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

**Annual Report on the Financial Management of the 7th-9th European Development  
Funds (EDFs) in 2007**

{SEC(2008)518}

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## 1. INTRODUCTION

This report fulfills the requirement laid down in Articles 96.2 and 102, second sentence of the 9th European Development Fund (EDF) Financial Regulation<sup>1</sup> for the Commission to report each year on the EDF's financial management.

Figures used for EuropeAid's performance targets and OECD-DAC reporting exclude de-commitments and recovery orders, so are gross, not net. Similarly, figures in this section and in annex are gross, unless stated otherwise.

## 2. SIGNIFICANT EVENTS IN 2007

2007 was a special year for the management of EDF by EuropeAid, since its activity has mostly been influenced by the need to commit all 9<sup>th</sup> EDF resources before end 2007.

In May 2005, the Council set the deadline for the commitment of the funds of the 9<sup>th</sup> EDF at 31.12.2007. This decision is known as the "Sunset Clause"<sup>2</sup>. Exceptions were provided for Stabex, and for support expenditure<sup>3</sup>.

In May 2007, the ACP-EU Council of Ministers decided on the allocation of part of the 9<sup>th</sup> EDF envelope's reserve initially dedicated to long term development in favour of consolidated B envelopes, intra ACP FLEX programmes, African Peace Facility, and the Infrastructure Trust Fund.

In November 2007, the Council allowed for further extension of deadlines for financing decisions under the Single Programming Documents of the French OCTs and interest on the EDF<sup>4</sup>.

In 2007, the Commission took decisions in the context of the End of Term reviews of the 9<sup>th</sup> EDF, and EuropeAid was called upon to implement the re-adjustments of allocations between countries, regions and sectors.

The Commission was able to comply with all the implications of the "Sunset Clause", in particular:

- (1) De-committing all unnecessary funds by end March 2007, to make these funds available for re-commitment before the year end;
- (2) Submitting all the programmes committing envelope A country and regional allocations for opinion by the EDF Committee by end July 2007

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<sup>1</sup> OJ L 83, 01.04.2003, p. 1

<sup>2</sup> Decision 2005/446/EC, OJ L 247, 18.6.2005, p.19

<sup>3</sup> Annex Ib as contained in Annex to Decision No 1/2006 of the ACP-EC Council of Ministers (OJ L 247, 9.9.2006, p.22)

<sup>4</sup> Decision 2007/792/EC, OJ L 320/31, 6.12.2007

- (3) Preparing for decision, within the deadline set in the “Sunset Clause”, the new programmes identified as priorities by the ACP-EU Council of Ministers decision of May 2007.

In this way it was possible to commit all 9<sup>th</sup> EDF resources by end of 2007, with the exceptions of the French OCT's and EDF interests, as allowed under Decision 2007/792/EC. This is the first time ever that an EDF has been entirely committed before the entry into force of the next EDF.

In 2007, DEV completed programming under the 10<sup>th</sup> EDF for 51 Country Strategy Papers/National Indicative Programmes for an amount of € 8.7 billion representing 65% of the planned country allocations. Completion of the programming for the remaining allocations is expected in 2008, while the earliest possible entry into force of the 10<sup>th</sup> EDF would now be June 2008.

### 3. HIGHLIGHTS

- Financial objectives 2007 – The Commission met almost all of its financial objectives, exceeding its targets for global commitments and contracts. For the first time ever, an EDF has been entirely committed before the entry into force of the next EDF.
- EDF payments reached a record level (€ 2.92 billion) but were constrained by cash flow shortages. The increase in the pace of EDF payments in recent years is putting pressure on Member States to accelerate their contributions. Already in 2007, some Member States were not willing to increase their contributions as requested and there is a risk that a cash flow shortage could arise in 2008.
- Internal controls and processes – the EDF has still to be integrated into the Common Relex Information System (CRIS). In addition, the introduction of ABAC-FED has been further delayed until beginning 2009.
- Staffing – Following the EuropeAid workload assessment, 11 additional contract agents could be recruited in 2007 in AIDCO/C Headquarters. Whilst this mitigated our staff constraints, the workload per staff in the ACP Directorate in EuropeAid remains high compared to other geographical areas. Delegations in the ACP states continued to work within tight staffing constraints.

