



EUROPEAN COMMISSION

Directorate-General for International Cooperation and Development

Resources and Centre of Gravity of Human Resources in Delegations

Local Support and Logistics

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11.04.2016*

Final minutes of main conclusions

472nd Meeting of the EDF Committee **Brussels, 26 January 2016**

CHAIR of the meeting

Ms Carla MONTESI, Director DEVCO E, West and Central Africa

PARTICIPANTS to the meeting

DEVCO participants: Units 06, B4, C3, C5, D1, D2, D3, E1, E2, R5

EEAS participant: Division Africa.1

NUMBER OF VALID VOTES

Total number of votes present (qualified majority: 721 votes out of 1000 from at least 15 Member States):

- A point (Rwanda): **934 votes from 16 Member States**

Member States present: BE, DE, IE, EL, ES, FR, HR, IT, LU, MT, NL, AT, PL, FI, SE and UK.

- Democratic Republic of the Congo: **954 votes from 18 Member States**

Member States present: BE, CZ, DE, IE, EL, ES, FR, HR, IT, LU, MT, NL, AT, PL, PT, FI, SE and UK.

- Contributions to the African Investment Facility (AfIF) – for Central Africa, Western Africa, Eastern Africa, Southern Africa and Indian Ocean and Madagascar-, Support Expenditures: **960 votes from 19 Member States**

Member States present: BE, CZ, DE, IE, EL, ES, FR, HR, IT, LU, HU, MT, NL, AT, PL, PT, FI, SE and UK.

RESULT of the meetings

The EDF Committee approved by consensus without formal vote the following point on the agenda:

1. Individual Measure in favour of **Rwanda** ((Strengthening Public Finance Management II/Statistics) Economic Governance Support Programme).

The EDF Committee unanimously approved the following points on the agenda:

2. Individual Measure in favour of the **Democratic Republic of the Congo** (Programme de Renforcement de l'Offre et Développement de l'Accès aux Soins de Santé en République démocratique du Congo (PRO DS)).
3. Contribution to AfIF for **Central Africa**.
4. Contribution to AfIF for **Western Africa**.
5. Contribution to AfIF for **Eastern Africa, Southern Africa and the Indian Ocean**.
6. Contribution to AfIF for **Madagascar**.
7. **Support Expenditures** for monitoring and evaluation of EU funded projects and programmes.

The EDF Committee discussed as a point for information the implementation of the **11th EDF rules of procedure** in 2015. COM proposed to have a presentation on the special measure in favour of **Sudan** and subsequently run a written procedure but MS requested to discuss it at the next committee meeting.

ITEMS ON THE AGENDA

1. APPROVAL OF THE AGENDA

The agenda was approved without any modifications.

2. APPROVAL OF THE MINUTES OF THE 471st EDF COMMITTEE MEETING (back-to-back with the 130th DCI SOUTH AFRICA) OF 17 NOVEMBER 2015

The minutes were approved with two small changes requested by ES for Ivory Coast and IE on the DCI South Africa

3. FOR OPINION

A POINT

1. RWANDA

Result: positive opinion by consensus without formal vote.

UK suggested the inclusion of an additional risk around users' confidence and trust in the data that are produced.

B POINTS

2. DEMOCRATIC REPUBLIC OF THE CONGO

Result: unanimous positive opinion.

Discussion

COM insisted on some of the replies that it had provided also in writing, since they touched upon issues raised by several MS: on donor coordination, COM apologised for not mentioning SE and recalled that the group is coordinated by UK; there were two restitution sessions in Kinshasa in June and October 2015; COM had agreed to take over from BE in some areas and discussions are going on also with UK; the mitigation measures have been so effective that during the 10th EDF the project has never stopped, not even during the uprising; to avoid duplication, COM is most likely to take part in a trust fund on Public Finance Management (PFM) issues together with BE, UK and the World Bank (WB) where the Ministry of Health is a pilot ministry for the development of a Directorate of Administrative and Financial issues. This is expected to help mobilising own resources and improving financial management of the sector.

