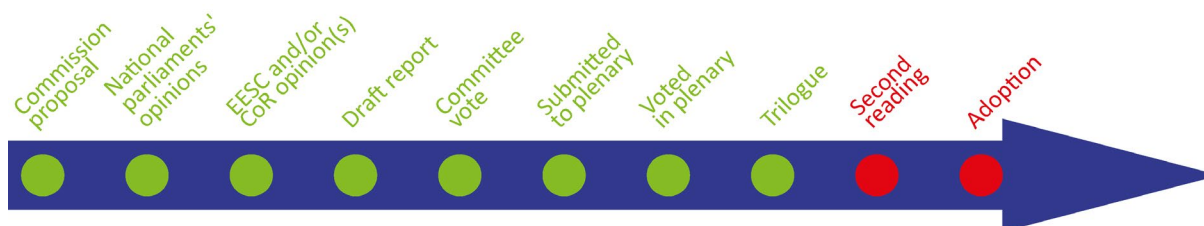


# A new neighbourhood, development and international cooperation instrument – Global Europe

## OVERVIEW

In the context of the Commission's proposal for a multiannual financial framework (MFF) for the 2021-2027 period, on 14 June 2018 the Commission published a proposal for a regulation establishing the Neighbourhood, Development and International Cooperation Instrument. Council and Parliament agreed in trilogue negotiations, which ended in March 2021, that Parliament would have an enhanced role in defining the main strategic choices of the instrument, through a delegated act and twice-yearly geopolitical dialogue. The Commission also committed to inform Parliament prior to any use of the 'emerging challenges and priorities cushion', and take its remarks into consideration. Parliament insisted that any activities related to migration had to be in line with the objectives of the instrument, and also secured safeguards on the amounts for capacity-building, election observation missions, local authorities, Erasmus, the Pacific and the Caribbean. Negotiators also agreed to include a reference, in a recital, to existing EU financial rules that allow for the suspension of assistance if a country fails to observe the principles of democracy, human rights and the rule of law. As a final step, negotiators agreed to change the name of the instrument to the Neighbourhood, Development and International Cooperation Instrument - Global Europe. Parliament is expected to vote in plenary on the instrument at second reading by summer 2021.

<b>Proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument</b>		
<i>Committees responsible:</i>	Foreign Affairs (AFET) Development (DEVE) <i>(joint committee procedure, Rule 58)</i>	COM(2018) 460 14.6.2018 2018/0243(COD)
<i>Rapporteurs:</i>	Michael Gahler (EPP, Germany) Rasa Juknevičienė (EPP, Lithuania) Maria Arena (S&D, Belgium) Charles Goerens (Renew, Luxembourg)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
<i>Next steps expected:</i>	Second-reading vote in plenary	



## Introduction

In the context of the Commission's proposal for the multiannual financial framework (MFF) for the 2021-2027 period, the Commission adopted a [proposal for a regulation](#) of the European Parliament and of the Council establishing the neighbourhood, development and international cooperation instrument (originally called NDICI, changed to 'NDICI/Global Europe' Instrument at the end of trilogue negotiations, following a request by the European Parliament), and its [annexes](#), on 14 June 2018. The proposed regulation comes under Heading 6 – 'Neighbourhood and the World' of the [new](#) MFF, which sets out the main priorities and overall budgetary framework for the EU's external action from 2021 to 2027. The proposed regulation brings together ten separate instruments and funds in the 2014-2020 MFF, as well as the European Development Fund (EDF), which has until now been outside the EU budget.

According to the Commission, the proposed streamlining of the funding architecture for the EU's external action is designed to help the EU to respond better to an increasing number of global challenges, which have also grown in complexity, are multidimensional and are often rapidly evolving. The Commission has found in the course of the implementation of the 2014-2020 MFF that a funding architecture with multiple instruments, multiple sets of priorities, multiple management structures and multiple reporting procedures has not been effective when it comes to tackling new challenges. [Feedback](#) from EU delegations showed that they found it difficult to manage and take advantage of complementarities and to create synergies between the instruments. Overall, it was considered that the EU was missing opportunities for coordinated strategies for a given country/region. With the proposed regulation, the Commission is hoping to introduce a more efficient and flexible instrument, with a coherent set of principles, and simplified management structures.

