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**NOTE**

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From:	General Secretariat of the Council
To:	Delegations
No. Cion doc.:	COM(2018) 460 final
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Neighbourhood, Development and International Cooperation Instrument - Mandate for negotiations with the European Parliament

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Delegations will find attached the text of the negotiating mandate on the aforementioned proposal,  
as complemented by the Coreper at its session on 18 September 2020.

Proposal for a  
**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**establishing the Neighbourhood, Development and International Cooperation Instrument<sup>1</sup>**

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 209, 212 and 322(1) thereof,

Having regard to the proposal from the European Commission,

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

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Having regard to the opinion of the Committee of the Regions<sup>3</sup>,

Having regard to the opinion of the Court of Auditors<sup>4</sup>,

Acting in accordance with the ordinary legislative procedure,

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<sup>1</sup> Changes to the Commission proposal in this document are marked in ***bold italics*** and ~~striketrough~~. Changes made to the text endorsed by Coreper in its session of 27 November 2019 are highlighted as track changes.

<sup>2</sup> ***OJ C***, , ***p.*** .

<sup>3</sup> ***OJ C***, , ***p.*** .

<sup>4</sup> [...] ]

Whereas:

- (1) The general objective of the Programme "Neighbourhood, Development and International Cooperation Instrument" (the 'Instrument') should be to uphold and promote the Union's values and interests worldwide in order to pursue the objectives and principles of the Union's external action, as laid down in Article 3(5), Articles 8 and 21 of the Treaty on European Union.
- (2) In accordance with Article 21 of the Treaty on European Union, the Union shall pursue consistency between the different areas of its external action and between these and its other policies, as well as it shall work for a high degree of cooperation in all fields of international relations. The wide array of actions enabled by this Regulation should contribute to the objectives set out in that Article of the Treaty.
- (3) In accordance with Article 8 of the Treaty on European Union, the Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation. This Regulation should contribute to such objective.
- (4) The primary objective of Union's development cooperation policy, as laid down in Article 208 of the Treaty on the Functioning of the European Union is the reduction and, in the long term, the eradication of poverty. The Union's development cooperation policy also contributes to the objectives of the Union's external action, in particular to foster the sustainable economic, social and environmental development of developing countries, with the primary aim of eradicating poverty, as set out in Article 21(2)(d) of the Treaty on European Union.

- (5) The Union shall ensure policy coherence for development as required by Article 208 of the Treaty on the Functioning of the European Union. The Union should take account of the objectives of development cooperation in the policies that are likely to affect developing countries, which will be a crucial element of the strategy to achieve the Sustainable Development Goals defined in the 2030 Agenda for Sustainable Development ('2030 Agenda') adopted by the United Nations in September 2015<sup>5</sup>. Ensuring policy coherence for sustainable development, as embedded in the 2030 Agenda, requires taking into account the impact of all policies on sustainable development at all levels nationally, within the Union, in other countries and at global level.

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<sup>5</sup> "Transforming our world: the 2030 Agenda for Sustainable Development", adopted at the United Nations Sustainable Development Summit on 25 September 2015 (A/RES/70/1).

- (6) This Instrument provides for actions in support of those objectives and of the external action policies and builds on the actions previously supported under Regulation (EU) No 233/2014<sup>6</sup>; the 11th European Development Fund (EDF)'s Internal Agreement<sup>7</sup> and Implementing Regulation<sup>8</sup>; Regulation (EU) No 232/2014<sup>9</sup>; Regulation (EU) No 230/2014<sup>10</sup>; Regulation (EU) No 235/2014<sup>11</sup>; Regulation (EU) No 234/2014<sup>12</sup>; Regulation (Euratom) No 237/2014<sup>13</sup>; Regulation (EU) No 236/2014<sup>14</sup>; Decision No 466/2014/EU; Regulation (EC, Euratom) No 480/2009<sup>15</sup> and Regulation (EU) 2017/1601<sup>16</sup>.

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<sup>6</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (OJ L 77, 15.3.2014, p. 44.)

<sup>7</sup> Internal agreement between the Representatives of the Governments of the Member States of the European Union, meeting within the Council, on the financing of European Union aid under the multiannual financial framework for the period 2014 to 2020, in accordance with the ACP-EU Partnership Agreement, and on the allocation of financial assistance for the Overseas Countries and Territories to which Part Four of the Treaty on the Functioning of the European Union applies (OJ L210/1, 6.8.2013).

<sup>8</sup> Council Regulation (EU) 2015/322 of 2 March 2015 on the implementation of the 11th European Development Fund (OJ L 58/1, 3.3.2015).

<sup>9</sup> Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (OJ L 77, 15.3.2014, p. 27.)

<sup>10</sup> Regulation (EU) No 230/2014 of the European Parliament and of the Council of 11 March 2014 establishing an instrument contributing to stability and peace (OJ L 77, 15.3.2014, p 1.)

<sup>11</sup> Regulation (EU) No 235/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for democracy and human rights worldwide (OJ L 77, 15.3.2014, p. 85.)

<sup>12</sup> Regulation (EU) No 234/2014 of the European Parliament and of the Council of 11 March 2014 establishing a Partnership Instrument for cooperation with third countries (OJ L 77, 15.3.2014, p. 77.)

<sup>13</sup> Council Regulation (Euratom) No 237/2014 of 13 December 2013 establishing an Instrument for Nuclear Safety Cooperation (OJ L 77, 15.3.2014, p. 109)

<sup>14</sup> Regulation (EU) 236/2014 of the European Parliament and of the Council laying down common rules and procedures for the implementation of the Union's instruments for financing external action (OJ L 77, 15.3.2014, p. 95)

<sup>15</sup> Council Regulation (EC, Euratom) No 480/2009 of 25 May 2009 establishing a Guarantee Fund for external actions (OJ L 145, 10.6.2009, p. 10)

<sup>16</sup> Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

- (7) The global context for action is the pursuit of a rules-based global order, with multilateralism as its key principle and the United Nations at its core. The 2030 Agenda, together with the Paris Agreement on Climate Change<sup>17</sup> and the Addis Ababa Action Agenda<sup>18</sup> is the international community's response to global challenges and trends in relation to sustainable development. With the Sustainable Development Goals at its core, the 2030 Agenda is a transformative framework to eradicate poverty and achieve sustainable development globally. It is universal in scope, providing a comprehensive shared framework for action that applies to the Union, to its Member States and to its partners. It balances the economic, social and environmental dimensions of sustainable development, recognising the essential interlinkages between its goals and targets. The 2030 Agenda aims to leave no one behind. The implementation of the 2030 Agenda will be closely coordinated with the Union's other relevant international commitments. Actions undertaken by this Regulation should pay particular attention to interlinkages between Sustainable Development Goals and to integrated actions that can create co-benefits and meet multiple objectives in a coherent way.

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<sup>17</sup> Signed in New York on 22 April 2016.

<sup>18</sup> "Addis Ababa Action Agenda of the Third International Conference on Financing for Development", adopted on 16 June 2015 and endorsed by the United Nations General Assembly on 27 July 2015 (A/RES/69/313).

- (8) The implementation of this Regulation should be guided by the five priorities established in the Global Strategy for the European Union's Foreign and Security Policy (the 'Global Strategy')<sup>19</sup>, presented on 19 June 2016 **and endorsed by the Council in its Conclusions of 17 October 2016**<sup>20</sup>, which represents the Union's vision and the framework for united and responsible external engagement in partnership with others, to advance its values and interests. The Union should enhance partnerships, promote policy dialogue and collective responses to challenges of global concern. Its action should support the Union's interests and values in all its aspects, including preserving peace, preventing conflicts, strengthening international security, **inclusive governance**, fighting root causes of irregular migration, **forced displacement** and assisting populations, countries and regions confronting natural or man-made disasters, supporting trade policy, economic diplomacy and economic cooperation, promoting digital solutions and technologies, and fostering the international dimension of **the** Union's policies. In promoting its interests, the Union should **use an integrated approach and** comply with, and promote, the principles of respect for high social and environmental standards, for the rule of law, for international law and for human rights.
- (9) The new European Consensus on Development ('the Consensus')<sup>21</sup>, signed on ~~7~~**8** June 2017, provides the framework for a common approach to development cooperation by the Union and its Member States to implement the 2030 Agenda and the Addis Ababa Action Agenda. Eradicating poverty, tackling discrimination and inequalities, leaving no one behind and strengthening resilience are at the heart of development cooperation policy.

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<sup>19</sup> "Shared Vision, Common Action: A Stronger Europe. A global Strategy for the European Union's Foreign and Security Policy", June 2016.

<sup>20</sup> **Council Conclusions on the Global Strategy for the European Union's Foreign and Security Policy of 17 October 2016 (13202/16).**

<sup>21</sup> "The New European Consensus on Development 'Our World, our Dignity, Our Future'", Joint statement by the Council and the Representatives of the governments of the Member States meeting within the Council, the European Parliament and the European Commission, 8 June 2017.

- (10) ~~In order to implement the new international framework established by the 2030 Agenda, the Global Strategy and the Consensus,~~ This Regulation should aim at increasing the coherence and ensuring the effectiveness of the Union's external action ~~by concentrating its efforts through a streamlined instrument to improve~~ **thus improving** the implementation of the different external action policies.
- (11) In accordance with the Global Strategy, **the Consensus** and the Sendai Framework for Disaster Risk Reduction (2015-2030) as adopted on 18 March 2015<sup>22</sup>, recognition should be given to the need to move away from crisis response and containment to a more structural, long-term approach that more effectively addresses situations of fragility, natural and man-made disasters, and protracted crises. Greater emphasis and collective approaches are required on risk reduction, prevention, mitigation and preparedness; and further efforts are required to enhance swift response and a durable recovery. This Regulation should therefore contribute to strengthening resilience and linking humanitarian aid and development action through rapid response actions.
- (12) In line with the international commitments of the Union on development effectiveness as adopted in Busan in 2011 and renewed at the Nairobi High Level Forum in 2016 and recalled in the Consensus, the Union's development cooperation should apply the development effectiveness principles, namely ownership of development priorities by developing countries, a focus on results, inclusive development partnerships as well as transparency and **mutual** accountability.
- (13) Pursuant to the Sustainable Development Goals, this Regulation should contribute to reinforced monitoring and reporting with a focus on results, covering outputs, outcomes and impacts in partner countries benefiting from the Union's external financial assistance. ~~In particular, as agreed in the Consensus, actions under this Regulation are expected to contribute 20% of the Official Development Assistance funded under this Regulation to social inclusion and human development, including gender equality and women's empowerment.~~

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<sup>22</sup> "Sendai Framework for Disaster Risk Reduction", adopted on 18 March 2015 and endorsed by the United Nations General Assembly on 3 June 2015 (A/RES/69/283).



