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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing a Partnership Instrument for cooperation with third countries

{SEC(2011) 1475 final}

{SEC(2011) 1476 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

This proposal for a Partnership Instrument replaces the financing Instrument for Cooperation with Industrialised and other high income countries and territories (ICI)¹, which came into force in 2007, and which has been the EU's main vehicle for collaboration with developed countries. The ICI has proved an effective toolbox for providing a differentiated and appropriate response to widen and deepen the cooperation with 17 countries (industrialised countries and high-income territories in North America, the Asia-Pacific region and the Gulf region). It has been recently extended to developing countries with the adoption of the ICI+ proposal. However, as it is due to expire by the end of 2013; a new financial instrument is needed.

Moreover, since the ICI Regulation entered into force, we have seen in particular the emergence of economies such as India, China and Brazil which are playing an increasingly prominent role in the international economy and trade, in multilateral fora (UN and G20) and in addressing challenges of global concern. While development and poverty alleviation remain a key concern, these countries are progressively leaving behind the status of developing nations. To sustain its own economic recovery, the EU has a strategic interest in stimulating plausible efforts from these countries to adequately tackle global challenges such as climate change.

The EU has also developed broad based agreements with key partners and emerging economies to address bilateral issues and matters of global concern. Implementation of these instruments (i.e.: as agreements, declarations, action plans etc) requires a dedicated financing instrument so that the EU has the means to promote its interests effectively worldwide and to deal with global issues wherever the need arises.

In addition, the evolution of the relationship with Russia, the financial crisis that has posed new challenges to the world economy and its economic order, the increasing interdependence between the EU and its key partners; the changing trade patterns, the growing role of civil society and business/trade communities both in Europe and in partner countries require more dialogue, integration and exchanges. There is an increasing need to address social challenges (globalisation benefits unevenly distributed and the heavy impact of the economic downturn on consumption, incomes and job creation) as well as environmental and climate change challenges. In this context, the growing role of emerging economies including on south-south trade and cooperation issues, the need to combine development assistance, trade instruments, business dialogues, infrastructural and technological developments, and investment to support smart and inclusive growth, trade integration, private sector development, social cohesion, reform and modernisation programmes, have all made it necessary to put in place a new Instrument.

¹ USA, Japan, Canada, the Republic of Korea, Australia and New Zealand); certain Asian industrialised countries and territories which are excluded from the DAC list of recipient countries (Singapore, Hong Kong, Macao, Taiwan and Brunei) as well as the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) similarly excluded from the DAC list of ODA recipients.

The EU does not currently possess a genuine instrument that would allow it to co-operate with new emerging economies on issues related to advancing core EU interests and on common challenges of global concern (such as climate change for instance or the need to promote sustainable development at all levels). Although the ICI has been extended to cover developing countries, with the adoption of the ICI+ on 1st December 2011, it is limited in scope.

The proposed Partnership Instrument is designed to overcome this limitation of the EU's ability to engage internationally in the most effective way. It would fill the gap described above and, in particular, allow the EU to pursue agendas beyond development cooperation with global players, but also to defend core EU interests with any other partner country as the need arises. It could also underpin new relationships with countries graduating from bilateral development assistance.

In particular, it would pursue the following specific objectives:

- (a) implementing the international dimension of the “Europe 2020” strategy by supporting EU bilateral, regional and inter-regional cooperation partnership strategies, by promoting policy dialogues and by developing collective approaches and responses to challenges of global concern such as energy security, climate change and environment;
- (b) improving market access and developing trade, investment and business opportunities for European companies, in particular SMEs, by means of economic partnerships and business and regulatory cooperation;
- (c) enhancing widespread understanding and visibility of the Union and its role on the world scene by means of public diplomacy, education/academic cooperation and outreach activities to promote Union's values and interests.

The **Partnership Instrument** will therefore advance and promote EU and mutual interests and give the “Europe 2020” strategy a global reach, by responding in an effective and flexible manner to cooperation objectives arising from the Union's relations with partner countries and by addressing challenges of global concern. It will have a global reach with a particular focus on strategic partners and emerging economies. There will be no mandatory classification of expenditure as official development assistance (ODA), although it should remain possible especially for Aid for Trade and Trade Related Assistance. The financial amount for the period 2014-2020 is €1,131 million.

