



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.3.2006
COM(2006) 132 final

Proposal for a

COUNCIL DECISION

on the position to be adopted by the Community within the ACP-EC Council of Ministers concerning the multiannual financial framework for the period 2008-2013 and the modifications to be inserted in the agreement revising the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005

(presented by the Commission)

EXPLANATORY MEMORANDUM

In view of the conclusion of the negotiations on the revision of the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000 (hereinafter called the “Cotonou Agreement”), the Council made a minimum provisional commitment, for the post-9th EDF (European Development Fund) multiannual financial framework for cooperation, to “*maintain its aid effort to ACP States at least at the same level as that of the 9th EDF, not including balances; to this shall be added, based on Community estimates, the effects of inflation, growth within the European Union and enlargement to 10 new Member States in 2004*”. The equivalent of this commitment in monetary terms, based on Community estimates, came to €22 682 million. However, no agreement was reached on the period to be covered (2008-2012 or 2008-2013), the final figure (with a possible conditional tranche above the minimum) and the funding mechanism (budgetisation or a 10th EDF). The provisional multiannual financial framework included in the revision of the Cotonou Agreement¹ therefore provides in Annex Ia, point 3, that “*any required amendments to the multi-annual financial framework or relative parts of the Agreement shall be decided by the Council of Ministers by derogation from Article 95 of this agreement*”.

The European Council of 16 December 2005 then decided on the period to be covered (2008-2013), the amount allocated to the ACP (€22 682 million in current prices, excluding support expenditure) and the funding mechanism (inter-governmental European Development Fund), so the revised Cotonou Agreement can now be modified. As the period covered extends beyond the traditional five-year period, not only Annex Ia has to be amended but also Article 95 of the Cotonou Agreement, which defines the duration of the agreement, and the related financial protocols and revision clauses. To ensure coherence, it is also proposed to amend the existing 9th EDF financial protocol in order to clarify the period it covers (Annex I).

The 10th EDF multiannual financial framework for the period 2008-2013 confirms the principle of a sunset clause, which will be fully compatible with possible budgetisation later. It also opens the way for subsequent increases in Member State contributions in the light of their recent commitments to increase their official development assistance and to channel at least 50% of those increases to Africa. Moreover, the multiannual financial framework builds in enough flexibility to allow for further accommodation following the 2008-2009 budget review.

¹ OJ L 287, 28.10.2005

Proposal for a

COUNCIL DECISION

on the position to be adopted by the Community within the ACP-EC Council of Ministers concerning the multiannual financial framework for the period 2008-2013 and the modifications to be inserted in the agreement revising the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 310 in conjunction with Article 300(2) thereof,

Having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States (hereinafter called 'the ACP') of the one part, and the European Community and its Member States, of the other part, signed in Cotonou (Benin) on 23 June 2000 and revised in Luxembourg (Grand Duchy of Luxembourg) on 25 June 2005 (hereinafter called 'the ACP-EC Agreement'),²

Whereas:

- (1) Council Decision 2005/446/EC of 30 May 2005 has set at 31 December 2007 the date beyond which the funds of the 9th European development fund (hereinafter 'EDF') can no longer be committed, apart from the resources used to finance the Investment Facility³.
- (2) Annex Ia to the revised Agreement signed in Luxembourg on 25 June 2005 concerning the multiannual financial framework of cooperation under the ACP-EC Partnership Agreement for the period after the 9th EDF does not specify the exact period covered (five or six years), the amount or the financing instrument (general budget or new EDF).
- (3) Annex Ia does, however, lay down that: "Any required amendments to the multiannual financial framework or relative parts of the Agreement shall be decided by the Council of Ministers by derogation from Article 95" of the ACP-EC Agreement.
- (4) The European Council of 16 December 2005 decided on the exact period to be covered (six years), the amount (€22 682 million at current prices) and the financing mechanism (10th EDF).

² OJ L 287, 28.10.2005.

³ OJ L 156, 18.6.2005.

HAS DECIDED AS FOLLOWS:

Sole Article

The Community proposes to adopt within the ACP-EC Council of Ministers the following position on the multiannual financial framework for the period 2008-2013 on the basis of the draft Decision of the ACP-EC Council of Ministers at annex.

Minor changes to the draft decision may be agreed without need for a further decision by the Council.

Done at Brussels, [...]

*For the Council
The President*

ANNEX

Draft

Decision of the ACP-EC Council of Ministers of

specifying the multiannual financial framework for the period 2008-2013 by modifying the Agreement revising the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005

THE ACP-EC COUNCIL OF MINISTERS,

Having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States (hereinafter called the 'ACP') of the one part, and the European Community and its Member States, of the other part, signed in Cotonou (Benin) on 23 June 2000 and revised in Luxembourg (Grand Duchy of Luxembourg) on 25 June 2005 (hereinafter called the 'ACP-EC Agreement'),⁴ and in particular paragraph 3 of Annex Ia thereto

Whereas:

- (1) Annex Ia to the revised Agreement signed in Luxembourg on 25 June 2005 concerning the multiannual financial framework of cooperation under the ACP-EC Partnership Agreement for the period after the 9th European Development Fund (hereinafter called the 'EDF') lays down that the EU shall maintain its aid effort to ACP States under the revised ACP-EC Partnership Agreement at least at the same level as that of the 9th EDF, also adding the effects of inflation, growth within the EU and enlargement to 10 new Member States in 2004, but does not specify the exact period covered (five or six years), the amount or the financing mechanism (general budget or new EDF).
- (2) At the conclusion of the negotiations on the revision of the ACP-EC Partnership Agreement in Brussels on 23 February 2005 the EU undertook to propose a precise amount and the application period as soon as possible.
- (3) Annex Ia to the ACP-EC Agreement lays down that: "Any required amendments to the multiannual financial framework or relative parts of the Agreement shall be decided by the Council of Ministers by derogation from Article 95".
- (4) The European Council of 16 December 2005 decided on the exact period to be covered (six years), the amount (€22 682 million at current prices) and the financing mechanism (10th EDF),

⁴ OJ L 209, 11.08.2005; OJ L 287, 28.10.2005.

