

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 682 final

Brussels, 22 December 1975

COMMISSION REPORT TO THE COUNCIL

on the administration of financial and technical cooperation in
respect of the overseas countries, territories and departments
in 1974

COM(75) 682 final

I. OVERALL VIEW

This memo deals with the administration of financial and technical cooperation in respect of the Overseas Countries, Territories and Departments (OCTD) during 1974, the fourth year of those countries' association with the Community under Council Decision No 70/549/EEC of 29 September 1970.

New commitments in favour of the OCTD entered into in 1974 on the basis of the above Decision totalled 18 833 million u.a., plus 380 000 u.a. committed from the second EDF, in other words a total of 19 213 million u.a. including 14 113 million in the form of grants and 5.10 million u.a. for two loans on special terms approved by the EIB.

For the purposes of comparison it will be recalled that commitments amounted to

12.4 million u.a. in 1971
15.6 million u.a. in 1972
and 16.0 million u.a. in 1973.

Commitments in 1974 were therefore considerably higher than in the preceding years.

In all, of the 72 million u.a. in EDF resources provided for a five-year period in favour of the OCTD, 59 million u.a. (nearly 82%) have been committed (see Annex 2).

However, despite unceasing efforts, the EIB has, for the reasons set out in its memo of 20 December 1974 (see Council Secretariat Memo T/13/75 of 8 January 1975), not yet found projects eligible for financing from its own resources.

Commitments made in 1974 were concerned above all with economic infrastructure and rural production. Special mention must be made of the channelling of finance towards projects involving the most needy portion of the population in territories where the average standard of living is already relatively high. This approach was worked out when a project concerning New Caledonia was being appraised (See Chapter II, Section 5).

The next report (to be drawn up in 1976) on the administration of financial and technical cooperation in respect of the OCTD in 1975 will present an overall assessment of the five-year period.

II. INVESTMENT PROJECTS AND INVESTMENT-LINKED TECHNICAL COOPERATION

1. Geographical breakdown

Commitments in 1974 were concerned above all with the Netherlands overseas countries (15 219 million u.a.), while the French overseas territories and departments received 3 614 million u.a. (see Annex 1).

As regards the latter, two new commitments - for economic infrastructure investments - were entered into for the Territory of Wallis and Futuna and the Department of Guadeloupe. For the Netherlands overseas countries, three decisions dealt respectively with a rural production project in Surinam, an infrastructure project and an educational project in the Antilles. In addition, three investment-linked technical cooperation schemes were decided on, involving the Antilles and Surinam.

At 31 December 1974 cumulative aid for the Netherlands overseas countries was virtually equal in financial volume to aid provided for the French overseas territories and departments: 29 214 million u.a. for the former, 29 821 million u.a. for the latter.

2. Breakdown by sector

The economic infrastructure sector received 46% of the commitments - for three projects, two of which were particularly large in terms of volume.

In the Netherlands Antilles the extension of Curaçao Airport received combined financing totalling 5.4 million u.a.:

- 1.02 million u.a. as grant aid,
- 4.38 million u.a. as a special loan.

This project is intended to enable the airport to be used by the jumbo jets brought into service by a number of airlines serving Curacao and thus enable tourism - one of the cornerstones of the Antilles economy - to be extended.

Community aid is mainly concerned with extension work, such as the improvement of a taxi-way, extension of the parking apron, extension of the runway drainage system, the lighting and marking systems, and construction of a section of road to provide a second direct link between the airport and the island's road network. It is supplemented by finance from Netherlands bilateral aid, intended mainly for extension of the air terminal and modification of equipment for the instrument landing system.

The special loan absorbs all the funds provided for under the third EDF for the Netherlands zone and is granted on the following terms:

duration 30 years
period of grace 10 years
interest 3%.

