

COMMISSION OF THE EUROPEAN COMMUNITIES

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EIGHTH REPORT

FROM THE COMMISSION

TO THE COUNCIL AND THE EUROPEAN PARLIAMENT

ON THE IMPLEMENTATION

OF FINANCIAL AND TECHNICAL AID

TO NON-ASSOCIATED DEVELOPING COUNTRIES (NADCS)

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INTRODUCTION

Origin, Objectives and Procedures of Financial and Technical Aid to NADCs

Financial and technical cooperation with NADCs was first introduced in 1976, with an appropriation of 20 million units of account (then equivalent to approximately US \$ 25 million) under Article 930 of the General Budget of the European Communities. The amount of money allocated in the budget for this purpose has risen steadily, reaching 218 MioECU in 1984 and amounting cumulatively to over 1 200 MioECU for the period 1976-84. It has been used to finance development activities and projects in some 30 NADCs in Asia, Africa and Latin America. In addition, it has provided help to certain regional institutions and organisations run by these countries or active in them.

The fundamental objectives of financial and technical aid to NADCs were set out in Council Regulation 442/81, which laid down the general framework and principles for Community operations in this area. Briefly, these may be summarised as follows:

- a) aid should be directed towards the poorest developing countries and the most needy sections of their population, with special importance being attached to rural development, particularly in order to improve food supply;
- b) as a subsidiary form of action, participation in regional projects may be considered (and in this case, projects do not necessarily have to be in the rural sector); some aid is earmarked for measures to deal with exceptional circumstances, in particular reconstruction projects in the event of a disaster;
- c) aid is given in the form of grants and may cover imports and local expenditure, projects may be financed autonomously or by means of co-financing with Member States or with international bodies;
- d) funds should be allocated in such a way that a Community presence in the major regions of the developing world is ensured.

Regulation 442/81 is supplemented by general guidelines decided each year by the Council on a proposal from the Commission and after consulting the European Parliament. These guidelines spell out the general objectives, mainly by defining possible priorities or by setting the quantitative criteria for dividing aid between the major geographical areas or the different types of operations. The guidelines for the 1984 programme were agreed by the Council on 19 December 1983.

The procedures by which programmes are adopted are also laid down in Regulation 442/81. Starting from the 1981 programme (when such procedures were introduced), financing decisions for the various projects are taken by the Commission, after receiving the opinion of a financing committee composed of representatives of the Member States, under the chairmanship of the Commission. This committee meets several times a year, making it possible to examine projects in batches as and when they are ready. There were eight meetings of the committee in 1984.

The same Regulation stipulates that the Commission must provide Parliament and the Council with information on the administration of the programme.

STRUCTURE OF THE EIGHTH REPORT

The first chapter of the report deals only with the 1984 programme. It shows the allocation of the funds made available for commitments in the 1984 budget. The distribution of the funds is analysed by regions, countries, sectors, etc.

1. The 1984 Programme

1.1 The funds available and the commitments

The budget authorities approved the amount of 218 MioECU for the 1984 programme of technical and financial assistance to NADCs (Article 930 of the General Budget). TABLE 1 shows the breakdown of this amount according to the allowances made for general appropriations and geographical regions in the General Guidelines for 1984.

Under the Community's financial regulations, appropriations made available for an annual budget may be committed during the year in question, and the following year. In order to submit the Annual Report in due time, the deadline is set for the middle of the following year; in the case of the 1984 report - 31 July 1985. Funds not committed by this deadline will be committed later that year, but are normally set off against the funds of the coming year. This explains why the total available amount indicated is 219.211 MioECU, of which 209,585 MioECU has been committed up to mid-1985. Consequently, 9,626 MioECU remain to be committed later this year, mainly for projects in Asian countries. The appropriations made for disaster-relief, agricultural research and programme administration have been totally committed already.

The individual commitments made under the 1984 programme, with project titles, amounts and recipient countries are specified in TABLE 2. Out of 28 commitments made in total, 20 (169.210 MioECU) were made for new projects in individual countries (of which 3 from catastrophe-relief appropriations) and 2 (27 MioECU) for regional institutions (BCIE and JUNAC in Latin America). One commitment (6.3 MioECU) was made for agricultural research institutes, and 5 (3.075 MioECU) were made as supplementary provisions to ensure successful completion of projects financed in previous years that suffered from financial constraints. Finally, one commitment (4 MioECU) was made to finance external experts for administrative support of programmes and preparation of new projects.

The second chapter analyses activities and disbursements in the calendar year 1984, including programmes for which the funds have been committed in previous years. Thus, attention is drawn to the fact that the administration and monitoring of on-going projects are of no less importance than the preparation of new ones.

This point becomes even clearer in the third chapter of the report, where the general aspects of evaluation and, as an example, the evaluation of the Cotton Development Project in Bangladesh are explained.

In ANNEX 2, the results of those projects which were completed in the course of the calendar year 1984 are summarised.

TABLE 1

APPROPRIATION AND COMMITMENTS OF 1984 PROGRAMME, ARTICLE 93D (IN '000 ECU)

	As provided by general guidelines %	Programme Breakdown for 1984	Brought forward from 1983	Total avail- able 1984	Commitments until 31 July 1985		Carried for- ward to 1985 Programme	
						%		%
<u>General Appropriations</u>								
Disaster Reserve	5,3 ¹⁾	11,500	0	11,500	11,500	5,3	0	
Agricultural Research	2,9 ²⁾	6,300	0	6,300	6,300	2,9	0	
Programme Administration	1,8 ³⁾	4,000	0	4,000	4,000	1,8	0	
<u>Geographical breakdowns</u>								
	90,0 (=100)					% ⁴⁾		% ⁴⁾
Asia	(75)	147,150	0,450	147,600	138,600	(70,3)	9,000	(4,7)
Latin America	(20)	39,240	-0,086	39,154	40,175	(20,5)	(-1,021)	(-0,5)
Africa	(5)	9,810	0,847	10,657	9,010	(4,2)	1,647	(0,8)
TOTAL	100,0	218,000	1,211	219,211	209,585	(95,0)	9,626	(5,0)

1) The 1984 General Guidelines allowed between 5 and 6% of the total commitments

2) Approximate equivalent to 1983 level (in real terms) as allowed for by 1984 General Guidelines.

3) The 1984 General Guidelines allowed a maximum of 3% of the total commitments

4) Calculation formula "commitments" minus "brought forward from 1983" divided by "programme for 1984".

