



## External financing instruments

[09-12-2013 - 20:11]

### Background

**MEPs are set to approve the compromise reached with the Council on the rules governing EU foreign policy spending for 2014 to 2020 when they vote on 11 December. The deal was endorsed on 4 and 5 December by the Development and Foreign Affairs Committees.**

The EU's external financing instruments are its key tool for promoting its values and interests around in the world, ensuring the growing visibility of the Union in international partnerships and enhancing the prosperity and security of EU citizens.

The European Parliament, the only directly-elected EU institution, is now jointly responsible with the Council for setting the rules governing the funds that will underpin the EU's external action in the years to come. Throughout the negotiations, which lasted 18 months, Parliament worked to increase its oversight of EU spending of taxpayers' money to support its foreign partners, neighbours, civil society organisations and human rights defenders around the world.

Parliament strived to raise the visibility of the EU's action in the world to increase awareness of it amongst citizens as well as beneficiaries of the funds. It also worked to improve conflict prevention, the upholding of human rights and the promotion of democracy and to increase the involvement of civil society.

Parliament's goals in the negotiations were for these financial instruments to:

- "deliver clear impact and visible results on the ground, in order to achieve clear objectives agreed at political level;
- be prepared, implemented, monitored and assessed in a transparent and inclusive way, involving as far as possible, where applicable and appropriate, partner countries at national, regional and local level, as well as civil society;
- be construed on a logic of coordination and synergies amongst each other and with other policy lines of the EU for its external action, but also with programmes of EU member states and international donors addressing the same thematic or geographic areas behind shared policy objectives, thus avoiding overlaps and a waste of resources and efforts, and on the contrary increasing the positive impact of Union's programmes;
- provide mechanisms which allow for a rapid reaction to unforeseen developments such as political transitions in third countries or the emergence of new global challenges requesting adequate and timely responses by the EU, while ensuring an adequate degree of predictability for the benefit of the partner countries."

(Explanatory statements to the draft reports)

### Contact

**Václav LEBEDA**

BXL: (+32) 2 28 32971

STR: (+33) 3 881 73839

PORT: (+32) 498 98 33 27

EMAIL: [foreign-press@europarl.europa.eu](mailto:foreign-press@europarl.europa.eu)

TWITTER: EP\_ForeignAff

# Background

## **What does the external financing instruments package consist of?**

The package of external financing instruments for 2014 to 2020 comprises seven separate regulations, agreed with Council and to be endorsed by Parliament on 11 December.

*The Committee on Foreign Affairs tabled reports on the regulations on the:*

- Common Implementing Rules;
- Instrument for Pre-Accession Assistance;
- European Neighbourhood Instrument;
- Partnership Instrument;
- Instrument for Stability and Peace (the former Instrument for Stability).
- European Instrument for Democracy and Human Rights

*The Committee on Development tabled a report on the*

- Instrument for Development Cooperation.

Details of the regulations are provided below.

# Background

## The Common Implementing Rules

This umbrella regulation seeks to ensure harmonised, simplified and flexible decision-making for all four of the geographic tools (Instrument for Pre-Accession Assistance, European Neighbourhood Instrument, Development Cooperation Instrument and Partnership Instrument) as well as for the thematic instruments (European Instrument for Democracy and Human Rights and Instrument for Stability and Peace). The idea is to make the delivery of EU assistance swifter and to ensure that the different funds complement one another and avoid spending overlaps.

*Key improvements obtained in the negotiations with Council and the Commission:*

- Specific clause on promoting the visibility of EU action;
- Enhanced coordination on the ground between all EU funds and assistance from the member states;
- Involvement of local civil society in the preparation and implementation of the programmes;
- Increased emphasis on upholding the EU's values of democracy, conflict prevention, the rule of law and human rights;
- Mid-term review clause after three and a half years, under measures delegated to the Commission over which the new Parliament will have full scrutiny and democratic oversight (delegated acts);
- Strategic dialogue between Parliament and the Commission on all country-specific programming documents and before any substantial revision of the programming documents.

# Background

## Instrument for Pre-Accession Assistance (IPA II)

The renewed Instrument for Pre-Accession Assistance will continue to provide support to candidate and potential candidate countries for EU accession. It will assist them in carrying out reforms needed to prepare for EU membership, with emphasis on issues including rule of law and fundamental freedoms, regional cooperation, socio-economic development and the incorporation of EU laws and standards.

*Key improvements obtained in the negotiations with Council and the Commission:*

- Introduction of performance-linked incentives to reward improvements in implementing pre-accession assistance and in meeting the membership criteria on the basis of measurable indicators;
- Introduction of detailed objectives in the legislation itself, such as promotion of socio-economic inclusion, development of civil society, improvement of social dialogue, enforcement of rule of law, and promotion of reconciliation;
- Democratic scrutiny by Parliament: Parliament will oversee specific thematic measures amended half-way through the 2014-2020 budget period under powers delegated to the Commission. It will also table resolutions that must be taken into account when decisions are made on the assistance accompanying EU enlargement.

# Background

## European Neighbourhood Instrument (ENI)

The European Neighbourhood Instrument (ENI) will be the Union's key tool for supporting the EU's 16 partners located to the east and south of its external borders. It will replace the European Neighbourhood and Partnership Instrument (ENPI) and provide the bulk of funding for the neighbourhood countries through bilateral, regional and cross-border cooperation programmes. It will contribute to strengthening democracy and human rights, rule of law, good governance, sustainable economic and social development and progressive integration with the EU as well as supporting the implementation of agreements between these countries and the EU, such as association agreements.

