,59%	1,12	22,41%	0,82	16,42%
Suriname	27,00	22,16	82,08%	14,36	53,20%	5,31	19,68%
Trinidad and Tobago	18,10	18,07	99,82%	5,75	31,79%	5,21	28,80%
Total Caribbean	372,40	336,88	90,46%	180,93	48,59%	131,28	35,25%
Fidji	22,00	13,62	61,92%	11,19	50,86%	8,27	37,60%
Kiribati	6,00	5,32	88,58%	3,13	52,12%	2,20	36,58%
PNG	46,20	40,59	87,85%	31,37	67,89%	18,82	40,74%
Solomon Islands	20,90	12,87	61,57%	8,72	41,70%	5,35	25,59%
Tonga	6,00	0,64	10,70%	0,37	6,15%	0,25	4,10%
Tuvalu	1,30	1,30	99,79%	1,01	77,98%	0,74	56,65%
Vanuatu	7,60	7,12	93,63%	5,99	78,76%	4,05	53,32%
Western Samoa	9,00	3,48	38,71%	3,05	33,89%	2,11	23,39%
Total Pacific	119,00	84,93	71,37%	64,82	54,47%	41,77	35,10%
TOTAL ACP	4.755,90	3.659,22	76,94%	2.125,36	44,69%	1.416,94	29,79%

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