

# Procedure file

| Basic information  |                     |
|--|---------------------|
| <p>COD - Ordinary legislative procedure (ex-codecision procedure)<br/>Regulation</p> <p>2004/0220(COD)</p>   | Procedure completed |
| <p>Financing instrument for development cooperation 2007-2013</p> <p>Repealing Regulation (EC) No 1659/98 <a href="#">1995/0159(SYN)</a><br/>           Repealing Regulation (EC) No 1292/96 <a href="#">1995/0160(SYN)</a><br/>           Repealing Regulation (EC) No 1658/98 <a href="#">1995/0168(SYN)</a><br/>           Repealing Regulation (EC) No 2494/2000 <a href="#">1999/0015(COD)</a><br/>           Repealing Regulation (EC) No 2493/2000 <a href="#">1999/0020(COD)</a><br/>           Repealing Regulation (EC) No 1726/2000 <a href="#">1999/0070(COD)</a><br/>           Repealing Regulation (EC) No 2130/2001 <a href="#">2000/0338(COD)</a><br/>           Repealing Regulation (EC) No 1568/2003 <a href="#">2002/0051(COD)</a><br/>           Repealing Regulation (EC) No 1567/2003 <a href="#">2002/0052(COD)</a><br/>           Repealing Regulation (EC) No 491/2004 <a href="#">2003/0124(COD)</a><br/>           Repealing Regulation (EC) No 806/2004 <a href="#">2003/0176(COD)</a><br/>           Repealing Regulation (EC) No 2110/2005 <a href="#">2004/0099(COD)</a><br/>           Amended by <a href="#">2009/0060A(COD)</a><br/>           See also <a href="#">2009/2149(INI)</a><br/>           Amended by <a href="#">2010/0059(COD)</a></p> <p>Subject<br/>6.30 Development cooperation<br/>6.30.02 Financial and technical cooperation and assistance</p> |                     |

| Key players   |   |                                     |            |
|---|---|-------------------------------------|------------|
| European Parliament   | Committee responsible   | Rapporteur                          | Appointed  |
|   | <b>DEVE</b> Development   |                                     | 06/10/2004 |
|   |   | PPE-DE <a href="#">MITCHELL Gay</a> |            |
|   | Former committee responsible  |                                     |            |
|   | <b>DEVE</b> <a href="#">Development</a>                                   |                                     | 25/01/2006 |
|   |   | PPE-DE <a href="#">MITCHELL Gay</a> |            |
|   | Former committee for opinion  |                                     |            |
|   | <b>INTA</b> <a href="#">International Trade</a><br>(Associated committee) |                                     | 25/01/2006 |
|   |   | PSE <a href="#">MARTIN David</a>    |            |
|   | <b>AFET</b> <a href="#">Foreign Affairs</a>                               |                                     | 30/11/2004 |
|   | NI <a href="#">BELOHORSKÁ Irena</a>                                       |                                     |            |
| <b>BUDG</b> <a href="#">Budgets</a>                                   | The committee decided not to give an opinion.                             |                                     |            |
| <b>LIBE</b> <a href="#">Civil Liberties, Justice and Home Affairs</a> | The committee decided not to give an opinion.                             |                                     |            |
| <b>FEMM</b> <a href="#">Women's Rights and Gender Equality</a>        | The committee decided not to give an opinion.                             |                                     |            |
| Council of the European Union   | Council configuration   | Meeting                             | Date       |

