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

2009/0059(COD) - 13/12/2011 - Final act

PURPOSE: to amend Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised countries (ICI) with a view to extending its geographical scope to the DCI countries under Regulation (EC) No 1905/2006.

LEGISLATIVE ACT: Regulation (EU) No 1338/2011 of the European Parliament and of the Council of 13 December 2011 amending Council Regulation (EC) No 1934/2006 establishing a financing instrument for cooperation with industrialised and other high-income countries and territories.

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 primary objective of Regulation (EC) No 1905/2006 is the eradication of poverty through the pursuit of the Millennium Development Goals. The scope of cooperation for the geographic programmes with developing countries, territories and regions established under that Regulation is limited materially to financing measures designed to fulfil the criteria for Official Development Assistance ('ODA criteria')

The aim of this Regulation is to go further and to deepen its relations with the developing countries concerned, in particular in areas such as economic, commercial, academic, business and scientific exchanges. The EU needs a financial instrument that allows the financing of such measures which, in principle, do not qualify as ODA under the ODA criteria but which are crucially important in terms of consolidating relations and which make an important contribution to promoting the progress of the developing countries concerned.

Since the objectives and provisions of Council Regulation (EC) No 1934/2006 are appropriate for pursuing such enhanced cooperation with countries falling under Regulation (EC) No 1905/2006, it is intended to extend the geographical scope of Regulation (EC) No 1934/2006 and to provide for a financial envelope to cover cooperation with those developing countries.

CONTENT: following a conciliation committee with the European Parliament and following a vote in third reading, this Regulation aims to extend the geographic scope of Regulation 1934/2006 to the developing countries. "Developing countries" comprises countries falling under Regulation (EC) No 1905 /2006 (DCI Regulation) and listed in Annex II to this Regulation. Annex I lists industrialised countries and territories. They are together referred to as "partner countries".

Generally, the extension of the scope of Regulation (EC) No 1934/2006 does not mean that the countries previously falling within the scope of that regulation (industrialised and other high-income countries and territories) are placed at a disadvantage, particularly in financial terms.

The funds can now be used for cooperation with developing countries in addition to the original 46 countries in Latin America, Asia and the Middle East, which included Brazil, China, India and Iraq.

**Type of cooperation envisaged with partner countries**: Union financing under this Regulation will support economic, financial, technical, cultural and academic coop-eration with partner countries in certain specified areas:

- the promotion of democracy, respect for human rights and fundamental freedoms, and the rule of law ;
- the promotion of decent work and good governance;
- the preservation of the environment, in order to contribute to progress and sustainable development processes.

**Specific areas of cooperation are set out in the Regulation, in particular**: (i) the promotion of cooperation, partnerships and joint undertakings between economic, social, cultural, academic and scientific actors in the Union and partner countries; (ii) the stimulation of bilateral trade; (iii) the promotion of dialogue between political, economic, social and cultural actors and other non-governmental organisations; (iv) the promotion of people-to-people links including participation in Erasmus Mundus and in European education fairs; (v) the promotion of cooperative projects in areas such as research, science and technology, sports and culture, energy (in particular renewable energy), etc. ; (vi) the enhancement of awareness about and understanding of the Union and of its visibility in partner countries.

**Social and environmental standards:** it is provided that for Union financing under this Regulation, particular attention shall be paid where appropriate to the compliance of partner countries with the core labour standards of the International Labour Organisation (ILO) and to their efforts to pursue reductions of greenhouse gas emissions.

**Coherence and complementarity**: for measures financed under the Regulation, the Union will aim to ensure coherence with other areas of its external action as well as with other relevant Union policies, in particular development cooperation. This shall be ensured by formulating policy, strategic planning and the programming and implementation of measures.

**Technical amendments**: the amended Regulation also contains several technical amendments to resolve inconsistencies in the provisions that exclude costs relating to taxes, duties or other charges as ineligible. For the sake of consistency, it brings those provisions into line with the other instruments.

**Transparency and informing the European Parliament**: when the Commission amends the lists in Annexes I and II following the regular OECD/DAC reviews, it must inform the European Parliament and the Council. The Commission shall also inform and have regular exchanges of views with the European Parliament. It will transmit to Parliament and Council the annual action programmes adopted, based on multiannual cooperation programmes referred to in the text.

Financial provisions: the financial reference amount for the implementation of the Regulation **for the period from 2007 to 2013 is EUR 176 million for the new DCI countries**. An annex gives details of the distribution of funds by priority areas for cooperation with the new partner countries from 2011 to 2013.

It should be noted that in a unilateral declaration, the Commission reaffirms that the eradication of poverty, including the pursuit of the Millennium Development Goals, is the primary objective of its development cooperation and remains a priority. The Commission intends to propose draft budgets which ensure a progression in development assistance for Asia and Latin America under the DCI Regulation No 1905/2006 over the period until 2013 so that the currently projected ODA amounts under the DCI and the

EU budget generally are not affected. The financial reference amount fixed in Article 16 for countries listed in Annex II will be implemented using dedicated budget lines, which are intended for activities other than Official Development Assistance.

**Evaluation and annual report:** the Commission shall regularly evaluate the actions and programmes financed under the Regulation, where appropriate or at the request of the European Parliament or the Council, by means of independent external evaluation reports. The Commission shall examine the progress made on implementing the measures taken under the Regulation and shall submit to the European Parliament and the Council a detailed annual report on the implementation of the Regulation.

ENTRY INTO FORCE: 31/12/2011.

DELEGATED ACTS: certain amendments regarding the extent of powers conferred in the Commission in the Regulation were the subject of intensive discussions in the conciliation committee. In this context, a bilateral declaration was inserted into the Regulation stating that the future legal bases for the different instruments will propose the extensive use of delegated acts to allow for more flexibility in the management of the policies during the financing period, while respecting the prerogatives of the two branches of the legislature (Parliament and Council.) The Commission has stated that it is considered that democratic scrutiny of external aid must be improved. This could be achieved by the use of delegated acts in accordance with Article 290 of the Treaty for certain aspects of programmes, not only placing the co-legislators on an equal footing but also ensuring more flexibility in programming. (Please see the Commission Communication entitled "A budget for Europe 2020".)