

Partnership instrument for cooperation with third countries 2014-2020

2011/0411(COD) - 07/12/2011 - Legislative proposal

PURPOSE: to establish a new Partnership instrument for cooperation with third countries 2014-2020 in the framework of the reform of the EU external action financial instruments and following on from [the financing instrument for cooperation with industrialised countries and territories and other high-income countries and territories](#).

PHILOSOPHY AND ACTION PLAN FOR EXTERNAL AID 2014-2020: what happens outside the borders of the EU can and does directly affect the prosperity and security of EU citizens. It is therefore in the interest of the EU to be actively engaged in influencing the world around us, including through the use of financial instruments. The Lisbon Treaty marks, in this regard, a new departure in the EU's relations with the rest of the world.

The EU's engagement needs to be **tailored to individual circumstances**. Its partners range from development economies to the least developed countries in need of specific assistance from the EU.

In general, the overall objective for external action for the period 2014-2020 may be summarised as follows:

- long-term commitment to establishing an area of stability, prosperity and democracy in its own neighbourhood;
- facilitating the EU's engagement with third countries on issues that are of global concern, such as climate change, environmental protection, irregular migration and regional instabilities, and
- allowing the EU to respond rapidly and effectively to natural and manmade disasters around the world.

A major rationalisation of the instruments took place in 2003 and has begun to deliver more effective results. **The Commission does not consider that another major alteration of the legislative architecture is necessary for the next MFF period**, although some improvements are being proposed and the overall investment is being stepped up.

The Commission proposes to allocate **EUR 70 billion for the 2014-2020 period for external instruments broken down as follows:**

- [Financing instrument for development cooperation](#)
- This Partnership instrument for cooperation with third countries
- [Instrument for Pre-accession Assistance \(IPA II\)](#)
- [European Neighbourhood Instrument](#)
- [Instrument for nuclear safety cooperation](#)
- [Instrument for Stability](#)
- [Financing instrument for the promotion of democracy and human rights worldwide](#)

In parallel and for the first time, the Commission proposes a single horizontal [regulation establishing common rules and procedures for the implementation](#) of the Union's instruments for external action.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: this proposal for a Partnership Instrument replaces the financing Instrument for Cooperation with Industrialised and other high income countries and territories (ICI), which came into force in 2007, and which has been the EU's main vehicle for collaboration with developed countries. The ICI has proved an effective toolbox for providing a differentiated and appropriate response to widen and deepen the cooperation with 17 countries (industrialised countries and high-income territories in North America, the Asia-Pacific region and the Gulf region). It has been recently extended to developing countries with the adoption of the ICI+ proposal. However, as it is due to expire by the end of 2013; a new financial instrument is needed for the period 2014-2020.

Moreover, since the ICI Regulation entered into force, the EU has seen in particular the emergence of economies such as India, China and Brazil which are playing an increasingly prominent role in the international economy and trade, in multilateral fora (UN and G20) and in addressing challenges of global concern. While development and poverty alleviation remain a key concern, these countries are progressively leaving behind the status of developing nations.

The EU has also developed broad based agreements with key partners and emerging economies to address bilateral issues and matters of global concern. Implementation of these instruments (i.e.: as agreements, declarations, action plans etc) **requires a dedicated financing instrument so that the EU has the means to promote its interests effectively worldwide** and to deal with global issues wherever the need arises.

The EU does not currently possess a genuine instrument that would allow it to co-operate with new emerging economies on issues related to advancing core EU interests and on common challenges of global concern (such as climate change for instance or the need to promote sustainable development at all levels).

The proposed Partnership Instrument is designed to overcome this limitation of the EU's ability to engage internationally in the most effective way. It would fill the gap described above and, in particular, allow the EU to pursue agendas beyond development cooperation with global players, but also to defend core EU interests with any other partner country as the need arises. It could also underpin new relationships with countries graduating from bilateral development assistance.

IMPACT ASSESSMENT: the Commission examined 4 policy options:

- **Option 0:** "Zero Option": this implies that assistance under the current ICI instrument would be phased out as of 31 December 2013.
- **Option 1:** "No change": maintaining the *status quo*, the ICI Regulation would cover only traditional industrialised and high- income countries (i.e. 17 countries) and the DCI Regulation would remain the only financial instrument, focused on development cooperation, to cover cooperation with some countries of great importance in terms of economics, demographics, and politics.
- **Option 2:** "Maintain ICI as such and amend DCI": this option would maintain the ICI in its current form and insert a window for economic, financial and technical cooperation of a non developmental nature with third countries within the DCI.
- **Option 3:** "Table a new Instrument building on ICI/ICI+": this option would build on the ICI and ICI+ proposal to provide a new Instrument with a global reach.

