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signed by Ms Patricia BUGNOT, Director

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- Annual Report 2004 on EC Development Policy and External Assistance

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**Annex to the**

**Communication from the Commission to the Council and the European Parliament**

**"ANNUAL REPORT 2004 ON EC DEVELOPMENT POLICY AND EXTERNAL ASSISTANCE"**

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## **ANNEXES**

The annexes conclude with analysis of progress on the MDGs, progress made in harmonisation of financial procedures and administration and a list of Communications on development policy and external assistance prepared by the EC during the year.

Finally, in the financial annexes, DAC tables show the breakdown of commitments and payments in 2003. Moreover, all 2003 commitments are listed per region, in accordance with geographical and thematic budget lines.

### **1. BACKGROUND AND STRATEGIC GOALS**

#### **1.1. Introduction**

The European Community's development assistance is one of three elements within the broader framework of external relations, together with trade and political dialogue. The Treaty of European Union (TEU) states the importance of assuring "consistency of its external policies and instruments in the context of its external relations, security, development, economic and trade policies" (Article 3).

The Treaty of the European Community (TEC) declares in its article 177 that Community development assistance policy shall foster the campaign against poverty, sustainable economic and social development, and the smooth and gradual integration of the developing countries into the world economy.

The draft EU Constitution confirms that development co-operation is an EU policy in its own right for which the Community has shared competence. It also reaffirms poverty eradication as one of the key objectives of external action that applies to all external policies and all regions.

The Joint Declaration by the Council and the Commission of November 2000 provides the Community with an overall framework to guide its co-operation and partnerships with all developing countries with which it has links. The Declaration emphasises that the main objective of the Community's development co-operation policy is to reduce and eventually eradicate poverty, through support for economically, socially and environmentally sustainable development, promotion of the gradual integration of the developing countries into the world economy, and a determination to combat inequality. It also highlights the core principles on which the Community's assistance is grounded: sustainable, equitable and participatory human and social development, with the promotion of human rights, democracy, the rule of law and good governance as an integral part of this process.

To follow up on these policy declarations, the European Commission has committed itself to focus its development assistance on helping developing countries achieve the Millennium Development Goals (MDGs), thereby giving the MDGs a prominent role in Community development assistance. This is shown in the following section of this chapter.



However, the Community's relations and assistance programmes also need to be adapted to the very diverse challenges facing different regions: there are other important objectives and activities that go beyond the limits of the MDGs, for example promoting peace and security, supporting institutional building and providing trade-related technical assistance. For instance, support to the Balkans regions is naturally designed differently from the support provided to some African countries. In 2003, the Community had co-operation programmes with 160 countries in six regions.

The European Community has an important role to play in many areas of external action. It is the largest trading partner for many developing countries, it is involved in research co-operation worldwide, and migration flows to Europe from many of our partner countries are on the increase, etc. The requirement to ensure that all EC policies affecting developing countries take account of the objectives of Community development co-operation policy, i.e. that the policy mix is tailored to each country's specific situation, is set out in the Maastricht Treaty.

To achieve all the ambitious objectives which the developing countries and the donor Community have set themselves, financial assistance is vital. The EU as a whole provides more than half of all global development assistance: over € 28.7 billion in 2002. In March 2002, at the time of the International Financing for Development conference, the EU signalled its commitment to play an even larger role in future by further increasing aid volumes. Each EU Member State has pledged to provide by 2006 a minimum of 0.33% of its gross national income as Official Development Assistance (ODA) so that, collectively, the EU reaches an average ratio of 0.39% (up from 0.33% in 2001).

More than one-fifth of the EU's current aid budget – € 7.8 billion in 2003 - is managed by the European Commission on behalf of the Community. These funds come from the Community budget as well as the European Development Fund (EDF), which provides support to African, Caribbean and Pacific states within the framework of the Cotonou Agreement and to the Overseas Countries and Territories (OCTs) associated with the Community under the Overseas Association Decision<sup>1</sup>. The geographical span of the Community's assistance programmes is global - from the EU's immediate neighbours to small Pacific islands

## **1.2 Strategic objectives of EC development policy: the Millennium Development Goals (MDGs)**

The European Commission is committed to focusing its development assistance on helping developing countries to achieve the MDGs. To be able to measure progress towards these Goals on an annual basis in each of the 140 countries and the 8 regions where the Community provides development assistance, the Commission has identified - in close collaboration with the EU Member States and international organisations such as the World Bank, UNDP and the OECD's Development Assistance Committee (DAC) - a minimum "core set" of ten key indicators, drawn from the list of 48 indicators for the Millennium Goals:

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<sup>1</sup> Council Decision 2001/822, 27.11.2001, OJ L 314 of 30.11.2001.

1) Proportion of the population below \$1 a day. 2) Prevalence of child malnutrition (underweight children) under five years of age. 3) Net enrolment ratio in primary education. 4) Primary completion rate. 5) Ratio of girls to boys in primary, secondary and tertiary education. 6) Under-five mortality rate. 7) Proportion of 1 year old children immunised against measles. 8) Proportion of births attended by skilled health personnel. 9) HIV prevalence among 15-24 years old pregnant women. 10) Proportion of the population with sustainable access to an improved water source.

These indicators were selected on the basis of data availability, reliability and the frequency with which they were included by countries for their monitoring of Poverty Reduction Strategy Papers<sup>2</sup>. Of the ten indicators, the evolution of six of them - 3, 4, 5, 7, 8 and 9 - is measured annually (annual periodicity), while the other four have a medium-term periodicity. Six indicators are directly related to the wellbeing of children and three of them have a specific gender-related dimension. Besides the 10 indicators, the GDI *per capita* and the growth of GDI are also followed for each country.

### 1.2.1 *Measuring progress towards the Millennium Development Goals*

The Commission began an analysis of progress towards the realisation of the MDGs in last year's Annual Report on the basis of the above ten indicators. The analysis draws from databases of major international organisations. Nevertheless, the quality of data, including sex-disaggregation, available both at international level and at country level, remains a major issue of concern for the credibility of the international community's effort to measure progress towards these Goals.<sup>3</sup>

Global progress towards the MDGs, based on the most recent statistical data for the ten indicators<sup>4</sup>, is reported in annex 6.1, together with the list of the eight Goals and their corresponding targets. Section 1.3 below describes the European Community's contribution to this overall effort.

## 1.3 **EC Contribution to MDG Achievement: the six Priority Areas**

In order to maximise its impact within the global development framework, the Community decided to focus its assistance in six areas<sup>5</sup> where it could add particular value: the link between trade and development; regional integration and co-operation; support for macroeconomic policies and equitable access to social services; transport; food security and sustainable rural development; and institutional capacity building, in particular good governance and the rule of law. The promotion of Human Rights, equality between men and women, environmental sustainability

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<sup>2</sup> This was done to balance country ownership and the need to aggregate data across countries to allow country comparison and global monitoring.  
[www.un.org/millenniumgoals](http://www.un.org/millenniumgoals).

<sup>3</sup>  
<sup>4</sup> Under five mortality (up to 2002), proportion of 1 year old children immunised against measles (up to 2002), proportion of births attended by skilled health personnel (up to 2002), HIV prevalence in 15-19 year olds (up to 2001), ratio of girls to boys in primary, secondary education (up to 2000), net primary school enrolment ratio (up to 2000), primary completion rate (up to 2000) and proportion of population having access to drinking water (up to 2000).

<sup>5</sup> Declaration by the Council and the Commission on the European Community's development policy ref 13458/00 of 16.11.200.

and conflict prevention were to be integrated at every stage and within all of the Community's assistance programmes.

As regards the preservation and fostering of cultural diversity and the development of intercultural dialogue, they have been implemented both as horizontal component of the EC development policy and through specific sectoral assistance programmes, in particular in the Mediterranean and ACP regions.

The following sections attempt to capture the linkage between the EC's six focal areas of value-added and progress towards achieving the MDGs. Nevertheless, in spite of the increased linkage, it is not possible to quantitatively assess the direct impact or contribution of the Commission's policies and external assistance on partner countries' progress towards meeting the MDGs. Overall progress towards these Goals is the result of a large number of factors, many of them outside the direct influence of the Commission. Some of these factors are controlled by the countries themselves, while much of the Official Development Assistance aimed at supporting progress towards the MDGs comes from other external partners.

### *1.3.1 Trade and development*

In November 2002 the Council adopted its conclusions on the Communication on Trade and Development prepared by the Commission<sup>6</sup> few months earlier. During 2003 the Commission took several initiatives in line with the Council's recommendations and the programme of action set out in the Communication. The key objective of the Commission in this area is to ensure that developing countries, especially the most vulnerable ones, capture important benefits from their participation in the world trading system. Helping developing countries to take advantage of trade opportunities is a key component of the EC strategy to achieve growth with poverty eradication in line with the Millennium Development Goals.

Against this background, the Commission has worked to ensure coherence between new trade rules and the concerns of development policy in all its submissions in the WTO context. Specific instruments called Sustainability Impact Assessments (SIAs<sup>7</sup>) have been used for this purpose in all trade negotiations in 2003. The SIAs provide an assessment of the potential economic, social and environmental impact of trade agreements, and involve detailed consultations with all stakeholders including civil society. The first phase of the SIA for the negotiation of Economic Partnership Agreements (EPAs) with ACP countries was completed in December 2003. SIAs for Mercosur/Chile as well as for the Gulf Co-operation Council were launched in the same period. Specific sectoral SIA work was also carried out on the Doha Development Agenda. The topics assessed in detail included competition, environment services, market access for textiles and clothing, for non-ferrous metals and for pharmaceuticals. The SIA methodology is being further refined and adapted to ensure that outcomes are properly taken into account in the negotiations.

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<sup>6</sup> COM(2002) 513 final of 18.09.2002.

<sup>7</sup> [www.sia.org](http://www.sia.org).

The European Commission has also committed to improving aid effectiveness in this area through closer co-ordination and complementarity, internally as well as with other donors, and to increase trade-related assistance to developing countries.

In this context, the Commission has established an Interservice Taskforce and prepared detailed practical guidelines on trade-related assistance. Further consultations on these guidelines are taking place with trade and development experts of the Member States in order to achieve greater complementarity. An external evaluation on EC Trade-Related Assistance launched at the end of 2003 should further contribute to an improved effectiveness of EC support in this field.

Financial support for trade-related assistance has been stepped up since the Doha Ministerial Meeting of November 2001. Total commitments<sup>8</sup> over the period 2001/03 have reached € 2 billion. Special attention has been devoted to the improvement of developing countries' capacities in the field of sanitary and phytosanitary requirements. Another focal area has been to improve the negotiating capacity and the ability of developing countries to formulate and implement coherent trade policies, to engage in the negotiation of Economic Partnership Agreements (EPAs) and to participate in the WTO work, in line with the EU's commitments at the International Conference on Financing for Development in March 2002.

The Commission has also closely co-ordinated with the OECD in 2003 on improving definitions and approaches in the field of trade-related assistance, and has made joint efforts with other major donors in the context of the Integrated Framework (World Bank, IMF, WTO and other agencies) and the Joint Integrated Technical Assistance Programme spearheaded by UNCTAD and the ITC.

Trade and investment flows between Europe and Asia, though growing, have not reached their full potential. While the implementation of the Doha Development agenda would create enormous opportunities, many countries in Asia still face institutional constraints in the regulatory and administrative field, as well as structural weaknesses through over-reliance on fragile sectors for employment and exports.

EU-Mediterranean co-operation supports the creation of a Euro-MED free trade zone by 2010, the key objective of economic co-operation with the Mediterranean partner countries. With this in view, priority is being given to sectoral reform programmes, notably those sectors which have a direct impact on the competitiveness of these partner countries.

The Commission's support for development through trade is designed to strengthen the process of regional integration in Mercosur, Central America and the Andean Community. As stated previously, negotiations for an EU-Mercosur Free Trade Agreement are underway and, in the Andean Community, discussions leading to a possible conclusion of an Association Agreement, including a free trade zone, have already started. In Central America a project to facilitate completion of a customs union, due to commence implementation soon, is a good example of the EC's trade policy objectives in the region. In the case of Mexico and Chile, in addition to

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<sup>8</sup> For financial details see the Annex 7 of this Report.

promoting trade flows with Europe, the EU's main trade-related policy aim is to ensure that these countries are capable of living up to their commitments and that the implementation of the agreements concluded takes place in a smooth and effective manner.

In addition to the launch of the negotiation of Economic Partnership Agreements, various programmes have been designed to counter the marginalisation of the ACP in world trade, including capacity building programmes for trade policy formulation and implementation. Intra-ACP programmes are designed to support all or a large number of ACP States in a priority area. In July 2003 the Community allocated € 50 million out of these intra-ACP funds for "Trade.Com", an institutional trade capacity building facility

More information on EC trade initiatives is to be found in the regional sections of chapter 4.

### *1.3.2 Regional co-operation and development*

Regional integration issues were integral to the preparation of Regional and Country Strategy Papers. Regional Strategy Papers (RSPs) and Regional Indicative Programmes (RIPs) feature the initiatives planned for each focal sector, an activity timeframe and the indicative commitment and expenditure schedule.

In the case of the African, Caribbean and Pacific (ACP) countries covered by the Cotonou Agreement, by mid-2003 all six RSPs and RIPs were completed and signed. All the RIPs include regional integration and trade as a focal sector. The regional integration agenda includes a significant share of trade-related matters. EU policy regards regional integration as a useful step towards integration into the world economy, which is a major aim of the Cotonou Agreement and of the Economic Partnership Agreements. Detailed information on ACP regional programmes can be found in the relevant section of chapter 4.

Mercosur (Mercado del Sur), the CACM (Central America Common Market) and the Andean Community represent the three main regional integration processes in the Latin American region that are supported by the EU. In the Andean Community region it was recognised that the Community strategy was still valid but that there was a need to increase the allocation devoted to trade-related assistance, in support of the Andean economic integration process, as well as step up the efforts to combat drugs regionally.

The regional programme in Central Asia (Tacis) addresses areas such as the environment, trade and transport, as well as justice and home affairs-related issues, where co-operation among the countries of the region is most important. In 2003 a Mid-Term Review (MTR) was conducted for the Regional Strategy Paper for Central Asia. The MTR conclusions indicated that the RSP for Central Asia did not require revision, mainly because the strategy was only decided in November 2002. However the strategies of two other regional programmes, those concerning Regional Co-operation and Cross-Border Co-operation, required revision.

Regional co-operation efforts in South-East Asia have been substantial since the establishment of ASEAN (the Association of South-East Asian Nations) in 1967. On

9 July 2003, the European Commission adopted a Communication on a new partnership with South-East Asia, setting out a comprehensive strategy for future EU relations with the region. This communication proposes revitalising the EU's relations with ASEAN and the countries of South East Asia.

### *1.3.3 Macroeconomic policies and equitable access to social services, including health and education*

#### **Macroeconomic and poverty reduction budget support**

In the 2003 Annual Report the Commission described the new results-based approach to helping countries implement their poverty reduction strategies through direct budget support. Since then, there has been considerable progress, both in extending the approach using variable tranches linked to poverty outcomes, notably in the health and education aspects of poverty, and also in developing support for the Poverty Reduction Strategy Papers (PRSPs) more generally.

The experience of 2003 has confirmed the value of the Commission's approach to budget support in ACP countries, using the variable tranche approach to ensure that countries have incentives to make progress with public financial information and with the reduction of health and education aspects of poverty. In Zambia and Ethiopia indicators of gender empowerment and HIV/AIDS were also developed to add these aspects of poverty to the variable tranche, thus capturing the five aspects of poverty reflected in MDGs 2-6. A total of € 389.59 million was disbursed in budget support to 19 ACP countries during 2003, providing essential flexible funding for the recurrent and investment costs of implementation of poverty reduction strategies, ensuring progress with public financial management reform programmes, and encouraging governments to focus on results and to provide the information to their citizens by which their use of resources can be judged.

During 2003 the Commission worked closely with the World Bank and other donors, including two Member States (UK and France), in the context of the Public Expenditure and Financial Accountability (PEFA) Trust Fund. This began to develop standard methodologies for assessing and monitoring public financial management in developing countries. Creating a solid basis for assessing fiduciary risk will also enhance a key aspect of general budget support, namely improving the impact on poverty of a country's budget in two ways: first, by providing additional resources to support the main priorities identified in the country's national development strategy and, secondly, by making the Commission a stakeholder in the budget and ensuring more effective dialogue and support for improvements in financial management.

This approach is not confined to general budget support, nor to ACP countries. The Nicaragua education Sector Policy Support Programme (SPSP), for example, also contains variable tranches linked to agreed indicators of the outcomes of Nicaragua's education sector policy drawn from the PRSP. To reduce transaction costs for governments and promote coherence, the Commission has been actively involved in joint donor groups working to provide budget support in a coherent way. These use, wherever possible, a single agreed framework from which all donors agree to draw their conditions or indicators, conduct their reviews and design missions jointly: as a result governments need only deal with a single group and not a multiplicity of demands for similar reporting, accounting and policy material. In Mozambique, for

example, the group now numbers 15 donor countries, among whom the Commission is the second-largest donor and a key member, developing a refined performance assessment framework and an agreed approach to joint working that explicitly seeks to minimise its demands on government and fit within the national budget and PRSP calendar. In total, during 2003, general budget support in six countries was provided in the context of such joint groups.

It is not possible to assess the impact of Commission budget support on its own, since it contributes to the same outcome as all other budget support and balance of payments assistance. However, the Commission has been a leading member of the Steering Group on a joint evaluation of budget support being developed by the OECD's Development Assistance Committee (DAC). Findings are expected to become available in late-2004.

Budget support aims to help sustain the macro-economic stability that is essential to the reduction of income poverty (MDG 1), as well as support the public expenditure on basic services vital to attaining the education and health Goals.

## **Education**

Work in 2003 on the education component of the EC's development policy followed the strategy defined in the March 2002 Communication on *Education and training in the context of poverty reduction in developing countries*<sup>9</sup>. This strategy is set against the background of the education MDGs, which are part of the drive to achieve 'Education for All' (EFA), a wider objective established by the international community at Dakar in April 2000.

The Commission played an active role in the planning and launching of the international partnership for the EFA Fast-Track Initiative (FTI), which aims at accelerating progress towards universal primary education in developing countries. It actively participated in FTI partnership meetings in Paris in March 2003 and in Oslo in November 2003. The Commission also participated in the EFA High-Level Group meeting convened by UNESCO in New Delhi in November 2003.

Following earlier contractual arrangements with UNESCO's Institute of Statistics (UIS), the Commission's project to strengthen national capacity in statistics for the follow-up to the 'Education for All' initiative is being implemented by UIS. This programme is providing country-based capacity building programmes and laying the foundations for improved data collection and more regular monitoring and evaluation of education data in eleven FTI countries: Bangladesh, Ethiopia, Ghana, Guinea, Mauritania, Honduras, Niger, Pakistan, Tanzania, Uganda and Vietnam. The project mobilises some € 3.5 million of financing between 2003 and 2006 on the basis of budgetary line B-7-6313 (from the year 2002).

The preliminary estimate of 2003 commitments for country-specific education programmes and projects is a total of approximately € 258 million, of which approximately € 70 million was for ACP countries. These country-specific education programmes and projects were in line with the Commission's education sector

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<sup>9</sup> Com(2002)116 final of 06.03.2002.

policy. They covered basic, vocational and higher education programmes, each incorporated in the partner country's development programmes, and are monitored through a set of indicators agreed on with the partner government.

Sectoral approaches also increasingly promote pooling EC development resources with resources of other development partners. For example, in Bangladesh during 2003, close co-ordination between the EC and three Member States (Netherlands, Sweden and the UK) significantly contributed to developing an externally financed sector support programme for primary education of € 500 million, in which the European financial stake amounts to roughly 50 percent.

In addition to this direct operational support to countries, the Commission increased the amount of indirect support to education that is channelled through country-specific poverty reduction and macroeconomic programmes. Thus, as indicated in the section on macroeconomic policies, education played a greater role in poverty reduction and the related poverty and macroeconomic programmes. In 2003 some of these broader PRSP programmes and budget support incorporated variable tranche and performance-based mechanisms that directly link part of the Commission's financial support to a partner country's performance in the education sector.

### **Health, AIDS, Population**

The European Commission has kept the progress towards the health-related Millennium Development Goals and targets as a high priority in its policy and programmed support to developing countries. Three of the MDGs are directly related to health: child mortality, maternal health and communicable diseases. The EU has developed and agreed a solid and comprehensive policy framework on health and development through the *Health and Poverty Reduction Communication*<sup>10</sup> and through specific policies related to the priority areas on communicable diseases (*Programme for Action*<sup>11</sup> on HIV/AIDS, malaria and tuberculosis, *Progress report*<sup>12</sup> and *Regulation*<sup>13</sup>) and reproductive health (*Commitment to ICPD, Regulation of the related budget line*<sup>14</sup>).

In this framework the European Community has now programmed significant support to accelerate progress towards the health-related MDGs: the new generation of Country Strategies guides programming of € 740 million. This means an annual average support to the health sector close to € 400 million. In addition, the health sector in developing countries is assisted through general budget support in the context of poverty reduction strategies tailored to progress on social sector outcomes. Likewise, the European Community has continued to support inter-regional initiatives related to health, particularly in the ACP region, with some € 60 million in 2003 (annual average) mainly related to the two priority areas, reproductive health and communicable diseases. The new regulations of the thematic budget lines in

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<sup>10</sup> COM (2002) 129 final of 22.03.2002.

<sup>11</sup> COM (2001) 96 final of 21.02.2001.

<sup>12</sup> COM (2003) 93 final of 26.02.2003.

<sup>13</sup> Regulation (EC) 1568/2003 of the European Parliament and of the Council of 15 July 2003 on aid to fight poverty diseases (HIV/AIDS, tuberculosis and malaria) in developing countries.

<sup>14</sup> Regulation (EC) 1567/2003 of the European Parliament and of the Council of 15 July 2003 on aid for policies and actions on reproductive health and rights in developing countries.



these two priority areas will also allow support to innovative initiatives with potential for scaling up by over € 400 million in four years.

In Eastern Europe and Central Asia the Community is supporting the fight against the spread of communicable diseases, notably HIV/AIDS and tuberculosis. In addition, assistance is being provided to the reform of the health system in a number of Newly Independent States (NIS). In 2003 a substantial programme of investment in primary health got under way in Georgia. This initiative is part of a carefully co-ordinated programme of donor support to the health sector, also involving the World Bank and UK Government.

The European Community continued to co-finance NGOs promoting health where other instruments fail to reach communities in need. Finally, in 2003, a total of € 100 million targeted health needs through humanitarian aid programmes related to natural or man-made emergency situations. Another area where the European Community has significantly increased support is research related to health and development.

#### *1.3.4 Transport*

Transport is an essential service for improving the access of the poor to health, education, water and food security and hence achievement of the Millennium Development Goals. The transport sector (comprising transport infrastructure – roads, railways, ports, etc – and transport services) contributes to the achievement of the MDGs directly by improving the mobility of poor people and hence their access to health and education and indirectly by promoting growth which, inter alia, increases employment opportunities and incomes and leads to reduced costs for transport and food, thereby enhancing food security. Although transport is not mentioned in the eight MDGs it is fundamental for the functioning of any economy and for trade within and between countries.

As transport is one of the six priorities of Community development co-operation and is the focal sector in 32 ACP country programmes and three regional programmes under the 9<sup>th</sup> EDF, the EC is continually challenged to ensure that transport initiatives contribute optimally to poverty reduction and the MDGs. The Community, in partnership with recipient countries, other donors and the Sub Saharan Africa Transport Policy Programme (SSATP) is promoting research to adapt transport policy and activities to the reduction of poverty. At the same time EC support to transport, which is mainly in the roads sector, is being reoriented to align with the aims of Poverty Reduction Strategies in many countries, through increased support of maintenance programmes and rural road construction.

EDF commitments to transport programmes in ACP countries and regions in 2003 totalled approximately € 500 million. Design of these programmes conforms with the EC's sectoral approach elaborated in the Communication 422(2000) of July 2000, endorsed in Council Resolution 9985/01 of June 2001, which recognises that effective transport systems are essential in facilitating trade and poverty reduction. These programmes encompass support to sectoral reform, institutional development and capacity building as well as road maintenance and rehabilitation, thereby responding to the Council's priorities. The EC, through its Delegations, actively participated in government-donor dialogue to support implementation of policy

reforms agreed in the context of transport sector programmes, an essential role in ensuring the effectiveness of EDF programmes.

Co-ordination with EU Member States remains a vital element of the EC's sectoral strategy. Valuable experience was shared on the linkage between improving transport and reducing poverty. Proposals will be developed to increase the potential use of sectoral budget support within sectoral development programmes that are operational in many developing countries.

The Commission continued its active role in an informal advisory group with the African Development Bank, UNECA and the World Bank to facilitate NEPAD's implementation of its Short Term Action Plan – Infrastructure. The Regional Economic Communities are the implementing agencies and NEPAD (New Partnership for Africa's Development) nominated the Sub-Saharan Africa Transport Policy Programme (SSATP) as its principal instrument for promoting sustainable transport. The Commission underlined its commitment to the SSATP Programme by contributing € 8 million to the Long Term Development Plan (2004-2007 – € 25 million), making the Commission the major donor. SSATP brings together the Commission, several EU Member States, UNECA and the World Bank, as well as 38 African countries. Following an intensive participatory process the Long Term Development Plan is founded on the twin pillars of increasing transport's contribution to poverty reduction and regional integration, which in turn are linked to NEPAD and the Millennium Development Goals.

Transport is one of the priorities in the Tacis and Central Asia regional Programmes. Under the name of TRACECA the Commission supports the creation of a common transport corridor from Europe to Central Asia. Since 1993 the Commission has funded 53 investment and technical assistance projects with € 110 million. In 2003 eleven more projects were identified with a total budget of € 12 million. In the Western Balkans, the Commission chairs the Infrastructure Steering Group (ISG) which includes, among others, the EBRD, EIB and World Bank. This completed the Regional Balkan Infrastructure Study in 2003, while the Transport Project Preparation Facility started work in September 2003 with a completion date of December 2004. A needs assessment of Aviation Safety and Air Traffic Control of the five CARDS Countries was completed in November 2003 and seven projects were selected for implementation.

### 1.3.5 *Rural development and food security*

Rural poverty is widely recognised as a crucial dimension in both the incidence and depth of poverty in developing countries. In adopting the Commission's Communication *Fighting Rural Poverty*<sup>15</sup> the Council, in its conclusions formulated in January 2003, stressed again the importance of sustainable rural development and food security in the fight against poverty and invited the EC and the Member States to continue working together on these issues.

Among the key issues for rural development, the 2002 Communication clearly highlighted the importance of secure access to land for poverty reduction and natural

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<sup>15</sup> COM(2002)429 final of 25/07/2002.

resource management in rural areas. In 2003 the Commission chaired a Task Force of EU Member States which was responsible for drafting an EU land policy and operational guidelines to support national processes in developing countries. These guidelines, which will be submitted for approval by the Commission and the Council in early-2004, signal a shift away from past approaches focused on land privatisation and lay the foundations for supporting sustainable, participatory and pro-poor land policies and land administration systems built on the recognition of existing rights in local cultures and societies.

During 2003 the Commission contributed to the establishment of a Global Donor Platform for rural development with the participation of key bilateral and multilateral donors. The Platform is expected to become a key forum for exchange of best practices and for enhanced co-ordination of donor support to agriculture and rural development. It is also aimed at enhancing advocacy at donor headquarters and in field offices for increased donor support to rural livelihoods.

Food crises in Africa were a major issue during 2003, in particular because of the serious situations in Southern Africa and the Horn of Africa. The Commission has made special efforts at closer co-ordination both internally and with Member States, with a view to agreeing a common analysis of the food situation and designing appropriate short-term actions and long-term approaches in order to address food emergencies and, more structurally, chronic food insecurity.

The provision of € 440.6 million by the thematic Food Security and Food Aid budget line to 32 priority countries<sup>16</sup> mainly in Africa and to international organisations, contributed to the alleviation of hunger and the achievement of the first Millennium Development Goal.

In the international fora the Commission has continued to stress the need for careful use of food aid and the importance of a stronger focus on food security objectives in the fight against poverty. The Community has been very supportive of further efforts to untie food aid, especially in the context of the OECD DAC's objective of assessing the developmental effectiveness of food aid, the effects of its tying status and the need to bring the issue forward for discussion by members of the Food Aid Convention. The Food Aid Convention was extended until June 2005 and the Community took the initiative to request its re-negotiation during the extension period. The re-negotiation was eventually agreed to by other members of the Food Aid Convention and will start in June 2004.

As part of its efforts to strengthen co-operation with the relevant UN organisations, the Commission has started to work on the establishment of a Strategic Partnership with FAO and WFP.

As a follow-up to a Communication<sup>17</sup> on the future orientation of Council Regulation EC 1292/96, the Commission also launched the thematic evaluation of its food aid policy, food aid management and special operations in support of food security. This is expected to be completed in June 2004.

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<sup>16</sup> See details in annex 7 "Financial Tables".

<sup>17</sup> COM(2001)473 final of 05/09/2001.

### 1.3.6 *Institutional capacity building, good governance and the rule of law*

Good governance and the promotion of democracy have been identified by the international community, including the European Union, as critical factors in reaching the Millennium Development Goals. The Millennium Declaration states that creating an environment that is conducive to development and to the elimination of poverty depends, inter alia, on good governance within each country, on good governance at the international level and on transparency in the financial, monetary and trading systems. In the Monterrey Consensus, Heads of State agreed that good governance at all levels is essential for sustainable development, sustained economic growth and poverty reduction. A number of commitments in these declarations at Heads of State Level are not clearly reflected in the MDGs. This is the case of peace and security within and between states, respect for the rule of law in international and national affairs, compliance with international justice decisions, and creation of an environment conducive to development and poverty reduction.

The EC policy on institutional capacity building, good governance and the rule of law has been addressed in a recent Communication on Governance and Development<sup>18</sup>. The approach is a practical one and focuses on institutional capacity building and dialogue on governance in different types of country situations, i.e. difficult partnerships, post-conflict situations and effective partnerships. It provides policy guidance for supporting governance not only in countries fully respecting Human Rights, the rule of law and democratic institutions, but also in countries where this is not the case, but where support for the basic elements of governance is crucial for long-term stability, sustained governance reforms and development into a more sophisticated political and institutional system.

Council conclusions welcoming this new policy were adopted by the General Affairs External Relations Council (GAERC) on 17-18 November 2003, which recognised that the ACP-EC Cotonou Partnership Agreement provides a useful approach to governance. The GAERC agreed that the relevant provisions and mechanisms established through the Cotonou Partnership Agreement referring to good governance, Human Rights, democratic principles and the rule of law may provide a reference for other EU agreements with third countries.

In the Council Conclusions the GAERC agreed that work on difficult partnerships is a challenge for the EU, so particular attention should be paid to elaborating effective strategies for these partnerships in order to allow the EC and Member States to remain engaged through a whole range of appropriate instruments, even when sanctions have been adopted and official co-operation suspended. Difficult partnerships are primarily characterised by a lack of commitment to development objectives and good governance. Many of these countries are also conflict-prone or in a post-conflict situation.

While continuing in 2003 to target its support to ‘good performers’ as a means of increasing aid effectiveness, the EC also takes the policy line that the populations in these vulnerable countries should not pay the price for bad leaders. Isolating the ‘bad performers’ risks leaving them as magnets for extremism and terrorism, with

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<sup>18</sup> COM(2003)615 of 20/10/2003.

regional spill-over effects as a possible consequence. For reasons of solidarity, security, and long-term aid effectiveness, and instead of totally withdrawing from these countries, the EC continued its efforts in 2003 to find alternative entry points and approaches to co-operation. The root causes of the problems, which are very often linked to governance, need to be addressed and these countries' gradual evolution into more effective partnerships needs to be supported.

In October 2002 the EC co-sponsored with the OECD's DAC, the World Bank, and the UNDP a Joint Workshop on difficult partnerships. Suggestions for collaboration were drawn up and, in June 2003, a Learning and Advisory Process on Difficult Partnerships (LAP) was established within the OECD/DAC framework as an interface between the DAC Network on Governance (GOVNET) and the DAC Network on Conflict, Peace and Development Co-operation (CPDC). The EC is an active participant in this work as well as in the two virtual sub-groups established by the LAP in 2003, one on donor co-ordination in difficult partnerships and the other on aid allocation in these country situations. The Commission will develop and implement the policy principles presented in its Communication on Governance and Development as guidelines for the programming exercise, together with a handbook to assist EC delegations manage co-operation programmes related to governance consistently. In 2004 the expert group on good governance of the Commission and Member States will join forces with a view to adopting a common approach on this matter.

The Commission initiated in 2003 a process aiming at the establishment of a strategic partnership with the UNDP to foster a policy dialogue in the area of governance and post-conflict reconstruction. In particular the following governance-related areas were singled out: linking governance, peace and development; methodologies for assessing institutional effectiveness, and country performance in the area of governance.

For the Western Balkans institution-building has become a key area of Commission support. As each country moves deeper into the process, assistance will need to focus increasingly on support for the reforms and the institution-building needed to implement the obligations in the Stabilisation and Association Agreements (SAAs). On the side of the counterparts there is a general awareness that a clear commitment to developing adequate institution structures is a prerequisite for coping with the challenges presented by the SAA process. However, despite large-scale CARDS assistance since 2001, many state institutions still lack experience in programming and achieving mature project proposals under tight programming deadlines. Therefore, further support in this regard will be necessary.

One of the key priorities for the Community's programme in Eastern Europe and Central Asia is work in the field of institutional, legal and administrative reforms. Since 2000, the European Community has sought to support partner countries in meeting their obligations under the Partnership and Co-operation Agreements which are now in place with 10 of the 12 countries of the region. Development assistance has led to the establishment of an important network of bodies and centres across the region specifically to fulfil this aim. The role of institution-building is likely to continue to grow in importance as the EU seeks to accelerate the reforms under way in this region, in particular in the context of the European Neighbourhood Policy.

The importance that the EU attaches to good governance and respect of Human Rights in Asia has been underlined by the establishment of joint working groups within the donor community, addressing issues such as support to democratisation and conflict prevention. Progress in engaging in such a co-ordinated approach has been made in Vietnam and Laos. An important aspect of good governance has been the development of independent and strong NGOs and their involvement in government policies, be it at central or local level.

Latin American States continue to assure the modernisation of their institutions. During 2003 the Commission supported initiatives aiming to provide efficient and transparent justice administration (Institutional Strengthening and Modernisation of the Judiciary in Panama) and efficient tax authorities that will foster improved financial solvency (Uruguay). The EC also enhances institution-building by strengthening the development and implementation of Sector Policy Support Programmes (SPSPs), bearing in mind that this is necessarily a complementary and reciprocal means of strengthening civil society. (Nicaragua – Institutional Support Programme to Development Policies).

## **1.4 The EC Approach**

The framework outlined in the Treaties applies to all developing countries with which the Community has links. However, the EC's relations and assistance programmes in different regions and countries are adapted to the specific challenges of development and poverty reduction: from the broader regional instruments a mix of policies and programmes is applied to each country.

### *1.4.1 2003-2004 action programme*

To turn the objectives and principles of the Development Policy Statement into concrete measures, the Commission has produced action programmes since 2001. They serve both as reference documents for Annual Reviews and as an information tool giving a comprehensive overview of the Commission's initiatives in the area of development.

In its programme for the years 2003 and 2004 the Commission proposed focusing on three areas of action, each of which is complementary to the general approach and objectives of development policy.

#### **1. To deliver on international commitments**

Whilst new international conferences are being prepared - e.g. UNCTAD XI, World Summit on the Information Society (WSIS) - the prime focus of EC action should be on delivering on recently agreed commitments:

- Continue to contribute to the achievement of the Millennium Development Goals (focus on poverty, education, health, gender, environment);
- Deliver on Monterrey commitments (increasing Overseas Development Aid, promoting investments, good governance, fair trade, debt relief);

- Deliver on Johannesburg commitments (energy initiative, water initiative; focus on poverty eradication, health, natural resource management and biodiversity);
- Contribute to the Doha Development Agenda (focus on trade liberalisation, investments, capacity-building and technical assistance, policy coherence, mainstreaming trade into national policies, trade policy, global governance).

## 2. To ensure an appropriate policy mix at country and regional level

The mid-term reviews (MTRs) of the Country Strategy Papers (CSPs) and Regional Strategy Papers (RSPs) started in late 2002, they continued in 2003 and will be finalised in 2004. The MTR process provided the Commission with a further opportunity to consider general policy issues and ways in which policy mix could be improved, thus:

- EU policy priorities with respect to different countries/regions, as laid down in existing agreements and programmes (Cotonou, MEDA, ALA, Tacis, etc);
- The general development policy priorities and cross-cutting issues agreed on in the November 2000 statement and made more specific in subsequent sectoral communications and Council conclusions;
- The EU commitment to providing a comprehensive response on the promotion of sustainable development in developing countries, as agreed in various Communications and Council conclusions in relation to WSSD (Johannesburg) and DDA (Doha);
- The link with the EU's external political action (CFSP, conflict prevention);
- The link with ECHO operations through the Linking Relief Rehabilitation and Development approach (LRRD);
- The implications of other EU policies on developing countries (e.g. trade, energy, agricultural and fisheries policy, migration policy, policies on environment, food safety regulations, research, information and communication technologies, the fight against drugs, money laundering, human trafficking, international terrorism).

## 3. To strengthen implementation and co-ordination of EC development co-operation

Finally, the action programme argued that a precondition of fulfilling the above objectives is a further strengthening of EC development co-operation performance. In this context the following elements were mentioned:

- Deliver effective assistance based on agreed development programmes (focus on RELEX reform, comitology, financial regulation, untying of aid);
- Strengthen operational co-ordination and complementarity with the Member States, other donors and UN agencies;

- Step up co-operation with new Member States in the fields of policy-making, aid delivery and working methods.

#### 1.4.2 *Annual Policy Strategy 2003*

The Annual Policy Strategy 2003, which started with an orientation debate, covered development issues under the third priority, **sustainable and inclusive economy**. Its conclusions were consistent with and conducive to the orientations that were laid down in the 2003-2004 programme of action. The APS stated that "we shall work on achieving a better global partnership between North and South, notably by delivering on commitments made in Monterrey and Johannesburg and by using the framework of Cotonou agreements to affirm Europe's solidarity with Africa."

The 2003 APS objective was "to ensure that the positive effects of globalisation are shared evenly between and within countries; to work for a fairer distribution of resources between North and South respecting their cultural diversity and environmental heritage".

Among the initiatives the link between trade and development was highlighted. The APS recommended that the Doha Round negotiations and bilateral trade negotiations with Mercosur, ACP, Russia and Mediterranean countries should take into account the EC development policy "in a way that ensures the best balance between our trade interest and the highest developmental and environmental results". The APS also included "reinforced co-operation with third countries in the field of migration" under the second priority of **stability and security**.

In the context of the APS 2003, € 70 million were given to the Global Health Fund, of which 35 from the EDF and 35 from the budget (confirmed in the budget process). This was an important addition to the amounts that were then discussed for the new Regulation on Communicable Diseases (AIDS, malaria and tuberculosis). The following APS 2004 confirmed this and provided a further budget allocation for funding in the fight against communicable diseases (total amount for 2003-2006 € 351 million) as well as reproductive health (total amount for 2003-2006, € 74.5 million).

#### 1.4.3 *Global initiatives*

A global partnership for sustainable development is MDG number eight: **developing a global partnership for development**. Below is an update on progress made in 2003 by the EC as a contributor to a number of global partnership initiatives.

#### **The World Summit on Sustainable Development (WSSD) and the EU Sustainable Development Strategy**

The WSSD took place in Johannesburg in September 2002. Wide-ranging commitments were enshrined in the *Johannesburg Plan of Implementation*, whose overarching objectives are to eradicate poverty, to achieve sustainable patterns of production and consumption, and to protect the natural resources on which the economic and social development of future generations will be based<sup>19</sup>. Since

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<sup>19</sup> As noted in the Commission's 2003 Synthesis Report to the European Council.



Johannesburg, important steps have been taken to translate commitments into action. A detailed picture of EU achievements in meeting the targets is available in the Commission's Communication *The World Summit on Sustainable Development one year on: implementing our commitments*<sup>20</sup>.

The EU's Sustainable Development Strategy, adopted in June 2001 and updated following the WSSD, is the main policy framework through which the EU is putting the WSSD commitments into effect. The Spring Council of March 2003 gave a new impetus to the Strategy by inviting Member States to make progress in the implementation of internal targets, namely on energy, natural resources management, chemicals and environmental technologies. The review of the Strategy, foreseen by the end of the year, will offer a new opportunity for a comprehensive debate at EU level. This debate will include acceding countries, who are required to meet WSSD targets in sectors as varied as social policy, environment, development and many others, with the Union providing the necessary support.

Some elements of the Johannesburg Plan of Implementation that have seen progress in 2003 are presented in other parts of the report, for instance the Fast Track Initiative, or improving governance in developing countries. On Corporate Social Responsibility (CSR), the Commission has chaired and run the Development Roundtable of the CSR EU Multi-stakeholder Forum. This Roundtable convened twice in 2003 to discuss CSR best practices in several policy actions, namely on HIV/AIDS treatment and prevention, promotion of core labour standards, abolition of child labour, renewable energy for the rural poor, governance, the "Publish What You Pay" campaign, sustainable agriculture and commodity production. A set of recommendations will be endorsed by the final meeting of the Roundtable by March 2004. The CSR development chapter will then be part of the general set of recommendations that the CSR Multi-stakeholder Forum will pass to the Commission in June-July 2004.

Considerable progress has been made in 2003 on three major partnership initiatives that were launched by the EU in Johannesburg:

### **I. The EU Water Initiative**

The EU Water Initiative (EUWI) and the EU-African Strategic Partnership on water affairs and sanitation aim to contribute to the achievement of the MDG and WSSD targets on water and sanitation.<sup>21</sup>

The European Commission has been working to implement the financial component of the WI through a proposal for the establishment of a Water Fund<sup>22</sup> that will help leverage funding from a large range of sources. It was foreseen that € 1 billion could be allocated to the Water Fund to finance common initiatives from ACP countries,

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<sup>20</sup> COM (2003) 829 final of 23.12.2003.

<sup>21</sup> In addition to the EUEI, the Commission has taken a proactive role in furthering the Johannesburg Renewable Energy Coalition. This coalition was presented by some political leaders and now groups 82 countries that have agreed to set quantifiable targets and timeframes for increasing the share of renewable energies in their overall energy mix, thus going beyond the broad commitment on renewable energy in the Johannesburg Plan of Implementation.

<sup>22</sup> COM(2003)211 of 23.04.2003.

the EIB, private/public operators, EU civil society organisations, the African Development Bank and the World Bank. On the one hand, the Fund would act as a catalyst for promoting initiatives in countries with sound national water policies. On the other, it could provide more flexibility to already existing financing mechanisms.

The specific features of this Fund are currently being defined. It is envisaged that ACP countries will be able to put forward proposals for co-financing, to be developed with a European partner. The water facility will also encourage the use of several financial instruments in order to leverage funds: grants, soft loans, loan guarantees, revolving funds, micro-credit financing, etc.

In parallel, the EU-African Strategic Partnership is putting a stronger emphasis on Africa, given the huge needs that still remain to be addressed in this continent. Two working groups have been set up: the first, led by Denmark, dealing with access to water and sanitation; the second, led by France, dealing with integrated water resources management (IWRM) at national and trans-boundary levels. The water and sanitation working group has selected ten countries (two for each sub-region) where a dialogue should be established as a first step towards progress in improved policy-making. Four African river basins have been selected to start working on IWRM and France has already committed € 10 million to the Niger basin.

## **II. The EU Energy Initiative for Poverty Eradication and Sustainable Development**

The EU Energy Initiative (EUEI) aims at improving access to adequate, sustainable and affordable energy services in rural, peri-urban and urban areas. The lack of provision of adequate energy services is acknowledged as one of the major stumbling blocks to the achievement of the MDGs.

The EUEI highlights the political will of EU Member States and the Commission to enhance their activities in the field of energy. They are jointly stakeholders of the Initiative, and an ad hoc Advisory Group was set up in order to coordinate the implementation of the Initiative. The Group has contributed to achieving a common EU position for the Initiative interventions. A secretariat has been established and manned with three staff in 2003.

Dialogue with all actors in the energy field is a crucial component of the Initiative. Some Member States undertook a facilitating role, in order to make dialogue with beneficiary countries and regions as effective as possible.

The Energy Initiative was launched in the Pacific and in the Caribbean first. A joint effort by the Commission and Denmark has enhanced regional capacity for formulating strategies and policies in the energy sector and increasing the energy efficiency of the Pacific Island Countries. In parallel the European Development Fund has funded interventions to expand access to energy services from renewable sources in five countries of the region. In the Caribbean, dialogue is focusing on regional strategies for the sector and is facilitated by Germany.

Dialogue with partners and stakeholders in Sub-Saharan Africa continued throughout the year, culminating in the conference “Energy for Africa” held in Nairobi in November 2003. The conference confirmed the interest of participating African

countries in strengthening joint activities in the energy sector and identified priority areas for EU development co-operation in this field: these areas include household energy, biomass, rural electrification, support for policy-making, intelligent energy (programme COOPENER) and capacity building.

Africa is undoubtedly the region where the lack of provision of adequate, affordable and sustainable energy services is most acute, jeopardising the achievement of the MDGs. The Initiative has already identified possible actions in all the sub-regions and in certain countries. Germany, France and Denmark as well as Austria and Sweden have a facilitating role in some of these countries. The Commission is also identifying ways to integrate the Initiative within the framework of the forthcoming mid-term review of the 9<sup>th</sup> EDF.

Dialogue also started in other regions, such as Central America, where Finland has been facilitating the process.

### **III. The EU Initiative for Forest Law Enforcement, Governance and Trade (FLEGT)**

The Forest Initiative is mainly intended to combat illegal logging, a serious threat to biodiversity and to the natural resources base of developing countries.

In May 2003 the Commission published an EU Action Plan for Forest Law Enforcement, Governance and Trade<sup>23</sup>, following on from the commitment made in Johannesburg. This Action Plan sets out a new and innovative approach to tackling illegal logging, which causes serious environmental damage, impoverishes rural communities that depend on forest products for a living, and costs governments in developing countries an estimated € 10-15 billion every year in lost revenue.

The Action Plan seeks to link and reinforce the push for good governance in developing countries with the legal instruments and leverage offered by the EU internal market. The core components of the Action Plan are support for improved governance in wood-producing countries, and a licensing scheme to ensure only legal timber enters the EU. Public procurement policy will also be used to reinforce this objective. Work is now ongoing to implement this proposed set of measures.

#### **Global Funds and Initiatives in health and education**

- The EC involvement in the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria (GFATM) increased further in 2003. The EC more than tripled its total pledge to the Global Fund from € 120 million to € 460 million. The GFATM is a demand-driven funding mechanism; requests for support have increased considerably since the GFATM was formally launched in January 2002. Therefore the EC decided to frontload its second contribution from the EDF (€ 170 million), to be paid for in 2004.

The EC played an important role as an active Board member in further developing Global Fund policies and strategies. It worked proactively to set in

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<sup>23</sup> COM(2003)251 of 19.05.2003.

place policies, rules and procedures for procurement, portfolio management, governance and partnership. It chaired the Procurement and Portfolio management Committee in the first six months of 2003 and the Governance and Partnership Committee in the following semester. In October the EC was designated member of the Performance Assessment Committee (assessing the performance of the Executive Director). A process to review and re-adjust donor seats on the Board was initiated and led by the EC (expected outcome end-January 2004). Throughout the year EC delegations became increasingly actively involved in GFATM funding in-country.

In 2003 the Global Fund launched two calls for proposals and committed a total of USD 2.1 billion over two years to 224 programmes in over 120 countries to respond to the three diseases. In July 2003 President Prodi, alongside President Jacques Chirac and Prime Minister Tony Blair, called on the European Union to show global leadership by making an annual EU contribution of € 1 billion (EC and MS) to the GFATM. So far EC and EU pledges have reached 55% of total resources (USD 2.76 billion out of USD 4.87 billion).

- The *Fast Track Initiative (FTI)* aims at contributing to Education for All (EFA) by helping low-income countries with sound policies but insufficient resources reach the Millennium Development Goal (MDG) of giving all children a full primary education by 2015. The FTI partnership ties donors and partner countries through a set of reciprocal obligations: partner countries commit themselves to developing and implementing a sound and sustainable education sector plan, while donors commit themselves to supporting the sector plan with increased financing and harmonisation of their policies and procedures.

The Commission sees the FTI as a very important means for mobilising additional support and resources to help reach the EFA objectives. It also considers the FTI to be an innovative method of working in a more efficient way with donors and partners on the basis of the core principles of ownership and partnership, in line with the Monterrey Consensus. The Commission is an active contributor to the FTI Partnership and plays a key role in co-ordinating EU Member States. It is also exploring the possibility of providing financial support for the FTI, both in the context of the current phase of development aid programming and in the next phase of programming.

- In the last years, the EC contribution to addressing the specific issue of polio eradication has been channelled through various instruments. These include budget aid and sector-wide approaches, regional projects such as the ARIVA (Appui au Renforcement de l'Indépendance Vaccinale) Programme in West Africa and specific programmes aimed at strengthening routine immunisation, such as the PRIME programme in Nigeria. In 2003 the EC addressed the Global Polio Eradication Initiative's shortage of funds, which is potentially linked with the growing number of cases in Nigeria and India. Total EC support for specific polio eradication initiatives in the countries with the highest case incidence in 2002 amounted to € 37.9 million of which € 25 million for India (€ 10 million for 2003) and Nigeria (€ 12.9 million for 2003).

## **The Doha Development Agenda**

In November 2001, the WTO Ministerial Meeting in Doha approved an ambitious and strongly development-oriented agenda for future negotiations. The Doha Development Agenda recognised that further progress of the multilateral trading system requires an effective involvement of developing countries. Against this background, the industrial nations agreed to step up support in the area of trade to help developing countries reap the benefits from future trade liberalisation. As the largest trading block in the world, the EU is one of the main stakeholders in the Doha Development Agenda.

Following the unsuccessful Cancun Ministerial Meeting of September 2003, the Commission has prepared a Communication on the re-launching of the Doha negotiations, thus underscoring the EU's commitment to the development dimension. The Commission recommends focusing support on the most vulnerable WTO members, Least Developed Countries (LDCs), small economies, landlocked developing countries and other countries particularly vulnerable to economic shocks or suffering from weak infrastructure. More robust developing countries should at the same time make commitments in favour of the weaker developing countries.

The Commission has increased its involvement in the Integrated Framework for LDCs. This is a joint undertaking of six international agencies, including WTO, WB, IMF, which was established in 1996 with the objective of assisting LDCs in mainstreaming trade into their development policies. In 2003 the Commission has enhanced its participation in governing bodies and assumed the role of facilitator in a number of countries. It has also worked towards a better mainstreaming of trade issues in Poverty Reduction Strategies, as well as within its own programming (Regional Strategy Papers/ Country Strategy Papers).

The Sustainable Development Strategy seeks to strengthen synergies between trade and sustainable development at the environmental interface. In broad terms this means ensuring that sustainable development concerns are taken into account throughout WTO negotiations. The specific objective is to ensure positive results from on-going trade-environment negotiations that are part of the Doha Development Round. An intervention in this area was the launching of Sustainable Trade and Innovation Centres (STICs) aimed at helping developing countries' producers benefit from enhanced market opportunities, notably for environmentally-friendly products.

## **Financing for development**

The Monterrey Consensus, adopted by the International Conference on Financing for Development (FfD) in Mexico in March 2002, reflected a number of critical commitments "to address the challenges of financing for development around the world, particularly in developing countries." The EU defined its contribution to the FfD process at the European Council in Barcelona on 14 March 2002 and pledged to increase its Overseas Development Aid (ODA) to reach the UN target of 0.7% ODA of gross national income (GNI). The EU intermediary collective target was set at

0.39% by 2006, by which year the Member States should reach the target of at least 0.33% of GNI individually.<sup>24</sup>

The Commission is mandated to report annually on the extent to which the EU Member States implement the Barcelona Commitments and contribute to the FfD process<sup>25</sup> and to propose corrective measures wherever sufficient progress is not demonstrated. The monitoring exercise is a good opportunity for collective benchmarking and ensures transparency on actions taken by the Union. The first report of this kind was approved by the General Affairs and External Relations Council (GAERC) in May 2003. It showed that the EU and its Member States have made a good start in their efforts to meet the Barcelona commitments, in particular on the pledges concerning increase in EU ODA<sup>26</sup>. In 2004 the Commission will update its analysis and make recommendations for further action in certain fields. For the first time, the contribution by the future Member States that will join the Union on 1 May 2004 will also be covered.

The Commission itself took further action on the Barcelona Commitments by presenting a Communication on further untying of Community aid to the Council, which led to positive Council Conclusions at the May 2003 GAERC. Hence the Commission has elaborated proposals to modify the basic legal instruments for development co-operation under the budget and under the Cotonou Agreement and will present them to Council and Parliament in early 2004.

#### 1.4.4 *Responding to different regional and country needs*

The EU's fundamental aim for South-East Europe is to create a situation where military conflict is unthinkable – expanding to the region the peace, stability, prosperity and freedom established over the last 50 years by the EU and its Member States. The strategic objective of Community support **for the Western Balkan region** remains the pursuance of the Stabilisation and Association Process. The EU is by far the largest assistance donor to the Western Balkans as a whole. These assistance programmes underpin the objectives and mechanisms of the Stabilisation and Association process. As each country moves deeper into this process, assistance will focus increasingly on support for the reforms and institution-building vital to implementation of the obligations set out in the Stabilisation and Association Agreements. In the area of support for institution-building, work is well underway, drawing on practices used in the enlargement process.

With enlargement, the EU will share a long common border with the **region of Eastern Europe, the Caucasus and Central Asia (EECCA)**. The EU is the leading trade and economic partner of the region, while the EECCA region is an important

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<sup>24</sup> The other pledges regarded improved aid effectiveness through closer co-ordination and harmonisation, untying of aid to Least Developed Countries (LDC); increased Trade Related Assistance (TRA); support to the identification of relevant Global Public Goods (GPG) and to the reforms of the International Financial Systems and pursuing the efforts to restore debt sustainability in the context of the enhanced Heavily Indebted Poor Countries (HIPC) initiative.

<sup>25</sup> Conclusions of the General Affairs and External Relations Council of November 2002 and 20 May 2003.

<sup>26</sup> SEC(2003) 569 of 15.05.2003; Council Conclusions no. 9379/03 of the General Affairs and External Relations Council of 20 May 2003.

source of energy supply for the Union. The need for EU support is increasing as a result of large and growing gaps in living standards between the enlarging EU and the EECCA region. The importance of these issues is underlined by the creation of the European Neighbourhood Policy.

For the TACIS programme - the main aid instrument for co-operation with Eastern Europe, the Caucasus and Central Asia – the objectives are to promote the transition to a market economy and to reinforce democracy and the rule of law. The programme is based on the Partnership and Co-operation Agreements (PCAs) that are in force between the EU and nine out of the twelve countries of the region. The main co-operation take place in the following areas: institutional, legal and administrative reform; private sector and economic development; social consequences of transition; infrastructure networks; environmental protection and management of natural resources; and development of the rural economy. The regional programmes include Regional Co-operation covering networks, environment and justice and home affairs, as well as programmes for Cross-Border Co-operation and Nuclear Safety.

The VIth Conference of Euro-Mediterranean Foreign Affairs Ministers, held in Naples on 2-3 December 2003, reinforced the Euro-Mediterranean partnership despite the atmosphere of tension, instability and insecurity in the region. The New Neighbourhood policy of the enlarged Europe<sup>27</sup> will reinforce the achievements of the Barcelona process. The new policy towards the **Mediterranean region** aims to support the reforms and alignment of the legislative and regulatory framework, notably with respect to the interior market. The dialogue on political and security issues has been taken further with the idea of adopting a global strategy while directing closer attention to the new security challenges that are particularly significant in the Mediterranean region. On the occasion of the Naples Conference, while reaffirming the complementarity of the Middle East peace process and the Euro-Mediterranean partnership, as set out in the Barcelona Declaration, the Ministers acknowledged that there should be no direct link between the two. They also confirmed the commitment of the EU in playing an important role in the political and economic reconstruction of Iraq.

Building on long-existing bilateral relations between European countries and **Latin America**, the European Union has established and built up links with Latin America since the 1960s. The EU is an important economic and political partner for the region: it is the leading donor, premier foreign investor, and second most important trade partner. Considerable human and financial resources are devoted to the political dialogue and development co-operation with the region and to the development of an ambitious set of agreements. In 2003, two new agreements for political dialogue and development co-operation were signed, one for the Andean Community and one for the six Central American countries. The EU also continued negotiations for an Association Agreement with Mercosur.

EU development co-operation with Latin America aims to promote political stability and social and economic development. The financial and technical contributions are designed to help Latin America to achieve more equal wealth distribution, to

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<sup>27</sup> Communication de la Commission au Conseil et au Parlement européen (COM/2003/104 final).

reinforce the rule of law and democracy and to protect its environment. In addition a number of decentralised programmes have been adopted to provide economic assistance at the horizontal level. Their aims are to support regional integration, to increase the competitiveness of Latin American enterprises in international markets and to facilitate the development of know-how.

The Commission's partnerships with **Asia** are based on six strategic<sup>28</sup> priorities, highlighted by the adoption of two major policy papers on South East Asia<sup>29</sup> and on China<sup>30</sup>. One objective is to promote the development of the less prosperous countries in the region, addressing the root causes of poverty. In 2003 more emphasis was put on adopting a systematic sector-wide approach in co-operation programmes with Asian countries, focusing on good governance and sector reforms such as in public health, education, rural development with particular emphasis on "Low Income Countries Under Stress" (LICUS) and post-conflict situations. Peace and security issues are, more than ever, occupying the central stage throughout Asia, notably in Afghanistan and South-East Asian countries, but also on the Korean Peninsula. Economic relations with Asia were strengthened through various regular dialogues at regional and bilateral level and were accompanied by Asia-wide EC-financed programmes.

The partnership between the European Union and the **African, Caribbean and Pacific (ACP) States** is enshrined in the EU-ACP Partnership Agreement, also known as the Cotonou Agreement. Signed in June 2000 after an intensive public debate on the future of EU-ACP relations, the new Agreement has built on previous conventions (two Yaoundé, four Lomé) and will last 20 years, allowing for five-year revisions. In 2003 all the ACP States and the EU Member States have ratified the Agreement. The main goals of the Cotonou Agreement are poverty eradication, sustainable development and the gradual integration of the ACP countries into the world economy. The new partnership establishes clear links between the political dimension, trade and development. In April 2003 the EU-ACP Partnership Agreement entered fully into force, following completion of the ratification process. The ACP Group is now made up of 79 members, of which 78 are parties to the Cotonou Agreement<sup>31</sup>.

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<sup>28</sup> Communication COM(2001) 469 of 04.09.01 "Europe and Asia: A Strategic Framework for Enhanced Partnerships".

<sup>29</sup> Communication COM(2003) 399 of 09.07.03 "A new partnership with South East Asia".

<sup>30</sup> Communication COM(2003) 533 of 10.09.03 "A maturing partnership – shared interests and challenges in EU-China relations".

<sup>31</sup> South Africa, Cuba and East Timor are the latest additions to the ACP Group. The EC-South Africa co-operation is based on a bilateral agreement and financing comes from the EC budget, not the EDF. East Timor was accepted as a member of the ACP Group at the joint ACP-EC Council of Ministers of May 2003, but some formalities (ie ratification procedures) remain to be fulfilled. Cuba applied for ACP membership in 2000 but then decided not to accept the conditions set in the EU-ACP Agreement. Meanwhile it was accepted as a member of the ACP Group, but is not a signatory of the Cotonou Agreement.



## 1.5 EU ENLARGEMENT AND DEVELOPMENT CO-OPERATION

### 1.5.1. *EU enlargement: expanding the donor community*

Development issues in the context of enlargement remained one of the priorities for the Commission. The programme of work launched in 2003 with acceding countries and current Member States focused on three aspects: i) likely implications of enlargement on Community development policies and programmes (e.g. decision-making processes, definition of priorities, channels of implementation and financial issues); ii) possible ways to help the acceding countries prepare for taking on the Community's development policy and their role as emerging donors (re-emerging in some cases); and iii) implications for the Community's development partners. With the accession of the 10 new Member States, non-governmental organisations in those countries are expected to gradually develop their capacity and engagement in the global development process.

Several studies and fact-finding exercises, as well as a first set of capacity-building and awareness-raising activities, were launched in 2003 to help define and inform future activities in this area, including a 'road map'. This work will continue and expand in 2004-2005.

The main assessment focusing on the impact of enlargement aimed to clarify, introduce and monitor the "development *acquis*", including examining the institutional framework, resources and financial commitments, as well as the preparation of the new Member States in terms of capacity-building and active participation: the implementation of common and co-ordinated actions by the EC and Member States.

A Task Force was set up in May 2003 to ensure the efficient and coherent integration of the development aid activities of the ten new Member States. The Task Force's initial focus was to ensure that adequate capacity-building measures were being designed and implemented in the new Member States up to and beyond May 2004. A needs assessment was carried out and a series of training initiatives were co-ordinated by the group.

### 1.5.2 *The European Neighbourhood policy ("Wider Europe")*

With the Communication to the Council and the Parliament<sup>32</sup> on *Wider Europe* the Commission put forward a new policy of the enlarged European Union towards its "new neighbours" and in particular Russia, the Western NIS and the ten Mediterranean countries. The Communication also foresees that the Union should work with its neighbours to address common challenges and that the EU co-operation instruments (in particular Tacis and MEDA) must be sufficiently flexible to address the entire range of needs.

As regards financial support for cross-border co-operation in the context of the European Neighbourhood policy and between the enlarged Union and Western Balkan countries, the Commission has issued a specific Communication entitled

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<sup>32</sup> COM(2003) 104 of 11.03.2003.

*Paving the way for a New Neighbourhood instrument*<sup>33</sup>. The Communication sets out a two-phase approach: for the period 2004-06 specific Neighbourhood Programmes will provide a framework for enhanced co-ordination between the existing cross-funding instruments, in particular Interreg, CARDS, MEDA, Phare CBC and Tacis CBC. The elaboration of a single New Neighbourhood instrument will start to operate as of 2007.

Following the July Communication, specific resources within existing envelopes have been identified for the Neighbourhood Programmes. The level of funding foreseen for the period 2004-06 under external assistance instruments will be € 75 million for Tacis, € 90 million for Phare and € 15 million for CARDS. Approximately € 800 million will be provided for the internal borders under the Interreg programme. Preparatory work has started in 2003 on a number of external borders.

In October 2003 the Council endorsed the second *Northern Dimension* Action Plan. The Northern Dimension in the European Union covers the Baltic Sea region, Arctic Sea region and North-West Russia. It addresses the specific challenges of those regions and aims to increase co-operation between the EU Member States, the applicant countries and Russia. The Northern Dimension is implemented within the framework of the Europe Agreements with the Baltic States, the Partnership and Co-operation Agreement with Russia and the European Economic Area regulations. The areas for co-operation under the Northern Dimension are the environment, nuclear safety, energy co-operation, Kaliningrad, infrastructure, business co-operation, Justice and Home Affairs, social development and others. The Northern Dimension operates through the EU's financial instruments available for the region: Phare, Tacis and Interreg (see above).

The Action Plan was developed on the basis of a Commission proposal<sup>34</sup>. It was approved by the General Affairs Council of 29 September 2003 and will cover the period 2004-06. Particular attention will be devoted to the implementation of activities pertaining to the five priority sectors of the Action Plan: economy and infrastructure, social issues (including education, training and public health), environment, nuclear safety and natural resources, justice and home affairs and cross-border co-operation. The Action Plan also stresses the need to pay special attention to areas of the Northern Dimension region with particular development needs, such as the Arctic and sub-Arctic areas and the Kaliningrad region.

## **2. EFFICIENCY AND EFFECTIVENESS OF EC CO-OPERATION**

### **2.1 Reform of External Assistance Management**

2003 has seen the active pursuit and implementation of the reform process, an essential element of which has been the deconcentration of the management of External Assistance to the EC Delegations. This was also the year when the focus clearly shifted from inputs to results. Even if the reform process that began in 2000

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<sup>33</sup> COM(2003) 393 of 01.07.2003.

<sup>34</sup> Commission Working Paper COM(2003) 343 of 10.06.2003.

continues, the Commission can now rightfully expect to be able to measure its effect so far.

The reform has resulted in greater focus on the strategic planning and programming of external assistance. The Commission's key programmes have been simplified - this facilitates decision-making at the strategic programming level as well as downstream at the implementation stage. It also makes it easier to ensure consistent quality, both through the internal quality support mechanisms and through the adoption of best international practice. The use of clear Country Strategy Papers favours co-ordination with other actors and ensures better effectiveness all round, and also provides for the programming of horizontal budget lines.

2003 has seen the completion of Mid-Term Reviews of all Strategy Papers (except the ACP countries') with a view to maintaining relevance and enhancing responsiveness to situations as they evolve and, above all, to continuing to deliver timely and quality programmes. In a further effort to improve coherence and complementarity, the Commission has started to prepare Country Fact Files – this tool, which will also promote donor co-ordination, has been developed in response to a specific request from Member States.

The implementation of the budget has continued to improve since the beginning of the reform. Commitments for 2003 were € 3.919 million (compared to € 3.877 million in 2002) and payments reached € 3.271 million (compared to € 3.327 million in 2002). With respect to the EDF, commitments were a massive € 3.700 million, due to the ratification of the Cotonou agreement, (compared to € 2.114 in 2002) and payments again far exceeded the 2002 figure - € 2.400 million as compared to € 1.902 million. The stock of open commitments, expressed in terms of years for a commitment to be spent, stands at four years. These results have been accompanied by major efforts to simplify and clarify EuropeAid tendering and contracting procedures through the much appreciated publication of manuals and guides for contractors and tenderers. All this has taken place against the background of the new Financial Regulations (Budget and EDF) which came into force in 2003.

The management capacity of the EuropeAid Co-operation Office continues to improve as the key management information tool, *CRIS* (Common Relex Information System), gains widespread acceptance. During the course of the year, *CRIS* has undergone further improvement and has now become a true reporting, planning and forecasting tool. Financial and project information is now available in all Delegations in the same format, providing managers with a powerful instrument with which to manage external assistance proactively. Delegations have at their disposal the means to monitor progress effectively and to take corrective action as needed.

## **2.2 Deconcentration**

As at the end of 2003, deconcentration was operational in 61 Delegations, completing in large measure the deconcentration of the geographical programmes - including, where feasible, the regional programmes - and achieving this key objective of the reform process.

Deconcentration of the thematic and horizontal lines, which began in earnest in 2003, has continued with the deconcentration of Food Security and Human Rights micro-

projects to all Delegations. The process of deconcentration of the remaining thematic budget lines is set to begin in April 2004.

Delegations provide the most visible example of how deconcentration has changed the way the EC works, but the consequences for Headquarters have been no less pronounced. A profound change in working methods and culture has been necessary to ensure that Headquarters has the tools to provide quality support and sectoral and thematic expertise to staff in the Delegations.

Important preparatory moves, in particular logistical and staffing measures, have made deconcentration a reality. Delegation staff will have increased by almost 1 600 by end-2004, and almost all Delegations will have had to move offices or arrange extensions. Telecommunications systems have been installed worldwide to enable Delegations to operate under the same conditions as their colleagues in Brussels. Some preparatory work remains for ACP Delegations – negotiations have begun with ACP countries to guarantee funding for these Delegations from 2006 while, in the longer term, a favourable outcome to discussions on budgetisation will provide a sustainable solution.

More importantly, the Commission is now in a position to see the first benefits of this ambitious and extensive exercise. The full impact of a reform on this scale will become clearer in the medium term, but there is already encouraging feedback from many sources, particularly in those countries that have already been operating in a devolved way for more than two years.

During 2003 a number of independent exercises were organised to examine how far deconcentration contributes to improving the way Community aid is managed. Aware of the need to understand and manage such a complex undertaking, EuropeAid has developed indicators to facilitate ongoing monitoring of the deconcentration process and the impact of the reform in general.

At end-2003, an internal Commission evaluation recorded positive feedback and showed that deconcentration has resulted in improvements to both the speed and quality of external assistance delivery. Aid management responsibilities have effectively been transferred to Delegations, freeing up Headquarters staff to focus on monitoring and guidance.

Despite the significant adaptations that the transfer of over € 7 billion in aid management to Delegations over a very short period has represented, payment rates have not been adversely affected, even in the short term – indeed payments have increased steadily by 58% between 1997 and 2003, an increase that has been accompanied by a stabilisation in the number of old projects still to be cleared. Staffing levels in Delegations have improved, so that the Commission now has more staff engaged in aid management: this is a vast improvement, but still less than that of many other donors, particularly considering that most other donors still manage centrally. Finally the risks associated with the process have been identified and measures taken to mitigate these risks.

An evaluation of the Commission's Internal Audit Service has also taken place. The Court of Auditors will also complete an extensive report on deconcentration in the course of 2004.

## 2.3 Quality improvement and Quality Support Group initiatives

### 2.3.1 Programming level

The interservice Quality Support Group (iQSG) has continued its institutional task of assessing and making recommendations on draft programming documents. During 2003 this was done for 11 programming documents. The focus of the iQSG, however, has largely shifted to strengthening programming systematically in terms of coherence and quality. Below is an overview of the iQSG's main activities in 2003.

The Mid-Term Review (MTR) is an important step in the Country Strategy Paper (CSP) process and continuous CSP quality improvement. In line with the proposals made in the progress report (*Report on the CSP process to the Council*)<sup>35</sup> and the Council Conclusions, extensive efforts have been made to establish a common platform for the MTR process across the regions. Each Regulation and Agreement that governs EC co-operation with the respective regions (ACP, ALA, CARDS, MEDA, TACIS) approaches the question of review differently. It is important that the MTR is implemented in accordance with existing rules.

On 18 March 2003 the Council adopted conclusions on four such basic principles to be applied to the Common Framework for Country Strategy Papers. In this context the iQSG has put in place a methodology for quality screening of future programming documents in order to maintain coherence and quality, and certain basic principles should apply to the Mid-Term Review of CSPs in all regions

The four principles listed below are the basic reference points for the iQSG's assessment of the revised strategies and programmes coming out of the MTR:

- Assess whether the strategy is up-to-date with developments in the country brought about by internal, regional or external events, including the Poverty Reduction Strategy process where it exists;
- Assess the degree to which new EC/EU policy initiatives and commitments that have an impact on third countries or, more generally, at international level have been taken into account and put into effect;
- Assess the degree to which results and performance have been taken into account and lessons drawn from the past;
- Assess the constant improvement of the quality of strategy documents, in particular the correction of weaknesses which had not been adequately taken into account in the "first generation" of CSPs.

