



DEVELOPMENT

FINANCIAL COOPERATION UNDER THE LOME CONVENTIONS



REVIEW OF AID AT THE END OF 1994

Report prepared by the Directorate-General for Development
of the European Commission, in conjunction
with the European Investment Bank.

Manuscript completed in March 1995.

Luxembourg: Office for Official Publications of the European Communities, 1995

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Printed in Belgium

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under
the Lomé Conventions**

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Preface

Article 327-§1 of the fourth Lomé Convention requires the ACP States and regional organisations on the one hand and the Commission (in collaboration with the European Investment Bank - EIB) on the other, to prepare an annual report on the management of development finance cooperation. These reports are designed to facilitate the work of the Development Finance Cooperation Committee (DFCC) set up under Article 325 of the Convention in examining whether the objectives of financial cooperation are being achieved. The reports should also look at any general and specific problems resulting from the implementation of cooperation. Article 327-§2a requires the DFCC to prepare an annual report, for submission to the Council of Ministers at its annual meeting to lay down the general guidelines for development finance cooperation. The report focuses on the most recent year of application (1994).

It has been prepared by the Commission in collaboration with the EIB.

The figures, which are expressed in millions of ecu (MECU), refer exclusively to the ACP countries and were supplied by DG VIII/C-2 on 10 February 1995.

This report describes progress made in the implementation of financial cooperation under three Lomé Conventions, with particular attention to work in 1994.

After a brief overview in Chapter 2 of the overall performance in respect of the different types of aid, Chapter 3 looks at the various components of programmed aid under European Development Funds and provides an analysis of national trends and of the progress on larger projects and programmes.

Chapter 4 outlines structural adjustment policy initiatives, which started in the form of import support programmes under Lomé III and have gained increasing importance under Lomé IV. Moreover, the generation of counterpart funds by the structural adjustment programmes adds a new and important dimension to financial cooperation, which will also be discussed in that Chapter.

Chapter 5 looks at the different instruments of non-programmed aid, such as Stabex, Sysmin and aid to refugees and returnees. The chapter also includes a report on the aid administered by the EIB.

Chapter 6 provides a sectoral analysis of Lomé aid. Procedures for aid implementation are discussed in Chapter 7.

Note above all that the analysis in this report is entirely based on financial data relating to amounts of aid enveloped by Commission and EIB financing decisions (primary commitments) and to secondary commitments and disbursements. Comparisons are drawn between successive Conventions, between sectors and between different ACP States, noting in each case whether performance is "above average" or "below average". Such comparisons are not intended to pass judgment on the aid implementation "performance" of individual ACP States. They should be seen

in the context of the mix of programmes and aid instruments concerned and of the aid objectives they are designed to meet. Analyses of payments in the case of inherently quick-disbursing instruments such as Stabex, emergency aid or the Structural Adjustment Facility will give different results from those of inherently slower disbursing rural-development projects or major infrastructure programmes.

The Community's primary aim is to make financial cooperation as effective as possible in achieving development objectives and this is the purpose of this financial analysis. Undue delays in aid implementation can cause linkages between operations to break down and lead to increased costs and impaired quality. Figures on commitments and disbursements of aid must also be seen as measures of progress in realising physical operations, which in turn are means of achieving qualitative and quantitative objectives.

Chapter I

General overview of aid to ACP States within the Lomé framework

1. Total aid financed by the EDF

Box 1

What is the EDF?

The European Development Fund (EDF) is the main financing instrument of the Lomé Convention, and provides grants for aid programmes for the 70 African, Caribbean and Pacific countries that are signatories to this Convention and which are associated, in this capacity, with the European Union.

EDF funds are made up from *ad hoc* contributions by the Member States and are not included in the Union budget.

A separate EDF is as a rule constituted for the implementation of each of the Conventions: the 5th EDF for Lomé II, the 6th EDF for Lomé III and the 7th EDF for the first five years of application of Lomé IV, which will have two Funds (8th EDF). Its operations are governed by five-year programmes of priority needs focused mainly on areas such as training, self-sufficiency in food, infrastructure, industrial investments ...

As the implementation cycle of an EDF last longer than the five-year period of the relevant convention, the Commission is concurrently managing several EDFs, which have reached different levels of maturity.

With decisions involving a total of ECU 2 449 million at the end of the 1994 financial year, the operations of the 6th and 7th EDFs (the two Funds presently being managed by the Commission) have reached a very high level.

Volume has greatly increased due to the resumption of the Stabex operations, which had been almost non-existent in 1993: in fact, the non-Stabex decisions record a difference of ECU 129 million (-6%), by comparison with the previous year: ECU 1 963 million in 1993; and ECU 1 834 million in 1994. On the other hand, the non-Stabex payments have recorded a 15% increase: ECU 1 232

million in 1993 as against ECU 1 411 million in 1994. Overall, in 1994, EDF decisions, commitments and payments amounted, respectively, to a total of ECU 2.4 billion, ECU 1.9 billion and ECU 1.8 billion.

Table 1. shows the position at the end of 1994 of the two EDFs currently being managed by the Commission, as well as changes in the annual totals for decisions, commitments and payments for the period 1992-94.

Table 1.

General situation of the 6th and 7th EDFs

	Cumulative as at end of 1994	Annual total 1992	Annual total 1993	Annual total 1994
Decisions				
6th EDF	7.428	119	16	48
7th EDF	7.165	1.955	1.950	2.401
TOTAL		2.074	1.966	2.449
Commitments				
6th EDF	6.699	654	300	169
7th EDF	4.486	1.048	1.289	1.751
TOTAL		1.702	1.589	1.920
Payments				
6th EDF	6.068	896	562	440
7th EDF	3.106	888	701	1.322
TOTAL		1.784	1.263	1.762

Note:

ENVELOPES	6th EDF	7th EDF
Programmed aid	5.053	6.215
Non-programmed aid	2.600	3.770
Structural adjustment		1.153
Sub-total	7.653	11.138
Balance	128	478
TOTAL	7.781	11.616

Box 2

How to measure progress in implementation?

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, commitments and payments. However, these indicators only partially reflect what will be considered to be genuine progress in carrying out indicative programmes.

Four factors are used in this chapter to assess the progress made: the financial envelopes to indicative programmes, as well as the level of decisions, commitments and payments. The comparison of decisions with the envelope allows the total envelope of funds available for programmes and projects to be measured: this is what is termed the decision rate. In order subsequently to determine the extent to which such envelopes have actually given rise to award of contracts (works contractors, suppliers, technical assistance etc.), the commitments can be compared with the total number of decisions. The commitment rate thus gives some idea of the number of programmes and projects whose implementation has actually been decided (initial design completed and operators appointed). In short, an examination of the level of payments will enable one to determine to what extent programmes and projects are making headway, since payments are principally made on the basis of "the progress of work". A comparison between payments and commitments, namely the payment rate, allows certain conclusions to be drawn regarding the progress and/or the completion of the programmes.

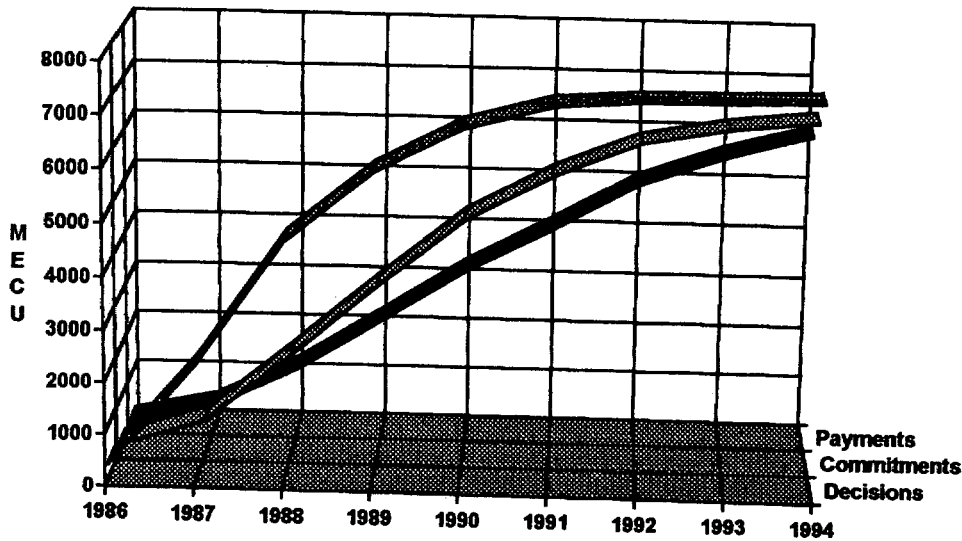
The level of decisions, commitments and payments for all the countries is only an "indicator" enabling a particular country to be placed in relation to the group as a whole. As domestic events have severely delayed the implementation of the aid programmes in countries where the financial programmes are sizeable (Ethiopia and Zaire, for example), the "ACP average" of the implementation ratios is skewed downwards. Countries whose performance has been defined as "lower than average" are those whose completion rate is well below the ACP average.

2. Lomé III

After nine years of implementation, the Lomé III Convention has almost ended the total of anticipated decisions. Graph 1. shows the progress of the decisions, secondary commitments and payments of the 6th EDF in the period 1986-94.

Graph 1.

**Progress in implementing the 6th EDF
1986-1994**



Even if the decisions for the year have increased by comparison with the previous year (ECU 48 million in 1994 as against ECU 15.5 million in 1993), their level remains very low. In total, since 1986, decisions have reached ECU 7 428 million: 95% of the ACP envelope of the 6th EDF.

Secondary commitments have again fallen considerably in 1994: ECU 169 million, as compared with ECU 300 million for the previous year.

Payments have also fallen (-20%), as compared with 1993, going from ECU 562 million to ECU 440 million. At the end of 1994, total secondary commitments and payments stood at 86% and 78% respectively of the envelope.

The new decisions, new commitments and new payments mainly relate to programmed aid; indeed the bulk of non-programmed aid had been largely decided and paid before 1993. Tables 2. and 3. highlight this situation, as well as the size of the decommitments (negative amounts) which mark the end of Lomé III as regards decisions.

Table 2.

6th EDF - Breakdown by instrument: annual results (1992-1994)

	DECISIONS			COMMITMENTS			PAYMENTS		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Programmed aid	99.41	59.41	57.56	607.13	310.75	187.32	731.02	441.03	373.07
Grants	79.81	52.61	73.68	527.65	261.13	154.84	642.45	369.38	314.40
Special loans	19.60	6.80	-16.12	79.48	49.62	32.48	88.57	71.65	58.67
Non-programmed aid	13.99	-44.90	-17.64	39.71	-18.19	-20.79	150.90	110.40	61.47
Interest Rebates	-9.75	-8.40	-2.77	-6.08	-9.06	-3.57	22.33	9.16	2.39
Emergency assistance	2.06	0.05	-2.28	4.53	1.82	-0.47	25.39	10.11	2.73
Aid for refugees	2.21	-0.46	-0.34	4.38	1.65	-0.20	19.60	5.82	3.43
Risk capital	3.54	-37.31	-24.24	5.66	-33.28	-24.53	65.18	61.15	31.01
Stabex	5.43	1.22	-0.01	5.43	1.22	-0.01	8.62	1.79	
Sysmin	10.50		12.00	25.79	19.46	7.99	8.16	21.46	21.50
AIDS							1.08	0.91	0.26
Rehabilitation									0.15
Balance of 4th EDF	5.23	1.03	8.01	7.83	7.30	2.93	14.16	10.36	5.09
Total 6th EDF	118.63	15.54	47.93	654.67	299.86	169.46	896.08	561.79	439.63

Table 3.

6th EDF-Breakdown by instrument: cumulative results (end of 1994)

	ENVELOPE	DECISIONS		COMMITMENTS		PAYMENTS	
		Cumulative	Cum/Env	Cumulative	Cum/Env	Cumulative	Cum/Env
Programmed aid	5052.92	4826.51	95.5%	4185.50	82.8%	3690.29	73.0%
Grants	4452.92	4317.13	97.0%	3762.69	84.5%	3331.13	74.8%
Special loans	600.00	509.38	84.9%	422.81	70.5%	359.16	59.9%
Non-programmed aid	2600.02	2525.68	97.1%	2461.26	94.7%	2336.91	89.9%
Interest Rebates	106.15	106.15	100.0%	104.42	98.4%	78.61	74.1%
Emergency assistance	187.66	187.66	100.0%	187.35	99.8%	179.52	95.7%
Aid for refugees	99.03	99.03	100.0%	98.20	99.2%	94.62	95.5%
Risk capital	600.00	521.31	86.9%	518.02	86.3%	450.96	75.2%
Stabex	1448.88	1447.12	99.9%	1447.12	99.9%	1447.12	99.9%
Sysmin	158.30	158.30	100.0%	100.56	63.5%	82.76	52.3%
AIDS		4.00		3.98		2.27	
Rehabilitation		2.11		1.61		1.05	
Balance of 4th EDF	127.61	75.98	59.5%	52.45	41.1%	40.98	32.1%
Total 6th EDF	7780.55	7428.17	95.5%	6699.21	86.1%	6068.18	78.0%

Table 4. below combines the decisions and payments during the period of implementation of the 6th EDF (1986-94)

Table 4.

**Progress in implementing the 6th EDF
(1986-1994)**

Year	Envelope	Decisions		Commitments		Payments	
		Cumulative	Cum/Env %	Cumulative	Cum/Env %	Cumulative	Cum/Env %
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 %

From Table 4. it can be seen that the ACP envelope of the 6th EDF was 1.9% down on the envelope for the previous year: ECU 7 933 million in 1993 and ECU 7 781 million in 1994.

In fact, around ECU 153 million were transferred from the 6th to the 7th Fund: ECU 127 million were transferred to Article 254 of Lomé IV to give flexibility for aid operations in respect of refugees and displaced persons in Rwanda, Burundi and neighbouring countries following the Council decision of 27 July 1994 (ECU 94.7 million from the Sysmin envelope and ECU 31.9 million from interest-rate subsidies); ECU 26 million were transferred to the 7th EDF in respect of non-utilized interest subsidies of the 6th EDF.

3. Lomé IV

After more than three years of operation, the implementation of Lomé IV is proceeding at a good pace. At the end of 1994 more than 61% of the envelope for the 7th Fund was decided.

The payment rate does not follow this trend, but a delay of 12-15 months must generally be allowed between a decision and the related payment. Further, indicative programmes covering

several years require a longer gestation period involving, in particular, the financing of studies and preparatory work during the preliminary stages.

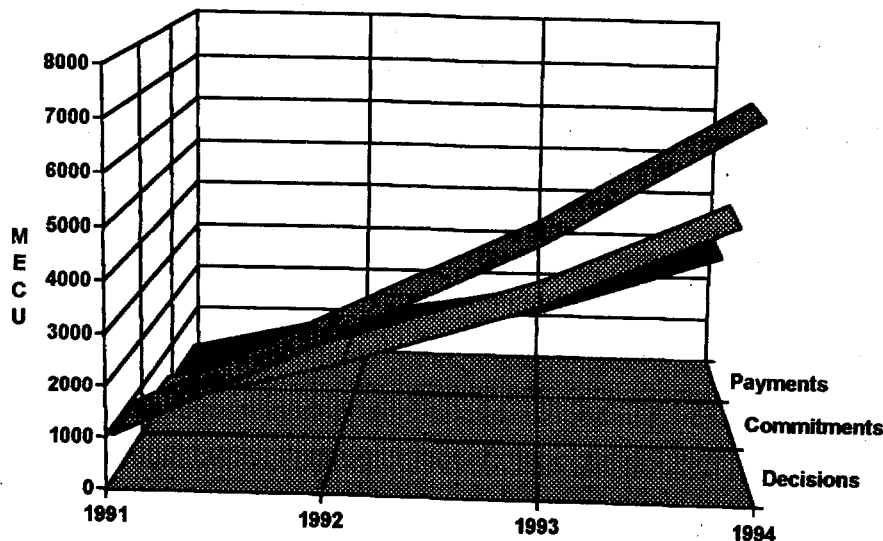
The annual decisions (ECU 2,401 million), and annual commitments (ECU 1,751 million), as well as annual payments (ECU 1,322 million) mark a significant increase by comparison with the previous year: up 23%, 36% and 89% respectively.

Cumulative decisions taken up to the end of 1994 amounted to a total of ECU 7.1 billion: ECU 3.2 billion in respect of programmed aid, ECU 2.7 billion in respect of non-programmed aid, ECU 908 million for structural adjustment support and ECU 318 million of balances deriving from the 5th EDF.

Graph 2. shows the trends in decisions, commitments and payments under the 7th EDF during the period 1991-94.

Graph 2.

**Progress in implementing the 7th EDF
1991-1994**



The balance of Lomé II (ECU 501.1 million), as well as the decisions and commitments made before the closure of the 5th EDF, were transferred to the 7th EDF in December 1993. However, the procedures and rules of Lomé II remain valid with respect to their envelope and use.

At the end of 1994, the 7th EDF envelope recorded an increase of ECU 214 million (+ 2%) by comparison with the previous year (see Table 5.): ECU 127 million derive from the 6th EDF by way of support for Article 254 of Lomé IV in aid of relief operations to refugees and displaced persons in Rwanda, Burundi and neighbouring countries; ECU 84.4 million in Stabex interest and

ECU 3 million in interest on non-Stabex funds deposited and intended for structural adjustment.

Table 5.

**Progress in implementing the 7th EDF
(1991-1994)**

Year	Envelope	Decisions		Commitments		Payments	
		Cumulative	Cum/Envel. %	Cumulative	Cum/Envel. %	Cumulative	Cum/Envel. %
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 %

The analysis by instrument (see Table 6. and Table 7.) highlights significant totals, in absolute value for Stabex, Emergency Aid and Risk Capital.

With more than ECU 615 million in decisions and ECU 350 million in payments. This was undoubtedly an exceptional year for **Stabex**. However, it should be remembered that two years of application were paid out in 1994 (cf. the report "Financial Cooperation under the Lomé Convention" - Review of Aid 1993).

The high number of decisions under **Emergency Assistance** (ECU 102 + 150 million decided in July 94, to deal with the Rwandan crisis), attests to the great instability in certain areas of Africa. The high level of payments (ECU 195 million) is the result of actions decided during earlier years, 35% for the **Rwandan package**. In general, there is roughly an eight-month time lag between the taking of the decision and the final payment.

Payments under **Risk Capital** hardly increased at all compared with 1993 (+10.5%), while amounts decided in 1994 are twice the size of those of the previous year.

Sysmin, on the other hand, recorded a level of commitments and payments lower than that recorded during the previous two years.

With regard to **Programmed Aid**, 1994 signalled a levelling-out of decisions, an increase in the amount of secondary commitments, and a substantial speeding-up of payments.

Table 6.

7th EDF - Breakdown by instrument: annual figures (1992-94)

	DECISIONS			COMMITMENTS			PAYMENTS		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
Programmed aid	1039.34	935.89	949.95	257.67	421.24	613.40	137.36	192.63	378.97
Non-programmed aid	684.59	327.85	1218.71	627.20	307.51	925.23	645.42	202.86	630.27
Interest rate subsidies	43.62	50.69	53.93	50.10	44.39	47.89	5.14	17.32	15.62
Emergency assistance	35.25	84.50	252.05	21.61	64.82	241.16	13.71	33.31	195.12
Aid for refugees	20.29	29.31	25.97	19.72	22.53	18.41	9.32	16.73	19.56
Risk capital	133.93	98.00	226.38	94.28	83.44	110.77	17.67	43.37	45.68
Stabex	391.50	1.27	615.15	441.49	29.28	486.46	599.58	29.47	350.85
Sysmin	60.00	64.08	45.23		63.05	20.54		62.66	3.44
Structural adjustment	231.00	378.00	222.35	163.34	419.39	184.68	104.80	300.26	257.01
Balance of 5th EDF		307.99	10.10		140.97	27.64		5.37	55.69
Total 7th FED	1954.93	1949.73	2401.11	1048.21	1289.11	1750.95	887.58	701.12	1321.94

Table 2.3.3.

7th EDF - Breakdown by instrument: cumulative situation as at end of 1994

	ENVELOPE	DECISIONS		ENGAGEMENTS		PAYMENTS	
		Cumulative	Cum /Envel.	Cumulative	Cum /Envel.	Cumulative	Cum. /Envel.
Programmed aid	6215.00	3205.65	51.6%	1337.10	21.5%	715.45	11.5%
Non-programmed aid	3769.77	2733.00	72.5%	2184.62	58.0%	1639.60	43.5%
Interest rate subsidies	280.00	158.16	56.5%	142.38	50.9%	38.07	13.6%
Emergency assistance	412.00	379.30	92.1%	333.37	80.9%	242.61	58.9%
Aid for refugees	88.00	76.32	86.7%	60.66	68.9%	45.61	51.8%
Risk capital	825.00	458.30	55.6%	288.48	35.0%	106.72	12.9%
Stabex	1684.77	1491.60	88.5%	1276.10	75.7%	1140.49	67.7%
Sysmin	480.00	169.32	35.3%	83.63	17.4%	66.10	13.8%
Structural adjustment	1153.00	907.85	78.7%	795.91	69.0%	690.07	59.8%
Balance of 5th EDF	477.67	318.05	66.6%	168.61	35.3%	61.06	12.8%
Total 7th FED	11615.44	7164.55	61.7%	4486.24	38.6%	3106.18	26.7%

4. Mid-term review of the Lomé Convention

In accordance with the procedure laid down in Article 366 of the Lomé IV Convention, the ACP States and the Community, on 28 February 1994, notified each other of their respective requests for amendments by way of a mid-term review of the Convention. These requests, which were aimed at a revision and not a re-negotiation of the whole Convention, were thus limited to a restricted number of areas.

The actual negotiations formally opened on 19 May 1994 at the Mbabane (Swaziland) meeting of the ACP-EC Council of Ministers. In the course of this meeting it was decided to structure the negotiations by setting up three groups: (I) a "Central Negotiating Group", specifically charged with institutional and political questions, but also generally authorized, with respect to the conduct of the negotiations as a whole, to touch on any matter arising from the other groups; (II) a "Trade" Group, and (III) a "Development Finance Cooperation" Group. In order to ensure continuity, these three Groups were reconstituted at ambassadorial level. Each Group, which was assisted by frequent meetings at expert level, and by limited contacts between the co-chairmen, held several plenary meetings between June and November 1994.

A second Ministerial Conference, which met in Brussels on the 30 November and 1 December 1994, enabled a certain number of points of agreement to be confirmed or negotiated.

The Parties reached a broad consensus as regards political and institutional matters, as well as those linked to democracy and human rights. They also envisaged providing themselves with the means to strengthen political dialogue, and agreed to increase the parliamentary representativeness of the Joint Assembly, while maintaining the status quo as regards the number of the sessions. Human rights and the principles of democracy and the rule of law were recognized as essential components of the Convention, to be encouraged by positive measures, while requiring effective protection, which could go so far as a total or partial suspension of cooperation, subject to certain guarantees as regards the procedure for taking such a measure.

The Parties agreed that trade must be at the heart of future ACP-EC cooperation, and that all the instruments provided for by the Convention must be employed to improve the trading performance and competitiveness of the ACP States. This consensus has already been embodied in a series of articles and there appears to be agreement on a common text. The drafting of an important joint declaration on the implementation of the trading provisions was also decided.

Lastly, the Parties discussed the Stabex issue and agreement on a series of amendments appears to be close.

Except for the specific matter of the renewal of the financial protocol, which has still not been broached at this stage of the negotiations, a number of matters relating to development finance

cooperation were also worked on by the negotiators. Quite broad areas of agreement were established regarding the principles governing the desired changes, even if various practicalities remained to be clarified by the experts of the two Parties. The same applies to the introduction of a greater flexibility into programming matters, with a greater account taken of the objectives and priorities of Community cooperation policy in the dialogue with each ACP State, which is responsible for its own development strategy. This also applies to the individual components of cooperation, such as cultural cooperation, industrial cooperation and decentralized cooperation. A consensus has moreover already emerged on the main aspects of the proposals formulated by the ACP States with respect to structural adjustment.

While agreements or tangible progress have already been recorded in the above spheres, subject to possible additions or clarifications, there are also some differences which have still not been overcome at this stage of this review exercise. These difficulties mainly concern:

Wider access to the Community market for agricultural products of the ACP States and adjustments to the rules of origin, issues which have been the subject of significant demands on the part of the ACP States. The Community, with some initial reservations, has been investigating the possibility of offers here. Some ACP proposals regarding tropical woods and bananas will also be discussed further. There is also a hold-up on the subject of an ACP demand for a new share-out of maritime traffic.

Ways of speeding up the procedures for the implementation of financial and technical cooperation and making them more effective, in the spirit of the findings of the "Post-Fiji" survey, particularly as regards the preparation, appraisal and evaluation of projects and programmes: the difficulty relates to a proposal for an adjustment of competences, which is desired by the Commission, particularly for technical assistance. In connection with the financial component, the demand of the ACP States for their debt under earlier Conventions to be cancelled both as regards the Member States of the European Union and the Community itself also constitutes a stumbling block for the negotiators.

These sensitive areas thus remain on the negotiating table at the end of 1994. Besides the work to be pursued at a technical level among the experts, a new Ministerial Conference is scheduled for mid-February 1995 to complete the work, the final phase of which will also include the fixing of the total amount of the new financial protocol (8th EDF and EIB resources).

5. Aid to the Least-Developed Countries and to the Least-Developed, Landlocked and Island States

Following the survey carried out in 1993 on cooperation between the European Community and the Least-Developed, Landlocked and Island ACP States, a joint report was prepared and submitted to the 19th Session of the ACP-EC Council of Ministers held on 18 and 19 May 1994. The Council

accepted the conclusions of this joint report, noting in particular that:

- the Lomé Convention takes into consideration the difficult situation in which the Least-Developed Landlocked and Island States find themselves;
- as regards the financial resources provided for under the national indicative programmes, the provisions of the Convention (see, in particular, Article 238 of the Lomé IV Convention) have on the whole been complied with;
- the Council also requested, in the resolution that it adopted on this occasion, that a review be carried out of the list of countries classed as least developed under Article 330 in order to make it consistent with that of the Least-Developed Countries (LLDC) established by the United Nations (cf. p. 69 of the report).

This resolution of the ACP-EEC Council of Ministers is currently being followed up in order to act on the requirements of the Council, particularly as regards the request to redefine the category of LLDCs.

Chapter II

Programmed Aid

1. Implementation of National Indicative Programmes

Lomé III

After nine years, implementation of the Lomé III NIPs has reached a satisfactory level. The decisions taken amount overall to ECU 3.97 billion, 96% of the general envelope. The secondary commitments and payments, amount respectively to ECU 3.43 billion (83% of the envelope) and ECU 3.06 billion (74% of the envelope). Decisions on programmed aid, unlike quick-disbursing instruments, are generally translated into payments only more than two years afterwards.

Seven countries have recorded delays in the implementation of decisions by comparison with the average. They are Ghana, Sudan, Zaire, Antigua & Barbuda, Barbados, Surinam and Fiji. Apart from Zaire and the Sudan, where the political situation explains this disparity, the funds remaining to the other five countries are too small to finance new projects. Most financing is consequently carried out from the Lomé IV envelope and is supplemented from what is available under Lomé III.