COMMITMENTS OF 1984 PROGRAMME BY PROJECTS AND RECIPIENTS

(in MioECU)

Commitment Date	Project No.	Title	Asia	Lat. Am.	Africa	Catas-trophies	Other
6/84	84/1	MALDIVES-Water supply and sewerage	1,7	-	-	-	-
5/84	84/2	THAILAND-Crop diversification NE	4,9	-	-	-	-
9/84	84/3	COLOMBIA-Reconstruction	-	-	-	3,9	-
7/84	84/5	BOLIVIA-Reconstruction	-	-	-	3,4	-
10/84	84/7	NEPAL-NASC	5,0	-	-	-	-
7/84	84/6	JUNAC-Food strategy and security	-	7,0	-	-	-
12/84	84/8	BOLIVIA-Rural Microprojects	-	12,5	-	-	-
10/84	84/9	LAOS-Water Supply	1,2	-	-	-	-
12/84	84/10	INDIA-Supply of fertilisers	45,0	-	-	-	-
12/84	84/12	THAILAND-Chi Basin	5,0	-	-	-	-
12/84	84/14	B.C.I.E.	-	20,0	-	-	-
12/84	84/15	ANGOLA-Fish processing	-	-	6,76	-	-
12/84	84/11	INDONESIA-Small irrigation works	7,3	-	-	-	-
12/84	84/16	PAKISTAN-Roads (refugees)	-	-	-	4,0	-
3/85	84/18	INDIA-Water control systems	15,0	-	-	-	-
4/85	84/20	THAILAND- Planning	2,0	-	-	-	-
4/85	84/19	OCCUPIED TERRITORIES Handicrafts	2,0	-	-	-	-
1/85 (1)	84/21	BANGLADESH-Rangpur rural development	27,0	-	-	-	-
6/85	84/24	BHUTAN-Water Supply	4,5	-	-	-	-
6/85	-	EXTERNAL EXPERTS	-	-	-	-	4,0
6/85	84/17	RESEARCH INSTITUTES	-	-	-	-	6,3
1/85 (1)	84/22	PAKISTAN-Medium scale irrigation	10,0	-	-	-	-
1/85 (1)	84/23	YEMEN-Seed production	5,8	-	-	-	-
1/85 (1)	84/25	ANGOLA-Water supply	-	-	2,25	-	-
		<u>Supplementary provisions</u>					
	80/26	JUNAC-rural sector studies	-	0,255	-	-	-
	80/31	CATIE-research support	-	0,040	-	-	-
	82/11	SOUTH YEMEN-Dhalla flood damage	-	-	-	0,200	-
	78/23	BOLIVIA-Mbapo Izozog project	-	0,380	-	-	-
	80/15	THAILAND-Huai-Mong	2,2	-	-	-	-
TOTAL			138,6	40,175	9,01	11,5	10,3

(1) Decision expected in third quarter of 1985.

1.2 Analysis of commitments in respect to regions, sectors
and composition of financing

Regions

The 1984 appropriations earmarked for geographical allocation have been committed to 11 Asian countries (Maldives, Thailand, Nepal, Laos, India, Indonesia, Pakistan, Bangladesh, Bhutan, Yemen Arab Republic and the Occupied Territories), 1 Latin American country (Bolivia) and 2 Latin American regional institutions and 1 African country (Angola).

In 1984, 24,2% of these funds have been committed to the least developed countries (Maldives, Nepal, Laos, Bangladesh, Bhutan and Yemen Arab Republic), constituting a remarkable increase of the share of LLDCs in comparison to commitments of previous years, as TABLE 3 shows.

TABLE 3 Commitments of 1984 Programme to LLDCs
(Article 930 - excluding general appropriations)

Country Group	1976 - 83		1984	
	'000 ECU	%	'000	%
LLDC's	139,040	15,8	45,400	24,2
other NADC's	742,445	84,2	142,385	75,8
TOTAL	881,485	100,0	187,785	100,0

Commitments for individual countries under the 1984 and previous programmes are presented in chapter 2.1, TABLE 5.

Sectors

In accordance with Council Regulation 442/81, the commitments in 1984 concentrated again on the agricultural sector. As TABLE 4 shows, 75.1% of the projects will contribute directly to increasing agricultural production. With the exception of the Housing Reconstruction Project in an earthquake-stricken town in Colombia (financed from appropriations made for catastrophe relief) all other projects are also located in rural areas and contribute either directly or indirectly to the increase of agricultural production (transport, banking, rural industry) or improving the living conditions of the rural population (water supply, education).

TABLE 4 COMMITMENTS OF 1984 PROGRAMME BY SECTORS

Sector	N° of Commitments	MioECU	%
<u>Agriculture</u>		157,635	75,1
of which :			
Integrated Rural Development	2	(39,500)	(18,8)
Plant Production	6 *	(67,955)	(32,4)
Irrigation	5 **	(34,880)	(16,6)
Fisheries	1	(6,760)	(3,2)
Research	2 *	(6,340)	(3,0)
Agricultural Services (general)	2 *	(2,200)	(1,1)
<u>Public Utilities</u>		17,050	8,1
of which :			
Transport	2	(7,400)	(3,5)
Water Supply and Sanitation	4	(9,650)	(4,6)
<u>Social Services</u>		8,900	4,3
of which :			
Education	1	(5,000)	(2,4)
Housing	1	(3,900)	(1,9)
<u>Industry</u>	1	2,000	1,0
<u>Trade and Banking</u>	1	20,000	9,6
<u>Unclassified (Project Preparation and Monitoring)</u>	1	4,000	1,9
TOTAL	28	209,585	100,0

* of which one supplementary provision

** of which two supplementary provisions

Cofinancing with other Donors

Of the 23 commitments for new projects made under the 1984 programme (excluding supplementary provisions and the commitment for project preparation and monitoring) in 6 cases, projects were cofinanced with other donors. In 4 cases (84/1, 84/7, 84/21 and 84/23) cofinancers were European Community member states (Federal Republic of Germany, United Kingdom, The Netherlands, Italy); in 2 cases (84/9 and 84/16) international institutions (UNICEF, UNHCR). In the case of the project 84/1, the Saudi Fund joined as a third cofinancer.

In summary, the total financial value of the cofinanced projects amounted to 104 Mio ECU, of which the European Community contributed 44.7 Mio ECU (43%), other European Member States 17.0 Mio ECU (16%), and other institutions 30.2 Mio ECU (29%). The remainder was financed by the recipients.

2. Activities in 1984

2.1 Analysis of commitments and disbursement as of 31 December 1984

The total commitment of technical and financial aid to NADCs made under Article 930 of the general budget from 1976-1984 amounts to 1.208,7 MioECU.

Recipients were 17 Asian countries and 3 Asean regional institutions, 8 Latin American countries and 10 Latin American regional institutions as well as three African countries. Three further countries (Bolivia, Colombia and PDR Yemen) benefitted from catastrophe-relief measures also financed under Article 930. Therefore, until now, in total 30 NADCs and 13 regional institutions participated in the programme.

The distribution of the total commitments by individual countries are shown in TABLE 5.