## Key events

|            |   |   |         |
|------------|---|---|---------|
| 01/10/2004 | Legislative proposal published                            | <a href="#">COM(2004)0629</a>   | Summary |
| 26/01/2005 | Committee referral announced in Parliament, 1st reading   |   |         |
| 24/02/2005 | Referral to associated committees announced in Parliament |   |         |
| 16/03/2005 | Vote in committee, 1st reading                            |   | Summary |
| 21/03/2005 | Committee report tabled for plenary, 1st reading          | <a href="#">A6-0060/2005</a>  |         |
| 01/12/2005 | Decision by Parliament, 1st reading                       |   |         |
| 06/02/2006 | Report referred back to committee                         |   |         |
| 21/03/2006 | Vote in committee, 1st reading                            |   |         |
| 28/03/2006 | Committee report tabled for plenary, 1st reading          | <a href="#">A6-0109/2006</a>  |         |
| 17/05/2006 | Debate in Parliament                                      |  |         |
| 18/05/2006 | Results of vote in Parliament                             |  |         |
| 18/05/2006 | Decision by Parliament, 1st reading                       | <a href="#">T6-0217/2006</a>  | Summary |
| 24/05/2006 | Modified legislative proposal published                   | <a href="#">COM(2004)0629/2</a>   | Summary |
| 23/10/2006 | Council position published                                | <a href="#">11944/2/2006</a>  | Summary |
| 26/10/2006 | Committee referral announced in Parliament, 2nd reading   |   |         |
| 30/11/2006 | Vote in committee, 2nd reading                            |   | Summary |
| 05/12/2006 | Committee recommendation tabled for plenary, 2nd reading  | <a href="#">A6-0448/2006</a>  |         |
| 12/12/2006 | Debate in Parliament                                      |  |         |
| 12/12/2006 | Decision by Parliament, 2nd reading                       | <a href="#">T6-0544/2006</a>  | Summary |
| 18/12/2006 | Final act signed  |   |         |
| 18/12/2006 | End of procedure in Parliament                            |   |         |
| 27/12/2006 | Final act published in Official Journal                   |   |         |

## Technical information

|                     |  |
|---------------------|--|
| Procedure reference | 2004/0220(COD)   |
| Procedure type      | COD - Ordinary legislative procedure (ex-codecision procedure) |
| Procedure subtype   | Legislation  |

|                            |   |
|----------------------------|---|
| Legislative instrument     | Regulation  |
|                            | <p>Repealing Regulation (EC) No 1659/98 <a href="#">1995/0159(SYN)</a></p> <p>Repealing Regulation (EC) No 1292/96 <a href="#">1995/0160(SYN)</a></p> <p>Repealing Regulation (EC) No 1658/98 <a href="#">1995/0168(SYN)</a></p> <p>Repealing Regulation (EC) No 2494/2000 <a href="#">1999/0015(COD)</a></p> <p>Repealing Regulation (EC) No 2493/2000 <a href="#">1999/0020(COD)</a></p> <p>Repealing Regulation (EC) No 1726/2000 <a href="#">1999/0070(COD)</a></p> <p>Repealing Regulation (EC) No 2130/2001 <a href="#">2000/0338(COD)</a></p> <p>Repealing Regulation (EC) No 1568/2003 <a href="#">2002/0051(COD)</a></p> <p>Repealing Regulation (EC) No 1567/2003 <a href="#">2002/0052(COD)</a></p> <p>Repealing Regulation (EC) No 491/2004 <a href="#">2003/0124(COD)</a></p> <p>Repealing Regulation (EC) No 806/2004 <a href="#">2003/0176(COD)</a></p> <p>Repealing Regulation (EC) No 2110/2005 <a href="#">2004/0099(COD)</a></p> <p>Amended by <a href="#">2009/0060A(COD)</a></p> <p>See also <a href="#">2009/2149(INI)</a></p> <p>Amended by <a href="#">2010/0059(COD)</a></p> |
| Legal basis                | EC Treaty (after Amsterdam) EC 179-p1; EC Treaty (after Amsterdam) EC 181A-p2   |
| Stage reached in procedure | Procedure completed   |
| Committee dossier          | DEVE/6/42059  |