The Commission proposed to allocate €89 200 million in current prices to the NDICI/Global Europe Instrument for the 2021-2027 period, which would have been equivalent to €78 900 million in 2018 prices. The European Council [decided on 17-21 July 2020](#) to lower the amount by nearly €10 billion to €79 462 million in current prices (€70 800 million in 2018 prices).

## Context

The proposed regulation is based on Articles 209, 212 and 322 of the Treaty on the Functioning of the European Union (TFEU). Part Five, Title III TFEU provides the legal framework for cooperation with partner countries and regions. Article [209](#) provides that the European Parliament and the Council shall adopt the measures necessary for the implementation of development cooperation policy. Article [212](#) provides that the EU shall carry out economic, financial and technical cooperation measures, including assistance, in particular financial assistance, with third countries other than developing countries. These measures shall be consistent with the development policy of the Union and within the principles and the framework of the EU's external action.

## Existing situation

In the multiannual financial framework for 2014-2020, the 'Global Europe' heading was implemented through several financing instruments. Most of these expired on 31 December 2020. They include:

- [Regulation \(EU\) 230/2014](#) establishing the Instrument contributing to stability and peace (IcSP);
- [Regulation \(EU\) 232/2014](#) establishing the European neighbourhood instrument (ENI);
- [Regulation \(EU\) 233/2014](#) establishing the development cooperation instrument (DCI);
- [Regulation \(EU\) 234/2014](#) establishing the partnership instrument for cooperation with third countries (PI);
- [Regulation \(EU\) 235/2014](#) establishing the European instrument for democracy and human rights (EIDHR);

- [Regulation \(EU\) 236/2014](#) laying down common rules and procedures for the implementation of the Union's instrument for financing external action (CIR);
- [Regulation \(EU\) 2017/1601](#) establishing the [European Fund for Sustainable Development \(EFSD\)](#), the EFSD Guarantee and the EFSD Guarantee Fund;
- [Decision \(EU\) 2018/412](#) of 14 March 2018 amending Decision No 466/2014/EU granting an EU guarantee to the European Investment Bank against losses under financing operations supporting investment projects outside the Union ([External Lending Mandate, ELM](#));
- [Regulation \(EU\) 2018/409](#) amending [Council Regulation 480/2009](#) establishing a [Guarantee Fund for External Action \(GFEA\)](#);
- The extra-budgetary [European Development Fund \(EDF\)](#), including its African, Caribbean and Pacific (ACP) investment facility.

The proposed regulation seeks to [merge the above-listed instruments into one new regulation](#). In doing so, the Commission aims to simplify the structure of the funding architecture for the EU's external action, by tearing down artificial barriers between instruments.

## Parliament's starting position

On 14 March 2018, Parliament adopted a [resolution](#) on the next MFF: Preparing the Parliament's position on the MFF post-2020. This was followed, on 17 April 2018, by the adoption of a [resolution](#) on the implementation of the development cooperation instrument, the humanitarian aid instrument and the European development fund. On 18 April, Parliament adopted a [resolution](#) on the implementation of the EU external financing instruments: mid-term review 2017 and the future post-2020 architecture. Following the publication, on 2 May 2018, of the Commission's proposal on the 2021-2027 MFF and the EU's own resources system, Parliament adopted a [resolution](#) on the 2021-2027 multiannual financial framework and own resources on 30 May 2018.

As regards external policies, Parliament called for a 'significant increase' in appropriations to allow the EU to implement a 'genuinely European, rules-and values-based foreign policy', within the framework of the global strategy and of its enlargement, neighbourhood and development policies. Parliament stated that it expected the 2021-2027 MFF to reflect the unprecedented needs of the southern and eastern neighbourhood countries, struggling with conflicts and the challenges presented by migration and refugees. It also stated that more money should be allocated to address the growing need for humanitarian aid arising from natural and manmade disasters. Moreover, Parliament called for the EU to increase funding to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and asked for additional resources to finance an investment plan for Africa, to tackle the root causes of migration.

