

## EU Assistance to ACP Countries Since 1975

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### Trying to understand the basic figures

#### *Grants and loans*

Table 1 sets out the financial allocations made under successive ACP–EU co-operation agreements by EU member states and mobilised by the European Investment Bank. This constitutes the new financial allocation made to ACP–EU co-operation activities at the beginning of each successive ACP–EU co-operation agreement. It does not include additional supplementary allocations that may have been made during the course of the lifetime of the agreement, or funds that may have accrued as interest on monies held by the European Commission, or funds ‘rolled over’ from previous agreements for administrative purposes.<sup>1</sup>

It should be noted that the composition of grants and loans made available by EU member states and the EIB respectively does not correspond to the grants and loans that are made available to ACP countries. Under earlier Lomé Conventions a variety of loan instruments were financed from grants from EU member states. These included:

- the initial STABEX financing;
- SYSMIN financing;

- ‘special loans’; and
- risk capital loans.

However, in the case of STABEX the terms and conditions of assistance were retroactively adjusted to convert the funding into grants. Ultimately, support from the SYSMIN facility, which had provided financial resources on the same terms as ‘special loans’, was also converted to grants. As a consequence, these funds have been included in Table 2, which sets out the grants received by ACP countries.

In addition, as early as Lomé II, the European Commission converted ‘special loans’ to certain ACP countries facing financial difficulties into grants.<sup>2</sup> This partly accounts for the increase in grant financing under the NIPs of certain ACP countries over the lifetime of Lomé I and II. NIP allocations also increased in some ACP countries as a result of the Mid-Term Review. Under Lomé II, amounts allocated within the minimum and maximum envelopes were adjusted as part of the Mid-Term Review in the light of the non-programmable aid received by each country, with countries that received less in the way of non-programmable resources getting a corresponding increase in their NIP allocation.<sup>3</sup>

**Table 1: Financial allocations agreed under successive Lomé Conventions and the Cotonou Agreement (grants from member states and EIB resources mobilised from capital markets) (million ECU/€)**

	4th EDF	5th EDF	6th EDF	7th EDF	8th EDF	9th EDF
Grants	3,000	4,542	7,400	10,800	12,967	13,500
Percentage	88.5	86.9	88.2	90.0	88.7	88.8
Loans	390	685	1,000	1,200	1,658	1,700
Percentage	11.5	13.1	11.7	10.0	11.3	11.1
<b>Total</b>	<b>3,390</b>	<b>5,227</b>	<b>8,400</b>	<b>12,000</b>	<b>14,625</b>	<b>15,200</b>

[Chapter 2 of *The European Development Fund and Economic Partnership Agreements*, Roman Grynberg and Alice Clarke (eds), Commonwealth Secretariat, London, 2005.]

### Actual commitments and payments

The actual level of aid made available to ACP countries can only really be measured by the actual disbursements made. While actual disbursements can be measured on an annual basis under each EDF, these figures over time do not necessarily correspond to the amounts made available under each EDF. This arises as a result of the time lag between:

- the allocation of funds to the financial protocol;
- the initial allocation of funds to specific country and regional programmes (notification of the NIP and RIP allocations);
- the primary commitment of funds to specific projects and programmes (through approval of the financing decision);
- the secondary commitment of funds through the signing of contracts for the implementation of specific activities; and
- the final disbursement of funds in line with the commencement and completion of project and programme activities.

This time lag can generate considerable complexity since it can involve administering, in parallel, funds under different financial regulations. The response to this has been, wherever possible, to consolidate unused funds under the latest financial regulation governing the EDF.

This has given rise to a situation whereby at the

end of 2004 the following commitments and payments had been made under the 4th to 9th EDFs.

As can be seen, there is a considerable discrepancy between the initial allocation and commitments: in the case of the 6th EDF, commitments exceeded the initial allocation, but since the end of Lomé III payments under each EDF have been less than the commitments made.

Altogether from the 4th to 9th EDFs the EU has allocated ECU/€58,842 million under the various financial protocols to co-operation activities in ACP countries. Of this amount approximately ECU/€48,209.1 million has been committed to specific projects and programmes, while ECU/€36,993.9 million had actually been disbursed in ACP countries by the end of 2004. This represents 62.87% of the total amount committed under the various financial protocols.

### Instruments of assistance

The composition of grants and loans received by ACP countries under successive ACP-EU agreements is set out in Tables 3 and 4. Table 3 sets out by instrument of deployment the use of the grants made available to ACP countries in the framework of the various ACP-EU co-operation agreements concluded since 1975. As can be seen, from Lomé I to Lomé IV the number of instruments of co-operation multiplied. Initially the National Indicative Programme was the main framework for aid deployment, encompassing not only the bulk of grant

**Table 2. Actual commitments and payments (ECU/€), at the end of 2004**

EDF	Initial allocation	Commitments		Payments	
	(million g)	(million g)	%*	(million g)	%*
4th EDF (Lomé I)	3,390	3,053.3 <sup>4</sup>	90.06	3,053.3	90.06
5th EDF (Lomé II)	5,227	4,207.4 <sup>5</sup>	80.50	4,207.4	80.50
6th EDF (Lomé III)	8,400	8,589.0 <sup>6</sup>	102.25	7,207.4	85.80
7th EDF (Lomé IV)	12,000	11,735.3 <sup>7</sup>	97.79	10,609.2	88.41
8th EDF Lomé IV bis)	14,625	13,224.1 <sup>8</sup>	90.42	9,577.6	65.49
9th EDF (Cotonou)	15,200	7,400.0	48.68	2,339.0	15.39

\*% refers to the percentage of the initial allocation

Source: Extracted from tables on the following web pages:

Commitments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat08\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat08_en.htm)

Payments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat11\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat11_en.htm)

**Table 3. Grants received by ACP countries (million ECU/ €)**

Grants	4th EDF	5th EDF	6th EDF	7th EDF	8th EDF	9th EDF
NIP/IRS/Reserve	2,100 <sup>9</sup>	2,328 <sup>10</sup>	3,570	5,245	6,632	10,000 <sup>11</sup>
Regional	–	600	1,000	1,250 <sup>12</sup>	1,300 <sup>13</sup>	1,300
STABEX	375 <sup>14</sup>	550	925	1,500	1,800	
SYSMIN		280 <sup>15</sup>	415	480	575	
Structural Adjustment				1,150	1,400	
Support Facility						
Emergency			210	250	140	
Refugees			80	100	120	
<b>Total</b>	<b>2,475</b>	<b>3,758</b>	<b>6,200</b>	<b>9,975</b>	<b>11,967</b>	<b>11.300</b>

**Table 4. Composition of loan packages to ACP countries (million ECU/ €)**

EDF	Risk capital <sup>16</sup>	Own resources	Special loans <sup>17</sup>	Total
4th EDF	95	390	430	915
5th EDF	280	685	504	1,469
6th EDF	600	Up to 1,000	600	2,200
7th EDF	825	Up to 1,200	–	2,025
8th EDF	1,000	1,658	–	2,658
9th EDF	2,200 <sup>18</sup>	1,700	–	3,900

financing (85%), but also the deployment of 'special loans' and 'risk capital' loans. Indeed, under Lomé I the only nonprogrammable instrument was the STABEX scheme for the stabilisation of export earnings.

From Lomé II, however, an increasingly differentiated range of instruments was introduced, largely in response to the depth of the economic difficulties confronting ACP countries, whose long-term development programmes were being driven off course. By Lomé III there were six distinct financial instruments, with an additional instrument emerging in the course of the Convention, financed partly from the EU budget, partly from the general reserve of the EDF, and partly from a re-allocation of NIP funds to new types of assistance. This experience gave rise to the creation of a seventh instrument of support under Lomé IV, the Structural Adjustment Support Facility.

While funding from the structural adjustment facility was also nominally deployed within the

framework of the National Indicative Programme, in reality a separate dialogue on structural adjustment emerged, distinct from the programming process *per se*. This structural adjustment dialogue focused on the policy dimension of development strategies and had an impact on commitment and disbursement rates, contrary to the expected impact of the shift to nominally quicker disbursing support instruments. This coincided with the introduction of so-called 'frameworks of mutual obligations' associated with the deployment of STABEX funds, effectively creating yet a further framework for policy dialogue, and ultimately delays in EDF aid deployment under Lomé IV.

This multiplication of instruments was only to be reversed in 2000, with the signing of the Cotonou Agreement, which established two basic facilities: a facility for long-term development co-operation activities (with a national co-operation and regional co-operation window) and an Investment Facility.

### A fluctuating policy on the role of loan financing

A striking feature of the ACP–EU co-operation experience has been the ambiguous position on the role of loan financing in ACP–EU development co-operation. Under Lomé I an extensive amount of finance from member states was used to provide loans to ACP countries. While these loans were on concessional terms, they were nevertheless intended as reimbursable resources. Under Lomé I a total of 43%<sup>19</sup> of the initial grant allocation was scheduled for extension in the form of loans. Ultimately, however, only 17.5% of grant financing was deployed in the form of loans. This fell slightly to 17.3% under Lomé II and to 16.2% under Lomé III. However, the largest proportion of this was in the form of ‘special loans’, which were later partly converted to grants. Overall, the loan component of the overall EDF package fluctuated in the first three Lomé Conventions from 26.2% to 28.1% of the total financial package made available.<sup>20</sup> This then fell to 16.9% under Lomé IV, when only 7.6% of grants made available by member states were used to finance a soft-loan facility. This followed the EU initiatives in favour of highly indebted ACP countries in the second half of the 1980s and in the 1990s.<sup>21</sup>

Under Lomé IV bis, however, the proportion of the total aid package provided in the form of loans began to creep back up again, to 18.2%, (with some 7.7% of grants from member states being used to finance a soft-loan facility). Under the Cotonou Agreement, however, the proportion of loans within the total aid package returned to the levels of the 1970s and 1980s, with fully a quarter of the total financial package being provided in the form of loans. This required the deployment of 16.3% of the total grant package from EU member states in the form of loans – loans that are increasingly being extended to final beneficiaries at market rates. This move towards the application of market-related rates on EIB-administered loans reflects the revolving fund nature of the Cotonou Agreement Investment Facility.