To facilitate the aspect of policy mix/integration of new initiatives in the MTR exercise, the iQSG has developed an inventory of the most important policy commitments pertaining to the CSP and MTR processes.

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<sup>35</sup> Commission staff working paper SEC(2002) 1279, 26.11.2002

The Commission has developed a comprehensive MTR training module for desk officers and Delegations in the ACP countries. Seminars took place at the end of 2003 and were attended by some 130 participants and Heads of Delegation.

#### Adoption of a Framework for Programming of Horizontal Budget Lines

On the basis of an inventory of existing horizontal budget lines (HBL) - providing an overview of programming/interventions under existing instruments and improving the “instrument mix” in response strategies - the Commission has developed a Common Framework for programming Horizontal/Thematic budget lines comparable to the one for Country Strategy Papers.

In order to monitor follow-up to its recommendations, the iQSG Secretariat has developed a so-called ‘*fiche contradictoire*’ reporting recommendations and the modifications made as a result or the explanations as to why a recommendation has not been implemented.

The iQSG Secretariat has also carried out a “tracking study” in 12 countries to assess the impact of iQSG recommendations and the use of the ‘*fiche contradictoire*’. The study found that, on average, 63% of iQSG recommendations have been reflected in the final version of CSP/RSP documents. Most of the recommendations that were taken into account concerned the formal aspects (e.g. completing the analysis chapters with additional facts and improving presentation of donor matrix), rather than questions of substance (reducing number of interventions, improving indicators, improving on mainstreaming of gender and environmental aspects).

#### 2.3.2 *Implementation level*

At the implementation level a number of important quality initiatives were taken in 2003. The quality support measures introduced by EuropeAid in 2002 produced their first results in 2003. Two new thematic networks (gender and environment) were established, bringing the total number at end-2003 to 13 networks. These networks contributed during the year to the dissemination of best practices and the development of training programmes. Four new operational manuals were finalised in 2003 (Trade, Private Sector Development, Promotion of Good Governance and Sector Wide Approaches).

Since October 2002 the Office Quality Support Group (OQSG) established by EuropeAid has examined more than 200 operations at the end of the appraisal phase and before presentation to the Management Committees. This represented about one-third of all operations in 2003.

#### 2.4 **The “Three Cs”: the Way Forward**

*Co-ordination*, *Complementarity* and *Coherence* are concepts that are interlinked in both theory and practice. Improved *co-ordination* can ideally lead to better complementarity and better coherence. The ‘3 Cs’ are essential elements in EC development co-operation. It is important to co-ordinate development activities by two or more development partners, and to harmonise policies, programmes, procedures and practices to maximise the development effectiveness of aid resources.

Co-ordination is vital in order to avoid overlap or inconsistencies between those seeking to achieve the same goals.

The international momentum generated by the High Level Meeting in Rome in 2003 will hopefully lead to greater co-ordination. *Complementarity* begins with co-ordination but goes further: it implies that donors should focus on providing assistance where it can add most value, given what others are doing. Sharing information about sector priorities and intervention in a partner country is a first step to reaching complementarity. Ensuring *coherence* between the objectives of Community development policy on the one hand, and its policies and goals in other areas on the other, is a legal obligation for the EU. The aim is to avoid other policy areas producing effects that are inconsistent with the intended results or aims of development policy.

In February 2002, the General Affairs Council expressed the need for improved effectiveness of the Union's external actions. Country Fact Files (CFFs) were developed by the Commission to strengthen co-ordination and improve the complementarity and coherence of the Union's external initiatives. CFFs are short documents listing all formal agreements and contracts between the EU and a partner country. The format has been discussed with Member States in various working groups in the European Council, in order to make it a joint effort at co-ordinating external policies. A Fact File lists all EU policies affecting the Union and the country concerned, although emphasis is on development co-operation. The EC ensures co-ordination in the drafting process but the actual drafting of the Fact File is a joint responsibility of Member States and the European Commission.

In 2003 CFFs were completed for Latin America, Asia, the Mediterranean countries, the Western Balkans and the countries in the Tacis programme. Country Fact Files for Africa, Caribbean and the Pacific will be finalised at the beginning of 2004. The Files prepared so far have been distributed to all Member States; an annual update is foreseen in collaboration with Member States.

#### 2.4.1 *Coherence between different policy areas and development*

The European Community has various Association and/or Co-operation Agreements with the Low and Middle Income Countries in Africa, Asia, Latin America, the Mediterranean, the Balkans and Eastern Europe and Central Asia, covering the many policy areas mentioned below. The specific areas of interaction between the EU and the developing countries depend on a number of factors related to the country concerned; national income, poverty incidence, export and import structures, geographical proximity to the European Union, research capacity, etc.

The challenge for the EU is to provide the right mix of policies in different contexts. Building on the various Association and Co-operation Agreements and its involvement in several policy areas, the Union has a unique possibility to apply an effective and efficient mix of co-operation instruments in every instance. In the case of development co-operation, the tool in use is the Country Strategy Paper.

Country Strategy Papers (CSPs) were introduced in 2000 as one of the key principles of the management reform of EC external assistance. They are management tools, based on multi-annual programming, that ensure that external assistance reflects the

EU's policy objectives and priorities. They are also a key instrument for achieving greater complementarity in the area of development co-operation between the Community and the Member States, as well as achieving coherence of policies.

Given the fact that the Union applies various policies to a country and that these policies are not always co-ordinated, the danger of conflicting interests is self-evident. There are several layers of policies that may, or may not, conflict, so coherence within EU policies has to be assured at various levels. Progress in improving coherence between EC development policy and other EU policies in 2003 is reported below for a number of key policy areas. Others, such as trade, have already been addressed in 1.3.1.

## **Migration**

The Tampere European Council underlined the importance of a comprehensive policy on migration, of which development policy needs to be an integral part. The Community's development policy contributes to the effectiveness of EU migration policy and the objective of managing migration flows. Development policy deals with the root causes of migratory flows and also how to reduce or prevent forced migration, both South-North and South-South. Against this background, it is obvious that the poverty focus and the current priority areas of EC development co-operation policy need to be maintained.

The European Council endorsed this approach when it confirmed, at its meeting in Seville, that "an integrated, comprehensive and balanced approach to tackle the root causes of illegal immigration must remain the European Union's constant long-term objective." In this context the Council stated that "closer economic co-operation, trade expansion, development assistance and conflict prevention are all means of promoting economic prosperity in the countries concerned and thereby reducing the underlying causes of migration flows."

In its conclusions of May 2003 the Council emphasised the potential for greater synergy between migration and development policies. Areas mentioned by the Council included capacity-building to combat trafficking and smuggling of human beings, improvement of legislation and management of legal migration and asylum, and the facilitation of a sustainable return of migrants through programmes accommodating both the returnee and the developing country of origin. The Council also invited the Commission to exploit synergies between migration and development policies where they exist, i.e. by facilitation of "brain circulation", facilitation of efforts by the "transnational community" to contribute to the development of the country of origin, making migrants' remittances to their country of origin cheaper and more reliable, and employing more local staff in development co-operation programmes.

In 2003, the Commission gave concrete expression to these commitments: the dialogue with third countries in the area of migration has been intensified and, in particular, a clause on the joint management of migration flows has been included in every Association and Co-operation Agreement negotiated with third countries during this period, allowing a full dialogue about migration issues with the third countries concerned. In addition, migration has been identified as a priority in the context of the Mid-Term Review of the Country Strategy Papers; this should result in



certain cases in adjustments of strategy in order to take into account migration concerns more adequately.

Finally, on a horizontal level, several specific migration-related initiatives have been supported under budget line B7-667. In June 2003 the Commission proposed a new follow-up instrument for co-operation with third countries in the area of migration and asylum<sup>36</sup>. This new budget line, which foresees € 250 million funding over the years 2004-08, was adopted by the European Parliament and the Council in December 2003. It will be programmed for the first time at the beginning of 2004 (an amount of € 30 million is foreseen for 2004).

### **Agriculture and Fishery policies and development**

The Common Agricultural Policy (CAP) is one of the fields where coherence with development policy is critical. In line with the orientations proposed by the Commission in 2002, a major reform of the CAP<sup>37</sup> was adopted on 26 June 2003. This should generally improve its impact on international trade, as it moves a large part of agricultural support from trade-distorting to non-trade-distorting categories as defined by the WTO. By decoupling most of the subsidies, i.e. granting them independently of production levels and even the type of products farmed, this reform is expected to make EU agriculture more sustainable, more market-oriented and hence more competitive, while reducing EU spending on export subsidies and exports of subsidised production. However, part of the support is still product-specific and Member States have been given room to adapt measures to regional characteristics. This reform covers many important products such as cereals, rice, oilseeds, grain legumes, dairy, beef, sheep and goat meat, and will start to be applied from 2005 or 2007, depending on the Member State.

The improved coherence between the CAP and EU development policy resulting from the June 2003 reform also allowed the Commission to position itself on more development-friendly ground in agricultural trade negotiations in the Doha Development Round.

As regards expenditure the Council agreed, in October 2002, to freeze CAP expenditure until 2013 while covering the enlarged EU. The June 2003 reform thus includes a financial discipline mechanism to ensure control over CAP spending in practice. This stabilisation of the level of subsidies to EU agriculture is a further step towards a more even playing field for competing farmers from developing countries. However the possibility, introduced by the reform, for Member States to complement CAP measures with assistance to national agriculture, without requiring the Commission's prior clearance, opens the door to a potential overall increase of subsidies to EU farmers.

Regimes for commodities like cotton, tobacco and sugar, important for many developing countries, have been the object of separate reform proposals (formal regulation proposals for cotton and tobacco<sup>38</sup>, an Options Paper for sugar<sup>39</sup>),

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<sup>36</sup> COM(2003) 355 of 11.06.2003.

<sup>37</sup> Council reg. 1782/2003 of 29.09.2003.

<sup>38</sup> COM(2003) 698final of 18.11.2003.

<sup>39</sup> COM(2003) 554 of 23.09.2003.

presented later in the year. In the case of sugar, an extended impact assessment was carried out in order to finalise the Options Paper. This was an important process in terms of enhancing policy coherence, as it took into account the views of all interested stakeholders, including representatives from the developing countries concerned.

In spite of all these efforts there is still room for improvement in terms of coherence between the CAP and EU development policy, including its food aid policy, and the real impact of the June 2003 CAP reform will need to be evaluated as it is implemented.

In December 2002 the Commission issued its Communication on an *Integrated Framework for Fisheries Partnership Agreements (FPA)*<sup>40</sup> as part of its proposals to reform the Common Fisheries Policy (CFP). The Commission proposes that EC bilateral fisheries relations involving a financial contribution move gradually from Access Agreements to Partnership Agreements, with a view to contributing to responsible and sustainable fishing in the mutual interest of both parties. In this way the Commission aims to increase coherence between the CFP and other EC external policies, in particular its development policy.

The implementation of the Framework played an important role in the Commission's activities in this field in 2003. The new approach recognises the need for better knowledge on the financial, economic, institutional, environmental and social impact of a fisheries agreement on the partner country prior to the opening of negotiations. The Commission therefore undertook to carry out evaluations, impact analyses and monitoring exercises for this purpose. As part of the CFP reform the EC has also started to elaborate an Action Plan for the improvement of scientific and technical advice on fisheries outside Community waters. This will provide the Community and the partner countries concerned with better information on the state of stocks, and thus contribute to responsible and sustainable fishing.

Parallel to Council discussions on the adoption of conclusions on the FPA, the Community set out to promote responsible and sustainable fishing in the framework of bilateral fisheries negotiations. In this regard elements introduced into new fisheries protocols with countries such as Madagascar and Mauritius include an exclusive clause prohibiting private licences or other arrangements for Community vessels, in order to avoid a lowering of standards; a social clause for local seamen embarking on Community vessels; and a strengthening of partner countries' ability to carry out control and surveillance of fishing activities. The Commission's recommendation for a negotiating mandate for a fisheries agreement with Libya, launched in May 2003, also sets future negotiations in the framework of the FPA.

## **Research**

Since the early 1980s, the European Community has been supporting research co-operation in the field of scientific and technological (S&T) development between institutions in the Member States and their counterparts in developing countries in Asia, Africa, the Mediterranean Basin and Latin America. Research funded by the

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<sup>40</sup> COM(2002)637 final of 23.12.2003.

EC is increasingly called upon to contribute to EU policy formulation in many sectors, including those of prime global relevance such as health and the environment. The 6<sup>th</sup> Research Framework Programme, which became fully operational in 2003, gives special priority to policy research. A substantial part of the budget is devoted to research of interest to developing countries. Moreover, the entire Framework Programme has incorporated an international dimension including specific actions offered with the Marie Curie scheme, open to participation by third countries' research institutions, and special funds are offered to increase mobility of researchers to and from these countries.

In the health field, research activities and the development of new tools and efforts to tackle the three major diseases - HIV/AIDS, malaria and TB - have suffered from lack of sufficient funds and also from insufficient co-ordination of research efforts. However, the EU has increased its funding to € 400 million under the Sixth Framework Programme for Research on these three poverty-related diseases. Initial funding has been made available in 2003 for integrated research projects, including support for many partner research institutions in Africa.

In addition to increased fundamental and pre-clinical research, a specific body was set up in 2003 as foreseen in Article 169 TEU, the European Clinical Trials Programme (EDCTP). Its overall goal is to accelerate the development and evaluation of new vaccines, drugs and other preventive or therapeutic tools against HIV/AIDS, malaria and tuberculosis. It will have a target budget of € 600 million, of which one-third will be contributed by the Community, another € 200 million by Member States and Norway, and a further € 200 million targeted from the private sector (industry, foundations and charities) and Community development funds (EDF or special budget lines). The EDCTP became operational during the second half of 2003. In line with the Doha Declaration, the developing countries will have access to the products developed by the EDCTP.

The Commission has also been promoting research into a better understanding and new technologies to combat the infectious burden of neglected communicable diseases such as schistosomiasis, filariasis and Chagas' disease. A call for collaborative research proposals on these diseases as well as on health systems, services, management and policies was published with a deadline of September 2003.

Concerning the Environment, a series of activities was developed, mainly on water issues such as the European participation in the 3<sup>rd</sup> World Water Forum in Kyoto in March 2003 in the framework of the EU Water Initiative (EUWI)<sup>41</sup> Africa, Asia and the Mediterranean countries are the regions where research is enhancing the impact of water-related projects.

#### Agricultural Research for Development (ARD)

The EC addresses agricultural research for development in several ways. The 6<sup>th</sup> Research Framework Programme supports Developing Countries to improve the livelihoods of people living under conditions of food insecurity via the INCO

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<sup>41</sup> <http://europa.eu.int/comm/research/water-initiative>.

activity. Thematic Priority 5 addresses Food Quality and Safety and is open to participation and funding of partners from Developing Countries.

The EC continues to be one of the main donors at global level through its contribution to the CGIAR, playing an important role on the governance bodies of the System directly and via the European Initiative for ARD.

Together with the African Sub-Regional Organisation for ARD, the African Forum (FARA) and the Global Forum (GFAR), the EC is leading the design and implementation of Agricultural Research networking in Africa.

In order to facilitate the involvement of all possible stakeholders in ARD so essential for the future, the Commission is the first (but not the only) “co-sponsor” of the Challenge Programme on Genetic resources named “Cultivating plant diversity for the Resource door”.

## **Transport**

Most economic experts agree that transport promotes and supports economic development, contributing to the expansion and integration of world markets. There is a close link between economic development and growth in air traffic. The emergence of mass tourism in the economically more developed regions of the world has contributed to the development of local economies in many other areas that would otherwise have remained under-developed. Air transportation of high-value or perishable products and produce has also contributed noticeably to industrial development worldwide. It is therefore legitimate that Community co-operation policy with third countries should include support in the aviation field.

Within the framework of its Communication on the EC’s contribution to enhancing air safety<sup>42</sup>, the Commission acknowledged the unique and indispensable character of the technical assistance activities of the International Civil Aviation Organization (ICAO). In line with this, Community financial support has been granted since 2000 to four development projects relating to operational safety and air navigation (the COSCAP projects). Three of these – the projects for Southern Asia and South-East Asia managed by the ICAO and a Central American project - terminated in 2003. The COSCAP Northern Asia project, launched in 2002 and due for completion in 2005, is still underway. Two additional COSCAP projects covering regions of Africa where specific requirements were identified and local resources for implementation were deemed sufficient – the South African Development Community (SADC) and the West African Economic and Monetary Union (UEMOA) – were also selected in 2003.

The objective of improving maritime safety and the protection of the environment, on the basis of internationally agreed standards, was developed within the framework of both the International Maritime Organisation (IMO) and the International Labour Organisation (ILO). Specific objectives include a sustainable improvement in protecting Mediterranean waters against the risk of marine accidents and pollution, the improvement of seamen’s life conditions and a further reduction of the gap

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<sup>42</sup> COM(2001) 390 final of 16.0/7.2001.

between the international regulatory framework and the EU legislative framework. This should help to ensure a coherent, effective and uniform implementation of international rules for maritime safety and the prevention of pollution from ships in both the Mediterranean area and European waters.

A number of initiatives that will benefit developing countries either directly or indirectly, as well as the developed countries, are:

- Establishment of the European Maritime Security Agency (EMSA) in June 2002 with the mission of formulating policies on anti-pollution vessels and maritime security, as well as delivering mariners' certificates.
- Improved monitoring of degrees and certificates from major world suppliers of mariners (e.g. Philippines, India, China). The common practice of registering European vessels in third countries and under flags of convenience puts both the profession and the safety of ships at risk, since minimum or satisfactory levels of training from third-country mariners are not always guaranteed.
- Promotion of the profession, as well as the employment of Community mariners by EU ship-owners, while maintaining very high standards and high-quality training in the EU.
- Formulation of policy on social maritime law, in order to ensure minimum guarantees in the employment of mariners and to prevent abusive practices in all countries, including developing countries.
- Co-ordination with the ILO, to lead to a new international convention on maritime law on these issues.

### **Common Foreign and Security Policy (CFSP) and other security issues**

The interaction between foreign and security policy and international development is a major nexus. It is essential that political, military and economic instruments are brought to bear on issues of peace, security and progress in some of the poorest parts of the world, in order to alleviate poverty.

Community development policy and other co-operation programmes provide instruments for treating the root causes of conflict, as reflected in the EU proposal for a Security Strategy, adopted by the Council (GAERC) in December 2003. There is a need to be proactive in preventing future conflicts. Good governance, poverty eradication and the fight against environmental degradation, AIDS, terrorism and international crime are central to the issues of both security and development. It is important to avoid creating a hierarchy of policy areas where development policy, or trade or other policies, become subservient to CFSP. The solution is to find the appropriate policy mix that balances the need for short-term responses with long-term strategies. Two examples are given below:

Crisis management is the effective linking of political and development instruments to ensure outcomes that respect the interests of both the countries concerned and the EU, in the context of previously established patterns of co-operation with countries with which the Community is closely involved. As a development actor, the

Community is present before, during and after a crisis. The challenge is to ensure that all instruments at the EU's disposal at this time contribute to a resolution of the conflict and encourage a 'normalisation' of the situation. Report chapter 5 (Feature)

The Commission has developed more focused support for the fight against terrorism, in response to the General Affairs External Relations Council (GAERC) conclusions of 22 July 2002 which emphasised the need for the EU to assist third countries in implementing their obligations under UNSCR 1373. Resolution 1373 of the Security Council provides a clear steer for action to improve our partners' ability to combat and suppress terrorism. This in turn has forced the Commission to re-assess technical assistance, with a view to contributing to this goal.

The OECD's Development Assistance Committee (DAC) is fully in accord with the approach that the Commission has pursued, with an emphasis on three broad areas of activity where development assistance plays a role:

- Bolstering long term structural stability.
- Dissuading Disaffected Groups from Embracing Terrorism and Other Forms of Violent Conflict.
- Denying Groups or Individuals the Means to Carry Out Terrorism - Reinforce Governance.

The Commission has identified a significant number of existing technical assistance projects and programmes which contribute to capacity-building in areas relevant to the fight against terrorism.

The key objective is to ensure that all countries have the institutional capacity to combat terrorism. In three pilot countries (Philippines, Pakistan and Indonesia) and the ASEAN region, the Commission has used the Rapid Reaction Mechanism (RRM) to fund specific action against money-laundering and terrorist financing. In Central Asia, the Commission is in the initial phase of a border management assistance programme which has an important counter-terrorism component. In all these cases the Commission has ensured overall coherence with the longer-term assistance programmes.

In addition the Commission presented a proposal, at the request of its African partners, for an African Peace Facility to the value of € 250 million: this will support the African Union in its efforts to contribute to peace-keeping and conflict prevention measures on the African Continent.

The fall of the Soviet Union has created an unprecedented threat to world security through the potential 'brain-drain' of Weapons of Mass Destruction (WMD) scientists and the transfer of weapon technologies to 'rogue' states and terrorist or criminal organisations anxious to acquire that kind of expertise.

In the area of research the international community has responded by establishing two Science and Technology Centres - ISTC in Moscow and STCU in Ukraine - and using this opportunity to engage WMD scientists in research and development for peaceful purposes. The EU has taken an active part in establishing these Centres, the

main purpose of which is to give Russian and NIS scientists and engineers, with knowledge and skills related to WMD and missile delivery systems, the opportunity to redirect their talents to peaceful activities. The Centres carry out WMD non-proliferation programmes and are allowed by governmental decree to operate within the limit of military areas where R&D is conducted.

### **Linking Relief, Rehabilitation and Development (LRRD) / Disaster Preparedness and Prevention (DPP)**

The joint Council and Commission declaration of November 2000 on EC development policy emphasised that the link between humanitarian aid and development co-operation (LRRD) is a matter of the utmost importance for the efficiency of EC assistance, determining as it does the capacity of the Union to tailor its co-operation to the changing needs of countries beset by conflict and/or natural disaster. Coherence and co-ordination between the exit strategy of the EC's Humanitarian Office (ECHO) and the programming and implementation of the development phase are therefore preconditions for ensuring an effective transition.

An Interservice Group of representatives from DG External Relations, DG Development, EuropeAid Co-operation Office and the Humanitarian Aid Office was established in 2003. The Group's task was to take stock of the follow-up to the 2001 LRRD Communication<sup>43</sup> and identify difficulties encountered, best practices and opportunities, with a view to ensuring a smooth transition between relief and long-term development co-operation. The Group also dealt with Disaster Preparedness and Prevention (DPP) as an important component of LRRD in the prevention of natural disasters. It carried out a complete analysis in a group of post-conflict and disaster-prone countries/regions where ECHO is planning to phase out, assessing whether the LRRD/DPP approach has been properly integrated into the Country Strategy Papers (CSP) and has been effectively translated into the operational phase.

The Interservice Group suggested practical steps for ensuring an effective transition from emergency aid to the longer term co-operation cycle for eight countries and two regions (Angola, Sierra Leone, Ethiopia, Sudan, Burundi, Cambodia, Afghanistan, Tajikistan, West Africa and Central America). The 2004 Mid-Term Review will provide the opportunity to monitor progress.

As regards the issue of anti-personnel mines, 22 new projects were launched in 2003, nine of them in Africa (with an EC contribution of € 8.9 million, six in Asia (€ 8.1 million), one in Latin America (Nicaragua, € 1.3 million) and two in the Balkans (€ 3.6), with four other projects (€ 2.8 million) extending to a variety of regions. These projects cover a series of activities ranging from research and information gathering on minefields to the actual de-mining process. A particularly successful initiative – “Anti-Personnel Mine Detection by Rodents” - drew on a ‘natural resource’ by raising and training rodents to detect mines. This initiative, in Tanzania, was granted Community aid of € 1.2 million.

The first call for proposals (€ 4.6 million) in this field was published in November 2003, with a deadline for submission of proposals by 19 February 2004. The call

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<sup>43</sup> COM(2001) 153 of 23.04.2001.

covers Asia (Sri Lanka and PR Lao) and Africa (the Democratic Republic of the Congo and Guinea-Bissau).

## **Drugs**

The production of drugs can be a significant obstacle to development. As in the recent past, efforts in the fight against drugs were focused in 2003 on Colombia and Afghanistan: countries which are the main sources of coca and heroin in the world and whose political, economic and social development prospects are seriously hampered by pervasive drug cultivation, production and trafficking.

In 2001 the Commission launched a modified strategy for alternative development in Colombia that supports the so-called "Peace Laboratories" project, which expands the traditional notion of alternative development by placing a stronger emphasis on strengthening governance and on the provision of infrastructure. Funds were committed to the Peace Laboratory in Magdalena Medio in 2001 and implementation began in 2002. A second Peace Laboratory has now been added to cover the regions of Norte Santander, Oriente Antioqueño and Macizo Colombiano.

In Bolivia and Peru several alternative development projects continue to be implemented, and a Drugs Monitoring Centre is being established in Venezuela. For the Andean region as a whole, a precursor control programme is underway, while an initiative to address the problems caused by new drugs is under study for 2004.

While the Barbados Plan of Action ended a few years ago - and while the Community awaits the launching of a home-grown, Caribbean-owned regional anti-drugs strategy - the EC continues to support a wide number of small initiatives in the Caribbean focused on training/institutional strengthening and demand reduction; some of these projects involve innovative efforts to transfer best practices between this region and Asia and Latin America respectively. In addition, an important anti-money laundering project is underway in the region.

In 2003, specific alternative livelihoods projects were launched in poppy-growing areas in East Afghanistan. As in 2002, many of the funds committed to rural reconstruction went to poppy-growing areas and played a key role in helping provide sustainable alternatives to opium poppy cultivation. To complement government efforts to curb trafficking, a project co-financed by Austria and implemented by the UNODC (United Nations Office of Drugs and Crime), also launched in 2003, sought to strengthen border controls on the Iranian-Afghan frontier. The Commission has also provided significant funding to the Law and Order Trust Fund which supports law enforcement by providing salaries and training to the Afghan police.

Along the heroin route from Afghanistan, new initiatives have been undertaken under CADAP (Central Asia Drugs Action Programme), SCAD (Southern Caucasus Anti-Drugs Programme) and BUMAD (Belarus, Ukraine and Moldova Anti-Drugs Programme), which cover Community co-operation in the fight against drugs in Central Asia, Southern Caucasus and the Western NIS countries. Significant co-operation on institutional strengthening and demand reduction also took place with Russia.



A particularly important new development for Community co-operation in drug-fighting is a risk-reduction project now being implemented by the UNODC and several European NGOs in Myanmar, as part of a humanitarian assistance project to combat HIV/AIDS in the country. Also significant was the decision to launch a new phase of project Reach Out, covering the period 2003-05, to improve the health and livelihood of street drug users in four major cities in Pakistan.

In the SAARC (South Asian Association for Regional Co-operation) region a precursor control project, implemented by UNDCP, finished its operations in 2003, while the ASEM Anti-Money laundering project, implemented through the UK's Department for International Development, will continue in 2004.

The SADC Secretariat's efforts in the fight against drugs continue to be supported by the European Development Fund and further support is envisaged for the coming years. Most of the bilateral and regional efforts in the Mediterranean and Balkan regions continue to focus on building capacity in the general area of law enforcement rather than on drugs in particular; nonetheless, drugs is one of the five priority areas in the training provided for law enforcement under MEDA's regional programme for justice and home affairs. Moreover, a drug-trafficking prevention project is now being considered for Croatia.

#### 2.4.2 *Co-ordination and complementarity*

During 2003 the Commission played a vital role in the international aid harmonisation and effectiveness debate. Achievements included an active role in the High Level Forum on donor harmonisation hosted by the World Bank and the EU in Rome and the ongoing follow-up to this process, which takes place within the OECD's Development Assistance Committee. The Commission also presented a report to the General Affairs Council in May 2003 on the implementation of the Barcelona Commitments and the EU follow-up to the Financing for Development conference in Monterrey.

Within the Union, co-ordination of policy and assistance between the Commission and Member States has improved considerably, particularly through regular informal meetings of EU Directors-General for Development, ongoing discussion of Country Support Papers<sup>44</sup> and implementation of the first wave of deconcentration. The Commission has also continued to support the pilot exercise for closer EU co-ordination which was initiated in 2002 in Vietnam, Nicaragua, Mozambique and Morocco.

Progress has also been made on human and social development policies as a significant contribution to overall co-ordination efforts:

- In education, experts from the Member States and the Commission have agreed on indicators for donor harmonisation. These provide both an instrument for assessment of progress made and the basis for a step-by-step approach towards

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<sup>44</sup> The establishment of the programming documents provided a concrete opportunity to implement the Council and Commission guidelines, agreed during the 2001 orientation debate (General Affairs Council, 22-23 January 2001), for improved operational co-ordination between the EC and Member States covering all countries receiving external assistance from the Union.

donor harmonisation. Indicators will be tried out in a number of countries in 2004. The EU's support for the 'Education for All' Fast Track Initiative (FTI) will thus include powerful tools for promoting donor harmonisation within globally agreed objectives.

- In health, experts from the Member States and the Commission have agreed on an Action Plan for harmonisation at country level. Action points include common country strategies, joint sector appraisals with common indicators, pooled technical assistance and joint financing mechanisms. The Action Plan will also be taken forward in a number of countries in 2004.

In the context of renewed efforts to enhance co-ordination, the discussion on complementarity has been pursued, not least in the context of the Monterrey follow-up exercise. In 2003 the Commission launched a mapping study on the presence and the activities of the EC and the Member States in developing countries. The outcomes of this study will inform further discussions on complementarity among the EC and Member States.

Discussions have continued with the French (AFD) and German (KfW) co-operation agencies in order to develop co-financing formulas, including delegation of certain Commission management responsibilities, in agreement with the New Financial Regulations for the Budget and the 9<sup>th</sup> EDF.

As regards EU co-ordination efforts in multilateral fora, substantial progress has been made in recent years in establishing a cohesive Union presence in policy debates at the UN. Thanks to the efforts of successive Council Presidencies and the Commission, the EU now co-ordinates its position effectively in most important UN policy fora such as the General Assembly (EU common position on almost 95% of resolutions), ECOSOC, its regional and functional commissions, and most specialised agencies, as well as in major international conferences. The European Union has thus emerged as one of the key players in the UN. Co-ordination however needs to be improved in important policy fora in the field of development such as the governing boards of UN Funds and Programmes, where Member States are still reluctant to engage in a more comprehensive co-ordination exercise, thereby seriously reducing the potential European impact in the policy debate. The same situation applies to some extent to the work of the Development Assistance Committee of the OECD, although some progress was made there in 2003.

The arrival of the ten new Member States will create both challenges and opportunities for the EU's role in the UN system and may require a serious effort to maintain an effective and responsive presence. The recent Communication entitled *The European Union and the United Nations: The Choice of Multilateralism*<sup>45</sup> represents a serious effort by the Commission to ensure the EU maintains and enhances its standing at international fora. Commission officials have visited several of the new Member States to inform national administrations, private operators, civil society and NGOs on EC co-operation policy and activities: Slovenia, Slovakia, Hungary, the Czech Republic and Poland in 2003, with visits to the other acceding countries planned for 2004.

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<sup>45</sup> COM(2003)526 of 10.09.2003.

## 2.5. Co-operation with other partners

### 2.5.1 *Partnerships with the UN System*

In the context of the Communication on *Building an effective partnership with the United Nations in the fields of Development and Humanitarian Affairs*,<sup>46</sup> the Commission undertook in 2003 an extensive internal fact-finding exercise, followed by a political analysis, to identify the most appropriate UN partners for a closer, strategic partnership in development and humanitarian affairs. Co-operation with other UN bodies on specific projects, depending on relevance, will continue on an ad hoc basis.

Altogether ten potential UN partners were pre-selected in February 2003. These are: UNDP, WHO, ILO, UNRWA, UNHCR, UNCTAD, UNICEF, WFP, FAO and UNIDO. The Commission also defined modalities for the general content, establishment and implementation of strategic partnerships.

Considerable effort has been made, both in-house and with the UN partners, on preparation for these strategic partnerships. The Commission will not be able to prepare all partnerships in parallel, but will take a phased approach. The first partnership agreements – extended to ILO and the WHO - will be formalised in spring 2004. These formal agreements will detail the scope, objectives, modalities and preliminary financial framework for each partnership.

A new Financial and Administrative Framework Agreement (FAFA) was signed on 23 April 2003 between the Commission and the UN Secretariat General. This Agreement allows both parties' operational services to conclude specific agreements on financing/co-financing individual programmes/projects. The Agreement has also been signed with ILO (July 8), FAO (July 17) UNIDO (October 23) and WHO (December 11), and UNESCO was signed in February 2004.

The dialogue and contacts with the UN have been progressively enhanced. The Commission has received numerous high-level visitors from UN organisations and this routine is to be continued in the coming year, starting with UN Secretary-General Kofi Annan's visit to the College in January 2004.

### 2.5.2 *Scaling up collaboration with the International Financial Institutions*

Collaboration between the European Community and the World Bank (WB) Group and the International Monetary Fund (IMF) continued to gain importance in 2003. This was reflected in, among other things, an increasing number of missions on both sides, extending to more and more regions of the world; a joint communication to the staff of the two organisations by the Bank's Vice President for Africa and DG Development's Director-General on how to work together to align budget support to national PRSP processes; and a steep increase in the EC's contributions to World Bank Trust Funds.

A close relationship is essential with the IMF since staying on track with IMF macro-economic reform programmes is usually a core condition for disbursements under the

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<sup>46</sup> COM(2001)231 of 02.05.2001.

Community's budget support. In January a meeting was held with the Africa Directorate Management of the Fund to compare policy priorities and country-specific challenges in African countries. A regular exchange of forecasts was established, and a further outcome of the meeting was a training course on IMF modelling provided by the Fund's Training Institute: this was held for Commission officials in Brussels for the first time in September 2003, and will be repeated on an annual basis.

In continuation of established practice, the annual high-level Poverty Reduction Strategy Paper (PRSP) consultations were held with the World Bank and IMF in Brussels in April 2003. In order to identify bottlenecks impeding better collaboration, and to improve joint efforts on PRSP support, a two-day workshop for Bank and Commission teams from five African countries, as well as sector experts and management, was held in Limelette outside Brussels, also in the spring. This workshop concluded with an ambitious action plan and led to joint guidelines for Bank and EC staff on how to collaborate in support of country-owned PRSPs.

Thematic collaboration continued in particular in the context of the Strategic Partnership for Africa (SPA). The Commission is co-chairing the budget support working group and participates in the sector programme working group. The Commission actively contributed to the SPA 2003 sector programme tracking exercise.

On the financial side, the EC-World Bank Framework Agreement for the use of Trust Funds, signed in November 2001, led to a steep rise in EC contributions to World Bank-managed Trust Funds, i.e. from € 11 million in 2000 to € 240 million in 2003, excluding the contribution pledged to the HIPC Trust Fund which increased by € 200 million to a total of € 934 million. The high-level annual consultations in the context of the Framework Agreement took place in Washington in November.

### 2.5.3 *Non-State actors in development*

In 2003, the Commission presented to and discussed with the other EU institutions its November 2002 Communication on *non-state actors participation in EC development policy*<sup>47</sup>. Involving non-state actors is increasingly part of the European Commission's normal way of working. This approach is strongly supported by the Council, the European Parliament and the European Economic and Social Committee.

The shared priority is to strengthen non-state actors in developing countries. European non-state actors have enormous experience as well as consolidated partnerships with developing countries, so they can be expected to play a key role in achieving this strategic objective. The Commission has continued its regular dialogue with European economic and social partners, with non-governmental organisations and other civil society actors. One of the key partners in the EU strategy for non-state actors is the European NGO Confederation for relief and development – CONCORD - created on 30 January 2003.

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<sup>47</sup> COM(2002) 598 final of 07.11.2002.

Based on an opinion of the Member States in 2002 establishing an exchange mechanism, the Commission initiated a closer dialogue between all the stakeholders of the NGO co-financing budget line: the EC, the European development NGOs represented by CONCORD, and EU Member States. This was followed in 2003 by informal brainstorming sessions as well as expert meetings on specific topics, and was complemented by productive meetings hosted by the EU Presidency with the participation of the Commission, the Member States and representatives of civil society.

Commissioner Nielson extended this dialogue in June 2003 to members of the European Parliament Budgetary and Development Commissions.

The Italian Presidency, together with the national platform of Italian NGOs, hosted a seminar on “the future of NGO co-financing” in Palermo on 27-28 October 2003, an important milestone in the process initiated in 2002. This aimed at redefining a strategy for the partnership between the Commission and European development NGOs, focusing primarily on the relevance and effectiveness of the NGO co-financing instrument in addressing the needs and rights of poor and marginalised people in developing countries. Several working groups have been set up to formulate common answers and solutions to existing issues affecting NGO co-financing, such as sensitising European public opinion to the issue of development.

Under the auspices of the Greek Presidency, the Athens conference of 5-6 May 2003 provided an opportunity for an in-depth discussion on the respective roles and potential of the EU and civil society in reaching the Millennium Development Goals. Northern and Southern non-state actors produced a very relevant joint statement as well as a set of recommendations addressed to the European General Affairs and External Relations Council (GAERC) and to civil society itself. Recommendations focused on consultation processes and mechanisms, coherence, policy, procedures and funding, as well as on strengthening partnerships between Northern and Southern civil society organisations.

Consultation with non-state actors has improved with partner countries as governments have become more aware of the need to involve civil society. Substantial funding is being set aside for non-state actor capacity-building in Country Strategy Papers, particularly in ACP countries. It is an evolving process, still at an early stage. Mid-Term Reviews of Country Strategy Papers, to take place in 2004 for ACP countries, will provide an opportunity to reinforce the dialogue with civil society or begin it where it has not yet been initiated.

The GAERC of 19-20 May 2003 encouraged the Commission and the Member States to adopt a framework of principles and practices for civil society consultation and participation in dialogue, on the basis of the criteria proposed in the Communication, particularly the formulation of development priorities and assessment of the development process.

The Commission prepared guidelines for its Delegations in all developing countries on civil society involvement in development dialogues and consultations. The input of civil society was sought in drafting the guidelines, which also take into account Member States’ views and suggestions, as expressed in the NGO Co-financing Committee in November 2003. The document recognises that a flexible and

differentiated approach to the involvement of non-state actors in the development process should be used, respecting the conditions in different countries and regions. The aim is to develop a practical approach to enhance civil society participation in the development process and monitor the quality of the process.

While recognising the need for further improvement, the May 2003 GAERC highlighted the quality of the participatory approach in the programming and implementation of EC Development Policy in the ACP countries. The Commission has pursued its efforts to put the Cotonou Agreement provisions on non-state actors into effect. EC Delegations in ACP countries were given guidelines on how to support non-state actors with the implementation instruments available under EDF rules and regulations. These guidelines are not applicable to non-ACP countries as they only refer to EDF procedures, however their principles are of more general interest and relevance. They will be adapted and improved in line with on-the-ground experience.

#### 2.5.4 *The stakeholders: Poverty Reduction Strategies and Sectoral Programmes*

Most low-income countries had either prepared a Poverty Reduction Strategy Paper (PRSP) by the start of 2003 or produced one during 2003, though some are still engaged in the process. In over 20 countries there is already at least one year's experience of full implementation of a PRSP. In Africa, the Strategic Partnership with Africa (SPA) tasked a Working Group co-chaired by the Commission and the UK to conduct a survey during 2003 of progress at country level on donor alignment with PRSPs, in terms of both process and content. This highlighted some key issues for the future, notably on partnerships.

Perhaps the foremost among these issues is the need to reduce the burden on governments of multiple donor missions whose timing does not fit with the recipient country's planning and budget cycle. Governments need to have a clear picture of resources available to them when they plan their next year's budget. Donors wish to base their funding on the country's progress with poverty reduction, usually set out in an Annual Report on the PRSP. If best use is to be made of national capacity, then the findings of sectoral reviews on progress with sectoral plans and conclusions on sector policy development should be fed into the overall PRSP Annual Review. The process should be managed by the host Government, and donors should develop mechanisms to provide the planning information, and subsequently the appropriate resources, within this national calendar.

There has so far been less progress in integrating the timetables of sector processes within the PRSP cycle. Indeed, securing effective joint working in sector processes is itself a considerable challenge. However, drawing on the lessons from the SPA survey, the Commission is urging to have these more effectively integrated into the PRSP process in all regions. In Nicaragua, for example, an education sectoral budget support operation was approved in 2003 that explicitly draws its outcome indicators from the PRSP and aims to develop implementation mechanisms that fully reflect the need to integrate sectoral processes, such as joint donor reviews, into the PRSP timetable.

## 2.6 Mainstreaming issues

The development policy statement establishes that a certain number of cross-cutting issues are to be mainstreamed into EC development co-operation: promotion of Human Rights and strengthening of democracy, gender sensitivity, children's rights, conflict prevention and crisis management, environment, good governance and institution/capacity-building. Mainstreaming these themes implies making them an integral part both of the strategic planning and the implementation of EC external assistance.

### 2.6.1 *The environment and tropical forests*

In May 2003 the Commission hosted the 4<sup>th</sup> meeting of the Poverty and Environment Partnership in Brussels, while two workshops on poverty-mapping and poverty and environment indicators were organised in parallel. Following earlier publications in the context of this partnership on "Linking Poverty Reduction and Environmental Management", and "Poverty and Climate Change", partners focused efforts in 2003 on drafting joint papers on environment and health, and environmental fiscal reform.

These joint papers seek in general to determine the links between poverty reduction and various environmental issues, and also to demonstrate that sound and equitable management of the environment is integral to achieving the Millennium Development Goals - in particular to eradicating extreme poverty and hunger, reducing child mortality, combating major diseases, and ensuring sustainable development. The papers also present measures that can be taken at both the national and the international level to reduce poverty and enhance environmental quality. The "mainstreaming" message has been broadcast through various channels, in particular by active participation in international negotiations, the organisation of consultation and co-ordination meetings, and input into EC draft legislation that has an impact on the environment in developing countries

In the context of the implementation of the UN Convention to Combat Desertification, the Commission participated in the 5<sup>th</sup> Conference of the Parties in September 2003 and organised a meeting of the Experts Group on Desertification to prepare an EU position before the conference. In May 2003, a Joint EC-ACP paper on the implementation of the Convention was adopted by the Joint EC-ACP Council, on the basis of which a Joint Statement was made at the Conference of the Parties.

The Commission adopted a Communication on *Climate change in the context of development co-operation*<sup>48</sup> in March 2003. The Communication includes a strategy and an action plan which proposes measures to be taken by the Commission, the Member States, partner countries and other stakeholders to enhance the resilience of partner countries in the face of climate change and variability. The Council endorsed the strategy but requested that the action plan be further developed<sup>49</sup>.

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<sup>48</sup> COM(2003) 85 of 11.03.2003.

<sup>49</sup> Council Conclusions adopted on 05.12.2003.

A review of the EC Biodiversity Strategy was initiated, including a biodiversity action plan for economic and development co-operation. This review will be completed in 2004.

The evaluation of the budget line for Environment and Forests in developing countries was launched in 2003 and should be finalised by October 2004. Meanwhile the Commission has adopted a decision for an extension into 2004 of the guidelines for funding activities in 2002 and 2003 from the Budget Line.

The Annual Work Programme (AWP) for 2003 devotes credits for the Environment and Forests budget line, totalling € 40.7 million for the year 2003, to the financing of projects resulting from a call for proposals (€ 30.8 million), targeted projects (€ 7.9 million) and a service contract for the integration of environmental issues into development co-operation policy (€ 2 million). A call for proposals under this budget line was launched in November 2003 and projects were selected for financing in the first half of 2004.

41 new projects representing a Community contribution of € 48.6 million, were initiated in 2003. Funding is being allocated as follows: 16 projects in ACP countries (32.4% of Community funds), nine projects in Asia (16.18%), eight projects in Latin America (30%) and eight covering various regions (18%).

### 2.6.2 *Gender equality*

Year 2003 was marked by a number of both internal and external initiatives from civil society and the Member States to raise awareness of the complexity involved in implementing gender mainstreaming and taking steps to putting a strategy into practice. Several evaluations and seminars on EC development co-operation and gender integration have demonstrated that - despite sound policies, good examples and best practices - approaches remain varied and not always coherent with gender policy and other development co-operation strategies such as Country and Regional Strategy Papers.

The Commission has therefore, at the highest level, supported a series of initiatives aimed at changing the situation for the better. The themes include: policy formulation and implementation is the responsibility of everyone, the right and obligation to receive training on gender applies to everyone; systematic use of sex-disaggregated data and gender analysis in policy and programme formulation is on the way in; and institutional mechanisms of quality assurance and monitoring of gender in all policies and programmes, as well as co-ordinating structures for gender in external relations, have been established.

A brochure has been produced outlining the Commission's policy on gender mainstreaming and illustrating current initiatives with good examples and best practices: it highlights the challenges faced by the Commission and promotes current initiatives and efforts aimed at mainstreaming gender in partner countries.

As a catalyst and complementary instrument to the strategy of gender mainstreaming in the country programmes, the Commission adopted a proposal in July 2003 for a new Regulation by the European Parliament and the Council promoting gender equality in development co-operation (2004-06), with a proposed budget of € 9



million. Deliberations in Council and Parliament were not finalised in 2003. The draft Regulation makes strong links between the political goals of the Beijing Platform for Action and the Millennium Development Declaration and strengthens the gender mainstreaming strategy by supporting specific actions for the empowerment of women.

The co-ordination of Member States gender experts was improved by new joint initiatives, including strategic co-operation with the Member States focusing in particular on the 2004 Mid-Term Reviews of the Country Strategy Papers. This will involve sharing gender expertise and documentation amongst Member States' gender experts at Embassies and Commission Delegations, as well as preparations for the upcoming 10<sup>th</sup> anniversary of the Beijing Conference in 2005.

The Annual Work Programme (AWP) for 2003 relating to the integration of the gender dimension into development co-operation devotes the credits in the 'Gender' budget line for 2003 (€ 2.5 million) to the financing of projects aimed at reducing gender inequalities in the fields of education and political decision-making. Grants were made through a call for proposals published in December 2003.

A joint management contract with the United Nations Research Institute for Social Development (UNRISD) was signed in December 2003 for a sum of € 0.95 million to implement the "Policy Report on Gender and Development: An UNRISD contribution to Beijing +10" project. UNRISD is running a research programme into the gender equality aspect of development. This report will provide a closer analysis of the issue in terms of different development policies and will bring new elements to the political debate over the gender and development issue, as well as a contribution to the debate over the Beijing Platform for Action.

A service contract for the Manual (Methodological Support) and Training on integration of the gender dimension with development co-operation was signed in December 2003 with the International Training Institute of the International Labour Organization in Turin. On-line training courses, in addition to face-to-face instruction, will meet the Community's permanent education needs, particularly those of the Commission's Delegations.

The recent thematic evaluation of the 'Gender' budget line acknowledges that the Union has a solid and clear legal framework and instruments, and that these instruments are also compatible with international commitments. At the same time, the evaluation also makes a series of recommendations, including the following:

- Formulate and clearly publicise the objectives relating to gender equality;
- Enhance the place of gender integration in current procedures;
- Reinforce understanding through training activities and the appropriate tools;
- Improve follow-up and monitoring

As a complement to this thematic evaluation, a separate evaluation was made of the initiatives taken within the framework of the 'Gender' budget line. This concluded

that these initiatives were compatible with the general objectives of the budget line. The evaluation also recommended a wider dissemination of the lessons learned.

### 2.6.3 *Human Rights and democracy issues*

Efforts to mainstream Human Rights and democracy in EC policy and funding have intensified in 2003 with key developments in the dialogue with third countries, training of Commission officials and exchanges with other EU institutions, EU Member States, international organisations and civil society. Over 100 new Human Rights projects were selected and approved under the European Initiative for Democracy and Human Rights (EIDHR) to a value of more than € 100 million.

The Commission Communication on *Reinvigorating EU actions on Human Rights and democratisation with Mediterranean partners*<sup>50</sup> constitutes a major contribution to efforts to mainstream Human Rights and is the first time the EU's global Human Rights' policy has been specifically applied to a regional context. The Communication sets out ten concrete recommendations to upgrade knowledge and expertise, improve the dialogue between the EU and its Mediterranean partners, and enhance co-operation on Human Rights' issues, including through the development of MEDA National Action Plans on Human Rights and democracy with those partners willing to engage in such an exercise. The Communication has been warmly welcomed by the Council, which in early December 2003 adopted specific conclusions on this document. Morocco has agreed to set up a specific sub-committee on Human Rights and democratisation issues under the Association Agreement with the EU, whilst other partners are actively considering this possibility.

#### *The European Initiative for Democracy and Human Rights (EIDHR)*

Substantial improvements have been made in the past few years in elaborating and implementing policies on Human Rights and democracy, leading to a much more focused and results-oriented approach. The Commission adopted a Programming Document for 2002-2004 elaborating the key areas where EIDHR should concentrate resources, under the umbrella of the four priorities of the May 2001 Communication on the EU's role in promoting Human Rights and Democratisation in Third Countries<sup>51</sup>. In order to respond to new priorities, the Commission adopted the EIDHR Programming update for 2003, setting out the thematic and geographic priorities; this formed the basis for all actions undertaken in 2003. This update sets out the priorities for each of the 31 focus countries<sup>52</sup> (with the addition of Angola and China) and also provides a specific programming framework for election observation activities.

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<sup>50</sup> Communication from the Commission COM(2003) 294 21.05.2003.

<sup>51</sup> Communication from the Commission COM(2001) 252 final 08.05.2001.

<sup>52</sup> Algeria, Angola, Bosnia & Herzegovina, Burundi, Cambodia, China, Colombia, Democratic Republic of the Congo, Eritrea, Ethiopia, Federal Republic of Yugoslavia, Fiji, Georgia, Guatemala, Haiti, Indonesia, Israel/West Bank and Gaza Strip, Ivory Coast, Mexico, Mozambique, Nepal, Nigeria, Pakistan, Russia, Rwanda, Sierra Leone, Sudan, Tunisia, Turkey, Ukraine, Zimbabwe.

### *Enhanced dialogue with third countries on Human Rights and democracy issues*

In addition to raising Human Rights in a wide range of contacts with third countries, and an active contribution to the development of the EU Human Rights' dialogues with China and Iran, the Commission has established a pioneering Joint Commission Sub-group on Governance and Human Rights under the Co-operation Agreement with Bangladesh, the first time that such a mechanism has been introduced in this context. The sub-group provides an opportunity for in-depth exchanges on Human Rights' issues between EU and Bangladeshi officials. Its first meeting took place in Dhaka and addressed the death penalty, the judicial system, support to electoral processes and the creation of a Human Rights' Commission. The possibility of providing further support for Human Rights' projects was also explored. Both parties recognise the usefulness of the dialogue and have agreed to continue it on a regular basis. The possibility of engaging in a similar exercise with other third countries is under consideration, and agreement has been reached in principle with Vietnam and Morocco.

### *Exchange with EU institutions and civil society*

Commission officials have regularly participated in meetings of the European Parliament on Human Rights' issues, and have provided detailed oral and written responses to the Parliament's Annual Report on Human Rights in the World, as well as to a wide range of concerns including torture, rights of the child, elections and the death penalty.

Improved use was made of the Human Rights and Democracy Committee, which is chaired by the Commission with the participation of EU Member States. In addition to regular consideration of programming and work plans for the EIDHR, the Committee has exchanged views on the EIDHR's approach to EU Human Rights' priorities, such as the balance of funding accorded to the prevention of torture and rehabilitation of torture victims, the effectiveness of mainstreaming children's rights, and strategic co-operation with the OHCHR.

A special NGO seminar was convened in July 2003 to inform a wide range of NGOs on future EIDHR programming. Commissioner Patten participated at this event and delivered a keynote address on current and future trends on the Human Rights' agenda. This seminar was followed by a series of smaller-scale meetings on EIDHR programming for 2005-2006. Further regional conferences to communicate EIDHR and Human Rights' priorities to local NGOs, Commission Staff and other organisations such as the UN, were conducted in Dakar, Guatemala City, Almaty and Cape Town. The Commission also participated in the Human Rights' Contact Group, convened on several occasions by major NGOs, and in the annual EU Forum on Human Rights, held in Rome on 10-11 December 2003, which examined the issue of child protection under international law.

### *Launch of training on Human Rights and democracy for EC officials*

Training of EC officials is a crucial tool for the effective mainstreaming of Human Rights. In 2003, three distinct levels of training were launched: two sessions of basic Human Rights' training; three sessions of advanced Human Rights' training for Delegation staff and geographical desk officers; and three sessions of specialised

training in external institutes for staff requiring expert knowledge of particular areas. Two courses on Election Observation were also held in Brussels for participants from External Relations' Directorates-General.

### *EIDHR activities in 2003*

Although the call for proposals *Support for Democratisation, Good Governance and the Rule of Law* was launched in 2002, 58 projects to a value of just under € 40 million were selected and financed in 2003 targeting the EIDHR focus countries. A further five projects were deferred from the 2002 call for proposals *Fighting impunity and promoting International Justice*: these, amounting to € 4 297 954, were implemented with the 2003 budget. One project worth € 623 000 was selected from the restricted call for proposals *Promoting Women's Rights in the Maghreb Region (Morocco Algeria and Tunisia) by means of Awareness raising Strengthening Women's Organisations and by legal and political reforms*. A further call to allocate funding to torture rehabilitation centres inside the EU was launched in August.

### *Micro-projects*

The micro-project scheme is an essential component of the EIDHR strategy as it is an efficient and effective instrument in the support of grassroots organisations, allowing for the strengthening of emerging local civil society. The decision on the micro-projects programme 2003 was taken on 19 November 2003 and draws on a global budget of € 14.6 million for 30 EIDHR countries.

### *Targeted projects*

Targeted projects are normally used for projects developed with international and regional organisations such as UN Specialised Agencies, the Council of Europe, the OSCE (ODIHR). A decision to co-finance projects is guided by the same considerations of need, cost-effectiveness and sustainability that apply to all projects undertaken through the EIDHR. In 2003, 39 projects (including electoral assistance and observation projects) were selected for a global EU contribution of € 38 846 110.

### *Election Observation and Assistance*

The Commission has continued to support election processes through the deployment of EU Election Observation Missions (EUEOM). In 2003, the Commission organised five EUEOMs worth just under € 9 million in Mozambique, Rwanda (three elections), Guatemala, Nigeria (three elections) and Cambodia, deploying a total number of 401 observers. Funds of € 5 million were committed for the 2004 EUEOM to Indonesia. Additionally, within the NEEDS project, the Commission continued to support the training of EU election observers and local observers groups through regional seminars (for Europe in Zagreb and for Africa in Nairobi).. A Voter Education project in Georgia was approved for an EU contribution of € 350 000. The Commission also adopted in 2003 a project to, *inter alia*, strengthen the African Union Commission's institutional capacity in the field of election observation.

### *Action in International Fora*

The Commission played an active role in EU participation at the UN Commission on Human Rights (CHR) in March-April 2003 and at the UN General Assembly Third Committee in October-November, including through input into country and thematic resolutions and the delivery of statements on behalf of the European Community.

#### *2.6.4 Conflict prevention and rapid response to crisis*

Conflict prevention is primarily an approach required in all external assistance programmes where a conflict-sensitive reading of the intervention is essential. In some cases, specific interventions with the sole purpose of ensuring the alleviation of conflict are needed and supported. More specific information on conflict prevention is provided in the feature article.

The Rapid Reaction Mechanism (RRM), established in 2001<sup>53</sup>, allows the European Community to respond in a timely manner to the needs of countries undergoing crisis situations (man-made or natural). Its main purpose is to support short-term civilian measures (maximum duration: 6 months) aimed at safeguarding or re-establishing the conditions under which the partner countries of the EC can pursue their longer-term development goals.

During 2003 RRM launched new actions in 17 countries and actions in a further three countries were at an advanced stage of planning at the end of the year. This comes on top of the continued management of actions launched in 2002. Total funds under management amount to € 68.2 million<sup>54</sup>. Under the 2003 budget, € 23.82 million were committed and payments reached € 13.59 million.

Programmes aimed at the promotion of political stabilisation were launched in Georgia, Iraq, the Democratic Republic of Congo, Congo Brazzaville, Central Asia, Sri Lanka and Burundi. The EC was able to act immediately upon the appointment of the new Special Representative for Iraq of the UN Secretary-General. A Decision taken on 23 December 2003 made the EC, with a contribution of € 8 million, the first donor to pay into the International Reconstruction Fund Facility for Iraq managed by the UN and the World Bank. In Georgia support was given in the form of € 2 million for electoral assistance by UNDP, in co-ordination with the OSCE, to help enhance the transparency, credibility and legitimacy of the Georgian Presidential Elections of 4 January and the subsequent parliamentary elections.

Policy Advice and Mediation has included support to peace talks in Burundi, Liberia and Ivory Coast, stabilisation measures in Bosnia (the Mostar Commission) and Former Yugoslav Republic of Macedonia (advisors to the Deputy Prime Minister overseeing implementation of the Ohrid Agreement), as well as counter-terrorism assistance in Indonesia and the Philippines.

In terms of evaluating potential Community response to a crisis, during 2003 the RRM financed a joint EC-Member States counter-terrorism assessment mission to the Asean group of countries, conflict prevention assessments in the Western

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<sup>53</sup> Regulation EC 381/2001 of 26.02.2001.

<sup>54</sup> This figure includes 2004 commitment credits and open funds committed in previous years.

Highlands of Vietnam and in Bolivia, and a feasibility study on the development of a network of EC professional volunteers with appropriate skills for crisis management operations.

### **3. EVALUATION AND MONITORING**

#### **3.1 Evaluation: Review of the 2003 Work Programme**

##### *3.1.1 Organisation of the evaluation function*

The annual work programme of the Evaluation Unit in the EuropeAid Co-operation Office reflects the requirements of the Directorates General for Development and for External Relations, as well as EuropeAid itself. The programme focuses on geographical and sectoral programmes and policies, as well as on Regulations in the areas of external co-operation and development. Evaluations of single projects and initiatives, which fall under the responsibility of Commission Delegations in partner countries or under operational services in EuropeAid, are not included in the Evaluation Unit's work programme and do not appear in this chapter.

In late 2002, the Evaluation Unit launched a major exercise on methodology aimed at encouraging better and more consistent evaluation of programmes and sectors. This methodological work is planned to last for three years.

##### *3.1.2 Key evaluation findings*

Findings from the studies completed in 2003 confirm the main issues identified in previous years: in the first instance clearly defined and realistic objectives and common criteria for success, followed by sensitivity to changing circumstances and to enhancing partner organisation potential. All options should be considered, including alternative forms of approach, appropriate instruments and conditions for assistance, and preferably fast-working and simple administrative and operational management tools.

#### **Country Strategy Evaluations**

Morocco: the evaluation confirms the high relevance of the strategy put in place since 2000: impact was positive, though not as evident as hoped for, and the Commission's role in donor co-ordination was effective. The objectives of the present strategy should be prioritised better to improve co-ordination between the various Commission instruments and ensure greater complementarity with the initiatives of Member States and other donors.

Ukraine: some impact was evident in sectors such as Justice and Home Affairs and Cross Border Co-operation, but this was the exception in the context of very limited involvement of the Ukrainian authorities and a clear deterioration in governance. The report recommends directing more initiatives towards NGOs and the private sector, and ensuring a better mutual understanding of EU and Ukraine policies.

Malawi: many initiatives delivered the planned results but much of the expected impact failed to materialise in a national context where Government's policies and commitments frequently remain unimplemented or ignored. Continued co-operation

along the lines of the current strategy is not advisable and good governance should be the overarching theme of the Country Strategy Paper.

Bangladesh: even though the present strategy is a significant improvement on its predecessors, there are still weaknesses. The relationship between the EC and the Government of Bangladesh is unsatisfactory, issues of democracy, Human Rights and corruption are causing concern, and the current strategy fails to address these issues appropriately. The great majority of interventions in the key sectors of health, education, food security and rural development were correctly focused but still had a poor impact. A revision of the EC strategy and ways to improve project management are recommended.

### **Sectoral Evaluations**

Integration of Gender: the evaluation shows that, despite some good examples of the treatment of gender as a cross-cutting issue, approaches remain varied and not always consistent with gender policy in development co-operation. Discontinuous and insufficient staffing of gender desks, as well as negligible financial resources, have been major constraints on the effectiveness, efficiency and sustainability of initiatives.

Economic co-operation with Mediterranean countries: relevance was high and overall effectiveness reasonably good, though hampered by the lack of national policies addressing the main weaknesses of economies. Past management featured serious inefficiencies which resulted in implementation delays and interruptions. Progress is being made towards ensuring sustainability. The report recommends that the Commission assist partner countries in identifying their strengths and weaknesses in the field of social and economic development. Several recommendations have been taken up, such as deconcentration to improve implementation and the creation of new instruments for investments.

Rehabilitation: the absence of a comprehensive strategy on conflict and disaster has reduced complementarity of this activity with the other instruments for development. Some good local development projects have been implemented, but there is a lack of expertise to deal with crisis countries. The evaluation showed an excessive focus on financial accountability to the detriment of proper attention to impact.

#### *3.1.3 Lessons learned*

### **Country Strategy Evaluations - general experience**

In general, the evaluations indicate that the adoption of the standard framework for Country Strategy Papers, and the resulting structured programming exercise, has brought an improvement in the relevance of EC strategies and programmes. The dialogue with partner countries, including civil society, has improved and the supply-driven approach is giving way to a more concerted one. Sectoral programmes are gradually replacing the project approach. Examples of the right strategic approach are easily found in partner countries where governance is good or improving. However, the evaluations so far show the Commission still has difficulty in analysing the implications of poor governance on response strategy, and on programme and project design and implementation.

Achievement of results has been mixed. The expected results and impacts cited in programming documents are often too ambitious. An over-optimistic assessment of partner country capacity and willingness to implement projects and programmes is common at design stage. Implementation is slowed down by lengthy administrative procedures, and overall management is hampered by limited use of proper reporting, input/output monitoring systems, and evaluations.

Co-ordination and complementarity with Member States and other donors has improved since the adoption of Country Strategy Papers and the deconcentration process.

The recommendation is to focus strategies more clearly: in a number of countries a core theme can be identified. More attention needs to be paid to analysis of the local situation in order to make realistic assumptions, in particular on the definition of objectives. Implementation should take full advantage of the deconcentration process, which should lead to leaner procedures and better information management.

### **Sectoral Evaluations – general evaluation**

Integration of Gender: while the regulatory framework on gender is based on high-level international standards, the Commission's services show insufficient understanding and knowledge at all levels of policy and strategy. The evaluation also notes the absence of an adequate level of institutional support backed by sufficient resources. As a result, the endorsement of gender mainstreaming by the Commission has not yet translated into lasting results.

Economic co-operation with Mediterranean countries: access to external financing by small and medium enterprises was addressed through a variety of unrelated initiatives. Trade facilitation was mainly the subject of regional projects which, while quite effective, were disconnected from bilateral activities.

Rehabilitation: there is a need to define a Community policy on the reduction of natural and political risks, and to place rehabilitation instruments at the centre of the Commission's approach to long-term crises, in an attempt to reduce vulnerability and improve the speed and effectiveness of response.

### **Joint Evaluations**

The Maastricht 3Cs Evaluation (Co-ordination, Complementarity and Coherence) was redesigned following a seminar held in February 2003 in Brussels. The main thrust will be 1) to distinguish Co-ordination and Complementarity on one side and Coherence on the other and 2) to undertake an evaluability study first and, on that basis, launch a series of pilot studies on each of the hypotheses posed at the seminar.

A joint evaluation of General Budget Support (GBS) has been launched under the auspices of the OECD Development Assistance Committee (DAC). The evaluation is designed as a co-operative effort between agencies and partner countries, and is more concerned with the overall roles, processes and results of GBS than with the specific results of a particular country's or agency's funds. The evaluation is forward-looking and focused on citing lessons learned while also addressing joint donor accountability at the country level.



### 3.1.4 *Other activities carried out in relation to evaluation*

#### **Methodology**

Improving the evaluation methods for the Country Strategy Evaluations has been the major issue in 2003. The approach consists of five methodological components: Structuring of the evaluation, Data Collection, Analysis/Judgements, Dissemination and Feedback.

The evaluation of the strategy and the co-operation programme is based on a set of key Evaluation Questions. A logic diagram structuring the strategy and programming objectives, and the presumed links between them, helps to determine the areas where EC programmes are supposed to impact, and to verify the logical links between input, output and impact.

In general Evaluation Questions refer to the following main areas:

- Design and relevance of the strategy/programme
- Achievement of main objectives in focal sectors
- Key cross-cutting issues: for example gender, environment, Human Rights, 3Cs (Co-ordination, Complementarity, Coherence)
- Implementation of assistance, choice of instruments and delivery mechanisms.

In addition to reporting on specific judgements arising from the Evaluation Questions, the evaluators present an overall assessment of the EC co-operation programmes and strategies in the country concerned.

At the conclusion of each Country or Regional Strategy Evaluation, but before publication of the report, a seminar is held in the country concerned. The aim of the seminar is to present the evaluation to stakeholders, emphasising findings and recommendations. This approach has a number of advantages: the opportunity to verify the factual basis; feedback on conclusions and recommendations from important stakeholders; and an increased sense of ‘ownership’ of the evaluation. This contributes to the quality of Country Strategy Evaluations and heightens their impact.

#### **Dissemination and feedback**

The Evaluation Unit has set guidelines to ensure a common approach and reinforce the quality of dissemination and feedback<sup>55</sup>. These guidelines, which recapitulate the current practices of the Evaluation Unit are also a response to the Commission evaluation standard which states that “appropriate feedback mechanisms shall be provided so that all types of evaluation results are transmitted to all persons responsible for decision making”. The guidelines are for internal use but are also published on the Internet.

#### **Priorities for action highlighted by the 2003 evaluations**

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<sup>55</sup> [http://www.europa.eu.int/comm/europeaid/evaluation/methods/guidelines\\_feedback.pdf](http://www.europa.eu.int/comm/europeaid/evaluation/methods/guidelines_feedback.pdf).

Evaluation studies in 2003 identified improvements achieved through better programming. Further improvements are foreseen through sustained efforts in the following areas:

- Clearer focusing of strategies and formulation of a limited number of clear and realistic objectives;
- Within the framework of long-term planning, a tailored and faster response to major developments in the situation of the partner country and other important parameters;
- Improved analysis of the implications of poor or deteriorating governance on response strategy, and on programme and project design and implementation;
- Implementation should take full advantage of the deconcentration process in order to encourage leaner procedures and harmonised information management.

### **3.2 Outlook on the 2004 Evaluation Programme:**

15 evaluations are ongoing at the end of 2003 and will be completed during 2004:

Four Country Strategy Evaluations on Honduras, Ethiopia, Lesotho and Egypt

Five evaluations on regional issues concerning Mercosur, CARDS (Western Balkans), the European Agency for Reconstruction, Caribbean and TACIS (former Soviet Union countries).

- Six sectoral evaluations:
  - transport
  - trade-related assistance
  - food-aid and food security
  - environment and tropical forests
  - private-sector development
  - thematic evaluation of population- and development-oriented programmes in EC external co-operation.

In addition to the ongoing work on methodology, 13 new evaluations will be launched:

Five country strategy evaluations:

- Three countries from ACP areas: Ghana, Tanzania and Benin
- Two countries from RELEX areas: Armenia and Timor Leste

Four evaluations of regional strategies:

- Two in the ACP region: Central African Region and Pacific Region
- The MEDA region in application of article 15 (5) of Regulation (EC) 2698/2000 (MEDA II)
- Latin American region

Four Thematic / Sector-wide evaluations:

- On the basis of the approved multi-annual evaluation work programme 2002-06 (as modified by the annual programmes 2002 and 2003), and taking present priorities into account, the following evaluations will be undertaken:
- Water sector (launch foreseen for end-2003, but postponed)
- Micro-projects
- Institutional strengthening, good governance and rule of law
- Cross-sectoral analysis of trade-related aspects of recent and current evaluations, presented in a dedicated synthesis document.

### 3.3 Project Results: Results-Oriented Monitoring

The Commission monitors progress of its external co-operation at all levels:

- INPUT: A constant update of the financial flows (commitments and payments) is the basis of monitoring on the input level (CRIS).
- ACTIVITIES/OUTPUTS: Project/programme execution is monitored constantly by the partners and the Commission's Delegations in third countries. The latter report at least every four months on project activities and milestones to the CRIS central database via a dedicated 'project description and monitoring window'.
- PROGRESS and OUTCOME: The internal system has an external complement with the **Results-Oriented Monitoring (ROM)**<sup>56</sup> system which allows a rapid appreciation of project and programme progress towards results, as well as wider implications, and provides the Commission with independent advice on its project portfolio.
- IMPACT: Common progress towards the achievement of MDGs is jointly monitored by partners and donors, with the help of the agreed indicators. In addition the Commission has agreed with other donors to monitor certain sector targets and indicators to have a more precise and up-to-date view of progress.

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<sup>56</sup> For more technical information on the system please refer to the two previous annual reports.

The monitoring process is completed by the regular evaluation of projects, programmes, sectors and strategies, as well as by other routine reporting mechanisms.

### 3.3.1 *Achievements in 2003*

In 2003 the **Results-Oriented Monitoring (ROM)** system ran for the second consecutive year of the consolidation phase 2002-04, covering operations in 104<sup>57</sup> countries in all regions of the Commission's external co-operation activities. A total of 903 projects and programmes were monitored on-site and 1 156 Monitoring Reports<sup>58</sup> were produced during this period.

Overall, the **results of projects are satisfying**: A significant majority of projects record positive benefits actually registered with the people concerned (effectiveness) as well as promising impact.

Projects and programmes generally performed well, and on average, the projects assessed were progressing "**according to plan**" or better.

Also in 2003 a slight improvement in the overall performance of operations was noted, from 2.62 in 2002 up to 2.67 in 2003. Project samples over the regions, however, may still differ considerably as it was not possible to 're-monitor' all projects systematically: on average 39.5 % of all operations monitored in 2002 were reviewed in 2003.

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<sup>57</sup> Including nine countries in the EU, location of head offices of regional projects.

<sup>58</sup> Monitoring of regional programmes and projects entails the visit of several components, resulting in the production of more than one report for a single programme or project.

A quantitative overview is presented in the Table below:

<b>Overview per region in 2003</b>	<b>Tacis</b>	<b>Cards</b>	<b>MED</b>	<b>ACP</b>	<b>Asia</b>	<b>Latin America</b>	<b>TOTAL</b>
N° of countries visited	13	3	13	44	18	13	<b>104</b>
N° of projects monitored	189 (55 <sup>59</sup> )	61	143	293	74	143	<b>903</b>
N° of reports produced	342 (183)	86	150	325	110	143	<b>1,156</b>
Million € covered	402.5 (106.3)	120.3	1.402.5	3.011	1.268.9	850.9	<b>7.056.1</b>

Further information is presented in the relevant regional chapters.