- (14) Whenever possible and appropriate, the results of the Union's external action should be monitored, ***evaluated*** and assessed on the basis of pre-defined, transparent, country-specific and measurable indicators, adapted to the specificities and objectives of the Instrument and preferably based on the results framework of the partner country.
- (14 bis) The Commission should regularly monitor actions financed under this Regulation and review progress made towards expected results, covering outputs and outcomes. Wherever possible, existing results frameworks should be used. The indicators used to measure progress should be in line with the Sustainable Development Goals and be clear, relevant and have robust methodologies. The data for the indicators should be readily available and of a good quality. The values of the indicators on 1 January 2021 should be used as a basis for assessing the extent to which the objectives of this Regulation have been achieved and will feed into the annual reports as well as the mid-term and final evaluations of the Regulation. The Commission should also evaluate the impact and effectiveness of its sectoral policies, indicative programmes and specific actions, where appropriate by means of independent external evaluations.***
- (14 ter) The Commission should send its evaluation reports to the European Parliament, to the Council and to the Member States through the relevant committee. Evaluations may be discussed in that committee at the request of Member States. The results should feed back into programme design and resource allocation.***
- (15) This Regulation should contribute to the collective Union objective of providing 0.7% of Gross National Income as Official Development Assistance within the timeframe of the 2030 Agenda. In that regard, at least 92% of the funding under this Regulation should contribute to actions designed in such a way that they fulfil the criteria for Official Development Assistance as established by the Development Assistance Committee of the Organisation for Economic Cooperation and Development.

- (16) In order to ensure resources are provided to where the need is greatest, especially to the Least Developed Countries and the countries in situation of fragility and conflict, this Regulation should contribute to the *EU* collective target of reaching **0.15-0.20%** of the Union Gross National Income ~~towards~~ **as Official Development Assistance** to Least Developed Countries **in the short term, and to reach 0.20% of Gross National Income as Official Development Assistance** within the timeframe of the 2030 Agenda.
- (16 bis) As agreed in the Consensus, actions under this Regulation are expected to contribute at least 20% of the Official Development Assistance funded under this Regulation to social inclusion and human development objectives.**
- (17) This Regulation should reflect the need to focus on strategic priorities, both geographically the European Neighbourhood and Africa, as well as countries that are fragile and most in need, but also thematically security, migration, climate change and **environment, and** human rights.
- (17 bis) The financial envelopes foreseen for the Neighbourhood and Sub-Saharan Africa geographic programmes should only be increased, given the particular priority the Union gives to these regions.**
- (18) This Regulation should support the implementation of the European Neighbourhood Policy, as reviewed in 2015<sup>23</sup>, **and endorsed by the Council in its Conclusions of 14 December 2015<sup>24</sup>, while maintaining an adequate geographical balance**, and the implementation of regional cooperation frameworks, such as cross-border cooperation, **transnational and maritime cooperation as well as** the external aspects of relevant macro-regional and sea basin strategies and policies. Those initiatives offer political frameworks for deepening relations with and among partner countries, based on the principles of mutual accountability, shared ownership and responsibility.

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<sup>23</sup> **Joint communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "Review of the European Neighbourhood policy", 18 November 2015**

<sup>24</sup> **Council Conclusions on the Review of the European Neighbourhood Policy, of 14 December 2015 (926/15).**

- (19) The European Neighbourhood Policy, as reviewed in 2015<sup>25</sup> *and endorsed by the Council in its Conclusions of 14 December 2015*<sup>26</sup>, aims at the stabilisation of neighbouring countries and strengthening *their* resilience, particularly by boosting economic development, as the Union's main political priorities. In order to attain its objective, the reviewed European Neighbourhood Policy has been focusing on ~~four~~ *the following* priority areas: good governance, democracy, the rule of law and human rights, with a particular focus in engaging further with civil society; economic development; *enhancement of connectivity*; security; *reform agenda*; migration and mobility, including tackling the root causes of irregular migration and forced displacement. Differentiation and enhanced mutual ownership are the hallmark of the European Neighbourhood Policy, recognising different levels of engagement *and needs*, and reflecting the interests of each country concerning the nature and focus of its partnership with the Union.
- (20) This Regulation should support the implementation of a modernised association agreement with countries of the Africa, Caribbean and Pacific (ACP) Group of States and allow the EU and its ACP partners to develop further strong alliances on key global challenges. In particular, this Regulation should support the continuation of the established cooperation between the Union and the African Union in line with the Joint Africa-EU Strategy and build on the future EU-ACP agreement after 2020, including through a continental approach towards Africa.
- (20 bis) The Union should seek to further develop relations and build partnerships with third countries, including in Asia and the Americas.*

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<sup>25</sup> Joint communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, "Review of the European Neighbourhood policy", 18 November 2015.

<sup>26</sup> *Council Conclusions on the Review of the European Neighbourhood Policy, of 14 December 2015 (926/15).*

- (21) The Union should seek the most efficient use of available resources in order to optimise the impact of its external action. That should be achieved through coherence, **consistency** and complementarity among the Union's external financing instruments, notably the Instrument for Pre-Accession III<sup>27</sup>, the Humanitarian Aid Instrument<sup>28</sup>, the Decision on Overseas Countries and Territories<sup>29</sup>, the European Instrument for Nuclear Safety to complement the Neighbourhood, Development and International Cooperation Instrument on the basis of the Euratom Treaty<sup>30</sup>, the common foreign and security policy **including, where relevant, the Common Security and Defence Policy**, and the ~~newly proposed~~ European Peace Facility<sup>31</sup> which is financed outside the Union budget, as well as the creation of synergies with other Union policies and Programmes. This includes coherence and complementarity with macro-financial assistance, where relevant. In order to maximise the impact of combined interventions to achieve a common objective, this Regulation should allow for the combination of funding with other Union Programmes, as long as the contributions do not cover the same costs.

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<sup>27</sup> COM (2018) 465 final Proposal for a Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (IPA III)

<sup>28</sup> Council Regulation (EC) No 1257/96 of 20 June 1996 concerning humanitarian aid (OJ L 163, 2.7.1996, p. 1).

<sup>29</sup> COM(2018) 461 final Proposal for a Council Decision on the Association of the Overseas Countries and Territories with the European Union including relations between the European Union on the one hand, and Greenland and the Kingdom of Denmark on the other ('Overseas Association Decision').

<sup>30</sup> COM(2018) 462 final Proposal for a Council Regulation establishing a European Instrument for Nuclear Safety complementing the Neighbourhood, Development and International Cooperation Instrument on the basis of the Euratom Treaty.

<sup>31</sup> C(2018) 3800 final Proposal of the High Representative of the Union for Foreign Affairs and Security Policy to the Council for a Council Decision establishing a European Peace Facility.

- (22) ***Building on its success, this Regulation should enable the Union to further strengthen the external dimension of the Erasmus programme.*** Funding from this Regulation should be used to finance actions under the international dimension of Erasmus, the ~~implementation~~ ***use*** of which should be done according to the Erasmus Regulation<sup>32</sup> ***and in accordance with the programming document adopted under this Regulation. Programming under this Regulation should fully enhance the potential of Erasmus programme.***
- (23) The main approach for actions financed under this Regulation should be through geographic programmes, in order to maximise the impact of the Union's assistance and bring Union's action closer to partner countries and populations. This general approach should be complemented by thematic programmes and by rapid response actions, where relevant.
- (23 bis) The EU and its Member States should be united in diversity and working better together, using a variety of experiences and approaches, bearing in mind their comparative advantages. Therefore, the Union should foster inclusiveness and collaboration with Member States seeking to maximise added value and taking into account experience and capacities, thus reinforcing shared interests, values and common goals. In this regard, the Union and its Member States should also seek to promote the exchange of best practices, knowledge sharing and capacity-building amongst them.***
- (24) In line with the Consensus, the Union and its Member States should enhance joint programming to increase their collective impact by bringing together their resources and capacities. ***Joint Programming should be promoted and strengthened, while being kept voluntary, flexible, inclusive, and tailored to the country context, and allow for the replacement of EU and Member States' programming documents with EU Joint Programming documents.*** Joint programming should build on the partner countries' engagement, appropriation and ownership. The Union and its Member States should seek to support partner countries through joint implementation, whenever appropriate.

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<sup>32</sup> COM (2018) 367 final Proposal for a Regulation of the European Parliament and of the Council establishing 'Erasmus': the Union programme for education, training, youth and sport and repealing Regulation (EU) 1288/2013

- (25) Whilst democracy and human rights, including gender equality and women's empowerment should be reflected throughout the implementation of this Regulation, Union assistance under the thematic programmes for human rights and democracy and civil society organisations should have a specific complementary and additional role by virtue of its global nature and its independence of action from the consent of the governments and public authorities of the third countries concerned. ***This role should allow for cooperation and partnership with civil society, especially on sensitive human rights and democracy issues.***
- (25 bis) EU Election Observation Missions should contribute to increase transparency and confidence in electoral processes, and provide an informed assessment of elections as well as recommendations for their further improvement, in the context of Union cooperation and political dialogue with partner countries.***
- (25 ter) As reaffirmed in the Council Conclusions of 26 November 2018 on the implementation of the EU Gender Action Plan II (GAP II) in 2017<sup>33</sup>: Strengthening gender equality and women's empowerment in EU external action, increased efforts to reach the five minimum standards of performance indicated by the GAP II should lead to a gender-sensitive and transformative approach in all EU external action and international cooperation. At least 85% of new actions implemented under this Regulation should score G1 or G2 on the Gender Equality Policy Marker of the OECD Development Assistance Committee (G-marker), and at least 5% of those actions should have gender equality and women's empowerment as a principal objective.***
- (25 quater) This Regulation recognizes that demographic growth and demographic shifts can have significant impact on development gains and economic progress. It should support partners' efforts towards an integrated approach that minimises the challenges related to population growth and maximises the benefits of a demographic dividend, while respecting, protecting and fulfilling human rights as well as gender equality.***

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<sup>33</sup> Council Conclusions of 26 November 2018 on the implementation of the EU Gender Action Plan II (GAP II) in 2017

- (26) Civil society organisations ~~should~~ embrace a wide range of actors with different roles and mandates which includes all non-State, not-for-profit structures, ~~non-partisan~~ **independent** and non-violent, through which people organise to pursue shared objectives and ideals, whether political, cultural, social or economic. Operating from the local to the national, regional and international levels, they comprise urban and rural, formal and informal organisations. ***This Regulation should provide EU support to civil society organisations in order to pursue the values, interests and objectives of the Union.***
- (26 bis) Under this Regulation, the Union should address human rights and democratisation issues, including in partnership with civil society, at global, regional, national and local levels.***
- (26 ter) This Regulation should consider digital solutions and technologies as powerful enablers for sustainable development and inclusive growth, and should contribute to further promoting digitalisation.***
- (27) This Regulation lays down a financial envelope for this Instrument, which is to constitute the prime reference amount, within the meaning of point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>34</sup>, for the European Parliament and the Council during the annual budgetary procedure.
- (28) Reflecting the importance of tackling climate change in line with the Union commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, this Regulation should contribute to mainstream climate action in the Union policies and to the achievement of an overall target of ~~25~~**30**% of the Union budget expenditures supporting climate objectives. Actions under this Regulation are expected to contribute ***at least*** 25% of its overall financial envelope to climate objectives. Relevant actions will be identified during the implementation of this Regulation, and the overall contribution from this Regulation should be part of relevant ***monitoring***, evaluations and review processes.

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<sup>34</sup> OJ C 373, 20.12.2013, p. 1.

