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

2009/0059(COD) - 21/10/2010 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 586 votes to 27, with 10 abstentions a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories.

The Parliament adopted its position at first reading under the ordinary legislative procedure (formerly known as the codecision procedure). The amendments adopted in plenary are the result of a compromise reached between the European Parliament and the Council. They amend the Commission's position as follows:

Distinction between Regulation No 1934/2006 and Regulation No 1905/2006: extending the geographical scope of Regulation (EC) No 1934/2006 brings the developing countries concerned within the scope of two different external action financial instruments. It is therefore necessary to distinguish between these two instruments. Measures which fulfil **the ODA criteria as set by the OECD** will be financed under Regulation (EC) No 1905/2006, whereas Regulation (EC) No1934/2006 will apply exclusively to measures which, in principle, do not fulfil those criteria. The title of the Regulation is therefore modified with this in mind.

Partner countries: the amended regulation establishes a list of partner countries. It covers industrialised and other high-income countries and territories covered by Regulation (EC) No 1934/2006, which are listed in Annex I, and developing countries covered by Regulation (EC) No 1905/2006, which are listed in Annex II (e.g. Brazil, India, China…). It should be noted that the extension of the geographical scope should not have as an effect the placing of industrialised and other high-income countries in a less favourable position.

Objective of cooperation: the amended text specifies that the Regulation must support not only economic, financial and technical cooperation but also **cultural and academic cooperation** in partner countries. In addition to strengthening economic links and bilateral agreements with partner countries, the amended Regulation should help create a more **favourable and transparent environmentfor the development of relations** between the partner countries and facilitate the promotion of **democracy, respect for human rights and fundamental freedoms**. Lastly, the amended Regulation should contribute to promoting decent working conditions, good governance, and the preservation of the environment, in order to contribute to progress and sustainable development processes in the partner countries.

Respect by the partner countries of the International Labour Organisation (ILO) standards and environmental standards: the compromise states that Community aid should be proportionate to the efforts made by the recipient countries to open up their markets, comply with the international agreements of the World Trade Organisation (WTO) and of the International Labour Organisation (ILO), and help to pursue global objectives to reduce greenhouse gas emissions.

Consistency with other areas of external action: overall, measures financed under this Regulation, should aim to ensure consistency with other areas of the EU's external action, as well as other relevant

Community policies, in particular development cooperation or the facility for rapid response to soaring food prices in developing countries. This shall be ensured by formulating policy, strategic planning and the programming and implementation of measures. In this respect, the compromise clarifies the types of measures that will receive funding under this Regulation. These measures should in particular aim to promote cooperation, partnerships and joint undertakings between economic, social, cultural, academic and scientific actors in the Community and partner countries; stimulate bilateral trade, investment flows and economic partnerships; promote dialogues between political, economic, social and cultural actors and other non-governmental organisations in relevant sectors in the Community and partner countries; promote people-to-people links such as through the Erasmus Mundus Programme; and lastly promote cooperative projects in areas such as research, science and technology, sports and the environment, etc… It should be noted that Community assistance under this Regulation shall not be used to finance the procurement of arms or ammunition, and operations having military or defence implications.

Performance of supervisory and follow-up tasks under this Regulation: Union financing may cover expenditure associated with the preparation, follow up, monitoring, audit and evaluation activities directly necessary for the implementation of this Regulation and the achievement of its objectives, and any other administrative or technical assistance expenditure that the Commission, including at its Delegations in the partner countries, may incur for the management of operations financed under this Regulation. Information concerning these support measures should be provided to Parliament and Council.

Adoption of a differentiated approach in regard to partner countries and added value to existing actions: the implementation of this Regulation should pursue a differentiated approach in designing cooperation with partner countries to take account of their economic, social and political contexts, as well as of the Union's specific interests, strategies and priorities. Measures financed under this Regulation shall complement and bring added value to the efforts undertaken by Member States and Union public bodies in the area of commercial relations and cultural, academic and scientific exchanges.

Greater involvement of the European Parliament: in addition to the obligation to inform the European Parliament on the measures financed under this Regulation (in particular, through the regular exchange of views on the proposed actions, the annual action programmes, the evaluation reports,…), the compromise provides that the Commission informs the European Parliament of any likely changes to be made to the list of partner countries (Annexes I and II of the draft Regulation) at the same time as the Council.

Delegated acts: the amended text specifies that the Parliament shall be more involved in the drawing up and the revision of multiannual cooperation programmes, including the power to raise objections to these proposals, if appropriate, in view of the entry into force of the Lisbon Treaty and the introduction of delegated acts (Article 290 of the TFEU) which gives Parliament a *de facto* right of veto enabling it to require the Commission to present amended proposals for the adoption of multiannual cooperation programmes. A new comitology procedure is laid down for this purpose (Article 14a). Annual action programmes, on the other hand, may be adopted by the Commission taking into account Parliament's and Council's opinions but recourse to the delegated acts procedure will not be necessary for amendments to action programmes such as technical adjustments or other minor changes.

Protection of the Union's financial interests: new provisions are introduced to ensure the protection of the Union's financial interests, in particular in regard to irregularities, fraud, corruption or other illicit activities.

Evaluation of actions: the Commission shall regularly evaluate the actions and programmes financed under this Regulation, where appropriate or **at the request of the European Parliament** or the Council by means of independent external evaluations, in order to ascertain whether the objectives have been met and to enable it to formulate recommendations with a view to improving future operations. The results

shall feed back into programme design and resource allocation. The Commission shall **associate relevant stakeholders, including non-State actors**, in the evaluation phase of the Union cooperation provided for under this Regulation.

Report on implementation: the compromise includes a new provision requiring that the Commission examines the progress made on implementing the measures taken under this Regulation and submits to the European Parliament and the Council a detailed annual report on the implementation of this Regulation. The report shall set out the results of implementation of the budget and present all the actions and programmes financed, and, as far as possible, set out the main outcomes and impacts of the cooperation actions and programmes.

Financial provisions: although the amount proposed by the Commission (EUR 172 million for countries listed in Annex I (industrialised countries) and EUR 176 million for countries listed in Annex II (developing countries) has not been amended in the compromise, the amended text requires the Commission to provide Parliament with detailed information on all budget lines and the annual appropriations to be used for financing the measures under this Regulation. It is also stated that the industrialised and other high-income countries and territories listed in Annex I should not be placed at a disadvantage by the application of the present regulation to the partner countries listed in Annex II. Moreover, appropriations programmed for use under Regulation (EC) No 1905/2006 shall not be used for this purpose.