An additional budgetary heading (Art 958 - Special programme to combat hunger in the world) was introduced in 1983 and continued in 1984. The global amounts by this heading covered the Africa-Caribbean-Pacific group of countries (ACPs) as well as the Southern and Eastern Mediterranean countries, and the NADCs. Although for the ACPs Art 958 allowed projects to be financed which fell outside the possibilities offered by the Lomé Convention, for the NADCs it covered more or less the same type of action which could be undertaken within the framework of Art 930. In practice, therefore, Art 958 offered NADCs with modest additional resources to those available under Art 930.

In order to present as full a picture as possible, the following TABLE, as well as DIAGRAM I, include projects financed under Art 958.

TABLE 5

ALLOCATION OF COMMITMENTS BY RECIPIENT, 1976 - 1984 (MioECU)

	1976 - 80	1981	1982	1983		1984		TOTAL 1976 - 84
				Art 930	Art 958	Art 930	Art 958	
I. NORMAL PROJECTS								
Afghanistan	1.0	-	-	-	-	-	-	1.0
Bangladesh	32.7	12.00	23.60	17.0	7.0	27.0	-	119.3
Bhutan	-	-	3.40	-	-	4.5	-	7.9
Burma	5.9	5.50	-	2.50	-	-	-	13.9
China	-	-	-	6.00	-	-	-	6.0
India	86.4	36.00	46.00	64.50	-	60.0	-	292.9
Indonesia	26.6	12.00	11.67	21.20	-	7.3	-	78.77
Laos	4.1	-	-	-	-	1.2	-	5.3
Maldives	0.5	-	-	-	-	1.7	-	2.2
Nepal	5.2	-	3.70	5.30	3.3	5.0	5.0	27.5
Pakistan	24.3	12.00	-	7.80	-	10.0	-	54.1
Philippines	8.0	7.10	-	-	-	-	-	15.1
Sri Lanka	21.7	-	-	20.00	-	-	-	41.7
Thailand	20.5	2.20	17.21	26.74	-	14.1	-	80.75
Vietnam	2.4	-	-	-	-	-	-	2.4
West Bank + Gaza	-	1.65	-	-	-	2.0	-	3.65
Yemen (North)	3.1	5.20	-	2.74	-	5.8	-	16.84
ADB	4.3	1.00	-	-	-	-	-	5.3
ASEAN	0.9	7.10	0.03	7.50	-	-	-	15.53
Mekong Committee	0.4	-	-	0.75	-	-	-	1.15
<u>Sub-Total Asia</u>	248.0	101.75	105.61	182.03	10.3	138.6	5.0	791.29
Bolivia	8.7	-	-	16.00	-	12.880	12.0	49.580
Costa Rica	-	-	18.00	-	-	-	-	18.0
Dominican Republic	-	-	12.00	-	-	-	6.0	18.0
Ecuador	2.9	3.00	-	-	-	-	-	5.9
Haiti	12.9	-	6.60	-	2.43	-	-	21.93
Honduras	14.8	-	16.90	9.00	-	-	-	40.7
Nicaragua	2.8	8.25	9.80	3.66	-	-	-	24.51
Peru	2.0	-	-	11.60	-	-	-	13.6
Andean Pact/JUNAC	8.6	5.03	0.68	6.06	-	7.255	-	27.625
BCIE	3.23	-	-	-	-	20.0	-	23.23
CATIE	1.87	-	-	-	-	0.040	-	1.91
CFAD (Solidarios)	1.8	-	-	-	-	-	-	1.8
CIM	-	-	-	1.40	-	-	-	1.4
CIMMYT	-	-	2.00	-	-	-	-	2.0
IDB	2.0	-	-	-	-	-	-	2.0
IICA	-	1.60	-	-	-	-	-	1.6
INCAP	1.8	-	-	-	-	-	-	1.8
OLADE	1.2	0.53	-	-	-	-	-	1.73
<u>Sub-Total Latin America</u>	64.6	18.41	65.98	47.72	2.43	40.175	18.0	257.315
Angola	1.4	-	8.75	-	-	9.01	-	19.16
Mozambique	3.0	-	10.66	9.075	-	-	-	22.735
Zimbabwe	14.5	-	-	-	-	-	-	14.5
<u>Sub-Total Africa</u>	18.9	-	19.41	9.075	-	9.01	-	56.395
TOTAL NORMAL PROJECTS	331.5	120.16	191.00	238.825	12.73	187.785	23.0	1105.00

(Cont.)

	1976 - 80	1981	1982	1983	1984	TOTAL 1976-84
II. POST CATASTROPHE PROJECTS						
Angola	-	-	-	2.0	-	2.0
Bolivia	-	-	-	-	3.4	3.4
Colombia	-	-	-	-	3.9	3.9
Dominican Republic	4.8	-	-	-	--	4.8
Dom. Rep./Haiti	-	-	-	1.50	-	1.5
Equateur	-	-	-	2.85	-	2.85
Honduras	-	-	1.60 ⁽¹⁾	-	-	1.6
India	10.9	7.00	4.00	-	-	21.9
Mozambique	-	-	-	2.50	-	2.5
Nicaragua	2.5	-	1.60 ⁽¹⁾	-	-	4.1
Pakistan	-	2.70	-	-	4.0	6.7
Peru	1.5	-	-	-	-	1.5
Sri Lanka	3.0	-	-	-	-	3.0
Yemen North	-	-	-	2.55	-	2.55
Yemen South	-	-	2.50	-	0.2	2.7
Zimbabwe	4.0	-	-	-	-	4.0
Central America	1.1	-	-	-	-	1.1
<u>Total</u> <u>Post-Catastrophe</u>	27.8	9.70	9.70	11.40	11.50	<u>70.1</u>
III. AGRICULTURAL RESEARCH						
CIAT	2.95	1.40	1.60	1.70	1.7	9.35
CIP	1.5	0.80	0.90	0.95	1.0	5.15
ICRISAT	5.55	1.20	1.30	1.40	1.6	11.05
IRRI	4.0	1.50	1.70	1.80	1.8	10.8
ISNAR	-	-	-	0.15	0.2	0.35
<u>Total Research</u>	14.0	4.90	5.50	6.00	6.3	<u>36.7</u>
IV. SPECIAL PROVISIONS						
Services of external experts						
<u>Total</u> <u>Special Provisions</u>	6.0	3.50	4.00	4.0	4.0	21.5
<u>Total Committed</u> <u>Funding (I + II</u> <u>+ III + IV)</u>	379.3	138.26	210.20	272.955	232.585	1233.300

(1) Honduras/Nicaragua - bridge reconstruction - 50/50 split

PAYMENTS

Special attention must be given to the aspect of disbursement of the committed funds: it could be considered as a quantitative indicator for the speed of project implementation and certainly can be used as a base for calculating future disbursements and the cash provisions to be made in future budgets. As explained earlier, appropriations made in an annual budget may be committed in the same year or in the following year. In order to be able to present the disbursement situation as realistically as possible, only disbursements and commitments of the same calendar year are compared in the following analysis which shows the percentage of annual commitments which have been disbursed by the end of 1984:

TABLE 6 : Commitments and disbursements by Calendar year

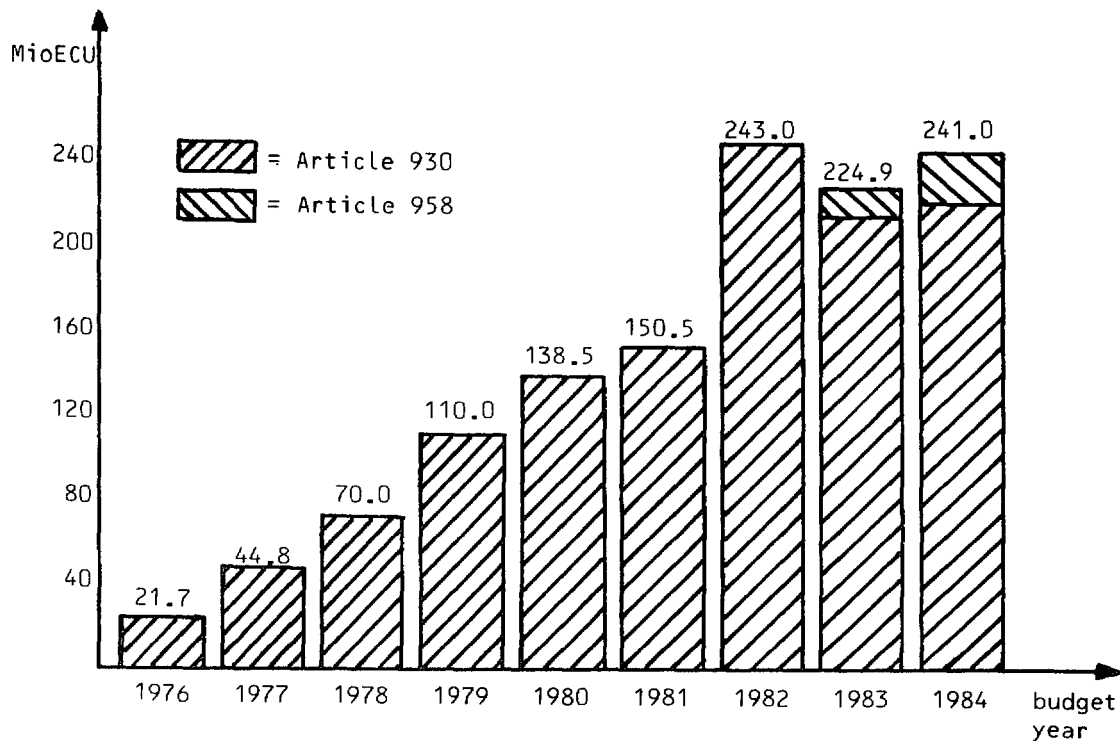
Calendar year	Commitments in MioECU	Disbursements in MioECU	Disbursements in % of commitments
1976	21,7	21,1	97
1977	44,8	34,9	78
1978	29,7	21,7	73
1979	117,9	98,4	83
1980	133,6	101,0	76
1981	153,6	76,3	50
1982	135,1	43,8	32
1983	227,5	96,1	42
1984	249,3	7,7	3
TOTAL 1976-84	1.113,2	501,0	45,0

From the table it is clear that over three quarters of the commitments made in the years 1976-1980 have already been disbursed.

COMMITMENTS BY CALENDAR YEAR

The increase of amounts committed in each financial year (01 January - 31 December) is shown in DIAGRAM 1. It illustrates the remarkable increase, especially in the last three years when 55% of all commitments were made (if one included the commitments from Article 958, the figure would be 57%).

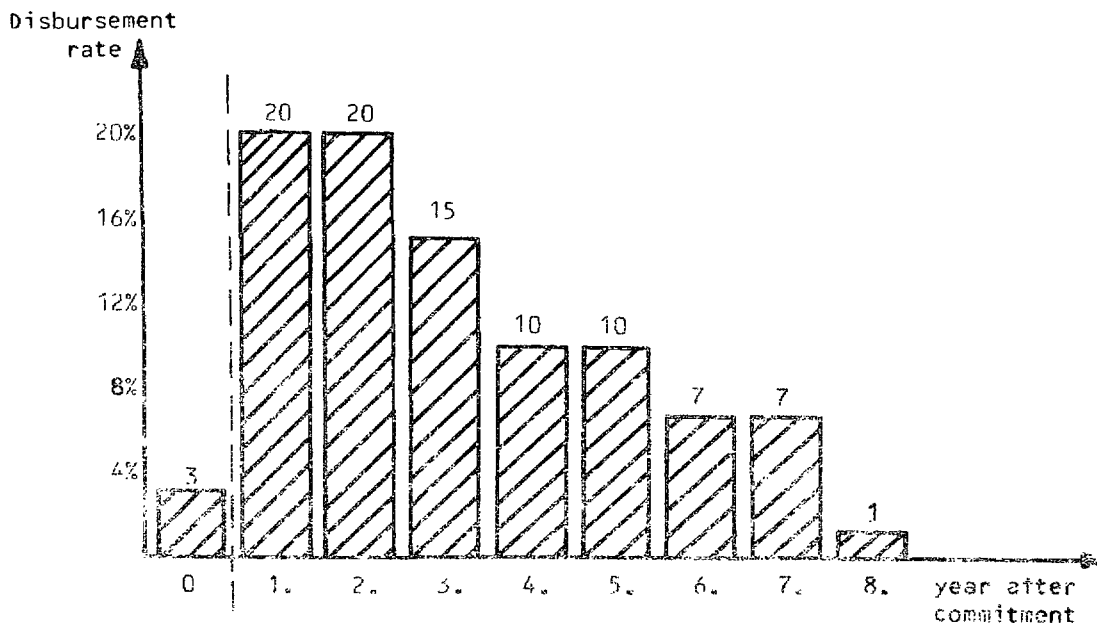
DIAGRAM I : Commitments (Articles 930 and 958) by budget years



Projects rarely start in the year of commitment of funds because final negotiations and signing of financial agreements can only start after the Commission's decision based on the Financial Committee's favourable opinion of the financing proposal. Therefore, disbursements in the year of commitment are necessarily low. But the analysis shows that - as an average of all commitments made in the years 1976-84 - 58% of the disbursements were made in the first three years after commitment, and 78% in the first five years.

In DIAGRAM II, the average rate of disbursement by years following the commitment is shown:

DIAGRAM II : Disbursements by year after commitment (average 1976-84)



2.2 Project Preparation and Monitoring

Although specialised advisory services are often provided for within the framework of specific projects, this does not cover the preparation of new projects nor is it always sufficient to guarantee that the project is carried out under optimum conditions.

