



EUROPEAN PARLIAMENT

2009 - 2014

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*Committee on Budgets*

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**2011/0415(COD)**

18.4.2012

## **DRAFT OPINION**

of the Committee on Budgets

for the Committee on Foreign Affairs

on the proposal for a regulation of the European Parliament and of the Council  
establishing common rules and procedures for the implementation of the  
Union's instruments for external action  
(COM(2011)0842 – C7-0494/2011 – 2011/0415(COD))

Rapporteur: Nadezhda Neynsky

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## SHORT JUSTIFICATION

The regulation, establishing the common rules and procedures for the implementation of the Union's instruments for external action, will serve as a horizontal framework in accordance with the objectives of the Agenda for Simplification for the 2014 - 2020 Multiannual Financial Framework and by providing unified and harmonised rules for the EU geographic (the Development Cooperation Instrument, European Neighbourhood Instrument, Instrument for Pre-accession Assistance and the Partnership Instrument) and thematic (Instrument for Stability, European Instrument for Democratic and Human Rights and Instrument for Nuclear Safety and Cooperation) external action instruments.

Simplified rules and procedures for programming and delivering EU assistance, especially in the context of a revised Financial Regulation, are proposed horizontally for all external instruments to ensure more effective delivery of EU assistance:

- Establishes the framework for more cost-effective internal management through reduction of the administrative burden.
- High degree of harmonisation of financial provisions within and across instruments which should create synergies and improve overall legal certainty.
- Creates provisions that should ensure the EU is equipped with a sufficient degree of flexibility to rapidly react to any unforeseen events and needs of beneficiaries.
- Ensures that its provisions appropriately account for the specificities of external actions and its financing instruments in the context of the new Financial Regulation
- Strengthens the coordination of aid provided by the EU, Member States and other donors

### Budgetary Implications:

Your rapporteur would like to reiterate the position adopted by the Parliament in the SURE Resolution that the Union needs sufficient level of financial resources in order to meet its commitments and this is equally important for the field of external actions, where the Union is expected to contain its role as a global political player.

The Commission proposes that an amount of 121.8 billion euros in constant 2011 prices is dedicated to the four geographic and three thematic instruments. This constitutes an increase of 17.6% over the amount for the current multi-annual financial framework. Your Rapporteur would like to advise on the systematic use of constant prices in debates and discussions as such an approach presents a more valid ground for comparisons, especially between period-on-period multi-annual frameworks. Your Rapporteur also suggests that such discussions are not purely introspective but also take into consideration the development of other important metrics as their relevance may vary according to the specificities of each Instrument.

Your Rapporteur would like to recommend that the Commission produces a document at mid-term that consolidates information on all funding that is governed by this Regulation but potentially all external funding in the broad remit and which may not be confined only to Heading 4, and offers a breakdown of spending by *inter alia* beneficiary country, general area of application of the funds, use of financial instruments, commitments and payments, level of participation of partners. Your Rapporteur feels that such a document would greatly

increase transparency on how and where EU funding is spent and improve the oversight on complementarity and coherence across financial instruments and initiatives.

#### Shortcomings of the proposal:

Your rapporteur suggests to explicitly highlight the interoperability between the provisions of the currently negotiated Financial Regulation and the Proposal for a Regulation establishing common rules and procedures for the implementation of the Union's instruments for external action.

In detail, the proposed amendments are directed towards:

- strengthening and clarification of the implementing procedures and financing decisions in order to ensure transparent, just and fair use of EU funds in all cases of external action
- improved reporting and monitoring, including a mid-term review of the Common Implementing Regulation itself;
- further improvement of the consistency, coherence and coordination of the funds available both internally in the EU and from international donors;
- stricter control of the use of financial instruments with a review of their suitability every five years

In addition, the Rapporteur would like to draw attention to the multiple definitions of urgency and special cases in the text which should be clarified and unified in order to improve the legal certainty on how and when EU should and can react to around-the-world crises. The Rapporteur reminds that the present definition, as delegated by the Financial Regulation can be found in Article 168 Para 2 of the Commission regulation No. 2342/2002 (Implementing Rules) and will foreseeably be subject to adaptation.

