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European Union

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#### **STATEMENT OF THE COUNCIL'S REASONS**

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Subject: Position of the Council at first reading with a view to the adoption of a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation Instrument – Global Europe, amending and repealing Decision No 466/2014/EU of the European Parliament and of the Council and repealing Regulation (EU) 2017/1601 of the European Parliament and of the Council and Council Regulation (EC, Euratom) No 480/2009

– Statement of the Council's reasons  
– Adopted by the Council on 26 May 2021

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## I. INTRODUCTION

1. On 14 June 2018, as part of the Multiannual Financial Framework (MFF) 2021-2027 package, the Commission put forward a proposal for a Neighbourhood, Development and International Cooperation Instrument (NDICI)<sup>1</sup>.
2. The Committee of the Regions delivered its opinion on 6 December 2018<sup>2</sup> and the European Economic and Social Committee delivered its opinion on 12 December 2018<sup>3</sup>. The Court of Auditors delivered its opinion on 13 December 2018<sup>4</sup>.
3. In the European Parliament, the file is assigned to the Committee on Foreign Affairs (AFET) and the Committee on Development (DEVE). The European Parliament adopted its position on 27 March 2019<sup>5</sup>.
4. Since the beginning of the process, 98 meetings and informal videoconferences of the members of the Ad Hoc Working Party MFF NDICI took place.
5. The Presidency's initial mandate was based on the partial negotiating mandate agreed by Coreper on 12 June 2019<sup>6</sup>, which was subsequently complemented on 25 September<sup>7</sup> and 27 November<sup>8</sup> 2019. On 18 September 2020, Coreper gave its approval to an updated negotiating mandate reflecting notably the guidance from the European Council conclusions of 21 July 2020<sup>9</sup>.
6. The inter-institutional negotiations started in October 2019. Seven informal trilogues took place. Besides, in the context of the negotiations between the European Parliament and the Council, preparatory work was carried out in a number of technical meetings.

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1 10148/18 + ADD 1.

2 15622/18.

3 15657/18.

4 OJ C 45, 4.2.2019, p. 1.

5 A8-0173/2019.

6 10305/19.

7 12457/19.

8 14628/19.

9 10908/20.

7. The seventh political trilogue took place on 15 December 2020 and a provisional agreement was reached on almost all of the outstanding issues. Furthermore, four technical meetings in January and February 2021 were needed to translate the agreement into legislative text and settle a number of outstanding details, which were subsequently confirmed in writing between the co-legislators.
8. On 8 and 11 March 2021, the provisional agreement was presented to the members of the AH WP MFF NDICI, which had no objections to the text.
9. The Permanent Representatives Committee confirmed the final compromise text on 17 March 2021<sup>10</sup>.
10. That text was submitted to the confirmation vote by the European Parliament's Committee on Foreign Affairs (AFET) and Committee on Development (DEVE) on 18 March 2021. On the 19 March, the Chairs of AFET and DEVE signed a letter to the Chair of the Permanent Representatives Committee (Part 2) stating that, should the Council transmit formally to the European Parliament its position in the form as it stands in the annex to that letter, they would recommend to the European Parliament's plenary that the Council's position be accepted without amendment, subject to legal-linguistic verification, at the European Parliament's second reading.

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<sup>10</sup> Doc. 6899/21 + ADD1 + ADD2.

## II. OBJECTIVE

11. With the aim to uphold and promote the EU values, principles and fundamental interests worldwide and to address the global challenges in a comprehensive way, while providing flexibility, the Neighbourhood, Development and International Cooperation Instrument - Global Europe sets up a new approach to external action financing, based on the policy first principle, and brings about a major restructuring of external action instruments. Notably, it combines geographic and thematic priorities through the merging of the majority of the previously existing external financing instruments<sup>11</sup>, develops a new external investment architecture by the setting up of EFSD+ and integrates financing for African, Caribbean and Pacific partner countries in the EU budget.

## III. ANALYSIS OF THE COUNCIL POSITION AT THE FIRST READING

12. The European Parliament and the Council conducted negotiations with a view to concluding an agreement at the stage of the Council's position at first reading ("early second-reading agreement").
13. The text of the Council's position at first reading reflects the fair compromise reached in the negotiations between the European Parliament and the Council, facilitated by the Commission.
14. The agreement focuses on:
  - the main approach for actions financed under the NDICI - Global Europe is through geographic programmes, in order to maximise the impact of the Union's assistance and bring the Union's action closer to partner countries and populations. This general approach is complemented by thematic programmes and rapid response actions, whilst ensuring the consistency and coherence of all programmes and actions;

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<sup>11</sup> The Neighbourhood, Development and International Cooperation Instrument - Global Europe will replace, *inter alia*, the European Neighbourhood Instrument (ENI), the Development Cooperation Instrument (DCI), the Partnership Instrument for cooperation with third countries (PI), the Instrument contributing to Stability and Peace (IcSP) and the European Instrument for Democracy and Human Rights (EIDHR) to ensure coherent, comprehensive and effective financing of the EU external action beyond 2020.

