

# A Global Europe

## The Neighbourhood, Development and International Cooperation Instrument

### Executive summary

*The Neighbourhood, Development and International Cooperation Instrument (NDICI) is a new mechanism which combines all EU external action programmes into one broad financing tool. This new instrument is made up of three main components (geographical, thematic and rapid response) and a more flexible element to counter emerging crises. Funds can be more easily shifted from one issue to another within the broader scope of the instrument. It also provides a more policy-driven and inclusive approach, with potentially more direct input from local and national stakeholders. The new instrument can help closing gaps and avoiding overlaps in the multitude of EU external programmes. This means that EU policies focusing on poverty reduction, protection of human rights and crisis response would now all be financed from this single instrument.*

Martijn Hoogeland, 89 Belgium

Agnese Stracquadanio, 89 Belgium

*The information and views presented in this article are those of the authors only, and do not reflect the positions and opinions of their former or current employers, or of any organisation they were or are affiliated with.*

## What is the Neighbourhood, Development and International Cooperation Instrument?

The Neighbourhood, Development and International Cooperation Instrument (NDICI - also known as 'Global Europe') is a new financing instrument, proposed by the European Commission. This instrument aims to **combine funding for programmes** in different fields of EU external action **into one single instrument**. The goal is to both set the main policy priorities and provide the budgetary framework for the programmes in the field of development, international cooperation and neighbourhood policies. In doing so, the new instrument will have a **policy-driven and inclusive approach** to the decisions on where the funds of the EU's external actions will be allocated.<sup>1</sup>

In the previous Multiannual Financial Framework (MFF), finances for these policies could be drawn from the European Development Fund (EDF) as well as from in total ten different external means of financing. However, the previous regulation (Regulation EU 236/2014) that set out the rules for the financing of EU external action and the Development Fund **expired at the end of 2020**. To ensure that the funding and organization of these financing operations continued in the future, an update or extension was needed. The European Commission has proposed that under the current MFF of 2021-2027, these different instruments should be **combined into one financial instrument** to finance all of these policies. This would mean that EU policies focusing on poverty reduction, protection of human rights and crisis response would now all be financed from this single instrument.

For the current MFF-period, this new instrument is set to contain a funding of around **€79,5 billion**, split up in four main components:<sup>2</sup>

1. **Geographical component** (€60,4 billion), which will focus on strengthening cooperation with partner countries from different regions of the world: the European Neighbourhood, Asia and the Pacific, the Americas and the Caribbean and Sub-Saharan Africa. Programmes funded under this component will have a clear focus on one of these regions on a broad spectrum of issues, namely: promoting the rule of law, human rights, democracy, good governance, peace, security and sustainable development, but also on managing inequality, climate change, migration and employment.
2. **Thematic component** (€6,4 billion), which will focus on actions that are linked to specific themes from the Sustainable Development Goals. Programmes funded under this component will therefore specifically focus on tackling worldwide issues and global challenges, such as the promotion of human rights, civil

