A new neighbourhood, development and international cooperation instrument

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 (NDICI), with a proposed budget of €89.2 billion (in current prices). Parliament adopted its first-reading position in plenary on 27 March 2019. MEPs agreed to accept a single instrument, but called for a stronger role for Parliament on secondary policy choices, through delegated acts, and for the budget for the instrument to be increased by nearly €4 billion, to €93.154 billion. MEPs also specifically called for an increase in the funds allocated to human rights and democracy activities, the percentage of funding that fulfils the criteria for official development assistance, and funds that support climate and environmental objectives. Moreover, Parliament’s amendments include the introduction of gender mainstreaming targets, the earmarking of certain financial allocations, the suspension of assistance in case of human rights violations, and the reduction of the emerging challenges and priorities cushion to €7 billion. The Council adopted a partial mandate on 13 June 2019, and an additional mandate – on the European Fund for Sustainable Development (EFSD+) – on 25 September 2019. Following the committees’ decision of 8 October 2019 to enter into interinstitutional negotiations on the basis of Parliament’s first-reading position, a first trilogue meeting took place on 23 October 2019. The second is scheduled for 5 December 2019.


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<th>Committees responsible:</th>
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<td>(joint committee procedure, Rule 58)</td>
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<td>Rapporteurs:</td>
<td>Michael Gahler (EPP, Germany)</td>
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<td></td>
<td>Rasa Juknevičienė (EPP, Lithuania)</td>
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<td>Maria Arena (S&amp;D, Belgium)</td>
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<td>Charles Goerens (Renew, Luxembourg)</td>
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<td>Next steps expected:</td>
<td>Continuing trilogue negotiations</td>
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2018/0243(COD)
Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly ‘co-decision’)

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Members’ Research Service
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Introduction

In the context of the Commission's proposal for a 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 (NDICI), and its annexes, on 14 June 2018. The proposed regulation comes under Heading 6 – ‘Neighbourhood and the World’ of the proposed MFF, which sets out the main priorities and overall budgetary framework for the EU’s external action from 2021 to 2027. The proposed regulation envisages bringing together nine separate instruments and funds in the current MFF, as well as part of the European Development Fund (EDF), which is currently outside the MFF.

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 current MFF that a funding architecture with multiple instruments, multiple sets of priorities, multiple management structures and multiple reporting procedures is not 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 proposes to allocate €89.2 billion in current prices to the NDICI for the 2021-2027 period. This is equivalent to €78.9 billion in constant prices, and represents an increase of 11% compared to the resources allocated to the instruments and funds under the current MFF that the NDICI would replace.¹

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 current multiannual financial framework (for 2014-2020), the 'Global Europe' heading is implemented through several financing instruments. Most of these will expire 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;
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.

**Comparative elements**

Table 1 shows comparisons between the proposal and the current programmes, taking into account the UK’s departure and the ‘budgetisation’ of the EDF.

**Table 1 – Current and proposed allocations for the NDICI (in commitments, € million)**

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<td><strong>Geographical programmes</strong></td>
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<tr>
<td>Neighbourhood</td>
<td>18 030</td>
<td>19 472</td>
<td>8 %</td>
<td>17 693</td>
<td>22 000</td>
<td>24 %</td>
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<tr>
<td>Sub-Saharan Africa</td>
<td>26 593</td>
<td>28 323</td>
<td>7 %</td>
<td>26 097</td>
<td>32 000</td>
<td>23 %</td>
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<tr>
<td>Asia and the Pacific</td>
<td>10 006</td>
<td>8 851</td>
<td>-12 %</td>
<td>9 819</td>
<td>10 000</td>
<td>2 %</td>
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<tr>
<td>Americas and the Caribbean</td>
<td>4 034</td>
<td>3 540</td>
<td>-12 %</td>
<td>3 959</td>
<td>4 000</td>
<td>1 %</td>
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<td><strong>Thematic Programmes</strong></td>
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<tr>
<td>Human Rights and Democracy</td>
<td>1 327</td>
<td>1 328</td>
<td>0 %</td>
<td>1 302</td>
<td>1 500</td>
<td>15 %</td>
</tr>
<tr>
<td>Civil Society Organisations</td>
<td>1 441</td>
<td>1 328</td>
<td>-8 %</td>
<td>1 414</td>
<td>1 500</td>
<td>6 %</td>
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<tr>
<td>Stability and Peace</td>
<td>719</td>
<td>885</td>
<td>23 %</td>
<td>706</td>
<td>1 000</td>
<td>42 %</td>
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<tr>
<td>Global Challenges</td>
<td>5 825</td>
<td>2 655</td>
<td>-54 %</td>
<td>5 716</td>
<td>3 000</td>
<td>-48 %</td>
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<td><strong>Rapid Response</strong></td>
<td></td>
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<tr>
<td>Emerging challenges and priorities cushion</td>
<td>6 999</td>
<td>9 028</td>
<td></td>
<td>6 869</td>
<td>10 200</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>71 447</td>
<td>78 950</td>
<td>11 %</td>
<td>70 114</td>
<td>89 200</td>
<td>27 %</td>
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</table>

Data source: Secretariat of the Committee on Budgets, European Parliament. Totals do not tally due to rounding.
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 18 April 2018 also called for the better integration of the trust funds and facilities into the budget.

