

ACP-EC COTONOU AGREEMENT

**AFRICAN, CARIBBEAN AND
PACIFIC GROUP OF STATES**

**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 29 May 2007

ACP/81/036/07

ACP-CE 2113/07

ACP-EC DECISION

Subject : Decision No 1/2007 of the ACP-EC Council of Ministers of 25 May 2007 on reassigning part of the reserve of the 9th European Development Fund (EDF) envelope for long-term development to the allocation for intra-ACP cooperation in the 9th EDF envelope for regional cooperation and integration

DECISION No 1/2007
OF THE ACP-EC COUNCIL OF MINISTERS
of 25 May 2007
on reassigning part of the reserve of
the Ninth European Development Fund (EDF) envelope
for long-term development to the allocation for intra-ACP cooperation
in the Ninth EDF envelope
for regional cooperation and integration

THE ACP-EC COUNCIL OF MINISTERS,

Having regard to the Partnership Agreement between the members of the African, Caribbean and Pacific Group of States (the "ACP States") of the one part, and the European Community and its Member States, of the other part, signed in Cotonou on 23 June 2000¹ as revised by the Agreement² amending the said ACP-EC Partnership Agreement, signed in Luxembourg on 25 June 2005, and in particular paragraph 8 of Annex I thereto,

Whereas:

- (1) Following the completion of the Ninth European Development Fund ("EDF") end-of-term review in accordance with Articles 5 and 11 of Annex IV of the ACP-EC Partnership Agreement, the resource allocation should be revised in the light of current needs and performance.

¹ OJ L 317, 15.12.2000, p. 3.

² OJ L 209, 11.8.2005, p. 27. Agreement provisionally applied pursuant to Decision No 5/2005 (OJ L 287, 28.10.2005, p. 4).

- (2) The funds reserved for the financing of support for regional cooperation and integration and the expected decommitments transferred to this reserve before the end of 2007 are insufficient to meet new needs for increasing the impact of intra-ACP activities.
- (3) Additional funds should be allocated to set up an intra-ACP funding mechanism for FLEX for each of the years 2006 and 2007 (application years 2005 and 2006 respectively), thereby ensuring minimal support to those countries subject to the adverse effects of instability in export earnings regardless of the level of the uncommitted balances under their national B-envelopes.
- (4) The uncommitted balances of the national B-envelopes may not cover expected needs and should be transferred to the intra-ACP reserve at the date of adoption of this Decision, to create five regionalised B-envelopes to finance future humanitarian and emergency assistance in each of these regions, based on regional solidarity, and an intra-ACP reserve for emergency assistance under Article 72(3)(a) and (b) of the ACP-EC Partnership Agreement in exceptional circumstances where such assistance cannot be financed from the Community budget.
- (5) The regionalised B-envelope for Eastern and Southern Africa and the Indian Ocean is a net amount after the deduction of EUR 20 million to compensate for the ad hoc increase in the B-envelope of Sudan funded out of the long-term development reserve; no regionalised B-envelope is being set up for the Pacific as the balances of the B-envelopes have already been used to a large extent for a regional natural disaster mitigation programme.

- (6) Additional resources should be allocated to replenish the African Peace Facility for the year 2007.
- (7) Additional resources should be allocated to finance part of the running costs of the ACP Secretariat for the year 2008 to bridge the period until the entry into force of the Tenth EDF.
- (8) Additional resources should be allocated to reinforce the intra-ACP technical cooperation facility, which is primarily used to cover technical assistance needs, especially for project preparation.
- (9) An additional contribution to the Global Fund against HIV/AIDS, Tuberculosis and Malaria (GFATM) has been requested.
- (10) A need for a further contribution to the Caribbean Knowledge and Learning Network has been identified at the ACP-EC Council of 2 June 2006 for capacity building and institutional support.
- (11) A small prudential reserve must be established to be able to meet new and unexpected intra-ACP needs in the period to 31 December 2007, including possible post natural disaster rehabilitation needs in the Pacific region which can be committed before the end of 2007 and cannot be covered by a regionalised B-envelope for unforeseen needs, and to meet possible additional transitional needs in 2008.