The Partnership Instrument will be an integral part of the overall architecture of external action Financial Instruments organised around four main chapters: a policy-based chapter aiming primarily at cooperation with partner countries at all levels; chapters on working on cross-cutting priorities and values: human rights and democracy, humanitarian assistance and civil protection, and crisis management and prevention.

One of the key priorities of the “Europe 2020” strategy is to restore growth that is compatible with Europe's vision for a low carbon future and sustainable development objectives. The agenda recognises that fast-growing emerging economies with an expanding middle class will play a critical role in sustaining European exports of goods and services in which the EU has a comparative advantage. As an example, the future climate policies (or lack of them) in China, India, Brazil and the US will have significant impact on future competitiveness, R&D and

scientific cooperation across those regions, as well as on international trade. It is in our interest to promote maximum alignment and cooperation. The Partnership Instrument should be instrumental in supporting trade policy², in particular as regards the strategic economic partners. The support for market access for European companies will supplement action financed under the Competitiveness and SME Programme.

Emerging economies are playing an increasingly prominent role as responsible partners in addressing challenges of global concern in the context of the on-going economic crisis. The EU recognizes the importance of increasing responsibilities of emerging economies towards least developed countries and other developing countries. Critical issues such as poverty alleviation, competitiveness and trade liberalisation, the environment, climate change, energy, sustainable development, decent work, including respect for core labour standards and social dialogue, enhancing digital literacy skills and inclusion, pandemics, cyber security, terrorism and organised crime including piracy can only be tackled in an international context. Against the backdrop of accelerating globalisation, it is essential that the internal agenda of securing sustainable growth and jobs in Europe and the EU's internal policies in general are backed up by appropriate external financial assistance. This external dimension of internal policy should bring greater consistency and coherence to EU external action avoiding duplication and increasing impact.

The Partnership Instrument will therefore give priority to supporting other external EU policies like trade as well as the external dimension of EU policies on climate change, the environment, energy, transport, employment and social policy, as well as information and communication technologies. Under the Partnership Instrument, climate mainstreaming and climate objectives will be particularly relevant to activities promoting policy dialogue with industrialised and emerging economies.

Resource efficiency will be crucial to keeping economic growth sustainable within environmental constraints. The EU is adopting a Resource Efficiency Strategy as one of the flagships of the "Europe 2020" strategy. This will affect EU norms but will only be truly effective if resource-efficient practices are adopted by all major economies. Emerging economies have the opportunity to leapfrog the unsustainable consumption and production patterns that were often followed by the EU and other advanced economies during their industrialisation and the EU has every interest in helping them to do so.

However, emerging economies, especially India and China, also have huge populations living in absolute poverty and depending on healthy ecosystems such as clean water and productive seas and forests for their livelihoods. At the same time, Brazil, South Africa, India and China have huge biodiversity. These economies also shape resource utilisation in the rest of the developing world, especially in poorer developing countries. Cooperation on the protection of ecosystems and managing them sustainably are in the mutual interest of the EU and its partners.

Dialogue and practical co-operation with the key global energy producers and consumers are essential in order to address the challenge of safeguarding the EU's energy security, particularly as we become more import dependent, along with promoting a global low-carbon

² "Trade, Growth and World Affairs - TRADE POLICY AS A CORE COMPONENT OF THE EU'S 2020 STRATEGY" (COM/2010/612) of 9.11.2010

agenda, sustainable energy policies, transparency and predictability on global energy markets and technology cooperation.

As a number of countries graduate from bilateral development assistance, they are seeking new forms of cooperation. In the field of technology and innovation, if it is to remain a strategic partner and continue to be a leader in global standards, the EU must be able to establish partnerships in these areas based on mutual interest.

The external projection of the EU's internal policies will therefore be fully integrated in the programming of the Partnership Instrument. Within its limited financial envelope, it can complement the external dimension of internal policies conducted under other EU programmes (such as action under the Horizon 2020 Framework Programme for Research and Innovation, the Competitiveness and SME Programme including cooperation on Tourism, the Migration Fund and the Internal Security Fund as well as the "Erasmus for All" Programme) in order to avoid any duplication. It can also support other EU external policies such as trade. Coherence and complementarity with other external action geographical instruments, in particular the Development Cooperation Instrument, will be taken into account throughout the programming stage while integrating the principles of differentiation and concentration.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

The European Commission held a public consultation on future funding for EU external action between 26 November 2010 and 31 January 2011. This process was based on an online questionnaire accompanied by a background paper 'What funding for EU external action after 2013?' prepared by Commission and EEAS staff.