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

An informal European Council meeting on 23 February 2018 discussed the political priorities of the multiannual financial framework (MFF) after 2020. According to the Leaders’ Agenda of October 2017, the next European Council dedicated to the post-2020 MFF is planned for 13-14 December 2018, with a further meeting announced for 20-21 June 2019.

The General Affairs Council (GAC) 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 are reflected in the MFF proposal.
and the proposed allocation of funds to different policy areas. A note by the 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 insist that the neighbourhood instrument should remain a separate instrument, and that the Commission proposal must 'deliver adequately on Leaders' priorities in the area of migration'. Moreover, while some Member States welcome the proposed budgetisation of the EDF, others would prefer 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'.

The Council has also set up a specific ad-hoc working party on the 'Neighbourhood, development and international cooperation instrument' (NDICI), currently chaired by the Austrian EU Presidency.

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 NDICI proposal.

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 would 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.

- The **geographical** component (financial envelope: €68 billion, in current prices) would consist of geographical programmes for (i) the European Neighbourhood (€22 billion) (Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestine, Syria, Tunisia, and Ukraine); (ii) Sub-Saharan Africa (€32 billion); (iii) Asia and the Pacific (€10 billion); and (iv) the Americas and the Caribbean (€4 billion). 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 (proposed financial envelope: €7 billion) would comprise several thematic programmes with worldwide coverage, namely on (i) human rights and democracy (€1.5 billion), (ii) civil society organisations (€1.5 billion), (iii) stability and peace (€1 billion), and (iv) global challenges (€3 billion). 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 (proposed financial envelope: €4 billion) 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’ of €10.2 billion 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 EFDS+ and the External Action Guarantee could 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 (CBSD), 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 its 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

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. 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 proposes 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 proposes delegated acts for the establishment of multiannual programmes, outlining the priority areas, objectives, expected results, indicative financial allocations and cooperation modalities.

By contrast, it proposes to eliminate implementing acts/comitology procedure, and to replace them by Commission delegated decisions executing the regulation. MEPs also call 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 proposes 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 proposes stronger monitoring and reporting mechanisms, including for the European Fund for Sustainable Development Plus (EFSD+). Finally, it proposes 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 indicates that it is 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 proposes 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 proposes 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 NDICI;
- 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 NDICI 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 proposes 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 proposes 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 proposes 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 proposes a number of changes to better reflect the strategic importance of a number of geographical and thematic issues. In particular, it welcomes the ring-fencing of the geographical allocations for the Neighbourhood and for sub-Saharan Africa. It also welcomes 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 proposes 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 are outside the scope of the PNM and are kept in the relevant part of the horizontal Multiannual Financial Framework (MFF), which is to be decided 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 and, within the Instrument itself, the breakdown per pillar, and
- targets for climate change.

In the PNM, the Council is proposing 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 minimum 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, the EFSD+ – building on its predecessor, the EFSD – is to constitute an integrated financial package supplying financial capacity in the form of grants, budgetary guarantees and financial instruments worldwide. The Council wants to see the 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 sees the 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 wants to see programming lead to an appropriate balance between blending and budgetary guarantee operations with the purpose of maximising development impact. According to Council, the EFSD+ ought to be composed of regional investment platforms within the areas covered by the
NDICI Regulation and, should also cover, where relevant, the areas under the new Instrument for Pre-Accession Assistance (IPA III). Implementation of the EFSD+ should be supported by a strategic board. Council also calls 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 the EFSD+.

There are 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.

A first trilogue meeting took place on 23 October 2019 in Strasbourg. The next trilogue meeting is due to take place in Brussels on 5 December 2019.

**EP SUPPORTING ANALYSIS**


**OTHER SOURCES**

*Neighbourhood, development and international cooperation instrument 2021–2027*, European Parliament, Legislative Observatory (OEIL).
ENDNOTES

1 Constant prices (2018 prices) differ from current prices in that they apply a 2 % annual deflator to account for the effect of inflation.