To these various loans financed from grants from EU member states should be added the loans mobilised by the EIB from European capital markets and extended to ACP countries on concessional terms (so-called ‘own resource’ loans).<sup>25</sup> There is thus a rather ambiguous EU position on the role of loan financing within the overall EU–ACP development assistance package. This takes on some significance

### Box 1. Member states' contributions to the EDF

While each European Development Fund has its own five-year financial allocation, established when the agreement is signed, EDF funds are not simply transferred to the European Commission at the time the overall size of the EDF is agreed. Rather, these funds are made available by EU member states in the light of annual projections by the European Commission of the likely EDF financial resources that will need to be paid out in the next calendar year. Funds are transferred to the European Commission in three instalments in the light of these projections. Until recent years, there was a tendency for the European Commission to over-estimate the level of financial resources that would be required, since it is more difficult to secure supplementary payments from member states, should these be required, than to simply

reduce the funds called on from the member states in the course of the year.

The bulk of so-called ‘blocked funds’ are thus not ‘blocked’ in bank accounts in ACP countries, but reside with EU member states until such time as these funds are actually required by the European Commission to meet payment obligations under the EDF. In some EU member states these unrequired funds are used to supplement bilateral development co-operation programme activities. In other member states they may come from a general budget for EU-related expenditures and may find their way into co-financing of rural development programmes or other EU-related national expenditures. In still other member states they may revert back to the general government reserve within the budget. Everything depends on the internal financing arrangement established by individual member states.

**Table 5. Percentage of grant financing used for grants and loans**

	Grants provided as grants		Grants provided as loans		Total grant allocation
	(million ECU/€)	(%)	(million ECU/€)	(%)	
4th EDF (1975–80)	2,475	83.5	525	17.5 <sup>22</sup>	3,000
5th EDF (1980–85)	3,758	82.7	784	17.3 <sup>23</sup>	4,542
6th EDF (1985–90)	6,200	83.8	1,200	16.2 <sup>24</sup>	7,400
7th EDF (1990–95)	9,975	92.4	825	0.6	10,800
8th EDF (1995–2000)	11,967	92.3	1,000	7.7	12,967
9th EDF (2000–2007)	11,300	83.7	2,200	16.3	13,500

**Table 6. Proportion of grants to loans under ACP–EU arrangements (million ECU/€)**

	Loans	%	Grants	%	Total
4th EDF (1975–80)	915	27.0	2,475	73.0	3,390
5th EDF (1980–85)	1,469	28.1	3,758	71.8	5,227
6th EDF (1985–90)	2,200	26.2	6,200	73.8	8,400
7th EDF (1990–95)	2,025	16.9	9,975	83.1	12,000
8th EDF (1995–2000)	2,658	18.2	11,967	81.8	14,625
9th EDF (2000–2007)	3,900	25.7	11,300	74.3	15,200

in the context of the discussion on EPA-related restructuring assistance since fully EDF aid to industry-related projects has traditionally been extended in the form of loans rather than grants.

### **Counterpart funds**

In addition to these financial instruments made available to ACP countries, over the course of successive Conventions there emerged a further source of financing, which in some ACP countries took on considerable significance, namely 'counterpart funds'. Counterpart funds first emerged in the framework of ACP–EU co-operation from the deployment of EU food aid. Food aid was provided to food-deficit ACP countries, financed from the EU budget, and it was sold locally, generating funds in local currency known as 'counterpart funds'. These counterpart funds could then be used to finance local costs of agreed development co-operation initiatives. Officially, however, counterpart funds do not form part of EC-administered aid programmes to ACP countries. As the development dimension of food-aid operations was increasingly understood, a shift occurred from the export of foodstuffs to the local or

regional purchase of foodstuffs for consumption in food-deficit areas. This somewhat reduced the availability of counterpart funds. However, this coincided with a move to import-programme support in ACP countries facing balance of payments difficulties and this new type of support began to generate a considerable volume of counterpart funds, as imported goods were sold on the local market. These import programmes were financed under the National Indicative Programme, Structural Adjustment Support Programmes, and even STABEX interventions. The counterpart funds were then commonly used to provide financial support for government budgets. In some countries, notably Ethiopia, the budgetary support provided by counterpart funds came to account for a significant proportion of total government expenditure. Tracing the volume of counterpart funds made available in the form of budgetary support is a far from straightforward task. The first problem is to reconcile the nominal level of counterpart funds to be generated under the various programmes financed in each country with the actual level of counterpart funds collected in-country as a result of the sale of the

products placed on the market under the commodity-import programmes. This partly relates to exchange rate fluctuations in countries undergoing extreme balance-of-payment difficulties. At what rate should the counterpart funds to be collected be calculated when currency depreciation can be rapid and deep? It partly relates to the administrative efficiency of counterpart fund collection systems set in place and partly to the extent of corruption within the system.

This first level problem is compounded by problems of 'leakage' of counterpart funds once they have been collected. Often substantial counterpart funds nominally exist but in reality are not in the bank accounts into which they should have been paid. These management problems can have a direct bearing on counterpart fund use. Indeed, they can prevent the conclusion of counterpart funds agreements, which provide the basis for using the funds. How then can one get an accurate picture of counterpart funds and their contribution to the stabilisation of public finances and local economic and social development at the ACP level? This is in many respects an impossible task and consequently the value of counterpart funds can only be assessed on a country-by-country, case-by-case basis.

However, with changing patterns of aid deployment under the Cotonou Agreement, the use of counterpart funds is becoming less and less significant.

### ***ACP-EU co-operation funded through the EU budget***

In addition to ACP-EU co-operation activities funded through the EDF, a substantial amount of funding has been made available through the EU annual budget. Traditionally, the most important instrument in this regard was the EU food-aid

budget. Financial commitments under this instrument were commonly inflated by using the internal EU price as the reference price for the value of the food aid provided (as opposed to much lower world market prices). Other budgetary instruments commonly deployed in support of ACP-EU co-operation activities included:

- the NGO co-financing budget line;
- special thematic initiatives (for example the programme to combat hunger in the early 1980s and the special initiative for highly indebted countries in the latter part of the 1980s); and
- special thematic budget lines (for example Women in Development).

Altogether, under the first four Lomé Conventions the EU budget made an increasing contribution to the total aid received by ACP countries, rising from €259.7 million under Lomé I, when it accounted for 10.4% of total EU aid received by ACP countries, to €1,773.82 million under Lomé IV – 13.9% of total EU aid received by ACP countries.

### ***Total EU Aid to ACP Countries, 1975–2000***

Tables 7 and 8 show the total level of aid committed to individual ACP countries over successive Lomé Conventions broken down by the financing instrument.<sup>26</sup> From a recipient-country point of view, with the exception of Lomé IV bis, the proportion of total EU aid going through the NIP has declined throughout the period, with a rapid fall under Lomé IV. The figure under Lomé IV bis is something of an anomaly, since the figures for EIB loans are unavailable<sup>27</sup> and commitments from non-programmable instruments and the EU budget are particularly low. There was in fact only a small increase in actual NIP

**Table 7. EDF commitments (million ECU/€)**

EDF	NIP	Other EDF	EIB	EU budget	Total
Lomé I	1,953.26	807.48	343.09	359.70	3,463.53
Lomé II	2,572.80	1,392.13	544.01	676.98	5,185.92
Lomé III	4,109.10	2,508.50	720.15	1,177.25	8,515.00
Lomé IV	5,009.10	4,849.60	1,141.00	1,773.82	12,773.52
Lomé IV bis	5,087.90	1,088.27	n/a	929.99	7,108.16

**Table 8. EDF commitments (percentage of total aid received from the EU)**

EDF	NIP	Other EDF	EIB	EU budget	Total
Lomé I	56.4%	23.3%	9.9%	10.4%	100%
Lomé II	49.6%	26.8%	10.5%	13.1%	100%
Lomé III	48.3%	29.5%	8.5%	13.8%	100%
Lomé IV	39.2%	38.0%	8.9%	13.9%	100%
Lomé IV bis	71.6%	15.3%	n/a	13.1%	100%

commitments between Lomé IV and Lomé IV bis (1.6%) compared to a 21.9% increase in the overall funding package and a 20.1% increase in grant financing.<sup>28</sup> In contrast, the level of non-programmable EDF aid rose consistently under the first four Lomé Conventions, reaching a level almost comparable to programmable aid under Lomé IV. This trend was of course reversed in 2000, with a complete transformation of financing instruments under the Cotonou Agreement and the reversion back to two basic instruments: a long-term development co-operation envelope and an Investment Facility.