The majority of the respondents (around 70%) confirmed that EU financial assistance provided substantial added value in the main policy areas supported by EU financial instruments for external action³. Many mentioned EU added value as the main driver for the future: they considered that the EU should harness this comparative advantage — linked to its global presence, wide-ranging expertise, supranational nature, its role as a facilitator of coordination — and economies of scale.

Nearly all respondents (92%) supported a more differentiated approach, tailored to the situation of the beneficiary country and based on sound criteria and efficient data collection, as a way to increase the impact of EU financial instruments.

Opinions were mixed on simplification of the instruments and the balance between geographical and thematic instruments. Many feared that reducing the number of EU thematic programmes could imply a decrease in the overall amount available for thematic action and, instead, called for simplification of the rules governing access to and implementation of thematic funding. Increasing the geographical flexibility of the EU instruments was supported by a significant majority as a way to respond to inter-regional challenges.

³ i.e. peace and security, poverty reduction, humanitarian aid, investing in stability and growth in enlargement and neighbourhood countries, tackling global challenges, promoting EU and international standards and values, and supporting growth and competitiveness abroad.

When asked to prioritise different areas of interest, most stakeholders mentioned ‘macro-economic and financial stability, economic growth’ and ‘promotion of trade and investments’, followed by ‘energy, resource efficiency and climate change’ and ‘employment and social issues (inclusive growth and decent work)’.

A vast majority of respondents also agreed that the private sector is the main driving force for economic development and, as such, contributes significantly to sustainable growth. For this reason, they advocated more extensive EU engagement with the business community as a partner in the EU and in third countries in order to involve the private sector increasingly — both financially and in knowledge-gathering — as a driver for sustainable development.

Many agreed that joint programming and co-financing with Member States could increase the impact and coherence of EU external action, simplify delivery of aid and reduce overall transaction costs.

With respect to performance evaluation, a stronger focus on monitoring activities during implementation of projects and programmes, along with greater simplification of the rules governing external financing, received wide approval as a means to ensure that EU external instruments deliver the expected impact.

A large number of stakeholders supported stepping up information and communication activities to raise the profile of EU external funding, in particular in beneficiary countries. However, EU visibility appears to be better served by effective policies, strategies and presence in third countries than by additional spending on communication. The idea of reinforcing the EU’s coordinating role among other donors and of ensuring that implementing partners give more visibility to EU funding also received strong support.

Before submitting this proposal for the Partnership Instrument, the Commission considered four policy options: discontinue the ICI; maintain the *status quo*; amend the DCI to allow expenditure that is not official development assistance; or introduce a new instrument building on the ICI/ICI+.

After careful evaluation, neither discontinuing the ICI nor maintaining the *status quo* were deemed to be politically viable solutions. Limiting expenditure exclusively to action linked to poverty alleviation or maintaining this sole focus for cooperation with emerging economies would artificially limit the EU’s external action and neglect core EU interests.

The option of amending the Development Cooperation Instrument to allow expenditure not related to official development assistance would have the advantage of geographical coherence (one instrument per country), but the difficulties of managing an instrument with two very different objectives were considered a serious handicap.

Assessment of impacts

Economic:

Introduction of a new Partnership Instrument would provide the EU with another opportunity to promote its enterprises (SME’s in particular) and products. It could support EU businesses in third countries, providing incentives for EU competitiveness and innovation complementary to actions financed under the Competitiveness and SME Programme and under Horizon 2020 (research and innovation). It could support EU international trade and investment which, in turn, could facilitate foreign investment into the EU. It can also play a

role in south-south trade and cooperation by promoting responsible business practices by our partners in third countries, especially poorer developing countries. Numerous areas of cooperation could be pursued including climate change, energy⁴, the environment, approximation of technical regulations and standardisation, corporate social responsibility, intellectual property rights, protection of personal data, best practises in economic, trade, investment, tax and financial matters and tourism. This could strengthen the EU's economic security and create new jobs which, ultimately, would contribute to economic growth. The new Instrument could foster well developed forms of economic cooperation between the EU and partner countries. In this context, it would allow the EU to ensure that policy and programme design and implementation take adequate account of environmental, sustainable energy, social, employment and other welfare values.