- (28 bis) Funding allocated in the context of this Regulation should be coherent with the long term temperature goal set out in the Paris Agreement of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C.*
- (28 ter) The funding allocated in the context of this Regulation should be subject to the OECD methodology (Rio markers) to track the expenditure related to environmental management and protection, climate action, desertification and biodiversity.*
- (28 quater) Particular attention should be given to actions that create co-benefits and meet multiple objectives, including for climate, biodiversity and the environment.*
- (29) It is essential to further step up cooperation on migration with partner countries **while respecting competences of the Member States**, reaping the benefits of well-managed and regular migration and effectively addressing irregular migration. Such cooperation should contribute to ensuring access to international protection, addressing the root causes of irregular migration **and forced displacement**, enhancing border management and pursuing efforts ~~in the fight against~~ **to prevent** irregular migration, **and forced displacement, fighting against** trafficking in human beings and migrant smuggling, and working on returns, readmission and reintegration where relevant, on the basis of mutual accountability and full respect of humanitarian and human rights obligations. Therefore, third countries' effective cooperation with the Union in this area should be an integral element ~~in the general principles~~ of this Regulation. An increased coherence between migration ~~and~~, development cooperation **and other external** policies is important to ensure that ~~development~~ **the Union's external** assistance supports partner countries to manage migration more effectively. This Regulation should contribute to a coordinated, holistic and structured approach to migration, maximising the synergies and applying the necessary leverage.



- (30) This Regulation should enable the Union to, *in cooperation with Member States, to comprehensively* respond to challenges, needs and opportunities related to migration, ~~in and~~ *forced displacement in coherence and* complementarity with Union migration policy. To contribute to that end, and without prejudice to unforeseen circumstances, *at least* 10% of ~~its~~ *the* financial envelope ~~is expected to~~ *of this Regulation should* be dedicated *particularly to actions supporting management and governance of migration and forced displacement, within the objectives of this Regulation. In addition this target should also include actions* to addressing the root causes of irregular migration and forced displacement ~~and to supporting migration management and governance including the protection of refugees and migrants' rights within the objectives of this Regulation.~~ *when they directly target specific challenges, related to migration and forced displacement. Migration-related actions under this Regulation, as needed through its geographic and thematic programmes and rapid response actions should build on the experience gained during the implementation of the European Agenda on Migration and the Multiannual Financial Framework 2014-2020, in particular the European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa, to build comprehensive partnerships. EU support should, take into account the development benefits of regular migration and contribute to the effective implementation of EU agreements and dialogues on migration with third countries by encouraging cooperation through a flexible incitative approach. A facility should enable to address ongoing and emerging migration challenges within this Regulation using all appropriate components through flexible funding while respecting its financial envelopes and relying on their flexible implementation. These actions should be implemented in full respect of international law, including international human rights and refugee law, EU and national competences. The Commission should develop and use a robust and transparent tracking system to measure such expenditure and to report on it.*

- (31) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union ~~should~~ apply to this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, financial assistance, budget support, trust funds, financial instruments and budgetary guarantees, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern ***other conditionalities to protect the budget*** ~~the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in Member States and third countries, as the respect for the rule of law is essential for sound financial management and effective EU funding.~~<sup>35</sup>
- (32) The types of financing and the methods of implementation under this Regulation should be chosen on the basis of their ability to achieve the specific objectives of the actions and to deliver results, taking into account, in particular, the costs of controls, the administrative burden, and the expected risk of non-compliance. This should include consideration of the use of lump sums, flat rates and unit costs, as well as financing not linked to costs as referred to in Article 125(1) of the Financial Regulation.

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<sup>35</sup> ***This recital may have to be updated pending the outcome of negotiations on the conditionality regime.***

- (33) The new European Fund for Sustainable Development Plus ('EFSD+'), building on its successful predecessor, the EFSD<sup>36</sup>, should constitute an integrated financial package supplying financing capacity in the form of grants, budgetary guarantees and financial instruments worldwide. The EFSD+ should ~~support~~ **become one of the pillars of the External Investment Plan (EIP) and should be complemented by pillar 2 and 3 of the EIP. The EFSD+ should** combine blending and budgetary guarantee operations covered by the External Action Guarantee, including those covering sovereign risks associated with lending operations, previously carried out under the external lending mandate to the European Investment Bank (EIB). ~~Given its role under the Treaties and its experience over the last decades in supporting Union policies, the European Investment Bank should remain a natural partner for the Commission for the implementation of operations under the External Action Guarantee.~~ **Programming should lead to an appropriate balance between blending and budgetary guarantee operations with the purpose of maximising development impact. The EFSD+ should be composed of regional investment platforms within the areas covered by this Regulation and, should also cover, where relevant, the areas under Regulation [IPA III]. Its implementation should be supported by a strategic board. The EFSD+ should be implemented through an open and collaborative investment architecture to ensure an optimal use of the sectoral and geographic expertise of eligible counterparts and maximise its development impact. In order to ensure an independent, impartial, inclusive and transparent risk management of the EFSD+, a technical assessment group, open to experts from the EIB, other eligible counterparts and interested Member States, organised and led by the Commission should be established. The conclusions of analysis done by the technical assessment group should be shared in a timely manner with all Member States, with due regard to confidentiality issues. The Commission and all selected eligible counterparts, including the EIB, after consulting and taking into account the advice of the technical risk assessment group, should conclude and sign guarantee agreements and should present the key elements of these agreements to the strategic board.**

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<sup>36</sup> Regulation (EU) 2017/1601 of the European Parliament and of the Council of 26 September 2017 establishing the European Fund for Sustainable Development (EFSD), the EFSD Guarantee and the EFSD Guarantee Fund.

*(33 bis) Given its role under the Treaties and its experience over the last decades in supporting Union policies, the EIB should remain a natural partner for the Commission for the implementation of operations under the External Action Guarantee. The EIB and the Commission should enhance their cooperation and coordination throughout the implementation of the External Action Guarantee under the EFSD+, including during the programming process and in the field. To this end, the EIB should implement dedicated investment windows for an indicative volume of EUR 26 725 million of the External Action Guarantee for the entire Multiannual Financial Framework, which should constitute the dedicated mandates required by the EIB to operate outside the EU. These dedicated windows should support the provision of a comprehensive risk cover for operations with sovereign and non-commercial sub-sovereign counterparts and for operations with commercial sub-sovereign counterparts as well as political risk cover for private sector operations aiming at the promotion of the internationalisation of partner countries' economies, including through inward foreign direct investments, as well as other Union thematic priorities in support of the objectives of this Regulation and in line with the Sustainable Development Goals, including, but not limited to European Union Development Finance Institutions and European Union private sector entities. The EU guarantee shall only cover the political risk of the private sector operations. Sub-sovereign operations shall be considered commercial unless otherwise duly justified by the EIB. The dedicated part of the External Action Guarantee supporting sovereign and non-commercial sub-sovereign operations may be non-remunerated due to its nature and policy objectives, and should be exclusive except for operations in countries where the EIB decides not to or cannot work. The amounts for each of the dedicated windows should be substantiated and confirmed as a result of the programming process at the beginning of the Multiannual Financial Framework and during the reviews of programming. The objectives, priorities and amounts for each of the dedicated windows and their implementation should ensure full policy alignment with the EU's priorities and comply with the present Regulation and the relevant multi-annual indicative programmes, including its geographic and thematic priorities. The implementation of the operations under these dedicated windows should be in line with the EIB's rules, policies and procedures, including EIB internal governance rules. The risk assessment and remuneration methodology under EFSD+ should be consistently applied to all investment windows, including those dedicated to the EIB, in order to ensure a level playing field.*

- (34) The EFSD+ should aim at supporting investments as a means of contributing to the achievement of the Sustainable Development Goals by fostering sustainable and inclusive economic and social development and promoting the socio-economic resilience in partner countries with a particular focus on the eradication of poverty, sustainable and inclusive growth, the creation of decent jobs, economic opportunities, skills and entrepreneurship, socioeconomic sectors, micro, small and medium-sized enterprises, ***sustainable connectivity, the fight against climate change in line with the Paris Agreement and the management and protection of the environment, gender equality and the empowerment of women and young people***, as well as addressing specific socioeconomic root causes of irregular migration ***and root causes of forced displacement***, in accordance with the relevant indicative programming documents. ***The implementation of the EFSD+ should comply with the objectives, principles and policy framework of this Regulation and, where relevant, Regulation [IPA III] in particular the applicable internationally agreed guidelines, principles and conventions on investment, including the Principles for Responsible Investment, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, the UN Food and Agriculture Organization's Principles for Responsible Investment in Agriculture and Food Systems, International Labour Organization conventions, international human rights law and the development effectiveness principles as set out in the Busan Partnership for Effective Development Cooperation and reaffirmed in Nairobi in 2016, including ownership, alignment, focus on results, transparency and mutual accountability, as well as the objective of untying aid.*** Special attention should be given to countries identified as experiencing fragility or conflict, Least Developed Countries, ***small island developing states, landlocked developing countries*** and heavily indebted poor countries.

- (35) The EFSD+ should maximise additionality of funding, address market failures and sub-optimal investment situations, ***support local public entities in scaling up and financing autonomously their investment***, deliver innovative products and ‘crowd-in’ private sector funds. Involvement of the private sector ***including micro, small and medium-sized enterprises***, in the Union’s cooperation with partner countries through the EFSD+ should yield measurable and additional development impact without distorting the market and should be cost-effective based on mutual accountability and risk and cost sharing. The EFSD+ should operate as a ‘one-stop-shop’, receiving financing proposals from financial institutions and public or private investors and delivering a wide range of financial support to eligible investments. ***The leveraging effect of EFSD+ should be evaluated measuring the mobilisation of additional funding for sustainable development by using EFSD+ financial support. The leverage effect should be measured according to the definition laid down in Article 2(38) of the Financial Regulation and international rules and practices for measuring the amounts mobilised from the private sector by official development finance interventions, such as the OECD-DAC methodologies.***

- (36) An External Action Guarantee should be established building on the existing EFSD Guarantee and the Guarantee Fund for external actions. The External Action Guarantee should support the EFSD+ operations covered by budgetary guarantees, macro-financial assistance and loans to third countries on the basis of Council Decision 77/270/Euratom<sup>37</sup>. These operations should be supported by appropriations under this Regulation, together with those under Regulation (EU) No .../... (IPA III) and Regulation (EU) No .../... (EINS), which should also cover the provisioning and liabilities arising from macro-financial assistance loans and loans to third countries referred to in Article 10(2) of Regulation EINS, respectively. When funding EFSD+ operations, priority should be given to those which ***ensure additionality and achieve the highest development impact, including those which*** have a high impact on job creation and whose cost-benefit ratio enhances the sustainability of investment. The operations supported with the External Action Guarantee should be accompanied by an in-depth *ex ante* assessment of environmental, financial and social aspects, as appropriate and in line with the better regulation requirements. ~~The External Action Guarantee should not be used to provide essential public services, which remains a government responsibility.~~
- (37) In order to provide for flexibility, increase the attractiveness for the private sector and maximise the impact of the investments a derogation from the rules related to the methods of implementation of the Union budget, as laid down in the Financial Regulation, should be provided as regards the eligible counterparts. Those eligible counterparts could also be bodies which are not entrusted with the implementation of a public-private partnership and could also be bodies governed by the private law of a partner country.