EIB aid has fluctuated between 8.5% and 10.5% of the total aid, while from Lomé II to Lomé IV bis the EU budget provided between 13.1% and 13.9% of total ACP aid receipts from the EU.<sup>29</sup>

### ***EU development assistance under the Cotonou Agreement***

Under the 9th EDF, which finances co-operation under the Cotonou Agreement, a total of €15.2 billion has been made available. This takes the form of both grants and loans: 74.3% is in the form of grants and 25.7% is in the form of loans. €13.5 billion is drawn from grants from EU member states and €01281.7 billion has been made available from the European Investment Bank's own resources.

In addition, the European Commission sought to identify all those previously allocated aid funds that have not so far been used, with the aim of consolidating them into the 9th EDF. In August 2001 the EC maintained that outstanding balances under previous EDFs totalled some €9,900 million. It is, however, far from clear how this figure was arrived at, given the process of EDF aid deployment (see Box 2).

Of the €11,300 million allocated to long-term development co-operation, approximately €10,000

million was available for deployment at the national level, with €1,300 million made available for regional programmes (including pan-ACP programmes).

Of this €10,000 million, €7120.8 million was committed to the 'A' allocation of 75 ACP countries. The 'A' allocation covers 'macroeconomic support, sectoral policies, programmes and projects in support of the focal and non-focal areas of Community assistance'. €2003.2 million was nominally committed to the 'B' allocation of some 63 ACP countries. The 'B' allocation covers 'unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives, and support to mitigate adverse effects of instability on export earnings'. Most ACP countries, however, have not been allowed to draw down on the 'B' allocation,<sup>30</sup> so in actual fact only around 71% of EDF funds for nationally determined long-term co-operation programmes were available for deployment. Under the ongoing Mid-Term Review, however, a process is underway whereby funds are transferred from the 'B' allocation to the 'A' allocation (or withdrawn), enabling ACP countries to make use of the full allocation in their development co-operation activities. As of July 2005 the Mid-Term Review had been completed in 41 ACP countries. In total these revised 'A' allocations, combined with the 'A' allocations not yet subjected to revision under the Mid-Term Review, gave a total level of 'A' allocation funding post Mid-Term Review of €8,032.32 million, or 80% of the envelope for long-term development co-operation at the national level. Revised 'B' allocations in the countries where the Mid-Term Review was already complete came to €788.22, some 7.88% of the envelope for long-term development co-operation at the national level.

## Box 2. The 9th EDF Funding Package

Overall amount €15,200 million

Grants from EU member states €13,500 million

EIB own resources €1,700 million

Of the €13,500 million available as grant aid:

- €2,200 million is allocated to the Investment Facility
- €11,300 million is allocated to the Long-term Development Co-operation Facility

Of the €11,300 million allocated to the Long-term Development Co-operation Facility:

- €1,300 million is allocated to regional co-operation and integration
- €10,000 million is allocated to national long-term development co-operation

Of the €10,000 million allocated to national long-term development co-operation:

- €90 million is allocated to the Centre for the Development of Enterprise
- €70 million is allocated to the Technical Centre for Rural and Agricultural Cooperation (CTA)
- €4 million is allocated to the Joint Assembly

### *The Complex Process of EDF Aid Deployment*

Tables in the August 2001 Commission communication showed the following situation with regard to decisions (financing agreements signed), assigned funds (contracts signed), and payments (payments actually transferred) under the 6th, 7th and 8th EDFs (see Table 9).

**Table 9. Situation on 31 December, 2000<sup>31</sup> (€'000)**

<b>Appropriation<sup>32</sup></b>	
• 6th EDF	7,829,081
• 7th EDF	11,514,969
• 8th EDF	13,345,115
<b>Decisions<sup>33</sup></b>	
• 6th EDF	7,496,083
• 7th EDF	10,754,495
• 8th EDF	8,348,082
<b>Assigned funds<sup>34</sup></b>	
• 6th EDF	7,258,510
• 7th EDF	9,363,127
• 8th EDF	3,796,288
<b>Payments<sup>35</sup></b>	
• 6th EDF	7,136,123
• 7th EDF	8,499,377
• 8th EDF	1,980,296

Extrapolating from these tables, the following picture emerges with reference to unspent funds. No decisions had been taken (i.e. no financing agreement has been signed) on a total of some €6,090 million.

No contracts had been signed for the implementation of actual activities on funds totalling some €12,271 million (these funds had not yet been assigned). Payments still needed to be made on a total of €15,073 million. Thus on 1 January, 2001 €15,073,269,000 of EDF funds were technically unspent. However, €2,802,220,000 of these funds had already been committed in the form of legally binding contracts, while €8,982,804,000 had already been committed to the financing of specific project and programme activities and had moved beyond the first critical stage in the deployment of EDF resources.

This represented a €911.52 million expansion of overall 'A' allocation funding. Taking into account both the 'B' allocations, where the Mid-Term Review had been completed, and the initial 'B' allocations, where no Mid-Term Review had taken place, some €1,184.6 million was currently nominally available under the 'B' allocation. This is an increase of €103 million on aid allocated to national programmes. Of course, 'B' allocations and even 'A' allocations can decline as the Mid-Term Review process is rolled out. Of the 41 countries where the Mid-Term Review had been completed, 10 had a total 'A' and 'B' allocation post Mid-Term Review lower than their initial combined 'A' and 'B' allocation; in the case of one country the final 'A' allocation was lower than the initial 'A' allocation.

With the Cotonou Agreement only entering into legal effect on 1 April, 2003, it is too early to detect any clear patterns in aid deployment.

**Table 10. Situation at 31 December, 2000 (€ '000)**

	6th EDF	7th EDF	8th EDF	Total
No decisions taken	332,998	760,474	4,997,033	6,090,405
No implementation contracts yet signed	570,571	2,151,842	9,548,827	12,271,240
Money so far unspent	692,858	3,015,592	11,364,819	15,073,269

**Table 11. 9th EDF initial NIP 'A' and 'B' allocations and Post Mid-Term Review 'A' and 'B' allocations**

Country	Initial 'A' <sup>36</sup>	Initial 'B'	Post MTR 'A'	Post MTR 'B'	Final total
Angola	117.0	29.0	n/a	n/a	–
Antigua	2.6	0.4	n/a	n/a	–
Bahamas	3.9	0.6	n/a	n/a	–
Barbados	6.5	n/a	n/a	n/a	–
Belize	7.8	1.0	n/a	n/a	–
Benin	208.0	6.7	287.9	10.9	298.80
Botswana	39.0	52.0	56.54	39.60	96.14
Burkina Faso	275.0	76.0	432.4	10.7	443.10
Burundi	115.0	n/a	162.39	64.4	226.79
Cameroon	159.0	71.0	126.29	8.7	134.99
Cape Verde	32.0	6.5	44.90	6.5	51.40
Central African Republic	86.0	21.0	94.06	9.4	103.46
Chad	202.0	71.0	209.9	32.9	242.80
Comoros	20.0	7.3	n/a	n/a	–
Dominica	3.7	12.0	10.8	5.3	16.10
Congo (Brazzaville)	43.0	7.3	109.2	n/a	–
Congo (Kinshasa)	171.0	n/a	n/a	–	–
Cook Islands	2.0	0.6	2.5	0.6	3.10
Djibouti	29.0	5.8	n/a	n/a	–
Dominican Republic	119.0	57.0	120.80	n/a	–
East Timor	n/a	n/a	n/a	–	–
Equatorial Guinea	13.0	4.3	n/a	n/a	–
Eritrea	88.0	8.8	n/a	n/a	–
Ethiopia	384.0	153.7	446.0	77.0	523.00
Fiji	21.0	n/a	n/a	n/a	–
Gabon	34.0	45.0	34.6	36.1	70.70
Gambia	37.0	14.0	n/a	n/a	–
Ghana	231.0	80.0	281.0	42.8	323.80
Grenada	3.5	3.9	9.5	7.8	17.30
Guinea	158.0	63.0	n/a	n/a	–
Guinea Bissau	62.0	19.0	73.3	8.3	81.60
Guyana	34.0	14.0	39.64	9.1	48.74
Haiti	180.0	n/a	n/a	n/a	–
Ivory Coast	182.0	n/a	n/a	n/a	–
Jamaica	73.0	27.0	74.15	29.0	103.15
Kenya	170.0	n/a	290.0	26.6	316.6
Kiribati	8.8	2.2	n/a	n/a	–