Social:

By aligning the EU's and Member States' financing instruments and by supporting joint activities with other bilateral and multilateral donors, the new Instrument could have a significant impact on the social fabric of emerging countries. It could support reforms of welfare systems, national employment policies, national training and skills' development policies, education, research and innovation capacity building programmes and measures to strengthen national safety "nets". Creating extra "green" jobs would increase income and strengthen social cohesion and poverty alleviation strategies at national level. In this respect, it would contribute to successful implementation of the international social agenda promoted by the UN International Labour Organisation and the G8/G20.

Environmental:

EU partnerships under the new Instrument will aim to encourage and support growth and long-term environmental sustainability. In this respect, the new Instrument is expected to play a key role in providing support for both EU and partner countries' environmental and climate change-related actions and policy dialogues. The Instrument could support a low-carbon business model by providing incentives to the European private sector. Building on the successful results of the COP-16 United Nations Conference on Climate Change in Cancún, it could be used to help EU businesses to develop effective and low-cost policies to achieve environmentally friendly goals in the partner countries. It would also help partner countries to reap the full environmental, ecological and energy-efficiency benefits of innovation. It could promote the transition to a green and resource efficient economy. Rising demand for commodities in emerging economies means that there is a need to promote the exchange of private sector best practice and greening procurement policies. The Instrument could allow cooperation to gain a better understanding of the economic and social costs of biodiversity loss and ecosystem degradation in countries of global significance.

3. LEGAL ELEMENTS OF THE PROPOSAL

In the discussions held by the legislative authority on the Commission's proposal on the ICI+ (COM/2009/197) and following the entry into force of the Lisbon Treaty, an understanding has been reached between the three institutions to use Articles 207(2) and 209(1) of the Treaty on the Functioning of the European Union to carry-out activities beyond development

⁴ "The EU Energy Policy: Engaging with Partners beyond our borders".COM(2011) 539 of 7.09.2011

cooperation in developing countries. For countries “other than developing countries”, Article 212(2) of the TFEU is used.

Further to that agreement, the proposed Partnership Instrument would therefore be based on the combination of the following three articles of the TFEU: Articles 212(2), 207(2) and 209(1).

The EU has numerous international agreements with partner countries all over the world, unmatched by individual Member States, which gives the Union influence in virtually every field of international relations. With 27 Member States acting within common policies and strategies, the EU has the critical mass to respond to global challenges. The EU is also in a unique position to promote EU norms and standards, and turn them into global standards through international cooperation.

The proposed Partnership Instrument will offer greater added value than the existing situation as it embraces the “Europe 2020” strategy based on green growth oriented cooperation, with a stronger emphasis on EU interests in cooperation with emerging and industrialised countries and a stronger focus on improving the climate for business, investment, trade and research and innovation. It should develop a proactive agenda of mutual interests with partner countries with a specific focus on EU strategic partners.

The new Partnership Instrument would also honour better the EU’s commitments to third countries with which it has concluded Partnership and Cooperation/Framework Agreements. It would add credibility and consistency to the EU’s external policy of linking the promotion of its values and interests with specific cooperation activities. Within the framework of the agreements, the Partnership Instrument could also act as a catalyst for joint EU and Member States projects, as the EU and its Member States are bound by their provisions. Finally, it would support the EU’s regional and bilateral policies, along with the EU’s commitments to regional and international cooperation processes and bodies.

The EU’s economic cooperation activities, business dialogues and other forms of external economic action could be a powerful foreign policy tool. They could contribute to project the EU’s visibility and influence externally. This could support Europe’s ambition to become a key economic and political player on the international scene both bilaterally and within multilateral bodies such as the G20.