Lomé IV

In 1994, the Commission virtually completed the programming of the Community assistance provided for in the first financial protocol of Lomé IV. Three new national indicative programmes were signed: with Surinam in April 1994, with Eritrea in May, and with Haiti in December. The political or security situation prevailing in four ACP countries - one of which, Somalia, has still not been able to ratify the 4th Convention - has prevented dialogue with the States concerned. During the Rwandan crisis, ECU 150 million of additional resources were thus deployed from the amounts left outstanding on previous EDFs in order to deal with the exhaustion of the funds available for emergency assistance and to meet the immediate needs of the communities that were victims of the conflict. In addition to rehabilitation programmes already under way in the Horn of Africa and in Southern Africa, new rehabilitation programmes were decided for Liberia, Zaire and Madagascar. Combining EDF resources and budgetary funds, rehabilitation assistance under way at the end of 1994 in the ACP countries alone has mobilized ECU 520 million of Community resources.

Decisions taken in 1994 within the framework of the Lomé IV NIPs amounted to ECU 702 million,

bringing the total to ECU 2.6 billion (55% of the envelope). Commitments and payments in 1994 amounted respectively, to ECU 480 million and ECU 311 million bringing the total to ECU 1.1 billion (23% of the envelope) for commitments, and ECU 574 million (12% of the envelope) for payments. The average decision rate for NIPs thus stands at 59% at the end of 1994, rising to 62% if one removes from this calculation countries which have not signed and/or begun to commit the NIP. In around twenty countries, the decision rate is already over 80%, and ten of them have already committed almost the whole of their envelope.

2. The situation in the ACP countries

This chapter briefly describes progress, at the end of 1994, implementing development aid to the 70 ACP countries under Lomé III and Lomé IV Conventions. A more detailed country-by-country description is published in the European Commission brochure "*EU-ACP Cooperation*", written by the Directorate-General for Development and published separately from the ACP-EU Courier.

In analysing the progress of cooperation, regard should be had to all the constraints and uncertainties affecting the preparation and implementation of development projects in the ACP countries. These stem from the political situation in the countries concerned, the economic environment of the projects, the project cycle (cf. Box 12) itself, and the procedures specific to EU-ACP cooperation.

At the end of 1994, eight ACP States were still subject to measures adopted by the European Union to suspend or restrict aid because of security problems, a lack of progress towards full democracy, or breaches of human rights. The States concerned are Gambia, Equatorial Guinea, Liberia, Nigeria, Somalia, Sudan, Togo and Zaire. With respect to Togo and Equatorial Guinea, developments under way at the end of 1994 made it possible to consider a gradual resumption of cooperation. In Liberia, Somalia and Zaire, a relative improvement in the situation in 1994 made it possible to carry out rehabilitation projects in certain regions in cooperation with the local authorities and NGOs.

Added to these eight are those countries where crisis situations have entailed a *de facto* suspension of new commitments or a slow-down of operations already under way, as a consequence of a deterioration in the political or security situation (Burundi and Rwanda).

Angola

	6th EDF		7th EDF	
ENVELOPE	102.00		115.00	
Cumulative amounts	Amount	Amount/Envel.%	Amount	Amount/Envel.%
Decisions	101.68	99.7 %	31.14	29.7 %
Commitments	78.86	77.3 %	9.19	8.0 %
Payments	76.71	75.2 %	6.40	5.6 %
Annual figures '94	Amount		Amount	
Decisions	15.81		8.70	
Commitments	0.72		3.01	
Payments	1.86		0.68	

The peace agreement was signed on 20 November 1994, and the cease-fire came into force in the country within the following two days. During 1994, following the military operations, the reduced ability to implement development projects and the growing need to intervene by way of humanitarian assistance and rehabilitation led to the resources for these last two instruments being increased.

Humanitarian aid of ECU 18 million, approved in February was implemented by non-governmental organizations (NGOs) and specialized agencies of the United Nations such as the World Food Programme. Another project totalling ECU 6 million was approved at the end of the year.

The rehabilitation operations were approved and financed through different funding sources, the most important being a ECU 16 million programme financed from the balance of Angola's 6th EDF NIP.

Antigua & Barbuda

	6th EDF		7th EDF	
ENVELOPE	4.50		3.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	3.91	86.9 %	2.57	73.4 %
Commitments	3.91	86.9 %	0.35	10.0 %
Payments	3.31	73.6 %	0.33	9.4 %
Annual figures '94	Amount		Amount	
Decisions	0.00		2.20	
Commitments	0.40		0.00	
Payments	2.61		0.12	

Phase II (ECU 3.1 million) of the road rehabilitation programme under Lomé III was very close to completion at the end of 1994.

Progress in committing Lomé IV funds was achieved with the approval of a training centre with boarding facilities (ECU 2.1 million). The government decided to pursue other important projects provided for in the Lomé IV NIP (secondary school at Bolans), but no proposal was submitted prior to the year-end.

Bahamas

	6th EDF		7th EDF	
ENVELOPE	4.00		3.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	3.99	99.8 %	3.50	100.0 %
Commitments	3.71	92.8 %	3.50	100.0 %
Payments	3.29	82.3 %	0.29	8.3 %
Annual figures '94	Amount		Amount	
Decisions	0.00		0.00	
Commitments	0.36		3.50	
Payments	0.60		0.29	

The largest commitment of 7th EDF funds concerns the "Queen's Highway" road construction project. The works contract was signed during the year and work has started. Before any decision to envelope funding under the 8th EDF, an evaluation of the cooperation under the two previous EDFs is planned.

Barbados

	6th EDF		7th EDF	
ENVELOPE	5.00		5.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	3.95	79.0 %	3.50	63.6 %
Commitments	2.82	56.4 %	2.12	38.5 %
Payments	2.44	48.8 %	1.11	20.2 %
Annual figures '94	Amount		Amount	
Decisions		-0.02		0.14
Commitments		0.43		0.23
Payments		0.63		0.90

At the end of the year, a proposal to fund the "Consett & Skeete's Bay Fisheries" project was finalized. Its approval, which will take place during the first months of 1995, will exhaust Lomé III and raise by around 10% the decisions rate under Lomé IV. The decision rate under Lomé IV is also linked to the decision on the project in aid of the industrial sector, which will be taken only after the government has defined a strategy for the development of this sector. The "Hospitality Institute" project is progressing well and is on schedule.

Belize

	6th EDF		7th EDF	
ENVELOPE	8.00		9.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	7.98	99.8 %	8.99	99.9 %
Commitments	7.65	95.5 %	8.72	96.9 %
Payments	7.35	91.9 %	7.23	80.3 %
Annual figures '94	Amount		Amount	
Decisions		0.03		0.28
Commitments		0.30		0.06
Payments		0.64		3.15

Most of Belize's Lomé IV NIP is financing two projects which began under the 6th EDF; the "Hummingbird Highway" road project (ECU 4.4 million) and the "New Belize City Hospital" (ECU 4.2 million). The hospital's equipment has been installed and its official opening should take place before summer 1995.

New projects in 1994 concerned support for refugees and local communities (ECU 0.5 million) aimed at promoting their social and economic integration and the financing of a study of Mayan civilization in the country. This last project is part of a regional initiative aimed at developing historical sites and tourism.

Benin

	6th EDF		7th EDF	
ENVELOPE	89.50		83.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	89.46	100.0 %	71.42	86.0 %
Commitments	86.92	97.1 %	9.37	11.3 %
Payments	82.40	92.1 %	6.34	7.6 %
Annual figures '94	Amount		Amount	
Decisions		0.05		11.05
Commitments		1.01		3.62
Payments		4.26		1.84

Significant progress in cooperation was recorded between the European Union and Benin and almost all the available programmed resources are now committed. Work under way is concentrated in the sectors of communications infrastructure (particularly tarmacked roads), public health and rural development. The structural adjustment programme has sectoral components which are linked to the focal areas of programmed aid.

Botswana

	6th EDF		7th EDF	
ENVELOPE	30.50		32.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	30.31	99.4 %	15.20	47.5 %
Commitments	21.94	71.9 %	5.21	16.3 %
Payments	17.79	58.3 %	2.92	9.1 %
Annual figures '94	Amount		Amount	
Decisions		0.02		1.33
Commitments		0.76		1.04
Payments		1.26		2.23

In spite of some delay in the launch and completion of projects and programmes, cooperation between the Community and Botswana continues to progress satisfactorily. Special importance has been attached, under both Lomé III and Lomé IV, to the conservation of wild flora and fauna in Botswana. A ECU 6.8 million project is being completed without any special difficulties in the north of the country. A similar ECU 6.4 million project covering the Centre and the South has been decided, and should be starting up shortly.

However, a forestry protection and development programme of ECU 3 million is having start-up problems, as is another ECU 2.4 million small livestock marketing project and a third project of ECU 3 million aimed at encouraging the development of agriculture in the North.

Other projects are finished or close to satisfactory completion, such as Kasane airport (ECU 6 million), support for the University (ECU 4.4 million), technical assistance to the Department of Water (ECU 1 million), the geophysical exploration of the Ghanzi-Chobe belt (ECU 1.6 million) and the micro-projects programme (ECU 1 million).

A tourism development project and a trade development project, each of around ECU 1.5 million, are being prepared and may profit from the changes in the political situation in

Southern Africa. Participation in the financing of the new Vocational Training School in Gaborone and the enlargement of the School of Mechanics (around ECU 15 million) is also at an advanced stage of preparation.

Burkina Faso

	6th EDF		7th EDF	
ENVELOPE	107.50		124.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	106.24	98.8 %	107.75	86.9 %
Commitments	93.71	87.2 %	38.58	31.1 %
Payments	79.47	73.9 %	24.90	20.1 %
Annual figures '94	Amount		Amount	
Decisions		0.28		32.22
Commitments		-3.25		12.94
Payments		11.02		3.04

In a calm political climate, with one of the economies which has responded best to devaluation, the implementation of Community cooperation, and particularly structural adjustment, is continuing well. This trend is not fully reflected, however, in payments for administrative reasons, some of which are linked to devaluation.

Burundi

	6th EDF		7th EDF	
ENVELOPE	108.00		112.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	108.00	100.0 %	56.25	50.2 %
Commitments	96.79	89.6 %	23.46	20.9 %
Payments	88.44	81.9 %	16.94	15.1 %
Annual figures '94	Amount		Amount	
Decisions		0.18		10.82
Commitments		2.22		3.74
Payments		5.11		9.47

Cooperation with Burundi in 1994 was marked by the political and social crisis which followed the events of October 1993.

Against a background of political instability, with 200 000 Rwandan refugees and 580 000 victims within the national borders (with a further 600,000 Burundian refugees outside the country), the projects under way continued to function but new projects were put on hold with the exception of the regional rehabilitation programme approved in December 1994. The Burundian component of this programme (ECU 18 million) aims in particular to overcome the effects of the regional crisis on the social sectors and on the environment.

A retargeting of Community support at the macroeconomic level (GIP and STABEX) has also enabled a first instalment of emergency economic assistance to be made available to the Burundian government. This assistance, which was decided once the institutions had been restored at the beginning of October 1994, is intended to cover the most urgent budgetary problems in the spheres of health, education and economic infrastructure.

The outlook for 1995 is still uncertain given the political situation, which remained fragile at the 1994 year-end. However, given the results that Burundi achieved within the framework of the structural adjustment process, most of the donors and lenders are adopting an open and positive attitude to the country. It is in this same spirit that the Commission is intending to finalise a work programme for 1995 with the Burundian authorities.

Cameroon

	6th EDF		7th EDF	
ENVELOPE	101.00		110.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	100.97	100.0 %	56.74	51.6 %
Commitments	97.17	96.2 %	20.03	18.2 %
Payments	87.39	86.5 %	13.44	12.2 %
Annual figures '94	Amount		Amount	
Decisions		0.14		7.57
Commitments		4.93		7.95
Payments		6.84		8.18

Delays are largely due to the difficulties encountered in our relations with the former National Authorising Officer. The appointment, in July 1994, of a National Authorising Officer who is dynamic and open to dialogue has enabled a number of cases to be moved forward again, and this should be translated into a resumption of decision-making and payments in 1995.

Cape Verde

	6th EDF		7th EDF	
ENVELOPE	24.50		23.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	24.48	99.9 %	15.57	67.7 %
Commitments	23.86	97.4 %	7.49	32.6 %
Payments	21.54	87.9 %	0.76	3.3 %
Annual figures '94	Amount		Amount	
Decisions	0.00		7.28	
Commitments	1.53		7.01	
Payments	4.43		0.63	

After a relatively slow start, following major institutional changes as a result of the democratization process, the implementation of Lomé IV is gathering pace. Primary commitments have increased significantly over the past 18 months and should reach 80% in 1995. In spite of some delays, secondary commitments and payments should progress at a satisfactory rate.

Central African Republic

	6th EDF		7th EDF	
ENVELOPE	69.50		75.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	68.78	99.0 %	16.95	22.6 %
Commitments	65.66	94.5 %	0.98	1.3 %
Payments	61.81	88.9 %	0.78	1.0 %
Annual figures '94	Amount		Amount	
Decisions	0.00		0.69	
Commitments	-0.17		0.15	
Payments	3.18		0.29	

This LDC suffers from chronic under-administration which, despite reduced staffing levels our Delegation is endeavouring to overcome. Commitments under the 7th EDF NIP have

experienced long delays by reason of the vagaries of the democratization process and the time needed for those in charge to get a grip on matters.

Chad

	6th EDF		7th EDF	
ENVELOPE	89.00		101.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	88.99	100.0 %	69.75	68.7 %
Commitments	74.91	84.2 %	24.20	23.8 %
Payments	68.61	77.1 %	7.22	7.1 %
Annual figures '94	Amount		Amount	
Decisions		-0.01		6.32
Commitments		8.20		20.02
Payments		10.92		5.94

Primary commitments are at a satisfactory level but payments are very slow, due to the fact that there were tendering difficulties for some of the important programmes in 1994. A solution was found, however, which is going to speed up payments in 1995.

Comoros Islands

	6th EDF		7th EDF	
ENVELOPE	20.50		22.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	20.38	99.4 %	14.90	67.7 %
Commitments	20.34	99.2 %	2.95	13.4 %
Payments	18.96	92.5 %	1.12	5.1 %
Annual figures '94	Amount		Amount	
Decisions		-0.04		7.33
Commitments		1.04		1.51
Payments		1.55		1.08

In 1994 Comoros made progress in carrying out the macroeconomic reforms provided for in the

Structural Adjustment Programme, in particular the privatization of public undertakings and the reform of the civil service. The 33% devaluation of the Comoro franc was followed by 20% inflation but it also increased competitiveness, particularly of export crops.

Cooperation under Lomé IV saw the commencement of the project for the promotion and development of small businesses and approval of the food-crop and seed-support project (ECU 5.4 million).

Congo

	6th EDF		7th EDF	
ENVELOPE	48.00		51.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	48.00	100.0 %	30.96	60.7 %
Commitments	37.21	77.5 %	7.69	15.1 %
Payments	26.72	55.7 %	0.10	0.2 %
Annual figures '94	Amount		Amount	
Decisions	0.00		11.23	
Commitments	9.51		7.61	
Payments	7.65		0.07	

Congo has experienced serious internal political difficulties, which have even led to fatal clashes in Brazzaville. Since the beginning of 1994 calm has returned to the capital but the government has shown itself incapable of meeting its commitments in sectoral policy matters - the main reason for an extremely low 7th EDF NIP payment rate (<<1%!)). This is why, for example, the support project for small and medium-sized enterprises (SME) (ECU 9 million from the 7th EDF NIP), decided in December 1992, is still not off the ground.

Côte d'Ivoire

	6th EDF		7th EDF	
ENVELOPE	82.00		90.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	81.87	99.8 %	67.12	74.6 %
Commitments	79.06	96.4 %	16.94	18.8 %
Payments	73.48	89.6 %	4.06	4.5 %
Annual figures '94	Amount		Amount	
Decisions		-0.15		11.15
Commitments		0.79		10.22
Payments		1.44		3.12

The decision to devalue the CFA franc has enabled structural adjustment support to be continued and a third general import programme (ECU 28.8 million) to be launched. Moreover, the approval of a number of programmes has raised the commitment rate of the 7th EDF NIP to 75% and cooperation continues in a satisfactory manner. Implementation of the 1992 STABEX framework of mutual obligations (ECU 66.8 million), which is focused on the coffee and cocoa sector has started.

Djibouti

	6th EDF		7th EDF	
ENVELOPE	16.00		17.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	15.98	99.9 %	13.77	78.7 %
Commitments	15.11	94.4 %	4.65	26.6 %
Payments	13.04	81.5 %	2.05	11.7 %
Annual figures '94	Amount		Amount	
Decisions		0.00		1.04
Commitments		-0.76		1.72
Payments		0.36		1.59

Djibouti was accorded under the 7th EDF grant aid totalling ECU 17.5 million and risk capital of ECU 2.5 million: ECU 13.77 million have been decided, a decision rate of $\pm 79\%$. The increase on 1993 is slight (5.9%) because of the civil unrest which is disrupting the implementation of projects already under way or about to start up.

As in 1993, the government is continuing in 1995 to administer what is essentially a war economy, which has jeopardized its ability to finance the accompanying measures for the EDF projects for which it alone could take responsibility.

The second phase of the urban development programme (ECU 8.75 million), which was decided in 1992, is still held up. However, an agreement has been reached with the local authorities: following their support for Phase I of the project (6th EDF), the invitations to tender will be issued at the beginning of 1995.

Following the peace agreement of 26 December 1994 between the government and part of the rebel movement, an improvement in the implementation of the cooperation in this country is expected.

Dominica

	6th EDF		7th EDF	
ENVELOPE	6.00		5.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	6.00	100.0 %	0.84	15.3 %
Commitments	5.96	99.3 %	0.14	2.5 %
Payments	5.71	95.2 %	0.00	0.0 %
Annual figures '94	Amount		Amount	
Decisions		0.00		0.67
Commitments		0.00		0.03
Payments		0.00		0.00

At 31 December 94, 100% of the envelope was committed and the payment rate is also satisfactory (95%). Operations have mainly involved the road infrastructure sector.

Under Lomé IV, ECU 5.5 million (grants) and ECU 1 million (risk capital) have been enveloped to this country, with structural adjustment support of ECU 2.2 million: 40% of the Lomé IV NIP envelope (ECU 2.2 million) will be used to finance part of the agricultural diversification programme, including the structural adjustment facility and Stabex transfers. A financing proposal

for ECU 572 000 (micro-projects programme) was approved in 1994.

Dominican Republic

	6th EDF		7th EDF	
ENVELOPE	—		85.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	---	---	52.77	62.1 %
Commitments	---	---	24.14	28.4 %
Payments	---	---	11.68	13.7 %
Annual figures '94	Amount		Amount	
Decisions	---		2.94	
Commitments	---		14.00	
Payments	---		2.16	

The first NIP (ECU 85 million, plus ECU 13.5 million in structural investment funds) was signed on 6 December 1991. At the end of 1993, the country's primary commitments stood at almost 60% of the NIP. The Structural Adjustment Facility (ECU 23.0 million), and non-programmed aid (Sysmin ECU 23.0 million), were also totally committed.

The second sectoral import programme (SIP) for petroleum products (ECU 9.5 million), approved in October 1993, was completed in 1994 on schedule (March 1994). This SIP generated DOP 132.3 million in counterpart funds, which will be utilized, according to the terms of a Protocol signed by the Government of the Dominican Republic and the Commission in September 1993, in order to cover budgeted non-recurring expenditure in 1994 and 1995 in the sectors of education (30%), health (40%) and water conveyance (30%). The use of the CPF was evaluated in November/December 1994.

For the rest, 1994 was basically devoted to the implementation of three important programmes already approved: "North-West Line Integrated Rural Development Programme" (ECU 23.61 million), "Integrated Development Programme of Primary Education at the Local Level" (ECU 7.0 million) and "Integrated Health Programme in the South Western Region" (ECU 8.8 million). The implementation of these three programmes began in the middle of 1994. The first months were spent installing technical assistance personnel and the commencement of the first operations planned in the relevant Financing Agreements.

Two new low-cast programmes were approved by the Commission: "Puerto Plata" Provincial

Development Programme (ECU 1.4 million) and the Parks Conservation Programme (ECU 0.75 million). Moreover, appraisal of the "Los Toros" hydroelectric project ran into some difficulties with respect to the drafting of documents for invitations to tender. Additional work will have to be carried out and the project could not be presented to the EDF committee in 1994. Appraisal of the "Support Programme for the Private Sector" was completed in October 1994 and a financing proposal will be put to the EDF Committee during the first six months of 1995.

With regard to non-programmed aid, the implementation of the Sysmin "Geological and Mining Development Programme" (ECU 23 million) began with the completion in 1994 of two studies, the objectives of which were, respectively, the drafting of invitation-to-tender dossiers for the installation of the Technical Management Unit specified in the programme, and the drafting of those for one of the programme's priority projects the "Aerial Geophysical Survey". Appraisal of other projects of lesser importance also started in 1994; they include a possible project relating to the fight against AIDS and a low-cost project to fight against drugs.

In view of the above, cooperation in 1994 saw progress as regards secondary commitments and payments. Primary commitments made very slow progress owing to a lengthy and difficult electoral campaign (March to July 1994), the administrative changes which occurred subsequently (the appointment of a new National Authorising Officer in August 1994) and, above all, the difficulties encountered in the appraisal of the Los Toros Hydroelectric Project (ECU 28 million and 33% of the NIP).

At the end of the year, primary and secondary commitments, and payments stood at 62%, 18% and 12% respectively of the NIP, rising to 73%, 38% and 34% taking into account the SAF.

Equatorial Guinea

	6th EDF		7th EDF	
ENVELOPE	12.00		12.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	11.95	99.6 %	5.51	44.1 %
Commitments	6.32	52.7 %	0.44	3.5 %
Payments	6.00	50.0 %	0.36	2.9 %
Annual figures '94	Amount		Amount	
Decisions		0.00		0.00
Commitments		0.18		0.00
Payments		0.36		0.15

The difficulties encountered in the democratization process in this country have prevented the implementation in 1994 of projects under the 7th EDF NIP that had already been approved or were still under appraisal. A degree of liberalization of the political regime has become apparent recently, which gives some hope for a relaunch of financial and technical cooperation in 1995.

Eritrea

	6th EDF		7th EDF	
ENVELOPE	--		35.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	--	--	0.00	0.0 %
Commitments	--	--	0.00	0.0 %
Payments	--	--	0.00	0.0 %
Annual figures '94	Amount		Amount	
Decisions	--		0.00	
Commitments	--		0.00	
Payments	--		0.00	

Following its declaration of independence and the agreement of the ACP-EEC Council of Ministers, Eritrea, on 22 October 1993, formally became the 70th ACP signatory to the Lomé Convention. A financing agreement for implementing a programme for reconstruction and economic recovery was signed in January 1993. Following the agreement with the Ethiopian government, the envelope of ECU 20 million was drawn from the Ethiopian NIP (7th EDF). At the end of 1994 the payment rate of the programme was approaching 31%, but an increase is likely during 1995, as a consequence of a better knowledge of Community aid procedures on the part of the local government.

In January 1994, ECU 35 million were enveloped to Eritrea by way of programmed aid under the 7th EDF. The corresponding NIP was signed on 22 May 1994 and is focused on rehabilitation infrastructure.

Ethiopia

	6th EDF		7th EDF	
ENVELOPE	210.00		225.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	209.97	100.0 %	63.39	28.2 %
Commitments	152.87	72.8 %	42.76	19.0 %
Payments	133.49	63.6 %	32.99	14.7 %
Annual figures '94	Amount		Amount	
Decisions		0.36		10.49
Commitments		5.14		8.92
Payments		9.57		15.78

Ethiopia's Lomé IV NIP was re-negotiated in 1992, following the 1991 political changes. The envelope for the revised NIP, signed in March 1992, was ECU 265 million: ECU 225 million in grants and ECU 40 million in risk capital managed by the EIB. Of that, ECU 20 million were used to finance the reconstruction and economic recovery programme for Eritrea, but still considered within Ethiopia's NIP.

Ethiopia has embarked on a major programme of reforms, which, during its second phase 1993/94 to 1995/96, will include, *inter alia*, a reform of the taxation system, the promotion of public expenditure and a restriction of monetary growth. Substantial support of ECU 77.3 million is offered under Lomé IV by way of the structural adjustment facility. This country was selected for the implementation of the poverty programme.

In addition, in response to the findings of the Development Council of 25 May 1993, ECU 11 million were granted for a special short-term rehabilitation initiative for persons who are vulnerable as to their basic needs.

The worsening of the food situation following of drought throughout the country, have led the Commission in recent months to approve supplementary food aid of 92 metric tonnes of cereals, which, when added to the other aid granted in the course of the year, brings total aid in 1994 to 280 metric tonnes.

Fiji

	6th EDF		7th EDF	
ENVELOPE	20.00		22.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	17.77	88.9 %	11.66	53.0 %
Commitments	11.11	55.6 %	1.69	7.7 %
Payments	9.33	46.7 %	0.80	3.6 %
Annual figures '94	Amount		Amount	
Decisions		-0.04		10.40
Commitments		-0.87		1.61
Payments		1.19		0.76

The priorities of the Lomé IV NIP are rural development and social infrastructure. As a result of the cyclone which ravaged the country in January 1993 and for which emergency assistance of ECU 1 million was granted, the implementation of the NIP began in 1993/94 with the funding of two large and two medium-sized bridges. Rural development, health and training projects are to follow. The EIB began its operations with the funding of a maintenance centre for Nadir airport.

Gabon

	6th EDF		7th EDF	
ENVELOPE	26.00		29.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	25.87	99.5 %	20.37	70.2 %
Commitments	23.55	90.6 %	9.02	31.1 %
Payments	21.27	81.8 %	8.61	29.7 %
Annual figures '94	Amount		Amount	
Decisions		0.00		8.52
Commitments		4.30		8.70
Payments		4.61		8.59

While the level of commitments is relatively satisfactory, payments are being held up by the non-observance by the government of undertakings in matters of sectoral policy with respect to the major support programme in the health sector (ECU 11 million).

Gambia

	6th EDF		7th EDF	
ENVELOPE	21.00		21.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	20.87	99.4 %	19.08	90.9 %
Commitments	19.87	94.6 %	14.99	71.4 %
Payments	18.60	88.6 %	11.56	55.0 %
Annual figures '94	Amount		Amount	
Decisions		-0.13		0.82
Commitments		0.57		3.18
Payments		1.25		4.71

The level of primary commitments is satisfactory. But, after the coup d'état of 22 July 1994, the European Union took the decision to suspend balance-of-payments aid and examine each programme with an eye to the assistance it gives to the poorest members of the population. This has already caused a slowdown in commitments and payments. This could continue in 1995 for as long as there is no positive political development.