For this reason, a small proportion of the total resources of aid to the NADCs is reserved for technical assistance, either on a short-term basis or for longer-term help in the preparation, realisation and control of projects, especially in countries where the social, economic or administrative problems are most serious.

In 1984 nearly all short-term expertise was provided through a framework agreement between the Commission and a European organisation representing the majority of consultancy firms in the Member States.

Although global commitments have been made to cover the costs of this agreement and its extensions, the majority of the funds available are paid to the organisation only after the individual services asked for by the Commission have been carried out. Therefore, in order to provide a more meaningful breakdown of the use of these credits, the table in ANNEX 2 shows short-term services effectively carried out in 1984 under the terms of the framework agreement, even though the main global commitment covering this expenditure was made in 1983 and included in the figures reported in the 7th report on the implementation of financial and technical aid to the NADCs.

The other costs included in the allocation for services of external experts, cover the installation and operating costs of development advisers resident in certain beneficiary countries. The role of these advisers is to control EEC-financed projects in their region and where necessary to help the local administrations in preparing and executing them.

At the end of 1984, five such advisers were attached to the regional delegations in Bangkok, New Delhi and Caracas. In addition, contracts with two consultancy firms provide for full-time technical advisory services for projects in Honduras and in Haiti/Dominican Republic.

3. EVALUATION

3.1 General Considerations

In the 7th report (for 1983) chapter 4 entitled "towards an evaluation" pointed out the necessity for evaluations, especially ex-post. These provide valuable information on the impact of projects and this is of benefit in programming for the future.

On the other hand, as has already been explained, the majority of completed projects financed under Article 930 were operations which could be implemented in a relatively short period such as studies, research tasks, supplies of materials, etc. In contrast, development projects proper, especially rural development projects have a rather long execution time. Therefore, the number of projects available for an evaluation is limited. However, the situation is progressively changing as reflected by increasing evaluation activities covering Article 930 projects.

There exists a wide range of measures to analyse the quality of projects and to transpose the results in order to improve the performance of the project concerned as well as the programme for a sector or a country in general. Regular project reports, visits and discussions during missions, meetings with consultants and project management, consultations at governmental level, coordination with member states, serve this purpose and therefore include an element of evaluation. All these measures have been intensively used.

However, in the following paragraphs, the term is used according to its present internationally common signification, which can be described as follows:

Evaluation means systematic and unbiased assessment of projects aiming to improve the on-going and future activities. Systematic in this context means that general evaluation criteria have to be established before the evaluation starts and consequently applied. Unbiased means that the evaluation team has the right and the duty to expose achievements and problems evenly, analyse the reasons and, if necessary, criticise all parties involved.

Future Prospects of Evaluation

Future extension of evaluation activities in the field of aid to non-associated countries has to be regarded in relation to the amount of aid that will be committed to this group of countries.

Evaluations of individual projects will probably continue to be the main type of evaluation undertaken. Such evaluations can have three main objectives:

- to determine measures necessary to stabilise the progress achieved to date by the project;
- to extend the results to other suitable geographical areas;
- to modify the component-mix of a project.

Instrumental Evaluations can also be of some significance to improving impacts of future aid. In this respect, the assistance committed to international agricultural research institutions will be subject to an evaluation in the coming report period.

Furthermore, sectoral evaluations will be useful, especially when concentrated on countries where the Community's assistance forms a considerable input to the development of a certain sector. Example : To what extent do the Commission's activities contribute to increase the self-sufficiency of Bangladesh in food production, and how can future activities be fitted in to raise this contribution.

3.2 An Example : Evaluation of Cotton Development Project
-----BANGLADESH-----

Background

Cotton, a traditional crop in East Bengal, progressively reduced in acreage during the colonial era before 1947 and no efforts to improve the situation were made by the Pakistanis. Following independence in 1973, the Bangladesh Cotton Development Board (CDB) was created. After a pilot scheme, commercial production of cotton started in 1977. To assist in an expansion of cotton in Bangladesh, an appraisal in 1979, financed by UK aid, suggested a support project to be financed by the Commission (NA/80/7, 6.5 MioECU; duration 3 years). Its aim was to increase production locally, thus decrease the dependence on importation of cotton, with the subsequent foreign exchange savings, as well as the social aspects of increased cash earnings for the small farmers.

The project implementation started in July 1982 and included four components:

- field investigations to identify varieties, farming systems and pest control measures;
- establishment of seed multiplication farms;
- training of workers, farmers and counterparts, and
- improving the ginning capacity.

Progress and Results

A mission in September 1984 to investigate the possibilities of continuing in the sector noted that, in spite of the achievements of the project, the area of cotton production has not increased as expected. Consequently, a full evaluation mission has been sent out to investigate in detail:

- the achievements of the project, and
- the reasons for the decrease in overall cotton production in the country.

The mission was also ordered to appraise the requirements and preconditions for a possible second phase of the project.

The evaluation and appraisal mission included an agronomist, an agricultural economist, a cotton market specialist and a post-harvest specialist. They spent one month in the country and presented their report to the Commission in April 1985. Two government officials from Bangladesh assisted in the evaluation.

Their main findings were :

- The results of field investigations by the Technical Assistance team were excellent in some cases, less convincing in others, partially caused by difficulties in human relations and co-ordination problems among the various institutions involved;
- The seed farms were established, though some technical supplies experienced delays;
- Overseas training activities were considerably delayed due to administrative constraints. Local training was hindered by lack of personnel with training experience available to run courses;
- The ginning capacity was not increased to the foreseen level, due to the inability to develop a locally constructed small saw gin. The T.A. Engineer charged with the task had totally inadequate facilities.

The main problems in cotton production have been identified in the areas of marketing, agronomy and ginning: farmers experienced difficulties in receiving sufficient reward for their cotton and were inadequately instructed by the extension service.

Nevertheless, the mission considered the original project objectives still attainable, if certain measures would be taken to abolish the present bottlenecks:

- A better co-ordination among the various institutions involved in cotton production and marketing must be achieved. The Ministry of Agriculture will take an active part by chairing a Co-ordination Committee for project implementation. The recently established UNDP project in seed research will also be involved;
- The marketing system for cotton has to be reorganised so that farmers get a fair price for their produce. A system of intervention purchasing by the Cotton Development Board will assist in increasing the production;
- The ginning capacity has to be increased with parallel improvements in quality.

Consequences

On the base of the findings and recommendations of the evaluation and appraisal report, a staff mission from the Commission of the European Community, during a regular consultation, discussed the situation of the project with the Bangladesh authorities in May 1985. Both sides came to the result that an extension of the project would be desirable. The still undisbursed funds from the first phase of the project allow a continuation until February 1986, so that by then the seed farms will be sufficiently equipped and training facilities completed.