**Table 11 (continued)**

<b>Country</b>	<b>Initial 'A'<sup>36</sup></b>	<b>Initial 'B'</b>	<b>Post MTR 'A'</b>	<b>Post MTR 'B'</b>	<b>Final total</b>
Lesotho	86.0	24.0	106.3	10.3	126.6
Liberia	74.0	n/a	n/a	n/a	-
Madagascar	267.0	60.0	418.49	10.1	428.59
Malawi	276.0	69.0	276.66	21.33	297.99
Mali	294.0	81.0	395.2	12.41	407.61
Marshall Islands	3.5	1.1	n/a	n/a	-
Mauritania	104.0	87.0	115.4	18.0	133.40
Mauritius	33	1.6	48.7	1.1	49.80
Micronesia	4.8	1.4	n/a	n/a	-
Mozambique	274.0	55.0	n/a	n/a	-
Namibia	48.0	43.0	69.43	26.30	95.73
Nauru	1.8	0.5	n/a	n/a	-
Niger	212.0	134.0	332.8	63.8	396.60
Nigeria	222.0	44.0	552.0	7.3	559.3
Niue	2.0	0.6	n/a	n/a	-
Palau	2.0	0.6	n/a	n/a	-
PNG	81.0	85.0	72.5	76.0	148.5
Rwanda	124.0	62.0	176.0	2.1	178.1
Samoa	20.0	7.1	25.17	2.1	27.27
São Tomé & Príncipe	9.4	3.5	10.33	2.57	12.90
Senegal	178.0	n/a	n/a	n/a	-
Sierra Leone	144.0	n/a	164.7	62.7	227.40
Seychelles	3.9	0.8	n/a	n/a	-
Solomon Islands	6.7	7.8	n/a	n/a	-
Somalia	149.0	n/a	n/a	n/a	-
St Kitts & Nevis	3.4	0.6	6.69	0.6	7.29
St Lucia	4.5	15.0	19.0	9.0	28.00
St Vincent & the Grenadines	5.0	16.0	14.9	12.0	26.9
Sudan	135.0	20.0	n/a	n/a	-
Suriname	11.0	7.0	43.28	1.1	44.38
Swaziland	31.0	12.0	33.07	5.4	38.47
Tonga	3.7	2.0	n/a	n/a	-
Trinidad & Tobago	17.0	0.9	n/a	n/a	-
Tuvalu	3.3	0.7	4.45	0.7	5.15
Uganda	246	117.0	n/a	n/a	-
United Republic of Tanzania	290.0	65.0	393.85	4.55	398.4
Vanuatu	12.0	3.3	17.22	3.3	20.52
Zambia	240.0	111.0	351.5	19.26	370.76
Zimbabwe	108.0	n/a	n/a	n/a	-
<b>Total</b>	<b>7,120.8</b>	<b>2,003.2</b>	<b>788.22</b>		

## Sectoral utilisation of EDF assistance

Providing a comprehensive review of the changing sector utilisation of EDF aid to ACP countries is made difficult by the 1992 change in the system of recording the sector/ thematic use of aid, when the EU moved over to the standard OECD classification. However, a fairly clear picture of the sectoral use of EDF aid under the first three Lomé Conventions exists and it is possible to get an indication of actual and planned sectoral aid use under Lomé IV and the Cotonou Agreement. Table 12 sets out the sectoral use of aid under Lomé I, II and III (1975–1990). If one takes into account that fully 73.4% of EDF financing going into industrial projects was financed from loan facilities, then the two most important sectors for EDF grant aid deployment from 1975–1990 were agriculture and rural development, and transport and communications. The significance of agriculture and rural development as the focal sector is even more pronounced if the fact that STABEX funds were largely used in the agricultural sector is taken into account. In this context, the agriculture and rural development sector absorbed between 28.8% and 41.39% of EDF resources between 1975 and 1990.

By Lomé IV the shift to commodity assistance

programmes which was initiated towards the end of Lomé III had gathered pace, and according to Commission reports 32% of EDF assistance was being deployed in the form of commodity assistance programmes. This is not surprising given the creation of a dedicated ECU1,150 million structural adjustment support facility under Lomé IV and the common practice of deploying conventional NIP funds in parallel with finance from the structural adjustment support facility.<sup>37</sup>

While the share of spending on transportation and communication projects fell slightly as a result of this refocusing of EDF aid programmes, the decline was nowhere near as pronounced as in the sectors of agriculture and rural development.

Under the Cotonou Agreement, on the basis of a review of 61 agreed NIPs, only 7% of total NIP funding was committed to rural development and only 1.1% was committed to agricultural development. In contrast, transportation projects accounted for the planned use of 21.4% of the then programmed NIP funds and structural adjustment support (commodity assistance programmes and budgetary support) for 30%. There has thus been a fundamental shift in the sector use of EDF resources since Lomé III (from 1990).

**Table 12. Percentage commitment of EDF resources by sector under Lomé I, II and III**

	Lomé I	Lomé II*	Lomé III**
Industrialisation	28.14	20.37	9.18
Tourism	0.50	0.49	0.38
Transport and communication	19.10	18.17	14.6
Agriculture and rural development	16.60	24.49	24.18
STABEX	12.20	14.07	17.21
Education and training	7.43	6.27	2.83
Health	1.55	3.02	1.64
Water/housing/urban infrastructure	3.45	5.71	2.20
Trade promotion	1.06	1.18	0.97
Emergency	4.76	4.38	2.55
Rehabilitation	-	0.57	0.85
Import programmes			9.79
Other	-	2.04	1.21

\*Based on a 90% commitment rate

\*\*Based on a 87.7% commitment rate

**Table 13. The allocation of funds agreed under 9th EDF National Indicative Programmes**

Sector	Percentage of Total Funds Allocated <sup>38</sup>
Structural adjustment	30.7%
Transport	21.4%
Governance	7.9%
Rural development	7.0%
Water	6.7%
Education	6.3%
Minerals	5.0%
Health	4.3%
Civil society	2.9%
Social provision	1.3%
Agriculture	1.1%
Food aid	1.0%
Business	0.6%
Environment	0.5%
Trade	0.1%
Undifferentiated	3.1%

\*Allocations made to specific programmes totalling €6,242.6 million

### ***Trends in commitment and payment rates under successive ACP-EU agreements***

Throughout successive Lomé Conventions there has been a considerable time lag between the:

- nominal allocation of funds to co-operation programmes (under NIPs and RIPs);
- commitment of these funds to specific projects and programmes (primary commitments);
- signing of contracts for the implementation of specific co-operation activities (secondary commitments); and
- disbursement of funds for the implementation of agreed activities (payments).

In terms of the impact on the ground the key point of aid deployment is the payment of funds for the implementation of activities.

Tables 14 and 15 set out in summary form the cumulative payment and commitment rates under successive ACP-EU co-operation agreements. On

average it has taken 13 years to fully disburse (pay out) each five-year ACP-EU co-operation envelope.

Ironically the rates of actual payment of EDF resources were highest under Lomé II and Lomé IV bis and lowest under Lomé IV (1990–95) and the Cotonou Agreement (2002–2005).<sup>39</sup>

The low commitment and payment performance under Lomé IV occurred despite a shift from the mid-1980s towards the use of quicker disbursing aid instruments. Equally Lomé III, the 6th EDF, saw the first introduction of commodity assistance programmes (a key component of which was the €500 million programme for highly indebted poor countries launched in November 1987), yet payment rates remained stubbornly low compared to Lomé I and Lomé II.

After three years they were only 84% of the rate attained under Lomé II. After five years payment rates were on a par with Lomé II but with no notable increase. The payment performance under the 7th EDF, when the new quick-disbursing instruments were fully in place, was even poorer, with payment rates after three years only 82% of those attained under Lomé II and after five years 94% of those attained under Lomé II. Only under the 8th EDF did payment rates exceed those of Lomé II after three years.

However, it should be borne in mind that this was largely attributable to a series of debt-relief initiatives implemented with the EIB and the World Bank. This saw some €350 million committed in 2000 and a further €350 million committed in 2001 (with a total planned envelope under the 8th EDF for such debt relief initiatives of €1,040 million). Taking these initiatives out of the equation, commitment rates in 2000 and 2001 would have been 2.7% lower. This brings commitment rates down to below Lomé II levels. This is evident from the fact that this improved rate of payments was not sustained under the Cotonou Agreement, when payment rates after three years of legal application of the Cotonou Agreement (i.e. by the end of 2004) were only 85% of those attained under Lomé II.

It should be borne in mind that the debt initiative was only the most prominent of the 'global initiatives' implemented under the 8th and 9th EDFs outside the conventional national and regional

**Table 14. Rates of payments**

	After 3 years	After 5 years	After 8 years	After 12 years
4th EDF	16.87%	42.91%	73.48%	87.33%
5th EDF	18.08%	39.05%	65.47%	79.03%
6th EDF	15.20%	39.78%	67.71%	80.69%
7th EDF	14.92%	36.82%	61.62%	82.69%
8th EDF	19.97%	42.44%	74.99%	-
9th EDF	15.39%	44.14%	-	-

**Table 15. Rates of commitments**

	After 3 years	After 5 years	After 8 years	After 12 years
4th EDF	48.78%	80.55%	88.81%	92.44%
5th EDF	44.20%	70.07%	88.01%	87.64%
6th EDF	55.50%	81.82%	88.92%	89.69%
7th EDF	40.01%	72.57%	86.96%	97.79%
8th EDF	57.60%	90.42%	-	-
9th EDF	48.68%	93.42%	-	-

programming process.<sup>40</sup> A key feature of a number of these initiatives (but not all) is that they rapidly take funds off the EU books in terms of commitments and payments, but do not necessarily result in increased disbursements in ACP countries.

Under the 9th EDF, for example, €376.5 million<sup>41</sup> has been provided to ACP countries through UN agencies. This is equivalent to some 16.1% of the cumulative payments made under the 9th EDF by the end of 2004.

The anomalous position whereby nominally quicker disbursing instruments actually result in lower rates of payments (although increased in volume terms) would appear to be attributable to one of two factors:

- the delays caused by the intensification of policy dialogue prior to aid commitments and the need to negotiate conditionalities linked to individual programme aid deployment; and/or
- the administrative procedures applied by the EC in the management of EDF resources.

The intensification of policy dialogue would appear to be the most significant factor. Under the later part of Lomé III, but particularly under Lomé IV, one saw the emergence of a multiplicity of forums

for policy dialogue. Not only was there the programming process (see Box 3), but the deployment of general import support and sectoral import support commonly required the negotiation of sector or general policy conditionalities.