Ghana

	6th EDF		7th EDF	
ENVELOPE	97.50		105.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	77.95	79.9 %	25.32	24.1 %
Commitments	56.70	58.2 %	15.28	14.6 %
Payments	49.74	51.0 %	12.97	12.4 %
Annual figures '94	Amount		Amount	
Decisions		-0.37		5.86
Commitments		6.25		1.16
Payments		7.94		1.67

During the first years of the implementation of Lomé IV cooperation with Ghana was not trouble-free, mainly because of difficulties in the transport sector. In the meantime, solutions have been found to these problems and the rate of commitment of programmed resources (around 20% of ECU 105 million at the end of 1994) will rise rapidly as long as the preparatory work for the programmes is completed within the stipulated time limits. Some delays have also been recorded in the disbursement of special resources for structural adjustment.

Grenada

	6th EDF		7th EDF	
ENVELOPE	5.50		6.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	5.48	99.6 %	6.50	100.0 %
Commitments	5.44	98.9 %	4.90	75.4 %
Payments	5.34	97.1 %	3.22	49.5 %
Annual figures '94	Amount		Amount	
Decisions	-0.02		2.00	
Commitments	-0.03		2.92	
Payments	0.21		2.46	

In 1994 cooperation with Grenada was very satisfactory.

After a slow start in 1993, the structural adjustment programme (ECU 2 million) was almost entirely completed at the end of 1994.

A road rehabilitation scheme financed by a supplementary grant (ECU 2 million) from the NIP (ECU 4.5 million) was approved in June 1994. Work will commence at the beginning of 1995. The "Learning Resource Centre" of "T. A. Marryshow Community College" was opened; this is a regional project for higher education in the Eastern Caribbean.

Implementation of an important infrastructure project - the Farm Roads Rehabilitation Project - delayed by reason of non-delivery of equipment, has speeded up and completion is planned during 1995. In 1994 the tourism sector profited from the opening of the "Levera National Park Visitors Centre", and the start of the "Tourism Product Enhancement Programme" project.

Two Stabex transfers (covering 1992 and 1993) were approved in 1994, for an amount of ECU 4.6 million.

At the end of the year, the total enveloped from Lomé IV funds (NIP, SAF, Stabex) was ECU 16.97 million.

Guinea

	6th EDF		7th EDF	
ENVELOPE	114.00		115.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	113.93	99.9 %	105.22	91.5 %
Commitments	111.31	97.6 %	51.06	44.4 %
Payments	103.75	91.0 %	14.63	12.7 %
Annual figures '94	Amount		Amount	
Decisions		0.17		2.81
Commitments		0.18		19.62
Payments		7.92		12.69

With a commitment rate of more than 90% of programmed resources (ECU 115 million) at the end of 1994, financial and technical cooperation continues to proceed at a satisfactory rate in spite of some delay in payments, which are mainly caused by the technical difficulties of implementing the road infrastructure programme.

The first tranche of structural adjustment aid (ECU 14 million) has been entirely disbursed and the envelope of a second is proceeding. EIB loans from risk capital (ECU 42 million) and own resources (ECU 15 million) easily exceeded the guideline targets set in programming.

Guinea is eligible for Sysmin resources and preparation of an integrated programme of projects (of economic diversification) is under way.

Guinea-Bissau

	6th EDF		7th EDF	
ENVELOPE	37.50		37.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	37.49	100.0 %	13.10	35.4 %
Commitments	30.84	82.2 %	4.13	11.2 %
Payments	24.54	65.4 %	2.69	7.3 %
Annual figures '94	Amount		Amount	
Decisions		0.00		4.03
Commitments		4.69		0.99
Payments		4.63		1.34

The reorganization of the Lomé IV NIP (ECU 37 million) in aid of the infrastructure sector which was decided in 1994 in order to avoid the institutional obstacles remaining in the social sectors, should raise the commitment rate of programmed resources appreciably (around 30% at the end of 1994). The country's sustained progress within the framework of the structural investment programme under way since 1992, plus the successful holding of parliamentary and presidential election in July/August 1994, give grounds for an optimism regarding future cooperation within the framework of sectoral policies.

Guyana

	6th EDF		7th EDF	
ENVELOPE	22.10		26.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	21.39	96.8 %	25.96	99.8 %
Commitments	20.93	94.7 %	17.25	66.3 %
Payments	20.61	93.3 %	1.90	7.3 %
Annual figures '94	Amount		Amount	
Decisions		0.17		0.45
Commitments		0.14		16.99
Payments		0.42		1.89

Under the Lomé III NIP, 90% of programmed resources were envelated to the economic infrastructure sector with the aim of removing the obstacles to increased production, particularly by rehabilitating the infrastructure network.

Under the first financial protocol of Lomé IV, ECU 26 million were envelated in programmed resources and 4.5 million in structural adjustment aid. The financial and technical cooperation of the European Union is concentrated on the consolidation of projects funded under previous Lomé conventions, viz. the restoration of the economic and social infrastructure.

The increased capacity to use external aid, combined with the local government's determination to implement projects and programmes under Lomé, justify the grant of ECU 6 million by way of programmed aid reserves.

Activities in 1994 involved the continuance of technical assistance to the Management Unit of the Programme for the rehabilitation of the sea defences (ECU 0.75 million), aid to the private sector (ECU 0.25 million), and the signing of several contracts: sea defences (ECU 12 million), Demerara harbour bridge (ECU 0.6 million), and New Amsterdam water supply scheme (ECU 4.5 million). Projects and programmes to be financed under the 8th EDF have been identified.

In June 1994 the second general import programme (ECU 2 million) within the framework of structural adjustment support was approved.

Haiti

	6th EDF		7th EDF	
ENVELOPE	—		106.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	--	--	25.01	23.6 %
Commitments	--	--	0.00	0.0 %
Payments	--	--	0.00	0.0 %
Annual figures '94	Amount		Amount	
Decisions		--		25.01
Commitments		--		0.00
Payments		--		0.00

Haiti, one of the more recent signatories to the Lomé Convention, has never been able, given the political events of the last 3 years, to benefit from EDF funds for development cooperation projects.

Nevertheless, during this period the country has been able to benefit from various forms of aid under the headings of emergency assistance (decisions totalling ECU 18 million in 1994), food aid (ECU 8 million), NGO co-financing, the fight against AIDS, and human rights and democracy.

On 30 November 1994, i.e. 6 weeks after the return of President Aristide, the National Indicative Programme was co-signed by the Haitian Government and the Commission. From a total package of ECU 120 million (ECU 106 million in grants and ECU 14 million in risk capital managed by the EIB), two rehabilitation programmes, in infrastructure (ECU 25 million) and energy (ECU 16 million) sectors, have already been financed.

Stabex funds (ECU 25 million) have been transferred and will be used for the rehabilitation of infrastructure and rural facilities, and of the coffee-cocoa-essential oils sectors. Substantial aid for structural adjustment is also planned.

In addition, as in the past, Haiti will also qualify for various kinds of financial aid under the usual budgetary headings: rehabilitation, refugees (Article 255), AIDS, decentralized cooperation, NGO co-financing, democracy and human rights, etc.

Jamaica

	6th EDF		7th EDF	
ENVELOPE	40.20		46.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	40.02	99.6 %	45.88	99.7 %
Commitments	34.71	86.3 %	15.19	33.0 %
Payments	32.70	81.3 %	2.64	5.7 %
Annual figures '94	Amount		Amount	
Decisions		-0.14		6.39
Commitments		0.88		11.14
Payments		4.01		1.84

In December 1994, the EDF Committee approved two projects, which brought the decision rate at the end of the year up to 100%. One project (ECU 3 million), following agreement between the National Water Company and a foreign company, aims to reorganise the water-supply system and management and, in the long term, privatize the local company. The second project (ECU 5 million) aims to improve Morant farmers' agricultural techniques, and production capacity and care for the environment and natural resources. This project should also prevent rural drift towards the urban

areas, where there is a high rate of unemployment.

The low level of payments in 1994 is attributable to the start-up difficulties of certain projects (credit for SMEs, a programme to attract European investment into the country, a roads programme, etc.), which were at a preliminary stage. However, a reverse trend was noted towards the year-end, which promises an increase in the payments rate during 1995.

The general import programme financed with NIP and structural adjustment resources was revised (ECU 8.4 million). The counterpart funds generated will be used in the health and education sectors.

The Lomé III sectoral import programme was completed and the rural water-supply project was continued successfully.

Kenya

	6th EDF		7th EDF	
ENVELOPE	135.00		140.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	131.10	97.1 %	29.31	20.9 %
Commitments	104.04	77.1 %	17.98	12.8 %
Payments	92.59	68.6 %	8.08	5.8 %
Annual figures '94	Amount		Amount	
Decisions		0.00		3.55
Commitments		2.84		6.34
Payments		5.81		6.77

The implementation of cooperation projects with Kenya remained in a state of crisis during the past year, which led to a very low level of decisions. Implementation of programmes under way continued, but with some difficulty. The structural adjustment programme has been suspended since 1991 for political reasons, as does the implementation of the frameworks of mutual obligations for Stabex programmes (1991, 1992 and 1993). However, there are prospects for improvement in 1995.

Kiribati

	6th EDF		7th EDF	
ENVELOPE	6.50		6.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	6.45	99.2 %	2.37	39.5 %
Commitments	6.41	98.6 %	1.16	19.3 %
Payments	52.7	81.1 %	0.84	14.0 %
Annual figures '94	Amount		Amount	
Decisions		-0.05		1.48
Commitments		0.02		0.37
Payments		0.27		0.57

Kiribati has ECU 6 million available under the Lomé IV NIP, plus ECU 1 million in EIB risk capital. Under Lomé IV, the focal sectors of aid are improved exploitation of natural resources, transport and communications, and training. In addition, since Lomé I, this country has received Stabex transfers totalling ECU 7 million, ECU 0.625 million of which was during the first four years of the implementation of Lomé IV.

Lesotho

	6th EDF		7th EDF	
ENVELOPE	41.50		42.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	41.46	99.9 %	37.02	87.1 %
Commitments	40.72	98.1 %	30.42	71.6 %
Payments	37.12	89.4 %	16.13	38.0 %
Annual figures '94	Amount		Amount	
Decisions		0.00		2.00
Commitments		0.95		14.78
Payments		1.95		9.09

Cooperation with Lesotho is focused on the Muela Hydroelectric Power Station project, which absorbs around 80% of the Lomé IV NIP envelope. This project, which is co-financed by the EU, EIB and the Development Bank of Southern Africa (DBSA), is now up and running after the delays noted in 1993.

There were problems in 1994 concerning the withdrawal of the funds from the ADB for the contract for work in the sub-soil. The company responsible, LHDA is trying to find an alternative, which is probably less suitable and will weaken the financial feasibility of the project.

The last four months of 1994 were marked by the absence of rain. This has led to a drought situation comparable to that of 1992/93, necessitating a stepping-up of food aid to the most vulnerable people in the rural areas.

Liberia

	6th EDF		7th EDF	
ENVELOPE	45.00		50.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	44.50	98.9 %	0.00	0.0 %
Commitments	11.54	25.6 %	0.00	0.0 %
Payments	7.66	17.0 %	0.00	0.0 %
Annual figures '94	Amount		Amount	
Decisions	13.17		0.00	
Commitments	0.42		0.00	
Payments	0.04		0.00	

Since the hostilities broke out in this country 4 years ago, normal economic activity has largely come to a standstill. Community cooperation, although substantial in financial terms (more than ECU 150 million since 1990), has consisted almost exclusively of humanitarian aid (food aid, emergency assistance and aid to refugees).

Thus aid was channelled through NGOs. A rehabilitation programme (ECU 25 million) was launched in March 1994. More than ECU 100 million in programmed aid (Lomé III and Lomé IV) remain blocked.

Madagascar

	6th EDF		7th EDF	
ENVELOPE	125.00		130.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	116.26	93.0 %	96.22	74.0 %
Commitments	81.13	64.9 %	7.24	5.6 %
Payments	70.92	56.7 %	1.67	1.3 %
Annual figures '94	Amount		Amount	
Decisions		16.41		95.03
Commitments		7.10		7.18
Payments		6.10		1.16

In spite of the rather unsatisfactory political environment, nearly ECU 100 million were committed this year. Of this ECU 16.4 million were committed to the rehabilitation of secondary airports, which brought the Lomé III NIP commitment up to 93%.

A rehabilitation programme under Article 257 of the Lomé IV Convention, following large-scale cyclone damage in February and March 1994, plus a roads infrastructure rehabilitation programme of ECU 72.5 million raised the Lomé IV NIP commitment rate to 73.5%.

However, the roads infrastructure programme has been suspended at the invitation-to-tender stage, as the conditions and undertakings agreed to by the government were not complied with. This will affect Lomé IV NIP secondary commitments and payments should therefore suffer as a result of this.

Malawi

	6th EDF		7th EDF	
ENVELOPE	114.50		121.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	103.59	90.5 %	26.46	21.9 %
Commitments	95.89	83.7 %	15.26	12.6 %
Payments	93.24	87.4 %	11.84	9.8 %
Annual figures '94	Amount		Amount	
Decisions	0.39		10.70	
Commitments	0.62		11.57	
Payments	1.31		10.72	

Cooperation with Malawi resumed in July 1993, but implementation of the NIP was characterized by a 14-month period of "cold aid" due, *inter alia*, to a lack of efficiency in the local administration during the political transitional. Consequently, only two-thirds of the NIP funds (structural adjustment included) have been enveloped.

The structural adjustment programme (ECU 30.6 million, including ECU 10 million from the NIP) for the period 1993/94 is nearly complete. The new programme will be implemented provided that progress is made in the fight against corruption and fraud, and in controlling budgetary expenditure.

In March 1995, a financing proposal for the "Limbe-Thyolo-Muloza" road project will be presented to the EDF Committee and the work will then start as quickly as possible. Emergency assistance was proved necessary but the implementation of such operations has upset the proper start-up and progress of long-term projects.

Mali

	6th EDF		7th EDF	
ENVELOPE	137.00		136.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	136.97	100.0 %	115.08	84.6 %
Commitments	125.78	91.8 %	50.14	36.9 %
Payments	118.09	86.2 %	34.53	25.4 %
Annual figures '94	Amount		Amount	
Decisions		0.06		47.70
Commitments		7.66		18.32
Payments		16.77		8.80

In 1994 the Malian government made a great effort to turn the economy around. The situation thus improved in spite of the resurgence of social and political tensions among the different communities of the Northern regions of Mali. Financial and technical cooperation progressed in a satisfactory manner with, in particular, new commitments in important fields or sectors: support for the decentralization programme and for the road maintenance programme. At the end of 1994, the NIP commitment rate was thus up to around 84%, including ECU 37 million for the roads programme.

Mauritania

	6th EDF		7th EDF	
ENVELOPE	61.50		61.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	61.48	100.0 %	41.65	68.3 %
Commitments	56.07	91.2 %	27.80	45.6 %
Payments	47.77	77.7 %	16.27	26.7 %
Annual figures '94	Amount		Amount	
Decisions		0.00		6.14
Commitments		1.46		7.22
Payments		9.12		9.55

The implementation of the Lomé IV NIP - which is focused on roads infrastructure and rural development - is proceeding at a satisfactory rate.

Major problems exist in the fisheries sector, where a lack of structural reforms is blocking the proper utilization of Stabex resources. Nevertheless, negotiations are in progress in order to break this deadlock.

With regard to structural adjustment support, the total envelope of ECU 19.95 million was settled at the end of 1994.

Mauritius

	6th EDF		7th EDF	
ENVELOPE	31.00		34.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	30.03	96.9 %	19.58	57.6 %
Commitments	24.84	80.1 %	11.83	34.8 %
Payments	20.48	66.1 %	4.34	12.8 %
Annual figures '94	Amount		Amount	
Decisions		2.56		3.90
Commitments		0.55		5.76
Payments		1.59		4.12

Mauritius was affected in 1994 by Cyclone Hollanda, which struck the country in February and caused significant damage.

Economic growth, which had been estimated at 7% before the cyclone, was revised to 5%. As regards external relations, Mauritius became vice-president of the Council of the OAU and applied for membership of SADC.

Mozambique

	6th EDF		7th EDF	
ENVELOPE	160.00		154.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	154.33	96.5 %	116.73	75.8 %
Commitments	136.48	85.3 %	63.16	41.0 %
Payments	118.90	74.3 %	31.48	20.4 %
Annual figures '94	Amount		Amount	
Decisions	0.39		16.99	
Commitments	9.16		55.97	
Payments	2.98		29.74	

1994 marks a turning-point in the history of Mozambique, with the holding of presidential and parliament elections in October. These elections are the outcome of the peace process initiated in October 1992, since which date an effective cease-fire has been maintained. For this reason, EEC-Mozambique cooperation was characterized by a reduction in emergency programmes and by the implementation of Lomé IV commitments with respect to rehabilitation, and, above all, the elections.

The Lomé III NIP is 96% committed and most of the projects are on the way to completion. The agricultural projects, which were considerably disrupted during the war, are being reactivated. The Lomé IV NIP is more than 75% committed. The major rehabilitation programmes decided in 1993 have been implemented while the preparation, organization and holding of elections called on everybody's energies and on large financial resources.

The Commission, for its part, made a crucial contribution of more than ECU 27.4 million for these events, including 22 million from the NIP. Preparatory work on future projects also got under way and should lead to important projects in the areas of health, transport and energy.

As the elections went off well, it is safe to predict that the NIP will be exhausted in 1995, and programming of the second financial protocol wholly directed towards economic and social rehabilitation and development.

Namibia

	6th EDF		7th EDF	
ENVELOPE	---		45.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	---	---	30.81	68.5 %
Commitments	---	---	12.21	27.1 %
Payments	---	---	4.64	10.3 %
Annual figures '94	Amount		Amount	
Decisions	---		8.41	
Commitments	---		5.98	
Payments	---		3.23	

The Namibian authorities are continuing to make strides forward in defining national development policies that will establish a well-defined framework for implementing Community initiatives. This clarity in objectives is also backed up by a greater familiarity on the part of local authorities with Community operational procedures.

In addition, the good political climate established after independence and the presidential elections contributes to ensuring a successful implementation of developing initiatives. The country's NIP contributes, in tandem with government initiatives, to the fight against poverty in the rural areas, and provides aid to persons who have difficulty in meeting their basic needs. Two large projects (47% of the NIP) were decided during the year: ECU 13.5 million for a project in the health sector and ECU 7.7 million for a rural development project.

These two projects have run into some difficulties, especially during the early stages, but an increased familiarity with EDF procedures has already improved matters.

Niger

	6th EDF		7th EDF	
ENVELOPE	122.00		124.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	121.74	99.8 %	104.29	83.8 %
Commitments	102.28	83.8 %	65.92	52.9 %
Payments	93.58	76.7 %	46.03	37.0 %
Annual figures '94	Amount		Amount	
Decisions		-0.12		42.18
Commitments		0.18		21.33
Payments		2.39		19.89

Niger is in very worrying economic and financial straits, which has led the Bretton Woods institutions to suspend their support. They are waiting for a clear indication from the new government (shortly to be formed), that it intends to get a grip on the situation.

Our cooperation is dependent on the slender capacity of the authorities to carry out their programmes with the result that, while commitments are relatively satisfactory, there are some hold-ups in payments.

Nigeria

	6th EDF		7th EDF	
ENVELOPE	213.50		365.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	213.34	99.9 %	146.25	40.1 %
Commitments	190.39	89.2 %	66.45	18.2 %
Payments	151.53	71.0 %	38.52	10.6 %
Annual figures '94	Amount		Amount	
Decisions		0.00		29.20
Commitments		26.85		20.69
Payments		33.73		19.43

In 1994 the country's economic situation deteriorated markedly, and this heightened still further by the political instability and the climate of insecurity prevailing in the country. Public services, including key sectors such as education and health, are in complete disarray.

Continuing abuses of human rights have led the Troika to take steps, leading to the formulation and approval, in September 1994, of guidelines of conduct for future cooperation with Nigeria, which henceforth will be geared more to the fight against poverty and to decentralized cooperation.

In spite of this worrying situation, payments (all resources taken together) made for various Community aid operations stood at some ECU 50 million. A new war against poverty project, which is to be carried out in Borno State, was approved in September.

Papua New Guinea (PNG)

	6th EDF		7th EDF	
ENVELOPE	34.50		40.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	33.79	97.9 %	36.13	90.3 %
Commitments	30.72	89.0 %	14.55	36.4 %
Payments	29.84	86.5 %	5.88	14.7 %
Annual figures '94	Amount		Amount	
Decisions		-0.57		6.97
Commitments		-0.46		6.81
Payments		1.26		1.32

The two sectors favoured by the Lomé IV NIP are the development of human resources and rural development. One of the main human-resource projects is focused on improving the educational infrastructure. In the second sector, environmental protection projects are under consideration. Stabex transfers under Lomé IV have reached ECU 72 million.

Rwanda

	6th EDF		7th EDF	
ENVELOPE	110.00		118.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	110.00	100.0 %	62.92	53.3 %
Commitments	102.85	93.5 %	14.06	11.9 %
Payments	79.69	72.4 %	3.46	2.9 %
Annual figures '94	Amount		Amount	
Decisions		0.00		39.00
Commitments		-0.39		7.18
Payments		8.88		2.95

For Rwanda 1994 was marked by political events which have seriously damaged its capacity for development. The massacres and the resumption of war in April 1994 led to a *de facto* suspension of cooperation.

The situation slowly normalized from July onwards with the establishment of a coalition government, which however, lacks any financial, technical or human resources.

In December 1994 an immediate rehabilitation programme costing ECU 67 million was the subject of a primary commitment decision. The programme comprises:

- Contingent of human rights observers: ECU 5 million
- Repair of Kigali airport: ECU 2 million
- Road damage repairs: ECU 3 million
- Rehabilitation of health and education systems: ECU 7 million
- Environment and park protection: ECU 4 million
- Special import programme: ECU 15 million
- Technical assistance for implementation of the programme: ECU 3 million
- Stabex - rehabilitation of the tea sector: ECU 20 million
- Counterpart funds for health and education: ECU 8 million.

Humanitarian aid for displaced populations and refugees in the region amounts to ECU 182 million, deployed by ECHO under Article 254 of the Convention from April 1994.

Two food-security programmes have been established in the region for a total amount of ECU 34.5 million.

A regional rehabilitation programme (ECU 47 million) for the countries affected by the Rwandan crisis has also been implemented.

St Kitts and Nevis

	6th EDF		7th EDF	
ENVELOPE	3.50		2.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	3.50	100.0 %	0.09	3.6 %
Commitments	2.58	73.7 %	0.05	2.0 %
Payments	2.57	73.4 %	0.01	0.4 %
Annual figures '94	Amount		Amount	
Decisions		0.47		0.03
Commitments		-0.05		0.03
Payments		0.03		0.00

Good progress was made in 1994 with the approval of the second phase of the Dieppe Bay Primary School (St Peter's Community Centre) infrastructure project, which led to a 100% decision rate under Lomé III.

Under Lomé IV, cooperation is focused on the areas of health and infrastructure; other intervention sectors are the development of human resources and regional programmes.

The level of secondary commitments as well as payments was quite low. This is mainly due to the preparation of the rehabilitation project in the health sector, which was deferred because of a disagreement between the Commission and PAHO/WHO over the terms of reference of the contract with PAHO, which was to prepare the feasibility study.

The study was completed and presented to the Commission, with a view to submission of a financing proposal at the end of 1995.

Saint Lucia

	6th EDF		7th EDF	
ENVELOPE	6.00		5.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	5.98	99.7 %	1.00	20.0 %
Commitments	5.14	85.7 %	0.96	19.2 %
Payments	5.10	85.0 %	0.21	4.2 %
Annual figures '94	Amount		Amount	
Decisions		0.00		0.00
Commitments		-0.08		0.39
Payments		0.75		0.21

Payments under Lomé III reached 85%: the first phase of the "Castries market" project was completed, and the second phase was 80% implemented.

The Lomé IV envelope is ECU 6.5 million: ECU 5 million in grants and ECU 1.5 million in risk capital managed by the EIB. The main cooperation sector is social infrastructure (health), for which 50% of the resources have been earmarked. The other important sector is agriculture, and rural development in general.

Although no decision was taken this year, the second phase of the "Mabouya Valley" project is likely to be decided in the first half of 1995. The generally low level of decisions is linked to the need to re-direct the NIP towards rehabilitation, following the tropical storm "Debbie".

Thus, ECU 1 million from the balance of non-assigned Lomé IV funds and ECU 0.8 million initially earmarked for the redevelopment of Roseau Valley have been mobilized to finance a reconstruction programme.

St Vincent and the Grenadines

	6th EDF		7th EDF	
ENVELOPE	7.00		5.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	6.99	99.9 %	3.78	75.6 %
Commitments	6.84	97.7 %	0.02	0.4 %
Payments	6.57	93.9 %	0.01	0.2 %
Annual figures '94	Amount		Amount	
Decisions	0.00		0.53	
Commitments	0.00		0.00	
Payments	0.00		0.00	

The low level of Lomé IV payments is linked to the revision of the "Mt Wynne/Peter's Hope Land Resettlement" project, of which responsibility for the major part was assumed by the Caribbean Development Bank (CDB). No proposal was put forward for the eco-tourism project or the Bequia School project.

The third phase of "Kingstown" Hospital (ECU 1 million) should be approved in the first quarter of 1995, which will bring the decision rate up to 93%.

Sao Tome and Principe

	6th EDF		7th EDF	
ENVELOPE	6.00		6.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	5.93	98.8 %	6.03	92.8 %
Commitments	5.47	91.2 %	3.31	50.9 %
Payments	5.47	91.2 %	2.69	41.4 %
Annual figures '94	Amount		Amount	
Decisions	-0.07		0.34	
Commitments	-0.46		1.63	
Payments	0.04		2.17	

This non-viable country depends for more than half of its GNP, on external aid that it is absorbing in a satisfactory manner, particularly in the focal area of 7th EDF NIP (economic and social infrastructure). The commitment rate (87.5%) is high, payments are satisfactory and will accelerate in 1995; our support for structural adjustment is being carried out at a satisfactory rate.

Senegal

	6th EDF		7th EDF	
ENVELOPE	108.50		112.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	108.50	100.0 %	109.72	98.0%
Commitments	106.01	97.7 %	36.83	32.9 %
Payments	96.95	89.4 %	17.08	15.3 %
Annual figures '94	Amount		Amount	
Decisions		0.00		18.52
Commitments		-0.22		19.48
Payments		5.40		12.37

Implementation of the Lomé III programme continued at a satisfactory pace in 1994. Secondary commitments at year-end reached 97% of the overall amount of the NIP, and payments 87%.

As regards Lomé IV primary commitments reached 95.6% of the indicative programme at year-end. Secondary commitments (31%) and payments (15.3%) are still at a low level because of delays in carrying out the roads programme (ECU 60 million).

Seychelles

	6th EDF		7th EDF	
ENVELOPE	6.20		4.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	6.16	99.4 %	3.47	77.1 %
Commitments	6.12	98.7 %	1.68	37.3 %
Payments	5.91	95.3 %	0.89	19.8 %
Annual figures '94	Amount		Amount	
Decisions		0.00		0.79
Commitments		0.15		0.74
Payments		0.56		0.13

The Seychelles have undergone an exemplary transition, over a very short period, from dictatorship to democracy. EU-Seychelles cooperation under Lomé IV saw the commencement of a project for the support of small businesses and the opening of a line of credit for the private sector. The Lomé IV NIP primary commitments rate is 77%.