SE invited COM to keep regularly updated all MS missions of the coordination efforts in Kinshasa. UK said that the proposal could be strengthened with further emphasis on the quality of health service and highlighted the particular needs of girls and women. Besides, UK enquired on the conditionality that COM would put in place for the implementation of the measure. EL asked how COM intends to articulate its humanitarian action in the DRC with this measure on health; according to EL, important mitigation measures are required and particular attention should be given to the issue of sexual violence against women. FR wondered how COM is going to ensure the sustainability of the programme and to make sure that the authorities take over in funding it; in this respect, FR recalled that Congolese authorities had committed to spend 15% of the state budget in health care at Abuja Summit back in 2000 but that the expenditure are still totalling around 3.8%.

COM replied that there will be more emphasis on the quality approach for health care and that violence against women is taken into consideration; however, there is no specific initiative since COM is in favour of an integrated approach, i.e. it wants to consider all health problems of the population in the same way. The phasing out of the salary supplements is a major concern for the programme and COM is currently in a stage of consolidating its approach before bringing down the funding. COM is also supporting the World Health Organisation (WHO) and its specialists to strengthen the policy dialogue in the country. To link relief and rehabilitation to development, the national authorities will be accompanied in this transitional phase by Non-Governmental Organisations (NGOs) that have an appropriate expertise. Moreover, the programme aims to improve the institutional capacities of the provincial government. Concerning the violence against women, the programme builds on the lessons learnt and best practices of the pilot project of the European Parliament (EP) on sexual violence in DRC. The budget for audit and monitoring is quite important but the amount to be audited is also high and there are transport costs to be taken into account as well. The Chair added that COM shares the concern of MS on the commitment of the authorities and reminded MS that 2016 is an electoral year in the DRC.

3-6. CONTRIBUTIONS TO AfIF - GENERAL

FR said to appreciate the flexibility in the implementation of AfIF and asked to get an indicative calendar of commitments. FR noted with satisfaction that COM guaranteed to have consultations with MS on the list of projects and welcomed the fact that COM takes into account the level of indebtedness of the partner countries, especially for Central Africa, for which the envelope is quite thin. The question of the end of AITF is particularly important for West Africa, since continuity of the pipeline should be ensured. UK suggested having a greater focus on private sector in Central Africa and wondered which decisions could be taken should the security situation deteriorate in the region. On West Africa, UK requested more information on the indicators of the core financial institutions and how gender balance will be monitored. When it comes to Eastern Africa, according to UK the major constraints are the lack of expertise and the weak capacities of the institutions. On Madagascar, UK said that the leverage ratio is much smaller than for other programmes. DE regretted the complexity of the governance structures for the blending instruments and wished to know the global figures for blending operations. Moreover, DE inquired on the organizational structure of the complex system (in Brussels and on site) and on administrative costs that such structures and blending operations imply. SE declared to have the same concerns as DE regarding the efficiency of blending activities. ES welcomed the written reply of COM on how it evaluates a country's debt sustainability when assessing a country capability to use blending. ES considers that debt sustainability is a very important factor to be taken into account when deciding the best instrument/modality to finance a project. ES underlined the importance of following the recommendations of the EU Platform for Blending in External Cooperation (EUBEC Platform) regarding the participation of non EU financial Institutions in the blending frameworks. ES asked the Commission to inform Board members before each session of which non-European Financial Institutions were going to attend the meeting as observers. Moreover ES claimed that while the European Investment Bank (EIB) had a role of leadership in the past, it has been less visible more recently. ES asked whether COM intended to fund the water sector with AfIF and proposed to try to get the adequate conditions to favor private sector participation in Central Africa.