## Documentation gateway

|   |      |                                 |            |     |         |
|---|------|---------------------------------|------------|-----|---------|
| Initial legislative proposal                                    |      | <a href="#">COM(2004)0629</a>   | 01/10/2004 | EC  | Summary |
| Committee opinion   | INTA | <a href="#">PE355.334</a>       | 14/03/2005 | EP  |         |
| Committee opinion   | AFET | <a href="#">PE355.376</a>       | 15/03/2005 | EP  |         |
| Committee opinion   | BUDG | <a href="#">PE355.357</a>       | 16/03/2005 | EP  |         |
| Committee report tabled for plenary, 1st reading/single reading |      | <a href="#">A6-0060/2005</a>    | 21/03/2005 | EP  |         |
| Committee opinion   | BUDG | <a href="#">PE362.411</a>       | 25/10/2005 | EP  |         |
| Committee draft report  |      | <a href="#">PE367.810</a>       | 18/01/2006 | EP  |         |
| Amendments tabled in committee                                  |      | <a href="#">PE370.278</a>       | 08/03/2006 | EP  |         |
| Committee opinion   | INTA | <a href="#">PE368.000</a>       | 21/03/2006 | EP  |         |
| Committee opinion   | AFET | <a href="#">PE369.938</a>       | 21/03/2006 | EP  |         |
| Committee report tabled for plenary, 1st reading/single reading |      | <a href="#">A6-0109/2006</a>    | 28/03/2006 | EP  |         |
| Text adopted by Parliament, 1st reading/single reading          |      | <a href="#">T6-0217/2006</a>    | 18/05/2006 | EP  | Summary |
| Document attached to the procedure                              |      | <a href="#">COM(2006)0239</a>   | 24/05/2006 | EC  | Summary |
| Modified legislative proposal                                   |      | <a href="#">COM(2004)0629/2</a> | 24/05/2006 | EC  | Summary |
| Commission response to text adopted in plenary                  |      | <a href="#">SP(2006)2902</a>    | 22/06/2006 | EC  |         |
| Council position  |      | <a href="#">11944/2/2006</a>    | 23/10/2006 | CSL | Summary |

|  |  |                                     |            |     |         |
|--|--|-------------------------------------|------------|-----|---------|
|  |  | OJ C 301 12.12.2006, p. 0051-0084 E |            |     |         |
| Council statement on its position                        |  | <a href="#">03593/2006</a>          | 24/10/2006 | CSL |         |
| Commission communication on Council's position           |  | <a href="#">COM(2006)0628</a>       | 24/10/2006 | EC  | Summary |
| Committee draft report                                   |  | <a href="#">PE380.770</a>           | 26/10/2006 | EP  |         |
| Committee recommendation tabled for plenary, 2nd reading |  | <a href="#">A6-0448/2006</a>        | 05/12/2006 | EP  |         |
| Text adopted by Parliament, 2nd reading                  |  | <a href="#">T6-0544/2006</a>        | 12/12/2006 | EP  | Summary |
| Draft final act  |  | <a href="#">03663/2006</a>          | 18/12/2006 | CSL |         |
| Follow-up document                                       |  | <a href="#">COM(2014)0686</a>       | 30/10/2014 | EC  | Summary |
| Follow-up document                                       |  | SWD(2014)0335                       | 30/10/2014 | EC  | Summary |

#### Additional information

|                      |                         |
|----------------------|-------------------------|
| National parliaments | <a href="#">IPEX</a>    |
| European Commission  | <a href="#">EUR-Lex</a> |

#### Final act

[Regulation 2006/1905](#)  
[OJ L 378 27.12.2006, p. 0041](#) Summary

## Financing instrument for development cooperation 2007-2013

The committee unanimously adopted the report by Gay MITCHELL (EPP-ED, IE) rejecting the proposed regulation under the 1st reading of the codecision procedure.

MEPs argued that the EU's development policy should preserve its independence and not become part of economic cooperation. The "umbrella regulation" would, however, result in the merger of two policy areas with quite separate goals and working methods, to the detriment of development cooperation. MEPs also believed that the regulation would undermine Parliament's powers, since it would give extensive powers of implementation to the Commission and Council, at the expense of the Parliament's legislative and budgetary powers.

## Financing instrument for development cooperation 2007-2013

The European Parliament adopted a resolution drafted by Gay Mitchell (EPP-ED, IE), and amended the Commission's proposal. It voted for the Development Committee's proposal and split the Commission's original proposal for a single instrument, which combined the EU's cooperation with both developing and industrialised countries, into two separate and distinct instruments. Accordingly, cooperation with industrialised countries will be dealt with in a separate instrument. Parliament deleted all references to economic cooperation in the report. The text states that a new instrument, on Community assistance to third countries for the promotion and protection of democracy and human rights, is to be proposed.