After careful evaluation, neither discontinuing the ICI nor maintaining the *status quo* were deemed to be politically viable solutions. Limiting expenditure exclusively to action linked to poverty alleviation or maintaining this sole focus for cooperation with emerging economies would artificially limit the EU's external action and neglect core EU interests.

The option of amending the Development Cooperation Instrument to allow expenditure not related to official development assistance would have the advantage of geographical coherence (one instrument per country), but the difficulties of managing an instrument with two very different objectives were considered a serious handicap.

By process of elimination, the preferred option is that of creating a new Instrument with a global reach (**option 3**) as this would allow for a clear distinction with Development Cooperation money and respect the Commission's intention to increase coherence and consistency through a major simplification of the Instruments.

LEGAL BASIS: Articles 207(2), 209(1) and 212(2) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposed Regulation aims to establish a Partnership Instrument for cooperation with third countries to advance and promote EU and mutual interests. The Partnership Instrument shall support measures that respond in an effective and flexible manner to objectives arising from the Union's bilateral, regional or multilateral relationships with third countries and address challenges of global concern.

Specific objectives: the measures to be financed under this Instrument shall reflect the following specific Union objectives:

- implementing the **international dimension of the “Europe 2020” strategy** by supporting Union's bilateral, regional and inter-regional cooperation partnership strategies, by promoting policy dialogues and by developing collective approaches and responses to challenges of global concern such as energy security, climate change and environment. This objective shall be measured by the uptake of the “Europe 2020” policies and objectives by key partner countries;
- **improving market access and developing trade, investment and business opportunities** for European companies by means of economic partnerships and business and regulatory cooperation. This objective shall be measured by the Union's share in foreign trade with key partner countries and by trade and investments flows to partner countries specifically targeted by actions, programmes and measures under this Regulation;
- **enhancing widespread understanding and visibility of the Union** and its role on the world scene by means of public diplomacy, education/academic cooperation and outreach activities to promote Union's values and interests.

General principles:

- to promote, develop and consolidate the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law on which it is founded by means of dialogue and cooperation with third countries;
- to enhance the impact of the Union's assistance, a differentiated and flexible approach shall be pursued, where appropriate, in designing cooperation with partner countries to take account of their economic, social and political contexts as and also of the Union's specific interests, policy priorities and strategies;
- to promote a multilateral approach to global challenges and shall foster cooperation with international or regional organisations and bodies, including international financial institutions, United Nations agencies, funds and programmes, OECD, and the Group of Twenty Finance Ministers and Central Bank Governors (G20) and other bilateral donors;
- to ensure coherence and consistency with other areas of its external action, in particular the Development Cooperation Instrument for developing countries, and with other relevant Union's policies when formulating policy, strategic planning and programming and implementing measures;
- to defend the Union's specific interests, policy priorities and strategies.

Third countries concerned: all third countries, regions and territories may be eligible for cooperation under this Regulation. However, this Regulation shall primarily support cooperation measures with

developed and developing countries which play an increasingly prominent role in the international economy and trade, in multilateral fora, in global governance and in addressing challenges of global concern and where the Union has significant interests.

Areas of cooperation: detailed areas of cooperation to be pursued by the Union's assistance under this Regulation are listed in the Annex. The Commission shall be empowered to adopt delegated acts to amend or supplement the Annex.

Programming and Indicative allocation of funds: the multi-annual indicative programmes shall set out the Union's strategic and/or mutual interests and priorities, the specific objectives and expected results. For countries or regions for which a Joint Framework Document, laying down a comprehensive Union strategy has been established, the multi-annual indicative programmes shall be based on this document.

The multiannual indicative programmes shall also set out the priority areas selected for financing by the Union and shall outline the indicative financial allocation of funds.

Coherence and complementarity: coherence and complementarity with other external action geographical instruments, in particular the Development Cooperation Instrument, will be taken into account throughout the programming stage while integrating the principles of differentiation and concentration.

Implementation: the implementation has been greatly simplified as an Article stipulates that the decision shall be implemented in accordance with the [future Regulation](#) establishing common implementation rules for external relations financing instruments.

BUDGETARY IMPLICATIONS: the European [Commission](#) in its Communication of 29 June 2011 entitled "A Budget for Europe 2020" proposed allocating to the Partnership Instrument a total amount of **EUR 1 131 million**, at current prices, over the period 2014-2020.

DELEGATED ACTS: in order to adapt the scope of this Regulation to the rapidly evolving reality in third countries, the power to adopt acts in accordance with Article 290 of the Treaty of the Functioning of the European Union should be delegated to the Commission in respect of the detailed areas of cooperation defined in the Annex. It is of particular importance that the Commission should carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing-up delegated acts, should ensure simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.