



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 3 December 2013

Interinstitutional File:

**2011/0404 (COD)
2011/0405 (COD)
2011/0406 (COD)
2011/0411 (COD)
2011/0412 (COD)
2011/0413 (COD)
2011/0415 (COD)**

16997/1/13

REV 1

LIMITE

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CODEC 2759
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FIN 849**

REVISED NOTE

from : Presidency
to : Permanent Representatives Committee (Part 2)
Subject : Proposals for external financing instruments under Heading 4 (2014-2020) [**first reading**]
– Approval of the final compromise texts

1. On 9 December 2011 the Commission submitted to the Council the legislative proposals for new external financing instruments under Heading 4 of the Multiannual Financial Framework 2014-2020¹:

¹ Common Implementing Rules (CIR): doc. 18725/11; Instrument for Pre-Accession Assistance (IPA II): doc. 18520/11; European Neighbourhood Instrument (ENI): doc. 18602/11; Financing Instrument for Development Cooperation (DCI): doc. 18429/11; Partnership Instrument for cooperation with third countries (PI): doc. 18505/11; Instrument for Stability (IfS): doc. 18657/11; Financing Instrument for the Promotion of Democracy and Human Rights worldwide (EIDHR): doc. 18621/11.

- the Common Implementing Rules (CIR);
 - the European Neighbourhood Instrument (ENI);
 - the Instrument for Pre-Accession Assistance (IPA II);
 - the Instrument for Stability (IfS);
 - the Financing Instrument for the Promotion of Democracy and Human Rights worldwide (EIDHR);
 - the Partnership Instrument for cooperation with third countries (PI)
 - the Financing Instrument for Development Cooperation (DCI);
2. The relevant European Parliament Committees (AFET and DEVE) voted their draft reports in July and September 2012.
 3. On this basis informal contacts between the representatives of the three institutions took place, and the final compromise texts (see Addendum 1-7) were agreed.
 4. In addition to the declarations set out in the Annex, the Commission intends to make a declaration on "Strategic dialogue with the European Parliament", on "The use of implementing acts for the setting of the specific provisions for the implementation of certain rules in the ENI and the IPA II Instruments ", on "Reflows" and on "Article 5 of the DCI." These declarations will be entered into the minutes of the Council upon the adoption of the relevant instruments. Furthermore, the Parliament intends to make unilateral declarations on "Suspension of the assistance granted under the financial instruments" and on "The beneficiaries listed in Annex I of the IPA II ". These declarations will be noted by the Council.

5. The Permanent Representatives Committee is therefore invited:

- to confirm the approval of the final compromise texts set out in Addenda to this Note, and
 - to authorise the Presidency to send a letter to the Chair of the European Parliament's Committee on Foreign Affairs (AFET) and a letter to the Chair of the European Parliament's Committee on Development (DEVE) confirming that, should the European Parliament adopt its position at first reading, in accordance with Article 294 paragraph 3 of the Treaty, in the form set out in the final compromise text contained in the Annex to that letter (subject to revision by the legal linguists of both institutions), the Council would, in accordance with Article 294 paragraph 4 of the Treaty, approve the European Parliament's position and the act shall be adopted in the wording which corresponds to the European Parliament's position.
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Accompanying the CIR Instrument

Draft Declaration of the United Kingdom, Germany, Ireland, Sweden, Austria, Denmark, Finland, Czech Republic and the Netherlands to be included in the Council Minutes

The UK, Germany, Ireland, Sweden, Austria, Denmark, Finland, Czech Republic and the Netherlands consider that Article 4(4) of the Common Implementing Regulation should be interpreted in full conformity with article 140(6) 2nd and 3rd sub-paragraphs of the Financial Regulation. The above-mentioned Member States consider that revenues, including dividends, capital gains, guarantee fees and interest on loans and on amounts on fiduciary accounts paid back to the Interest and other revenues mentioned in Art. 140(6) 2nd paragraph are not covered by the derogation in sub paragraph 3 of that article and must therefore be entered into the general budget of the EU after deduction of management costs. Furthermore, the above-mentioned Member States do not consider that Article 21(4) of the financial regulation provides the basis for such a derogation. The above-mentioned Member States therefore expect the Commission to implement article 4(4) in this sense, and reserve their rights in this regard.

Accompanying the IPA II Instrument

Draft Joint Declaration by the European Parliament, the Council and the Commission concerning the funding of horizontal programmes for minorities

The Parliament, Council and Commission agree that Article 2.1.a.ii is to be interpreted as allowing the funding of programmes aimed at enhancing respect for and protection of minorities in line with the Copenhagen criteria, as has been the case under the IPA I Regulation.

Accompanying the EIDHR Instrument

Draft Joint Declaration by the European Parliament, the Council and the Commission on Election Observation Missions

The European Parliament, the Council and the Commission underline the important contribution of European Union Election Observation Missions (EU EOMs) to Union policy on democracy support in external relations. EU EOMs contribute to increase transparency and confidence in electoral processes and provide an informed assessment of elections as well as recommendations for their further improvement in the context of Union cooperation and political dialogue with partner countries. In this regard, they agree that up to 25 % of the European Instrument for Democracy and Human Rights budget over the period 2014-2020 should be devoted to the funding of EU EOMs, depending on annual.

Accompanying the DCI Instrument

Draft National statement by Malta on sexual and reproductive health and rights (SRHR):²

Malta considers the Development Co-operation Instrument as an important instrument critical to increase the effectiveness of the EU development cooperation. It is imperative that EU development policy takes into consideration a changing world, the emergence of new donors, and new challenges in formulating and developing its assistance. The promotion of human rights, democracy and good governance should always remain central to this policy together with inclusive and sustainable growth.

² Kindly note that MT will propose the same national statement to the minutes of the Council meeting during which the External financial Instruments will be adopted.

In this context, Malta reiterates its position that any recommendation or commitment made by the European Union related to Development Assistance should not in any way create an obligation on any party to consider abortion as a legitimate form of reproductive health or rights or commodities.

Draft Declaration by the European Parliament, the Council and the Commission on article 5.2(c) of Regulation (EU) nr. .../xxxx [DCI-Regulation]

With regard to the application of Article 5.2.c) of Regulation (EU) Nr. .../xxxx [DCI-Regulation] at the time of entry into force of that Regulation, the following partner countries are considered eligible for bilateral cooperation, as exceptional cases, including in view of phasing out development grant aid: Cuba, Colombia, Ecuador, Peru and South Africa.

Draft Declaration by the Commission on allocation for basic services

This Regulation should enable the Union to contribute to fulfilling the joint Union commitment of providing continued support for human development to improve people's lives in line with the MDGs. At least 20% of allocated assistance under this Regulation will be allocated to basic social services, with a focus on health and education, and to secondary education, recognising that a degree of flexibility must be the norm, such as cases where exceptional assistance is involved. Data concerning the respect of this declaration will be included in the annual report referred to in Article 13 of the Common Implementing Regulation.
