

Title of the initiative: **Communication 10<sup>th</sup> EDF performance review**  
Type of initiative (CWP/Catalogue/Comitology): **2010 CWP**  
Lead DG: **DG DEV/I**  
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## Initial IA screening & planning of further work

### A. Context and problem definition

(i) What is the political context of the initiative? (ii) How does this initiative relate to past and possible future initiatives, and to other EU policies?

The Cotonou Agreement foresees a performance review of the 10<sup>th</sup> European Development Fund (EDF) to be undertaken on the basis of a proposal to be prepared by the Commission in 2010. This review shall contribute to a decision on the amount of the financial cooperation with the Africa Caribbean Pacific (ACP) states after 2013 (Annex Ib, §7) and on a possible release of funds decommitted after 31.12.2007 from previous EDFs (Annex Ib, §4).

The bulk of the financial cooperation with the ACP states is currently not included in the EU budget, but stems from the inter-governmental European Development Fund set up by the Member States. The total amount of the 10<sup>th</sup> EDF for the period 2008-2013 is €22,6 billion, or about €3,8 billion yearly on average.

The performance review will not only look at the degree of realisation of commitments and disbursements under the 10<sup>th</sup> EDF in the period since 2008, but shall also assess the results and impact of the aid provided.

This review will also be a contribution to the Commission wide exercise for the preparation of the post-2013 financial framework, as it is expected to present a methodological framework for the calculation of the post-10<sup>th</sup> EDF financial allocations and contribute to the decision on the post-10<sup>th</sup> EDF financial envelope. It is also linked to the Budget Review exercise since the Commission is expected to propose the integration of the EDF into EU budget ('EDF budgetisation') for the period after 2013, something which should therefore also be argued for in the context of the Budget Review.

What are the main problems identified?

- Performance of EDF programmes
- Continued existence of funding in ACP countries from both the inter-governmental EDF and from the normal EU budget (thematic lines, instrument for stability, etc)
- Organisation of Pan-African activities
- Operationalisation of Aid effectiveness principles
- Verification and coherence of EU external action in line with Lisbon Treaty

Who is affected?

Primarily the ACP partner countries

(i) Is EU action justified on grounds of subsidiarity? (ii) Why can the objectives of the proposed action not be achieved sufficiently by Member States (necessity test)? (iii) As a result of this, can objectives be better achieved by action by the Community (test of EU Value Added)?

The aim and need of joint action by EU Member States was already defined by the establishment of the 10<sup>th</sup> European Development Fund. The performance review is a direct result hereof.

## **B. Objectives of EU initiative**

What are the main policy objectives?

To take stock of overall implementation of development cooperation with the ACP states under the 10<sup>th</sup> EDF, not only with regard to the degree of realisation of commitments and disbursements under the 10<sup>th</sup> EDF, but also as regards the results and impact of the aid provided. The resulting Commission communication to the Council and complementary Staff Working Paper shall contribute to a decision on the amount of the financial cooperation with the ACP states after 2013.

Do the objectives imply developing EU policy in new areas or in areas of strategic importance?

Not into new areas. It is, however, a key contribution to the future (post 2013) financial framework for EU development policy, as well as the future of the relationship with the ACP.

## **C. Options**

(i) What are the policy options? (ii) What legislative or 'soft law' instruments could be considered? (iii) Would any legislative initiatives go beyond routine up-date of existing legislation?

1) The Commission tables a Communication which will provide an assessment of the implementation of the 10<sup>th</sup> EDF, half way the 2007-2013 period. It will identify key features of successes and challenges, therefore laying the ground for discussions with key stakeholders (Member States, European Parliament, ACP partner countries) on the future of EC-ACP Cooperation. It will identify lines of reflections, and possibly options, regarding objectives and principles of ACP cooperation. Concrete proposals are expected at a later stage in the context of the post-2013 framework.

2) Status quo / no Commission action/ no proposal submitted to the other institutions which would lead to the non-respect of a legal commitment.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

The Communication will relate to development cooperation in the ACP countries. However, it might touch upon activities of other policy areas insofar as these have their relevance for the cooperation activities with ACP countries. It is also linked to the EIB's level of activities in ACP countries since the funding is also partially assigned to EIB for implementation.