Moreover, joint action with EU Member States and innovative ways to mobilise resources could become more frequent and feasible under the Partnership Instrument than in the current situation under the ICI. More money will be available to support co-financing operations in cooperation with EU Member States bilateral aid or financial bodies or agencies. Multiannual programming would allow more structured and integrated business. Public and private partnerships could be more achievable, involving several stakeholders from the European business community. Blending grants and loans could also become a preferred option whenever relevant.

Choice of Instrument

The Commission considers that extending the scope of the Development Cooperation Instrument to cover non-development action creates the risk of tension between different objectives and could lead to significant delays in decision-making and implementation. It recommends creating a single new global instrument focusing on defending core EU interests

and addressing challenges of global concern with a clearly defined scope of activities. Therefore, the Commission recommends proposing a new instrument.

Tabling a proposal for a new instrument is considered the best option. There is broad consensus on building on the current set of financial instruments, although it is necessary to reflect the institutional changes brought by the Lisbon Treaty. Under this option, the current structure of the instruments, which both stakeholders and EU Member States consider pertinent and adequate, would remain largely unchanged. However, a new Partnership Instrument with global reach and focused objectives will contribute to a thorough adaptation of the existing methods of policy making, programming and delivering results.

4. BUDGETARY IMPLICATION

The financial allocation proposed for the Partnership Instrument totals EUR 1 131 million, at current prices, over the period 2014-2020. This amount is compatible with Heading 4 "Global Europe" of the proposed Financial Framework for 2014-2020.

To ensure its predictability, funding for higher education activities in third countries in the context of "Erasmus for All" programme will be made available, in line with EU external action objectives, through 2 multi annual allocations only covering the first 4 years and the remaining 3 years respectively. This funding will be reflected in the multiannual indicative programming of the Partnership Instrument, in line with the identified needs and priorities of the countries concerned. The allocations can be revised in case of major unforeseen circumstances or important political changes in line with the EU external priorities. The provisions of the "Erasmus for All" Regulation (EU) No [-] of the European Parliament and of the Council establishing "Erasmus for All"⁵ will apply to the use of those funds.

5. OPTIONAL ELEMENTS

Simplification

One priority for the Commission in this new Regulation, as in other programmes under the Multi-annual Financial Framework, is to simplify the regulatory environment and facilitate access to Union assistance for partner countries and regions, civil society organisations, etc. to the extent that these pursue the objectives of the Regulation.

The new PI Regulation would allow swifter adoption of implementing measures and, thus, more leeway for cooperation. Furthermore, the revision of the Financial Regulation, which is particularly substantial with regard to the special provisions on external action, will facilitate participation by civil society organisations and SMEs in funding programmes, for example by simplifying rules, reducing the costs of participation and accelerating award procedures. The Commission intends to implement this Regulation using the new flexible procedures provided for in the revised Financial Regulation.

The implementation rules are contained in the Regulation (EU) No of the European Parliament and of the Council of [-] establishing the common rules and procedures for the implementation of the Union's instruments for external action.

⁵ OJ L ...

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing a Partnership Instrument for cooperation with third countries

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 207(2), 209(1) and 212(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) This Regulation constitutes one of the instruments providing direct support for the European Union's external policies. It will replace the Regulation of the European Parliament and of the Council No 1934/2006 of 21 December 2006 establishing a financing instrument for cooperation with industrialised and other high income countries and territories (ICI)⁶.
- (2) Over the last decade, the Union has consistently strengthened its bilateral relations with a broad range of industrialised and other high-income countries and territories across different regions of the world, primarily in North America, East Asia and Australasia, but also in South-East Asia and the Gulf region.
- (3) Furthermore, since 2007 the Union has strengthened and deepened its cooperation and partnership with developing and transition countries in Asia, Central Asia, and Latin America and with Iraq, Iran, Yemen and South Africa on the basis of Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation (DCI).
- (4) The scope of cooperation under the geographic programmes with developing countries, territories and regions established under the Development Cooperation Instrument is limited to financing measures designed to fulfil the criteria set for official development assistance (ODA) set by the Development Assistance Committee of the Organisation for Economic Cooperation and Development (DAC/OECD).

⁶ OJ L 405, 30.12.2006.

