


# Procedure file

Basic information		
INI - Own-initiative procedure	<a href="#">2012/2222(INI)</a>	Procedure completed
Preparation of the multiannual financial framework regarding the financing of EU cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014-2020 period (11th European Development Fund)		
Subject		
6.30.03 European Development Fund (EDF)		
6.40.06 Relations with ACP countries, conventions and generalities		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	<b>DEVE</b> Development		16/02/2012
		S&D <a href="#">TIROLIEN Patrice</a>	
		Shadow rapporteur	
		PPE <a href="#">PONGA Maurice</a>	
		ALDE <a href="#">MICHEL Louis</a>	
		Verts/ALE <a href="#">STAES Bart</a>	
	Committee for opinion	Rapporteur for opinion	Appointed
	<b>AFET</b> Foreign Affairs	The committee decided not to give an opinion.	
	<b>BUDG</b> Budgets		12/07/2012
		PPE <a href="#">KOZŁOWSKI Jan</a>	
	<b>FEMM</b> Women's Rights and Gender Equality		03/09/2012
		PPE <a href="#">GABRIEL Mariya</a>	
European Commission	Commission DG	Commissioner	
	<a href="#">International Cooperation and Development</a>	PIEBALGS Andris	

Key events			
07/12/2011	Non-legislative basic document published	<a href="#">COM(2011)0837</a>	Summary
13/09/2012	Committee referral announced in Parliament		
19/02/2013	Vote in committee		
27/02/2013	Committee report tabled for plenary	<a href="#">A7-0049/2013</a>	
11/03/2013	Debate in Parliament		

12/03/2013	Results of vote in Parliament		
12/03/2013	Decision by Parliament	<a href="#">T7-0076/2013</a>	Summary
12/03/2013	End of procedure in Parliament		

### Technical information

Procedure reference	2012/2222(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	DEVE/7/10555

### Documentation gateway

Non-legislative basic document		<a href="#">COM(2011)0837</a>	07/12/2011	EC	Summary
Committee draft report		<a href="#">PE497.947</a>	19/12/2012	EP	
Committee opinion	<b>BUDG</b>	<a href="#">PE500.510</a>	24/01/2013	EP	
Committee opinion	<b>FEMM</b>	<a href="#">PE500.585</a>	25/01/2013	EP	
Amendments tabled in committee		<a href="#">PE504.105</a>	30/01/2013	EP	
Committee report tabled for plenary, single reading		<a href="#">A7-0049/2013</a>	27/02/2013	EP	Summary
Text adopted by Parliament, single reading		<a href="#">T7-0076/2013</a>	12/03/2013	EP	Summary
Commission response to text adopted in plenary		<a href="#">SP(2013)442</a>	29/07/2013	EC	

## Preparation of the multiannual financial framework regarding the financing of EU cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014-2020 period (11th European Development Fund)

**PURPOSE:** to present the outlines of the future Internal Agreement on the 11<sup>th</sup> European Development Fund (EDF) for the period of the next financial framework (2014-2020).

**BACKGROUND:** this Communication and its annex are devoted to the 11th EDF and its financing for the period covering the next financial framework 2014-2020. It is based on the hypothesis of Croatia's accession and its contribution to the 11<sup>th</sup> EDF.

**Note:** the European Union maintains privileged relations with the African, Caribbean and Pacific (ACP) group of developing countries under the ACP-EU Partnership Agreement. In total, 25 Overseas Countries and Territories (OCTs) with constitutional links to Member States are associated to the EU through a regime based on the provisions of Part IV of the Treaty on the Functioning of the EU (TFEU) and the detailed rules and procedures laid down in the Overseas Association Decision (OAD) of 27 November 2001

The EDF is the main instrument for delivering EU assistance for development cooperation under the Cotonou Agreement with ACP States and for financing EU cooperation with the Overseas Countries and Territories. The EDF is funded outside the EU budget by the EU Member States on the basis of specific contribution keys. Each EDF is concluded for a multi-annual period. The [10th EDF Internal Agreement](#), establishing the resources of the 10th EDF and their share in broad sub-categories, covers the period 2008-2013, and includes provisions on implementation and financial monitoring.

In its Communication entitled [A budget for Europe 2020](#), the Commission underlined that it was not appropriate at the present time to propose that the EDF be integrated into the EU budget (EDF budgetisation). The integration of EU development cooperation with ACP States into the EU budget is foreseen for 2020, at the end of the 2014-2020 multiannual financial framework, coinciding with the year of expiry of the Cotonou Agreement.