Parliament also proposed separate policy regulations setting out the EU's thematic and geographical priorities in its development cooperation. It did so because it was determined to maintain its powers as co-legislator in strategic priorities, geographical and thematic aid programmes. The Commission wanted these to be determined by the comitology procedure. Without restructuring the Commission's proposition, Parliament would have lost its co-decision power in 16 existing areas of regulation on 1 January 2007. The text states that a crucial objective is to pursue a differentiated approach depending on development contexts and needs, providing partner countries or regions with specific, tailor-made programmes, based on their own needs, strategies, priorities and assets.

The Commission must propose a multiannual financial framework allocating funds by global thematic and by regional geographical programmes. The multiannual financial framework must be adopted in accordance with the procedure set out in Article 251 of the Treaty. Spending targets shall be set by the legislative authority within those thematic and regional geographical programmes, and shall be adhered to in the implementation of the programmes. Policy priorities for thematic programmes, global initiatives or geographical programmes at regional or continental level shall be established by separate regulations, each of which shall be specific to a broad thematic programme and/or global initiative, or to a geographical programme at regional or continental level. Each regulation shall set down details of the policy to be applied for the broad thematic programme and/or global initiative or geographical programme to which it relates. Each regulation shall be adopted in accordance with the procedure set out in Article 251 of the Treaty (the co-decision procedure.)

Parliament went on to state that the primary objective of Community development cooperation shall be to reduce and, eventually, eradicate poverty in partner countries and regions, within the framework of the Millennium Declaration adopted by the UN General Assembly in 2000, and particularly the achievement of the Millennium Development Goals. The Commission had previously proposed that the MDGs should only guide development cooperation.

The financial reference amount for implementation of this Regulation over the period 2007-2013 is EUR 47 122 000 000. The Regulation will apply until 31 December 2013. Not later than 31 December 2010, the Commission must submit a report evaluating the implementation of the Regulation in the first three years, together with a proposal for any necessary modification.

The multiannual financial framework shall be established for an initial period of four years. Before the expiry of this period, a second multiannual financial framework shall be established, based on the mid-term review and covering the remaining period of validity of the Regulation. Any allocation established in the multiannual financial framework may be increased or decreased by a maximum of 5%. Any increase or decrease in allocations by more than 5% shall be subject to the agreement of the European Parliament and the Council.

Further new clauses are as follows:

- All measures financed under the Regulation shall be subject to an ex-ante development impact assessment, including an assessment of their impact in the fields of human rights, the environment, gender equality, children's rights and effects on other vulnerable or excluded groups.
- Priority shall be given to the poorest among partner countries, especially the least developed countries, and to the poorest sectors of society within all partner countries.
- The Community's cooperation activities shall promote effective cooperation modalities and instruments, adapted to the particular circumstances of each partner country or region, with a focus on programme-based approaches using budgetary support in specific and clearly justified cases, subject to strict monitoring and conditionality, on delivery of predictable aid funding, and the development and use of country systems based on the MDG targets and indicators.

## Financing instrument for development cooperation 2007-2013

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On 1 October 2004, the Commission published a proposal for a European Parliament and Council Regulation establishing a financing instrument for development cooperation and economic cooperation for the period 2007-2013. This Regulation would cover all the EU's development cooperation policy with the exception of neighbourhood and pre-accession policy: **refer to the Commission's initial proposal (see résumé of 01/10/2004)**.

At the time, the planned allocation for this instrument for the period in question amounted to EUR 44.229 billion covering both development cooperation with the ACP countries, third countries in Asia, Latin America and some of the countries in the Mediterranean area (Iraq, Iran, Gulf States and Yemen), some of the Caucasus countries (Kazakhstan, Kirghizstan, Uzbekistan, Tajikistan and Turkmenistan), other cross-cutting cooperation policies (thematic programmes), cooperation with industrialized countries (OECD countries that are not EU members) and actions in the area of democracy and human rights (formerly the European initiative for democracy and human rights).

Following the signature, on 17 May 2006, of the interinstitutional agreement (IIA) concerning the financial perspectives for the period 2007-2013, the Commission adopted new proposals concerning new financial instruments in the area of external policy taking into account, in particular, of the revised amounts for each of the envisaged programmes in light of the IIA.

In parallel, the European Council decided, on 16 December 2005, not to budgetize the European Development Fund (EDF), excluding, as a result, the ACP area from the current financial instrument. The ACP countries (Sub-Saharan Africa, the Caribbean, Pacific and Indian Ocean) will however benefit from funding in the context of thematic and complementary geographic programmes.