HAS DECIDED AS FOLLOWS:

Sole Article

The annexed modifications to the Partnership Agreement between the members of the ACP Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005, are approved by the ACP-EC Council of Ministers.

Done at Port Moresby, [...]

*For the Council
The President*

Annex to the Decision of the ACP-EC Council of Ministers

specifying the multiannual financial framework for the period 2008-2013 by modifying the Agreement revising the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000 and revised in Luxembourg on 25 June 2005

a) Article 95(2) of the ACP-EC Agreement is replaced by the following text:

“Financial protocols for multiannual periods shall be drawn up by the ACP-EC Council of Ministers.”

b) Point 1 of Annex I, the Financial Protocol, of the ACP-EC Agreement is replaced by the following text:

“1. For the purposes set out in this Agreement the overall amount of the Community’s financial assistance from 1 March 2000 until 31 December 2007 shall be EUR 15 200 million. This period may be revised by decision of the ACP-EC Council of Ministers in accordance with point 3 of Annex Ia to this Agreement.”

c) Following Annex Ib is inserted in the ACP-EC Agreement:

“Annex Ib - multiannual financial framework for the period 2008-2013

1. For the purposes set out in this Agreement and for a period commencing on 1 January 2008, the overall amount of the Community’s financial assistance shall be **EUR 22 682 million** under the 10th European Development Fund.
2. This sum shall be made immediately available on entry into force of the multiannual financial framework. It shall be allocated to the areas of cooperation as follows:
 - (a) EUR 18.940 million to finance **national and regional indicative programmes**. This allocation will be used to finance:
 - i. the national indicative programmes of the ACP states in accordance with Articles 1 to 5 of Annex IV to this Agreement concerning implementation and management procedures;
 - ii. the regional indicative programmes of support for regional and inter-regional cooperation and integration of ACP states in accordance with Articles 6 to 11, 13(1) and 14 of Annex IV to this Agreement concerning implementation and management procedures;
 - (b) EUR 2 242 million to finance **intra-ACP** and inter-regional **cooperation** with many or all of the ACP states, including institutional support for the CDE and the CTA referred to in Annex III to this Agreement, and for the

joint Parliamentary Assembly referred to in Article 17 of this Agreement, in accordance with Articles 12, 13(2) and 14 of Annex IV to this Agreement concerning implementation and management procedures;

- (c) EUR 1 500 million to finance the **Investment Facility** in accordance with Annex II to this Agreement on the terms and conditions of financing, including EUR 400 million for the interest-rate subsidies provided for in Articles 2 and 4 of that Annex.
3. The operations financed under the Investment Facility, including the corresponding interest-rate subsidies, shall be managed by the European Investment Bank. An indicative amount of up to EUR 1 700 million in addition to the 10th EDF shall be made available by the European Investment Bank in the form of loans from own resources. These resources shall be granted for the purposes set out in Annex II to this Agreement on the terms and conditions of financing in accordance with the conditions laid down in the statutes of the European Investment Bank and the relevant provisions of the terms and conditions for investment financing in that Annex. All other financial resources under this Protocol shall be administered by the Commission.
4. The remaining balances of the 9th and previous EDFs may not be committed after 31 December 2007 or, should it be later, after the date of entry into force of this multiannual financial framework, as well as the amounts decommitted after this date from projects under these funds, except remaining balances of the primary agricultural export receipt stabilisation guarantee system (STABEX) under the EDFs prior to the 9th EDF and the remaining balances of the amounts allocated for the financing of the Investment Facility, excluding the related interest-rate subsidies, which will be transferred to the 10th EDF where they will be used in accordance with the conditions laid down in this revised Agreement.
5. The overall amount of this multiannual financial framework shall cover the period from 1 January 2008 to 31 December 2013. After 31 December 2013 there shall be no further commitments under the 10th EDF, apart from amounts allocated to the Investment Facility, excluding related interest-rate subsidies.
6. The Committee of Ambassadors, acting on behalf of the ACP-EC Council of Ministers, may, within the overall amount of the multiannual financial framework, take appropriate measures in order to meet programming requirements under one of the allocations provided for in point 2, including the reassignment of funds between these allocations.
7. The Community and the Member States may decide at any moment to increase the overall amount of this multiannual financial framework, in particular at the time of the 2008-2009 review of the Community budget and in the light of the commitments entered into by the Member States to increase their official development assistance during the life of this multiannual financial framework. The ACP-EC Council of Ministers, will decide on the assignment of funds to the

instruments referred to in point 2 in accordance with point 3 of Annex Ia to this Agreement. The release of these additional amounts may be subject to the Council's prior examination of the results of cooperation on the basis of a performance assessment drawn up by the Commission. Such a performance assessment will in any case be drawn up by the Commission and forwarded to the Council before end of 2010. This review will cover both the degree to which funds have been committed and disbursed and results and impact. The assessment will also help to evaluate the new resources that will be required for financial cooperation under this Agreement after the 10th EDF.

8. Member States may also decide at any time on the complete or partial budgetisation of the 10th EDF. Any amendment needed to this multiannual financial framework or to the relevant elements of the Agreement will be decided by the ACP-EC Council of Ministers in accordance with point 3 of Annex Ia to this Agreement.