This is the general context into which this Communication fits; it describes the main aspects likely to be covered in the Internal Agreement on the 11th EDF for the next period of financial programming.

CONTENT: the Communication presents the legal and strategic framework for the future EDF. The content and wording of the Internal Agreement will be decided by the Governments of the EU Member States. The adoption of this Internal Agreement would be followed by the adoption by the Council of an Implementing Regulation and a Financial Regulation for the 11th EDF.

Policy framework for the EUs development cooperation: the legal and policy context of EU development cooperation is defined by the Lisbon Treaty and includes a series of priorities and sectorial or transsectorial strategies such as, for example, combating climate change.

The overriding objective is still one of reducing and eradicating poverty in developing countries.

- As regards cooperation with ACP States, this EU legal and policy framework is complemented by the Cotonou Agreement, concluded between the members of the ACP Group of States on the one hand and the European Union and its Member States on the other. It runs for a twenty-year period (from March 2000 to February 2020), and entered into force in April 2003. It was designed to establish a comprehensive partnership, based on three complementary pillars: i) development cooperation, ii) economic and trade cooperation, and iii) the political dimension. The Cotonou Agreement provides for a revision clause which foresees that the agreement is adapted every five years. The second such revision was adopted in June 2010 by the ACP-EU Council of Ministers and has been applied on a provisional basis since November 2010.

- As regards the OCT/EU Association, the legal framework is more complex: i) provisions in Part IV of the TFEU; ii) the conditions and procedures laid down by several Council Decisions, the most recent of which ([Council Decision 2001/822/EC](#)) expires on 31 December 2013. The Commission is currently preparing a proposal for a new Council Decision which should enter into force on 1 January 2014 and which will constitute the political and legal framework for the 11th EDF implementation with regard to OCTs.

Main changes compared to the Internal Agreement for the 10<sup>th</sup> EDF: no major change is proposed compared to the structure of the 10th EDF.

Nevertheless, the main proposed changes are as follows:

- Member States contributions: it is proposed to further align Member States contribution keys under the EDF with the keys used for the EU budget;
- Financial allocations: the overall volumes proposed in Article 1(2)(a) for the 11th EDF for cooperation with ACP countries and OCTs are expressed in current prices to reflect more accurately inflation;
  - support expenditure: the requested funding represents 5% of the EDF credits which will be managed by the Commission. This reflects the Commissions wish to take more fully into account the real support expenditures made for programming and implementing the EDF, including the costs associated with the devolution of aid implementation and with enhanced monitoring;
  - regarding intra-ACP and interregional cooperation, Article 2(b) proposes to maintain the same share from ACP resources as in the 10th EDF. This envelope will be used in part to finance the new shock-absorbing scheme foreseen by the second revision of the Cotonou Agreement;
  - following consultation of the European Investment Bank, it appears that there is no need to replenish the Investment Facility, as sufficient funding is already available from reflows from the allocations of the 9th and 10th EDF, due to the 'revolving' nature of this Facility. However, this does not concern grants for financing interest rate subsidies and project-related technical assistance, for which an increased allocation (compared to the 10th EDF) is proposed to address the insufficient level of funding under the 10<sup>th</sup> EDF, to increase the scale of current activities and to allow for possible other types of blending mechanisms;
- Regional B-envelopes and shock-absorbing scheme: the second revision of the Cotonou Agreement foresees the creation of regional B-envelopes to cover unforeseen needs with a regional dimension (Article 9(2) of Annex IV to the revised Cotonou agreement). It also provides for the creation of shock-absorbing schemes to replace the current Flex and other ad hoc shock-absorbing schemes. These new schemes should build upon the experience of V-Flex and the Food Facility and focus on exogenous shocks with a cross-country dimension. Article 2(c) therefore proposes to include these changes in the internal agreement for the 11th EDF;
- EDF Committee: a proposed system of voting weights in the 11th EDF Committee is included, based on the proposed contribution keys.

Resources of the 11<sup>th</sup> EDF: the proposed allocation is EUR 34 275.6 million (in current prices), funded by the Member States. This sum shall be made available to developing partners following the entry into force of the multiannual financial framework.