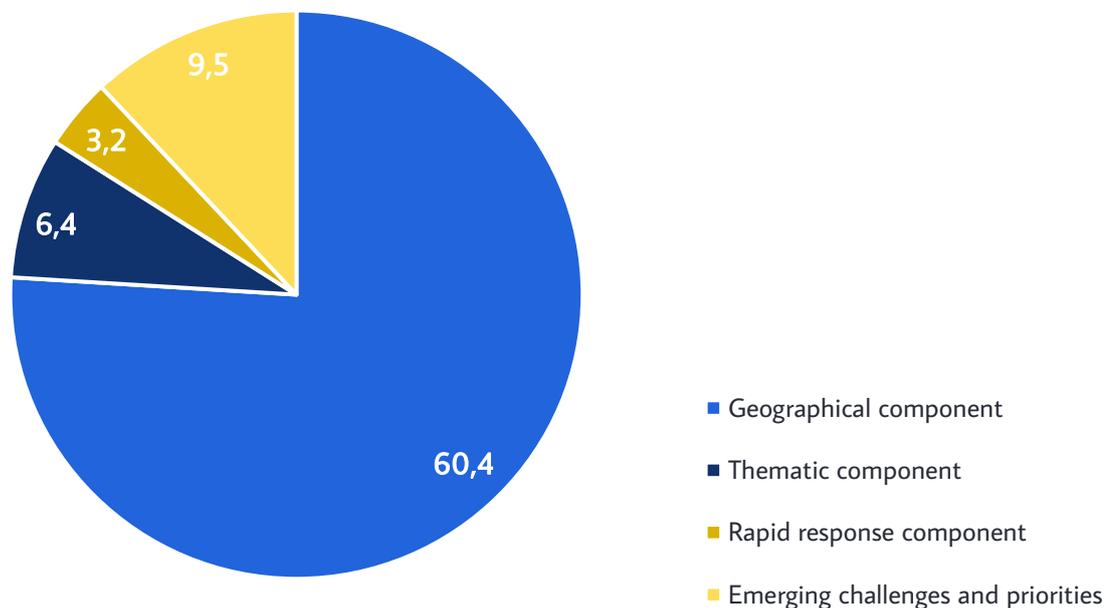
<sup>1</sup> European Commission, 2018. "Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation". P. 3. Accessed 04/07/2021. [https://eur-lex.europa.eu/resource.html?uri=cellar:d2c24540-6fb9-11e8-9483-01aa75ed71a1.0002.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:d2c24540-6fb9-11e8-9483-01aa75ed71a1.0002.02/DOC_1&format=PDF)

<sup>2</sup> European Council, 2020. "Neighbourhood, Development and International Cooperation Instrument: Coreper endorses provisional agreement with the European Parliament". Accessed on 04/07/2021. <https://www.consilium.europa.eu/en/press/press-releases/2020/12/18/neighbourhood-development-and-international-cooperation-instrument-coreper-endorses-provisional-agreement-with-the-european-parliament/>

society, stability and peace, but also more general issues such as health, education or sustainable and inclusive growth.

3. **Rapid response component** (€3,2 billion), which focuses on managing existing crises, the prevention of conflicts and (re)building peace efforts. As opposed to the first two components, this does not require long-term programmes to be set in place, but is rather focused on financing of individual measures or one-off action plans. This allows the EU to more quickly respond to immediate crises.

NDICI allocation of funding (billions of €, in current prices)



4. **Flexibility cushion for responses to emerging crisis situations** (€9,5 billion) will be funded from the remaining funds. This includes the organization of aid in case of armed conflicts or natural disasters, but could also be used to top up existing programmes under the first and second component in cases where new (but less threatening) situations require swift action.

## What are the main new points for the NDICI?

The first point is the fact that the **NDICI is going to be fully integrated into the MFF-budget**, rather than kept separate from the Commission's budget. In the case of the European Development Fund (to be phased out in favour of NDICI) funding was handled by Member States directly. This shift towards inclusion means that the Parliament can hold the Commission more directly accountable for how the funds for the EU's external actions are handled. This process is commonly called 'budgetisation' and it is exactly the reason why the European Parliament Research Service (EPRS) was in favour of incorporating the EDF into the MFF.<sup>3</sup>

<sup>3</sup> European Parliamentary Research Service, 2014. "European Development Fund. Joint development cooperation and the EU budget: out or in?". Accessed on 04/05/2021. <https://www.europarl.europa.eu/EPRS/EPRS-IDA-542140-European-Development-Fund-FINAL.pdf>

The second main point is the **increased role of the European Parliament in setting policy goals** of the EU's external actions. Since the European Parliament has to approve the Commission's budget, the EP-committees for foreign affairs (AFET) and development (DEVE) also have the option to be more involved at an early stage, by **helping to set strategic or policy goals** and planning out governance of the funds. This means that the new regulation would meet this requirement of the European Parliament to have a bigger say.<sup>4</sup>

The third point is the fact that the instrument **combines programmes from different components** of EU external action. There are several main reasons given by the Commission for combining these financial sources. First, it **prevents overlapping actions**. This would mean that the number of aid or development organizations working on similar projects at the same time could potentially be drastically reduced. A second reason is that it **streamlines governance** of the different programmes, by providing a more uniform framework for setting goals, reporting progress and managing funding. The idea here is that this would benefit both the EU actors as well as their partners in the field by reducing reporting burdens and standardizing administrative procedures. A third reason for combining all the funds in one instrument, is that this **allows for more flexibility**. This means that funds could more easily be moved from one project to another, allowing the EU to respond more effectively to emerging crises and offer aid faster than before.<sup>5</sup>