Sierra Leone

	6th EDF		7th EDF	
ENVELOPE	65.50		77.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	64.67	98.7 %	61.13	79.4 %
Commitments	51.11	78.0 %	18.37	23.9 %
Payments	48.23	73.6 %	7.38	9.6 %
Annual figures '94	Amount		Amount	
Decisions		-0.24		21.30
Commitments		0.62		6.65
Payments		10.80		5.65

At the end of 1994 more than half of the programmed resources of Lomé IV (ECU 77 million) had been committed. Several new projects are in the process of being prepared, which could well produce a commitment rate of 100% of available resources by the end of 1995.

The structural adjustment programme piloted by the World Bank and the IMF, to which the Community has contributed ECU 12 million, had also given encouraging results.

However, the extension of rebel activity has led to the growing de-stabilization of ever-increasing parts of the country, which cannot fail to affect Community cooperation adversely.

Implementation of some of the projects/programmes in areas with security problems has had to be suspended and recent events are the source of serious concern as to the normal continuance of cooperation with this country.

Solomon Islands

	6th EDF		7th EDF	
ENVELOPE	17.00		19.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	16.19	95.2 %	12.66	66.6 %
Commitments	13.71	80.6 %	3.91	20.6 %
Payments	12.03	70.8 %	1.98	10.4 %
Annual figures '94	Amount		Amount	
Decisions	-0.50		8.89	
Commitments	0.42		2.94	
Payments	1.70		1.62	

Under Lomé IV, priority has been given to the rural sector. The NIP provides for a rural infrastructure programme and a roads programme in the rural areas of Guadalcanal, and contains aid for non-industrial fisheries.

Support is also given to the development of human resources through training centres in the rural areas.

Somalia

	6th EDF		7th EDF	
ENVELOPE	117.00		0.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	116.95	100.0 %	--	--
Commitments	91.47	78.2 %	--	--
Payments	79.24	67.7 %	--	--
Annual figures '94	Amount		Amount	
Decisions		36.24		--
Commitments		12.56		--
Payments		17.80		--

The Commission has systematically used the unexpended balances of the Lomé III and Lomé IV NIPs to finance emergency assistance and rehabilitation programmes.

ECHO is very active in this country (\pm ECU 8.3 million), providing the aerial support through the ECHO-flight system (cf. 5.4. Emergency Assistance).

The EU rehabilitation programme (ECU 38 million), adopted in January 1994, is aimed at stepping up reconstruction and rehabilitation efforts in areas of the country where there is greater stability or in which the local authorities are well integrated into the local community.

At the end of December 40 contracts had been concluded, mainly with European NGOs and UN agencies for a total of ECU 10 million.

Such contracts mainly concern the North-East and North-West, and the Shebelli, Awdal and Bari areas. The strategy aims to have a strong impact in the social sectors (education and health), as well as in the productive sectors (agriculture).

Sudan

	6th EDF		7th EDF	
ENVELOPE	145.00		142.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	83.21	57.4 %	0.00	--
Commitments	70.93	48.9 %	0.00	--
Payments	66.56	45.9 %	0.00	--
Annual figures '94	Amount		Amount	
Decisions		-11.72		0.00
Commitments		3.13		0.00
Payments		4.03		0.00

The Commission had previously informed the government of Sudan that the situation in the country does not permit dialogue on the programming of the Lomé IV NIP. The EU maintained this position in 1994.

Under Lomé IV the total sum available amounts to ECU 165 million: ECU 142 million in grants and ECU 23 million in risk capital managed by the EIB. In addition, non-programmed aid under the EDF, such as structural adjustment, Sysmin and Stabex (ECU 94 million from 1990, 1991, 1992 and 1993) remains suspended.

Projects under way under Lomé II and Lomé III continued their normal cycle until completion. The blocking of development aid is translated into financial terms as follows: ECU 260 million in respect of Stabex for 1990, 1991, 1992 and 1993, and the non-utilized balances of Lomé II, Lomé III and Lomé IV, and ECU 25 million in EIB risk capital.

The fighting in the south of the country continued throughout the whole of the past year. In the north, the population has had to face drought. These events necessitated the continuance of humanitarian assistance and food aid which, on the part of the EU, amounts to ECU 29 million and 19 000 m tonnes respectively.

Suriname

	6th EDF		7th EDF	
ENVELOPE	24.00		27.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	17.69	73.7 %	18.48	68.4 %
Commitments	15.58	64.9 %	0.18	0.7 %
Payments	12.98	54.1 %	0.00	0.0 %
Annual figures '94	Amount		Amount	
Decisions	-1.89		18.48	
Commitments	2.44		0.18	
Payments	1.51		0.00	

1994 marked an important stage in the implementation of the Lomé IV Convention in Surinam. The NIP was signed in April. An ECU 2 million microproject was decided in July and a roads rehabilitation project of ECU 19.7 million in December. The implementation of the structural adjustment programme that was finalized and adopted by the Surinam Parliament in 1992 was not sufficiently advanced to make the country eligible for adjustment support under Lomé IV.

Swaziland

	6th EDF		7th EDF	
ENVELOPE	25.50		25.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	25.31	99.3 %	22.50	90.0 %
Commitments	22.56	88.5 %	13.29	53.2 %
Payments	21.87	85.8 %	7.48	29.9 %
Annual figures '94	Amount		Amount	
Decisions	0.00		0.87	
Commitments	-0.26		1.97	
Payments	0.58		3.21	

The identification of projects and the primary commitment rate are both proceeding at a satisfactory

pace; on the other hand, the implementation of projects is less satisfactory.

The Community is supporting the government in the establishment of a system of education and in the agricultural and industrial sectors with a view to modernizing its economic system and helping this country to reduce its dependence upon South Africa.

The largest project (ECU 10 million - 40% of the NIP) is in the infrastructure sector (8 km of main road). It has encountered some difficulties which have delayed its completion by four months, entailing additional costs.

The main difficulties concern the expropriation of the land needed for the construction, strikes and amendments to the initial project.

Tanzania

	6th EDF		7th EDF	
ENVELOPE	176.50		166.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	176.41	99.9 %	117.49	70.8 %
Commitments	162.70	92.2 %	35.77	21.5 %
Payments	154.33	87.4 %	18.12	10.9 %
Annual figures '94	Amount		Amount	
Decisions		0.05		33.71
Commitments		4.85		19.19
Payments		12.00		15.77

At the end of 1994 Tanzania's Lomé III NIP was entirely committed and the Lomé IV NIP 70% committed. However, the payments rate fell by comparison with 1993: ECU 27 million as against ECU 50 million in 1993.

Structural adjustment spending reached the same level as the previous year (ECU 40 million), lower than expected because Tanzania did not continue its adjustment programme. Stabex transfers ECU 10 million were used to support the coffee sector.

Delays in the closure of four projects - "Mwanza Water Supply", "Mwanza-Nyanguge road", "Mbeya and Songea Soil Conservation" and "Iringa and Ruvuma Road maintenance" - meant that ECU 34 million were committed under the Lomé IV NIP, a lower sum than expected. The largest

component of this sum, ECU 16.6 million, comes from structural adjustment and, the special rehabilitation programme for the countries neighbouring on Rwanda and the programme of support for the electoral process.

The EU has actively responded to the needs of this country which has had to deal with an influx of Rwandans (600 000 persons) in the Kagera region along the frontier with Rwanda: ECU 25 million were envelated in emergency assistance through NGOs and United Nations Agencies, and 8 million ECU were envelated for the rehabilitation of the environment and the infrastructure damaged by the population movements.

Togo

	6th EDF		7th EDF	
ENVELOPE	61.50		68.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	60.93	99.1 %	23.46	34.5 %
Commitments	53.02	86.2 %	8.42	12.4 %
Payments	47.53	77.3 %	4.00	5.9 %
Annual figures '94	Amount		Amount	
Decisions		0.01		0.00
Commitments		3.56		1.17
Payments		3.95		2.89

Aid from all donors has been suspended since the end of 1992. Some progress towards democratization was made in 1994: elections to the legislature took place in February under acceptable conditions. The Commission expects to resume cooperation gradually with a view to improving the living conditions of the Tongolese people.

The conditions for a total resumption of cooperation have still not been met; delays are continuing in the establishment of all the institutions provided for in the Constitution, a satisfactory solution has still not been found to the refugee problem, human rights abuses continue...

The maintenance of cooperation projects and any future stepping-up of aid must be viewed in the light of clear signals on the part of the Government that is committed to the establishment of the rule of law, and of genuine progress in the direction.

Tonga

	6th EDF		7th EDF	
ENVELOPE	6.50		6.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	6.47	99.5 %	0.65	10.8 %
Commitments	3.30	50.8 %	0.17	2.8 %
Payments	2.74	42.2 %	0.02	0.3 %
Annual figures '94	Amount		Amount	
Decisions		0.00		0.63
Commitments		0.65		0.15
Payments		1.35		0.01

Lomé III aid was focused on port and basic infrastructure and on activities linked to fishing. Under the Lomé IV NIP, most aid is targeted on the Vava'u region in the form of an infrastructure project (sewerage, road repairs, water supply, plumbing, conservation of natural and historical sites, enhancement of the coasts) for the redevelopment of its capital.

A multiannual programme of microprojects (ECU 0.5 million) based on the participation of local communities will finance basic infrastructure in the rural areas.

Trinidad and Tobago

	6th EDF		7th EDF	
ENVELOPE	15.00		17.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	15.00	100.0 %	16.97	99.8 %
Commitments	6.12	40.8 %	3.84	22.6 %
Payments	5.59	37.3 %	0.42	2.5 %
Annual figures '94	Amount		Amount	
Decisions		2.18		5.13
Commitments		0.39		2.02
Payments		1.58		0.36

In 1994 both the Lomé III and Lomé IV NIPs were fully committed at primary level, even though at the beginning of 1993 neither the Lomé III funds (ECU 15 million) nor the Lomé IV funds (ECU 17 million) had been utilized, except for ECU 1.7 million for two projects under Lomé III. Cooperation is focused on three main areas: the building-up and expansion of infrastructure, economic and social development, and structural adjustment.

In the past year, seven projects were approved by the EDF Committee. For six of them, the financing proposal has already been signed.*

- * Macroeconomic and sectoral planning (ECU 0.7 million)
- * 2nd phase of the tourism sector project (ECU 1 million)
- * Structural adjustment (ECU 9.7 million)
- * Rehabilitation of roads (ECU 16 million)
- * Rural electrification (ECU 2 million)
- * Development of SMEs (ECU 2 million)
- * Agricultural training programme for young people (ECU 5 million)

Tuvalu

	6th EDF		7th EDF	
ENVELOPE	2.00		1.30	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	1.94	97.0 %	1.04	80.0 %
Commitments	1.20	60.0 %	0.99	76.2 %
Payments	1.02	51.0 %	0.14	10.8 %
Annual figures '94	Amount		Amount	
Decisions	0.04		0.04	
Commitments	0.76		0.89	
Payments	0.69		0.10	

The aid programme (ECU 5 million overall) was focused, under the first three Lomé Conventions on rural development and social infrastructure, and the environment. Rural development has been promoted by means of microprojects.

The resources of the Lomé IV NIP are being utilized to finance a fuel import programme. There is ECU 0.5 million for EIB risk-capital operations.

Uganda

	6th EDF		7th EDF	
ENVELOPE	133.00		145.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	132.94	100.0 %	131.45	90.7 %
Commitments	127.58	95.9 %	51.74	35.7 %
Payments	123.73	93.0 %	35.16	24.2%
Annual figures '94	Amount		Amount	
Decisions		-0.02		26.92
Commitments		0.33		14.79
Payments		4.89		14.30

As a result of the efforts undertaken by the Government since 1986 to re-establish peace and to restore the country's economy, but also very probably because of difficulties they encounter in the region, Uganda is enjoying growing popularity among Community donors. Administrative constraints and changes to the exchange rate system have led to a reduction in EDF payments.

The structural adjustment programme (ECU 35 million), largely financed by the EDF, has fallen behind. The second instalment of ECU 17 million has just been released after the transition from a two-tier to a single exchange market. A lack of investment and an excessive availability of US dollars have also made the structural adjustment programmes less attractive. Consequently, smaller amounts of counterpart funds were generated, with detrimental results for the budget.

In 1994, the Stabex transfers for 1990 and 1991 (ECU 37 and ECU 34 million) were used to improve harvested export crops (tea, coffee, silk, etc.) and money-generating activities in the rural sector (national parks). Some Stabex resources were also used to repay a part of the debt. A large project (ECU 20 million from the NIP and ECU 7.8 million from Stabex resources) in aid of small tea-producers is presently being implemented.

The social sectors have been taken into consideration by the implementation of two large programmes, one for health (ECU 20 million), and the second for the development of human resources (ECU 14.5 million). A large road maintenance programme in the South-West (ECU 23 million) was approved.

There were also rehabilitation projects (ECU 5 million), in aid of regions affected by the events in Rwanda. In order to make the local administration better acquainted with the procedures connected with EDF-financed projects, an aid programme of ECU 1.5 million was put in place. The new constitution, which will define the rules for a return to a multi-party system, will be finalized and

approved by the Constituent Assembly, which was elected in March 1994 with the support of the EU (ECU 2.5 million).

Western Samoa

	6th EDF		7th EDF	
ENVELOPE	9.00		9.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	8.99	99.9 %	2.06	22.9 %
Commitments	8.98	99.8 %	1.38	15.3 %
Payments	8.67	96.3 %	0.78	8.7 %
Annual figures '94	Amount		Amount	
Decisions	0.00		0.67	
Commitments	0.02		1.26	
Payments	0.96		0.71	

Since Lomé I European Union aid has been focused on the energy sector. The Lomé IV NIP is focused on the social sector and makes a generous contribution to a water supply programme in the rural areas. There is also ECU 1.5 million for EIB risk-capital operations.

Vanuatu

	6th EDF		7th EDF	
ENVELOPE	6.70		6.50	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	6.59	98.4 %	6.48	99.7 %
Commitments	5.90	88.1 %	3.95	60.8 %
Payments	5.39	80.4 %	0.47	7.2 %
Annual figures '94	Amount		Amount	
Decisions	-0.10		5.97	
Commitments	-0.33		3.64	
Payments	0.43		0.30	

Under Lomé II and Lomé III, EU aid was focused on the following sectors: development of coconut production, training in the fishing sector, forestry management, support for small growers, access to rural areas and surveys of archaeological sites.

The resources of the Lomé IV NIP continue to go to the rural sector, particularly for basic infrastructure. There is ECU 1 million for EIB risk-capital operations.

Zaire

	6th EDF		7th EDF	
ENVELOPE	166.50		170.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	133.44	80.1 %	0.00	--
Commitments	114.19	68.6 %	0.00	--
Payments	81.73	49.1 %	0.00	--
Annual figures '94	Amount		Amount	
Decisions		-28.75		0.00
Commitments		2.13		0.00
Payments		0.30		0.00

The EU suspended cooperation with this country on 22 January 1992, with the exception of humanitarian aid (ECU 61 million for NGO co-financing, food aid, emergency assistance and aid to refugees).

The establishment in July 1994 of a government enjoying broad consensus encouraged the EU to commit itself to a process of cautious support which should be translated in 1995 into the implementation of a series of rehabilitation projects.

Zambia

	6th EDF		7th EDF	
ENVELOPE	92.00		95.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	91.93	99.9 %	78.14	82.3 %
Commitments	86.60	94.1 %	43.56	45.9 %
Payments	80.46	87.5 %	33.88	35.7 %
Annual figures '94	Amount		Amount	
Decisions	0.11		8.19	
Commitments	4.09		14.78	
Payments	7.07		13.82	

The implementation of programmed aid in Zambia continued in a satisfactory manner. At the end of 1994, ECU 78 million (82% of the envelope) were committed, and ECU 34 million (36%) paid out.

Expenditure on projects financed under the Lomé Conventions amounted to ECU 20 million in 1994. Moreover, the Commission is continuing to support the macroeconomic recovery programme (ECU 12 million in 1994). The EU, in cooperation with other donors and lenders, has launched an initiative to facilitate investment, trade and cross-frontier payments in East Africa, Southern Africa and the Indian Ocean, in which Zambia is very active.

In October 1994, the Commission granted an additional ECU 11.8 million by way of balance-of-payments support.

The use of counterpart funds enabled the government to increase expenditure in the social sector and to reduce public debt, by favouring the expansion of credit in the private sector.

The EU's assistance is focused on the production sector, particularly the non-traditional export sector and the social sector, with a view to offsetting the impact of the structural adjustment programme on vulnerable persons.

Zimbabwe

	6th EDF		7th EDF	
ENVELOPE	77.00		88.00	
Cumulative figures	Amount	Amount/envel%	Amount	Amount/envel%
Decisions	76.80	99.7 %	76.32	86.7 %
Commitments	64.66	84.0 %	48.19	54.8 %
Payments	52.20	67.8 %	19.52	22.2 %
Annual figures '94	Amount		Amount	
Decisions		-0.16		37.87
Commitments		4.71		25.02
Payments		6.21		13.21

In 1994 the government of Zimbabwe demonstrated greater determination in pushing ahead with the structural adjustment programme. Resources enveloped to the health and education sectors are continuing to decline in real terms and the introduction of payments by users for medical assistance and school fees has not been accompanied by aid measures for the very poor.

A total of ECU 16 million was enveloped in two instalments for the financing of a programme of microprojects which is one of the largest programmes under way.

The export promotion programme - Zimtrade (ECU 10.2 million) - is in its second year of operation. The results achieved in the exports and in market diversification were better than anticipated.

In 1994, the Faculty of Veterinary Science signed a programme (ECU 9.1 million) aimed at boosting its teaching capacity for students from Southern Africa.

A financing agreement for a second structural adjustment support programme has been signed. This will bring the total EU contribution to ECU 60 million.

**Summary table: breakdown of programmed aid by country
6th EDF**

Country	Cumulative as at end of 1994			Annual figures for 1994		
	Dec.	Comm.	Pay.	Dec.	Comm.	Pay.
ANGOLA	101.68	78.86	76.71	15.81	0.72	1.86
BENIN	89.46	86.92	82.40	0.05	1.01	4.26
BOTSWANA	30.31	21.94	17.79	0.02	0.76	1.26
BURKINA FASO	106.24	93.71	79.47	0.28	-3.25	11.02
BURUNDI	108.00	96.79	88.44	0.18	2.22	5.11
CAMEROON	100.97	97.17	87.39	0.14	4.93	6.84
CAPE VERDE	24.48	23.86	21.54	0.00	1.53	4.43
CENTRAL AFR. REP.	68.78	65.66	61.81	0.00	-0.17	3.18
CHAD	88.99	74.91	68.61	-0.01	8.20	10.92
COMOROS	20.38	20.34	18.96	-0.04	1.04	1.55
CONGO	48.00	37.21	26.72	0.00	9.51	7.65
CÔTE D'IVOIRE	81.87	79.06	73.48	-0.15	0.79	1.44
DJIBOUTI	15.98	15.11	13.04	0.00	-0.76	0.36
EQUAT. GUINEA	11.95	6.32	6.00	0.00	0.18	0.36
ETHIOPIA	209.97	152.87	133.49	0.36	5.14	9.57
GABON	25.87	23.55	21.27	0.00	4.30	4.61
GAMBIA	20.87	19.87	18.60	-0.13	0.57	1.25
GHANA	77.95	56.70	49.74	-0.37	6.25	7.94
GUINEA	113.93	111.31	103.75	0.17	0.18	7.92
GUINEA BISSAU	37.49	30.84	24.54	0.00	4.69	4.63
KENYA	131.10	104.04	92.59	0.00	2.84	5.81
LESOTHO	41.46	40.72	37.12	0.00	0.95	1.95
LIBERIA	44.50	11.54	7.66	13.17	0.42	0.04
MADAGASCAR	116.26	81.13	70.92	16.41	7.10	6.10
MALAWI	103.59	95.89	93.24	0.39	0.62	1.31

Country	Cumulative as at end of 1994			Annual figures for 1994		
	Dec.	Comm.	Pay.	Dec.	Comm.	Pay.
MALI	136.97	125.78	118.09	0.06	7.66	16.77
MAURITIUS	30.03	24.84	20.48	2.56	0.55	1.59
MAURITANIA	61.48	56.07	47.77	0.00	1.46	9.12
MOZAMBIQUE	154.33	136.48	118.90	0.39	9.16	2.98
NIGER	121.74	102.28	93.58	-0.12	0.18	2.39
NIGERIA	213.34	190.39	151.53	0.00	26.85	33.73
RWANDA	110.00	102.85	79.69	0.00	-0.39	8.88
SAO TOME	5.93	5.47	5.47	-0.07	-0.046	0.04
SENEGAL	108.50	106.01	96.95	0.00	-0.22	5.40
SEYCHELLES	6.16	6.12	5.91	0.00	0.15	0.56
SIERRA LEONE	64.67	51.11	48.23	-0.24	0.62	10.80
SOMALIA	116.95	91.47	79.24	36.24	12.56	17.80
SUDAN	83,21	70,93	66,56	-11,72	3,13	4,03
SWAZILAND	25,31	22,56	21,87	0,00	-0,26	0,58
TANZANIA	176,41	162,70	154,33	0,05	4,85	12,00
TOGO	60,93	53,02	47,53	0,01	3,56	3,95
UGANDA	132,94	127,58	123,73	-0,02	0,33	4,89
ZAIRE	133,44	114,19	81,73	-28,75	2,13	0,30
ZAMBIA	91,93	86,60	80,46	0,11	4,09	7,07
ZIMBABWE	76,80	64,66	52,20	-0,16	4,71	6,21
AFRICA	3731,15	3.227,43	2.869,53	44,62	140,43	260,46
ANTIGUA	3,91	3,91	3,31	0,00	0,40	2,61
BAHAMAS	3,99	3,71	3,29	0,00	0,36	0,60
BARBADOS	3,95	2,82	2,44	-0,02	0,43	0,63
BELIZE	7,98	7,65	7,35	0,03	0,30	0,64
DOMINICA	6,00	5,96	5,71	0,00	0,00	0,00
GRENADA	5,48	5,44	5,34	-0,02	-0,03	0,21
GUYANA	21,39	20,93	20,61	0,17	0,14	0,42

Country	Cumulative as at end of 1994			Annual figures for 1994		
	Dec.	Comm.	Pay.	Dec.	Comm.	Pay.
JAMAICA	40,02	34,71	32,70	-0,14	0,88	4,01
ST KITTS & NEVIS	3,50	2,58	2,57	0,74	-0,05	0,03
ST VINCENT	6,99	6,84	6,57	0,00	0,00	0,00
ST LUCIA	5,98	5,14	5,10	0,00	-0,08	0,75
SURINAM	17,69	15,58	12,98	-1,89	2,44	1,51
TRINIDAD & TOBAGO	15,00	6,12	5,59	2,18	0,39	1,58
CARIBBEAN	141,88	121,39	113,56	1,05	5,18	12,99
FIJI	17,77	11,11	9,33	-0,04	-0,87	1,19
KIRIBATI	6,45	6,41	5,27	-0,05	0,02	0,27
PAPUA N. GUINEA	33,79	30,72	29,84	-0,57	-0,46	1,26
SOLOMON ISLANDS	16,19	13,71	12,03	-0,50	0,42	1,70
TONGA	6,47	3,30	2,74	0,00	0,65	1,35
TUVALU	1,94	1,20	1,02	0,04	0,76	0,69
VANUATU	6,59	5,90	5,39	-0,10	-0,33	0,43
W. SAMOA	8,99	8,98	8,67	0,00	0,02	0,96
PACIFIC	98,19	81,33	74,29	-1,22	0,21	7,85
NATIONAL TOTAL	3971,22	3.430,15	3.057,38	44,45	145,82	281,30
REGIONAL	845,58	746,40	626,44	13,13	39,11	89,16
GENERAL TOTAL	4816,80	4.176,55	3.683,82	57,58	184,93	370,46

**Summary table: breakdown of programmed aid by country
7th EDF**

Country	Cumulative as at end of 1994			Annual figures for 1994		
	Dec.	Comm.	Pay.	Dec.	Comm.	Pay.
ANGOLA	34,14	9,19	6,40	8,70	3,01	0,68
BENIN	71,42	9,37	6,34	11,05	3,62	1,84
BOTSWANA	15,20	5,21	2,92	1,33	1,04	2,23
BURKINA FASO	107,75	38,58	24,90	32,22	12,94	3,04
BURUNDI	56,25	23,46	16,94	10,82	3,74	9,47
CAMEROON	56,74	20,03	13,44	7,57	7,95	8,18
CAPE VERDE	15,57	7,49	0,76	7,28	7,01	0,63
CENTRAL AFR. REP.	16,95	0,98	0,78	0,69	0,15	0,29
CHAD	69,75	24,20	7,22	6,32	20,02	5,94
COMOROS	14,90	2,95	1,12	7,33	1,51	1,08
CONGO	30,96	7,69	0,10	11,23	7,61	0,07
CÔTE D'IVOIRE	67,12	16,94	4,06	11,15	10,22	3,12
DJIBOUTI	13,77	4,65	2,05	1,04	1,72	1,59
EQUAT. GUINEA	5,51	0,44	0,36	0,00	0,00	0,15
ERITREA	0,00	0,00	0,00	0,00	0,00	0,00
ETHIOPIA	63,39	42,76	32,99	10,49	8,92	15,78
GABON	20,37	9,02	8,61	8,52	8,70	8,59
GAMBIA	19,08	14,99	11,56	0,82	3,18	4,71
GHANA	25,32	15,28	12,97	5,86	1,16	1,67
GUINEA	105,22	51,06	14,63	2,81	19,62	12,69
GUINEA BISSAU	13,10	4,13	2,69	4,03	0,99	1,34
KENYA	29,31	17,98	8,08	3,55	6,34	6,77
LESOTHO	37,02	30,42	16,13	2,00	14,78	9,09

Country	Cumulative as at end of 1994			Annual figures for 1994		
	Dec.	Comm.	Pay.	Dec.	Comm.	Pay.
LIBERIA	0,00	0,00	0,00	0,00	0,00	0,00
MADAGASCAR	96,22	7,24	1,67	95,03	7,18	1,61
MALAWI	26,46	15,26	11,84	10,70	11,57	10,72
MALI	115,08	50,14	34,53	47,70	18,32	8,80
MAURITIUS	19,58	11,83	4,34	3,90	5,76	4,12
MAURITANIA	41,65	27,80	16,27	6,14	7,22	9,55
MOZAMBIQUE	116,73	63,16	31,48	16,99	55,97	29,74
NAMIBIA	30,81	12,21	4,64	8,41	5,98	3,23
NIGER	104,29	65,92	46,03	42,18	21,33	19,89
NIGERIA	146,25	66,45	38,52	29,20	20,69	19,43
RWANDA	62,92	14,06	3,46	39,00	7,18	2,95
SAO TOME	6,03	3,31	2,69	0,34	1,63	2,17
SENEGAL	109,72	36,83	17,08	18,52	19,48	12,37
SEYCHELLES	3,47	1,68	0,89	0,79	0,74	0,13
SIERRA LEONE	61,13	18,37	7,38	21,30	6,65	5,65
SOMALIA	0,00	0,00	0,00	0,00	0,00	0,00
SUDAN	0,00	0,00	0,00	0,00	0,00	0,00
SWAZILAND	22,50	13,29	7,48	0,87	1,97	3,21
TANZANIA	117,49	35,77	18,12	33,71	19,19	15,77
TOGO	23,46	8,42	4,00	0,00	1,17	2,89
UGANDA	131,45	51,74	35,16	26,92	14,79	14,30
ZAIRE	0,00	0,00		0,00	0,00	0,00
ZAMBIA	78,14	43,56	33,88	8,19	14,78	13,82
ZIMBABWE	76,32	48,19	19,52	37,87	25,02	13,21
AFRICA	2278,54	952,05	534,03	602,57	410,85	292,51
ANTIGUA	2,57	0,35	0,33	2,20	0,00	0,12
BAHAMAS	3,50	3,50	0,29	0,00	3,50	0,29
BARBADOS	3,50	2,12	1,11	0,14	0,23	0,90