### 4. FINANCIAL SITUATION OF THE 7TH-9TH EDFs, YEAR-END 2007<sup>5</sup>

The table below shows the overall financial situation for the 7th-9th EDFs at end 2007. 2006 was closed with an amount of €3.16 billion still uncommitted, whereas a residual figure of € 49 million remained at the closure of 2007 (close to 0,001% of the funds allocated).

**Table 1: Financial situation of the 7th-9th EDFs, year-end 2007 (€m)**

<sup>5</sup> In sections four and five, commitments and payments figures reflect a correction which the Commission made in 2004 to figures for Stabex payments made between 2002 and 2004

Funds allocated to ACP states and OCT States (by EDF) <sup>6</sup>			Funds committed	Funds spent	Funds/commitments outstanding		
7th-8th	9th	Total, 7th-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)
21422.27	15 906.38	37 328.65	37 279.37	26 699.96	49.28	10 579.40	10 628.69

The € 49.28 M of uncommitted funds are the resources available to fund the exceptions provided under the "Sunset Clause".

## 5. DELIVERING ACP PROGRAMMES IN A TIMELY AND EFFECTIVE WAY: PERFORMANCE AGAINST OBJECTIVES IN 2007

EuropeAid's objectives, insofar as EDF is concerned, are defined in:

- The ACP section of EuropeAid's Annual Management Plan, and
- The relevant central performance indicators agreed by EuropeAid Management.

The following chapter explains how these objectives were met or exceeded.

### 5.1. Increase programmes' quality, impact and sustainability

– *Reviewing all programmes at the identification and formulation stages*

EuropeAid's Quality Support Groups (QSGs) assess operations before they are implemented (ex-ante). QSG coverage of EDF financing proposals rose in 2007, reaching 91% of the programmed funds committed in that year.

Project cycle stage	Indicator	2006	2007	% change, year-on-year	
Identification	Identification fiches reviewed	Number	156	169	8%
		Value (€m)	2276	1636	- 28%
Formulation	Financing proposals reviewed	Number	181	272	50%
		Value (€m)	3094	3173	3%

Project proposals are reviewed at identification and formulation stage. As a rule, a thorough analysis at the identification stage will reduce the need for modifications at the subsequent level. In 2007, the number of ex-ante reviews at formulation stage increased substantially, reflecting the high number of financing decisions necessary to complete the commitment of the remaining 9<sup>th</sup> EDF funds. The proportion of reviews at the identification stage logically decreased in value: reviews at the initial identification stage had in some cases already been carried out in previous years.

<sup>6</sup> Throughout this report, figures:-include European Investment Bank (EIB) risk capital and related interest-rate subsidies from the 7-8th EDFs, because the Commission holds accounting responsibility for these funds; -exclude the EIB's Investment Facility, funded from the 9th EDF, because the EIB holds accounting responsibility for the Facility.

For each proposal reviewed by the QSG, several criteria are ranked in terms of positive and negative scores (A/B and C/D), the objective being to clearly identify weak points in the proposal, that will be subject to further improvements.

The table below shows that QSG reviews helped to improve the quality of project proposals between identification and the formulation stage:

Type of score	2006		2007	
	Identification	Formulation	Identification	Formulation
Positive scores (A/B)	90	95	92	94
Negative scores (C/D)	10	5	8	6

Negative QSG scores mean that project proposals are either approved subject to modifications, or, rejected in order for further improvements to be made before they are presented to the QSG again. After the formulation stage, the Commission services improve proposals still further, by fulfilling the QSG's recommendations before implementation starts.

– *Continuing to invest in budget and sector support where appropriate*

In 2007, the Commission approved General Budget Support in 38 countries, amounting to € 415 million, and Sector Budget Support in 16 countries, totalling € 259 million. These represent 11.4% and 7% respectively of total commitments and are very close to targets set at the beginning of the year (10% and 7% respectively).