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<sup>37</sup> Council decision 77/270/EURATOM of 29 March 1977 empowering the Commission to issue Euratom loans for the purpose of contributing to the financing of nuclear power stations (OJ L 88, 6.4.1977, p. 9).

- (38) In order to increase the impact of the External Action Guarantee, Member States and contracting parties to the Agreement on the European Economic Area should have the possibility of providing contributions in the form of cash or a guarantee. Contribution in the form of a guarantee should not exceed 50% of the amount of operations guaranteed by the Union. The financial liabilities arising from this guarantee should not be provisioned and the liquidity cushion should be provided by the common provisioning fund.
- (39) External actions are often implemented in a highly volatile environment requiring continuous and rapid adaptation to the evolving needs of Union partners and to global challenges to human rights, democracy and good governance, security and stability, climate change and environment, oceans, and ~~the~~ migration ~~crisis~~*crises* and ~~its~~*their* root causes. Reconciling the principle of predictability with the need to react rapidly to new needs consequently means adapting the financial implementation of the programmes. To increase the ability of the EU to respond to unforeseen needs, building on the successful experience of the European Development Fund (EDF), ~~an~~ *a significant* amount should be left unallocated as an emerging challenges and priorities cushion. It should be mobilised in accordance with the procedures established in this Regulation.
- (40) Therefore, while respecting the principle that the Union budget is set annually, this Regulation should preserve the possibility to apply the flexibilities already allowed by the Financial Regulation for other policies, namely carryovers and re-commitments of funds, to ensure efficient use of the Union funds both for Union citizens and the partner countries, thus maximising the Union funds available for the Union's external action interventions.
- (40 bis) Capacity building of military actors in third countries should be undertaken as part of the Union's development cooperation policy when it mainly pursues objectives in the field of development and as part of the Union's CFSP when it mainly pursues objectives in the field of peace and security, in compliance with Article 40 of the Treaty on European Union. This Regulation respects the application of the procedures and the extent of the powers of the institutions under the Union's development cooperation policy and the Union's CFSP.***



- (41) *The [Council Decision on the Overseas Association, including Greenland .../... (EU) lays down the financial envelope for the Association of the OCTs with the Union]. This financial envelope is the main source of funding for OCTs. [Pursuant to Article 83 of Council Decision .../... (OCTs)], persons and entities established in overseas countries and territories should be eligible for funding under this Regulation, subject to its rules and objectives and possible arrangements applicable to the Member State to which the relevant overseas country or territory is linked. Moreover, cooperation between the partner countries and the overseas countries and territories as well as the Union outermost regions under Article 349 of the Treaty on the Functioning of the European Union should be encouraged in areas of common interest.*
- (42) In order to enhance partner countries' ownership of their development processes and the sustainability of external aid, the Union should, where relevant, favour the use of partner countries' own institutions and of partner countries' systems and procedures for all aspects of the project cycle for cooperation.
- (43) Annual or multi-annual action plans and measures referred to in Article 19 constitute work programmes under the Financial Regulation. Annual or multi-annual action plans consist of a set of measures grouped into one document.

(44) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>38</sup>, **and** Council Regulations (EC, Euratom) No 2988/95<sup>39</sup>, ~~Council Regulation~~ (Euratom, EC) No 2185/96<sup>40</sup> and ~~Council Regulation~~ (EU) 2017/1939<sup>41</sup>, the financial interests of the Union are to be protected ~~through effective and by~~ **means of** proportionate measures, including **measures relating to** the prevention, detection, correction and investigation of irregularities, including fraud, **to** the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, **to** the imposition of administrative **penalties** ~~sanctions~~. In particular, in accordance with Regulations (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96 **(Euratom, EC) No 2185/96 and (EU, Euratom) No 883/2013**, the European Anti-Fraud Office (OLAF) ~~may~~ **has the power to** carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. ~~In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office ("the EPPO") may investigate and prosecute fraud and other criminal offences affecting~~ **against the Union's** financial interests of the Union, as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council. **The European Public Prosecutor's Office (EPPO) is empowered, in accordance with Regulation (EU) 2017/1939, to investigate and prosecute criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council.**<sup>42</sup> In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests **of the Union** ~~and~~, grant the necessary rights and access to the Commission, OLAF, ~~and the European Court of Auditors (ECA), and to ensure~~

<sup>38</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p.1)

<sup>39</sup> Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.95, p.1).

<sup>40</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p.2)

<sup>41</sup> OJ L 283, 31.10.2017, p.1.

<sup>42</sup> Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ 198, 28.7.2017, p.29)

~~that any third parties involved in the implementation of Union funds grant equivalent rights~~  
***the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Regulation (EU) 2017/1939, the EPPO, and ensure that any third parties involved in the implementation of Union funds grant equivalent rights***. ~~For this~~  
 reason, agreements with third countries and territories and with international organisations, and any contract or agreement resulting from the implementation of this Regulation, should contain provisions expressly empowering the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections, according to their respective competences and ensuring that any third parties involved in the implementation of Union funding grant equivalent rights.

- (45) In order to ensure uniform conditions for the implementation of the relevant provisions of this Regulation, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011<sup>43</sup> of the European Parliament and of the Council.
- (46) ~~In order to supplement or amend non-essential elements of this Regulation, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the provisioning rates laid down in Article 26(3), the areas of cooperation and intervention listed in Annexes II, III and IV, the priority areas of the EFSD+ operations listed in Annex V, the governance of the EFSD+ in Annex VI, to review or complement the indicators in Annex VII where considered necessary and to supplement this Regulation with provisions on the establishment of a monitoring and evaluation framework.~~

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<sup>43</sup> Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p.13)

- (47) Pursuant to paragraph 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016<sup>44</sup>, there is a need to evaluate this Programme on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, ~~where appropriate, can~~ **should** include measurable indicators, as a basis for evaluating the effects of the Programme on the ground. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. ~~In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.~~
- (48) The references to Union instruments in Article 9 of Council Decision 2010/427/EU<sup>45</sup>, which are replaced by this Regulation, should be read as references to this Regulation and the Commission should ensure that this Regulation is implemented in accordance with the role of the EEAS as provided in that Decision.
- (49) The envisaged actions as provided for hereunder should strictly follow the conditions and procedures set out by the restrictive measures of the Union,

HAVE ADOPTED THIS REGULATION:

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<sup>44</sup> Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making of 13 April 2016; OJ L 123, 12.5.2016, p. 1–14.

<sup>45</sup> Council Decision 2010/427/EU of 26 July 2010 establishing the organisation and functioning of the European External Action Service (OJ L 201, 3.8.2010, p. 30).

## TITLE I

### GENERAL PROVISIONS

#### *Article 1*

##### ***Subject matter***

This Regulation establishes the Programme “Neighbourhood, Development and International Cooperation Instrument” (the ‘Instrument’) ***for the period from 1 January 2021 to 31 December 2027.***

It lays down the objectives of the Instrument, the budget for the period 2021 – 2027, the forms of Union funding and the rules for providing such funding.

It also establishes the European Fund for Sustainable Development Plus (the ‘EFSD+’) and an External Action Guarantee.

#### *Article 2*

##### ***Definitions***

For the purposes of this Regulation, the following definitions apply:

- (1) “country programme” shall mean an indicative programme covering one country;
- (2) “multi-country programme” shall mean an indicative programme covering more than one country;
- (3) “cross-border cooperation” shall mean cooperation between one or more Member States, and one or more third countries and territories along the external ***land and maritime*** borders of the Union. ***Cross-border cooperation in this Regulation shall be understood to cover external cross-border cooperation, transnational cooperation over larger transnational territories or around sea basins and interregional cooperation as laid down in the [ETC Regulation].***

- (4) “regional programme” shall mean an indicative multi-country programme covering more than one third country within the same geographic area as established in Article 4(2);
- (5) “trans-regional programme” shall mean an indicative multi-country programme covering more than one third country from different areas as established in Article 4(2) of this Regulation;
- (6) “legal entity” shall mean any natural or legal person created and recognised as such under national law, Union law or international law, which has legal personality and which may, acting in its own name, exercise rights and be subject to obligations, or an entity without a legal personality in accordance with Article 197(2)(c) of the Financial Regulation;
- (7) “investment window” shall mean a targeted area for support by the EFSD+ Guarantee to portfolios of investments in specific regions, countries or sectors;
- (7 bis) “additionality” shall have the meaning prescribed to it in Article 209(2) of the Financial Regulation and shall ensure that the External Action Guarantee support under the EFSD+ contributes to sustainable development by operations which could not have been carried out without that Guarantee, or which achieve positive results above and beyond what could have been achieved without it. Additionality also means crowding in private sector funding and addressing market failures or sub-optimal investment situations as well as improving the quality, sustainability, impact or scale of an investment. The principle also ensures that External Action Guarantee operations do not replace the support of a Member State, private funding or another Union or international financial intervention, and avoid crowding out other public or private investments unless duly justified in accordance with the strategic objectives of this Regulation. Projects supported by the External Action Guarantee typically have a higher risk profile than the portfolio of investments supported by the eligible counterparts under their normal investment policies without the External Action Guarantee;***

- (7 ter) *“operations with sovereign counterparts and non-commercial sub-sovereign counterparts” shall mean any operation where the counterpart is either directly a State or a public entity fully backed by an explicit guarantee of the State because it does not have the legal capacity and/or the financial autonomy/ability to benefit from necessary direct financing;*
- (7 quater) *“operations with commercial sub-sovereign counterparts” shall mean any operation where the counterpart is a public entity not backed by an explicit guarantee of a State and that is financially able to borrow at its own risk and has the legal capacity to do so;*
- (8) “contributor” shall mean a Member State, an international finance institution, or a public institution of a Member State, a public agency, or other entities contributing ~~in cash or in~~ *guarantees* to the common provisioning fund;
- (9) *“partner countries” shall mean countries and territories that may benefit from EU support under this Instrument pursuant to Article 4.*

### *Article 3*

#### ***Objectives***

1. The general objective of this Regulation is to uphold and promote the Union’s values and interests worldwide in order to pursue the objectives and principles of the Union’s external action, as laid down in Article 3(5), Articles 8 and 21 of the Treaty on European Union-, *thus contributing to the eradication of poverty, consolidating, supporting and promoting democracy, rule of law and respect for human rights, sustainable development and the fight against climate change and addressing irregular migration and forced displacement, including their root causes, towards the achievement of the Sustainable Development Goals. This Regulation shall promote stronger partnerships with third countries, including with the European Neighbourhood based on mutual interests and ownership with a view to fostering stabilisation, good governance and building resilience.*

2. In accordance with paragraph 1, the specific objectives of this Regulation are the following:
- (a) to support and foster dialogue and cooperation with third countries and regions in the Neighbourhood, in Sub-Saharan Africa, in Asia and the Pacific, and in the Americas and the Caribbean;
  - (a bis) Union support under this Regulation shall focus on promoting enhanced political cooperation, deep and sustainable democracy, progressive economic integration and a strengthened partnership between the Union and the neighbouring partner countries and, in particular, the implementation of partnership and cooperation agreements, association agreements or other existing and future agreements, as well as people-to-people contacts.***
  - (b) at global level, to consolidate and ~~support~~**advance** democracy, ***good governance***, rule of law and human rights, ***including gender equality and women's and girls' empowerment***, support civil society organisations, ***including human rights defenders, protection of civilians***, further stability, ***conflict prevention*** and peace and address other global challenges ~~including~~***such as climate change, protection of biodiversity and the environment, engagement with local authorities, as well as*** migration and mobility;
  - (c) to respond rapidly to: situations of crisis, instability and conflict, ***including irregular migratory pressure and forced displacement and hybrid threats***; resilience challenges, ***including natural and man-made disasters***, and linking of humanitarian aid and development action; and ***Union*** foreign policy needs and priorities.