Regarding financial resources, the new allocation of the amounts for the development and economic cooperation instrument for the period will be EUR 17.053 billion, taking into account both the new geographical coverage of this instrument and the IIA (for more details, see financial statement).

It should be noted that on the European Parliament's request, this instrument has itself been split into 3 distinct proposals:

- a Regulation establishing a new financing instrument to promote democracy and human rights worldwide (COD/2006/0116);
- a Regulation establishing a financing instrument for development cooperation and economic cooperation based on Article 179 of the TEC (this proposal); and
- a Regulation establishing a financial instrument for cooperation with industrialised and other high-income countries and territories (2007-2013), based on Article 181A of the TEC (CNS/2006/0807).

These complementary financial instruments will share the amounts initially planned for the cooperation instrument: i.e. EUR 17.053 billion.

## Financing instrument for development cooperation 2007-2013

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The Council's common position recalls that Parliament's amendments sought to reduce the scope of the legislation to developing countries and base it on a single Treaty provision (Article 179). Parliament also wished to transform the proposed Regulation into a procedural instrument and favoured policy priorities being established by separate co-decided Regulations. (Please see the summary dated 18/05/2006.)

The Council felt that transforming the proposed Regulation into a procedural instrument requiring several new Commission proposals was not acceptable. Council and Commission both believed that such an approach would be incompatible with the stated aim of simplifying the structure of the Community's external financing instruments. After intensive discussions between the Council, the European Parliament and the Commission, an understanding on the architecture of the Regulation was reached within the framework of an overall agreement on the package of external financing instruments. Further to this understanding, a proposal for a Regulation on cooperation with industrialised countries was separated from the initial Commission proposal. The common position, reflecting this understanding between all Institutions involved, now provides for a Regulation establishing a financing instrument for development cooperation, based solely on Article 179 of the EC Treaty and is a response to a large number of the concerns voiced in the European Parliament's first-reading amendments.

Accordingly, the main points of the common position are as follows:

- a separate instrument for democracy and human rights: the thematic programme on human rights and democracy is no longer included in the instrument for development cooperation (DCI). A new Commission proposal for a Regulation on establishing a financing instrument for the promotion of

democracy and human rights was adopted on 26 June 2006 (please see COD/2006/0116);

- a single legal base: this change made it possible to delete the reference to Article 181a(1) of the EC Treaty, and to base the Regulation solely on Article 179(1);

- a separate instrument for cooperation with industrialised countries: the Presidency proposal for a Regulation on cooperation with industrialised countries was presented in the Council COASI working group for the first time on 19 July 2006 and has been forwarded to Parliament for its opinion;

- increased focus on development of objectives and principles: the text lays down the general objectives of development cooperation in line with Title XX of the Treaty establishing the European Community and the European Consensus on Development. It refers to the mainstreaming of cross-cutting issues and policy coherence and reflects the most recent commitments on aid effectiveness, such as donor coordination. The Commission must have regular exchanges of views with Parliament;

- geographical and thematic programmes: the Council, very much like the European Parliament in its opinion at first reading, was concerned at the lack of policy content in the initial Commission proposal. The latter had merely stated that measures should be financed under geographical or thematic programmes, which would be drawn up by the Commission. The Council felt that it would be more appropriate to introduce policy content in the provisions of the Regulation. Therefore, Articles 5 to 10 of the common position set the policy for geographical programmes, while Articles 11 to 16 provide for the content of thematic programmes. In particular, the horizontal Article 5 applies to all geographic articles and outlines actions in areas of cooperation which correspond to the areas for Community action in the European Consensus on Development. The other articles on geographic cooperation focus on the specific situation in the geographical region/country. The different regions/countries are: Latin America, Asia, Central Asia, Middle East and South Africa. Each article on specific cooperation has a cross reference to the horizontal Article 5, making it clear that the actions mentioned in Article 5 apply to all regions while others mentioned under Articles 6 to 10 are additional.