Of this amount:

- EUR 32 218.4 million shall be allocated to the ACP Group of States broken down as follows: i) national indicative programmes; ii) regional indicative programmes; iii) intraregional cooperation; iv) to cover unforeseen needs and to mitigate adverse short-term effects of exogenous shocks; v) the EIB Investment Facility;
- EUR 343.4 million shall be allocated to the OCTs;
- EUR 1 713.8 million shall be allocated to the Commission for support expenditure as referred to in Article 6, linked to programming and implementation of the EDF.

Specific provisions for the transfer of funds from previous EDFs: provisions are laid down for the mechanism by which remaining funds for the 10th EDF may be transferred to the 11th EDF. In any event, after 31 December 2013, or after the date of entry into force of the multiannual financial framework for the period 2014 to 2020 if this falls later, balances from the 10th EDF or from previous EDFs shall no longer be committed. Funds decommitted from projects under the 10th EDF or from previous EDFs after 31 December 2013 shall no longer be committed, unless decided otherwise by the Council unanimously, on the basis of a proposal by the Commission.

Specific provisions regarding the EIB: special provisions are envisaged to define the framework for action by the EIB, besides that already foreseen

In the context of the EIB Facility. A sum of EUR 2 600 million shall be granted by the EIB from its own resources in the form of loans to beneficiary countries to fund investment projects.

Implementing provisions: lastly, the proposal envisages a series of technical provisions laying down the framework for the EDFs implementation and the Commissions responsibilities in this respect (e.g. financial implementation, preparation of accounts, audits and discharge procedure). A review clause is also envisaged.

It should be noted that, to enter into force, the proposed Internal Agreement shall be approved and ratified by each Member States in accordance with its own constitutional requirements.

## Preparation of the multiannual financial framework regarding the financing of EU cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014-2020 period (11th European Development Fund)

---

The European Parliament adopted by 547 votes to 61, with 26 abstentions, a resolution on the preparation of the multiannual financial framework regarding the financing of EU cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014-2020 period (11th European Development Fund-EDF.)

Parliament recalls the need to ensure that the 11th EDF has sufficient funding so that the Union might honour the undertakings made at international level concerning development and devote 0.7% of its GDP to development aid. It stresses that at least 90% of the appropriations under the 11th EDF for ACP states should meet the official development aid (ODA) criteria, as laid down by the OECD's Development Assistance Committee. In order to meet that objective, more needs to be done to ensure that the Millennium Development Goals (MDGs) on which the least progress is being made are met, in particular by earmarking 20 % of the 11th EDF budget for the provision of basic social services, particularly health care and basic education.

In this regard, aid should be prioritised to ensure access to basic maternal, reproductive and child healthcare, with particular emphasis on the poorest sections of the population and the fight against HIV/AIDS, with particular emphasis on aid for the most vulnerable groups in society, including women, children, and persons with disabilities.

Promoting the economic and social development of the Overseas countries and territories (OCTs): Parliament welcomes the fact that the proposal on the Overseas Association Decision (OAD) recognises the need to develop a new long-term partnership with the OCTs, centred around four new objectives:

1. boosting the competitiveness of the OCTs;
2. strengthening their adaptability;
3. reducing their vulnerability;
4. promoting their cooperation with other partners.

However, it regrets the absence of a financial instrument dedicated to the OCTs that could be integrated in the Union budget so as to allow democratic, transparent control over funding allocated by that means.

Budgetisation and financial allocation: once again, Parliament calls for the budgetisation of the EDF in the next programming period and default from 2021, with the full transfer to Section 4 of PSC (Europe in the world), as this would contribute to the more effective promotion of Union priorities and thematic support.

At the same time, Members support the Commission's proposal to earmark a total of EUR 30 319 million (at 2011 prices) to the 11th EDF, and call for the sums set aside for the 11th EDF and the other cooperation instruments, including the Development Cooperation Instrument (DCI), to be used to ensure that the Union's official development aid is maintained at its current level, or even increased.

Parliament also put forward funding priorities in this regard:

- substantial investment in disaster risk reduction ;
- the proportion of resources devoted to the intra-ACP programme to remain the same as that under the 10th EDF;
- financing the new scheme to absorb any exogenous shocks with an international dimension (in particular, financial, food or humanitarian crises) that may affect an ACP country,
- 5% of the appropriations under the 11th EDF should be used to cover Commission support costs.