### 3.3.2 *Insights in the second year of the consolidation phase*

A large majority of operations record good **effectiveness**, i.e. benefits actually registered with the people concerned. The scores must be treated with care, but both **impact** and **sustainability** have improved most of all, although fractionally with 3-4%. **Efficiency** remains overall the weakest aspect. It is anticipated that the de-concentration process will lead to faster implementation and better management. On average the operations assessed, however, were going 'to plan' or exceeding expectations.

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<sup>59</sup> Numbers in brackets refer to additional services for the last activities under the previous TACIS input-activity monitoring system and to special reports in TACIS / CARDS regions.

## Analysis by monitoring criteria

The five main criteria are relevance, efficiency, effectiveness, impact and sustainability. The average ratings<sup>60</sup> for the main criteria by region are:

Average ratings for 2003	TACIS <sup>61</sup>	CARDS	MED	ACP	Asia	LA	Average <sup>62</sup>
Relevance	2.63	2.61	2.85	2.59	2.68	2.94	2.68
Efficiency	2.60	2.60	2.69	2.47	2.55	2.62	2.56
Effectiveness	2.75	2.60	2.85	2.61	2.71	2.91	2.72
Impact	2.78	2.49	2.82	2.57	2.59	2.90	2.70
Sustainability	2.83	2.46	2.87	2.52	2.60	2.92	2.70
	<b>2.72</b>	<b>2.55</b>	<b>2.82</b>	<b>2.55</b>	<b>2.63</b>	<b>2.86</b>	<b>2.67</b>

Each of the five main monitoring criteria is thoroughly defined and then broken down into sub-criteria which the monitor has to consider carefully before giving a rating<sup>63</sup>. For purposes of qualitative analyses, use is made of the textual explanations in the monitoring report. Whereas the size of the sample increases every year, its present size may still make it difficult to draw conclusions. Therefore results must be considered with care and should not be taken out of context.

Operations prove to be **relevant** to the needs of the people concerned. The original design, though of acceptable quality, has sometimes been considered a relatively weak aspect: prolonged lead times to project start-up can render the design no longer pertinent. Occasionally the original design is overambitious in terms of what the project can achieve. Timely updating of design and the ability to adapt a project to changing circumstances are the key to ultimate success.

**Efficiency:** although ‘on target’ (the target, 2.5, means ‘according to plan’), shows the weakest performance. Late delivery of input is most often cited as the problem. More realistic deadlines would facilitate project start-up.

**Effectiveness:** measuring the actual benefits registered with the people concerned, shows the best performance overall, particularly in Asia and ACP but also in the other regions. This finding shows that projects will in the end make a real and

<sup>60</sup> To calculate averages and compare ratings have been given numerical values with a : 4 points, b : 3 points, c : 2 points and d : 1 point. The hypothetical middle line – a numerical value of 2.5 – has been chosen as being “on track”, thus a project with score 2.5 follows the programmed course and performs well.

<sup>61</sup> Calculated only for all operations under results-oriented monitoring.

<sup>62</sup> The average across each region is weighted by the number of projects and also components of regional programmes, for each main criterion. Rounding off in the regions and the priority areas might cause a slight difference in overall totals (remaining within a 1 % margin).

<sup>63</sup> The ratings are a : very good , b : good, c : some problems, and d : major problems.

positive improvement in people's lives. An important observation, recorded consistently in all regions, is that many operations produce additional benefits. Initiatives can play an important catalytic role in triggering other unforeseen improvements. In Latin America, for example, a high level of community empowerment, local participation and organisation contributed to enhanced results.

**Impact:** project results are good across all regions, except the Balkans. Many operations also produce other unplanned benefits. In the TACIS region, good impact seems to depend on having good project partners, while monitors have also noted that their absence seems to affect impact and sustainability in the Balkans. However the assessment on impact is given early on in a project, and the final results and their wider effects are difficult to judge at that point.

**Sustainability:** the financial aspects are clearly the weakest element with scores around or below the target of 2.5. Weak financial sustainability implies that there is inadequate follow-up with local funding when programmes terminate. It does not necessarily mean all the benefits are lost, but the stream of benefits cannot be continued at the same level. The environmental, socio-cultural and technological aspects of sustainability were found to be positive overall.

### 3.3.3 Results by sector

The Commission has defined six priority areas in its co-operation.

2003 by priority area	Trade & development	Regional integration <sup>64</sup>	Macro-economic support & social sectors	Transport	Food security	Institutional capacity / good governance	Other	Total / Average
N° projects monitored	109	123	156	34	225	238	18	<b>903</b>
N° reports produced	148	167	181	47	270	322	21	<b>1156</b>
€ million covered	811.19	898.15	1.678.49	795.58	1.892.98	918.86	60.85	<b>7.056.10</b>
Relevance	2.70	2.72	2.81	2.70	2.59	2.60	2.48	<b>2.68</b>
Efficiency	2.57	2.60	2.65	2.64	2.44	2.49	2.62	<b>2.56</b>
Effectiveness	2.73	2.71	2.80	2.81	2.62	2.65	2.90	<b>2.72</b>
Impact	2.75	2.73	2.81	2.77	2.54	2.67	2.86	<b>2.70</b>
Sustainability	2.76	2.70	2.72	2.60	2.65	2.62	2.86	<b>2.70</b>
<b>Average</b>	<b>2.70</b>	<b>2.69</b>	<b>2.75</b>	<b>2.70</b>	<b>2.57</b>	<b>2.61</b>	<b>2.74</b>	<b>2.67</b>

**Trade and development:** the two regions with a sizeable number of projects and budgets show a disparity in performance: ACP has a relatively low scoring of 2.43,

<sup>64</sup> In principle regional programmes are included under priority area "regional integration", but where the allocation to a priority area was more appropriate due to its specific nature (e.g. a basket of loosely related sector activities in one programme), allocation to this priority area has taken place.

while TACIS does better with an average of 2.77. Operations in the ACP region are relevant (2.61) and effective (2.52) but remain below target for the other criteria. Operations in this sector and region are important but will only produce significant results in the long term. Inevitably external factors impact on trade development and limit general conclusions. In the MED region, although the financial envelope is important, the sample (three projects) is too small and heterogeneous for general conclusions.

**Regional Integration:** primarily programmes in the MED (2.84) and ACP regions (2.45). In the first the majority of regional programmes address all MED countries as well as some EU countries and programme performance is balanced and positive. In the ACP the different elements in this sector are also performing evenly across all criteria and are particularly strong in secondary unforeseen benefits.

**Macro-economic Support and Social Sectors:** in ACP this rates significantly (2.62) above the average of the region on almost all (sub) criteria apart from sustainability (2.42) and, within it, financial aspects (2.27). This sector also shows consistently excellent performance in the MED region with an average of 2.83; only the financial aspects of sustainability were considerably weaker (2.58), a situation similar to Latin America (with an overall score of 2.79 against 2.64 for financial aspects) and also Asia (overall score 2.78 with 2.61 for sustainability). This implies that local funding has difficulties taking over programmes when they finish: it does not imply that all benefits are lost, but the stream of benefits cannot be continued at the same level.

**Transport:** nearly 60% of all operations are in the ACP region. Overall performance in this sector is very good (average 2.70) and is also above the ACP average in ACP. Overall performance is very similar to performance generally in the ACP region: weakest on efficiency and sustainability, but good and very good on effectiveness and impact. Monitoring reports in the ACP regions often related weaknesses to contractual problems and lack of maintenance support.

**Food security and sustainable rural development:** while overall performance is above the target (2.5 or 'according to plan') it is the weakest of all operations. The exception is the MED region, with an excellent rating of 2.86. Closer analysis shows that these projects responded quickly to changes in circumstances (several sub-criteria ranging from 2.89 to 3.25), had important secondary effects (3.25), and were well adapted to the socio-cultural realities (3.11). The weakest score at sub-criterion level went to the financial aspects of sustainability (2.61).

Overall scores on efficiency (2.44) and impact (2.52) (all operations monitored) suggest that even short delays in implementation can compromise higher-level benefits. In addition, this sector is susceptible to droughts and floods, market volatility etc, making a proper assessment of potential risks absolutely vital.

Institutional capacity and good governance results point to a relatively low efficiency of implementation but high impact, as has been the case with ACP (2.31 against 2.60), TACIS (2.45 against 2.71) and Latin America (2.62 against 3.05). Asia and MED return equal scores on both (2.65 – 2.7 respectively), and only the Balkans does slightly better on efficiency (2.60 against 2.52).



‘Other’: mainly micro-projects of a multi-sector nature. This records the lowest rating on relevance, yet remains high for all other criteria, particularly effectiveness and impact. The diverse nature of micro-projects makes good design - an important element of relevance - a challenge, while the smaller budgets encourage more efficient implementation.

#### 3.3.4 *Conclusions*

Overall the analysis of reports from the results-oriented monitoring produced positive results and constructive pointers to further improvement. The Commission should pursue its efforts in developing the following measures:

during project or programme preparation, define a limited and coherent set of clear objectives, allowing for a flexible and adaptable approach, well integrated into an overall strategy;

the ongoing deconcentration process is expected to foster flexible, simple and rapid administrative mechanisms to enhance efficiency and effectiveness,

foster the systematic use of management tools and multi-annual programming of activities in order to permit timely updating of design and a flexibler approach,

integration exit strategies, notably on financial aspects, from the design stage right through to project preparation and execution.

## 4. **THE ACTIVITIES**

### 4.1. **Introduction**

In the following pages, the reader can find a short summary of EC co-operation activities in the six regions: Western Balkans, Eastern Europe and Central Asia, Mediterranean countries, Africa, Caribbean and Pacific (ACP) countries and Overseas Countries and Territories (OCTs), Asia and Latin America.

Each of these regions has the same structure, so a horizontal reading is possible. A general introduction on the region is followed by the programming activities and developments in 2003. Co-operation activities are reported according to the actual priorities in each region, underlining the results obtained from implementation of the principal programmes and projects. Therefore, the picture is clear even if the accent is put on different kinds of activities, reflecting the realities of EC implementation during the reporting period. Co-operation with other donors, including Member States, is an important feature of each region. The variations in information between regions mirrors the real differences in the degree of collaboration between the EC, its Member States and international organisations, as well as the variations in data available from Member States about each country.

Some figures are given to illustrate the contents of this chapter but there is no overall information on the financial transactions. The reader may find exhaustive financial information in annex 7 (Financial Tables), where the general tables include 2003 disbursements, in line with DAC categories. Regional activity tables include all

commitments made during the period covered in terms of “geographical” budget lines as well as “thematic” or horizontal ones.

## 4.2 The Balkans

### 4.2.1 Introduction

The Western Balkans achieved another year of good economic performance in 2003, with expected GDP growth of around 4%, slightly below 2002 growth. Inflation continued to decline and is expected to have been below 5% for the first time since the disintegration of the former Yugoslavia in the early ‘90s. Public finances are expected to show a slight improvement, maintaining the positive trend of fiscal consolidation since 2000.

The general government deficit in the region is expected to reach around 4% of GDP on average. External imbalances remain fairly large in all the Western Balkans countries. For the whole region, the 2003 current account deficit is expected to average around 8% of GDP, whereas the trade deficit is expected to reach 28% of GDP. Although the countries of the region made some steps forward in the process of market-oriented reforms and in approaching EU standards, further progress is still needed.

**Croatia** was recently accepted into the NATO Membership Action Plan (MAP) and has been working to implement the Stabilisation and Association Agreement (SAA) which it signed with the EU last year, though it had not been yet ratified at the end of the reporting period: elections on 23 November 2003 resulted in the centre right HDZ party leading the next government. The complex government structures of **Bosnia and Herzegovina** are not shared by the other states in the Balkans and pose a unique challenge to the EC assistance process, particularly projects aimed at strengthening the institutions. On 12 March 2003 Dr Zoran Djindjic, prime minister of **Serbia**, was assassinated in Belgrade. Parliamentary elections were held on 28 December 2003. Until a new government was formed, Serbia faced constitutional and political difficulties, with neither a president nor a government.

### Evolution of EU co-operation

The strategic objective of Community actions in the Western Balkans region remains support for the Stabilisation and Association Process (SAP), notably through institution-building and closer alignment with the *acquis communautaire*. In Thessaloniki, the EU confirmed the SAP as the overall framework for the region all the way to future accession of the countries.

Some major milestones were achieved in 2003:

- On 20 February 2003, the President Mr. Stjepan Mesić and the Prime Minister Mr. Ivica Račan of the Republic of Croatia presented **the application of Croatia for accession to the European Union**. The General Affairs and External Relations Council requested the Commission to prepare an opinion on the Croatian application on 14 April 2003.

- The Commission approved and published on 26 March 2003 its second **“Stabilisation and Association Process (SAP) report”**, providing an assessment of the general political and economic situation in the five countries of the Western Balkans.
- The publication of the Commission Communication **“The Western Balkans and European Integration”** on 25 May 2003 substantially contributed to a political debate on major future orientations of Community action in the region and on the synergy of assistance with other Community policies.
- The **Thessaloniki Agenda**, endorsed at the Summit in June 2003, invited the Commission to bring forward and implement a series of initiatives foreseen in the enriched SAP. Commission services started preparatory work immediately and follow-up actions were well on track at end-2003:

The most important initiative is the European Partnerships. Inspired by the Accession Partnerships, they will identify priorities for action in supporting efforts to move closer to the European Union and serve as a checklist against which to measure progress. The Commission adopted a proposal for a Framework Regulation to that end on 13 November 2003.

In the area of support for institution-building, work is also well underway, drawing on practices used in the enlargement process. The TAIEX instrument was opened to the Western Balkans on 9 December 2003.

In the area of Justice and Home Affairs, the first JHA Ministerial meeting of the EU-Western Balkans Forum took place on 28 November. This showed that, while the debate on JHA issues had intensified over the past year, progress had been made in a number of areas, particularly in the fight against organised crime.

A Memorandum of Understanding on the Regional Energy Market was concluded and signed by the Western Balkan countries - the Community being party to it - on 8 December 2003. The Commission also launched a study during the year to assess the effectiveness of Community trade measures (ATMs) and to devise initiatives to improve the export potential and competitiveness of the Western Balkans countries. The results, submitted at the end of the year, will provide further guidance on appropriate measures.

### **Programming**

Following the adoption of the Country Strategy Papers and the corresponding multi-annual indicative programmes in 2001, the CARDS programme (Community Assistance for Reconstruction, Development and Stabilisation) has been structured according to different priority sectors: (i) democratic stabilisation; (ii) administrative capacity-building; (iii) economic and social development; (iv) infrastructure; (v) environment and natural resources and (vi) justice and home affairs.

While this trend had already started in 2002, the year 2003 confirmed a further shift in Community assistance from reconstruction and democratic stabilisation to other sectors more closely linked to the SAP reform agenda, i.e. administrative and

institution capacity-building, economic and social development, and justice and home affairs.

An assessment performed in 2003 led to the conclusion that the Country Strategy Papers (CSPs) remained relevant for the five countries of the region and therefore did not need modification. The driving Community Strategy for the region, the Stabilisation and Association Process (Sap) and its areas of concentration, as stated in the CSPs, remain the same.

The Communication also foresees that the EU work with these neighbours to address common challenges and that co-operation instruments must be sufficiently flexible to address the entire range of needs.

On the basis of the Thessaloniki conclusions, and further to a proposal by the Commission to the budgetary authority, additional financial support amounting to € 71 million has been allocated to the CARDS programme for the SAP countries for the year 2004.

On 29 December 2003 the Commission adopted a decision to provide **Kosovo** with an additional € 16 million of assistance, to be implemented by the European Agency for Reconstruction in Pristina. These extra funds will provide further EU support to the United Nations Mission in Kosovo (UNMIK) and Kosovo's Provisional Institutions of Self-Government (PISG) for the implementation of the Kosovo Standard Work Plans.

#### 4.2.2 *Implementation*

Project implementation in **Croatia, Bosnia and Herzegovina** and **Albania** is handled through the Commission's Delegations in these countries while, in **Serbia, Montenegro, Kosovo** and **Former Yugoslav Republic of Macedonia**, implementation of EU assistance is carried out by the European Agency for Reconstruction (EAR).

In budgetary terms, commitments<sup>65</sup> for the Western Balkans in 2003 totalled € 620 million while effective disbursements amounted to € 425 million. Compared to 2002 commitments were marginally lower (-5,2 %) but payments were down substantially (-31,1 %). The latter figure can be explained mainly by backlogs in programmes for **Croatia** and **Albania**, as well as in the regional programmes. These figures include the EU's contribution to the Office of the High Representative in **Bosnia and Herzegovina** and to UNMIK, as well as the running costs of the EAR.

#### **Supporting administrative and institution capacity-building**

2003 saw a shift in the focus of Community assistance from reconstruction and democratic stabilisation to administrative and institution capacity-building, economic and social development, and justice and home affairs. The focus on institutions and capacity development is particularly noticeable in **Croatia**, where the Commission has made substantial efforts to support the EU integration process in view of the country's accession request. Similarly in **Former Yugoslav Republic of Macedonia**

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<sup>65</sup> The CARDS budget represented 17% of EC External Aid Budget in 2003.

there is extensive technical assistance to approximate national legislation to the EU's *acquis communautaire*.

EC support - which is more and more focused on public administration reform, including revising, drafting and amending the legal administrative framework - is also prominent in **Bosnia and Herzegovina**, as in **Serbia and Montenegro**.

Key initiatives are the overhaul of the blood transfusion service, the creation of the National Medical Products Agency, and support to the Ministry of Health for the preparation and implementation of an EIB emergency assistance loan to 21 health institutions.

The overall objective of this € 68 million programme is a well-equipped, remodelled and cost-effective health service.

In **Kosovo**, EU support comprised training, advice and equipment to improve the competence of important institutions such as the Prime Minister's Office, the Assembly, and the Statistical Office. Municipalities continued to benefit from funds dedicated to small infrastructure projects and to the transfer of wider responsibilities to local government. 2003 also marked the start-up of the Supreme Audit Institution, to which the EC contributed € 2.2 million to assist in the training of a first generation of auditors. With the support of the Agency, the courts in Kosovo are developing a modern IT-based case-tracking mechanism as part of a larger EU-funded programme supporting the judiciary and the rule of law. Most of the EC-funded work on refurbishment of court buildings and prisons was finished in 2003.

### **Strengthening justice and home affairs**

EU projects in this sector have contributed, among other things, to fostering judicial restructuring and reform, training in all aspects of border management as well as migration and asylum issues, and developing the police forces, notably in **Bosnia and Herzegovina**.

In **Montenegro** training on border management started as soon as a Memorandum of Understanding was signed between the Ministries of Interior of Serbia and of Montenegro, ensuring co-operation and co-ordination of activities. Computerisation of the Ministry of Interior has started, as has the second phase of court computerisation. Migration and asylum-related projects included a Joint Initiative for Montenegro, involving the International Organisation for Migration. Objective is to provide training to border officials in anti-trafficking. The Judicial Training Centre has also started its training activities under an EC grant.

In **Former Yugoslav Republic of Macedonia** the European Agency for Reconstruction offered technical assistance on the development and implementation of a National Action Plan for Migration and Asylum. The Plan will consider the legal framework and practical means for achieving a comprehensive and better co-ordinated system of managing asylum and migration. A national strategy for the creation of a new border police was finalised and new equipment supplied to help detect drug and weapons smuggling operations. Progress was also made on a project to computerise Ministry of Justice activities and reduce the backlog of 500,000 unsolved cases.

## Endorsing economic and social development

Key areas of activity included promoting sustainable economic development - including support to ethnic minorities through grants, advice, training and loan assistance for micro-enterprises - and support to enterprise for the creation of jobs. In **Serbia**, for example, EU assistance has injected some € 25 million since 2001 to provide loans to small and medium-sized enterprises, creating over 2,000 jobs. Important initiatives in 2003 included a pilot programme to retrain the unemployed in the Šumadija region – this will eventually lead to a national scheme of vocational training - and support for Serbia's export promotion agency. The EU also created 5,000 temporary jobs in four under-developed municipalities in southern Serbia as part the Agency's Rapid Employment Programme, which was launched in 2001 and ended in June 2003.

A project was launched in **Former Yugoslav Republic of Macedonia** in October 2003 to assist the SME Department of the Ministry of Economy and develop an Agency for Entrepreneurship Promotion. The first half of a € 5.6 million EU payment was injected into the revolving credit fund for SMEs managed by the Macedonian Bank for Investment and Development. The Bank will lend these funds onwards to half a dozen other banking institutions, which in turn will start lending out the money.

### PRIMING THE ECONOMY AND PROMOTING PRIVATE ENTERPRISE

**The war in Bosnia-Herzegovina brought devastation to a fragmented society and structurally weak economy. Predominantly agricultural, the economy was made up essentially of small units with limited financial resources. Growth was only 2.3% and unemployment 40% (2002 figures). To combat this endemic situation, the European Union embarked in 2001 on an imaginative and far-reaching scheme to generate capital flow and encourage privatisation. Known as the European Fund, it provides financial, technical and logistics support to local banks, credit agencies and micro-credit organisations. The fund promotes two financial instruments: an apartment loans programme, and loans to SMEs (companies with fewer than 50 employees) in rural areas with less than 10,000 population. This fund has since been inundated with loan requests, and seven of the nine banks working in the scheme are now the biggest in the country.**

In **Montenegro**, in addition to projects to rehabilitate the infrastructure, particularly in transport and energy, and projects to enhance energy efficiency, environmental protection is being addressed through the development of a Republic-level Solid Waste Master plan. There are also Wastewater Master Plans for the coastal region, and for Central and Northern Montenegro: these are designed to create medium-term investment strategies eligible for International Financial Institution (IFI) funding. The establishment of a coastal water utility has suffered setbacks, due mainly to a lack of agreement on concession arrangements, but positive initiatives introduced in September 2003 continue to progress. Work to provide wastewater treatment for communities on Skadar Lake, a national park, is ongoing.

Finally, there is a growing interest in projects assisting beneficiaries with the analysis and design of policy and legislation in response to the Stabilisation and Association Agreement, several free trade agreements and WTO accession. The EU alignment in most cases requires not only legal approximation, but also corresponding institutional reform. In **Former Yugoslav Republic of Macedonia**, for example, there is a need to nominate a single authority to deal with specific subjects such as plant health:

right now, mandates are often split between several government institutions and decisions to identify a lead institution can be difficult.

### **Post-conflict management**

This facility offers rapid delivery of assistance to conflict-affected populations as well as strategic advice to decision-makers to give momentum to the reconciliation and stabilisation process. In the case of **Former Yugoslav Republic of Macedonia**, and to support the EU's strategy of defusing the political crisis of 2001, the Commission adopted two financing decisions under the Rapid Reaction Mechanism, accelerated implementation of elements of the CARDS institutional reform, and set aside additional funds under a CARDS 'Emergency Assistance Programme'. Specific objectives of the two RMM actions included, among other things, reconstructing homes damaged by the fighting in the Tetovo, Skopska Crna Gora and other areas, restoring the electricity supply to the conflict-affected villages of Tetovo, Aracinovo and areas of northern Skopje, securing access to homes and key public buildings through clearance of mines and unexploded ordnance, and reinstating the rule of law.

#### *4.2.3 Co-operation with Member States and other Donors*

Co-operation with Member States varied considerably from one country to the other. In **Bosnia and Herzegovina** co-ordination was intensive, with regular meetings with Member States hosted by the Commission Delegation, co-chairing of these meetings with the beneficiary country and, since May 2003, inclusion of accession country representatives. Co-ordination in **Croatia** was characterized by a lively exchange of information, but was restricted to projects that Member States do not consider to be sensitive in view of the potential for developing future business relations with the country. In **Albania**, co-operation was limited to meetings between the Delegation and Member States roughly once every quarter; co-ordination with other donors does exist but still requires considerable development. Fortunately there is a general consensus among most if not all donors that co-ordination should be promoted more vigorously.

In **Croatia**, the EBRD was also associated with 65 projects: co-operation with CARDS was proposed in the form of a Project Preparation Facility. The EC Delegation is also co-operating with the EIB through a Project Preparation Facility from CARDS 2001 which supports the process of developing project proposals by municipalities. In November, an agreement was reached on matching the conditions attached to the forthcoming series of World Bank Programmatic Adjustment Loans with EU integration requirements, thus sending a clear message to the Croatian Government about the need for the accompanying reforms.

In the public finance field, the World Bank and the EC Delegation considerably improved co-ordination and co-operation in three areas: public debt management, customs, and internal control/audit. At the World Bank's invitation, the sector manager for civil society at the Delegation became a member of an evaluation committee supervising micro-grants for civil society.

Regular contact was also established in the field of environment and nature protection in order to ensure complementarity between CARDS projects and

WB/GEF funded projects, in particular within Nature Protection and Integrated Coastal Zone Management.

Co-operation with the World Bank on regional development advanced significantly. After initial differences of approaches regarding "revitalisation of war-affected areas", co-ordination between the Bank and the EC Delegation intensified: differences were eliminated and the two donor programmes are now increasingly integrated.

In the countries covered by the European Agency for Reconstruction (EAR), the Agency's operational centres convened regular meetings with EU Member State representatives. Sector-related coordination activities proceeded as normal at the Agency's operational centres. In Belgrade, co-ordination meetings dealt both with the status of the 2003 annual programme and with preliminary work on development of 2004 programmes for **Serbia and Montenegro** at the Union and Republic levels. One meeting focused specifically on Serbia's privatisation programme and covered the progress made so far, the issues at stake, and the supporting role of the EC/EAR and other donors.

In **Kosovo**, the energy sector was a regular focal point for discussion at co-ordination meetings. In **Former Yugoslav Republic of Macedonia**, the Agency's meetings with Member States focused on implementation of the ongoing Phare and CARDS programmes and on early planning for the 2004 CARDS programme. The Agency continued its discussions with the EBRD on possible co-financing arrangements for elements of the 2004 Programme, targeting enterprise development and local self-government.

The European Investment Bank (EIB) has been active in the countries of South Eastern Europe for several years and is progressively increasing its long-term lending in the region. Loans activity in 2003 totalled € 372 million, of which € 170 million was granted to Croatia, mainly for energy and urban infrastructure, while another € 50 million was awarded to **Serbia and Montenegro** for emergency health purposes.

#### 4.2.4 Overview results-oriented monitoring

In 2003 a total of 86 monitoring visits were made to 61 projects and regional programmes in three countries.

#### Projects by area of co-operation

2003	Priority Area	Number of Reports <sup>66</sup>	Number of Projects & Programmes	Total budget (€ million)	Average Size (€ million)
1	Trade & development	7	5	20.8	4.16
2	Regional integration	-	-	-	.
3	Macroeconomic support & social sectors	4	3	8.5	2.83

<sup>66</sup> Monitoring of regional programmes entails the visit of several components, resulting in more reports for a single regional programme.



4	Transport	6	4	4.4	1.10
5	Food security & rural development	8	6	12.2	2.03
6	Inst. capacity / good governance	61	43	74.4	1.73
7	Other	-	-	-	-
<b>TOTAL</b>		<b>86</b>	<b>61</b>	<b>120.3</b>	<b>1.97</b>

Projects monitored represent full coverage in services and grants. Projects smaller than € 1 million and identified as problematic, of political sensitivity and/or strategic importance supplement the sample.

#### Average ratings per priority area

2003	Trade & development	Regional integration <sup>67</sup>	Macroeconomic support & social sectors	Transport	Food security & rural development	Institutional capacity / good governance	Other	Average CARDS per criterion
Relevance	2.86	-	2.50	2.50	2.38	2.63	-	2.61
Efficiency	2.43	-	3.25	2.67	2.38	2.60	-	2.60
Effectiveness	2.57	-	2.75	3.00	2.38	2.58	-	2.60
Impact	2.14	-	3.00	2.67	2.25	2.52	-	2.49
Sustainability	2.43	-	2.75	2.83	2.25	2.43	-	2.46
<b>Average per priority area</b>	<b>2.49</b>	<b>-</b>	<b>2.85</b>	<b>2.73</b>	<b>2.33</b>	<b>2.55</b>	<b>-</b>	<b>2.55</b>

The CARDS operations are, with a score of 2.55, well above the target “project according to plan” of 2.5. There are indications pointing to problems in securing consistent and stable support from sufficiently experienced local project partners in the Balkans. This performance is considerably better than that of the previous year.

#### 4.2.5 Conclusions and perspectives

Clearly, despite having a turbulent past, the region has a stable and prosperous future. That future lies in closer integration with Europe. This involves creating a situation where the conditions of peace, stability, prosperity and freedom that have been established over the past fifty years within the European Union are extended to the peoples of south-eastern Europe. These peoples have never doubted their identity as Europeans, with shared common principles and values, and deep cultural and historic ties. The European Union is committed to a long-term investment in peace, stability and growth to support continuing efforts to deal with the political, economic and social challenges facing the region today.

<sup>67</sup> In regional programmes in the CARDS region, regional integration is not an objective and therefore the components are incorporated into the appropriate priority area.

## 4.3 Eastern Europe and Central Asia

### 4.3.1 Introduction

In the **Western NIS**, the emphasis was clearly set by the publication of the *Wider Europe* Communication in March 2003, followed by the Communication on *Paving the way for a New Neighbourhood Instrument*<sup>68</sup>. The Duma elections in December 2003 reinforced the majority of the United Russia party in the Russian parliament. In **Ukraine**, the campaign for the 2004 presidential elections took off. The situation in **Belarus** with regard to democracy, freedom of speech and media, and respect for Human Rights deteriorated further. In **Moldova**, the EU intensified the dialogue in an effort to make progress with respect to Transdnistria, underlining the importance of resolving this issue in the context of the Neighbourhood Policy.

In the **Southern Caucasus**, there were important elections with contrasting outcomes in **Azerbaijan** and **Georgia**. In Azerbaijan, there was a smooth transfer of power to President Aliyev's son, with elections successfully completed only a couple of months before the death of the former President in December 2003. In spite of critical comments from OSCE/ODIHR and Council of Europe observers on the conduct of the elections in Azerbaijan and **Armenia**, the completion of the electoral cycles in those countries in 2003 gave an opportunity to both sides to make progress on the settlement of the Nagorno Karabakh conflict. In Georgia, the opposition contested the outcome of the elections which took place in October. This resulted ultimately in the "Rose Revolution" and a change of government for the first time since 1995. The change of government in Georgia gives new opportunities for solving the South Ossetian and Abkhazian conflicts, with potential for increased post-conflict activity.

In **Central Asia**, the situation remained largely unchanged. Elections were held in Kazakhstan in June, resulting in a government reshuffle. Progress was made in **Tajikistan** with the EU initialling a Partnership and Co-operation Agreement in December 2003. EU relations with **Turkmenistan** continued to experience difficulties. The clampdown following the events of November 2002 made relations very difficult in the early part of 2003; however a change in attitude by the Turkmen authorities since the autumn allowed for the preparation of the EC-Turkmenistan 5<sup>th</sup> Joint Committee, scheduled for January 2004 after a five-year gap.

### 4.3.2 Evolution of EU co-operation

In 2003, the major achievements in EU-NIS co-operation were agreements on dispute settlement with **Russia** and the Multilateral Nuclear Environmental Programme in the Russian Federation (MNEPR), the *Wider Europe* Communication, the Communication on the *New Neighbourhood Instrument*, the Second Northern Dimension Action Plan (2004-2006) and the 2003 Progress Report on the Implementation of the Northern Dimension Action Plan.

With enlargement, co-operation across the external border of the EU is a key priority. A new Strategy and Indicative Programme 2004-2006 for the Tacis Cross Border

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<sup>68</sup> COM(2003) 104 final of 11.03.2003.

Co-operation programme was adopted in November 2003. It sets out how this policy will be implemented on both sides of the eastern borders of the enlarged EU.

Otherwise, relations and dialogue with the countries of the region progressed well. Intensive discussions took place on restructuring the political dialogue with Russia, preparing the ground for the Permanent Partnership Council launched at the May Summit. For **Ukraine** and **Moldova**, the work of developing a European Neighbourhood Policy action plan gained momentum. The Commission stepped up efforts to support a solution of the status of Transdnistria in Moldova and participated in renewed efforts to improve relations with **Belarus** based on a step-by-step approach.

With enlargement, the EU will become a direct neighbour of **Ukraine** and **Belarus**, and its common border with **Russia** will be extended significantly. The EU is the leading trade and economic partner of the region, while the Eastern Europe Caucasus and Central Asia (EECCA) region is an important source of energy supply for the EU. The need for EU support is increasing as a result of large and growing gaps in living standards between the enlarging EU and the EECCA region. The EU is determined to ensure that neighbouring countries benefit fully from the new opportunities resulting from enlargement and to avoid the creation of new dividing lines.

Implementation of a new regional strategy with Central Asia progressed well. The Partnership and Co-operation Agreement with **Tajikistan** was initialled. There was a significant increase in activity with **Turkmenistan**, including discussion of Human Rights issues. Efforts to promote the energy dialogue with the Caspian region progressed well. The country strategy for **Georgia** was fully revised during 2003 as a consequence of the gathering crisis in that country. As a consequence of the change of leadership at the end of 2003, EU policy towards that country was reshaped. Cooperation with and support to the EU Special Representative to the Southern Caucasus was a key theme.

The October European Council endorsed the Second Northern Dimension Action Plan, which had been approved by the General Affairs Council of 29 September 2003. Developed on the basis of a Commission proposal<sup>69</sup>, the Action Plan will cover the period 2004-2006. Particular attention will be devoted to the implementation of activities pertaining to the five priority sectors of the Action Plan: economy and infrastructure; social issues (including education, training and public health); environment, nuclear safety and natural resources; justice and home affairs; and cross-border co-operation. The Action Plan also stresses the importance of special attention to areas of the Northern Dimension region with particular development needs, such as the Arctic and sub-Arctic areas and the Kaliningrad region.

Following the adoption at the Kiev "Environment for Europe" Ministerial Conference in May 2003 of the EU Water Initiative's EECCA component, the European Commission allocated an indicative amount of € 35 million for water and sanitation-related projects in the Tacis Regional Strategy Paper 2004-2006<sup>70</sup>.

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<sup>69</sup> Commission Working Paper COM(2003) 343 of 10.06.2003.  
<sup>70</sup> [http://europa.eu.int/comm/external\\_relations/ceeca/rsp/index.htm](http://europa.eu.int/comm/external_relations/ceeca/rsp/index.htm).

### 4.3.3 *Programming*

The programming framework for most of the NIS region is represented by Country Strategy Papers covering, for the most part, the five-year period 2002-2006. The only country where the Commission felt it was necessary to redefine the Country Strategy Paper was **Georgia**, in the light of the political events described above. In addition, a revised Tacis Regional Strategy Paper for 2004-2006 was presented in the first half of the year. New indicative programmes were developed for **Armenia, Azerbaijan, Georgia, Russia** and **Ukraine**, as well as for the Cross-Border Co-operation, Regional and Nuclear Safety Programmes.

It is also worth underlining that Ukraine and Cross-Border Co-operation Indicative Programmes for the period 2004-2006 will put particular emphasis on the European Neighbourhood Policy. Increasing attention is being given to issues of particular relevance in the context of enlargement, for example through support to justice and home affairs issues, including migration, trafficking, organised crime, drugs and border management.

#### **Cross-border and Regional Co-operation**

The European Neighbourhood Policy reflects a new emphasis on partnership between the EU and the NIS. The Communication on *Paving the Way to the New Neighbourhood Instrument* focuses on the importance the EU attaches to developing the border regions around the future enlarged Union. In 2003, the Commission developed the concept of Neighbourhood Programmes, as a first step towards the new approach under the New Neighbourhood Instrument, bringing together both internal and external funding in a newly harmonised way. All in all, € 75 million will be spent on Neighbourhood Programmes over the period 2004-2006.

### 4.3.4 *Implementation*

In budgetary terms, a total amount of € 504 million was committed in 2003, representing over 99% of the available credits, with the majority being made in the second half of the year. Funds contracted amounted to € 304 million. This figure is somewhat down on previous years, a fact which can be explained by two main reasons: first, deconcentration of activities began in three of the four EC Delegations in the NIS region, and second, there were difficulties on the side of some partner countries; these ranged from the late signature of Financing Agreements to problems of tax exemption for EU assistance. Payment delays were experienced with certain projects during the year, notably on the Chernobyl shelter fund (€ 25 million) and the Ukraine fuel gap (€ 20 million). Ultimately, a total of over € 420 million was paid, with good progress being made notably in the Nuclear Safety sector, which managed to reduce the backlog by € 10 million.

#### **Institutional, Legal and Administrative Reforms**

One of the key priorities of the Tacis programme is work in the field of institutional, legal and administrative reform. Since 2000, Tacis has sought to help partner countries meet their obligations under the Partnership and Co-operation Agreements

that are now in place for 10 of the 12 countries of the region<sup>71</sup>. Tacis has supported the establishment of an important network of bodies and centres across the region to fulfil this aim. In 2003, a major evaluation study reviewed the outcome of this key activity. This is of particular importance at a time when the Tacis regulation itself is being reviewed and, in the Western NIS, increasing attention is being paid to the issues of partnership and co-operation in the context of the European Neighbourhood Policy. The principal findings were that capacity-building in this area is of paramount importance but, to provide effective technical support on both legislative and institutional aspects, capacity-building projects need to be buttressed by sector-specific support projects (for example on competition policy or standardisation). Institution-building is especially pertinent to co-operation on institutional, legal and administrative reform, but it is also relevant to Tacis support to the private sector and to mitigating the social consequences of transition.

The role of institution-building is likely to continue to grow in importance as the EU seeks to accelerate the reforms under way in this region, in particular in the context of the European Neighbourhood Policy. Furthermore, public officials from the western NIS will be integrated into the decision-making structures that will manage the Neighbourhood Programmes.

Justice and home affairs continues to grow as a priority for Tacis assistance. The Commission has specific Action Plans for both **Russia** and **Ukraine**, and increasing attention is being paid to the design of national action programmes supporting the priorities emerging from Action Plan monitoring: an example is the support provided in the fight against drugs, money-laundering and trafficking in human beings. Tacis has invested substantial resources in enhancing capacity in the partner countries for integrated border management. This support comprises investment in the physical infrastructure, including refurbishment of existing border posts, improving access roads and supplying equipment, notably for transport and communication purposes. Investment in supplies is combined with parallel investment in training, notably of border guards and customs services.

Lastly, it is important to underline Tacis involvement in the field of civil society. This is not an easy sector to support, as all Tacis assistance is based on Financing Agreements which have to be signed by each partner government. The Commission has expressed its concern to certain governments over the introduction of legislation imposing additional registration procedures: these are especially cumbersome for the management of small projects typically supporting civil society. In 2003, a total of 62 projects, valued at € 12.5 million, were being implemented through the Institution Building Partnership Programme for Civil Society and other local institutions. A further 62 projects were contracted in December 2003 for € 11 million.

### **Private Sector and Economic Development**

Across the NIS region, there has been a substantial investment in helping partner governments handle the transition from centrally managed economies, through the process of privatisation, to the development of transparent and effective corporate governance. Tacis continues to devote about one-third of its support to private-sector

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<sup>71</sup> The exceptions being Belarus and Turkmenistan.

and economic development. There are two themes of particular importance: first, enterprise restructuring and support to SME development; second, assistance on the economic aspects of approximation of legislation. In terms of enterprise-restructuring and private-sector development, Tacis works closely with the International Financial Institutions (IFIs) and in particular with the European Bank for Reconstruction and Development (EBRD). In the Caucasus, Tacis supports the EBRD's TAM-BAS (Turnaround Management and Business Advisory Services) programme.

#### TRANSFERRING MANAGEMENT SKILLS TO RUSSIAN COMPANIES

**Adapting to the rigours of a market economy has been a challenge for the rump of Russian industry. Big companies leveraged their market dominance, but the also-rans had a steep learning curve to cope with: the skills of strategic and investment planning, financial and production management, quality control, and marketing techniques that were previously unknown. Conscious of the potential of a primed Russian economy, the EC launched the Tacis Enterprise Restructuring Facility (TERF) in 1998. This has since provided assistance to over 50 companies in most sectors: textiles, leather, furniture, food, chemicals and paint, metallurgy, machinery, electronics and transportation. To date TERF has invested € 16.4 million in mobilising specialists with hands-on knowhow in these fields. In the words of one beneficiary, the programme "laid the foundations for us to become one of the leaders in the Russian shoe market." TERF is now recognised as the most successful donor-funded restructuring programme in Russia.**

The second priority is to facilitate the economic dimension of harmonisation of legislation, of particular significance in the context of the Partnership and Co-operation Agreements. The EC is working with the Azerbaijan Government on taxation legislation and with the Russian authorities at federal and regional level on issues of financial transparency.

In addition, it is worth highlighting an investment project of particular significance. During 2003, preparatory work started on the St Petersburg Southwest Wastewater Treatment Plant, a major project to which the Commission, bilateral donors and the NDEP (Northern Dimension Environmental Partnership) Fund contribute grants to leverage loans from the NIB, EBRD and EIB. With a direct Community contribution of € 24 million, the project will reduce pollution from St Petersburg, the principal source of water-borne pollution in the Baltic Sea.

#### Addressing the Social Consequences of Transition

In the 12 years since the break-up of the Soviet Union, the NIS region has seen growing numbers of people sink below the poverty line, and the emergence of alarming disparities in income between a rich minority and the substantially poorer majority. In the future, the Tacis programme is likely to put a greater emphasis on poverty reduction specifically. In this context, the completion of full Poverty Reduction Strategy Papers (PRSPs) by **Armenia, Azerbaijan, Georgia, Kyrgyz Republic and Tajikistan**<sup>72</sup> is of major importance as it provides a key framework for formulating country strategies, indicative programmes and action programmes. Tacis assistance in this field has so far focused primarily on two sectors: health and education.

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<sup>72</sup> Moldova has adopted an interim PRSP in 2002.

Tacis is contributing across the NIS region to the fight against drugs and the spread of communicable diseases, notably HIV/AIDS and tuberculosis. In addition, Tacis is seeking to support the reform of the health system in a number of NIS countries. In 2003, a substantial programme of investment in primary health got under way in **Georgia**. This initiative is part of a carefully co-ordinated programme of donor support to the health sector, involving notably the World Bank and the UK Government.

Cooperation in the field of higher and technical education, as well as vocational training and management training, has increased steadily year on year. Observatories of vocational training and education (VET) policy developments have been established in almost all NIS countries. In particular with the support of the European Training Foundation, Tacis has played an important role in shaping VET policy and in helping Governments reform the institutional structures through which they provide and support vocational training. In 2003, Tacis continued to provide substantial support to the tertiary sector through the Tempus programme.

### **Nuclear Safety**

For the Nuclear Safety sector, a major activity taking up 15-20% of the Tacis budget, 2003 was a year that saw significant changes and improvements, both in the managerial sense and in the start-up of very important projects. The safety of nuclear power plants of Soviet design has been a real concern since a mission of the International Atomic Energy Agency to nuclear power plants in Central and Eastern Europe in the early '90s revealed major shortcomings. Since then, the European Commission has made a significant investment in improving the safety culture and the on-the-ground situation, primarily in **Ukraine** and **Russia** but also in **Kazakhstan and Armenia**. However, numerous difficulties have been encountered in terms of implementation, notably the number of players involved in a project and the inadequate project preparation capability of the beneficiaries. In 2003, a careful analysis was made of the reasons for delays in project implementation. This resulted in a new approach whereby beneficiaries will be much more proactive and implicated in all stages of implementation.

The Nuclear Waste sector also saw the start of two new important projects. The Northern Dimension Environmental Program (NDEP), after a long period of preparation, came off the ground with a substantial budget to which the Commission pledged € 40 million for nuclear projects. Prior to project start-up, issues of nuclear liability and taxation were successfully solved between the donors and the Russian Federation and the fund raised and managed by the EBRD can now become operational. The environmentally friendly dismantling of the Chernobyl nuclear power plant is now underway. This involves the construction of a solid radioactive waste treatment plant (value € 55 million), for which Commissioner Patten laid the first stone, and which is planned to come into service in 2005-2006. The overall improvement of the management structure also had positive consequences for the On-site Assistance sector. After years of preparation, the first of the Plant Improvement Projects (Balakovo and Novovoronezh) was able to start up.

#### 4.3.5 *Co-operation with Member States and other Donors*

During 2003, the European Commission worked extensively with Member States and other donors in the NIS region.

The European Commission systematically consulted the Member States in headquarters and, in particular, on the ground through its four Delegations in the NIS region. The EC Delegations held regular donor co-ordination meetings in order to ensure broad 'ownership' of its programmes. In particular, the European Commission took the initiative in maintaining dialogue through its own programming missions, where quality support teams from Headquarters and Delegations consulted Member States on the preparation of the Action Programmes. This process of consultation was well received with efforts to ensure complementarity between EC programmes and Member States' bilateral programmes.

The Commission also advanced in terms of its contacts and collaboration with other donors, in particular with the International Financial Institutions (notably the World Bank and the European Bank for Reconstruction and Development -EBRD). The Commission was instrumental in coordinating and disseminating information on existing and future activities, and provided a valuable forum for discussion on complementary and joint projects. It continued to maintain a close relationship with the EBRD, notable examples including support for the TAM-BAS (Turnaround Management and Business Advisory Services) programme in the Caucasus. Certain difficulties were experienced in terms of co-ordinating the timing of EC technical assistance vis-à-vis anticipated EBRD loans. Planned assistance to the municipal sector in **Ukraine** had to be cancelled when the municipalities failed to reach agreement with the EBRD on the loan component within the agreed time-frame. Close collaboration continued with the World Bank, both in terms of exchange of ideas at the design phase and hands-on co-operation on joint projects. A notable example is the co-operation with both the World Bank and the UK Government in the field of primary health care in **Georgia**. The Commission is also working closely with a number of UN bodies on specific issues such as justice and home affairs and the environment.

In November 2003, the Council extended the EIB operations to Russia and Western NIS outside the general mandate and agreed a guarantee ceiling of € 500 million for these countries. EIB co-operation with Russia began in earnest only last year with the signature of the Framework Agreement in December 2002. This provided the basis for co-operation, dealing with issues such as the Bank's legal status in Russia, the treatment of projects that may benefit from EIB's financing, as well as issues of currency convertibility and transferability. The signature allowed the EIB to proceed with the implementation of its mandate in Russia and to proceed with specific investment projects. The on-going implementation - in co-operation with other international financing institutions and bilateral donors active in the region, as well as the European Commission - is helping to improve the Baltic Sea environment.

#### 4.3.6 *Overview results-oriented monitoring*

In 2003 a total of 342 monitoring visits were made to 189 operations in 13 countries.



### Projects by area of co-operation

2003	Priority Area	Number of Reports <sup>73</sup>	Number of Projects & Programmes	Total budget (€ million)	Average Size (€ million)
1	Trade & development	108	71	147.2	2.07
2	Regional integration	7	2	4.0	2.0
3	Macroeconomic support & social sectors	42	26	56.2	2.16
4	Transport	19	8	13.1	1.64
5	Food security & rural development	61	24	50.7	2.11
6	Inst. capacity / good governance	100	56	123.3	2.20
7	Other	5	2	8.0	4.0
<b>TOTAL</b>		<b>342</b>	<b>189</b>	<b>402.5</b>	<b>2.13</b>

There is full coverage of all projects and programmes above € 1 million. The sample is supplemented by projects smaller than € 1 million, identified as problematic, of political sensitivity and/or strategic importance.

### Average ratings per priority area

2003	Trade & development	Regional integration <sup>74</sup>	Macroeconomic support & social sectors	Transport	Food security & rural development	Institutional capacity / good governance	Other	Average TACIS	Per criterion
Relevance	2.72	3.00	2.76	2.84	2.49	2.49	2.60	2.60	
Efficiency	2.66	2.86	2.71	2.89	2.54	2.45	2.80	2.60	
Effectiveness	2.78	2.71	2.88	2.95	2.75	2.62	3.00	2.75	
Impact	2.85	2.71	2.88	2.84	2.70	2.71	3.00	2.78	
Sustainability	2.86	3.00	2.98	2.74	2.77	2.77	3.00	2.83	
<b>Average per priority area</b>	<b>2.77</b>	<b>2.86</b>	<b>2.84</b>	<b>2.85</b>	<b>2.65</b>	<b>2.61</b>	<b>2.88</b>	<b>2.72</b>	

Comparison of performance in year 2003 in the TACIS region with year 2002 has to be considered in the light of the harmonisation of the previous monitoring system **with Results-Oriented Monitoring (ROM)**, only completed in July 2003. With only 17 operations monitored and 22 reports produced for year 2002, these figures for 2003 are respectively 189 operations and 342 reports. Nevertheless, the relatively

<sup>73</sup> Monitoring of regional programmes entails the visit of several components, resulting in more reports for a single regional programme.

<sup>74</sup> In regional programmes, where regional integration is not an objective, the components are incorporated into the appropriate area.

large number of operations monitored in 2003 allows one to draw conclusions regarding the performance of projects during 2003.

Operations in the priority area **Institutional Capacity Building and Good Governance** registered substantial performance gains during 2003. All criteria recorded improved scores. Despite an increase, the score for the 'input timeliness' remains well below target, pointing at problems in the start-up of activities.

#### 4.3.7 *Conclusions and perspectives*

There are two aspects which deserve particular attention as the Tacis programme looks to the future. First, in late 2003, the Commission started work on the revision of the Tacis Regulation. The current Regulation is due to expire on 31 December 2006 but, with the launch of the European Neighbourhood Policy in March 2003 and the expansion of the European Union in May 2004, it has become increasingly urgent to reform the Tacis programme as soon as possible. The Commission plans to publish its proposal for a revised Regulation in the course of 2004. This will most probably involve a proposal to broaden the instruments of assistance available under the Tacis programme.

The second key issue is to ensure that the Tacis programme is well adapted to the emerging priorities of the European Neighbourhood Policy.

### 4.4 **Mediterranean and Near and Middle East**

#### 4.4.1 *Introduction*

The Barcelona process and the New Neighbourhood policy of the European Community provide the strategic framework for an enhanced Euro-Mediterranean Partnership in a context marked, in 2003, by the intractability of the Middle East conflict and the international implications of the war in Iraq.

At the economic level, the countries of the southern Mediterranean region were still characterised in 2003 by a high unemployment rate and stagnating average income – almost ten times lower than the European level. This makes growth a vital economic and political objective for all these countries. Yet, without a radical acceleration of the economic reform process, they will not be able to meet the challenge of growth and sustainable development. To achieve this transition, the Mediterranean countries will need to foster the dynamism of the private sector by adopting a more flexible regulatory and administrative framework, reform the fiscal system and radically restructure the financial and state enterprise sectors.

#### 4.4.2 *Evolution of EU co-operation*

In 2003, the Euro-Mediterranean Partnership continued to develop along the three following axes:

- A political and security partnership;
- An economic and financial partnership;
- A social, human and cultural partnership.

The bilateral activities undertaken within the framework of the MEDA Programme related to structural adjustment, social development, economic co-operation, environment and rural development. Regional initiatives in the same period included reinforcement of the political partnership, regional forums to identify priority economic and financial reforms (industrial co-operation, environment, water, energy, transport and the Information Society), as well as co-operation in the fields of culture, audiovisual and youth and in the field of justice and home affairs.

The Sixth Conference of Euro-Mediterranean Foreign Affairs Ministers, held in Naples on 2-3 December 2003, was successful in confirming the Euro-Mediterranean Partnership in its pursuit of the objectives set out in the Valencia Action Plan adopted in April 2002.

The New Neighbourhood policy for an enlarged Europe will reinforce and prolong the achievements of the Barcelona process by offering further support for the reforms and favouring the alignment of the legislative and regulatory arrangements of Mediterranean third parties.

Promotion of Human Rights and Democracy is an essential element of the partnership. In this respect, the Communication of the Commission on 21 May 2003 aims to give new impetus to the initiatives of the EU in this field<sup>75</sup>, notably through joint Action Plans with its Mediterranean partners.

The creation, within the Barcelona process, of a Euro-Mediterranean parliamentary assembly with consultative powers will heighten the visibility and transparency of the process and will bring the partnership closer to the interests and expectations of public opinion in the region. As regards the economic and financial partnership, important priorities are the ratification of the Association Agreements that have already been signed, the completion of the negotiations with Syria and, in the longer term, the creation of a Euro-Mediterranean free trade zone.

In 2003 the EU continued to support the initiatives aimed at reinforcing sub-regional integration in areas such as trade, infrastructure networks and migration policy, along the lines of the Maghreb Arab Union (MAU) and the Agadir process.

Promoting investment in the countries of the Mediterranean South is also a major challenge. In this respect, the ECOFIN Council of 25 November 2003 proposed further development of the European Facility for Euro-Mediterranean Investment and Partnership. Measures to intensify co-operation in a number of fields - technological research and development, interconnection of infrastructures in the water, environment and agricultural industries, and regional co-operation - were also debated at various sector-related Ministerial Meetings in 2003.

The intercultural dialogue with the Mediterranean countries currently takes the form of three programmes: Euromed Heritage, Euromed Audiovisual and Euromed Youth. Following the Naples Conference, the EU decided to create a Euro-Mediterranean Foundation to promote a dialogue between the cultures that will act as a catalyst for future initiatives. In the educational field, the extension of the Tempus Programme to

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<sup>75</sup> COM(2003) 294 final 21.05.2003.

the Mediterranean countries will reinforce co-operation in the higher education and professional training fields. Finally, a co-operation programme has been established in the justice and home affairs domain; in this framework, important initiatives on the training of judges and police forces as well as the establishment of an EUROMED information, analysis and research system on migration has been launched.

#### 4.4.3 *Programming*

The Mid-Term Review of the 2002-2006 Strategy Papers confirmed their current validity with no major changes. These documents will be adapted in detail if necessary in 2004, on the adoption of the new National Indicative Programmes for the period 2005-2006.

Significant progress has been made on the handling of certain issues. In Palestine a health sector review, associating the EU as project leader with the World Bank, the UK Department for International Development (DfID), the WHO and Italy, was undertaken on behalf of the Palestinian Ministry of Health. This review will allow the Commission to improve the complementarity of the many projects initiated in this sector. Likewise, in Iraq, as a result of the efforts made by the Commission to encourage multilateral reconstruction efforts, various joint projects have been undertaken in association with the international community and the Iraqi provisional authorities, in order to determine the country's needs and to provide multilateral finance facilities (Trust Fund). Finally, the sector strategies in the fields of human resource development and support for civil society have been elaborated.

#### 4.4.4 *Implementation*

On the budgetary level, total commitments in 2003 under the MEDA Programme came to € 600.3 million and total payments to € 497.7 million. As regards budgetary efficiency, performance improved considerably as the payment/commitment ratio for all bilateral and regional projects and programmes with the eight Mediterranean countries rose to 83%, representing a net progression of approximately 9% in 2002.

#### **Enhanced regional integration**

Regional co-operation activities in the Mediterranean region represented 20% of the total amount of funds engaged in the MEDA Programme in 2003. In the Middle East, despite the practical difficulties posed by the Israelo-Palestinian conflict and the effects of the war in Iraq, all regional activities under the MEDA programme continued. In the Near East, for example, defying a climate of violence and enmity, 26 episodes of the 'Sesame Street' children's television series were transmitted over Israeli, Jordanian and Palestinian TV networks. This series, which was produced specially for the region in the framework of the 'Peace in the Middle East' project, conveys a message of respect and mutual understanding.

In anticipation of the introduction of a free trade zone, and with the collaboration of the national Ministers, the Euromed Market Programme established the foundations for the alignment of partner countries with European market rules, in a series of eight fields ranging from public markets to competition policy. Another significant progress in 2003 was the establishment of a network of Euro-Mediterranean

investment promotion agencies, and an enhancement of their resources, on the conclusion of the first stage of the ANIMA project. In the area of quality and standards, the alignment process with the EU was initiated with the start-up of a new Euromed Quality Awareness and Training Programme co-ordinated by the European Standardization Committee (CEN). At the sub-regional level, the EU-Machrek Partnership was also launched in 2003 and brought together more than 400 companies from the EU and three Arab countries (Syria, Jordan and Lebanon) in Damascus.

In the telecommunications field the EUMEDConnect project, part of the EUMEDIS Programme, has extended the European GEANT research data network to Algeria, Morocco and Tunisia. In the energy sector, encouraging progress has been made on the harnessing of solar energy for water heating. Meanwhile the MEDRING project has defined a best-case scenario for an electricity grid linking the countries of the Mediterranean basin. Finally, active support by the European Commission has produced an Israelo-Palestinian co-operation agreement to promote interconnections and joint projects in the renewable energy sector. Two ministerial conferences (Athens and Rome) have contributed to identify regional priorities in the energy field, as well as electricity market integration in the Maghreb and the launching of regional co-operation in the Maashrek in the natural gas field.

#### **HARVESTING THE ENERGY FROM THE ENVIRONMENT**

**One natural resource shared but relatively unexploited by the countries of the southern Mediterranean is solar energy. In 2001 the EC, in association with five Member States with experience in this field – France as project leader, Spain, Portugal, Italy and Greece – mobilised operational and financial support through the MEDA programme. The € 2.3 million project, known as ASTEMB (Application of Solar Thermal Energy in the Mediterranean Basin), is now bringing state-of-the-art technology to seven partner countries: Egypt, Lebanon, Morocco, Tunisia, Jordan, Palestine and Algeria. Designed for collective heating applications, the computerised system measures and controls the production of energy, and incorporates a telemonitoring function that allows the operator to track and troubleshoot potential problems. Its versatility permits the incorporation of the EU's GSR (Guarantee of Solar Results) system, which obliges the operator to work to agreed efficiency standards and compensate the user in the event of an energy shortfall.**

In the environmental field a project to promote biological agriculture has been responsible for training 500 farmers and 40 agronomical engineers in Egypt, Turkey and Tunisia, and has led to the establishment of biological farms.

The human dimension of the partnership has also been underpinned by the creation, in Malta, of the Euromed Youth Platform: this aims to facilitate and develop youth exchanges, real as well as virtual via a dedicated computer network. More than 500 organisations on both sides of the Mediterranean are already involved. Finally, MEDA regional co-operation in the field of the rule of law and good governance made a significant step forward with the launch, by senior officials of the twelve Mediterranean partners, of a new joint co-operation programme involving the different judiciary, police and immigration services.

#### **Economic co-operation**

The main objective of economic co-operation with the Mediterranean countries is the creation of a Euro-MED free trade zone by 2010. Priority is being given to sectoral

reform programmes, in particular the reform of those sectors with a direct impact on the competitiveness of the partner countries. These also benefit from technical support and from assistance to individual companies, more specifically the SMEs that are the fabric of a country's economy.

At the request of the Jordanian authorities, and in view of the vulnerable state of the Hashemite Kingdom's economy as a result of the Iraq war, the European Commission took the decision to accord emergency budgetary assistance of € 35 million. For the same reason, the Commission agreed with the Egyptian government to adapt the Industrial Modernisation Programme in order to encourage reforms which will have a direct impact on the competitiveness of Egyptian industry.

A comprehensive reform programme was also agreed with the Moroccan government in order to promote modernisation of the transport sector in Morocco: this € 96 million programme will finance the implementation of major reforms in the road, maritime and air transport sectors. A first payment of € 39.6 million was made in 2003 covering progress to date.

In Egypt, the new Trade Enhancement Programme (TEP-C) is designed to encourage the harmonisation and rationalisation of customs procedures. This programme complements the Export Promotion Programme (TEP-A) initiated in 2002 and the TEP-B Programme which embraces a series of political reforms in the field of trade promotion. Two programmes were adopted in Lebanon in 2003 with the aim of helping the private sector face up to growing competition: a € 15 million quality improvement programme designed to allow the Lebanese government to develop a national policy of product quality support, and a € 17 million SME support programme to augment the range of services available to this sector, including access to long-term financing.

### **Co-operation with the EIB**

Following the creation of the Euro-Mediterranean Facility for Investment and Partnership (FEMIP) in 2002, the European Commission reached agreement with the EIB to support implementation of this new initiative. In 2003 FEMIP received an amount of € 25 million, within the framework of the MEDA Programme, as technical assistance for EIB projects managed by FEMIP, in particular private-sector development support projects. In November 2003 the ECOFIN Council took the decision to endorse the Euro-Mediterranean Facility for Investment and Partnership further.

### **Social and human development to order**

2003 was characterised by the growing importance of activities linked to the Association Agreements, as well as by the enhancement of bilateral co-operation in the water, transport, energy, rural and environmental development, telecommunications and institutional support sectors.

New support initiatives were undertaken principally in the following sectors: education (Tunisia – support for higher education); health (Palestine – health sector support/HSSP and emergency support for essential services/ESSP II, Yemen – health and population support/HSDS); civil society, Human Rights and support for

vulnerable communities (Egypt – vulnerable children, Lebanon – promotion of civil society), and income-generating activities (Egypt – SME support).

As regards water, a thematic network has been established to enhance Euro-Mediterranean co-operation within the framework of the Community's European Union Water Initiative (EUWI). This network has also completed drafting a project on intervention in the water sector in Jordan.

In the transportation infrastructure field, integration of the Mediterranean partner countries is conditional on their upgrading their national transport sectors. Finally, as regards energy, negotiations between Israel and the Palestinian Authority, with the participation and active support of the EU, should lead to the conclusion of a co-operation agreement in the electricity sector. The Euro-Mediterranean conference on energy in Rome was also very productive in terms of prospective joint co-operation agreements between the countries of the region in the gas and electricity sectors.

### **Post-conflict management**

Since the end of the war in **Iraq** the European Union has been arguing for a multilateral approach and has played a very active role in the reconstruction process, alongside the World Bank and the United Nations. The EU has participated in missions to evaluate the needs of the main basic sectors (education, health, local governance, employment) and has offered technical expertise to support implementation of the Iraq Reconstruction Fund. At the close of the Madrid conference on the reconstruction of Iraq, € 40 million were earmarked for reconstruction work, in addition to the € 100 million already budgeted for emergency humanitarian aid by ECHO.

This aid (€ 40 million) has been allocated as follows: € 29 million for the United Nations Development Programme (UNDP) for the prevention of crises and reconstruction activities in the educational, health, sanitation and revenue-generating fields; € 3 million from the Human Rights budget line to support Human Rights and civil society through the UNDP Trust Fund; and finally € 8 million for the new Iraq Reconstruction Fund to finance initiatives in the fields of local governance, aid to democratic media, and technical assistance for the reactivation of the Iraqi Ministries.

The situation in the **Palestinian Territories** has so far excluded the possibility of establishing either a strategic document or a National Indicative Programme for the West Bank and the Gaza Strip. Operations undertaken in 2003 therefore focused on emergency financial assistance, in order to cope with the exceptional situation prevailing since September 2000.

In 2003, an amount of € 129 million was allocated to finance MEDA Programme projects and the 'Support for the Peace Process' budget line. These projects were aimed primarily at supporting reforms undertaken through a Finance Facility and technical assistance to the Palestinian Authority.

#### 4.4.5 Cooperation with Member States and other Donors

Co-ordination with the other international and national donors in the Mediterranean countries reflects varying realities, in the light of the economic constraints and uncertainties of the regional political situation

As a general rule, co-ordination with the Member States and with the other donors takes place regularly in the case of Jordan, Lebanon, Morocco, Tunisia and Algeria, with bi-monthly meetings. In Syria, there were ten co-ordination meetings Commission / Member States and ten others are planned in 2004. Member States are directly involved in the different programme planning stages - including defining the strategy, evaluating national priorities and establishing national and regional financial plans - and are kept regularly informed of operational developments in the various areas of co-operation. Notable successes have included the organisation of the SME Eurosymposium in Morocco and the Water and Health issue groups.

Co-operation with the other international donors takes the form of regular contacts with donor country representatives in the partner countries, organised by the local EU Delegations. Monthly meetings are held in the countries concerned between the Delegation and representatives of the principal international donors: the World Bank, the UNDP and the IMF. These meetings underpin operational co-ordination with both the other donors and the national authorities, while ensuring the overall coherence of co-operation strategy

Enhancing relations with NGOs and with civil society (professional federations, associations, etc) is also a priority. In Tunisia, for example, there are information exchanges with NGOs (in the context of the Life and SMAP regional programmes), with the universities (the Tempus Programme) and with civil society (the democratisation and Human Rights programmes). In general, the Commission is attached to the principle of independence of the NGOs, since this is the guarantee of a certain degree of democratic pluralism.

#### 4.4.6 Overview results-oriented monitoring

In 2003, a total of 151 monitoring visits were made to 143 projects and regional programmes in 22 countries<sup>76</sup>.

##### Projects by area of co-operation

2003	Priority Area	Number of Reports <sup>77</sup>	Number of Projects & Programmes	Total budget (€ million)	Average Size (€ million)
1	Trade & development	3	3	277.50	92.50
2	Regional integration	94	87	336.45	3.87
3	Macroeconomic support & social sectors	15	15	420.11	28.01
4	Transport	-	-	-	-

<sup>76</sup> Nine of these are EU Member States hosting regional projects.

<sup>77</sup> Monitoring of regional programmes could entail the visit of several components, resulting in the production of more than one report for a single regional programme.



5	Food security & rural development	17	17	292.81	17.22
6	Inst. capacity / good governance	20	20	75.59	3.78
7	Other	1	1	0.001	0
<b>TOTAL</b>		<b>150</b>	<b>143</b>	<b>1.402.47</b>	<b>9.81</b>

Co-operation with the Mediterranean region is characterised by a high proportion of regional programmes, in 2003 61% of the 143 operations monitored. The majority of operations is relatively small, with a budget of € 1-5 million (56%). A minority (8%) has however an average size of nearly € 78 million. These mainly national projects represent 67% of the overall budget.

#### Average ratings per priority area

2003	Trade & development	Regional integration	Macroeconomic support & social sectors	Transport	Food security & rural development	Institutional capacity / good governance	Other	Average MED per criterion
Relevance	2.33	2.87	3.00	-	3.05	2.55	3.00	2.85
Efficiency	2.33	2.71	2.73	-	2.63	2.70	3.00	2.69
Effectiveness	2.33	2.88	2.93	-	2.94	2.65	3.00	2.85
Impact	3.00	2.89	2.53	-	2.83	2.70	3.00	2.82
Sustainability	2.67	2.88	2.93	-	2.79	2.90	3.00	2.87
<b>Average per priority area</b>	<b>2.53</b>	<b>2.84</b>	<b>2.83</b>	<b>-</b>	<b>2.86</b>	<b>2.70</b>	<b>3.00</b>	<b>2.82</b>

Overall the projects in the region performed very well, and even the score for efficiency is low in comparison. Activities and results have been affected by delays in the provision of project inputs. Flexibility to adapt to changing circumstances during implementation has a positive influence on project efficiency, effectiveness and impact. Financial aspects are frequently considered the weaker aspects of sustainability.

#### 4.4.7 Conclusions and perspectives

For the Mediterranean region, the year saw an intensification of the efforts initiated over the last three years to ensure effective implementation. In 2004 and for the years ahead, the Union proposes an enhancement of the existing partnership with the neighbouring countries of Eastern Europe and the Mediterranean South, in exchange for concrete progress in shared values and meaningful headway in the application of socio-economic reforms. Specifically, the Commission proposes a two-stage approach:

- Improved co-ordination of existing measures of co-operation in order to permit the rapid introduction of New Neighbourhood programmes for the period 2004-2006 funded to a global amount of € 45 million from the MEDA budget and spread over three years. Three Indicative Programmes will be implemented in the Mediterranean region: a sub-regional programme for the Maghreb, a sub-regional programme for the Machrek, and a bilateral programme consisting of trans-frontier projects between Europe and partner countries.

- As of 2007, the creation of a New Neighbourhood programme with specific budget allocations and a single and harmonised procedure.

Finally, progress in the region depends on the ability to find a lasting and equitable solution to the Middle East conflict and, building on this, closer co-operation in the domain of justice and home affairs on some major issues: the refugee problem, illegal immigration, the right of asylum and Human Rights generally. Dialogue between peoples who have shared a social and cultural reality throughout much of history is an integral component of Euro-Mediterranean co-operation.

#### **4.5. African, Caribbean and Pacific (ACP) Countries and Overseas Countries and Territories (OCTs)**

##### *4.5.1 Introduction*

For the vast majority of people living in ACP countries, 2003 presented continued difficulties marked by poverty, insecurity and environmental degradation, most notably in Africa. In 2002 (the latest year for which data was available at the time of writing), Africa's economic growth was just 2.7%<sup>78</sup> - well below that of other developing regions and barely higher than the rate of population growth. Similarly, the continent's share of global trade fell to around just 2%.<sup>79</sup> Preliminary estimates indicate that such low rates were repeated in 2003. Indeed, the ACP lost further market shares in the world market with EU-ACP trade declining by 4 % in euro terms; in many ACP states the pace of development continued to fall well behind that of other developing regions.

Yet despite these negative trends, the development process yielded tangible results and improved people's prospects in many ACP countries in 2003, while initial estimates also point to continued strong economic growth - exceeding 6% - not only in net oil-exporting countries but also in countries such as Burkina Faso Mozambique and Tanzania.

#### **Overseas Countries and Territories (OCT)**

OCTs are not part of the Cotonou Agreement, being a group of 20 islands and archipelagos which have special relations with Denmark, France, the Netherlands and the United Kingdom and enjoying varying degrees of autonomy within their mother country's constitution.

In December 2003 the Overseas Countries and Territories Forum took place in Brussels, attended by representatives of all the OCTs and the Member States and the Commission. This provided an opportunity to review the OCT-EC special relationship and reflect on its future development.

Under the 9th EDF, OCTs were allocated € 175 million, and twelve of them have been granted individual budgets to be programmed for the period up to 2007. The programming exercise started at the beginning of 2003 and, by the end of the year,

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<sup>78</sup> World Trade Organization, 2003, International Trade Statistics 2003, Geneva : WTO Publications, P. 10, available at : [http://www.wto.org/english/res\\_e/statis\\_e/its2003\\_e/its2003\\_e.pdf](http://www.wto.org/english/res_e/statis_e/its2003_e/its2003_e.pdf).

<sup>79</sup> Ibid, p. 78, available at : [http://www.wto.org/english/res\\_e/statis\\_e/its2003\\_e/its2003\\_e.pdf](http://www.wto.org/english/res_e/statis_e/its2003_e/its2003_e.pdf)

the twelve OCTs had submitted their draft programming documents. Those for New Caledonia and Anguilla were adopted by the Commission on 16 December.