Parliament recalled the commitment made by the EU and the Member States to increase their official development assistance (ODA) to 0.7 % of gross domestic product (GDP) by 2030, including 20 % of the EU's ODA for social inclusion and human development, and 0.2 % of the EU's gross national income (GNI) in ODA for least developed countries. It noted, in particular, that while development assistance could play an important role in tackling the root causes of migration and contributing to stability, ODA should not be used to cover refugee costs in donor countries.

Parliament has long called for the integration of the European Development Fund (EDF), an off-budget fund financed by yearly contributions from EU Member States, into the EU budget. It reiterated this call in its resolution of 14 March 2018. The resolution of 17 April 2018 also called for the better integration of the trust funds (e.g. [the Madad Fund](#), the [Emergency Trust Fund for Africa](#)) and facilities (e.g. the [African Peace Facility](#)) into the budget, to increase transparency and democratic scrutiny of external financing.

In terms of structure, Parliament advocated a separate heading entitled 'stronger responsibility in the world', which would include programmes and instruments supporting (i) international cooperation and development, (ii) neighbourhood, (iii) enlargement, (iv) humanitarian aid, (v) democracy, rule of law, fundamental rights and gender equality, and (vi) trade. Parliament

expressed readiness to consider a 'simplified and streamlined' architecture for the external financing instruments, but called for separate dedicated instruments (i) for pre-accession assistance, (ii) for the neighbourhood, (iii) for development, and (iv) for humanitarian aid. Parliament stressed that the objective of any restructuring of the instruments should be increased transparency, accountability, efficiency and coherence, as well as flexibility, and that these objectives could not be achieved without a governance structure that allows for political control, is strategy driven, inclusive and accountable.

## Council and European Council starting position

The General Affairs Council (GAC) meeting of [14 May 2018](#) kicked off negotiations of the Commission's proposal for the 2021-2027 MFF. The GAC of [18 September 2018](#) also discussed the 2021-2027 MFF, including how the EU policy priorities and European added value were reflected in the MFF proposal and the proposed allocation of funds to different policy areas. A [note](#) by the Austrian Presidency outlining the state of play concerning the MFF proposals published in view of the GAC of 18 September 2018 stated, with regard to Heading IV – Neighbourhood and the World, that some Member States insisted that the neighbourhood instrument should remain a separate instrument, and that the Commission proposal had to 'deliver adequately on Leaders' priorities in the area of migration'. Moreover, while some Member States welcomed the proposed budgetisation of the EDF, others preferred to 'maintain the status quo to reduce pressure on scarce resources (notably on cohesion policy and the common agricultural policy), keep the EDF open to third-country participation, allow for increased flexibility, maintain visibility, and retain existing implementation rules'.

## Preparation of the proposal

The procedures and timeline leading up to the publication of the proposed legislation are set out in the EPRS Briefing on [Post-2020 MFF and own resources - Ahead of the Commission's proposal](#) (May 2018).

On 1 March 2017, the Commission published a [white paper](#) on the future of Europe and the way forward, which set out possible paths for the future of Europe, offering five scenarios for how the Union could evolve. This was followed, in June 2017, by a [reflection paper on the future of EU finances](#). The paper looks at the challenge of the EU having to '[fund more with less](#)', structured around the [five scenarios](#) set out in the white paper. In addition, the reflection paper sets out the basic features of the EU budget and charts the principal trends and developments in key policy areas like cohesion or agriculture.

On 2 May 2018, the Commission adopted proposals for a new multiannual financial framework (MFF) for the European Union for the years after 2020, accompanied by a [communication](#). The Commission also adopted a proposal for a new system of own resources to provide the EU with the means to finance its annual budget. The proposals were published as a package; their publication was followed by the publication of a series of further legislative proposals in May and June for individual spending programmes, including, on 14 June 2018, the proposal for the NDICI/Global Europe Instrument.

