



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from:	General Secretariat
to:	Delegations
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Subject:	Proposals for external financing instruments under Heading 4 of the Multiannual Financial Framework 2014-2020 – Partial General Approach = Draft Regulation of the European Parliament and of the Council establishing a Partnership Instrument for cooperation with third countries

Delegations will find at annex the text of the above-mentioned partial general approach which was adopted by the Council (Foreign Affairs) on 25 June 2012.

DRAFT
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
establishing a Partnership Instrument for cooperation with third countries

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 209(1) and 212(2) thereof,

Having regard to the proposal from the Commission,

After transmission of the draft legislative act to the national Parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

[The recitals have not been discussed]

[A recital on the use of blending grants and loans will be introduced at a later stage]

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter and objectives

1. This Regulation establishes a Partnership Instrument for cooperation with third countries to advance and promote EU and mutual interests. The Partnership Instrument shall support measures that respond in an effective and flexible manner to objectives arising from the Union's bilateral, regional or multilateral relationships with third countries and address challenges of global concern.
2. The measures to be financed under this Instrument shall reflect the following specific Union objectives:
 - (a) supporting Union's bilateral, regional and inter-regional cooperation partnership strategies, by promoting policy dialogues and by developing collective approaches and responses to challenges of global concern;
 - (b) implementing the international dimension of "Europe 2020 - A strategy for smart, sustainable and inclusive growth". This objective shall be measured by the uptake of the "Europe 2020" policies and objectives by key partner countries;
 - (c) improving market access and developing trade, investment and business opportunities for European companies by means of economic partnerships and business and regulatory cooperation. This objective shall be measured by the Union's share in foreign trade with key partner countries and by trade and investments flows to partner countries specifically targeted by actions, programmes and measures under this Regulation;
 - (d) enhancing widespread understanding and visibility of the Union and its role on the world scene by means of public diplomacy, education/academic cooperation and outreach activities to promote Union's values and interests. This objective may be measured, *inter alia*, by opinion surveys or evaluations.

Article 2

Scope

1. This Regulation shall primarily support cooperation measures with countries where the Union has a strategic interest in promoting links, especially developed and developing countries which play an increasingly prominent role in the international economy and trade, in multilateral fora, in global governance and in addressing challenges of global concern and where the Union has significant interests.
2. Without prejudice to paragraph 1, all third countries, regions and territories may be eligible for cooperation under this Regulation.

Article 3

General principles

1. The Union seeks to promote, develop and consolidate the principles of democracy, equality, respect for human rights and fundamental freedoms and the rule of law on which it is founded by means of dialogue and cooperation with third countries.
2. To enhance the impact of the Union's assistance, a differentiated and flexible approach shall be pursued, where appropriate, in designing cooperation with partner countries to take account of their economic, social and political contexts as and also of the Union's specific interests, policy priorities and strategies.
3. The Union shall promote a multilateral approach to global challenges and shall cooperate with the Member States in this respect. It shall foster cooperation with international or regional organisations and bodies, including international financial institutions, United Nations agencies, funds and programmes, OECD, and the G20 Group and other bilateral donors.

4. In implementing this Regulation, the Union shall aim to ensure coherence and consistency with other areas of its external action, in particular the Development Cooperation Instrument for developing countries, and with other relevant Union's policies when formulating policy, strategic planning and programming and implementing measures.
5. Measures financed under this Regulation shall be based, where appropriate, on cooperation policies set out in instruments such as agreements, declarations and action plans between the Union and the third countries and regions concerned, and shall also relate to areas linked to the Union's specific interests, policy priorities and strategies.
6. Union support under this Regulation shall be implemented in accordance with the Common Implementing Regulation.

Article 4

Areas of Cooperation

(deleted)

Article 5

Programming and Indicative allocation of funds

1. Multi-annual indicative programmes shall be adopted by the Commission in accordance with the examination procedure referred to in Article 15 (3) of the Common Implementing Regulation. This procedure shall also apply to substantial reviews which have the effect of changing significantly the strategy or its programming.