The achievement of these objectives shall be measured using relevant indicators as referred to in Article 31.

3. At least 92% of the expenditure under this Regulation shall fulfil the criteria for Official Development Assistance, established by the Development Assistance Committee of the Organisation for Economic Cooperation and Development. ***The specificity of the expenditure related to the partner countries listed in Annex I shall be taken into account.***



*Article 4*  
***Scope and structure***

1. Union funding under this Regulation shall be implemented through:
  - (a) geographic programmes;
  - (b) thematic programmes;
  - (c) rapid response actions.
2. The geographic programmes shall encompass country and multi-country cooperation in the following areas:
  - (a) Neighbourhood;
  - (b) Sub-Saharan Africa;
  - (c) Asia and the Pacific;
  - (d) Americas and the Caribbean.

Geographic programmes may cover all third countries, except for candidates and potential candidates as defined in Regulation (EU) No .../....<sup>46</sup> (IPA), ~~and~~ ~~Overseas~~ countries and territories as defined in Council Decision .../... (EU): ***shall equally not be covered by geographic programmes,***

Geographic programmes in the Neighbourhood area may cover any ***partner*** country referred to in Annex I.

In order to attain the objectives laid down in Article 3, geographic programmes shall be based on the areas of cooperation listed in Annex II.

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<sup>46</sup> Regulation of the European Parliament and of the Council establishing the Instrument for Pre-accession Assistance (OJ L ).

3. The thematic programmes shall encompass actions linked to the pursuit of the Sustainable Development Goals at global level, in the following areas:

- (a) Human Rights and Democracy;
- (b) Civil Society Organisations;
- (c) **Peace**, Stability and ~~Peace~~ **Conflict Prevention**;
- (d) Global Challenges.

Thematic programmes may cover all third countries as well as overseas countries and territories as defined in Council Decision .../... (EU).

In order to attain the objectives laid down in Article 3, ~~thematic~~ **geographic** programmes shall be based on the areas of ~~intervention~~ **cooperation** listed in Annex ~~III~~.

4. The rapid response actions shall enable early action to:

- (a) contribute to stability and conflict prevention in situations of urgency, emerging crisis, crisis and post-crisis, ***including those which may result from migratory pressure and forced displacement***;
- (b) contribute to strengthening resilience of states, societies, communities and individuals and to linking humanitarian aid ~~and~~, development actions ***and, where relevant, peacebuilding***;
- (c) address **Union** foreign policy needs and priorities.

Rapid response actions may cover all third countries as well as overseas countries and territories as defined in Council Decision .../... (EU).

In order to attain the objectives laid down in Article 3, rapid response actions shall be based on the areas of intervention listed in Annex IV.

5. Actions under this Regulation shall be primarily implemented through geographic programmes.

Actions implemented through thematic programmes shall be complementary to actions funded under geographic programmes and shall support global and trans-regional initiatives for achieving internationally agreed goals, in particular the Sustainable Development Goals, protecting global public goods or addressing global challenges, ***as referred to in Annex III.*** Actions through thematic programmes may also be undertaken where there is no geographic programme, or where it has been suspended, or where there is no agreement on the action with the partner country concerned, or where the action cannot be adequately addressed by geographic programmes.

Rapid response actions shall be complementary to geographic and thematic programmes. These actions shall be designed and implemented to enable, where relevant, their continuity under geographic or thematic programmes.

6. ~~The Commission shall be empowered to adopt delegated acts in accordance with Article 34 to supplement or amend Annexes II, III and IV.~~

#### *Article 5*

#### ***Coherence, consistency and complementarity***

1. In implementing this Regulation, consistency, synergies and complementarity with other areas of Union external action, with other relevant Union policies and Programmes, as well as policy coherence for development shall be ensured, ***thus contributing to the implementation of the 2030 Agenda.***
- 1 bis In this regard, the Union shall seek to promote increased synergies and complementarities in particular with trade policy, economic cooperation and other sectorial cooperation, taking into account the impact of all internal and external policies on sustainable development.***
2. Actions falling within the scope of Council Regulation (EC) No 1257/96 shall not be funded under this Regulation.

3. Where appropriate, other Union Programmes may contribute to actions established under this Regulation, provided that the contributions do not cover the same costs. This Regulation may also contribute to measures established under other Union Programmes, provided that the contributions do not cover the same costs. In such cases, the work programme covering those actions shall establish which set of rules shall be applicable.

## *Article 6*

### ***Budget***

1. The financial envelope for the implementation of this Regulation for the period 2021 – 2027 shall be EUR ~~89 200 79~~ **462** million in current prices.
2. The financial envelope referred to in paragraph 1 shall be composed of:
  - (a) EUR ~~68 000 60~~ **388** million for geographic programmes:
    - Neighbourhood at least EUR ~~22 000 19~~ **323** million,
    - Sub-Saharan Africa at least EUR ~~32 000 29~~ **181** million,
    - Asia and the Pacific EUR ~~10 000 8~~ **489** million,
    - Americas and the Caribbean EUR ~~4 000 3~~ **395** million,
  - (b) EUR ~~7 000 6~~ **358** million for thematic programmes:
    - Human Rights and Democracy EUR ~~1 500 1~~ **362** million,
    - Civil Society Organisations EUR ~~1 500 1~~ **362** million,
    - **Peace**, Stability and ~~Peace~~ **Conflict Prevention** EUR ~~1 000 908~~ million,
    - Global Challenges EUR ~~3 000 2~~ **726** million,
  - (c) EUR ~~4 000 3~~ **182** million for rapid response actions.

3. The emerging challenges and priorities cushion of ~~an amount of EUR 10 200 9 534 million~~ shall increase the amounts referred to in paragraph 2 *(a), (b) and (c)* in accordance with Article 15.
4. The financial envelope referred to in paragraph 2 (a) shall correspond to at least 75 % of the financial envelope referred to in paragraph 1.

#### *Article 7*

##### ***Policy framework***

The association agreements, partnership and cooperation agreements, multilateral agreements *to which the Union is a party*, and other agreements that establish a legally binding relationship ~~with~~ *between the Union and* partner countries, as well as, European Council conclusions and Council conclusions, summit declarations or conclusions of ~~high-level~~ meetings with partner countries, ~~relevant at the level of heads of states or governments or ministers. Joint statements by the Council and the representatives of the governments of the Member States, the~~ European Parliament resolutions, ~~communications of and the Commission as well as Council deliberations, or Joint communications of the Commission and the High Representative of the Union for Foreign Affairs and Security Policy,~~ shall constitute the overall policy framework for the implementation of this Regulation.

#### *Article 8*

##### ***General principles***

1. The Union shall seek to promote, develop and consolidate the principles of democracy, *good governance*, the rule of law and respect for human rights and fundamental freedoms on which it is founded, through dialogue and cooperation with partner countries ~~and~~, regions **and civil society**.
- 1 bis The Union shall pursue the eradication of poverty and, in compatibility with the 2030 Agenda and the Paris Agreement, the fight against climate change.*

2. A rights-based approach encompassing all human rights, whether civil and political or economic, social and cultural shall be applied in order to integrate human rights principles, to support the right holders in claiming their rights with a focus on poorer, **marginalised** and ~~more-vulnerable~~ **people and** groups and to assist partner countries in implementing their international human rights obligations. ~~This Regulation shall promote gender equality and women's empowerment~~ ***This approach shall be guided by the principle of leaving no-one behind, wherever people live and regardless of ethnicity, gender, age, disability, religion or beliefs, sexual orientation and gender identity, migration status or other factors, including addressing the multiple discriminations faced by vulnerable people and marginalised groups.***
- 2 bis This Regulation shall promote gender equality, women's and girls' rights and empowerment and non-discrimination on any grounds including gender identity or sexual orientation, through targeted and mainstreamed actions.***
- 2 ter This Regulation shall be implemented in full accordance with the EU's commitment to the promotion, protection and fulfilment of all human rights and to the full and effective implementation of the Beijing Platform for Action and the Programme of Action of the International Conference on Population and Development (ICPD) and the outcomes of their review conferences and remains committed to sexual and reproductive health and rights (SRHR), in this context. Having that in mind, the Regulation shall support the EU commitment to the promotion, protection and fulfilment of the right of every individual to have full control over, and decide freely and responsibly on matters related to their sexuality and sexual and reproductive health, free from discrimination, coercion and violence. It shall also support the need for universal access to quality and affordable comprehensive sexual and reproductive health information, education, including comprehensive sexuality education, and health-care services.***
- 2 quater This Regulation shall give particular attention to the rights of the child and empowerment of youth.***

3. The Union shall support, as appropriate, the implementation of bilateral, regional and multilateral cooperation and dialogue, ***association and free trade agreements***, partnership agreements and triangular cooperation.

The Union shall promote a multilateral and rules-based approach to global goods and challenges and shall cooperate with Member States, partner countries, international organisations and other donors in that respect.

***The Union shall foster inclusiveness in the implementation of this Regulation and collaboration with Member States seeking to maximise added value and taking into account experience and capacities, thus reinforcing shared interests, values and common goals. The Union shall encourage the exchange of best practices and knowledge sharing among Member States' bodies and experts.***

The Union shall ***promote effective multilateralism in*** fostering cooperation with international organisations and other donors.

In relations with partner countries, their track record in implementing ***obligations and commitments, international human rights conventions, international*** agreements, and contractual relations with the Union shall be taken into account ***and shall be taken up in the regular political dialogue with these countries.***

4. Cooperation between the Union and the Member States, on the one hand, and partner countries, on the other hand, shall be based on and shall promote the development effectiveness principles, where applicable, namely: ownership of development priorities by partner countries, a focus on results, inclusive development partnerships, transparency and mutual accountability. The Union shall promote effective and efficient resource mobilisation and use.

In line with the principles of inclusive partnership **and transparency**, where appropriate **and possible**, the Commission shall ensure that relevant stakeholders of partner countries, including civil society organisations, **the private sector** and local authorities, are duly consulted and have timely access to relevant information allowing them to **be adequately involved and** play a meaningful role during the design, implementation and associated monitoring processes of programmes.

In line with the principle of ownership the Commission, where appropriate, shall favour the use of partner countries' **institutions and** systems for the implementation of programmes.

