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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE
EUROPEAN PARLIAMENT AND THE EUROPEAN COURT OF AUDITORS**

**Financial Management Report on the 6th, 7th, 8th and 9th European Development
Funds for the year 2004**

1. INTRODUCTION

The European Development Fund (EDF) covers the European Commission's development programmes in sub-Saharan Africa, the Caribbean and the Pacific (ACP) financed under the ACP-EC Partnership (Cotonou Agreement) and in 20 Overseas Countries and Territories (OCTs)¹ which are linked constitutionally to Denmark (1), France (6), the Netherlands (2) and the UK (11). The purpose of these programmes in ACP countries and OCTs is to provide technical and financial support to reduce poverty and promote long-term economic and social development. EU Member States jointly contribute to the EDFs, which are separate from the EU's general budget and have their own financial regulations.

Some of the Commission's development cooperation programmes in the ACP region are funded from the general EU budget, outside the Cotonou Agreement. These programmes are not covered by the present report. They include the Commission's activities in South Africa, thematic budget lines covering food security, democracy and human rights, and the environment, and its support for banana producers under the second ACP-EC Banana Protocol. The European Investment Bank (EIB) also funds some activities in ACP states from its own resources.

The current EDF, the 9th, which funds the first five years of the Cotonou Agreement, took effect on 1 April 2003 after its ratification and, supplemented by the transferred balances from the previous EDFs, covers the period until the end of 2007. The current EU-OCT partnership is regulated by an Overseas Association Council Decision of 27 November 2001.²

2. ACHIEVEMENT OF OBJECTIVES FOR THE FINANCIAL YEAR 2004

2.1. Financial objectives³

In 2004 the Commission made global commitments from the EDF of €2 648m - just below (the €2 850m) target – and paid out a record €2 464m, continuing its recent year-on-year acceleration in disbursements. New individual commitments (contracts) for an amount of €3 038m were concluded on the EDF instruments managed by the Commission. This contracts performance over 2003-2004 (€6 100m) is unprecedented and should contribute to a continued upward trend in disbursements over the coming years.

¹ Annex II to the EC Treaty lists 21 Overseas Countries and Territories (OCTs). The Commission has direct relations with 20 of them, as the Overseas Association Decision does not apply to Bermuda (at its request).

² OJ L 314, 30 November 2001.

³ All financial statistics are based on the historically corrected figures which take into account the reclassification of Stabex transactions for the period 2001-2004 (see Annexes). The European Investment Bank's (EIB) risk capital and related interest-rate subsidies under the 6-8th EDFs (for which the Commission has accounting responsibility) are included within all financial statistics. Figures for the performance of the EIB's Investment Facility – under the 9th EDF – are not included as accounting responsibility now falls to the EIB for this instrument. For the purposes of comparability the EIB's Investment Facility figures for 2003/2004 are contained within footnotes where appropriate.

Key EDF performance figures, 2000-2004 (€m, gross)

	2000	2001	2002	2003	2004
Global commitments	4 007	1 927	2 125	3 769	2 648
Individual commitments	2 509	2 488	2 436	3 062	3 038
Payments	1 640	1 779	1 922	2 345	2 464

2.2. Tackling poverty – 2004 operational highlights

As the table below shows, the Commission devoted the greatest share of EDF commitments in 2004 to regional integration and institutional support. This covers programmes to promote respect for human rights, the principles of democracy, the rule of law and responsible, accountable government, and to strengthen the institutions on which these conditions depend. Other programmes seek to prevent conflict by supporting nascent peace processes, democratic reforms, and efforts to create political and social stability. For example, at the regional level the Commission launched the €250m African Peace Facility in 2004, through which the EC funds non-military aspects of peace-keeping operations by the African Union (AU) and subregional entities.

The Commission also continued to devote considerable resources to infrastructure, in which it has many years' experience, notably launching the ACP-EU Water Facility for which a first allocation of €250m was made available immediately out of the €1 000m unreleased funds of the 9th EDF. This Facility will fund proposals from community groups, private companies and other non-state actors, as well as from central governments, historically the European Union's principal partners in development.

General budget support and sectoral policy support programmes continued as the Commission's preferred development cooperation strategies - where conditions allow - encouraging partner government-led initiatives to tackle poverty. General budget support programmes constituted 18% of new programmes approved in 2004, supporting ten countries⁴. The Commission also worked with the World Bank and other donors to devise a single set of public finance management (PFM) performance indicators. It will use these to gauge progress over time and across countries, and to link budget support payments, which are performance-related, more closely to results. In addition, eight sectoral policy support programmes were launched to a total global commitments value of €242m⁵.

EDF global commitments - performance against targets, 2004 (€m, gross)

Sector	Target	Actual	
		Value	% of target
Economic cooperation	600	554	92%
Regional integration & institutional support	605	711	117%
Social & human development	421	284	68%
Rural development & environment	274	219	80%
Transport & infrastructure	790	635	80%

⁴ In Burundi, Cape Verde, Ethiopia, Ghana, Guyana, Jamaica, Kenya, Madagascar, Senegal and Vanuatu.

⁵ In New Caledonia, Zambia, Barbados, Namibia, Uganda, Kenya, Nigeria and Fiji.

Other – Commission	160	245	112%
Other – EIB risk capital & interest subsidies (6-8th EDFs)	-	0	0
Total	2 850	2 648	93%

2.2.1. Improving operational performance

The Commission completed projects and responded to emerging needs and emergencies with greater speed than in the past. For example, it responded immediately through its African Peace Facility to the African Union's request for help for its ceasefire monitoring mission in Darfur in western Sudan.

To raise the quality of programmes, headquarters staff undertook in-depth quality reviews - for the first full year in 2004 – on all new project proposals early in the design process. One in four proposals was also selected for further review at a later stage. The Commission also leveraged the skills and expertise of its staff to replicate examples of best practice in different sectors, with 40% of EuropeAid's (non secretarial) officials participating in best practice networks. To improve programme design, the Commission consolidated its independent results-oriented monitoring of EDF-funded programmes launched in 2002,⁶ raising the ACP budget by 30% (to €4.6m).

The Commission also made substantial efficiency gains, by for example, formally devolving responsibility for programmes from its headquarters to its offices in 24 more ACP countries. By year-end 2004, 79% of ongoing EDF-funded programmes were managed by in-country officials.

3. FINANCIAL SITUATION AT THE END OF 2004

At the close of 2004, the Commission had allocated in total €43 802m net to ACP countries under the 6-9th EDFs. This comprised €29 898m from the 6-8th EDFs (all committed, since €2 990m in uncommitted balances had been transferred into the 9th EDF) and €13 904m from the 9th EDF.⁷ Of the total allocated (€43 802m), the Commission has committed €35 692m and paid €25 914m. The unspent €17 888m comprises uncommitted funds of €8 110m and unspent commitments (Restes à Liquider) of €9 779m.

6th to 9th EDFs – funds allocated, committed, spent and unspent, end 2004 (€m, net)

Funds allocated to ACP states (by EDF) ⁸			Funds committed	Funds spent	Funds/commitments outstanding		
6 th -8 th	9 th	Total, 6 th - 9 th			Funds uncommitted	Commitments unspent (RAL)	Total remaining funds unspent

⁶ This ROM methodology is based on international standards and is applied systematically and consistently throughout all regions and throughout the years. Ratings are given against internationally accepted criteria covering five quality attributes: relevance, efficiency, effectiveness, impact and sustainability, based on both internal and external factors.

⁷ These figures exclude €2 057m from the Investment Facility and the €188m of related interest rate subsidies funded from the 9th EDF but under the accounting responsibility of the European Investment Bank.

⁸ Taking into account the transfers from the former EDFs into the 9th EDF.

a	b	c (a+b)	D	E	f (c-d)	g (d-e)	h (f+g)
29 898	13 904	43 802	35 692	25 914	8 110	9 779	17 888

4. EVENTS THAT HAD A SIGNIFICANT INFLUENCE ON ACTIVITIES CARRIED OUT IN 2004

4.1. Payment delays due to treasury shortages

The Commission had difficulty in making timely payments in May-June and, to a lesser degree, at the end of 2004. This was largely because it had paid an unprecedented amount in the year to June, and the EDF treasury system relies on a rather inflexible 'just in time' contribution system from Member States. Prudent cash management (including the bringing-forward of the second call for contributions) meant that priority payments were made in time, but overall payments were delayed considerably. In addition, a payment of the order of €41m for a programme to fight polio could not be made at the end of 2004 because of a treasury shortage, due to the fact that one EU Member State transferred part of its year end contribution behind schedule. If the treasury resources had been consistently available, performance on both the Commission's total EDF payments and EDF payment periods would have been significantly improved, surpassing the 2004 payments target.

4.2. Political instability and other crises

The Commission estimates that around 20% of ACP countries are in crisis or post-crisis at any one time, and in 2004 political uncertainty continued to affect cooperation in several states, and added significant complexity to the running of regional programmes. For example, in Côte d'Ivoire (which does not fall under Article 96) implementation came to a standstill in 2004 following political instability. Several delegations found dialogue difficult with local authorities, especially where Country Strategy Papers were not yet in place (Somalia, Togo, Haiti, Liberia, Sudan, Zimbabwe, Guinea, Equatorial Guinea and Côte d'Ivoire) or had been signed but were only partially implemented (Central African Republic).

TECHNICAL ANNEX

Financial Management Report on the 6th, 7th, 8th and 9th European Development Funds for the year 2004

1. FOREWORD

This report fulfils the Commission's obligations under Articles 96, 102 and 135 of the Financial Regulation applicable to the 9th European Development Fund⁹. Article 96 paragraph 2 states that:

'The EDF accounts shall be accompanied by a report on financial management during the preceding year containing an accurate description of:

- (1) the achievement of the objectives for the financial year, in accordance with the principle of sound financial management;
- (2) the financial situation and the events that had a significant influence on the activities carried out during the financial year.'

2. THE ACHIEVEMENT OF EDF OBJECTIVES FOR THE FINANCIAL YEAR 2004

The Commission set itself specific, quantified targets for the European Development Funds both in terms of financial indicators related to its broad policy goals, and in terms of ambitious measures for continuous improvements in the efficiency, quality and timeliness of its activities. The performance against these targets for the year 2004 is detailed below¹⁰. All financial statistics are based on the historically corrected figures which take into account the reclassification of Stabex¹¹ transactions for the period 2001 – 2004 (see Annex 1). The following table summarises the relationship between the 2001-2004 consolidated accounting figures and the historically corrected figures (following the 2004 Stabex regularisation) used in this report.

⁹ Financial Regulation of 27 March 2003 applicable to the 9th European Development Fund [OJ L 83 of 1 April 2003]. While in principle the deadline for transmission of the financial management report to the European Parliament, Council and Court of Auditors is 30 April, Article 135 of the Financial Regulation foresees a transitional measure allowing submission of the report covering 2004 by 31 May 2005.

¹⁰ The European Investment Bank's (EIB) risk capital and related interest rate subsidies under the 6-8th EDFs (for which the Commission has accounting responsibility) are included within all financial statistics. Figures for the performance of the EIB's Investment Facility – under the 9th EDF – are not included as accounting responsibility now falls to the EIB for this instrument. For the purposes of comparability the EIB's Investment Facility figures for 2003/2004 are contained within footnotes where appropriate.

¹¹ Stabex is a financial instrument foreseen by the Lomé Convention (Articles 186-212), which has now been replaced under the Cotonou Agreement by the new instrument FLEX (as part of the B envelope). The aim of Stabex was to remedy the harmful effects of the instability of export earnings of the ACP states.

