Neighbourhood, development and international cooperation instrument 2021–2027

2018/0243(COD) - 13/12/2018 - Court of Auditors: opinion, report

OPINION No 10/2018 concerning the proposal for a Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument.

The Court of Auditors notes that the creation of the NDICI is an ambitious proposal, which provides for: (i) the merging of several programmes and instruments (budgetary and off-budget) into a single instrument; (ii) geographical programmes, thematic programmes and rapid response actions; (iii) different forms of funding.

The Court of Auditors considers that, overall, the proposal will simplify the legislative framework in the field of external aid. It will increase the flexibility of budgetary instruments and preserve the flexibility of the elements previously included in the European Development Fund (EDF).

The Court invites the Commission and legislators to clarify the proposal, suggesting that some provisions should be partially reorganised and others clarified.

General provisions

The Court observes that the recitals stress the importance of gender equality and women’s empowerment, climate change, migration and civil society organisations. However, gender equality and climate change are not explicitly mentioned in the specific objectives in the proposal.

Programming

The Court suggests:

- applying the principle that programming documents for geographic programmes should be results-based to thematic programmes as well;

- including in the proposal the missing reference to the dialogue between the Union, Member States and partner countries. The proposal may include a reference to the main stakeholders consulted during the programming procedure.

Specific provisions for the Neighbourhood

The Court of Auditors recommends:

- applying a similar mechanism for the ‘performance based-approach’ to the whole proposal. This modification would ensure that the ‘performance based-approach’ is not limited to ‘Neighbourhood’ countries as is the case in the Commission proposal;

- deleting Chapter II, ‘Specific provisions for the Neighbourhood’, and including the articles under Chapter I, 'Programming', keeping the specific provisions for the Neighbourhood to a strict minimum. This modification would make the proposal easier to read.

Action plans, measures and implementing methods

Compared to the existing framework, the proposal includes a significantly simpler list of the types of measures that can be adopted (individual, special, support and exceptional assistance measures). In the Court's opinion, a description of (some of) the situations in which individual measures are to be adopted would make the proposal clearer. Exceptional assistance measures should be treated in a separate article, by virtue of their being exceptional.

The Commission proposes ceilings (EUR 10 million and EUR 20 million, respectively), below which action plans and measures do not need to be adopted 'by means of implementing acts adopted in accordance with the examination procedure'. These ceilings are double those of the 11th EDF. In the case of programmes already financed under the budget, the ceilings have also doubled. Increasing the thresholds for those exceptions where an implementing act is not required weakens oversight arrangements.

The proposal provide more flexibility in the implementation of the NDICI's budget. However, the impact of greater flexibility on the management of the funds needs to be assessed given the potential loss of accountability, i.e. less responsibility for the proper management of appropriations.

EFSD+, budgetary guarantees and financial assistance to third countries

The Court of Auditors noted that the budgetary guarantee can be managed more efficiently with a common provisioning fund. Although the EIB was the only bank in charge of the External Lending Mandate (ELM) and the main partner in the EFSD, it is not clear what its future role will be.

Moreover, the proposal lists three conditions with which the External Action Guarantee needs to comply. Necessary achievement of a leverage and a multiplier effect based on a target range of values specified in an ex-ante evaluation for the budgetary guarantee is not stated as one of the criteria.

The proposal states that the provisioning rate shall range between 9 % and 50 %. Although it is specified when a provisioning rate of 9 % is applied, no information is provided when a higher rate (up to a maximum of 50 %) is applied.

The Court notes that the instruments listed in Article 27(3) entail various risks. Loans in local currency and equity participation have a very high inherent risk. For example, the ACP Investment Facility had rules that limited equity participation to non- controlling minority holdings. The Court estimates that operational agreements should contain similar provisions.

Monitoring, reporting and evaluation

In particular, the Court recommends that:

- to make a clear distinction between the evaluation of actions and the NDICI Regulation. This modification would make the proposal clearer by specifying which articles apply to actions as opposed to those which apply to the NDICI Regulation itself;

- better link key performance indicators to specific objectives;

- to ensure that the requirements for the final evaluation of the Regulation are extended to the interim evaluation, where appropriate.