While the financial instruments of the EU shall not aim at replacing those of a Member State, private funding or another financial EU intervention, the Commission seek to ensure consistency and complementarity of funding in order to create budgetary synergies by pooling resources and expertise with partners. Innovative financial instruments create a multiplier effect for the EU budget by facilitating and attracting other public and private financing for projects of EU interest but this should not be done at the expense of the rightful use of EU funds. As such, it is of utmost importance that financial leverage should not compromise the best practices as introduced by the currently negotiated Financial Regulation. In the same context, budgetary considerations should also provide a fine balance for better alignment of the goals of EU internal policies with external objectives through mainstreaming of initiatives such as the Europe 2020 strategy, democracy, rule of law, human rights, entrepreneurship and environmental protection.

The Rapporteur would like to draw attention to the provisions of Articles 6, 9, 10 and 11 of the current proposal which provide for the specific needs of each or a group of instruments. These articles are against the fundamental idea of the regulation to provide only for horizontal, universal provisions. Your Rapporteur recognises that the particularities of each instrument call for a limited set of individual rules but would like to strongly urge that these articles are placed, where appropriate, in the specific legislative proposals of the respective instrument to which linked. As such, the Common Implementing Regulation should retain its

governing role only on conditions and procedures that are truly universal for the field of external action or for the field of general conduct when using Union's financial instruments.

## AMENDMENTS

The Committee on Budgets calls on the Committee on Budgets, as the committee responsible, to incorporate the following amendments in its report:

### Amendment 1

#### Draft legislative resolution Paragraph -1 (new)

*Text proposed by the Commission*

*Amendment*

***-1. Points out that the financial envelope specified in the legislative proposal constitutes only an indication to the legislative authority and cannot be fixed until agreement is reached on the proposal for a regulation laying down the multiannual financial framework for the years 2014-2020;***

Or. en

### Amendment 2

#### Draft legislative resolution Paragraph -1 a (new)

*Text proposed by the Commission*

*Amendment*

***-1a. Recalls its resolution of 8 June 2011 on "Investing in the future: a new Multiannual Financial Framework (MFF) for a competitive, sustainable and inclusive Europe"; reiterates that sufficient additional resources are needed in the next Multiannual Financial Framework in order to enable the Union to fulfil its existing policy priorities and the new tasks provided for in the Treaty of Lisbon, as well as to respond to unforeseen events; challenges the Council, if it does not share this***

*approach, to clearly identify which of its political priorities or projects could be dropped altogether, despite their proven European added value;*

Or. en

### **Amendment 3**

#### **Proposal for a regulation Recital -1 (new)**

*Text proposed by the Commission*

*Amendment*

***(-1) Improving the implementation and quality of spending should constitute a guiding principle for achieving the objectives of external instruments whilst ensuring optimal use of the Union's financial resources.***

Or. en

### **Amendment 4**

#### **Proposal for a regulation Recital -1 a (new)**

*Text proposed by the Commission*

*Amendment*

***(-1a) It is important to ensure sound financial management of the Union's external instruments and their implementation in the most effective and user-friendly manner possible, whilst also ensuring legal certainty and the accessibility of the instruments to all participants.***

Or. en

## Amendment 5

### Proposal for a regulation Recital 3

*Text proposed by the Commission*

(3) The financing decisions should take the forms of Annual or Multiannual Action programmes and Individual Measures when following the planning provided for by the multiannual indicative programming, **of** Special Measures where required by unforeseen **and** justified needs, and of Support Measures.

*Amendment*

(3) The financing decisions should take the forms of **either** Annual or Multiannual Action programmes and Individual Measures when following the planning provided for by the multiannual indicative programming, **or** Special Measures where required by unforeseen **or** justified needs, and of Support Measures **as provided for in Article 3**.

Or. en

## Amendment 6

### Proposal for a regulation Recital 4

*Text proposed by the Commission*

(4) Taking into account the policy programming or financial execution nature of those implementing acts, in particular their budgetary implications, the examination procedure should in general be used for their adoption, except for measures of a small financial scale. However, the Commission should adopt immediately applicable implementing acts where, in duly justified cases relating to the need for a swift response from the Union, imperative grounds of urgency so requires.