- (5) Preparatory actions such as business dialogues, trade promotion and scientific exchanges were set up to strengthen and deepen cooperation in areas outside the scope of the Development Cooperation Instrument with India and China and with middle-income group countries in Asia and Latin America.
- (6) Furthermore, the Union has been strengthening its bilateral relations with other increasingly prominent middle-income developing countries in Asia and Latin America by expanding cooperation partnership and policy dialogues to areas and subjects beyond development cooperation. In the case of Russia, relations have also evolved, including through the Union-Russia Partnership for Modernisation, underlining the importance of Russia as a strategic partner for the Union both in bilateral relations and in global affairs.
- (7) It is in the Union's interest to deepen its relations with partners who are playing an increasingly important role in the international economy and trade, in south-south trade and cooperation, in multilateral fora including Group of Twenty Finance Ministers and Central Bank Governors (G 20), in global governance and in addressing challenges of global concern. The Union needs to build comprehensive partnerships with new players on the international scene, in order to promote a stable and inclusive international order, pursue common global public goods, defend core interests of the Union and increase knowledge of the Union in these countries.
- (8) The EU needs a financial instrument of global scope allowing the financing of measures that might not qualify as ODA but which are crucially important for deepening and consolidating its relations with the partner countries concerned, in particular through policy dialogues and development of partnerships.
- (9) Notwithstanding the specific focus on global players, the scope of this Regulation should be worldwide enabling to support cooperation measures with developing countries where the Union has significant interests in accordance with the objectives of this Regulation.
- (10) In the "Europe 2020" strategy⁷ the Union has reiterated its sustained commitment to promote in its internal and external policies smart, inclusive and sustainable growth bringing together three pillars: economic, social and environmental.
- (11) The Union is committed in relations with its partners worldwide to promoting decent work for all along with ratification and effective implementation of the internationally recognised labour standards and multilateral environmental agreements.
- (12) In particular, fighting climate change is recognised as one of the great challenges which the Union faces and the area where urgent international action is necessary. In accordance with the intent stated in the Commission Communication "A budget for Europe 2020"⁸ of increasing the climate related proportion of the Union budget to at least 20%, this Regulation should contribute to that goal.
- (13) The Union is committed to helping to meet the global 2020 biodiversity targets and to deliver on the associated Strategy for resource mobilisation.

⁷ "Europe 2020": A strategy for smart, sustainable and inclusive growth" COM (2010) 2020.

⁸ COM/2011/500.

- (14) Under this Regulation, the Union should support the implementation of the “Europe 2020” strategy, in particular objectives relating to climate change, the transition to a greener economy and resource efficiency, trade and investment, business and regulatory cooperation with third countries, and should promote public diplomacy, education/academic cooperation and outreach activities.
- (15) Promotion of diversified cooperation and partnership initiatives within a single instrument should, furthermore, allow economies of scale, synergy effects, greater effectiveness, more streamlined decision-making and management and a high degree of visibility for the Union’s external action.
- (16) In order to achieve the objectives of this Regulation it is necessary to pursue a differentiated and flexible approach by developing models for cooperation with key partner countries which take into account their economic, social and political contexts and also the Union’s specific interests, policy priorities and strategies, whilst maintaining the ability to intervene all over the world wherever needed.
- (17) The Union should be able to respond in a flexible and timely manner to evolving and /or unforeseen needs in order to make its commitment to promote its interests in its relations with third countries more effective, by adopting special measures not covered by multi-annual indicative programmes.
- (18) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity and proportionality as set out in Article 5 of the Treaty of the European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve those objectives.
- (19) In order to adapt the scope of this Regulation to the rapidly evolving reality in third countries, the power to adopt acts in accordance with Article 290 of the Treaty of the Functioning of the European Union should be delegated to the Commission in respect of the detailed areas of cooperation defined in the Annex. It is of particular importance that the Commission should carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing-up delegated acts, should ensure simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.
- (20) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation N° 182/2011 of 16 February 2011 laying down the rules and general principles concerning the mechanisms of control by Member States of the Commission’s exercise of implementing powers⁹. Taking into account the nature of those implementing acts, in particular their policy orientation nature or their financial implications, the examination procedure should in principle be used for their adoption, except for technical implementing measures of a small financial scale.