2. The multi-annual indicative programmes shall set out the Union's strategic and/or mutual interests and priorities, the specific objectives and expected results. For countries or regions for which a Joint Framework Document, laying down a comprehensive Union strategy has been established, the multi-annual indicative programmes shall be based on this document.
3. The multiannual indicative programmes shall also set out the priority areas selected for financing by the Union and shall outline the indicative financial allocation of funds, both overall, per priority area and per partner country or group of partner countries for the period concerned including the participation in global initiatives; these amounts may, where appropriate, be expressed in the form of a range.
4. The multiannual indicative programmes shall be adjusted where necessary, taking into account any mid-term or ad hoc reviews of the reference document on which they are based.
5. Multi-annual indicative programmes may provide for an amount of funds, not exceeding 10% of the total amount, that is not allocated to a priority area or partner country or group of countries. These funds shall be committed in accordance with Article 2 (2) and (3) of the Common Implementing Regulation.
6. The examination procedure referred in paragraph 1 shall not apply to non-substantial modifications to multiannual indicative programmes:
 - making technical adjustments;
 - reassigning funds within the indicative allocations per priority area;
 - reassigning funds between the indicative allocations per priority areas by less than 20% of the overall allocation, not exceeding 10 million Euro,provided that these modifications do not affect the priority areas and objectives set out in the multi-annual indicative programmes.

Such adjustments shall be communicated within one month to the European Parliament and to the Council.

7. The procedure referred in Article 15(4) of the Common Implementing Regulation may be applied for modifying multiannual indicative programmes on duly justified imperative grounds of urgency.
8. With reference to Article 1, the Commission may take into account the geographic proximity of the Union's outermost regions and overseas countries and territories in its cooperation with third countries.

Article 6

Committee

The Commission shall be assisted by the Partnership Instrument committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

Article 7

Exercise of delegation

(deleted)

Article 7a

Suspension clause

Without prejudice to the provision on the suspension of aid in agreements with partner countries and regions, where a partner fails to observe the principles of democracy, the rule of law and the respect for human rights and fundamental freedoms, the Council may take the appropriate measures in accordance with Article 215 (1) of the Treaty on the functioning of the European Union. Before adopting appropriate measures, the Union may conduct consultations with the partner country or territory concerned.

Article 8

Financial reference amount

1. The financial reference amount for implementation of this Regulation for the period from 2014 to 2020 shall be EUR [1 131 000 000]¹. Annual appropriations shall be decided by the budgetary authority as part of the annual budget procedure within the limits set in the Multiannual Financial Framework.
2. As referred to in Article 13, paragraph 2 of the "Erasmus for All" Regulation, in order to promote the international dimension of higher education, an indicative amount of EUR [1 812 100 000]² from the different external instruments (Development Cooperation Instrument, European Neighbourhood Instrument, Instrument for Pre-accession Assistance, Partnership Instrument and the European Development Fund), will be allocated to actions of learning mobility to or from non EU countries and to cooperation and policy dialogue with authorities/institutions/organisations from these countries. The provisions of the "Erasmus for All" Regulation will apply to the use of those funds. The funding will be made available through two multiannual allocations only covering the first four years and the remaining three years respectively. This funding will be reflected in the multiannual indicative programming of these instruments, in line with the identified needs and priorities of the countries concerned. The allocations can be revised in case of major unforeseen circumstances or important political changes in line with the EU external priorities.

¹ All reference amounts will be entered after the conclusion of negotiations regarding the Multiannual Framework (2014-2020)

Article 9

European External Action Service

The application of this Regulation shall be in accordance with Council Decision 2010/427 EU establishing the organisation and functioning of the European External Action Service.

Article 10

Entry into force

This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Union*. It shall apply from 1 January 2014 until 31 December 2020.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

**ANNEX - DETAILED AREAS OF COOPERATION UNDER THE PARTNERSHIP
INSTRUMENT**

(deleted)
