

ACP-EC COTONOU AGREEMENT

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

**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 13 December 2007

ACP-CE 2131/07

COVER NOTE

from : the Chairman and the Vice-Chairman of the Executive Board of the CDE
date of receipt : 13 December 2007
to : the EC Co-Chairman of the ACP-EC Committee of Ambassadors
Subject : CDE - Centre for the Development of Enterprise
- The future of the Centre and the Executive Board members' mandate

Delegations will find attached a copy of the letter received from the CDE on the above mentioned subject.

H.E. Mr. Alvaro Mendonça e Moura
co-Chairman (EC)
ACP-EC Committee of Ambassadors
175 Rue de la Loi
1048 Brussels

Dear co-Chairman,

Towards the end of its current mandate, which will expire on 9 December 2007, the Executive Board of the CDE decided unanimously at its meeting on 29 and 30 November 2007 to forward its comments concerning the future of the CDE to the Centre's supervisory authorities. We believe that, without an unprecedented mobilisation of the various parties concerned, and especially the ACP and EU supervisory bodies, the Centre will face an impasse. It is our duty, as the Centre's Executive Board, to inform you. We wish above all, and without any self-interest, to place our experience in the private sector and that acquired over the past five years within the CDE at the disposal of the ACP and EU authorities.

The Executive Board considers, overall, that the study ordered by the European Commission and undertaken by an independent consultant is pertinent. The recommendations presented to the members of the Board, as well as the ACP Secretariat and members of the ACP and EC Committees of Ambassadors, set out three hypotheses. As the Ambassador of Mauritius quite rightly suggested during the meeting to present the final report on 30 November 2007, in order to determine the final option to be retained and the accompanying "road map" it would be appropriate to form a small working group composed of representatives from the Executive Board and from the Centre's supervisory authorities.

The current Executive Board has been a strong advocate of the need to embark on the process of reforming the CDE, a reform that is awaited, moreover, by all the parties concerned. We wish, therefore, to draw the attention of the Centre's supervisory authorities to the effect of a change in the Board's current membership in terms of continuing the reform process. This leads us to suggest that the current Board should continue for a minimum period, possibly twelve months, in order to set the restructuring of the CDE in place. In the event that one of the parties does not agree, we recommend that the first two meetings of the Executive Board in 2008, which should approve the details of this restructuring, should be enlarged to include both incoming and outgoing members for the purpose of ensuring continuity in the orientations.

In addition, there are important decisions that have to be taken urgently, such as the renewal of some staff contracts, and these decisions are the sole responsibility of the Board. An interruption in the mandate of the Board at this crucial period runs the risk of serious disruption in terms of managing the Centre's human resources.

To place matters in context, we wish to remind the supervisory authorities that the members of the Executive Board receive no remuneration in this capacity. This request is prompted solely by the interest that the private sector, which we represent, manifests towards the CDE and the successful completion of its reforms.

The last meeting of the Executive Board also afforded the opportunity for many exchanges of views between the Board members, the Commission's representatives and representatives from the Centre's supervisory authorities concerning the appointment of the new Director of the CDE, which should be done in accordance with a transparent procedure and with the approval of the Board. All the parties agree that this would be a guarantee of success for the future CDE.

The study on the restructuring of the CDE sets out three options:

- suppression of the Centre
- continuation of the reforms in the framework of the current structure and activities
- creation of a "new" entity, with different activities more adapted to the EPAs and significantly enlarged and regionalised.

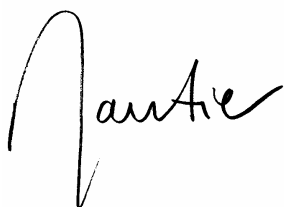
The Board members are unanimous in their wish to emphasise to the CDE's supervisory authorities that the recruitment of the new Director of the Centre must take account of the new operational framework that will emerge from the recommendations put forward by the study. In effect, if the Centre were to be suppressed, the financial implications of a three-year appointment of a new Director would be catastrophic for the organisation, as it would be obliged to cover the remuneration of the new Director for the full duration of a mandate that he would not have completed. If one of the other two options were retained, the requisite profile and skills, as well as the level of experience of the candidates for the post of Director, would be fundamentally different depending on the option chosen.

Moreover, it seems that at the current stage of discussions between the ACP and EU parties on the selection procedure itself, and contrary to the selection procedure used for the current Deputy Director, the Executive Board would no longer be consulted on the final choice of the future Director. We draw your attention to the fact that this situation would be in complete contradiction to the texts that now govern the running of the CDE, which stipulate that the Director shall report to the Executive Board and that the latter shall be accountable to the Committee of Ambassadors. You will understand that it is not acceptable that an Executive Board, irrespective of its members, is accountable for the management of a Director in whose selection the members, whether past or present, have not been consulted.

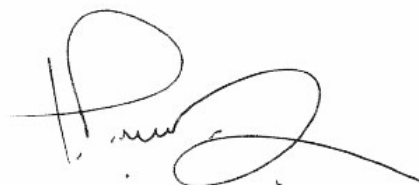
It seems, therefore, that it is technically impossible at this time to embark on a procedure to recruit a new Director for the CDE, without running considerable financial and operational risks for the Centre. Given the responsibilities that the texts confer on the Executive Board in these two domains, we hereby request the Centre's supervisory authorities to move this recruitment procedure to the agenda of the joint EU/ACP working group that should be formed rapidly in order not to delay the implementation of the reforms of the CDE.

Finally, if it were still necessary to do so, this correspondence would also serve to underline how essential it is to give priority to resolving the problems related to the CDE's governance when considering the choice of the type of reforms to be undertaken.

Please accept, co-Chairman, the assurance of our highest consideration.



Philippe Gautier
Chairman



Gaudy Maluza
Deputy Chairman

Executive Board of the CDE

copies:

H.E. Mr. Tuala Falani Chan Tung, co-Chairman (ACP) of the ACP-EC Committee of Ambassadors

H.E. Mr. Ibrahim Bocar Ba, Chairman of the Sub-Committee Investment and Private Sector

Sir John Kaputin, Secretary General of the ACP Group of States

Mr. Stefano Manservigi, Director General – Development

Mr. Koos Richelle, Director General, AIDCO

Mr. Bernard Petit, Deputy Director General – Development

Mr. Gary Quince, Director, AIDCO C