A similar approach was followed for thematic programmes. Horizontal Article 11 sets out the principles applying to all thematic programmes. Specific content is laid down in the following provisions, detailing the content of the various thematic programmes: investing in people, environment and sustainable management of natural resources including energy, non State actors and local authorities in development, food security, and migration and asylum;

- sugar Protocol ACP countries: following up on Regulation 266/2006/EC, provision was made for Community assistance to ACP Sugar Protocol countries aimed at supporting their adjustment process due to the reform of the common organization of the market in sugar;

- financial provisions: the financial reference amount for the DCI, over the period 2007-2013, is EUR 16 897 million as indicated in the common position. This corresponds to the amount for the earlier DCECI (EUR 17 053 million) from which the reference amounts for the new Human Rights Instrument (EUR 449 million) and for the new Instrument on Cooperation with Industrialised Countries (EUR 172 million) have been deducted. The indicative amount of EUR 465 million, which in the initial proposal was included in ENPI, has now been added in the total for thematic programmes, to finance activities that benefit ENPI countries. The indicative amounts allocated to each geographical region and to each thematic programme are laid down in Annex 4, which forms an integral part of the Regulation. It should be noted that the Commission has made a declaration on Article 38. A percentage was introduced in the Thematic Programme 'Non-state actors and local authorities?', according to which at least 85% of the funding foreseen under the thematic programme will be allocated to non state actors;

- review, entry into force and application: the common position provides that the regulation will apply from 1 January 2007 to 31 December 2013. Moreover, there is an obligation upon the Commission to present a report to the European Parliament and the Council evaluating the implementation of the Regulation, including the indicative financial allocations set out in Annex IV, not later than 31 December 2010.

In conclusion, the Council considers that its common position, which is the result of extensive preparatory work and negotiations since 2005 and which is supported by the Commission, addresses the concerns expressed by the European Parliament. As a result of frequent and intensive contacts and exchanges of views between the respective Presidencies of the Council and key players of the European Parliament, a significant convergence of positions between the two Institutions emerged during the process. This convergence has finally led to compromise solutions, reflected in the Common Position, for all outstanding issues.

## Financing instrument for development cooperation 2007-2013

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The Commission supports the negotiated common position which is the outcome of intensive negotiations between the three institutions. It is in line with the essential objectives and the underlying approach of the Commission's initial proposal.

The Commission makes it clear that it wanted an overall agreement on the package of external instruments: first reading agreement on the European Neighbourhood and Partnership Instrument (ENPI), the Instrument for Stability (IfS) and an agreement on the Instrument for Pre-Accession Assistance (IPA) on the condition of a separate Human Rights Instrument and a new architecture involving a maximum of three instruments out of the DCECI (Industrialised Countries Instrument (ICI), a geographic Development Cooperation Instrument (DCI) and possibly a thematic DCI). The Commission could accept splitting the DCECI, provided that a broad definition of development cooperation was ensured. It agreed to the changes related to the structure of the DCI in order to achieve a global compromise on the overall architecture of the external action instruments.

After intensive tripartite discussions between the Parliament, the Presidency and the Commission, an agreement was reached on a negotiated common position. In particular, a compromise was reached on the outstanding issues, which had previously been defined by Parliament as 'breaking points' and relate to eligibility of assistance as Official Development Assistance (ODA), sectoral spending targets, the structure of the thematic programmes and the dialogue with the Parliament on the draft programming documents. The following issues were the subject of protracted negotiations which resulted in finely balanced compromises between the three institutions:

- structure and scope of the thematic programmes: a percentage was introduced in the Thematic programme 'Non-state actors and local authorities?', according to which at least 85% of the funding foreseen under this thematic programme will be allocated to non-state actors. It was agreed not to include percentages in the thematic programmes 'Investing in people?', since the Commission introduced a benchmark on

health and education in its declaration concerning Article 5;

- spending targets/ benchmarking: Council and Commission made clear that spending targets were not acceptable for them (against the principle of ownership and donor coordination), whilst the favoured spending targets to encourage increased allocations to social sectors with a particular focus on basic health and education. It was agreed that Parliament would no longer insist on spending targets in the legal text if the Commission proposed in a declaration an enlarged benchmark of 20% for basic and secondary education and basic health in relation to country programmes covered by the DCI as a whole. The existing 35% benchmark on social infrastructure and services would be dropped. In the declaration, the Commission also prioritises basic health and education, and social cohesion as a whole in its programming and implementation role for country programmes. It will also include an MDG profile in the programming document, and will encourage partner countries to prioritise social sectors in their development strategies. Finally, the Commission will ensure increased monitoring, evaluation and reporting on these objectives, with particular attention to social sectors and MDGs.