Country	Cumulative as at end of 1994			Annual figures for 1994		
	Dec.	Comm.	Pay.	Dec.	Comm.	Pay.
BELIZE	8,99	8,72	7,23	0,28	0,06	3,15
DOMINICA	0,84	0,14	0,00	0,67	0,03	0,00
DOMINICAN REPUBLIC	52,77	24,14	11,68	2,94	14,00	2,16
GRENADA	6,50	4,90	3,22	2,00	2,92	2,46
GUYANA	25,96	17,25	1,90	0,45	16,99	1,89
HAITI	25,01	0,00	0,00	25,01	0,00	0,00
JAMAICA	45,88	15,19	2,64	6,39	11,14	1,84
ST KITTS & NEVIS	0,09	0,05	0,01	0,03	0,03	0,00
ST VINCENT	3,78	0,02	0,01	0,53	0,00	0,00
ST LUCIA	1,00	0,96	0,21	0,00	0,39	0,21
SURINAM	18,48	0,18	0,00	18,48	0,18	0,00
TRINIDAD & TOBAGO	16,97	3,84	0,42	5,13	2,02	0,36
CARIBBEAN	215,84	81,36	29,05	64,25	51,49	13,38
FIJI	11,66	1,69	0,80	10,40	1,61	0,76
KIRIBATI	2,37	1,16	0,84	1,48	0,37	0,57
PAPUA N. GUINEA	36,13	14,55	5,88	6,97	6,81	1,32
SOLOMON ISLANDS	12,66	3,91	1,98	8,89	2,94	1,62
TONGA	0,65	0,17	0,02	0,63	0,15	0,01
TUVALU	1,04	0,99	0,14	0,04	0,89	0,10
VANUATU	6,48	3,95	0,47	5,97	3,64	0,30
W. SAMOA	2,06	1,38	0,78	0,67	1,26	0,71
PACIFIC	73,05	27,80	10,91	35,05	17,67	5,39
NATIONAL TOTAL	2567,43	1.061,21	573,99	701,87	480,01	311,28
REGIONAL COOP.	638,25	275,88	141,36	248,11	133,34	67,67
GENERAL TOTAL	3205,68	1.337,09	715,35	949,98	613,35	378,95

List of ACP States indicating the least-developed, landlocked and island countries (Article 330 Lomé IV)

Country	LDC	Island	L.locked	Country	LDC	Island	L.locked
Angola				Liberia			
Antigua & Barbuda	X	X		Madagascar		X	
Bahamas		X		Malawi	X		X
Barbados		X		Mali	X		X
Belize	X			Mauritania			
Benin	X			Mauritius	X	X	
Botswana	X		X	Mozambique	X		
Burkina Faso	X		X	Namibia	X		
Burundi	X		X	Niger	X		X
Cameroon				Nigeria			
Cape Verde	X	X		Papua N. Guinea		X	
Central Afr. Rep.	X		X	Rwanda	X		X
Chad	X		X	St Kitts & Nevis	X	X	
Comoros	X	X		St Lucia	X	X	
Congo				St Vincent	X	X	
Côte d'Ivoire				Sao Tomé & Princ.	X	X	
Djibouti	X			Senegal			
Dominica	X	X		Seychelles	X	X	
Dominican Republic		X		Sierra Leone	X		
Equatorial Guinea				Solomon Islands	X	X	
Eritrea				Somalia	X		
Ethiopia	X			Sudan	X		
Fiji		X		Suriname			
Gabon				Swaziland	X		X
Gambia	X			Tanzania	X		
Ghana				Togo	X		
Grenada	X	X		Tonga	X	X	
Guinea	X			Trin. & Tobago		X	
Guinea-Bissau	X			Tuvalu	X	X	
Guyana				Uganda	X		X
Haiti	X	X		Vanuatu	X	X	
Jamaica		X		Western Samoa	X	X	
Kenya				Zaire			
Kiribati	X	X		Zambia			X
Lesotho	X		X	Zimbabwe			X

3. Regional cooperation

Lomé III

Article 112 of the third Lomé Convention provides for the allocation of ECU 1 billion for the financing of regional programmes and projects. The total allocation is made up of reimbursable aid and special loans, plus risk capital financed by the EDF and loans from the EIB's own resources.

In 1994, the level of decisions reached a total of ECU 16 million, secondary commitments ECU 39 million and payments ECU 89 million. Table 8. summarises the annual and aggregate position of programmable aid by geographical region.

Table 8.

Regional cooperation Situation of decisions, commitments and payments at the end of 1994

Region	Decisions		Commitments		Payments	
	Cum	1994	Cum	1994	Cum	1994
West Africa	194	--	167	5	110	9
Central Africa	46	1	38	16	35	25
East Africa	219	3	202	1	172	15
Souther Africa	93	-10	85	--	74	1
Indian Ocean	25	--	14	2	17	5
Caribbean	73	--	55	1	45	7
Pacific	46	9	39	4	33	7
All ACP	89	13	88	3	86	2
Trade promotion	60	--	58	7	54	17
Total	845	16	746	39	626	88

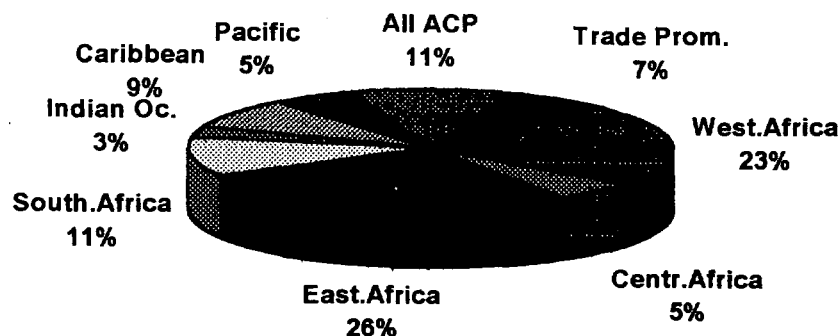
The allocation earmarked for regional cooperation is ECU 905.5 million, of which ECU 60 million is for trade promotion.

At the end of the year, 93% of the allocation was decided; 83% of decisions were the subject of secondary commitments, and 84% of secondary commitments had been disbursed.

The chart below shows the geographical distribution of decisions at the end of 1994.

Graph 3.

6th EDF Regional Cooperation Decisions



Lomé IV

Box 3

Regional Cooperation

The fourth Lomé Convention attaches special importance to regional cooperation, and in this regard contains essential innovations as compared with previous Conventions with respect to both objectives and methods and procedures.

It thus assigns a pivotal role to the promotion and support of regional economic integration.

The regional indicative programme was concluded at the end of 1992 for each of the seven regions of the ACP States. In four of these regions, the programming exercise was coordinated by a regional organization.

The promotion and support of intra-regional trade and the coordination of macroeconomic and sectoral policies at the 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.

Besides direct operations, the overall objective of economic integration will be served by selecting and implementing regional activities within the priority sectors laid down for each of the regions, with this end in mind. Broadly speaking, the main sectors in which activities will be focused for the purposes of regional cooperation under Lomé IV are transport and communications, food security and conservation of natural resources, trade promotion and investment, and the development of human resources.

Funds for regional cooperation total ECU 1.250 million, including ECU 60 million for industrial promotion and ECU 70 million for trade promotion.

At the end of the year, the decision rate stood at 51%, and 43% of decisions were the subject of secondary commitments and 51% of secondary commitments were disbursed (cf. Table 9).

During 1994, the Community continued its technical and financial support for significant regional integration initiatives, such as the cross-frontier initiative in southern and eastern Africa and in the Indian Ocean, which aims to reduce the restrictions on trade, investment and intra-regional payments, the implementation of the West African Economic and Monetary Union and the implementation of tax and customs reforms and easier transit in the UDEAC countries (Central Africa).

The Commission also took advantage of its participation in international bodies to advance thinking in matters of regional integration, particularly within the World Coalition for Africa, and UNCTAD.

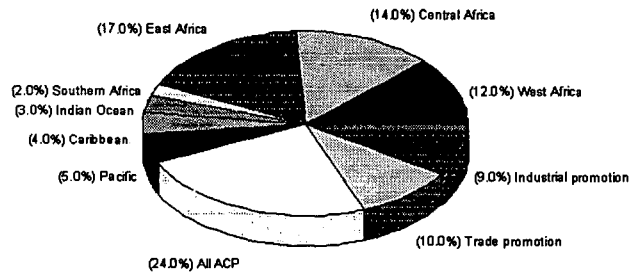
Table 9.

Regional cooperation
Situation of decisions, commitments and payments at the end of 1994

Region	Decisions		Commitments		Payments	
	Cum	1994	Cum	1994	Cum	1994
West Africa	76.0	8.9	12.3	4.1	3.0	2.4
Central Africa	90.3	41.2	26.5	11.3	4.2	3.0
East Africa	106.7	63.3	20.4	17.7	7.4	6.7
Southern Africa	14.5	--	1.5	0.8	0.8	0.6
Indian Ocean	18.5	2.5	3.9	3.7	0.2	--
Caribbean	23.8	21.5	2.7	0.6	1.7	0.9
Pacific	30.9	10.1	8.4	7.2	2.1	1.9
All ACP	155.1	64.2	103.4	47.8	56.5	24.3
Industrial promotion	59.4	14.7	54.7	25.1	39.8	16.2
Trade promotion	63.0	21.7	42.1	15.1	25.7	11.7
Total	638.2	248.1	275.9	133.4	141.4	67.7

Graph 4.

7th EDF Regional Cooperation Decisions



4. Programmes in the health sector and AIDS control

Financial support for health has mainly been provided through the national and regional indicative programmes and the All ACP regional fund. However, under Lomé IV, an important part of the support for this sector is effected through budgetary support financed with counterpart funds (cf. Chapter III §2)

Taking into account this new instrument (budgetary support), which does not constitute project aid but is support to the sector for the purpose of securing the priority expenditure of national health budgets, there has been a significant growth in support for health, up from ECU 160 million under Lomé II to ECU 260 million under Lomé III. Under Lomé IV it has reached ECU 680 million: ECU 280 million in the form of health projects/programmes and some ECU 400 million in budgetary support. EC activities in the spheres of health and the fight against HIV/AIDS in 1994 reflect the increased importance given to the social sectors under the Lomé IV Convention.

The resources made available from the structural adjustment facility constitute half of this total. The use of these resources maintains or even increases the public resources allocated to the health sector, particularly those for the operation of health services. They are accompanied by aid for the reform of procedures and budgetary structures in order to ensure greater consistency between budgets and the health policies. In 1994 a total of ECU 67 million was deployed for budgetary support in eleven ACP countries involved in structural adjustment programmes.

In this context and also with a view to improving the quality of projects, health-sector reviews were launched in Madagascar, Malawi, Nigeria and Kenya. In addition, "health service rehabilitation" components were included in rehabilitation support programmes for certain countries (e.g. Angola, Ethiopia and Sudan). Moreover, a major transitional support programme for the health sector in Zaire

(ECU 18.5 million) was committed in 1994. An amount of ECU 50 million has been set aside for HIV/AIDS control under Lomé IV, ECU 20 million of which from the "all ACP" regional programme and ECU 30 million from NIPs; the commitment level at the end of 1994 stood at 56%.

Large aid programmes for the strengthening of health services have been the subject of financing decisions for Senegal, Kenya and the Indian Ocean countries that have both a regional research and training component for countries of the sub-region and a national component focusing on prevention, particularly through better management of sexually-transmissible diseases.

The implementation of projects must be speeded up as the needs are considerable.

Great efforts have been made to speed up health projects and programmes in around thirty ACP countries with the focus mainly on strengthening health services in outlying areas, supplies of essential medicines, institution building, and training.

Major support for primary health was also part of rehabilitation programmes, in countries that have experienced serious crises. Programmes of this type with a major health component, were adopted in 1994 for Somalia, Ethiopia and Angola.

5. Microprojects (Articles 252 and 253 of Lomé IV)

In 1994, fourteen multiannual microproject programmes were adopted using the decision procedure which involves the Chief Authorizing Officer's signature. Primary commitments for those programmes totalled ECU 38 245 000. To finance these projects, a fourth total package of ECU 30 000 000 was approved by the Commission on 12 April 1994 after receiving the opinion of the EDF Committee. Since the overall total decided since 1992 (ECU 111 million) is some 126% of the financing under Lomé III, the microprojects instrument is clearly arousing increasing interest.

In 1994, the main sectors for microprojects were economic and social infrastructure in the rural areas, in particular, village water engineering, education and health. Various operations took place in the productive sector, particularly in agriculture and small businesses. An overall survey of microprojects was prepared and launched in 1994 in order to assess the role of this instrument.

6. Industrial cooperation and private investment

The vast majority of ACP States have, in their indicative programmes, identified the private sector as one of the areas in which Community aid under Lomé IV will complement the policy measures

and actions undertaken by national governments.

In 1994, attention was concentrated on identifying private-sector projects in the following countries: Angola, Barbados, Burkina Faso, Cape Verde, Ethiopia, Ghana, Grenada, Guyana, Niger, Senegal and Trinidad and Tobago. A financing decision was taken in 1994 to support the private sector and promote small and medium-sized enterprises in Trinidad and Tobago. The Commission participated in the financing of a Guarantee Fund for West Africa.

The coordination of operations between the Commission, the European Investment Bank and the CDI was strengthened by regular meetings in 1994. The Commission also considers it essential to coordinate aid with other organizations, with a view to greater efficiency and avoidance of duplication of work.

In June, the Commission and the ACP-EC Secretariat organized the second annual meeting of the Advisory Council of the Committee on Industrial Cooperation. The Advisory Council is made up of 24 members representing the ACP States and the Member States of the European Union who come from the business world or are experts in industrial development matters. The Council examined the Commission's reports on the progress of industrial cooperation and the flow of investments between the European Union and the ACP States.

The promotion of investment through industrial forums, in the course of which European and ACP economic operators can exchange information on specific investment opportunities, remains an important element of ACP-EEC industrial cooperation.

In December 1994, the first European Union-SADC Mining Forum was organized in Lusaka (Zambia). This forum was the first such a sectoral forum and the first regional project of this type in Southern Africa, and for the first time South Africa - a new member of the SADC - was taking part in an activity organized with the framework of the Lomé Convention.

Also noteworthy was the participation of businesses from three new European Union Member States. The forum was a great success in terms of numbers (448 participants, of which 142 were European investors and 153 promoters of African projects) and business contacts among investors and promoters (1 653 bilateral business contacts regarding projects that had been identified and selected beforehand). The forum also provided potential investors with updated information on the mining policies and the mining sectors of the SADC States.

The CDI undertook 225 operations aimed at promoting industrial projects in the ACP States, of which 113 were completed in 1994. The breakdown by sector is as follows: 33.3% in the food sector, 31.2% in construction materials, 14.8% in the clothing trade, and 20.6% in the other sectors. The geographical distribution shows that 22.3% of these projects are situated in West Africa, 19.1%

in the Caribbean, 20.7% in Southern Africa, 24.5% in East Africa, 7.4% in Central Africa and 5.9% in the Pacific.

7. Development of Trade and Tourism

Box 4

Trade promotion

Trade promotion objectives and projects are governed by Articles 135-138 of the Convention. Article 136 of the fourth Lomé Convention provides that:

1. In promoting the development of trade and services, in addition to developing trade between the ACP States and the Community, particular attention shall be given to operations designed to increase the ACP States' self-reliance, develop intra-ACP trade, and trade to international markets, and improve regional cooperation in trade and services.
2. Operations shall be undertaken at the request of the ACP States, particularly in the following areas:
 - the establishment of coherent trade strategies;
 - the development of human resources and professional skills in the field of trade and services;
 - the establishment, adaptation and strengthening of organizations in the ACP States, dealing with the development of trade and services, particular attention being paid to the special needs of organizations in the least-developed, landlocked and island ACP States;
 - support for the ACP States' efforts to improve the quality of their products and adapt them to market requirements and diversify their outlets;
 - market development measures, particularly the increasing of contacts and exchanges of information between economic operators in ACP States, the Member States of the Community and in third countries;
 - support for ACP States in the application of modern marketing techniques in production-oriented sectors and programmes in areas such as rural development and agriculture;
 - support for the ACP States' efforts to develop and improve the infrastructure for support services, including transport and storage facilities, in order to ensure effective distribution of goods and services, and in order to increase the flow of exports from the ACP States.

The implementation of programmed projects under Lomé IV in the trade and services sectors,

including tourism, was stepped up this year; numerous projects were undertaken at both national and regional levels.

The main objectives were to strengthen compliance with the new Lomé IV guidelines and to contribute to coherent policies and strategies, particularly promotion of the diversified exports, while seeking new outlets, and strengthening the bodies responsible for developing trade and paying greater attention to the particular concerns of economic operators. A project targeted at developing human resources in the trade sector - Train for Trade - was implemented in the Caribbean and was followed by other regional projects such as the programme for the countries in the CFA franc area.

As regards the participation of ACP States in trade fairs within the framework of the integrated regional aid programme for trade and services, special attention was given to increasing the professionalism of those taking part with greater emphasis on the contribution of the private sector. In this capacity, the Commission financed some 290 attendances at trade and tourism fairs, trade missions and seminars. In addition, 19 ACP States took part in the production of brochures and other documents, or received assistance for it. Support programmes for professional organizations (APROMA for staple commodities and COLEACP for fruit and vegetables, flowers and spices) continued with a stepping up of local initiatives for structural reforms in the ACP States.

Box 5

Promotion of tourism

Article 121 of the fourth Lomé Convention provides that, in view of the real importance of the tourism industry for the ACP States, the contracting parties shall implement measures and operations to develop and support tourism. These measures shall be implemented at all levels, from the identification of the tourism product to the marketing and promotion stage.

The aim shall be to support the ACP States' efforts to derive maximum benefit from national, regional and international tourism, in view of tourism's impact on economic development, and to stimulate private financial flows from the Community and other sources into the development of tourism in the ACP States. Particular attention shall be given to the need to integrate tourism into the social, cultural and economic life of the people.

Article 122 specifies that tourism development programmes and projects based on these policies should focus on: human-resource enhancement and institutional development, product development, market development, and research and information.

Sectoral support for tourism in numerous African countries was strengthened by carrying out studies and implementing various programmes, principally aimed at determining sub-regional intervention

in West and Southern Africa. Integrated programmes targeted at all the island regions of the ACP Group are now in place.

8. Cultural Cooperation

Box 6

Cultural Cooperation between the EU and the ACP States

Within the European Union, the term "cultural cooperation" has become legally established only in recent years. The third Lomé Convention, which came into force in 1986, already included a section devoted to cultural cooperation. These provisions have been renewed and extended by Lomé IV. The Lomé IV Convention (Article 139) specifies that cooperation must contribute to the self-reliant development of the ACP States, centred on man and rooted in each people's culture; it must enhance human resources, increase their own creative capacities, foster the participation by the population in the process of development and promote better international understanding and greater solidarity in a concern for mutual enrichment.

Cultural cooperation is therefore the backdrop to cooperation with the ACP States and not a supplementary sphere of such cooperation. It involves taking account of the cultural dimension in all development projects and the financing of specific cultural projects (safeguarding the cultural heritage; production and dissemination of cultural products; cultural events; information and communication). Article 143 lists in this regard a certain number of aspects to be taken into consideration in examining development projects.

In the Lomé Convention, the concept of "inter-cultural dialogue" runs through the cultural cooperation provisions to the extent of constituting an essential element. Such dialogue aims to deepen knowledge and provide a better understanding of cultures, as well as an "awareness of the interdependence of peoples of different cultures" (Article 145). It must result in a reciprocal cultural benefit: acquainting Europe with the positive aspects of the world of the ACP States.

Projects of a cultural nature should contribute to rooting the ACP peoples in their traditional cultural heritage, preserving and disseminating it, while increasing the fund of self-confidence and the creative potential of these various civilizations. However, there are no specific resources for financing projects of a cultural nature. Cultural projects are charged to the NIP of the ACP State requesting them, 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.

Around 45% of National Indicative Programmes identify the cultural sector as a sphere of cooperation, namely: Benin, Guinea Conakry, Guinea Bissau, Nigeria, Sierra Leone, Burundi, Tanzania, Uganda, Djibouti, Ethiopia, Burkina Faso, Gambia, Mali, Senegal, Botswana, Mozambique, Namibia, Papua New Guinea, Comoros, Fiji, Kiribati, Western Samoa, Tonga, Vanuatu, Madagascar, Seychelles.

The Commission has financed under Lomé III and Lomé IV a large number of cultural projects for a total amount of around ECU 45.5 million covering most of the possible sectors for intervention, which probably makes the European Union the largest cultural sponsor at the present time, particularly as regards film productions.

Table 10.

Total financing for EU-ACP cultural cooperation (Lomé III and IV)

Projects	Number of projects	Amount (in ECU)
The cultural dimension to development		
Research and surveys	3	735.510
Publications	3	84.000
Training	3	498.858
Symposiums and seminars	12	720.000
Total	21	2.038.368
Protection and enhancement of cultural heritage		
General	4	59.410
Material heritage	20	4.713.409
a) Return of cultural artefacts and archives	1	87.151
Traditional music	6	2.524.000
Oral tradition	1	80.000
Promotion of local languages	12	3.007.938
Total	44	10.471.908
Production and dissemination of cultural goods and services		
Audio-visual aids, methods and techniques	68	8.398.011
Cultural publications	7	512.285
Literary expression	5	154.920
Performing arts (music, dance, theatre)	11	828.870
Plastic arts and exhibitions	7	2.374.000
Total	98	12.241.086
Information and communication		
Mass media	5	1.427.000
Libraries	2	134.072
Inter-cultural communication	7	354.750
Total	14	1.915.822
Cultural events	20	3.975.068
Various projects	17	16.965.028
Overall total	215	47.607.280

9. Education and Training

Box 7

Community aid for education and training

It is recognized that education and training constitute an essential investment in the diversification of the ACP economies and in the obtaining of a more rapid economic growth rate, and that the level of education depends very much on the reduction of poverty and the transformation of certain traditional attitudes which act as a brake on the process of social and economic change.

Under Lomé III, it was recognized that European Union support for the development of human resources should be more specifically targeted than had been the case heretofore in order to create a greater osmosis between human-resource activities and the personnel needs of other EDF development cooperation activities. Most teaching and training activities financed by the 6th EDF took the form of "training windows" within projects which did not encompass human resources. This policy of "training windows" means that finance for training only becomes available once the decision to finance the project as a whole has been taken. Consequently, training activities are often difficult to synchronise with the constituent parts of a project because of the time needed to identify and deploy the trainees, plus the time needed to carry out the training as such. Thus, the qualified personnel are often available only when the implementation of the project is often very advanced.

Although the fourth Lomé Convention does not make any explicit provision for the right to basic education, the section on social and cultural development emphasises the key role played by education and training in the development process and stresses the importance of human resources in ACP-EU cooperation. Thus Articles 150 and 151 dealing with projects to enhance the value of human resources stipulate that an assessment of the educational and training needs of the ACP States constitutes an integral part of the programming process. Moreover, Article 139 emphasises the importance of human resources in all aspects of development cooperation, and specifies that "the human and cultural dimension must embrace all areas and be reflected in all development projects and programmes." Under Lomé IV, the policy of "training windows" has been complemented by a growing number of independent training programmes designed to increase the ability of local institutions to intervene and to uphold key support areas of the European Union aid programme to the ACP country concerned.

For statistical purposes, all the EDF projects are classified using the system of the OECD Development Assistance Committee (DAC). Projects are given a code for the principal economic sector, plus other codes for the actual activities that will be undertaken during the implementation of the project.

Two further factors must be taken into consideration in the interpretation of data on education and training under Lomé IV. First, the final total of aid for education and training will be considerably higher because there are projects which are still in the pipeline but not yet approved. Second, in addition to programmable aid, Lomé IV has ECU 1 150 million available for the financing of structural adjustment programmes (SAPs). In the first half of 1994 SAPs were approved for 31 countries, 17 of which identified education as a priority sector.

In September 1994 ECU 237 million were committed for education through this channel, 21% of the funds allocated to SAPs under Lomé IV.

Table 11. shows what proportion of programmable resources goes to education and training under the two Conventions still operating.

Table 11.

Support for education and training under the Lomé Convention

	EDF Allocation	Programmable Aid Allocation	Education and Training Expenditure	Education and Training/ Prog. Aid %
Lomé III (1986)	7.400	4.960	317	6,4 %
Lomé IV (1991)	10.800	6.215	250	4,0 %

If spending under structural adjustment programmes is included, commitments for education and training under the 7th EDF rise to ECU 487 million.

Table 12. gives a breakdown of commitments for education and training under the 6th and 7th EDFs on the basis of the OECD/DAC codes.

Table 12.

**Breakdown of commitments for education and training
(6th EDF and 7th EDFs)**

Title and code	6th EDF	7th EDF
General education (91030)	9 %	8 %
Education and training (93100)	1 %	21 %
Universities (93101)	7 %	1 %
Higher Technical Institutes (93102)	12 %	6 %
Vocational training (93103)	31 %	15 %
Secondary education (93104)	1 %	3 %
Teacher training (93105)	2 %	8 %
Training linked to agriculture (93106)	12 %	4 %
Health training (93109-93114)	3 %	9 %
Primary education (93110)	6 %	5 %
Education buildings/machinery (93151)	16 %	20 %

It emerges from this table that EDF aid is focused on vocational training. Indeed, under Lomé IV, it accounted for 46% of total commitments. It is made up of higher technical institutions 6%, vocational training 15%, training linked to agriculture 4%, health training 9%, and 12% of the 21% of the education and training sector (cf. Table 12., 7th EDF). School education stands at 17%. Note, however, the fact that non-programmable SAP resources are mostly allocated to primary education or teacher training.

However, the proportion of EDF resources allocated to education and training in the ACP countries is linked to the importance each country accords it in its national indicative programme. An analysis of 70 NIPs to assess the "human resource" component leads to the classification of programmes into four different groups (see Table 13.).

Table 13.