EDF 2001-2004 consolidated accounting and corrected figures following the 2004 Stabex regularisation (€m)

Net	Global commitments		Individual commitments		Payments	
	Consolidated accounting figures	Corrected figures	Consolidated accounting figures	Corrected figures	Consolidated accounting figures	Corrected figures
2001	1554.16	1560.92	2263.36	2270.12	2067.86	1722.83
2002	1768.39	1779.03	2142.92	2153.56	1852.72	1872.33
2003	3395.83	3403.53	2742.71	2750.42	2179.47	2288.80
2004	2375.15	2350.05	2746.25	2721.15	2197.84	2413.93

Gross	Global commitments		Individual commitments		Payments	
	Initial figures	Corrected figures	Initial figures	Corrected figures	Initial figures	Corrected figures
2001	1920.57	1927.32	2481.70	2488.45	2124.49	1779.45
2002	2114.50	2125.14	2425.00	2435.64	1902.49	1922.10
2003	3760.80	3768.50	3054.23	3061.94	2235.71	2345.04
2004	2672.93	2647.83	3063.42	3038.32	2248.15	2464.25

2.1. Policy goals

The Commission's 2004 Annual Management Plan for its work in the ACP countries set out three broad development policy goals:

- promoting sustainable development
- fostering peace and stability
- promoting democracy and human rights.

2.1.1. Global commitments¹²

To achieve these goals, the Commission had set a 2004 target for new global commitments of €2 850m. By end December 2004, €2 648m gross had been committed. The breakdown of targets and corresponding performance by sector is set out in the table below. This performance represents 93% of the 2004 target. The shortfall was the result of delays to a planned €100m road project in Uganda, where the government had not met conditions set, and to a €52m rehabilitation programme in Sudan, following continued political uncertainty. In addition, legal clarifications continued in 2004 on procedures (under the 2003 9th EDF Financial Regulation) for common pool funding, delaying projects amounting to approximately €130m¹³ (see also 4.3 below).

¹² The global financial commitment is the operation reserving the funds necessary to cover subsequent payments for the execution of a financing agreement.

¹³ In Uganda, Mozambique, Ghana, Tanzania and Zambia.

EDF global commitments - performance against targets, 2004 (€m, gross)

Sector	Target	Actual	
		Value	% of target
Economic co-operation	600	554	92%
Regional integration & institutional support	605	711	117%
Social & human development	421	284	68%
Rural development & environment	274	219	80%
Transport & infrastructure	790	635	80%
Other – Commission	160	245	112%
Other – EIB risk capital & interest subsidies (6-8 EDFs)		0	0
Total	2 850	2 648	93%

Decommitments for 2004 amounted to €298m¹⁴ bringing net global commitments to €2 350m.

2.1.2. Individual Commitments¹⁵ (Contracting)

New individual commitments (contracts) for an amount of €3 038m were concluded on the EDF instruments managed by the Commission. This contracts performance over 2003-2004 (€6 100m) is unprecedented and should contribute to a continued upward trend in disbursements over the coming years.

Individual commitments for an amount of €317m have been decommitted/cancelled in 2004, bringing the net individual commitments to €2 721m¹⁶.

2.1.3. Payments

The 2004 payments target was €2 475m. The actual year end figure was €2 464m – 99% of the target - which also represents the highest volume of payments ever achieved for the EDF in a single year. The reason for the shortfall was that a payment of €41m for a programme to fight polio could not be made before the year end because of a treasury shortage, as one Member State did not fully pay its 2004 financial contributions before year end. If these resources had been made available, payments would have reached €2 505m. The Commission has consolidated its positive payments' trend, which has been rising steadily since 1999, as shown in the tables below.

€50.31m was received in recoveries and corrections in 2004, bringing the EDF net payments figure for 2004 to €2 414m¹⁷.

¹⁴ Of these decommitments, €66m originates from the risk capital and related interest rate subsidies implemented by the EIB under the 6-8th EDFs. No new commitments were made by the EIB on the 6-8th EDF instruments in 2004.

¹⁵ The individual financial commitment is the operation reserving the funds necessary to cover subsequent payments for the execution of a contract or the direct labour component of a programme estimate.

¹⁶ Of which no significant element originated from the 6-8th EDF EIB instruments in 2004.

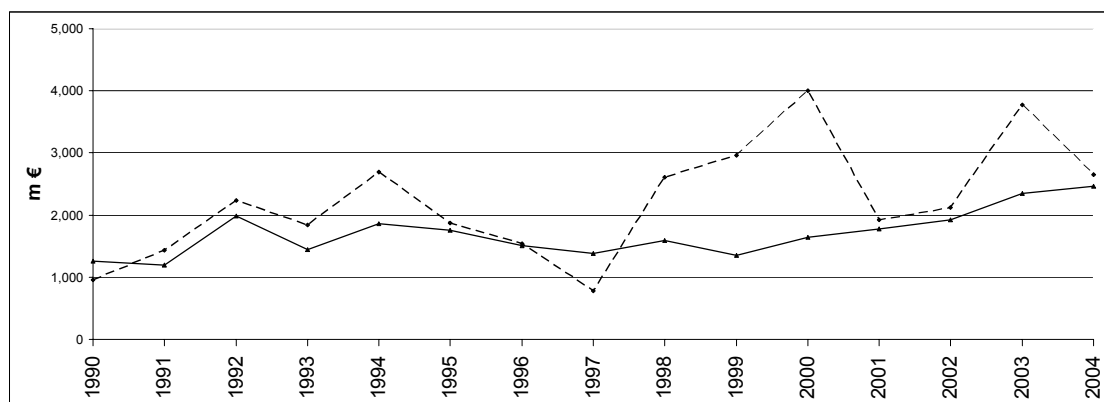
¹⁷ Of which €153m originates from the risk capital and related interest rate subsidies implemented by the EIB under the 6-8th EDFs

2.1.4. Overall figures and trends in global commitments, contracts and payments

2.1.4.1. Trends since 1990

The graph below represents the performance of the combined EDFs in terms of new global commitments, and new payments (nominal gross values, before decommitments and recoveries) over the period 1990 to 2004.

EDF Commitments and Payments 1990 – 2004



2.1.4.2. Key figures (gross) since 2000

EDF key performance figures, 2000-2004 (€m, gross)¹⁸

	2000	2001	2002	2003	2004
Global commitments	4 007	1 927	2 125	3 769	2 648
Individual commitments	2 509	2 488	2 436	3 062	3 038
Payments	1 640	1 779	1 922	2 345	2 464

2.2. Management objectives and priorities for 2004

2.2.1. To speed up EDF implementation

2.2.1.1. To optimise HQ resources

Working with delegations to even out the commitment pipeline

To even out the global commitment pipeline and avoid an end of year bottleneck, a target was set that 50% or more of commitments should be formally approved in the accounting system by the end of September. 2004 figures show that this target was achieved, with 55% of projects having formal approvals by the end of September. This shows a positive trend in the management of the annual proposals (second highest performance since 1999).

¹⁸ 3 payments totalling €4.4m over 2002 and 2003 from the secured Stabex account to Ethiopia were not reclassified as payments in the accounting system in the context of the 2004 regularisation (see Annex 1) and will be booked on the 2005 accounts.

EDF financing decisions - proportion made by end September, 1999-2004

	1999	2000	2001	2002	2003	2004
% of global commitments decided by end Sept.	49%	71%	38%	50%	22%	55%

Establishing and consolidating policy of limiting small projects

The Commission continued to try to reduce the number of very small projects and set a target of an average EDF project size of €10m or more. This target was surpassed with average project size increasing to €11m in 2004 from €8.5m in 2003 despite the high number of small Technical Cooperation Facilities¹⁹ (TCFs) decided in 2004 which lowered the average value of EDF decisions on projects/programmes.

EDF financing decisions - average value, 1998-2004 (€m)

	1998	1999	2000	2001	2002	2003	2004
Average value of global commitments	3.1	4.1	5.3	2.9	4.7	8.5	11.0

2.2.1.2. To facilitate the timely implementation of projects

Monitoring and supporting National/Regional Indicative Programme implementation

With devolution, delegations took on new responsibilities for reporting, involving the submission of progress reports (in the form of External Assistance Management Reports every four months) on the implementation of their annual management plans. In this context, the ACP Directorate of EuropeAid set itself a challenging target of responding to the delegations' External Assistance Management Reports within 2 weeks of receipt (with a formal deadline set at the level of EuropeAid of 4 weeks). However this new target proved to be unrealistic given the necessary coordination of different services' responses on the wide range of issues raised in the reports. 21% of HQ responses for the ACP countries were sent within the target of 2 weeks of receipt, and 57% sent within the 4 week deadline. Average response time was 4.5 weeks. Conclusions drawn from the data now available on the performance in this first full year of operation of the new reporting system will be used for improved planning and target setting in 2005.

¹⁹ Technical Cooperation Facilities (TCFs) are umbrella financing agreements from which feasibility studies and other technical assistance can be financed that may be required to identify projects and programmes and to prepare financing proposals. TCFs can also fund other activities such as training, conferences and seminars related to the implementation of EC cooperation with the ACP, or audits and evaluations of completed projects when their funding has not been foreseen or insufficient balances remain. In principle a TCF has been programmed within each National Indicative Programme and replaces the more cumbersome individual small-scale commitments used for these purposes under the previous EDFs ('Décisions sur Autorisation Globale' or 'DAGs').

Delegation reports (EAMRs) - HQ response times, 2004

Average time taken to send responses to reports		4.5 weeks
% of responses sent	within 2 weeks of receiving EAMR (target)	21%
	within 4 weeks of receiving EAMR (deadline)	57%
	within 6 weeks of receiving EAMR	84%

Making timely payments

The legal framework of the EDF requires invoices to be paid by the Commission within 90 days of the date by which payment becomes due. For decentralised projects²⁰ invoices are received first by the National Authorising Officer (NAO) in the ACP partner country. This implies a target of 45 days for the Commission to pay invoices received from the NAO. The Commission also aims to pay all invoices - for centralised projects - arriving directly at Commission HQ within 45 days. For 2004 72% of such invoices were paid within this time limit against an EDF target set at 85%. The performance since 2000²¹ is shown in the table below. The shortfall relates to treasury shortages in May-June 2004 (and to a lesser extent end 2004) by when the Commission had paid out an unprecedented amount in the first part of the year and all payments were delayed (see also 4.1 below). The completion of the devolution process, allowing most payments to be treated locally, should improve this performance further over time.

EDF payment periods, 2000-2004²²

	2000	2001	2002	2003	2004
% of invoices paid within 45 days of receipt by Commission	70%	72%	68%	72%	72%

2.2.1.3. To redeploy unspent funds in underperforming areas

Due to the relatively large volume of new global commitments in 2004 i.e. the year after the entry into force of the new EDF - and in spite of the record performance on payments in 2004²³- the Commission's unpaid global commitments (Restes à Liquider - RAL) decreased only slightly from €9 842m (at end 2003) to €9 779m at the end of 2004. A table showing the unpaid global commitments (RAL) per sector and per year of global commitment can be found in Annex 2.

²⁰ Where certain actions within the management of projects are entrusted to the partner ACP state. In the majority of cases the European Commission undertakes the financial implementation of 9th EDF resources by means of decentralised management with the ACP States in accordance with the conditions set out in the Cotonou Agreement, based in particular on the sharing of responsibilities provided for in Article 57 of that Agreement (concerning guidelines for development finance cooperation) and in Articles 34, 35 and 36 of Annex IV to the Agreement.

²¹ These statistics exclude local payments made by Commission field offices (delegations) in local currency i.e. by non-devolved delegations, as no data is available in the accounting system for the date of receipt of local currency invoices. This element of EDF payment performance will disappear in 2006 with the completion of devolution.

²² Payment periods were previously monitored for the EC Budget on a 60-day basis. Since 2003 and the coming into force of the new Financial Regulations, the deadline / performance indicator for both EC Budget and EDF payments is set at 45 days.

²³ As well as €298m in 2004 decommitments.

EDF unspent commitments (RAL) - totals, 2000-2004 (€m)

	2000	2001	2002	2003	2004
Total EDF unspent commitments ²⁴	8 983	8 821	8 728	9 842	9 779

Systematically reviewing old and dormant unspent commitments

The 2004 target for unpaid commitments for which the financing decision was taken more than 5 years ago ('old' RAL) was targeted to remain at or below the level of old RAL at the close of the previous year – in 2003 a figure of €726m. However at the beginning of 2004 the Commission added all the open commitments from 1998 to the old RAL total taking the new balance to €1 170m - as this was the period of coming into force of the 8th EDF - substantially increasing the stock of old RAL in a single year. This figure was then cut quite substantially to €829m by year end. Although the reduction did not reach the Commission's target (to get down below the end of 2003 figure) the reduction was the highest (- €341m) since the start of the 'abnormal RAL' reduction action plan in 2000.