- ODA-eligibility and non-developing ENPI countries: the text now specifies the percentage of the thematic programmes which would be reported as Official Development Assistance (ODA), namely 90%. The non-developing ENPI countries (Russia and Israel) will be excluded ex officio, i.e. financial assistance to these countries will not count against the 10% which is not ODA. The margin of 10% gives the Commission the necessary flexibility to implement the Thematic Programmes on migration and environment, which provide for actions that are not reportable as ODA. Consequently, the current text strikes a fine balance between full ODA eligibility and the necessary margin of flexibility.

The Commission, in a declaration attached to the Regulation, will confirm its commitment that all the geographic measures and the overwhelming majority of thematic actions financed under the DCI will be eligible for ODA and that it does not intend to derogate from this practice;

- dialogue with Parliament on draft programming documents: a number of amendments related to Parliament's participation in the programming process, which were not compatible with the Comitology Decisions (Council Decision 1999/468/EC as amended by Council Decision 2006/512/EC). The Commission will confirm by letter its commitment to enter into a regular dialogue with Parliament as laid down in the declarations on democratic scrutiny attached to the Interinstitutional Agreement. In addition, the text makes clear that the Commission shall inform and have regular exchanges of views with the Parliament.

This approach will allow for the entry into force of the DCI in January 2007, thereby avoiding any gap in the legal framework for the delivery of assistance.

## Financing instrument for development cooperation 2007-2013

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The committee adopted the report by Gay MITCHELL (EPP-ED, IE) approving unamended - under the 2nd reading of the codecision procedure - the Council's common position on the proposed regulation establishing a financing instrument for development cooperation.

## Financing instrument for development cooperation 2007-2013

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The European Parliament adopted a resolution drafted by Gay MITCHELL (EPP-ED, IE) approving the Council's common position on the proposed regulation establishing a financing instrument for development cooperation.

## Financing instrument for development cooperation 2007-2013

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PURPOSE: the establishment of a financing instrument for development co-operation.

LEGISLATIVE ACT: Regulation (EC) No 1905 of the European Parliament and of the Council establishing a financing instrument for development cooperation.

BACKGROUND: with the adoption of the [financial perspectives for 2007 -2013](#), a new framework for planning and delivering external assistance to third countries has been adopted the purpose of which is to make the Community's assistance more effective and streamlined. This new framework repeals a plethora of existing legislative acts and replaces them with more concise, focused legislation. The other recently approved Instruments are:

- [An Instrument for Pre-Accession](#)
- [The European Neighbourhood and Partnership Instrument](#)
- [An Instrument for development co-operation](#)
- [An Instrument for Stability](#)
- [An Instrument for the promotion of democracy and human rights world-wide](#)
- [An Instrument for co-operation with industrialised and other high income countries and territories](#)

To recall, in September 2004, the Commission tabled a proposal for a Regulation of the European Parliament and of the Council establishing a financing instrument for development cooperation and economic cooperation. After trilateral consultations between the Commission, the European Parliament and the Council, however, it was decided to split that proposal into three separate texts: i) the present Regulation establishing a financing instrument for development co-operation; ii) a Regulation establishing a financing instrument for the promotion of democracy and human rights world wide ; and iii) a Regulation establishing a financing instrument for cooperation with industrialised and other high-income countries and territories based on Article 181 of the TEU.

CONTENT: the purpose of this Regulation is the establishment of a financing instrument specifically for development co-operation. Total financing will amount to EUR 16 897 million between 2007 and 2013. The Community's policy in the field of development is based on a number of objectives namely, poverty reduction, sustainable economic and social development, the general integration of developing countries into the world economy and political dialogue. One major plank of this policy is guided by the Millennium Development Goals (MDGs) (such as the eradication of extreme poverty and hunger) adopted by the United Nations in September 2000. The Regulation specifies and emphasises in

its opening recitals that a political environment which guarantees peace and stability, respect for human rights, fundamental freedoms, democratic principles, the rule of law, good governance and gender equality is fundamental to long-term development.