What is more, the use of counterpart funds generated under these programmes was also the subject of policy dialogue and policy conditionalities. With the introduction of the concept of 'Frameworks of Mutual Obligations' for the deployment of STABEX funds, a further framework for policy dialogue was created. This modification, in particular, resulted in disbursements under the quickest disbursing of the Lomé instruments slowing down dramatically,<sup>42</sup> with STABEX funds nominally committed in the mid-1990s still lying unused until the Cotonou Mid-Term Review. This basic problem in terms of secondary commitments and payments is then compounded by EDF administrative procedures.

In this context it should be noted that payment rates achieved under the 9th EDF have been below those attained under Lomé I and Lomé II after both three and five years of application. Indeed, payment rates under the 9th EDF after five years were even lower than the payment rates achieved under the 8th EDF.

### Member states' contributions to the EDFs

The formula used to calculate EU member states' contributions to each EDF is different from the formula used for EU budget contributions. Indeed, there is not so much a formula for calculating mem-

ber states contributions as a call for contributions at the time of the negotiation of each agreement. Member states' contributions amount to what they would like to contribute, in the light of their historical contribution, with a commitment being made at the beginning of each EDF financing cycle. How-

**Table 16. Percentage contribution of EU member states to successive EDFs (million ECU/ €)**

	4th EDF	5th EDF	6th EDF	7th EDF	8th EDF	9th EDF
Germany	25.95		26.06	25.96	23.36	23.36
France	25.95		23.58	24.37	24.30	24.30
UK	18.70		16.58	16.37	12.69	12.69
Italy	12.00		12.58	12.96	12.54	12.54
Netherlands	7.95		5.64	5.57	5.22	5.22
Belgium	6.25		3.96	3.96	3.92	3.92
Denmark	2.40		2.08	2.07	2.14	2.14
Greece	–	1.24		1.22	1.25	1.25
Ireland	0.60		0.55	0.55	0.62	0.62
Luxembourg	0.20		0.19	0.19	0.29	0.29
Spain	–	(7.55)*		5.90	5.84	5.84
Portugal	–	(7.55)*		0.88	0.97	0.97
Sweden	–	2.73				2.73
Finland	–	1.48				1.48
Austria	–	2.65				2.65
<b>Total EDF</b>	<b>3,000</b>	<b>4,542</b>	<b>7,400</b>	<b>10,800</b>	<b>12,967</b>	<b>13,500</b>

\*7.55% was the expected combined contribution of Spain and Portugal

### Box 3. The programming exercise

The programming exercise was the process of consultation between the EU and individual ACP governments through which the use of a five-year multi-annual allocation was determined. The government was given the central role in drawing up the National Indicative Programme, which was the ultimate outcome of the programming process. The programming process determined:

- the priority sectors for support;
- the type of assistance to be provided; and
- the most appropriate agencies for implementation of development co-operation activities.

A similar process of programming was applied to the

deployment of regional funds, where recognised regional bodies existed. However, under the Cotonou Agreement this programming process was changed and replaced by a concept of 'rolling programming' whereby aid availability could be reviewed in the light of aid use. This preliminary nature of the aid allocation under the Cotonou Agreement was formalised by the specification of an 'A' and a 'B' allocation to each ACP country. As the Cotonou Mid-Term Review process demonstrates, in the majority of cases this is leading to allocated funds being withdrawn from individual countries for redeployment by other means. This is greatly reducing the proportion of EDF funds deployed in support of nationally determined development programmes.

ever, this does not always work and between Lomé IV and Lomé IV bis the UK contribution actually fell, not only in percentage terms but in nominal terms, from ECU1,767.96 million to ECU1,645.51 million. No similar fall occurred in the contributions of other member states. The principal beneficiaries of EU enlargement in 1995 were not the ACP but the UK government, which reduced its contribution to the EDF.

## **A qualitative review of changing patterns of EU aid deployment to ACP countries**

### ***The changing sector focus of EDF aid***

There has been a major shift in sector deployment of EDF aid in ACP countries. Under the earlier Lomé Conventions the agriculture and rural development sector was the major focal sector, accounting for the largest proportion of aid deployed. The second most important sector for EDF aid deployment was transportation infrastructure. Since Lomé III, however, the sector focus of EDF aid deployment has shifted. While transportation infrastructure remains a major sector for EDF aid deployment, the deployment of EDF aid to the agriculture and rural development sector has fallen dramatically, with first commodity assistance support and subsequently budgetary support playing a leading role. This is despite the continued centrality of agriculture and rural development to poverty eradication in ACP countries.

New priority areas such as health and education have received increased funding under the EDF in recent years, but the proportion of total EDF funding going to these sectors is still below the average for OECD donors.

Relatively low levels of NIP aid are deployed in support of economic projects such as trade promotion, and private and business sector development. The EC tends to favour using regional funding to support such trade and business development programmes. This is closely related to the regional focus of EPA negotiations and can be seen by the uncharitable to be designed to 'grease the wheels' of economic partnership agreement negotiations.

Equally, recent high-profile initiatives in the form of 'aid to trade' facilities tend, on closer inspection, to consist of an agglomeration of existing

activities with some trade component, rather than new financial initiatives linked to addressing new problems in new ways.

### ***The expanding discretionary powers of the European Commission***

Over the course of successive Lomé Conventions there has been a trend of increasing deployment of EDF aid through instruments where the EC exercises discretionary control. This growing allocation of discretionary powers to the EC within the EDF aid deployment system is in sharp contrast to the concept of programming developed under Lomé I and elaborated under Lomé II. This programming process sought to place nationally determined development plans at the centre of the aid deployment process. Now aid deployment is much more focused on supporting the establishment of the appropriate policy framework, with ACP governments being rewarded if they are deemed to adopt appropriate policies.<sup>43</sup>

This has been associated with a movement away from project aid to programme aid, linked to sectoral and macroeconomic policy dialogue. It manifested itself first in growing levels of commodity assistance and increasingly in the form of budgetary support. The notion of aid being conditional not only upon financial performance (in terms of aid use), but also upon policy performance (in terms of the sectoral and macroeconomic policy frameworks established) was consolidated under the Cotonou Agreement into a formalisation of 'A' allocation and a discretionary 'B' allocation. It was made clear under the Cotonou Agreement that the 'B' allocation was not an entitlement but an optional allocation depending on the performance of the country in using the 'A' allocation.

In addition it should be borne in mind that under the Cotonou Agreement the EC retained a higher proportion of NIP funds unallocated and used only slightly over half of the regional allocation for direct allocation to regional organisations. This greatly increased the discretionary funds available to the EC even without the clawed-back 'B' allocations.

To this should be added the unused funds rolled

over from previous EDFs which provided the EC with an extensive fund of over €1 billion to supplement the nominal 9th EDF grant allocation, and over which the EC retained considerable discretion. However, even with these resources in hand, it became apparent in the course of the first four years of the Cotonou Agreement that the EC was over-committing funds from the general reserve for the funding of special initiatives (the HIV/AIDS Global Fund, the African Security Initiative, the HIPC Initiative and the Water Fund), implemented outside the conventional NIP/RIP framework for the deployment of long-term development assistance. As a consequence, it became clear that the general reserve would not be extensively used to supplement the 'A' country allocations.

This is now evident in the situation emerging from the Mid-Term Review of the Cotonou NIP allocations, where the total combined 'A' and 'B' allocations post Mid-Term Review,<sup>44</sup> are only €113 million higher than the combined initial 'A' and 'B' allocations.<sup>45</sup>

### ***Commitments of EDF resources outside the NIP/RIP framework***

Since 1990, but particularly since 1998, the European Commission has begun to deploy a growing

volume of EDF resources outside the conventional NIP/RIP framework. This has been most noticeable with regard to the use of regional funds. Under Lomé II (when the volume of regional funds was first clearly stipulated) some 85.8% of funds set aside for regional co-operation were allocated to specific regional co-operation and integration initiatives that were locally led. The percentage share fell consistently over successive agreements and from Lomé IV bis the absolute volume of aid made available to specific regional co-operation and integration initiatives that were locally led also declined.

The deployment of aid outside the NIP/RIP framework has included:

- major debt relief initiatives (HIPC);
- A multiplicity of programmes via UN bodies;
- The Global Fund for HIV/AIDS, Malaria and TB;
- The Africa Security Facility;
- The Water Facility; and
- The Energy Facility.

These horizontal initiatives, all approved jointly by the ACP–EU Council of Ministers, account for a growing proportion of EDF spending.

**Table 17. Regional allocations to specific regions from funds set aside for regional co-operation (million ECU/€)**

	Lomé I	Lomé II	Lomé III	Lomé IV	Lomé IV bis	Cotonou
West Africa	94.9	141.2	202.98	228.0	228.0	235.0
Central Africa	23.6	59.5	74.89	84.0	84.0	55.0
East Africa	73.7	133.9	203.34	199.0	194.0	223.0
Southern Africa	26.9	70.0	133.02	128.9	121.0	
Indian Ocean	8.3	20.0	25.64	30.0	30.0	
Caribbean	24.9	55.6	71.09	105.0	90.0	57.0
Pacific	10.0	33.9	39.00	35.0	35.0	29.0
Total to regions	262.3	515.0	750.00	810.0	651.0	599.0
Total allocation	–	600.0	1,000.00	1,250.0	1,300.0	1,300.0
Percentage going to regions	85.8	75.00	64.8	50.1	46.7	

Source: Europa/Development – Co-operation by Region, Lomé

[http://europa.eu.int/comm/development/body/publications/rep98/regio\\_en.htm](http://europa.eu.int/comm/development/body/publications/rep98/regio_en.htm)

Regional Allocations Cotonou: [http://europa.eu.int/comm/development/body/csp\\_rsp/rsp\\_en.cfm](http://europa.eu.int/comm/development/body/csp_rsp/rsp_en.cfm)

The implications of this trend for EPA negotiations is far from clear. On the one hand, it demonstrates a willingness to deploy EDF aid outside the NIP/RIP framework and within the framework of new initiatives and through new partners. It also provides a rich experience of how to deal with EDF procedures in getting to grips with new challenges (both positive and negative). On the other hand, it is shrinking the pot of EDF funding available to support both traditional NIP/RIP-based development priorities and EPA-related restructuring challenges.