## What is the state of the negotiations?

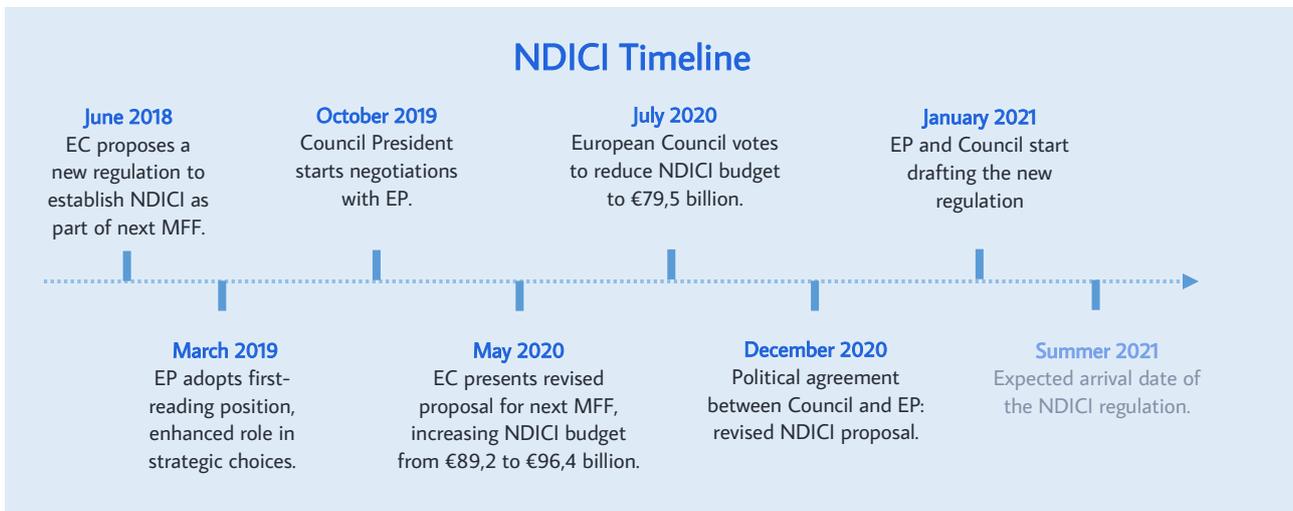
In June 2018, the European Commission came with several proposals for the budget of the next MFF, including a proposal for a regulation that will combine the different instruments for EU external action spending into one: the NDICI.

- In March 2019, the European Parliament gave its position on the proposal, highlighting three elements. First, to suspend funds in case of a breach of the rule of law in the receiving nation. Second, to use the funds to focus strongly on sustainable development, climate change and human rights. Third, to allow for more political control and better governance (in addition to flexibility).
- In May 2020, the European Commission presented its revised proposal for the next MFF, increasing the NDICI budget from €89,2 to €96,4 billion.
- In July 2020, the European Council decided that €79,5 billion of the MFF-budget is to be spent on the NDICI, a reduction of around €17 billion from the proposal by the Commission.

<sup>4</sup> European Parliament, 2019. "External action: more funds for human rights, development and peace". Accessed on 04/08/2021. <https://www.europarl.europa.eu/news/en/press-room/20190321IPR32120/external-action-more-funds-for-human-rights-development-and-peace>

<sup>5</sup> European Commission, 2018. "Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation". P. 62. Accessed 04/07/2021. [https://eur-lex.europa.eu/resource.html?uri=cellar:d2c24540-6fb9-11e8-9483-01aa75ed71a1.0002.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:d2c24540-6fb9-11e8-9483-01aa75ed71a1.0002.02/DOC_1&format=PDF)

- In December 2020, the European Parliament and the Council reached a political agreement on the NDICI proposal, which marks a compromise on some of the outstanding issues.
- In January 2021, the European Parliament and the Council started working on translating the proposal for the NCIDI into a final legal text for an EU-regulation. It is expected to be finished before the end of Summer 2021.
- As of April 2021, the legislative work on the new NDICI regulation is still ongoing.