Similarly, the target was to stabilise the amount of dormant projects (projects on which there have been no individual commitments or payments for at least 24 months). However, dormant RAL increased from €255m at the start of 2004 to €513m at the end of 2004. Of this total, €137m originated from the European Investment Bank instruments (on the 6th to 8th EDFs), most of which (€99m) appeared in 2004 and accounted for 38% of the total reported increase in 2004 in the Commission's commitments that were unspent and inactive for at least two years.

²⁴ The consolidated EDF accounting figures i.e. not historically corrected for the 2004 Stabex regularisation were: 2001 - €8 469m, 2002 - €8 385m and for 2003 - €9 601m. 3 payments totalling €4.4m over 2002 and 2003 from the secured Stabex account to Ethiopia were not reclassified as payments in the accounting system in the context of the 2004 regularisation (see Annex 1) and will be booked on the 2005 accounts.

Trends in unspent commitments over five years old (old RAL) and/or inactive for 2 years (dormant RAL), 2000-2004 ²⁵ (€m)												
		2000		2001		2002		2003		2004		
		1 Jan	31 Dec	1 Jan	31 Dec	1 Jan	31 Dec	1 Jan	31 Dec	1 Jan	31 Dec	Actual
Unspent commitments ≥ 5 years old	<1995	901	621	621	520	520	429	429	323	323	253	227
	1995	-	-	375	245	245	183	183	118	118	72	70
	1996	-	-	-	-	319	210	210	145	145	91	83
	1997	-	-	-	-	-	-	194	156	156	128	88
	1998	-	-	-	-	-	-	-	-	427	286	258
	Total	901	621	996	765	1084	822	1016	743	1170	829²⁶	726
	Change over year	-280		-231		-262		-273		-341		-444
	-31%		-23%		-24%		-27%		-29%		-38%	
Unspent commitments inactive for ≥ 2 years ²⁷	239	322	322	389	389	449	449	261	255 ²⁸	513 ²⁹	308	
Unspent commitments ≥ 5 years old and/or ≥ 2 years inactive	Total	1140	943	1318	1154	1473	1271	1465	1004	1425	1342³⁰	1034
	Change over year	-197		-164		-202		-461		-83		-391
		-17%		-12%		-14%		-31%		-6%		-27%

Limiting project extensions

A new approach was initiated in 2004 to try to limit the number of projects for which an extension is requested. Out of the 269 projects expiring in 2004, 29% were extended - for a consolidated value representing 24% of the initial value of the expiring projects - against a target of 20%. Further efforts to limit and / or plan well in advance for project extensions are planned for 2005.

2.2.2. Place Community cooperation at the highest level of quality

2.2.2.1. Move towards more strategic multi-donor aid activities

The Commission continues, wherever appropriate, to favour general budget support or sectoral policy support programmes as alternatives to the project approach. The aim is to broaden partner governments' ownership over public sector policy and resource allocation decisions, to increase coherence between policy, spending and results and to reduce transaction costs.

²⁵ The impact of the regularisation in 2004 of certain Stabex payments has been redistributed over the period concerned (2001 - 2004) - see Annex 1.

²⁶ Of which €19m originated from the European Investment Bank instruments (risk capital and related interest rate subsidies) funded from the 6-8th EDFs.

²⁷ Until 1 January 2003: including old RAL (thus the sum of old + dormant contains double counting); from 31 December 2003 on: excluding old RAL.

²⁸ As a result of the change in methodology from 2004 (see previous footnote), from the end of 2003 on, the dormant RAL decreases at the start of a new year, compared to its level at the end of the preceding year, because a year is added to the old RAL. For example, dormant RAL at end 2003 was €261m. Old RAL relating to projects committed in 1998 (€427m) was added to the stock of old RAL at 1 January 2004, of which €6m was dormant. This means that the amount of dormant RAL (excluding old RAL) was €255m (i.e. €261m less €6m) at 1 January 2005.

²⁹ Of which €137m originated from the European Investment Bank instruments (risk capital and related interest rate subsidies) funded from the 6-8th EDFs.

³⁰ Of which €156m originated from the European Investment Bank instruments (risk capital and related interest rate subsidies) funded from the 6-8th EDFs.

To promote good quality sectoral programmes

Sectoral Policy Support Programmes involve the development of a comprehensive and coherent sector policy, of a unified public expenditure framework for local and external resources and of a common management, planning and reporting framework amongst donors. The ACP region has taken a lead in the Commission's work in this field and has continued to make substantial progress on new programmes in 2004.

With Sectoral Policy Support Programmes using a budget support instrument, indicators, performance related payments and capacity building activities focus on one particular policy area e.g. health, education, or water and sanitation. A multi-donor approach, coordinated and led by the partner government, supports a sectoral policy anchored in a medium-term expenditure framework. New Sectoral Policy Support Programmes committed in 2004 under the 9th EDF are shown in the table below.

New EDF Sectoral Policy Support Programmes, 2004			
Country	Sector	Financing mechanism	Global commitment (€m, gross)
New Caledonia	Vocational training	Sectoral budget support	21.5
Zambia	Road maintenance	Sectoral budget support	70.0
Barbados	Health policy and administration	Sectoral budget support	10.5
Namibia	Rural poverty reduction	Project	53.0
Uganda	Agricultural modernisation	Sectoral budget support	17.5
Kenya	Rural poverty reduction & local government support	Project	21.0
Nigeria	Institutional reform	Project	27.6
Fiji	Education	Project	21.0
Total			242.1

To further develop budgetary support

The Commission continued in 2004 using general budget support³¹ as an increasingly preferred aid disbursement mechanism³².

General budget support is typically disbursed through annual fixed and variable instalments. Fixed payments consist of a predetermined amount which is disbursed when the country continues implementing its macroeconomic reform programme agreed by the main international donors. In the vast majority of cases this means the International Monetary Fund (IMF)³³. The size of the annual variable disbursements

³¹ General budget support consists of resource transfers into a recipient country's single treasury account in support of the implementation of a national development strategy (usually a PRSP in the poorest countries).

³² Beneficiary countries are eligible for general budget support when they meet the criteria mentioned in Articles 61(2) and 67 of the Cotonou Agreement. The use of the transferred funds by the recipient country should be in accordance with the country's own budget priorities and funds are not ring fenced for specific expenditures with the exception of a few cases in which the funds are to be used to pay off outstanding debt arrears or other specifically targeted categories of expenditure.

³³ If the country in question does not have an IMF supported macroeconomic reform programme, the Commission decides on a case-by-case basis whether support from the World Bank and/or any other multilateral institution can be considered a sufficient basis for EU budget support.

is partly determined by the country's performance in poverty reduction as measured by jointly agreed performance indicators, usually relating to the social sectors (health and education) and public finance management.

Throughout 2004 the Commission has been working, both internally and in collaboration with partner donors, to review and improve general budget support methodology. This collaboration has taken place under the aegis of the Strategic Partnership with Africa (bringing together all budget support donors and representatives from African beneficiary countries), in the Organisation for Economic Cooperation and Development's Development Assistance Committee, and bilaterally with the World Bank (known as the 'Limelette' process). Significant progress has been made in agreeing on improving: predictability and conditionality regarding budget support; harmonisation between donors and alignment of disbursements with national budget cycles; and on the development of new tools for assessing the quality of public finance management (PFM).

In 2004 the Commission and its Public Expenditure and Financial Accountability³⁴ partners also agreed on and started to test a set of 28 common PFM performance indicators. Once adopted by the donor community – expected in 2005 - this new framework of PFM monitoring could mean a breakthrough in harmonising PFM measurement tools and potentially lead to a significant reduction in transaction costs for both donors and budget support recipient countries.

In 2004 the Commission committed a total amount of €469.4m for new general budget support programmes in ACP countries, all funded using resources from the National Indicative Programmes of the 9th EDF and €624.4m was disbursed to countries with ongoing general budget support programmes (see table below). This represents an increase of over 50% in general budget support payments to ACP countries, when compared to the year 2003 (€406m). For a complete breakdown, by country, of EDF general budget support global commitments 2000-2004, please see Annex 4.

³⁴ PEFA: Public Expenditure and Financial Accountability, a joint initiative by the Commission, the World Bank, the IMF and some bilateral donor agencies to harmonise public finance management assessments and agree on one common diagnostic tool.

EDF general budget support, 2004 (€m, gross)

Recipient country	Global commitments	Payments
Benin	-	18.2
Burkina Faso	-	37.6
Burundi	43.6	26.5
Cape Verde	5.8	5.5
Central African Republic	-	11.9
Democratic Republic of Congo	-	105.7
Ethiopia	95.0	45.0
Ghana	62.0	27.9
Guyana	23.3	6.0
Jamaica	25.0	36.1
Kenya	125.0	-
Lesotho	-	5.5
Madagascar	35.0	20.7
Mali	-	29.6
Mauritania	-	6.0
Mozambique	-	51.1
Niger	-	27.3
Rwanda	-	12.5
Senegal	53.0	25.3
Sierra Leone	-	18.4
Tanzania	-	31.5
Uganda	-	24.5
Vanuatu	1.7	0.8
Zambia	-	51.0
Total	469.4	624.4

Other programmes were in an advanced stage of preparation at the end of 2004 and will be presented for commitment in the course of 2005, when the commitment level in terms of general budget support is expected to rise significantly, due to the availability of more dedicated resources following the 9th EDF Mid Term Review.

2.2.2.2. Improve the design and preparation of development cooperation projects

Quality reviewing of project proposals

The Commission continued to make progress on the quality reviewing of project proposals and achieved an on target 100% review of all formulation proposals, and - surpassing its 20% target for the quality review of financing proposals - achieved a 24% quality review rate of financing proposals by value (€688m). The Commission is committed to launching 100% quality review coverage at all proposal stages in 2005.

2.2.2.3. Provide feedback to project managers to improve implementation

Monitoring projects in the ACP region

The Commission had set a target of completing Results Orientated Monitoring reports by independent monitors on 70% of eligible projects in 2004. In fact reports were prepared on around 50%, or 300, of all 600 such projects. As a result of this analysis and in the context of a 2004 review, the Commission has increased the

annual budget by 30% to €4.6m and changed the terms of reference of the new monitoring contract (subsequently awarded to PricewaterhouseCoopers).

2.2.3. *To achieve a successful devolution*

2.2.3.1. To complete and consolidate the devolution of ACP delegations

Coordinating devolution planning of remaining non-devolved delegations

24 ACP delegations - of the 30 delegations of the third wave (see Annex 5) - received their formal devolution decisions (sub-delegations) in 2004 (in relation to a 2004 target of 22) bring the cumulative total (starting in 2001) to 40 devolved ACP delegations. The remaining 4 ACP delegations (Papua New Guinea, Burundi, Haiti, Lesotho) will be devolved in 2005 bringing the total to 44 devolved ACP delegations. These 44 delegations (43 ACP delegations plus South Africa) cover all the 78 ACP States and South Africa since some delegations are regional delegations, which cover more than one state. A full breakdown of the progress of the devolution process in ACP countries can be found in Annex 5.

21 verification missions were carried out by the Commission in 2004 (in relation to a target of 22). All remaining verification missions will be concluded in 2005.

In relation to the 2004 target of devolving at least 80% of the management of ongoing projects (measured by outstanding commitments) to delegations by year end, 79% of outstanding commitments had been devolved by year-end i.e. €7 686m of €9 778m.

The staffing and logistics implications of the devolution of the 30 delegations of the third wave (begun at the end of 2003) can be summarised as follows:

- 91 officials and 329 non statutory staff (local agents, Individual Experts and Assistants Locales d'Assistance Technique (expatriates)) had to be selected, recruited and trained before their posting to the 30 Delegations (the total staff figures have slightly increased following the 2003 organigramme revision exercise during which some delegations have been strengthened);
- All 30 Delegations had either to move offices or to rent additional office space (implying selection procedure, partitioning and cabling works, security works, purchase of furniture, etc...);
- The Commission also provided secure voice and data links, through which to access its accounting and management information systems, to 17 which had previously lacked such connections.