### ***The expanded use of EDF aid***

This leads on to a fourth major trend in EDF aid deployment, namely the growing range of development priorities which the EDF facility is meant to address. It should be noted that under Lomé I and Lomé II, EDF aid deployment was primarily focused on long-term development projects, with substantial additional resources being mobilised for deployment in certain crisis-affected ACP regions from the general EU budget. Since Lomé III, however, EDF aid has been used to cover virtually all EU expenditures in ACP countries (notable exceptions are NGO co-financing and certain thematic budget lines). This has included major new areas of co-operation, ranging from debt relief, through the Global Fund for HIV/AIDS, Malaria and TB to security interventions.

EDF resources are thus being spread more thinly than under earlier conventions. This is having a particular impact on the level of funding available for long-term development co-operation activities at the country level, which is declining.

### ***Changing instruments but common commitment and deployment problems at country level***

A fifth major trend is the continued problem with regard to the length of time it takes to commit and disburse EDF resources. This has remained a problem despite the shift from areas of support with long lead times and nominally slow rates of commitment and disbursement, for example integrated agricultural and rural development programmes, towards forms of support that are nominally quick disbursing, with swift commitment and disbursement rates

(for example commodity assistance programmes or budgetary support).

Unfortunately the shift towards these nominally quicker disbursing instruments has not, until very recently, resulted in a noticeable improvement in the actual rate of payments of EDF resources under successive funds. Lomé III, the 6th EDF, saw the first introduction of commodity assistance programmes, yet payment rates remained stubbornly low. After three years, payment rates were only 84% of those attained under Lomé II. After five years, payment rates were on a par with Lomé II but with no notable increase. The payment performance under the 7th EDF, when the new 'quick-disbursing' instruments were fully in place, was even poorer, with payment rates after three years only 82% of those attained under Lomé II and after five years 94% of those attained under Lomé II. Only under the 8th EDF did payment rates exceed those of Lomé II after three years.

However, this was not sustained under the Cotonou Agreement, when payment rates after three years of legal application of the Cotonou Agreement (i.e. by the end of 2004) were only 85% of those attained under Lomé II (see Table 14 above). This trend is contrary to what one might have expected given the more generalised introduction of quick-disbursing instruments under Lomé IV. This suggests that there are ongoing bottlenecks in the commitment and disbursement of EDF funds through existing arrangements. While there is a general consensus on the existence of the problem, there is no agreement on what needs to be done. For the European Commission, part of the solution lies in moving outside the conventional NIP/RIP aid deployment framework. While this has resulted in increased volumes of EDF commitments, and indeed payments, from the EC, it has not necessarily resulted in an increase in the rate of payment of EDF resources into ACP countries. On occasions intermediate bodies through which aid is deployed (for example the Global Fund for HIV/AIDS, Malaria and TB) have faced their own problems in actually working within EDF procedures. Thus, while these programmes may transfer large volumes of funding off the EC's books, this does not necessarily mean that more money is being spent faster in ACP countries.

### ***Use of grants for loans***

Not all aid made available in the form of grants is extended as grants to ACP countries. Under the Cotonou Agreement the use of grants to finance loans returned to the levels of Lomé I, II and III, having fallen dramatically under Lomé IV, when the depth and devastating consequences for development of high levels of indebtedness were appreciated.

### ***Using aid, not simply allocating aid***

The situation with regard to commitments and payments of EDF resources (particularly payments, which is the critical point of reference for the aid recipient), suggests that there is little value in expanding the financial allocation to co-operation with ACP countries unless the issue of accelerating actual disbursements is addressed. Even the shift to quicker disbursing forms of support from 1988 onwards did not significantly impact on the actual rate of deployment of EDF aid in ACP countries. This suggests that EDF administrative procedures are poorly suited to quick disbursement. This has important implications if one is looking at supporting time-sensitive initiatives linked to economic changes brought about by the implementation of economic partnership agreements. The issue of the administrative procedures to be used in supporting EPA-related adjustments will be critical to the actual value of any such support facility.

### ***Harmonising member states policies on the use of unrequired funds***

Slow payment rates can leave EU member states holding relatively large volumes of financial resources at the end of the financial year, which they have nominally allocated to finance their EDF payment obligations. In some member states these funds are lost to ACP–EU co-operation for that financial year. Establishing a mechanism to ensure that these funds are not lost to ACP–EU co-operation by committing them to quick-disbursing instruments of support linked to EPA-related adjustment processes would appear to be appropriate (for example using funds that are not required to meet EDF obligations each year to provide budgetary support to address the revenue implications of EPAs).

### ***Making sure that aid swiftly reaches the final beneficiary***

While the shift to the use of non-traditional channels of aid disbursement has become apparent since Lomé IV bis, and has resulted in quicker rates of aid commitment and primary disbursement, it has not necessarily resulted in the final beneficiary in ACP countries receiving the benefits of the aid any more quickly. There still appear to be delays arising from the need to apply EDF procedures.

### ***Taking policy dialogue out of the equation***

A significant factor in the relatively slow commitment and payment rates in recent years (despite the move to quicker disbursing instruments) has been the deepening and multiplication of frameworks for policy dialogue. This slowed down noticeably the rate of disbursement on the quickest disbursing of the Lomé instruments – the STABEX fund. How the issue of policy dialogue/policy conditionalities is to be dealt with under EPAs will be an important determinant of the value of the assistance extended. At one level the situation should be eased, since ACP governments will be pursuing liberalisation in line with EU policy advice. Procedures may, however, need to be modified to reflect these new realities.

**Learning from other experiences.** With regard to the general issue of procedures to be followed in supporting economic restructuring linked to trade integration, the ACP could usefully explore the principles applied to, and the experience of, the EU's SAPARD programme for new member states, which had as one of its central planks the decentralisation of programme design and implementation within an agreed administrative framework.

### ***Clarifying policy on the role of loan financing***

EU policy with regard to the extent and nature of loan financing within the overall EDF aid package has been ambiguous since 1975. There are also ambiguities over the role of concessional financing, particularly the suitability of 'soft' financing where private sector operators are involved (including

small and medium-sized enterprises). These ambiguities could take on considerable significance when it comes to the nature of support to be extended to private-sector-based processes of economic restructuring in preparation for the implementation of EPAs. They could be especially important in the food and agricultural sector, where the EU itself provides expanding volumes of grant-financed aid to enhance the efficiency and international competitiveness of its food and agricultural enterprises throughout the EU.

How this issue is to be dealt with under an EPA restructuring facility needs to be clarified at the outset if extensive delays in concluding financing agreements are to be avoided and if the aid deployed is not to be made available on terms that prove unattractive for productive investments with long lead times before returns are secured.

### ***Learning lessons on budgetary support from the counterpart funds experience***

As greater use has been made of direct budgetary support, the use of counterpart funds has declined in significance within the EU overall aid package. But the lessons learnt from counterpart-fund programmes could be relevant for the design and implementation of budget-support measures designed to address the revenue losses arising under moves towards free trade with the EU and the consolidation of regional market integration.

### ***Reviewing the implications of the declining importance of the NIP/RIP Framework***

Consideration needs to be given to the implications of the declining levels of total EU aid to ACP countries deployed within the NIP/RIP framework. Is it appropriate to deploy private-sector-led sectoral support linked to EPA-associated restructuring through this framework? Or would other channels of support be more appropriate? If so, what channels?

For EPA-related restructuring programmes that are time sensitive, a key issue is the swift deployment of assistance in ways that allow ACP economic operators to prepare for the changes that EPAs will bring about, rather than simply responding to these changes.

This calls for a thorough-going review of the experience and lessons of other time-sensitive restructuring processes, linked to changes in the rum, banana and rice sector. It also calls for a review of the experience of the various non-NIP/RIP channels used to deploy EDF assistance in recent years, and the efficiency and effectiveness of the various management models established for these programmes, in terms of the timely delivery of assistance to the final beneficiary.

### ***Taking on board the EC's poor performance on economic projects***

A major feature of the EDF aid experience is the relative lack of success the European Community has had in managing production-related economic projects and programmes. In many respects this is only to be expected, since the EDF system was not designed to deal with the private sector. As a consequence, EDF procedures are not amenable to providing assistance in a time-sensitive manner. The lead time for EDF projects in the agricultural and rural development sector has traditionally been very extensive, with the consequence that market conditions are very different when the scheme comes on stream, compared to when the scheme was in the design and planning stage. A case in point is the ECU62 million of support extended to large-scale irrigation schemes in Swaziland, which had the aim of extending irrigated smallholder sugar production. While this made good sense in 1992–94 when the programme was being designed, it will now require some serious financial restructuring if its future economic viability is to be assured.