The Chair replied that the report of the Court of Auditors remains an important starting point and that COM will do its best to make the blending framework as light as possible and with the least possible costs. COM reminded DE and SE that the existing framework – with the three respective instruments (ENI, EDF, DCI) was the result of two-year discussions and that the proposal which was implemented was initially proposed by FR, DE, IT and ES. The solutions that were found are complex; nonetheless, they provide great transparency when it comes to the amounts. Financial institutions have a paramount role in the formulation of the projects and the EIB has been extremely active in building the pipelines. The report of the Court of Auditors was issued two years ago and COM is currently finalising the implementation of many of its recommendations; some of the recommendations have to be implemented for every single programme or project, for example COM has reinforced the way it verifies the added value of each financing request. The fees that the EU has to pay to the financial institutions are particularly low if compared with other aid modalities: they total on average 1.5% and are not higher than the costs of identification and formulation of projects. The COM also emphasised that the complex governance structure is the result of and applies the existing Financial Regulation which has been negotiated and agreed with the Member States. Concerning the list of those attending the Board meeting, all the financial institutions are put in copy of the e-mails with which COM invites MS. The ex-ante evaluation is a requirement of the Financial Regulation and has been carried out for every

blending facility. COM will share ex ante evaluations with MS. Blending does not operate in a silo and synergies are sought with operations that COM has in the same sector, even with other modalities, also in order to encourage capacity-building. In the context of the EUBEC platform standardised indicators have been developed. When it comes to the leverage ratio, it is usually of 1 to 20/– up to 22 but in Africa it is lower (1 to 15). The ratio reflects the sustainability – also debt sustainability – and risks existing in a region.

DE said that if the leverage is so good, COM should do more blending. COM said that it shares DE's concern about costs and efficiency of the complex structure and informed that an external evaluation on blending will be ready by the end of the year, so it will be soon clear whether the cautious optimism of COM is justified. COM also highlighted, however, that to do more blending more projects need to be submitted by the financial institutions.

3. CONTRIBUTION TO AfIF - CENTRAL AFRICA

Result: unanimous positive opinion.

Discussion

COM said that it fosters private sector involvement but, given the difficult political situation, this has had a limited scale and this is why it is not more emphasised in the document. To increase security, the EU should invest more, spend more and then there would be less leverage. The policy of the EU since the adoption of the Agenda for Change has been to concentrate in a few focal sectors and water was not among them; besides, other donors are active in this sector.

4. CONTRIBUTION TO AfIF - WEST AFRICA

Result: unanimous positive opinion.

Discussion

COM explained that the political objectives of the Regional Indicative Programme (RIP) do not necessarily cover the all range of possible projects. There are, however, thematic envelopes, with programmes such as Elecrify or Agrify, and bridges between them and AfIF are possible; programmable aid is conceived per sector and some National Indicative Programmes (NIPs) allow blending operations to take place, like for example in vocational training for Nigeria or in rural electrification in Togo. COM added that in the ITF there was the Sustainable Energy for All initiative but in the meanwhile many financial institutions have developed initiatives which are very local in nature.

5. CONTRIBUTION TO AfIF – EASTERN AFRICA, SOUTHERN AFRICA AND INDIAN OCEAN

Result: unanimous positive opinion.

Discussion

As far as the capacities of regional and national institutions are concerned, COM pointed out that in the Indicative Programme for the region in total EUR 600 million is allocated to

infrastructure development. Out of this total, EUR 75 million is set aside for capacity building and support to strategic and regulatory frameworks, with the caveat that these funds cannot be used for feasibility studies of individual projects.

6. MADAGASCAR

Result: unanimous positive opinion.

Discussion

COM acknowledged that the leverage ratio is lower than for other regions or countries but underlined that there are very few partner on the ground and that the leverage ratio is anyway in the boundaries established by the Financial Regulation.

7. SUPPORT EXPENDITURES

Result: unanimous positive opinion.

Discussion

DE wondered how communication and visibility activities relate to the policy evaluation reports, as there is no budget for such activities in the support expenditures while there has to be a diffusion of the reports. FR stressed the paramount importance of integrating the results of the evaluations into the formulation of further programmes and projects as well as in the development and implementation of policies and strategies. UK recalled that COM had promised an update on Results Oriented Monitoring in 2015.