## Who are the key players and what are their arguments?

In Although there is now a political agreement for the regulation, the development of the NDICI was not without heated discussions between the different actors. There are several key players within the institutional and political discussions surrounding the NDICI.

- The **European Parliament** will see an increase of its *“legislative, budgetary and scrutiny powers”* due to the fact that the funds that were currently managed under the EDF will now also fall under the NDICI and thus under the EP’s political and budgetary oversight.<sup>6</sup> This means that the European Parliament will have a greater say on what goals the external action funding should be spent, on whether the budget is spent efficiently and on whether the initial goals of the funded programmes are being met.
- The **European Commission** is still the main player when it comes to implementing the EU’s external action policies. Although the EP has taken some of the responsibility for setting out the policy direction of this new instrument, ensuring better governance in external action programmes still falls under the Commission’s supervision. Moreover, the Commission only has to inform (and does not need consent from) the EP and Council when it decides to use the funding for the flexibility cushion.<sup>7</sup>

<sup>6</sup> European Parliament, 2018. “The European Parliament and the new external financing instruments”, p. 15. Accessed on 04/08/2021.

[https://www.europarl.europa.eu/RegData/etudes/IDAN/2018/603468/EXPO\\_IDA\(2018\)603468\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2018/603468/EXPO_IDA(2018)603468_EN.pdf)

<sup>7</sup> Centre for Global Development 2021. “Redesigning Global Europe: The EU’s Neighbourhood, Development, and International Cooperation Instrument”. Accessed on 04/08/2021. <https://www.cgdev.org/blog/redesigning-global-europe-eus-neighbourhood-development-and-international-cooperation>.

- The **European Council** has also shown its importance in the negotiations, as can be seen in the changes that were made to the final political agreement between the Parliament and the Council.<sup>8</sup> First, the Council successfully advocated for a reduction of the total NDICI budget. Second, the agreement also reflects a compromise on the issues of migration. The point is to make sure that activities related to migration do not go against the general goals of the regulation. Third, the Council insisted that there should be a suspension clause. This means that if a country is suspected of violating the rule of law or principles of democracy, activities in that country could be suspended.
- **Civil society and non-governmental organizations (NGO's)** focusing on human rights, development aid, climate change and the promotion of democracy are also affected by this new policy instrument. In order to achieve global objectives through the NDICI instrument, such as the 2030 Agenda<sup>9</sup> and the Paris Agreement,<sup>10</sup> the EU will need to cooperate with these NGOs and civil society. Through the work of EU Delegations and Member States' Embassies around the world both NGOs and private sector could find out whether consultations and joint programmes will be in place, in order to get involved. With this regard, CONCORD - European NGO Confederation for Relief and Development has put together a list of suggestions to civil society on the EU Programming process in partner countries.<sup>11</sup> Once the EU decides on how such support will be delivered, it will be also clearer how the EU aims to engage with civil society and the private sector.
- **National and local authorities**, since the needs of the country in question is fundamental for a successful outcome, the whole process of addressing global challenges will be driven by the principles of ownership and inclusiveness. Mandatory consultations of towns, regions and associations are provided for in the implementation of the EU development programmes.<sup>12</sup> The "*actors of development*",<sup>13</sup> such as domestic parliaments, institutions and administrations and other stakeholders will be considered as partners. In so doing, the EU will build a network of international partnerships which pursue common goals.<sup>14</sup>

Implementing one single instrument for its external actions, the EU is investing in the role of global leader. In fact, the EU - with its Member States - is the world's biggest donor for international aid and through the contribution of all these actors the NDICI will hopefully produce a significant impact on the ground.