*Amendment*

(4) Taking into account the policy programming or financial execution nature of those implementing acts, in particular their budgetary implications, the examination procedure should in general be used for their adoption, except for measures of a small financial scale. However, the Commission should adopt immediately applicable implementing acts where, in duly justified cases relating to the need for a swift response from the Union, imperative grounds of urgency so requires. ***The European Parliament should be duly and promptly informed thereof. All measures adopted should also take into account the relevant provisions of Regulation (EU) No [...] of the European Parliament and of the Council on the financial rules applicable to the annual budget of the Union (hereinafter "the***

*financial rules").*

Or. en

## Amendment 7

### Proposal for a regulation Recital 6

*Text proposed by the Commission*

(6) For the implementation of financial instruments, when the management of the operation is entrusted to a financial intermediary, the Commission decision should cover in particular provisions concerning risk-sharing, the remuneration of the intermediary responsible for implementation, the use and re-use of the funds and the possible profits.

*Amendment*

(6) For the implementation of financial instruments, when the management of the operation is entrusted to a financial intermediary, the Commission decision should cover in particular provisions concerning risk-sharing, the remuneration of the intermediary responsible for implementation, the use and re-use of the funds and the possible profits, ***taking into account the relevant provisions of the financial rules. When financial instruments are no longer deemed to be needed, they may be terminated in accordance with the conditions laid down in this Regulation.***

Or. en

## Amendment 8

### Proposal for a regulation Recital 8

*Text proposed by the Commission*

(8) While financing needs of the Union's external assistance are increasing, the economic and budgetary situation of the Union limits the resources available for such assistance. The Commission must therefore seek the most efficient use of available resources, in particular by using financial instruments that have a leverage

*Amendment*

(8) While financing needs of the Union's external assistance are increasing, the economic and budgetary situation of the Union limits the resources available for such assistance. The Commission ***should aim to create budgetary synergies between national, Union, multilateral and international measures and existing***



effect. *Such leverage effect is increased by allowing funds invested and generated by the financial instruments to be used and re-used.*

*instruments by avoiding any potential overlap, and must therefore seek the most efficient use of available resources without compromising the just and fair use of the Union's resources, in particular by using financial instruments that have a leverage effect, allowing funds invested and generated by the financial instruments to be used and re-used in accordance with the relevant provisions of the financial rules.*

Or. en

## Amendment 9

### Proposal for a regulation

#### Recital 10

*Text proposed by the Commission*

(10) Further provisions should be made for financing methods, the protection of the Union's financial interests, rules on nationality and origin, and evaluation of the Instruments,

*Amendment*

(10) Further provisions should be made for financing methods, the protection of the Union's financial interests, rules on nationality and origin, *evaluation of actions, reporting and review* and evaluation of the Instruments.

Or. en

## Amendment 10

### Proposal for a regulation

#### Recital 10 a (new)

*Text proposed by the Commission*

*Amendment*

*(10a) Whenever new structures or initiatives for the support of Union external actions are being established, they should be financed with fresh money, should merit sufficient budgetary allocations and should not crowd out financing for existing Union external*

*instruments,*

Or. en

*Justification*

*Ensures that the establishment of new structures or initiatives does not compromise the rightful and objective use of programmed funds.*

**Amendment 11**

**Proposal for a regulation**

**Article 1 – paragraph 3**

*Text proposed by the Commission*

3. In applying this Regulation, the Commission shall, where possible and appropriate in light of the nature of the action, favour the use of the most flexible procedures in order to ensure an effective and efficient implementation.

*Amendment*

3. In applying this Regulation, the Commission shall, where possible and appropriate in light of the nature of the action, favour the use of the most flexible procedures in order to ensure an effective and efficient implementation ***without compromising the rightful use of Union funds and without prejudice to the powers of the budgetary authority.***

Or. en

**Amendment 12**

**Proposal for a regulation**

**Article 2 – paragraph 1 – subparagraph 1**

*Text proposed by the Commission*

1. The Commission shall adopt annual or multi-annual action programmes, where required based on the indicative programming documents referred to in the applicable Instrument.