5. In order to promote the complementarity and efficiency of their action **and initiatives**, the Union and the Member States shall ~~coordinate~~ **strengthen the coordination of** their policies and shall **regularly** consult each other on their assistance programmes, including in international organisations and during international conferences.
6. Programmes and actions under this Regulation shall mainstream ~~climate change~~ **human rights, democracy, gender equality**, environmental protection and ~~gender equality~~ **the fight against climate change** and shall address interlinkages between Sustainable Development Goals, to promote integrated actions that can create co-benefits and meet multiple objectives in a coherent way. These programmes and actions shall be based on ~~an~~ **a comprehensive multi-disciplinary** analysis of **context**, risks and vulnerabilities, integrate a resilience approach and be conflict sensitive. They shall be guided by the principles of **“do no harm” and of “leaving no one behind”**.

**6 bis This Regulation shall promote the use of digitalisation as a powerful enabler for sustainable development and inclusive growth.**



7. A more coordinated, holistic and structured approach to migration shall be pursued with partners *taking into account the importance of addressing the root causes of irregular migration and its forced displacement. It shall maximise synergies and build comprehensive partnerships, while paying specific attention to countries of origin and transit. This approach shall combine all appropriate tools and the necessary leverage through a flexible incitative approach with, as appropriate within this context, possible changes in allocation of funding. It shall take into account effective cooperation and implementation of EU agreements, including in the field of readmission, return and reintegration, and dialogues on migration. These actions shall be implemented in full respect of international law, including international human rights and refugee law, EU and national competences. The effectiveness of this approach shall be regularly assessed annually or as necessary. Migration-related actions of this Regulation shall be implemented in support of EU migration policy objectives through a coordinated mechanism based on the use of its appropriate components through flexible funding.*
8. The Commission shall inform and have regular exchanges of views with the European Parliament *and the Council.*

#### *Article 8 bis*

*Union funding under this Regulation shall not be used to finance the procurement of arms or ammunition, or operations having military or defence implications.*

#### *Article 9*

##### *Capacity building of military actors in support of development and security for development*

1. ~~In accordance with Article 41(2) of the Treaty on European Union, Union funding under this Regulation shall not be used to finance the procurement of arms or ammunition, or operations having military or defence implications.~~

2. In order to contribute to sustainable development, which requires the achievement of stable, peaceful and inclusive societies, Union assistance under this Regulation may be used in the context of a wider security sector reform or to build the capacity of military actors in partner countries; under the exceptional circumstances set out in paragraph 4 to deliver development activities and security for development activities.
3. Assistance pursuant to this Article may cover in particular the provision of capacity building programmes in support of development and security for development, including training, mentoring and advice, as well as the provision of equipment, infrastructure improvements and services directly related to that assistance.
4. Assistance pursuant to this Article shall be provided only:
  - (a) where requirements cannot be met by recourse to non-military actors to adequately reach Union objectives under this Regulation and there is a threat to the existence of functioning State institutions or to the protection of human rights and fundamental freedoms and State institutions cannot cope with that threat; and
  - (b) where a consensus exists between the partner country concerned and the Union that military actors are key for preserving, establishing or re-establishing the conditions essential for sustainable development, including in crises and fragile or destabilised contexts and situations.
5. Union assistance pursuant to this Article shall not be used to finance capacity building of military actors for purposes other than the delivery of development activities and security for development activities. In particular, it shall not be used to finance:
  - (a) recurrent military expenditure;
  - (b) the procurement of arms and ammunition, or any other equipment designed to deliver lethal force;
  - (c) training which is designed to contribute specifically to the fighting capacity of the armed forces.

6. When designing and implementing measures pursuant to this Article, the Commission shall promote ownership by the partner country. It shall also develop the necessary elements and the good practices required to ensure sustainability in the medium and long term and shall promote the rule of law and established international law principles.
7. The Commission shall establish appropriate risk assessment, monitoring and evaluation procedures for measures pursuant to this Article.

## TITLE II

### IMPLEMENTATION OF THIS REGULATION

#### Chapter I

#### Programming

##### *Article 10*

##### ***General programming approach***

1. Cooperation and interventions under this Regulation shall be programmed, except for rapid response actions referred to in Article 4 (4).
2. On the basis ~~of~~ of Article 7, programming under this Regulation shall be based on the following:
  - (a) programming documents shall provide a coherent framework for cooperation between the Union and partner countries or regions, consistent with the overall purpose and scope, objectives and principles set out in this Regulation;
  - (a bis) when drawing up the programming documents for countries and regions in crisis, or post-crisis, and for fragile and vulnerable situations, a conflict analysis shall be conducted to ensure conflict sensitivity, and due account shall be taken of the special needs and circumstances of the countries or regions concerned;***

*Where partner countries, or regions are directly involved in, or affected by, a crisis, post-crisis or situation of fragility, special emphasis shall be placed on stepping up coordination amongst all relevant actors to help the prevention of violence and the transition from an emergency situation to stable peace and sustainable development. Special attention shall be given to ensure that actions financed under this Regulation do no harm and do not unintentionally exacerbate conflicts;*

- (b) the Union and the Member States shall ~~consult~~ **ensure inclusive consultations with** each other at an early stage of and throughout the programming process in order to promote coherence, complementarity and consistency among their cooperation activities. Joint programming shall be the preferred approach for country programming. ~~Joint programming shall be open to other donors where relevant and~~ **its implementation shall be flexible, inclusive and driven at country level. Joint programming shall be open to other relevant donors and actors when this is assessed to be relevant by the Union and the Member States. In addition, the Union and the Member States shall, whenever appropriate, seek to support partner countries through joint implementation;**
- (c) the Union shall also consult other donors and actors, including **local authorities**, representatives of civil society and ~~local authorities~~, where relevant; **the private sector, in order to facilitate their respective contributions, as appropriate, and to ensure they play a meaningful role in programming;**
- (d) the Human Rights and Democracy and Civil Society thematic programmes referred to in Article 4(3)(a) and (b) shall provide assistance independently of the consent of governments and other public authorities of the third countries concerned. These thematic programmes shall mainly support civil society ~~organisations~~ **actors at global, regional, national and local levels, as well as where relevant, human rights defenders and victims of oppression and abuse, with a high degree of flexibility in terms of implementation modalities, including administrative procedures and funding mechanisms.**

3. *Programming documents may be reviewed at their mid-term or on an ad-hoc basis, as necessary.*

*Article 11*

*Programming principles for geographic programmes*

1. Programming of geographic programmes shall be based on the following principles:
  - (a) without prejudice to paragraph 4, actions shall be based, to the extent possible, on ***an early and continuous*** a dialogue between the Union, the Member States and the partner countries concerned, including national and local authorities, involving civil society, national and local parliaments and other stakeholders, in order to enhance ownership of the process and to encourage support for national and regional strategies;
  - (b) where appropriate, the programming period shall be synchronised with the strategy cycles of partner countries. ***The programming should be aligned as much as possible to the national government's strategies, plans and cycles;***
  - (c) programming may envisage cooperation activities funded from different allocations listed in Article 6(2) and from other Union Programmes according to their basic acts.
2. Programming of geographic programmes shall provide a specific, tailor-made framework for cooperation based on:
  - (a) the partners' needs, established on the basis of specific criteria, taking into account the population, poverty, ~~inequality~~ ***inequalities***, human development, economic and environmental vulnerability, and state and societal resilience ***and the impact of protracted and recurrent crises;***

- (b) ~~the partners' capacities to generate and access financial resources, and on their absorption capacities~~ ***the partners' capacity and commitment to promote shared interests and values, including rule of law and human rights, and to support common goals and multilateral alliances and cooperation, a rules-based international system, as well as the advancement of Union priorities;***
- (c) the partners' commitments and performance including concrete reform progress, established on the basis of criteria such as political reform, sustainable economic and social development, ***taking into account the specificities and development level of partner countries;***
- (d) the potential impact of Union funding in partner countries and regions;
- (e) ~~the partners' capacity and commitment to promote shared interests and values, including rule of law and human rights, and to support common goals and multilateral alliances, as well as the advancement of Union priorities.~~ ***the partners' capacities to generate and access financial resources, their absorption capacities and their ability to manage resources transparently.***

3. The countries most in need, in particular the Least Developed Countries, low-income countries, countries in crisis, post-crisis, fragile and vulnerable situations, including small islands developing states ***and landlocked developing countries***, shall be given priority in the resource allocation process.

***3 bis In addition, the Union shall address the specific challenges of Middle Income Countries and in particular countries that graduate from lower income status.***

4. Cooperation with industrialised countries shall focus on the promotion of Union and mutual interests.

5. Programming documents for geographic programmes shall be results-based and shall take into account, where appropriate, internationally agreed targets and indicators, in particular those set out for the Sustainable Development Goals, as well as country-level result frameworks, to assess and communicate the Union contribution to results, at the level of outputs, outcomes and impact.
6. ~~When drawing up the programming documents for countries and regions in crisis, or post-crisis, fragile and vulnerable situations, due account shall be taken of the special needs and circumstances of the countries or regions concerned.~~  
  
~~Where partner countries or regions are directly involved in, or affected by, a crisis, post-crisis or situation of fragility, special emphasis shall be placed on stepping up coordination amongst all relevant actors to help the transition from an emergency situation to the development phase.~~
7. This Regulation shall contribute to actions established under Regulation (EU) No. .../... (Erasmus). A single programming document shall be drawn up from this Regulation for seven years, including funds from Regulation (EU) No .../... (IPA III). Regulation (EU) No. .../... (Erasmus) shall apply to the use of these funds.

## *Article 12*

### ***Programming documents for geographic programmes***

1. The implementation of this Regulation shall be carried out for geographic programmes through multiannual country and multi-country indicative programmes.
2. Multiannual indicative programmes shall set out the priority areas selected for Union financing, the specific objectives, the expected results, clear and specific performance indicators, and the indicative financial allocations, both overall and per priority area ***and, where applicable, the methods of implementation.***

3. The multiannual indicative programmes shall be built on:
- (a) a national or regional strategy in the form of a development plan or a similar document accepted by the Commission as a basis for the corresponding multiannual indicative programme, at the time of adoption of the latter document;
  - (b) a framework document laying down the Union policy towards the concerned partner or partners, including a joint document between the Union and Member States;
  - (c) a joint document between the Union and the concerned partner or partners setting out common priorities *and mutual commitments*.
4. To increase the impact of collective cooperation of the Union, where possible *and appropriate*, a joint programming document shall replace the Union's and Member States' programming documents. A joint programming document may replace the Union's multiannual indicative programme, provided it complies with Articles 10 and 11, contains the elements listed in paragraph 2 of this Article and sets out the division of labour between the Union and Member States.

### *Article 13*

#### *Programming documents for thematic programmes*

1. The implementation of this Regulation shall be carried out for thematic programmes through multiannual indicative programmes.
2. Multiannual indicative programmes for thematic programmes shall set out the Union's strategy, the priorities selected for financing by the Union, the specific objectives, the expected results, clear and specific performance indicators, *where possible disaggregated by sex and age*, and the international situation and the activities of the main partners for the theme concerned.

Where applicable, resources and intervention priorities shall be laid down for participation in global initiatives.



Multiannual indicative programmes for thematic programmes shall set out the indicative financial allocation, overall, by area of cooperation and by priority. The indicative financial allocation may be given in the form of a range.