- a balance between the procedural provisions and the global scope of the Instrument. In particular, it was agreed that programming documents for geographic and thematic programmes will be adopted by means of implementing acts and the Commission is empowered to adopt delegated acts notably to amend the maximum amount for CBDSD actions, the maximum amount for the External Action Guarantee, the maximum provisioning amount and the provisioning rates, the areas of cooperation and intervention listed in Annexes II, III and IV, the priority areas of the EFSD+ operations listed in Annex V and the list of key performance indicators in Annex VI, as well as to supplement the Regulation with specific objectives, priority areas of cooperation, thematic targets and indicative financial allocations, for the selected sub-regions, and with provisions on the establishment of a monitoring and evaluation framework;
- a comprehensive, coordinated and focused approach through in particular the implementation of the policy first principle based on an extended policy framework, covering also European Parliament resolutions (Article 7) and on an inclusive dialogue, the choice that the committee will be able to convene in different formats in charge of specific areas of intervention, such as geographic, thematic and rapid response actions and that Member States will have the possibility to request the examination of any other matter concerning the implementation of the Regulation, in particular with regard to multi-annual programming documents, including mid-term or ad-hoc reviews and evaluations;
- the realisation of the objectives of the Instrument is further ensured through a set of spending targets which, with the exception of the ODA target, have been included in the recitals and aim at ensuring that funds will be allocated along the following lines: at least 93 % as ODA; 30 % for climate objectives; at least 85 % of actions for gender equality, of which at least 5 % is to be dedicated for G2, at least 20% of ODA for social inclusion and human development; and a ceiling of up to 5 % for cross-border cooperation under the Neighbourhood envelope. The NDICI - Global Europe will also contribute to the overall MFF biodiversity target (recital (48));

- the Instrument will also contribute to the Union's comprehensive response to challenges, needs and opportunities related to migration and forced displacement in coherence and complementarity with Union migration policy, in particular as indicatively 10 % of the NDICI financial envelope will be dedicated particularly to actions supporting management and governance of irregular migration and forced displacement, and also to actions addressing their root causes;
- the External Lending Mandate will be extended (Article 49(1)) and the assets will be transferred into the common provisioning fund (Article 31(8));
- the new European Fund for Sustainable Development Plus ('EFSD+') , built on its predecessor, the European Fund for Sustainable Development (EFSD) is established and, together with the External Action Guarantee, may support financing and investment operations in the form of grants, budgetary guarantees and financial instruments in partner countries in the geographical areas covered by the NDICI - Global Europe as well as operations in beneficiaries of the Instrument for Pre-Accession Assistance III;
- the role of the European Investment Bank is further specified and the bank is entrusted with the implementation of an exclusive dedicated investment window for operations with sovereign and non-commercial sub-sovereign counterparts, and, where appropriate, additional non-exclusive dedicated windows for operations with commercial sub-sovereign counterparts and operations for the promotion of foreign direct investment, trade and the internationalisation of partner countries' economies;
- a comprehensive approach to the financing of actions in the Neighbourhood is further ensured through the addition of provisions on the specific objectives of the neighbourhood area (Article 18, moved from Annex II) and on multi-country programmes (Article 21);

- the definition of actions and measures that cannot be supported under NDICI (excluded activities in Article 29);
- the specification, in the recitals, of the use of the emerging challenges and priorities cushion and of the possibility to suspend assistance in case of degradation in democracy, human rights and rule of law in third countries;
- the definition of an indicative set of key performance indicators to be used to help measure the Union's contribution to the achievement of the specific objectives of the Regulation (Annex VI);
- the Regulation's retroactive application from 1 January 2021 (Articles 27(4) and 50 and recitals (60) and (85)).

#### IV. CONCLUSION

15. The Council believes that its pre-negotiated position at first reading represents a good balance and that, once adopted, the new Regulation will fulfil the objective of ensuring efficient, coherent and comprehensive financing of the EU external actions.

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