#### 4.5.2 *Evolution of EU co-operation*

##### **Consolidating the Cotonou Agreement by deepening dialogue**

In 2003, the EC-ACP political dialogue set out in the Cotonou Agreement was substantially reinforced. In some instances dialogue started from scratch while, in others, relationships were maintained despite political crises. However, in Togo, Zimbabwe and Haiti, article 8 political dialogue was not sufficient to promote good governance and development co-operation was still suspended.

##### **Building solid foundations for peace**

Peace progressed in 2003 in a number of ACP states. Long-awaited cease-fires or peace agreements came into effect in Angola, DR Congo, Burundi and Liberia. In Somalia and the Sudan mediation and talks to resolve long-running conflicts intensified, boosting hopes that a settlement may soon be reached in each country.

In other African countries recently scarred by conflict or food crises, reconstruction and rehabilitation still presented daunting challenges. But resources invested by African countries in peace-making and peace-keeping, and support received from external partners such as the EC, have increased dramatically in recent years, and 2003 saw this trend continuing. The EC supported the African Union and the Economic Community of West African States (ECOWAS) in keeping the peace as well as sending its own force comprising soldiers from several EC Member States.

##### **Supporting regional and pan-African integration**

At the regional level, ACP countries worked hard throughout 2003 to strengthen their collective organisation and commitment to working together to resolve conflicts and conduct trade negotiations. Regional economic communities, such as ECOWAS and UEMOA, have engaged in negotiations of Economic Partnership Agreements, while the collective vision of the New Economic Partnership for Africa Development (NEPAD) found its natural home in the new architecture of the African Union (AU).

Regional dialogue between the EC and Africa was marked in 2003 by:

- In July and November, two EC-Africa troika meetings at ministerial level held in Maputo (July) and Rome (November), following the postponement of the Lisbon Summit (originally scheduled for April);
- In July, a Commission communication<sup>80</sup> to the Council on its proposal for EC-Africa dialogue, which the Council strongly welcomed;
- Strengthened relations between the European and African Union Commissions: European Commissioner for Development Poul Nielson met several AU

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<sup>80</sup> COM(2003) 316 of 23.06.2003.

Commissioners in Brussels and at the AU Summit in Maputo in July (also attended by European Commission President Romano Prodi);

- A European Commission proposal to establish a Peace Facility, outlined in a Communication of Commissioners Nielson and Patten to the *college*, following a request by the AU Assembly in Maputo;
- In November, approval by the General Affairs Council (GAERC) of a draft decision to use European Development Fund resources to create this Facility;
- In December, adoption of the decision by the ACP-EC Council of Ministers.

### **Bolstering EC-ACP trade**

Despite the difficulties faced during multilateral trade talks in Cancún in 2003, the EC and ACP countries expect the future trade regime between them to be consolidated. Both sides were proactive in substantial trade negotiations in 2003 to define future arrangements, centring primarily on new Economic Partnership Agreements (EPAs). These agreements, to be introduced gradually over a transition period of ten years or more from 2008 onwards, will shift the focus of EC-ACP trade relations. This is designed to facilitate ACP countries' integration into the global economy by enhancing their capacity to attract investment within the framework of WTO provisions; and reinforcing the links between economic and trade co-operation on the one hand and development aid on the other. After a first phase at the all-ACP level, negotiations started at the regional level in September.

#### *4.5.3 Programming*

2003 saw the 'bedding-down' of the programming process in ACP countries, after 2002's flurry of activity to complete Country and Regional Strategy papers and National and Regional Indicative Programmes. The Mid-Term Review process was started, as foreseen in the Cotonou Agreement, and results should emerge by the end of 2004. By providing a detailed assessment of the relevance of ACP country strategies and the effectiveness of EC support in addressing the issues they face, these will offer an opportunity to align strategies with issues even more closely.

#### *4.5.4 Implementation*

Performance figures for the European Development Fund were especially strong in 2003, with an upsurge in primary commitments (€ 3.7 billion in total) and record levels of contracts signed (€ 2.6 billion) and payments effected (€ 2.5 billion<sup>81</sup>).

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<sup>81</sup> Without cash flow restrictions (imposed by Member States) the payments would have reached € 2.7 billion.

European Development Fund performance, 2003 vs 2002 (€ billion)

	2003	2002
Primary commitments	3.7	2.1
Contracts signed	2.6	2.1
Payments	2.5	1.9

These results partly reflect the fact that the 9<sup>th</sup> EDF's five-year cycle is near its peak, especially as far as primary commitments are concerned. The results are also the fruit of special efforts by the Commission and its Delegations in ACP countries, meeting together in a series of regional seminars held in early 2003, to identify and address performance bottlenecks and strengthen the implementation of biannual performance targets. Such efforts helped further empower Delegations as part of the Commission's ongoing devolution exercise, which will be completed during 2004.

### **Addressing the root causes of poverty – a challenge for the long-term**

However better EDF performance, in terms of commitments and payments, is only meaningful if it translates into a qualitative impact on the ground and the attainment of the EC's wider external assistance objectives. This applies especially to ACP countries, since the considerable technical and financial assistance provided to them by Western countries has, on average, failed to reverse low growth, deteriorating social conditions, rising poverty and a falling share in global trade.

On the contrary, recent World Bank and United Nations Development Programme (UNDP) prognoses (see Chapter 1) suggest that, if current rates of progress were to continue, sub-Saharan Africa would be unlikely to meet most of the Millennium Development Goals by the 2015 deadline. Indeed, the important goal for poverty reduction, for example, would not be attained until 2147.<sup>82</sup>

### **Preventing conflict, fostering peace**

Conflict is one of the greatest obstacles to fighting poverty, since it stunts any prospects for long-term structural stability and sustainable development. The Commission has sought for many years to help prevent conflict in ACP countries, notably in Africa, but also in the Caribbean and Pacific Region.

In 2003, the Commission considerably enlarged the scope of such support with the launch of several conflict-prevention and peace-building initiatives. An agreement was concluded with the African Union to support their efforts in conflict-prevention and peace-building, pledging € 12 million to support a wider range of activities than in previous years, including those of the AU's Panel of the Wise and its special envoys. This will enable the AU to implement its continental mandate for peace and security, refined by the ratification of the Peace and Security Protocol, and engage actively in resolving conflict.

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<sup>82</sup> UNDP Human Development Report 2003, p. 2.

The Commission also indicated its willingness to support peace-keeping operations through the creation of a € 250 million Peace Facility and continued its preparations in this field. The Facility is expected to become operational by mid-2004.

Finally, the Commission provided *ad hoc* assistance to three countries - Liberia, Ivory Coast and Burundi - where positive developments in the peace process required support before the Peace Facility could be approved. Peace-building assistance was provided through organisations best placed to mount such an operation - the Economic Community of West African States (ECOWAS) in Liberia and Ivory Coast, and the African Union in Burundi.

### **Providing post-crisis support and linking relief and rehabilitation with development ('LRRD')**

In parallel with its peace-keeping and conflict-prevention efforts, the Commission was actively engaged in 2003 in facilitating post-conflict rehabilitation, thereby ensuring a smooth transition between emergency aid and sustainable development assistance as envisaged in the Commission's 2001 paper *Linking relief, rehabilitation and development (LRRD)*.<sup>83</sup>

Effective post-conflict rehabilitation requires the use of the most flexible procedures and most appropriate partners to implement programmes. In complex emergency situations, such partners are likely to be international non-governmental organisations and/or UN agencies. Rehabilitation programmes call for a process approach where actions are adapted to circumstances on the ground, while remaining within the programme framework.

In 2003, this approach was used to address post-conflict needs in the Sudan, Sierra Leone, Ivory Coast, Liberia and Angola. In Sierra Leone, € 25 million was allocated to a specific LRRD programme designed to link phasing-out of humanitarian relief with long-term development programmes under the 9<sup>th</sup> EDF country support strategy.

In Ivory Coast, a € 30 million Emergency Post-Conflict Programme helped bolster the French-brokered peace agreement.

In Liberia, a € 40 million initiative was launched - in co-operation with other donors and implementing agencies - to facilitate the disarmament, demobilisation and reintegration into civilian life of former soldiers, promoting economic and social regeneration and local community development, and providing institutional support to the Government.

Finally, in Angola, the implementation of the € 30 million emergency programme to support the Peace Process, adopted in September 2002, continued in 2003, targeting in particular the areas of emergency health, nutrition, water and sanitation, emergency education, child protection and reinsertion, humanitarian de-mining, and resettlement of displaced people.

### **Delivering aid more effectively - general and sectoral budget support**

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<sup>83</sup> Linking relief, rehabilitation and development (LRRD), COM(2001) 153 of 23.04.2001.

Unlike standard external development support, general or sectoral budget support is not devoted to individual development projects, but rather to a government's entire central budget or to a single sector – for example, health or education.

### ***General budget support***

In most recipient countries, especially in Africa, budget support is general, with the main aim of reducing poverty (also referred to as 'macroeconomic' budget support). Through the country's central budget, the EC provides financial assistance to promote economic growth and the implementation of the country's Poverty Reduction Strategy Paper (PRSP).

In addition to financial assistance, general budget support programmes comprise substantial amounts for capacity -and institution-building-, with particular emphasis on improving public resource management, developing policy and monitoring progress in reducing poverty.

To monitor progress in implementing general budget support, the EC and the recipient country use performance indicators included in the PRSP monitoring framework and usually relating to public finance management, health and education.

### ***Sectoral budget support***

With sectoral budget support programmes, indicators, performance-related payments and capacity-building activities focus on a particular policy area – for example, health, education, or water and sanitation. A multi-donor approach, led by the partner government, supports a sectoral policy firmly anchored in a medium-term expenditure framework.

### ***Pre-conditions for success: sound public finances and donor coordination***

Budget support is demanding: it requires sound public finance management on the part of the recipient country - payments are related to performance, using verifiable indicators – and close co-ordination on the part of the donors.

### ***Progress in 2003: meeting the challenges inherent in switching to budget support***

By the end of 2003, almost a third of the EC's external assistance to ACP countries through the EDF was provided as general or sectoral budget support, placing the EC ahead of all other donors in this regard. The Commission and its international development partners also made substantial progress in refining the methodology underlying budget support:

- Current practices among donors were more closely harmonised. Donors agreed to use, where possible, the Annual Progress Review of a national PRSP as the sole report monitoring progress and the degree to which conditions were fulfilled. This will reduce considerably the reporting burden on recipient governments.
- The Commission and other donors were actively engaged in developing a new system for regularly reviewing the quality of public finance management in

countries receiving budget support. This new type of assessment will examine both:

- Progress in raising the quality of financial management systems - using a set of agreed performance indicators - and
- The need for further capacity-building, based where possible on an action plan for reform adopted by the recipient government.

<b>EC macro-economic support to ACP countries in 2003 (€ million)</b>		
Benin	General budget support for poverty reduction (2004-06)	55.0
Chad	General budget support for poverty reduction (2003-06)	50.0
Mali	General budget support for poverty reduction (2003-007)	132.9
Rwanda	General budget support for poverty reduction (2003-05)	50.0
	Sectoral budget support for health	2.0
Tanzania	Sectoral budget support for primary education	25.0
Zambia	General budget support for poverty reduction (2004-06)	117.0
All HIPC-eligible ACP states	EC contribution to the Heavily Indebted Poor Countries (HIPC) debt relief initiative	460.0
<b>Total</b>		<b>891.9</b>

***Debt relief: freeing resources for poverty reduction and economic growth***

In addition, the EC made substantial progress in relieving debt in ACP countries, contributing € 460 million to the World Bank-led Highly Indebted Poor Countries (HIPC) Initiative, a worldwide multi-donor approach to tackling debt. By the end of 2003, 21 ACP countries<sup>84</sup> – almost two-thirds of HIPCs – were benefiting from debt relief under the Initiative.

<sup>84</sup> The 21 countries comprise : Benin, Burkina Faso, Cameroon, Chad, Ethiopia, The Gambia, Ghana, Guinea, Guinea-Bissau, Guyana, Madagascar, Mali, Mozambique, Niger, Rwanda, São Tome & Príncipe, Senegal, Sierra Leone, Mali, Uganda and Zambia.



For example, 2003 saw HIPC debt relief contributions of US\$ 675 million granted to Mali<sup>85</sup> and US\$ 334 million granted to Guyana<sup>86</sup>. By the end of 2003 the HIPC Initiative had reduced these two countries' debt by 37% and 54% respectively.

***Financing provided by the European Investment Bank (EIB) in ACP countries in 2003 amounted to € 723 million:***

- € 146 million (20%) was under a new Investment Facility: managed along commercial principles, this invests return flows in new projects and provides ACP countries with a reliable source of future financing;
- € 260 million (36 %) was allocated to South Africa;
- Almost 70% of lending went to the private sector or to commercially run public-sector activities such as power and water infrastructure projects; and
- € 343 million (47%) went to banks and venture capital and micro-finance funds to support the financial sector and promote private sector investment.

***Project highlights included:***

- € 50 million to the Kanshanhi Copper mine for investments in an open-pit copper mine and a power supply line;
- € 12 million to Bel Ombre Hotels in Mauritius;
- € 50 million to the GSM cellphone network operator in Nigeria.

***Equity participations included:***

- € 30 million in African Bank Holdings LLC, to acquire control of commercial retail banks;
- US\$ 30 million in Aureos Africa funds, to provide funds for investment and venture capital in West, East and Southern Africa.

**POVERTY REDUCTION IN PRACTICE IN TANZANIA**

**The European Community, together with the World Bank and 10 bilateral co-operating partners, is providing vital funding support for Tanzania's Poverty Reduction Strategy (PRS) programme: in the present phase the EC is committing € 114 million to this endeavour. The harmonised approach adopted by the donors has resulted in reduced transaction costs, more accurate financial planning and better co-ordination between all parties involved. New Tanzanian legislation has also reinforced procurement procedures and commitment controls, and permitted the installation of a computerised accounting system. Priorities under the PRS programme are health, education and related social services: access to basic education has**

<sup>85</sup> For more details of the debt granted to Mali under HIPC, visit : <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,contentMDK:20146418~menuPK:34466~pagePK:64003015~piPK:64003012~theSitePK:4607,00.html>.

<sup>86</sup> For more details of the debt granted to Guyana under HIPC, visit : <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,contentMDK:20146418~menuPK:34466~pagePK:64003015~piPK:64003012~theSitePK:4607,00.html>.

improved dramatically. The initiative is already contributing to longer-term economic progress, in particular a higher growth rate ( $\pm 6\%$ ) and a lower inflation rate ( $\pm 4\%$ ).

### **Promoting good governance, the rule of law and democratisation**

To support the shift towards general and sectoral budget support, the EC increased resources in 2003 to help ACP countries manage this demanding type of aid successfully or prepare for receiving it. Such support focused in many cases on improving governance, a priority under the terms of the Cotonou Agreement.

In other ACP countries governance issues make it difficult at present to use either general or sectoral budget support in a meaningful and sustainable way. Low-Income Countries Under Stress (LICUS), as defined by the World Bank,<sup>87</sup> are often the very countries where the capacity to absorb such support is lowest. In such cases EC support would normally be concentrated within key Millennium Development Goal sectors such as health, primary education and poverty reduction. Once a plan to develop a priority sector has been developed, global mechanisms - such as the Global Fund to Fight AIDS, Tuberculosis and Malaria, to which the EC contributed € 170 million in 2003, or the EC's planned Water Facility - could provide additional support.

In parallel, large-scale assistance would be required to improve governance, together with support for non-state actors. In 2003 forty such programmes were approved, amounting to some € 250 million, focusing on:

- Improving the capacity of public administrations to plan, budget, monitor and manage their finances effectively, thereby increasing government accountability at all levels;
- Strengthening non-state actors by deepening dialogue between national authorities and civil society organisations, thereby fostering greater transparency and public debate surrounding key policy issues;
- Consolidating regional integration and governance by promoting greater interaction between regional organisations and their constituent stakeholders such as national administrations, private-sector organisations and professional bodies.

All ACP regions benefited from Trade-Related Assistance (TRA) and more generally from regional integration support programmes in 2003. Such support helped to:

- Build institutional and trade policy capacity;
- Facilitate trade and trade negotiations, and attract inward investment;
- Ensure wider application of common trading standards including in the horticultural and fisheries sectors;
- Improve transport and communications links; and

<sup>87</sup>

For details of the World Bank's LICUS initiative, visit : <http://www1.worldbank.org/operations/licus>

- Develop rural economies and the private sector.

In mid-2003, the Commission approved a further six-year all-ACP TRA/CB programme amounting to € 50 million in response to requests from ACP countries and organisations for continued support. Regional-level support will be maintained, and in some cases increased, with large new regional support programmes set to come on stream in 2004.

During the year the EC has also given priority, within the framework of two pan-ACP programmes and WTO guidelines, to the negotiation of new Economic Partnership Agreements (EPAs) with ACP countries. Moreover, PRO-INVEST, an all-ACP private-sector development programme, launched a € 2 million initiative (Trinnex – Trade Investment nexus) to sensitise ACP companies to upcoming EPA negotiations.

#### 4.5.5 *Co-operation with Member States and other Donors*

The EC is committed to enhancing the complementarity of its assistance to ACP countries with that of individual EC Member States and further strengthened its co-ordination of aid design and delivery with them in 2003. Examples of such co-ordination included:

##### ***Budget support: harmonising assessment of public finance management***

In 2003 the Commission continued working with the overseas development departments of the UK (DFID), France and other major donors to harmonise assessments of recipient countries' public finance management.

##### ***Good governance and the rule of law: wide-ranging reform in Benin***

A seven-year programme involving the Commission and several EU Member States was launched in 2003, in Benin, to consolidate the rule of law and reform the country's legal and judicial systems. Regular coordination meetings were held between these Member States and the Benin Government. On the ground, Denmark is helping reinforce the justice system's central administration. Belgian, French and Dutch support has focused on strengthening the organisation of courts and tribunals. France has advised on modernisation of the prison system and the European Commission has helped raise awareness of women's and children's rights.

##### ***Conflict resolution and peace-building: a consistent presence in Côte d'Ivoire***

The Community worked closely with France to ensure the ongoing presence of peace-keeping troops since the ceasefire agreement in January 2003. The original French contingent of 4,000 troops was later replaced by an EC-funded ECOWAS mediation force comprising troops from Benin, Ghana, Niger, Senegal and Togo. In addition, a contingent of 1,400 French soldiers will remain to support ECOWAS troops and advise their commanders.

##### ***Safe drinking water and sanitation: widening access in Tanzania***

In 2003, the Community approved a € 44 million water supply programme, co-financed by Germany (€ 10.2 million), for three regional capitals in Tanzania. The

programme aims to widen access to safe, affordable water and wastewater management services for almost one million inhabitants. Thanks to the involvement of the German government agency KfW, which will oversee implementation, the programme will draw on additional funds.

### ***Systematic coordination with other major donors***

The Community strove in 2003 to coordinate its programme design and implementation more closely with all the world's major donors including EC Member States, as well as with development institutions such as the World Bank and the IMF. Such efforts focused in particular on EC-ACP economic co-operation. For example:

In Mozambique the participation of the Commission, EU Member States and donors within the framework of the Group of 14 allowed progress in the monitoring and implementation of the Poverty Reduction Strategy (PARPA) through the establishment of a performance assessment framework. The Consultative Group meeting on Mozambique in October 2003 underlined the importance of these achievements and the agreed mechanism for donor-assisted budget support in Mozambique.

In Rwanda a *Partnership Framework for Harmonisation of Budget Support* was agreed upon between the Government and the development partners in November 2003. It was a tangible outcome of the SPA process (see below) which provides for streamlined conditionality, improved predictability and a series of joint reviews.

### ***Budget support: the Strategic Partnership for Africa***

The Community sought in 2003 to strengthen its dialogue with other international donors concerning budget support to ACP countries as well as the associated Poverty Reduction Strategy Paper (PRSP) process which is a key feature of budget support. Continuous consultation took place with the IMF and the World Bank, and the EC also played an active part in discussions on macroeconomic support and aid delivery within the Development Assistance Committee (DAC) of the OECD, which brings together officials from all the major donor countries.

The Community also continued to play a leading role in the Strategic Partnership for Africa (SPA), established in the late-1980s to allow donors to harmonise the way they provide budget support.

### ***Health and debt: addressing key issues at a global level***

The Community continued to play a leading role in global development initiatives that unite all the world's major donors, including EC Member States. In 2003 it made a contribution of € 170 million to the Global Fund to Fight AIDS, Tuberculosis and Malaria, and approved € 460 million to support the Highly Indebted Poor Countries (HIPC) initiative, which aims to substantially reduce the debt burden of the world's poorest countries.

### ***Microfinance: the Consultative Group to Assist the Poorest (CGAP)***

The Community also strove in 2003 to reinforce co-ordination with other donors in the design and execution of programmes providing much needed and otherwise inaccessible finance for small-scale businesses (microfinance).

The EC took part in a peer review - initiated by the Consultative Group to Assist the Poor (CGAP), representing 29 donors - to improve donor coordination, gather and disseminate best practices and strengthen the effectiveness of microfinance-related aid.

A Financing Proposal was also approved in November to enable future EC contributions to the CGAP Trust Fund.

***Small business development: taking stock and joining forces with other donors***

The Community continued in 2003 to coordinate more closely its own private enterprise promotion programmes with the efforts of other donors. The EC also took an active role in the Committee of Donor Agencies for Small Enterprise Development. This Committee comprises all major donors, meets every year, and facilitates information exchange, enhanced coordination and improved donor operating practices. Finally, the Community informed and consulted other donors extensively on its evaluation and preparation of business-support programmes such as DIAGNOS, aimed at facilitating the establishment of a more business-friendly environment, and EBAS, intended to strengthen companies' performance by fostering the provision of local business development services.

**4.5.6. Overview results-oriented monitoring**

In 2003, a total of 325 monitoring visits were made to 293 projects and regional programmes in 44 ACP countries, including South Africa and Cuba.

**Operations by area of co-operation**

<b>2003</b>	<b>Priority Area</b>	<b>Number of Reports<sup>88</sup></b>	<b>Number of Projects &amp; Programmes</b>	<b>Total budget (€ million)</b>	<b>Average Size (€ million)</b>
1	Trade & development	23	23	345.49	15.02
2	Regional integration	66	34	557.70	16.40
3	Macroeconomic support & social sectors	58	58	462.38	7.97
4	Transport	20	20	752.08	37.60
5	Food security & rural development	67	67	473.47	7.07
6	Inst. capacity / good governance	81	81	375.07	4.63
7	Other <sup>89</sup>	10	10	44.85	4.48
<b>TOTAL</b>		<b>325</b>	<b>293</b>	<b>3,011</b>	<b>10.28</b>

Although the average size of a monitored ACP operation is slightly over € 10 million, the scale differs considerably with regional programmes amounting to € 79 million and NGO co-financed projects of less than € 0.5 million being monitored.

<sup>88</sup> Monitoring of regional programmes entails visits to several components, resulting in the production of more than one report for a single regional programme.

<sup>89</sup> Most projects under the priority area "Other" are Micro Project programmes of a multi-sector nature.

### Average ratings per priority area, 2003

	Trade & development	Regional integration	Macro-economic & social sector support	Transport	Food security & rural development	Institutional capacity & good governance	Other	Average ACP per criterion
Relevance	2.61	2.47	2.76	2.65	2.46	2.51	2.20	2.59
Efficiency	2.22	2.41	2.52	2.35	2.31	2.31	2.60	2.47
Effectiveness	2.52	2.47	2.72	2.65	2.39	2.58	2.90	2.61
Impact	2.39	2.50	2.71	2.70	2.34	2.60	2.90	2.57
Sustainability	2.39	2.41	2.42	2.35	2.51	2.38	2.60	2.52
<b>Average per priority area</b>	<b>2.43</b>	<b>2.45</b>	<b>2.62</b>	<b>2.54</b>	<b>2.40</b>	<b>2.48</b>	<b>2.64</b>	<b>2.55</b>

The category “Other” comprises mainly micro-projects. It shows the lowest ratings for “Relevance” and “Quality of design”, yet ratings for all other criteria are high. Experience suggests that these programmes are indeed relevant, so further analysis may examine whether their diverse nature prevents coherency in their design, and thereby contributes to low scores in these two areas.

As far as the UN Millennium Development Goals (MDGs) are concerned, the most significant priority area is macroeconomic and social sector support, which encompasses four of the UN’s eight MDGs, namely:

- Universal primary education ;
- Gender equality ;
- Maternal health ;
- HIV/AIDS, malaria and other diseases.

Here, results are better than average for ACP countries for all criteria and sub-criteria, apart from “Sustainability” and, within that, “Financial Sustainability”. This implies that local-sourced funding cannot be provided for programmes once they finish, and that the stream of benefits cannot be continued at the same level, although the benefits themselves are not necessarily lost.

#### 4.5.7 Conclusions and perspectives

##### **Accelerating the switch to budget support**

Using the budget support approach, the Community is determined to increase the percentage of its external assistance delivered in the coming years beyond the level of around 30% at the end of 2003. But the total number of ACP countries able to meet the criteria on governance - including overall macroeconomic stability and a clearly-defined Poverty Reduction Strategy Paper - will only become apparent over time.

ACP countries' capacity to adopt the necessary governance standards – even with full donor support - also needs further testing: a good start was made in 2003 but much remains to be done. The programming of funds, starting with the 2004 Mid-Term Reviews, must also reflect this approach, so that funds flow to countries with a serious commitment to achieving qualitative progress in development. In addition, a common understanding must be reached by donors and ACP partners concerning the definitions, advantages and risks inherent in the budget and sector approach, not least because of the complexity of the policies involved.

### **Budgetisation: changing the way EC programmes in ACP countries are funded**

The debate about budgetisation - integrating the Community's development spending in ACP countries into its central budget<sup>90</sup> - was relaunched in a proposal submitted to the Council and Parliament in October<sup>91</sup> and looks set to continue into 2004. The proposal argues that budgetisation will significantly improve the way the EC supports ACP countries, since it will:

- Increase transparency by establishing one set of rules for all EC aid;
- Ensure greater democratic control by subjecting the EC's external assistance spending in ACP countries to European parliamentary approval;
- Allow Member States a more strategic overview of EC support to ACP states, ending the need for Member States to consider such support separately;
- Promote greater financial discipline in the management of EC assistance to ACP countries, as funds will no longer be allocated to specific countries or regions and carried over if not spent from one year to the next.

### **The European Union Water Fund: making access to safe water a top priority**

The Cotonou Agreement commits the Community to spending € 12.5 billion on development in ACP countries over five years, with a further € 1 billion to be spent subject to the outcome of the mid- and end-of-term reviews<sup>92</sup>.

In April, the President of the Commission, Romano Prodi, proposed to use this € 1 billion to establish a European Union Water Fund, since almost 40% of people in sub-Saharan Africa lack access to safe water or adequate sanitation. The proposal built on the EC's Water Initiative, launched during the 2002 World Summit on Sustainable Development in Johannesburg.

### **Providing consistent support for African peace-keeping: the EC Peace Facility**

The African Union (AU) now has a strong mandate to prevent and resolve conflict in Africa, and in 2003 it set about building the institutional capacity to fulfil this

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<sup>90</sup> To date, Member States have funded the EC's ACP development activities by contributing separately into successive European Development Funds (EDFs). The ninth such fund expires at the end of 2005

<sup>91</sup> European Commission, 2003 (Oct.). Towards the full integration of co-operation with ACP countries in the EC budget. COM (2003) 590 Final, Brussels, 08.10.2003.

<sup>92</sup> Cotonou agreement, Annex IV, Art. 11, p. 16, available at : [http://www.ECropa.EC.int/comm./development/body/cotonou/pdf/agr02\\_en.pdf#zoom=100](http://www.ECropa.EC.int/comm./development/body/cotonou/pdf/agr02_en.pdf#zoom=100)

mandate. Through its Peace Facility for Africa, adopted in 2003, the EC will provide a ready source of financing for costly peace-keeping operations in Africa by African forces and will bolster the institutions required to implement such operations. In the longer term, the Facility will fund African solutions to African crises, strengthen pan-African solidarity, and help foster the conditions required for development.

*Mid-term reviews: rewarding progress in achieving development goals*

Launched in 2003, mid-term reviews (MTRs) are set for completion in 2004 and will be of major significance to ACP countries. MTRs will examine governments' performance in dispersing Community funds effectively to achieve the objectives identified in their Country Strategy Papers (CSPs) and will reallocate unspent funds to those countries which have made most progress in doing so.

## **4.6. Asia**

### *4.6.1. Introduction*

Developing Asia emerged from 2003 with a growth rate of close to 5%, thereby making an important contribution to world growth. This achievement is all the more impressive considering the negative effects of the Iraq war, SARs, instability in the Korean peninsula and the continued threat of terrorism in the aftermath of the Bali bombing. The relatively high growth rate was driven largely by China and India as they continue to integrate more deeply into the world economy. Asia now accounts for one-third of world output, one-fifth of world exports and attracts one-third of all foreign direct investment in emerging markets.

Meanwhile, countries in the region recovering from conflict such as Afghanistan and Sri Lanka continued efforts towards nation-building as the former prepared to reinforce its democratic credentials under the Bonn process while the latter worked towards conciliation between the parties to the conflict. Peace and security in the region received a major boost when India's extended 'hand of friendship' received a positive response from Pakistan. While Nepal and Cambodia signed their membership of WTO at the Cancun meeting, the collapse of the Doha Trade Round in Cancun was a blow to least developed countries and emerging markets alike.

### *4.6.2. Evolution of EU co-operation*

Throughout this turbulent year on the international scene, the EU continued to nurture its relationship with Asia in the context of its Communication *Europe and Asia: A Strategic Framework for Enhanced partnership*<sup>93</sup>. In addition, two major policy papers were issued on EU relations with China<sup>94</sup> and on relations with South East Asia<sup>95</sup>. Furthermore, several bilateral and multilateral meetings at Ministerial and senior official level provided a forum for dialogue on security, trade and co-operation matters.

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<sup>93</sup> Communication COM(2001) 469 of 04.09.2001.

<sup>94</sup> Communication COM(2003) 533 of 10.09.2003 «A maturing partnership-shared interests and challenges in EU-China relations».

<sup>95</sup> Communication COM(2003) 399 of 09.07.2003 « A new partnership with South East Asia ».



At the fifth ASEM Foreign Ministers' Meeting, held in Bali, Indonesia, in July, Ministers agreed to intensify political dialogue among ASEM partners on matters of peace and security through strengthening of the existing consultative mechanism. EU-ASEAN contacts through the ASEAN Regional Forum (ARF) process further improved confidence-building between partners in the Asia region.

The 6<sup>th</sup> EU-China Summit held in Beijing on October 2003 was a major success with two important agreements signed, one establishing a new dialogue on industrial policy and the other confirming China's participation in Galileo, the EU's system of radio satellite navigation. Human Rights and migration were amongst other important topics discussed. A bilateral agreement on maritime transport has also been signed.

The 4<sup>th</sup> EU-India Summit, held in New Delhi on November 2003, agreed to pursue an agenda for action which covered bilateral relations, democracy and Human Rights, the intensification of co-operation to promote peace, stability and reconstruction of Afghanistan and Iraq. Leaders agreed to increase co-operation to counter international terrorism and to continue high-level dialogue on multilateral trade issues.

In the Korean Peninsula the EU took part in international diplomatic initiatives in addition to contributing to the Korean Peninsula Energy Development Organisation (KEDO) aimed at preventing nuclear proliferation and reducing tension in North-East Asia.

#### 4.6.3 *Programming*

In 2003, programming and country priorities for the Asia region resulted in the formal adoption of 4 Country Strategy Papers (CSPs) for Afghanistan, Bhutan, Maldives and Sri Lanka. By the end of December 2003, the Commission finalised and published 17 CSPs for Afghanistan, Bangladesh, Bhutan, Cambodia, China, India, Indonesia, Laos, Malaysia, Maldives, North Korea, Pakistan, Philippines, Sri Lanka, Thailand, Timor Leste (East Timor) and Vietnam, most of which cover the period 2002-2006. Additional strategies for Nepal and for Multi-Country programmes in Asia (2005-2006) were well advanced in the drafting and adoption process.

A Mid-Term Review (MTR) process was initiated in February 2003 for the following countries: China, India, Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, Timor Leste and Vietnam. The assessment on whether the CSPs should be changed took place in close dialogue with Member States and concluded that all CSPs are still valid, although some changes are recommended in the National Indicative Programmes (NIPs) 2002-2004 for China, Vietnam and the Philippines. These changes will be introduced on the occasion of the adoption of the new NIPs (2005-2006). For CSP/NIPs which were adopted in 2003, the MTR will take place in late-2004 or early-2005; countries concerned are Bhutan, Nepal, Afghanistan, Bangladesh, Maldives, Pakistan and Sri Lanka.

#### 4.6.4. *Implementation*

In line with the EU's co-operation strategy for the Asia region, practical co-operation was stepped up in the following fields: trade and investment, sector approaches for poverty alleviation, good governance, Human Rights and democracy and conflict management.

In budgetary terms, commitments<sup>96</sup> for Asia in 2003 were € 558 million and effective disbursements reached about € 470 million. While commitments were some 20% higher than the average over the past three years, payments were up by almost 25% of the average of recent years.

##### **Trade and Investment**

Trade and investment flows between Europe and Asia have not reached their full potential. While the implementation of the Doha Development agenda would create enormous opportunities, many countries in Asia face institutional constraints in the regulatory and administrative field as well as structural weakness through over-reliance on fragile sectors for employment and exports.

Against this background, economic relations with Asia were strengthened through regular dialogue at regional and bilateral level. Issues such as investment liberalisation and market access were actively pursued in both the EC's multilateral and bilateral relations. This dialogue was backed up by co-operation programmes on an Asia-wide basis, as well as support for Trade Related Technical Assistance (TRTA). Accession as well as implementation of commitments to the WTO remained one of the aims of increased co-operation, notably with China but also with Vietnam, Nepal, Cambodia and Laos. For South-East Asia, a "Trans-Regional EU-ASEAN Trade Initiative" (TREATI) to expand trade and investment flows through regulatory co-operation and better market access has been tabled by the EC. ASEAN itself, since its Summit in Bali in October 2003, has endeavoured to regain momentum. An important development was the high-profile declaration at the ASEAN Summit of the intention to create an ASEAN Economic Community by 2020. The EU has declared its willingness to support the process, given its experience in European integration.

In view of the importance of institutional capacity in pursuing sustainable development and poverty reduction, the strategic priority has increasingly focused on institutional capacity development through the delivery of trade-related assistance in line with the WTO Doha Development agenda. The EU approved new trade-related technical assistance (TRTA) programmes for Bangladesh, India, Indonesia, Pakistan, Sri Lanka and Vietnam. The implementation of on-going programmes in Cambodia, China, Vietnam and within the ASEAN region was reinforced and accelerated.

In line with the EC policy aimed at integrating countries in the multilateral trading system, developing countries are being assisted in their WTO accession process and in the post-accession phase with the implementation of WTO agreements. .

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<sup>96</sup> Asia budget represented 11 % of EC External Aid Budget in 2003.

In order to ensure coherence between donors active in this area, the EC made specific efforts in 2003 to step up collaboration and build synergies with international organisations specialised in this field. A number of projects and programmes have been launched with international organisations such as UNCTAD, ITC, UNIDO and WIPO.

During 2003, the EC reinforced the priority given to institutional development in the important area of public finance management, for example in the context of financial-sector reform in Pakistan. Improvements in public finance management (budgetary preparation and implementation systems, capacity of internal and external control functions, customs organisation and functioning, effectiveness and efficiency of the financial sector and of regulatory bodies) will have a very positive impact on the development potential and economic climate of developing countries, by making them more attractive for foreign investors. Good examples of practical co-operation are the five Asia Wide programmes<sup>97</sup>, where activities intensified in 2003. These have as their vocation the building of partnerships between Europe and Asia by developing awareness of market potential and the business environment, and providing grant funding for decentralised co-operation. These partnership programmes target the key areas of business investment and trade facilitation, urban development, higher education linkages and scholarships, accelerated use of information and communications technology, and promotion of environmental friendly technological solutions.

About € 27 million of new funding was committed in 2003 to continue the activities of three of the five programmes, which launched calls for proposals in 2003 under their ongoing activities. Altogether over 120 projects were approved for grant funding with a total EC contribution of more than € 34 million from existing budgets.

Finally, the day-to-day management of the Asia-wide programmes received a boost in 2003 with the decision to devolve responsibility for them to the newly reinforced EC Delegations in the Asia region, thereby completing the devolution process for the management of co-operation projects and programmes in Asia.

### **Poverty alleviation: The benefits of a sector approach**

While the Asia region is making good progress in reducing poverty, a number of the developing countries (LDCs) and sub-regions within other countries of the region continue to be beset by institutional weaknesses, conflict and ingrained inequalities which disproportionately affect the poor. In line with its stated strategic aims for the Asia region, the EU continues to evolve its co-operation in order to help partner governments and civil society organisations find a sustainable solution to poverty.

Major poverty-related communicable diseases such as malaria, tuberculosis and AIDS prevail in the region, particularly in China and India. New health threats like SARS, which seriously affected parts of Asia in 2003, had a disproportionate and potentially devastating impact on the region's economy through evacuations and travel restrictions. The EU put particular emphasis during 2003 on adopting, where possible, a sector-wide approach in co-operation programmes with Asian countries.

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<sup>97</sup> <http://www.europa.eu.int/comm/europeaid/projects/asia>.

This approach focuses on sector reforms not only in public health but also in education and rural development, with particular emphasis on “Low Income Countries Under Stress” (LICUS).

This sector approach promotes and implements pro-poor reforms that strengthen sector policies, legislation, institutions and capacities. Decentralisation and equity issues, public finance management and administration reform, governance and the involvement of civil society stakeholders generally. The dialogue with the EU’s partners in Asia confirmed that it is particularly in these fields that close partnership between government and development partners can help consolidate pro-poor reform agendas and commitments, particularly when underpinned by clear performance indicators and incentive mechanisms.

Achievements have been particularly encouraging with sector reforms initiated or enhanced in the health sector (Cambodia, India, Vietnam, Indonesia, Philippines), basic education (Bangladesh, Cambodia, India, Vietnam), forestry (Indonesia, Vietnam), and the financial sector (Pakistan, Vietnam). The percentage of EU assistance deployed in sector programmes has doubled since the mid-’90s, with over 50% of new commitments in 2003 devoted to government-led sector reforms. Strengthening capacities for managing sector reforms will pave the way for a sustained EU commitment over time, based on a further concentration of EU resources in these key sectors in the context of the new 2005-2006 NIPs.

#### **RELEASING THE POTENTIAL IN PEOPLE**

**The European Community has taken the initiative of providing grassroots support, practical and financial, for a local primary health care project in the Cox’s Bazaar region of Bangladesh: this area is marked by poor health, lack of properly functioning health care facilities, and little support from either public or private health services. The initiative has focused on a bottom-up ‘self-help’ approach, with the local communities in the area providing the energy and the motivation, and the EC adding the expertise. A District Development Committee, established in 2003, will be trained under the project to ensure capacity and empowerment. Around 45% of households in the Cox’s Bazaar region are now involved in the project, operating in community groups. By mobilising people locally and providing the essential primary services and information, the EC is contributing to an initiative that has already seen the morbidity rate in the region fall from 159 to 132 persons per thousand.**

#### **Good governance, Human Rights and Democracy**

The growing importance of democracy, good governance, the rule of law and Human Rights as a pre-requisite for sustainable development is central to the EU’s strategy towards Asia. In the context of the implementation of the Bonn Agreement in Afghanistan, significant EC assistance has aimed at forming a democratic system with respect to the rule of law in the country. Regular sessions of the EU-China Human Rights dialogue allowed comprehensive discussion on all issues of concern to the EU, notably China’s compliance with UN Conventions and mechanisms, death penalty, torture, violations of freedom of speech, association and religion, ethnic minorities’ rights, as well as political and civil rights. Projects related to judicial reform and improvement of access to justice in the Philippines and Indonesia were also approved, while another will assist in the fight against corruption in the Philippines.

The importance that the EU attaches to good governance and respect for Human Rights has also been underlined by the setting up of joint working groups within the donor community addressing such issues as support for democratisation and conflict prevention. Progress in initiating a co-ordinated approach has been made in Vietnam and Laos. An important aspect of good governance is the development of independent, strong NGOs and their involvement in government policies at central or local level. This is a cross-cutting issue not only relevant to 'good governance' projects, but to education, health and rural development.

In 2003, support for elections featured prominently in work with South-East Asia: two such projects were approved in Cambodia and Indonesia. The EC also continued to provide assistance on China's transition to an open society, for example through training programmes for Chinese judges and procurators, and support for village elections and civil society.

### **Post-conflict management**

Post-conflict situations are generally characterised by human suffering, poor administration and a lack of basic services. It is crucial to provide emergency assistance to a population to meet its basic needs, while at the same time assisting national and regional administrations with the fundamental task of 'nation-building'.

It is vital from the outset that assistance is in line with the policy priorities of the government authorities. This will encourage local 'ownership' and strengthen the transition from immediate reconstruction and rehabilitation to a long-term development strategy. But where local administration is still weak, the donor community has to provide direct support to help the administration with priority-setting and day-to-day administrative affairs, as in the case of Timor Leste.

In 2003, Afghanistan remained the first priority for EC assistance to developing countries in Asia, with commitments totalling over € 300 million. This high level of assistance was well in excess of the projected annual average contained in the EC's Tokyo package announced in 2002. In line with the development priorities defined by the Afghanistan Transitional Authority, the programme concentrated on four sectors: reform of public administration, basic health services, rural development and infrastructure rehabilitation. All projects combine service delivery with substantial capacity-building at different levels. In order to ensure quick aid delivery and good co-ordination with other donors, significant financing support is channelled through the World Bank (e.g. the Afghanistan Reconstruction Trust Fund - ARTF) and the UNDP (e.g. the Law and Order Trust Fund - LOTFA).

Timor Leste's vote for independence in August 1999 was followed by violence and destruction, coupled with social and economic disruption. The volatile situation in the country has been stabilised by massive external assistance delivered under the umbrella of the UN peace-keeping initiative and the UN transitional administration. The EC has maintained its very substantial support in 2003.

In 2003, the EC committed an additional € 25.5 million to a rural development programme to be implemented by the World Bank in cooperation with the Timor Leste Government. The programme aims at improving living conditions in rural areas by enhancing institutional capacity, renovating infrastructure and improving

market access in the agriculture and livestock sectors. The programme will support vocational training and community development, and promote women leadership.

After two decades of conflict in North-East Sri Lanka, a cease-fire agreement was signed between the Government and the Liberation Tigers (LTTE) in February 2002). Following this agreement and the start of peace negotiations, a donors' conference was organised in Tokyo during June 2003. The Commission pledged € 50 million over two years to assist peace-related activities, complementing the allocation of € 17 million in the National Indicative Programme for 2003-2005. Of the total amount of € 67 million available, a total of € 23 million was committed in 2003. Measures include de-mining, basic upgrading of the electricity grid and road network, humanitarian assistance to displaced persons and refugees, schools rehabilitation and assistance to peace-related institutions. Further activities designed to link relief, rehabilitation and development assistance are envisaged through a common donor trust fund. However the suspension of peace talks in April 2003 prevented further development of the trust fund mechanisms, so its work is currently blocked.

In the year under review, the EU deployed assistance under its special budget line for Uprooted People, providing basic needs for up to half a million people in the Philippines, Thailand, Myanmar, Bangladesh and Indonesia.

Finally, the European Investment Bank approved loans totalling some € 93 million for two projects, one for small and medium ventures in India, the other for the construction of an oil pipeline in Pakistan.

#### 4.6.5. Co-operation between EU Member States and other Donors

In the Asia region, where the EC actively co-ordinates with EU Member States and other donors, sector approaches have permitted a more harmonised and effective pooling of development potential in 2003.

In **Bangladesh**, for example, close co-ordination between the EC and three Member States - the Netherlands, Sweden and the United Kingdom - contributed significantly to the development of an externally financed sector support programme for primary education of € 500 million: the European financial stake amounts to roughly 50%, with a very significant EC contribution of € 105 million. Improved co-ordination has also allowed the EC to contribute to the realisation of an ambitious six-year € 1.5 billion sector programme to improve primary education for children with disabilities.

The Community collaborated closely through its Bangkok delegation with the UN Special Envoy and specialised agencies of the UN on the HIV/AIDS problem in **Myanmar** and the sub-region. The EC Delegation in **Thailand** also participated in the Preparatory Committee of the 6th East Asia and Pacific Ministerial Consultation on Children and worked on the promotion of European education through the establishment of the European Higher Education Fair.

In **Lao PDR**, the new EC Delegation held regular meetings with EU Member States on political, Human Rights and development co-operation issues, the EC Delegation in **Cambodia** was involved in a range of issues: mine clearance, food security, health and education, private sector development and trade reform.

In **Indonesia**, there was significant contact with national and regional authorities, as well as other donors, on a wide range of issues: presidential and legislative elections, forestry, sustainable forest management and illegal logging, trade and economic co-operation, Human Rights, regional integration, health, education, water resources and good governance.

In **Vietnam**, co-ordination between the Community, EU Member States and other donors was intense on such major issues as the harmonisation of aid effectiveness, development of a sector approach and budgetary aid, the Vietnam reform agenda, Human Rights, corruption and the fight against SARS. An Action Plan for Vietnam was developed within the framework of the EU initiative for co-ordination and harmonisation. This led directly to the integration of acceding Member States into EU working groups on: joint action in the health sector (EC + Belgium); education programmes (EC, UK and Belgium); private sector support (EC + Germany); poverty reduction support credit (EC, Netherlands, UK) and Forest Trust Fund preparation (EC, Netherlands + Germany).

In **Afghanistan** the main fields of interaction with EU Member States were issues such as the constitution, elections, justice, police reform and drugs.

In the **Philippines**, greater scope for co-operation on new projects/programmes was explored with the Asian Development Bank, the World Bank, GTZ and JICA. The EC sectoral approach on health was taken up with the competent national authorities in the Philippines, as well as the Asian Development Bank, World Bank and GTZ.

In **Nepal**, co-ordination covered such issues as National Indicative Programmes, Country Strategy Papers, horizontal programmes, education, Human Rights, security matters, education, civil aviation, conflict mitigation and energy. In **India**, the EC Delegation played a key role in promoting a multi-donor approach on sector support in health and education, notably with the World Bank and the UK's Department for International Development (DIFID). In **Sri Lanka**, activity focused on such themes as development co-operation, migration, Human Rights and trade.

#### 4.6.6. *Overview results-oriented monitoring*

In 2003, a total of 110 monitoring visits were made to 74 projects and regional programmes in 18 countries.

#### **Projects by area of co-operation**

<b>2003</b>	<b>Priority Area</b>	<b>Number of Reports<sup>98</sup></b>	<b>Number of Projects &amp; Programmes</b>	<b>Total budget (€ million)</b>	<b>Average Size (€ million)</b>
1	Trade & development	2	2	12.1	6.05
2	Regional integration	-	-	-	-
3	Macroeconomic support & social	28	20	536	26.8

<sup>98</sup> Monitoring of regional programmes could entail the visit of several components, resulting in the production of more than one report for a single regional programme.

	sectors				
4	Transport	2	2	26	13.0
5	Food security & rural development	42	36	529.2	14.7
6	Inst. capacity / good governance	34	12	161.3	13.4
7	Other	2	2	4.3	2.15
<b>TOTAL</b>		<b>110</b>	<b>74</b>	<b>1,268.9</b>	<b>17.1</b>

Monitoring in the Asia region covered two areas with great financial importance: Macroeconomic Support & Social Sectors and Food Security. The average size of a project monitored is considerably higher in Asia than in other regions.

#### Average ratings per priority area

2003	Trade & development	Regional integration	Macroeconomic support & social sectors	Transport	Food security & rural development	Institutional capacity / good governance	Other	Average Asia per criterion
Relevance	2.50	-	2.93	2.50	2.45	2.79	2.50	2.68
Efficiency	2.50	-	2.61	3.00	2.45	2.65	2.00	2.55
Effectiveness	3.00	-	2.86	2.50	2.57	2.76	2.50	2.71
Impact	2.50	-	2.93	3.00	2.31	2.65	2.50	2.59
Sustainability	2.50	-	2.61	3.00	2.43	2.76	3.00	2.60
<b>Average per priority area</b>	<b>2.60</b>	<b>-</b>	<b>2.78</b>	<b>2.80</b>	<b>2.44</b>	<b>2.72</b>	<b>2.50</b>	<b>2.62</b>

Education projects, part of the priority area Macroeconomic Support & Social Sectors, show a performance rate in 2003 that is considerably above the average of all projects monitored in the region, and particularly high on effectiveness and impact. Projects in this area contribute to Millennium Development Goal 2 (achieving universal primary education by 2015 for children everywhere, boys and girls alike) and Goal 3 (promoting gender equality and empowering women by eliminating gender disparity in all levels of education by 2015).

Finally, the SARS crisis affected the efficiency of projects in Asia, mainly in China.

#### 4.6.7. Conclusions and perspectives

In summary, the European Union's relations with Asia have been enhanced throughout 2003, notwithstanding the difficult international context and the threats posed, inter alia, by terrorism. The EU's co-operation instruments – for example the Rapid Reaction Mechanism - continue to evolve in response to changing circumstances.

Within the framework of the Union's financial perspectives up to 2006, relations with Asia will continue to develop through regional and bilateral dialogue and mutual confidence-building measures. While the overarching goal of co-operation will continue to be poverty alleviation, the challenges of globalisation and the goals of international peace, security and prosperity will also remain central themes. Work continues on updating the regulatory basis that will reinforce the overall framework and objectives of EU-Asia co-operation.



Areas of co-operation that currently show promise and already feature in Country Strategy Papers up to 2006 include support for sector reform programmes. These are mainly in the social sector, capacity-building in the trade and investment and environment fields, good governance and rule of law, and conflict prevention/post-conflict support. Issues such as migration and the fight against terrorism will receive increasing attention in EU co-operation with the region.

## **4.7. Latin America**

### *4.7.1. Introduction*

While the year 2002 finished with a major economic and social crisis (Argentina) as well as political turmoil in some countries (Venezuela and Colombia), 2003 hinted at the beginning of a recovery for the whole continent.

In terms of economy the growth rate was 3%, Argentina being a major contributor. The improvement in the economic situation permitted a fuller integration with the world economy.

In December 2003 (January 2004 in the case of Costa Rica), Honduras, Nicaragua, Guatemala and El Salvador concluded a Free Trade Agreement with the USA. The entry into force of CAFTA will depend on the ratification process both in Central America and in the USA. At the Cancun WTO Ministerial Meeting Latin American countries, with Brazil as a leader of the G-20 (the group of 20 developing countries), adopted a common position representing their interests on the dismantling of EU and US agricultural subsidies.

In Bolivia chronic discontent intensified throughout the year and resulted in the resignation of the President. In Venezuela social and political confrontation led to a request for a referendum in the coming year. However most countries in the region recorded an improvement in the social climate in 2003. New leaders in Brazil and Argentina endorsed measures to encourage economic growth, as well as initiatives to reduce poverty, eliminate discrimination and promote the social, political and economic wellbeing of the indigenous people and other ethnic groups. Presidential and parliamentary elections took place in Argentina and Guatemala.

### *4.7.2. Evolution of Eu co-operation*

The framework of the Community's co-operation with Latin America is defined by the conclusions of the Summits held between the Heads of State and Governments of Latin America, the Caribbean countries and the European Union in 1999 (The Rio Summit) and 2002 (the Madrid Summit). These forums were and are the foundation of the EU-Latin America relationship.

The San Jose Dialogue brings together the EU and the six countries that make up the Central American Integration System (SICA): Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. The XIX San Jose Dialogue Ministerial Meeting in 2003 launched negotiations on a new EU-Central America Political Dialogue and Co-operation Agreement, and the two sides met later, in September 2003, in the margins of the UN General Assembly in New York.

The Rio Group, which comprises the other continental Latin-American countries, held its XI Institutionalised Meeting in 2003, stressing the need to further ties through closer political dialogue. An Andean dialogue, bringing together the EU and the five countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) that constitute the Andean Community (CAN), was established on the fringe of this group. Two meetings were held in 2003: in March in Vouliagmeni, Greece, where the launch of negotiations for a new EU-CAN Political Dialogue and Co-operation Agreement was agreed in September in the framework of the UN General Assembly in New York.

**Mercosur:** EU-Mercosur negotiations also featured at the Madrid Summit and work proceeded throughout 2003 to complete the Interregional Association Agreement. The EU-Mercosur-Bolivia-Chile Ministerial Meeting in Greece reaffirmed the need to deepen the political dialogue and underlined the importance of rapid progress and of concluding the negotiations for the Bi-regional Association Agreement between the EU and Mercosur.

**Central America:** The Madrid summit in 2002 was particularly relevant for this region as the EU agreed to negotiate a new Political Dialogue and Co-operation Agreement with the six Central American countries, as part of a possible future larger agreement. On 1 October the European Commission, on behalf of the EU Member States, and the six Central American countries concluded their negotiations on a new Political Dialogue and Cooperation Agreement, signed in Rome on 15 December 2003.

**Andean Community:** At the Madrid summit the EU also agreed to negotiate a new Political Dialogue and Co-operation Agreement in support of Andean regional integration, as an intermediate step towards the possible conclusion of a genuine Association Agreement, including a Free Trade Area, building on the results of the Doha multilateral trade negotiations. In October 2003 the European Commission, on behalf of the EU Member States, and the Andean Community concluded negotiations on this agreement, which was also signed in Rome on 15 December.

**Mexico and Chile:** Both Mexico and Chile have developed strong bilateral links with the EU and major agreements have been signed. For Mexico the Economic Partnership, Political Co-operation and Co-operation Agreement is now being implemented, and the Third EU-Mexico Joint Council Meeting held in 2003 made a positive assessment of its enforcement. As regards Chile, 2003 saw the implementation of the Association Agreement: the first meetings of the Association Council and the Association Committee established under the agreement took place in 2003.

#### 4.7.3 *Programming*

The Mid-Term Review of the Country Strategy Papers was carried out in 2003. This review concluded that overall programming was still valid and the Commission should concentrate its resources on implementation.

However, due to some major developments, the Mid-Term Review concluded that there was a need to revise the Strategy Papers for Argentina, Colombia and the Andean Community (regional indicative programme): the new documents should be adopted in the course of 2004. In Argentina the revision will take into account the

important changes in economic and social conditions. In the case of the Andean Community, the strategy is still valid, but there is a need to increase the allocation devoted to trade-related assistance, in support of the Andean economic integration process and regional efforts to combat drugs.

#### 4.7.4 *Implementation*

Credit allocations for Latin America increased constantly over the period 1999-2003 while commitments and payments during implementation of the 2003 budget rose substantially: commitments went up from € 208 million in 1999 to € 329 million in 2003. There was also an overall increase in payments during the period, with an appropriate increase in 2003 when a record amount of payments (€ 280 million) was disbursed.

#### **Institutional and democratic strengthening, modernisation of the state and Human Rights**

The decentralisation processes, involving the devolution of powers and functions from central government to local authorities, are an appropriate instrument for strengthening democracy, improving public services and fighting against social, economical and regional inequities.

Two programmes have accordingly been approved that are aimed at supporting decentralisation and strengthening regional administrations in Guatemala (reinforcing municipalities) and Peru (enhancing local and regional governments' administrative capabilities, and financing social and economic projects through specific budgetary support).

Latin American states continue to modernise their institutions. Aware that modernisation of the state is dependent on modernisation of the principal authorities, the EC supported initiatives aimed at developing an effective and transparent justice administration (institutional strengthening and modernisation of the judiciary in Panama) and an efficient tax administration that will contribute to greater financial solvency (Uruguay).

The EC encourages the process of institution-building through the development and implementation of Sector Policy Support Programmes, since the complementary and reciprocal reinforcement of civil society is equally important (Nicaragua - Institutional Support Programme to Development Policies). Stimulating Latin America's capacity to reinforce democracy has always been a key element in EC co-operation. This year the EC-supported part of the Programme for Democratic Development in Latin America (PRODAL) was launched, and support was also provided for the development of democratic processes (Electoral Observation Mission in Guatemala).

Thirteen projects were financed by the European Initiative for Democracy and Human Rights (EIDHR) in Latin America for a total of € 7.8 million: four in Mexico, three in Colombia, three in Guatemala and three targeting the entire region. The projects involve the consolidation of democratic institutions, and support for democratisation and the participation of civil society in the decision-making processes.

As regards peace-keeping and Human Rights, restoring peace in Colombia is a priority in the European Commission's co-operation with that country. The EC supports efforts to find a solution to the ongoing armed conflict and to improving the Human Rights situation. The first Peace Laboratory in Magdalena Medio continued its activities to this end. In response to the promising results witnessed by Commissioner Patten of this first initiative, the second EU-funded Peace Laboratory was launched in 2003. This will contribute to creating lasting conditions of peace and life with dignity for the inhabitants of these regions.

#### **THE MAGDALENA MEDIO PEACE LABORATORIES**

**The region of Magdalena Medio in Colombia, an area comprising 29 separate and diverse municipalities, is notorious for its poverty, violence and drug-trafficking. The media frequently report clashes between paramilitary gangs and peasant self-defence groups, and the illicit cultivation of coca leaves. Other dominant features of this chaotic situation are the virtual absence of civic institutions, extreme social inequality with a marginalised peasantry, and lack of respect for Human Rights and for the environment. To get at the roots of such a deep-set social dilemma, the EC is contributing € 34.8 million to a Colombian government initiative, the 'Magdalena Medio Peace Laboratories'. The aim is to pacify the region through civic participation and dialogue on the one hand and the reinforcement of the regional and local institutions on the other. Measures include the voluntary eradication of illicit crops, encouragement of social exchanges and self-help groups, and Human Rights promotion and training.**

The reintegration of 'internally displaced people' is also a priority of EU co-operation: this aims to achieve their rehabilitation and reintegration into normal life, and thus to mitigate the impact of civil conflict. Two initiatives were approved in support of this aim in Colombia.

#### **Social development and development of the less prosperous regions**

The Commission made a special effort to deal with some of the prevailing social crises of the region.

EU co-operation helped mitigate the impact of the economic crisis in Argentina, through support to social services, as well as other countries affected by the crisis, notably Uruguay, where the Union supported social development of the poorest rural areas in the north of the country.

In the education sector, two ambitious initiatives in Central America were approved in 2003, one supporting the progressive development of government design and management of education policies in Nicaragua, the other devoted to promoting secondary education in Honduras, particularly in those social groups less favoured by development.

#### ***The last PRRAC***

The Regional Programme for the Reconstruction of Central America (PRRAC), a huge programme launched in 1999 as a response to the disastrous "Mitch" hurricane which swept through the region, is coming to an end. The Commission added impetus to its activities in 2003 to accomplish the final implementation to improve the management of the health and education services, as well as water systems and waste networks.

Within the framework of the Millennium Development Goals, health measures were also undertaken in 2003 to improve the drinking water systems and waste networks. (Bolivia - preventing childhood illness and mortality).

Sustainable rural development projects, including infrastructure and environment initiatives aimed at poorer areas and the reduction of inequalities, were also implemented in 2003: these included planning to enhance urban and economic services (Costa Rica), promotion of sustainable development, management and preservation of natural resources (Ecuador), and support for alternative development (sustainable and integrated social development - Mexico).

As a general measure during 2003, preliminary work was in progress for the completion in 2004 of the global Initiative for reducing Social Inequalities in Latin America, aimed at improving the capacity of Latin American administrations in developing social policies and combating the exclusion of certain population groups.

### **Trade-related technical assistance and regional integration**

Regional integration has consistently been highlighted as a priority objective for the Community's relations with Latin America. During 2003 several programmes were approved to foster and strengthen the integration process, complementing existing projects in this area.

On trade support the EU's overriding trade-related policy objective for Mercosur, Central America and the Andean Community has been to strengthen the process of regional integration.

Several projects and programmes supporting the implementation of the future Association Agreement with **Mercosur** are ongoing or have been approved:

- A customs co-operation project;
- A programme on statistical harmonisation, in which Chile will participate, was concluded in June 2003 with a follow-up phase planned for 2005;
- In 2003, pursuant to a similar project earlier, a programme for harmonisation of technical standards was approved. These Technical Regulations and Conformity Assessment Procedures will facilitate the free circulation of products within the Mercosur member states, and between Mercosur and the European Union. The project aims to reduce the technical barriers to trade arising from national technical and conformity assessments, and to harmonise standardisation and verification practices.

Modernising the manufacturing sector, especially SMEs, and improving its competitiveness is also an objective of the Community's cooperation with the Mercosur countries. A project was launched in Brazil with this aim, establishing a vehicle for the transfer of successful European concepts, methodologies and technological development and innovation knowhow.

In the **Andean Community**, a trade-related technical assistance project was approved in 2003. Its objectives include the elimination of unnecessary trade barriers between the Andean countries, the establishment of a common customs code, and

other measures aimed at enhancing regional economic integration. This project will complement existing projects on customs, competition, technical standards and statistical harmonisation.

A project to foster completion of the Central American customs union, due to be implemented shortly, is a fair reflection of EC trade policy objectives in **Central America**. Assistance focuses on completion of the Common External Tariff, greater compatibility of Central American customs information systems, the establishment of a supranational customs authority, and the control, management and distribution of common customs revenues.

As regards **Mexico** and **Chile** the Community's main trade-related policy objective, in addition to promoting trade flows with the EU, is to ensure that these countries are capable of living up to their commitments and that existing agreements are implemented in a smooth and effective manner. A project was approved in 2003 to facilitate implementation of the Association Agreement concluded between the EU and Chile: the programme takes the form of a fund that addresses needs in a flexible manner as they are identified.

In addition, there are business support projects, including an integrated support programme for SMEs in Mexico, and a programme supporting the creation and development of innovative companies in Chile.

A programme was also approved in 2003 that is designed to increase the capacity of the institutions and civil society in the Central American Integration System (SICA) to promote the process of integration and co-operation in Central America.

The EU also finances support for physical regional integration. The project to improve the Santa Cruz - Puerto Suárez road in Bolivia is intended to facilitate Bolivian exports and contribute to the integration of the country with Brazil as well as with other countries in the region, bringing together Mercosur and the Andean Community.

### **Regional Programmes**

EC co-operation in Latin America extended to a wide range of programmes, summarised below<sup>99</sup>:

- The Alban Programme: a high-level scholarship programme for Latin Americans, covering advanced education and training in European Union institutions and centres (2002-2010). The average period covered by these scholarships is two academic years and represents a Community funding of € 6.7 million. A second call for applications for the 2004-05 academic year was announced on 17 October 2003.
- The alfa project: the 133 networks represented in this academic training project cover a broad spectrum of disciplines and involve over 850 EU and Latin American institutions. 92 projects selected in the period 2000-02 were

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<sup>99</sup> [http://europa.eu.int/comm/europeaid/projects/amlat/cooperation\\_regionale.htm](http://europa.eu.int/comm/europeaid/projects/amlat/cooperation_regionale.htm).

implemented in 2003 and 41 additional projects were selected during the year representing an EC funding of € 8.9 million.

- URB-AL (Latin America Urban Partnership): this scheme, which runs through to 2006, has passed the milestone of 50 joint projects completed. A further 22 new projects were approved in 2003, for a total of more than € 9 million.
- @LIS – Information Society Alliance (2002-2006): demonstration projects in the fields of local governance, education, cultural diversity, public health, social integration, support of regulatory activities, promotion of telecommunications standards, interconnection of Latin American research and training centres and with the GEANT research network, and the creation of an Information Society network. 22 contracts, for a total of € 55 million, were signed in 2003, including 19 demonstration projects in the fields of local governance, education and cultural diversity, public health and social integration.
- AL-INVEST: a contract to a value of € 42 million to promote co-operation between European and Latin American companies was signed in December 2003 between the EC and a consortium of private-sector European and Latin American organisations. A total of 41 contracts were signed in 2003 for a value of € 4 million.

#### 4.7.5. *Co-operation with Member States and other Donors*

A seminar on Social Cohesion in Latin America and the Caribbean was jointly organised in 2003 by the Inter-American Development Bank, the largest lender in Latin America, and the European Union as the largest donor in the region: the event was designed to raise general awareness among governments, international financial institutions and donors on the urgent need to combat social inequality. The seminar prompted a wide-ranging debate on social cohesion, examining the extent of the problem and the negative impacts on development and stability, analysing the different policy options for tackling the problem, and identifying potential strategies for donors in support of government initiatives.

The seminar represented the first step of a wider initiative by the Commission and the Inter-American Development Bank aimed at encouraging Latin American and Caribbean governments to improve their policies on reducing inequalities and building more inclusive societies.

Co-operation with the EU Member States all over the region was assured through regular meetings with the EC Delegations. In some cases, as in Guatemala, there is a compulsory process mutually agreed with the government concerned, allowing EU Member States, government, other donors and civil society to follow in detail the different phases of activities managed by the European Commission. The resultant level of co-ordination has facilitated co-operation between Member States and/or other donors in several programmes.

In Nicaragua for example the World Bank, the Inter-American Development Bank, Finland, Spain and Luxembourg worked together on an education-related programme within the Sectoral Policy Support Programme framework of the EC.

In Argentina support for community food aid projects was provided by the EC on the initiative of the World Bank. In Peru activities of the UNDP-administered Truth and Reconciliation Commission (TRC) were part-funded by an EC grant.

Water and waste infrastructures in Bolivia will benefit from a project developed in collaboration with several Member and non-Member States, as well as the Inter-American Development Bank

The Community will also contribute to the Programme for Democratic Development in Latin America (PRODALL), in partnership with Latin American governments, the UNDP, and non-governmental and international organisations.

In 2003, EIB lending for five projects located in Latin America totalled € 254.3 million. € 218.7 million went to four projects in Brazil and € 35.6 million to a regional project in Central America.

#### 4.7.6. *Overview Results-oriented Monitoring*

In 2003, 143 projects and regional programmes in 13 countries were visited.

#### **Projects by area of co-operation**

<b>2003</b>	<b>Priority Area</b>	<b>Number of Reports</b>	<b>Number of Projects &amp; Programmes</b>	<b>Total budget (€ million)</b>	<b>Average Size (€ million)</b>
1	Trade & development	5	5	8.1	1,62
2	Regional integration	-	-	-	-
3	Macroeconomic support & social sectors	34	34	195.3	5.74
4	Transport	-	-	-	-
5	Food security & rural development	75	75	534.6	7.13
6	Inst. capacity / good governance	26	26	109.2	4.20
7	Other	3	3	3.7	1.23
<b>TOTAL</b>		<b>143</b>	<b>143</b>	<b>850.9</b>	<b>5.95</b>

The selected sample for monitoring in 2003 reflects the increasing importance of financial and technical co-operation, as well as budget lines for rehabilitation and displaced persons.



### Average ratings per priority area

2003	Trade & development	Regional integration	Macroeconomic support & social sectors	Transport	Food security & rural development	Institutional capacity / good governance	Other	Average LA per criterion
Relevance	2.80	-	2.79	-	2.79	3.00	3.00	2.83
Efficiency	2.60	-	2.71	-	2.44	2.62	2.67	2.55
Effectiveness	3.00	-	2.72	-	2.69	3.00	3.00	2.78
Impact	3.00	-	2.87	-	2.69	3.05	2.67	2.81
Sustainability	3.00	-	2.88	-	2.82	2.88	3.33	2.87
<b>Average per priority area</b>	<b>2.88</b>	<b>-</b>	<b>2.79</b>	<b>-</b>	<b>2.69</b>	<b>2.91</b>	<b>2.93</b>	<b>2.77</b>

The priority area of **food security and sustainable rural development**, with 62.8% of the total budget monitored, is performing well although it has the lowest score. Projects were less effective, with low scores for activity timeliness and results achievement, affecting implementation in up to half of all projects. Natural disasters such as drought and floods, market volatility and policy shifts were often cited as a reason.

Operations monitored in **institutional capacity and good governance**, half of which concern Human Rights projects, are the second most important area. They score higher than average on all criteria, particularly on relevance, effectiveness and impact, although showing some variation for the last two. Coherence with the priorities of beneficiaries and local communities contribute to good performance.

#### 4.7.7. *Conclusions and Perspectives*

The relations with Latin America will continue to develop through regional and bilateral dialogues, implementing the results of past Summits and those to be held. Discussions on future wide-ranging Association Agreements with Central America and the Andean Community, as well as the fostering of commercial negotiations with Mercosur, will be a priority in the agenda.

The Mexico Summit's main objective (Guadalajara, May 2004) will be to build on the bi-regional strategic partnership and tackle common challenges: contributing to peace and stability, and fostering the development and prosperity of Europe and Latin America by improved democratic governance deeper regional integration and increased social cohesion, the main issue in the agenda.

EC co-operation for the coming year will target the following objectives:

- As regards Central America, the priority will be focused on support for rural socio-economic development, and decentralisation and education, in particular, by means of the sector/budgetary approach. In the case of Mexico, particular emphasis will be laid on support for economic reforms.
- As for the Andean Community, continued support will be given to its integration at the regional level and within the world economy, as well as to

socio-economic development, transport infrastructures and institutional support, especially in the justice sector.

- The Southern Cone will continue to benefit notably from EC economic and trade co-operation, mainly to support regional economic integration.

## **5. FEATURE - GOVERNANCE, PEACE, SECURITY AND DEVELOPMENT**

### **5.1. Introduction**

#### *5.1.1. Underlying principles*

There can be no peace without development - and no development without peace. Behind this seductive, simple phrase lies a complex debate about the role of development assistance in addressing the twin challenges of peace and sustainable development. It is commonly agreed that long-term development co-operation is the best structural solution to address the root causes, linked to poverty, of potentially violent conflict. Funds properly targeted at security and governance issues are not lost for development. They are complementary agendas. Development activity aimed at bringing benefits for the poorest sections of society - in terms of ensuring access to food supplies and drinking water, education, health, natural resources, information, services, infrastructure, based on long term social development policies such as gender equality - can also be an effective tool for addressing the root causes of violent conflict<sup>100</sup>. When political conditions do deteriorate in partner countries, EU external assistance has played an important role in supporting international initiatives to prevent the outbreak of hostilities or to contain the consequences thereof.

The EU, with the Community and its Member States, is responsible for some 55% of Official Development Assistance (ODA) globally, and some 63% of grant assistance. It is, consequently, a potentially potent force in addressing the root causes of conflict and fostering stability after political upheaval. The imperatives behind this approach are overwhelming. Over the last decade the world has seen genocide, ethnic cleansing, the brutal rending of states, growing religious persecution, the ascendancy of international crime and an unprecedented distribution of weaponry. Many post-conflict developing countries are still in an extremely volatile situation, and the violent crises often emerge again. Victims are mainly civilians, not soldiers, and the cumulative impact of years of development activity can be wiped out as soon as violent conflict erupts. Thus increasing attention is focused on the relationship between security issues and development activities<sup>101</sup>.

