



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 02.04.2004
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Proposal for a

COUNCIL DECISION

on the position to be adopted by the Community within the ACP-EC Council of Ministers regarding a decision on the use of the reserve of the long-term development envelope as well as resources from the Investment Facility of the ninth European Development Fund for the establishment of an ACP-EU Water Facility

(presented by the Commission)

EXPLANATORY MEMORANDUM

The European Community plays an active role in the EU Water Initiative launched during the World Summit on Sustainable Development (WSSD). This initiative has the objective to make substantial contributions to poverty reduction, the main objective of both the ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000 and the Community Development Policy.

The EDF being the major source of funding of Community Aid to ACP countries, (any further) contributions to new initiatives for the benefit of ACP countries should come from the EDF. The amount earmarked for intra-ACP co-operation under the 9th EDF is too limited to cover all initiatives. The 9th EDF reserves should therefore be mobilised.

In accordance with the Cotonou Agreement and the Internal Agreement between EU Member States, the Commission's services have proposed to the EDF Committee to ensure support from the Community to the Water Initiative by transferring the unallocated resources remaining under the 9th EDF reserve for regional co-operation (€24 million) to the allocation for intra-ACP co-operation and to use these funds for a contribution to an ACP-EU Water Facility. (This reserve was replenished with the same amount by a decision of the EU Council of Ministers on the partial release of the conditional billion under the 9th EDF.) The EDF Committee has expressed a positive opinion on this proposal at its 381st meeting on 30 March 2004.

This proposal leads to full absorption of the envelope for regional co-operation. Under these circumstances, the ACP-EC Council of Ministers can take appropriate measures in accordance with paragraph 8 of the 9th EDF Financial Protocol, which can be applied when funds provided for in any of the instruments of the Cotonou Agreement are exhausted.

Against this background, the Commission proposes that the Council adopt the enclosed decision on the position to be adopted by the Community within the ACP-EC Council of Ministers regarding the transfer of €185 million from the reserve (unallocated resources) of the 9th EDF long-term development envelope as well as €41 million from the 9th EDF Investment Facility, to the allocation for intra-ACP co-operation, to be used for the establishment of an ACP-EU Water Facility. Together with the above-mentioned increase of €24 million of the intra-ACP allocation, this will lead to a total amount of €250 million for a first allocation to the Water Facility.

In the light of the outcome of the mid-term reviews of the Country Strategies of ACP countries and of the Council's performance review of the EDF by end 2004, the Council will decide by March 2005 at the latest on the mobilisation of a second allocation of €250 million to the Water Facility and on the use of the remaining €500 million of the conditional billion under the 9th EDF.

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on the position to be adopted by the Community within the ACP-EC Council of Ministers regarding a decision on the use of the reserve of the long-term development envelope as well as resources from the Investment Facility of the ninth European Development Fund for the establishment of an ACP-EU Water Facility

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 310 in conjunction with the second subparagraph of Article 300(2) thereof,

Having regard to the proposal from the Commission,

Whereas:

- (1) At its 2509th session on 19 May 2003 the EU Council of Ministers acknowledged the need to mobilise a significant amount of resources for water and sanitation and asked the Commission to draw up practical proposals for discussion within the EU and the ACP-EC Council of Ministers.
- (2) At its 2571st session on 22 March 2004 the EU Council of Ministers agreed on the establishment of a Water Facility for ACP countries and agreed to consider an amount of €500 million out of the conditional €1 billion under the 9th European Development Fund for this Water Facility. It also agreed to release immediately a first allocation of €250 million from the conditional €1 billion and to decide at the latest by March 2005 on the mobilisation of a second allocation of €250 million and on the use of the remaining €500 million of the conditional €1 billion;
- (3) Article 15 of the ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000 establishes an ACP-EC Council of Ministers with powers to take decisions in accordance with the Agreement and Paragraph 8 of Annex I to that Agreement (Financial Protocol) allows the ACP-EC Council of Ministers to take appropriate measures if funds provided for in any of the instruments of the Agreement are exhausted;
- (4) Funds from the 9th EDF envelope for regional co-operation and integration are exhausted. The Community's position within the ACP-EC Council of Ministers should therefore be established with a view to its adopting a decision on the Community's contribution to the establishment of an ACP-EU Water Facility, from the reserve of the long-term development envelope and from the Investment Facility of the ninth EDF