A second phase with the objective of consolidation of seed production and increase of cotton production by improved extension services and better marketing is envisaged to follow:

As a result of the consultations, the Bangladesh government is already committed to create the required changes in marketing and organisation:

- The intervention system will be inaugurated as soon as possible; The official prices for cotton will be set at a level that is attractive for the farmer to plant cotton and is to be published before the start of the sowing season;
- The appropriate measures are being taken to co-ordinate the national cotton development policy through a Co-ordination Committee, chaired by the Ministry of Agriculture.

Conclusions

Project implementation in the rural sector faces particular difficulties: traditional social and economic structures in a basically subsistence-oriented agrarian society have to be respected, and can only be estimated during the project preparation phase. Therefore, not only continuous monitoring and supervision, but also regular evaluation exercises by independent experts are useful instruments in assuring the project's success. In order to adopt the resulting recommendations, a flexible strategy is a necessary precondition for successful project implementation, particularly for those active in the rural sector.

ANNEXES
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ANNEX 1

Disbursement of Commitments (Article 930) by calendar year

Calendar year	Commitment MioECU	Disbursement in Calendar Year										Total 1976 - 84	
		1977 MioECU %	1978 MioECU %	1979 MioECU %	1980 MioECU %	1981 MioECU %	1982 MioECU %	1983 MioECU %	1984 MioECU %	MioECU	%		
1976	21,7	6,7 31	3,3 15	4,0 18	1,3 6	2,1 10	1,4 6	2,0 9	0,3 1	21,1	97		
1977	44,8	- -	4,6 10	5,5 12	9,8 22	6,8 15	3,2 7	2,8 6	2,2 5	34,9	78		
1978	29,7	- -	- -	5,5 19	1,9 6	4,5 15	2,8 9	4,4 15	2,6 9	21,7	73		
1979	117,9	- -	- -	3,7 3	24,3 21	30,6 26	15,2 13	14,5 12	10,1 9	98,4	83		
1980	133,6	- -	- -	- -	1,7 1	41,8 31	28,7 21	15,6 12	13,2 10	101,0	76		
1981	153,6	- -	- -	- -	-	1,9 1	12,3 8	52,1 34	10,0 7	76,3	50		
1982	135,1	- -	- -	- -	-	-	3,3 2	8,7 6	31,8 24	43,8	32		
1983	227,5	- -	- -	- -	-	-	-	28,7 13	67,4 30	96,1	42		
1984	249,3	- -	- -	- -	-	-	-	-	7,7 3	7,7	3		
TOTAL	1.113,2	6,7 -	7,9 -	18,7 -	39,0	87,7 -	66,9 -	128,8 -	145,3 -	501,0	54		

SERVICES OF EXTERNAL EXPERTS

Actions financed since the establishment of the 7th implementation report - situation at 31.12.84

1. Short-term studies and experts services

<u>Country</u>	<u>Title</u>	<u>Cost (ECU)</u>
Angola	Fish project NAMIBE	18 000
	In addition the following services were provided in 1984 under the terms of the framework contract signed in December 1983 (1)	
Ecuador	Evaluation of Chambo project	31 000
Thailand	Review of projects	5 000
Pakistan	Karachi port - Tender evaluation	7 000
China	Fruit storage	34 000
Nepal	National Staff College	63 000
India	Antidisaster projects	16 000
Mozambique	Moamba project	10 000
Dominican Republic	Irrigation	65 000
Colombia	Reconstruction project	11 000
Costa Rica/Honduras	Refugees	20 000
Ecuador	Reconstruction of bridges	10 000
Philippines	Dairy project	65 000
Central America	C.A.T.I.E.	80 000
Bangladesh	Rangpur project	180 000
Mozambique	Moamba project	86 000
China	Flood forecasting	26 000
Mozambique	Moamba project	7 000
Nicaragua	Grain storage	45 000
China	Cashew project	22 000
Mozambique	Moamba II	5 000
China	Vegetable seedlings	31 000
Nepal	Bagmati project	39 000
Central America	B.C.I.E.	43 000
Colombia	Pacific region	42 000
Dominican Republic	Juancho project	2 000
Pakistan	Drainage and Salinity	11 000

(1) The global commitment of 1 MioECU covering most of these services was reported as a lump sum in the 7th annual report

<u>Country</u>	<u>Title</u>	<u>Cost (ECU)</u>
Bangladesh	Cotton project	11 000
Dominican Republic	Western CIBAO	7 000
Bangladesh	Infrastructure survey	5 000
Bangladesh	Economic survey	14 000
Bolivia/Pakistan	Milk products	17 000
Indonesia	Tendering	4 000
Inde	Monitoring of projects	16 000
Nicaragua	Rehabilitation project	9 000
Angola	Development Malange	42 000
Nepal	Irrigation projects	13 000
Inde	Monitoring/Evaluation of projects	33 000
Colombie	Tendering for seismic survey	6 000
Amérique Centrale	Food security	30 000
Honduras	Audit Banasupro	21 000
Bangladesh	Extension services for cotton marketing	81 000
Honduras	Identification project	24 000
Thailand	Review of a project proposal	7 000
Thailand	Data processing systems	8 000
Asia	Fertiliser supply projects	38 000
Costa Rica	Identification of a project	39 000
Ecuador	Chambo project follow-up	28 000
	TOTAL 1.	<u>1 777 000</u>

2. Installation and operating costs of development specialist

Recruitment of experts for the Commission's regional delegations (Venezuela, Thailand and India) and for assistance with project execution and control

TOTAL 2. 1 909 000

TOTAL 1.+2. 3 686 000

ANNEX 3

List of projects completed in 1984

Year and number of Operation	Recipient and title of operation	Type of Operation	Sector	Type of Financing	Total cost (M. ECU)	EEC Contribution		Disbursement rate
						MECU	%	
76/4	Sri Lanka. Mahadivulwewa Irrigation Project.	Project	Rural Development	Autonomous	2,5	2,5	100%	100%

The purpose of this project is to increase food production and create employment, by making use of ancient irrigation reservoirs (tanks) which have been abandoned for historical reasons and need thorough repair to be put into operation again. The irrigation system permits growing of paddy, soya beans and pulses on an area of some 480 ha which have been allotted to about the same number of farmers (1 ha per family). The construction works comprise the rehabilitation of a 20 million m³ reservoir with gated spillway and irrigation outlet. Although the project has reached its targets from the technical points of view, it has appeared from a recently undertaken supervision mission that the implementing agency, the Irrigation Department, underestimated the problems related to settlement services and monitoring of settlement. Therefore, it was decided to grant the amount of savings of about 200 000 ECU to the purchase of fertiliser in order to solve some of the problems.