Type of programme	Commitments			Payments		
	2006	2007	% change	2006	2007	% change
General budget support	198	415	+109%	431	455	+5,6%
Sector Budget Support	414	259	-37%	207	129	-38%
<b>Total</b>	<b>612</b>	<b>674</b>	<b>+10%</b>	<b>638</b>	<b>584</b>	<b>-8,5%</b>

In 2007 in the area of budget support the Commission has:

- published guidelines on General Budget Support (January 2007);
- published revised guidelines on Support to Sector Programmes (July 2007);
- continued the carrying out of Public Expenditure Framework Assessment exercises. 15 additional ACP countries have been covered by PEFA exercises in 2007, which makes 54 countries so far.
- initiated work on two studies - one on documenting the use of the variable tranche in budget support operations; and the other assessing the coherence between Public Finance Management (PFM) assessment and support to PFM Reforms
- tested the use of the Results Oriented Monitoring (ROM) on sector programmes, including those using budget support

<sup>7</sup> The data used in this chart is provisional.

- initiated work on developing a coherent methodology for evaluating budget support operations, arising from the joint evaluation of budget support completed in 2006.

– *Monitoring*

In 2007, 544 on-going operations consisting of national and regional projects (with their specific national components) implemented in 77 ACP countries and the OCTs have been monitored. This exercise produced 600 monitoring outputs. The total budget of the operations monitored was € 5.959 million of which € 5.551 million financed from the EDF and € 408 million financed from the EC Budget in ACP states.

ROM results showed that EC cooperation with ACP countries performed rather well in 2007, presenting for all ROM criteria (relevance of design, efficiency, effectiveness, impact and sustainability) an overall average score of 2,66 in relation to a target parameter of 2,5 for projects "on track".

In addition, 49 projects whose activities had been closed since 12-24 months have been monitored on an ex-post basis. Findings of this exercise, which feed back into future programmes' design, gave an overall score of 2,58 and a score of 2,6 in reference with effectiveness, impact and relevance of projects' design. Both of these scores are above the target parameter of 2.5.

– *Evaluation*

In 2007, the Commission completed 3 geographical evaluations covering EC aid to ACP countries (Mozambique, Southern Africa Development Community and Pacific Region) and one thematic evaluation (Agricultural and Rural Development) covering ACP and non-ACP countries. The main recommendations of these evaluations are highlighted below:

- National strategy for Mozambique: the strategic coordination role the EU should play in the justice sector; the increased support it should bring to an “envisaged model” of democratic decentralization; continued moves towards increasing the proportion of General Budget Support and Sector Budget Support; and support to the Government of Mozambique in the preparation of the national capacity development policy.
- Regional strategy for the SADC region: efforts to integrate the Regional Indicative Programmes and the National Indicative Programmes; moving towards channelling funds using recipient countries procedures; providing funds to help SADC develop their own procedures; the institution of regular regional delegations meeting to address regional issues; and increasing support to SADC’s facilitation and coordination role.
- Regional Strategy for the Pacific ACP Region: strengthen policy dialogue; increase efforts to help the Pacific region address the issues of environment and natural resources management; improve the linkages between regional and national levels; and better link Contribution Agreements to results and improve their follow-up and monitoring.

- Thematic evaluation of the EC cooperation in the area of agricultural and rural development: redefine strategy and priorities in the agricultural sector; orientate the strategy towards the concept of an integrated management of rural space in the field of rural development; give priority to sector-oriented approaches and move towards sector budget support when possible; examine effects of compensatory measures set up in order to mitigate the consequences of the CAP reform on ACP countries; and carry out environmental strategic evaluations at the Country strategy paper level, as foreseen by Directive 2001/42.

In 2007 only 3 geographical ACP related evaluations were completed, while this figure had been 7 in 2006. The evaluation unit in EuropeAid manages evaluations not only for ACP region (DEV) but also for non-ACP area (RELEX), plus thematic and sector evaluations which often cover both areas, thus the number of completed evaluations may vary on a yearly basis.