*Amendment*

1. The Commission shall adopt annual or multi-annual action programmes, where required based on the ***general and global axes envisaged in the*** indicative programming documents referred to in the applicable Instrument.

Or. en

## Amendment 13

### Proposal for a regulation

#### Article 2 – paragraph 2 – subparagraph 1

*Text proposed by the Commission*

2. Action programmes **and** individual measures provided for in paragraph 1 for which the Union's financial assistance exceeds EUR 10 million **and special measures for which the Union's financial assistance exceeds EUR 30 million** shall be adopted in accordance with the examination procedure referred to in Article 15(3).

*Amendment*

2. Action programmes, individual measures **and special measures** provided for in paragraph 1 for which the Union's financial assistance exceeds EUR 10 million shall be adopted in accordance with the examination procedure referred to in Article 15(3).

Or. en

*Justification*

*Ensures that the establishment of new structures or initiatives does not compromise the rightful and objective use of programmed funds.*

## Amendment 14

### Proposal for a regulation

#### Article 2 – paragraph 2 – subparagraph 2 a (new)

*Text proposed by the Commission*

*Amendment*

***If the total amount of non-substantial amendments or their budgetary impact exceeds the above-mentioned thresholds for small-scale financing, the procedure referred to in Article 15(3) shall apply.***

Or. en

*Justification*

*Ensures that the establishment of new structures or initiatives does not compromise the rightful and objective use of programmed funds.*

## Amendment 15

### Proposal for a regulation Article 2 – paragraph 4

*Text proposed by the Commission*

4. Appropriate environmental screening, ***including for climate change and biodiversity impacts, shall be undertaken at project level including where applicable environmental impact assessment (EIA) for environmentally sensitive projects, in particular for major new infrastructure.*** Where relevant, strategic environmental assessments (SEA) shall be used in the implementation of sectoral programmes. ***The involvement of interested stakeholders in environmental assessments and public access to the results shall be ensured.***

*Amendment*

4. Appropriate environmental screening ***shall be carried out in accordance with the legislation in force and the provisions of the Environmental Impact Assessment (EIA) Directive.*** Where relevant, strategic environmental assessments (SEA) shall be used in the implementation of sectoral programmes. ***The EIA shall be made publicly available and used in the decision-making process.***

Or. en

## Amendment 16

### Proposal for a regulation Article 3 – paragraph 1

*Text proposed by the Commission*

1. Union financing may cover expenditure for the implementation of the Instruments and for the achievement of their objectives, including administrative support associated with the preparation, follow-up, monitoring, audit and evaluation activities directly ***necessary for such implementation,*** as well as expenditure at Union delegations on the administrative support needed to manage operations financed under the Instruments.

*Amendment*

1. Union financing may cover expenditure for the implementation of the Instruments and for the achievement of their objectives, including administrative support associated with the preparation, follow-up, monitoring, audit and evaluation activities directly ***linked to the operations financed under the Instruments*** as well as expenditure at Union delegations on the administrative support needed to manage operations financed under the Instruments.

Or. en

## Amendment 17

### Proposal for a regulation

#### Article 3 – paragraph 2 – introductory wording

*Text proposed by the Commission*

2. Provided that the activities listed in points (a), (b) and (c) are **related** to the general objectives of the applicable Instrument implemented through the action, Union financing may cover

*Amendment*

2. Provided that the activities listed in points (a), (b) and (c) are **directly linked** to the general objectives of the applicable Instrument implemented through the action, Union financing may cover

Or. en

## Amendment 18

### Proposal for a regulation

#### Article 3 – paragraph 3

*Text proposed by the Commission*

3. Support measures may be financed outside the scope of indicative programming documents. Where applicable, the Commission shall adopt support measures in accordance with **the advisory procedure referred to in** Article 15(2).