- (12) Funds under the Ninth EDF, including expected decommitments, can no longer be committed beyond 31 December 2007 and a mechanism has to be found to commit available balances before that date in an efficient and effective way in support of the overall objectives of the ACP-EC Partnership Agreement,

HAS DECIDED AS FOLLOWS:

Article 1

*Replenishment of the intra-ACP reserve in
the envelope for regional cooperation and integration*

1. All funds available in the long-term development reserve on 31 March 2007 and adjusted for the results of the end of term decisions which had not yet been processed in the accounts at that date, with the exception of the funds to support the Centre for the Development of Enterprise (CDE) and the Technical Centre for Agricultural and Rural Cooperation (CTA) budgets for 2008 (EUR 32 million), the funds for "high risk programmes" in countries with a signed country strategy paper (EUR 72,4 million as of 1.3.2007), the funds for political priorities in countries without a signed country strategy paper (EUR 30,2 million as of 1.3.2007) and the funds for the Somalia special assistance programme (EUR 36,1 million), shall be transferred to the intra-ACP reserve in the envelope for regional cooperation and integration.
2. All funds set aside under the reserve to support the CDE and CTA budgets for 2008 to fund "high risk programmes" in countries with a signed country strategy paper and to fund political priorities in countries without a signed country strategy paper as referred to in paragraph (1) that have not been committed by 31 October 2007 shall be transferred to the intra-ACP reserve in the envelope for regional cooperation and integration.

3. All decommitments from the Ninth EDF and previous EDFs initiated in the accounting system of the Commission as from 1 April until 31 December 2007 which accrue to the long-term development reserve shall be transferred to the intra-ACP reserve in the envelope for regional cooperation and integration.
4. All remaining funds under the national indicative programmes that become available under the long-term development reserve between 1 August and 31 December 2007 shall be transferred to the intra-ACP reserve in the envelope for regional cooperation and integration.

Article 2

Allocation of the intra-ACP funds

1. The funds available in the intra-ACP reserve shall be used for the following purposes:
 - (a) setting up:
 - (i) one intra-ACP reserve open to all ACP States for emergency assistance under Article 72(3)(a) and (b) of the ACP-EC Partnership Agreement in exceptional circumstances where such assistance cannot be financed from the Community budget; this envelope shall amount to EUR 26 741 326 and shall be constituted by taking 15 % of the amounts of uncommitted balances remaining in the B-envelopes of the constituent countries of those regions referred to under point (ii) at the date the end-of-term reallocation decisions entered into force;

- (ii) five regionalised B-envelopes amounting to EUR 17 511 615 for the Southern African region, EUR 48 920 391 for the region of Eastern and Southern Africa and the Indian Ocean, EUR 31 945 340 for the West African region, EUR 16 139 355 for the Central African region and EUR 35 422 478 for the Caribbean region, based on 85 % of the amounts of uncommitted balances remaining in the B-envelopes of the constituent countries of those regions at the date the end-of-term reallocation decisions entered into force;

the regionalised B-envelopes shall be mobilised for contributions to internationally agreed debt relief initiatives as provided for in Article 3(2)(b) of Annex IV to the ACP-EC Partnership Agreement and for humanitarian and emergency assistance in accordance to Articles 72 and 73 of the ACP-EC Partnership Agreement on the basis of regional solidarity in exceptional circumstances where such assistance cannot be financed from the Community budget;

- (b) setting up an intra-ACP FLEX programme of EUR 50 million for 2006 (application year 2005) in order to ensure minimal support to those countries subject to the adverse effects of instability in export earnings regardless of the level of the uncommitted balances under their national B-envelopes before the end-of-term review reallocation decisions entered into force;