The duration of sector and thematic evaluation processes is clearly longer than one year and it is normal that the number of the completed evaluations vary on an yearly basis depending on the timing of the start of the evaluation and on the complexity of the process.

## 5.2. Deliver aid more quickly

As in 2006, the EDF achieved almost all the financial targets set for 2007.

The situation can be summarised as follows:

	2003	2004	2005	2006	2007		
					Target	Actual	
Global commitments	3 769	2 648	3 511	3 408	3 450	3 636	105%
Individual commitments	3 062	3 038	3 057	3 654	3 500	3 816	109%
Payments	2 345	2 464	2 544	2 826	3 005	2 920	93%

### Commitments

As explained in section 2 above, the major challenge for the EDF in 2007 was to commit all available resources (9<sup>th</sup> EDF and transfers from previous EDFs) by the end of 2007. This ambitious objective was achieved, being the first time in history of the EDF that all available funds have been committed before the entry into force of the next EDF. The 2007 commitments amounted to **€3 636 M** exceeding the target of **€3 450 M**, including amounts that were de-committed and re-committed by the end of 2007.

### Contracts

The performance for contracts substantially exceeded the 2007 target of **€ 3 500 M** reaching **€ 3.816 M**, a new record for the EDF and a consequence of the continued efforts of 2007 in accelerating implementation.

EuropeAid Indicators defined as targets the levels of contracting to be reached by the the EDF, as follows:

% contracted on	2007 targets	Situation at 31.12.2007
2003 commitments	97 %	96 %
2004 commitments	95 %	97 %
2005 commitments	80 %	72 %
2006 commitments	59 %	65 %
2007 commitments	27 %	30 %

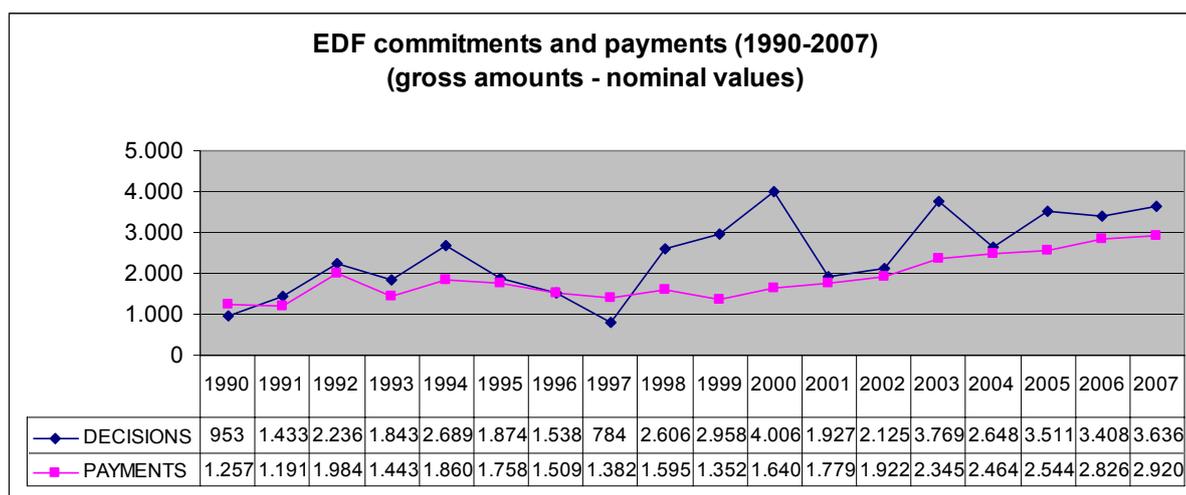
With a view to accelerate contracting, the Financial Regulation of the 9<sup>th</sup> EDF<sup>8</sup> foresees the application of a "D+3" rule – individual legal commitments must be concluded no later than 3 years from the date of the corresponding financial commitment by the Commission. The table above reflect this situation, with the residual individual commitments on 2003 and 2004 relating mostly to credits earmarked for final audits and evaluations or reserves for contingencies.

### Payments

EDF payments achieved an amount of **€ 2 920 M** which is the highest amount ever realised (e.g. €2 826 m in 2006, €2 544 m in 2005).

