Financing instrument for development cooperation 2007-2013

2004/0220(COD) - 24/10/2006 - Commission communication on Council's position

The Commission supports the negotiated common position which is the outcome of intensive negotiations between the three institutions. It is in line with the essential objectives and the underlying approach of the Commission's initial proposal.

The Commission makes it clear that it wanted an overall agreement on the package of external instruments: first reading agreement on the European Neighbourhood and Partnership Instrument (ENPI), the Instrument for Stability (IfS) and an agreement on the Instrument for Pre-Accession Assistance (IPA) on the condition of a separate Human Rights Instrument and a new architecture involving a maximum of three instruments out of the DCECI (Industrialised Countries Instrument (ICI), a geographic Development Cooperation Instrument (DCI) and possibly a thematic DCI). The Commission could accept splitting the DCECI, provided that a broad definition of development cooperation was ensured. It agreed to the changes related to the structure of the DCI in order to achieve a global compromise on the overall architecture of the external action instruments.

After intensive tripartite discussions between the Parliament, the Presidency and the Commission, an agreement was reached on a negotiated common position. In particular, a compromise was reached on the outstanding issues, which had previously been defined by Parliament as 'breaking points' and relate to eligibility of assistance as Official Development Assistance (ODA), sectoral spending targets, the structure of the thematic programmes and the dialogue with the Parliament on the draft programming documents. The following issues were the subject of protracted negotiations which resulted in finely balanced compromises between the three institutions:

- **structure and scope of the thematic programmes**: 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 this thematic programme will be allocated to non-state actors. It was agreed not to include percentages in the thematic programmes 'Investing in people', since the Commission introduced a benchmark on health and education in its declaration concerning Article 5;

- **spending targets/ benchmarking**: Council and Commission made clear that spending targets were not acceptable for them (against the principle of ownership and donor coordination), whilst the favoured spending targets to encourage increased allocations to social sectors with a particular focus on basic health and education. It was agreed that Parliament would no longer insist on spending targets in the legal text if the Commission proposed in a declaration an enlarged benchmark of 20% for basic and secondary education and basic health in relation to country programmes covered by the DCI as a whole. The existing 35% benchmark on social infrastructure and services would be dropped. In the declaration, the Commission also prioritises basic health and education, and social cohesion as a whole in its programming and implementation role for country programmes. It will also include an MDG profile in the programming document, and will encourage partner countries to prioritise social sectors in their development strategies. Finally, the Commission will ensure increased monitoring, evaluation and reporting on these objectives, with particular attention to social sectors and MDGs.

- **ODA-eligibility and non-developing ENPI countries**: the text now specifies the percentage of the thematic programmes which would be reported as Official Development Assistance (ODA), namely 90%. The non-developing ENPI countries (Russia and Israel) will be excluded ex officio, i.e. financial assistance to these countries will not count against the 10% which is not ODA. The margin of 10% gives

the Commission the necessary flexibility to implement the Thematic Programmes on migration and environment, which provide for actions that are not reportable as ODA. Consequently, the current text strikes a fine balance between full ODA eligibility and the necessary margin of flexibility.

The Commission, in a declaration attached to the Regulation, will confirm its commitment that all the geographic measures and the overwhelming majority of thematic actions financed under the DCI will be eligible for ODA and that it does not intend to derogate from this practice;

- **dialogue with Parliament on draft programming documents**: a number of amendments related to Parliament's participation in the programming process, which were not compatible with the Comitology Decisions (Council Decision 1999/468/EC as amended by Council Decision 2006/512/EC). The Commission will confirm by letter its commitment to enter into a regular dialogue with Parliament as laid down in the declarations on democratic scrutiny attached to the Interinstitutional Agreement. In addition, the text makes clear that the Commission shall inform and have regular exchanges of views with the Parliament.

This approach will allow for the entry into force of the DCI in January 2007, thereby avoiding any gap in the legal framework for the delivery of assistance.