*Amendment*

3. Support measures may be financed **in a way proportionate to their objectives** outside the scope of indicative programming documents. Where applicable, the Commission shall adopt support measures in accordance with Article 15(2). **In the event that the total amount of support measures exceeds the thresholds for small-scale financing, as referred to in Article 2(2), the Commission shall adopt support measures in accordance with Article 15(3).**

Or. en

## Amendment 19

### Proposal for a regulation Article 4 – paragraph 1 – point c

*Text proposed by the Commission*

(c) budget support;

*Amendment*

(c) ***general and sectoral*** budget support;

Or. en

## Amendment 20

### Proposal for a regulation Article 4 – paragraph 1 – point f

*Text proposed by the Commission*

(f) shareholdings or equity participations in international financial institutions, including regional development banks.

*Amendment*

(f) shareholdings or equity participations in international financial institutions, including regional development banks ***but excluding national banks of Member States.***

Or. en

## Amendment 21

### Proposal for a regulation Article 4 – paragraph 6 – point c

*Text proposed by the Commission*

(c) contributions to the costs necessary to set up and administer a public-private partnership, and

*Amendment*

(c) ***proportionate*** contributions to the costs necessary to set up and administer a public-private partnership, and

Or. en

## Amendment 22

### Proposal for a regulation

#### Article 4 – paragraph 6 a (new)

*Text proposed by the Commission*

*Amendment*

***6a. All revenues generated by the termination of a financial instrument managed by a financial intermediary shall be assigned to the corresponding external action instrument as internal assigned revenue. Every five years, the Commission shall examine the contribution made to the achievement of Union objectives, and the effectiveness, of existing financial instruments. Where it is decided to terminate a financial instrument, the decision in that regard shall be adopted in accordance with Article 15(3).***

Or. en

## Amendment 23

### Proposal for a regulation

#### Article 4 – paragraph 6 b (new)

*Text proposed by the Commission*

*Amendment*

***6b. The use of innovative financial instruments and cooperation with international financial institutions shall be based on the common Union standards and best practices on the use of Union funds and reporting, as laid down in the financial rules and other relevant Union legislation.***

Or. en

## Amendment 24

### Proposal for a regulation Article 6 – paragraph 3

*Text proposed by the Commission*

3. Budgetary commitments for actions under the IPA and the ENI extending over more than one financial year may be broken down over several years into annual instalments.

*Amendment*

3. Budgetary commitments for actions under the IPA, ***the DCI, the Partnership Instrument for cooperation with third countries*** and the ENI extending over more than one financial year may be broken down over several years into annual instalments.

Or. en

## Amendment 25

### Proposal for a regulation Article 6 a (new)

*Text proposed by the Commission*

*Amendment*

#### ***Article 6a***

#### ***Reporting on expenditure related to external action***

***The Commission shall set out, in part VII of the Working Document on expenditure related to external action for the budgetary year n+1, a breakdown by country and instrument, and by commitments and payments, for each of the measures referred to in Article 3, Article 4(1) and Article 6(1).***

Or. en



## Amendment 26

### Proposal for a regulation Article 12

*Text proposed by the Commission*

*Amendment*

#### *Article 12*

*deleted*

#### *Evaluations of actions*

***1. The Commission shall regularly monitor and review its actions, and evaluate the results of the implementation of sectoral policies and actions, and the effectiveness of programming, where appropriate by means of independent external evaluations, in order to ascertain whether the objectives have been met and to enable it to formulate recommendations with a view to improving future operations.***

***2. The Commission shall send its evaluation reports to the European Parliament and to the Council for information. Member States may request to discuss specific evaluations in the Committees referred to in Article 15. The results shall feed back into programme design and resource allocation.***

***3. The Commission shall associate to an appropriate extent all relevant stakeholders in the evaluation phase of the Union assistance provided under this Regulation.***

Or. en

#### *Justification*

*See Amendment 26, 27, - Article 12 should be moved from Title III to Title IV of the proposal with some amendments.*

