



European Union

EXTERNAL ACTION

Developing a new Performance Mechanism for the European Development Fund

Presentation on 19 May 2014

Why a new mechanism for the EDF?

- ❑ Agenda for Change:

"EU support to governance should feature more prominently in all partnerships, notably through incentives for results-oriented reform ..."

- ❑ Criticism of allocation formula: not enough weight to performance
- ❑ Request by MS to explore possibilities to attach more weight to performance
- ❑ Agreement on establishing a performance mechanism to be applied to funds in EDF reserve

Agreement in EDF committee on:

- Provide incentive / reward performance
- Provide funds ex post, not ex ante
- Ownership, performance based on countries priorities
- Solid analysis, clear criteria, but no "one size fits all"
- Credibility, disbursement based on real achievements
- Exogeneous factors important, but no excuse for bad performance
- Political and policy dialogue

How to proceed and work ahead

- Initial discussion with Member States in February 2014
- Developing possible options (past experiences, other models, politically acceptable, feasible and managable)
- Discussing options with Member States
- Taking final decision about the new mechanism (end 2014)

Key questions

Why a new mechanism rewarding performance?

- Sending out a political message what EU values
- Incentivize and encourage more reforms
- Encourage achievement of measurable results, more effectiveness
- More efficient use of mix of *ex post* and *ex ante* funding
- Satisfying MS and their constituencies about responsible spending
- ...

Key questions

WHAT

Rewarding performance in governance
definition of governance, definition of good performance

HOW

Which indicators (for all the same, country-tailored, picking from set ...)
Competition (best performers only), no competition (all good performers)

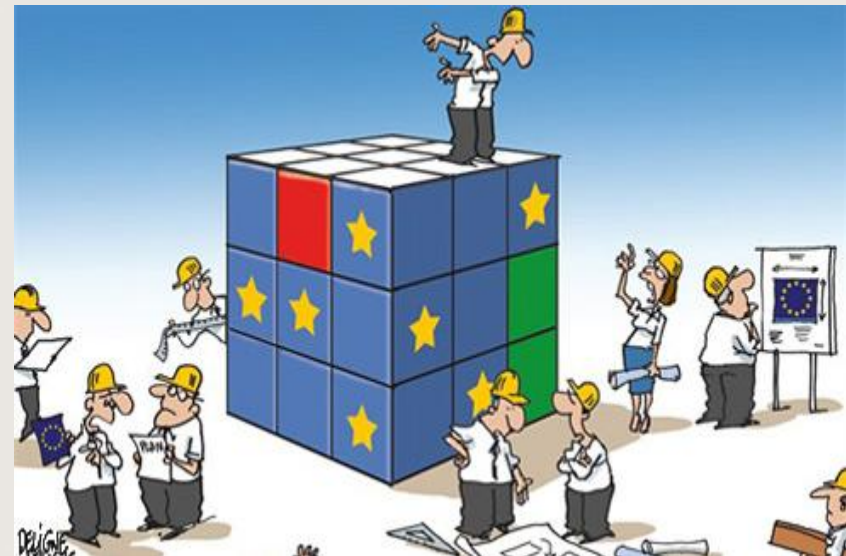
WHEN

When to assess (all at the same time, together with review processes)

IMPLEMENTATION (easy to handle in delegation, no new projects, where to spend additional funds, budget support – no budget support)

EU as a donor

- ❑ EU and Member States – reconciling different approaches
- ❑ European Development Fund – Cotonou Agreement, 80 countries
- ❑ Programming Phase 2014-2020:
 - allocations decided
 - NIPs almost finished
- ❑ Other initiatives / programmes
 - Budget support
 - Democracy support
 - Joint Programming
- ❑ Coordination with Member States



Next steps...

- First report with options to be discussed and finalized by EEAS/DEVCO
- Next workshop with Member States in autumn: discussing options and how to proceed
- Developing details of new mechanism
- Final decision end of 2014
- Implementation starting end of 2014/beginning 2015