Breakdown of education and training programmes

Category I: programmes giving high priority to education and training	Category II: programmes giving low priority to education and training	Category III: programmes which exclude education and training	Category IV: programmes not finalized when analysis carried out
13 countries	45 countries	6 countries	6 countries
19% of the total	64% of the total	9% of the total	9% of the total

Table 13. shows that almost two-thirds of the ACP countries give it a low priority and that less than a fifth of them give education and training a high priority when using the programmable aid resources of the 7th EDF. Only a minority ignore this sector completely.

Chapter III

Structural adjustment under Lomé IV and Import Support Programmes

1. Structural adjustment under Lomé IV

Box 8

Principal objectives of structural adjustment

On the basis of the relevant provisions with regard to the subject in the fourth Lomé Convention, the Commission has developed its structural adjustment strategy along to the lines of the May 1992 resolution of the Council, which was also approved by the ACP-EC Council.¹ This policy, which involves close cooperation with the Bretton Woods institutions, has four main objectives:

- (i) Focusing efforts on the main aspects of the Convention's provisions, namely reconcile structural adjustment and long-term development, tailor the pace of reform to the specific constraints and capacities (political and social) of each country, and take account of the regional and social dimensions to adjustment;
- (ii) Ensuring maximum consistency with other Community instruments (food aid, Stabex) which also affect the balance of payments and may generate counterpart funds;
- (iii) Increasing participation in the public finances of the States concerned, in order not only to help them draw up and manage their budgets better, but also to put in place machinery to verify that the beneficiary ACP States are meeting their budgetary obligations and ensure that Community aid is used properly;
- (iv) Strengthening coordination with other donors (Member States, IMF and the World Bank in particular) at both the planning stage and during implementation.

In 1994 the Community continued to lend its support to structural adjustment by following the specific approach developed since 1989, which has been approved by the ACP States. In implementing Lomé IV up to the end of December 1994, the Commission took 56 financing decisions in the area of structural adjustment for a total amount of ECU 1 158 million. Of this total, ECU 907.8 million come from the Structural Adjustment Facility (SAF) and the rest from national

¹ ACP-EC Resolution 2126/1/92/Rev.

indicative programmes.

Community aid is usually implemented in the form of general import programmes, this instrument being the most appropriate in a situation where there is a general liberalization of the economy, and normally the most suitable for countries starting upon reforms on macro-economic plan.

Such aid to the central banks of the countries concerned has provided economic operators with the necessary foreign exchange to carry out their imports.

Such programmes have generated counterpart funds, which have been progressively integrated into the macroeconomic approach and financial and monetary balances of the countries concerned. Counterpart funds have been used as part of a single and coherent budgetary policy to cover public operating expenditure and/or investment in support of essential public services, and the upkeep of economic and social infrastructure.

Of the total financing decisions taken, around 70% of the counterpart funds have been allocated to social sectors, with a net predominance for primary health care and primary education, and nearly 10% for the upkeep of infrastructure, above all road maintenance. Other allocations of funds relate to employment (around 4%), the financial restructuring of agricultural sectors and the restructuring of the quasi-public sector.

Besides allocating resources, the Commission has attempted to restructure budgets to boost priority expenditure in the health and education sectors or to take account of genuine infrastructure maintenance requirements. This has been made possible only by an increasingly heavy involvement in public expenditure reviews, often conducted jointly with the World Bank.

The Commission has also continued its efforts to strengthen coordination with other donors in the area of adjustment, and particularly with the Member States and the Bretton Woods Institutions. To this end, it has, inter alia, continued to lend its support to the Special Programme of Assistance for the Low-Income Debt-Distressed Countries in Sub-Saharan Africa (SPA), in which all the principal bilateral and multilateral donors and lenders are participants.

In this context, the Commission has given the necessary impetus and made its aid partners more sensitive to several key issues in which it continues to be actively involved, in particular: the link between political liberalization and economic reform, the pace at which measures are adopted and the timing reforms in accordance with the specific circumstances of each country, the regional dimension to structural adjustment and the problem of the restructuring public expenditure. On each of these matters there is a consensus among the principal donors.

2. Counterpart funds

Box 9

Counterpart funds

Counterpart funds are generated by the implementation of a number of Community instruments. They constitute the exchange value, in local currency, of aid in foreign currency or of goods. Implemented through general or sectoral import programmes, they may be financed by indicative programmes, the structural adjustment facility, Stabex or food aid.

The Council Resolution of 27 May 1991 laid down the rules to be applied to the constitution, use and control of counterpart funds:

The European Commission has made a considerable contribution towards 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, the departments of the Commission co-manage these funds and report half-yearly on progress. A special annex to the management accounts is devoted to counterpart funds.

Thanks to the efforts made by the Commission over the last few years, the constitution of the counterpart funds is generally satisfactory and only local administrative factors or technical implementation difficulties may cause some delays.

While the counterpart funds generated by the programmes financed under Lomé III have frequently been used to finance the national contribution to projects financed by the indicative programmes, they were earmarked in Lomé IV and the Council Resolution for the financing of budgeted expenditure in the social sectors (health and education). In support of structural adjustment programmes, the use of counterpart funds forms an integral part of sectoral and public finance reforms.

An analysis of the data annexed shows that the programmes financed under Lomé III have been more than 96% implemented, so delegations will no longer be obliged to report on Lomé III programmes in 1995. The Lomé IV programmes are being implemented more speedily since, at the end of the fourth year, some 80% of the structural adjustment allocation was already decided and some 60% was paid. Structural adjustment financing through indicative programmes amounts to more than ECU 300 million, of which 60% has also been paid out. Counterpart funds, of which 80% are constituted and 75% utilized, fulfil their role perfectly as a quick-disbursing instrument for the social sectors. Stabex transfers which generate counterpart funds are also dealt with in an annex.

Third Lomé Convention-Counterpart funds: Special Debt Programme-Import Programmes (Situation at 31.12.94)

Country	Dec. MECU	Pym. MECU	Currency	Counterpart funds (mio local currency)				Sector of application (in % of commitments)					
				Amounts due a)	Paid in account b)	Committed	Paid	Rural development	Infra structure	Industry	Education	Health	Others c)
	(1)	(2)		(3)	(4)	(5)	(6)	I	II	III	IV	V	VI
ANGOLA	38.5	38.2	AON	2,147.7	1,917.3	1,917.3	1,917.3	11.8	5.7		3.9	27.5	51.2
BENIN	37.7	37.5	XOF	9,941.0	9,941.0	9,941.0	9,941.0				8.0	0.2	91.8
BURUNDI	12.0	11.9	BIF	2,354.0	2,354.0	2,354.0	2,354.0	19.0	31.0	19.0	8.0	7.0	16.0
CAMEROON	11.9	11.9	XAF	5,980.0	5,980.0	5,980.0	5,980.0	100.0					
CAPE VERDE	4.0	3.9	CVE	344.8	280.2	344.8	187.5						100.0
CENTR AFRIC REP	7.0	6.2	XAF	2,165.5	2,165.5	2,165.0	2,001.9	12.2			1.3		86.5
CHAD	9.5	9.5	XAF	3,356.2	3,356.2	3,356.2	3,274.8	100.0					
COTE D'IVOIRE	41.0	41.0	XOF	14,518.0	14,518.0	14,518.0	14,518.0	53.9				46.1	
EQUAT GUINEA	1.5	1.3	XAF	465.8	561.5	550.4	543.1	9.8	14.1	76.0			0.1
ETHIOPIA	51.5	44.6	FKP	130.1	95.5	108.0	93.4	83.3	4.6				12.1
GAMBIA	4.9	4.9	GMD	40.4	40.4	39.9	38.7	71.4	21.8		3.0		3.8
GHANA	20.5	19.3	GHC	5,844.0	4,596.0	4,596.0	4,596.0				17.0	56.2	26.8
GUINEA BISSAU	6.0	6.0	GWP	19,323.4	19,326.3	19,466.7	19,466.7	14.6	15.3	0.1	1.5	5.4	63.1
GUINEA	12.5	12.5	GNF	9,537.3	9,537.3	9,537.3	9,392.3	22.0	2.2		40.0	4.8	37.4
GUYANA	17.3	16.8	GYD	78.2	83.5	78.2	64.4		99.0				0.1
JAMAICA	15.5	13.7	JMD	269.6	267.8	227.8	40.0				11.3	51.2	37.5
KENYA	42.0	42.0	KES	1,065.5	1,065.5	1,065.5	862.0	100.0					
MADAGASCAR	17.2	17.2	MGF	30,604.6	30,604.6	30,604.6	30,604.6	7.3	33.0	2.4	16.7	15.0	25.9
MALAWI	12.5	12.5	MWK	45.5	45.5	45.4	44.0	11.3	8.8		2.9	17.6	56.3
MALI	28.5	28.5	XOF	9,031.0	8,944.0	8,927.0	8,806.0	16.5		15.0	25.0	40.0	3.5
MAURITANIA	7.0	7.0	MRO	629.6	629.6	629.6	629.6		20.6				79.4
MAURITIUS	3.0	2.8	MUR										
MOZAMBIQUE	58.0	58.0	MZM	82,800.0	82,800.0	82,800.0	82,800.0						100.0
NIGER	14.0	13.9	XOF	895.7	931.8	895.7	892.0					100.0	
NIGERIA	10.0	10.0	NGN	125.8	125.8	125.8	125.8					100.0	
PAPUA N. GUINEA	5.5	5.5	PGK	6.8	6.8	6.8	6.8		100.0				
RWANDA	12.0	11.7	RWF	1,936.5	1,707.0	755.2	279.3						100.0
SAO TOME & P	1.2	1.2	STD	106.2	106.2	59.5	59.5		10.1	0.2	5.2	17.6	99.6
SENEGAL	11.5	11.5	XOF	4,076.0	4,076.0	4,076.0	4,076.0	100.0					
SIERRA LEONE	6.0	4.4	SLL	1,263.0	1,103.5	1,263.0	1,035.8						100.0
SOMALIA	29.3	29.3	SOS										
SUDAN	17.8	16.9	SDD	92.6	92.6	92.6	92.6	100.0					
SURINAM	7.3	7.3	SRG	15.8	16.1	16.1	5.0	69.2					20.8
TANZANIA	24.5	23.6	TZS	13.4	13.4	12.8	12.8		9.2		45.4	45.5	
TOGO	10.0	9.7	XOF	3,296.7	2,671.6	2,671.6							
TRINIDAD & T.	5.0	3.5	TTD	n.c.	n.c.								
UGANDA	38.1	38.1	UGX	n.c.	n.c.								
ZAIRE	24.0	23.8	ZRN										
ZAMBIA	20.5	18.3	ZMK	807.3	670.8	670.8	670.8						100.0

a) Determined by the delegation on the basis of commitments or payments in ECU, including interest on the accounts in ECU.

b) Interest generated on the CPF accounts included.

c) By "other" is to be understood the contributions of Member States to EDF projects, general contributions to budgets, thematic projects, and measures in respect of refugees and displaced persons.

n.a.= not available

**Fourth Lomé Convention - Counterpart funds: Structural Adjustment
and Import Programmes (Situation at 31.12.94)**

Country	Dec. MECU	Paym. MECU	Currency	Counterpart funds (mio local currency)				Sector of application (in % of commitments)						
				Amounts due a)	Paid in account b)	Committed	Paid	Rural development	Infra- structure	Industry	Education	Health	Others c)	
				(3)	(4)	(5)	(6)	I	II	III	IV	V	VI	
BENIN	42.1	27.7	XOF	13,504.3	13,504.3	17,406.3	11,934.5					11.1	88.9	
BURKINA FASO	78.8	70.2	XOF	16,320.2	8,624.2	8,500.0	6,073.4	2.4				22.6	24.3	50.7
BURUNDI	12.0		BIF											
CAMEROON	49.7	34.1	XAF	21,806.0	7,860.0	8,200.0	5,199.7	20.7	71.6				7.7	
CENT AFRIC REP	10.0	6.3	XAF	6,111.0	3,916.8	3,916.8	2,888.7							
CHAD	15.2		XOF											
COMOROS	6.6	6.5	KMF	2,515.5	2,515.5	2,080.5	1,594.6							
CONGO	6.6		XOF											
CÔTE D'IVOIRE	62.8	51.0	XOF	35,104.5	35,104.5	28,078.5	16,388.6	3.8					220.2	76.0
DOMINICA	2.0	1.2	XCD	2.7	2.7	6.3	1.8							
DOMINICAN REP.	31.5	31.1	DOP	490.0	595.6	502.9	289.1	5.2	32.2			21.3	20.7	20.6
ETHIOPIA	102.0	64.5	ETB	133.4	105.4	57.0	96.0					50.0	50.0	
GABON	13.2	13.1	XOF	8,419.0	8,419.0	8,419.0	388.3							
GAMBIA	8.2	6.2	GMD	70.0	70.0	49.1	48.1		11.0			45.6	41.6	1.8
GHANA	81.2	48.8	GHC	39,183.0	40,163.9	37,314.9	40,163.9	3.8				42.5	47.8	5.8
GRENADA	2.0	1.8	XCD	5.7	5.7	5.7	5.2							
GUINEA	14.0	14.0	GNF	16,176.4	16,135.8	15,913.9	6,909.7	11.0	5.0			47.0	23.0	14.0
GUINEA BISSAU	8.0	4.5	GWP											
GUYANA	6.3	6.3	GYD	677.8	659.8	608.1	485.3					50.0	36.0	14.0
JAMAICA	7.1		JMD											
LESOTHO	16.5	12.4	ZAR	49.1	49.1	62.4	30.4		22.7			58.9	17.7	0.7
MALAWI	30.6	30.4	MWK	316.1	316.1	316.1	98.9	41.3				21.7	37.0	
MALI	67.9	57.1	XOF	15,455.0	15,493.0	15,493.0	13,094.0	0.5	20.5			34.5	44.5	
MAURITANIA	19.9	13.0	MRO	1,802.0	1,802.0	1,802.0	1,802.0	1.3	77.6				21.1	
MOZAMBIQUE	45.0	24.6	MZM	71,701.0	44,331.0	71,701.0	44,331.0							100.0
NIGER	67.8	57.1	XOF	34,150.0	18,077.3	16,247.6	8,742.2						100.0	
PAP. N.GUINEA	19.5	16.5	PGK	13.2	13.2	13.2	13.2						100.0	
SAO TOME	1.5	0.6	STD											
SENEGAL	36.0	35.6	XOF	1,656.4	1,656.4	1,656.4	1,656.4		73.5					26.5
SIERRA LEONE	20.0	7.9	SLL	5,596.7	1,850.8	2,323.2	679.1	27.1	12.7			1.1	57.5	1.7
TANZANIA	145.0	84.3	TZS	40.0	40.2	37.5	37.5					50.0	50.0	
TOGO	17.0		XOF											
TRINIDAD & T.	4.7	2.0	TTD											
TUVALU	0.9													
UGANDA	31.3	31.3	UGX	27.5	27.5	26.2	24.7							100.0
ZAMBIA	92.3	80.3	ZMK	54.6	54.6	54.6	54.6					33.0	40.0	27.0
ZIMBABWE	60.0	38.6	ZWO	235.5	148.7	148.7	98.3					39.8	31.1	29.9

- a) Determined by the delegation on the basis of commitments or payments in ECU, including interest on the accounts in ECU.
b) Interest generated on the CPF accounts included.
c) By "other" is to be understood the contributions of Member States to EDF projects, general contributions to budgets, thematic projects, and measures in respect of refugees and displaced persons.
n.a. = not available

Chapter IV

Non Programmed Aid

1. Stabex

Box 10

What is Stabex?

The system for stabilizing export earnings from agricultural commodities was first introduced under Lomé I in order to provide the ACP countries with funds to compensate for losses of earnings resulting from fluctuations in prices or output of agricultural products exported to Member States of the Community.

Article 186 of Lomé IV specifies that this system should remedy the harmful effects of the instability of export earnings and help ACP States overcome one of the main obstacles to the stability, profitability and sustained growth of their economies. In order to attain these objectives, transfers shall be devoted, in accordance with a framework of mutual obligations to be agreed between the ACP State concerned and the Commission in each case, either to the sector that recorded the loss of export earnings, and used there for the benefit of economic operators adversely affected by this loss, or, where appropriate, to diversification, for use in other appropriate productive sectors.

The criteria for eligibility are as follows:

1. A product is eligible for Stabex if, in the year prior to the year of application, it represented 5% of a country's total earnings from exports to all destinations, (4% in the case of sisal).
2. A country is eligible for Stabex if it has recorded a loss of earnings of at least 4.5% by comparison with the average of the six years preceding the year of application, after excluding the lowest and the highest figures. (In both instances, the percentage is 1% for the least-developed landlocked and island ACP States.)

The ACP States are accountable for the use they make of the funds transferred.

Aid granted under Stabex is non-reimbursable. This system was allocated ECU 390 million under Lomé I; this amount was raised to ECU 660 million under Lomé II, ECU 1,449 million under Lomé III and ECU 1,600 million under Lomé IV².

² Including the increases approved by the Council in July 1988, July 1989, March 1990, and December 1991.

The 1992 year of application was marked, as were the two previous years of application, by a shortfall in resources but it proved impossible, on that occasion, to get the Community's agreement to supplementary resources to top up the ordinary resources available, which amounted to ECU 330 million (see the 1993 annual report).

Negotiations continued up to January 1994 without agreement. The ACP-EC Committee of Ambassadors therefore decided on 16 February 1994 that the transfers would be made on the basis of ordinary available resources (ECU 330 million) covering 43.2% of eligible amounts.

For the 1993 year of application, 36 ACP States were eligible for 57 transfers. Ordinary available resources amounted to ECU 285 million, while the shortfall in resources to cover transfers was ECU 188 million. This situation was the subject, as provided for under Article 194(4) of the Convention, of a report by the Commission to the ACP-EC Council of Ministers (SEC (94)1141 final), which delegated its jurisdiction in the matter to the Committee of Ambassadors.

The Committee of ACP-EC Ambassadors decided, on 19 July 1994 to designate ECU 285 million for the Stabex transfers for the 1993 year of application, this sum being made up of ordinary resources available within the system for the year of application. At its 1211th meeting, the Commission adopted a draft decision fixing the Stabex transfers to be made for the 1993 year of application on the basis of the 285 million ECU package.

As a consequence of these decisions, 60.24% of eligible amounts were paid, i.e. 17% more than for 1992.

STABEX INSTRUMENT UNDER LOMÉ IV

Situation at 31/12/94

1990/1991/1992/1993 years of application

Country	Currency	Year	Date of signature FMO (c)	Decisions MECU	Payments MECU	Counterpart funds (million local currency)		
						To pay a)	Paid b)	Committed
BENIN	XOF	1990	02/23/92	0.253	0.253	83.6	83.6	83.6
		1991	08/24/93	0.357	0.357	118.4	118.4	118.4
		1993		0.663				

Country	Currency	Year	Date of signature FMO (c)	Decisions MECU	Payments MECU	Counterpart funds (million local currency)		
						To pay a)	Paid b)	Committed
BURUNDI	BIF	1990	06/10/92	16.549	16.549	4,498.9	4,381.8	4,458.8
		1991		7.982	7.982			
		1992		9.365				
		1993		19.850				
BURKINA FASO	XOF	1990	02/22/94	0.387	0.387			
		1991	02/22/94	1.753	1.753			
		1992		1.576				
		1993		0.704				
CAMEROON	XAF	1990	02/14/92	67.388	67.388	23,505.0	21,338.0	23,505.0
		1991	08/13/93	69.201	69.201	50,109.8	16,948.5	19,855.7
		1992		47.906	47.906	32,773.0		32,773.0
		1993		32.576	32.576	21,818.7		21,818.7
CAPE VERDE	CVE	1990	10/27/92	0.116	0.116			
		1993		0.356				
CENTR AFR REP	XAF	1990	10/16/92	6.731	6.731			
		1991		2.544	2.544			
		1992		2.274	2.274			
		1993		6.344	6.344			
COMOROS	KMF	1990	10/23/92	2.335	2.335	897.3	913.3	901.8
		1991		0.190	0.190			
		1992		0.881				
		1993		0.811				
COTE D'IVOIRE	XOF	1990	12/21/91	91.172	91.172	32,186.2	31,477.2	31,800.0
		1991	03/19/93	71.752	71.752	20,416.6	23,481.7	25,008.0
		1992	08/02/94	53.786	53.786	35,365.9	34,301.0	43,700.0
		1993		31.850	31.850			
DOMINICA	XCD	1990	03/30/93	0.673	0.673			
		1991	03/30/93	0.158	0.158			
		1992		1.226	1.226			
		1993		3.369	3.369			

Country	Currency	Year	Date of signature FMO (c)	Decisions MECU	Payments MECU	Counterpart funds (million local currency)		
						To pay a)	Paid b)	Committed
ETHIOPIA	ETB	1990	02/22/93	64.588	64.588	392,256.6	184,263.9	396,000.0
		1991	08/26/93	49.395	49.395	295,350.0	34,301.0	43,700.0
		1992		40.898	40.898			
		1993		32.593	32.593			
GAMBIA	GMD	1991		0.354	0.354			
GHANA	GHC	1990	11/02/92	6.889	6.889	4,676.7	4,676.7	4,676.7
		1991	10/08/93	16.430	16.430	14,658.5	13,385.2	13,853.3
		1992		4.884	4.884			
		1993		15.739	15.739			
GRENADE	XCD	1990	06/15/92	2.026	2.026	7.5	7.5	7.5
		1991	11/15/93	1.789	1.789	6.110	5.215	6.110
		1992	08/16/94	2.406	2.406	8.124	5.554	8.124
		1993		2.249	2.249			
GUINEA- BISSAU	GWP	1991	12/03/93	0.368	0.368			
		1992		0.395	0.395			
		1993		0.113				
GUINEA EQUAT.	XAF	1990	06/08/93	2.297	2.297	1,790.9	966.6	1,067.4
		1991		1.222	1.222	910.6		
		1992		1.521	1.521	1,005.3		
		1993		0.851	0.851	558.9		
HAITI	HTG	1990		11.650				
		1991		5.370				
		1992		3.972				
		1993		4.552				
KENYA	KES	1990	07/03/92	28.939	28.939	2,128.5	1,753.1	2,128.5
		1991	06/24/93	16.413	16.413			
		1992		16.740				
		1993		16.048				
KIRIBATI	AUD	1990	06/30/93	0.396	0.396			
		1991	07/27/93	0.193	0.193			

Country	Currency	Year	Date of signature FMO (c)	Decisions MECU	Payments MECU	Counterpart funds (million local currency)		
						To pay a)	Paid b)	Committed
		1993		0.036				
LESOTHO	LSM	1991	05/10/94	0.937	0.937	4,163.5	4,163.5	8,200.0
		1992	05/10/94	1.330	1.330			
		1993		1.040	1.040			
MADAGASCAR	MGF	1990	07/13/92	21.555	21.555	54,253.9	54,193.3	54,253.9
		1991		16.585	16.585			
		1992		9.980	9.980			
		1993		4.294				
MALI	XOF	1990	12/29/92	0.330	0.330	113.7	104.0	104.0
		1991	01/26/94	0.612	0.612	400.0	400.0	400.0
MALAWI	MWK	1990		1.706				
		1991		2.509				
MAURITANIA	MRO	1990	06/30/92	9.584	9.584	1,002.4	883.4	6.6
		1991	07/20/93	4.087	4.087			
		1992		0.825				
MOZAMBIQUE	MZM	1991		1.269	1.269			
		1992		0.555				
		1993		1.726				
UGANDA	UGX	1990	03/04/92	36.986	36.986	15,055.1	12,579.2	13,250.7
		1991	06/24/93	34.210	34.210	27,448.1	24,689.7	26,221.4
		1992		24.339				
		1993		44.434				
PAPUA N. G.	PGK	1990	02/27/92	24.949	24.949	29.6	29.6	29.6
		1991	10/12/93	17.224	17.224	22.7	22.7	22.7
		1992		17.412				
		1993		12.214				
RWANDA	RWF	1990	08/03/92	16.572	16.572	963.0	72.6	
		1991		10.132	10.132			
		1992		14.322				
SOLOMON	SBD	1990	05/25/92	4.595	4.595	20.7	12.1	19.1

Country	Currency	Year	Date of signature FMO (c)	Decisions MECU	Payments MECU	Counterpart funds (million local currency)		
						To pay a)	Paid b)	Committed
		1991	09/29/93	1.516	1.516	6.7		3.8
		1992		0.041				
		1993		0.599				
SAMOA OCC.	WST	1990	12/15/92	2.175	2.175	7.785	4.046	7.785
		1991		2.273	2.273			
		1993		0.128	0.128			
SAO TOME & P.	STD	1990	01/27/94	0.995	0.995	278.9	32.5	
		1991	01/27/94	1.063	1.063			
		1992		0.792	0.792			
STE.LUCIE		1992	01/05/95	0.728	0.728			
		1993	01/05/95	3.481	3.481			
ST.VINCENT		1993		5.452	5.452			
SENEGAL		1992	05/31/94	9.206	9.206			
		1993	01/16/95	15.124	15.124			
SIERRA LEONE	SLL	1990	06/22/93	2.042	2.042			
		1991	03/29/94	1.403	1.403			
		1992		2.331				
		1993		2.608				
SUDAN	SDD	1990		31.752				
		1991		32.102				
		1992		28.355				
		1993		2.416				
TANZANIA	TZS	1990	09/12/93	19.178	19.178	8,027.2	7,817.2	7,368.3
		1991		12.529	12.529	6,174.5	5,931.6	6,010.9
		1992		13.594				
		1993		8.300				
CHAD		1993		4.439	4.439			
TOGO	XOF	1990		5.230	5.230	5.2	5.2	
		1991		7.749	7.749	7.7	7.7	
		1992		3.079				

Country	Currency	Year	Date of signature FMO (c)	Decisions MECU	Payments MECU	Counterpart funds (million local currency)		
						To pay a)	Paid b)	Committed
		1993		3.938				
TONGA	TOP	1990		0.990	0.990			
		1991		0.727	0.727			
		1992		0.112	0.112			
		1993		0.110	0.110			
TUVALU		1990	03/21/94	0.016	0.016			
		1991	03/21/94	0.011	0.011			
		1993		0.004	0.004			
VANUATU	VUV	1990	07/23/93	1.702	1.702			
		1991	07/23/93	0.355	0.355	2.193	2.193	2.057
		1992		0.267		0.815		
		1993		0.547				
ZIMBABWE		1992		15.281	15.281			
		1993		5.440	5.440			

- a) Based on payments in ECU (interest on accounts in ECU included).
b) Interest generated on CPF Accounts included.

2. Sysmin

Box 11

Sysmin

The "special financing facility", Sysmin, was created under Lomé II in order to help ACP States that were heavily dependent on their mining exports to the Community to remedy the harmful effects on their income of serious temporary disturbances affecting the mining sector. Sysmin was allocated ECU 230 million under Lomé II and ECU 253 million under Lomé III in the form of special loans (over 40 years, with a 10-year grace period and interest rates of 1% to 0.5% for the least-developed ACP States). Lomé IV provides for ECU 480 million in the form of non-reimbursable aid.