In connection with the annual revision exercise, organigrammes of delegations were also reviewed to reflect their increased aid management responsibilities. For aid management tasks alone, this resulted in the inclusion of the above-mentioned 91 additional official posts and 329 non-statutory posts for the EDF as well as some 200 non-statutory posts for the thematic budget lines.

Working to ensure the long-term financing of the devolution process

The financing of the devolution of management responsibilities for programmes to the Commission's ACP delegations is covered by funds provided by the Internal Agreement between EU Member States. This agreement set aside €120m to cover the Commission's costs of implementation of the devolution process under the 9th EDF. The Council Decision of 29 October 2001 allowed the use of the interest accumulated under the 6th, 7th and 8th EDF to partially finance the cost of devolution in ACP countries until the ratification of the Cotonou Agreement on 1 April 2003.

Following this Decision, a Financing Proposal for €23m received a positive opinion from EU Member States on 20 September 2001. This amount covered the cost of devolving 13 delegations (including the regionalised delegations³⁵ of Liberia, The Gambia, Cape Verde and Djibouti) from 2002 until mid-2004. Following the entry into force of the Cotonou Agreement on 1 April 2003, EU Member States gave a favourable opinion on 7 May 2003 to the Commission's €120m financing proposal for the funding of the devolution of 30 ACP delegations from 2003 to 2006 and the completion of the devolution of the previous 13 delegations³⁶.

There remained at the end of 2004 an unspent balance of approximately €83m (of which €38m had been committed by end 2004) available for financing of the implementation of devolution in 2005 and 2006. Less funds were spent by the end of 2004 than initially planned due to a longer implementation period for the devolution within each of the three waves between 2002 and 2005. It is expected that expenditure covering the 43 ACP-EDF delegations of all three waves will reach its peak from 2005 onwards with annual expenses of approximately €45m. During the negotiations on the revision of the Cotonou Agreement³⁷, the ACP countries agreed that an amount of up to €90m might be transferred from the operational credits under the 9th EDF to complement the financing of the devolution process in the ACP region for the period 2006-2007.

3. FINANCIAL STATE OF PLAY

At the close of 2004, the Commission had allocated in total €43 802m net to ACP countries under the 6-9th EDFs. This comprised €29 898m from the 6-8th EDFs (all committed, since €2 990m in uncommitted balances had been transferred into the 9th EDF) and €13 904m from the 9th EDF³⁸. Of the total allocated (€43 802m), the Commission has committed €35 692m and paid €25 914m. The unspent €17 888m comprises uncommitted funds of €8 110m and unspent commitments (*Restes à Liquider*) of €9 779m.

³⁵ Official representations of the Commission without a resident Head of Delegation (in which day to day management is overseen by a *chargé d'affaires*) falling within the management of a regional delegation.

³⁶ SEC (2002) 85, 'Reform of Community aid: Implementation and financing plan for devolution', 29 January 2002.

³⁷ Annex 1 of the Revision of the Cotonou Agreement, COM (2005) 185.

³⁸ These figures exclude €2 057m from the Investment Facility and the €188m of related interest rate subsidies funded from the 9th EDF but under the accounting responsibility of the EIB.

6-9th EDFs – funds allocated, committed, spent and unspent, end 2004 (€m, net)

Funds allocated To ACP states (by EDF) ³⁹			Funds committed	Funds spent	Funds/commitments outstanding		
6-8th	9th	Total, 6-9th			Funds uncommitted	Commitments unspent (RAL)	Total remaining funds unspent
a	b	c (a+b)	d	e	f (c-d)	g (d-e)	h (f+g)
29 898	13 904	43 802	35 692	25 914	8 110	9 779	17 888

4. EVENTS THAT HAD A SIGNIFICANT INFLUENCE ON THE ACTIVITIES CARRIED OUT DURING THE FINANCIAL YEAR

4.1. Delays in payments due to treasury shortages

The Commission had difficulty in making timely payments in May-June and, to a lesser degree, at the end of 2004. This was largely because it had paid an unprecedented amount in the year to June, and the EDF treasury system relies on a rather inflexible 'just in time' contribution system from Member States. Prudent cash management (including the bringing forward of the second call for contributions) meant that priority payments were made in time, but overall payments were delayed considerably. In addition, a payment of the order of €41m for a programme to fight polio could not be made at the end of 2004 because of a treasury shortage, due to the fact that one Member State transferred part of its year end contribution behind schedule. If the treasury resources had been consistently available, performance on both the Commission's total EDF payments and EDF payment periods would have been significantly improved, surpassing the 2004 payments target.

4.2. Political instability and other crises

The Commission estimates that around 20% of ACP countries are in crisis or post-crisis at any one time, and in 2004 political uncertainty continued to affect cooperation in several states, as well as adding significant complexity to the running of regional programmes. For example, in Côte d'Ivoire (which does not fall under Article 96) implementation came to a standstill in 2004 following political instability. Several delegations found dialogue difficult with local authorities, especially where Country Strategy Papers were not yet in place (Somalia, Togo, Haiti, Liberia, Sudan, Zimbabwe, Guinea, Equatorial Guinea and Côte d'Ivoire) or had been signed but were only partially implemented (Central African Republic). Annex 8 contains a full listing to end 2004 of the state of play on all consultations held under articles 96/97 of the Cotonou Agreement (and Article 366a of the Lomé Agreement).

4.3. Blocked decisions on basket funded projects

The Commission strove in 2004 to help resolve issues surrounding 'basket' or common pool funds, where donors pool resources and entrust their management to a ministry or a national body in an ACP state. Legal clarifications continued in 2004 on procedures (under the 2003 9th EDF Financial Regulation) for common pool

³⁹ Taking into account transfers from former EDFs to the 9th EDF.

funding under the 9th EDF Financial Regulation, delaying planned basket-funded projects amounting to approximately €130m⁴⁰.

4.4. Limitations of sectoral and/or budget support approach

A number of delegations face the challenges of trying to develop sectoral programmes in countries which have no clear medium term sector policies or expenditure programmes, and whose administrations may lack the human or technical resources to devise and/or implement such a strategy. Equally the Commission has been unable to launch budgetary support programmes or make full budget support payments where governments have failed to meet the pre-requisites or conditions specified.

4.5. Human resources management

Many delegations continued to have some problems in the recruitment of staff with the necessary expertise e.g. qualified local IT staff on local salaries, civil engineers etc. The Commission is endeavouring to find flexible solutions to the recruitment and retention of specialist local and European staff in the field.

4.6. Information Technology systems for management information and accounting

The Commission continues its programme of work towards the consolidation of harmonised management information systems (Common Relex Information System) and the development of modernised accounting systems⁴¹ (Accruals Based Accounting) across the EC Budget and European Development Fund for both headquarters and delegations, but substantial work remains to achieve the desired level of data storage, analysis and reporting.

5. FOLLOW-UP TO COMMENTS OF THE EUROPEAN COURT OF AUDITORS

The Court of Auditors published its Statement of Assurance (DAS) 2003 in the Official Journal on 30 November 2004. It judged that the reports on the financial implementation of the 2003 financial year and the financial statements at 31 December 2003 accurately reflected the income and expenditure of the 6-9th EDFs for that year and their financial situation at the end of it, subject to a number of remarks concerning the reliability of the accounts and the legality and regularity of the underlying transactions. The key recommendations of the Court (falling within the responsibility of the Commission) and the follow-up action taken during 2004 are detailed below.

⁴⁰ In Uganda, Mozambique, Ghana, Tanzania and Zambia.

⁴¹ The Accruals Based Accounting (ABAC) EDF project has been progressing satisfactorily and is currently on schedule to meet its target start-up date of 1 January 2006.

5.1.1. Reliability of accounts

5.1.1.1. Recovery orders

The Court noted that amounts payable to the EDF (recovery orders) had not been included as assets in the Commission's balance sheet at 31.12.2003 (€27.5m of recovery orders issued) and that in the absence of effective internal control procedures the Court could not give the assurance that these amounts were complete.

In response, the Commission sought to raise project managers' awareness on the subject of recoveries during 2004, through, for example, training courses and reviews at regional seminars. An official has been appointed for the monitoring and follow-up of recovery orders, since when the number of recovery orders issued has significantly increased as have the amounts repaid to the EDF treasury account⁴².

5.1.1.2. Advances

The Court found that the proportion of the €400m in advances that would give rise to recovery orders could not be ascertained, as the Commission had not identified the full amounts to be recovered.

Within the framework of the Commission's plan to modernise EDF accounting, the Commission set up a working party in 2004 to plan for the changes to the accounting system taking into account the recommendations of the Court. As a result, as from 1 January 2005, the Commission will record advances and potential recoveries in the EDF balance sheet assets according to International Public Sector Accounting Standards.

5.1.1.3. Stabex funds

Use of Stabex funds

The Court judged that - contrary to the provisions of the Lomé Convention - the use to which Stabex funds had been put by the ACP countries could not be fully established by the Commission as information was still incomplete at the end of 2003.

Following the comments of the Court, the Commission undertook the compilation of a Stabex inventory with consultants in 2003 and 2004⁴³ on the use made of funds transferred to (double signature) Stabex bank accounts in Europe. The final report at 31 December 2002 and 31 December 2003 was made available on 30 September 2004. Annex 6 contains the financial situation at the close of 2003. In 2005 the Commission plans to develop a new computer tool to consolidate the delegations' reports.

Classification of Stabex transfers

⁴² From January 2006, the accrual-based accounting will provide for the flagging up of potential recovery orders. Recovery orders will then be presented as assets on the Commission's balance sheets.

⁴³ Stabex was a financial instrument established by the Lomé Convention (Articles 186-212) which has now been replaced under Cotonou by the FLEX instrument (as part of the B envelope). The aim of Stabex was to remedy the harmful effects of the instability of export earnings of the ACP states.

The Court of Auditors also stated in its annual reports 2001 to 2003 that Stabex transfers to double signature European Stabex accounts should not be recorded as payments, since the Commission became the sole owner of these bank accounts with the coming into force of new Stabex Transfer Agreements in 2001.

To comply with the Court of Auditors' opinion on the classification of Stabex transfers on the double signature European Stabex account, the Commission reclassified these operations in 2004, undertaking a full regularisation of the accounts and correction of the presentation of the EDF's financial performance 2001-2004 under the new definitions. Full details can be found in Annex 1.

5.1.2. Transfers to international institutions

The Court remarked that transfers to the European Investment Bank (EIB) of €209m in 2003 and previously (token entries) to other international institutions and not yet completely used by them had not been recorded as assets in the balance sheet.

This problem will be resolved by the modernisation of the EDF accounts into an accruals based system (see 5.1.1.2 above). From 1 January 2005 the Commission will record any part of a payment not yet fully justified as an advance in the EDF balance sheet (in line with the International Public Sector Accounting Standard). As regards this particular entry, the amount paid to the EIB in 2003 (€209m) had been almost completely utilised by close 2004.

5.2. Legality and regularity of the underlying transactions - audits

Concerning the legality and regularity of the underlying transactions the Court of Auditors noted deficiencies regarding the auditing of EDF projects and the insufficiency of key controls on compliance with contracts and the reality of the works, supplies and services invoiced.

To improve the quality of audit reports, in 2004 the Commission significantly strengthened the Headquarters audit unit responsible for assistance to delegations from 2 to 4 officials. This has enabled the unit to:

- (1) improve support to delegations by carrying out six missions to support external audits - Burundi, Congo, Jamaica, Guinea, Malawi and Senegal;
- (2) consolidate and follow up delegations' audit plans;
- (3) carry out Headquarters' 2004 audit plan;
- (4) make good the delay in Headquarters' 2003 audit plan;
- (5) improve reporting on the follow-up of audits.

All headquarters' financial audit reports meet the Court's recommendation, and headquarters' increased support for delegations - e.g. in training - should improve the quality of their reports. In this respect the devolution process will help raise the general quality of the audits and their follow-up.