HAS DECIDED AS FOLLOWS:

Sole Article

The Community shall take the following position within the ACP-EC Council of Ministers on the use of the reserve of the 9th EDF long-term development envelope and resources from the Investment Facility for the establishment of an ACP-EU Water Facility, based on the attached draft decision of the ACP-EC Council of Ministers.

Done at Brussels,

*For the Council
The President*

ANNEX

DRAFT

DECISION OF THE ACP-EC COUNCIL OF MINISTERS

on the use of the reserve of the long-term development envelope as well as resources from the Investment Facility of the ninth European Development Fund for the establishment of an ACP-EU Water Facility

THE ACP-EC COUNCIL OF MINISTERS,

Having regard to the ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000, and in particular Paragraph 8 of its Annex I,

Whereas:

- (1) At its 2571st Session on 22 March 2004 the EU Council of Ministers agreed on the establishment of a Water Facility for ACP countries and agreed to consider an amount of €500 million out of the conditional €1 billion under the 9th European Development Fund for this Water Facility. It also agreed to release immediately a first allocation of €250 million from the conditional €1 billion and to decide at the latest by March 2005 on the mobilisation of a second allocation of €250 million and on the use of the remaining €500 million of the conditional €1 billion. The first allocation of €250 million is distributed as follows over the envelopes referred to in paragraph 3 of the 9th EDF Financial Protocol: €185 million to the envelope for support for long-term development, €24 million to the envelope for regional co-operation and integration and €41 million to the Investment Facility.
- (2) The European Commission notified to the ACP Council of Ministers the increase of the 9th EDF intra-ACP allocation by € 24 million and proposed that these resources be used for a contribution to an ACP-EU Water Facility.
- (3) To ensure support for the implementation of the EU Water Initiative in ACP countries, it is appropriate to allocate resources to intra-ACP co-operation for a total amount of €500 million, of which a first allocation of €250 million can be made available from the resources released by the EU Council of Ministers. However, the envelope for regional co-operation and integration as defined in Paragraph 3(b) of annex I (Financial Protocol) to the ACP-EC Partnership Agreement is exhausted. The necessary resources must therefore be transferred from unallocated resources of the 9th EDF long term development envelope and from the Investment Facility, referred to in Paragraph 3(b) and (c) of the Financial Protocol.
- (4) Article 15 of the ACP-EC Partnership Agreement signed in Cotonou on 23 June 2000 establishes an ACP-EC Council of Ministers with powers to take decisions in accordance with the Agreement.

HAS DECIDED AS FOLLOWS:

Article 1 – Establishment of an ACP-EU Water Facility

An amount of €226 million, consisting of €185 million from the reserve of the 9th EDF long-term development envelope and €41 million from the 9th EDF Investment Facility, shall be transferred to the intra-ACP allocation under the envelope for regional co-operation and integration, and used for the establishment of an ACP-EU Water Facility. Together with an amount of €24 million already available under intra-ACP co-operation, a total amount of €250 million will thus be made available for the first instalment of the ACP-EU Water Facility.

Article 2 – Second instalment

Subject to the release of a second allocation by the EU Council of Ministers of €250 million from the €1 conditional billion under the 9th European Development Fund, this amount will be used for a second instalment of the ACP-EU Water Facility.

Article 3

In accordance with Article 13(2) of Annex IV to the ACP-EC Partnership Agreement, the ACP Council of Ministers requests the Commission to finance support for the ACP-EU Water Facility from intra-ACP co-operation for the amounts referred to in Articles 1 and 2.

Done at

*For the ACP-EU Council of Ministers
The President*