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**LIMITE**

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<b>DEVGEN 78</b>	<b>ATO 32</b>
<b>COLAC 30</b>	<b>PE 30</b>

#### **'I' ITEM NOTE**

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From: Presidency

To: Permanent Representatives Committee (Part 2)

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No. Cion doc.: COM(2018) 460 final

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Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation Instrument  
- Progress report

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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>.

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<sup>1</sup> 10148/18 + ADD 1.

2. The Commission proposed that the future Regulation will supersede a number of existing external financing instruments<sup>2</sup>, aiming at creating a simplified and more coherent architecture for future EU external financing. The financial envelope initially proposed for NDICI by the Commission for the period 2021-2027 is EUR 89 200 000 000 (in current prices).
3. On 27 May 2020, the Commission presented an amended proposal for the Neighbourhood, Development and International Cooperation Instrument (NDICI) as a part of the "New Generation EU" package.<sup>3</sup>
4. Through the proposed amendment, the Commission proposes that the Union will make available a total of EUR 11 448 million, as external assigned revenue from the European Union Recovery Instrument, for the increase of the External Action Guarantee (EAG) under the NDICI. Beneficiaries listed in Annex I of the Instrument for Pre-Accession Assistance (IPA III) will also be eligible under such an increase. As a result, the NDICI financial envelope will be increased to EUR 86 billion in 2018 prices (EUR 96.4 billion in current prices), of which EUR 10.5 billion in 2018 prices (EUR 11.4 billion in current prices) will come from the Next Generation EU, as additional funds available to the EAG.

## **II. WORK IN OTHER INSTITUTIONS**

5. The Committee of the Regions delivered its opinion on 6 December 2018<sup>4</sup> and the European Economic and Social Committee delivered its opinion on 12 December 2018<sup>5</sup>. The Court of Auditors delivered its opinion on 13 December 2018<sup>6</sup>.

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<sup>2</sup> The Common Implementing Regulation (CIR), 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); the European Instrument for Democracy and Human Rights (EIDHR); the European Fund for Sustainable Development, its Guarantee and its Guarantee Fund (EFSD); the guarantee fund for external action and the European Development Fund (EDF).

<sup>3</sup> 8555/20.

<sup>4</sup> 15622/18.

<sup>5</sup> 15657/18.

<sup>6</sup> OJ C 45, 4.2.2019, p. 1.

6. In the European Parliament, the file is assigned to the Committee on Foreign Affairs (AFET) and the Committee on Development (DEVE). The final AFET-DEVE report was endorsed in the joint Committee on 4 March 2019. The European Parliament adopted its position on 27 March 2019.<sup>7</sup>

### **III. WORK AT THE COUNCIL PREPARATORY BODIES**

7. The proposal has been examined by the Ad Hoc Working Party on the Neighbourhood, Development and International Cooperation Instrument (AH WP - MFF NDICI) during the Bulgarian, Austrian, Romanian and Finnish Presidencies and in June 2019 the Council reached an agreement on the Council's partial negotiating mandate<sup>8</sup>, which was subsequently complemented on 25 September<sup>9</sup> and 27 November<sup>10</sup> 2019.
8. The proposed Regulation is part of the package of proposals linked to the MFF 2021-2027 and therefore dependent on the outcome of the horizontal negotiations. For these reasons parts of the text submitted to Coreper in June, September and November have been put in square brackets and are thus not part of the Council partial negotiating mandate<sup>11</sup>.

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<sup>7</sup> A8-0173/2019.

<sup>8</sup> 10305/19.

<sup>9</sup> 12457/19.

<sup>10</sup> 14628/19.

<sup>11</sup> Pending the horizontal negotiations as set out in the draft European Council Conclusions (former Negotiating Box, 5846/20), the partial negotiating mandate of the Council is annotated with square brackets for the reference amounts in Article 6, the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States and third countries (recital 31) and the provisions related to the participation of non-EU countries. Moreover, other provisions of the draft NDICI Regulation appear in square brackets due to their inclusion in the draft draft European Council Conclusions (former Negotiating Box). These concern several structural issues, such as the inclusion of the European Neighbourhood Instrument (ENI), the budgetisation of the European Development Fund (EDF) and the carry-over of unused appropriations and the availability of decommitted appropriations. The AH WP MFF NDICI held exchanges on these parts of the text with the understanding that no conclusions can be drawn of these discussions. All provisions put in square brackets are not part of the partial negotiating mandate and will be decided on at a later stage. Cross-references to other legislative proposals for financial instruments (IPA III, ETC, OCTs) and international agreements under negotiations (post-Cotonou) are also bracketed pending discussions in other fora.

9. A total of 8 meetings of the Working Party and 3 informal videoconferences of the members of the Working Party took place under the Croatian Presidency in order to assist the Presidency in the negotiations with the European Parliament and the Commission. As of April, the Presidency was consulting delegations in writing and through the means of informal videoconference gatherings of the members of the Working Party.

#### **IV. INTER-INSTITUTIONAL NEGOTIATIONS**

10. The inter-institutional negotiations with the European Parliament and the Commission on the proposed Instrument started by an opening political trilogue on 23 October 2019 at which the negotiating teams agreed on the working methodology and on the provisional working calendar.
11. During the Croatian Presidency, the negotiations were carried out through a series of 17 technical meetings and two political trilogues. As a result of the trilogue on 20 February 2020, preliminary agreement was confirmed on most parts of Cluster 2<sup>12</sup> including provisions related to programming, geographic and thematic programmes as well as rapid response actions. In addition, some outstanding issues under Cluster 2<sup>13</sup> were addressed at political level, but could not be solved at this stage of negotiations. The negotiating teams reverted to them at technical and political level in line with the agreed methodology.

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<sup>12</sup> Article 10, Article 11, Annex II, Annex III and Annex IV.

<sup>13</sup> Peace and security and CBDSD, Sexual and reproductive health and rights, Due diligence / international binding instrument, Cultural goods, Foreign Policy Needs and Priorities.

12. A second political trilogue during the Croatian Presidency took place on 11 June 2020. At that meeting, the preliminary agreement reached at technical level on Cluster 3 (mainly related to provisions covering reporting, monitoring, evaluation and visibility) as well as on Recitals (linked to Cluster 1, 2 and 3) was endorsed. In addition, preliminary agreement was confirmed on actions related to peace and security including Capacity Building for Development and Security for Development, while gender equality and women's empowerment was strengthened. Furthermore, the provisional agreement reached at technical level on outstanding issues from Cluster 2 related to due diligence, business and human rights and policy coherence for development was endorsed. The progress made at technical level on provisions related to investments and guarantees in the context of the EFSD+ was acknowledged.

## V. CONCLUSIONS

13. On the basis of the above, the Permanent Representatives Committee is invited to take note of the state of play of the discussions on the Neighbourhood, Development and International Cooperation Instrument (NDICI) legislative proposal.