The initial 2007 target for payments (**€3 136 M**) was revised downwards in the context of the October Communication to the Council to **€ 3 005 M**, inter alia to take into account the fact that planned payments, such as the € 100 m for the HIPC and € 40 m for the EU-Africa Infrastructure Trust Fund, were postponed to 2008 as a consequence of delayed fulfilment of conditions for disbursement and also expectations that a cash flow shortage was going to arise in the year end. In the events, actual payments reached € 2 920 million, and would have been almost € 200 million higher except for cash flow shortages.

Since 1990, both global commitments and payments have risen steadily, reflecting faster implementation:



– *Keeping RAL stable, focusing on contracts and old and dormant commitments*

<sup>8</sup> J.O L 83, 1.4.2003, pg 1

### 5.2.1. Keeping overall RAL stable

Unspent commitments (or 'RAL', for *reste à liquider*) must be disbursed in line with the rules of sound financial management. The Commission monitors overall RAL closely.

During 2007, RAL increased from € 10.281 million to € 10.579 million (+2.9%). The increase in RAL in comparison with 01.01.2007 can be explained as follows:

Stock of RAL on 01.01.2007	10.281
plus new global commitments in 2007	3.636
Less de-commitments	464
Less payments in 2007	2.920
Plus recovery orders	45
Stock of RAL on 31.12.2007	10.579

As illustrated by the table above, an important impact in the increase in total RAL stems from the high level of global commitments in 2007 (following the ending of the Sunset clause end 2007).

#### - Focusing on implementation of "old" and "dormant" commitments

The efforts deployed in previous years to accelerate implementation continue to deliver good results.

For example, the average time taken to implement projects - measured by the ratio of RAL to annual payments – fell by 25 % between 2001 and 2007:

2001	2002	2003	2004	2005	2006	2007
4.96	4.5	4.2	4.0	4.1	3.6	3.6

Within the approach to stabilise overall RAL, the Commission carefully monitors old and dormant RAL, as defined below:

Indicator		Balance (€m)			Comment
Name	Definition	31.12.06	31.12.07		
			Target	Actual	
Old RAL	funds committed >5 years ago, still unspent	822	860	903	The Old RAL target was practically achieved
Dormant RAL	funds committed but neither contracted nor spent in >2 years	276	250	100	Dormant RAL decreased by more than 60% in 2007.

Old + Dormant RAL equalled € 1.098 at the end of 2006 and was € 1.003 at the end of 2007, which is a decrease of about 10%.

A special effort has been deployed to de-commit all outstanding commitments that were no longer necessary, in time to recommit them by end 2007. For this purpose,

the Commission defined a de-commitment target, set for end March 2007. This ambitious target has been exceeded.

The following table show the achievement in 2006 and 2007

Indicat or	Definition	Amount (€m)		
		2006	2007	
			Target (to 31.3.07)	Actual (to 31.3.07)
<i>De- commit ments</i>	<i>funds previously committed but unspent, now freed up for new programmes</i>	689	391	464

Annex 1 and 4 in the Staff Working Paper, present a detailed breakdown of the evolution of unspent funds since 2003 and totals for decommitments and recovery orders, and gross and net commitments and payments respectively.

#### 5.2.2. *Spreading commitments evenly over the year (avoiding “backloading” at year-end)*

In spite of the higher number of decisions taken to complete the commitment of the 9<sup>th</sup> EDF, the level of EDF global commitments made before end September remained at 58% as in previous year.

#### 5.2.3. *Stabex*<sup>9</sup>

In 2007, the Commission continued to implement the action plan for Stabex, which consists in approving new Frameworks of Mutual Obligation (FMO), to mobilise the outstanding funds under new programmes adjusted to current needs, with a target of having all FMO signed by end of 2008. The table below provides a provisional situation of the STABEX funds managed by the Commission as of 31/12/2007.