Also on 14 June 2018, the Commission published the [impact assessment](#) accompanying a total of four legislative proposals, namely the proposal for a regulation establishing the neighbourhood, development and international cooperation instrument; the proposal on the association of the overseas countries and territories with the European Union, including relations between the EU on the one hand, and Greenland and the Kingdom of Denmark on the other; the proposal for a regulation establishing the instrument for pre-accession assistance; and the proposal establishing a European instrument for nuclear safety. EPRS has prepared an [initial appraisal](#) of that impact assessment.

## The changes the proposal would bring

The proposed regulation would bring a major restructuring of the Union's external action instruments, by merging a total of ten regulations, one decision and one extra-budgetary fund based on an inter-governmental agreement into a single new regulation. In doing so, the Commission seeks to simplify the structure of the funding architecture for the EU's external action, by removing artificial barriers between instruments. The Commission hopes that streamlining a number of instruments within one broad instrument would provide an opportunity to rationalise management and oversight systems, and so reduce the administrative burden for EU institutions and Member States. Instead of focusing on multiple programming processes, debates would be more focused on political objectives and engagement with external partners. In addition, actions that receive cumulative funding from different EU programmes would be audited only once, covering all involved programmes and their respective applicable rules. Part of the simplification would be the integration of the European Development Fund (EDF) – which has so far been one of the main instruments to provide assistance to African, Caribbean and Pacific countries and to overseas countries and territories – into the EU budget. The budgetary and scrutiny powers of the European Parliament would thus be extended to the EDF.

According to the Commission, the proposed new architecture reflects the need to focus on strategic priorities both geographically – the European neighbourhood, Africa and the Western Balkans, as well as countries that are fragile and most in need – and also thematically: security, migration, climate change and human rights.

The proposed regulation would have three main components: a geographical, a thematic and a rapid response component, as well as a so-called 'flexibility reserve' or 'cushion'.

The **geographical** component would consist of geographical programmes for (i) the European Neighbourhood (Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestine, Syria, Tunisia, and Ukraine); (ii) sub-Saharan Africa; (iii) Asia and the Pacific; and (iv) the Americas and the Caribbean. Budget allocations per geographical region would be ring-fenced.

Geographical programmes would focus on the following areas of cooperation:

- good governance, democracy, rule of law and human rights,
- poverty eradication, fight against inequalities and human development,
- migration and mobility,
- environment and climate change,
- inclusive and sustainable growth and decent employment,
- security, stability and peace,
- partnership.

In addition, neighbourhood countries would benefit, among other things, from enhanced political cooperation, support for the implementation of association agreements, promotion of people-to-people contacts, support for regional cooperation and progressive integration into the Union's internal market, and enhanced sectoral and cross-sectoral cooperation.

The **thematic** component would comprise several thematic programmes with worldwide coverage, namely on (i) human rights and democracy, (ii) civil society organisations, (iii) stability and peace, and (iv) global challenges. These thematic programmes would cover areas such as health, education and training, women and children, decent work and social protection, culture, migration, environment and climate change, sustainable energy, sustainable and inclusive growth, private sector, and local authorities.

The **rapid response** component would be designed to allow for quick responses, to enable the EU to (i) contribute to stability and conflict prevention in situations of urgency, in emerging crisis, in crisis and in post-crisis situations; (ii) contribute to strengthening resilience of states, societies,

communities and individuals, and to linking humanitarian aid and development action; and (iii) more generally address foreign policy needs and priorities. A special feature of the rapid response component, which would also have worldwide coverage, would be that it would require no programming. Implementation would be through the adoption of exceptional assistance measures, action plans and individual measures, allowing for greater flexibility. At the same time, it would be intended that rapid response actions would be complementary to geographical and thematic programmes.

