

EXPLANATORY MEMORANDUM FOR EUROPEAN COURT OF AUDITORS REPORT

UNNUMBERED

Court of Auditors Special Report no: 32 The European Union Trust Fund for Africa: Flexible but lacking focus

Submitted by Department for International Development on 19 December 2018

SUBJECT MATTER

1. The European Court of Auditors (ECA) Special Report sets out the results of the ECA's audit of the EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (EUTF). The Report examines the design and implementation of the EUTF from its establishment at the Valletta Summit on Migration, in November 2015 to the end of February 2018.
2. In 2014, the number of migrants attempting to reach Europe via its southern borders increased drastically, prompted by instability in Libya and Eritrea and across the Horn of Africa region, as well as across the Sahel and Lake Chad regions. The European Council decided to respond to this crisis by convening an international summit to discuss migration issues with African states and other key countries. The Valletta Summit resulted in a common declaration and an Action Plan and the Constitutive Agreement, officially establishing the EUTF with its accompanying strategy.
3. The EUTF is intended to address forced displacement and irregular migration and their drivers in 26 countries across three regional 'windows' (Sahel and Lake Chad, North Africa and the Horn of Africa). The EUTF aims to achieve this through projects focused on four agreed objectives: (1) contributing to better migration management; (2) improving governance and preventing conflicts; (3) providing economic and employment opportunities; and (4) enhancing resilience, addressing the needs of refugees and the most vulnerable.
4. The EUTF is governed and managed by the Trust Fund Strategic Board chaired by the Commission (Directorate General for International Cooperation and Development) and assisted by the European External Action Service (EEAS) and other Commission services. The Strategic Board is composed of representatives of the Commission acting on behalf of the European Union representatives of EU Member States and non- EU Member States (as full members), as well as representatives of African partner countries and regional organisations (as observers).

5. Since 2017, the European Parliament has been granted an observer status at the Strategic Board. The Trust Fund Strategic Board provides strategic guidelines on the use of the funds. The EUTF is also governed and managed by Operational Committees (OpCom) for each regional window to examine and approve actions. It is composed of representatives of the Commission, the EEAS, representatives of the EU Member States and non- EU Member States, as well as representatives of African partner countries and regional organisations. The management of the EUTF is ensured by the Commission (trustee) which acts as the secretariat of the Trust Fund Strategic Board and Operational Committees.
6. The ECA audit examined the effectiveness of the EUTF's **design** and **implementation** and presented a number of both positive and critical findings. The audit included a comprehensive analysis of the EUTF, consisting of:
 - A desk review of document evidence, such as programming documents and monitoring and project evaluation reports;
 - On-the-spot visits to Niger and the EU delegation to Libya and
 - Interviews with EUTF staff across the Commission, as well as the EU Special Representative for the Sahel, the EU delegations (EUDELs) for Niger and Libya, a number of donors to the EUTF and authorities from African countries. The UK is not listed in the report as one of the donors interviewed.
7. In terms of the design of the EUTF, the ECA audit sets out its view that the broad objectives of the Trust Fund have facilitated flexibility to support different and evolving situations, but this flexibility has been less useful for steering action across the three windows and allowing a strategy that is focused enough to ensure optimal impact.
8. The audit highlights that the Commission has not comprehensively analysed and quantified necessary actions under the Trust Fund. The audit also highlights that, to date, strategic guidance provided to the managers of the three windows of the Trust Fund has not been specific enough, and the pooling of resources and capacities of donors is not yet sufficiently effective.
9. In terms of the implementation of the EUTF, the audit notes that the procedures for selecting projects varied between the windows of the EUTF and that the criteria for assessing project proposals were not sufficiently clear or documented.
10. The audit notes that overall the EUTF has facilitated the rapid launch of a number of projects when compared to traditional instruments such as the European Development Fund (EDF). However, many EUTF projects face similar challenges to traditional instruments, that delay their implementation which means that it is difficult to deploy exceptional assistance in emergency scenarios.

11. The audit outlines that while the EUTF has adopted a common monitoring system, it is not yet fully operational and the three windows use different systems for monitoring performance. The audit notes that project objectives were often not SMART (specific, measurable, achievable/attainable, realistic/relevant, in time) and indicators used for measuring project performance lacked baselines.
12. Overall, the ECA Special Report concludes that the EUTF is a flexible instrument that has delivered positive concrete results since its inception, but considering the unprecedented challenges that the EUTF seeks to address, it lacks the focus required to make it a fully effective instrument. The Special Report concludes that the EUTF would have benefited from more focus to efficiently steer action and measure impact.
13. Based on the findings of the audit, the ECA Special Report outlined a number of immediate recommendations:
 - improve the quality of the objectives of the EUTF;
 - revise the selection procedure for projects;
 - take measures to speed up implementation;
 - improve the monitoring of the EUTF

SCRUTINY HISTORY

14. None.

MINISTERIAL RESPONSIBILITY

15. The Secretary of State for International Development is responsible for UK policy on EU development matters.

INTEREST OF THE DEVOLVED ADMINISTRATIONS

16. The UK's Foreign Affairs, Defence, and International Development policies are reserved matters under the UK's devolution settlements and no devolved administration interests arise. The devolved administrations have therefore not been consulted in the preparation of this EM.