Based on the above the overall purpose of this Regulation is to offer Community financial assistance that supports cooperation with the developing countries, territories and regions. These countries and regions will be defined as the list of aid recipients of the OECD/DAC. The exact list of partner countries and regions can be found in Annex to the Regulation. The following countries and regions have been listed:

- Latin America (Brazil, Bolivia, Uruguay etc.)
- Asia: (Afghanistan, Bangladesh, China, Vietnam etc)
- Central Asia: (Mostly ex-Soviet States such as Kazakhstan, Tajikistan etc.)
- Middle East (Iran, Iraq Yemen, Saudi Arabia etc.) and
- South Africa.

Under the objectives and general principles heading of the Regulation, the overarching objective of cooperation will be the eradication of poverty in partner countries and regions as well as the promotion of democracy. Cooperation will, therefore, focus on consolidating and supporting democracy, the rule of law, human rights and fundamental freedoms, good governance and gender equality; it will foster sustainable development; encourage developing countries integration into the world economy; preserve and improve the quality of the environment; and lastly seek to strengthen the relationship between the Community and partner countries/regions.

In implementing the Regulation, a differentiated approach will be adopted depending on the development contexts and needs to be pursued so that partner countries or regions are provided with specific, tailor-made cooperation, based on their own needs, strategies, priorities and assets. Least developed countries and low income countries will be given priority in terms of overall resource allocation. The actual financial assistance will be channelled through geographic and thematic programmes. In brief they can be described as follows:

**Geographic programmes:** Cooperation will be determined on a geographical basis and will be given to the countries of Latin America, Asia, Central Asia, the Middle East and South Africa. The types of actions foreseen under geographic programmes include: poverty eradication; achieving the Millennium Development Goals; addressing population needs in the field of health and education; social cohesion and employment; governance, democracy, human rights and institutional support; trade and regional integration; environmental sustainable development; water and energy development; infrastructure and transport; and post crisis situations in fragile states. The Regulation then singles out each of the regions (South America, Asia etc) focusing on their unique pace of development.

Implementation of the geographic programmes will be based on strategy papers and a multiannual indicative programme for each partner country or region drawn up by the Commission. These strategy papers form the basis for annual action programmes.

**Thematic programmes:** The thematic programmes will be subsidiary to the geographic programme and more specific in nature. For example, they will focus on activities that could be of interest to a group of partner countries but which is not determined by geography (such fighting HIV/Aids). Actions will be of a multi-regional nature or could be cross-cutting actions such as pilot project or actions where there is no geographic programme. The Regulation goes on to list a number of specific actions that could apply to thematic programmes such as: Investing in people (gender mainstreaming; good health, culture); Environmental and sustainable management of natural resources including energy; non-State actors and local authorities; food security; migration and asylum; and ACP Sugar Protocol countries. (A list of countries eligible to benefit from the ACP Sugar Protocol can be found in Annex III to the Regulation)

In the case of thematic programmes the Commission will be responsible for drawing up thematic strategy papers and to adopt action programmes accordingly. Provisions are also foreseen for exceptional circumstances, in which case the Community may offer support in the form of special measures not covered by the strategy papers or multiannual indicative programmes.

For implementation purposes the following entities will be eligible for funding: the partner countries, regions and their institutions; decentralised bodies such as municipalities, provinces etc.; international organisations; EU agencies; Community bodies; local authorities; companies, firms and private organisations; financial institutions that promote private investment; non-State actors and natural persons; NGO's; and scientific organisations. The type of funding foreseen includes projects and programmes though funding will also be given in the form of sectoral support. Funds will also be made available to the EIB or other financial intermediaries and could take the form of interest-rate subsidies or debt-relief.

To conclude, the Commission will be responsible for evaluating the development cooperation instrument and will be expected to monitor and review the programmes regularly. It will also be responsible for preparing annual reports.

**ENTRY INTO FORCE:** 28 December 2006.

**APPLY:** 1 January 2007 ? 31 December 2013.

**REPEALED:** With the adoption of this Regulation some thirteen legislative acts will be repealed.