The products covered by Sysmin under Lomé IV are copper, cobalt, phosphates, manganese, bauxite and alumina, tin, iron ore and uranium. Countries may request Sysmin aid if the products concerned have represented, on average, more than 15% of their total exports for four years (10% for the least-developed countries) or 20% or more of their export earnings from all mining products (12% for the least-developed, landlocked and island countries).

Aid is granted after case-by-case analysis of the potential for re-establishing viable businesses in the sector concerned. Most Sysmin operations are cofinanced with other donors such as the European Investment Bank, the World Bank or the African Development Bank.

Lomé III decisions up to the end of 1994 totalled ECU 158 million, 100% of the allocation for this instrument.

Total payments reached ECU 83 million (52% of the allocation), ECU 21.5 million of which during 1994. The difficulties encountered in implementing payments are often linked to the political and/or socio-economic situation of the countries concerned.

In Togo, because of the political situation, a phosphates project of ECU 15.7 million is still suspended and no payment has been made. Implementation of an industrial project in Senegal, again involving phosphates, is going very slowly since changes in the market have led to a significant revision of the project.

The Sysmin allocation in the fourth Lomé Convention amounts to ECU 480 million. Decisions at the end of 1994 exceeded ECU 169 million (35% of the allocation); commitments and payments amounted, respectively, to ECU 84 million (17% of the allocation) and ECU 66 million (14% of the allocation).

In 1994, several countries applied for assistance under Sysmin: Suriname and Jamaica, especially, recorded losses of export earnings in the bauxite and aluminium sectors. Botswana must deal with similar problems in the nickel sector. In the same year, two financing decisions were taken: ECU 14 million for a mining development programme in the uranium and manganese sectors in Gabon, and ECU 31 million for a road infrastructure and telecommunications programme in Niger. Consideration is being given to requests for Sysmin aid from Botswana, Burkina Faso, Guinea, Jamaica, Mauritania and Suriname.

3. Aid for refugees

Ten operations concerning nine ACP countries for a total amount of ECU 25 million were decided under Article 255 of the Lomé IV Convention in 1994. The rapid procedure (projects less than ECU 750 000 decided by the Chief Authorizing Officer) was used for three operations totalling ECU 1.93 million (7.6%). Seven programmes (Eritrea ECU 3.7 million, Ethiopia ECU 2 million and ECU 4.2 million, Liberia ECU 5 million, Malawi ECU 3.7 million, Zaire ECU 3.5 million and Zambia ECU 1.2 million) were decided by the Commission after informing, or receiving the opinion of, the EDF Committee.

Since the entry into force of the Lomé IV Convention (September 1991), 59 projects have been decided, for a total amount of ECU 74.89 million out of available funds of ECU 100 million. From a financial perspective at the end of 1994, the situation is as follows (Table 14. and Table 15.) on the basis of initial funds of ECU 100 million:

Table 14.

Aid for refugees: financial situation at the end of 1994

Years	Decisions	Commitm.	Com/Dec.	Paym.	Pay/Dec.
1994	25,24	13,43		18,29	
Total 1992 + 1993 + 1994	74,89	55,68	74,3 %	44,34	59,2 %

Table 15.

Years	Number of decisions	Decisions in MECU
1991/92	29	36.4
1993	20	14.0
1994	10	25.2
Sub-Total	59	75.6
Balance*		0.7
Total		74.9

*The implementation of projects previously decided continued and a number were closed, the remaining balance, totalling 0.7 million ECU being recycled under Article 255.

These tables show that a steady decision rate was maintained during 1994 (ECU 25 million/year on average) and that a similarly steady rate is reflected in both secondary commitments and payments.

Aid for refugees, returnees and displaced persons in 1994 remained concentrated in a small number of areas: Southern Africa, Central Africa and the Horn of Africa, inasmuch as the situation there has gradually stabilized, and on a small number of countries which are host to a large number of refugees (Zaire, Kenya and Malawi).

The complementary nature of the instruments (humanitarian aid and Article 255) and the link-up with the other means that the EDF has at its disposal (National Indicative Programmes) have played a part in several situations, particularly the implementation of the Rehabilitation Plan for Africa.

Most of the decisions taken under Article 255 in favour of refugees, returnees and displaced persons in 1994 were significant additional contributions, amounting to ECU 18.4 million, to the rehabilitation programmes implemented in the following countries: Eritrea, Ethiopia, Liberia and Zaire.

This financial role of Article 255 in rehabilitation programmes fits perfectly both the objectives of this article, which is aimed at bringing about the integration, re-integration and self-sufficiency of refugees, returnees and displaced persons, and those of the rehabilitation programmes, which seek, inter alia, to ensure coordination and linkage of the various instruments in this field.

Moreover, the Commission has decided to create a Permanent Inter-Departmental Group in order to strengthen the coordination of its assistance for refugees, returnees and displaced persons and thereby ensure better linkage between humanitarian aid and medium-term aid, while strengthening coordination with other donors.

The principal partners in the implementation of operations have been NGOs (58%) and the UNHCR (34%). Aid has been focused on sanitation (technical assistance and supplies), which is often a matter of priority because of its beneficial impact overall and aid to vulnerable groups, especially as many water-engineering projects have been financed concurrently. Major projects have also been implemented in the socio-economic sector (credit, training, boosting of agriculture) in Ethiopia, Eritrea and Belize.

4. Emergency Aid

In 1993 a total of ECU 100 million was allocated to support humanitarian assistance programmes in more than 25 ACP countries. In Africa, in 1994, ECU 324 million (42.4% of the total ACP allocation) was decided. ECU 260 million were decided under Article 254 of Lomé IV, the remainder coming from budget heading B7-5000 for operations in Angola, Haiti, Somalia, Sudan, and in aid of the populations of Rwanda and Burundi.

In Angola a programme lasting six months (February to August), and totalling ECU 18 million, supported the work of around twenty NGOs, plus the ICRC, UNHCR and WFP. In November, a financial decision involving ECU 6 million to extend of the overall programme was approved by the Commission.

In Sudan, a six-month programme (April-October) for displaced persons in the south of the country and refugees in Uganda was launched for a total of ECU 17 million: 16 NGOs, as well as UNHCR, UNICEF and IFRC were involved in this programme. An additional ECU 8 million was allocated in December for the same population groups.

In Zaire, a six-month programme was launched to support the basic needs of displaced persons in Shaba, Kasai, and Northern Kivu.

Several humanitarian projects had been launched in aid of Burundi before the crisis of 6 April, to which the Commission responded through the following regional programmes:

- ECU 13.5 million for Burundian refugees in neighbouring countries. This project followed the general programme approved during December 1993. The programme supported the activities of 10 NGOs, the WFP, UNICEF and the UNHCR between mid-February and 6 April.

- A general six-month programme (March-September) in aid of refugees and displaced persons returning to Burundi with financing of ECU 14 million.
- ECU 8 million were allocated to nine NGOs to cover the needs of 350 000 Rwandan displaced persons in the north of Rwanda for a period of six months (February-August). On 6 April, these programmes were suspended, but since that date they have been re-allocated.

On 6 April, a regional approach was adopted by ECHO in order to meet the aid requirements of population movements brought about by the Rwandan crisis. In a bid for more effective and coordinated action, ECHO adopted a flexible regional plan. It gave UNHCR the responsibility for identifying and coordinating humanitarian programmes for refugees and displaced people in neighbouring Tanzania, Burundi, Zaire and Uganda. Since adoption of the programme, up to december 1994, ECU 177.5 million has gone to people in need under this approach.

Table 16.

Emergency assistance decisions in 1993 and 1994

Country	1993		1994	
	N° of contracts	Decisions	N° of contracts	Decisions
Angola	31	7,00	46	24,00
Benin	3	1,00	--	--
Burkina Faso	1	0,50	--	--
Burundi	10	4,00	28	21,00
Chad	--	--	2	0,45
Djibouti	2	0,51	2	0,35
Eritrea	--	--	3	1,00
Ethiopia	2	0,35	1	0,06
Fiji	2	1,00	--	--
Ghana	3	0,50	2	1,00
Guinea	--	--	1	0,30
Guinea-Bissau	1	0,30	1	0,10
Guinea Conakry	1	1,00	--	--
Haiti	10	2,00	44	18,01

Country	1993		1994	
	N° of contracts	Decisions	N° of contracts	Decisions
Kenya	11	2,40	3	1,20
Liberia	29	8,99	17	7,47
Madagascar	--	--	5	1,17
Malawi	--	--	1	0,30
Mauritania	--	--	3	0,40
Mozambique	6	3,00	4	1,18
Namibia	1	0,18	--	--
Niger	--	--		0,07
Nigeria	--	--	1	0,34
Uganda	3	1,00	1	0,50
Papua N. Guinea	--	--	1	0,12
Rwanda	27	11,00	17	15,5
Senegal	2	1,00	--	--
Sierra Leone	6	1,85	4	2,77
Somalia	47	12,30	30	8,34
Sudan	28	10,40	49	26,51
St Lucia	--	--	1	0,12
Tanzania	3	2,00	3	1,81
Togo	1	0,50	1	0,20
Zaire	20	7,80	11	7,32
Zimbabwe	1	0,01	--	--
Africa	3	1,00		
Africa-Burundi ref.	28	18,30	20	13,50
Burundi-Rwanda ref.	--	--	34	168,50
TOTAL ACP	282	99,89	335	323,59

In Haiti, a six-month programme totalling ECU 12 million was launched in aid of vulnerable groups.

The programme provides coverage for basic health, medical and food requirements.

Besides these integrated programmes, ECHO managed aid programmes in around twenty countries, including: the repatriation of refugees in Eritrea, an aid project for displaced persons in Ghana, an anti-cholera campaign in Guinea, Guinea Bissau and Chad, assistance for Somali refugees in Kenya, drought alleviation programmes in Chad and Tanzania, support for the Touareg populations in Mali, a project in Papua New Guinea and aid for Ghanaian refugees in Togo and displaced persons in Nigeria.

In Liberia, ECU 7.4 million were allocated to aid communities affected by the civil war and was used for the implementation of water distribution programmes, medical programmes and health projects. Financing was also granted for Liberian refugee communities in Guinea and Côte d'Ivoire.

In Somalia, ECU 8.3 million were allocated to NGOs working in very unstable conditions. This was to maintain a stable presence in order to deal with the ever-present problems of famine and epidemics.

The ECU 324 million allocated to the ACP countries in 1994 by way of humanitarian aid is an amount that is three times greater than that granted in 1993 (ECU 100 million). Of this sum, ECU 218 million (65% of the total) were allocated to refugees and displaced persons from Rwanda and Burundi (cf. Table 17.). The total aid allocated to this region from 21 October 1993 (beginning of the crisis in Burundi) is ECU 248.4 million.

Table 17.

Decisions allocating aid to Burundian/Rwandan displaced persons/refugees

Country	N° of decisions	Amount
Burundi	8	25,00
Rwanda	10	20,50
Tanzania	4	3,13
Zaire	1	0,50
Regional	8	199,30
TOTAL	31	248,43

The new form of cooperation established during the Rwandan crisis by ECHO, the UNHCR and the

NGOs has proved very effective. It is an effective way of implementing future large-scale emergency projects.

Lastly, a regional operation was supported in Eastern Africa (Somalia, Southern Sudan and Rwanda), where many projects financed by ECHO needed simultaneous air support. The "ECHO flight" air transport system, based in Kenya, created economies of scale, engendering an efficient, on-the-spot service for personnel and goods. As a result of the ECHO flight service, air transport costs borne by the European Union in the region fell by 36%.

5. Rehabilitation

On the basis of the conclusions of the Council of 25 May and 2 December 1993, and the discussions of the Council on 6 May 1994, the Commission continued in 1994 to implement rehabilitation projects, particularly within the framework of the Special Initiative for Africa.

Rehabilitation aid decisions for the eight countries concerned now account for ECU 519.9 million, and more specifically ECU 287.3 million since the launch of the Special Initiative in May 1993. These totals include funding under heading B7-5076 Rehabilitation (created in 1994 and allocated ECU 44.8 million) that the Commission used in the ACP countries concerned. Allocations under this budget heading in aid of ACP countries amounted to ECU 16.9 million. They were concentrated in six ACP countries and enabled significant funds to be deployed from other sources of finance (NIPs, Article 255 of Lomé IV). In ACP countries the operational partners were mainly NGOs and efforts focused on the rehabilitation of basic sectors (health, education and agricultural production).

The situation as regards payments, given the difficulties of implementation (absorption capacity, time limits), may be considered to be satisfactory since, of the total commitment of ECU 519.9 million, ECU 227.2 million, i.e. 44% has been paid out. With regard to the Special Initiative proper, for which some decisions are very recent, the payment rate has picked up sharply by ECU 24 million in July 1994 to stand at ECU 45 million. This upwards trend is likely to continue in coming months since 1994 decisions allocating some ECU 95 million to rehabilitation are coming onstream together.

6. Aid managed by the European Investment Bank (EIB)

In 1994, the Bank's operations in ACP countries, despite an often troubled economic background, experienced a sharp revival by comparison with previous years, and a doubling by comparison with 1993. This more than 120% increase is explained, on the one hand, by an improvement in the political and economic climate in certain regions, particularly in Southern Africa due to the stabilizing effect of the changeover in South Africa, and in the Horn of Africa, and on the other hand, by the increase in commodity prices combined with the devaluation of the CFA franc, which have considerably improved the prospects for investment in West and Central Africa.

Box 12

The European Investment Bank

Financial assistance granted by the EIB includes loans from its own resources (chiefly deriving from loans on the capital markets) and of risk capital from EDF resources. Following the division of work between the Commission and the EIB provided for by the Convention, requests for financing of production projects, action programmes for industry (including the agricultural processing industry), mines and tourism, and energy production projects linked to investment in these sectors, must be submitted to the Bank, which then proceeds to evaluate them. The EIB is also authorized to finance infrastructure projects that will benefit the economy in sectors such as transport and communications.

Finance granted by the Bank from own resources always takes the form of loans and is targeted at viable projects carried out in countries whose economic and financial situation is such that they are able to shoulder the corresponding debt and service it properly. The Bank makes loans duly after obtaining the appropriate security and requires the guarantee of the State in question or other first class guarantees. The repayment of the principal and the payment of interest must normally be covered by the forecast operating results of the project or by the resources it generates. Loans from the Bank's own resources are generally accompanied by interest rate subsidies, for which a sum has been set aside in the EDF (ECU 280 million under Lomé IV). The subsidy amounts to 4% but, if necessary, may be automatically adjusted so that the rate of interest actually borne by the borrower is not less than 3% nor greater than 6%.

Risk capital is a financing method particularly well-suited to the difficult financial and economic situation experienced by a good number of ACP countries. As these funds are of budgetary origin, risk capital allows the EIB greater flexibility in establishing the terms of lending.

Risk capital may be granted in the form of:

- direct participation, in the name of the European Community;
- quasi-capital assistance, i.e. mainly in the form of:
 - subordinated loans
 - conditional loans.

Direct holdings in the capital of businesses or development banks of the ACP States are of a temporary and minority nature, and must be transferred in due time to nationals or institutions of the ACP States. Quasi-capital assistance may be granted in the form of loans subordinated to the repayment of other bank debt, or in the form of conditional loans for which the terms of repayment, duration and payment of interest depend on meeting discounted profitability or production objectives. It is planned to grant ECU 825 million in risk capital under Lomé IV.

In 1994, the Bank signed financing contracts for a total of ECU 457.2 million, comprising ECU 221 million in loans from own resources, accompanied by interest rate subsidies, and more than ECU 236 million in risk capital from EDF resources, including ECU 1.15 million under Lomé III. Eight projects were financed exclusively by loans from own resources (ECU 122.4 million) and the others benefited from assistance in the form of risk capital, whether on its own, in the case of 36 of them (ECU 167 million), or combined with loans from own resources.

In the past year, payments reached a total of nearly ECU 170 million, split into ECU 61.5 million under Lomé III and the balance, i.e. ECU 108 million, under Lomé IV.

Under Lomé III, at the end of 1994, the total amount paid amounted to more than ECU 1 000 million: ECU 546 million from of own resources and ECU 458 million in the form of risk capital. These sums amount to 72% and more than 80%, respectively, of total commitments.

As regards Lomé IV, payments in 1994 amounted to ECU 108 million, including ECU 66 million from own resources, to reach, at the end of 1994, nearly ECU 300 million: ECU 184 million from own resources and ECU 111 million from risk capital, i.e. 27% and 23%, respectively, of sums committed at the end of 1994.

Geographical breakdown of the EIB's operations

In 1994, the Bank was active in 29 countries in Africa, the Caribbean and the Pacific. The majority of loans went to Africa: ECU 406 million (including ECU 207 million from own resources and ECU 199 million from risk capital), 89% of the total. Southern Africa was the main beneficiary (43%) followed by East Africa (23%) and West Africa; moreover more than 15% were granted in the form of block loans to the ACP States as a whole. The Caribbean and the Pacific received (respectively) 10% and 1% of total loans.

In **West Africa** the Bank's total interventions amounted to ECU 70 million, of which ECU 33 million in risk capital for the following projects: in Benin an overall loan of ECU 2 million to promote investments made by SME in the industrial, agricultural processing, fishing and tourism sectors; in Cape Verde a conditional loan of ECU 2 million for the building of an anchovy processing and packing plant at Mindelo; in the Ivory Coast, two operations (ECU 4.18 million) helped develop an oil well; in Ghana ECU 0.65 million financed a feasibility study on milk production; in Guinea three operations, totalling nearly ECU 16 million, contributed to the privatization and refurbishment of a large hotel at Conakry and as the installation of subsidized agricultural units; in Mali a total of nearly ECU 41 million, of which ECU 35 million in the form of a subsidized loan, were used for the development of a gold mine, the modernization and extension of a cotton mill and the acquisition of a stake; in Mauritania, a study for a foundry was financed with risk capital. Two operations of a regional nature with total financing of more than ECU 5 million, contributed to the setting-up of a guarantee fund to finance private investment in the region and to the financing of a stake in the capital of a company in the process of being set up.

In **East Africa**, ECU 90 million, of which ECU 75 million from budgetary resources; ECU 25 million were used to finance a large project involving telecommunications between Ethiopia, Eritrea and Djibouti and, within each of those countries, to improve links with the international network; in Kenya, ECU 40.5 million contributed to the rehabilitation of an oil pipeline between Mombasa and Nairobi and to the financing of two global loans for developing small and medium-sized initiatives; in the Seychelles, ECU 2 million is financing small initiatives in the agricultural processing, fishing and transport sectors; in Tanzania, a conditional loan of ECU 23 million will be used for the construction of a hydroelectric power station on the River Kihansi.

In **Southern Africa** ECU 173 million, of which ECU 88 million from budgetary resources; in Botswana, ECU 10.4 million financed the construction of a new aqueduct, reservoirs and pumping stations to supply drinking water to the town of Lobatse, the modernization of a slaughterhouse, and global loans to finance investment by SME in the industrial, agricultural processing, transport and tourism sectors; in Lesotho, ECU 23 million is split between the construction of the Muela hydroelectric power station, which forms an integral part of a large programme to exploit the country's electricity production potential, and global loans for small and medium-sized enterprises; in Madagascar, the Bank granted two global amounts totalling ECU 2 million for investment by SME in the industrial, agricultural processing, tourism, transport and mining sectors; in Mauritius, a subsidized loan of ECU 14 million made possible development of the telecommunications network; Mozambique has received a total of ECU 46 million, of which ECU 40 million for the reconstruction of high tension electric power lines linking the Cahora Bassa hydroelectric power station to the South African grid, the balance being used for the replacement of a fleet of prawn fishing boats; in Namibia, a subsidized loan of ECU 8.10 million contributed to the development of basic infrastructure in the Windhoek region and two loans of ECU 3 million each financed improvements in the capital's drinking water supply network; in Zambia, two risk capital operations totalling ECU 23.5 million are financing a conditional loan of ECU 18 million for the rehabilitation of the pipeline transporting crude oil from Tanzania, and a line of credit for the agricultural processing sector in order to develop the production of roses under glass; and, in Zimbabwe, nearly ECU 40 million, of which ECU 29 million from subsidized own resources, were granted for the construction of a high-tension electricity power-line between the Cahora Bassa hydroelectric power station in Mozambique and the Zimbabwean grid, for the financing of SME by means of two global loans, and for the development of a copper mine; a feasibility study concerning methane from coal beds was undertaken under Lomé III.

In **the Caribbean**, ECU 46 million, ECU 35 million of which from of budgetary resources, were used for the following projects: in Belize, two conditional loans of ECU 3.7 million for the improvement of the national grid; in the Dominican Republic, a conditional loan of ECU 15 million for the modernization of the national grid; in Jamaica, a global loan of ECU 2 million used for the financing of SME in the industrial, agricultural processing, tourism and mining sectors; in Saint Lucia, total interventions amounting to ECU 3.5 million were used for financing investments in the industrial, agricultural processing and tourism sectors; in Saint Vincent and the Grenadines, a conditional loan of ECU 5 million for the development of the port of Kingstown; in Trinidad and Tobago, the construction of a petrol additives factory, a feasibility study on the improvement of the

drinking water supply and a global loan in aid of small and medium-sized investments in industry, the agricultural processing industry, tourism and mines, these projects have benefited from assistance of a total amount of ECU 12.6 million; moreover, a conditional loan of ECU 4 million was agreed in order to finance the development of a new regional aviation company.

In **the Pacific**, ECU 5.5 million, ECU 1.5 million of which from budgetary resources, were accorded in the form of global loans to finance investments undertaken by SME in Papua New Guinea (global loan of ECU 4 million) and Western Samoa (conditional loan of ECU 1.5 million).

Numerous investments made in the ACP countries took the form of cofinancing with other development bodies.

**Summary table: Breakdown of non-programmable aid by country
Aggregate decisions under Lomé III**

Country	Interest rate subsidies	Emergency Aid	Aid to refugees	Risk Capital	Stabex	Sysmin	TOTAL
ANGOLA		14.90	3.09	2.50			20.49
BENIN		0.33	0.12	13.05	17.72		31.22
BOTSWANA	3.31	0.43	0.37	4.04		21.65	29.80
BURKINA FASO		0.35		6.74	7.32		14.41
BURUNDI		0.21	0.75	11.48	44.50		57.30
CAMEROON		0.14		1.00	198.76		199.90
CAPE VERDE				3.00			3.00
CENTRAL AFR. REP.		0.61		10.00	31.22		41.83
CHAD		1.18	1.84	8.20	40.39		51.61
COMOROS				2.00	9.56		11.56
CONGO				11.54			11.54
CÔTE D'IVOIRE	17.16	0.88	1.40	0.18	365.26		384.88
DJIBOUTI		0.15	1.13	0.87			2.15
EQUAT. GUINEA				4.00	9.83		13.83
ETHIOPIA		49.38	10.69	24.64	98.61		183.32
GABON		0.10			3.13		3.23
GAMBIA		0.20		5.70	13.72		19.62
GHANA	4.13			22.93			27.06
GUINEA		1.06	2.29	19.00		35.00	57.35
GUINEA BISSAU		0.08		3.50	2.88		6.46
KENYA	12.14	0.44	0.05	7.50	70.90		91.03
LESOTHO				4.96	4.36		9.32
LIBERIA		7.11	2.20				9.31
MADAGASCAR		0.25		30.38	4.51		35.14
MALAWI	1.91	4.30	13.37	13.50	21.70		54.78
MALI		0.76		14.76	20.27		35.79

Country	Interest rate subsidies	Emergency Aid	Aid to refugees	Risk Capital	Stabex	Sysmin	TOTAL
MAURITANIA		0.76	1.55	21.54		18.00	41.85
MAURITIUS	3.20	0.07		5.81	2.95		12.03
MOZAMBIQUE		17.38	13.60	10.90	21.45		63.33
NIGER		0.37	2.72	14.30	6.61	12.45	36.45
NIGERIA	21.87	1.08		4.10			27.05
RWANDA		1.59	0.22	8.83	61.91		72.55
SAO TOME		0.11		2.30	1.62		4.03
SENEGAL		1.62	4.36	22.32	106.95	25.50	160.75
SEYCHELLES	0.22			1.50			1.72
SIERRA LEONE		0.48					0.48
SOMALIA		11.38	4.41	15.40			31.19
SUDAN		41.58	20.80	22.00	63.92		148.30
SWAZILAND	0.82		1.34	7.00			9.16
TANZANIA		0.10		13.44	8.91		22.45
TOGO				9.30	25.55	15.70	50.55
UGANDA		2.52	6.21	15.60			24.33
ZAIRE	1.26	1.11	2.06	12.00			16.43
ZAMBIA		0.55	0.63	11.42			12.06
ZIMBABWE	12.90		1.29	1.10			15.29
AFRICA	78.92	163.56	96.49	424.69	1264.51	128.30	2156.47
ANTIGUA				1.50			1.50
BAHAMAS	3.29						3.29
BARBADOS	1.41			0.37			1.78
BELIZE	0.33		1.98	1.30			3.61
DOMINICA				3.80	1.21		5.01
GRENADA		0.09		2.62	2.53		5.24
GUYANA		0.25		3.60			3.85
JAMAICA	6.43	0.77		2.30			9.50
ST KITTS & NEVIS				1.50			1.50

Country	Interest rate subsidies	Emergency Aid	Aid to refugees	Risk Capital	Stabex	Sysmin	TOTAL
ST VINCENT	0.55	0.09		2.59			3.23
ST LUCIA	1.16			2.00			3.16
SURINAME		0.10		3.00			3.10
TRINIDAD & TOBAGO	1.95	0.10		2.96			5.01
CARIBBEAN	15.12	1.40	1.98	27.54	3.74	0.00	48.78
FIJI	3.15	0.30		1.00	0.26		4.71
KIRIBATI					2.46		2.46
PAPUA N. GUINEA	5.91		0.58	3.50	110.01	30.00	150.00
SOLOMON ISL.		0.43		2.00	31.27		33.70
TONGA	0.34			1.67	4.33		6.34
TUVALU				0.50	0.14		0.64
VANUATU		0.55			19.29		19.84
W. SAMOA		0.22		4.20	11.12		15.54
PACIFIC	6.40	1.50	0.58	12.87	178.88	30.00	233.23
NATIONAL TOTAL	103.44	166.46	66.05	465.10	1447.13	158.30	2439.48
ALL ACP PROJECTS		0.65					0.65
REGIONAL	2.71	20.58		56.23			79.52
GENERAL TOTAL	106.15	187.69	99.05	521.33	1447.13	158.30	2519.65