## **Amendment 27**

### **Proposal for a regulation Title IV – Article 12 a (new)**

*Text proposed by the Commission*

*Amendment*

#### *Article 12a*

##### *Evaluation of actions*

- 1. The Commission shall annually monitor and review its actions, assessing whether the objectives have been properly defined, and shall evaluate the results of the implementation of sectorial policies and actions and the effectiveness of programming, where appropriate by means of independent external evaluations, in order to ascertain whether the objectives have been met and to enable it to formulate recommendations with a view to improving future operations.*
- 2. The Commission shall send its evaluation reports to the European Parliament and to the Council for information. Member States may request that specific evaluations be discussed in the committees referred to in Article 15. The results of such discussions shall feed back into programme design and resource allocation.*
- 3. The Commission shall, to an appropriate extent, associate all relevant stakeholders in the evaluation phase of the Union assistance provided for under this Regulation.*

Or. en

#### *Justification*

*See Amendment 26, 27, - Article 12 should be moved from Title III to Title IV of the proposal with some amendments.*

## Amendment 28

### Proposal for a regulation Article 13 – title

*Text proposed by the Commission*

**Biennial** report

*Amendment*

**Biennial** report

Or. en

## Amendment 29

### Proposal for a regulation Article 13 – paragraph 2

*Text proposed by the Commission*

2. The **biennial** report shall contain information relating to the previous **year** on the measures financed, the results of monitoring and evaluation exercises, the involvement of the relevant partners, and the implementation of budgetary commitments and of payments appropriations. It shall assess the results of the Union's financial assistance, using as far as possible, specific and measurable indicators of its role in meeting the objectives of the Instruments.

*Amendment*

2. The **biennial** report shall contain information relating to the **two** previous **years** on the measures financed, the results of monitoring and evaluation exercises, the involvement of the relevant partners, and the implementation of budgetary commitments and of payments appropriations. It shall assess the results of the Union's financial assistance, using as far as possible, specific and measurable indicators of its role in meeting the objectives of the Instruments, **including economic development and human rights**.

Or. en

## Amendment 30

### Proposal for a regulation Article 16 – paragraph 1

*Text proposed by the Commission*

1. No later than 31 December 2017, a report shall be established by the Commission on the achievement of the objectives of each of the Instruments by

*Amendment*

1. No later than 31 December 2017, a report shall be established by the Commission on the achievement of the objectives of each of the Instruments **and**

means of **result and impact** indicators measuring the efficiency of the use of resources and the European added value of the Instruments, in view of a decision on the renewal, modification or suspension of the types of actions implemented under the Instruments. The report shall, in addition, address the scope for simplification, internal and external coherence, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities for smart, sustainable and inclusive growth. It shall take into account any findings and conclusions on the long-term impact of the Instruments.

***on the overall performance of, and added value afforded by, this Regulation***, by means of **transparent, clear and specific** indicators measuring the efficiency of the use of resources and the European added value of the Instruments, in view of a decision on the renewal, modification or suspension of the types of actions implemented under the Instruments. The report shall, in addition, address the scope for simplification, internal and external coherence, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities for smart, sustainable and inclusive growth. It shall take into account any findings and conclusions on the long-term impact of the Instruments.

Or. en

## **Amendment 31**

### **Proposal for a regulation Article 16 – paragraph 2**

#### *Text proposed by the Commission*

2. This report shall be submitted to the European Parliament and to the Council, and shall be accompanied if appropriate, by legislative proposals introducing the necessary modifications to the Instruments.

#### *Amendment*

2. This report shall be submitted to the European Parliament and to the Council, and shall be accompanied if appropriate, by legislative proposals introducing the necessary modifications to the Instruments ***and to this Regulation.***

Or. en

## Amendment 32

### Proposal for a regulation Article 16 – paragraph 5 a (new)

*Text proposed by the Commission*

*Amendment*

***5a. By no later than 31 December 2017, the Commission shall produce a document that consolidates information on all funding governed by this Regulation and all external funding within the broad remit, which may not be confined only to funding under Heading 4, and that offers a breakdown of spending by, inter alia, beneficiary country, general area of application of the funds, use of financial instruments, commitments and payments, and level of participation of partners.***

Or. en

*Justification*

*Your Rapporteur feels that such a document would greatly increase transparency on how and where EU funding is spent and improve the oversight on complementarity and coherence across financial instruments and initiatives.*