#### *Article 14*

##### ***Adoption and amendment of multiannual indicative programmes***

1. The Commission shall adopt multiannual indicative programmes referred to in Articles 12 and 13 by means of implementing acts. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 35(2). This procedure shall also apply to reviews referred to in paragraphs 3, 4 and 5 of this Article, which have the effect of significantly modifying the content of the multiannual indicative programme.
2. When adopting joint ~~multi-annual~~ **multiannual** programming documents referred to in Article 12, the Commission decision shall only apply to the Union's contribution to the joint multiannual programming document.
3. Multiannual indicative programmes for geographic programmes may be reviewed where necessary for effective implementation, in particular where there are substantive changes in the policy framework referred to in Article 7 ***or following reviews referred to in Article 10*** or following a crisis or post-crisis situation.
4. Multiannual indicative programmes for thematic programmes may be reviewed where necessary for effective implementation, in particular where there are substantive changes in the policy framework referred to in Article 7: ***or following reviews referred to in Article 10.***
5. On duly justified imperative grounds of urgency, such as crises or immediate threats to **peace**, democracy, the rule of law, human rights or fundamental freedoms, the Commission may amend multiannual indicative programmes referred to in Articles 12 and 13 of this Regulation by implementing acts adopted in accordance with the urgency procedure referred to in Article 35(4).

## Article 15

### ***Emerging challenges and priorities cushion***

1. The amount referred to in Article 6(32)(d) shall be used ***where most needed inter alia***:
  - (a) to ensure an appropriate response of the Union in the event of unforeseen circumstances;
  - (b) to address new needs, or emerging challenges, such as those at the Union's or its neighbours' borders linked to crisis, ***violent conflict*** and post-crisis situations or ***irregular*** migratory pressure ***and forced displacement***;
  - ~~(c) to promote new Union led or international initiatives or priorities.~~
2. The use of these funds shall be decided in accordance with the procedures established in Articles 14 and 21.

## Chapter II

### **Specific Provisions for the Neighbourhood**

## Article 16

### ***Programming documents and allocation criteria***

1. For partner countries listed in Annex I, priority areas for Union financing shall be mainly selected from those included in ***the association agendas, partnership priorities or other equivalent jointly agreed*** documents ***as*** referred to in Article 12(3)(c), ***between the Union and the partner countries in bilateral and multilateral formats, including, as relevant, within the Eastern Partnership and the southern dimension of the European Neighbourhood Policy***, in accordance with the areas of cooperation of the Neighbourhood area set out in Annex II.

2. By way of derogation from Article 11(2) **and 11(3)**, Union support under geographic programmes in the Neighbourhood area shall be differentiated in form and amounts, taking into account the following elements, reflecting the partner country's:
- (a) needs, using indicators such as population, **inequalities** and level of development;
  - (b) commitment to and **concrete** progress in implementing jointly agreed political, economic ~~and~~, social **and environmental** reform objectives **and benchmarks**;
  - (c) commitment to and progress in building deep and sustainable democracy, **rule of law and human rights**;
  - (d) partnership with the Union, including the level of ambition for that partnership;
  - (e) absorption capacity and potential impact of Union support under this Regulation.
3. The support referred to in paragraph 2 shall be reflected in the programming documents referred to in Article 12.

#### *Article 17*

##### ~~*Performance*~~ **Incentive-based approach**

1. Indicatively 10 % of the financial envelope set out in **the first indent of** Article 46(2)(a) to supplement the country financial allocations referred to in Article 12 shall be allocated to partner countries listed in Annex I in order to implement the ~~performance-incentive-based~~ **and differentiated** approach. ~~The performance-based~~ **Such** allocations shall be decided on the basis of their progress towards **building or consolidating deep and sustainable** democracy, human rights, rule of law, **cooperation with civil society, gender equality**, cooperation on migration, economic governance and ~~reforms~~. **jointly agreed, country-specific political, economic and social reform objectives**. The progress of partner countries shall be assessed annually.

2. The ~~performance~~ **incentive**-based approach shall not apply to support to civil society, **conflict prevention and peacebuilding**, people-to-people contacts, including cooperation between local authorities, support for the improvement of human rights, or crisis-related support measures. In the event of serious or persistent degradation of democracy, human rights or rule of law, **or an increased risk of conflict**, support to these actions may be increased.

#### *Article 17 bis*

#### ***Multi-country programmes***

***Multi-country programmes in the Neighbourhood area shall address challenges common to all or a number of partner countries, based on priorities of the Eastern Partnership and the southern dimension of the reviewed European Neighbourhood Policy and taking into account the work carried out in the context of the Union for the Mediterranean, and regional, trans-regional and sub-regional cooperation, primarily between two or more partner countries, including also within the framework of the Northern Dimension and Black Sea Synergy.***

#### *Article 18*

#### ***Cross-Border Cooperation***

1. Cross-border cooperation, as defined in Article 2(3), shall cover cooperation on adjacent land **and maritime** borders, transnational cooperation over larger transnational territories; ~~maritime cooperation~~ **or** around sea-basins, as well as interregional cooperation.
2. The Neighbourhood area shall contribute to cross-border cooperation programmes referred to in paragraph 1 co-financed by the European Regional Development Fund in the framework of [ETC Regulation<sup>47</sup>]. Up to 4 % of the financial envelope for the Neighbourhood ~~area~~ **envelope** shall be indicatively allocated to support those programmes.
3. Contributions to cross-border cooperation programmes shall be determined and used pursuant to Article 10(3) of [ETC Regulation].

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<sup>47</sup> COM(2018) 374 final Proposal for a Regulation of the European Parliament and of the Council on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments.

4. The Union co-financing rate shall not be higher than 90 % of the eligible expenditure of a cross-border cooperation programme. For technical assistance the **Union** co-financing rate ~~shall~~ **may** be **up to** 100 %.
5. Pre-financing for cross-border cooperation programmes ***shall be in accordance with Article 115 of the Financial Regulation*** ~~shall be determined in the work programme in accordance with needs of the participating third countries and territories~~ and may exceed the percentage referred to in Article 49 of [ETC Regulation]. ***Each financial year, the pre-financing rate may be up to 80% of annual commitments to the programme.***
6. A multiannual indicative strategy document for cross border cooperation, setting out the elements referred to in Article 12(2) of this Regulation, shall be adopted in accordance with Article 10(1) of [ETC Regulation].
7. Where cross-border cooperation programmes are discontinued in accordance with Article 12 of [ETC Regulation], support from the Neighbourhood ~~area~~ ***envelope*** to the discontinued programme that remains available may ***primarily*** be used to finance ***other cross-border cooperation programmes or*** any other activity under the Neighbourhood ~~area~~ ***envelope as appropriate.***

## Chapter III

### Action plans, measures and implementing methods

#### *Article 19*

#### ***Action plans and measures***

1. The Commission shall adopt annual or multiannual action plans or measures. The measures may take the form of individual measures, special measures, support measures or exceptional assistance measures. Action plans and measures shall ***take into account the specific context and shall*** specify for each action the objectives pursued, the expected results and main activities, the methods of implementation, ***monitoring and evaluation as well as*** the budget and any associated support expenditures.

2. Action plans shall be based on programming documents, except for cases referred to in paragraphs 3 and 4. ***Action plans shall be prepared in an inclusive, transparent and timely manner. Whenever appropriate, action plans shall be discussed jointly with Member States in the context of working better together.***

When necessary, an action may be adopted as an individual measure before or after the adoption of action plans. Individual measures shall be based on programming documents, except for cases referred to in paragraph 3 and in other duly justified cases.

In the event of unforeseen needs or circumstances, and when funding is not possible from more appropriate sources, the Commission may adopt special measures not provided for in the programming documents.

3. Annual or multiannual action plans and individual measures may be used to implement rapid response actions referred to in Article 4(4)(b) and (c).
4. The Commission may adopt exceptional assistance measures for rapid response actions as referred to in Article 4(4)(a).

An exceptional assistance measure may have a duration of up to 18 months, which may be extended twice by a further period of up to six months, up to a total maximum duration of 30 months, in the event of objective and unforeseen obstacles to its implementation, provided that there is no increase in the financial amount of the measure.

In cases of protracted crisis and conflict, the Commission may adopt a second exceptional assistance measure of a duration of up to 18 months. In duly justified cases further measures may be adopted where the continuity of the Union's action is essential and cannot be ensured by other means.

## *Article 20*

### ***Support measures***

1. Union financing may cover support expenditure for the implementation of the Instrument and for the achievement of its objectives, including administrative support associated with the preparation, follow-up, monitoring, control, audit and evaluation activities necessary for such implementation, as well as expenditure at headquarters and Union delegations for the administrative ***and coordination*** support needed for the-programme, and to manage operations financed under this Regulation, including information and communication actions, and corporate information technology systems.
2. When support expenditure is not included in the action plans or measures referred to in Article 21, the Commission shall adopt, where applicable, support measures. Union financing under support measures may cover:
  - (a) studies, meetings, information, awareness-raising, training, preparation and exchange of lessons learnt and best practices, publication activities and any other administrative or technical assistance expenditure necessary for the programming and management of actions, including remunerated external experts;
  - (b) research and innovation activities and studies on relevant issues and the dissemination thereof;
  - (c) expenditures related to the provision of information and communication actions, including the development of communication strategies and corporate communication and visibility of the political priorities of the Union.

## *Article 21*

### ***Adoption of action plans and measures***

1. Action plans and measures shall be adopted ~~by means of implementing acts adopted in~~ accordance with the examination procedure referred to in Article 35(2).

2. The procedure referred to in paragraph 1 shall not be required for:
- (a) ~~action plans and individual measures and support measures~~, for which the Union's funding does not exceed EUR ~~405~~ million;
  - (b) special **and support** measures as well as ~~action plans and measures~~ adopted in order to implement rapid response actions for which the Union's funding does not exceed EUR ~~2010~~ million;
  - (b bis) exceptional assistance measures as referred to in Article 4(4)(a) for which the Union's funding does not exceed EUR 20 million;**
  - (c) technical amendments **to action plans and measures**, provided such amendments do not substantially affect the objectives of the action plan or measure concerned, such as:
    - (i) change of method of implementation;
    - (i bis) extensions of the implementation period;**
    - (ii) reassignments of funds between actions contained in an action plan;
    - (iii) increases or reductions of the budget of action plans and measures by not more than 20 % of the initial budget and not exceeding EUR 10 million;

In case of multiannual action plans and measures, the thresholds referred to in paragraph (2)(a), (b) and (c) (iii) shall be applicable on a yearly basis.

When adopted in accordance with this paragraph, action plans and measures, except exceptional assistance measures, and technical amendments shall be communicated to the European Parliament and to the Member States through the relevant committee referred to in Article 35 within one month of their adoption.



3. Before the adoption or extension of exceptional assistance measures not exceeding EUR 20 million, the Commission shall inform the Council of their nature and objectives and of the financial amounts envisaged. The Commission shall inform the Council before making significant substantive changes to exceptional assistance measures already adopted. The Commission shall take account of the relevant policy approach of the Council for the planning and subsequent implementation of such measures, in the interests of consistency of the Union's external action.