At the outset, the concept of security in the context of implementation of the EC's external assistance must be understood not just in terms of security of the state. It also embraces the broad notion of human security, which involves the ability to live in freedom, peace and safety. Security must be seen both as a national interest and as part of individual rights. A major expectation of citizens is that the State is capable of

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<sup>100</sup> Commission Communication on Conflict Prevention COM (2001) 211 final of 11.04.2001, and the EU Programme for the Prevention of Violent Conflict. The EU Security Strategy, adopted at the European Council in Brussels, December 2003, reiterated the importance of tackling the root causes of conflict.

<sup>101</sup> DAC guidelines on "Helping prevent violent conflict", OECD 2001.

maintaining peace, as well as guaranteeing their security of life, property, political, economic and social rights, as well as the strategic security interests of the country itself.

The root causes of conflicts and other forms of violence are very often linked with failures of governance finding their origins in poverty. They often involve institutionalised corrupt management of oil, diamonds and other natural resources: a struggle to control natural resource revenues lies at the heart of many recent and ongoing conflicts around the world. Tackling poverty and inequality should therefore be an essential component of any credible and effective security strategy, which may not be limited to addressing the symptoms and must pay attention to the real factors that undermine global, regional and in-country security, and lead to the emergence of ‘failed states’.

Security and a peaceful environment are key elements for the viability of any poverty-focused development strategy. There is no development in chronically insecure environments. State institutions have the main responsibility for ensuring that the appropriate governance and security conditions, conducive to a peaceful environment, are met in a given country or region. Also multilateral and regional bodies play an important role in many cases.

#### *5.1.2. Security system reform approaches*

The security system is responsible for ensuring the security of the state (hard security) and/or the security of the citizens (soft security). It is defined by OECD as encompassing: a) state institutions which have a formal mandate to ensure the safety of the state and its citizens against acts of violence and coercion (e.g. the armed forces, the police, paramilitary forces, the intelligence services and similar bodies); and b) the elected and/or duly appointed civil authorities responsible for control and oversight of these institutions (e.g. the Parliament, the Executive, defence ministries, and judicial and penal systems).

The rationale for engaging with the security system is directly linked to overall development objectives. Institutional capacity is essential to establish or restore the appropriate enabling environment for development and for ensuring peace and security for both the country and its citizens in a responsive and accountable manner, including a security system that is subject to the same governance norms as other parts of the public sector, and military forces that are permanently under the political control of a civilian authority. Interventions in categories such as armed forces and intelligence, justice and internal security apparatus, civil oversight mechanisms, civil management bodies, civilian capacity-building, initiatives to demilitarise society or to integrate irregular forces can all have an influence on security system reform.

#### *5.1.3. Targeted peace and security initiatives*

Other categories of interventions such as support to peace mediation initiatives, to grassroots initiatives on peace building and reconciliation, to strategies in the area of antipersonnel land mines, regulation of civilian possession of small arms and light weapons, are equally relevant to the task of ensuring a comprehensive approach to governance, peace, security and development. Fighting corruption and improving transparency in state revenues for example - which are crucial in a governance

agenda and to the process of reaching development objectives - may also play an important role in a security strategy.

#### 5.1.4. *Country ownership*

Country-owned agendas on security, prepared in a process led by the authorities and discussed with the relevant in-country stakeholders, regional organisations and development partners, should increasingly be seen as an integral part of national development strategies. Country-specific needs, objectives and priorities should be identified in this context in order to building up institutional capacities and policies oriented to improving service delivery in areas such as human security and security of the state, including security sector reform, conflict prevention, conflict resolution and peace building, as well as crisis management. These principles are increasingly being applied by partner countries and donors, including the EC, in effective partnerships where the government is committed to development objectives and to internationally agreed targets. Implementing these policy principles is more problematic in situations of crisis, including difficult partnerships and post-conflict situations.

#### 5.1.5. *Approaches towards difficult partnerships*

The EC characterises difficult partnerships as those where there is a lack of commitment by the authorities to the objectives of poverty reduction, with weak governance, corruption and/or political repression, but also institutions that guarantee neither people's security nor conditions for living in freedom and peace<sup>102</sup>. Some of these elements are also present in post-conflict situations where institutions, which are either non-functioning or even non-existent, have seriously limited capacities for delivering public services including ensuring people's security and freedom.

Donors cannot systematically afford to wait and see until difficult partnerships or countries in post-conflict situations show a good track record, and take all the risks related to isolating a country, including extremism and terrorism growth in failed states, increased poverty, collapse of institutions, and in particular the 'spill-over' effect of conflicts spreading to neighbouring countries or to the wider international community. The possibility of achieving long-term aid effectiveness and the Millennium Development Goals will also be seriously affected if donors leave such countries behind.

One means for preventing failed states is the development of good governance and well-functioning institutions. Development objectives and a strengthening of "fragile states" are gaining importance in most donors' foreign policy agendas.

## 5.2. **What is the EC/EU doing?**

### 5.2.1. *Partnership and Co-operation Agreements*

The EU addresses the root causes of insecurity through a wide range of instruments, particularly by supporting interventions that, especially in countries on the brink of conflict, focus on hard and/or soft security matters, on development as well as on

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<sup>102</sup> Commission Communication on Governance and Development, COM(2003) 615 final, 20.10.2003.

institution-building. Partnership and ownership are fundamental to ensuring both effectiveness of co-operation in these areas and the coherence of EU external action, the most important asset of which is the permanent character of its partnerships as well as their global coverage.

The EU has concluded structured, legally binding Partnership and Co-operation Agreements across the world. These range from the agreements concluded with Russia and the former Soviet Union, and the association agreements with Eastern Europe and the Western Balkans, to the accords underlying the Barcelona Process with the Mediterranean countries and the Cotonou Agreement. Partnership and Co-operation Agreements provide the most valuable, effective and integrated frameworks for the long-term development of political relations with partner countries; they also permit comprehensive strategies through which the EU and partner countries can address not only poverty reduction, institution building, corruption, international justice and human rights, but also peace-building and the means to tackle the root causes of conflict and security.

The EU and its partners agree that respect for fundamental Human Rights and democratic principles and the rule of law underpins the internal and external policies of the parties and constitutes an "essential element" of partnership agreements. In the event of a breach, a range of measures can be considered, with the provision that their application should respect the principle of proportionality between the breach and the degree of reaction. These measures include: alteration of the contents, reduction or suspension of co-operation programmes or the channels used, suspension of high-level bilateral contacts, trade embargoes, suspension of arms sales, suspension of co-operation, etc. The inclusion of "essential element" clauses in Partnerships Agreements is not intended to signify a negative or punitive approach. They are meant to promote dialogue and positive measures, such as joint support for democracy, the rule of law and Human Rights, the accession, ratification and implementation of international Human Rights instruments where these are lacking, as well as the prevention of crises through the establishment of consistent and long-term relationships.

The application of this clause highlights the EU role in conflict prevention or escalation. The evolution of the situation in Zimbabwe led the Union in 2001 to invite the partner country to hold consultations in application of the "essential elements clause" of the Cotonou Agreement<sup>103</sup>. The situation in Zimbabwe has been

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On 18 February 2002, the Council decided to take "appropriate measures" following the conclusions of the consultations held under Art. 96 of the ACP-EC Partnership Agreement and restrictive measures (CFSP) against Zimbabwe (visa ban and freeze of assets against 95 Zimbabwean ruling elite at this stage). On 19 February 2004, the Council decided to extend these measures to 20 February 2005. EDF development assistance to Zimbabwe has been suspended except for those projects in direct support of the population (health, education, micro-projects and decentralised co-operation, democratisation, respect for Human Rights and the rule of law). A "Restructuring exercise of the EC Aid Portfolio" has been carried out in co-operation with the NAO and is currently under implementation. As a result around € 40 million is available at this stage. The 9th EDF A envelope of € 108 million was frozen by the Council February 2002 decision (the Country Strategy Paper and the 9th EDF programming exercise is blocked). The Commonwealth decided in 2002 to suspending Zimbabwe from the Councils of the Commonwealth. This was ratified in December 2003. President Mugabe reacted by withdrawing the country from the organisation. The USA, New Zealand, Australia, Canada and Norway have taken measures against Zimbabwe similar to those adopted by the EU. Six months after suspending

deteriorating in particular since the run-up to the parliamentary elections in early-2000. Government mismanagement, fast track land reform effects and drought have resulted in a grim economic picture. What was originally a political conflict has turned into a very serious economic downturn and a humanitarian emergency with serious spill-over effects for neighbouring countries. The political situation has further deteriorated in the past few months: increasing political violence has been mainly linked to by-elections, to mass actions called by the opposition Movement for Democratic Change (MDC), to the distribution of humanitarian aid and to the implementation of the fast track land reform. Human Rights violations, in particular arbitrary arrests and cases of inhuman treatment and torture of members of the opposition and civil society organisations, have multiplied.

The EU has taken every opportunity to convey to the Government of Zimbabwe its concern at increasing political violence and ill-treatment of the opposition and civil society and, in the last months, has issued Declarations related to these matters: a declaration on 10 February 2004 called on the Government to respect fundamental rights, urging it to engage in active and meaningful dialogue with internal stakeholders to solve the current crisis.

This issue is equally being brought to the dialogue with African partners at sub-regional level. The EU-SADC political dialogue has not until now been fully effective as a lever on Southern African neighbouring countries to maintain pressure on Zimbabwe or at least resist African endorsement of President Mugabe's regime. It should however be confirmed as the right format for a dialogue on Zimbabwe. At its last Heads of State Summit in Dar es Salaam in August 2003, SADC was publicly critical of EU sanctions on Zimbabwe and called for their lifting. SADC also indicated its willingness to continue to work with Zimbabwe in order to encourage and sustain positive development in the search for lasting solutions.

On the occasion of the September and November 2003 SADC/EU Joint Committee meetings, the EU communicated to its SADC partners the kind of measures, assessed against clear benchmarks, that it would consider to be positive steps towards, the normalisation of relations with Zimbabwe. The EU has requested the SADC Organ to take initiatives on the issue and share its conclusions. On the other hand, the South Africa-EU political dialogue meeting in Pretoria on 8 December 2003 agreed to include the Zimbabwe issue in the agenda of the dialogue between both parties; the EU is supportive of the idea of sounding out Zimbabwe Government willingness to accept 'benchmarks' on core issues such as democracy, rule of law and Human Rights, as concrete steps for measuring progress and convergence points for a constructive dialogue. The EU position, which is kept under constant review and decision, applies until 20 February 2005.

#### *5.2.2. Improving understanding: research and use of indicators*

Understanding the root causes of conflicts and the obstacles to reconciliation is a key to preventing further violence and reaching lasting peace agreements. An inaccurate

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Zimbabwe's voting and related rights in June 2003, the Executive Board of the International Monetary Fund (IMF) reviewed Zimbabwe's overdue financial obligations to the Fund and decided, on 3 December 2003, to initiate the procedure on the compulsory withdrawal of Zimbabwe from the IMF.

diagnosis of the political and socio-economic context of a development intervention can mean that projects exacerbate latent conflict. A sensitively designed development programme, however, can contribute to stability while at the same time delivering acceptable results when measured against traditional development indicators. Research specifically aimed at understanding what can trigger conflicts and what options can be developed to prevent or mitigate them is needed; it can contribute to a better understanding of the economic and political tensions, as well as the social and psychological factors, that cause conflict. Developing knowledge in this area will improve capacity to anticipate and address crises, as well as prevent violent conflicts within societies.

The Commission has developed a checklist of the root causes of conflict and early warning indicators. In preparation for European Council debates on potential conflict issues Country Conflict Assessments (CCA) for more than 120 countries, based on these indicators, are constantly updated by Commission desk officers and EC delegations. The objectives are : (i) to increase awareness within EU decision-making forums of the problems of those countries/regions with the highest assessed risk of an outbreak, continuation or re-emergence of conflict, and (ii) to heighten the effort to ensure that EU policies (and in particular EC ones) contribute to conflict prevention/resolution. The CCAs are an important tool in the programming process whereby the Commission establishes the priority areas in relations with third countries through Country/Regional Strategy Papers.

### 5.2.3. *Sectoral programmes*

Very often, “conflict-sensitive” sectoral programmes contribute to delivering human security. The following examples illustrate this:

- **Water sector programmes** in a conflict-prone area. Whilst such projects have the reduction of poverty through the provision of a reliable water supply as a primary objective, examples can be included which integrate conflict-related objectives (e.g. equal access to water services by different/antagonistic identity groups, the inclusion of a wide range of stakeholders in project planning or the avoidance of disputes over land.). The € 8 million EC-funded Irrigation Development Project - Midwestern Region (IDP-MWR) in **Nepal** is a ‘traditional’ development project which has been implemented in a rapidly deteriorating security situation, the ‘People’s War’ launched by the Communist Party of Nepal against the security forces of the state having claimed more than 8 000 lives. The EC has investigated the extent to which development interventions such as the Midwestern Region irrigation project can contribute to finding a balanced solution to conflict. Specific recommendations include the need for an explicit prioritisation of conflict prevention as a project objective, attention to the quality of services offered to marginalised rural populations, and the need to exploit the potential for project activities promoting the establishment of co-operative links amongst civil society.
- This experience gave the Commission valuable expertise in the design and implementation of a planned € 45 million project to strengthen rural development and governance in the Midwestern Region. Indeed ensuring such projects are not victims of the unstable political environment is crucial to

avoiding the downward spiral where development projects withdraw, leading to worsening socio-economic conditions and feeding further violence.

- **Rehabilitation programmes** in the immediate post-conflict phase which aim to address the rehabilitation of socio-economic and physical infrastructure, as well as education and training to provide employment skills and job creation. Such programmes have an impact on reconciliation between conflict-affected groups and the rebuilding of a community's social fabric. Using the Rapid Reaction Mechanism, the Commission was able to deliver a **substantial programme of assistance to Afghanistan** in support of the political settlement achieved at the Bonn Conference of December 2001. The assistance was focused on the re-establishment of a civilian administration in Afghanistan, confidence-building measures aimed at delivering tangible benefits in the short term to the population, and strategic advice to decision-makers in the medium-term planning of rehabilitation, reconstruction and nation-building in the country.
- These programmes contributed to: (i) the early re-establishment of the Afghan interim/transitional authority; (ii) the staffing and equipment of line ministries and the provincial-level offices of central government, 16 Kabul ministries and 8 district administration offices being rehabilitated; (iii) workshops and training for Afghan officials to strengthen their policy-making and financial and budgetary management capacity with, in addition, over 1,000 Afghans receiving information and communication technology, 25% of them women; (iv) school re-openings with 20,000 teachers employed; (v) mine clearance of affected territory (one million m<sup>2</sup> cleared in the first half of 2002); (vi) the development of professional and independent media in Afghanistan, including sponsorship of a professional news programme on state radio, training for more than 400 journalists, over 50 information-processing workshops for journalists and other media staff, a country-wide distribution network with 400 points-of-sale for the printed media, an information and awareness-raising campaign reaching over 500,000 people in remote areas outside Kabul; (vii) the rehabilitation and equipping of kindergartens, schools and healthcare centres, the output of a civil-military co-operation project which enhanced confidence between the Kabul population and the international military force in Afghanistan; and (viii) expert assessment missions and donor co-ordination meetings in the context of longer-term reconstruction programming by the Afghan authorities and the international community.
- **Issues related to natural resources management are often a key determinant of violent conflict** - The extent to which profits from natural resources are driving violent conflicts is only just becoming widely understood.
  - A lot of interesting work is currently going on in this field, for example investigating the **link between forests and violent conflict**. There are currently violent conflicts in forested regions in Colombia, Ivory Coast, the Democratic Republic of the Congo, India, Indonesia, Liberia, Mexico, Myanmar, Nepal, Philippines, Sierra Leone, Solomon Islands, Sudan and Uganda. In the past twenty years, there have also been violent conflicts in the forested regions of Angola, Burundi, Cambodia, Central African Republic,



Guatemala, Mozambique, Nicaragua, Peru, Republic of Congo, Rwanda and Surinam. Not all these conflicts are linked directly to the control and exploitation of forest resources, but timber revenues have been a major factor. The reasons why violent conflict is widespread in forested areas are twofold: first these areas are often neglected and, with poorly developed property rights, local populations look to groups other than governments to perform traditional governmental functions; second, these resources attract outside groups that often enter into conflict with local people and with ethnic minorities.

Two practical **examples of how to make progress on the forest/conflict issue** are: a) the use of “root cause of conflict” indicators, covering both environment and corruption, to highlight such links during the programming process, and b) the Rapid Reaction Mechanism (€ 30 million in 2003) to deploy “conflict prevention assessment missions”. Such missions to Indonesia and the South Pacific made specific recommendations on resource management. The Commission needs to make more of the opportunities offered at the political level (United Nations, African Union, World Bank, bilateral) to pursue objectives on tighter legislative frameworks, corporate social responsibility standards and sanctions.

- The EC is equally **addressing these issues through country and regional development programmes and through wider policy initiatives**.
- The EIB is contributing to the funding for the Chad-Cameroon oil pipeline initiative. The package of governance measures attached to this aims to ensure that the Chad Government’s profits will be spent on poverty and human development, although how successful this will be remains to be seen.
- In the Central Africa/Great Lakes region, the Commission is dealing with conflict issues on a day-to-day basis, but lacks the resources and expertise to address all the different elements. Even donors working together cannot achieve this. A recent DEV/AIDCO seminar for staff working on these regions looked at how to integrate conflict prevention in other activities.
- In Papua New Guinea, a pilot EC project is being replicated across the country, and the World Bank asked the EC to lead donors in the forest sector. The Commission prepared a series of issue papers to inform Delegations and partners. A conflict prevention mission report was shared with the National Authorising Officer in advance of the Mid-Term Review of the Country Strategy, and has been useful in promoting constructive dialogue.
- More generally on forests, the Commission is closely involved in the three regional Forest Law Enforcement and Governance (FLEG) processes. In Asia, this process brought together the governments of wood-producing countries in South-East Asia (Indonesia, Thailand, Cambodia, Vietnam and PR Lao) with governments from the major consumer markets (Japan, Europe, the United

States and China). An identification mission was recently launched to prepare a supporting FLEG programme in Indonesia. With a total grant contribution of € 500 000, the EC will also be the largest donor to the upcoming Ministerial level meeting of the Africa FLEG, which will include specific discussion of forests and conflict.

- The Commission is also working on an Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT). Measures under consideration include establishing a mechanism to verify the legality of timber imported into the EU; new legislation to restrict imports of illegal timber; the launching of international efforts to improve multilateral co-operation on this issue; and capacity-building and other support to wood-producing countries that agree to co-operate with the EC on this issue.

#### 5.2.4. Targeted initiatives

Development co-operation provides powerful instruments for addressing security-related issues in cases of standalone governance, peace-building and security initiatives for development which, by definition, can not be easily integrated in a wider sectoral programme but are particularly important in situations demanding higher-profile support from the EC in the context of a given political process.

- **Governance** - In **Indonesia** the institutional changes since 1999 brought governance issues to the forefront of the development agenda. The EC decided to increase the focus on good governance in all new interventions with an indicative programme of € 70 million committed for 2002-2004. This approach is cross-cutting several areas of activities, including the social services in the education and health sectors, justice reform and strengthening the rule of law. In particular, the EC has been supporting an initiative aiming at bringing good governance to the top of all development sectors. The **Partnership for Governance Reform** is a vehicle for dialogue and co-operation between Indonesia and donors on good governance-related issues (anti-corruption, decentralisation, civil service reform, legal and judicial reform, electoral reform, civil society, communication and media, legislative empowerment and corporate governance).
- The Partnership comprises the Facility Fund (supporting research, dialogue and the activities of the Partnership) and the Trust Fund (supporting projects of national stakeholders on priorities identified by the Partnership) to which the EC contributes up to € 13.3 million. The Partnership for Governance Reform has great potential for bringing institutions and people together around reform agendas; it also supports local initiatives for the development of good governance practices in the country. It has, for example, supported a Law Summit process aiming to produce comprehensive and integrated action plans on legal and judicial reform through transparent and participative processes. It has also encouraged a Partnership by the main Indonesian religious groups to create a wider and stronger constituency for a national movement against corruption.

- **Reform of the security system** – This encompasses a range of activities that can be included in general support for implementing peace agreements or be more focused on improving security services, such as the police.
  - Most of EC assistance to **Guatemala** is aimed at giving **support to the Peace Agreements** in areas such as: demobilisation and rehabilitation of the former guerrilla and armed forces; improvement of citizens' security by creating and ensuring the functioning of a civil police force; strengthening the judicial system; giving legal protection to property by introducing a national land register; and support to the National Ombudsman for Human Rights. The whole strategy for co-operation with Guatemala (€ 93 million for 2002-2006) is aimed at helping create and reinforce the necessary conditions for the implementation of the Peace Accords, namely bolstering the participation of civil society in drawing up public policies and ensuring that Human Rights are upheld by those responsible for their enforcement. The coherence and co-ordination of the EC initiatives in Guatemala are reinforced by the so called Mesodialogo, which is a permanent forum on EC co-operation with Guatemala comprising the EC, Member States, the Guatemalan Government, local and EU civil society organisations. In the framework of the Country Strategy Paper, this instrument has contributed to the preparation of key actions aimed *inter alia* at reinforcing the participation of civil society and consolidating the State's decentralisation process which will constitute the bulk of future EC assistance in Guatemala.
  - A € 500.000, 20-month programme of support to the **Royal Solomon Islands Police** started in May 2003. It provides leadership for reform of the police force with the aim of strengthening its operational effectiveness. The main purpose is to build a cohesive and disciplined force which has public confidence and can uphold law and order in the country. The expected outcome is a well organised, efficiently structured and professionally competent police force.
  - Following an agreement with the OSCE, as of February 2004 the EC is supporting under the Rapid Reaction Mechanism the multi-donor funded, two-year **OSCE Police Assistance Programme in Kyrgyzstan**. The general objective of this is to enhance the effectiveness of the Kyrgyz police forces when preventing conflicts and dealing with organised crime, in full respect for Human Rights and the rule of law. RRM-funds have been allocated to institutional and technical capacity-building in the areas of investigation, information analysis, community policing and non-violent public disorder control, to a needs assessment of a broader police sector reform programme for Kyrgyzstan, and to regular donor co-ordination.
- **Anti-terrorism Capacity Building** – The EC has on-going programmes which are providing technical assistance for the implementation of Security Council

resolution 1373 in fields such as police and law enforcement work, border management and combating illegal arms trafficking. Indonesia, the Philippines and Pakistan have been selected as pilot countries for a more concerted approach and needs assessment missions have identified specific areas for action in those countries.

- **Supporting confidence-building measures** – When a ceasefire agreement was reached in **Sri Lanka** in February 2002, following over 20 years of fighting, the EC responded with a programme of assistance to consolidate the peace process. This focused on ensuring early implementation of the confidence-building measures that had been identified by the parties to the conflict, including: (i) rehabilitating schools in the conflict zone that had been occupied as military camps by the armed forces of both sides during the conflict; (ii) promoting the circulation of people and goods across the former conflict zones by rehabilitating the electricity supply to the checkpoints on the re-opened Kandy-Jaffna highway; (iii) promoting reconciliation within the affected population by supporting public awareness campaigns aimed at blue-collar and estate workers, children and other groups (the activities carried out included the development of a Tamil and Sinhala website, cultural events and exhibitions, newsletters, briefings, workshops and seminars); and (iv) financial support to the Norwegian-led international Sri Lanka Monitoring Mission.
  
- **Linking Disarmament, Demobilisation and Reinsertion (DDR) to long-term development** - The EC contributions to the Multi-Donor Trust Fund (MDTF) for the Re-insertion package in the **Sierra Leone** DDR program for the period from 2001 – 2003 amounted to € 12.2 million. This period covered the re-integration phase of the DDR program in Sierra Leone. The MDTF started operating in 1999. The World Bank administered the MDTF, which is implemented by the United Nations Mission in Sierra Leone (UNAMSIL), in co-ordination with the National Committee for Disarmament, Demobilisation and Reintegration (NCDDR). The Commission continued to support the transition from post-conflict relief and rehabilitation to longer-term development strategies. When the multi-donor DDR programme formally ended in December 2003, EDF-financed support to resettlement and rehabilitation continued: € 25 million from the EDF was allocated to a specific programme due to start in 2004 and linking relief, rehabilitation and development activities. In 2003 the European Initiative for Democracy and Human Rights continued funding Human Rights and national reconciliation programmes, including support to the Truth and Reconciliation Commission and to the Special Court for Sierra Leone. Resuming implementation of development co-operation after the armed conflict ended in 2001, the Commission is also involved in post-conflict budget support, rehabilitation of transport infrastructure and support to the health sector.

#### 5.2.5. *Africa: interventions at country and regional level; the Peace Initiative for Africa*

The link between governance, peace, security and development, as well as the importance of ownership, are particularly relevant in Africa. The continent as such is getting politically engaged and developing its own capacities to intervene. The new peace and security agenda of the African Union provides the political framework in which Liberia now, and hopefully Ivory Coast and Burundi in the near future, will be

good examples of this new, strong and political determination of African leadership to tackle complex and violent crises.

- **Support to the African Union** - An EC-financed programme in support of the AU peace-building and transition activities was signed on 2 April 2003. This programme's objectives are, in the first place, to fund the operational activities of the Peace and Security Council and, secondly, to work on AU capacity building in the transition period. This support programme is based on the AU indicative work programme on peace and security issues and it will primarily finance AU mediation and peace monitoring activities.
- **Conflict Prevention, Management and Resolution (CPMR) programme in Eastern and Southern Africa** - Countries in the region have for some years come together to pursue joint efforts to attain economic growth and sustainable development through regional integration, using trade and foreign direct investment. One of the major setbacks to these efforts is the persistence of armed conflict, which has resulted in the total destruction of nation states such as Somalia, destruction of the environment leading to drought and famine, destruction of infrastructure, displacement of people leading to refugee crises, and diversion of funds from development priorities to financing conflicts. The € 16 million CPMR programme, due to start in 2005, will support the development of a CPMR framework harmonising the various initiatives and mechanisms in the region in order to achieve maximum results and avoid duplication of effort resulting in the waste of resources. The regional CPMR framework will ensure a comprehensive and well co-ordinated approach to addressing issues of peace and security in the region and will help regional organisations in their endeavours to support their respective member states, within the overall context of the African Union (AU) on all matters related to CPMR.
- **Liberia: support to the peace process** - Liberia is severely affected by the protracted internal conflict that erupted in the late '80s<sup>104</sup>. The Commission has been closely involved in the peace process, using different community instruments at its disposal. First of all, through its Rapid Reaction Mechanism, the Commission financially assisted the Economic Community of West African States with the organisation of the Accra Peace Conference that led to the signing in August 2003 of a peace agreement between the warring factions, political parties and civil society in Liberia.

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Charles Taylor came to power by force in 1990 and was elected President in 1997. Rebel groups were fighting to overthrow Taylor between 1990 and 1997 and again from 1999. Respect for the rule of law, democracy and Human Rights have been minimal on all sides. There have been reports of resource-plundering (diamonds, timber), endemic corruption and ethnic problems. Following the rebels' advance in 2003 and under pressure from the international community, the Government of Liberia agreed to come to the negotiation table. Peace talks held under the auspices of ECOWAS and financed by the European Union have been under way since 4 June 2003. In the framework of these peace talks a cease-fire agreement was signed between the belligerent parties on 17 June 2003. Mandated by UN Security Council, ECOWAS started with the deployment of a peacekeeping force on August 2003 to help enforce the cease-fire. Under pressure from the international community and in accordance with the agreements reached in Accra, Charles Taylor stepped down as President and handed over power to Vice-President Moses Blah. The peace talks are still ongoing in order to draw up a comprehensive peace agreement that should include the creation of a transitional government.

- Secondly, in view of the changed political climate in Liberia following the peace agreement, the European Council adopted a decision in August 2003 to make € 50 million available from the European Development Fund to support the peace process. These funds were partially used to finance the ECOWAS military intervention force for Liberia and also help ECOWAS establish an office in Monrovia, since this organisation was formally responsible for the monitoring of implementation of the peace agreement. A financing decision was taken on an amount of € 40 million to provide assistance to the Disarmament, Demobilisation, Reintegration and Rehabilitation Programme, to support the Government with institution-building and to finance local community development activities. The institution-building component will include the financing of audits of the key revenue-generating agencies and the Central Bank of Liberia. The outcome of these audits will, in turn, be the foundation for further institutional support.
- Thirdly, the European Union resumed the enhanced political dialogue with Liberia on the basis of the conclusions of the consultations under article 96 and 97 of the Cotonou Agreement, as laid down in Council Decision of 27 March 2002. These conclusions contain commitments from the Liberian Government in the fields of Human Rights, democracy, rule of law and governance, and the fight against corruption. A positive assessment of progress observed in these areas allowed for the notification of the financial allocation for Liberia under the 9<sup>th</sup> EDF in December 2003. The use of these funds will be programmed in the near future.
- **Ivory Coast: contribution to the financing of the peace-keeping force (ECOMICI)** - Since a coup attempt by rebel soldiers on 19 September 2002 and the subsequent *de facto* partition of the country between the North and West controlled by the rebels and the South under Government control, the country has been facing the most severe crisis of its history<sup>105</sup>. The Commission decided in December 2003 to support the ECOWAS peacekeeping force in Côte d'Ivoire (ECOMICI) with a € 12.5 million contribution from the European Development Fund. This contribution will be used to pay the *per diems* of ECOMICI soldiers which account for two-thirds of total costs. Bilateral contributions of EU Member States or third parties will

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<sup>105</sup> Following a military rule under General Gueï after a coup in December 1999, Socialist Laurent Gbagbo was elected President of the Republic of Ivory Coast in October 2000. This was the first change of political parties running the country: since independence in 1960; the PDCI (Parti Démocratique de Côte d'Ivoire) had always been in government. Since a coup attempt by rebel soldiers on 19 September 2002, and the subsequent current *de facto* partition of the country between the North and West controlled by the rebels and the South under government control, the country has been facing the most severe crisis of its history. A Round Table organised in Marcoussis (January 2003) led to the signature of a peace and reconciliation agreement. A Conference of Heads of States held in Paris (January 2003) validated the Marcoussis' conclusions. The international community committed itself to support the process. After the new Government took office, the next important step will be the beginning of disarmament, demobilisation and reintegration (DDR) operations. The UN Security Council decided on 13 May 2003 to establish a small UN Mission (MINUCI), now composed of 80 military officers. The ECOWAS force (ECOMICI) has 1500 soldiers, and the French forces (LICORNE) 4 000. The UNSC discussed on 4 February 2004 a report of the UNSG of 6 January 2004 proposing to replace the ECOWAS force by a UN peacekeeping force of 6 200 soldiers, but decided to postpone its decision until 27 February 2004.

provide the remainder of the contributions necessary to cover those costs, for example the fuel for military vehicles, that cannot be supported through the EDF. The ECOMICI force of 1 500 troops is deployed in the country since March 2003 as a result of the Marcoussis agreements and in accordance with UNSC Resolution 1464. In contrast to UN peace-keeping forces such as those deployed in Sierra Leone and Liberia, for which the UN has a specific budget, ECOWAS can only finance these operations on the basis of donors' *ad hoc* contributions. Following the UNSC Resolution 1528 of 27 February 2004 sending UN troops (6 240 soldiers) to Ivory Coast, ECOMICI troops were all "blue-helmeted" on 4 April 2004 and are now there as UN troops paid by the UN.

- **Burundi - support to African-led peacekeeping operations** - Burundi has been deeply affected by armed conflict since the start of the civil war in 1993<sup>106</sup>. The EC granted € 25 million from the European Development Fund to support peacekeeping operations in Burundi under the authority of the African Union (AU) in order to: (i) offer urgent assistance to the implementation of a fragile peace process that has recently shown positive results; and (ii) promote a return to stability and national reconciliation. This peacekeeping operation shows the determination with which African leaders are addressing conflict resolution on their continent. About 2 800 peacekeepers are currently deployed in Burundi, consisting of soldiers from South Africa (1 800), Ethiopia (800), and Mozambique (200). The € 25 million aid package covers: (i) operational costs, including allowances for rations, subsistence, fuel, and medical expenses; (ii) daily allowances to the peacekeeping troops and members of the military observer mission of the AU. In addition, the Commission will provide technical assistance on the ground to ensure sound financial management and monitoring of the operation.

While **Africa** is taking up this formidable challenge, Europe should not turn its back. Currently, the European Commission is attempting to build a new partnership between the two continents and indeed the two continental organisations. This strategic partnership is based on shared political concerns in a wide range of areas, such as security, stability, democracy and governance. Supporting Africa in restoring peace is a top priority in this partnership. The AU Assembly in Maputo (July 2003) adopted a decision requesting "the EU to examine the possibility of setting up a **Peace Support Operation Facility (PSOF)**, to fund peace support and

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An estimated 300 000 people have been killed in the course of the civil war, and an estimated 1.2 million Burundians are internally displaced (IDP) or have been seeking refuge in neighbouring countries. Leaders from the sub-region and in particular South Africa, Tanzania and Uganda have been instrumental in bringing forward the peace process that led to the signing of the "Arusha Agreement for Peace and Reconciliation" in August 2000. Since then ceasefire agreements have been signed with all but one armed opposition group. In February 2003 the African Union approved the deployment of peacekeeping troops from Ethiopia, Mozambique and South Africa in Burundi. These have been fully deployed since October 2003. The peacekeeping troops are overseeing the respect of the ceasefire agreements as well as the disarmament, demobilisation and reintegration process of thousands of combatants of all parties to the conflict. The European Commission has previously provided food aid to combatants awaiting demobilisation, as well as a € 1.23 million contribution to the deployment of a contingent of military observers from the African Union in Burundi. Through its humanitarian aid office ECHO, in 2003 alone, the EC has allocated € 15 million for humanitarian assistance to refugees and IDPs in the country.

peacekeeping operations conducted under the authority of the AU”. Thereupon, the Council of Ministers of the EU invited the Commission to present proposals on the subject in order to ensure an appropriate follow-up. The Council approved the Commission’s proposal that € 250 million from the European Development Fund be used as a transitional mechanism to finance an “African Peace Facility”, which has three general objectives:

- Ownership - the Commission supports the AU and its institutions in addressing African conflicts and stimulating the search for an African continental solution. All operations supported will take place under the political responsibility of the AU and will be mandated through decisions of its Peace and Security Council. In doing so, not only the technical but also the political capacities of the AU will be reinforced.
- Encouraging African solidarity - at the Maputo Summit, the African Heads of State asked the Facility to be “based on the principle of solidarity among African countries and should be financed from resources allocated to each African state under existing co-operation agreements with the EU”. By contributing from their own resources, African countries recognise that peace benefits all of them.
- Creating conditions for development - there can be no development without peace and security and therefore there should be no trade-off between development aid on the one hand and peace support measures on the other. This instrument will support conflict prevention by reinforcing the African capacity to avoid conflicts spreading to neighbouring regions. The African Peace Facility aims at presenting a more coherent, structured and long-term instrument that will allow Africa to mobilise peacekeeping operations faster and more efficiently and Europe to strengthen African capacities within the designed continental architecture. The perspective that the opportunities for peace and political agreements between warring groups and/or governments can be backed up with a swift African peacekeeping force would not only enhance the confidence of the populations in the peace process, it would also allow for a quicker resumption of normalcy and economic activity. It would furthermore open the door to more long-term support by the European Commission, EU Member States and other donors in resuming normal development aid and reversing the downward spiral very often linked to conflict situations...

#### 5.2.6. *Lessons learned*

- Security and development are often linked. The EC is developing a holistic approach to governance, peace, security and development through a comprehensive policy dialogue with partner countries and regions: the mission is to contribute to improving security at the national, regional and global levels, to build partners’ institutional capacities, and to achieve the ultimate development policy objective which is poverty reduction.
- The EC is already well advanced in exploring new ways of making external assistance effective in tackling crises, by using it in a flexible way, adapted to partner country needs, and respecting the principle of ownership. Further



development is needed to ensure that the insights given by early warning mechanisms and conflict prevention assessments can be reflected in both EU long-term assistance and emergency programmes. Because of the specific expertise available within Member State administrations, the co-ordination of EU and bi-lateral programmes to support security sector reform is of particular importance

- The EU has significant comparative advantages as an actor in this field. These stem not only from its status as an object lesson in the promotion of security through regional co-operation, but also from its nature as a political actor with long-standing institutionalised partnerships with third countries, backed by significant financial resources. These structures recognise that security and peace-building are lasting endeavours, because of which it is essential to build long-term programmes with partner countries and not focus exclusively on the management of crisis.
- A wide range of instruments is available for EC-supported interventions in the field of natural resources management relevant to security issues. The EC needs to look not only at the scope for action through high-level instruments (e.g. trade policies and measures, international agreements and codes of conduct), but also at problems arising from current arrangements. For example, the WTO Rules of Origin focus on where processing of natural resources takes place, not the source: this makes it illegal to exclude products that contain raw materials plundered from conflict zones. The Commission should also consider more immediate, practical steps such as day-to-day activities on the ground in developing countries. Where governments are part of the problem, the EC has the option of raising the matter in the political dialogue. Integration into current and planned co-operation programmes should take place gradually. Conflict and natural resource issues should be examined in the background analysis for CSPs/RSPs in countries/regions where they are likely to be a major factor. The emphasis should be on the integration and treatment of these issues in the context of affected countries' own national development strategies, from which donor support strategies take their lead.
- Need to reinforce multilateralism: There is a lot to be done to make the existing multilateral system work more efficiently and coherently in the effort to achieve the Millennium Development Goals and global peace and security, especially in the relations between the Bretton Woods Institutions (BWI) and the UN, but also with other relevant development partners including non-state actors. Both the expertise of the BWI and the inclusive legitimate convening power of the UN are needed. However, the UN needs to be strengthened to fulfil its existing mandate. The close link between peace, security and development needs to be reflected also in the organisational set-up of the UN.
- A clear distinction must be maintained between financial resources for development objectives and those used for other related humanitarian aid, security and political objectives. Donors have committed themselves to increasing Official Development Assistance (ODA). The ongoing discussions on ODA coverage in relation to military issues and to conflict, peace, security and development activities will more clearly identify the eligibility criteria for activities in these areas. Not all expenditures that may benefit developing

countries count as ODA, which focuses on sustainable development and poverty reduction. Grants and loans for military purposes are not considered as ODA, but demobilisation of military personnel and their integration into the economy and the conversion of production facilities from military to civilian output are eligible. Discussions continue on issues such as security system reviews, management of security expenditure, civilian expertise in security matters and control of security forces, reform and training of security forces, addressing the issue of child soldiers, confidence-building, developing analytical capacity and conflict-prevention measures, small arms, support to intelligence gathering and peacekeeping.

### **5.3. Conclusions**

Governance, peace, security and development are interlinked and should be jointly taken into account in the context of the regular dialogue with partners at all levels, including when co-operation strategies and programmes are discussed, implemented and assessed. Governance relates to the state's ability to serve its citizens in a responsive and accountable manner, with a view to ensuring equitable and sustainable development. The state must in this context ensure both people's and the state's security, as well as contribute to regional stability and global security.

Links between security and development are particularly evident in post-conflict situations. Where state institutions are either non-functioning or even non-existent, the EU contributes to sustainable peace and security through its support for governance reform, following an approach linking relief, rehabilitation and development. The objective is to help the partner country meet the very basic conditions of stability and build a minimum institutional framework, in order to have a chance of attacking poverty and implementing a longer-term development agenda.

Crises often get out of hand, deepen and become protracted. This is not only because of their cultural or ethnic nature, nor because they have profound and complex origins in society, but also because the international community - which does not always have a homogeneous approach to a crisis - may be insufficiently interested or capable of providing the right support in a given situation.

Efforts to ensure co-ordination between donors but also with partner countries should be pursued. Difficult partnerships, post-conflict situations, conflict-prone countries and failed states represent a major challenge for the international community as a whole. Donors should aim to reach shared objectives, to develop harmonised approaches and agree on the expected outcomes - if possible 'owned' by partner countries. Fragmentation, which often has negative effects in 'normal' situations, can be even more harmful in difficult ones. Compared with the rather 'technical' nature of those cases where traditional development co-operation instruments are implemented without major problems, harmonisation and co-ordination in difficult partnerships can be controversial because they have political and security dimensions, sometimes linked to national sovereignty. Innovative approaches to involving a wider range of actors may be necessary, in particular during the conflict-resolution and peace-building phase, as well as in post-conflict situations. Harmonisation and co-ordination mechanisms in difficult partnerships, if structured in a transparent and participatory way, lead to better identification of needs, objectives and priorities, and a better sequencing of interventions.

The EU Security Strategy will have an important bearing on the way the EU develops as a political actor in the world. It may create some tensions in the allocation of resources between the long-term and short-term goals of EU external assistance. However, in general terms, if the EU is able to be a more effective political actor, this will strengthen the effectiveness of its programmes in building peace and security. Significant progress has been made in ensuring that the EC has financial instruments that can react in a timely and effective way to political instability. The Commission's proposals in its Communication *Building our common futur*<sup>107</sup> aim to streamline these instruments further and to put specific emphasis on Peace and Security.

At the multilateral level, the experience gained and lessons learned, especially in the recent past, suggest that policies are far removed from practice and that the right instruments are simply not yet there. The Union has a strong UN commitment, and efforts to further strengthen EU-UN co-operation should continue.

The African Peace Facility is a good example of how to make financial instruments work to support partner initiatives, politically engaging a whole continent in developing its own capacities for intervention and tackling complex and violent crises. The African Peace Facility enhances 'ownership', encourages African solidarity and paves the way for development. In proposing this Facility the Commission is breaking new ground. First, the Commission is developing a totally new area of co-operation and partnership, specifically peacekeeping and security. Secondly, the Commission is for the first time creating a framework for support and co-operation on the new agenda of the African Union. By dealing with the whole of Africa, the Commission aims to contribute to the acceleration of the African integration process. As Africa is now taking things in hand, Europe should be at its side. Sustainable peace is a right for everyone.

## 6. MDGs

The Millennium Development Goals are an ambitious agenda for reducing poverty and improving lives that world leaders agreed to at the Millennium Summit<sup>108</sup> in September 2000. For each goal one or more targets have been set, most for 2015, using 1990 as a benchmark. Below is the list of the eight Goals and their corresponding targets.

### **1. Eradicate extreme poverty and hunger**

*Target for 2015: halve the proportion of people living on less than a dollar a day and those who suffer from hunger.*

More than a billion people still live on less than US\$1 a day: sub-Saharan Africa, Latin America, the Caribbean and parts of Europe and Central Asia are still below the poverty line.

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<sup>107</sup> Commission Communication "Building our common Future – Policy challenges and Budgetary means of the Enlarged Union 2007-2013", COM(2004) 101 final, 10.2.2004.

<sup>108</sup> <http://www.un.org/millennium/summit.htm>.

## **2. Achieve universal primary education**

*Target for 2015: ensure that all boys and girls complete primary school.*

As many as 113 million children do not attend school, but the target is within reach. India, for example, should have 95 percent of its children in school by 2005.

## **3. Promote gender equality and empower women**

*Targets for 2005 and 2015: eliminate gender disparities in primary and secondary education preferably by 2005, and at all levels by 2015.*

Two-thirds of illiterates are women, and the rate of employment among women is two-thirds that of men. The proportion of seats in parliaments held by women is increasing, reaching about one-third in Argentina, Mozambique and South Africa.

## **4. Reduce child mortality**

*Target for 2015: reduce the mortality rate among children under five by two-thirds.*

Every year nearly 11 million young children die before their fifth birthday, mainly from preventable illnesses, but that number is down from 15 million in 1980.

## **5. Improve maternal health**

*Target for 2015: reduce the ratio of women dying in childbirth by three-quarters.*

In the developing world, the risk of dying in childbirth is one in 48, but virtually all countries now have safe motherhood programmes.

## **6. Combat HIV/AIDS, malaria and other diseases**

*Target for 2015: halt and begin to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases.*

Forty million people are living with HIV, including five million newly infected in 2001. Countries like Brazil, Senegal, Thailand and Uganda have shown that the spread of HIV can be stemmed.

## **7. Ensure environmental sustainability**

Targets:

- Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources ;
- By 2015, reduce the proportion of people without access to safe drinking water by half ;
- By 2020, achieve significant improvement in the lives of at least 100 million slum dwellers ;

More than one billion people lack access to safe drinking water and more than two billion lack sanitation. During the 1990s, however, nearly one billion people gained access to safe water and the same number to sanitation.

## **8. Develop a global partnership for development**

*Targets:*

- Develop further an open trading and financial system that includes a commitment to good governance, development and poverty reduction – nationally and internationally ;
- Address the least developed countries' special needs, and the special needs of landlocked and small-island developing states ;
- Deal comprehensively with developing countries' debt problems ;
- Develop decent and productive work for young people ;
- In co-operation with pharmaceutical companies, provide access to affordable essential drugs in developing countries ;
- In co-operation with the private sector, make available the benefits of new technologies – especially information and communications technologies.

Many developing countries spend more on debt service than on social services. New aid commitments made in the first half of 2002 could mean an additional \$12 billion per year by 2006.

### **6.1. Improving statistical data availability and reliability**

The Commission began an analysis of progress towards realisation of the MDGs in last year's Annual Report on the basis of a core set of ten indicators (see 1.2). While the analysis uses data provided by international organisations, the questionable quality of this data at both international and national level, including analysis by gender, weakens the credibility of the international community's effort to measure progress towards the MDGs.<sup>109</sup>

In 2003 the Commission therefore decided, in addition to work already carried out at country level to strengthen statistical systems, to engage more actively at international level in initiatives to improve data availability and quality. **PARIS 21**<sup>110</sup> is the main forum that ensures coordination of various international initiatives in this field. The EC agreed, together with **DFID** and the **World Bank** in the framework of the **PARIS 21** forum, to co-finance a study which illustrates various weaknesses of the current dataset and highlights possible areas for immediate improvement. A complementary study on six countries is expected during 2004.

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<sup>109</sup> [www.un.org/millenniumgoals/](http://www.un.org/millenniumgoals/)

<sup>110</sup> **PARIS21** stands for **PARtnership IN** Statistics for the development in the **21st** century and is a new international process launched by a global consortium of policy makers, statisticians and users of statistical information in support of development.

Although a lot of progress has been made, reporting on the MDG indicators is very far from satisfactory. The main tasks ahead are to improve poor data quality in international databases, and to improve coordination of donor use and support of national statistical systems. Agencies and organisations are still competing with different definitions of MDG indicators (e.g. literacy rate) and methodologies for data collection (e.g. the under-five mortality rate). These figures may also be in conflict with national figures produced by governments. Many MDG indicators are simply not measured, for example the proportion of population using solid fuels, the proportion of total developed-country imports from developing countries and from LDCs admitted free of duty. There are also problems with ratios calculated by agencies due to differences in the use of population data. Finally, data on some indicators are calculated from very weak statistical models (e.g. prevalence and death rates associated with malaria), or using questionable methods (e.g. proportion of population with access to affordable essential drugs on a sustainable basis). Improved collaboration and information-sharing is essential at country level and generally, both on reporting on MDG indicators and enhancing statistical systems.

## 6.2. Measuring progress towards the Millennium Development Goals

The following paragraphs feature the core set of ten indicators, grouped in MDG categories of poverty and hunger, education, health and water and sanitation. New information is available this year on each of these indicators with the exception of the primary completion rate and the proportion of the population with access to drinking water. For the other indicators the WDI 2003 and/or the UNICEF databases add some new elements. It should be noted that most recent data available for these ten indicators goes back to 1999, 2000, 2001 and in a few cases 2002. We have used the most recent data for the ten indicators<sup>111</sup> to measure progress towards the MDGs in 2003<sup>112</sup>.

### Poverty and hunger

#### 1. Proportion of the population below \$1 a day

The first selected key indicator is used to measure progress for the first MDG: “eradicate poverty and extreme hunger”. The target is to halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. The scarce data available for this indicator does not allow us to show the evolution in the countries towards the target: for this reason Figure 1 shows graphics from the World Bank.

According to the World Bank, the global poverty level has fallen since 1990, but this progress is uneven: “*There were at least 137 million fewer people living in extreme poverty at the decade’s end than at its beginning*”. If projected growth remains on track, the income poverty MDG will be met globally, and 366 million more people

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<sup>111</sup> Under five mortality (up to 2002), proportion of 1 year old children immunised against measles (up to 2002), proportion of births attended by skilled health personnel (up to 2002), HIV prevalence in 15-19 year olds (up to 2001), ratio of girls to boys in primary, secondary education (up to 2000), net primary school enrolment ratio (up to 2000), primary completion rate (up to 2000) and proportion of population having access to drinking water (up to 2000).

<sup>112</sup> [http://www.cc.cec/home/dgserv/dev/body/organisation/docs/graphics\\_MDGs.pdf#zoom=100](http://www.cc.cec/home/dgserv/dev/body/organisation/docs/graphics_MDGs.pdf#zoom=100).

will escape extreme poverty. But this is driven largely by rapid progress in Asia. Even with a return to pre-transition poverty levels in Europe and Central Asia as well, in Sub-Saharan Africa more than 360 million people will continue to live on less than \$1 a day”<sup>113</sup>.

## 2. Prevalence of child (mal)nutrition below five years of age

Data for child malnutrition are available only up to 2000, and even then are somewhat patchy. However, the data that are available, while not sufficiently complete and robust to sustain extensive policy conclusions, are nevertheless indicative.

Overall there was encouraging progress between 1995 and 2000 and since then. Globally, child malnutrition declined. The most powerful force behind this change was China, as the world’s most populous nation: it recorded a substantial drop in child malnutrition (from a moderate base of 13% to 10%). Another major factor was India’s reduction from 53% to 47% in its child malnutrition rate. However, even without these two there was sufficient overall reduction to be on target to meet the MDG globally: the population-weighted average reduction over the period 1995-2000 was just sufficient to meet the target of halving the rate in 25 years.

Within this global figure, however, progress in countries varies widely. Income is of course a significant influence on child malnutrition. Among the highly successful countries in reducing child malnutrition was Mauritania, which has cut malnutrition from 48% in 1995 to 32% despite relatively modest economic growth. Other highly successful countries included Indonesia and Vietnam. In contrast, some countries suffered considerable worsening, such as Argentina, Cameroon and Liberia.

## Education

The education MDGs are **achieving universal primary education** and **promoting gender equality and empowering women**. Three indicators were retained to measure progress towards their achievement.

### 1. Net enrolment ratio in primary education

The target is to *ensure that children everywhere, boys and girls alike, will be able to complete a full course of primary schooling by 2015*. The indicator attempts to capture the education system’s coverage and efficiency. It shows the number of children of official school-age actually enrolled in primary school compared to the population of official school-age (under-aged and over-aged pupils are excluded from the calculation).

Unfortunately, school enrolments are sometimes over-reported (enrolment figures rarely reflect actual attendance or dropout rates, administrators sometimes exaggerate enrolments when there is a financial incentive to do so; children who repeat years may mistakenly be included in the net figures) and children’s ages may be inaccurately estimated or misstated. Many enrolled in the primary school system do not successfully complete the primary education cycle. For these reasons analysis

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<sup>113</sup> Source : World Bank, website : [www.developmentgoals.org/Poverty.htm](http://www.developmentgoals.org/Poverty.htm).

includes an indicator of the number of pupils - boys and girls alike - who complete a full cycle of primary schooling.

## 2. Primary education completion rate

This indicator monitors education system coverage and student progression. It is intended to measure human capital formation and school system quality and efficiency. It gives, for a specific academic year, the ratio of the total number of students successfully completing (or graduating from) the last year of primary school to the total number of children of official graduation age in the population. Unfortunately, no new or additional data on primary completion rates has become available since the last annual report, where it was stated that most countries in Africa had very low completion rates with many less than 50%.

Regional averages for the other indicators have been estimated (see Table 1<sup>114</sup>) and confirm trends noted elsewhere. First, while some regions are on track to achieving the education MDGs, Africa, Asia and the South Mediterranean and the North & Middle East are off-track. If the present trend continues these regions will not achieve the MDG by the target date and a timeframe beyond 2015 may be needed for some countries. Second, while there were improvements in net enrolment ratios in Africa and the Pacific, the useful gains in Africa are tempered by the fact that the region as a whole lags considerably behind all other regions and that over a quarter of the African countries, many from the Sahel and the Horn of Africa, are seriously off-track. In these countries an extension of the timeframe beyond 2015 will not be enough to reach the MDG; substantial remedial programmes and additional resources will be required to accelerate their performance and to bring them on track.

## 3. Ratio of girls to boys in primary, secondary and tertiary education

The target is **eliminating gender disparity in primary and secondary education by 2005 and at all levels of education by 2015**. The indicator is the ratio of the number of female students to the number of male students enrolled at all levels in public and private schools. It attempts to capture the fairness and gender equity of educational opportunity measured in terms of school enrolment. As education is one of the most important aspects of human development, eliminating gender disparity at all levels of education would help to increase the status and capabilities of women. Education of girls and women is also an important determinant of economic development.

All regions registered an improvement in the gender balance between the early years of the 1990s and the period 1998-2000. However, it should be noted that the target date for achievement of gender equity is not 2015 but 2005 for primary and secondary education. Latin America, East Europe/Central Asia and the Balkans are on target to meet this goal, but all other regions are likely to achieve this goal sometime after the original deadline. While great strides have been made in some countries through special girls education programmes (Bangladesh), there are still countries in Asia, the Near & Middle East and Africa, where girls make up less than half of the pupils. The region with the largest task ahead of it is Africa. In spite of

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<sup>114</sup> Source: EC, based on World Development Indicators 2003.



notable progress, only four out of ten pupils are girls in one quarter of African countries. The situation is made worse by the fact that these are the very countries where only half the children actually attend primary school, of whom only one out of three are girls. Besides, girls do not often complete the basic education cycle, frequently dropping out of school at puberty. As a consequence, girls' enrolment rates in secondary and tertiary education decline rapidly and the gender balance in the upper levels of the education system is heavily biased in favour of boys.

## Health

The three MDGs in health are: reducing child mortality, improving maternal health and combating HIV/AIDS, malaria and other diseases. Four indicators are used to measure progress.

### 1. Under-five mortality rate

The under-five mortality rate is the main indicator for the MDG of reducing child mortality. It refers to the number of children who die before their fifth birthday out of 1000 who are born alive. The target for indicators 6 and 7 is to *achieve a two-thirds reduction of this rate between 1990 and 2015*.

Under-five mortality rates vary from nearly 300 in some least developed countries to below 10 in OECD members and some developing countries such as Malaysia, Cuba and Costa Rica. The high rate of deaths in most developing countries is typically due to communicable diseases (such as pneumonia, malaria, measles, diarrhoea and increasingly HIV/AIDS); nutritional deficiencies, and conditions related to childbirth and very early life. These diseases and conditions in turn occur and cause death because of a variety of poverty-related factors such as inadequate food, poor housing, lack of sanitation, poor hygiene, and lack of access to adequate health care. Most countries with particularly high rates have also been affected by conflict in the past decade, notably Sierra Leone, Afghanistan and Angola.

At current rates of progress the 2015 target will only be achieved in Latin America, the Mediterranean and possibly in the Balkans. In Africa progress has been very slow, and in Asia the promising rate of progress in the early 1990s has slowed (see Figure 2)<sup>115</sup> the poor progress in these two regions will mean that the global target will not be reached as they contribute so much to the world population. A number of countries – mainly in Southern Africa – have experienced significant increases in under-five mortality rates since 1990. Most of these countries are severely affected by HIV/AIDS, and it seems that this has played a major role in reversing previous gains in child survival. However, some countries have demonstrated that progress can be made despite persistently high levels of poverty and high rates of HIV infection (see box).

#### ZAMBIA SHOWS SIGNS OF PROGRESS IN REDUCING UNDER-FIVE MORTALITY

**The 2001-02 Zambia Demographic and Health Survey found that under-five mortality fell from 197 in 1996 to 168 per 1 000 live births (with no significant gender differences). This is the first**

<sup>115</sup> Source: EC, based on World Development Indicators 2003 and UNICEF "The State of the World's Children 2004".

significant fall since the late 1970s, and has occurred without significant improvements in poverty levels and HIV prevalence in adults estimated to be around 21.5%. This improvement in child survival is probably a reflection of improved standards of care for childhood illnesses, in particular respiratory infections and diarrhoea.

Improved standards of health care in Zambia have been made possible by the programme of health reforms adopted after the change in leadership in 1991. The main strategies have been decentralisation to districts; health financing reform; contracting, and implementation of a “Basic Package” of health care. Donor support to a “basket” fund for district health services commenced in 1993 and has grown and developed since. The EC has contributed to the basket since 1999.

Overall the results indicate the need for a redoubling of efforts to improve child survival. In addition to faster progress in reducing poverty in general and improvements in nutrition, water and sanitation, and education, the key requirement is much higher levels of investment in the provision of basic health services.

## **2. Proportion of 1-year old children immunised against measles**

This indicator relates to the percentage of children under one year of age who have received at least one dose of measles vaccine. Measles has been a leading cause of childhood mortality, and immunisation is a key element of the health system response for improving child survival.

Measles is a highly contagious disease and transmission of the virus in populations can only be arrested when measles vaccination coverage is higher than 90%. Another important consideration is that at nine months, the recommended age for measles vaccination, up to 15% of children vaccinated do not develop immunity. As a consequence, some countries administer the vaccine at 12–15 months of age, and many now offer a second opportunity for vaccination. This has to be taken into consideration when interpreting the estimates prepared by the UN.

Figure 3)<sup>116</sup> shows a mixed picture, with most progress in Latin America and the Mediterranean. This has almost certainly contributed to the improved child survival in these two regions. While overall rates in Africa are static, this hides improvements in some countries and deterioration elsewhere. Of particular concern are the low and/or declining rates in several West African countries, where urgent action is needed. Falling coverage rates in Asia underline the importance of sustaining routine vaccination once the target is achieved.

The EC is supporting immunisation in a number of African countries and elsewhere through health sector support programmes. Measles vaccination rates are commonly chosen as an indicator in the EC’s budget support operations in ACP countries, where disbursement of a variable tranche is linked to performance in the social sectors. The results indicate the need for renewed efforts in improving and sustaining vaccination coverage, which should be part of the overall improvements in health care services.

## **3. Proportion of births attended by skilled health personnel**

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<sup>116</sup> Source: data from World Development Indicators 2003 and UNICEF “The State of the World’s Children 2004”.

This indicator shows the percentage of deliveries attended by personnel trained to give the necessary supervision, care and advice to women during pregnancy, labour and the post-partum period (sometimes called “assisted deliveries”). Skilled health personnel include only those who are properly trained – such as midwives, nurses and doctors – and who have appropriate equipment and drugs. Progress on this indicator will make a major contribution to achieving the target of **reducing by three quarters, between 1990 and 2015, the maternal mortality ratio**. The aim should be to get as close to 100% as possible.

The high figures in Eastern Europe, Central Asia and the Balkans reflect the higher levels of investment in obstetric services in the past. Low levels in Africa and Asia once again underline the lack of development of health services, particularly those for meeting the specific needs of women (see Figure 4<sup>117</sup>). Maternal mortality rates in some countries in these regions are very high (above 1 000 per 100 000 live births) and will persist unless significant investment in training personnel and improving health systems are made. The main means of EC support for improvements in this indicator is through health sector support programmes and general budget support.

#### **4. HIV prevalence among 15-24 years old pregnant women**

This indicator is about the percentage of pregnant women aged 15–24 whose blood samples test positive for HIV. Improvements on this indicator will contribute towards the target, which is **to have halted and begun to reverse the spread of HIV/AIDS by 2015**. Data is derived from the UNAIDS estimates for HIV prevalence in 15-49 year olds (both sexes combined).

Figure 5<sup>118</sup> shows that Africa and the Caribbean are the worst affected regions, but does not highlight the developing epidemics in parts of Asia and Eastern Europe. The trend of marked gender differences in HIV prevalence rates among 15-24 year olds (the same age group as for the indicator for pregnant women above) can be observed systematically for countries where statistical information is available, and in most countries this has shown a significantly worsening trend for women in the 1999-2001 period (Figure 6<sup>119</sup>). Women under 25 years of age represent the fastest growing group with HIV/AIDS in Sub-Saharan Africa (SSA). There is a continuing need for vigorous prevention and care programmes in all regions, specifically in SSA.

#### **Water and sanitation**

The MDG is to ensure environmental sustainability. The target to **halve by 2015 the proportion of people without sustainable access to safe drinking water** was established in the World Summit on Sustainable Development in 2002.

##### **1. Proportion of the population having access to drinking water**

The Pacific and Africa are far behind in the path towards the achievement of the MDG for water and sanitation. On the other hand Asia (especially East and South Asia), Latin America, the Southern Mediterranean and the Near and Middle East are

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<sup>117</sup> Source: data from UNICEF “The State of the World’s Children 2004”.

<sup>118</sup> Source: data from UNICEF “The State of the World’s Children 2004”.

<sup>119</sup> Source: [www.unaids.org](http://www.unaids.org) (June 2002).

on the way towards more than halving the proportion of people still lacking access to water and sanitation (Figure7)<sup>120</sup>.

#### HALVING THE POPULATION WITHOUT ACCESS TO WATER IN SEVEN YEARS

##### THE CASE OF SOUTH AFRICA

Ten years ago, nearly 12 million people had no access to safe water supply services and 21 million lacked adequate sanitation services in South Africa, despite the fact that universal access to water is regarded as a basic Human Right in the Constitution. In 1994, the newly elected democratic government launched a Free Basic Water programme aimed at achieving a minimum free basic level of water supply of 25 litres per person a day. Until 2001, the programme had given access to safe water to 7.5 million people: this represents an increase from 59% to 76% in the percentage of the population with basic water services.

The programme has put in place a combination of sound framework policies and increased expenditure aimed at subsidising municipalities, funding infrastructure (both from public and private sources) and benefiting from cost recovery from higher-income consumers on the principle that “while the needs of the poor should be supported, the needs of the better-off should be paid for by themselves.”

Source: South African Ministry of Water Affairs and Forestry, 2003

### 6.3. Harmonisation of procedures

#### 6.3.1. Financial regulations

The Commission updated its 1999 Manual of Instructions in order to adapt it to the new Financial Regulation applicable to the general Budget of the European Communities (EC) and its Implementing Rules. The revised Manual of Instructions, renamed *Rules and procedures for service, supply and works contracts financed from the General Budget of the EC in the context of co-operation with third countries*, has been adopted by the Commission on 25 March 2003 (Commission Decision SEC (2003) 387/2).

The Practical Guide to contract procedures financed from the EC general Budget in the context of external actions (including standard contracts) and the Finance Guide for the general Budget have been adapted to the new legal framework. A note of instructions on these adaptations was also issued on 27 May 2003 to give guidance to Headquarters and Delegations.

The Financial Circuits, revised on the basis of the new Financial Regulation and Implementing Rules have been enforced. The new circuits foresee the temporary introduction of a complementary level of ex-ante verification in addition to the compulsory steps of financial and operational initiation and verification that precede the Authorising Officer's approval. An ex-post control has also been established at EuropeAid level.

A note of instructions has been issued on the entry into force of the Financial Regulation applicable to the 9<sup>th</sup> European Development Fund (EDF) and the new general Regulation concerning contracts financed by the EDF. This note has

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<sup>120</sup> Source: UNDP 2001.

highlighted the changes brought about by the 9<sup>th</sup> EDF in the financial and contractual areas. A Guide for the programme-estimates and direct labour operations in the EDF has also been established to replace those existing previously: this takes into account the provisions of the Financial Regulation applicable to the 9<sup>th</sup> EDF. A Practical Guide to contract procedures financed by the 9<sup>th</sup> EDF has been drawn up and should be approved in February 2004.

#### 6.3.2. *Financing Agreements*

Another major step has been achieved in the harmonisation process. Financing Agreement templates for the Budget (one template for each management system: centralised or decentralised) as well as for EDF have been finalised and are applicable as from 1 June 2003. These templates, compliant with the new Financial Regulation and its Implementing Rules, have been subject to a wide consultation exercise. A note of instructions on this subject has also been issued.

#### 6.3.3. *Framework contracts*

The extension of the Framework Contract AMS/451 has been carried out on time as of 1 April 2003 with the improvements discussed previously with the various actors (financial services, users and framework contractors). The corresponding changes entered in the *CRIS SAISIE* database have provided the opportunity to review certain parts of the module, and improvements are now ongoing.

A new Framework Contract in favour of the Commission has been launched on 13 June 2003 with six lots. The evaluation process was completed at the end of the year and the new FWC is available as from January 2004.

#### 6.3.4. *International organisations*

The Financial and Administrative Framework Agreement with the United Nations was signed on 29 April 2003. Agreements were signed with the International Labour Organisation, the Food and Agriculture Organisation, the United Nations Industrial Development Organisation and the World Health Organisation: accordingly these UN specialised agencies accede to the 29 April 2003 Financial and Administrative Framework Agreement between the European Commission and the United Nations, thus further streamlining the Commission's relations with the UN family. Similar discussions have been successfully finalised with UNESCO.

On 17 March 2003 EuropeAid revised the 8 November 2001 Trust Fund and Cofinancing Framework Agreement with the World Bank: this adapts it to the new Financial Regulation applicable to the EC Budget and to the new policy of the World Bank Group regarding recovery of administrative costs, as well as clarifying a few provisions.

#### 6.3.5. *Miscellaneous*

The network of contract/finance units meets monthly to discuss subjects of general interest and co-ordinate positions among the various Directorates.

EuropeAid has implemented verifications and training missions and provided further guidance notes and tools. Examples include a note on the composition of the

evaluation committee for calls for tenders and calls for proposals, and web pages on the financial and contractual procedures.

EuropeAid has put in place a training scheme on contractual procedures, including advanced training, based on practical cases, and has carried out various training sessions at headquarters and in devolved delegations (Bolivia, Nicaragua, etc.). It has also provided training on financial circuits at headquarters in Brussels. These training sessions were open to colleagues working in some devolved delegations.

### **Figures for the website of EuropeAid Cooperation Office in 2003**

- 8 512 tenders and grants documents were published (of which 1 591 were calls for tenders and proposals). Other documents included pre-information documents (annual work programmes for grants, contract forecasts for tenders), corrigenda, answers to questions by applicants and post-information documents (award notices).
- There were more than 6 million hits per month.

More than 1.4 million html pages were downloaded each month.

## **6.4. RAL**

The RAL (“Reste à Liquider”) is the difference between the cumulative amounts committed (less the de-commitments) and the cumulative amounts paid: the RAL measures the outstanding unpaid commitments. Its existence derives from the very budgetary concepts enshrined in the Financial Regulation for actions running for more than one budgetary year (commitment appropriations and payment appropriations).

### *6.4.1. Global RAL*

The RAL on the **budget** lines managed by the Office increased marginally from € 11 407 million at the beginning of the year 2003 to € 11 453 million at the year-end (+ € 46 million or + 0.4%). A useful indicator is the ratio RAL/yearly payments, measuring the number of years that would be necessary to absorb the RAL. This ratio has been steadily improving since 1998, when it reached a peak level of 4.55 years. End-2003 it stood at 3.50, which is roughly a stabilised level compared to end-2002 (3.43 years).

As regards the **EDF**, the RAL rose considerably from € 8 385 million at 1 January 2003 to € 9 410 million (+ € 1 025 million or + 12%). This is due to the very high level of commitments realized in 2003 and should be seen in a historical context. Indeed, 2003 was the beginning of a new commitment cycle, following the entry into force of the Cotonou agreement. The increase of the RAL is thus a natural phenomenon. However, thanks to the high level of disbursements, the coefficient that expresses the number of years necessary to absorb the RAL was reduced from 4.41 to 3.88 at year-end 2003, which is thus a positive trend.

#### 6.4.2. Old and Dormant Commitments: the “Potentially Abnormal RAL”

Old and Dormant commitments are indicators used for monitoring certain commitments that may have fallen behind schedule and/or for which there are perhaps no longer any amounts due.

Old RAL comprises outstanding commitments which have been made more than five financial years before the current financial year. In 2000, these were the commitments prior to 1995. In 2001, commitments from 1995 were added to the stock of old commitments to monitor, etc., for the following years. Thus in 2003, old commitments were those created prior to 1998 .

Dormant RAL are outstanding commitments with no payments<sup>121</sup> in the previous 24 months. The total stock of Old + Dormant Commitments is commonly called “Potentially Abnormal RAL”.

#### Overall situation (budget and EDF together)

€ million	2000		2001		2002		2003	
	01/01	31/12	01/01	31/12	01/01	31/12	01/01	31/12
<b>Total Old commitments</b>	1 922	1 362	2 394	1 627	2 602	1 740	2 824	1 756
<i>yearly reduction</i>		-560		-767		-862		-1 068
		-29%		-32%		-33%		-38%
<b>Dormant commitments (*)</b>	1 553	1 663	1 606	1 442	1 288	1 154	1 083	752
<b>Total Old + Dormant commitments (Potentially Abnormal RAL)</b>	<b>3 475</b>	<b>3 025</b>	<b>4 000</b>	<b>3 069</b>	<b>3 890</b>	<b>2 894</b>	<b>3 907</b>	<b>2 508</b>

(\*) Figures presented for the budget exclude the part of the Dormant RAL which is old. For the EDF this is not the case.

The table above clearly indicates that there is an overall downward trend of the Potentially Abnormal RAL at the end of the years since 2000.

As regards Old RAL, as a result of close monitoring and specific review, the Office has been clearing a steadily growing amount, year after year (e.g. € 560 million reduction in 2000, and € 1 068 million in 2003). This did not prevent Old RAL from increasing from € 1 362 million to € 1 740 million at the end of 2002, but this trend was arrested in 2003. Globally, the Office stabilised Old outstanding commitments

<sup>121</sup> For the EDF: no payments nor contracts. For Budget, historically end-of-year Dormant amounts have been calculated comparing RAL end-of-year with RAL two years earlier. Commitments that had partial de-commitments are thus not counted as dormant for year-end figures.

(budget + EDF) at about the same level (€ 1 756 million) in 2003 as at the end of 2002 (€ 1 740 million).

As regards Dormant RAL, the level was considerably reduced from € 1 663 million in 2000 to € 1 083 million at end-2002, and further decreased significantly in 2003 to € 752 million, the lowest level ever.

These trends reflect the efforts undertaken by the Office to reduce Potentially Abnormal RAL on budget and EDF financed operations, as explained in more detail below.