	2006	2007
Total funds made available (transfer agreements + interests)	2.703.475.370	2.741.845.131
FMO's signed	2.546.769.644	2.656.264.965
Funds for which FMO's remain to be signed (by 31/12/2008)	156.708.847	85.580.166
Funds mobilised	2.065.612.214	2.154.826.786
Security accounts (to be paid by 31/12/2010)	191.602.109	99.609.288

Under Article 212 of the Lomé IV Agreement, the National Authorising Officers of the ACP countries benefiting from STABEX funds are required to submit an annual report on the financial management of Stabex funds. Some of these reports on 2007 are still awaited at the time of finalising this report. As such, a more detailed reporting on the 2007 implementation of Stabex will be provided, once all the information has been received and analysed.

<sup>9</sup> Stabex was a financial instrument created by the Lomé Convention (Articles 186-212) intended to offset instability in ACP states' export earnings. The Cotonou Agreement replaced Stabex with a new instrument, Flex.

### 5.3. Co-ordinate and harmonise operations with other donors

#### – Sectoral concentration of EDF

The sectoral breakdown of EDF spending in 2007 was as follows:

Sector	Commitments		Payments	
	€m	% of total	€m	% of total
Education, health, water, basic sanitation	1.247	36%	852	31%
Transport, communications, energy	751	22%	799	28%
Agriculture, fisheries, trade, industry, tourism	373	11%	274	10%
Environment, other cross-cutting issues	324	9%	156	5%
Commodity Aid and general programme assistance (**)	461	13%	557	19%
Debt relief	23	1%	-	0%
Other, including reconstruction relief	261	7%	134	5%
Administrative costs	50	1%	61	2%
<b>Total</b>	<b>3.489</b>	<b>100%</b>	<b>2.833</b>	<b>100%</b>

\* Provisional figures

Bilateral and Multilateral ODA and OA flows

Peace Facility not included: commitments = € 147 Million, Payments = € 86 Million

\*\* Commodity aid and general programme assistance

	Commitments (€ m)	% of total	Payments (€ m)	% of total
Of which General budget support	415	12%	455	16%
Of which Food aid / food security programmes and Stabex	46	1%	136	4%
Total	461	13%	557 <sup>10</sup>	19%

#### – Funding via International Organisations

Contracts with the UN family and the World Bank Group amounted to € 432 M in 2007, or 11,3 % of the total contracts of that year. This percentage indicates a stable trend over the period 2005-2007.

In 2007 the Commission contracted:

- € 226 million with the World Bank, of which € 150 million went to Protection of Basic Services in Ethiopia, which includes the delivery of basic services in primary and secondary education, health, agriculture and natural resources and water by sub-national governments, while promoting and deepening transparency and accountability in service delivery.
- € 205 million with the UN family, and more specifically € 71.5 million with the UNICEF, € 47.6 million with the UNDP and € 11.7 million with the FAO.

<sup>10</sup> This amount includes Stabex as well as Food Aid figures, but excludes compensation for losses, debt relief and emergency relief, contrary to the payment figure of 455 given in table 4

In early 2007, joint reporting guidelines were agreed with the UN family for application to on-going contracts.

Annex 5 of the Staff Working Paper presents detailed figures on 2007 contracts, payments and amounts still to pay to the various agencies of the UN and the WB.

#### 5.4. Ensure an effective control environment and accountability

##### – *Closely monitoring transactions, using samples*

EuropeAid's control activities are based on the Financial Regulations applicable to the Budget and to the EDF. The aim is to have a balanced control system which makes it possible to achieve the objectives with regard to legality regularity and sound financial management. The primary assurance mechanism over legality and regularity is represented by the controls carried out on each and every transaction before it is authorised. Ex ante controls are important as they prevent errors and avoid the need for ex-post corrective actions and they cover both the financial and operational aspects of transactions.

The primary control mechanism is completed by ex-post controls as well as by additional audits,

The ex post control system, having undergone structural change in 2005 and methodological refinement in 2006, was not further changed in 2007 which was rather a year of consolidation of the previous changes.

