

Financing instrument for development cooperation 2014-2020

2011/0406(COD) - 11/03/2014 - Final act

PURPOSE: to establish a financing instrument for development cooperation 2014-2020 following on from the previous [financing instrument for development cooperation](#) for the 2007-2013 period.

LEGISLATIVE ACT: Regulation (EU) No 233/2014 of the European Parliament and of the Council establishing a financing instrument for development cooperation for the period 2014-2020.

BACKGROUND: this Regulation is placed within the framework of the new multiannual financial framework ([MFF](#)) 2014-2020 applicable to the Union's external policy and cooperation with third countries. The measures provided are the following:

- Financing instrument for development cooperation (IDC);
- [Partnership instrument for cooperation with third countries \(PI\)](#);
- [Instrument for Pre-accession Assistance \(IPA II\)](#);
- [European Neighbourhood Instrument \(ENI\)](#);
- [Instrument for Nuclear Safety Co-operation](#);
- [Instrument contributing to stability \(IS\)](#);
- [The instrument for the promotion of democracy and human rights worldwide \(EIDHR\)](#).

All of the procedures for the implementation of these instruments would be governed by [specific Regulation](#) adopted at the same time.

CONTENT: this Regulation establishes an instrument (DCI) under which the Union may finance:

- **geographic programmes** aimed at supporting development cooperation with developing countries that are included in the list of recipients of ODA established by the OECD/DAC, except for: countries that are signatories to the Partnership Agreement between the members of the ACP Group of States and the European Community and its Member States (excluding South Africa); countries eligible for the EDF, the European Neighbourhood Instrument or the IPA II;
- **thematic programmes** to address development-related global public goods and challenges and **support civil society organisations** and local authorities in partner countries;
- a **Pan-African programme** to support the strategic partnership between Africa and the Union.

Specific objectives: the primary objective of cooperation under this Regulation shall be the reduction and, in the long term, the **eradication of poverty** by fostering sustainable economic, social and environmental development, and consolidating and supporting democracy, the rule of law, good governance, human rights and the relevant principles of international law.

It should be noted that at least 95% of the expenditure foreseen under the thematic programmes and at least 90 % of the expenditure foreseen under the Pan-African programme shall fulfil the criteria for ODA established by the OECD/DAC.

General principles: the Union shall seek to:

- promote, develop and consolidate the principles of democracy, the rule of law and respect for human rights;
- pursue a **differentiated approach** amongst partner countries, in order to ensure that they are provided with specific, tailor-made cooperation based on their needs, their capacities to generate and access financial resources and on their absorption capacities; their commitments and performance; and the potential impact of Union assistance in partner countries;
- give priority to **countries most in need**, in particular the least developed countries, low income countries and countries in crisis, post-crisis, fragile and vulnerable situations (criteria such as the Human Development Index, the Economic Vulnerability Index and other relevant indexes, shall be taken into account in order to underpin the analysis and identification of the countries most in need);
- mainstream cross-cutting issues throughout all programmes (conflict prevention, decent work, climate change, emancipation of women, etc);
- ensure policy coherence for development and consistency with other areas of Union external action and with other relevant Union policies;
- apply the principle of a **permanent dialogue** with other donors and relevant international organisations and bodies;
- comply with the **principle of democratic ownership and mutual accountability** in order to promote the empowerment of people in partner countries and inclusive and participatory approaches to development, the use of innovative financial instruments, the mobilisation of private resources and **universal access to basic services**;
- promote the implementation of bilateral, regional and multilateral cooperation and dialogue, the development dimension of partnership agreements, and triangular cooperation. The Union shall also promote South-South cooperation;
- promote aid transparency by involving the European Parliament in the exchange views on planned programmes as well as with civil society and local authorities.

NB: it is clearly stated that Union assistance under this Regulation shall **not be used to finance the procurement of arms or ammunition**, or operations having military or defence purposes.

Implementation: Union assistance shall be implemented, in accordance with [transversal Regulation](#), through:

- geographic programmes;

- thematic programmes, composed of: (i) a ‘Global Public Goods and Challenges’ programme, and (ii) a ‘Civil Society Organisations and Local Authorities’ programme, and (iii) a Pan-African programme.

These programmes are detailed in the Regulation as well as their scope and the conditions of their adoption.