#### 6.4.3. Evolution for budget financed operations

The main figures are summarised in the following table:

€ million	1 <sup>st</sup> inven tory	2000		2001		2002		2003	
	11/ 99	01/0 1	31/1 2	01/0 1	31/1 2	01/0 1	31/1 2	01/0 1	31/1 2
<b>Budget</b>									
Commitments <1995	1092	1021	741	741	429	429	224	224	96
1995 Commitments				657	456	456	314	314	209
1996 Commitments						656	390	390	235
1997 Commitments								890	586
<b>Total Old commitments</b>		<b>1021</b>	<b>741</b>	<b>1398</b>	<b>885</b>	<b>1541</b>	<b>928</b>	<b>1818</b>	<b>1126</b>
<i>yearly reduction</i>			-280		-513		-613		-692
			- 27%		- 37%		- 40%		- 38%
<b>Dormant commitments (not old)</b>		<b>1314</b>	<b>1341</b>	<b>1284</b>	<b>1053</b>	<b>899</b>	<b>705</b>	<b>634</b>	<b>532</b>
<b>Total Old + Dormant commitments</b>		<b>2335</b>	<b>2082</b>	<b>2682</b>	<b>1938</b>	<b>2440</b>	<b>1633</b>	<b>2452</b>	<b>1658</b>

#### Old Commitments

As in the previous year, targets for reduction of Old RAL, broken down by Directorate, were again agreed for 2003, following examination by the operational



Directorates of an initial proposal from the budget unit. The overall target reduction for 2003, as adopted by the Board, was set at € 1 111 million. The overall end-of-year result for Old RAL, at € 1 126 million, represents a reduction of € 692 million, i.e. 98% of target, achieved in part by payments of € 445 million, and by de-commitments which added € 247 million. An interesting and positive feature is that the contribution of payments to the reduction (64%) is higher than last year (54%).

As evidenced in the table, the 2003 reduction in the Old RAL portfolio, though not entirely compensating for the increase resulting from addition of the 1997 budget year, again shows improved performance in reducing RAL in absolute figures when compared with previous years.

As regards older budget commitments prior to 1995, since the initial inventory was made in November 99, RAL decreased by 91% from € 1 092 million to € 96 million on the Office's present budget lines from heading 4. This reduction has been achieved partly by payments (€ 429 million) and by de-commitments (€ 567 million).

A total of 1 523 budget commitments prior to 1995, representing 95% of the initial stock of 1 608 budget commitments for budget lines currently in the portfolio, have been closed in the accounting system, their remaining balances having been fully paid and/or de-committed.

#### Dormant commitments

The total amount of Dormant commitments end-2003 (Old included) was € 577 million, down from € 788 million end-2002, thus confirming the decreasing trend observed in the previous two years and the sustained improvement of this important indicator.

Dormant commitments not Old (see table) show the same trend, with the percentage of total increasing slightly over recent years (88% at 1 January 2004).

When analysed in terms of disbursement levels, Dormant commitments with no disbursement (RAL = initial amount committed) come to € 347 million, i.e. 60% of total. This again confirms, for 2003, the trend of decreasing financial value of programs/projects with start-up delays and their share in the total Dormant RAL.

(€ million)	2001	2002	2003
Total Dormant	1 160	788	577
Dormant zero	908	531	347
%	78 %	67 %	60 %

As to the distribution of Dormant commitments by budget lines/chapters and thematic lines, the four top programme/budget chapters in terms of amounts Dormant remain the same as at end-2002: Mediterranean, Latin America, Asia and Food Aid, in that order, account for 75% of the total, roughly the same percentage as a year earlier.

Analysis of the evolution of Dormant amounts per portfolio shows an overall decrease in volume, the steepest fall being the Mediterranean portfolio (-57%), then the ACP budget programmes (South Africa + bananas: -37%) and Latin America (-31%). Dormant amounts increased for the Asia portfolio (+21% from € 93,6 million to € 113 million) and for the thematic portfolio (+14% from € 143 million to € 162 million).

This shows that the share of the main programmes in the total is not evolving evenly: the Mediterranean portfolio's percentage of the total Dormant amount is still decreasing (44% end-2001, 39% end-2002, 23% end-2003), Latin America's has remained roughly unchanged (18% from 20% last year and 15% end-2001), whereas Asia's increased from 12% to 20%, and Food Security from 10% to 15%. The share of the thematic budget lines (Food Security, EIDHR and other thematic lines) has jumped from 18% to 28% and is now the largest Dormant portfolio.

#### The effort on closure and de-commitment

The level of de-commitment during 2003 for the Office's management portfolio was € 599 million (€ 502 million in 2002). As in previous years, this is a result not only of the closure of old files but also the overall review effort for the whole portfolio, i.e. a specific review of under-performing commitments that included not only Old but also non-activated Dormant RALs, and slow disbursement programmes. De-commitments on old commitments prior to 1998, amounting to € 247 million, decreased in value from the previous year's level (€ 285 million in 2002), as well as in terms of their share of the total volume de-committed (from 57% to 41%). This is a logical consequence of both the efforts made in previous years on old commitments and the more targeted approach applied in 2003.

De-commitment in financial amounts can derive from partial de-commitments or from closure of commitments for which remaining balances are fully de-committed. The effort on closure is however better represented by the number of commitments which are totally paid and/or de-committed during the year (RAL zero) and not carried over to the next financial year, rather than by total amounts de-committed (though in some cases actual completion of all financial closure operations may be carried into the following year).

A total of 1 249 budget commitments were cancelled in 2003, of which 401 were old (32 %, this share being 37% in 2002, and 30% in 2001). A decrease is observed in the number of closures (1 926 in 2002). Part of this decrease is explained by the lower number of open commitments carried into 2003, resulting from both previous efforts on closure and from the increase in average size of budget commitments in recent years. However, the decrease is mainly due to a slowdown in closures in thematic lines, as these account for half the total number of open commitments at the beginning of the year (43% of total commitments closed in 2003, against 73% last year).

#### Surveillance of RAL: developments in 2003

The migration completed early in 2003 towards the single External Aid database, CRIS, allowed (*NB: made possible*) a further development of RAL monitoring activities in two new directions:

### *A more targeted approach to under-performing commitments*

First, the availability on CRIS of on-line data on contracts permitted a more targeted approach and a more refined analysis on the basis, *inter alia*, of contracting situations. A specific review of underperforming commitments was undertaken, targeted not only towards old or dormant RAL but also towards commitments with low disbursement rates and relatively high levels of allocated amounts remaining to be contracted. On the basis of summary sheets prepared by the budget unit, 106 budget commitments covering 80 projects and amounting to € 1.198 million RAL at end-2002 were selected and subjected to specific review at Director-General level with the operational Directorate concerned. Corrective action ranging from accelerating measures to scaling down activities or closing programmes altogether was agreed on for the commitments reviewed .

### *Ensure sustainability of continued reporting on potentially abnormal RAL in a de-concentrated management environment*

In order to ensure sustainability of RAL monitoring and reporting, the planned full integration of RAL monitoring and reporting into CRIS was taken further in 2003 by the development of a specific module: specifications drafting, software development and testing. The module should be available in the 2<sup>nd</sup> quarter of 2004, once tests of the final version containing all the functions specified has been completed, as well as uploading of historical data (e.g. status of reporting by Directorates at budget commitment level, as of January 2004).

This should replace the monitoring system based on Excel files put in place in 2000 with a data entry system fully integrated into the main program management database. With this new module, RAL reporting will be less reliant on human resources in the budget unit and better adapted to a de-concentrated environment in which Delegations already manage a major part of budget commitments (direct data entry by Delegations will be possible).

#### 6.4.4. Evolution in 2003 for EDF financed operations

€ million	2000		2001		2002		2003	
	01/01	01/12	01/01	01/12	01/01	01/12	01/01	01/12
Commitments <1995	901	621	621	497	497	419	419	219
1995 Commitments			375	245	245	183	183	112
1996 Commitments					319	210	210	143
1997 Commitments							194	156
<b>Total Old commitments</b>	<b>901</b>	<b>621</b>	<b>996</b>	<b>742</b>	<b>1061</b>	<b>812</b>	<b>1006</b>	<b>630</b>
<i>yearly reduction</i>		-280		-254		-249		-376
		-31%		-26%		-23%		-37%
<b>Dormant commitments</b>	<b>239</b>	<b>322</b>	<b>322</b>	<b>389</b>	<b>389</b>	<b>449</b>	<b>449</b>	<b>220</b>
<b>Total Old + Dormant commitments</b>	<b>1140</b>	<b>943</b>	<b>1318</b>	<b>1131</b>	<b>1450</b>	<b>1261</b>	<b>1455</b>	<b>850</b>

Whereas Old RAL increased dramatically during preceding years, from € 621 million at end-2000 to € 812 million at year-end 2002, the Office reduced Old RAL to € 630 million at end-2003, close to its initial level, but was not fully successful in realising its ambitious end-of-year objective of € 580 million. However, the reduction of old RAL in 2003 was significant (€ 376 million), the highest reduction since the start of the “clearing-up Old RAL” exercise at the end of 1999. These € 376 million translate into a reduction of 37% of all Old EDF commitments outstanding at the beginning of 2003. About 175 projects of an initial portfolio of around 940 have been closed.

Dormant outstanding commitments fell from € 449 million at 1 January 2003 to € 220 million at 31 December 2003 (significantly lower than the objective of € 400 million): these amounts for the EDF do not exclude commitments that are both Old and Dormant. This information is only available for the end-year 2003: of the € 220 million of Dormant RAL, € 126 million (57%) was not Old.

Reduction of Old and Dormant RAL was an important issue at the regional seminars held in February and March 2003. All outstanding commitments past the implementation deadline were examined, projects requiring specific action were identified and the services concerned were instructed to take the necessary action. This exercise will be repeated and taken further at the regional seminars organised by the Office in spring 2004.

#### 6.5. Internal Audits

During the year under review, the Internal Audit unit provided management with information on controls and the efficiency of the operations audited. It also put

forward recommendations aimed at assisting management in improving these aspects of the Office's work.

The unit's annual work programme is based on a risk assessment of activities undertaken by the EuropeAid Co-operation Office.

## 6.6. EC communications referring to External assistance

### INVENTORY OF DEVELOPMENT COMMUNICATIONS IN 2003

Title of communication	Reference	Date
Proposal for a Council Decision amending Council Decision 2002/131/EC concluding the consultation procedure with Haiti under Article 96 of the ACP-EC Partnership Agreement	<u>COM/2003/786/F-1</u>	15/12/2003
Proposal of a Council Decision on the position to be adopted within the ACP-EC Committee of Ambassadors concerning the Staff Regulations of the Center for the Development of Enterprise	<u>COM/2003/750/F-1</u>	15/01/2004
Proposal for a Council Decision on the position to be adopted by the Community within the ACP-EC Council of Ministers regarding the use of resources from the long-term development envelope of the ninth EDF for the creation of a Peace Facility for Africa	<u>COM/2003/638/F-1</u>	27/10/2003
Proposal for a Council Decision concluding the consultation procedure opened with the Central African Republic under Article 96 of the Cotonou Agreement.	<u>COM/2003/629/F-1</u>	22/10/2003
Draft proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) n° 1726/2000 on development cooperation with South Africa.	<u>COM/2003/627-1</u>	21/10/2003
Draft Commission communication : "Governance and development"	<u>COM/2003/615/2-1</u>	20/10/2003
Communication from the Commission to the Conseil and the European Parliament - Towards the full integration of co-operation with ACP countries in the EU budget	<u>COM/2003/590/F-1</u>	8/10/2003
Proposal for a COUNCIL DECISION On the position to be adopted by the Community within the ACP-EC Committee of Ambassadors concerning the financial regulation and the statutes and rules of procedure of the Centre for the Development of Enterprise	<u>COM/2003/538/F-1</u>	10/09/2003
Projet de communication de la Commission au Conseil relative à l'ouverture de consultations avec la République de Guinée en application de l'article 96 de l'accord de Cotonou.	<u>COM/2003/517-1</u>	26/08/2003
Proposition de décision du Conseil adoptant des mesures en cas d'urgence particulière et modifiant la décision 2002/274/CE du Conseil.	<u>COM/2003/513/F-1</u>	19/08/2003
Proposition de règlement du Parlement européen et du Conseil relatif à la promotion de l'égalité des sexes dans la coopération au développement.	<u>COM/2003/465/F-1</u>	30/07/2003

Draft Proposal for a Regulation of the European Parliament and of the Council extending and amending Council Regulation EC/N° 1659/98 on decentralised cooperation	COM/2003/413-1	11/07/2003
Communication de la Commission au Conseil et au Parlement européen sur l'évaluation d'ensemble des actions financées par la Communauté dans le cadre du règlement concernant la coopération décentralisée	COM/2003/412/F-1	11/07/2003
Proposition de décision du Conseil concernant l'affectation des fonds reçus par la BEI sur les opérations effectuées en République Démocratique du Congo au titre des 2ème, 3ème, 4ème, 5ème et 6ème FED.	COM/2003/367/F-1	23/06/2003
Communication de la Commission au Conseil et au Parlement européen. La réforme des entreprises d'État dans les pays en développement, axée sur les services publics: nécessité d'évaluer toutes les solutions possibles.	COM/2003/326/F-1	3/06/2003
Communication de la Commission au Conseil: "Le dialogue UE-Afrique".	COM/2003/316/F-1	23/06/2003
Communication from the Commission to the Council and the European Parliament. Forest law enforcement, governance and trade (FLEGT). Proposal for an EU action plan.	COM/2003/251/F-1	21/05/2003
Communication de la Commission au Conseil concernant l'ouverture de consultations avec la République Centrafricaine en application de l'article 96 de l'Accord de Cotonou.	COM/2003/222/F-1	28/04/2003
Projet de proposition de décision du Conseil relative à la position à adopter par la Communauté au sein du Conseil des ministres ACP-CE concernant une décision visant à affecter à la réduction de la dette la réserve de l'enveloppe du 9ème Fonds européen de développement consacrée au développement à long terme.	COM/2003/212-1	25/04/2003
Communication de la Commission au Conseil et au Parlement européen. Création d'un fonds européen pour l'eau.	COM/2003/211/F-1	23/04/2003
Projet de proposition modifiée de règlement du Parlement européen et du Conseil concernant les aides destinées aux politiques et aux actions relatives à la santé et aux droits en matière de reproduction et de sexualité dans les pays en développement (présentée par la Commission conformément à l'article 250, paragraphe 2 du traité CE)	COM/2003/168-1	3/04/2003
Projet de proposition modifiée de règlement du Parlement européen et du Conseil relatif à la lutte contre les maladies dues à la pauvreté (VIH/sida, paludisme et tuberculose) dans les pays en développement (présentée par la Commission conformément à l'article 250, paragraphe 2 du traité CE).	COM/2003/167-1	3/04/2003
Proposition de décision du Conseil concernant la position à assumer par la Communauté au sein du Conseil international des bois tropicaux sur l'extension de l'accord international sur les bois tropicaux, 1994.	COM/2003/111/F-1	13/03/2003
Communication de la Commission au Conseil et au Parlement européen. Actualisation du programme d'action communautaire. Accélération de la lutte contre le VIH / Sida, le paludisme et la tuberculose dans le cadre de la réduction de la pauvreté. Questions politiques en suspens et défis futurs.	COM/2003/93/F-1	26/02/2003
Communication de la Commission au Conseil et au Parlement européen. Les changements climatiques dans le contexte de la coopération au développement.	COM/2003/85/F-1	11/03/2003

Proposition de décision du Conseil relative à la position à adopter par la Communauté au sein du Conseil des Ministres ACP-CE concernant l'adhésion de la République démocratique du Timor oriental à l'accord de partenariat ACP-CE	<u>COM/2003/76/F-</u> <u>1</u>	18/02/2003
Proposition de décision du Conseil prorogeant la décision 2002/148/CE portant conclusion des consultations engagées avec le Zimbabwe en application de l'article 96 de l'accord de partenariat ACP-CE.	<u>COM/2003/35/F-</u> <u>1</u>	27/01/2003

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**Communication from the Commission to the Council and Parliament - Opening up Community programmes and agencies to countries in the Western Balkans** COM/2003/748/F 03/12/2003  
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Proposal for a Council Decision on a Community Position concerning a Decision of the European Community - former Yugoslav Republic of Macedonia Co-operation Council implementing further liberation of trade in agricultural and fisheries products COM/2003/744/F- 01/12/2003  
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Proposal for a Council Decision on the signature of a Political Dialogue and Cooperation Agreement between the European Community and its Member States, of the one part, and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama COM/2003/677/F- 10/11/2003  
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Draft Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EC) No 975/1999 laying down the requirements for the implementation of development cooperation operations which contribute to the general objective of developing and consolidating democracy and the rule of law and to that of respecting human rights and fundamental freedoms and Regulation (EC) No 976/1999 laying down the requirements for the implementation of Community operations, which, within the framework of Community cooperation policy, contribute to the general objective of developing and consolidating democracy and the rule of law and to that of respecting human rights and fundamental freedoms in third countries COM/2003/639/F- 28/10/2003  
1

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Communication from the Commission to the Council and the European Parliament. The Madrid Conference on Reconstruction in Iraq, 24/10/2003 COM/2003/575/F- 01/10/2003  
1

## 6.7. EC assistance not covered by the Report

Like the previous report, the 2004 report covers all external assistance activities managed by the EuropeAid Co-operation Office, in line with the Commission's reform of management practice.

Humanitarian, pre-accession and macro-financial assistance do not fall within the scope of the report.



### 6.7.1. *Macro-financial assistance*

The Directorate General for Economic and Financial Affairs is fully responsible for these activities, which are reported on in separate documents.<sup>122</sup>

The Commission implements macro-financial assistance (MFA) in association with support programmes of the IMF and the World Bank, and after consulting with the Economic and Financial Committee and securing a Council Decision. MFA incorporates a set of principles which underline its exceptional character (ad hoc Council Decisions), its complementarity to financing from international financial institutions and its macroeconomic and structural conditionality. It is an instrument designed to help those beneficiary countries experiencing serious but generally short-term macroeconomic imbalances (serious balance of payments and fiscal difficulties). In close co-ordination with IMF and World Bank programmes, MFA has promoted policies that are tailored to specific country needs with the overall objective of stabilising the external and internal financial situation and establishing market-oriented economies.

### 6.7.2. *ECHO*

In 2003, ECHO continued to focus on areas of greatest humanitarian need as identified in its global needs assessment: in Africa – the Horn, Great Lakes, West Africa and Southern Africa – as well as in certain parts of Asia, notably Iraq and Afghanistan. The situation in the Middle East also continued to deteriorate dramatically and required a stronger humanitarian response. ECHO has continued to pay specific attention to forgotten crises and forgotten needs, such as in North Korea and Uganda. When implementing humanitarian aid decisions, ECHO remained committed to promoting cross-cutting issues such as LRRD (Link between Relief, Rehabilitation), disaster preparedness and children.

A detailed description of ECHO's humanitarian activities will be found in the ECHO Annual Report 2003.<sup>123</sup>

#### **Global overview of Humanitarian Aid Financial Decisions 2003<sup>124</sup>**

<b>Unit/Region</b>	<b>Amounts (€ million)</b>
<b>Africa, Caribbean, Pacific</b>	<b>225.285</b>
Horn of Africa	50.700
Great Lakes	88.000
West Africa	33.185
Caribbean, Pacific, Indian Ocean	1.400

<sup>122</sup> [http://europa.eu.int/comm/dgs/economy\\_finance/index\\_en.htm](http://europa.eu.int/comm/dgs/economy_finance/index_en.htm).

<sup>123</sup> [http://europa.eu.int/comm/echo/information/publications/echos\\_annual\\_reports\\_en.htm](http://europa.eu.int/comm/echo/information/publications/echos_annual_reports_en.htm).

<sup>124</sup> This table does not contain financial information on Thematic funding, Technical Assistance (Experts & Imprest Accounts) and Support Expenditure (audits, evaluation, information & communication).

Southern Africa	52.000
<b>Eastern Europe, New Independent States, Mediterranean, Palestinian Territories</b>	<b>94.003</b>
NIS (Chechnya, Caucasus, Tajikistan, ...)	39.200
Western Balkans	7.660
Palestinian Territories, Jordan, Lebanon, Syria	38.000
Mediterranean countries	9.143
<b>Asia, Iraq, Latin America</b>	<b>224.199</b>
Asia	116.949
Middle East/North Africa	97.139
Latin America	10.111
<b>Dipecho – Disaster Preparedness</b>	<b>12.000</b>
<b>TOTAL 2003 for Humanitarian Aid Financing Decisions</b>	<b>555.487</b>

## 7.1. Financial tables

Id	XLS Sheet	Title	SCOPE								Amount 2003 (M€)	
			BUDGET		Admin Cost (Salary)		EDF	ODA	OA	NON ODA	Commit	Pay
			Aidco	Non Aidco	Aidco	Non Aidco						
1	Budget	Breakdown by budget line of external aid financed on the General Commission Budget in 2003	x	x				x	x	x	8.464	6.525
2	EDF	Breakdown by instrument of development assistance financed on the European Development Fund (EDF) in 2003 (1)					x	x	x	x	3.728	2.427
3	Sector Pay	Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF) in 2003	x	x	x	x	x	x				6.331
4	Sector Com	Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF) in 2003	x	x	x	x	x	x			8.269	
5	Country	Breakdown by country/region of external aid financed on the General Commission Budget and the European Development Fund (EDF) in 2003	x	x	x	x	x	x	x		12.335	9.153
6	Sector 01-03	Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF)	x	x	x	x	x	x			8.269	
7	Budget-EDF 01-03	External aid financed on the General Commission Budget and the European Development Fund (EDF) managed by EuropeAid	x		x		x	x	x	x	7.789	5.834
8	Budget-EDF 01-03	External aid financed on the General Commission Budget and the European Development Fund (EDF)	x	x	x	x	x	x	x	x	12.611	9.363
9	ODA-OA Com 01-03	Official Development Assistance (ODA) and Official Aid (OA) financed on the General Commission Budget and the European Development Fund (EDF)	x	x	x	x	x	x	x		12.335	9.153
10	Sector Com by Region	Breakdown by sector and Region of external aid financed on the General Commission Budget managed by AIDCO and the European Development Fund (EDF) in 2003	x		x		x	x	x	x	7.789	

<b>Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF)</b>			
	<b>Commitment (M€)</b>		
<b>Sector of Destination</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Social infrastructure and services	1.849,75	2.053,27	2.871,38
Economic infrastructure and services	664,85	614,81	1.259,35
Production sectors	860,96	924,83	558,06
Multisector/crosscutting	1.187,94	719,44	668,71
Commodity aid and general programme assistance	567,16	1272,21	1.133,78
Action relating to debt	76,13	88,67	573,50
Emergency assistance	609,16	613,39	636,31
Other/unallocated/unspecified	178,07	246,11	568,33
<b>GRAND TOTAL</b>	<b>5.994,02</b>	<b>6.532,73</b>	<b>8.269,41</b>

<b>External aid financed on the General Commission Budget and the European Development Fund (EDF)</b>						
	<b>Commitment (M€)</b>			<b>Payment (M€)</b>		
<b>Source</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Budget</b>	8.174,75	8.437,66	8.882,60	5.632,30	6.051,96	6.936,37
<b>EDF</b>	1.554,16	1.768,39	3.728,15	2.067,86	1.852,72	2.426,69
<b>GRAND TOTAL</b>	<b>9.728,91</b>	<b>10.206,05</b>	<b>12.610,75</b>	<b>7.700,16</b>	<b>7.904,68</b>	<b>9.363,06</b>

<b>External aid financed on the General Commission Budget and the European Development Fund (EDF) managed by EuropeAid</b>						
	<b>Commitment (M€)</b>			<b>Payment (M€)</b>		
<b>Source</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Budget (AIDCO Only)</b>	3.823,47	3.898,26	4.060,95	3.288,54	3.460,57	3.407,47
<b>EDF</b>	1.554,16	1.768,39	3.728,15	2.067,86	1.852,72	2.426,69
<b>GRAND TOTAL</b>	<b>5.377,63</b>	<b>5.666,65</b>	<b>7.789,10</b>	<b>5.356,40</b>	<b>5.313,29</b>	<b>5.834,16</b>

Country/Region	Breakdown by country/region of external aid financed on the General Commission Budget and the European Development Fund (EDF) in 2003					
	Total in M€		Managed by EuropeAid		Managed by Other DG's	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
<b>Part I: Developing Countries &amp; Territories Official Development Assistance (ODA)</b>						
Europe, Total	835,38	639,63	663,79	445,82	171,59	193,81
Albania	47,70	30,02	47,70	28,44		1,58
Bosnia-Herzegovina	93,49	120,23	78,49	95,23	15,00	25,00
Croatia	62,34	23,80	62,34	23,79		0,01
Macedonia (Fyrom)	44,41	43,14	44,41	23,49		19,64
Moldova	25,50	7,50	25,50	7,50		
Turkey	156,69	91,19	7,91	4,01	148,78	87,18
Serbia and Montenegro	355,97	302,49	348,31	242,10	7,66	60,39
States Of Ex-Yugoslavia Unspecif.						
Europe Unalloc.	49,27	21,26	49,12	21,26	0,15	0,01
Africa, Total	3.439,45	2.645,17	3.208,15	2.444,61	231,30	200,56
North Of Sahara, Total	416,93	345,72	409,63	336,86	7,30	8,86
Algeria	57,08	30,39	49,93	22,48	7,14	7,91
Egypt	110,76	66,14	110,76	66,14		
Morocco	148,26	119,66	148,26	118,82		0,84
Tunisia	52,75	73,90	52,75	73,88		0,02
North Of Sahara Unalloc.	48,08	55,62	47,92	55,53	0,16	0,09
South Of Sahara, Total	3.019,23	2.298,55	2.795,24	2.106,85	224,00	191,70
Angola	115,11	59,86	96,27	42,52	18,84	17,34
Benin	121,70	45,39	121,70	45,39		
Botswana	6,76	2,29	6,76	2,29		
Burkina Faso	123,92	80,54	123,92	80,54		
Burundi	18,72	42,30	2,49	23,89	16,23	18,41
Cameroon	13,75	65,45	13,75	65,45		
Cape Verde	6,84	14,61	6,56	14,39	0,28	0,22
Central African Rep.	66,29	4,23	66,29	4,23		
Chad	113,36	36,66	111,36	35,71	2,00	0,95
Comoros	2,56	2,35	2,35	2,31	0,21	0,05
Congo, Dem. Rep.	198,84	70,86	158,00	38,69	40,83	32,17
Congo, Rep.	4,97	8,22	0,24	6,50	4,73	1,72
Djibouti		6,78		6,78		
Equatorial Guinea	0,70	1,38	0,70	1,38		
Eritrea	45,18	22,09	43,88	21,38	1,30	0,71
Ethiopia	111,67	136,69	109,67	133,15	2,00	3,54
Gabon	2,07	17,34	1,18	16,48	0,88	0,86
Gambia		3,25		3,25		
Ghana	11,42	70,66	11,42	70,66		
Guinea	28,67	42,56	23,22	36,76	5,45	5,81
Guinea-Bissau	3,46	17,51	2,43	17,46	1,03	0,05
Ivory Coast	33,09	8,89	32,21	7,16	0,88	1,73
Kenya	53,40	30,40	53,40	30,20		0,20
Lesotho	19,53	20,85	19,53	20,85		
Liberia	57,75	13,21	48,47	7,76	9,28	5,45
Madagascar	121,04	77,18	120,52	76,11	0,52	1,07
Malawi	18,08	72,08	18,08	72,08		
Mali	135,56	95,71	135,06	95,71	0,50	
Mauritania	61,19	46,47	57,19	42,47	4,00	4,00
Mauritius	30,78	6,49	30,57	6,26	0,21	0,24
Mayotte		0,13		0,13		
Mozambique	159,37	81,14	159,37	81,00		0,14
Namibia	22,35	15,93	22,25	15,86	0,10	0,08
Niger	105,26	50,73	105,26	50,73		
Nigeria	20,92	19,10	20,92	19,10		
Rwanda	97,03	52,05	97,03	52,05		
St. Helena	0,15		0,15			
Sao Tome and Principe	0,32	3,69	0,07	3,13	0,26	0,56
Senegal	3,81	37,93	0,81	31,33	3,00	6,60
Seychelles	1,36	1,55	0,20	0,12	1,16	1,43
Sierra Leone	126,00	23,57	115,84	14,27	10,16	9,30
Somalia	115,61	35,46	106,61	30,09	9,00	5,37
South Africa	126,89	118,63	126,89	118,63		
Sudan	37,75	218,67	15,75	200,01	22,00	18,65
Swaziland	17,75	8,85	17,75	8,85		
Tanzania	240,56	164,56	216,56	138,80	24,00	25,76

Togo	9,85	4,04	9,85	4,04		
Uganda	51,97	83,26	45,97	79,90	6,00	3,36
Zambia	146,62	87,43	145,62	86,79	1,00	0,64
Zimbabwe	16,38	21,06	3,22	12,12	13,16	8,93
South Of Sahara Unalloc.	192,88	148,46	167,88	132,10	25,00	16,36
Africa Unspecified	3,28	0,90	3,28	0,90		
America, Total	691,97	501,93	678,13	483,16	13,84	18,77
North & Central, Total	418,56	228,37	414,56	222,40	4,00	5,96
Anguilla		0,80		0,80		
Antigua & Barbuda	4,81	0,07	4,81	0,07		
Barbados	1,43	1,12	1,43	1,12		
Belize	3,34	4,79	3,34	4,79		
Costa Rica	11,55	1,55	11,55	1,55		
Cuba	1,40	2,95	1,40	2,85		0,10
Dominica	6,32	0,72	6,32	0,72		
Dominican Republic	6,11	15,79	5,21	15,19	0,90	0,60
El Salvador	1,38	30,04	1,25	29,47	0,13	0,58
Grenada	2,09	0,74	2,09	0,74		
Guatemala	28,59	22,21	28,46	21,33	0,13	0,87
Haiti	46,93	9,34	46,85	9,10	0,08	0,23
Honduras	46,37	23,34	46,24	22,80	0,13	0,54
Jamaica	20,65	13,91	20,65	13,90		0,01
Mexico	30,89	5,09	30,89	3,96		1,13
Montserrat	7,38	0,92	7,38	0,92		
Nicaragua	49,11	46,62	48,98	45,91	0,13	0,71
Panama	15,15	1,59	15,15	1,59		
St. Kitts-Nevis	3,18	0,29	3,18	0,29		
St. Lucia	8,92	7,14	8,92	7,14		
St. Vincent and the Grenadines	12,66	3,07	12,66	3,07		
Trinidad & Tobago	10,20	1,91	10,20	1,91		
Turks & Caicos Islands	0,02	0,55	0,02	0,55		
West Indies Unallocated						
N. & C. America Unalloc.	100,08	33,82	97,58	32,61	2,50	1,21
South, Total	257,34	210,01	247,50	197,21	9,84	12,81
Argentina	9,09	4,25	7,70	3,35	1,39	0,90
Bolivia	56,00	64,74	56,00	64,60		0,14
Brazil	12,29	18,98	12,29	18,75		0,23
Chile	23,13	9,28	23,13	9,28		
Colombia	54,86	27,79	46,61	18,42	8,25	9,37
Ecuador	23,39	14,06	23,18	13,37	0,21	0,70
Guyana	0,54	1,91	0,54	1,91		
Paraguay	1,04	5,34	1,04	5,13		0,21
Peru	18,56	36,87	18,56	35,75		1,11
Suriname	35,46	3,63	35,46	3,63		
Uruguay	9,15	4,21	9,15	4,21		
Venezuela	1,03	9,29	1,03	9,22		0,07
South America Unalloc.	12,82	9,65	12,82	9,58		0,07
America Unspecified	16,08	63,55	16,08	63,55		
Asia, Total	1.303,55	1.125,53	1.001,75	903,18	301,80	222,34
Middle East, Total	466,04	408,73	315,78	315,19	150,26	93,54
Bahrain						
Iran	7,68	4,53	2,72	1,11	4,96	3,42
Iraq	107,14	53,75	2,00	1,65	105,14	52,10
Jordan	45,46	47,41	44,96	46,93	0,50	0,48
Lebanon	48,45	36,37	46,72	32,83	1,73	3,54
Oman						
Palestinian Admin. Areas	185,11	160,42	149,82	127,90	35,29	32,52
Saudi Arabia						
Syria	4,18	18,84	3,68	18,32	0,50	0,52
Yemen	11,35	23,19	9,35	22,33	2,00	0,86
Middle East Unalloc.	56,68	64,22	56,52	64,12	0,16	0,09
South & Centr. Asia, Total	583,73	462,66	478,51	368,25	105,22	94,41
Afghanistan	255,06	184,12	206,10	137,59	48,97	46,53
Armenia	3,26	14,55	3,14	13,97	0,12	0,58
Azerbaijan	1,55	21,74	1,55	21,73		0,00
Bangladesh	132,64	46,32	132,44	45,99	0,20	0,32
Bhutan		4,05		4,05		
Georgia	7,57	25,06	3,37	21,31	4,20	3,75

India	43,77	54,19	41,12	49,55	2,65	4,65
Kazakhstan	1,53	6,08	1,53	6,08		
Kyrgyz Rep.	0,49	8,90	0,19	8,74	0,30	0,16
Maldives						
Myanmar	9,61	9,40	4,29	5,81	5,32	3,59
Nepal	7,89	14,35	3,89	11,19	4,00	3,15
Pakistan	14,30	29,54	8,66	24,96	5,64	4,58
Sri Lanka	20,11	13,45	8,49	5,39	11,63	8,05
Tajikistan	28,22	22,38	8,82	4,04	19,40	18,34
Turkmenistan	1,00	1,68	1,00	1,68		
Uzbekistan	0,38	4,50	0,08	4,33	0,30	0,17
South & Central Asia Unalloc.	56,34	2,36	53,84	1,83	2,50	0,53
Far East, Total	196,38	201,96	150,06	167,56	46,32	34,40
Cambodia	14,25	13,61	9,93	11,22	4,32	2,39
China	10,99	49,01	6,57	45,16	4,42	3,86
East Timor	27,90	13,56	25,90	10,17	2,00	3,40
Indonesia	41,65	24,76	38,15	21,97	3,50	2,78
Korea, Dem.	26,62	27,38	8,00	13,81	18,62	13,57
Laos	3,80	7,14	1,78	5,93	2,02	1,21
Malaysia	3,63	0,12	3,63	0,12		
Mongolia	1,02	2,42	0,02	1,71	1,00	0,71
Philippines	11,56	15,59	10,56	15,01	1,00	0,58
Thailand	18,62	11,05	12,24	5,70	6,39	5,34
Viet Nam	30,10	26,56	29,78	26,03	0,32	0,53
Far East Asia Unalloc.	6,23	10,76	3,50	10,72	2,73	0,04
Asia Unspecified	57,40	52,18	57,40	52,18		
Oceania, Total	59,68	40,46	59,56	40,44	0,12	0,02
Cook Islands	2,00	0,52	2,00	0,52		
Fiji	3,34	3,56	3,34	3,56		
Kiribati	0,10	2,42		2,42	0,10	
Marshall Islands						
Micronesia, Fed. Sts.						
Nauru						
Niue						
Palau						
Papua New Guinea	0,70	7,94	0,70	7,94		
Samoa	8,20	4,00	8,20	4,00		
Solomon Islands	1,34	4,42	1,32	4,40	0,02	0,02
Tokelau						
Tonga	3,89	2,25	3,89	2,25		
Tuvalu	3,97		3,97			
Vanuatu	10,91	3,73	10,91	3,73		
Wallis & Futuna		1,68		1,68		
Oceania Unalloc.	25,24	9,94	25,24	9,94		
LDC's Unspecified	1.000,06	734,21	734,82	486,78	265,24	247,43
<b>Part I (ODA) Bilateral, Total</b>	<b>7.330,08</b>	<b>5.686,93</b>	<b>6.346,19</b>	<b>4.804,00</b>	<b>983,89</b>	<b>882,94</b>
<b>UNRWA</b>	<b>57,75</b>	<b>70,75</b>	<b>57,75</b>	<b>70,75</b>		
<b>WFP</b>	<b>120,00</b>	<b>32,97</b>	<b>120,00</b>	<b>32,97</b>		
<b>HIPC</b>	<b>460,00</b>	<b>208,97</b>	<b>460,00</b>	<b>208,97</b>		
<b>GFH</b>	<b>212,32</b>	<b>272,32</b>	<b>212,32</b>	<b>272,32</b>		
<b>UNDP</b>	<b>32,00</b>	<b>23,20</b>	<b>32,00</b>	<b>23,20</b>		
<b>World Bank</b>	<b>32,00</b>	<b>31,18</b>	<b>32,00</b>	<b>31,18</b>		
<b>WHO</b>	<b>25,00</b>		<b>25,00</b>			
<b>FAO</b>	<b>0,26</b>	<b>4,80</b>	<b>0,26</b>	<b>4,80</b>		
<b>Part I (ODA) Multilateral Aid, Total</b>	<b>939,33</b>	<b>644,20</b>	<b>939,33</b>	<b>644,20</b>		
<b>Part I (ODA), Total</b>	<b>8.269,41</b>	<b>6.331,13</b>	<b>7.285,52</b>	<b>5.448,20</b>	<b>983,89</b>	<b>882,94</b>
<b>Part II: Countries and Territories in Transition - Official Aid (OA)</b>						
More Advanced Developing Countries	111,92	75,98	13,71	10,34	98,21	65,63
Aruba	0,02	0,21	0,02	0,21		
Bahamas		0,78		0,78		
Bermuda						
Brunei						
Cayman Islands						
Chinese Taipei (Taiwan)						
Cyprus	23,91	10,58			23,91	10,58
Falkland Islands						
French Polynesia		5,86		5,86		

Gibraltar						
Hong Kong, China						
Israel	1,51	2,35	1,51	1,29		1,06
Korea						
Kuwait						
Libya						
Macao						
Malta	13,22	8,47		0,64	13,22	7,83
Netherlands Antilles	9,72	1,19	9,72	1,19		
New Caledonia	2,45	0,36	2,45	0,36		
Northern Marianas						
Qatar						
Singapore						
Slovenia	61,08	46,17		0,00	61,08	46,17
United Arab Emirates						
Virgin Islands (UK)						
MADCT Unallocated						
CEEC's/NIS	3.953,25	2.737,72	452,37	375,10	3.500,88	2.362,62
Belarus	6,00	0,87	6,00	0,87		
Bulgaria	303,60	159,27		0,49	303,60	158,78
Czech Republic	191,57	192,31	0,01	0,49	191,56	191,82
Estonia	74,18	52,88		0,00	74,18	52,88
Hungary	223,30	168,09		0,17	223,30	167,91
Latvia	102,98	67,61		0,00	102,98	67,61
Lithuania	153,91	291,59		0,04	153,91	291,56
Poland	839,08	653,79		0,25	839,08	653,54
Romania	546,84	292,13		0,07	546,84	292,06
Russia	233,25	146,29	207,19	119,13	26,06	27,16
Slovak Republic	146,00	92,61		0,02	146,00	92,59
Ukraine	103,87	43,03	103,87	43,03		0,00
CEEC's Unallocated	764,99	241,12		0,73	764,99	240,39
NIS Unallocated	116,43	191,23	116,43	191,23		
CEEC's/NIS Unallocated	147,24	144,88	18,87	18,57	128,36	126,31
<b>Part II (OA) Bilateral Aid, Total</b>	<b>4.065,17</b>	<b>2.813,69</b>	<b>466,08</b>	<b>385,44</b>	<b>3.599,09</b>	<b>2.428,25</b>
<b>EBRD</b>		8,44				8,44
<b>Part II (OA) Multilateral Aid, Total</b>		8,44				8,44
<b>Part II (OA), Total</b>	<b>4.065,17</b>	<b>2.822,13</b>	<b>466,08</b>	<b>385,44</b>	<b>3.599,09</b>	<b>2.436,69</b>
<b>Grand Total Part I &amp; Part II (ODA+OA)</b>	<b>12.334,58</b>	<b>9.153,26</b>	<b>7.751,60</b>	<b>5.833,64</b>	<b>4.582,98</b>	<b>3.319,62</b>

**Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF) in 2003**

Sector of Destination	Amount of Commitments in millions of €		
	Total	Managed by EuropeAid	Managed by Other DG's
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	2.871,38	2.769,86	101,51
<b>Education</b>	515,75	515,75	
Education, level unspecified	124,52	124,52	
Basic education	198,29	198,29	
Secondary education	48,27	48,27	
Post-secondary education	144,68	144,68	
<b>Health</b>	410,63	410,63	
Health, general	100,20	100,20	
Basic health	310,43	310,43	
<b>Population polices/programs and reproductive health</b>	23,05	23,05	
<b>Water supply and sanitation</b>	310,75	310,75	
<b>Government and civil society</b>	872,84	793,82	79,01
<b>Other Social Infrastructure</b>	738,36	715,86	22,50
Employment	39,02	39,02	
Housing	19,50	19,50	
Other social services	679,84	657,34	22,50
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	1.259,35	1.259,35	
<b>Transport and storage</b>	870,94	870,94	
<b>Communications</b>	21,32	21,32	
<b>Energy generation and supply</b>	126,19	126,19	
<b>Banking and financial services</b>	102,27	102,27	
<b>Business and other services</b>	138,63	138,63	
<b>PRODUCTION SECTORS</b>	558,06	520,30	37,75
<b>Agriculture, Forestry and Fishing</b>	252,20	226,10	26,10
Agriculture	200,57	195,89	4,67
Forestry	5,06	5,06	
Fishing	46,57	25,15	21,43
<b>Industry, Mining and Construction</b>	108,80	108,80	
Industry	69,34	69,34	
Mineral resources and mining	39,38	39,38	
Construction	0,08	0,08	
<b>Trade and Tourism</b>	197,06	185,41	11,65
Trade	190,51	178,86	11,65
Tourism	6,55	6,55	
<b>MULTISECTOR/CROSSCUTTING</b>	668,71	571,69	97,02
<b>General environmental protection</b>	119,74	107,58	12,16
<b>Women in development</b>	2,53	2,53	
<b>Other multisector</b>	546,45	461,59	84,86
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	1.133,78	1.111,67	22,12
<b>Structural adjustment assistance with World Bank/IMF</b>			
Development food aid/food security assistance	349,57	349,57	
Other general program and commodity assistance	784,21	762,10	22,12
<b>ACTION RELATING TO DEBT</b>	573,50	573,50	
Action relating to debt	573,50	573,50	
<b>EMERGENCY ASSISTANCE</b>	636,31	80,82	555,49
Emergency food aid	41,00	41,00	
Other emergency and distress relief	595,31	39,82	555,49
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	568,33	398,33	169,99
Administrative costs of donors	538,08	372,00	166,07
Support to non-governmental organisations	5,28	5,28	
Unallocated/unspecified	24,97	21,05	3,92
<b>GRAND TOTAL</b>	8.269,41	7.285,52	983,89



**Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF) in 2003**

Sector of Destination	Amount of Payments in millions of €		
	Total	Managed by EuropeAid	Managed by Other DG's
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	1.953,24	1.875,64	77,61
<b>Education</b>	262,95	258,91	4,04
Education, level unspecified	65,03	65,03	
Basic education	84,24	83,77	0,46
Secondary education	45,44	44,61	0,83
Post-secondary education	68,25	65,51	2,75
<b>Health</b>	475,22	473,77	1,45
Health, general	123,79	122,35	1,45
Basic health	351,43	351,43	
<b>Population polices/programs and reproductive health</b>	69,46	66,97	2,49
<b>Water supply and sanitation</b>	186,19	171,06	15,13
<b>Government and civil society</b>	515,25	482,93	32,32
<b>Other Social Infrastructure</b>	444,18	421,99	22,18
Employment	53,93	41,52	12,41
Housing	18,46	18,46	
Other social services	371,79	362,01	9,77
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	842,49	839,55	2,94
<b>Transport and storage</b>	456,01	456,01	
<b>Communications</b>	39,82	39,82	
<b>Energy generation and supply</b>	90,53	90,53	
<b>Banking and financial services</b>	127,88	127,88	
<b>Business and other services</b>	128,26	125,32	2,94
<b>PRODUCTION SECTORS</b>	512,55	475,34	37,21
<b>Agriculture, Forestry and Fishing</b>	254,89	226,68	28,20
Agriculture	198,04	193,16	4,88
Forestry	25,13	25,13	
Fishing	31,72	8,40	23,33
<b>Industry, Mining and Construction</b>	174,11	173,58	0,53
Industry	108,13	107,59	0,53
Mineral resources and mining	65,86	65,86	
Construction	0,13	0,13	
<b>Trade and Tourism</b>	83,55	75,07	8,47
Trade	69,70	61,23	8,47
Tourism	13,85	13,85	
<b>MULTISECTOR/CROSSCUTTING</b>	627,69	594,64	33,05
<b>General environmental protection</b>	107,06	98,95	8,11
<b>Women in development</b>	5,70	5,65	0,05
<b>Other multisector</b>	514,94	490,05	24,89
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	1.089,89	1.004,89	85,00
Structural adjustment assistance with World Bank/IMF			
Development food aid/food security assistance	328,15	328,15	
Other general program and commodity assistance	761,74	676,74	85,00
<b>ACTION RELATING TO DEBT</b>	259,25	259,25	
Action relating to debt	259,25	259,25	
<b>EMERGENCY ASSISTANCE</b>	611,21	127,11	484,09
Emergency food aid	72,72	72,72	
Other emergency and distress relief	538,48	54,39	484,09
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	434,82	271,78	163,04
Administrative costs of donors	409,37	249,42	159,95
Support to non-governmental organisations	2,66	2,66	
Unallocated/unspecified	22,80	19,70	3,09
<b>GRAND TOTAL</b>	6.331,13	5.448,20	882,94

Breakdown by sector and Region of external aid financed on the General Commission Budget managed by AIDCO and the European Development Fund (EDF) in 2003								
Sector of Destination	Amount of Commitments in millions of €							
	NIS	Western Balkans	Meda	Asia	Latin America	ACP	LDC Unspec.	Total
<b>SOCIAL INFRASTRUCTURE AND SERVICES</b>	287,11	420,21	298,61	381,98	176,81	1.346,29	118,22	3.029,22
<b>Education</b>	23,35	39,68	101,61	134,02	50,92	181,19	0,97	531,75
Education, level unspecified		7,48			20,66	95,41	0,97	124,52
Basic education	1,20	1,80	24,11	106,89	1,88	62,41		198,29
Secondary education		14,00			28,38	5,88		48,27
Post-secondary education	22,15	16,40	77,50	27,13		17,50		160,68
<b>Health</b>		9,50	24,50	10,74	1,50	287,22	77,17	410,63
Health, general		9,50	15,75			74,95		100,20
Basic health			8,75	10,74	1,50	212,27	77,17	310,43
<b>Population polices/programs and reproductive health</b>				2,14		3,46	17,45	23,05
<b>Water supply and sanitation</b>	21,00	20,60	4,00	26,12	1,20	259,35		332,28
<b>Government and civil society</b>	117,81	217,84	101,63	78,84	88,18	279,71	22,64	906,63
<b>Other Social Infrastructure</b>	124,95	132,59	66,86	130,12	35,01	335,36		824,88
Employment		11,00	22,00	2,12	3,90			39,02
Housing		19,50						19,50
Other social services	124,95	102,09	44,86	128,00	31,11	335,36		766,36
<b>ECONOMIC INFRASTRUCTURE AND SERVICES</b>	172,30	115,05	119,50	40,85	57,29	918,45		1.423,45
<b>Transport and storage</b>	10,30	6,40	96,00	27,65	38,16	706,23		884,74
<b>Communications</b>	3,00	7,00				11,32		21,32
<b>Energy generation and supply</b>	108,70	86,50		3,65		34,34		233,19
<b>Banking and financial services</b>			1,50	0,50	1,93	98,34		102,27
<b>Business and other services</b>	50,30	15,15	22,00	9,05	17,20	68,23		181,93
<b>PRODUCTION SECTORS</b>	2,00	29,39	132,85	63,07	26,00	245,74	25,71	524,75
<b>Agriculture, Forestry and Fishing</b>		14,00	28,00	25,37		133,02	25,71	226,10
Agriculture		14,00	28,00	25,37		106,06	22,46	195,89
Forestry						1,81	3,25	5,06
Fishing						25,15		25,15
<b>Industry, Mining and Construction</b>			37,85		20,00	53,41		111,25
Industry			37,85		20,00	11,50		69,34
Mineral resources and mining						41,83		41,83
Construction						0,08		0,08
<b>Trade and Tourism</b>	2,00	15,39	67,00	37,70	6,00	59,32		187,41
Trade	2,00	15,39	67,00	37,70	6,00	52,77		180,86
Tourism						6,55		6,55
<b>MULTISECTOR/CROSSCUTTING</b>	34,93	37,31	117,89	112,23	121,76	90,57	87,20	601,89
<b>General environmental protection</b>	8,00	27,50		3,00	17,00	24,62	35,46	115,58
<b>Women in development</b>					0,03		2,50	2,53
<b>Other multisector</b>	26,93	9,81	117,89	109,23	104,73	65,94	49,25	483,79
<b>COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE</b>	8,00		130,00	18,00	36,14	719,07	200,45	1.111,67
<b>Structural adjustment assistance with World Bank/IMF</b>								
<b>Development food aid/food security assistance</b>	8,00		15,00	18,00	36,14	71,98	200,45	349,57
<b>Other general program and commodity assistance</b>			115,00			647,10		762,10
<b>ACTION RELATING TO DEBT</b>					7,50	566,00		573,50
<b>Action relating to debt</b>					7,50	566,00		573,50
<b>EMERGENCY ASSISTANCE</b>			0,66	16,00	7,85	48,30	8,00	80,82
<b>Emergency food aid</b>						33,00	8,00	41,00
<b>Other emergency and distress relief</b>			0,66	16,00	7,85	15,31		39,82
<b>OTHER/UNALLOCATED/UNSPECIFIED</b>	47,20	28,27	16,02	21,38	15,58	144,70	170,65	443,79
<b>Administrative costs of donors</b>	47,20	28,27	15,02	21,38	15,58	142,47	147,55	417,46
<b>Support to non-governmental organisations</b>			1,00			2,04	2,24	5,28
<b>Unallocated/unspecified</b>						0,19	20,86	21,05
<b>GRAND TOTAL</b>	551,54	630,23	815,51	653,50	448,93	4.079,13	610,24	7.789,09

Breakdown by budget line of external aid financed on the General Commission Budget in 2003							
Amounts in M€		Total		Managed by EuropeAid		Managed by other DG's	
Item	Description	Commit.	Payments	Commit.	Payments	Commit.	Payments
B1-3...	Food Aid Russia (FEOGA)	0,22	0,22	0,16	0,16	0,06	0,06
B5-8...	Support for the victims of human rights abuses	5,96	4,08	5,96	4,08		
B7-01..	Pre-Adhesion - SAPARD	560,15	263,46			560,15	263,46
B7-02..	Pre-Adhesion - ISPA	1.128,95	428,97			1.128,95	428,97
B7-03..	Pre-Adhesion - PHARE	1.703,32	1.546,54			1.703,32	1.546,54
B7-04..	Pre-Adhesion - Malta & Cyprus	37,10	15,02			37,10	15,02
B7-05..	Pre-Adhesion - Turkey	148,77	42,56			148,77	42,56
B7-20..	Food Aid	438,52	443,01	438,52	443,01		
B7-21..	Humanitarian Aid	586,24	516,46			586,24	516,46
B7-30..	Asia	557,95	469,39	557,95	469,39		
B7-31..	Latin America	342,10	290,43	342,10	290,43		
B7-32..	South Africa	126,89	117,96	126,89	117,96		
B7-40..	Mediterranean		40,56		35,37		5,20
B7-41	MEDA	639,93	552,69	639,92	510,22	0,01	42,47
B7-42..	Near & Middle East	105,50	123,11	105,50	123,11		
B7-43..	Other operation for Med. Countries and the Middle east	37,00	31,69	37,00	31,69		
B7-51..	European Bank for Reconstruction & Devt (EBRD)		8,44				8,44
B7-52..	NIS & Mongolia - TACIS	511,43	403,19	504,32	396,19	7,12	7,00
B7-54..	Balkans	639,17	502,42	624,17	424,42	15,00	78,00
B7-60..	Co financing NGO's	207,31	154,38	207,31	154,38		
B7-61..	Training & public awareness/WID	3,93	3,19			3,93	3,19
B7-620.	Environment/tropical forests	41,50	44,17	41,50	44,17		
B7-622.	Integrating gender issues in development cooperation	2,50	2,31	2,50	2,31		
B7-623.	Capacity-building for information and communication technologies and sustainable energy	2,35	1,90	2,35	1,90		
B7-63..	Social infrastructure and services	98,71	73,84	98,71	73,84		
B7-65..	Evaluation/coordination/anti-fraud	22,88	17,46	22,88	17,46		
B7-6610	Anti-personnel mines	18,15	13,38	18,15	13,38		
B7-66..	Other specific actions	52,37	35,72		0,40	52,37	35,33
B7-671.	Rapid reaction mechanism	23,82	13,59			23,82	13,59
B7-70..	Democracy & human rights	105,90	99,39	105,90	99,39		
B7-80..	International fishing agreements	186,11	187,76			186,11	187,76
B7-8710	Bananas ACP	40,00	17,25	40,00	17,25		
B7-8720	Investment promotion ALA/MED (ECIP)		0,05		0,05		
B7-8...	Other external chapters of Community policy	35,70	28,92	0,26	0,24	35,44	28,68
B8-0...	Common Foreign & Security Policy (CFSP)	53,61	31,00			53,61	31,00
<b>TOTAL</b>		<b>8.464,04</b>	<b>6.524,50</b>	<b>3.922,04</b>	<b>3.270,78</b>	<b>4.542,00</b>	<b>3.253,72</b>

<b>Breakdown by instrument of development assistance financed on the European Development Fund (EDF) in 2003 (1)</b>		
<b>Instruments</b>	<b>Commitment M€ (2)</b>	<b>Payment M€ (3)</b>
<b><u>Indicative Programmes</u></b>		
NIP/RIP Subsidies	212.50	1.073.02
NIP/RIP Special loans		
<b>Total</b>	<b>212.50</b>	<b>1.073.02</b>
<b><u>Outside Indicative Programmes</u></b>		
Interest-rate Subsidies	13.57	8.54
Emergency Aid	1.37	6.37
Aid for Refugees	0,00	32.11
Risk Capital	239.30	226.61
SYSMIN	2.45	40.30
Structural Adjustment Facility	5.00	174.48
HIPC	0.00	208.97
Transferred Funds	3.00	17.79
Use of interests	11.54	7.66
Studies + tech. assist. OCT	0.65	0.25
<b>Total</b>	<b>276.88</b>	<b>723.08</b>
<b><u>9th EDF &amp; Transitional measures</u></b>		
Envelope A	1.918.25	162.90
Envelope B	220.29	44.76
Regional Project	177.56	1.60
Intra ACP Projet	759.80	230.35
Implementation expenditure	125.00	0.00
Other	37.88	0.00
<b>Total</b>	<b>3.238.77</b>	<b>439.61</b>

<b>Total EDF</b>	<b>3.728.15</b>	<b>2.235.71</b>
Stabex (4)		190.98
<b>Total EDF + STABEX</b>	<b>3.728.15</b>	<b>2.426.69</b>
(1) Except The Investment Facility (9th EDF) managed by the EIB		
(2) Commitment 2003 have been calculated following DAC procedures :		
Total commitments made in 2003 reduced by decommitments made on projects committed in 2003		
(3) Before recoveries		
(4) STABEX : This amount was transfered on a special account.		

<b>External aid financed on the General Commission Budget and the European Development Fund (EDF) managed by Europe Aid</b>						
	<b>Commitment (M€)</b>			<b>Payment (M€)</b>		
<b>Source</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Budget (AIDCO Only)</b>	3.823,47	3.898,26	3.922,04	3.288,54	3.460,57	3.270,78
<b>EDF</b>	1.554,16	1.768,39	3.728,15	2.067,86	1.852,72	2.426,69
<b>GRAND TOTAL</b>	<b>5.377,63</b>	<b>5.666,65</b>	<b>7.650,19</b>	<b>5.356,40</b>	<b>5.313,29</b>	<b>5.697,47</b>
Source : Annual Report 2001, Annual Report 2002						

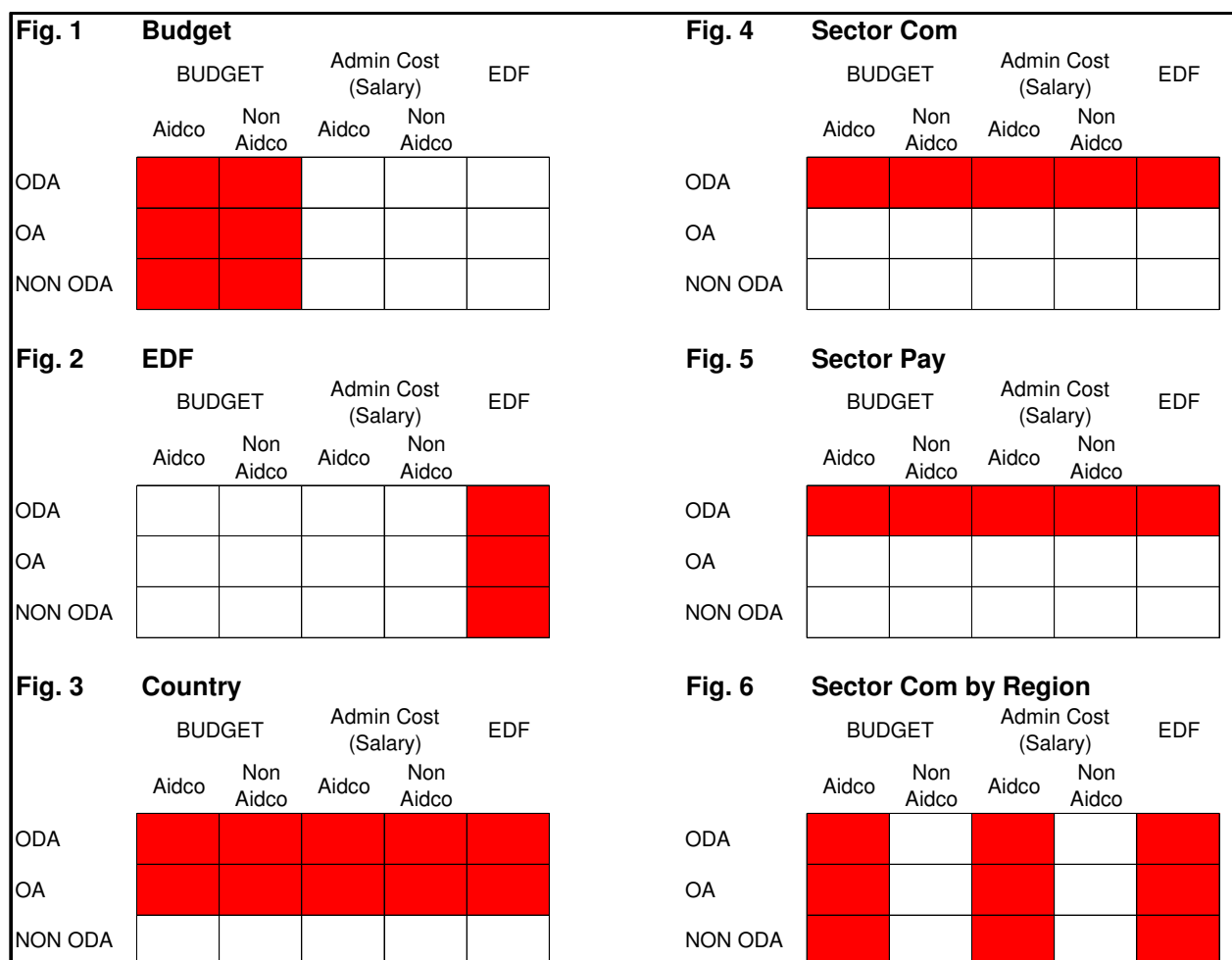
**Official Development Assistance (ODA) and Official Aid (OA) financed on the General Commission Budget and the European Development Fund (EDF)**

	<b>Commitment (M€)</b>			<b>Payment (M€)</b>		
<b>ODA / OA (1)</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>ODA</b>	5.994,02	6.532,73	8.269,41	5.891,76	5.920,30	6.331,13
<b>OA</b>	3.734,89	3.673,32	4.065,17	1.808,40	1.984,38	2.822,13
<b>GRAND TOTAL</b>	<b>9.728,91</b>	<b>10.206,05</b>	<b>12.334,58</b>	<b>7.700,16</b>	<b>7.904,68</b>	<b>9.153,26</b>

**Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF)**

Sector of Destination	Commitment (M€)		
	2001	2002	2003
Social infrastructure and services	1.849,75	2.053,27	2.871,38
Economic infrastructure and services	664,85	614,81	1.259,35
Production sectors	860,96	924,83	558,06
Multisector/crosscutting	1.187,94	719,44	668,71
Commodity aid and general programme assistance	567,16	1272,21	1.133,78
Action relating to debt	76,13	88,67	573,50
Emergency assistance	609,16	613,39	636,31
Other/unallocated/unspecified	178,07	246,11	568,33
<b>GRAND TOTAL</b>	<b>5.994,02</b>	<b>6.532,73</b>	<b>8.269,41</b>

Source : Annual Report 2001, Annual Report 2002



### 7.1.1. Commitments in 2003 Western Balkans

Country	Project Title	Amount €	Sector	Description of the sector
Albania	AP2003 Albania - Customs & Taxation - Customs support	4 000 000	16320	General government services
Albania	AP2003 Albania - Customs & Taxation - Taxation support	3 000 000	15020	Public sector financial management
Albania	AP2003 Albania - Judicial reform	5 000 000	15030	Legal and judicial development
Albania	AP2003 Albania – Police	8 000 000	16320	General government services
Albania	AP2003 Albania - Integrated Border Management	5 000 000	15030	Legal and judicial development
Albania	AP2003 Albania - Asylum & Migration	2 000 000	16320	General government services
Albania	AP2003 Albania - Public Administration Reform	1 000 000	15020	Public sector financial management
Albania	AP2003 Albania – Trade	7 500 000	33110	Trade policy
Albania	AP2003 Albania - Local Community Development	7 500 000	15050	Strengthening civil society

Albania	AP2003 Albania – Education	1 500 000	11110	Education policy
Albania	AP2003 Albania - Democratic Stabilisation	1 000 000	15062	Elections
Albania	TEMPUS CARDS - ALBANIE 2003	1 000 000	11420	Higher education
Bosnia-Herzegovina	CARDS/2003/ 004-378-Annual Action Programme 2003 for Bosnia and Herzegovina – Ta	10 000 000	16320	General government services
Bosnia-Herzegovina	AP2003 Bosnia and Herzegovina - Housing repair and related activities, monitoring; verification, de-mining operations	19 500 000	16210	Housing policy
Bosnia-Herzegovina	AP2003 Bosnia and Herzegovina - Support reform of Public Broadcasting Services	1 000 000	22030	Radio/television/print media
Bosnia-Herzegovina	AP2003 Bosnia and Herzegovina - Reform of Public Administration in the BiH	2 000 000	15010	Economic and development policy
Bosnia-Herzegovina	AP2003 Bosnia and Herzegovina - Support to sustainable environmental management	3 500 000	41010	Environmental policy
Bosnia-Herzegovina	AP2003 Bosnia and Herzegovina - Development of water quality management on the river basin level	4 000 000	14015	Water resources protection
Bosnia-Herzegovina	AP2003 Bosnia and Herzegovina - Waste Recycling Pilot Project	2 600 000	14050	Waste management
Bosnia-Herzegovina	<p>AP2003 Bosnia and Herzegovina – Support BiH judiciary</p> <p>The overall objective is to support state building and participation of BiH in the Stabilisation and Association process as defined in the Country Strategy Paper and in the Multi-Annual Indicative Programme.</p> <p>The establishment of an effective and cost-efficient Judiciary in BiH is the specific objective. The project will lead i.a. to the creation of three High Judicial and Prosecutorial Councils [HJPC] at BiH and Entity levels to appoint and discipline judges and prosecutors and to reselect judges and prosecutors to all posts following a restructuring of the court and prosecutorial systems as it was recommended specifically by the International Community.</p>	4 000 000	15030	Legal and judicial development
Croatia	AP2003 Croatia - socio-economic infrastructure and revitalisation in selected areas of special state concern	15 000 000	16310	Social/welfare services
	of special state			
Croatia	AP2003 Croatia - civil society	2 000 000	15050	Strengthening civil society
Croatia	AP2003 Croatia - Accreditation systems; plant health, veterinarian	2 500 000	43010	Multisector aid



	system			
Croatia	AP2003 Croatia - Investment climate, registration maritime domain, free zones, Agency Market Competition	6 150 000	25010	Business services
Croatia	AP2003 Croatia - Social Cohesion projects, education	5 850 000	11110	Education policy
Croatia	AP2003 Croatia - Modernisation of Justice	4 000 000	15030	Legal and judicial development
Croatia	AP2003 Croatia - Policing and organised crime	3 000 000	16320	General government services
Croatia	AP2003 Croatia - Integrated Border Management	5 000 000	16320	General government services
Croatia	AP2003 Croatia - Public Administration Reform	6 000 000	15040	Government administration
Croatia	AP2003 Croatia - Support to national development planning	3 000 000	15010	Economic and development policy
Croatia	AP2003 Croatia - Public Finance	2 800 000	15020	Public sector financial management
Croatia	AP2003 Croatia - Environment and natural resources	3 700 000	41010	Environmental policy
Croatia	ENGAGEMENT GLOBAL TEMPUS CARDS - CROATIE 2003	3 000 000	11420	Higher education
Fyrom	CARDS/2003/ 004-861-Annual Action Programme 2003 for Former Yugoslav Republic of	2 000 000	16320	General government services
Fyrom	AP2003 Fyrom - Promotion of inter-ethnic relations	1 800 000	11230	Basic life skills for youth and adults
Fyrom	AP2003 Fyrom - Civil society development	1 200 000	15050	Strengthening civil society
Fyrom	AP2003 Fyrom - Human resource development in enterprises SMEs	1 500 000	11430	Advanced technical and managerial training
Fyrom	AP2003 Fyrom - Creation of a Public Procurement Office	1 500 000	15020	Public sector financial management
Fyrom	AP2003 Fyrom - Dev national "Standardisation, Metrology, Accreditation and QV	2 750 000	33110	Trade policy

Fyrom	AP2003 Fyrom - Agricultural Policy and legal approximation unit	500 000	31110	Agricultural policy
Fyrom	AP2003 Fyrom - Animal Identification System	750 000	31195	Livestock/veterinary services
Fyrom	AP2003 Fyrom - Implementation of local Infrastructure	9 000 000	16310	Social/welfare services
Fyrom	AP2003 Fyrom - Vocational Education and Training	1 000 000	11330	Vocational training
Fyrom	AP2003 Fyrom - Reform of the Judiciary, Further development administrative of courts and prosecutors	2 500 000	15030	Legal and judicial development
Fyrom	AP2003 Fyrom - Strengthening control of the green border	2 800 000	16320	General government services
Fyrom	AP2003 Fyrom - Border control points	1 200 000	15030	Legal and judicial development
Fyrom	AP2003 Fyrom - Immigration and asylum	1 000 000	16320	General government services
Fyrom	AP2003 Fyrom - Fight against crime	3 000 000	15030	Legal and judicial development
Fyrom	AP2003 Fyrom - Improvement management Trans-boundary Water Resources	1 000 000	14015	Water resources protection
Fyrom	AP2003 Fyrom - General Technical Assistance Facility	800 000	15010	Economic and development policy
Fyrom	AP2003 Fyrom - Programme Reserve	1 200 000	43010	Multisector aid
Fyrom	CARDS/2003/ 004-852-Running Costs of the European Agency for Reconstruction 2003	5 000 000	91010	Administrative costs
Fyrom	ENGAGEMENT GLOBAL TEMPUS CARDS - FYROM 2003	3 000 000	11420	Higher education
Kosovo	AP2003 Kosovo - Support to the Assembly of Kosovo	2 000 000	15040	Government administration
Kosovo	AP2003 Kosovo - Public administration reform support at the central level	2 000 000	15040	Government administration

Kosovo	AP2003 Kosovo - Support for decentralisation to the municipal level	1 000 000	15040	Government administration
Kosovo	AP2003 Kosovo - Support to police	5 000 000	16320	General government services
Kosovo	AP2003 Kosovo - Support for coal production and power generation	9 000 000	23063	Coal-fired power plants
Kosovo	AP2003 Kosovo - Development programmes in Kosovo Electric Body KEK	2 500 000	23010	Energy policy
Kosovo	AP2003 Kosovo - Computerised operations and maintenance management systems in KEK	2 500 000	23010	Energy policy
Kosovo	AP2003 Kosovo - Institutional support for environmental management	4 500 000	41010	Environmental policy
Kosovo	AP2003 Kosovo – Environment	5 000 000	41010	Environmental policy
Kosovo	AP2003 Kosovo - Institutional support Ministry of Trade and Industry	2 500 000	33110	Trade policy
Kosovo	AP2003 Kosovo - Economic initiatives for minority communities	4 000 000	16110	Employment policy
Kosovo	AP2003 Kosovo - Support the development of the rural economy	2 200 000	31110	Agricultural policy
Kosovo	AP2003 Kosovo - Further development of Kosovo's irrigation system	2 200 000	14010	Water resources policy
Kosovo	AP2003 Kosovo - support for seed regulatory services	600 000	31110	Agricultural policy
Kosovo	AP2003 Kosovo - Development of economic & social infrastructure	11 280 000	16310	Social/welfare services
Kosovo	AP2003 Kosovo - Employment regeneration	3 000 000	16110	Employment policy
Kosovo	AP2003 Kosovo - Institutional support to Civil Society Organisations	1 000 000	15050	Strengthening civil society
Kosovo	AP2003 Kosovo - General Technical Assistance Facility and Programme	2 000 000	15010	Economic and development policy

	Reserve			
Kosovo	CARDS/2003/ 004-870-2003 Action Programme for Kosovo - Customs & Taxation	2 000 000	15020	Public sector financial management
Kosovo	ENGAGEMENT GLOBAL TEMPUS CARDS - KOSOVO 2003	1 000 000	11420	Higher education
Kosovo	CARDS/2003/ 004-857-Support for the operating costs of the EU Pillar of UNMIK 20	19 765 106	15061	Post conflict peace-building
Rep Montenegro	AP2003 Montenegro - Support to judicial reform	1 000 000	15030	Legal and judicial development
Rep Montenegro	AP2003 Montenegro - Border police reform	2 000 000	16320	General government services
Rep Montenegro	AP2003 Montenegro - Reform and restructuring of the energy sector	2 000 000	23010	Energy policy
Rep Montenegro	AP2003 Montenegro - Enhanced solid waste management	2 700 000	14050	Waste management
Rep Montenegro	AP2003 Montenegro - Enhanced sewerage and wastewater management	1 300 000	14020	Water supply and sanitation - large systems
Rep Montenegro	AP2003 Montenegro - Strengthening veterinary and phyto-sanitary services	1 500 000	31195	Livestock/veterinary services
Rep Montenegro	AP2003 Montenegro - Civil society	1 000 000	15050	Strengthening civil society
Rep Montenegro	AP2003 Montenegro - General Technical Assistance Facility	500 000	15010	Economic and development policy
Rep Montenegro	CARDS/2003/ 004-834-2003 Action Programme for Montenegro - Customs & Taxation	1 000 000	16320	General government services
Rep Montenegro	ENGAGEMENT GLOBAL TEMPUS CARDS - MONTENEGRO 2003	500 000	11420	Higher education
Rep Serbia	AP2003 Serbia - Ministry of State Administration- training of middle management	2 000 000	15040	Government administration
Rep Serbia	AP2003 Serbia - Support Public Finance Reform	20 000 000	15020	Public sector financial management