⁹ OJ L 055, 28.02.2011 P. 013 - 018

- (21) Common rules and procedures for the implementation of the Union's instruments for external action are laid down in Regulation (EU) No .../...of the European Parliament and of the Council of ..., hereinafter referred to as ‘the Common Implementing Regulation’.
- (22) The organisation and functioning of the European External Action Service are described in Council Decision 2010/427 EU.

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter and objectives

- (1) This Regulation establishes a Partnership Instrument for cooperation with third countries to advance and promote EU and mutual interests. The Partnership Instrument shall support measures that respond in an effective and flexible manner to objectives arising from the Union's bilateral, regional or multilateral relationships with third countries and address challenges of global concern.
- (2) The measures to be financed under this Instrument shall reflect the following specific Union objectives:
- (a) implementing the international dimension of the “Europe 2020” strategy by supporting Union’s bilateral, regional and inter-regional cooperation partnership strategies, by promoting policy dialogues and by developing collective approaches and responses to challenges of global concern such as energy security, climate change and environment. This objective shall be measured by the uptake of the “Europe 2020” policies and objectives by key partner countries;
 - (b) improving market access and developing trade, investment and business opportunities for European companies by means of economic partnerships and business and regulatory cooperation. This objective shall be measured by the Union’s share in foreign trade with key partner countries and by trade and investments flows to partner countries specifically targeted by actions, programmes and measures under this Regulation;
 - (c) enhancing widespread understanding and visibility of the Union and its role on the world scene by means of public diplomacy, education/academic cooperation and outreach activities to promote Union’s values and interests. This objective may be measured, *inter alia*, by opinion surveys or evaluations.

Article 2

Scope

- (1) All third countries, regions and territories may be eligible for cooperation under this Regulation.

- (2) However, this Regulation shall primarily support cooperation measures with developed and developing countries which play an increasingly prominent role in the international economy and trade, in multilateral fora, in global governance and in addressing challenges of global concern and where the Union has significant interests.

Article 3

General principles

- (1) The Union seeks to promote, develop and consolidate the principles of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law on which it is founded by means of dialogue and cooperation with third countries.
- (2) To enhance the impact of the Union's assistance, a differentiated and flexible approach shall be pursued, where appropriate, in designing cooperation with partner countries to take account of their economic, social and political contexts as and also of the Union's specific interests, policy priorities and strategies.
- (3) Within their respective spheres of competence, the Union and the Member States shall promote a multilateral approach to global challenges and shall foster cooperation with international or regional organisations and bodies, including international financial institutions, United Nations agencies, funds and programmes, OECD, and the Group of Twenty Finance Ministers and Central Bank Governors (G20) and other bilateral donors.
- (4) In implementing this Regulation, the Union shall aim to ensure coherence and consistency with other areas of its external action, in particular the Development Cooperation Instrument for developing countries, and with other relevant Union's policies when formulating policy, strategic planning and programming and implementing measures.
- (5) Measures financed under this Regulation shall be based, where appropriate, on cooperation policies set out in instruments such as agreements, declarations and action plans between the Union and the third countries and regions concerned, and shall also relate to areas linked to the Union's specific interests, policy priorities and strategies.
- (6) Union support under this Regulation shall be implemented in accordance with the Common Implementing Regulation.

Article 4

Areas of cooperation

Detailed areas of cooperation to be pursued by the Union's assistance under this Regulation are listed in the Annex. The Commission shall be empowered to adopt delegated acts in accordance with Article 7 to amend or supplement the Annex.

Article 5

Programming and Indicative allocation of funds

- (1) Multi-annual indicative programmes shall be adopted by the Commission in accordance with the examination procedure referred to in Article 15 (3) of the Common Implementing Regulation. This procedure shall also apply to substantial reviews which have the effect of changing significantly the strategy or its programming.
- (2) The multi-annual indicative programmes shall set out the Union's strategic and/or mutual interests and priorities, the specific objectives and expected results. For countries or regions for which a Joint Framework Document, laying down a comprehensive Union strategy has been established, the multi-annual indicative programmes shall be based on this document.
- (3) The multiannual indicative programmes shall also set out the priority areas selected for financing by the Union and shall outline the indicative financial allocation of funds, both overall, per priority area and per partner country or group of partner countries for the period concerned including the participation in global initiatives; these amounts may, where appropriate, be expressed in the form of a range.
- (4) The multiannual indicative programmes shall be adjusted where necessary, taking into account any mid-term or ad hoc reviews of the reference document on which they are based.
- (5) A Reserve for unallocated funds may be established in the multi-annual indicative programmes. The allocation of these funds shall be decided in accordance with the Common Implementing Regulation.
- (6) The examination procedure referred in paragraph (1) shall not apply to non-substantial modifications to multiannual indicative programmes, making technical adjustments, reassigning funds within the indicative allocations per priority area or increasing or decreasing the size of the initial overall allocation by less than 20%, provided that these modifications do not affect the priority areas and objectives set out in the multi-annual indicative programmes. Such adjustments shall be communicated within one month to the European Parliament and to the Council.
- (7) The procedure referred in Article 15(4) of the Common Implementing Regulation may be applied for modifying multiannual indicative programmes where a swift response from the Union is required.

