External actions: financing instrument for cooperation with industrialised and other high-income countries and territories

2009/0059(COD) - 21/04/2009 - Legislative proposal

PURPOSE: to amend Regulation 1934/2009/EC establishing a financing instrument for cooperation with industrialised (ICI) with a view to extending its geographical scope to the DCI countries.

PROPOSED ACT: Council Regulation.

BACKGROUND: since 2007 the Community has streamlined its geographical cooperation with developing countries in Asia, Central Asia, and Latin America and with Iraq, Iran, Yemen, and South Africa under Regulation (EC) No 1905/2006 establishing a financing instrument for development cooperation (DCI). The scope of cooperation for the geographic programmes with developing countries, territories and regions established under the Regulation is furthermore limited materially to financing measures to eradicate poverty through the pursuit of the Millennium Development Goals (MDGs).

It is in the Community's interests to further deepen its relations with the developing countries concerned, which are important bilateral partners and players in multilateral for a (e.g. Brazil, India or China). It therefore needs a financial instrument that allows the financing of such measures which, by their nature, do not qualify as Official Development Assistance.

For that purpose, four Preparatory Actions were set up in the 2007 and 2008 budget procedures to initiate enhanced cooperation in business and scientific exchanges with countries in Asia and Latin America. It is however necessary to provide a legal basis for this specific type of cooperation in order to formalise these exchanges with high-income group countries.

IMPACT ASSESSMENT: the Commission considers **4 policy options**: 1) No EU action: cooperation with the countries concerned remains strictly in the framework of the DCI regulation; 2) amend DCI Regulation: add an additional strand to the regulation to finance 'non-ODA activities' with a ring-fenced amount; 3) amend ICI Regulation: extend the geographical scope of the regulation to DCI countries with a ring-fenced amount; 4) table a new instrument.

The different options have been analyzed on the criteria of coherence, efficiency and effectiveness. Option 1 is not considered a valid option in view of the need to fill the legislative gap. Option 2 would be the most coherent, but it is not recommended as it would bring different objectives under the same regulation: eradicating poverty and fostering Community interests. In conclusion, Option 3 is considered the most appropriate and effective legislative option in view of the major simplification of the financial instruments.

CONTENT: the proposal thus intends to extend the geographical scope of the countries covered by the DCI Regulation which was initially set up for industrialised and high-income countries. The primary objective of cooperation shall be to provide a specific response to the need to strengthen links and to engage further with them on a bilateral, regional or multilateral basis in order to create a more favourable environment for the development of the relations of the Community with these countries and territories and promote dialogue while fostering Community's interests. It shall be aimed at engaging with partners which share similar political, economic and institutional structures and values to the Community and which are important bilateral partners and players in multilateral fora and in global governance.

Two annexes have therefore been included in the Regulation:

- Annex I (existing) covering industrialised and other high-income countries and territories ;
- Annex II (new) covering DCI developing countries (46 countries).

Furthermore, in duly justified circumstances and in order to foster regional cooperation, the Commission may decide when adopting action programmes that countries not listed in the Annexes are eligible, where the project or programme to be implemented is of regional or cross-border nature.

BUDGETARY IMPLICATIONS: additional appropriations are requested for this new type of cooperation – corresponding to the continuation of the 2007 to 2008 preparatory actions. As a result, although the financial envelope amounts to EUR 176 million, the budgetary impact is **EUR 67.5 million from 2010 to 2013** to cover activities relating to the follow-up of these actions.