In Guadeloupe, the project for the improvement of the Pointe-à-Pitre harbour has also received combined financing totalling 2 908 million u.a., including 2 188 million u.a. in the form of grants and 720 000 u.a. in the form of a special loan on the following terms:

duration 25 years
period of grace 5 years
interest 3%.

This financing is for the construction of a new goods-handling berth, improvement of storage areas and related work, all of which is intended to enable the port, which is the most important in Guadeloupe, to be run under normal conditions of operation and efficiency, which was previously impossible because of the shortage of sheds and dock areas in relation to the size of the docks and their distance from the docks.

The Financing Contract was signed at the beginning of June with the Department of Guadeloupe by the Commission and the Bank as the Community's authorized agent.

In the Territory of Wallis and Futuna, a grant of 366 000 u.a. was provided for the construction of the Vele-Poi track (Futuna). This sum is to be used to continue the circular track linking all the inhabited parts of the island. One section of this track (Vele-Sigave) has been built with funds from the second EDF.

To these investments must be added a number of investment-linked technical cooperation measures concerning the supervision of road, port and aeronautical works in the Netherlands Antilles (125 000 u.a. in total) and the provision of experts for the preparation of road projects in Surinam (45 000 u.a.).

The rural production sector accounted for only one project, although for a considerable sum of money - the Stondansie dam in Surinam, which received a grant of 7 878 million u.a. This project alone accounted for 41% of total commitments entered into in 1974. The dam, situated at Stondansie on the Nickerie river, is intended to increase the irrigation waters available in the dry season, the shortage of which is virtually the only factor limiting the cultivation of rice in the coastal zone of north-western Surinam. Made of earth, this dam will be 1 200 m long and 24 m high and will provide a reservoir of 1 000 million cubic metres of water. This will enable the irrigation of 10 000 ha of existing rice fields to be improved and will make possible the development of 16 000 ha of new rice fields - on which two crops will be grown each year thanks to the water controlled by the dam. National financing - with a contribution from the private sector - will finance the development of the new areas. It is estimated that by around 1985 these areas will increase Surinamese export production by approximately 100 000 t/year and that about 2 000 new jobs will thus be created in connection with paddy cultivation and rice milling; this should contribute towards better utilization on a local basis of the workforce available in the country areas.

The Community has already financed in the same region, from the first EDF, the creation of a 10 000 ha polder (Europolder) and the construction of a dam on the Nanni river.

There is also only one project for the social sector. This project - the construction and equipping of a secondary technical school in Seroe Blanco (Aruba) in the Netherlands Antilles - involves a grant of 1 436 million u.a. (8% of total commitments). The project is intended to enable secondary-level pupils in Aruba (this level of education was introduced on the island in 1969), who are at present accommodated in the premises of a primary school which is itself overcrowded, to attend lessons under normal conditions. This will involve the construction and equipping of a building reserved for their use.

The secondary technical school is vitally important for Aruba, where there is an acute shortage of technicians with secondary-level education. There are openings for such technicians on the island and even in Curaçao. Since 1971 training courses have been operating for technical teachers; these will enable the teachers supplied by Netherlands bilateral aid to be progressively replaced.

To this project should be added various investment-linked technical cooperation measures: a study for hotel schools in the Netherlands Antilles (222 000 u.a.), technical assistance to the Surinam Public Works Department for the construction of buildings financed by the EDF (84 000 u.a.).

3. Use made of completed investment projects

In 1974 the Commission collected a certain amount of information on the use made of a number of agricultural projects, including - as regards the OCT - the Nickerie and Tijgerkreek projects in Surinam.

These polders were created in particular to enable new land to be allotted to smallholders to stem the migration to the towns, where there are not enough jobs. There is not yet sufficient information on the use made of these two projects to enable a full assessment to be made of their economic impact. However, the results appear to be very promising since an increase in the farmers' standard of living has already been observed.