- (c) replenishing the African Peace Facility for an amount of up to EUR 100 million as a further EDF contribution to bridge the financial gap until the entry into force of the Tenth EDF, for various peace support, training and capacity-building activities, of which EUR 45 million on the basis of the available intra-ACP funds before its replenishment referred to in Article 1 and EUR 35 million after this replenishment, and an additional amount of up to EUR 20 million which may be financed by uncommitted funds from the prudential reserves referred to in points (h) and (i) or by decommitments transferred to the intra-ACP reserve under Article 1(3) and (4) in excess of initial estimates;
- (d) complementing the institutional support given to the ACP Secretariat in order to bridge the period until the entry into force of the Tenth EDF with an amount of EUR 5,5 million to contribute to the running costs of the ACP Secretariat for the year 2008;
- (e) adding EUR 2,5 million to the intra-ACP technical cooperation facility;
- (f) mobilising EUR 4 million as an urgent carry-over of a rinderpest eradication programme in Africa (PACE);
- (g) contributing an additional EUR 5 million to the Caribbean Knowledge and Learning Network (CKLN) trust fund for capacity building and institutional support;

- (h) setting up a regional prudential reserve of EUR 10 million to supplement the regional indicative programme for the Southern African region in the case of the Milange-Mocuba road upgrading programme (Mozambique) being appraised and passing the management procedure of the EDF Committee before 1 August 2007; if this programme cannot be appraised in time, this prudential reserve shall be transferred to the intra-ACP reserve;
- (i) setting up an intra-ACP prudential reserve of EUR 15 million for new and unexpected needs which cannot be funded from the regionalised B-envelopes, including for post natural-disaster rehabilitation programmes in the Pacific region and possible additional priority transitional needs in 2008;
- (j) setting up an intra-ACP FLEX programme, provisionally fixed at EUR 35 million for 2007 (application year 2006) in order to ensure minimal support to those countries subject to the adverse effects of instability in export earnings after the regionalisation of the B-envelopes for humanitarian and emergency assistance referred to in paragraph 1(a); this programme may be supplemented by up to EUR 15 million by uncommitted funds from the prudential reserves referred to in points (h) and (i) or by decommitments transferred to the intra-ACP reserve under Article 1(3) and (4) in excess of initial estimates and the need to complement the contribution to the African Peace Facility by EUR 20 million as referred to in point (c);
- (k) complementing the support given to the Global Fund against HIV/AIDS, Tuberculosis and Malaria (GFATM) with an amount of EUR 38 million.

2. Should the amounts accrued to the intra-ACP reserve be insufficient to cover all needs identified, the programme referred to in paragraph 1, point (j) shall be reduced accordingly. Should the shortfall of funds be larger than the amount referred to in point (j), the prudential reserve referred to in paragraph 1, point (i) shall be reduced accordingly. A further shortfall of funds shall lead to a reduction of the amount referred to in paragraph 1, point (c).
3. Should the amounts accrued to the intra-ACP reserve exceed the initial estimates or should funds earmarked under paragraph 1, points (c), (d), (e), (g) and/or (i) be under-used, the additional funds becoming available above the ceiling set for the programmes referred to in paragraph 1, points (c) and (j) will be mobilised to top up the CKLN trust fund with an additional amount of up to EUR 5 million, if feasible, and subsequently, if excess funds are still available, to top up the EU-ACP Infrastructure Trust Fund as an advance on the allocations foreseen under the Tenth EDF.

Article 3

Request for support

In accordance with Article 13(2) of Annex IV of the ACP-EC Partnership Agreement, the ACP-EC Council of Ministers calls on the Commission to finance the actions laid down in Article 2.

Article 4

Entry into force

This Decision shall enter into force on the day it is adopted.

Done at Brussels, 25 May 2007

For the ACP-EC Council of Ministers

The President

Mohlabi K. TSEKOA