76/6	INDONESIA Pilot project on soya and galawija develop.	Project	Agriculture	autonomous	1.40	1.00	59%	94%
79/ 8	"	"	"	"	4.70	3.00	64%	99%
79/8 Add	"	"	"	"	0.60	0.60	100%	100%

The project was designed as a plot farm to develop effective farming systems for transmigration settlements. The farm has been successfully developed into a major seed multiplication centre for soya and other galawija improved varieties in Indonesia, guiding about five hundred surrounding farmers in production of quality seeds. The station is proving also that reasonable yields could be obtained on this mediocre location through proper soil improvement and conservation methods. The Indonesian authorities wish to use the station as a model for a nationwide network of similar galawija seed multiplication centres.

Year and number of Operation	Recipient and title of Operation	Type of Operation	Sector	Type of Financing	Total cost (MioECU)	EEC Contribution MECU %		Disbursement rate
77/04	PAKISTAN Chasma Right Bank Irrigation Project	Project	Rural Development irrig.	Joint Cofinancing (EEC/ADB)	119,0	4,48	4%	100%
<p>Purpose of the project was to increase agricultural production by more effective use of Indus River flows available at the existing Chasma Barrage in the North West Province (NWFP).</p> <p>The area concerned by the project is of about 570 000 acres.</p> <p>The construction of the main canal (172 miles) as well as of the network of distributaries (320 miles) are the major components of the project towards which the EEC contribution has been directed to cover a part of the local currency costs.</p>								
77/18	INCAP Food technology and nutrition research	Project	Agricultural research and training	autonomous	2.4	1.8	75%	96%
<p>The objective of this project was to assist in the development of basic foods made from local products (mainly common and tropical vegetables and corn flour) as well as the improvement of animal nutrition by making better use of agricultural by-products, and the adaptation of low-cost technology.</p> <p>The EEC contribution supported the basic needs oriented research programme of this regional Central-American institution. Food technologists have been trained.</p>								

Year and number of Operation	Recipient and title of Operation	Type of Operation	Sector	Type of Financing	Total cost (MioECU)	EEC Contribution		Disbursement rate
						MECU	%	
78/3	JUNAC Palm oil development study	Study	Agriculture (general)	Autonomous	0.4	0.4	100%	100%
<p>Action de préinvestissement (études de faisabilité au niveau national en Colombie, Equateur et Pérou et étude de coordination au niveau sous-régional) effectuée au bénéfice de la JUNAC du Pacte Andin en appui à des bureaux de la sous-région par le bureau d'étude IRHO (F).</p> <p>La sous-region andine est déficitaire en produits oléagineux et trois des cinq pays recèlent des potentialités de production importantes de palmier à huile. L'objet de ces études était d'identifier d'une façon concrète des possibilités de production, d'extraction et commercialisation de ses produits et sous-produits.</p> <p>Résultats : -- Colombie : 9 500 ha, investissement requis 65 millions US \$ (déshclavement de la zone, semences, plantations, extraction)</p> <p>-- Equateur : 3 000 ha (dont 1 500 ha en régie et 1 500 ha parcelles individuelles), investissement requis 30 millions US \$ (déshclavement, plantation, extraction)</p> <p>-- Pérou : 11 000 ha, investissement 130 millions US \$ (déshclavement, plantation, extraction).</p> <p>La JUNAC a communiqué les résultats de viabilité tecnico-économique de ces projets aux pays membres concernés. Le projet est actuellement en cours de démarrage au Pérou (Cordepalma/Emdepalma/Cordelor) et en prise en considération sérieuse en Colombie.</p>								

Year and number of Operation	Recipient and title of Operation	Type of Operation	Sector	Type of Financing	Total cost (MioECU)	EEC Contribution		Disbursement rate
						MECU	%	
78/23	BOLIVIA Pilot project for development of the Chaco (Abapo Izozog)	Project	Agriculture (irrigation & drainage)	Parallel co-financing with IDB	15.00	1.9 +(0.38)	12.7	94.8

Ce projet co-financé avec la BID (administrateur du projet et de la contribution CEE) est un projet de colonisation et de mise en valeur des terres vierges du Chaco bolivien. Il représente la première phase d'un vaste programme visant l'installation de quelque 25 000 familles, l'irrigation d'environ 200 000 ha pour la production de blé, soya, coton, riz, ainsi que la construction d'une usine hydroélectrique. Les objectifs du projet sont plus modestes : installation de quelque 300 petits agriculteurs (= 1 900 personnes), infrastructures de base productives et sociales, formation, encadrement agricole, transfert de technologie dans les domaines de mise en valeur de terres vierges, irrigation et accroissement du niveau de connaissances socio-économiques relatives aux populations concernées et à la zone à développer.

En dépit de difficultés inhérentes à ce genre de projet et de problèmes d'ordre financier (appréciation du dollar US par rapport à l'ECU ayant justifié un engagement financier complémentaire de 0,38 MioECU de la part de la CEE), ce projet est quasi terminé. Selon la BID, il s'agit d'un des meilleurs projets que cet organisme administre en Amérique Latine, tel que rapporté à l'occasion d'une récente mission de contrôle du projet par la CEE.

78/25	CFAD small farmers credit programme	Project	rural credit	J Co. Fin. IDB	7.0	1.8	26%	91%
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Il s'agit d'un programme d'assistance crédit canalisé par l'institution SOLIDARIOS (Conseil de Fondations Américaines de Développement - organisation sans but lucratif) et à un niveau décentralisé par ses fondations membres au bénéfice d'un grand nombre de petits exploitants agricoles d'Amérique Latine en leur permettant d'accéder à du crédit auprès d'institutions non-gouvernementales. La contribution financière de la CEE a permis d'assurer une assistance technique pour la préparation et la gestion de petits projets, en plus de leur financement proprement dit, dans plusieurs pays du Pacte Andin, d'Amérique Centrale et de l'île Hispaniola.

Year and number of Operation	Recipient and title of Operation	Type of Operation	Sector	Type of Financing	Total cost (MioECU)	EEC Contribution MECU %	Disbursement rate
79/5	Sri Lanka. Hydrological Crash Programme	Study on water management.	Irrigation	Cofinanced with NL	0,7	0,3	100%

In order to establish a reliable and accessible hydrological database for design and operation of the existing and future Mahaweli Gang System, a hydrometric data gathering system has been set up and operated since mid-1979. The so-called Hydrological Crash Programme was executed by the Irrigation Department in collaboration with the consulting firm NEDECO of the Netherlands, under financing provided by the Government of the Netherlands, the EEC and the Mahaweli Authority. This programme has now almost entirely been transferred to the responsibility of the Irrigation Department.

79/25	EQUATEUR Chambo - Irrigation	Project	Irrigation	Autonome	3.8	2.5	66%	98%
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Les autorités équatoriennes avaient sollicité l'assistance de la Communauté en vue d'étendre et d'améliorer le fonctionnement d'un ancien réseau d'irrigation réalisé par les Équatoriens eux-mêmes dans une région défavorisée de l'Altiplano (populations marginalisées, conditions techniques difficiles).

