

Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	2002/0139(COD) Procedure lapsed or withdrawn
Development cooperation: Asian and Latin America countries ALA	
Subject 6.30 Development cooperation 6.40.08 Relations with Asian countries 6.40.10 Relations with Latin America, Central America, Caribbean islands	

Key players	
European Parliament	
Council of the European Union	
European Commission	Commission DG External Relations
	Commissioner

Key events			
01/07/2002	Legislative proposal published	COM(2002)0340	Summary
02/09/2002	Committee referral announced in Parliament, 1st reading		
01/07/2003	Vote in committee, 1st reading		Summary
30/06/2003	Committee report tabled for plenary, 1st reading	A5-0312/2003	
05/11/2003	Debate in Parliament		Summary
06/11/2003	Decision by Parliament, 1st reading	T5-0473/2003	Summary
17/03/2006	Additional information		Summary

Technical information	
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Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	EC Treaty (after Amsterdam) EC 179-p1
Stage reached in procedure	Procedure lapsed or withdrawn
Committee dossier	DEVE/5/16519

Documentation gateway					
Legislative proposal		COM(2002)0340 , OJ C 331 31.12.2002, p. 0012 E	02/07/2002	EC	Summary
Committee report tabled for plenary, 1st reading/single reading		A5-0312/2003	01/07/2003	EP	
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Additional information					
European Commission		EUR-Lex			

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PURPOSE : to establish a framework for the implementation of a Community policy of cooperation through the financing of projects and programmes with the Asian and Latin American (ALA) countries. **CONTENT** : the Commission adopted this proposal for a new regulation for its co-operation with Asia and Latin America (ALA), thus completing the overhaul of the main Regulations governing the way assistance is provided to third countries. This forms part of the drive to reform the EU's external assistance programmes, which is a key priority of this Commission. The proposal aims to improve the speed of implementation of projects and increase their quality and effectiveness. The underlying philosophy for the new regulation is: 1) achieve faster commitment and disbursement of aid; 2) improve quality through rigorous planning for periods of 5 to 7 years in country and regional strategies; 3) improve financial management of assistance through simplified decision-making procedures; 4) make implementation of aid more coherent through increased co-operation with Member States and other aid donors. The objectives of cooperation are defined in a broad way, to make it possible to intervene in all areas of cooperation covered by the agreements between the Community and the partner countries and under the policy and cooperation guidelines adopted in the relevant forums. It is during the programming exercise that sectors and cooperation activities will be precisely defined, according to the characteristics and needs of each partner country or region. The proposed Regulation does not prejudge these choices. It should be flexible enough to answer the priorities of the moment. In general terms, cooperation and assistance under the proposed Regulation will have to take account of the objectives of development policy as defined in Article 177 of the Treaty, and further developed in the Conclusions of the Development Council and in the joint statement of the Council and the Commission of 10 November 2000. In this context, the proposed Regulation, when setting out the broad objectives of assistance, refers in particular, to sustainable development, to poverty reduction, to the integration of the partner countries in the world economy, to trade and investment, to regional integration and to strengthening the links between the partner regions and the European Union. Similarly, the modernisation and improvement of institutional capacities is included as an essential principle of cooperation. This will contribute, in particular, to the promotion of democratic principles, of the rule of law and of human rights as well as to the improvement of the fight against terrorism, drug trafficking and organised crime. As regards programming, within the framework of the reform of the management of external aid, the Commission considers a key objective to strengthen multiannual programming in order to reflect the political objectives and the priorities of the EU. The proposed Regulation establishes clear principles for programming: a strategy paper will serve as a basis for establishing multiannual indicative programmes, which will in turn make it possible to draw up annual action plans. These principles are of general application, except in particular cases. The establishment of a rigorous and coherent programming system will improve the effectiveness of aid, link Community cooperation better to reform programmes pursuing short and medium term objectives and ensure its complementarity with the assistance provided by other donors. In accordance with the criteria established in Council Decision 1999/468/EC, the Committee provided for in the proposed Regulation will act according to the management procedure provided for in Article 4 of the aforementioned decision. With regard to the participation in public tenders, the proposed Regulation provides for the untying of aid at the regional level. It also provides for the participation of the candidate countries. Specific provisions allow other countries to participate, on a case-by-case basis, in particular, for the purposes of cofinancing and of regional cooperation in Asia. In accordance with the aforementioned statement of the Commission of 25 April 2001, the participation of other countries in the procurement of services and products for the fight against communicable diseases such as AIDS, tuberculosis and malaria is also authorised on a case by case basis. Lastly, with a view to simplifying and reducing the number of legal bases, the proposed Regulation encompasses aid activities for uprooted people. It also introduces the possibility of financing rehabilitation activities. This will make it possible to handle issues relating to the transition between relief, rehabilitation and development in a more coherent way. Under the new framework for assistance, EUR 2.52 bn for co-operation with Asia and EUR 1.27 bn for co-operation with Latin America are envisaged for the period 2003-2006.?

