

Financing instrument for development cooperation 2007-2013

2004/0220(COD) - 23/10/2006 - Council position

The Council's common position recalls that Parliament's amendments sought to reduce the scope of the legislation to developing countries and base it on a single Treaty provision (Article 179). Parliament also wished to transform the proposed Regulation into a procedural instrument and favoured policy priorities being established by separate co-decided Regulations. (Please see the summary dated 18/05/2006.)

The Council felt that transforming the proposed Regulation into a procedural instrument requiring several new Commission proposals was not acceptable. Council and Commission both believed that such an approach would be incompatible with the stated aim of simplifying the structure of the Community's external financing instruments. After intensive discussions between the Council, the European Parliament and the Commission, an understanding on the architecture of the Regulation was reached within the framework of an overall agreement on the package of external financing instruments. Further to this understanding, a proposal for a Regulation on cooperation with industrialised countries was separated from the initial Commission proposal. The common position, reflecting this understanding between all Institutions involved, now provides for a Regulation establishing a financing instrument for development cooperation, based solely on Article 179 of the EC Treaty and is a response to a large number of the concerns voiced in the European Parliament's first-reading amendments.

Accordingly, the main points of the common position are as follows:

- **a separate instrument for democracy and human rights:** the thematic programme on human rights and democracy is no longer included in the instrument for development cooperation (DCI). A new Commission proposal for a Regulation on establishing a financing instrument for the promotion of

democracy and human rights was adopted on 26 June 2006 (please see **COD/2006/0116**);

- **a single legal base:** this change made it possible to delete the reference to Article 181a(1) of the EC Treaty, and to base the Regulation solely on Article 179(1);

- **a separate instrument for cooperation with industrialised countries:** the Presidency proposal for a Regulation on cooperation with industrialised countries was presented in the Council COASI working group for the first time on 19 July 2006 and has been forwarded to Parliament for its opinion;

- **increased focus on development of objectives and principles:** the text lays down the general objectives of development cooperation in line with Title XX of the Treaty establishing the European Community and the European Consensus on Development. It refers to the mainstreaming of cross-cutting issues and policy coherence and reflects the most recent commitments on aid effectiveness, such as donor coordination. The Commission must have regular exchanges of views with Parliament;

- **geographical and thematic programmes:** the Council, very much like the European Parliament in its opinion at first reading, was concerned at the lack of policy content in the initial Commission proposal. The latter had merely stated that measures should be financed under geographical or thematic programmes, which would be drawn up by the Commission. The Council felt that it would be more appropriate to introduce policy content in the provisions of the Regulation. Therefore, Articles 5 to 10 of the common position set the policy for geographical programmes, while Articles 11 to 16 provide for the content of thematic programmes. In particular, the **horizontal Article 5** applies to all geographic articles

and outlines actions in areas of cooperation which correspond to the areas for Community action in the European Consensus on Development. The other articles on geographic cooperation focus on the specific situation in the geographical region/country. The different regions/countries are: Latin America, Asia, Central Asia, Middle East and South Africa . Each article on specific cooperation has a cross reference to the horizontal Article 5, making it clear that the actions mentioned in Article 5 apply to all regions while others mentioned under Articles 6 to 10 are additional.

A similar approach was followed for thematic programmes. **Horizontal Article 11** sets out the principles applying to all thematic programmes. Specific content is laid down in the following provisions, detailing the content of the various thematic programmes: investing in people, environment and sustainable management of natural resources including energy, non State actors and local authorities in development, food security, and migration and asylum;

- **sugar Protocol ACP countries:** following up on Regulation 266/2006/EC, provision was made for Community assistance to ACP Sugar Protocol countries aimed at supporting their adjustment process due to the reform of the common organization of the market in sugar;

- **financial provisions:** the financial reference amount for the DCI, over the period 2007-2013, is EUR 16 897 million as indicated in the common position. This corresponds to the amount for the earlier DCECI (EUR 17 053 million) from which the reference amounts for the new Human Rights Instrument (EUR 449 million) and for the new Instrument on Cooperation with Industrialised Countries (EUR 172 million) have been deducted. The indicative amount of EUR 465 million, which in the initial proposal was included in ENPI, has now been added in the total for thematic programmes, to finance activities that benefit ENPI countries. The indicative amounts allocated to each geographical region and to each thematic programme are laid down in Annex 4, which forms an integral part of the Regulation. It should be noted that the Commission has made a declaration on Article 38. A percentage was introduced in the Thematic Programme ‘Non-state actors and local authorities’, according to which at least 85% of the funding foreseen under the thematic programme will be allocated to non state actors;

- **review, entry into force and application:** the common position provides that the regulation will apply from 1 January 2007 to 31 December 2013. Moreover, there is an obligation upon the Commission to present a report to the European Parliament and the Council evaluating the implementation of the Regulation, including the indicative financial allocations set out in Annex IV, not later than 31 December 2010.

In conclusion, the Council considers that its common position, which is the result of extensive preparatory work and negotiations since 2005 and which is supported by the Commission, addresses the concerns expressed by the European Parliament. As a result of frequent and intensive contacts and exchanges of views between the respective Presidencies of the Council and key players of the European Parliament, a significant convergence of positions between the two Institutions emerged during the process. This convergence has finally led to compromise solutions, reflected in the Common Position, for all outstanding issues.