Le projet financé par la Communauté aura permis de rédiger un plan d'ensemble pour le développement à long terme de la zone, de contribuer aux travaux de restructuration du système d'arrivée d'eau, ainsi que d'étendre la surface irriguée.

Toutefois, compte tenu notamment de l'importance plus grande que prévue initialement des travaux sur le canal principal, il n'a pas été possible de fournir également l'assistance nécessaire aux petits paysans dans le domaine agricole. Il est dès lors envisagé de financer une seconde phase d'intervention, dirigée principalement vers la mise en valeur des terres, la meilleure utilisation de l'eau et plus généralement le relèvement des revenus des petits fermiers.

79/40	PAHO Earthquake programme		Emergency services	autonomous	1.1	1.1	100%	100%
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This is a programme of emergency preparedness devised by the Pan American Health Organisation with the objective of helping to improve the capability of the countries of Latin America to respond and minimise the effects of natural catastrophes such as earthquakes and cyclones. The programme now ended has led to a greater state of preparedness on the part of the health sectors of PAHO's member countries: development of a technical and scientific foundation for disaster preparedness (technical material, promotion of public awareness); disaster preparedness at country level (promotion of awareness at highest level, formulation and implementation of national programme). These activities were achieved with technical cooperation funded by EEC: two experts - one based in Washington, responsible for Central America and Panama, and the other based in Lima, Peru, responsible for South America.

Year and number of Operation	Recipient and title of operation	Type of Operation	Sector	Type of Financing	Total cost (MioECU)	EEC Contribution %		Disbursement rate
						MECU	%	
80/1	NEPAL Livestock Development	Project	Livestock (General and marketing)	Cofinancing (ADB + others)	11,2	2,2	20%	100%
<p>The purpose of this project was a) to improve animal health facilities on a national level (through construction of a Central Diagnostic Laboratory, upgrading of veterinary field facilities and vaccine production posts) b) to develop livestock production and marketing in two specific areas (including provision of credit for livestock purchase and strengthening of milk collection and marketing facilities) to serve as models for future livestock programmes.</p> <p>Project implementation has been very slow in the beginning but has gained considerable momentum at a later stage so that the project objectives will be fulfilled with some minor adjustments due to shortfalls of funds. Project results have been most promising in the field activities and more specifically in milk collection (reaching 2,3 million litres in 1984).</p>								
80/20	HAITI Recherche pour le dév. des productions paysannes	Projet	hydraulique	Cof. (Fr)	0.4	0.3	75%	100%
<p>La contribution communautaire visait à financer des micro-réalisations, essentiellement dans le domaine de la petite hydraulique paysanne (citernes, captage de sources, creusement de puits...), menées dans le cadre du fonctionnement des centres de Median et de Salagnac, centres de recherche et de formation fondés sur une approche originale de meilleure connaissance et compréhension des populations paysannes et de leurs systèmes de production. Ces centres reçoivent le support financier de la France qui intervient dans leurs coûts de fonctionnement (aide à la recherche, assistance technique ...) et a assuré l'administration des opérations sur le terrain financées par la Communauté.</p> <p>Ce projet a été caractérisé par son souci de rechercher des formules adaptées aux conditions locales. Les travaux étaient réalisés bénévolement par les paysans eux-mêmes, avec l'aide d'un maçon et avec des matériaux financés par la Communauté.</p> <p>Une évaluation de l'impact socio-économique de ce projet est prévue.</p>								

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Year and number of Operation	Recipient and title of operation	Type of Operation	Sector	Type of Financing	Total cost (MioECU)	EEC Contribution MECU %		Disbursement rate
80/30	IDB Rural mini projects	Project	Rural credit	parallel Co fin. IDB	2.0	2.0	100%	92%
<p>Il s'agit d'un programme de crédit, administré par la BID sur un Fonds Spécial, afin de répondre aux besoins des petites entreprises (agricoles, artisanales, industrielles) ne disposant pas d'une assiette financière suffisante à leur permettre de recourir au crédit commercial normal. Outre les crédits financiers mis en place localement par l'intermédiaire d'institutions à but non lucratif, ce programme prévoit l'octroi d'une assistance technique pour la formation à la gestion de ces crédits. Bien que la contribution financière de la CEE ait été utilisée (petits projets productifs notamment agro-alimentaires), le programme se poursuit et une nouvelle contribution pourrait être demandée prochainement à la Communauté pour permettre son expansion.</p>								
80/31	CATIE research support	Study	Agricultural research	autonomous	1.95	0.2	10%	100%
<p>A study has been made to identify the energy flows associated with different farming systems and to develop detailed fuel balance data.</p>								
80/38	ZIMBABWE Intensive Resettlement Programme	Project	Integrated rural development	autonomous	76.7	4.0	5.2	91.2
<p>The objective of the project was to provide five individual accelerated resettlement schemes with basic infrastructure and equipment to create the conditions for full agricultural use of the re-allocated land and for the socio-economic welfare of about 1 200 settler families.</p> <p>The project comprises also a grant of up to 1.4 MioECU to the Agricultural Finance Corporation (AFC) to assist the settlers with short and medium-term credit facilities.</p> <p>Presently, primary development works, such as roads and bridges, water supplies, land preparation and settler installations are completed. Final settler numbers are 1 274. The agricultural credit provision has been implemented partly. When experiencing difficulties in the repayments of loans by farmers as a consequence of drought, most of the accelerated resettlement schemes suffered crop losses. Therefore, a rescheduling of debts incurred by farmers was necessary. Full accounting details will be known only when a special audit report on loans granted under the EEC-financed schemes, presently under preparation, will be available.</p>								

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Year and number of Operation	Recipient and title of Operation	Type of Operation	Sector	Type of Financing	Total cost (MioECU)	EEC Contribution		Disbursement rate
						MECU	%	
81/17	IRRI Research support	Support for applied research	Agricult.	Co. fin. (CGIAR)	22,99	1,5	6.5%	100%
82/25	IRRI Research support	Support for applied research	Agricult.	Co. fin. (CGIAR)	23,35	1,7	7,3%	100%
82/26	CIAT research support	Support for applied research	Agricult.	Co. fin. (CGIAR)	21,37	1,6	7,5%	100%

The European Community at present supports five international agricultural research institutes. In their field of specialization they serve as information exchange centres and carry out own research work for the benefit of their member institutions in order to avoid duplication of costly and time-consuming research activities. ICRISAT is specialized on agricultural crops of arid zones, IRRI on rice cultivation, CIP on potato cultivation, and CIAT on tropical crops. Finally, ISNAR has the task of general agricultural research coordination in the region. The Community contribution to the annual research budgets of these institutions is paralleled either by aid from other non-european industrialized countries or by bilateral aid of EC member states. Although the Community's contribution is less than 10% of these budgets, it represents essential support for the institutions. The combined contribution of the Community and its Member States amounts to about 30% of the cost of financing their activities.