<sup>8</sup> European Commission, 2020. "European Commission welcomes political agreement on future €79.5 billion for a new instrument to finance the EU external action and lead the global recovery through international partnerships". Accessed on 04/08/2021. [https://ec.europa.eu/commission/presscorner/detail/en/IP\\_20\\_2453](https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2453)

<sup>9</sup> United Nations Regional Information Centre. "Sustainable Development Goals". Accessed on 04/07/2021. <https://unric.org/en/united-nations-sustainable-development-goals/>

[10] United Nations Climate Change. "The Paris Agreement". Accessed on 04/07/2021. <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

<sup>11</sup> Concord, 2019. "Recommendations on the NDICI migration spending target". Accessed on 04/08/2021. <https://concordeurope.org/resource/recommendations-on-the-ndici-migration-spending-target/>

<sup>12</sup> Euractiv, 2021. "EU dedicates €500 million for towns and regions under NDICI". Accessed on 04/08/2021. <https://pr.euractiv.com/pr/eu-dedicates-500-million-towns-and-regions-under-ndici-212035>

<sup>13</sup> European Parliament, 2021. "Provisional Agreement resulting from interinstitutional negotiations". Accessed on 04/07/2021. [https://www.europarl.europa.eu/meetdocs/2014\\_2019/plmrep/COMMITTEES/CJ19/AG/2021/03-18/1226377EN.pdf](https://www.europarl.europa.eu/meetdocs/2014_2019/plmrep/COMMITTEES/CJ19/AG/2021/03-18/1226377EN.pdf)

<sup>14</sup> European Commission, 2020. "EU budget for the future". Accessed on 04/07/2021. [https://ec.europa.eu/international-partnerships/system/files/factsheet-mff-multiannual-financial-framework-v09\\_en.pdf](https://ec.europa.eu/international-partnerships/system/files/factsheet-mff-multiannual-financial-framework-v09_en.pdf)

## What does this mean?

When it comes to the [management of migration](#), the confederation for relief NGOs has suggested that the budget for migration could be reduced and that the money would be better spent on tackling the underlying causes of migration.<sup>15</sup> However, the International Trade Union Confederation emphasized that the migration funding should focus on “*human dignity*” and that it should not be used as a condition for receiving humanitarian or developmental aid.<sup>16</sup>

On the topic of the [promotion of democracy](#), the International Trade Union Confederation backed the EP proposal to allocate more funds to the thematic programmes, for a more balanced distribution which is crucial to put emphasis on civil society and local democratization initiatives.<sup>17</sup> Since the different components of the NDICI are complementary it could in practice prove easier to shift funds around to such initiatives, for example by using the instrument’s ‘flexibility cushion’ of €9,5 billion.

When it comes to [climate change and biodiversity policy](#), the NDICI changes are already showing their effects for existing programmes. The Climate Action Network has stated that since there has been a large drop in funding for thematic programmes (including for climate and environmental issues), more attention will have to be spent on climate and biodiversity policies in the regional programmes.<sup>18</sup>

## What happens next?

As discussed, the EU institutions reached a political agreement on the NDICI back in December. The European Commission is currently working on translating this agreement into an EU regulation. Once this is done, the plenary assembly of the European Parliament will have a final vote on the final legal text. It is expected that this could be done in summer of 2021.

Furthermore, it was decided that the regulation will go into force retroactively. This means that it would go into effect when the new MFF went into effect (1 January 2021), even though the regulation was not finished by that date. This was done to make sure that existing programmes could continue and new programmes could already be developed under this new governance framework of the NDICI. To ensure consistency in the management and funding of the current neighbourhood or development EU external action programmes however, there is some urgency in finishing the regulation in a timely manner.

<sup>15</sup> Concord, 2019. “Recommendations on the NDICI migration spending target”. Accessed on 04/08/2021. <https://concordeurope.org/resource/recommendations-on-the-ndici-migration-spending-target/>

<sup>16</sup> International Trade Union Confederation 2019. “NDICI: the European Parliament raises the bar on EU’s development cooperation”. Accessed on 04/08/2021. <https://www.ituc-csi.org/ndici-the-european-parliament?lang=en>

<sup>17</sup> Ibidem.

<sup>18</sup> Climate Action Network Europe 2021. “Submission on the Regional Multi-annual Indicative Program for Sub-Saharan Africa (2021-2027)”. Accessed on 04/08/2021. <https://caneurope.org/submission-on-the-regional-multi-annual-indicative-program-for-sub-saharan-africa-2021-2027/>