Explain how the options respect the proportionality principle

The Communication is a result of a requirement laid down in existing legislation (Cotonou Agreement).

#### **D. Initial assessment of impacts**

What are the significant impacts likely to result from each policy option (cf. list of impacts in the Impact Assessment Guidelines pages 32-37), even if these impacts would materialise only after subsequent Commission initiatives?

1) By tabling this Communication the Commission will identify key features of successes and challenges, lines of reflections, and possibly options, regarding objectives and principles of ACP cooperation. These will be subsequently discussed by and with the Council, and contribute to the decision about the amount of the financial cooperation with the ACP states after 2013. It will thereby have an affect on the population of ACP states, both directly as a result of the activities implemented with the foreseen resources, as well as indirectly through the actions by its governments which are shaped taking also into consideration the dialogue with the EU which is part of the cooperation framework. The Communication also aims to contribute to the effort to progress on identified problems regarding the ACP cooperation, such as the operationalisation of the aid effectiveness principles or the organisation of pan-African activities.

2) In case no Commission proposal would be submitted to the Council, this would imply the non-respect of a legal commitment laid down in the ACP-EC Partnership Agreement ('Cotonou Agreement' - Annex Ib), which would negatively effect the relations with Council. This Commission Communication regarding the EDF performance review should set the stage for a decision on the amount of the financial cooperation with the ACP states after 2013. Failing to submit it would therefore also mean that the outcome of the discussions in Council regarding the future of the financial cooperation with the ACP states at least would be more uncertain, and it would fail to take on board the Commission's point of view.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation?

Not within the current Multiannual Financial Framework 2007-2013. As the communication is to set the stage for the post-2013 financing for ACP countries, and since the Commission is expected to propose EDF budgetisation for this post-2013 period, there could be an impact on the EU budget in the long run.

Could the options have significant impacts on (i) simplification, (ii) administrative burden or on (iii) relations with third countries?

Yes, on relations with third countries. The possible impact relates to the resources available for cooperation with the ACP countries and to the modalities of their implementation, as the EDF underpins our cooperation with ACP countries.

#### **E. Planning of further impact assessment work**

When will the impact assessment work start?

As this is an established policy and instrument, and the current initiative is aimed at reviewing the performance of this instrument, no formal IA is foreseen.

(i) What information and data are already available? (ii) Will this impact assessment build on already existing impact assessment work or evaluations carried out? (iii) What further information needs to be gathered? (iv) How will this be done (e.g. internally or by an external contractor) and by when?  
(v) What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

(i) Information on the quantitative aspects of the 10<sup>th</sup> EDF activities (e.g. commitments/decommitments and disbursements levels) is largely available internally with Commission services, or available through international statistics (e.g. on needs in ACP countries influenced by poverty levels, population growth, etc).

(iii) However, for the qualitative aspects an external study is foreseen, either to gather and analyse additional info, or to analyse in more detail information gathered through other exercises, primarily the mid-term review of the 10<sup>th</sup> EDF country strategies.

These qualitative aspects primarily relate to the European Consensus for Development and its various main themes, notably progress towards achieving the Millennium Development Goals (MDGs) set out by the international community under the auspices of the United Nations progress in finalising and implementing Economic Partnership Agreements (EPAs) with our partner countries, and in regional integration amongst partner countries. They further relate also to the implementation at the operational level of the EU engagements on aid effectiveness; and to the involvement of new stakeholders such as civil society, private sector, local authorities and ACP national parliaments.

(iv) The external study is foreseen to be launched in March/April, with intermediate results expected around July and final results in October/November 2010.

Which stakeholders & experts have been/will be consulted, how and at what stage?

Consultations with the ACP group of partner countries, with Member States, EP, and possibly other stakeholders, notably Non State Actors, are foreseen during the second and third quarter of 2010 and later as a follow-up to the Communication. Consultations would primarily be through formal and informal meetings, while online consultation might also be used.