A '**cushion**' would be proposed **for emerging challenges and priorities**. It would be used to (i) ensure an appropriate response of the EU in the event of unforeseen circumstances, (ii) address new needs or emerging challenges, such as those at the Union's or its neighbours' borders, linked to crisis and post-crisis situations or migratory pressure, and (iii) lead new EU-led or international initiatives.

Funds from the geographical component would continue to finance a revised version of the [European Fund for Sustainable Development](#), called EFSD+, and the [External Action Guarantee](#). The EFSD+ and the External Action Guarantee would be used to support financing and investment operations in partner countries.

Moreover, the proposed regulation would, in the future, finance capacity-building of military actors in support of development and security for development, which is currently financed through the Instrument contributing to Stability and Peace (IcSP).

## Advisory committees

This proposal is not subject to mandatory consultation of either advisory committee. The Committee of the Regions adopted an [opinion](#) during its plenary session of 6 December 2018.

## National parliaments

The deadline for the submission of [reasoned opinions](#) on the grounds of subsidiarity was 24 September 2018. No such opinion was submitted.

## Legislative process

### European Parliament

In accordance with Rule 58 (formerly Rule 55) of the EP's Rules of Procedure, the DEVE and AFET committees worked jointly on the proposal for the NDICI/Global Europe Instrument. During a joint meeting on 4 March 2019, the two committees adopted their report on the proposal, by 46 votes to 6 with 10 abstentions. Following the submission of the report to plenary, Parliament adopted its first-reading position on 27 March 2019, [approving](#) the legislative [resolution](#) by 420 votes in favour, 146 against and 102 abstentions. On 8 October 2019, the two committees decided to enter into interinstitutional negotiations on the basis of the Parliament's March first-reading position. This decision was announced in the October I plenary session.

Parliament proposed important amendments to the Commission's proposal, which fall into three broad categories: (i) better governance and a stronger role for Parliament, (ii) clearer and more distinct objectives for the various policies, and (iii) budgetary measures.

As regards **better governance** and a stronger role for the EP, the proposed amendments seek to introduce greater democratic accountability and control mechanisms, by proposing delegated act procedures for secondary policy choices, notably programming. Thus, Parliament proposed delegated acts for the establishment of multiannual programmes, outlining the priority areas, objectives, expected results, indicative financial allocations and cooperation modalities.

By contrast, Parliament proposed to eliminate implementing acts/comitology procedure, and to replace them by Commission delegated decisions executing the regulation. MEPs also called for enhanced dialogue between Parliament and the Commission, in particular prior to the adoption of delegated acts, and before the presentation of the draft annual budget by the Commission. Parliament also proposed to introduce delegated acts to establish a framework for risk management, ensure a performance-based approach in the Neighbourhood, safeguard respect for human rights in security sector activities, and to create investment windows.

In addition, Parliament proposed stronger monitoring and reporting mechanisms, including for the European Fund for Sustainable Development Plus (EFSD+). Finally, Parliament proposed to include important provisions, covering issues such as the structure of programmes, objectives for the Neighbourhood, and governance of the EFSD+, which appear in the annexes to the Commission's proposal, in the main body of the regulation.

In return, Parliament indicated that it was ready to accept the simplified and streamlined architecture for the external financing instruments proposed by the Commission.

As far as the role of the [European Investment Bank](#) (EIB) is concerned, Parliament proposed that the EIB should exclusively implement part of an investment window covering sovereign lending, with at least €1 billion.