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The committee adopted the report by Marieke SANDERS-TEN HOLTE (ELDR, NL) amending the proposal under the 1st reading of the codecision procedure. Starting from the premise that two such different geographical areas should not be included in a single legal instrument, it divided the Commission's initial proposal into two regulations, one applicable to Asia and one to Latin America. On financing, MEPs amended the figures proposed by the Commission for each region, arguing that they were a long way off the 40% to 60% split in funding between Latin America and Asia that had come to be used as the reference. They called for the sum of EUR 1 270 as proposed by the Commission for cooperation with Latin America for the period 2003-2006 to be increased to EUR 1 517 million, and the sum of EUR 2 523 proposed for cooperation with Asia during the same period to be scaled down to EUR 2 276. The committee also made a number of substantive changes to the proposal. For Latin America, it stipulated that the regulation should establish a framework for "the formulation of political objectives". For both Asia and Latin America, MEPs wanted to implement the Council's commitment to poverty eradication as the main objective of Community development policy and bring other objectives into line with the Treaties. They specified that "reducing and, eventually, eradicating poverty" was the overall objective, to be achieved by means of "close reference to the Millennium Development Goals" as well as

actions to promote sustainable economic, social and environmental development, human rights, minority rights and the rights of indigenous peoples, democracy and good governance, combating inequality, improving the gender balance and contributing to prosperity, security and stability. They also deleted the Commission's proposed policy objective of combating organised crime, money-laundering, terrorism, etc. on the grounds that this did not fall within the development objectives outlined in the Treaty. The committee also restructured the regulations, creating separate sections so that crosscutting matters, common to all sectors of activity and including such elements as spending benchmarks, gender mainstreaming and environmental assessments, were divided from the list of actions eligible for funding. For both Asia and Latin America, it specified a 35% benchmark for annual spending on social infrastructure, with a minimum of 20% going on basic health and basic education. For Latin America, it also proposed that EUR 20m should be set aside each year for a Biregional Solidarity Fund geared to the management and financing of sectoral health, education and poverty reduction programmes in the poorest countries and regions of Latin America. The committee further recommended a 10% benchmark, for both Asia and Latin America, for annual spending on improving the management of natural resources and reversing environmental degradation. Among the list of actions eligible for funding, MEPs included projects aimed at helping street children in Latin America and at combating hazardous forms of child labour in Asia, actions to guarantee sustainable access to safe drinking water and sanitation, the involvement of civil society and emergency preparedness. The committee was also concerned that the principle of "developing country ownership" should be given more prominence in the proposal and stressed the need to ensure the partner countries' participation in identifying and agreeing on priorities. Moreover, "ownership" should not be limited to certain ministries within a country's central government but should extend to all stakeholders, including local governments, parliaments, NGOs, the private sector and other relevant civil society actors. Lastly, the committee tabled a number of amendments aimed at improving parliamentary accountability to allow for greater scrutiny not only by Parliament but also by the national parliaments of the Member States and the partner countries. Reporting provisions were also strengthened.?

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During the debate on the co-operation with the "ALA" countries, Commissioner Patten repeated his opposition to the separation of the Regulation into two parts, one applicable to Latin America and the other to Asia. According to the Commission, to have two distinct Regulations would complicate and unnecessarily weigh down the administrative procedures. For Mr. PATTEN, it is not certain that the local beneficiaries will be pleased by this separation. It is therefore necessary to concentrate on the objective of the directive which is the eradication of poverty.?

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The European Parliament adopted a resolution drafted by Marieke SANDERS-TEN HOLTE (ELDR, NL, making several amendments to the Commission's proposal. (Please see the summary of 01/07/03.) In addition, the house made the following principal amendments: - a new recital stating that it is the responsibility of the EU institutions and Member States to avoid the potentially adverse economic, social and environmental impacts on developing countries of certain other Community policies, such as agriculture, fisheries, energy, transport, internal market and trade. The Regulation should ensure coherence between internal and external policies in order to achieve the goal of eradicating poverty; - a new recital stating that special attention should be given to improving the implementation of cooperation with Asian and Latin American countries, achieving a sound balance between financial resources allocated and absorption capacity, as well as to reducing outstanding commitments; - the allocation of resources as well as the choice of eligible Asian and Latin American countries should be reviewed and suitable criteria should be established to reflect a country's population, internal inequalities, per capita income, poverty, export potential and economic performance, for their eligibility to become either 'Asian partners' or 'Latin American partners'; - the role of non-state actors to the development process should be recognised. Non-state actors include private sector, economic and social partners, including trade union organisations, and civil society. Non-state actors should be involved in consultation on cooperation policies and strategies and on political dialogue; - they should also be provided with financial resources, comprising up to 15% of the total funds available, in order to support local development processes. In addition they should be involved in the implementation of cooperation projects where these actors have a comparative advantage, and be provided with capacity-building support in critical areas; - measures must be taken to encourage the widest participation of natural and legal persons of developing countries, and in particular least developed countries, in the performance of contracts financed under this Regulation. Therefore, for works contracts of a value of less than EUR 5 000 000, tenderers of developing countries, provided that at least one quarter of the capital stock and management staff originates from one or more developing countries, must be accorded a 10% price preference where tenders of an equivalent economic, technical and administrative quality are compared; - for tenderers of least developed countries, the price preference will be 15% where the same conditions are met; - for supply contracts, tenderers of developing countries who offer supplies of at least 50% in contract value of developing country origin, will be accorded a 15% price preference. For tenderers of least developed countries, the preference will be 20% where the same conditions are met; - for service contracts, preference must be given to experts, institutions or consultancy firms from developing countries; - there are further specific provisions on consortia containing European partners as well as subcontracting.?

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?Following the screening exercise of proposals pending undertaken as part of its effort for better regulation in the framework of the Partnership for Growth and Jobs in the European Union, the Commission has decided to withdraw certain proposals on which the Legislator has not yet reached a decision and which were found not to be consistent with the Lisbon and Better Regulation criteria, unlikely to make further progress in the legislative process or found to be no longer topical for objective reasons?. (OJ C64 of 17.03.2006, pages 3-10).