



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 5 May 2011

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PROPOSAL

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| from: | European Commission |
| dated: | 5 May 2011 |
| No Cion doc.: | COM(2011) 250 final |
| Subject: | Proposal for a Council Decision concerning the allocation of funds decommitted from projects under the 9th and previous European Development Funds (EDF) for development cooperation in South Sudan |

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Pierre de BOISSIEU, Secretary-General of the Council of the European Union.

Encl.: COM(2011) 250 final



EUROPEAN COMMISSION

Brussels, 5.5.2011
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2011/0106 (NLE)

Proposal for a

COUNCIL DECISION

concerning the allocation of funds decommitted from projects under the 9th and previous European Development Funds (EDF) for development cooperation in South Sudan

EXPLANATORY MEMORANDUM

In January 2011, the South Sudanese population voted overwhelmingly to declare independence from the north in a self-determination referendum, under the 2005 Comprehensive Peace Agreement (CPA). Independence is expected to be formally declared on 9 July 2011, the same day the CPA expires.

The European Union and its Member States have welcomed the result of the referendum and look forward to further developing a close and long-term partnership with South Sudan, while supporting a smooth and peaceful transition towards a stable and democratic independent state of South Sudan. To this end, work on joint programming between the EU and Member States has already begun, in close cooperation with local authorities and actors on the ground.

Following independence, South Sudan will have to face numerous humanitarian and socio-economic challenges in a context of reduced state capacity. Given the circumstances, external aid will become all the more crucial for a long period of time to assist South Sudan in fighting extreme poverty, empowering local communities and delivering early peace dividends to the population. Although South Sudan is expected to request accession to the Cotonou Agreement, it will take time before 10th European Development Fund (EDF) comes on stream following accession. Pending full accession to the Cotonou Agreement and other multilateral funding frameworks, there is therefore a risk of a "funding gap" in the immediate post-referendum phase, during a period when South Sudan will remain very fragile, with a high risk of state failure.

Already in July 2010, Council Decision 2010/406/EU of 12 July 2010 allocated EUR 150 million of de-committed funds from the 9th and previous EDFs for the purpose of addressing the needs of "the most vulnerable populations in Sudan". Of this sum, EUR 85 million are earmarked for South Sudan. However, such an amount can be considered insufficient to cope with the immense needs of state- and capacity building as well as the development needs of the South Sudanese population. It is therefore deemed necessary to make additional funds available until South Sudan's full accession to the Cotonou Agreement.

Through the attached decision, the European Commission proposes to allocate an additional amount of EUR 200 million of de-committed funds from the 9th and previous EDFs, in accordance with the procedure envisaged in Article 1 (4) of the 10th EDF Internal Agreement, for the purpose of supporting South Sudan's state- and capacity building as well as development needs.

It thus proposes that the Council adopts the attached Decision on allocating an amount of EUR 200 million of de-committed funds from previous EDFs for South Sudan. A Financing Decision providing more detailed programming will be prepared subsequently.

Proposal for a

COUNCIL DECISION

concerning the allocation of funds decommitted from projects under the 9th and previous European Development Funds (EDF) for development cooperation in South Sudan

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular article 217 thereof,

Having regard to the proposal from the European Commission,

Having regard to the Internal Agreement between Representatives of the Governments of the Member States, meeting within the Council, on the Financing of Community Aid under the Multi-annual Financial Framework for the period 2008 to 2013 in accordance with the ACP-EC Partnership Agreement and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the EC Treaty applies¹, and in particular Articles 1 (4) and 6 thereof,

Whereas:

- (1) South Sudan is expected to formally declare its independence from the North on 9 July 2011, as a result of a self-determination referendum held in application of the 2005 Comprehensive Peace Agreement;
- (2) In the post-independence phase, the newly created State of South Sudan will have to cope with numerous humanitarian and socio-economic challenges in a context of reduced governance capacity and political fragility. In these circumstances, external aid is likely to become all the more important to assist South Sudan in fighting extreme poverty, empowering local communities and delivering early peace dividends to the population;
- (3) South Sudan is expected to request accession to the Cotonou Agreement soon after its independence. However, it will take time before 10th EDF funding becomes effectively available following accession, thus entailing the risk of a financing gap in the meantime;
- (4) Council Decision 2010/406/EU of 12 July 2010 concerning the allocation of the funds decommitted from projects under the ninth and previous European Development Funds (EDF) for the purpose of addressing the needs of the most vulnerable

¹ OJ L 247, 9.9.2006, p. 32.

population in Sudan² decided on a first allocation of EUR 150 million for the purpose of addressing the needs of "the most vulnerable populations in Sudan". Of this sum, EUR 85 million have been earmarked already for South Sudan. Such an amount is however considered insufficient to cope with the immense needs of state- and capacity building, as well as the development needs for the majority of the population;

- (5) In order to bridge the remaining financing gap, it is appropriate to allocate to the benefit of the population and public institutions in South Sudan more funds decommitted from the 9th and previous EDFs;
- (6) The funds should be used to support the implementation of the "Three Year Southern Sudan Development Plan (2011-2013)", on the basis of financing decisions to be adopted by the Commission. Provision should also be made to cover the cost of support measures;
- (7) For the purpose of simplification, these funds should be managed according to the implementation arrangements for the 10th EDF.

HAS ADOPTED THIS DECISION

Article 1

- (1) An amount of EUR 200 million from funds decommitted from projects under the 9th EDF and previous EDFs is allocated for the purpose of development cooperation in Southern Sudan. 3% of this amount is allocated for support expenditure by the Commission.
- (2) These funds shall be managed in accordance with the rules and procedures applicable for the 10th EDF.

Article 2

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

Done at Brussels, [...]

For the Council
The President

² OJ L 189, 22.7.2010, p. 14