Article 6

Committee

The Commission shall be assisted by the Partnership Instrument committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

Article 7

Exercise of delegation

- (1) The delegation of powers referred to in Article 4 shall be conferred for the period of validity of this Regulation.
- (2) The delegation of powers may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.
- (3) As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and the Council.
- (4) A delegated act adopted shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of 2 months of notification of the act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by 2 months at the initiative of the European Parliament or the Council.

Article 8

Financial reference amount

1. The financial reference amount for implementation of this Regulation for the period from 2014 to 2020 shall be EUR 1 131 000 000. Annual appropriations shall be decided by the budgetary authority as part of the annual budget procedure within the limits set in the Multiannual Financial Framework.
2. As referred to in Article 13, paragraph 2 of the "Erasmus for All" Regulation, in order to promote the international dimension of higher education, an indicative amount of EUR 1 812 100 000 from the different external instruments (Development Cooperation Instrument, European Neighbourhood Instrument, Instrument for Pre-accession Assistance, Partnership Instrument and the European Development Fund), will be allocated to actions of learning mobility to or from non EU countries and to cooperation and policy dialogue with authorities/institutions/organisations from these countries. The provisions of the "Erasmus for All" Regulation will apply to the use of those funds.

The funding will be made available through 2 multiannual allocations only covering the first 4 years and the remaining 3 years respectively. This funding will be reflected in the multiannual indicative programming of these instruments, in line with the identified needs and priorities of the countries concerned. The allocations can be revised in case of major unforeseen circumstances or important political changes in line with the EU external priorities.

Article 9

European External Action Service

Application of this Regulation shall be in accordance with Council Decision 2010/427 EU establishing the organisation and functioning of the European External Action Service.

Article 10

Entry into force

1. This Regulation shall enter into force on the third day following its publication in the *Official Journal of the European Union*. It shall apply from 1 January 2014.
2. This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX

DETAILED AREAS OF COOPERATION UNDER THE PARTNERSHIP INSTRUMENT

To support the objectives provided for in Article 1, Union assistance may include, *inter alia*, the following areas of cooperation:

- (a) support to specific initiatives, including research work, studies, pilot schemes or joint projects destined to respond in a effective and flexible manner to cooperation objectives arising from the Union's relationships with third countries concerned;
- (b) the promotion of cooperation, partnerships and joint undertakings between economic, social, cultural, governmental and scientific actors in the Union and third countries;
- (c) the facilitation of (and support of) trade relations and trade integration processes, including south-south, support to Union investment flows and economic partnerships, including a focus on small and medium-sized enterprises;
- (d) the promotion of policy and sectoral dialogues involving Union and non-Union political, economic, regulatory, environmental, social, research and cultural actors and non-governmental organisations;
- (e) the promotion of outreach activities, intellectual exchanges and the enhancement of inter-cultural dialogues;
- (f) the promotion of initiatives and actions of Union or mutual interest in areas such as climate change, environmental matters including biodiversity, resource efficiency, raw materials, energy, transport, science, research and innovation, employment and social policy, sustainable development, including promotion of decent work, and corporate social responsibility, south-south trade and cooperation, education, culture, tourism, information and communication technologies, health, justice, customs, taxation, financial, statistics and any other matter pertaining to the Union's specific interests or of mutual interest between the Union and third countries;
- (g) the enhancement of awareness about and understanding of the Union and of its visibility in third countries.