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From: ACP Working Party

To: Permanent Representatives Committee (Part 2)/Council

No. Cion doc.: 11672/13 - COM(2013) 445 final

Subject: Draft Council Regulation on the implementation of the 11th European Development Fund
- Adoption

1. On 24 and 26 June 2013 Member States of the European Union signed the Internal Agreement establishing the 11th European Development Fund¹. This Agreement is to enter into force on the first day of the second month following the notification of its ratification by the last Member State. The ratification procedures of the Internal Agreement are currently underway.
2. Article 10 (1) of the Internal Agreement provides that the 11th EDF Implementation Regulation shall be adopted by unanimity, on a proposal by the Commission and after consulting the EIB.

¹ Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies (OJ L 210, 6.8.2013, p.1).

3. On 26 June 2013 the Commission submitted to the Council a proposal for a Council Regulation on the implementation of the 11th European Development Fund².
 4. On 2 December 2013 the European Investment Bank delivered its opinion³.
 5. The ACP Working Party amended the Commission proposal and agreed on the text on 26 March 2014.
 6. Against that background, COREPER is invited to confirm the agreement and to recommend that the Council, as an "A" item on its agenda:
 - adopt, following the entry into force of the Internal Agreement establishing the 11th European Development Fund and acting by unanimity, the Regulation as set out in document 10176/14 after finalisation by the legal/linguistic experts;
 - agree that the statement by the Commission set out in the annex to this note be entered in the minutes of the Council's meeting.
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² Doc. 11672/13.

³ Doc. 17219/13.

**Statement by the Commission on
Article 7(2) of the 11th EDF Implementation Regulation**

With regard to the establishment of a Performance Based Mechanism mentioned in Article 7(2), the Commission acknowledges that an incentive-based approach works best when a critical mass of funding is available, in order to generate significant impact and results, where allocations form part of a broader strategy of EU engagement. The Commission is fully committed to the development of such a mechanism and has initiated a reflection process with Member States to this end.

In relation to the volume, two major initiatives undertaken under the 10th EDF were (i) the Governance Incentive Tranche (a planned amount of 2.7 billion euros of which 2.3 billion euros were ultimately allocated to ACP countries) and the initiative in favour of the acceleration of the attainment of the Millennium Development Goals (1 billion euros).

Moreover, in order to allow for sufficient leverage under the Performance Based Mechanism, the Commission will ensure that at least 2 billion euros will be available under the reserves of unallocated resources, for allocations to ACP countries in line with the criteria of this mechanism, for the period 2014-2017.

Unallocated resources are resources which have not been earmarked for allocations to countries or regions or Intra-ACP cooperation. In accordance with the Cotonou Agreement and as was the case under the 10th EDF, allocations to countries or regions can be increased from unallocated resources through ad hoc reviews. These allocations can also be revised upwards or downwards at the occasion of mid-term and end-of-term reviews. In case of decrease, the respective amounts are integrated in the reserves of unallocated resources.

In accordance with Article 9 of Council Decision of 26 July 2010 establishing the organisation and functioning of the European External Action Service, work on these issues is prepared jointly by the relevant services in the EEAS and in the Commission.