*Key improvements obtained in the negotiations with Council and the Commission:*

- Specific provision for rewards underpinning the “more for more” principle introduced during the 2011 review of the European Neighbourhood Policy. A tenth of the budget for individual countries will be linked to their performance;
- In particular, about a tenth of the entire ENI budget will be earmarked for neighbours performing well in the area of democratic reform;
- EP scrutiny through measures delegated to the Commission, according to type of programme, with a mid-term review in 2018;
- Enhanced donor coordination, especially between the EU and individual member states.

# Background

## Partnership Instrument (PI)

A new external policy tool, the Partnership Instrument, will aim at promoting political and economic dialogue with non-EU countries and at supporting the external dimension of the EU's internal policies, with particular reference to the promotion of EU standards and key responses to major global challenges such as climate change or energy security. Its scope is global and covers all third countries where the EU has significant interests.

*Key improvements obtained in the negotiations with Council and the Commission:*

- The PI will provide an effective inclusive platform for the promotion of political and economic dialogue with countries outside the EU;
- Parliament has identified thematic priorities for the execution phase, such as promoting adequate coordinated follow-up to the conclusions of international forums like the G-20, stimulating efforts to reduce greenhouse gas emissions in all areas covered by the Europe 2020 strategy and promoting a secure environment for investment and business.

# Background

## Instrument for Stability and Peace (ISP)

The ISP will be crucial as it will enable the Union to address the full spectrum of conflict, from conflict prevention and crisis response to the promotion of stability and post-conflict peace-building. It will also boost the EU's own capacities for responding to conflict and for building the capacity of key partners such as the UN and civil society organisations.

*Key improvements obtained in the negotiations with Council and the Commission:*

- The existing Instrument for Stability is restructured to create a new Instrument for Stability and Peace that will address a weakness in the EU's toolbox by linking hard security and development;
- Three pillars of action are defined, at Parliament's instigation: fully flexible "crisis response"; a new emphasis on "conflict prevention and mediation" and addressing trans-regional threats (including cross-border crime, terrorism and climate change);
- a clear emphasis on the central role of civil society in responding to conflict;
- 9% of funds ringfenced for conflict prevention;
- a new human rights mechanism with a requirement for transparency and an obligation to report to Parliament on the planning and running of all projects.

# Background

## European Instrument for Democracy and Human Rights (EIDHR)

The EIDHR is designed to promote human rights and democracy and support those working for their respect and protection around the world. Its support is independent and it can therefore be used where other instruments or specific proposals are not possible. Given the EU's general goal of promoting and protecting human rights, it is only used where no other EU tools can be deployed.

*Key improvements obtained in the negotiations with Council and the Commission:*

- The EIDHR will remain flexible and provide funding without needing the consent of non-EU countries;
- It will be better tailored to the needs of human rights defenders in difficult or dangerous situations, enabling them to carry out their work safely;
- There will be a mid-term review of the major goals of the fund under powers delegated to the Commission and overseen by Parliament;
- Specific objectives are included relating to gender equality, social rights and labour standards.



# Background

## Development Cooperation Instrument (DCI)

The DCI covers all the developing countries with the exception of those eligible for the Pre-Accession Instrument. Its geographic programmes cover countries in Asia, Central Asia, the Middle East, Latin America and South Africa. The main focus of the DCI will be on combating poverty, fostering sustainable economic, social and environmental development and promoting democracy, rule of law, good governance and respect for human rights. It will complement the existing European Development Fund, which is the EU's chief source of support for developing countries. Priority will be given to countries most in need, namely least-developed and low-income countries and countries in crisis.

*Key improvements obtained in the negotiations with Council and the Commission:*

- An exhaustive description of the areas of cooperation under geographic and thematic programmes;
- Better parliamentary oversight over decisions on the programmes thanks to 21 indicative financial allocations;
- At least 20% of the aid must be used for the provision of basic social services as well as primary and secondary education;
- At least 95% of the amount foreseen for thematic programs and a minimum of 90% of the amount foreseen for Pan-African cooperation must fulfill the general criteria for development assistance.

# Background

## How much money is involved?

The total budget for the external financing instruments in the EU's next long-term budget period (the Multiannual Financial Framework, or MFF) was determined in the negotiations on the 2014-2020 MFF. The six funds add up to over €51 billion at current (2013) prices. The overall financial allocations were not decided by the Foreign Affairs or Development Committees, whose role was to negotiate on the rules governing the disbursement of the funds.

Breakdown of the 2014-2020 allocations (at current prices):

Instrument for Pre-Accession Assistance	€11,698,668,000
European Neighbourhood Instrument	€15,432,634,000
Partnership Instrument	€954,765,000
Instrument for Stability and Peace	€2,338,719,000
Instrument for Democracy and Human Rights	€1,332,752,000
Instrument for Development Cooperation	€19,622,000,000

# Background

## Who are the key MEPs dealing with this reform?

- Elmar BROK (EPP, DE) is the rapporteur for the Common Implementing Rules regulation
- Libor ROUČEK (S&D, CZ) is the rapporteur for the Instrument for Pre-Accession Assistance
- Eduard KUKAN (EPP, SK) is the rapporteur for the European Neighbourhood Instrument
- Antonio LÓPEZ-ISTÚRIZ WHITE (EPP, ES) is the rapporteur for the Partnership Instrument
- Reinhard BÜTIKOFER (Greens/EFA, DE) is the rapporteur for the Instrument for Stability and Peace
- Alexander Graf LAMBSDORFF (ALDE, DE) is the rapporteur for the European Instrument for Democracy and Human Rights
- Thijs BERMAN (S&D, NL) is the rapporteur for the Instrument for Development Cooperation