COM explained that communication and visibility have a specific section in the templates for external actions while monitoring and evaluation are meant to be internal activities, since they have to help COM and the partners to monitor the programmes. When it comes to evaluations, the costs do not include dissemination but the results of the evaluations are taken into account already at the formulation phase; on the other hand, for dissemination COM relies on an ad hoc approach.

4. AOB

1. 11TH EDF RULES OF PROCEDURE

DE recalled to have sent a paper which was distributed to COM before the meeting through CIRCABC. DE lamented that the timetable of the forward-looking planning is not regular and that it is not included in a single document with the calendar of committee meetings. Moreover, DE proposed to have discussions on items of common interest, like blending or fragile States. Besides, DE proposed some criteria to determine A and B points. Overall, DE stressed that a crucial point is to get information in advance and encouraged COM to include also information on which projects were discussed on the spot between the EU Delegation and MS missions. FR welcomed the introduction of the table with the adoptions by COM on CIRCABC and, though recognising that the system has worked well so far, asked on which criteria COM differentiates between A and B points. NL underlined that the division between A and B points has helped the EDF Committee to work more efficiently so far. ES recognised the punctuality in the transmission of the documents for opinion that COM has had since the entry into force of the 11th EDF but highlighted that the points for information touch upon

horizontal issues, most of time of strategic nature, and as such getting also information documents well in advance would facilitate the discussions. Moreover, ES backed DE proposals to get information on the exchanges that COM has with MS on the ground. UK wondered how cross-cutting horizontal issues are put on the agenda and pointed out that the questions and answers are key to the decision-making of the EDF Committee; as such, without further administrative burdens for COM, it should be advisable to link the Q&As with the minutes. As far as the progress report on the implementation of the EDF is concerned, UK suggested that, without prejudices for the competences of the Council, it should be submitted to the EDF Committee as well.

COM recalled that each time that the forward-looking planning was not sent within the deadline, a message was sent out to MS to explain why; this has happened twice and notably now in January 2016 because the exercise of forecasting is still going on until the end of January-beginning of February and it would make little sense to send out an unreliable planning. Cross-cutting issues are already being put in the planning but important coordination efforts are necessary on COM's side and so a balance has to be stricken between the interest shown by MS and the maturity of COM services to come for a presentation before the EDF Committee. Of course, COM is open to the suggestions of MS. To have a tracking paper for every meeting that the Delegations have with MS missions on the ground would be quite cumbersome, as this is daily business for the Delegations. Concerning the progress report on the EDF implementation, this has to be done in the Council, as the legal provisions of the Implementation Regulation oblige to do; nevertheless, if there are specific needs or elements of the report that MS would like to discuss in the EDF Committee, this can be arranged. The Chair added that COM always encourages coordination with MS and invited MS not to forget to communicate their intentions when they implement projects and programmes in third countries, so that better coordination can be ensured. COM proposed not to formalise the criteria to determine A and B points, since including all annual action programmes, individual measure and budget support operations, together with the programming documents, would mean having about 90% of the measures as B point, therefore coming back to the system of the 10th EDF.

DE clarified that it does not want to increase the administrative burden and would like to suggest the adding of just a sentence to say that there has been coordination with MS on the spot. The Chair proposed that COM mentions when the coordination took place when doing its presentations. On the criteria followed to choose whether a point should be A or B, COM explained that, apart from programming document, which are always B points, there has been an evaluation on a case-by-case basis, and programmes politically sensitive or for which it was felt that a debate with the MS was necessary were put as B point. The Chair added that whenever MS judge that a discussion is needed on a specific issue, even at the very last minute, COM changes an A point into a B one.

2. SPECIAL MEASURE ON SUDAN

The Chair said that one single point for opinion is foreseen for the EDF Committee of 18 February and wondered whether it would not be better to run a written procedure instead of having the meeting. Several MS, however, requested to hold a discussion on the special measure for Sudan and were not ready to back the idea of the written procedure. The Chair clarified that COM would inform shortly MS whether it intends holding the meeting in February or delay the Sudan special measure to March.

VISA OF THE CHAIR: CARLA MONTESI 04.02.2016