Annex 1: 2004 Stabex regularisation and corrected EDF financial performance figures, 2001-2004

Accounting figures and corrected figures 2001-2004

This annex presents an overview of the changes to the EDF accounting and financial performance figures resulting from changes to an accounting policy in relation to STABEX transactions introduced in 2004.

The Court of Auditors stated in its annual reports from 2001 to 2003 that Stabex transfers to secured bank accounts should not be recorded as payments in the EDF accounts, since the Commission remained the sole owner of these bank accounts. Previously such “transfers” had been accounted for as payments. In order to comply with the Court’s wishes, the Commission, in 2004, implemented a change in accounting policy in relation to such transactions.

The impact of the 2004 Stabex Regularisation on the 2004 accounts

As a result of this change in accounting policy, certain operations undertaken during the period 2001-2003 on the Stabex instrument, were re-stated. A total of €352m in payments were reclassified as simple bank transfers and debited to the 2004 accounts. A further €143 m in effective payments to final beneficiaries which took place over the same period were credited to the 2004 accounts. As a result, the 2004 accounts show a net reduction of €209 m (i.e. - €352 m + € 143 m) in total cumulative payments due to the Stabex reclassification process.

Global commitments were also affected. As part of the regularisation, the interest accrued (€34.7m) on the secured Stabex account over the period 2001 – 2004 has now been credited as global commitments on the 2004 accounts.

Corrections to the 2001-2004 financial performance figures to take into account the 2004 Stabex regularisation

Despite the specific effects on the 2004 accounts, these additional ‘Stabex regularisation’ operations were not in fact the result of any financial activity. Given that this process may therefore give a false picture of the pattern of financial performance for the period affected (2001-2004) the Commission has decided to present, in all its EDF reporting, financial performance figures that are historically corrected following the 2004 Stabex regularisation. These figures attribute the correct payments (and global commitments deriving from accrued interest) to the correct years 2001-2004 i.e. they show the accounts as they would have been presented had the Stabex operations been ‘correctly’ classified throughout the 2001-2004 period and not just in 2004. These corrections also have an effect on calculations relating to unspent commitments (RAL) over the period 2001-2003.

Were the Commission not to present historically corrected figures and simply use the accounting data, the reporting on the EDF financial performance for 2004 would be particularly badly affected, inflating gross global commitments from the ‘real’ €2 648 m to an ‘accounting’ €2 673 m. Gross payments performance would go down from a ‘real’ € 2 464 m to an ‘accounting’ €2 248 m.

Annex 2: unspent global commitments (RAL) by OECD DAC sector code at end 2004 (€m)

OECD code	Year of the final visa given by the EDF accounting officer on the global commitment (€m)	Year of the final visa given by the EDF accounting officer on the global commitment (€m)													Total
		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	
11110	Education policy & admin. management	-	1.12	0.28	0.44	-	0.10	5.42	1.75	9.29	17.99	1.65	16.31	24.90	79.25
11120	Education facilities & training	0.08	0.57	0.18	0.10	-	0.08	0.27	1.68	1.02	7.17	31.73	154.80	0.87	198.56
11130	Teacher training	-	-	-	-	-	-	0.00	-	-	2.65	-	-	-	2.66
11220	Primary education	-	0.61	-	0.70	-	-	-	8.46	0.31	0.32	-	3.01	1.28	14.70
11230	Non-formal education	1.73	-	-	-	-	-	-	-	-	8.91	4.16	0.73	10.00	25.54
11320	Secondary education	-	-	-	-	-	0.13	-	-	-	-	-	-	-	0.13
11330	Vocational training	1.80	0.16	1.23	0.38	2.54	-	0.02	0.26	12.02	9.61	-	1.91	-	29.93
11420	Higher education	0.62	-	1.85	0.38	0.51	0.11	0.60	12.16	0.17	4.77	4.12	0.20	1.00	26.49
11430	Advanced tech. & managerial training	3.66	-	-	-	1.01	0.34	-	0.30	12.68	-	-	6.23	14.20	38.43
12110	Health policy & admin. management	0.61	0.43	-	0.00	1.96	0.01	15.06	55.33	2.12	82.93	14.61	19.82	27.75	220.64
12181	Medical education/training	-	-	-	-	0.03	-	-	-	-	-	-	-	-	0.03
12182	Medical research	-	-	-	-	-	-	-	-	-	-	-	0.30	-	0.30
12191	Medical services	-	-	-	-	-	0.04	-	-	4.84	10.02	1.51	0.80	-	17.21
12220	Basic health care	-	-	-	10.11	6.08	-	-	0.47	7.90	9.88	44.57	27.30	10.49	116.81
12230	Basic health infrastructure	1.69	2.24	-	0.01	-	0.25	0.09	0.85	12.40	6.84	-	1.69	-	26.06
12250	Infectious disease control	1.39	-	-	-	7.48	-	-	-	2.58	-	-	-	27.00	38.45
12281	Health education	-	-	-	-	-	-	-	-	-	-	-	-	-	0.00
12282	Health personnel development	-	1.76	0.06	1.25	-	-	-	-	-	-	16.39	-	-	19.48
13010	Population policy & admin. mgmt	-	-	-	-	-	0.04	1.00	-	0.31	2.19	3.10	0.00	75.09	81.74
13020	Reproductive health care	-	-	-	0.86	-	-	-	-	-	-	21.33	-	-	22.20
13040	Std control including hiv/aids	3.84	4.84	0.44	1.35	0.97	0.32	13.14	3.49	11.10	0.67	0.01	0.08	11.76	52.00
14010	Water resources policy/admin. mgmt	-	-	-	-	0.31	0.92	2.55	15.97	17.68	6.44	14.34	24.31	131.30	213.82
14020	Water & sanitation	4.41	0.95	0.70	0.00	0.30	-	16.34	17.83	50.50	9.49	74.85	126.90	8.36	310.64
14030	Low-cost water & sanitation	0.34	0.41	-	0.51	-	-	1.96	-	12.65	15.39	0.05	70.71	-	102.01
14040	River development	-	-	-	-	-	-	0.18	-	-	-	-	-	-	0.18
14050	Waste management/disposal	-	-	-	-	0.09	-	0.04	-	0.18	3.56	1.80	-	-	5.67
15010	Economic & development planning	0.61	-	-	-	3.77	0.97	4.21	26.68	71.52	19.57	17.67	50.68	217.54	413.22
15020	Public sector financial management	-	-	-	-	-	5.16	11.77	-	7.92	2.48	-	13.87	27.60	68.80
15030	Legal & judicial development	-	-	-	-	-	0.35	0.88	0.13	2.11	28.70	0.01	13.43	34.07	79.67
15040	Government administration	0.88	0.01	-	0.04	3.80	-	1.25	5.40	0.10	11.23	28.44	5.58	66.56	123.30
15050	Strengthening civil society	-	-	-	0.25	0.05	-	0.04	48.47	1.25	0.36	26.20	105.05	16.90	198.56
15061	Post-conflict peace-building (un)	-	0.10	-	-	-	-	-	30.57	1.64	-	5.07	53.61	-	90.98
15062	Elections	-	0.02	-	-	-	2.21	-	3.38	3.33	0.54	1.11	0.32	91.73	102.63
15063	Human rights monitoring & education	-	-	-	-	-	-	-	-	1.02	6.65	0.15	-	-	7.82
15064	Demobilisation	-	-	-	-	-	-	-	-	-	-	15.56	0.06	16.14	31.77
15065	Free flow of information	-	-	-	-	-	-	-	-	-	0.00	0.00	-	-	0.00
16110	Employment policy & admin. mgmt.	-	-	-	-	-	0.00	3.28	3.51	-	4.35	0.07	-	-	11.22
16210	Housing policy & admin. management	-	-	-	-	-	-	-	-	0.22	-	9.10	-	-	9.32
16310	Social/welfare services	-	-	-	-	-	-	-	0.16	5.46	1.71	1.85	0.03	-	9.20
16320	General government services	0.01	2.43	-	0.82	0.16	1.18	0.17	14.63	11.36	4.37	0.00	13.82	3.96	52.92
16330	Settlement	-	-	-	-	0.05	-	-	-	-	1.51	-	-	5.70	7.26
16340	Reconstruction relief	-	0.15	1.23	2.92	1.95	0.74	-	0.19	4.75	-	-	110.42	37.66	160.01
16350	Culture & recreation	0.46	0.23	0.29	0.87	0.47	0.16	0.19	1.22	7.28	1.29	10.63	4.06	5.16	32.31
16361	Narcotics control	-	-	-	0.02	2.95	-	0.15	0.07	0.05	0.54	-	-	-	3.78
16362	Statistical capacity building	-	-	-	-	-	0.13	-	-	-	2.56	1.19	0.18	1.87	5.93
21010	Transport policy & admin. management	-	-	-	-	0.24	46.58	0.19	1.14	0.36	110.41	2.02	2.90	163.84	163.84
21020	Road transport	10.06	4.23	1.28	17.60	10.56	78.45	71.06	203.61	216.77	154.72	160.79	534.75	407.66	1871.54
21030	Rail transport	1.40	-	-	-	-	-	-	0.86	-	-	-	5.95	0.22	8.41
21040	Water transport	-	0.10	-	-	-	0.00	-	0.29	3.91	-	46.12	43.19	31.00	124.60
21050	Air transport	-	0.01	-	0.11	-	0.07	0.00	0.47	10.69	1.57	13.23	14.25	2.20	42.61
22010	Communications policy & admin. mgmt	0.04	-	-	-	-	0.22	-	0.19	6.54	0.01	0.06	0.01	21.00	28.06
22020	Telecommunications	4.53	1.32	0.04	-	0.45	-	-	-	0.01	0.30	-	10.79	-	17.43
22030	Radio/television/print media	-	-	-	-	-	-	3.29	-	-	-	0.66	0.06	-	4.01
23010	Energy policy & admin. management	-	6.36	-	0.71	0.48	1.80	-	1.82	-	4.33	0.45	1.93	-	17.87
23020	Power generat./non-renewable sources	-	0.95	-	-	-	-	-	-	-	21.28	-	45.00	16.33	83.56
23030	Power generation/renewable sources	-	-	-	-	-	-	-	-	3.81	-	-	-	-	3.81
23040	Electrical transmission/distribution	0.32	0.36	-	0.61	-	-	0.03	2.03	1.83	-	40.24	42.75	0.32	88.51
23061	Oil-fired power plants	-	-	-	-	-	-	-	-	-	-	0.11	-	-	0.11
23065	Hydro-electric power plants	0.20	-	-	-	1.02	0.01	1.71	1.38	-	-	-	7.00	0.40	11.72
23067	Solar energy	-	-	-	-	-	-	-	0.08	-	54.51	-	-	-	54.59
24010	Financial policy & admin. management	-	-	0.79	-	-	-	0.79	-	-	0.15	-	4.65	-	6.39
24020	Monetary institutions	-	-	-	-	-	-	-	-	-	-	-	15.33	15.33	15.33
24030	Formal sector financial institutions	-	-	5.50	-	-	-	4.48	24.97	12.70	17.78	36.22	179.08	106.66	387.39
24040	Informal/semi-formal fin. Institut.	-	-	-	0.54	-	-	-	-	-	0.12	-	3.31	-	3.98
25010	Business services	-	-	-	-	0.45	-	1.77	21.65	2.39	81.37	8.33	38.39	41.58	195.93
25020	Privatisation	-	-	-	-	-	-	1.55	2.72	-	-	0.00	-	-	4.28
31110	Agricultural policy & admin. mgmt	-	1.19	0.48	-	0.17	-	4.12	14.85	0.98	0.39	2.05	0.18	5.10	29.51
31120	Agricultural development	4.32	3.37	1.02	0.16	-	-	-	5.20	7.70	9.17	7.92	7.58	16.20	62.63
31130	Agricultural land resources	0.07	-	-	0.04	-	-	0.87	-	-	-	-	0.02	-	1.00

