



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.9.2006
COM(2006) 498 final

Proposal for a

COUNCIL DECISION

amending 2003/583/EC: Council Decision on the reallocation of funds received by the European Investment Bank for operations carried out in the Democratic Republic of Congo under the second, third, fourth, fifth and sixth EDFs

(presented by the Commission)

EXPLANATORY MEMORANDUM

Background to operation

In order to act on the priorities set by the Council on General Affairs and External Relations on 28 January 2003 regarding relations with the DRC, given that the funds allocated to that country are clearly inadequate, the Commission has proposed that arrears payments for the debt in respect of the previous EDFs, instead of being returned to the Member States, be reallocated and managed by the Commission to finance operations benefiting the DRC.

Accordingly, on 21 July 2003 the Council adopted Decision 2003/583/EC on the reallocation of funds received by the EIB for operations carried out in the DRC under the second, third, fourth, fifth and sixth EDFs. This Decision provides additional funding of €105 million for the implementation of aid operations in the DRC. Article 4 of the Decision also states that this €105 million will be paid into an account and managed by the Commission, and Article 6 indicates that management will be carried out in accordance with the arrangements in force for the ninth EDF.

To ensure that these funds are used in accordance with the EDF's commitment rules and, accordingly, that reforms to support the transition process are continued, Article 4 of Decision 2003/583/EC should be aligned on the provisions of the internal agreement (Decision 2005/446/EC) by setting the deadline for committing the funds of the additional allocation at 31 December 2007. The reasons for proceeding in this way are as follows:

1. Delays in preparations for the electoral process

As a result of delays in preparations for the electoral process, it took a year longer than anticipated to complete the transition, which had initially been scheduled to end on 30 June 2005 and was subsequently postponed until 30 June 2006. The transition should culminate with the election of a new President and a new Assembly in November 2006 at the earliest.

Installing a democratically elected government will mark the effective launch of democratic transition towards the restoration of a genuine rule of law. Once that has been accomplished, the tasks for the next few years will be to institutionalise a political culture and put in place functioning institutions and infrastructure.

2. The need to provide back-up to the government in the post-transition phase and to rapidly meet emerging needs which may affect the DRC's stabilisation

Once it is up and running, the new government will face a series of demands and emergencies which must be dealt with in order to secure the peace and make progress towards the DRC's economic and social reconstruction.

The Council, the Commission and the international community as a whole have reaffirmed on numerous occasions that the political priority is to ensure a successful transition to democracy and to stabilise and consolidate the situation in the post-transition period. The General Affairs/external relation Council conclusions of 12 June 2006 and the latest conclusions of the Council (15-16 June 2006) also focus on support for the security reform process that the EU will continue to provide after the elections, and on the EU's commitment to improve governance and assist reconstruction in the post-election phase.

The international community, and the EU in particular, must be prepared to help the new government carry out its programme (public administration reform, governance, security sector reform, etc.) for at least two years after it takes office.

The post-transition phase coincides with the programming phase of the tenth EDF and should enable the Commission to increase its support to the DRC and redefine its political relationship with the new government. By virtue of Article 8 of the Cotonou Agreement, the EU can legitimately and lawfully start a dialogue on the major institutional reforms that the government should undertake to tackle the underlying causes of the crisis and relaunch the DRC's development.

Aligning the deadline for committing the funds of the additional allocation on the deadline for committing the funds of the ninth EDF will enable the Commission to continue assisting the DRC in a flexible way and to meet emerging priorities and needs.

Conclusion

For the reasons set out above, the Commission proposes that the Council adopt the attached Decision.

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amending 2003/583/EC: Council Decision on the reallocation of funds received by the European Investment Bank for operations carried out in the Democratic Republic of Congo under the second, third, fourth, fifth and sixth EDFs

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community,

Having regard to 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 2000,¹ and revised in Luxembourg on 25 June 2005,²

Having regard to the Internal Agreement of 12 September 2000 between representatives of the Governments of the Member States, meeting within the Council, on the financing and administration of Community aid under the Financial Protocol to the Partnership Agreement between the African, Caribbean and Pacific States and the European Community and its Member States signed in Cotonou (Benin) on 23 June 2000 and the allocation of financial assistance for the overseas countries and territories to which part four of the EC Treaty³ applies, and in particular Article 8(2) thereof,

Having regard to the proposal from the Commission drafted in agreement with the European Investment Bank (EIB),

Whereas:

- (1) 2003/583/EC: Council Decision of 21 July 2003 on the reallocation of funds received by the European Investment Bank for operations carried out in the Democratic Republic of Congo under the second, third, fourth, fifth and sixth EDFs⁴ indicates that the total additional allocation is made available for a four-year period as of the date on which the account is opened.
- (2) Decision 2005/446/EC of the Representatives of the Governments of the Member States meeting within the Council of 30 May 2005⁵ sets the deadline for committing the funds of the 9th European Development Fund (EDF) at 31 December 2007.

¹ OJ L 317, 15.12.2000, p. 3.

² OJ L 287, 28.10.2005, p. 4.

³ OJ L 317, 15.12.2000, p. 355.

⁴ OJ L 198, 06.08.2003, p. 9.

⁵ OJ L 156, 18.06.2005, p. 19.

- (3) Because the transition in the DRC took longer to complete than anticipated in the light of delays in preparations for the electoral process and in making the funds of the tenth EDF available, the deadline for committing the funds of the additional allocation referred to by Decision 2003/583/EC has had to be extended.
- (4) Accordingly, the deadline for committing the additional funds should be aligned with the deadline provided for in Decision 2005/446/EC,

HAS DECIDED AS FOLLOWS:

Article 1

The third sentence of the first sub-paragraph of Decision 2003/583/EC is replaced by the following:

“The deadline for committing the funds deposited on this account shall be 31 December 2007, as per Decision 2005/446/EC.”

Article 2

This Decision shall enter into force on the day of its adoption.

Done at Brussels,

*For the Council
The President*