LEGAL AND PROCEDURAL ISSUES

- i. Legal basis: This is not a proposal for legislation. It is a Special Report of the European Court of Auditors pursuant to Article 287(4) TFEU.
- ii. European Parliament Procedure: Not applicable.
- iii. Voting procedure: None.
- iv. Impact on United Kingdom Law: None.

- v. Application to Gibraltar: None in respect of this document, although EU law on development issues does apply to Gibraltar.
- vi. Fundamental rights analysis: No fundamental rights issue arises from this Report.

APPLICATION TO THE EUROPEAN ECONOMIC AREA

17. None.

SUBSIDIARITY

18. No issue of subsidiarity arises from this document.

POLICY IMPLICATIONS (including exit implications where appropriate)

- 19. On 23 June 2016, the people of the United Kingdom voted to leave the European Union in the EU referendum. The Government triggered Article 50 of the Treaty on the European Union on 29 March 2017 to begin the process of exit. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will also continue to negotiate, implement and apply EU legislation.
- 20. The UK strongly supports the EUTF. We recognise many of the positive aspects, in addition to the operational issues needing improvement that were identified by the ECA's audit (noting also that these operational issues arise in part from the rapid development of an instrument of this kind, at considerable scale, and in regions and countries that often present particular challenges). The EUTF is well aligned with UK overarching global and regional objectives, most notably: strengthening resilience and response to crisis; strengthening global peace, security and governance; and tackling extreme poverty and helping the world's most vulnerable. The EUTF also contributes to broader HMG objectives on unmanaged migration, and peace and security. The EUTF remains a key instrument in joint European efforts to tackle unmanaged migratory flows from Africa.
- 21. The UK proactively engages proactively with the EUTF for Africa to ensure that the Trust Fund remains focused on a coherent approach. Officials play an active role in steering the use of Trust Fund funding through Steering Boards and Operational Committees, as well as engaging bilaterally with the Commission and other Member States to influence programming and strategy. We will continue to examine the findings in the ECA report and aim to improve on programme management of the fund where there is a need to do so, through our own interventions and influencing others.

22. The UK directly contributes €6 million (£5.34 million) to the EUTF, specifically to the Horn of Africa (€3 million / £2.67 million) and North Africa (€3 million / £2.67 million) regional windows. In addition, approximately 15% of the €3.7 billion (£3.3 billion) provided to the EUTF from EU funds (approximately €550 million/ £490 million) is attributable to UK ODA.
23. The UK will continue to make payments to the EUTF following UK exit from the EU. Payments to the EUTF are covered in the Article 50 Withdrawal Agreement. The Withdrawal Agreement also makes clear that the UK will continue to participate fully in the EUTF until its closure. Payments include the outstanding direct contribution to the Horn of Africa window which stands at € 1.2 million (£1.069 million) (2 x €600,000, £534,408) to be submitted in April 2019 and April 2020. In addition to the outstanding direct contribution to the North Africa window which stands at € 2 million (£1.78 million) (2 x €1 million / £890,680) to be submitted in July 2019 and July 2020.
24. The UK has played a leadership role in challenging the European Commission to improve the functioning of the EUTF for Africa, particularly on the need for a robust monitoring and evaluation framework. We also work actively to ensure that EUTF projects are developed and implemented on a 'do no harm' basis. This includes pressing the EU on risk management and mitigation at the EUTF Strategic Board, where we will participate at least until end 2020 under any Exit scenario. We are pleased with the progress made over the last year.
25. At the last EUTF Strategic Board Meeting, there was a continued discussion on the new strategic focus on six key areas (return and reintegration; refugees management; progress on the securitization of documents and civil registry; anti-trafficking; stabilization efforts in Somalia, Sudan and South-Sudan and in the Sahel and migration dialogues), as well as an agreement on efforts to improve implementation, and more effective monitoring and results reporting.
26. Noting continuing efforts by the Commission, we support the recommendations outlined in the Report, including the headline recommendations to improve the quality of the objectives of the EUTF; to revise the selection procedure for projects; to take measures to speed up implementation and to improve the monitoring of the EUTF.
27. The Prime Minister has set out our vision for a deep and special partnership with the EU after we leave. It is in our mutual interests to be strong partners after the UK has left the EU, and that we continue to work coherently in response to specific crises overseas and helping the world's most vulnerable – including our joint efforts to tackle unmanaged migration. The UK has been clear that it will uphold its commitment to the EUTF.

CONSULTATION

28. No consultation is required for this Report.

IMPACT ASSESSMENT

29. No Impact Assessment is required for this Report.

FINANCIAL IMPLICATIONS

30. There are no financial implications as a result of this report.

TIMETABLE

31. These issues will continue to be discussed at the EUTF Strategic Board meetings – attended by both EU and African partners, which meets at least once a year to discuss and agree a refined strategic approach, including agreement of further prioritised spend (last Strategic Board Meeting 21/09/2018). Issues will also be discussed at the EUTF Operational Committee meetings for each of the regional windows. The next Operational Committee meetings for the North Africa, Horn of Africa and Lake Chad and Sahel windows are scheduled to take place in December 2018 and in early 2019.



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