OECD code	Year of the final visa given by the EDF accounting officer on the global commitment (€m)													Total	
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004		
31140	Agricultural water resources	1.83	-	-	0.04	0.61	0.15	-	-	17.59	-	8.94	5.73	-	34.89
31150	Agricultural inputs	-	-	-	-	-	-	-	-	0.05	-	-	-	-	0.05
31161	Food crop production	-	-	0.23	0.57	0.82	-	-	-	7.01	12.28	0.11	29.41	1.97	52.39
31162	Industrial crops/export crops	0.91	-	-	1.31	-	-	-	-	0.41	13.30	-	10.00	-	25.94
31163	Livestock	1.14	0.10	0.84	0.92	0.49	-	0.14	-	-	2.60	7.10	0.05	0.04	13.42
31164	Agrarian reform	-	-	-	-	-	-	-	-	-	-	-	0.01	1.97	1.98
31181	Agricultural education/training	0.04	0.01	-	-	0.42	-	-	0.49	-	-	-	-	4.06	5.02
31182	Agricultural extension	0.10	-	-	-	-	-	-	-	-	-	-	-	-	0.10
31183	Agricultural research	-	1.36	-	-	-	-	-	-	31.65	0.05	-	14.87	1.79	49.72
31184	Livestock research	0.25	0.96	-	-	0.26	1.54	-	29.68	-	-	-	-	5.82	38.51
31191	Agricultural services	-	0.16	-	-	-	-	-	0.03	0.03	3.44	-	-	17.50	21.15
31192	Plant protection & pest control	-	-	-	-	-	-	-	-	-	13.77	2.26	1.13	0.74	17.89
31194	Agricultural co-operatives	-	-	-	-	-	-	-	-	-	18.20	0.64	-	-	18.83
31195	Livestock/veterinary services	-	0.03	0.37	-	-	0.23	0.19	-	-	0.09	-	-	-	0.91
31210	Forestry policy & admin. management	-	-	-	0.31	0.37	0.01	-	1.07	0.17	7.53	-	0.02	9.00	18.48
31220	Forestry development	0.84	-	-	-	-	-	-	-	-	0.90	-	1.65	-	3.39
31261	Fuelwood/charcoal	0.04	-	-	-	-	-	-	-	-	-	-	-	-	0.04
31310	Fishing policy & admin. management	0.02	0.08	-	-	-	-	5.39	1.00	4.57	0.22	26.22	0.60	-	38.09
31320	Fishery development	0.01	0.22	0.22	-	-	-	-	-	3.35	5.36	0.42	4.96	3.09	17.63
31382	Fishery research	-	-	-	-	0.85	-	-	-	-	0.40	-	13.99	-	15.24
31391	Fishery services	-	-	-	-	-	-	-	-	-	-	2.72	5.05	1.55	9.32
32110	Industrial policy & admin. mgmt	-	-	0.13	-	-	0.00	0.12	-	0.02	-	-	0.49	19.78	20.49
32120	Industrial development	-	1.13	0.72	0.94	-	0.13	0.09	6.01	5.32	29.70	0.01	70.63	25.73	140.42
32130	Sme development	-	-	-	-	-	-	-	-	11.67	-	-	1.51	13.60	26.77
32140	Cottage industries & handicraft	0.00	0.52	-	-	-	-	-	-	-	-	-	1.22	-	1.74
32161	Agro-industries	-	-	-	-	-	-	-	-	-	65.15	-	3.17	15.00	83.32
32162	Forest industries	-	-	-	-	-	0.56	-	-	-	-	-	0.00	-	0.56
32163	Textiles, leather & substitutes	-	-	-	-	-	-	-	0.22	-	-	-	-	-	0.22
32210	Mineral/mining policy & admin. mgmt	6.32	4.42	0.39	0.21	0.01	20.45	0.02	0.16	0.16	0.03	68.46	-	30.00	130.62
32220	Mineral prospection & exploration	-	-	-	-	-	9.20	0.21	-	10.45	-	115.77	0.30	1.29	137.23
32262	Oil & gas	-	-	-	-	-	-	-	-	-	7.22	-	-	-	7.22
32263	Ferrous metals	-	-	-	-	-	-	-	-	0.00	-	-	-	-	0.00
32264	Non-ferrous metals	-	-	-	-	-	-	-	-	-	-	-	27.15	-	27.15
32265	Precious metals/materials	-	-	-	-	-	-	1.22	-	-	-	-	-	-	1.22
32266	Industrial minerals	-	-	-	-	-	-	-	-	-	-	-	0.03	1.00	1.03
32310	Construction policy & admin. mgmt	-	-	-	-	-	-	-	-	-	0.03	-	0.05	-	0.09
33110	Trade policy & admin. management	0.13	0.99	-	0.16	1.66	-	0.24	5.48	0.38	16.65	39.48	0.61	37.77	103.55
33120	Wholesale/retail trade	-	0.13	-	-	0.02	-	-	-	-	-	-	-	-	0.15
33130	Export promotion	1.48	-	0.13	0.43	-	-	4.98	0.62	0.16	-	0.38	-	-	8.18
33210	Tourism policy & admin. management	1.09	0.84	0.00	0.09	1.73	0.26	6.82	0.35	11.39	9.92	7.96	0.48	-	40.95
41010	Environmental policy & admin. mgmt	1.23	-	-	-	-	0.14	-	7.43	2.89	27.11	-	0.01	11.02	49.83
41030	Bio-diversity	1.21	0.22	0.34	0.85	-	-	-	0.05	11.98	-	0.02	3.66	6.50	24.82
41040	Site preservation	-	-	0.03	0.02	-	-	-	10.12	12.90	-	0.03	2.22	-	25.32
41050	Flood prevention/control	-	-	-	-	-	-	-	18.68	2.24	-	-	0.11	1.06	22.07
41081	Environmental education/training	-	-	-	-	-	-	-	0.03	-	-	-	-	0.56	0.59
41082	Environmental research	-	0.89	-	-	-	-	-	-	1.33	-	-	0.01	-	2.23
42010	Women in development	-	-	-	-	-	-	-	0.04	-	-	-	-	-	0.04
43010	Multisector aid /comp. Not available	10.88	6.61	3.60	17.31	18.62	0.69	2.98	14.28	11.15	1.11	12.31	4.48	20.70	124.73
43020	Multisector aid /compon. Available	-	-	-	-	0.04	-	0.77	0.71	25.27	38.34	46.29	3.98	25.61	141.01
43030	Urban development & management	-	-	-	-	-	-	0.47	0.18	15.33	1.13	15.89	0.54	1.62	35.15
43040	Rural development	0.12	0.51	0.12	0.47	2.08	0.23	0.78	35.75	1.86	7.59	5.14	33.64	101.74	190.05
51010	Structural adjustment	-	-	0.75	0.19	0.78	-	1.31	18.56	33.00	25.69	37.01	81.73	10.95	209.97
52010	Food security programmes/food aid	-	-	-	-	-	0.05	-	0.02	-	-	-	-	0.90	0.96
53010	Balance-of-payments support	63.85	-	39.90	6.99	2.12	0.04	42.07	6.21	150.65	154.29	40.46	15.91	0.69	523.19
53020	Budget support	1.00	0.33	-	-	0.22	-	-	0.93	-	-	-	84.80	234.82	322.11
53040	Import support (commodities)	0.30	-	-	-	-	-	-	-	-	-	-	-	-	0.30
60010	Action relating to debt	-	-	-	-	-	-	-	-	0.02	-	0.21	-	-	0.24
60030	Relief of multilateral debt	-	-	-	-	-	-	-	-	-	0.04	0.55	260.30	-	260.88
71010	Emergency food aid	-	-	-	-	-	-	-	-	8.58	-	-	-	3.82	12.40
72010	Emergency/distress relief	-	0.15	-	0.14	11.88	-	0.01	0.06	1.32	22.57	15.23	2.80	15.80	69.96
72020	Aid to refugees (in donor country)	-	-	-	-	-	-	-	-	-	-	1.51	-	0.21	1.73
72030	Aid to refugees (in recip. Country)	0.05	-	-	0.22	0.07	0.10	2.05	0.17	-	17.84	14.84	1.21	27.43	63.98
91010	Administrative costs	-	0.04	-	-	-	0.02	0.71	0.56	0.52	0.53	-	67.19	4.40	73.97
92010	Support to national NGOs	-	-	-	-	-	-	-	-	-	-	-	1.91	-	1.91
92030	Support to local & regional NGOs	-	-	-	-	-	-	-	-	-	-	-	0.05	-	0.05
99810	Sectors not specified	-	-	-	-	-	-	-	-	-	-	0.02	0.10	-	0.12
99820	Promotion of development awareness	-	-	-	-	-	0.13	-	0.01	-	-	-	-	0.32	0.46
unknown	No code (Peace keeping)	-	-	-	-	-	-	-	-	-	-	-	14.35	213.47	227.82
	Total	135.93	53.56	63.15	71.98	90.59	127.98	285.52	692.17	928.96	1128.91	1249.62	2546.71	2403.40	9778.50

Annex 3: EDF resources for ACP and OCTs at end 2004 (€m, net)

I.- OLD EDFs (6th - 8th)	Allocations (1)	Global	Individual	Payments
		Commitments	Commitments	
National/Terr. Indicative Programmes	12742.9	12742.9	11407.4	10106.7
9th EDF national transitional measures	745.7	745.7	452.8	303.7
Regional cooperation	3484.1	3484.1	3058.8	2620.4
9th EDF regional transitional measures	0.0	0.0	0.0	0.0
9th EDF Intra-ACP transitional measures	60.0	60.0	60.0	60.0
Interest-rate subsidies	394.6	394.6	394.6	351.5
Risk capital	2565.9	2565.9	2514.2	2137.1
Structural Adjustment Facility	2746.6	2746.6	2689.7	2633.5
Emergency aid	724.0	724.0	723.3	720.2
Aid for refugees	298.5	298.5	290.7	262.5
Stabex	3853.2	3853.2	3840.3	3406.5
Sysmin	703.2	703.2	593.4	563.1
Utilisation of interest income	38.2	38.2	33.5	29.9
Transfers from previous EDF	440.9	440.9	413.3	393.4
Debt relief	1100.0	1100.0	1100.0	1100.0
General reserve	0.0	0.0	0.0	0.0
Total	29897.7	29897.7	27572.0	24688.5
II.- 9th EDF				
	Allocations (1)	Global	Individual	Payments
		Commitments	Commitments	
Country and territory allocations	10485.9	4033.7	1888.1	799.0
CDE, CTA & JPA (2)	64.9	64.8	36.5	27.7
Reserves for long term development	424.3	0.0	0.0	0.0
Intra-ACP cooperation	1689.0	1173.4	592.5	329.2
Other regional cooperation	963.6	303.2	66.2	13.7
Reserve for regional cooperation	0.0	0.0	0.0	0.0
Studies + Technical Assistance for OCTs	2.0	0.7	0.4	0.3
Implementation costs	125.0	125.0	74.8	54.8
Special assistance (DR Congo)	106.9	92.0	81.6	0.1
Other revenue	42.4	1.8	1.1	0.3
Total at disposal	13904.0	5794.5	2741.2	1225.2
Conditional billion	750.0			
<i>PM : Funds managed by the EIB</i>				
- interest-rate subsidies	187.9			
- Investment Facility	2057.0	680.3	529.8	97.2
Total 9th EDF	16898.9	6474.8	3271.0	1322.4
III.- CONSOLIDATED (6-9th EDFs)				
	Allocations (1)	Global	Individual	Payments
		Commitments	Commitments	
National & territory allocations	23974.5	17522.3	13748.2	11209.4
CDE, CTA and JPA (2)	64.9	64.8	36.5	27.7
Reserves for long term development	424.3	0.0	0.0	0.0
Regional cooperation	6196.6	5020.6	3777.5	3023.4
Interest-rate subsidies (6 - 8th EDFs)	394.6	394.6	394.6	351.5
Risk capital (6 - 8th EDFs)	2565.9	2565.9	2514.2	2137.1
Structural Adjustment Facility	2746.6	2746.6	2689.7	2633.5
Emergency aid	724.0	724.0	723.3	720.2
Aid for refugees	298.5	298.5	290.7	262.5
Stabex	3853.2	3853.2	3840.3	3406.5
Sysmin	703.2	703.2	593.4	563.1
Utilisation of interest income	38.2	38.2	33.5	29.9
Transfers from 1st - 5th EDFs	440.9	440.9	413.3	393.4
Debt relief (7 - 8th EDFs)	1100.0	1100.0	1100.0	1100.0
Studies + Technical Assistance for OCTs	2.0	0.7	0.4	0.3
General reserve	0.0	0.0	0.0	0.0
Implementation costs	125.0	125.0	74.8	54.8
Special assistance (DR Congo)	106.9	92.0	81.6	0.1
Other revenue	42.4	1.8	1.1	0.3
Total at disposal	43801.7	35692.2	30313.2	25913.7
Conditional billion	750.0			
<i>PM : Funds managed by the EIB</i>				
- interest rate subsidies	187.9			
- Investment Facility	2057.0	680.3	529.8	97.2
Total 6 - 9th EDFs	46796.6	36372.5	30843.0	26010.9