4. Implementation of aid

The acceleration observed over the past few years in the execution of projects in hand was confirmed in 1974. Total contracts concluded in 1974 amounted to 89 million u.a., for all three EDFs, which represents an increase of 25 million u.a. over the preceding year (see Annex 3 for the situation of the third EDF).

This acceleration in the execution of projects is mirrored in the increase in the volume of disbursements which, at the end of 1974, amounted to 64 million u.a., compared with 47 million u.a. the preceding year, in other words an increase of more than 35%.

5. Choice of new products

In the OD/OT with a relatively high per capita GDP there is a tendency to favour for financing by Community aid projects involving the poorer section of the population rather than the OD or OT concerned as a whole.

This has, for example, been the case with the Moindou-Bourail road project in New Caledonia. This road was given high priority by the Territory since it was to some extent a socially-motivated scheme which would hardly benefit the big mining companies (whose materials and products are transported by boat) but rather the local population (it will serve a highly populated area, transporting passenger and consumer goods). The project was submitted to the EDF Committee in 1974 for mixed financing by grant and by loan on special terms, but the Committee did not agree to the grant part of the Community aid. The territorial authorities obtained a loan from a French body for the amount initially intended to be financed by grant aid and the project was submitted again to the EDF Committee by the Commission in April 1975 and received a favourable opinion in respect of the proposal for the financing by loan on special terms. A delegation from New Caledonia which had in the meantime come to Brussels indicated that in future it proposed to present to the Commission above all projects of a social nature.

III. GENERAL TECHNICAL COOPERATION

Training programmes

As in the past Community aid for training, which covers investment-linked and independent schemes, took four different forms:

- specific training projects;
- provision of educational instructors;
- scholarships and in-service training grants;
- traineeships and further training periods at the Commission.

Activities in this field for the OCTD were confined in 1973/74 to the awarding of scholarships and grants for in-service training and correspondence courses.

Scholarships and in-service training grants

In 1973/74 the Community continued with its training activities under the multi-annual grant programme launched in 1972.

In the 1973/74 academic year, 79 scholarships and in-service training grants were awarded to OCTD nationals compared with 66 in 1972/73.

The number of scholarship holders from the Netherlands zone (Netherlands Antilles and Surinam) increased from 63 in 1972/73 to 78 in 1973/74 (see Annex 4). All of these scholarship holders are studying in the Netherlands.

The number of Surinamese scholarship holders fell from 30 in 1972/73 to 20 in 1973/74. The Surinamese Government decided to assume responsibility for all Surinamese scholarship holders studying in the Netherlands as from September 1974 and to devote the balance remaining from the multiannual scholarships programme for Surinamese nationals to training in Surinam itself. The applications for local training have not yet been received by the Commission.

The breakdown of scholarships by sector of training is as follows (see Annex 5):

Economics	8	scholarships	(10%)
Agriculture	10	"	(13%)
Technical studies	33	"	(42%)
Medical	13	"	(16%)
Others	15	"	(19%)
	<u>79</u>	"	<u>(100%)</u>

Grants for correspondence courses

In 1973/74 there were six persons receiving such grants:

Country of origin:

Comoro Archipelago	1
New Caledonia	1
French Polynesia	1
St Pierre and Miquelon	3
	<u>6</u>

<u>Sectors of training:</u>	Economics	2
	Agriculture	1
	Technical studies	3
		<u>6</u>
		<u><u>6</u></u>

ANNEX 1

Breakdown by country and by sector of the commitment decisions
taken in 1974 in respect of the OCTD under the 3rd EDF

(in '000 u.a.)