This reality needs to be recognised and addressed, particularly given the recent rhetorical emphasis on 'aid to trade' projects. The sad reality is that, for a variety of reasons, the European Community is simply not very good at providing efficient and effective support to economic projects that are sensitive to market change (precisely the circumstances that will be faced under an EPA). Indeed, this has been implicitly recognised by the European Commission, which has overseen a major shift in the deployment of EDF assistance away from the agriculture and rural development sector to budget

support and transportation-sector programmes. This is profoundly significant in the context of designing assistance packages linked to EPA-related restructuring needs.

***Clarifying the role of transportation projects in promoting production and trade in ACP countries***

EDF aid remains focused on transport infrastructure projects. Indeed, in one of the major ACP recipients of EDF aid, despite the ever-changing development justification for the deployment of EDF aid (support to national planning processes, support to food strategies, support for macroeconomic adjustment, support for poverty alleviation), the percentage of

total NIP aid going to the transportation infrastructure sector has remained constant since Lomé I.

In this context, given that a major component of NIP aid goes to transportation infrastructure projects, the question arises of how relevant the pattern of this aid deployment is to enhancing the competitiveness of ACP enterprises in producing for and supplying national, regional and international markets.

It may well be that the pattern of EDF transport infrastructure investment in ACP countries facilitates trade but does not facilitate competitive production and supply of goods and services in ACP countries for national, regional and international markets.

## Annex 1. Additional tables

**Table A1. Rates of commitments and payments based on allocations under the financial protocol – 4th EDF (Lomé I)**

Year	Commitment (cumulative)	Payment (cumulative)	% Total (€3,390 million)	
			Commitment	Payment
1976	382.2	97.5	11.27	2.88
1977	1,089.9	245.5	32.15	7.24
1978	1,653.8	571.8	48.78	16.87
1979	2,225.9	995.2	73.23	29.36
1980	2,730.8	1,454.5	80.55	42.91
1981	2,881.3	1,900.3	84.99	56.06
1982	2,983.1	2,205.8	88.00	65.07
1983	3,010.7	2,491.0	88.81	73.48
1984	3,037.0	2,676.2	89.59	78.94
1985	3,046.4	2,781.9	89.86	82.06
1986	3,133.5	2,890.4	92.43	85.26
1987	3,133.9	2,960.6	92.44	87.33
1988	3,135.0	2,999.0	92.48	88.47
1989	3,135.4	3,031.2	92.49	89.39
1990	3,053.3	3,053.3	90.07	90.07

Extracted from tables on the following web pages: Commitments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat08\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat08_en.htm); Payments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat11\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat11_en.htm)

**Table A2. Rates of commitments and payments based on allocations under the financial protocol – 5th EDF (Lomé II)**

Year	Commitment (cumulative)	Payment (cumulative)	% Total (€5,227 million)	
			Commitment	Payment
1981	548.9	195.9	10.50	3.75
1982	1,551.7	526.0	29.69	10.06
1983	2,310.3	945.2	44.20	18.08
1984	3,102.1	1,454.7	59.35	27.83
1985	3,662.3	2,041.0	70.07	39.05
1986	4,156.7	2,658.9	79.52	50.87
1987	4,454.7	3,071.8	85.22	58.77
1988	4,600.4	3,422.0	88.01	65.47
1989	4,639.3	3,662.7	88.76	70.07
1990	4,663.6	3,856.7	89.22	73.78
1991	4,599.3	3,993.1	87.99	76.39
1992	4,580.8	4,131.0	87.64	79.03
1993	4,207.4	4,207.4	80.49	80.49
1994				
1995				

Extracted from tables on the following web pages: Commitments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat08\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat08_en.htm); Payments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat11\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat11_en.htm)

**Table A3. Rates of commitments and payments based on allocations under the financial protocol – 6th EDF (Lomé III)**

Year	Commitment (cumulative)	Payment (cumulative)	% Total (€ 8,400 million)	
			Commitment	Payment
1986	313.2	116.7	3.73	1.39
1987	2,267.5	469.3	40.09	5.59
1988	4,662.0	1,277.0	55.5	15.20
1989	5,986.2	2,301.2	71.26	27.40
1990	6,872.5	3,341.6	81.82	39.78
1991	7,324.7	4,200.8	87.20	50.00
1992	7,445.6	5,115.7	88.64	60.90
1993	7,469.1	5,687.3	88.92	67.71
1994	7,516.9	6,138.5	89.49	73.08
1995	7,562.5	6,404.7	90.03	76.25
1996	7,509.5	6,603.8	89.40	78.62
1997	7,533.7	6,777.6	89.69	80.69
1998	7,489.1	6,931.5	88.56	82.52
1999	7,439.1	7,031.5	88.56	83.71
2000	7,389.1	7,131.5	87.97	84.90
2001	7,789.1	7,139.5	92.73	84.99
2002	8,089.1	7,177.5	95.70	85.45
2003	8,389.1	7,287.5	99.87	86.76
2004	8,589.1	7,475.5	102.25	88.99
2005*	8,789.1	7,710.5	104.63	91.7
2006*		7,941.5	94.54	

\*Projections

Extracted from tables on the following web pages: Commitments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat08\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat08_en.htm); Payments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat11\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat11_en.htm)

**Table A4. Rates of commitments and payments based on allocations under the financial protocol – 7th EDF (Lomé IV (I))**

Year	Commitment (cumulative)	Payment (cumulative)	% Total (€ 12,000 million)	
			Commitment	Payment
1991	859.7	195.5	7.16	1.63
1992	2,820.1	1,084.4	23.50	9.04
1993	4,801.4	1,790.0	40.01	14.92
1994	7,234.3	3,122.4	60.29	26.02
1995	8,708.8	4,417.9	72.57	36.82
1996	9,726.7	5,536.2	81.06	46.14
1997	10,318.5	6,575.1	85.99	54.79
1998	10,435.3	7,394.2	86.96	61.62
1999	10,885.3	8,094.2	90.71	67.45
2000	11,335.3	8,759.2	94.46	72.99
2001	11,735.3	9,377.2	97.79	78.14
2002		9,889.2		82.41
2003		10,329.2		86.08
2004		10,609.2		88.41
2005*		10,784.2		89.87
2006*		10,874.2		90.62

\*Projections

Extracted from tables on the following web pages: Commitments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat08\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat08_en.htm); Payments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat11\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat11_en.htm)

**Table A5. Rates of commitments and payments based on allocations under the financial protocol – 8th EDF (Lomé IV (II))**

Year	Commitment (cumulative)	Payment (cumulative)	% Total (€ 142,625 million)	
			Commitment	Payment
1998	2,224.1	466.6	1.53	3.19
1999 4,524.1	1,051.6	30.93	7.19	
2000	8,424.1	2,921.6	57.60	26.81
2001	10,924.1	4,848.6	74.69	33.15
2002	13,224.1	6,207.6	90.42	42.44
2003		7,859.6		53.74
2004		9,577.6		65.49
2005*		10,967.6		74.99
2006*		11,895.6		81.34

\*Projections

Extracted from tables on the following web pages: Commitments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat08\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat08_en.htm); Payments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat11\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat11_en.htm)

**Table A6. Rates of commitments and payments based on allocations under the financial protocol – 9th EDF (Cotonou Agreement)**

Year	Commitment (cumulative)	Payment (cumulative)	% Total (€ 12,000 million)	
			Commitment	Payment
2002	900	162	5.92	1.07
2003	4,100	928	26.97	6.11
2004	7,400	2,339	48.68	15.39
2005*	10,700	4,239	70.39	27.89
2006*	14,200	6,709	93.42	44.14

\*Projections

Extracted from tables on the following web pages: Commitments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat08\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat08_en.htm); Payments: [http://europa.eu.int/comm/development/body/cotonou/statistics/stat11\\_en.htm](http://europa.eu.int/comm/development/body/cotonou/statistics/stat11_en.htm)

**Table A7. Annual EDF payments: Changing importance of STABEX transfers**

Year	Total payments	STABEX payments	% Share STABEX
1976	97.5	80	82.1
1977	148.0	37	25.0
1978	326.3	34	10.4
1979	423.4	164	38.7
1980	459.3	63	13.7
1981	641.7	55	12.0
1982	635.6	267	42.0
1983	704.4	71	10.1
1984	694.7	75	10.8
1985	692.0	61	8.8
1986	843.1	246	29.2
1987	835.7	282	33.7
1988	1,196.3	491	41.0
1989	1,297.1	338	26.1
1990	1,256.5	218	17.3
1991	1,191.1	189	15.9
1992	1,941.7	611	31.5
1993	1,353.6	31	2.2
1994	1,781.6	351	19.7
1995	1,563.7	301	19.2
1996	1,317.4	163	12.4
1997	1,212.7	19	1.6
1998	1,439.6	89	6.2
1999	1,385.0	20	1.4
2000	2,635.0	250	9.5

