Council of the
European Union

Brussels, 3 May 2016
(OR. en)

8261/16

ACP 49
FIN 246
RELEX 306
COAFR 113
ONU 43
CFSP/PESC 340

NOTE

From:	Political and Security Committee
To:	Permanent Representatives Committee
Subject:	Financing of the African Peace Facility (APF) for the period mid-2016 to end 2018

1. The ACP-EU African Peace Facility (APF) was created on 11 December 2003 by Decision No 3/2003 of the ACP-EC Council of Ministers[1].

2. The financing of the APF is ensured through the European Development Fund (EDF). According to the latest estimates, meeting the APF financing needs for the activities currently envisaged during the period mid-2016-2018, will require additional funds estimated at EUR 685 million (EUR 150 million for 2016, EUR 340 million for 2017 and EUR 195 million for 2018), to which an additional EUR 25 million[2] (representing 3.45% of the needs) should be added for the management of these funds by the Commission (support expenditure). The total amount needed is therefore EUR 710 million (EUR 155 million for 2016 and EUR 555 million for 2017-18).

1 OJ L 345, 31.12.2003, p.108.
2 This amount may vary according to scenarios, because the additional Commission expenditure (3.45%) is only needed for the management of the decommitted funds. For the management of 11th EDF funds, the corresponding Commission expenditure is already included in the total amount agreed for the 11th EDF in the 11th EDF Internal Agreement.

3. In its conclusions from 7 July 2015, PSC agreed on the need to improve the predictability of the financing of the APF and invited EEAS/Commission services to make concrete proposals.

4. The Commission initial proposal (Annex - option A) to finance the APF up to end 2018 by using decommitted funds from previous EDFs (8th, 9th and 10th EDF - the so-called 'réserve non-mobilisable') was discussed at the ACP and COAFR Working Parties at the beginning of the year and later as well at the PSC.

5. Given that these discussions did not lead to an agreement by delegations as positions were far apart between a few delegations on one side and a large group of Member States on the other hand, and following bilateral consultations, two new proposals were presented, both set out in Annex: option B, presented by the Commission services (financing EUR 610 million through decommitments from the 10th EDF and EUR 100 million from the funds of the intra-ACP reserve of the 11th EDF) and option C, presented by a delegation (variation of option B: EUR 355 million through the use of the decommitments from the 10th EDF coupled with the use of EUR 350 million from 11th EDF National Indicative Programmes (NIPs) / Regional Indicative Programmes (RIPs). These proposals were examined in the ACP Working Party in a joint meeting with COAFR but without finding an agreement.

6. At its meeting on 21 April 2016, PSC reverted to the discussions on the basis of the three proposals mentioned in paragraphs 4 and 5. Several delegations favoured option A, the financial predictability and the fact that Member States contributions would remain stable until 2018, were seen as an advantage. Option C was promoted because it was seen as an equitable solution through combining the use of decommitted funds from the 10th EDF only and reserves from the 11th EDF. A large number of delegations, including many favouring option A, were ready to align themselves with option B in the spirit of compromise. In the end, several Member States stated they could not further compromise and some asked for a discussion amongst Ministers.

7. Given that no consensus was found on any of the suggested proposals, the issue is therefore referred to Coreper for further discussion with a view to reaching an agreement on the financing of the APF for the period mid-2016-2018.

ANNEX

Scenario	Source of funds: (EUR million)				APF financing covered up to, with:		Financing gap in:		DEVCO comments
	decommitments		reserves		(8/9) & 10th EDF	+ Intra-ACP (11th EDF)	2016(¨)	2017(°)	
	8/9th	10th	11th Intra-ACP	11th NIP/RIP			(month)	(month)	All 3 scenarios include a Council decision, 1 amendment of the 2014 – 2016 Pluriannual Action Programme (PAP) & adoption of 2017-2018 PAP.
A. COM initial proposal	200	510	0	0	Dec 2018	-	**6**	NO	- use of RNM only, 8/9 included; - full financial predictability up to end 2018, no gap in 2017-2018; - quickest process to mobilise funds (1 Council decision); - least burden process to operationalise (only 1 amendment PAP 2017-2018) - maximum flexibility for MTR and future new initiatives; - no adjustment of MS contributions in 2017.
B. COM compromise (PSC 13/4)	0	610	100	0	Sept. 2018	Dec. 2018(*)	**6**	NO	- highest use of 10th EDF RNM, no use of 11th NIP/RIP; - full financial predictability up to end 2018, no gap in 2017-2018; - 2 procedures to mobilise funds (Council + Intra-ACP); - 2 amendments of the PAP 2017-2018; - maximum flexibility for MTR and future new initiatives; - adjustment of MS contributions in 2017.
C. Mid-way (FR - PSC 13/4)	0	355	100	255	July 2017	Oct. 2017	**6**	2(°°)	- low use of RNM, high use of 11th NIP/RIP; - low financial predictability for 2017-2018, gap in end 2017, possibly prolonged in 2018; - 3 procedures to mobilise funds (Council + Intra-ACP + Joint ACP-EU decision); - 1 (possibly 2) amendment(s) of the PAP 2017-2018; - less flexibility for MTR and future initiatives; - adjustment of MS contributions in 2017.
									(15/04/2016)rev4

(¨) due to the long & inconclusive discussions of the PSC on the Commission initial proposal
(°) in addition to the gap in early 2017 for all scenarios due to delay in approval of PAP 2017-2018
(°°) with realistic risk of some more months (slippage in procedure involving Joint ACP-EU institutions)
(*) However, the Intra-ACP funds should be available as from Dec. 2016, in time for inclusion in the PAP 2017-2018 (no amendment needed).