	Rural production	Economic infrastructure	Social development	Technical cooperation	Overheads	Total
(1) <u>Netherlands zone</u>	<u>7 878</u>	<u>5 020</u>	<u>1 436</u>	<u>476</u>	<u>409</u>	<u>15 219</u>
Antilles		5 020	1 436	347	173	6 976
Surinam	7 878			129	236	8 243
of which, grants	7 878	1 020	1 436	476	409	11 219
loans		4 000				4 000
(2) <u>French zone</u>		<u>3 274</u>			<u>340</u>	<u>3 614</u>
New Caledonia					50	50
Polynesia					30	30
Wallis and Futuna		336			20	386
Guadeloupe		2 908			180	3 088
Réunion					60	60
of which, grants		2 554			340	2 894
loans		720				720
Total	7 878	8 294	1 436	476	749	18 833
of which, grants	7 878	3 574	1 436	476	749	14 113
loans		4 720	1.			4 720

Summary of amounts committed in respect of the OCTD under the 3rd EDF

Situation at 31 December 1974

(in '000 u.a.)

	ECONOMIC AID SOCIAL INVESTMENTS				INVESTMENT -LINKED TECHNICAL COOPERATION	GEN. TECH. COOP.		AID FOR MARKETING AND SALES PROMOTION	OVERHEADS	TOTAL
	Grants	Special loans	Interest rate subsidies	Contribu- tions tow- ards risk cap. form.		TOTAL	Basic and advanced training			
AFARS AND ISSAS	1 549	-	-	-	1 549	-	-	-	-	1 549
NETHERLANDS ANTILLES	5 924	4 000	-	-	9 924	1 000	550	-	714	12 188
COMORO ARCHIPELAGO	3 745	-	-	-	3 745	-	-	-	-	3 745
GUADELOUPE	3 808	720	-	-	4 528	320	-	-	610	5 458
GUYANA	2 584	-	-	-	2 584	-	-	-	-	2 584
MARTINIQUE	3 616	630	-	-	4 246	-	-	-	-	4 246
NEW CALEDONIA	-	-	-	-	-	-	-	-	170	170
FRENCH POLYNESIA	2 881	-	-	-	2 881	-	-	-	35	2 916
REUNION	6 392	1 796	-	-	8 188	-	-	-	234	8 422
ST PIERRE AND MIQUELON	-	-	-	-	-	-	-	-	15	15
SURINAM	15 232	-	-	-	15 232	553	550	-	691	17 026
WALLIS AND FUTUNA	681	-	-	-	681	-	-	-	35	716
TOTAL	46 412	7 146	-	-	53 558	1 873	1 100	-	2 504	59 035

Aid financed by the 3rd EDF and from the EIB's
own resources: Situation at 31 December 1974

OCTD

in '000 u.a.

	Contracts placed	Disbursements
<u>3rd EDF</u>		
<u>Grants</u>		
Investment projects	21 969	10 222
Investment-linked technical assistance	1 386	983
Trade promotion	-	-
Exceptional aid	-	-
General technical cooperation	553	162
Administrative costs, delegated and technical supervision	1 857	1 838
	25 765	13 205
Interest rate subsidies	-	-
Total grants	25 765	13 205
<u>Repayable aid</u>		
Special loans	7 146	1 069
Risk capital	-	-
TOTAL 3rd EDF	32 911	14 274
<u>EIB</u>		
Ordinary loans	-	-
GRAND TOTAL	32 911	14 274

ANNEX 4

Breakdown for 1973/74 by country of origin
and study of OCTD scholarship holders

<u>Country of study</u> <u>Country of origin</u>	<u>France</u>	<u>Netherlands</u>	<u>TOTAL</u> <u>(origin)</u> *
Netherlands Antilles	-	58	58
New Caledonia	1	-	1
Surinam	-	20	20
Total (country of study)	1	78	79

Breakdown by country of origin and type of training
of OECD scholarship holders for 1973/74

Country of origin	Type of training					TOTAL
	Economics	Agriculture	Technical studies	Medical	Other*	
Netherlands Antilles	5	1	25	12	15	58
New Caledonia	-	-	1	-	-	1
Surinam	3	9	7	1	-	20
Total (type of training)	8	10	33	13	15	79
Percentage	10	13	42	16	19	100.0

* Domestic science teachers.