## Notes

1. In this context in the European Commission document 'Financial Information on the EDF' (Com(1999) 323 final) the final amount of aid deployed under the 6th EDF is given as totalling ECU9,002.6 million (consisting of ECU5,882.6 million in grants and ECU 1,120 in EIB 'own resources'), while for the 7th EDF the total is given as ECU12,794.2 million (consisting of ECU 11,569.2 million in grants and ECU 1,225 in EIB 'own resources') and for the 8th EDF the total level of funding is given as ECU 14,830.5 (consisting of ECU 13,137.5 million in grants and ECU1,693.0 million in loans). In some instances, figures for the total EDF include funding for co-operation activities in member states' overseas territories. There is thus considerable discrepancy between different European Commission sources on the total volume of funds made available under successive Lomé Conventions. However, in terms of the contributions of EU member states, the key figure is the new financial support contributed under the financial protocol, while for ACP countries the key figure is the actual aid disbursed.
2. In the latter half of the 1980s and the 1990s most of these 'special loans' were converted to grants, particularly as it became apparent that ACP governments were unwilling to take up this component of their NIP for fear of further increasing their indebtedness.
3. See Financial and Technical Co-operation Report 1983 (COM (84) 398 final).
4. Under the 4th EDF a maximum level of commitments of ECU3,135 million was attained by 1989, but by 1990 when the 4th EDF was closed, a total of some ECU82.1 million had been decommitted.
5. Under the 5th EDF a maximum level of commitments of ECU4,663.6 million was attained by 1990, but by 1993 when the 4th EDF was closed, a total of some ECU373.4 million had been decommitted.
6. With funds from the 4th and 5th EDFs carried over to the 6th EDF general reserve, when the 6th EDF was closed in 2005, a total of ECU906.5 million was carried over to the 9th EDF.
7. Under the 7th EDF, by 2002, decommitments of ECU152.3 million had occurred, with these funds being carried over to the 9th EDF.
8. Under the 8th EDF in 2002 a net decommitment of ECU73 million, with these funds being carried over into the general reserve of the 9th EDF.
9. Within this amount between ECU50 and 150 million was set aside for emergency aid and some 10% was nominally allocated to support regional co-operation activities
10. Some ECU60 million per annum was set aside for emergency aid within this allocation, within a maximum of ECU200 million being deployed for the purpose from EDF funds over the life of the convention.
11. Of which some €90 million is allocated to finance the activities of the CDE, some €70 million to finance the activities of the CTA, and some €4 million to finance the activities of the Joint Parliamentary Assembly. Nominally the European Commission also consolidated all previously unused funds into the 9th EDF and these should be added in when looking at the level of funding made available to specific instruments, although in considering the overall level of financial allocation made since 1975 these should not be carried over since this would lead to double counting.
12. This includes an allocation of ECU133 million to the financing of the activities of the CDI (ECU60 million), the Joint Parliamentary Assembly (ECU3 million) and activities related to the development of trade and services implemented at a regional level (ECU70 million). This reduces the amount available to finance regional indicative programme activities to ECU1,117 million. Funds for the activities of the CTA were also drawn from this regional envelope, further reducing the funds available for regional specific co-operation programmes.
13. This includes an allocation of ECU242 million to the financing of the activities of the CDI (ECU73 million), the Joint Parliamentary Assembly (ECU4 million), activities related to the development of trade and services implemented at a regional level (ECU85 million) and institutional development support (ECU80 million). This reduces the amount available to finance regional indicative programme activities to ECU1,058 million. Funds for the activities of the CTA were also drawn from this regional envelope, further reducing the funds available for regional specific co-operation programmes.
14. Initially STABEX support was to be extended in the form of loans, which would be reimbursed into a revolving fund. However, the scale and duration of export earnings losses rapidly undermined the revolving fund concept, so STABEX transfers were retroactively converted into grants. They are therefore considered as grants, since no reimbursement of these 'loans' was required of ACP countries.
15. SYSMIN aid was also initially granted in the form of loans reimbursable on the same terms as 'special loans'. However, this aid was subsequently converted to grants and so is included as part of the grants received by ACP countries.
16. 'Risk capital' loans managed by the EIB have always been grant financed. However, these loans need to be reimbursed and so are not included in the grants received by ACP countries but rather in the table of loans extended.
17. While 'special loans' were later converted to grants, since the pace of this process varied considerably across the ACP and repayments were made on part of these special loans, this instrument is included under loans received by ACP countries rather than grants made available.
18. From 2000 this became known as the Investment Facility.
19. This includes STABEX funds as reimbursable loans as initially conceived.
20. These percentages fall to 19.1%, 18.5% and 14.3% under Lomé I, II and III, if the later conversion of special loans to grants is taken into account. This conversion of special loans to grants accounts in part for the higher total figures of grant financing under the NIPs at the end of Lomé I, II and III compared to the level of grant financing initially allocated to NIPs.
21. In November 1978 a special programme for highly indebted countries was launched. All in all, some ECU500 million was mobilised for this initiative (ultimately around ECU550 million was committed in the framework of the initiative). ECU40 million was drawn from the balance of previous EDFs; ECU60 million from repayments on special loans and risk capital (such repayments should have reverted back to EU member states in proportion to their contribution to the EDF from which the original loan was financed); ECU200 million was drawn from unallocated Lomé III programmable resources; and a further ECU200 million was mobilised from within existing NIP allocations of the countries benefiting from the programme. This money was used to address balance-of-payment problems of highly indebted ACP countries through the provision of commodity assistance via general and sector-import programmes Twelve years later, following a joint ACP-EU Council decision, a total of ECU1,040 million was mobilised for debt relief, deployed via an EIB-administered trust fund (ECU360 million) and a World Bank administered trust fund (ECU 680million).

22. Of which 'special loans' accounted for 14.3%.
23. Of which 'special loans' accounted for 11.1%.
24. Of which 'special loans' accounted for 8.1%.
25. These loans can attract an 'interest rate subsidy' (IRS) from grants set aside for this purpose.
26. These figures only include aid deployed directly in individual ACP countries. They do not include regionally deployed aid or EDF aid deployed through multilateral bodies or global programmes.
27. A single data sheet, listing receipts by each ACP country from Lomé I to Lomé IV bis, has been used for the compilation of this summary table and figures were not provided for EIB operations under Lomé IV bis. While it would have been possible to compile a list of EIB loan agreements signed under Lomé IV bis, this would not have provided a consistent, authoritative figure for actual commitments. Even if a reasonable figure for EIB loans were factored in, however, it would only reduce the NIP contribution to around 60%.
28. It was, of course, under Lomé IV bis that the major debt relief initiatives were launched, accounting for ECU1,040 million in commitments through the EIB and the World Bank. The conclusion of the Cotonou Agreement also saw the consolidation of previously unused funds under the 9th EDF.
29. It is difficult to reconcile these figures with the tables of commitments and payments contained in Tables 2.1.1–2.2.6, which set out cumulative commitments and payments from EDF resources via all instruments of co-operation.
30. Only about 11% had been committed by the time of the Cotonou Agreement Mid-Term Review process.
31. Communication from the Commission to the European Parliament, the Council and the Court of Auditors, 'Financial Analysis of the 6th, 7th and 8th European Development Funds – 2000', Brussels, 22.8.2001 COM(2001) 479 final, p. 3.
32. Total grant financing made available under that EDF for co-operation with ACP countries.
33. The amount of money for which financing agreements have been signed.
34. The amount of money for which contracts with implementing agents have actually been signed.
35. The amount of money which the European Commission has actually paid out.
36. Situation as of 30 April 2003.
37. In some ACP countries STABEX funds were also used to provide commodity assistance.
38. No information on the sectoral programming of funds is available for the following countries (bracketed amounts are the size of the 'A' allocation in million €); Barbados (6.5), Burundi (115), Congo (171), Cook Islands (2), Ivory Coast (182), Liberia (74), Mali (294), Marshall Islands (3.5), Nauru (1.8), Senegal (178), Sierra Leone (144), Somalia (149), St Vincent (5), Sudan (135) and Togo (70). However, it includes SYSMIN allocations for the following countries: Botswana (30), Dominican Republic (30), Gabon (35), Ghana (40), Guyana (4.9), Mauritania (45), Namibia (25), Niger (55), Papua New Guinea (50), Senegal (55), Sierra Leone (25), Surinam (7) and Zambia (9).
39. See Tables A1–A6 for more details of cumulative commitment and payment rates under successive EDFs. It should be borne in mind that the rates of commitment and payment referred to are calculated with reference to the overall size of the EDF. While rates may be lower, the actual volume of resources committed and paid out may well have risen.
40. Other notable initiatives include the Global Fund for HIV/AIDS, Malaria and TB, and the African Peace Facility, established in 2003, and the EC-led Water Initiative.
41. See [http://europa.eu.int/comm/europeaid/reports/final-statistiques-un-2004-vers9\\_en.pdf](http://europa.eu.int/comm/europeaid/reports/final-statistiques-un-2004-vers9_en.pdf).
42. From 1976–80 STABEX accounted for fully 26.0% of EDF funds paid out under the 4th EDF. From 1981–85 STABEX accounted for 19.8% of total funds paid out under 4th and 5th EDFs. From 1986–90 STABEX accounted for 29% of the funds paid out under the 4th, 5th and 6th EDFs. With the introduction and implementation of the framework of mutual obligations concept, payments rates began to fall from 1993 onwards and STABEX accounted for only 18.9% of payments under the 5th, 6th and 7th EDFs. From 1996–2000 STABEX accounted for only 6.8% of payments under the various EDFs then under implementation (see Annex 2.8 for details). STABEX payments were particularly important in the first three years of each financing cycle, accounting in some years for between 29 and 42% of payments.
43. Often this takes the guise of Poverty Reduction Strategies.
44. In so far as it has been completed to date.
45. The distribution between countries, however, has of course changed.