Reduction of the EDF budget for 2014-2020: Parliament deeply regrets the agreement concluded by the Member States on 8 February 2013, which provides for an 11 % reduction in the 11th EDF budget proposed in July 2012 by the Commission and without the Parliament being associated with this decision. It draws attention to the glaring contradiction between the repeated undertakings given by the Council to meet development aid targets by 2015 and the substantial cuts made to international development appropriations in both national and Union budgets. It takes the view that, in making these budget cuts, the Union and its Member States, as the main ODA providers, will be held primarily responsible if the objective of reducing global poverty levels by half is not met by 2015.

Members urge that, under the 11th EDF, the proportion of resources devoted to the intra-ACP programme and regional programmes should be the same as that under the 10th EDF. The resolution states that the financial proposals for the 2014-2020 period, currently under discussion in the Council, have worrying implications for the future of European development policy, but also for the association linking the OCTs and the EU.

Parliament emphasises the importance of the Union having a budget that is capable of meeting the challenges facing it, particularly in times of crisis, as that budget provides funding, in particular for development, that could not be made available at national level. It calls, therefore, for the Union's budget to be funded from own resources, such as a financial transactions tax, so that the size of the budget is no longer just about the level of payment appropriations.

Reform of European development policy and the 11th EDF: stressing that the Cotonou Agreement should continue to be the main reference framework for the 11th EDF, Members take the view that the application of the principle of differentiation to eligibility for funding under the 11th EDF will be beneficial only if the impact is offset by a vulnerability index that supplements the GDP criterion, incorporates a national poverty and inequality index, and takes account of the specific circumstances of Small Island Developing States (SIDS). They note that ongoing close political dialogue is essential if our ACP partners are to accept the principle. They recognise, nevertheless, that the application of the principle of differentiation is a vital political tool which can be used to encourage middle and higher income ACP countries to establish a welfare state and devise national policies to redistribute wealth and tackle poverty and inequality. Differentiation should also take account of the specific

situation in fragile states. In this context, Members call for a special focus on the Sahel region and the Horn of Africa in the programming of the 11th EDF.

Development and the private sector: Parliament stresses the role of the private sector in development. It recognises that the new funding arrangements, such as combined grant/loan funding, have definite advantages in a context of ever more scarce public resources. Members welcome the recent establishment of the Results Measurement Framework (RMF), an index that enables the EIB to measure the development impact of all its operations outside the EU. They also acknowledge the importance of supporting the private sector, in particular micro-enterprises and SMEs in ACP countries, in order to encourage wealth creation and the establishment of business-friendly environments. Members emphasise, furthermore, the need to involve civil society directly in projects.

The resolution welcomes other initiatives, such as the UN initiative Sustainable Energy for All which enjoys strong support from the EU to the tune of EUR 500 million under the 10th EDF (this level of funding should be continued under the 11th EDF) or the Maputo Declaration, which was poorly honoured, when ACP states made commitment to allocate 10% of national budget revenue to agriculture and rural development.

Democratic scrutiny: Parliament reiterates the importance of observing the principle of democratic ownership, as defined in the programme for aid effectiveness and ask the ACP States to work more actively with their national parliaments, so that the disbursement of the funds provided for in each country's strategy documents is made subject to ex post parliamentary scrutiny. It believes that transparency and accountability are fundamental when allocating EDF funds and monitoring the projects financed, including direct aid to national budgets.

On the issue of budget support, Parliament notes that the latter has many advantages, because it leads to more responsible decision-making, more precise results analysis, greater policy coherence, more effective forecasting and optimum use of the funds available directly for the benefit of the population. Budget support is designed to encourage sound management of public finances by the beneficiaries and Members call for this support to remain an important aspect of the 11th EDF, subject to closer dialogue on human rights between the Commission and the ACP States.

Development effectiveness: Parliament emphasises the merits of the joint programming of aid between the Union and its Member States, given that it boosts the visibility, impact and effectiveness of European development policy, whilst preventing duplication and waste. It stresses the need, however, to clarify the rules set out in the common framework for joint multiannual programming and bring further transparency to this process.

Lastly, the Commission is asked to:

- to ensure compliance with social and environmental standards a condition for obtaining public procurement contracts financed from the 11th EDF in ACP countries;
- to promote effective and fair tax collection systems in order to improve tax collection and prevent tax evasion and the use of tax havens;
- to increase the role of women who play a crucial role in nutrition and food security, particularly in Africa, and in conflict resolution.