- As regards **clearer and distinct objectives** for the various policies, Parliament proposed the following: to further strengthen the policy framework for the European Neighbourhood, a key priority area of EU external action;
- to improve the performance-based approach, which is one of the key tenets of the European Neighbourhood Policy;
- to earmark the financial allocations for the Pacific and the Caribbean;
- to introduce a clear reference to poverty eradication and to the 2030 Agenda and the Sustainable Development Goals in the objectives of the instrument;
- to raise the percentage of funding that aims to fulfil the criteria for official development assistance (ODA) to 95 % (from the proposed 92 %);
- to ensure that any external policy likely to affect developing countries takes account of the objectives of development cooperation;
- to make gender equality and women's and girl's rights a principal or a significant objective in at least 85% of ODA-funded programmes;
- to increase the budget for the thematic programme 'Global Challenges' by €1.5 billion, to reinforce health and education;
- to include attainment of the Paris Agreement commitments on climate in the objectives of the regulation;
- to ensure that 30 % of instrument's funds are used in support of climate change mitigation and adaptation, while an additional 15 % are used to support other environmental objectives;
- to ensure that assistance to a given country may be suspended in cases of persistent failure to observe the principles of democracy, the rule of law or respect for human rights and fundamental freedoms;
- to increase the financial allocation for human rights and democracy activities by €0.5 billion, to €2 billion;
- to include support to local authorities in the thematic programme 'Civil Society Organisations (CSOs)', and to increase the envelope for this programme to €2.7 billion (of which €2.2 billion for CSOs and €0.5 billion for local authorities);

- to expand the annexes dealing with stability and peace to include activities currently financed by the Instrument contributing to Stability and Peace, as well as new activities;
- to introduce a cap of €270 million for activities linked to capacity-building of military actors in support of development and security for development;
- to move most actions proposed under the 'foreign policy needs and priorities' programme from the rapid response to the thematic pillar;
- to set aside a specific financial envelope of €2 billion for stability and conflict prevention within the rapid response pillar; and
- to reintroduce safeguards and guarantees for investment contributing to sustainable development under the EFSD+ and the External Action Guarantee.

Parliament also proposed to move the definition of the scope of the geographical and thematic programmes from the annexes to the prescriptive part (new articles 9a and 9b). Similarly, it proposed to move the definition of the specific objectives of the neighbourhood policy from Annex II to the prescriptive part (new article 15b).

As regards **budgetary measures**, Parliament proposed that the budget for the instrument be increased to €93.154 billion in current prices for the 2021-2027 period, an increase of nearly €4 billion, or 4.4 %, compared to the European Commission's proposal (€89.2 billion). Moreover, Parliament proposed a number of changes to better reflect the strategic importance of a number of geographical and thematic issues. In particular, it welcomed the ring-fencing of the geographical allocations for the Neighbourhood and for sub-Saharan Africa. It also welcomed the increase in funds for an African Investment Plan, as proposed in Parliament's [resolution](#) of 14 November 2018 on the multiannual financial framework for 2021-2027. The resolution proposed an increase of funds for an African Investment Plan of €3.5 billion in 2018 prices, to be divided between sub-Saharan Africa (€ 2.4 billion) and the Neighbourhood (€1.1 billion).

On the EFSD+, Parliament proposed a cap on the maximum amount to be used for provisioning and guarantees to the European Investment Bank, with a €1 billion exclusive window.

The proposed reinforcement of the financial allocations for human rights, civil society and local authorities, and global challenges mentioned above have all been compensated by an equivalent reduction of the emerging challenges and priorities cushion, from €10.2 billion to €7 billion.

## Council position

Coreper adopted a [partial negotiating mandate](#) (PNM) on 13 June 2019. A complementary mandate – [concerning the EFSD+](#) – was adopted on 25 September 2019.

However, important aspects of the NDICI/Global Europe Instrument were outside the scope of the PNM and were kept in the relevant part of the horizontal multiannual financial framework (MFF), which was discussed at the level of the European Council. These include:

- the integration – or not – of the European Development Fund (EDF),
- the integration – or not – of the European Neighbourhood Instrument (ENI),
- the overall figures for the MFF, for Heading IV, for the NDICI/Global Europe Instrument and, within the instrument itself, the breakdown per pillar, and
- targets for climate change.

In the PNM, the Council proposed the following:

- to eliminate all delegated acts,
- to include more references to migration, including as part of the objectives of the instrument set out in Article 3,



- to set a migration spending target of 10 % (with further discussion on migration pending at the working party level),
- to keep the overseas development aid target of 92 %, as proposed by the Commission,
- to introduce extensive changes to the EFSD+ chapter, following the Commission's agreement with the European Investment Bank, and
- to hold broader discussions on the financial architecture for development, following the setting-up of a high-level [Wise Persons Group](#) in April 2019.