(1) After taking into account transfers from previous EDFs to the 9th EDF

(2) CDE: Centre for the Development of Enterprise, Brussels, Belgium; CTA: Centre for the Development of Agriculture, Wageningen, Netherlands; JPA: Joint ACP-EU Parliamentary Assembly

**Annex 4: EDF macro-economic budgetary aid
global commitments, 2000-2004 (€m, gross)**

Country	2000	2001	2002	2003	2004
Benin	18.80			55.00	
Burkina Faso	23.50		125.00		
Burundi			22.60		43.62
Cameroon	19.51				
Cape Verde	15.00	12.10			5.81
Central African Republic	22.00		4.40		
Chad	27.10	10.00		50.00	
Côte d'Ivoire		12.77	40.00		
DR Congo			5.50	106.00	
Djibouti	10.00				
Ethiopia		25.65	44.05		95.00
Gabon		4.90			
The Gambia	9.20	4.26			
Ghana		76.22		5.00	62.00
Guinea		11.04			
Guinea Bissau	17.20				
Guyana	0.80				23.30
Jamaica		21.70	30.00		25.00
Kenya	35.00				125.00
Lesotho		18.50			
Madagascar	6.80		70.00		35.00
Mali		31.76		132.92	
Mauritania		18.29			
Mozambique	79.20		168.00	16.40	
Niger	37.94	3.16	20.00	90.00	
Papua New Guinea	10.40				
Rwanda	60.82			55.10	
São Tomé & Príncipe	2.80				
Senegal					53.00
Sierra Leone	34.75				
Tanzania		76.13		114.00	
Uganda	74.71				
Vanuatu		1.60			1.70
Zambia				117.00	
Annual totals	524.33	328.06	529.55	741.42	469.43
% of EDF annual global commitments	13%	17%	25%	20%	18%

Annex 5: ACP devolution - progress by country, 2001-2004

	Sub-delegation signed by Head of Delegation				Verification Mission		
	2001	2002	2003	2004	2002	2003	2004
1st Wave							
1. South Africa	30/11/01				05/02		
2. Kenya		01/03/02			06/02		
3. Mali		14/03/02			07/02		
4. Senegal		18/03/02			06/02		
5. Côte d'Ivoire		04/04/02			05/02		
6. Dominican Rep.		27/05/02			09/02		
2nd Wave							
7. Burkina Faso		26/11/02				05/03	
8. Ethiopia		10/12/02				05/03	
9. Tanzania		31/12/02				07/03	
10. Benin			25/02/03			06/03	
11. Madagascar			24/03/03			06/03	
12. Guinea-Conakry			09/04/03			07/03	
13. Niger			09/05/03			10/03	
14. Cameroon			15/05/03			10/03	
3rd wave							
15. Gabon			27/11/03				03/04
16. Fiji			28/11/03				06/04
17. Malawi				12/01/04			05/04
18. Jamaica				24/01/04			05/04
19. Mauritania				28/01/04			05/04
20. Mozambique				30/01/04			06/04
21. Uganda				12/02/04			06/04
22. Mauritius				01/03/04			07/04
23. Barbados				03/03/04			06/04
24. Zimbabwe				23/03/04			06/04
25. Botswana				29/03/04			06/04
26. DR Congo				30/03/04			09/04
27. Angola				31/03/04			06/04
28. Guyana				27/05/04			10/04
29. Zambia				21/06/04			10/04
30. Central African Rep.				23/06/04			Planned 2005
31. Chad				28/06/04			10/04
32. Rwanda				12/07/04			11/04
33. Namibia				30/07/04			09/04
34. Guinea-Bissau				30/08/04			Planned 2005
35. Eritrea				30/08/04			11/04
36. Nigeria				20/09/04			Planned 2005
37. Sierra Leone				30/09/04			12/04
38. Congo (Brazzaville)				06/10/04			12/04
39. Sudan				26/10/04			Planned 2005
40. Ghana				28/10/04			Planned 2005
41. Papua New Guinea				Planned 2005			Planned 2005
42. Haiti				Planned 2005			Planned 2005
43. Lesotho				Planned 2005			Planned 2005
44. Burundi				Planned 2005			Planned 2005
Annual totals	1	8	7	24	6	8	21
Cumulative annual totals	1	9	16	40	6	14	35

Annex 6: Stabex utilisation funds at end 2003 (€m, net)

ACP country	Transfer agreements 6-8 th EDFs	Total interest accrued	Total funds available (transfers + interest)	Total bank balance (Europe + local)	Disbursements
	a	b	c = a + b	d	e = c - d
Benin	2.28	0.00	2.28	0.00	2.07
Burkina Faso	20.06	2.73	22.79	9.16	13.63
Burundi	68.39	2.24	70.63	32.65	37.98
Cameroon	260.82	51.89	312.71	28.86	283.85
Cape Verde	1.86	0.00	1.86	1.18	1.07
Central African Republic	24.62	5.34	29.96	4.77	25.19
Chad	11.31	0.00	11.31	1.94	9.69
Comoros	9.22	0.00	9.22	4.88	5.31
Côte d'Ivoire	345.18	19.22	364.40	43.04	321.51
Dominica	43.38	4.04	47.42	9.38	38.04
Equatorial Guinea	8.40		8.40	0.00	0.00
Ethiopia	184.37	50.01	234.38	0.00	233.52
Gambia	4.61	0.00	4.61	1.66	3.36
Ghana	50.58	8.83	59.41	14.93	44.49
Grenada	13.41	1.78	15.19	4.06	11.13
Guinea-Bissau	1.57	0.00	1.57	0.00	0.00
Haiti	35.39	11.13	46.52	11.51	35.01
Jamaica	8.81	0.00	8.81	5.93	3.72
Kenya	132.64	62.13	194.78	51.44	143.34
Kiribati	0.00	0.00	0.00	0.00	0.00
Lesotho	4.93	1.40	6.33	0.00	6.02
Madagascar	74.24	16.33	90.58	27.16	63.42
Malawi	20.03	2.93	22.96	7.72	15.23
Mali	0.00	0.00	0.00	0.00	1.01
Mauritania	32.01	1.85	33.86	17.92	15.94
Mozambique	3.64	0.00	3.64	4.33	0.00
Papua New Guinea	85.16	14.15	99.32	7.73	91.58
Rwanda	66.31	13.00	79.31	20.47	58.84
Samoa	5.81	1.37	7.19	1.88	5.97
São Tomé & Príncipe	2.89	0.00	2.89	0.00	0.00
Senegal	69.82	6.11	75.93	45.68	30.25
Sierra Leone	14.83	0.00	14.84	3.27	12.25
Solomon Islands	80.39	7.90	88.28	73.23	15.06
St Lucia	73.34	9.79	83.13	30.10	53.03
St Vincent	63.38	11.21	74.59	31.34	43.25
Sudan	190.98	1.76	192.74	192.74	0.00
Tanzania	88.23	12.30	100.53	42.25	58.28
Togo	23.74	8.85	32.59	15.84	16.76
Tonga	2.47	0.00	2.47	0.00	0.00
Tuvalu	0.00	0.00	0.00	0.00	0.00
Uganda	175.95	40.67	216.61	62.16	154.45
Vanuatu	3.50	1.53	5.03	0.00	4.95
Zimbabwe	41.64	9.35	50.99	21.04	29.95
Total	2352.88	384.29	2737.17	832.70	1889.77

Annex 7 – Global commitments from 6-9th European Development Funds, by programming and financing instrument (€m, gross)

EDF		Programmable aid ⁴⁴					Non-programmable aid					Total	
		Non-budget support (projects)	Budget support			Sub-total programmable aid	Financial contributions		Export support		Sub-total non programmable aid		
			General	Sectoral	Subtotal budget support		Venture capital ⁴⁵	HIPC & Global Fund ⁴⁶	Stabex, Flex	Sysmin			
6	€m	5243.48	61.40	0.00	61.40	5304.88	544.32	0.00	1451.21	139.02	2134.55	7439.43	
	% of total	70.5%	0.8%	0.0%	0.8%	71.3%	7.3%	0.0%	19.5%	1.9%	28.7%	100%	
7	€m	6202.26	1633.34	0.00	1633.34	7835.60	840.59	40.00	1702.69	448.79	3032.07	10867.67	
	% of total	57.1%	15.0%	0.0%	15.0%	72.1%	7.7%	0.4%	15.7%	4.1%	27.9%	100%	
8	€m	6350.93	2184.02	0.00	2184.02	8534.95	1180.96	1060.00	699.39	115.34	3055.69	11590.64	
	% of total	54.8%	18.8%	0.0%	18.8%	73.6%	10.2%	9.1%	6.0%	1.0%	26.4%	100%	
9 ⁴⁷	excl. Investment Facility	€m	3683.48	1200.75	225.30	1426.05	5109.53	0.00	630.00	55.00	0.00	685.00	5794.53
		% of total	63.6%	20.7%	3.9%	24.6%	88.2%	0.0%	10.9%	0.9%	0.0%	11.8%	100%
	incl. Investment Facility	€m	3683.48	1200.75	225.30	1426.05	5109.53	680.30	630.00	55.00	0.00	1365.30	6474.83
		% of total	56.9%	18.5%	3.5%	22.0%	78.9%	10.5%	9.7%	0.8%	0.0%	21.1%	100%
All, 6-9	excl. Investment Facility	€m	21480.15	5079.51	225.30	5304.81	26784.96	2565.87	1730.00	3908.29	703.15	8907.31	35692.27
		% of total	60.2%	14.2%	0.6%	14.9%	75.0%	7.2%	4.8%	10.9%	2.0%	25.0%	100%
	incl. Investment Facility	€m	21480.15	5079.51	225.30	5304.81	26784.96	3246.17	1730.00	3908.29	703.15	9587.61	36372.57
		% of total	59.1%	14.0%	0.6%	14.6%	73.6%	8.9%	4.8%	10.7%	1.9%	26.4%	100%

⁴⁴ Programmable aid comprises aid programmed within the framework of national and regional indicative programmes.

⁴⁵ The Commission holds accounting responsibility for venture capital (managed by the European Investment Bank) under the 6th-8th EDFs.

⁴⁶ HIPC: the World Bank-led Highly Indebted Poor Countries initiative, which helps offset eligible ACP countries' debts. Global Fund: The Global Fund to Fight AIDS, Tuberculosis and Malaria.

⁴⁷ For the purposes of comparability across all EDFs, figures are also shown for the 9th EDF including the Investment Facility and related interest rate subsidies which fall under the accounting responsibility of the European Investment Bank.