Rep Serbia	AP2003 Serbia - Union of Serbia and Montenegro structures/european integration	9 000 000	15040	Government administration
Rep Serbia	AP2003 Serbia - Support to Justice System	13 000 000	15030	Legal and judicial development
Rep Serbia	AP2003 Serbia - Ministry of Health Capacity Building Measures	9 500 000	12110	Health policy
Rep Serbia	AP2003 Serbia - EPS Capacity Building Measures	5 400 000	23010	Energy policy
Rep Serbia	AP2003 Serbia - Rehabilitation Thermal Power Plants	63 600 000	23020	Power generation/non-renewable sources
Rep Serbia	AP2003 Serbia - Feasibility studies for Belgrade City Pass, Belgrade to Montenegro road, Inland	4 500 000	21020	Road transport
Rep Serbia	AP2003 Serbia - Environmental Capacity Building	8 000 000	41010	Environmental policy
Rep Serbia	AP2003 Serbia - Pancevo Canal Rehabilitation	4 500 000	14040	River development
Rep Serbia	AP2003 Serbia - Capacity Building for the Agricultural Inspectorates	5 000 000	31110	Agricultural policy
Rep Serbia	AP2003 Serbia - Introduction of Animal Identification System	2 000 000	31195	Livestock/veterinary services
Rep Serbia	AP2003 Serbia - Further Support Privatisation Agency	5 000 000	25020	Privatisation
Rep Serbia	AP2003 Serbia - Pre and Post-Privatisation Restructuring	2 000 000	25020	Privatisation
Rep Serbia	AP2003 Serbia - Regional Economic Development (employability, market access and social develop)	4 000 000	16110	Employment policy
Rep Serbia	AP2003 Serbia - Export Development Programme	2 500 000	33130	Export promotion
Rep Serbia	AP2003 Serbia - Support to Municipalities and Administrative Decentralisation	35 000 000	15040	Government administration
Rep Serbia	AP2003 Serbia - Vocational Education and Training	13 000 000	11330	Vocational training
Rep Serbia	AP2003 Serbia - Civil Society/Inclusion in Poverty	1 000 000	15050	Strengthening civil

	Reduction Strategy Process			society
Rep Serbia	AP2003 Serbia - Support to the Media Sector	6 000 000	22030	Radio/television/print media
Rep Serbia	AP2003 Serbia - General technical Assistance Facility	5 000 000	15010	Economic and development policy
Rep Serbia	CARDS/2003/ 004-819-2003 Action Programme for Serbia - Customs & Taxation	5 000 000	15020	Public sector financial management
Rep Serbia	ENGAGEMENT GLOBAL TEMPUS CARDS - SERBIE 2003	4 000 000	11420	Higher education
Rep Serbia and Montenegro	CARDS/2003/ 004-851-Running Costs of the European Agency for Reconstruction 2003	1 500 000	91010	Administrative costs
Rep Serbia and Montenegro	CARDS/2003/ 004-850-Running Costs of the European Agency for Reconstruction 2003	4 000 000	91010	Administrative costs
Rep Serbia and Montenegro	CARDS/2003/ 077-779-CARDS/ and others Comptabilisation des intérêts bancaires générés sur l	2 223 160	43010	Multisector aid
Rep Serbia and Montenegro	CARDS/2003/ 004-849-Running Costs of the European Agency for Reconstruction 2003	11 000 000	91010	Administrative costs
xx Europe Unalloc.	CARDS/2003/ 061-873-PHARE MA9904 balance of decentralised contracted funds	2 048 000	43010	Multisector aid
xx Europe Unalloc.	CARDS/2003/ 061-879-PHARE MA0001 balance of decentralised contracted funds	1 330 371	43010	Multisector aid
xx Europe Unalloc.	CARDS/2003/ 061-840-PHARE MA9901 balance of decentralised contracted funds	91 636	43010	Multisector aid
xx Europe Unalloc.	AP2003 Regional - Integrated Border Management	1 000 000	16320	General government services
xx Europe Unalloc.	AP2003 Regional - Further support to the General Support Facility	20 000	15010	Economic and development policy
xx Europe Unalloc.	AP2003 Regional - Trade related support facility	1 250 000	31110	Agricultural policy
xx Europe Unalloc.	AP2003 Regional - Sigma III	2 000 000	15040	Government administration

xx Europe Unalloc.	AP2003 Regional - Social Institutions Support Project	2 000 000	16310	Social/welfare services
xx Europe Unalloc.	AP2003 Regional - Cross Border Institution Building	2 000 000	16320	General government services
xx Europe Unalloc.	AP2003 Regional - Into Europe Programme	1 000 000	15010	Economic and development policy
xx Europe Unalloc.	AP2003 Regional - Capacity Building for business organisations	2 000 000	25010	Business services
xx Europe Unalloc.	AP2003 Regional - Regional Co-operation in the field of development of independent functioning judicial system	5 000 000	15030	Legal and judicial development
xx Europe Unalloc.	AP2003 Regional - Regional Statistical Co-operation	3 000 000	16362	Statistical capacity building
xx Europe Unalloc.	AP2003 Regional - Pilot plan Sava River Basin Project	2 300 000	14040	River development
xx Europe Unalloc.	AP2003 Regional - Regional Media Support Programme	1 000 000	15065	Free flow of information
xx Europe Unalloc.	AP2003 Regional - Network to Network Programme	1 000 000	15050	Strengthening civil society
xx Europe Unalloc.	AP2003 Regional - Support return of refugees	500 000	16330	Settlement
xx Europe Unalloc.	AP2003 Regional - Local civil Society Development Programme	2 500 000	15050	Strengthening civil society
xx Europe Unalloc.	AP2003 Regional - Project preparation facility Environment	1 800 000	41010	Environmental policy
xx Europe Unalloc.	AP2003 Regional - Regional Transport Observatory	1 900 000	21010	Transport policy
xx Europe Unalloc.	CARDS/2003/ 005-768-CARDS 2003 Evaluation Activities	1 000 000	91010	Administrative costs
xx Europe Unalloc.	CARDS/2003/ 071-266-CARDS / Interest for delayed payment / Contract 33765 (98-03)	13 031	91010	Administrative costs
xx Europe Unalloc.	PHARE/2003/ 006-053-CARDS Regional - Action Annual Programme 2003 – TAIEX	1 230 000	43010	Multisector aid
xx Europe	CARDS/2003/ 077-796-CARDS/ and others Comptabilisation des	2 157 928	43010	Multisector aid

Unalloc.	intérêts bancaires générés sur l			
		579 009 233		
		611 644 127		

### 7.1.2. Commitments 2003 TACIS

Project title	Amount €	Sector	Description of the sector
Nuclear Safety Action Programme 2003/Armenia	700 000	23064	Nuclear power plants
Belarus 2003 AP/Nuclear safety	2 000 000	23064	Nuclear power plants
Belarus 2003 AP/Small projects programme	1 000 000	43010	Multisector aid
PROGRAMME TEMPUS BELARUS	2 000 000	11420	Higher Education
TACIS/2003/ 004-943-Belarus 2003 Tacis Action Programme	1 000 000	23064	Nuclear power plants
Nuclear Safety Action Programme 2003/Kazakhstan	1 000 000	23064	Nuclear power plants
Moldova 2003 AP/Institutional, Legal and Administrative Reform	7 000 000	15010	Economic and development policy/Planning
Moldova 2003 AP/Private Sector & Economic Development	7 000 000	25010	Business services
Moldova 2003 AP/Social Consequences of Transition	5 000 000	16310	Social/welfare services
Moldova 2003 AP/Small projects	4 000 000	43010	Multisector aid
PROGRAMME TEMPUS MOLDAVIE	2 000 000	11420	Higher Education
TACIS/2003/ 004-802-2003 Northern Dimension Environmental Partnership Support Fu	10 000 000	14010	Water resources policy
Russia 2003 AP/Managers Training Programme	4 000 000	25010	Business services
Russia 2003 AP/Support for Institutional, Legal and Administrative Reform	21 000 000	15010	Economic and development policy/Planning
Russia 2003 AP/Support Private Sector and Assistance for Eco Devept	12 500 000	25010	Business services
Russia 2003 AP/Support in addressing Social Consequences of Transition	14 000 000	16310	Social/welfare services
Russia 2003 AP/Institution Building Partnership Programme	11 500 000	15010	Economic and development policy/Planning
Russia 2003 AP part II/Institutional, Legal and Administrative Reform	5 000 000	15010	Economic and development policy/Planning
Russia 2003 AP part II/Social Consequences of Transition	10 000 000	16310	Social/welfare services
Russia 2003 AP part II/Bistro	3 000 000	43010	Multisector aid
Russia 2003 AP part II/Policy Advice Programme	4 000 000	15010	Economic and development policy/Planning
YEARLY BUDGET ISTC	21 000 000	16381	Research



ENGAGEMENT GLOBAL TEMPUS TACIS - RUSSIE 2003	10 000 000	11420	Higher Education
YEARLY BUDGET ISTC	21 000 000	16381	Research
Baltic Sea Region Programme 2003/Environmental Protection	3 000 000	14010	Water resources policy
Baltic Sea Region Programme 2003/Private Sector & Economic Development	5 000 000	25010	Business services
TACIS/2003/ 004-802-2003 Northern Dimension Environmental Partnership Support Fu	20 000 000	23064	Nuclear power plants
Nuclear Safety Action Programme 2003/Russia	29 170 000	23064	Nuclear power plants
Regional co-operation 2003 AP/Navigational channel for Turmenbashi port	1 000 000	21040	Water transport
Ukraine 2003 AP/Institutional Legal and Administrative Reform	22 000 000	15010	Economic and development policy/Planning
Ukraine 2003 AP/Support Private Sector & Economic Assistance	8 000 000	25010	Business services
Ukraine 2003 AP/Support in addressing the Social Consequences of Transition	7 000 000	16310	Social/welfare services
Ukraine 2003 AP/Small Projects Programme	9 000 000	43010	Multisector aid
YEARLY BUDGET STCU	4 000 000	16381	Research
ENGAGEMENT GLOBAL TEMPUS TACIS - UKRAINE 2003	4 000 000	11420	Higher Education
YEARLY BUDGET STCU	4 000 000	16381	Research
Nuclear Safety Action Programme 2003/Ukraine	24 770 000	23064	Nuclear power plants
TACIS/2003/ 006-032-TACIS 2003 Chernobyl Shelter Fund	18 000 000	23064	Nuclear power plants
TACIS/2003/ 004-944-2003 Support to National Coordinating Units	5 000 000	15010	Economic and development policy/Planning
Regional co-operation 2003 AP/Trade facilitation and Institutional Support	2 000 000	33110	Trade policy
Regional co-operation 2003 AP/Regulation on the transport od dangerous goods	1 000 000	41010	Environmental policy
Regional co-operation 2003 AP/Improvements on border crossings between Ukraine and Moldova	2 000 000	16320	General government services
Regional co-operation 2003 AP/freight forwarders training courses	2 000 000	21081	Eduction in transport
Regional co-operation 2003 AP/Maritime training	2 000 000	21081	Eduction in transport
Regional co-operation 2003 AP/Development of maintenance excellence in NIS gas companies	2 000 000	23050	Gas distribution
Regional co-operation 2003 AP/Satellite monitoring and accident prevention	800 000	21010	Transport policy
Pre-feasibility studies on the North-South gas transit iterconnection in Caucasus and CA	1 700 000	23050	Gas distribution
Regional co-operation 2003 AP/Transboundary river basin management	5 000 000	14040	River development
Regional co-operation 2003 AP/Water investment support facility	3 000 000	14010	Water resources policy
Regional co-operation 2003 AP/Enhancing	11 000 000	16320	General government

migration management in the RF and Belarus			services
TACIS/2003/ 005-622-2003 Action Programme for the EU-EBRD Investment Preparation	10 000 000	25010	Business services
TACIS/2003/ 005-777-TACIS 2003 Evaluation Activities	1 000 000	91010	Administrative costs
Cross Border Programme 2003/Border crossing infrastructure	15 000 000	16320	General government services
Cross Border Programme 2003/Promotion of environmental protection	7 000 000	41010	Environmental policy
Cross Border Programme 2003/Support for the private sector	3 800 000	25010	Business services
Cross Border Programme 2003/Small Projects Facility	9 200 000	43010	Multisector aid
Nuclear Safety Action Programme 2003/Tecnicl & Scientific Support	3 000 000	23064	Nuclear power plants
Nuclear Safety Action Programme 2003/Regional Projects	2 000 000	23064	Nuclear power plants
Nuclear Safety Action Programme 2003/Reserve	3 360 000	23064	Nuclear power plants
TACIS interest for delayed payments	317 116	91010	Administrative costs
Central Asia 2003 AP/Institutional, Legal and Administrative Reform	31 350 000	15010	Economic and development policy/Planning
Central Asia 2003 AP/Support in addressing the Social Consequences of Transition	10 000 000	16310	Social/welfare services
Central Asia 2003 AP/Development of Infrastructure Networks	4 500 000	21010	Transport policy
Regional co-operation 2003 AP/Development of e-Societies in the South Caucasus	3 000 000	22010	Communications policy
ENGAGEMENT GLOBAL TEMPUS TACIS - ASIE CENTRALE 2003	4 150 000	11420	Higher Education

### 7.1.3. Commitments 2003 MEDA

Country	Project title	Amount €	Sector	Description of the sector
Algeria	MED/2003/ 006-009-Allocation globale - Délégation Algeria 2004	629 500	16350	Culture and recreation
Algeria	ENGAGEMENT GLOBAL TEMPUS MEDA	3 997 500	11420	Higher education
Algeria	MED/2003/ 004-194-Réhabilitation des zones affectées par le terrorisme dans 6 villages	16 000 000	43020	Multisector aid for social services
Algeria	MED/2003/ 005-720-Programme de modernisation et d'assistance aux réformes administratives	25 000 000	15010	Economic and development policy
Egypt	MED/2003/ 004-150-Trade Enhancement Programme B, TEP-B	40 000 000	33110	Trade policy

	The TEP-B programme aims at encouraging and accelerating the implementation of policies and reforms already decided and carried out in their essential principles by the Egyptian government. These reforms aim primarily at reducing the duration and the costs of foreign trade operations, especially import, export and transit of goods. The TEP-B programme amounts € 40 millions and has a duration of 30 months.			
Egypt	MED/2003/ 005-714-Trade Enhancement Programme - Technical Assistance for Customs	6 000 000	33110	Trade policy
Egypt	MED/2003/ 005-719-Financial and Investment Sector Co-operation (FISC): social co	17 000 000	16110	Employment policy
Egypt	MED/2003/ 005-722-Social Development and Civil Society: Children at Risk	20 000 000	11220	Primary Education
Egypt	MED/2003/ 005-716-Financial Investment and Sector Co-operation (FISC) - Rural Co	18 000 000	31193	Agriculture and financial services
Egypt	MED/2003/ 005-731-Promotion of the Association Agreement EU-Egypt	2 000 000	33110	Trade policy
Egypt	MED/2003/ 006-010-Allocation globale - Délégation Egypte 2004	767 600	16350	Culture and recreation
Egypt	ENGAGEMENT GLOBAL TEMPUS MEDA	5 494 000	11420	Higher education
Irak	MED/2003/ 073-486-Reconstruction of Iraq - Contribution to the UNDP's Thematic T	29 000 000	16340	Reconstruction relief
Jordan	MED/2003/ 005-635-Emergency Budgetary Support in Jordan	35 000 000	53020	Budget support
Jordan	MED/2003/ 006-011-Allocation globale 2004 - Délégation Jordanie	468 000	16350	Culture and recreation
Jordan	MEDA/JOR/628/006 - JORDANIE PROGRAMME DE MODERNISATION	5 000 000	32130	SME development (industry)

	INDUSTRIELLE (PMI)			
Jordan	MEDA/JOR/628/007/A - JORDANIE THE AMMAN WATER SECTOR IMPROVEMENT PROGRAM (PMU)	2 000 000	14010	Water resources policy
Jordan	ENGAGEMENT GLOBAL TEMPUS MEDA	1 496 500	11420	Higher education
Lebanon	MED/2003/ 005-729-Renforcement de la Société Civile libanaise	1 000 000	92010	Support national NGO's
Lebanon	MED/2003/ 005-636-Integrated SME support programme	17 000 000	32130	SME development (industry)
Lebanon	MED/2003/ 005-634-Strengthening quality management, capabilities and infrastructures	15 000 000	33110	Trade policy
Lebanon	MED/2003/ 005-715-Projet de Développement Agricole	10 000 000	31120	Agriculture development
Lebanon	MED/2003/ 006-008-Allocation globale - Del Lebanon 2004	695 000	16350	Culture and recreation
Lebanon	ENGAGEMENT GLOBAL TEMPUS MEDA	1 496 500	11420	Higher education
Morocco	MED/2003/ 005-044-Programme d'appui Budgétaire à la réforme du secteur des Transports  This three years' programme amounting € 96 millions covers the road, air and maritime transport sectors. This programme aims to adapt and modernise the legislative and institutional framework, to reinforce the state's regulatory power and the opening of to competition and private participation of service production and transport infrastructure management. It also encourages Moroccan integration into European transport networks via gradual alignment on the European acquis.	96 000 000	21010	Transport policy
Morocco	MED/2003/ 005-723-GESTION DES CONTRÔLES FRONTALIERS	40 000 000	15030	Legal and judicial development

Morocco	MED/2003/ 005-725-Appui Institutionnel à la Circulation de Personnes	5 000 000	16110	Employment policy
Morocco	MED/2003/ 006-012-Allocation globale 2004 - Délégation Maroc	815 000	16350	Culture and recreation
Morocco	ENGAGEMENT GLOBAL TEMPUS MEDA	3 997 500	11420	Higher education
Morocco	MEDA/MAR/028A - APPUI AUX ASSOCIATIONS PROFESSIONNELLES	845 000	32130	SME development (industry)
Palestinian Admin. Areas	MED/2003/ 004-837-Reform Support Instrument (RSI)-B: Finance Facility	80 000 000	53020	Budget support
Palestinian Admin. Areas	MED/2003/ 006-013-Allocation globale 2004 - Délégation Cisjordanie	1 114 000	16350	Culture and recreation
Palestinian Admin. Areas	ENGAGEMENT GLOBAL TEMPUS MEDA	2 000 000	11420	Higher education
Palestinian Admin. Areas	MED/2003/ 061-772-Trust Fund for Emergency Services Support Project II (ESSP II)  The objective of the present support to the Emergency Services Support Project II created and coordinated by the World Bank is to mitigate the deterioration of health and higher education services resulting from the ongoing conflict and its consequent economic crisis and fiscal impact. Its scope would be limited to recurrent expenditures for primary health care, hospital secondary and tertiary care and higher education services. The ESSP II project amounts € 22 millions has expired on 31 March 2000	22 000 000	43010	Multisector aid
Palestinian Admin. Areas	MED/2003/ 004-835-Emergency Support to the private sector in the West Bank, Gaza	15 000 000	32130	SME development (industry)
Palestinian Admin. Areas	MED/2003/ 004-843-Reform Support Instrument (RSI)-A: Technical Assistance	10 000 000	15020	Public sector financial management

Palestinian Admin. Areas	MED/2003/ 005-864-Support to the Palestinian Hospitals Co-operation in East-Jerusalem	750 000	12230	Basic health infrastructure
Palestinian Admin. Areas	MED/2003/ 057-852-Annual contribution 2003 within the framework of the Convention	57 750 000	43020	Multisector aid for social services
Syria	MED/2003/ 006-014-Allocation globale (2004) - Délégation Syrie	690 250	16350	Culture and recreation
Syria	ENGAGEMENT GLOBAL TEMPUS MEDA	2 009 000	11420	Higher education
Tunisia	MED/2003/ 005-858-Modernisation de l'enseignement supérieur	48 000 000	11420	Higher education
Tunisia	MED/2003/ 006-015-Allocation globale 2004 - Délégation Tunisie	684 000	16350	Culture and recreation
Tunisia	ENGAGEMENT GLOBAL TEMPUS MEDA	2 009 000	11420	Higher education
Turkey	MED/2003/ 004-912-Fond de soutien à la FEMIP (allocation 2003)	6 000 000	43010	Multisector aid
xx MEDA	MED/2003/ 004-763-EMWISS/SEMIDE Phase II	2 000 000	14010	Water resources policy
xx MEDA	MED/2003/ 004-764-Training of public administrations	6 000 000	15040	Government administration
xx MEDA	MED/2003/ 004-698-Support to the implementation of the south-south sub-regional	4 000 000	33110	Trade policy
xx MEDA	MED/2003/ 004-801-Euromed Heritage III	10 000 000	16350	Culture and recreation
xx MEDA	MED/2003/ 005-016-Allocation globale 2003-2004 (25 Mio € )	19 136 650	43010	Multisector aid
xx MEDA	MED/2003/ 005-874-EIB: Risk Capital Facility	22 000 000	25010	Business services
xx MEDA	MED/2003/ 004-787-Fonds de Soutien à la FEMIP (allocation 2003)	19 000 000	43010	Multisector aid
xx Middle East Unalloc.	MED/2003/ 004-778-Middle East Peace Projects (MEPP) 2003	10 000 000	15050	Strengthening civil society
Yemen	MED/2003/ 005-973-Health Sector	8 000 000	12220	Basic health care

	and Demography Support			
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Note: Cris numbers appears only to facilitate the work of the Directorates. They will disappear in the final lay-out.

Directorates should correct/complete the project title and include comments. Possible aggregation of a series of small actions/delete "late payments".

#### 7.1.4. Commitments 2003 ACP

Country	Project title	Amount	sector	Description of the sector
Unspecified	<p>COMMUNITY PARTICIPATION IN THE HEAVILY INDEBTED POOR COUNTRIES (HIPC) DEBT RELIEF INITIATIVE</p> <p>The World Bank-led Highly Indebted Poor Countries (HIPC) Initiative is a worldwide, multi-donor approach to tackling debt. By the end of 2003, 23 ACP countries – almost two-thirds of the HIPCs – were benefiting from debt relief under the Initiative.</p>	460 000 000	60030	RELIEF OF MULTILATERAL DEBT
	<p>CONTRIBUTION TO THE GLOBAL FUND TO FIGHT AIDS, TUBERCULOSIS AND MALARIA</p> <p>The Global Fund was created to finance a dramatic turn-around in the fight against AIDS, tuberculosis and malaria. These three diseases kill more than six million people each year, and the numbers are growing. The Fund constitutes a massive scaling-up of resources which is already supporting aggressive interventions against all three.</p>			E
	<p>POVERTY REDUCTION BUDGET SUPPORT PROGRAMME 2003-2006 (PRBS01)</p> <p>Despite its recent extensive economic reforms, positive per capita income growth and rich supply of natural resources, Zambia remains one of the poorest countries in Africa, with per capita income of less than € 270 per year. It has also suffered a devastating HIV/AIDS pandemic. So this new EC programme will help fund the Zambian government's Poverty Reduction Support Programme, launched in 2002, which aims to foster economic growth, improve public finance management, and impact poverty directly. It will help finance essential public services, ensure that assets</p>			

	are created along with the funds required to staff or resource them, and will offer incentives to the government to improve financial management, foster economic stability, and spend money to reduce poverty effectively.			
	<p>APPUI AU PROGRAMME SECTORIEL DES TRANSPORTS (PST-2)</p> <p>Developing an effective, properly-maintained transport system, and thereby cutting production and distribution costs, is key to Burkina Faso's strategy for tackling poverty and fostering economic growth, all the more so because the country is landlocked. The programme will fund the upgrading and regular maintenance of over 1000 km of asphalt road and over 1400 km of earth roads, and will provide support to help improve the management of the country's road network.</p>			
	POVERTY REDUCTION BUDGET SUPPORT PROGRAMME 2003-2006			
	PROGRAMME D'APPUI A L'ALLEGEMENT DE LA DETTE EXTERIEURE			
	PROGRAMME PLURIANNUEL D'APPUI BUDGETAIRE AU CADRE STRATEGIQUE DE LUTTE CONTRE LA PAUVRETE			
	<p>5TH REHABILITATION PROGRAMME</p> <p>After more than a decade without an effective national government, Somalia in 2003 stood its best chance for many years of returning to normality. The Somali National Reconciliation Conference, launched in 2002, agreed in July 2003 on the basic terms of a transitional charter, power-sharing, and a clan-based assembly to elect an interim president, who would in turn appoint a transitional government. As the most important donor to Somalia, the EC seized this opportunity by approving an additional programme to bolster its ongoing activity in the country. This seeks to foster reconciliation and lasting peace, improve governance, widen access to essential social services and spur economic growth.</p>			



	PROCESSUS DE DECONCENTRATION DANS LA ZONE ACP (2003-2006)			
	DESENCLAVEMENT DES REGIONS DIANA ET SOFIA DNAS LE NORD DEMADAGASCAR			
	PROGRAMME PLURIANNUEL D'APPUI A LA REDUCTION DE LA PAUVRETE 2003-2005 -(PPARP 2003-2005			
	REHABILITATION OF THE NAMACURRA - RIO LIGONHA ROAD			
	APPUI BUDGETAIRE CONJOINT POUR LA REDUCTION DE LA PAUVRETE(2003-2005)			
	AMENAGEMENT DE LA ROUTE BOUAR GAROUA BOULAR			
	PROGRAMME COMMUN CE-AFD-KFW D'APPUI A LA POLITIQUE DE L'EAUDU TCHAD			
	PROGRAMME D'APPUI BUDGETAIRE POUR LA REDUCTION DE LAPAUVRETE ET LA CROISSANCE (2003-2006)			
	NORTHERN CORRIDOR REHABILITATION PROGRAMME (MAI MAHIU - NAIVASHA - LANET ROAD)			
	TRADE.COM ALL ACP INSTITUTIONAL TRANDE CAPACITY BUILDING FACILITY			
	PROGRAMME PLURIANNUEL D'APPUI A LA REDUCTION DE LAPAUVRETE 2003-2005 (PPARP 2003-2005)			
	ROUTE ROSSO-BOGHE, LOT 1, ROSSO-LEXEIBA II			
	ROAD INFRASTRUCTURE PROGRAMME			
	POST CONFLICT REHABILITATION AND CAPACITY BUILDING PROGRAMME			
	REHABILITATION OF THE NAFASIT-DEKEMHARE-TERA IMNI ROAD			
	DAR ES SALAAM WATER SUPPLY			

	AND SANITATION (22254)			
	WATER SUPPLY PROGRAMME REGIONAL CENTRES PHASE 1			
	PROGRAMME PLURIANNUEL D'APPUI BUDGETAIRE AU CADRE STRAT GIQUE DE LUTTE CONTRE LA PAUVRETE			
	DECENTRALISED PROGRAMME FOR RURAL POVERTY REDUCTION			
	APPUI A LA REALISATION DE TRAVAUX URBAINS DE VOIRIE ET D'ASSAINISSEMENT			
	DJIBOUTI ETHIOPIAN RAILWAY LINE - MINIMUM SAFETY WORKS			
	APEX PRIVATE ENTERPRISES IV GL			
	MAURITIUS WASTEWATER SECTOR POLICY SUPPORT PROGRAMME(WSPSP) 2003-2006  To continue its recent rapid economic growth, Mauritius needs to effectively address the associated environmental consequences. These include the need for improved wastewater disposal and treatment. In response, the Mauritian government aims to connect half the population to a sewerage system by 2010 through its wastewater policy and investment programme. EC support will help turn this policy into reality in two ways: first, the wastewater sector will benefit from direct budgetary aid (€ 28 M); and second, EC support will help strengthen planning and management in the wastewater sector (€ 1.8 M).			
	REHABILITATION, UPGRADING AND INSTITUTIONAL STRENGTHENING			
	PROGRAMME OF SUPPORT TO THE SOCIAL ACTION FUND FAS III			
	PRD - PROGRAMME DE REHABILITATION ET DE DEVELOPPEMENT			
	REHABILITATION ET REINTEGRATION SOCIO- ECONOMIQUE APRES LAGUERRE, DANS LES REGIONS DE L'EST DE LA			

	RDC			
	PROGRAM OF EMERGENCY MINE ACTION FOR SUSTAINABLE RETURN AND RESETTLEMENT			
	APPUI A L'ENTRETIEN PERIODIQUE DU RESEAU ROUTIER CLASSE			
	SUPPORT TO THE PEACE PROCESS IN BURUNDI			
	RESEAU URBAIN DE DISTRIBUTION D'ELECTRICITE - EEPKO (21866)			
	DEVELOPMENT OF BANK OF ETHIOPIA (DBE) GL II			
	HEALTH SECTOR SUPPORT PROGRAMME II			
	EC/ACP/WHO PARTNERSHIP ON PHARMACEUTICAL POLICIES			
	TRANSITIONAL SUPPORT TO FORMER IDP'S RETURNEES, REFUGEES AND HOSTING COMMUNITIES IN SIERRA LEONE			
	RE-OPENING SIERRA RUTILE MINE			
	SUPPORT TO PRIMARY EDUCATION DEVELOPMENT PLAN			
	SUPPORT TO THE COMPETITIVENESS OF THE RICE SECTEUR IN THE CARRIBEAN			
	NAMIBIA EDUCATION SECTOR PROGRAMME (ESP) 2003-2007			
	WATER SUPPLY AND SANITATION FOR THE SUBURBAN AREAS OF LUANDA (ANGOLA)			
	PROGRAMME D'URGENCE DE REHABILITATION POST CRISE			
	BUDGET 2003 - CENTRE POUR LE DEVELOPPEMENT DE L'ENTREPRISE			
	DEVELOPPEMENT DU SECTEUR PRIVE			
	PROCESSUS DE DECONCENTRATION DANS LA ZONE ACP (2003-2006)			

	CAPACITY BUILDING IN ECONOMIC PLANNING			
	POVERTY REDUCTION BUDGET SUPPORT II (PRBS II) 2002-2005			
	PROGRAMME OF SUPPORT TO THE SOCIAL ACTION FUND FAS III			
	BUDGET 2004 DU CENTRE TECHNIQUE POUR LE DEVELOPPEMENT DE L'AGRICULTURE			
	PORT ANTONIO WATER AND SEWERAGE (21613)			
	PROGRAMME REGIONAL SANTE EN AFRIQUE DE L'OUEST			
	IMPLEMENTATION AND COORDINATION OF AGRICULTURAL RESEARCH AND TRAINING IN THE SADC REGION			
	BUDGET 2003 DU CENTRE TECHNIQUE DE COOPERATION AGRICOLE ET RURALE			
	APPUI AU PROGRAMME DE FORMATION DE L'ASECNA			
	ROAD PERIODIC MAINTENANCE AND CAPACITY BUILDING PROGRAMME			
	BWANA MKUBWA MINING EXPANSION (21657)			
	REGIONAL WEATHER RADAR WARNING SYSTEM			
	PRIME-PARTNERSHIP TO REINFORCE IMMUNISATION EFFICIENCY			
	APPUI AU MAINTIEN DE LA PAIX EN COTE D'IVOIRE			
	PORT AUTONOME DE CONAKRY (22314)			
	SUPPORT TO PEACE-BUILDING AND TRANSITION ACTIVITIES OF THE AFRICAN UNION			
	CONTRIBUTION A LA RELANCE DE LA PRODUCTION AGRICOLE			

	DOMINICA AIR ACCESS IMPROVEMENT PROGRAMME			
	PROCESSUS DE DECONCENTRATION DANS LA ZONE ACP (2003-2006)			
	SAF V - SYSMIN			
	RESEAU NORD DES CHEMINS DE FER (MADARAIL) (22153)			
	RURAL TELECOMMUNICATIONS NETWORK IMPROVEMENT - PHASE II			
	APPUI AU PROGRAMME INTEGRE DE RENFORCEMENT DES SYSTEMES JURIDIQUE ET JUDICIAIRE			
	DJIBOUTI ETHIOPIAN RAILWAY LINE - MINIMUM SAFETY WORKS			
	TEA SECTOR FACILITY			
	PROGRAMME D'URGENCE DE REHABILITATION POST CRISE			
	FREETOWN CONAKRY ROAD			
	REHABILITATION AND RESETTLEMENT PROGRAMME			
	SUPPORT TO THE SECRETARIAT OF THE INTER-REGIONALCOORDINATING COMMITTEE			
	REGIONAL TUNA TAGGING PROJECT			
	PROGRAMME NATIONAL D ACTIONS DECENTRALISEES DE GESTION DE L ENVIRONNEMENT			
	PACIFIC ACP REGIONAL ECONOMIC INTEGRATION PROGRAMME(PACREIP)			
	INTEGRATED FINANCIAL MANAGEMENT SYSTEM (IFMS) PILOT PHASE			
	RESTORATION OF THE QUEEN EMMA BRIDGE			
	ACTIONS DE DECONCENTRATION DANS LES PAYS ACP 2001-2002-RELEX			

	AMENAGEMENT DE LA ROUTE BOUAR GAROUA BOULAR			
	PLAN BANANES 2002-2006 (21815)			
Liberia	SUPPORT TO THE PEACE PROCESS IN LIBERIA			-
N&C America unallocated	CARIBBEAN FINANCIAL SERVICES CORPORATION (CFSC)	8 000 000	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS
Oceania unallocated	PACIFIC REGIONAL INITIATIVES FOR THE DELIVERY OF BASIC EDUCATION (P.R.I.D.E.)	8 000 000	11220	PRIMARY EDUCATION
Unspecified	SUB SAHARAN AFRICA TRANSPORT POLICY PROGRAM (SSATP) REGIONAL CAPACITY BUILDING PROJECT	8 000 000	21010	TRANSPORT POLICY & ADMIN. MANAGEMENT
Uganda	CIVIL SOCIETY CAPACITY BUILDING PROGRAMME	8 000 000	15050	STRENGTHENING CIVIL SOCIETY
Haiti	PROGRAMME MICRO-REALISATIONS REPUBLIQUE HAITI	7 999 900	12220	BASIC HEALTH CARE
Unspecified	DEVELOPMENT OF MALARIA VACCINES AND THEIR MULTI-CENTRE TRIALS	7 000 000	12182	MEDICAL RESEARCH
Swaziland	SEB III MAGUGA (22105)	7 000 000	23065	HYDRO-ELECTRIC POWER PLANTS
St Vincent-Grenadine	EDUCATION SUPPORT PROGRAMME	6 682 764	21020	ROAD TRANSPORT
Centrafrique	R HABILITATION DU R SEAU DE LA VOIRIE DE LA VILLE DE BANGUI	6 530 000	43030	URBAN DEVELOPMENT AND MANAGEMENT
Burkina Faso	PRET GLOBAL (21875, 21876)	6 000 000	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS
Trinidad & Tobago	DFL VIII GL (21600)	6 000 000	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS
Chad	PROGRAMME UE-PNUD D APPUI A LA BONNE GOUVERNANCE AU	5 975 000	15050	STRENGTHENING CIVIL

	TCHAD			SOCIETY
Ivory Coast	ECHO/TPS/EDF/2003/01000 - COTE D'IVOIRE/AIDE HUMANITAIRE	5 740 000	72010	EMERGENCY/DISTRESS RELIEF
Swaziland	LOWER USUTHU SMALLHOLDER PROJECT (21990)	5 730 000	31140	AGRICULTURAL WATER RESOURCES
Montserrat	RESETTLEMENT PROGRAMME	5 700 000	16330	SETTLEMENT
Rwanda	STRUCTURAL ADJUSTMENT SUPPORT (SAP 2)	5 100 000	53020	BUDGET SUPPORT
Ghana	ECONOMIC REFORM PROGRAMME ERP 2001	5 000 000	53020	BUDGET SUPPORT
Haiti	PROGRAMME D'AIDE D'URGENCE EN HAITI	5 000 000	43020	MULTISECTOR AID /COMPON. AVAILABLE
Madagascar	PROJET D'APPUI AUX MICROFINANCES RURALES 2 ME PHASE	5 000 000	24040	INFORMAL/SEMI-FORMAL FIN. INSTITUT.
Mauritania	MAPESCA	5 000 000	31391	FISHERY SERVICES
South of Sahara unallocated	NORTHERN CORRIDOR REHABILITATION PROGRAMME (MAI MAHIU - NAIVASHA - LANET ROAD)	5 000 000	21020	ROAD TRANSPORT
Congo, Dem.Rep.	RENFORCEMENT DES CAPACITES DE GESTION ET REHABILITATION DES AIRES PROTEGEES	5 000 000	41030	BIO-DIVERSITY
Unspecified	AIDE MACRO-ECONOMIQUE, APPUIS TECHNIQUES POUR IDENTIFICATION PREPARATION	5 000 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Unspecified	FREETOWN CONAKRY ROAD	4 800 000	21020	ROAD TRANSPORT
Swaziland	MULTI ANNUAL MICRO-PROJECTS PROGRAMME	4 700 000	43010	MULTISECTOR AID /COMP. NOT AVAILABLE
South of Sahara unallocated	ECOSYSTEMES FORESTIERS AFRIQ CENTR- CONSERVATION&UTILISATION RATIONELLE BIODIVERSITE	4 600 000	41040	SITE PRESERVATION
Vanuatu	SOCIAL INFRASTRUCTURE AND EQUIPMENT	4 531 000	11120	EDUCATION FACILITIES AND TRAINING

Antigua & Barbuda	STRENGTHENING OF TECHNICAL AND VOCATIONAL EDUCATION PROJECT	4 300 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
South of Sahara unallocated	REGIONAL TUNA TAGGING PROJECT	4 300 000	31382	FISHERY RESEARCH
Unspecified	PARTICIPATION ACP REUNIONS ASS. PARLEM. PARIT., CONSULTATIONS CONSEIL DES MIN. ACP-EU ET AUTRES RENCONTRES	4 000 000	15040	GOVERNMENT ADMINISTRATION
Mauritania	GRANDS MOULINS DE MAURITANIE (21501)	4 000 000	32161	AGRO-INDUSTRIES
Mozambique	ACCORD AMORIM HOTELS (21844)	4 000 000	33210	TOURISM POLICY AND ADMIN. MANAGEMENT
Unspecified	PROGRAMME DE FORMATION AUX PROCEDURES CONTRACTUELLES ET FINANCIERES DU 9 ME FED	4 000 000	15020	PUBLIC SECTOR FINANCIAL MANAGEMENT
Western Samoa	DBS V GL (21769)	4 000 000	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS
Western Samoa	MICROPROJECTS PROGRAMME	4 000 000	11120	EDUCATION FACILITIES AND TRAINING
Congo, Dem. Rep.	ECHO/COD/EDF/2003/01000 ASSISTANCE TO DISPLACED & OTHER VULNERABLE	4 000 000	72010	EMERGENCY/DISTRESS RELIEF
Tuvalu	OUTER ISLANDS SOCIAL DEVELOPMENT SUPPORT PROGRAMME	3 965 135,7	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Botswana	AUGMENTATION OF GABORONE TECHNICAL COLLEGE AND AUTOMOTIVE TRADES TECHNICAL COLLEGE	3 880 000	11330	VOCATIONAL TRAINING
Uganda	SUPPORT TO FEASIBLE FINANCIAL INSTITUTIONS AND CAPACITYBUILDING EFFORTS (SUFFICE), PHASE II	3 550 000	32161	AGRO-INDUSTRIES
South of Sahara unallocated	PROJET PILOTE REGIONAL DE SURVEILLANCE	3 500 000	31320	FISHERY DEVELOPMENT
Dominican	FINANCIAL SECTOR GL II B (21993)	3 440 000	24030	FORMAL SECTOR FINANCIAL



Republic				INSTITUTIONS
St Kitts-Nevis	INFORMATION TECHNOLOGY (IT) BASED TRAINING AND MANAGEMENT	3 180 000	11120	EDUCATION FACILITIES AND TRAINING
Guinea	FREETOWN CONAKRY ROAD	3 000 000	21020	ROAD TRANSPORT
Rwanda	APPUI A LA REINSERTION ECONOMIQUE ET SOCIALE DES DEMOBILISES DE LA VILLE DE KIGALI	3 000 000	43020	MULTISECTOR AID /COMPON. AVAILABLE
Tonga	VAVA'U SOCIAL SECTOR PROGRAMME	3 000 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Unspecified	ECONOMIC INTEGRATION SUPPORT PROGRAMME TO THE BLNS - PHASE I	3 000 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Sudan	HUMANITARIAN PLUS PROGRAMME	2 999 000	71010	EMERGENCY FOOD AID
Suriname	RESTAURATION OF ST PETER AND ST PAUL CATHEDRAL	2 800 000	16350	CULTURE AND RECREATION
Unspecified	GESTION INTERNALISEE DES EXPERTS INDIVIDUELS	2 700 000	91010	ADMINISTRATIVE COSTS
Oceania unallocated	REDUCING VULNERABILITY OF PACIFIC STATES - EXTENSION TO SIXNEW ACP STATES	2 550 000	11430	ADVANCED TECH. & MANAGERIAL TRAINING
Malawi	SUPPORT TO THE HEALTH REFORM AND DECENTRALISATION	2 456 713	12110	HEALTH POLICY & ADMIN. MANAGEMENT
New Caledonia	FORMATION PROFESSIONNELLE ET REVEGETALISATION MINIERE	2 450 000	32210	MINERAL/MINING POLICY & ADMIN. MGMT
Unspecified	ASECNA IV B (21985) (SEE ALSO 8 ACP GPR 20)	2 300 000	21050	AIR TRANSPORT
Centrafrique	APPUI AU SECTEUR DE LA SANTE	2 200 000	12230	BASIC HEALTH INFRASTRUCTURE
Botswana	FRANCISTOWN WATER SUPPLY (21942)	2 100 000	14020	WATER AND SANITATION
Chad	PRET GLOBAL SECTEUR FINANCIER (22120)	2 000 000	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS

Cook Islands	OUTER ISLAND DEVELOPMENT PROGRAMME	2 000 000	12110	HEALTH POLICY & ADMIN. MANAGEMENT
Kenya	CO-OP BANK MICROFINANCE LOAN	2 000 000	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS
South of Sahara unallocated	I & P CAPITAL INVESTMENT FUND (22211)	2 000 000	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS
Uganda	EIB MICROFINANCE SCHEME	2 000 000	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS
Uganda	ECHO/UGA/EDF/2003/01000 - HUMANITARIAN AID FOR POPULATION GROUPS AFFECTED BY CIVIL STRIFE IN UGANDA	2 000 000	72010	EMERGENCY/DISTRESS RELIEF
Vanuatu	VANUATU TOURISM EDUCATION AND TRAINING PROJECT	1 999 000	33210	TOURISM POLICY AND ADMIN. MANAGEMENT
Oceania unallocated	PACIFIC REGIONAL COASTAL FISHERIES DEVELOPMENT PROGRAMME (COFISH)	1 997 476	31320	FISHERY DEVELOPMENT
Rwanda	PROGRAMME D'APPUI AU SECTEUR DE LA SANTE	1 995 000	12110	HEALTH POLICY & ADMIN. MANAGEMENT
Sudan	CA CITY BUILDING PROGRAMME FOR NON-STATE ACTORS IN THE SUDAN	1 995 000	99810	SECTORS NOT SPECIFIED
Vanuatu	PUBLIC WORK DEPARTMENT (PWD) MAINTENANCE TRAINING PROJECT	1 995 000	21010	TRANSPORT POLICY & ADMIN. MANAGEMENT
Ghana	CULTURAL HERITAGE AND LOCAL DEVELOPMENT IN ELMINA AND OLD-ACCRA (CHALDEA).	1 985 000	41040	SITE PRESERVATION
Trinidad & Tobago	SUPPORT TO CARIBBEAN BUSINESS SERVICE LTD (CBSL) PHASE II	1 982 000	32130	SME DEVELOPMENT
Oceania unallocated	DEVELOPMENT OF SUSTAINABLE AGRICULTURE IN THE PACIFIC II	1 981 000	31161	FOOD CROP PRODUCTION
Niger	ETUDES PREPARATOIRES REALISATION PROGRAMME ROUTIER PIN 9E	1 980 000	21020	ROAD TRANSPORT
Tanzania	IMPLEMENTATION OF ZANZIBAR	1 975 000	15040	GOVERNMENT ADMINISTRATIO

	POLITICAL ACCORD "MUAFAKA"			N
Niger	SYRENE: SYST MES RURAUX ET MICRO-ENTREPRISE D'ARTISANAT UTILITAIRE	1 964 000	32140	COTTAGE INDUSTRIES AND HANDICRAFT
Sudan	CAPACITY BUILDING FOR THE SUDANESE ADMINISTRATION	1 96 0000	15040	GOVERNMENT ADMINISTRATION
Madagascar	CONSOLIDATION DU PROCESSUS DE DEMOCRATISATION	1 950 000	15030	LEGAL AND JUDICIAL DEVELOPMENT
South of Sahara unallocated	PLATEFORME POUR LE DEVELOPPEMENT RURAL ET LA SECURITE ALIMENTAIRE EN AFRIQUE DE L'OUEST	1 950 000	43040	RURAL DEVELOPMENT
South of Sahara unallocated	EASTERN AND SOUTHERN AFRICAN REGIONAL FACILITY TO SUPPORT	1 950 000	33110	TRADE POLICY AND ADMIN. MANAGEMENT
Burkina Faso	SOUTIEN AUX INITIATIVES CULTURELLES DECENTRALISEES-PHASE 2 (PSIC2) PROJET 8 ACP BK 45	1 900 000	16350	CULTURE AND RECREATION
Malawi	SUPPORT HEALTH REFORM/DECENTRALIZATION: CHIRADZULU HOSPITAL	1 857 794	12230	BASIC HEALTH INFRASTRUCTURE
Trinidad & Tobago	RURAL ELECTRIFICATION - 2003	1 850 000	23040	ELECTRICAL TRANSMISSION/DISTRIBUTION
N&C America unallocated	SUPPORT TO CARIBBEAN REGIONAL TECHNICAL ASSISTANCE CENTRE	1 800 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Rwanda	PROGRAMME POUR L'ASSISTANCE ELECTORALE	1 800 000	15062	ELECTIONS
Ghana	ESTABLISHING A MAPPING AND MONITORING SYSTEM FOR DEVELOPMENT ACTIVITIES	1 700 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Comores	CELLULE D'APPUI A L'ORDONNATEUR NATIONAL DU FED	1 684 449	15010	ECONOMIC AND DEVELOPMENT PLANNING
Montserrat	MONTserrat COMMUNITY COLLEGE (MCC)	1 680 000	11120	EDUCATION FACILITIES AND TRAINING
Chad	AMENAGEMENT FORESTIER ET GESTION DES TERROIRS	1 650 000	31220	FORESTRY DEVELOPMENT
Unspecifie	CENTURY REGIONAL INVESTMENT	1 650 000	24030	FORMAL SECTOR

d	BANK			FINANCIAL INSTITUTIONS
South of Sahara unallocated	APPUI INSTITUTIONNEL AU SG DE LA COI	1 650 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Oceania unallocated	ADDPIC (PPP) EXTENSION OF THE PLANT PROTECTION PROGRAM TO 6NEW COUNTRIES IN THE PACIFIC	1 512 000	31192	PLANT PROTECTION AND PEST CONTROL
Tanzania	4TH MICRO-PROJECTS PROGRAMME IN TANZANIA	1 469 725	43010	MULTISECTOR AID /COMP. NOT AVAILABLE
Barbados	FORENSIC SCIENCE LABORATORY	1 400 000	15030	LEGAL AND JUDICIAL DEVELOPMENT
Niger	NIGETECH 2	1 400 000	11330	VOCATIONAL TRAINING
Vanuatu	RECONSTRUCTION OF LYCEE ANTOINE DE BOUGAINVILLE (LAB)	1 350 000	11120	EDUCATION FACILITIES AND TRAINING
Cape Verde	CONSTRUCTION DE LA ROUTE JANELA/PORTONOVO	1 300 000	21020	ROAD TRANSPORT
Haiti	APPUI AU 4EME RECENSEMENT GENERAL DE LAPOPULATION ET DEL'HABITAT (RGPH)	1 241 000	41010	ENVIRONMENTAL POLICY AND ADMIN. MGMT
Guinea Bissau	APPUI A LA REALISATION DES ELECTIONS	1 200 000	15062	ELECTIONS
Guinea	PROJETS DE REHABILITATION EN FAVEUR DES REFUGIES, DEPLACES ET POPULATIONS D'ACCUEIL	1 200 000	72030	AID TO REFUGEES (IN RECIP. COUNTRY)
Malawi	PROMOTION RULE OF LAW AND IMPROVMENT OF JUSTICE IN MALAWI.	1 200 000	15030	LEGAL AND JUDICIAL DEVELOPMENT
Tanzania	MWANZA SEWERAGE SYSTEM REHABILITATION	1 100 000	14020	WATER AND SANITATION
Centrafrique	ECHO/CAF/EDF/2003/01000 - CENTRAL AFRICAN REPUBLIC:HUMANIT.	1 000 000	72010	EMERGENCY/DIS TRESS RELIEF
Tanzania	SMALL ARMS MANAGEMENT AND REDUCTION	1 000 000	15030	LEGAL AND JUDICIAL DEVELOPMENT
Unspecified	ECHO/TPS/254/2003/02000 - AIDE	9 450 00	72010	EMERGENCY/DIS

	D'URGENCE BURKINA FASO & NIGER			TRESS RELIEF
Unspecified	SMALL ARMS MANAGEMENT AND REDUCTION	921 000	15030	LEGAL AND JUDICIAL DEVELOPMENT
Grenada	EXPANSION OF T.A. MARRYSHOW COMMUNITY COLLEGE	910 000	11120	EDUCATION FACILITIES AND TRAINING
Tonga	POST-CYCLONES AMI AND ESETA REHABILITATION PROGRAMME	890 000	21040	WATER TRANSPORT
Dominican Republic	SUPPORT TO THE OFFICE OF THE NAO	864 665	15010	ECONOMIC AND DEVELOPMENT PLANNING
Ghana	SUPPORT TO THE GHANA AUDIT SERVICE	800 000	25010	BUSINESS SERVICES
Botswana	GENERAL T.A. FOR SUPPORT TO TAX ADMINISTRATION REFORM	750 000	15020	PUBLIC SECTOR FINANCIAL MANAGEMENT
Chad	PROJET D'APPUI AUX MISSIONS D'ANIMATION ET DE FORMATION DES MAISONS DE JEUNES ET DE LA CULTURE	750 000	11230	NON-FORMAL EDUCATION
Ghana	FEASIBILITY AND DESIGN STUDIES FOR THE FEEDER ROAD IMPROVEMENT PROJECT (FRIP) IN THE EASTERN REGION	750 000	21020	ROAD TRANSPORT
Ghana	FEASIBILITY AND DESIGN STUDIES FOR THE TECHIMAN-KINTAMPO AND GAMBIA N 2 - KYEREMASU ROADS	750 000	21020	ROAD TRANSPORT
Guinea	PROGRAMME AUDIT DES PROJETS FED	750 000	91010	ADMINISTRATIVE COSTS
Jamaica	TA FOR PREP. OF JAMAICA ROAD SUB SECTOR POLICY AND MASTERPLAN	750 000	21020	ROAD TRANSPORT
Lesotho	TA TO MINISTRY OF NATURAL RESOURCES	750 000	14010	WATER RESOURCES POLICY/ADMIN. MGMT
Lesotho	STUDY - UPGRADING & STRENGTHENING PAVED PRIMARY ROAD NETWORK	750 000	21020	ROAD TRANSPORT
Madagascar	APPUI AU DEMARRAGE DU PROGRAMME D'APPUI AUX	750 000	43040	RURAL DEVELOPMENT

	COMMUNES			
Niger	APPUI CONSEIL POUR L'AMELIORATION DE LA CONCEPTION	750 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
N&C America unallocated	TRANSITIONAL INSTITUTIONAL SUPPORT (CAPACITY BUILDING FORCARIFORUM)	750 000	43081	MULTISECTOR EDUCATION/TRAINING
Senegal	ETDS POUR LA MISE EN OEUVRE DU 9E FED DANS LE DOMAINE DEL'ASSAINISSEMENT	750 000	14030	LOW-COST WATER AND SANITATION
St Lucia	ST. LUCIA, TECHNICAL STUDIES	750 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Tanzania	REHABILITATION OF ZANZIBAR PORT	750 000	21040	WATER TRANSPORT
Centrafrique	ASSISTANCE TECHNIQUE POUR L'AUDIT ORGANISATIONNEL, FINANCIER ET TECHNIQUE DES PROGRAMMES DU FED	749 400	15040	GOVERNMENT ADMINISTRATIO N
Zambia	CAPACITY BUILDING IN DPT OF ECONOMIC AND TECHN. COOPERATION	747 700	15010	ECONOMIC AND DEVELOPMENT PLANNING
Unspecified	ETUDE DE FAISABILITE DU SECTEUR APPUI A L'INTEGRATION ECONOMIQUE	700 000	33110	TRADE POLICY AND ADMIN. MANAGEMENT
Unspecified	STRATEGIC PLANNING IN PUBLIC SERVICES	646 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Cape Verde	PROJET DE SANTE SUR LA VILLE DE PRAIA	600 000	12110	HEALTH POLICY & ADMIN. MANAGEMENT
Fiji	ENVIRONMENT PROGRAMME	600 000	41010	ENVIRONMENTA L POLICY AND ADMIN. MGMT
Unspecified	PARTICIPATION ACP REUNIONS ASS.PARLEM.PARIT.	600 000	91010	ADMINISTRATIV E COSTS
Vanuatu	SUPPORT TO NON STATE ACTORS	600 000	15050	STRENGTHENING CIVIL SOCIETY
Zambia	FEASIBILITY STUDY "REHABILITATION AND MAINTENANCE OF FEEDERROADS IN ZAMBIA	600 000	21020	ROAD TRANSPORT

Angola	INSTITUTIONAL STRENGTHENING OF THE MINISTRY OF FISHERIES	570 000	31310	FISHING POLICY AND ADMIN. MANAGEMENT
South of Sahara unallocated	ETUDES (FAISABILITE,EVALUATION ET STRATEGIE) DANS LE CADRE DU PROGRAMME PALOP)	570 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Equatorial Guinea	AT ET CELLULE D'APPUI A L'ON	550 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Unspecified	NOUVELLE VERSION DU LOGICIEL EUROTRACE (TEST DE LA VERSION PRE INDUSTRIELLE	550 000	11430	ADVANCED TECH. & MANAGERIAL TRAINING
Lesotho	TA TO THE BUREAU OF STATISTICS	530 000	16320	GENERAL GOVERNMENT SERVICES
Netherlands Antilles	TA - TECHNICAL DESIGN FOR BONAIRE SEWERAGE & SANITAT. SYSTEM	525 000	14020	WATER AND SANITATION
Chad	ORGANISATION DU FESTIVAL "FESTAFRICA SOUS LES ETOILES"	500 000	16350	CULTURE AND RECREATION
Fiji	ASSISTANCE FOR CYCLONE AMI REHABILITATION	500 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Suriname	TA TO THE REHABILITATION OF THE PORT OF PARAMARIBO	500 000	21040	WATER TRANSPORT
Mauritius	POST-KALUNDE REHABILITATION PROGRAMME FOR RODRIGUES	499 000	14030	LOW-COST WATER AND SANITATION
Jamaica	INSTITUTIONAL STRENGTHENING OF THE OFFICE OF THE DNAO	494 500	15010	ECONOMIC AND DEVELOPMENT PLANNING
Solomon Islands	POLICE COMMISSIONER FOR SOLOMON ISLANDS	488 000	15030	LEGAL AND JUDICIAL DEVELOPMENT
Vanuatu	APPUI AU MINISTERE DE L'EDUCATION	430 000	11120	EDUCATION FACILITIES AND TRAINING
Fiji	ECHO/FJI/254/2003/01000 EMERGENCY HUMANITARIAN AID FOR FIJISLANDS AFFECTED BY CYCLONE AMI	420 000	72010	EMERGENCY/DI STRESS RELIEF

Grenada	PREPARATORY STUDY FOR THE GRENADA FORTS PROJECT	400 000	33210	TOURISM POLICY AND ADMIN. MANAGEMENT
Unspecified	SEMINAR ON SUSTAINABLE ENERGY FOR ACP AFRICAN STATES	400 000	23010	ENERGY POLICY AND ADMIN. MANAGEMENT
Nigeria	DEUXIEME APPUI PROVISoire A L'ORDONNATEUR NATIONAL	400 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Unspecified	9TH EDF PROGRAMMING - TA TO SUPPORT THE PREPARATION OF THE SPDS	400 000	15040	GOVERNMENT ADMINISTRATION
Tanzania	SUPPORT TO THE NAO'S OFFICE	399 000	53010	BALANCE-OF-PAYMENTS SUPPORT
Zambia	ILITATION OF KAZUNGULA PONTOONS	380 000	21040	TRANSPORT
Antigua & Barbuda	COUNTRY DRUG DEMAND REDUCTION PROJECT	350 000	12191	AL SERVICES
Chad	AMME DE SOUTIEN AUX INITIATIVES CULTURELLES DECENTRALIS ES	350 000	16350	RE AND RECREATION
Cameroon	AFRICA LEASING COMPANY S.A.	347 550	24030	FORMAL SECTOR FINANCIAL INSTITUTIONS
Madagascar	VEME RENCONTRES CHOREGRAPHIQUES DE L'AFRIQUE ET DE L'OCEANINDIEN (SANGA III)	300 000	16350	RE AND RECREATION
Malawi	KANGANKUNDE MINING PROJECT (21976)	300 000	32220	AL PROSPECTION AND EXPLORATION
Swaziland	PROVISION OF EDUCATION CONSULTANCY SERVICES	285 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Grenada	MULTI-COUNTRY DRUG DEMAND REDUCTION PROJECT	280 000	12191	MEDICAL SERVICES
Trinidad & Tobago	ILITY STUDY FOR THE TERTIARY LEVEL EDUCATION	270 000	11110	TION POLICY & ADMIN. MANAGEMEN



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Mali	RENCONTRES DE LA PHOTOGRAPHIE AFRICAINE DE BAMAKO	265 000	16350	RE AND RECREATION
Dominica	MULTI-COUNTRY DRUG DEMAND REDUCTION PROJECT	260 000	12191	MEDICAL SERVICES
Unspecified	PRELIMINARY ASSESSMENT OF PUBLIC FINANCES.DOC	252 157	24010	FINANCIAL POLICY & ADMIN. MANAGEMENT
Angola	ETUDES DANS LE DOMAINE DE L'APPUI INSTITUTIONNEL ET DE LAGOOD GOVERNANCE	250 000	15040	GOVERNMENT ADMINISTRATION
Mauritania	AT AUPRES DU MINISTERE DU DEVELOPPEMENT RURAL ET DEL ENVIRONNEMENT - PHASE II	250 000	31110	AGRICULTURAL POLICY AND ADMIN. MGMT
Unspecified	ETUDE THEMATIQUE SECTEUR ICT	250 000	22010	COMMUNICATIONS POLICY & ADMIN. MGMT
Zambia	PUBLIC WELFARE ASSISTANCE SCHEME	232 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Uganda	SUPPORT TO NAO'S OFFICE	225 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
South of Sahara unallocated	AT POUR LE SUIVI DU PIR	220 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Angola	AT A ORDONNATEUR NATIONAL DANS LE DOMAINE DE L'APPUI INSTITUTIONNEL	205 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Guinea Bissau	ETUDES DANS LE DOMAINE DE L'APPUI INSTITUTIONNEL 9 ME FED	200 000	15010	ECONOMIC AND DEVELOPMENT PLANNING

Namibia	SUPPORT FOR STD AND HIV/AIDS ACTIVITIES IN NAMIBIA	200 000	13040	STD CONTROL INCLUDING HIV/AIDS
Congo, Dem.Rep.	AT POUR LA MISE EN OEUVRE U.P.I. (UNITE POLICE INTEGREE)	200 000	15040	GOVERNMENT ADMINISTRATION
Dominican Republic	ESTUDIO DE FACTIBILIDAD Y PROGRAMACION DEL 9NO FEDSECTOR EDUCACION	199 679	11220	PRIMARY EDUCATION
Kenya	DESIGN REVIEW OF TENDER DOCUMENTS AND ASSISTANCE WITH TENDER LAUNCH AND EVALUATION	199 500	21020	ROAD TRANSPORT
Mauritania	ETUDE - PROGRAMME D'APPUI A LA SOCIETE CIVILE	199 000	15050	STRENGTHENING CIVIL SOCIETY
Uganda	STUDY ON ROAD MAINTENANCE AND CONSTRUCTION COST	199 000	21020	ROAD TRANSPORT
Western Samoa	APPRAISAL STUDY WATER AND SANITATION SECTOR	199 000	14020	WATER AND SANITATION
Netherlands Antilles	TA TO SUPPORT THE PREPARATION OF THE SPD	199 000	15040	GOVERNMENT ADMINISTRATION
Unspecified	FEAS. STUDY OF THE PROJECT FOR AFRICAN MON. FOR ENVIR.AND SUSTAINABLE DEVELOPMENT (AMESD)	195 156	41010	ENVIRONMENTAL POLICY AND ADMIN. MGMT
Sierra Leone	AUDIT OF BUDGET SUPPORT AND EVALUATION OF MATRIX OFCORRECTIVE MEASURES	195 000	91010	ADMINISTRATIVE COSTS
St Vincent-Grenadine	PREP OF CONSTRUCTION DOCUMENTS ST. VINCENT COLLEGE EXTENSION	195 000	11420	HIGHER EDUCATION
Unspecified	LE COURRIER ACP-UE NUMEROS 192-202	188 000	99820	PROMOTION OF DEVELOPMENT AWARENESS
N&C America unallocated	FEAS. STUDY: FUTURE OF THE ICT REGULATORY AND INSTITUTIONAL	187 000	22020	TELECOMMUNICATIONS
St Vincent-Grenadine	MULTI-COUNTRY DRUG DEMAND REDUCTION PROJECT	185 000	12191	MEDICAL SERVICES

Guyana	DESIGN & TENDER PROCEDURE GUYANA SEA DEFENCES	178 220	41050	FLOOD PREVENTION/C ONTROL
Gabon	ASSISTANCE TECHNIQUE, FORMATION ET EQUIPEMENT	170 000	15040	GOVERNMENT ADMINISTRATI ON
Unspecifie d	FEASIBILITY STUDY OF THE MIKE PROJECT	165 000	41030	BIO-DIVERSITY
Antigua & Barbuda	PREPAR. OF DESIGN AND CONSTRUCTION DOCUMENTS FOR THEANTIGUA STATE COLLEGE EXTENSION	150 000	43030	URBAN DEVELOPMENT AND MANAGEMENT
Equatorial Guinea	ASSISTANCE TECHNIQUE "INFRASTRUCTURES"	150 000	14010	WATER RESOURCES POLICY/ADMI N. MGMT
South of Sahara unallocated	FORMATION E COORDINATION PROGRAMME PALOP	150 000	15010	ECONOMIC AND DEVELOPME NT PLANNING
Namibia	DESIGN & PREP. TENDER DOCUMENTS - WATER RECL. PLANT LUDERITZ	150 000	14020	WATER AND SANITA TION
Sierra Leone	STUDY FOR THE PRIORITIZATION OF 600KMS OF RURAL ROADS	150 000	21020	ROAD TRANS PORT
St Helena	TECHNICAL ASSISTANCE FOR PROJECT DETAILED DESIGN	150 000	21040	WATER TRANS PORT
Mali	ETD D'IDENTIFICATION DU PROJET D'APPUI AU DEVELOPPEMENTINSTITUTIONNEL (PADI)	145 000	15040	GOVERNMENT ADMIN ISTRAT ION
Ivory Coast	ETUDE DE FAISABILITE DU PROGRAMME D'APPUI A LA SOCIETE CIVILE	144 342	15050	STRENGTHENIN G CIVIL SOCIET Y
Belize	STUDY ON AGRICULTURE SECTOR- WIDE APPROACH PROGRAMME	140 000	31110	AGRICULTURA L POLICY AND ADMIN. MGMT
Dominica	ETUDE SECTORIELLE/ROAD MAINTENANCE STRATEGY PLAN	140 000	21020	ROAD TRANS

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Ethiopia	FEASIBILITY STUDY FOR PASTORAL LIVELIHOODS PROGRAMME	135 000	31163	LIVESTOCK
Guyana	FEASIBILITY STUDY FOR A BUDGETARY SUPPORTPROGRAMME TO GUYANA UNDER THE 9TH EDF	135 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Seychelles	PREPARATION DE L'ACTUALISATION DU PLAN DIRECTEUR D CHETS	125 000	14050	WASTE MANAGEMENT/DISPOSAL
Cameroon	ETD FAIS. ET ELABOR. PF POUR L'APPUI BUDG ET INSTITUT.AU CAMEROUN DANS LE CADRE DU 9 ME FED	124 400	25010	BUSINESS SERVICES
Burkina Faso	AT AU PROFIT DU MINISTERE DE LA PROMOTION DES DROITS DE L'HOMME AU BURKINA FASO	120 000	15063	HUMAN RIGHTS MONITORING & EDUCATION
Mali	MISSION D'EVALUATION DU PROJET D'APPUI A LA COORDINATION	113 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Burkina Faso	ETUDE "PROGRAMME D'APPUI SOCIETE CIVILE"	110 000	15050	STRENGTHENING CIVIL SOCIETY
Namibia	TECHNICAL ASSISTANCE TO NAO - RURAL PROFILE STRATEGIC FRAMEWORK	107 000	31120	AGRICULTURAL DEVELOPMENT
Malawi	STUDY - ASSOCIATE NON-STATE ACTORS IN IMPLEMENTATION OF CSP	100 000	15050	STRENGTHENING CIVIL SOCIETY
Mauritius	IMPROVING THE QUALITY OF HORTICULTURE	100 000	31162	INDUSTRIAL CROPS/EXPORT CROPS
South of Sahara unallocated	PROGRAMME REGIONAL APPUI AU SECTEUR SANTE EN AFRIQUE OUEST	100 000	12110	HEALTH POLICY & ADMIN.