According to the complementary negotiating mandate adopted on 25 September 2019, EFSD+ – building on its predecessor, the EFSD – was to constitute an integrated financial package supplying financial capacity in the form of grants, budgetary guarantees and financial instruments worldwide. The Council wanted to see EFSD+ become one of the pillars of the External Investment Plan (EIP) and be complemented by pillars 2 and 3 of the EIP. Furthermore, Council saw EFSD+ as combining blending and budgetary guarantee operations covered by the External Action Guarantee, including those covering sovereign risks associated with lending operations, previously carried out under the external lending mandate to the European Investment Bank (EIB). Council wanted to see programming lead to an appropriate balance between blending and budgetary guarantee operations with the purpose of maximising development impact. According to Council, EFSD+ ought to be composed of regional investment platforms within the areas covered by the NDICI/Global Europe Instrument and, should also cover, where relevant, the areas under the new Instrument for Pre-Accession Assistance (IPA III). Implementation of EFSD+ should be supported by a strategic board. Council also called for the establishment of a technical assessment group, open to experts from the EIB, other eligible counterparts and interested Member States, organised and led by the Commission, to ensure an independent, impartial, inclusive and transparent risk management of EFSD+.

There were numerous points of convergence between the Parliament's first-reading position and the PNM, including:

- strengthened language on, inter alia, poverty eradication, human rights, gender, and climate change, in objectives and general principles;
- introduction of a mid-term review and an end date for the Regulation aligned with the MFF period;
- gender target of 85 %, including – in the PNM only – 5 % for gender-only actions; and
- an exclusion cause for any type of funding running counter to the Paris Agreement or investment in fossil fuels.

## Trilogue agreement

A first trilogue meeting took place on 23 October 2019 in Strasbourg; two months later, the Council Presidency and Parliament's representatives reached a [political agreement](#), on 15 December 2020. Trilogue negotiations ended with the publication of the [provisional agreement on the new regulation](#) on 15 March 2021.

In line with the conclusions adopted by the European Council on 17-21 July 2020, the NDICI/Global Europe Instrument will have an **overall budget** of €79 462 million in current prices (€70 800 million in 2018 prices).

- The financial envelope for the **geographical** component amounts to €60 388 million in current prices (€53 805 million in 2018 prices), of which at least €19 323 million (€17 217 million) will be earmarked for the Neighbourhood, and at least €29 181 million (€26 000 million) for sub-Saharan Africa.

- The financial envelope for the **thematic** component is €6 358 million (€5 665 million).
- The financial envelope for the **rapid response** component amounts to €3 182 million (€2 835 million).
- The financial envelope for the **emerging challenges and priorities cushion** will be €9 534 million (€8 495 million).

Further as regards the budget, negotiators agreed on the following (in current prices):

- a cap of €270 million for capacity-building of military actors in support of development and security for development (CBDSD);
- an indicative amount for Erasmus of €1.8 billion from the NDICI/Global Europe Instrument envelope;
- up to 25 % of the Human Rights and Democracy thematic programme will be available for election observation missions;
- an indicative amount for Pacific (at least €500 million) and for Caribbean (at least €800 million);
- an indicative amount for local authorities under geographic programmes (at least €500 million);
- additional funds for human rights and democracy (€200 million), civil society organisations (€200 million), and the Global Challenges programme (€600 million), from the emerging challenges and priorities cushion.