**Summary Table: Breakdown of non-programmable aid by country
Aggregate decisions under Lomé IV**

Country	Interest rate subsidies	Emergency Aid	Aid to refugees	Risk Capital	Stabex	Sysmin	TOTAL
ANGOLA		31.98	7.59	3.06			42.63
BENIN		0.92		2.00	1.27		4.19
BOTSWANA	6.01		0.23	4.50		0.03	10.77
BURKINA FASO		0.49		5.20	4.42	1.22	11.3
BURUNDI		19.83			53.75		73.58
CAMEROON	0.32			12.50	217.07		229.89
CAPE VERDE				12.40	0.47		12.87
CENTRAL AFR. REP.			0.23		17.89		18.12
CHAD		0.45			4.44		4.89
COMOROS				2.00	4.22		6.22
CONGO							0.00
CÔTE D'IVOIRE	1.12			5.00	248.56		254.68
DJIBOUTI		0.83	0.34	2.80			3.97
EQUATORIAL GUINEA					5.89		5.86
ERITREA		0.85	3.70	8.00			12.55
ETHIOPIA		4.74	9.68	20.00	187.47		221.89
GABON						14.00	14.00
GAMBIA				4.30	0.35		4.65
GHANA	13.88	1.45		0.65	43.94		59.92
GUINEA	4.23	1.30	1.28	22.48		0.03	29.32
GUINEA BISSAU		0.27		12.00	0.88		13.15
KENYA	4.38	9.05	0.68	10.80	78.14		103.05
LESOTHO	1.26			18.00	3.31		22.57
LIBERIA		16.95	7.38				24.33
MADAGASCAR		0.89		8.50	52.41		61.80
MALAWI		1.41	14.63	29.79	4.22		50.05

Country	Interest rate subsidies	Emergency Aid	Aid to refugees	Risk Capital	Stabex	Sysmin	TOTAL
MALI		0.16	0.74	16.00	0.94		17.84
MAURITIUS	6.92			10.10			17.02
MAURITANIA	3.47	1.40		10.00	14.50	0.04	29.41
MOZAMBIQUE	5.34	5.73	19.80	32.35	3.55		66.77
NAMIBIA	3.24	0.18		5.50		40.00	48.92
NIGER		0.07	0.10			31.00	31.17
NIGERIA	40.33	0.17		2.50			43.00
RWANDA		26.40	0.75	6.00	41.03		74.18
SAO TOME					2.85		2.85
SENEGAL	2.35	1.00	0.68	15.60	24.33		43.96
SEYCHELLES							0.00
SIERRA LEONE		4.51	0.82	15.50	8.38		29.21
SOMALIA							0.00
SUDAN		35.44			94.63		130.07
SWAZILAND				8.00			8.00
TANZANIA		3.60		42.25	53.60		99.45
TOGO		0.45			20.00		20.45
UGANDA		1.47		5.44	140.67		147.58
ZAIRE		15.46	3.50				18.96
ZAMBIA			1.20	33.50		60.00	94.70
ZIMBABWE	25.91	0.68	1.99	12.60	20.72		61.90
AFRICA	118.76	188.13	75.32	399.32	1353.90	146.32	2281.75
ANTIGUA							0.00
BAHAMAS							0.00
BARBADOS	12.22						12.22
BELIZE			0.50	3.70			4.20
DOMINICA				2.50	5.43		7.93
DOMINICAN REPUBLIC				3.00		23.01	26.01
GRENADA				1.50	8.47		9.97
GUYANA				5.00			5.00
HAITI		4.24			25.54		29.78

Country	Interest rate subsidies	Emergency Aid	Aid to refugees	Risk Capital	Stabex	Sysmin	TOTAL
JAMAICA	6.80			5.00			11.80
STKITTS & NEVIS							0.00
ST VINCENT					5.45		5.45
ST LUCIA	0.46	0.13		1.50	4.21		6.30
SURINAME			0.50				0.50
TRINIDAD & TOBAGO	12.08			4.10			16.18
CARIBBEAN	31.56	4.37	1.00	26.30	49.10	23.01	135.34
FIJI	1.27	1.00					2.27
KIRIBATI					0.63		0.63
PAPUA N. GUINEA	4.12	0.12		2.00	71.80		78.04
SOLOMON ISLANDS				2.00	6.75		8.75
TONGA	0.18			1.00	1.94		3.12
TUVALU					0.03		0.03
VANUATU					2.87		2.87
W. SAMOA		0.30		1.50	4.58		6.38
PACIFIC	5.57	1.42	0.00	6.50	88.60	0.00	102.09
TOTAL NATIONAL	155.89	193.92	76.32	432.12	1491.60	169.33	2519.18
ALL ACP PROJECTS	2.33	185.40		11.18			198.91
REGIONAL	158.22	379.32	76.32	443.30	1491.60	169.33	2718.09

Chapter V

Breakdown of aid by sector

1. Aid managed by the Commission

An analysis by sector (Table 18. and Table 19.) is made by comparing the 6th and 7th EDFs at the end of the third financial year. The data are compared with the total allocation of the EDF concerned (ECU 7.815 million for the 6th EDF and ECU 11.615 million for the 7th EDF) in the same period.

Table 18.

6th EDF - Breakdown by sector at the end of the 3rd financial year

Total allocation as at end 1989: 7,815 MECU	Decisions				Payments			
	Year 3 (1989)	Cumul '87-89	Comul/ Envel	% by sector	Year 3 (1989)	Cumul '87-89	Comul/ Envel	% by sector
Trade promotion	22,36	56,38	0,72 %	1,00 %	9,58	17,87	0,23 %	0,82 %
Education and training	67,02	177,42	2,27 %	3,16 %	16,30	24,42	0,31 %	1,12 %
Water eng. environm.	42,45	133,40	1,71 %	2,37 %	7,79	12,37	0,16 %	0,57 %
Health	41,39	112,47	1,44 %	2,00 %	11,28	16,24	0,21 %	0,75 %
Transport & Commun.	208,74	792,42	10,14 %	14,10 %	82,83	150,12	1,92 %	6,90 %
Rural development	260,51	1.831,44	23,43 %	32,60 %	169,89	275,65	3,53 %	12,67 %
Industrialisation	118,04	563,24	7,21 %	10,03 %	118,09	186,32	2,38 %	8,57 %
Thematic projects	181,95	668,54	8,55 %	11,90 %	211,85	294,35	3,77 %	13,53 %
Exceptional aid	75,34	157,95	2,02 %	2,81 %	41,91	89,23	1,14 %	4,10 %
Stabex	273,28	1.077,72	13,79 %	19,18 %	337,41	1.086,94	13,91 %	49,97 %
Miscellaneous	12,25	47,35	0,61 %	0,84 %	11,81	21,52	0,28 %	0,99 %
TOTAL ACP	1.305,33	5.618,33	71,89 %	100,00%	1.018,64	2.175,03	27,83 %	100,00%

In the breakdown by sector:

Thematic projects include: desertification and drought, natural disasters, large-scale endemic human diseases and epidemics, hygiene and primary health care, endemic livestock diseases, sectoral import programmes, long-term projects.

Exceptional aid includes: rehabilitation, disasters, AIDS, refugees and returnees.

Miscellaneous includes: information and documentation, symposia, programmes and general technical cooperation, general research, multi-sector programmes, delegations, administrative and financial costs, upgrading public buildings, multi-sector technical cooperation related to all projects.

Table 19.

7th EDF - Breakdown by sector at the end of the 3rd financial year

Total allocation as at end 1994: 11,615 MECU	Decisions				Payments			
	Year 3 (1994)	Cumul '92-94	Cumul/ Envel	% by sector	Year 3 (1994)	Cumul '92-94	Cumul/ Envel	% by sector
Trade promotion	29,48	157,94	1,36 %	2,50 %	21,63	45,45	0,39 %	1,56 %
Education and training	98,51	283,79	2,44 %	4,50 %	22,84	32,55	0,28 %	1,12 %
Water eng. environm.	37,04	246,71	2,12 %	3,91 %	25,26	32,71	0,28 %	1,12 %
Health	13,74	218,38	1,88 %	3,46 %	26,41	38,61	0,33 %	1,33 %
Transport and Comm.	333,57	913,98	7,87 %	14,49 %	82,32	145,35	1,25 %	4,99 %
Rural development	182,10	733,11	6,31 %	11,63 %	93,53	148,42	1,28 %	5,10 %
Industrialisation	276,71	656,78	5,65 %	10,42 %	89,73	193,01	1,66 %	6,63 %
Thematic projects	135,67	975,07	8,39 %	15,46 %	243,27	756,04	6,51 %	25,98 %
Exceptional aid	411,65	614,05	5,29 %	9,74 %	224,75	291,79	2,51 %	10,03 %
Stabex	615,15	1007,97	8,68 %	15,98 %	350,85	979,93	8,44 %	33,67 %
Miscellaneous	267,45	497,96	4,29 %	7,90 %	141,29	246,72	2,12 %	8,48 %
TOTAL ACP	2401,10	6305,74	54,29 %	100,00%	1321,88	2910,58	25,06 %	100,00%

Overall, the percentage of decisions taken in relation to the allocation is relatively greater for the 6th EDF (71.89%) than for the 7th (54.29%), although the volume of decisions taken under the 7th EDF is greater than under the 6th for the first three years: ECU 6 305 million for the 7th and ECU 5 618

million for the 6th. On the other hand, under the 7th EDF, 46.15% of decisions had been paid out, as against 38.71% under the 6th EDF, proof of a more steady payments rate in the 7th EDF.

The rural development sector has recorded a significant decline in the level of decisions. Under the 6th EDF, the sector accounted for 23.43% of the overall allocation and 32.60% of the total decisions, while under the 7th EDF it represents no more than 6.31% and 11.63%. The decline of this instrument is also reflected in the level of payments (6th EDF 12.6%, 7th EDF 5.10%). On the other hand, thematic projects are showing a perceptible increase, which is particularly noticeable in the level of payments.

Among the other sectors which, under the 7th EDF, have recorded a significant change, are trade promotion, exceptional aid and "miscellaneous".

2. Aid managed by the European Investment Bank

The main sectors for the Bank's operations in 1994 were the industrial sector (including small and medium-sized enterprises) and the energy sector. These represented 54% and 32%, respectively, of all operations. In the infrastructure sector, a slight fall was recorded. The industry and services sector received nearly ECU 90 million, mainly in direct loans. Global loans amounted to nearly ECU 160 million. They are implemented in collaboration with national or regional development banks and are mainly used for financing small and medium-sized enterprises in the private sector.

In 1994, SME benefited from nearly 150 loans granted from global loans. Production and energy transportation projects, and gas pipelines, accounted for 32% of total financing, i.e. ECU 146 million. The infrastructure sector does not take more than 14% of total Bank financing and priority is given to the development of telecommunications, better management of the water sector and transport.

Table 20.

Breakdown by sector of EIB financing in 1994 (in million ECU)

	Own resources	Risk capital	Total	Energy	Infrastr.	Industry & Tourism	Global loans
Africa	206,5	199,4	405,9	127,5	55,9	79,7	142,8
Caribbean	10,5	35,3	45,8	18,7	9,0	9,1	9,0
Pacific	4,0	1,5	5,5	-	-	-	5,5
Total	221,0	236,20	457,20	146,2	64,9	88,8	157,3
% by sector	48,3%	51,7%	100%	32,0%	14,2%	19,4%	34,4%

Chapter VI

Implementation of aid

1. Invitations to tender and award of contracts

By virtue of the Financial Regulation applicable to the 7th EDF, the Commission informs the Council each year of the contracts concluded during the year. The Commission sets out this information in an annual report specially devoted to invitations to tender and contracts. The summarised data below give a more complete picture of the implementation of the aid.

Table 21. shows the changes in the proportions of works, supplies and service contracts under successive EDFs.

Table 21.

Percentage breakdown at 31.12.94 of works contracts, supplies and technical assistance (%)

EDF	Works	Supplies	Technical Assistance
6th	43,00 %	31,45 %	25,55 %
7th	40,11 %	15,48 %	44,41 %

The allocation of the various types of contract depends on the stage of implementation of the different Conventions, technical assistance being of more importance during the initial stages, as attested to by the high percentage (44.41%) of this type of contract under the 7th EDF.

Tables 23 a. and 23 b. give breakdown contracts at 31 December 1994 by nationality of the contractors. These tables show that, as regards the 6th EDF, three-quarters of the works contracts were won by France (26.81%), Italy (26.05%) and ACP States (25.91%). The result is the same for the 7th EDF, with a breakdown for the same countries of 16.96% for France, 36.39% for Italy and 27.93% for ACP countries.

The biggest share of supply contracts under the 6th EDF was won by Germany (12.51%), France (17.22%), United Kingdom (14.35%) and the ACP countries (22.52%). Supplies from Belgium, Italy

and the Netherlands were also represented, with shares totalling 7.26%, 8.57% and 9.82% respectively. As regards the 7th EDF, supplies from the United Kingdom accounted for one-third (32.63%) of all contracts awarded. Supplies of French and Italian origin also obtained significant shares (14.67% and 16.67%) followed by supplies of German (7.27%), Spanish (7.70%) and ACP (13.97%) origin.

Contracts for services financed under the 6th EDF, are relatively balanced between consultants from Belgium (12%), Germany (14.47%), France (16.45%), Italy (10.36%) and the United Kingdom (12.70%). For the 7th EDF, these figures were the same with respect to Belgium (11.22%), Germany (14.10%) and the United Kingdom (12.22%). France, on the other hand, recorded a significant increase, with 21.22%. Table 22. shows a percentage breakdown of contracts concluded under the 6th and 7th EDFs in 1994, classified by the type of contract-award procedure. The figures for contracts concluded under the 7th EDF cover only ECU 711 million.

Table 22.

**EDF contracts classified by type of award procedure
(period 1/1/1994 - 31/12/1994)**

Type of procedure	6th EDF			7th EDF		
	Works %	Supplies %	Services %	Works %	Supplies %	Services %
Open ITs	63,73	74,39	0,00	78,86	61,88	0,00
Accelerated ITs	14,63	0,02	0,00	10,32	0,67	0,00
Restricted ITs after pre-qualification	8,41	2,99	3,85	6,94	14,88	15,26
Total open procedures	86,77	77,41	3,85	96,01	77,43	15,26
Restricted ITs	6,09	11,02	46,71	1,12	7,37	26,05
Supplementary restricted ITs	0,00	0,00	4,15	0,00	0,00	1,01
Direct agreement	7,14	11,57	45,20	2,87	15,20	57,33
Expert facility	0,00	0,00	0,03	0,00	0,00	0,36
Total Other Procedures	13,23	22,59	96,15	3,99	22,57	84,74
Grand total	100,00	100,00	100,00	100,00	100,00	100,00

Other commitments	6th EDF	7th EDF
(*) Other	12,06%	26,86%
Estimate	17,31%	19,05%
Direct labour	2,50%	1,20%
Not awarded	--	--
Total II	31,86%	47,11%

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

Table 23 a.: BREAKDOWN AMONG MEMBER STATES, THE ACP, OCT AND THIRD COUNTRIES - Projects all countries - 6th EDF

I. Contracts concluded

Nationality/origin	Works			Supplies			Services			Total contracts		
	Total	%	% YR-1	Total	%	% YR-1	Total	%	% YR-1	Total	%	% YR-1
Belgium	59.441.457	4,79	5,0	65.932.294	7,26	7,5	88.524.516	12,00	12,3	213.898.267	7,41	7,6
Denmark	13.982.722	1,13	0,7	5.646.669	0,62	0,6	30.520.694	4,14	4,0	50.150.085	1,74	1,5
Germany	46.584.863	3,75	3,3	113.627.780	12,51	11,8	106.741.241	14,47	14,5	266.953.885	9,25	8,8
Greece	0	0,00	0,0	1.556.973	0,17	0,2	10.028.297	1,36	1,5	11.585.270	0,40	0,4
Spain	560.556	0,05	0,1	16.341.242	1,80	1,8	17.337.223	2,35	2,6	34.239.023	1,19	1,2
France	332.844.606	26,81	27,5	156.340.204	17,22	17,6	121.326.970	16,45	16,3	610.511.781	21,15	21,5
Ireland	1.400.000	0,11	0,1	715.767	0,08	0,1	19.090.067	2,59	2,6	21.205.834	0,73	0,7
Italy	323.359.571	26,05	27,1	77.809.426	8,57	8,2	76.400.656	10,36	10,0	477.569.654	16,54	16,8
Luxembourg	912.000	0,07	0,1	1.297.740	0,14	0,2	13.530.294	1,83	2,0	15.740.035	0,55	0,6
Netherlands	42.415.275	3,42	3,3	89.178.710	9,82	10,1	51.097.594	6,93	6,9	182.691.580	6,33	6,4
Portugal	27.010.621	2,18	2,2	19.708.103	2,17	2,2	27.424.303	3,72	4,0	74.143.027	2,57	2,7
United Kingdom	66.748.253	5,38	5,3	130.301.149	14,35	14,4	93.688.364	12,70	13,1	290.737.767	10,07	10,2
ACP	321.612.742	25,91	24,9	204.479.339	22,52	22,5	66.354.109	9,00	8,9	592.446.192	20,52	20,1
OCT	4.407.406	0,36	0,4	0	0,00	0,0	3.374.154	0,46	0,4	7.781.560	0,27	0,3
Third countries	0	0,00	0,0	25.080.113	2,76	2,8	12.051.578	1,63	1,2	37.131.691	1,29	1,2
Total	1.241.280.077	100,00	100,0	908.015.514	100,00	100,0	737.490.067	100,0	100,0	2.886.785.659	100,00	100,0
%	43,00%			31,45%			25,55%			100%		

II Other commitments

(*) Other	510.892.792	12,06%
Estimate	733.338.913	17,31%
Direct labour	105.829.539	2,50%
Not awarded	0	--
Total II	1.350.061.246	31,86%
Total I + II	4.236.846.905	100%

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

Table 23 b. BREAKDOWN AMONG MEMBER STATES, THE ACP, OCT AND THIRD COUNTRIES - Projects all countries - 7th EDF I Contracts concluded

Nationality/origin	Works			Supplies			Services			Total contracts		
	Total	%	% YR-1	Total	%	% YR-1	Total	%	% YR-1	Total	%	% YR-1
Belgium	250.803	0,09	0,1	1.126.889	1,01	1,1	35.934.654	11,22	9,9	37.312.647	5,18	4,2
Denmark	3.100.000	1,07	0,0	779.609	0,70	0,6	14.092.811	4,40	1,5	17.972.421	2,49	0,7
Germany	15.279.103	5,29	5,2	8.110.965	7,27	4,7	45.143.292	14,10	16,4	68.533.366	9,51	9,6
Greece	0	0,00	0,0	18.622	0,02	0,0	1.132.156	0,35	0,6	1.150.778	0,16	0,2
Spain	9.200.000	3,18	2,4	8.592.366	7,70	15,9	5.003.346	1,56	1,8	22.795.712	3,16	4,0
France	49.016.068	16,96	13,6	16.363.751	14,67	16,4	68.013.653	21,24	21,7	133.393.474	18,51	17,2
Ireland	0	0,00	0,0	138.824	0,12	0,0	13.836.486	4,32	5,2	13.975.310	1,94	2,1
Italy	105.211.379	36,39	45,5	18.595.943	16,67	28,0	18.031.703	5,63	5,5	141.839.025	19,68	27,1
Luxembourg	0	0,00	0,0	0	0,00	0,0	5.769.937	1,80	2,7	5.769.937	0,80	1,1
Netherlands	0	0,00	0,0	4.776.060	4,28	5,1	20.481.848	6,40	6,8	25.257.909	3,50	3,4
Portugal	7.750.000	2,68	4,4	460.017	0,41	0,8	11.049.157	3,45	2,2	19.259.174	2,67	3,0
United Kingdom	13.391.197	4,63	5,1	36.402.725	32,63	9,8	39.133.959	12,22	12,9	88.927.882	12,34	8,9
ACP	80.733.761	27,93	23,7	15.583.359	13,97	17,6	29.952.057	9,36	10,5	126.269.178	17,52	17,6
OCT	5.162.000	1,79	0,0	0	0,00	0,0	574.086	0,18	0,0	5.736.086	0,80	0,0
Third countries	0	0,00	0,0	615.843	0,55	0,1	11.991.807	3,75	2,3	12.607.651	1,75	0,9
Total	289.094.314	100,00	100,0	111.564.983	100,00	100,0	320.141.257	100,0	100,0	720.800.555	100,00	100,0
%	40,11%			15,48%			44,41%			100%		

II Other commitments

(*) Other	366.105.572	26,86%
Estimate	259.673.800	19,05%
Direct labour	16.341.163	1,20%
Not awarded	0	--
Total II	642.120.536	47,11%
Total I + II	1.362.921.092	100%

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

2. Evaluation of European Union Aid

Introduction of the project cycle management method was consolidated in 1994, thanks to the publication of the manual "*Project Cycle Management - an integrated approach and logical framework*" and the holding of training seminars for the staff of the Commission and of the civil services of the ACP countries. The use of the method is designed to deepen dialogue with the ACP countries and improve the identification, implementation, monitoring and evaluation of development projects and programmes. The main aim is the long-term effectiveness of aid. At the end of 1994, 8 000 copies of the manual, in French, English and Spanish, were distributed to Community and ACP officials, some 650 of whom attended training courses on the method. There are early signs that the use of this method has contributed to improving the quality of work, particularly in the preparatory phases of projects (identification and design). Several sectoral or thematic evaluations were also carried out. The main evaluations initiated in 1994 related to institutional development, human rights and democracy, culture and development, trade, lines of credit and support projects for SME, and tourism, plus three structural adjustment programmes.

Box 13

EDF Project Cycle

The EDF project cycle has six distinct stages:

1. **Indicative programming**
Establishment of main thrust and principles of cooperation, specifying the focal sector and/or theme for each country and stressing the overall and specific objectives.
2. **Identification**
First draft of ideas for the project, outlined in terms of overall and specific objectives and expected results, and the underlying assumptions, with a view to deciding whether or not there is a need for a pre-feasibility or feasibility study.
3. **Appraisal**
Project details - results, activities, costs, resources and assumptions - worked out on the basis of a feasibility study; the Commission then examine the project's suitability and of its consistency with sectoral policies.
4. **Financing**
Drafting of the financing proposal, submission to the EDF Committee, approval of Committee and Commission financing decision; drafting and signing of the financing agreement by the two parties (ACP and EC).
5. **Implementation**
Execution of the project using the resources provided for in the financing agreement, with a view to achieving the results and specific objectives of the project; drafting of the work plans and monitoring reports.
6. **Evaluation**
Analysis of the coherence and relevance of the objectives: analysis of the results and effects (impact) of the project and the strategy adopted during or after implementation, bearing in mind any possible changes in the project and/or the formulation of recommendations for similar projects in the future.

ANNEX

EXPLANATORY NOTES ON THE INSTRUMENTS AND PROCEDURES FOR THE IMPLEMENTATION OF FINANCIAL AND TECHNICAL COOPERATION UNDER THE LOMÉ CONVENTIONS

Financial cooperation - Main features and procedures

Each ACP-EEC Convention provides for a total aid package that will be distributed by the EDF during the life of the Convention. It also provides for the total amount of loans to be granted by the European Investment Bank (EIB) from own resources that will be eligible for EDF interest rate subsidies.

EDF aid comprises:

- (i) programmed aid³ in the form of non-reimbursable assistance, laid down in a five-year indicative programme prepared by each ACP State;
- (ii) non-programmed aid:
 - stabilizing of export earnings for agricultural commodities (STABEX)
 - special financing facility for mining products
 - emergency assistance
 - risk capital - managed by the EIB⁴
 - interest rate subsidies for loans agreed by the EIB from its own resources.
- (iii) structural adjustment

This instrument was introduced under Lomé IV and takes the form of non-reimbursable aid. It extends similar aid programmes financed under the special debt programme and Article 188 of Lomé III.

Structural adjustment aid may be complemented by a part (maximum 10%) of the allocation for the national indicative programme.

³ The first, second and third Lomé Conventions also provided for special loans (lasting 40 years, and carrying interest of 1% - 0.5% for the least-developed ACP States under Lomé IV).

⁴ Under Lomé III and Lomé IV, a part of the risk capital available was included in the indicative programmes of the Least-developed ACP States.

The procedures for the grant of **non-programmed aid** are based on the provisions laid down by the relevant articles of the Lomé Conventions.

At the commencement of each Convention, the Commission notifies each of the ACP States of the total **programmed aid** package that will be set aside for it.

The grant of programmed aid depends to a great extent on the EDF decision process, which in essence is made up of five stages:

1. Drafting of the indicative programmes by the ACP States in consultation with the Commission and the EIB;
2. Preparation of the projects by the ACP States and appraisal by the Commission.
3. Approval by the Commission of a project financing proposal after consulting the EDF Committee⁵;
4. Execution of projects on the basis of contracts concluded by the ACP States, generally following an international invitation to tender open to firms of Member States and ACP States;
5. Payment to contracts. This payment is made in European currency to the contractors of Member States or in the national currency of those who are nationals of ACP States, or according to the costs borne locally by the contractors of Member States.

While the five stages of the procedure overlap somewhat (certain aspects of the procedure for the grant of programmed aid also apply to non-programmed aid), most programming of aid occurs during the initial years of application of the Convention; the approval and commitment stages extend over a number of years, and payments may be made over long periods. While each Convention is established for five years⁶, internal Community Regulations (the Internal Agreement and Financial Regulations) for each EDF remain in force until the funds of that Convention have actually been paid out.

Financial and technical cooperation - implementation procedures

Financing agreement: this is the legal instrument defining the rights and obligations of the beneficiary ACP State and of the Community in respect of projects and programmes in receipt of

⁵ The EDF Committee is made up of representatives of the Member States and is chaired by the Commission representative.

⁶ The duration of Lomé IV is 10 years; the financial protocol applies to the first five years of the Convention.

EDF assistance. The agreement, signed by the government concerned and the Commission, comprises the financing provisions and the rules relating to invitations to tender and the conclusion of contracts; it also contains a technical description of the project and the practical details for implementing the aid.

Amounts provided for in the financing agreements which are not expended are reimbursed to the EDF allocations of the ACP States concerned.

Loan contract (abolished under Lomé IV): When project aid consists of special loans, the financial agreement is complemented by a loan contract concluded with the borrower; this contract defines the conditions of execution and repayment, and the amount of interest to be charged. When the special loan is granted to a body other than the government of the ACP country, it must be covered by a **guarantee** from that government.

Invitations to tender and award of contracts: the main principle applied to competition for EDF contracts is equality of terms for tenderers from the Community and the ACP States. Only in exceptional circumstances are third countries authorised to submit tenders (usually in cases of cofinancing with these countries). Generally, international tenders are issued. Tenders are awarded by the authorities of the ACP States concerned, with the approval of the Commission delegate. In exceptional circumstances, the Commission may decide to accept a tender which is not the lowest bid, if the national authorities consider that it is the most advantageous from an economic point of view.

Aside from the general practice of international invitations to tender, Lomé IV provides for the award of contracts after a restricted invitations to tender, by direct agreement and by direct labour in connection with emergency assistance and urgent or low-value projects. To enable ACP tenderers to take advantage of contracts financed by the EDF, an accelerated tender procedure may be applied to works costing less than ECU 5 million⁷; in addition, a 10% preference on works contracts and 15% on all supply contracts is granted to ACP firms.

Payment procedures: with regard to EDF payments, it is essential that the Commission ensures that the beneficiary states do not have to advance the aid from their national budgets. Payments are therefore made directly to the firms with which the contracts for supplies or services are concluded; this procedure applies both to payments in ACP currencies that are authorised locally and to payments in European currency sanctioned by the Commission.

In the case of supply contracts, 60% of the contract amount may be paid to the supplier on signing

7 Less than 4 million ECU under Lomé III.

the contract, if he gives a banker's guarantee, 30% on provisional acceptance by the authorities of the ACP State, and the remaining 10% on final acceptance.

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