				MANAGEMENT
Trinidad & Tobago	PREPARATION OF A FEASIBILITY STUDY AND FP FOR THE HIV/AIDS SECTOR IN TRINIDAD AND TOBAGO	100 000	13040	STD CONTROL INCLUDING HIV/AIDS
Sierra Leone	STUDY ON THE REHABILITATION OF SEVEN JETTIES	98 328	21040	WATER TRANSPORT
N&C America unallocated	CARIBBEAN-LA REGIONAL PREPARATORY CONFERENCE - INFSO	92 561	15010	ECONOMIC AND DEVELOPMENT PLANNING
N&C America unallocated	PREP TENDER DOCUMENTS - RADAR SUPPLY & SUPPORT-RADAR SYSTEM	85 000	16320	GENERAL GOVERNMENT SERVICES
Centrafrique	ELABORATION D'UN PROGRAMME D'APPUI AUX ELECTIONS	80 000	15062	ELECTIONS
Chad	FINALISATION ETUDE DE FAISABILITE - ROUTE MOUNDOU-DOBA	80 000	21020	ROAD TRANSPORT
Cameroon	ETUDE - RENFORCEMENT DES CAPACITES DES ACTEURS NON ETATIQUE	80 000	15050	STRENGTHENING CIVIL SOCIETY
Cameroon	ETUDE ENVIRONNEMENTAL 'PROFIL DE CAMEROUN'	80 000	41082	ENVIRONMENTAL RESEARCH
Congo	EVALUATION & PREPARATION DES PROJETS DDR	80 000	15064	DEMOBILISATION
Congo	ETUDE DE NAVIGABILITE DE LA RIVIERE ALIMA	80 000	21040	WATER TRANSPORT
Congo	AT POUR LE SUIVI COMPTABLE DES PROJETS	80 000	91010	ADMINISTRATIVE COSTS
Comores	RECENSEMENT GENERAL DE LA POPULATION ET DE L'HABITAT	80 000	13010	POPULATION POLICY

				AND ADMIN. MGMT
Cape Verde	EXPERTISE PROJET ELECTRIFICATION RURALE MAIO (7 ACP CV 49)	80 000	23020	POWER GENER AT./NO N- RENEW ABLE SOURC ES
Gabon	APPUI AU DEVELOPPEMENT DE FORAC	80 000	31210	FORESTRY POLICY & ADMIN. MANA GEMEN T
Gabon	LUTTE CONTRE LE TRAFIC D'ENFANTS	80 000	16310	SOCIAL/WELFA RE SERVIC ES
Guyana	ELABORATION STUDY FOR THE SEA DEFENCE PROJECT TO BEFINANCED UNDER THE 9TH EDF	80 000	99810	SECTORS NOT SPECIFI ED
Guyana	PREP T.O.R. + TENDER DOCUMENTS - TRANSPORT SECTOR STUDY	80 000	21010	TRANSPORT POLICY & ADMIN. MANA GEMEN T
Haiti	APPUI A L'ELABORATION D'UN IPRSP (STRATEGI REDUCT. PAUVRETE)	80 000	13010	POPULATION POLICY AND ADMIN. MGMT
Mauritius	FEASIBILITY STUDY - DECENTALISED COOPERATION PROGRAMME	80 000	15010	OMIC AND DEVELOPMEN T PLANNING
Mauritius	FEASIBILITY STUDY FOR INTEGRATED PROJECT MARKET FAIR	80 000	33110	E POLICY AND ADMIN. MANAGEMENT
Mozambi que	TA TO THE MINISTRY OF FISHERIES (+ 8 ACP MOZ 43)	80 000	31310	NG POLICY AND ADMIN. MANAGEMENT
Mozambi que	TA - IMPLEMENTATION SUPPORT TO JUSTICE SECTORPROGRAMME	80 000	15030	AND JUDICIAL DEVELOPMEN

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Niger	ETUDE - APPROVISIONNEMENT EAU POTABLE SYSTEME PHOTOVOLTAIQUE	80 000	14020	AND SANITATION
Niger	- PROGRAMME D'APPUI AUX ACTEURS NON ETATIQUES	80 000	15050	STRENGTHENING CIVIL SOCIETY
South of Sahara unallocated	IMPLEMENTATION OF COMESA PROJECTS (7 RPR 637, 8 ROR 18, 21, 26)	80 000	91010	ADMINISTRATIVE COSTS
Sudan	CONSULTANCY - PREPARATION RECOVERY & REHABILITATION PROGR.	80 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Sudan	TA CONSULTANT - INTERIM SUPPORT TO THE NAO	80 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Sudan	TA TO THE NAO FOR NATIONAL MEDIA DEVELOPMENT	80 000	22010	COMMUNICATIONS POLICY & ADMIN. MGMT
Sudan	TA TO THE NAO - PREP. OF CALL FOR PROPOSALS DOCUMENTATION	80 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Sudan	TA - ASSESS NEEDS AND PRIORITIES IN THE AREA OF HUMAN RIGHTS	80 000	16340	RECONSTRUCTION RELIEF
Sudan	TA - ASSESS NEEDS AND PRIORITIES IN AID COORDINATION	80 000	16340	RECONSTRUCTION RELIEF
Sudan	TA - ASSESS NEEDS AND PRIORITIES IN PUBLIC ADMINISTRATION	80 000	16340	RECONSTRUCTION RELIEF
Sudan	TA - NATIONAL NATURAL RESOURCE MANAGEMENT PROGRAMME	80 000	16340	RECONSTRUCTION RELIEF
Suriname	TA - STRENGTHENING OF THE PUBLIC/PRIVATE PARTNERSHIP (PPP)	80 000	25010	BUSINESS SERVICES
Suriname	STUDY - CONSTRUCTION OF TWO NEW BRIDGES	80 000	21020	ROAD TRANSPORT
Tanzania	PREP WORK CAPACITY BUILD. PARTICIPATORY FOR DVLPM PROGRAMME	80 000	15010	ECONOMIC AND DEVELOPMENT

				PLANNING
Tanzania	TA - STRENGTHENING OF THE TOURISM INDUSTRY	80 000	33210	TOURISM POLICY AND ADMIN. MANAGEMENT
Tanzania	EVALUATION - SPEC. PROGR. REFUGEE AFFECTED AREAS (7 TA 98)	80 000	91010	ADMINISTRATIVE COSTS
Congo, Dem.Rep.	ETUDE ORGANIS. ACTEURS NON ETATIQUES PROGRAMMATION 9 FED	80 000	15050	STRENGTHENING CIVIL SOCIETY
Congo, Dem.Rep.	PROGRAMME 8 ME FED - ENVIRONNEMENT	80 000	41010	ENVIRONMENTAL POLICY AND ADMIN. MGMT
Unspecified	TA - PREP FP + TOR HIV/AIDS MITIGATION ARUBA & NETHERL.ANTIL	80 000	12110	HEALTH POLICY & ADMIN. MANAGEMENT
Ethiopia	NON-STATE ACTORS MAPPING STUDY	79 988	15050	STRENGTHENING CIVIL SOCIETY
Mauritania	A.T. AUPRES DU BUREAU DE GESTION ROUTIERE	79 900	21010	TRANSPORT POLICY & ADMIN. MANAGEMENT
Mali	MISSION D'IDENTIFICATION DES MESURES - SOCIETE CIVILE	79 900	15050	STRENGTHENING CIVIL SOCIETY
Angola	IDENTIFICATION APPUI CADRE DU RENFORCEMENT MINIST. DU PLAN	79 820	53010	BALANCE-OF-PAYMENTS SUPPORT
Ethiopia	FEASIBILITY STUDY FOR LEADERSHIP DEVELOPMENT PROGRAM	79 815	15040	GOVERNMENT ADMINISTRATION
Angola	APPUI A LA REFORME DE L'ADMINISTRATION PUBLIQUE	79 800	15040	GOVERNMENT ADMINISTRATION
Malawi	TA TO THE NATIONAL SPATIAL DATA CENTRE	79 750	43040	RURAL DEVELOPMENT
Nigeria	TA - STUDY ON POTENTIAL CONTRIBUTION TO NATIONAL CENSUS	79 548	15010	ECONOMIC AND DEVELOPMENT PLANNING
Angola	AT AU MINISTERE DU PLAN - STRATEGIE DE LONG TERME	79 500	53010	BALANCE-OF-PAYMENTS SUPPORT
Cape Verde	ETUDE "EAU ET ASSAINISSEMENT"	79 500	14030	LOW-COST



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Mali	APPUI INSTITUTIONNEL STRUCTURATION OUTILS SECURITE ALIMENT.	79 500	12110	HEALTH POLICY & ADMIN. MANAGEMENT
Mozambique	PREP. MISSION NON-STATE ACTORS CAPACITY BUILDING PROGRAMME	79 500	15050	STRENGTHENING CIVIL SOCIETY
Zambia	SUPPORT TO THE NAO FOR CLOSURE OF EDF COMMITMENTS	79 500	91010	ADMINISTRATIVE COSTS
Congo, Dem.Rep.	EVALUATION CAPACITES OPERATIONNELLES STATIONS DE L'INERA	79 500	31110	AGRICULTURAL POLICY AND ADMIN. MGMT
Sierra Leone	STUDY ON TERMS & CONDITIONS SRL-GOSL LOAN AGREEMENT - RUTILE	79 000	32266	INDUSTRIAL MINERALS
Ivory Coast	APPUI JURIDIQUE AU PREMIER MINISTRE	7 8741,97	15040	GOVERNMENT ADMINISTRATION
Ivory Coast	ETUDE - INSERTION DES JEUNES PROFESSIONNELS DE LA SANT	78 521	12110	HEALTH POLICY & ADMIN. MANAGEMENT
Dominican Republic	STUDY ON THE DAIRY SECTOR - A PROSPECTIVE ANALYSIS	77 956	31110	AGRICULTURAL POLICY AND ADMIN. MGMT
Gabon	A.T. POUR ETUDE RENFORCEMENT CELLULE D'APPUI L'O.N.	77 132	21010	TRANSPORT POLICY & ADMIN. MANAGEMENT
Malawi	TA TO FORESTRY DEPT. MINISTRY OF NATURAL RESOURCES	76 500	31210	FORESTRY POLICY & ADMIN. MANAGEMENT
Ethiopia	FEASIBILITY STUDY FOR POLICE CO-OPERATION	76 064	16320	GENERAL GOVERNMENT SERVICES
Ghana	FORMULATION OF A FP FOR PRIVATE SECTOR DEVELOPMENT	75 000	25010	BUSINESS SERVICES
Togo	ETUDE - PROGRAMME D'EDUCATION CIVIQUE	75 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT

Sierra Leone	SUPPORT TO THE DECENTRALISATION PROCESS	72 120	15040	GOVERNMENT ADMINISTRATI ON
Haiti	APPUI LANCEMENT PROGRAMME DE REHABILITATIONS (PRD)	72 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Haiti	ASSISTANCE TECHNIQUE "SECTEUR PRIV " ET "INT GRATION R GIONALE"	71 000	25020	PRIVATISATION
Angola	AUDITS DE DEVIS-PROGR ET PROJETS FINANCES PAR LE FED	70 000	91010	ADMINISTRATIV E COSTS
Angola	AUDITS DE DEVIS-PROGRAMMES ET PROJETS FED	70 000	91010	ADMINISTRATIV E COSTS
Guyana	ELABORATION STUDY FOR SUPPORT TO THE NAO	70 000	15040	GOVERNMENT ADMINISTRATIO N
Seychelles	TOURISM CAPACITY BUILDING PROJECT	70 000	33210	TOURISM POLICY AND ADMIN. MANAGEMENT
Malawi	LEGAL ADVICE AND AUDIT OF PRICE REVISION - CONSTRUCTIONKARONGA-CHIWETA ROAD	68 000	91010	ADMINISTRATIV E COSTS
Sao Tome	ACTIONS SOCIO CULTURELLES EN FAVEUR DE LA PRESERVATION DES TORTUES MARINES DE SAO TOME ET PRINCIPE	68 000	16350	CULTURE AND RECREATION
Mauritania	ETUDE - ELABORATION PLAN D'AMENAGEMENT FORET DE GANI	65 000	43040	RURAL DEVELOPMENT
Mali	MISSION D'IDENTIFIC. PROGR. D'APPUI POLITIQUE CULTURELLE-PAPCM II	65 000	16350	CULTURE AND RECREATION
Ghana	FINAL EVALUATION OF WSDP (7 ACP GH 54)	62 000	32162	FOREST INDUSTRIES
Benin	MISSION D'IDENTIFICATION - PROGR. APPUI SOCIETE CIVILE	60 000	15050	STRENGTHENING CIVIL SOCIETY
Mali	AUDIT DU PROGRAMME D'INTEGRATION SOUS-REGIONALE (8 MLI 7)	60 000	91010	ADMINISTRATIV E COSTS
St Lucia	ST. LUCIA HOSPITAL, ADVISORY SERVICES	60 000	12230	BASIC HEALTH INFRASTRUCTUR E

St Lucia	TA FOR THE ST LUCIA HOSPITAL CONSTRUCTION (+ 7 SLU 20)	60 000	12230	BASIC HEALTH INFRASTRUCTURE
Zimbabwe	REVIEW OF AGRICULTURAL SECTOR FOLLOWING LAND REFORM	60 000	31164	AGRARIAN REFORM
Benin	ETUDE DE FAISABILITE 'APPUI AUX ADMINISTRATIONS FINANCIERES'	59 000	24010	FINANCIAL POLICY & ADMIN. MANAGEMENT
Mozambique	APPUI INSTITUTIONNEL AUX SERVICES DE L'ON (TRANSITOIRE)	57 782	15010	ECONOMIC AND DEVELOPMENT PLANNING
South of Sahara unallocated	IDENTIFICATION D'UN PROGRAMME PILOTE D'APPUI CULTUREL	57 000	16350	CULTURE AND RECREATION
Benin	EVALUATION GLOBALE PAS III (8 BEN 11,12,13)	53 900	91010	ADMINISTRATIVE COSTS
Malawi	PREP. FP FOR THE PUBLIC WORKS PROGRAMME ON 9TH EDF	53 700	43040	RURAL DEVELOPMENT
Haiti	AT - PLAN D'ACTION DU SECTEUR PHARMACEUTIQUE	53 650	12191	MEDICAL SERVICES
Chad	ETUDE FAISABILITE - PROGRAMME D'APPUI LA BONNE GOUVERNANCE	52 071,08	15030	LEGAL AND JUDICIAL DEVELOPMENT
South of Sahara unallocated	ETUDE - STRATEGIE DE PREVENTION DE CONFLITS	50 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
St Lucia	ST. LUCIA GENERAL HOSPITAL - SITE SURVEY	50 000	12230	BASIC HEALTH INFRASTRUCTURE
Sierra Leone	GOOD GOVERNANCE AND INSTITUTIONAL SUPPORT	49 100	15010	ECONOMIC AND DEVELOPMENT PLANNING
Tanzania	SUPPORT FOR NON STATE ACTORS	46 000	92030	SUPPORT TO LOCAL AND REGIONAL NGO'S
Angola	ETUDE COMPL. - PROJETS D'APPUI AU SECTEUR DE LA JUSTICE	45 000	15030	LEGAL AND JUDICIAL DEVELOPMENT
Ethiopia	NAO SUPPORT PROGRAMME	42 150	15010	ECONOMIC AND DEVELOPMENT PLANNING

Angola	AT AU SECTEUR G NIE CIVIL ET INFRASTRUCTURES	42 000	15061	POST-CONFLICT PEACE-BUILDING (UN)
Haiti	BUSINESS FORUM - ATELIER DE RESTITUTION	42 000	25010	BUSINESS SERVICES
Solomon Islands	NON STATE ACTORS	41 000	15050	STRENGTHENING CIVIL SOCIETY
Fiji	RURAL EDUCATION IDENTIFICATION STUDY	40 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Gabon	A.T. L'O.N. ORGANISATION SEMINAIRE NATIONAL SUR APE	40 000	25010	BUSINESS SERVICES
South of Sahara unallocated	FINAL EVALUATION OF "SUPPORT FOR ECONOMIC INTEGRATION"(7 RPR 721)	40 000	15010	ECONOMIC AND DEVELOPMENT PLANNING
Solomon Islands	STRUCTURAL ADJUSTMENT - CLOSURE AUDIT	40 000	91010	ADMINISTRATIVE COSTS
Tanzania	TA FINAL ACCOUNTS- WASO HILL-BAGAMOYO ROAD REHAB_PROJ(7TA89)	40 000	21020	ROAD TRANSPORT
Namibia	FEASIBILITY STUDY FOR EC HIV/AIDS RESPONSE UNDER EDF 9	38 000	13040	STD CONTROL INCLUDING HIV/AIDS
Ethiopia	APPRAISAL FOR CAPACITY BUILDING FOR TRADE PROJECT	36 000	33110	TRADE POLICY AND ADMIN. MANAGEMENT
Senegal	EVALUATION DU PROJET CRDFP (8 SE 11)	35 000	91010	ADMINISTRATIVE COSTS
Swaziland	STRENGTHENING MANAGEMENT CAPACITY NAO	34 500	15010	ECONOMIC AND DEVELOPMENT PLANNING
Guinea Bissau	AUDIT DEVIS PROGR. - "VALORISATION RESSOURCES FONCIERES"(7 ACP GUB 35)	34 296	91010	ADMINISTRATIVE COSTS
Botswana	SUPPORT TO ECONOMIC DIVERSIFICATION IN SELEBI-PHIKWE	33 000	11110	EDUCATION POLICY & ADMIN. MANAGEMENT
Angola	EVALUATION 7 ACP ANG 94 - APPUI INSTITUTIONNEL A L'INEJ	32 000	15030	LEGAL AND JUDICIAL DEVELOPMENT

Zambia	PROJECT APPRAISAL & PREP FP FOR CONSERVATION FARMING	31 000	31130	AGRICULTURAL LAND RESOURCES
Barbados	TA FOR PREPARATION OF HEALTH SECTOR SUPPORT UNDER 9TH EDF/NIP	30 000	53020	BUDGET SUPPORT
Dominican Republic	PREP. FP FOR "PROGRAMA DE INICIATIVAS LOCALES"	30 000	92010	SUPPORT TO NATIONAL NGO'S
Malawi	EXPERT TO PARTICIPATE IN THE IMF REVIEW MISSION 5 NOV-18 NOV	29 075	15010	ECONOMIC AND DEVELOPMENT PLANNING
Mali	AT AU LABORATOIRE NATIONAL DE LA SANTE (LNS) (+7 MLI 34)	26 362	12110	HEALTH POLICY & ADMIN. MANAGEMENT
Burkina Faso	AT JURIDIQUE AU MINISTERE DE LA SANTE	26 000	12110	HEALTH POLICY & ADMIN. MANAGEMENT
Comores	APPUI - PROGRAMME COOPERATION DECENTRALISE	25 000	15050	STRENGTHENING CIVIL SOCIETY
Sudan	MACROECONOMIST FOR PREPARATION OF FMO FOR STABEX RESOURCES	24 600	15010	ECONOMIC AND DEVELOPMENT PLANNING
Liberia	ST HARPER COTE IVOIRE BORDER ROAD STUDY	22 398	21020	ROAD TRANSPORT
Turks & Caicos	FINAL PROJECT EVALUATION - WATER & SEWERAGE PROJECT(6 PTU TC 4 AND 7 PTU TC 5)	22 000	91010	ADMINISTRATIVE COSTS
Aruba	T.A. FOR PROJECT PREP. FOR ARIKOK NATIONAL PARK AND MUSEUM	20 000	16350	CULTURE AND RECREATION
Dominica	DOMINICA SOLID WASTE DISPOSAL	16 407	14050	WASTE MANAGEMENT/D ISPOSAL
Mauritius	EVALUATION OF THE MAHEBOURG MARKET PROJECT (7 MAS 51)	15 000	91010	ADMINISTRATIVE COSTS
Madagascar	MISSION D'IDENTIFICATION A.T. FORMATION PARLEMENTAIRES	13 500	15040	GOVERNMENT ADMINISTRATION
Benin	MONTAGE PRATIQUE DE LA PF APPUI AU SECTEUR PRIVE (+8 BEN 35)	13 475	15010	ECONOMIC AND DEVELOPMENT PLANNING
Sierra	ECONOMIC AND FINANCIAL STUDY ON THE REVISED SIERRA RUTILE	12 540	23010	ENERGY POLICY AND ADMIN.

Leone	LTD PROJECT			MANAGEMENT
Burkina Faso	ETUDE - APPUI A LA SOCIETE CIVILE	10 000	15050	STRENGTHENING CIVIL SOCIETY
Sierra Leone	INSTALLATION OF HAND PUMPS VERIFICATION STUDY	9 632,28	91010	ADMINISTRATIVE COSTS
South of Sahara unallocated	SIGNATURE DU PIR 9 ME FED POUR L'AFRIQUE CENTRALE	9 556,25	91010	ADMINISTRATIVE COSTS
Tanzania	FINANCIAL AUDIT - SUPPORT PREVENTION OF CORRUPTION BUREAU(8 TA 9)	8000	91010	ADMINISTRATIVE COSTS
Antigua & Barbuda	PREP. FP - LEARNING RESOURCE CENTRE (+8 AB 1)	5000	11120	EDUCATION FACILITIES AND TRAINING
Jamaica	STAKEHOLDER WORKSHOP FOR TRANSPORT POLICY	4000	21010	TRANSPORT POLICY & ADMIN. MANAGEMENT
Sierra Leone	AT - PREP FIN PROP FOR REHABILITATION DISTRIBUTION SYSTEM	3 102,16	15010	ECONOMIC AND DEVELOPMENT PLANNING
Tanzania	FINANCIAL AUDIT - INSTITUTIONAL STRENGTHENING WATER SUPPLY & SEWERAGE (7 TA 102)	3000	91010	ADMINISTRATIVE COSTS
Dominican Republic	TA FOR INTERINSTITUTIONAL COORDINATION EXTERNAL TRADE STABEX	2 005,71	33110	TRADE POLICY AND ADMIN. MANAGEMENT
Solomon Islands	SUPPORT TO PEACE PROCESS	853,12	15061	POST-CONFLICT PEACE-BUILDING (UN)
	ASSIST.TO VULNERABLE PEOPLE AFFECTED BY THE ARMED			

Negative commitments for project opened in 2003					
			pos comm 2003	neg comm 2003	Netto
6	ACP ET	67	78 350,00	-78.350,00	0,00
8	ACP CD	38	66 000,00	-13.928,92	52.071,08
8	ACP MAG	54	40 996,00	-40.996,00	0,00
8	ACP TPS	167	945 000,00	-945.000,00	0,00
9	ACP BAR	1	50 000,00	-50.000,00	0,00
9	ACP COM	1	25 000,00	-25.000,00	0,00
9	ACP HA	6	80 000,00	-80.000,00	0,00
9	ACP MOZ	5	77 000,00	-77.000,00	0,00
9	FED GPR	1	120 000 000,00	-29.800.000,00	90.200.000,00

#### 7.1.5. Commitments Asia

		537 783 681		
Country	Project title	Amount	Sector	Description of the sector
Afghanistan	ASIE/2003/ 005-008-Framework Contract AMS/451 - Dev. Co-operation - Afghanistan	800 000	43010	Multisector Aid
Afghanistan	ASIE/2003/ 004-847-Third Reconstruction programme for Afghanistan  The EU has been, and continues to be, one of the major donors backing the reconstruction of Afghanistan. The contribution in 2003 for reconstruction form part of the EC's commitment to Afghanistan pledged at Tokyo donors' conference in 2002, and assistance has been delivered in the meantime. The EC reconstruction effort is primarily aimed at improving the security	79 500 000	16340	Reconstruction relief

	and stability of Afghanistan.			
Afghanistan	<p>ASIE/2003/ 005-645-Fourth Reconstruction Programme for Afghanistan</p> <p>The EU has been, and continues to be, one of the major donors backing the reconstruction of Afghanistan. The contribution in 2003 for reconstruction form part of the EC's commitment to Afghanistan pledged at Tokyo donors' conference in 2002, and assistance has been delivered in the meantime. The EC reconstruction effort is primarily aimed at improving the security and stability of Afghanistan.</p>	79 500 000	16340	Reconstruction relief
Afghanistan	<p>ASIE/2003/ 005-869-Support to Law and Order in Afghanistan</p> <p>This project will help the Afghan police impose law and order which is another key component in Afghanistan's fight against drugs. It will also assist in reducing drugs smuggling on its borders, specifically</p>	50 000 000	16320	General government services
Bangladesh	ASIE/2003/ 005-009-Framework Contract AMS/451 - Dev. Co-operation - Bangladesh	1 160 000	43010	Multisector Aid
Bangladesh	<p>ASIE/2003/ 005-813-Second Primary Education Development Programme PEDP II</p> <p>The Second Bangladesh Primary Education Programme (PEDP II) will succeed the PEDP I, which consisted of 20 separate projects, and is a country-wide plan developed by the Government of Bangladesh (GOB) for developing primary education. PEDP II consists of a policy and reform framework, strategies,</p>	105 000 000	11220	Primary Education



	activities, and an investment plan for the period of 1 July 2003 until December 2009 including performance indicators, priorities for investments and capacity building. A consortium of 11 donors has been established to co-ordinate donor support of PEDP II.			
Bangladesh	ASIE/2003/ 005-010-Framework Contract AMS/451 - Economic Co-operation - Bangladesh	400 000	43010	Multisector Aid
Bangladesh	ASIE/2003/ 004-951-Trade Related Technical Assistance: Pre Cancun Package  The Ec has identified trade as one of the six priority areas of development policy in the Commission Communication on "the European Communities Development Policy" COM (2002) 212 final. The provision of trade-related technical assistance (TRTA) has been identified in its Communication on Trade and Development, and also stems from the WTO and its DDA. The core objective is to further strengthen more trade and investments flows consistent with the EC's strategy for relations with Asia.	950 000	31110	Trade Policy
Bangladesh	ASIE/2003/ 005-641-EU-Bangladesh Small project Facility	3 000 000	31110	Trade Policy
Bangladesh	ASIE/2003/ 005-823-Bangladesh Trade Support Programme (Post Cancun)	7 800 000	33110	Trade Policy
Bangladesh	REH/2003/ 005-928-Programme for self-reliance of refugees pending voluntary repatriation	2 000 000	72030	Aid to refugees
Cambodia	ASIE/2003/ 059-286-Dummy Contract for payment of interest	3 200	91010	Administrative cost

Cambodia	ASIE/2003/ 004-941-Support to the Cambodian 27 July 2003 election of the members of National Assembly	866 236	15062	Elections
Cambodia	ASIE/2003/ 005-824-EU-Cambodia Smallholder Livestock Production Project	5 000 000	31195	Livestock/veterinary services
China	ASIE/2003/ 005-012-Framework Contract AMS/451 - Dev. Co-operation - China	1 400 000	43010	Multisector Aid
China	ASIE/2003/ 005-013-Framework Contract AMS/451 - Economic Co-operation - China	500 000	43010	Multisector Aid
China	ASIE/2003/ 005-976-EU -China Civil Aviation Co-operation - Consolidation Project	1 600 000	21050	Air Transport
East Timor	ASIE/2003/ 005-795-Timor Leste Rural Development Programme	25 500 000	43040	Rural Development
India	ASIE/2003/ 005-014-Framework Contract AMS/451 - Dev. Co-operation - India	1 315 000	43010	Multisector Aid
India	ASIE/2003/ 071-106-Late Payment interest charges-Dry Zone Agriculture Development	4 374	91010	Administrative cost
India	ASIE/2003/ 004-977-EC-India Disaster Preparedness Support Programme	10 000 000	72010	Emergency/distress relief
India	ASIE/2003/ 005-971-Improving Quality Education and Learning Environment in Jammu and Kashmir	684 612	11220	Primary Education
India	ASIE/2003/ 005-015-Framework Contract AMS/451 - Economic Co-operation - India	500 000	43010	Multisector Aid
India	ASIE/2003/ 070-148-Cross Cultural Programme	109 070	91010	Administrative cost
India	ASIE/IND/2001/0002-EC-India Trade and Investment Development Programme (TIDP)	13 400 000	33110	Trade Policy

Indonesia	ASIE/2003/ 005-017-Framework Contract AMS/451 - Dev. Co-operation - Indonesia	1 300 000	43010	Multisector Aid
Indonesia	ASIE/2003/ 005-806-Good Governance in the Indonesian Judiciary	10 000 000	15030	Legal and judicial development
Indonesia	ASIE/2003/ 005-780-EU Support to the 2004 elections in Indonesia	7 000 000	15062	Elections
Indonesia	ASIE/2003/ 005-018-Framework Contract AMS/451 - Economic Co-operation - Indonesia	100 000	43010	Multisector Aid
Indonesia	ASIE/2003/ 005-664-EU-Indonesia Trade Support Programme	8 500 000	31110	Trade Policy
Indonesia	REH/2003/ 005-923-Meeting the Longer-term Humanitarian Needs of Children in the Moluccas	1 312 986	16340	Reconstruction relief
Indonesia	REH/2003/ 005-927-Integrated IDPs Settlement and Development Programme for Buton, SE Sulawesi	919 036	16340	Reconstruction relief
Indonesia	REH/2003/ 005-926-Rehabilitation of the Public Electrical System in East Bacan, North Molucca to support return of IDP's and City recovery	426 954	16340	Reconstruction relief
Indonesia	REH/2003/ 005-925-Livelihood support for resettling IDPs and vulnerable population in selected districts of North Molucca Province	219 000	16340	Reconstruction relief
Indonesia	REH/2003/ 005-924-Building Sustainable Waste Management Systems in Ambon	1 121 870	14050	Waste management
Malaysia	ASIE/2003/ 005-019-Framework Contract AMS/451 - Economic Co-operation - Malaysia	100 000	43010	Multisector Aid

Malasya	ASIE/2003/ 005-576-EU-Malaysia Economic Co-operation Small Projects Facility	3 500 000	43010	Multisector Aid
Myanmar	REH/2003/ 005-909-UNHCR reintegration assistance programme to returnees from Bangladesh and Thailand in Myanmar	1 786 000	16330	Settlement
Myanmar	REH/2003/ 005-910-Assistance to Returnees and Vulnerable Groups in North Rakhine State	2 000 000	16340	Reconstruction relief
Pakistan	ASIE/2003/ 005-020-Framework Contract AMS/451 - Dev. Co-operation - Pakistan	720 000	43010	Multisector Aid
Pakistan	ASIE/2003/ 005-718-Trade related technical assistance	5 000 000	33110	Trade Policy
Philippines	ASIE/2003/ 005-024-Framework Contract AMS/451 - Economic Co-operation - Philippines	300 000	43010	Multisector Aid
Philippines	REH/2003/ 005-889-Supporting and Rehabilitating IDPs and Communities in Southern Philippines	3 000 000	16340	Reconstruction relief
Philippines	ASIE/2003/ 005-572-Improving governance to reduce poverty: Corruption prevention.	2 905 600	15030	Legal and judicial development
Philippines	ASIE/2003/ 005-022-Framework Contract AMS/451 - Dev. Co-operation - Philippines	825 000	43010	Multisector Aid
Philippines	ASIE/2003/ 004-980-Improving governance to reduce poverty: Access to justice for poor.	2 731 920	15030	Legal and judicial development
Sri Lanka	ASIE/2003/ 006-017-Dry Zone Agricultural Development Project (extension)	986 400	31120	Agricultural development
Sri Lanka	ASIE/2003/ 004-967-Trade Development Project	1 400 000	33110	Trade Policy

Sri Lanka	ASIE/2003/ 005-763-EU- Sri Lanka Small projects Facility	1 600 000	43010	Multisector Aid
Sri Lanka	REH/2003/ 005-921-School-based Psychosocial and Health Project for Children	500 000	12220	Basic health care
Sri Lanka	REH/2003/ 005-922-Integrated Recovery and Resettlement Programme: Transitional Reconstruction Relief	4 000 000	16340	Reconstruction relief
Thailand	ASIE/2003/ 005-025-Framework Contract AMS/451 - Dev. Coop. - Thailand	800 000	43010	Multisector Aid
Thailand	ASIE/2003/ 005-027-Framework Contract AMS/451 - Economic. Coop. - Thailand	200 000	43010	Multisector Aid
Thailand	ASIE/2003/ 004-959-EU-Thailand Economic Cooperation Small Projects Facility	5 000 000	33110	Trade Policy
Thailand	REH/2003/ 005-912-Migrant Health Project - Chiang Mai	510 670	12220	Basic health care
Thailand	REH/2003/ 005-918-Karen Education Project III Phase - Primary Education.	1 203 484	11220	Primary Education
Thailand	REH/2003/ 005-917-Rice and Building Materials for Burmese Refugees in Thailand	4 000 000	72030	Aid to refugees
Vietnam	ASIE/2003/ 005-028-Framework Contract AMS/451 - Dev. Coop. - Vietnam	800 000	43010	Multisector Aid
Vietnam	ASIE/VNM/2003/0002-Urban Environmental Planning Programme	10 000 000	43030	Urban development
Vietnam	ASIE/2003/ 005-029-Framework Contract AMS/451 - Economic Coop. - Vietnam	500 000	43010	Multisector Aid
Vietnam	ASIE/2003/ 005-711-MUTRAP II - Multilateral Trade Assistance Project	5 100 000		Trade Policy

			33110	
Vietnam	ASIE/2003/ 005-885-VPPSP - VIETNAM PRIVATE SECTOR SUPPORT PROGRAMME	9 050 000	25010	Business services
Vietnam	ASIE/2003/ 005-814-EU-Vietnam Economic Cooperation Small Projects Facility	2 000 000	43010	Multisector Aid
xx Asia Unspecified	ASIE/2003/ 005-030-Framework Contract AMS/451 - Dev. Coop. - Brussels	3 380 000	43010	Multisector Aid
xx Asia Unspecified	ASIE/2003/ 005-732-EU-Asia Urbs Programme Phase II	10 000 000	43030	Urban development
xx Asia Unspecified	ASIE/2003/ 077-306-Late payment interest charges	6 706	91010	Administrative cost
xx Asia Unspecified	ASIE/2003/ 005-031-Framework Contract AMS/451 - Economic Coop. - Brussels	400 000	43010	Multisector Aid
xx Asia Unspecified	ASIE/2003/ 005-627-EU-Asia Information Technology & Communications (IT&C) Programme	10 000 000	11420	Higher Education
xx Asia Unspecified	ASIE/2003/ 005-753-Asia-Link Programme (20% budget increase)	7 132 300	11420	Higher Education
xx Asia Unspecified	ASIE/2003/ 005-629-EU-Asia Trans-Eurasia Information Network 2 (TEIN 2)	10 000 000	11420	Higher Education
xx Asia Unspecified	ASIE/2003/ 005-968-Multiple Framework Contract - Lot 6 - Trade - Asia	950 000	43010	Multisector Aid
xx Far East Asia Unallo.	ASIE/2003/ 006-006-EC-ASEAN Energy Facility (reinforcement)	3 500 000	23010	Energy policy
Yemen	MED/2003/ 070-968-Intérêts de retard - Contrat AT EPOS 1998/52-778	3 263	91010	Administrative cost

#### 7.1.6. Commitments Latin America

Country	Project title	Amount	Sector	Description of the sector
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Argentina	ALA/2003/ 005-760-Apoyo a proyectos alimentarios comunitarios  Given the alarming social situation in Argentina, the Commission decided at the end of 2003 to launch a project to contribute to the fight against hunger and aiming to improve the conditions and functioning of an existing system of "community canteens" (Infrastructure, training etc.).The project is a good example of improved co-ordination and complementarities with bilateral donors.	6 600 000	15050	Strengthening civil society
Argentina	ALA/2003/ 077-225-ARG/1986/0905 - Contrato NTP/86/528/958 - Alicia Gallardo Rive	20 373	91010	Administrative cost
Bolivia	ALA/2002/ 002-959-Route Santa Cruz - Puerto Suarez	38 161 000	21020	Transport Policy
Bolivia	BOL/B7-3100/97/406 - AGUA Y SANEAM.	1 200 000	14020	Water supply and sanitation
Brazil	ALA/BRD/2000/0005-Technological Centres Network and Support to SME in Brazil	8 000 000	32181	Technological research
Chile	ALA/2003/ 005-755-Proyecto de apoyo a la creación y desarrollo de empresas innov	17 200 000	25010	Business services
Chile	ALA/2003/ 005-904-Fondo de aplicación del acuerdo de asociación entre la UE y Chile	5 000 000	33110	
Colombia	ALA/2003/ 005-757-Segundo laboratorio de paz  The EC continues to assist the peace process in Colombia with the Second Peace Laboratory by means of basic human rights defence, sustainable human development and contribution to peace dialogues. The most aggregate value of this project is the broad participation of all actors to the definition of the development plans.	33 000 000	43010	Multisector Aid
Colombia	REH/2002/ 002-958- Atención básica y desarrollo integral de soluciones de restablecimiento para poblaciones desarraigadas y víctimas de la violencia en el Suroccidente Colombiano	2 700 000	16110	Employment Policy
Colombia	ALA/2003/ 072-443-UNHCR activities in Colombia in favour of Internally Displaced	1 642 894	72030	Aid to refugees
Colombia	ALA/2003/ 006-031-Uprooted people budget line for Colombian IDPs	6 207 106	72030	Aid to refugees
Costa Rica	ALA/CRI/2002/0429-Proyecto de Planificación Urbana de la Gran Area Metropolitana	11 000 000	43030	Urban development
Ecuador	ALA/ECU/2001/0287-Decentralized Natural Resources Management in Three Northern Provinces of Ecuador	17 000 000	41010	Environmental Policy
Guatemala	ALA/GTM/2000/0020-Décentralisation de l' Etat	20 000 000	15040	Government

				administration
Honduras	Desarrollo agroempresarial y conservación de suelos y agua en la Cuenca del Río Jicatuyo - Adendum	1 380 000	43040	Rural development
Honduras	ALA/2003/ 005-747-Apoyo a la educación media en Honduras	28 000 000	11330	Vocational Training
Honduras	AMC/AIDCO/2002/0605 NIC+HON	13 .078 000	16340	Reconstruction relief
Mexico	ALA/2003/ 005-756-Desarrollo social integrado y sostenible, Chiapas, México	15 000 000	43040	Rural development
Mexico	ALA/MED/2002/0492-Programa Integral de Apoyo a Micro, Pequeñas y Medianas Empresas	12 000 000	32130	SME development
Nicaragua	ALA/2003/ 005-749-Education sector policy programme and its decentralization  In line with EC policy orientations on sector approach and budgetary aid, it is the first and biggest one of its kind approved by the Commission for Latin America until now The project intends to progressively increase the capacity of the Nicaraguan government to design and manage its education policy and to contribute to poverty reduction through human capital investment.	20 661 000	11110	Education Policy
Nicaragua	ALA/2003/ 005-748-Institutional Support to Development Policies in Nicaragua	5 000 000	15020	Public sector financial management
Nicaragua	ALA/2003/ 005-750-HIPC Debt Relief Support in the Field of Rural Local Development	7 500 000	60030	Debt relief
Panama	ALA/PAN/2002/0487-Incorporación de nuevas tecnologías de electrificación y telecomunicación	8 500 000	43020	Multisector aid for basic social services
Panama	ALA/2003/ 004-353-Institutional Strengthening and Modernization of the Judiciary	6 650 000	15030	Legal and judicial development
Peru	ALA/2003/ 005-758-PROGRAMME D"APPUI AU DEVELOPPEMENT SOCIO-ECONOMIQUE ET A LA DE	14 000 000	16310	Social/Welfare services
Uruguay	ALA/2003/ 005-752-Social Development of the poorest rural areas in the north of Uruguay	2 450 000	16310	Social/Welfare services
Uruguay	ALA/2003/ 005-751-Modernización de la DGI	5 500 000	15020	Public sector financial management



xx America Unspecified	ALA/2003/ 004-696-Allocation de crédits pour des prestations d'audit externe	995 000	91010	Administrative cost
xx America Unspecified	ALA/2003/ 004-568-Allocation globale de crédits pour des prestations d'audit externe	995 000	91010	Administrative cost
xx America Unspecified	ALA/2003/ 074-208-Lettre de Marché 2003/57774 Paiement intérêts	708	91010	Administrative cost
xx America Unspecified	ALA/2003/ 005-974-PRODDAL	950 000	15040	Government administration
xx America Unspecified	ALA/2003/ 006-034-Observatorio de las Relaciones UE-AL	1 500 000	15010	Economic and development policy
xx N & C America Unalloc.	ALA/2003/ 005-754-Programa de apoyo a la integración centroamericana	15 000 000	15010	Economic and development policy
xx South America Unalloc.	ALA/2003/ 005-767- Dimension Sociolaboral del Mercosur	980 000	16110	Employment Policy
xx South America Unalloc.	ALA/2003/ 005-759-Cooperación UE-Comunidad Andina en materia de Asistencia Técnica	1 000 000	33110	Trade Policy
Note: Cris numbers appears only to facilitate the work of the Directorates. They will disappear in the final lay-out.				
Directorates should correct/complete the project title and include comments. Possible aggregation of a series of small actions/delete "late payments".				

#### 7.1.7. Commitments 2003 Human Rights and Democracy

Country	Project title	Amount	Sector	Description of the sector
Algeria	DDH/2003/ 005-936-B7-701 EIDHR-Microprojects 2003, Algeria	500 000	15063	Human rights
Angola	DDH/2003/ 005-696-For the Human Rights in Angola	450 000	15063	Human rights
Angola	DDH/2003/ 075-537-Projet de l'Observatoire de la Terre pour la prévention des co	382 700	15063	Human rights
Angola	DDH/2003/ 005-937-B7-701 EIDHR-Microprojects 2003, Angola	500 000	15063	Human rights
Bosnia Herzegovina	DDH/2003/ 063-990-OUR TOWN, OUR FUTURE	833 418	15063	Human rights
Bosnia Herzegovina	DDH/2003/ 075-736-FUNDING FOR THE SREBRENICA AND CEMETERY PROJECT	250 000	15063	Human rights

Bosnia Herzegovina	DDH/2003/ 005-938-B7-701 EIDHR Micro-Projects 2003, Bosnia and Herzegovina	500 000	15063	Human rights
Bosnia Herzegovina	DDH/2003/ 075-494-Truth and Reconciliation: Support to Blood Collection Teams fo	900 000	15063	Human rights
Burundi	DDH/2003/ 063-986-B7-701/2003/403 OBSERVATOIRE DES DROITS DE LA PERSONNE	300 000	15063	Human rights
Burundi	DDH/2003/ 063-843-B7-701/2003/343 - Soutien au syndicat libre du Burundi (COSYBU)	326 642	15050	Strengthening civil society
Burundi	DDH/2003/ 061-802-B7-701/2003/215 - DEVELOPMENT AND STRENGTHENING OF CIVIL SOCIETY	980 000	15063	Human rights
Burundi	DDH/2003/ 005-939-B7-701 EIDHR Microprojects 2003, Burundi	250 000	15063	Human rights
Cambodia	DDH/B7-701/2003/3022-Election Observation Mission to Parliamentary Elections in	1 556 735	15062	Elections
Cambodia	DDH/2003/ 075-495-Children's Legal Protection	1 141 000	15063	Human rights
Cambodia	DDH/2003/ 005-940-B7-701 EIDHR Microprojects 2003, Cambodia	500 000	15063	Human rights
China	DDH/2003/ 075-490-EU-China Human Rights Network	883 677	15063	Human rights
China	DDH/2003/ 005-941-B7-701 EIDHR Microprojects 2003, China	500 000	15063	Human rights
China	DDH/2003/ 004-694-Beijing seminar: Comparative study of implementation measures	69 550	15063	Human rights
Colombia	DDH/2003/ 063-759-Proyecto para la promoción y defensa de los Derechos Humanos	300 000	15050	Strengthening civil society
Colombia	DDH/2003/ 076-929-JUSTICIA PARA LA PAZ	901 777	15063	Human rights
Colombia	DDH/2003/ 005-942-B7-701 EIDHR Microprojects 2003, Colombia	500 000	15063	Human rights
Congo Dem. Rep.	DDH/2003/ 062-448-Projet d'appui aux médias congolais	1 359 840	15065	Free flow of information
Congo Dem. Rep.	DDH/2003/ 075-531-Projet de renforcement des capacités des femmes congolaises po	240 000	15063	Human rights
Congo Dem. Rep.	DDH/2003/ 005-943-B7-701 EIDHR Microprojects 2003, Democratic Republic of Congo	400 000	15063	Human rights

Eritrea	DDH/2003/ 005-944-B7-701 EIDHR Microprojects 2003, Eritrea	150 000	15063	Human rights
Ethiopia	DDH/2003/ 060-010-Assistance to the National Elections in Ethiopia , 2005	591 826	15062	Elections
Ethiopia	DDH/2003/ 005-945-B7-701 EIDHR Microprojects 2003, Ethiopia	400 000	15063	Human rights
Fidji	DDH/2003/ 064-197-Governing Water	461 890	15063	Human rights
Fidji	DDH/2003/ 057-772-DEMOCRATISATION, HUMAN RIGHTS AND ETHNIC GROUP RECONCILIATION IN FIJI	813 467	15063	Human rights
Fyrom	DDH/2003/ 072-944-Finalising the independent monitoring of the population census	200 000	15062	Elections
Fyrom	DDH/2003/ 005-946-B7-701 EIDHR Microprojects 2003, Former Yugoslav Republic of	500 000	15063	Human rights
Georgia	DDH/B7-701/2003/3028-""Voter Education in Georgia	350 000	15062	Elections
Georgia	DDH/2003/ 064-278-Promoting behavioural change among the public and police force	686 395	15063	Human rights
Georgia	DDH/2003/ 063-817-Georgia Regional Media Development & Public Accountability Pro	780 000	15065	Free flow of information
Georgia	DDH/2003/ 005-947-B7-701 EIDHR Microprojects 2003, Georgia	500 000	15063	Human rights
Guatemala	DDH/B7-701/2003/3039-EU Electoral Observation Mission to Presidential, Parliamen	1 700 426	15062	Elections
Guatemala	DDH/2003/ 074-630-B7-701/2002/401	511 718	15063	Human rights
Guatemala	DDH/2003/ 057-701-Promoción y defensa de los derechos humanos y fortalecimiento	800 000	15063	Human rights
Guatemala	DDH/2003/ 075-556-Desarrollo de la capacidad de atención descentralizada de la IPDH	600 000	15063	Human rights
Guatemala	DDH/2003/ 005-948-B7-701 EIDHR Microprojects 2003, Guatemala	300 000	15063	Human rights
Haiti	DDH/2003/ 063-773-B7-701/2003/312 Programme multisectoriel en appuis à la sociét	891 709	15050	Strengthening civil society
Haiti	DDH/2003/ 005-949-B7-701 EIDHR Microprojects 2003, Haiti	400 000	15063	Human rights
Indonesia	DDH/2003/ 005-950-B7-701 EIDHR Microprojects 2003, Indonesia	800 000	15063	Human rights

Indonesia	<p>DDH/2003/ 005-970-EUEOM Indonesia 2004</p> <p>The European Union has deployed an EUEOM to observe the general elections in Indonesia on April 5th 2004 and for the presidential election schedule on July 5th with possible run offs on the 20th of September 2004. With an overall budget of € 5 million, the EUEOM to Indonesia is the largest ever organised by the EU since the Commission's Communication on Election Observation and Election Assistance of 2000. The mission is led by MEP Glyn Ford and by a core team of 12 experts. More than 200 independent Long Term and Short Term EU observers were deployed in the 32 provinces of the country to follow the election process.</p>	5 000 000	15062	Elections
Irak	<p>DDH/2003/ 075-329-Human Rights and Democracy - Reconstruction of Iraq - Contribution</p> <p>The EC grant of € 3 million will be channelled through the UNDP' Service Line for Special Initiatives for Countries in Transition to cover activities in support of a UN political mandate or governance-related programs. Within this framework, the following four main areas will be covered by the EC contribution:</p> <ol style="list-style-type: none"> <li>1. Efforts to restore and establish national and local institutions for representative governance and to contribute to basic civilian administration functions: The ultimate objective is the recovery by Iraq of its full sovereignty through the adoption by the Iraqi population of a new Constitution, by which the population will design how it agrees to be ruled, and the election of a new legitimate Government.</li> <li>2. Media and Communications: support to the development of a free and independent media in Iraq in order to assist the creation of an environment conducive to free and fair elections and to promote a pluralistic society and a culture of respect for human rights.</li> <li>3. Return to the Rule of Law and promotion of Human Rights: support for activities and mechanisms that would assist the development of a fair and effective justice system and to promote the protection of Human rights.</li> <li>4. Support to the emergence of a vibrant and dynamic civil society: The aim is to develop: <ul style="list-style-type: none"> <li>- advocacy civil society organisations and associations in order to provide channels and mechanisms for the public to influence national</li> </ul> </li> </ol>	3 000 000	15063	Human rights

	and local policies, and civil society organizations capable of efficiently participating in reconstruction efforts.			
Iran	DDH/2003/ 005-577-EU-Iran Human Rights Dialogue –phase II	222 678	15063	Human rights
Iran	DDH/2003/ 005-934-B7-701 Call for Proposals	2 500 000	15063	Human rights
Israel	DDH/2003/ 056-291-Responsible and Professional Media Project (RPMP, to be used i	553 132	15065	Free flow of information
Israel	DDH/2003/ 005-951-B7-701 EIDHR Microprojects 2003, Israel	500 000	15063	Human rights
Ivory Coast	DDH/2003/ 060-688-B7-701/2003/113 - PROJET DE PROMOTION ET DIFFUSION DES DROITS HUMAINS	638 853	15063	Human rights
Ivory Coast	DDH/2003/ 063-968-Responsabiliser les médias ivoiriens	986 046	15065	Free flow of information
Ivory Coast	DDH/2003/ 062-401-Programme de prévention et de lutte contre la détention préven	557 380	15063	Human rights
Ivory Coast	DDH/2003/ 005-952-B7-701 EIDHR Microprojects 2003, Ivory Coast	400 000	15063	Human rights
Kosovo	DDH/2003/ 064-034-Promotion of Human Rights Education and Inter-ethnic Dialogue	1 228 296	15063	Human rights
Mexico	DDH/2003/ 004-920-Human Rights Co-operation Programme in Mexico	640 000	15063	Human rights
Mexico	DDH/2003/ 074-299-B7-701/2003/456 - Internews, "New Radio in Mexico"	551 390	15063	Human rights
Mexico	DDH/2003/ 074-826-B7-701/2003/0016, «Contribuer à la consolidation d'une politique DH en Mexique »	366 680	15063	Human rights
Mexico	DDH/2003/ 076-984-B7-701/2003/3066, "Fortalecimiento institucional de organismos"	500 000	15063	Human rights
Mexico	DDH/2003/ 005-953-B7-701 EIDHR Microprojects, Mexico	500 000	15063	Human rights
Mozambique	DDH/2003/ 061-629-Rádio Moçambique Integrated Civic Education Programme (RADICE	499 648	15062	Elections
Mozambique	DDH/2003/ 060-531-Strengthening of grass root civil society in human rights Mozambique	501 699	15063	Human rights
Mozambique	DDH/2003/ 063-975-Programme for the Strengthening of Democratic Culture, Human R	1 155 797	15065	Free flow of information

Mozambique	DDH/B7-701/2003/3045-EU Electoral Observation Mission to Local Elections in Mozam	936 647	15063	Human rights
Mozambique	DDH/2003/ 005-954-B7-701 EIDHR Microprojects, Mozambique	400 000	15063	Human rights
Nepal	DDH/2003/ 061-807-Educating Change Agents and the Public on Human Rights	616 942	15063	Human rights
Nepal	DDH/2003/ 075-830-Expansion of Outreach of National Human Rights Commission [NHR	450 000	15063	Human rights
Nepal	DDH/2003/ 075-487-Improving Free Legal Aid, Human Rights and Access to Justice	400 000	15030	Legal and judicial development
Nepal	DDH/2003/ 005-955-B7-701 EIDHR Microprojects 2003, Nepal	400 000	15063	Human rights
Nigeria	DDH/2003/ 062-521-MANAGEMENT AND RESOLUTION OF SHARIA INFLUENCED CONFLICTS IN CO	749 732	15063	Human rights
Nigeria	DDH/2003/ 060-026-Monitoring and Consolidating Democracy in Nigeria	976 048	15063	Human rights
Nigeria	DDH/2002/ 002-976-Election Observation Mission to the Presidential, State House  The EU Election Observation Mission's (EUEOM) Core team of 11 Experts was led by Mr. Max Van den Berg MEP and was deployed in March 2003 to observe the National Assembly Elections which took place on the 12th April, the Gubernatorial and Presidential Elections on 19 April, and the State Houses of Assembly Elections on 3 May 2003.50 Short Term Observers (STOs) and 36 Long Term Observers (LTOs) were deployed for all three elections and stayed in Nigeria for the entire month of April. The election was marred by serious irregularities. All three statements were very hard and sparkled vivid reactions in local and International press. Furthermore the EUEOM final report is being used in a court case as evidence.	2 972 000	15062	Elections
Nigeria	DDH/2003/ 005-956-B7-701 EIDHR Microprojects 2003, Nigeria	600 000	15063	Human rights
Pakistan	DDH/2003/ 060-493-Strengthening civil society participation to promote and defen	793 010	15050	Strengthening civil society
Pakistan	DDH/2003/ 061-274-NGONet for Women and Children Rights	748 080	15063	Human rights
Pakistan	DDH/2003/ 005-957-B7-701 EIDHR	500 000	15063	Human rights

	Microprojects 2003, Pakistan			
Palestinian Admin. Areas	DDH/2003/ 061-221-Radio networking for democracy in Palestine	461 004	15065	Free flow of information
Palestinian Admin. Areas	DDH/2003/ 077-886-Democratisation from the grass-roots : Media and Networking as	400 905	15063	Human rights
Palestinian Admin. Areas	DDH/2003/ 005-965-B7-701 EIDHR Microprojects, Westbank / Gaza	500 000	15063	Human rights
Russia	DDH/2003/ 064-063-The Development and Institutionalisation of Dialog between Cit	742 209	15050	Strengthening civil society
Russia	DDH/2003/ 005-958-B7-701 EIDHR Microprojects 2003, Russia	1 000 000	15063	Human rights
Rwanda	DDH/B7-701/2003/3026-Election Observation Mission to Rwanda 2003	1 400 065	15062	Elections
Rwanda	DDH/2003/ 064-283-LTO mission Rwanda	73 200	15062	Elections
Rwanda	DDH/2003/ 064-148-B7-701/2003/0489 ""Droits de l'Homme, Justice du Génocide et Ga	782 400	15063	Human rights
Rwanda	DDH/2003/ 075-710-B7-701/2003/3038 Radio Station at the National University of R	350 000	15065	Free flow of information
Rwanda	DDH/2003/ 005-959-B7-701 EIDHR Microprojects, Rwanda	500 000	15063	Human rights
Serbia and Montenegro	DDH/2003/ 063-966-BUILDING UP DEMOCRACY AND GOOD GOVERNANCE IN MULTIETHNIC COMMU	612 106	15063	Human rights
Sierra Leone	DDH/2003/ 057-521-Let us learn to respect human rights	1 370 346	15063	Human rights
Sierra Leone	DDH/2003/ 063-815-Capacity building for Human Rights Civil Society organisations	309 861	15063	Human rights
Sierra Leone	DDH/2003/ 005-960-B7-701 EIDHR Microprojects 2003, Sierra Leone	250 000	15063	Human rights
Sierra Leone	DDH/2003/ 075-527-Victims Justice and Legacy Project (4 sub-activities)	800 000	15063	Human rights
Sudan	DDH/2003/ 063-981-PROMOTING FREEDOM OF EXPRESSION AND INFORMATION THROUGH MEDIA T	868 082	15065	Free flow of information
Sudan	DDH/2003/ 060-753-Monitoring and improving human rights in rural areas of GOS-co	324 260	15063	Human rights
Sudan	DDH/2003/ 056-512-Building the capacity of civil society and Human Rights monito	300 385	15063	Human rights

Sudan		DDH/2003/ 075-501-The Rehabilitation of the Sudanese Judicial Institutions inclu	700 000	15030	Legal and judicial development
Sudan		DDH/2003/ 005-961-B7-701 EIDHR Microprojects 2003, Sudan	500 000	15063	Human rights
Tunisia		DDH/2003/ 058-957-Strengthening the Trade Union Movement in Tunisia	716 800	15050	Strengthening civil society
Tunisia		DDH/2003/ 064-006-Vers une plus grande indépendance de la justice et un meilleur	725 647	15063	Human rights
Turkey		DDH/2003/ 056-032-Establishing a Countrywide Network for Monitoring and Covering Media freedom	809 760	15065	Free flow of information
Turkey		DDH/2003/ 057-711-Enhancing Access to Justice in the Southeastern Turkey	454 649	15063	Human rights
Turkey		DDH/2003/ 005-963-B7-701 EIDHR Microprojects 2003, Turkey	600 000	15063	Human rights
Ukraine		DDH/2003/ 064-107-Restorative Social Transformation in Ukraine	305 797	15030	Legal and judicial development
Ukraine		DDH/2003/ 064-121-Improving the Human Rights Situation in Ukraine through Legal	334 785	15063	Human rights
Ukraine		DDH/2003/ 063-972-Defending the rights of Roma in Ukraine and ensuring their acc	787 947	15063	Human rights
Ukraine		DDH/2003/ 005-964-B7-701 EIDHR Microprojects 2003, Ukraine	600 000	15063	Human rights
xx Unspecified	Africa	DDH/2003/ 075-526-Support to the 2004 & 2005 African Masters Programme in Human	1 359 524	15063	Human rights
xx Unspecified	Africa	DDH/2003/ 076-960-Strengthening the capacity of the African Union (AU) to promot	1 892 625	15063	Human rights
xx Unspecified	America	DDH/2003/ 005-771-Strategic partnership between the EU, Latin America and the Ca	700 000	15063	Human rights
xx Unspecified	America	DDH/2003/ 005-769-Strengthening access to justice in the Americas	818 345	15063	Human rights
xx Unspecified	America	DDH/2003/ 061-450-B7-702/014/PIJ/2003 Corporacion de desarrollo mujer la morada	448 370	15063	Human rights
xx Unspecified	Developing Countries	DDH/2003/ 005-646-B7-701 Décision globale relative aux resultats de l'Appel à Pr	7 670 421	15063	Human rights
xx Unspecified	Developing Countries	DDH/2003/ 060-586-Strengthening capacities of Public Institutions of Bogotá and Armenia Children's Rights	542 147	15063	Human rights



xx Developing Countries Unspecified	DDH/2003/ 005-931-B7-701 Global Decision on Targeted Projects - Budget 2003	11 299	15063	Human rights
xx Developing Countries Unspecified	DDH/2003/ 075-497-Strengthening Social Dialogue in the Labour Sector	978;949	15063	Human rights
xx Developing Countries Unspecified	DDH/2003/ 075-839- TRAINING FOR CIVILIAN ASPECTS OF CRISIS MANAGEMENT: PHASE III	1 350 000	15063	Human rights
xx Developing Countries Unspecified	DDH/2003/ 004-692-Programme de formation et de soutien des ONG nationales pour l	1 092 800	15063	Human rights
xx Developing Countries Unspecified	DDH/2003/ 004-695-4 projets issus de l'appel à propositions 2002-2003 Justice In	2 756 784	15063	Human rights
xx Developing Countries Unspecified	DDH/2003/ 005-932-B7-702 Global Decision on Targeted Projects - Budget 2003	6	15063	Human rights
xx Developing Countries Unspecified	DDH/2003/ 075-778-Programme strengthening the International Criminal Court and i	899 994	15063	Human rights
xx Europe Unalloc.	DDH/2003/ 061-223-OLDER PEOPLE FOR THEMSELVES AND FOR FASTER DEVELOPMENT OF THEI	338 770	15063	Human rights
xx MEDA	DDH/2003/ 005-056-Promoting the Rights of Women & Children Through Information -	600 000	15063	Human rights
xx MEDA	DDH/2003/ 005-680-Mediterranean Masters in Human Rights & Democratisation	713 890	15063	Human rights
xx NIS Unalloc.	DDH/2003/ 075-496-Joint Programme 2003 of co-operation between the European Comm	1 325 000	15063	Human rights
xx North of Sahara Unalloc.	DDH/2003/ 005-933-B7-701 Call for Proposals 2003 EuropAid/117059/C/G - Budget 20	650 000	15063	Human rights
xx S & C Asia Unalloc.	DDH/2003/ 075-498-EC-ODIHR JOINT PROGRAMME 2003 under EIDHR FOR ADVANCING HUMAN	799 058	15063	Human rights
Zimbabwe	DDH/2003/ 063-999-Application for the Legal Resources Foundation's (LRF) Paraleg	357 104	15063	Human rights
Zimbabwe	DDH/2003/ 075-534-Zimbabwe Local Democracy Enhancement Project	600 168	15062	Elections
Zimbabwe	DDH/2003/ 005-966-B7-701 EIDHR Microprojects, Zimbabwe	650 000	15063	Human rights
		100 942		

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7.1.8. *Commitments 2003 Food Security*

Country	Project title	Amount €	Sector	Description of the sector
Afghanistan	FOOD/2003/ 004-950-Afghanistan - Bilateral programme 2003  This programme is channelled directly to the government to support development policies, regulatory frameworks and programmes. In 2003, main activities focused on the identification. This programme is expected to have a significant impact on increasing water availability for the small and powerless farmers and efficiency for agriculture and civil use	25 000 000	14020	Water supply and sanitation
Armenia	FOOD/2003/ 061-451-CONTRAT+AV 1 AEC 3089/AT VON LAUSNITZ - ARMENIE	169 200	91010	Administrative costs
Bangladesh	FOOD/2003/ 005-980-Bangladesh Food Security Programme 2003	2 338 000	52010	Food aid
Bangladesh	FOOD/2003/ 005-980-Bangladesh Food Security Programme 2003	7 662 000	52010	Food aid
Bolivia	FOOD/2003/ 005-983-Food security program in Bolivia (PASA II) 2003 - 2004 - 2005	14 000 000	52010	Food aid
Bolivia	FOOD/2003/ 005-600-BOLIVIA - FAO -Short term technical assistance in Food Security	300 000	52010	Food aid
Cape Verde	FOOD/2003/ 005-987-Programme d'appui à la politique nationale de sécurité alimentaire	3 900 000	52010	Food aid
Cape Verde	FOOD/2003/ 005-987-Programme d'appui à la politique nationale de sécurité alimentaire	100 000	52010	Food aid
Ecuador	FOOD/2003/ 005-982-Réduction de la pauvreté et Développement Local Rural (PROLOCAL)	5 000 000	43040	Rural development
Eritrea	FOOD/2003/ 004-023-Emergency food aid to Eritrea in 2003	2 000 000	71010	Emergency food aid
Eritrea	FOOD/2003/ 004-023-Emergency food aid to Eritrea in 2003	2 000 000	71010	Emergency food aid
Ethiopia	FOOD/2003/ 004-022-Emergency food aid to Ethiopia in 2003	8 000 000	71010	Emergency food aid
Ethiopia	FOOD/2003/ 004-022-Emergency food aid to Ethiopia in 2003	13 000 000	71010	Emergency food aid
Ethiopia	FOOD/2003/ 005-811-Additional Food-Aid for	15 000 000	52010	Food aid

	Ethiopia through NGOs 2003			
Honduras	FOOD/2003/ 005-598-HONDURAS - FAO - Produccion y comercializacion de semilla art	1 000 000	52010	Food aid
Honduras	FOOD/2003/ 005-792-HONDURAS - Prestation d'assistance technique à la SETCO, Programme de Sécurité Alimentaire	1 500 000	52010	Food aid
Korea Dem. Rep.	FOOD/2003/ 005-774-COREE DU NORD - Programme d'appui pour l'amélioration de la sécurité alimentaire	8 000 000	52010	Food aid
Madagascar	FOOD/2003/ 005-775-MADAGASCAR - Programme d'appui à la sécurité alimentaire	9 000 000	52010	Food aid
Mauritania	FOOD/2003/ 005-023-Appui à la situation de crise alimentaire en Mauritanie	1 850 000	52010	Food aid
Mauritania	FOOD/ENG B98-1018 (CLÔTURÉ DÉGAGÉ)-ACORD B98-1048 ENG.COMPLEMENTAIRE REMBOURSEMENT	40 220	52010	Food aid
Mozambique	FOOD/2003/ 005-776-MOZAMBIQUE - programme de sécurité alimentaire	6 500 000	52010	Food aid
Mozambique	FOOD/2003/ 005-776-MOZAMBIQUE - programme de sécurité alimentaire	11 500 000	52010	Food aid
Nicaragua	FOOD/2003/ 005-981-Programme de sécurité alimentaire et de développement local	3 000 000	52010	Food aid
Nicaragua	FOOD/2003/ 005-981-Programme de sécurité alimentaire et de développement local	3 500 000	52010	Food aid
Niger	FOOD/2003/ 005-985-Programme de prévention et de gestion des crises alimentaires	9 000 000	52010	Food aid
Palestinian Admin. Areas	FOOD/2003/ 004-952-Food Aid and Cash Assistance Programme in Favour of Palestine	15 000 000	52010	Food aid
Somalia	FOOD/2003/ 005-596-SOMALIE - FAO Support to the food security analysis unit.	4 000 000	52010	Food aid
Sudan	FOOD/2003/ 004-978-Sudan - Support to the definition of Food Security programmes	1 700 000	52010	Food aid
Tajikistan	FOOD/2003/ 005-733-Food Security Programme 2003 Tajikistan	7 000 000	52010	Food aid
Tajikistan	FOOD/2003/ 005-733-Food Security Programme 2003 Tajikistan	1 000 000	52010	Food aid
WFP	FOOD/2003/ 004-818-EC Food Aid programme 2003 WFP  The Food Aid Programme 2003 carried out through the WFP aimed at assisting 14 countries mainly located in East of Africa. The major action	52 000 000	52010	Food aid

	was devoted to the acute food crisis in Zimbabwe for which € 45 million were devoted (1/3 of the totality of the programme).			
WFP	FOOD/2003/ 004-818-EC Food Aid programme 2003 WFP  The Food Aid Programme 2003 carried out through the WFP aimed at assisting 14 countries mainly located in East of Africa. The major action was devoted to the acute food crisis in Zimbabwe for which € 45 million were devoted (1/3 of the totality of the programme).	68 000 000	52010	Food aid
xx N & C America Unalloc.	AUT.PROD.EURONAIID LO 20.601-EL NINO	640 949	52010	Food aid
xx Developing Countries Unspecified	EURONAIID several actions	123 838	52010	Food aid
xx Developing Countries Unspecified	FOOD/2003/ 004-836-Assistance for victims of armed conflicts	4 400 000	71010	Emergency food aid
xx Developing Countries Unspecified	FOOD/2003/ 004-853-EC Food Aid programme 2003 EA	20 000 000	52010	Food aid
xx Developing Countries Unspecified	EURONAIID 1999 - LAIT EN POUUDRE	1 135 655	52010	Food aid
xx Developing Countries Unspecified	3.500 T.PULSES-EURONAIID LO 18633	2 178 127	52010	Food aid
xx Developing Countries Unspecified	FOOD/2003/ 004-836-Assistance for victims of armed conflicts	3 600 000	71010	Emergency food aid
xx Developing Countries Unspecified	FOOD/2003/ 004-853-EC Food Aid programme 2003 EA	30 000 000	52010	Food aid
xx Developing Countries Unspecified	FOOD/2003/ 004-953-FOOD SECURITY - ONG ALLOCATION GLOBALE  Cet appel à propositions adressé aux ONGs concerne des actions de développement mises en œuvre en cohérence avec les autres interventions de sécurité alimentaire de la CE et avec les politiques nationales des pays bénéficiaires. L'appel à propositions concerne: Angola, Erythée, Ethiopie, Soudan, RD Congo, Sierra Leone et Yémen	25 000 000	52010	Food aid

xx Developing Countries Unspecified	FOOD/2003/ 005-597-CGIAR - Support to agricultural research	22 200 000	31183	Agricultural research
xx Developing Countries Unspecified	FOOD/2003/ 005-048-Assistance Technique - décision globale -	2 000 000	52010	Food aid
xx Developing Countries Unspecified	Intérêts de retard	17 397	91010	Administrative costs
xx N & C America Unalloc.	FOOD/2003/ 005-599-AMERICA CENTRAL – FAO - Assistance technique de la FAO au Programme de Sécurité Alimentaire	200 000	52010	Food aid
xx N & C America Unalloc.	FOOD/2003/ 005-984-Projet de décision - Programme de Sécurité Alimentaire en Amérique Centrale	12 000 000	52010	Food aid
xx South of Sahara Unalloc.	FOOD/2003/ 005-986-Programme d'appui à la stratégie régionale de sécurité alimentaire	5 000 000	52010	Food aid
		430 555 794		

7.1.9. *Commitments other Thematic Lines*

No Décision	Intitulé	Montants €		Ligne Budgétaire	Commentaires
SANTE/2003/0 05-897	Call for proposals of RH 2003	12 000 000	Tous Pays	21 02 07 03	Les 2 appels à propositions sont en cours. Sélection des propositions prévues fin septembre.
SANTE/2003/0 05-902	Call for proposals 2003 PRD	34 850 000	Tous Pays	21 02 07 02	
SANTE/2003/0 05-903	Annual contribution to the Global Fund to fight AIDS malaria and tuberculosis (GFATM)	42 000 000	Tous Pays	21 02 07 02	Il s'agit de la contribution annuelle de la ligne budgétaire "Maladies liées à la Pauvreté" au Fonds Mondial de Lutte contre le Sida, Tuberculose, Malaria. Ce Fonds est un instrument financier qui reçoit des contributions de

					divers donneurs pour renforcer la lutte contre ces 3 maladies. La contribution de la CE pour la période 2003-2006 est de 340 millions d'euros répartis également entre la FED et la ligne budgétaire 21.020702
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ENV/2003/0058 93	ENV/2003/ 005-893-Call for Proposals 2003 for B7-6200 (21 02 05) (Environment & Forests in DCs) (*)	30 816 237,28	Tous Pays		21 02 05
ENV/2003/0059 20	ENV/2003/ 005-920-Environment Mainstreaming 2003 (B76200 - 21 02 05) (*)	2 000 000,00	Tous Pays		21 02 05
ENV/2003/0749 47	ENV/2003/ 074-947-Assisting Developing countries to prepare national profiles, set priorities and strengthen information exchange for the sound management of chemicals	760 000,00	Tous Pays		21 02 05
ENV/2003/0749 45	ENV/2003/ 074-945-Improving Market Access for Drylands Commodities	1 000 000,00	Eastern Africa		21 02 05
ENV/2003/0749 43	ENV/2003/ 074-943-Trade liberalisation, rural poverty, and the environment	1 379 329,00	Tous Pays		21 02 05
ENV/2003/0749 46	ENV/2003/ 074-946-The National Forest Programme Facility	3 250 000,00	Tous Pays		21 02 05
ENV/2003/0749 15	ENV/2003/ 074-915-Capacity Building for Use and Contribution to INFOCAP in Developing Countries	500 000,00	Tous Pays		21 02 05

ENV/2003/0749 44	ENV/2003/ 074-944-Africa Stockpiles Programme - horizontal activities	1 000 000,00		Afrique	21 02 05	Le projet ASP vise à la constitution d'un partenariat entre l'industrie, les pays participants, des fondations privées et des organisations sans but lucratives avec l'objectif de mettre en commun des ressources et des connaissances afin de débarrasser l'Afrique des stocks de pesticides pérимés.
EDUCATION/2 003/76548 et EDUCATION/2 003/76612	ICT/Projet Pilote "Composantes des Technologies de l'Information	2 348 000,00	Tous Pays		21 02 14	Projet Pilote ayant trait à l'utilisation des Technologies de l'Information et de Communication dans le secteur de l'éducation afin de mieux atteindre les objectifs de développement millénaires. Les promoteurs du projet sont le PNUD et la Banque mondiale.
MAP/2003/5808	Angola Landmine Impact Survey	1 500 000	Angola		19 02 04	The project will produce a quality Landmine Impact Survey, as an important step in planning a strategy to eliminate or minimise the impact of landmines on communities, refugees and internally displaced persons in Angola.

MAP/2003/5808	Extension of Landmine Impact Survey in Eritrea	300 000	Eritrea	19 02 04	
MAP/2003/5808	Sudan Landmine Information and Response Initiative (Phase II)	2 000 000	Sudan	19 02 04	
MAP/2003/5808	Engaging non-state armed groups (NSAs) in a landmine ban	500 000	Tous pays	19 02 04	The project will persuade armed non-state actors (NSAs) in Colombia and the Middle East not to use antipersonnel mines under any circumstances and to commit them to a total mine ban, specifically through the signing and implementation of Geneva Call's Deed of Commitment.
MAP/2003/5808	Landmine Impact Survey and Mine Action capacity development - Contribution to UNDP trust fund	2 000 000	Iraq	19 02 04	
MAP/2003/5808	Support to capacity building for national demining institute in Mozambique	1 000 000	Mozambique	19 02 04	
MAP/2003/5808	Technical survey teams for emergency mine action programme, Sudan	500 000	Sudan	19 02 04	The project will deploy technical survey teams as an integral component of a cohesive Mine Action Plan. The technical survey teams will survey all major routes and all known Dangerous Areas throughout the area and either verify or discredit the presence of mines so that an appropriate follow on clearance assets may be tasked with a definite clearance objective.
MAP/2003/5808	Integrated mine action programme in Afghanistan	2 000 000	Afghanistan	19 02 04	



MAP/2003/5808	Landmine Impact Survey in Armenia	1 400 000	Armenia	19 02 04	
MAP/2003/5808	Capacity building and clearance actions in Azerbaijan	1 350 000	Azerbaijan	19 02 04	
MAP/2003/5808	Integrated approach to mine action in Myanmar	500 000	Myanmar	19 02 04	
MAP/2003/5808	Assisting post-conflict rehabilitation in the Vanni	1 239 989	Sri Lanka	19 02 04	
MAP/2003/5808	Katanga province mine clearance project	986 585	DR Congo	19 02 04	
MAP/2003/5808	Bissau sans mines ni UXOs - Projet de renforcement des capacités locales d'action contre les mines et les UXOs en Guinée Bissau	600 000	Guinea-Bissau	19 02 04	
MAP/2003/5808	Mine clearance & victim assistance	1 700 000	Laos	19 02 04	this allocation is integrated in the cfp 2004 which was launched in June 2004,
MAP/2003/5808	Technical assistance	500 000	Cambodia	19 02 04	not yet contracted
GENRE/2003/076280	Policy Report on Gender and Development: an UNRISD contribution	950 000	Tous Pays	21 02 06	
GENRE/2003/076514	Methodological Support and Training on Gender Mainstreaming	1 911 816	Tous Pays	21 02 06	