A Chapter in the Regulation also lays down the technical conditions of the **indicative allocation of funds** by the type of programme adopted. Conditions applicable to the adoption of:

- programming documents for geographic programmes;
- programming documents for thematic programmes;
- programming documents for the Pan-African programme;
- approval of strategy papers and adoption of multiannual indicative programmes.

The Commission shall approve strategy papers and shall adopt multiannual indicative programmes by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure. Progress carried out in the areas of cooperation would be assessed through **performance indicators** defined in the Regulation.

Financial envelope: in accordance with the overall agreement on the financial framework, the financial envelope for the implementation of this neighbourhood instrument amounted to **EUR 19 661 639 000**, broken down according to the following indicative allocation as defined in **Annex IV** of the Regulation:

- Geographic Programmes: EUR 11.809 billion broken down as follows:

- Latin America: EUR 2.5 billion
- South Asia: EUR 3.813 billion,
- North and South east Asia: EUR 2.87 billion,
- Central Asia: EUR 1.072 billion,
- Middle East: EUR 545 million,
- Other countries: EUR 251 million.

- Thematic programmes: EUR 7.008 billion including:

- "Global Public Goods": EUR 5.1 billion including:
 - § Environment and climate change: 27% of this allocation,
 - § Sustainable Energy: 12%
 - § Human development, including decent work, social justice and culture: 25%

§ Food and nutrition security and sustainable agriculture: 29%

§ Migration and Asylum: 7%

- Support to civil society: EUR 1.907 billion.

- Pan African Programme: EUR 845 million.

An indicative amount of EUR 1 680 000 000 from the different instruments for financing external action (Development Cooperation Instrument, European Neighbourhood Instrument, Partnership Instrument and Instrument for Pre-accession Assistance) shall be allocated to actions in respect of learning mobility (ERASMUS +) to or from partner countries, and to cooperation and policy dialogue with authorities, institutions and organisations from those countries.

Participation by a third country not eligible under this Regulation: in exceptional and duly justified circumstances, the Commission may decide to extend the eligibility of actions to countries and territories which otherwise would not be eligible for financing, where the action to be implemented is of a global, regional, trans-regional or cross-border nature.

Coherence and complementarity: the Union should seek the most efficient use of available resources in order to optimise the impact of its external action. That should be achieved through a comprehensive approach for each country based on coherence and complementarity between the Union's instruments for external action, as well as the creation of synergies between this instrument, other Union instruments for financing external action and other policies of the Union.

Annexes: other than Annex IV concerning the breakdown of the indicative amounts allocated to each programme, the Regulation comprises three other annexes:

- **Annex I** lists the areas of cooperation under the geographical programmes including the **fields of cooperation in regional areas**;
- **Annex II** defines the EU's priorities under the thematic programmes and public goods programme and the specific programme seeking to strengthen civil society;
- **Annex III** lists the areas of cooperation of the Pan African programme;

Dialogue with the European Parliament: provisions have been laid down in a Commission declaration in which the Commission should inform the European Parliament of any actions carried out in the framework of the strategic dialogue.

Suspension of the assistance: a unilateral statement was made by the European Parliament on the suspension of assistance granted under the financial instruments. It states that financial instruments applicable to EU foreign policy do not contain any explicit reference to the possibility of suspending assistance in cases where a beneficiary country fails to observe the basic principles enunciated in the respective instrument. The European Parliament considers that any suspension of assistance under these instruments would modify the overall financial scheme agreed under the ordinary legislative procedure.

The following declarations should also be noted:

- a declaration on the **eligibility of certain DCI countries for bilateral cooperation**, as exceptional cases, including in view of phasing out development grant aid: Cuba, Colombia, Ecuador, Peru and South Africa. The Commission will seek the views of the European Parliament before making any changes;

- a unilateral declaration by the Commission seeking to allocate at least **20% of DCI assistance** to **basic social services**, with a focus on health and education.

ENTRY INTO FORCE: 16.03.2014. The Regulation shall apply from 01.01.2014 to 31.12.2020.

DELEGATED ACTS: the Commission may adopt delegated acts as regards updating the elements of the Annexes to this Regulation which set out the details of the areas of cooperation under geographic and thematic programmes and the indicative financial allocations per geographic area and area of cooperation (in particular following the publication of the mid-term review report which is due by 31 March 2018). The power to adopt delegated acts is conferred on the Commission for the duration of the programme. The European Parliament or the Council may object to a delegated act within a period of two months from the notification (this period may be extended by 2 months). If the European Parliament or the Council make objections, the delegated act shall not enter into force.