The target is to carry out ex post controls on 1% of EuropeAid's transactions (payments, recoveries and clearance of prefinancing, for EDF and Budget altogether), although with minimum thresholds for the absolute number of transactions to be checked. Each transaction is studied with a view to detecting systemic problems and to detect and correct any financial anomalies which might lead to too much or too little being paid, recovered or cleared.

142 transactions were selected for control out of the basic population of 18,718 transactions (0.75% of the total number) for a value of € 961,027,683 and controls were due to be completed by the end of April 2008 for all the transactions sampled, indicating that the total number of errors is relatively low and that they do not have any major financial impact.

	No. of transactions	% of total transactions
Total transactions	18718	100%
Transactions for which controls planned	142	0.75%
- controls completed (transactions Jan-Oct 07)	119	0.63%
- controls due end Apr 08 (transactions Jul-Dec 07)	23	0.12%

In addition, the Commission:

- conducted ex-post controls of 26 transactions with which the authorising officer proceeded, despite reservations by the financial verifying officer, 11 were related to payments, the other to contractual or procurement issues. The by-pass procedure has been less utilised in 2007 than in 2006 (39 transactions);

- reviewed transactions and internal controls *in situ* in three ACP delegations identified through a risk analysis. Terms of Reference of these missions are being reviewed this year for a better harmonisation within Headquarters. Usually there are 4 verifications missions planned. In 2007 3 missions out of the four planned have been carried out due in Angola, Democratic Republic of Congo, Guinée Bissau.

– *Annual Audit Plans*

The Annual Audit Plan, established following a risk assessment, is implemented under the responsibility of the services concerned, at Headquarters and in Delegations. It aims at providing a second layer of assurance complementary to the one provided by the mandatory audits. Audits are therefore completely integrated into the whole project management cycle.

With a view to reinforcing the central monitoring on audit activities, EuropeAid carries out an analysis of audit reports finalised during the year, relating to audits included in the Annual Audit Plan. The main findings for 2007 showed a good assurance that, generally speaking, the funds have been spent in accordance with the agreement terms and conditions and that internal controls provided for the prevention and detection of errors, irregularities and fraud.

Given the variety of the audit reports, the comparison between them was difficult. The standardised Terms of Reference published by EuropeAid in September 2007 will remedy these variances and increase the report's quality (as the specific objectives with the tasks to be performed are detailed in the TOR) and facilitate their comparison (the basis will be the same).

– *Compliance with the four pillars*

The compliance analysis of international organisations' procedures with internationally accepted standards has been performed for the World Bank and twelve UN organisations (UNDP, WHO, FAO, UNHCR UNFPA, WFP, UNMAS, UNCTAD, UNRWA, UNICEF, IFAD, and UNOPS), as well as for other international organisations including ACP regional organisations. The UN analyses cover more than 97% of EuropeAid contributions to those organisations which are signatories to the FAFA.

The results of this analysis are satisfactory, showing that the organisations generally meet the standards identified for the four criteria of article 53(d) of the FR for the General Budget (accounting, audit, internal control, procurement). Where the analyses revealed that some ACP regional organisations do not fully meet the standards identified, the agreements with those entities were modified accordingly prior to signature.

## **5.5. Implement an active human resources policy and improve internal processes**

– *Implement an active human resources policy*

Following the AIDCO workload assessment, 11 additional contract agents could be recruited in 2007 in Headquarters. Whilst this mitigated our staff constraints, the

workload per staff in Directorate C remains high. Delegations in the ACP states continued to work within tight staffing constraints.

Location	Staff type	Year-end vacancy rate	
		2006	2007
ACP delegations	Officials	7%	4%
	Other staff	9%	10%
Headquarters (ACP Directorate)	Officials	0%	2,6%
	Other staff	1%	4,4%

Higher vacancy rates at year end are frictional and mostly subject to ongoing recruitment procedures.

– *Further develop information systems and improve accounting systems*

With a view to deal with the continued difficulties in the completion of the integration of EDF into CRIS and ABAC, a special plan of action has been put into place to achieve operational status from the beginning of the 2009 exercise. Developments are being accelerated for all modules, training sessions are being planned and the full system is expected to be operational soon after the closure of 2008 accounts.