Annex 8: Cases of consultations held under Articles 96/97 of the Cotonou Agreement (and Article 366a of the Lomé Convention)

Country	Dates of opening / closure / amendments	Reasons	Deferrals of suggested consultations date Appropriate measures
Niger	EU declaration on unilateral suspension of cooperation on 29.1.96 Council decision to conclude on 20.6. 96	Coup d'état	Financial co-operation, except projects in support of the poorest population, was suspended for 6 months. A gradual approach was followed after the constitutional referendum: support to electoral process & to social sectors resumed.
Togo	Council decision to open - letter to GoT sent on 13.7.98 Council decision to conclude - letter to GoT sent on 14.12.98	Flawed electoral process	Union letter to GoT on 1.10.98 asking for additional info following consultations, replies of GoT by letter on 7.10.98 & 23.11.98 considered insufficient. Non resumption of co-operation, but without penalising civil society.
Niger	Council decision to open on 29.4.99 Council decision to conclude - letter sent to GoN on 29.7.99	Coup d'état	Continuation of ongoing programmes, conditional & gradual approach for new programmes: in the first phase support to elections & direct support to population, in particular in social sectors
Guinea-Bissau	Council decision to open- letter to GoGB sent on 19.7.99 Council decision to conclude on 6.12.99- letter to GoGB sent on 8.12.99	Coup d'état	No appropriate measures adopted given the return to democracy during the course of consultations
Comoros	Council decision to open on 12.7.99 Council decision to conclude on 14.2. 2000-letter sent to GoC on 15.2.00 Council decision to amend on 17.7.02	Coup d'état	No duration specified, to review at regular intervals. Continuation of ongoing projects, for future actions gradual & conditional approach: in the first phase support to democratic process, direct support to population, decentralised co-operation, & humanitarian aid. Once a democratically elected government is in place other development projects can be adopted. Council decision of 17.7.02 to resume cooperation & allow for continuation of EDF 7+8 projects.
Ivory Coast	Council decision to open - letter to GoIC sent on 14.1.00 Council decision to conclude on 16.6.00	Coup d'état	Measures valid until 31.12.00. Continuation of programmes already decided, regional co-operation & humanitarian aid not affected, for new projects gradual & conditional approach focusing on support to the restoration of the constitutional democracy, the rule of law, good governance, & support to civil society. Two Union declarations on 7 & 9.12.00 – in second Union announce sits intention to open art 96 consultations.
Haiti	Council decision to open on 2.8.00 Council decision to conclude on 29.1.01-letter to GoH sent on 2.2.01 Council decision to amend on 14.7.04 only at COREPER level due to linguistic reasons; Council decision on 24.9.04	Flawed electoral process	Council decision of 29.1.01 taken for 1+1 years, to review it by December 2002. Decision not to make available the second 8th EDF tranche, suspension of direct budget aid, redirection of the remaining funds to projects that are of direct benefit to the Haitian people & no notification of 9th EDF allocation. On 10 January 2003 the appropriate measures were reviewed by Council to expire on 31 December 2003. They foresaw redirection of remaining funds of first 8th EDF tranche & provision of second tranche for programmes of direct benefit to the people, civil society, private sector, democratisation, rule of law, electoral process; no notification of EDF 9 resources, no signature of NIP. Council decision of 18 December

			2003 (letter to GoH sent on 22.12.03) extended measures until 31 December 2004 with a review within six months. Following transition in Haiti (Interim Gvt sworn in on 17 March 2004) the amended appropriate measures adopted on 24 September 2004 foresee continuing the redirection of EDF 8 funds to direct benefit of people, strengthening civil society, supporting democratisation, rule of law & the electoral process; EDF 9 resources will be notified following publication of the decision; discussions on CSP will start immediately; B-envelope could be used prior to signature of EDF 9 CSP/NIP; signature of NIP after national elections; operations of humanitarian nature, trade & regional co-operation not affected. Measures expire 31 December 2005 & shall be reviewed regularly & at least within six months.
Fiji	Council decision to open - letter to GoF sent on 4.8.00 Council decision to conclude on 9.4.01-letter to GoF sent on 12.4.01	Coup d'état	No notification of the 9th EDF allocation & suspension of financing & implementation of new programmes & projects until free & fair elections have taken place & a legitimate Government has assumed office. Ongoing projects will be implemented as planned, contributions to regional projects, operations of a humanitarian nature, trade co-operation & trade related preferences will not be affected; situation to be monitored closely. Letter of 27 November 2001 recorded progress & willingness to resume cooperation under certain conditions; letter of 13 February 2002 allows for continuation of EDF 7+8 projects & notification of EDF 9; signature of NIP only after implementation of Court's decision on formation of Gvt (delivered on 18.7.03). Letter of 19 November 2003 conveys decision of EU to sign EDF 9 NIP & to closely monitor the situation.
Côte d'Ivoire	Council decision to open-letter to GoIC sent on 22.1.01 Council decision to conclude on 25.6.01-letter to GoIC sent on 28.6.01	Lack of openness in elections & other developments during the transition period Violation of human rights	Gradual resumption of coop. depending on progress on national reconciliation, incl. Political dialogue, neutrality & independence of courts, actions being taken following events of October & December 2000, condemnation of xenophobia. Council decision to resume full cooperation on 18 February 2002- letter to GoIC sent on 19 February 2002.
Liberia	Council decision to open on 23.7.01-letter to GoL sent on 3.9.01 Council decision to conclude on 25.3.02 - letter to GoL sent on 27.3.02 Council decision to amend on 25.8.03 -letter to GoL sent on 27.8.03 Council decision to extend on 22.12.04 - letter sent on 23.12.04	Violations of human rights, democratic principles, rule of law & serious cases of corruption	Council letter of 3.9.01 suggested consultations on 25.9.01. Amb Brandy replied on 21.9.01 that date was not tenable due to scheduling difficulties plus that art 96 consultations were acceptable but that the GoL did not consider that consultations under art 97 were justified & that a mutually agreed agenda had to be agreed beforehand. EU suggested then by letter on 5.10.01 date of 12.10.01 which was refused by Amb.Brandy orally on 9.10.01 & in written on 15.10.01 due to "accusatory content of art 97", confirming consultations under art 96 & asking for a new date last week in October or first week in November 2001. First review on 6 December 2002. Decision duration for 2 years expiring on 25 March 2004, situation to be followed closely. Appropriate measures: Implementation of current projects funded under Article 72 of the ACP-EC Partnership Agreement will be continued; Chapter 1 of Annex 4 to the ACP-EC Partnership Agreement is suspended. The balances remaining for Liberia from the 8th EDF shall be available to cover support to the peace process in Liberia; Notification of the 9th EDF allocation will be made once the comprehensive peace agreement is in force & the signatory parties to the agreement have shown the commitment to implement the agreement as foreseen. The suspension of Chapter 1 of Annex 4 to the ACP-EC Partnership Agreement will not apply to the implementation of the 9 th EDF allocation; the Commission retains the function of NAO for 8 th EDF; contributions to regional projects, operations of a

			humanitarian nature, trade co-operation & trade related preferences are not affected; institution support can be provided. Revision of measures decided on 25 August 2003 allowed for a €8 m EDF 8 support to ECOWAS peacekeeping force, measures expiring on 31 December 2004. Extension of appropriate measures decided for 18 months. Measures not revoked until installation of a democratically elected & accountable President & Government. Intensive political dialogue to continue as well as support to the peace process & to the Results Focused Transitional Framework.
Zimbabwe	Council decision to open on 29.10.01-letter to GoZ sent on 15.11.01 Council decision to conclude on 15.2.02-letter to GoZ sent on 18.2.02	Violations of human rights, democratic principles, rule of law	Having initially agreed to the date of 19.12.01 suggested by the Union, GoZ declined the date by letter of 12.12.01 due to logistical difficulties. GoZ proposed date of 28.12.01 or thereabouts by letter of 13.12.01, an option not feasible for the Union. COREPER agreed on 17.12.01 on letter to GoZ sent on 21.12.01 insisting on respecting procedural deadlines of Cotonou & proposing consultations between 3 & 11.1.02. GoZ confirmed date of 11.1.02 by letter of 31.12.01. Decision to impose measures was accompanied by imposition of CFSP sanctions-visa ban & freezing of assets valid for 1 year, to review by August 2002, expiring 18 February 2003. Suspension of 7+8 EDF budget support, & of all projects except in direct support to population; reorientation of financing in direct support of population in social sectors, democratisation, respect for human rights, rule of law; EDF9 NIP signature suspended; art 12 of Annex 2 of Cotonou Agreement suspended in so far as required for application of restrictive measures adopted on basis of Treaty establishing the European Community; regional projects to be evaluated case by case; humanitarian operations continue. Decision on 18 February 2003 to extend these measures for another 12 months with a review within 6 months. Decision on 19 February 2004 to extend these measures for another 12 months with a review within 6 months. Review to be discussed in September 2004. Decision on 17 February 2005 to extend measures for another 12 months with a review after parliamentary elections/6 months.
Central African Republic	Council decision to open on 20 May 2003 - letter to GoCAR sent on 22.5.03 Council decision to conclude on 19.11.03 - letter to GoCAR sent on 22.11.03	Coup d'Etat	Measures expire on 30 June 2005 - partial suspension of cooperation concerning the Bouar-Garoua Boulia roads, the upgrading of Bangui's roads & macroeconomic support.. Resumption of suspended cooperation regarding macroeconomic support based on adoption of electoral plan & respect for human rights. Full resumption when democracy & rule of law re-established following elections latest in 2005: first round on 13 April, second round on 8 May. Electoral process to date fair & transparent. Pres. Bozizé & PM Ziguélé both run for the Presidency on 8 May.
Guinea-Conakry	Council decision to open on 30.3.04 -letter sent to GoG on 31.3.04	Flawed electoral process	Initial date 15 April turned down later by Guinea on grounds of recent elections. EU reminded Guinea by letter of 13 May 2004 of legal deadline for consultations up to 15 June 2004. Guinea replied on 3 June proposing consultations on 14 June 2004. EU replied on 11 June 2004 that the proposed date could not be retained & it was up to the incoming NL Presidency to propose a new date. GoGuinea to provide by end September 2004 a table reporting on progress in various commitments undertaken during the consultations, especially regarding the transparency & the democratic character of the local & legislative elections foreseen in 2005 & 2007 respectively. EDF projects will continue. Cooperation under EDF 6,7, & 8 continues for activities in the context of consultations; Cooperation financed out of EDF 9 B-envelope continues for programmes directly aimed at assisting most disadvantaged sections of population; programmes for civil society & reinforcement of democracy, human rights, good governance & media; regional cooperation considered on a case-by-case basis; humanitarian operations &

	Council decision to conclude on 13.4.05		trade cooperation continue; support for elections preparations possible out of either EDF 6,7, 8 or EDF 9 B-envelope once adequate electoral arrangements established; EDF 9 CSP/NIP to be signed & implemented once progress in the undertakings noted, in particular preparation & holding of free & transparent local & parliamentary elections. EU assessment to be based on two criteria: a) holding of free & transparent local elections & duly elected local authority executives take office, & b) establishment of electoral arrangements & operational requirements for parliamentary elections, including date, based on Durban Declaration on Principles Governing Democratic Elections in Africa, in the framework of political dialogue with opposition. Six-monthly reviews foreseen. Monitoring period of 36 months from date of Council decision & enhanced political dialogue.
Togo	Council decision to open on 30.3.04- letter to GoT sent on 31.3.04 Council decision to conclude on 15.11.04	Flawed electoral process Violation of human rights	Second report by Togolese authorities received at Commission on 6 July 2004 on basis of which conclusion of consultations was proposed by Commission in September 2004. Measures comprise the continuation of EDF 6+7 projects meeting needs of the population & promoting compliance with essential elements, including the national programme of decentralised environmental management & the 1990-1994 Framework of Mutual Obligations for Stabex Funds; institutional aid to implement undertakings to be provide out of EDF 6+7 balances, including a 4th general population & housing census; EDF 9 allocation to be notified once electoral arrangements acceptable to all parties are established & date for parliamentary elections set- that will trigger programming of resources; once EDF 9 is notified electoral aid to be given if above arrangements adhered to; following free & fair parliamentary elections full resumption of cooperation will follow & implementation of the 1995-1999 Framework pf Mutual Obligations for Stabex Funds; regional projects to be considered on a case-by-case basis; humanitarian operations, trade cooperation & trade-linked preferences not affected. Intensive political dialogue over three months, followed by an assessment.
Guinea-Bissau	Council decision to open on 19.12.03-letter sent to GoGB on 7.1.04 Council decision to conclude on 14.7.04 only at COREPER level due to linguistic reasons; Council decision on 24.9.04	Coup d'état	Monitoring of progress in areas of great concern- return to independent judiciary, restoration of civilian control over armed forces, consolidation of public finances, & pursuit of timetable of elections including presidential elections. Decision to be valid for 12 months as from day of publication, i.e. until 8 October 2005.