The main elements of the provisional agreement resulting from trilogue negotiations include:

(1) An enhanced role for the European Parliament in the definition of the main strategic choices, through:

- a delegated act on the specific objectives and priority areas of cooperation per sub-region, to be adopted in 2021. The delegated act will also include more details on the targets/minimum amounts for the different thematic areas within the geographical pillar and the allocations for three sub-regions within sub-Saharan Africa. A compulsory mid-term review of the delegated act has also been agreed.
- a political commitment by the Commission to inform the European Parliament before any mobilisation of the emerging challenges and priorities cushion, as well as a commitment to take into consideration Parliament's comments.
- a twice-yearly geopolitical dialogue between the VP/HR, the other relevant Commissioners and Parliament on the strategic orientations of the NDICI/Global Europe Instrument, including on programming, the cushion, migration and financial allocations.
- regular exchange of information and views between the Commission and the European Parliament.

(2) A compromise on migration, whereby migration-related activities funded by the NDICI/Global Europe Instrument have to be in line with the overall objectives of the regulation. The compromise also limits the application of migration-related leverage. Negotiators agreed to limit the envelope for migration-related purposes to 10% of the instrument.

(3) Further safeguards as regards the amounts set aside for capacity-building of military actors in support of development and security for development (CBDSD), election observation missions, local authorities, Erasmus, Pacific and Caribbean (as detailed above). €1 billion from the emerging challenges and priorities cushion will be used to reinforce the thematic programmes (human rights and democracy, civil society organisations, and global challenges).

(4) Provisions, in a recital, creating the possibility to suspend assistance in case a country persistently fails to observe the principles of democracy, human rights and the rule of law, in accordance with the EU's broader financial rules.

(5) A reference to nuclear safety, the importance of taking into account a partner country's track record as regards international agreements and commitments, and the possibility to 'take appropriate steps' if that country consistently fails to respect basic nuclear safety standards. A separate EU instrument addresses nuclear safety issues in EU partner countries – the [European Instrument for Nuclear Safety](#) complementing the Neighbourhood, Development and International Cooperation Instrument on the basis of the Euratom Treaty. Nevertheless, the EP considered that an express reference to nuclear safety in the NDICI/Global Europe Instrument was needed to ensure coherence across the different instruments as regards this issue.

(6) More ambitious targets for spending on official development assistance (ODA) (93 %, up from 92 % in the Commission proposal), climate (30 %, up from 25 %) and gender (85 %, as opposed to no explicit target in the proposal). This implies that at least 93 % of overall funding from this instrument should contribute to actions designed in such a way that they fulfil the criteria for official development assistance as established by the Development Assistance Committee of the Organisation for Economic Co-operation and Development. It implies further that 30 % of the overall financial envelope of the instrument is expected to contribute to achieving climate objectives. It also implies that – in accordance with existing commitments in the [EU Gender Action Plan III](#) – at least 85 % of ODA-funded programmes, geographical and thematic, should have gender equality as a principal or a significant objective, and at least 5 % should have gender equality and women's and girls' rights and empowerment as a principal objective.

(7) EFSD+, part of the External Investment Plan, will become an integral part of the NDICI/Global Europe Instrument, and will thus be guided by its overall priorities and programming. It will combine blending and budgetary guarantee operations covered by the External Action Guarantee, including those covering sovereign risks associated with lending operations, previously carried out under the external lending mandate of the European Investment Bank (EIB). Parliament will be represented, as an observer, at the meetings of the strategic board overseeing the implementation of EFSD+. The EIB will be given the exclusive mandate to implement an investment window for sovereign and non-commercial sub sovereign operations, as well as potentially two further non-exclusive windows for the promotion of foreign direct investment, trade and the internationalisation of partner countries' economies. The maximum ceiling for operations under the External Action Guarantee will be €53 449 million (subject to amendment of up to 20 % by delegated act), with a total indicative amount for the EIB windows of €26 725 million.

Coreper endorsed the consolidated text reflecting the outcome of the negotiations on 17 March 2021. In a [joint vote](#) on 18 March 2021, the AFET and DEVE committees approved the agreed text of the new regulation, with 76 votes in favour, 13 against, and 4 abstentions. The Council will now have to adopt the text formally at first reading. Parliament would then be expected to vote at second reading on the draft regulation during its June or July plenary session, which would be the final stage for its adoption.

## EP SUPPORTING ANALYSIS

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