The Commission shall keep the European Parliament duly informed, in a timely manner, about the planning and the implementation of exceptional assistance measures pursuant to this Article, including the financial amounts envisaged, and shall also inform the European Parliament when making substantial changes or extensions to that assistance.

4. In the event of duly justified imperative grounds of urgency, such as crises including natural or man-made disasters, immediate threats to democracy, the rule of law, human rights or fundamental freedoms, the Commission may adopt action plans and measures or amendments to existing action plans and measures, as immediately applicable implementing acts, in accordance with the procedure referred to in Article 35(4).
5. Appropriate environmental screening, including for climate change and biodiversity impacts, shall be undertaken at the level of actions, in accordance with the applicable legislative acts of the Union, including Directive 2011/92/EU<sup>48</sup> of the European Parliament and of the Council and Council Directive 85/337/EEC<sup>49</sup>, comprising, where applicable, an environmental impact assessment, ***including the impact on climate change, ecosystems and biodiversity***, for environmentally sensitive actions, in particular for major new infrastructure, ***as well as an assessment of the compatibility of the actions with the recipient country's Nationally Determined Contribution under the Paris Agreement***.

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<sup>48</sup> Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification) (OJ L 26 28.1.2012. p.1).

<sup>49</sup> Council Directive of 27 June 1985 on the assessment of the effects of certain public and private projects on the environment (OJ L 175, 05.07.1985. p. 0040 – 0048).

Where relevant, strategic environmental assessments, ***including the impact on climate change***, shall be used in the implementation of sectoral programmes. The involvement of interested stakeholders in environmental assessments and public access to the results of such assessments shall be ensured.

***This Regulation shall not support actions incompatible with the recipient country's Nationally Determined Contribution under the Paris Agreement or investments in fossil fuels or that, according to the environmental screening and impact assessment, cause significant adverse effects on the environment or the climate, without proposing appropriate measures to avoid, prevent or reduce and, if possible, off-set these effects, including support to phase out environmentally harmful fossil fuel subsidies.***

6. ***In the design and implementation of programmes and projects, criteria regarding the accessibility for persons with disabilities shall be duly taken into account.***

## *Article 22*

### ***Methods of cooperation***

1. ***As provided for by the Financial Regulation and while fostering enhanced cooperation, including by making full use of Member States actors' expertise and competences,***  
~~f~~Financing under this Instrument shall be implemented by the Commission, ~~as provided for by the Financial Regulation~~, either directly by the Commission itself, by Union delegations and by executive agencies, or indirectly through any of the entities listed in Article 62(1)(c) of the Financial Regulation.
2. Financing under this Instrument may also be provided through contributions to international, regional or national funds, such as those established or managed by the EIB, by Member States, by partner countries and regions or by international organisations, or other donors.
3. The entities listed in Article 62(1)(c) of the Financial Regulation and in Article 29(1) of this Regulation shall annually fulfil their reporting obligations under Article 155 of the Financial Regulation. The reporting requirements for any of these entities are laid down in the ***financial*** framework partnership agreement, the contribution agreement, the agreement on budgetary guarantees or the financing agreement.

4. Actions financed under the Instrument may be implemented by means of parallel or joint co-financing.
5. In the case of parallel co-financing, an action is split into a number of clearly identifiable components which are each financed by the different partners providing co-financing in such a way that the end-use of the financing can always be identified ***and duplication of financing is avoided.***
6. In the case of joint co-financing, the total cost of an action is shared between the partners providing the co-financing and the resources are pooled in such a way that it is no longer possible to identify the source of financing for any given activity undertaken as part of the action.
7. Cooperation between the Union and its partners may take the form, inter alia, of:
  - (a) triangular arrangements whereby the Union coordinates with third countries its assistance funding to a partner country or region;
  - (b) administrative ***and technical*** cooperation measures, ***as well as capacity building, including to share transitional or reform implementation experiences of Member States,*** such as twinning between public institutions, local authorities, ~~national~~-public ***law*** bodies or private law entities entrusted with public service tasks of a Member State and those of a partner country or region, as well as cooperation measures involving public sector experts dispatched from the Member States and their regional and local authorities;
  - (c) contributions to the necessary costs of setting up and administering a public-private partnership;
  - (c bis) decentralised cooperation through partnerships between local or regional authorities from Member States and partner countries;***
  - (d) sector policy support programmes whereby the Union provides support to a partner country's sector programme;

- (e) contributions to the cost of the countries' participation in Union programmes, and **to** actions implemented by Union agencies and bodies, as well as **to** bodies or persons entrusted with **the** implementation of specific actions in the Common Foreign and Security Policy pursuant to Title V of the Treaty on European Union;
- (f) ~~interest rate subsidies.~~

### *Article 23*

#### ***Forms of EU funding and methods of implementation***

1. The Union funding may be provided through the types of financing **and procedures** envisaged by the Financial Regulation and in particular:
  - (a) grants;
  - (b) procurement contracts for services, supplies or works;
  - (c) budget support;
  - (d) contributions to trust funds set up by the Commission, in accordance with Article 234 of the Financial Regulation;
  - (e) financial instruments;
  - (f) budgetary guarantees;
  - (g) blending **operations**;
  - (h) debt relief in the context of internationally agreed debt relief programme;
  - (i) financial assistance;
  - (j) remunerated external experts.

2. When working with stakeholders of partner countries, the Commission shall take into account their specificities, including their needs and the relevant context, when defining the financing modalities, the type of contribution, the award modalities and the administrative provisions for the management of grants, with a view to reaching and best responding to the widest possible range of such stakeholders. Specific modalities shall be encouraged in accordance with the Financial Regulation, such as partnership agreements, authorisations of financial support to third parties, direct award or eligibility-restricted calls for proposals, or lump sums, unit costs and flat-rate financing as well as financing not linked to costs as envisaged in Article 125(1) of the Financial Regulation.

*When working with Member States, in cases in which only public administrations are involved, such as twinning, simplified implementing and contractual provisions shall be discussed with Member States and applied in compliance with the Financial Regulation.*

3. In addition ~~of~~ **to** the cases referred to in Article 195 of the Financial Regulation, the direct award procedure may be used for:
- (a) low-value grants to human rights defenders to finance urgent protection actions **and needs**, where appropriate without the need for co-financing;
  - (b) grants, where appropriate without the need for co-financing, to finance actions in the most difficult conditions where the publication of a call for proposals would be inappropriate, including situations where there is a serious **violation of human rights**, **a** lack of fundamental freedoms, where human security is most at risk or where human rights organisations and defenders operate under the most difficult conditions. Such grants shall not exceed EUR 1 000 000 and shall have a duration of up to 18 months, which may be extended by a further 12 months in the event of objective and unforeseen obstacles to their implementation;

- (c) grants to the Office of the UN High Commissioner for Human Rights as well as to Global Campus, the European Inter-University Centre for Human Rights and Democratisation, providing a European Master's Degree in Human Rights and Democratisation, and its associated network of universities delivering human rights postgraduate diplomas, including scholarships to students and human rights defenders from third countries.

Budget support as referred to in point (c) of paragraph 1, including through sector reform performance contracts, shall be based on country ownership, mutual accountability and shared commitments to universal values, democracy, human rights, the rule of law, and aims at strengthening partnerships between the Union and partner countries. It shall include reinforced policy dialogue, capacity ~~development~~ **building**, and improved governance, complementing partners' efforts to collect more and spend better in order to support sustainable and inclusive economic growth and jobs and poverty eradication. ***Budget support shall also contribute to the realisation of gender equality.***

Any decision to provide budget support shall be based on budget support policies agreed by the Union, a clear set of eligibility criteria and a careful assessment of the risks and benefits.

- 4. Budget support shall be differentiated in such a way as to respond better to the political, economic and social context of the partner country, taking into account situations of fragility ***and environmental considerations.***

When providing budget support in accordance with Article 236 of the Financial Regulation, the Commission shall clearly define and monitor criteria for budget support conditionality, including progress in reforms and transparency, and shall support the development of parliamentary control, national audit capacities and increased transparency and public access to information.

- 5. Disbursement of the budget support shall be based on indicators demonstrating satisfactory progress being made towards achieving the objectives agreed with the partner country.

6. Financial instruments *and blending operations* under this Regulation ~~may take forms such as loans, guarantees, equity or quasi-equity, investments or participations, and risk-sharing instruments, whenever possible and~~ **shall be implemented** in accordance with the principles laid down in Article 209(1) of the Financial Regulation *and whenever possible* under the lead of the EIB, a multilateral European finance institution, such as the European Bank for Reconstruction and Development, or a bilateral European finance institution, such as ~~bilateral~~ development banks, possibly pooled with additional other forms of financial support, both from Member States and third parties.

Contributions to Union financial instruments under this Regulation may be made by Member States as well as any entity referred to in Article 62(1)(c) of the Financial Regulation.

7. Those financial instruments may be grouped into facilities for implementation and reporting purposes.
8. The Union's funding shall not generate or activate the collection of specific taxes, duties or charges.
9. Taxes, duties and charges imposed by partner countries may be eligible for financing under this Regulation.

#### *Article 24*

##### ***Eligible persons and entities***

1. Participation in procurement, grant and prize award procedures for actions financed under geographic programmes and under the Civil Society Organisations and Global Challenges programmes shall be open to international organisations and to all other legal entities, ***including civil society organisations***, who are nationals of and, in the case of legal persons, who are also effectively established in, the following countries ~~or territories~~:

- (a) Member States, beneficiaries of the Regulation (EU) .../...(IPA III), and contracting parties to the Agreement on the European Economic Area;
- (b) Neighbourhood partner countries and the Russian Federation when the relevant procedure takes place in the context of the programmes referred to in Annex I in which it participates;
- (c) developing countries and territories, as included in the list of Official Development Assistance recipients published by the Development Assistance Committee of the Organisation for Economic Cooperation and Development, which are not members of the G-20 group, and overseas countries and territories as defined in Council Decision .../... (EU);
- (d) developing countries, as included in the list of Official Development Assistance recipients, which are members of the G-20 group, and other countries and territories, when the relevant procedure takes place in the context of an action financed by the Union under this Regulation in which they participate;
- (e) countries for which reciprocal access to external funding is established by the Commission; that access may be granted, for a limited period of at least one year, whenever a country grants eligibility on equal terms to entities from the Union and from countries eligible under this Regulation; the Commission shall decide on the reciprocal access and on its duration after consultation of the recipient country or countries concerned;
- (f) member countries of the Organisation for Economic Cooperation and Development, in the case of contracts implemented in a Least Developed Country or a Highly Indebted Poor Country, as included in the list of Official Development Assistance recipients.



2. Without prejudice to the limitations inherent to the nature and objectives of the action, participation in procurement, grant and prize award procedures for actions financed under the Human Rights and Democracy and *the Peace*, Stability and ~~Peace~~ **Conflict Prevention** programmes as well as rapid response actions, shall be open without limitations.
3. All supplies and materials financed under this Regulation may originate from any country.
4. The rules laid down in this Article shall not apply to, and shall not create, nationality restrictions for natural persons employed or otherwise legally contracted by an eligible contractor or, where applicable, subcontractor.
5. For actions jointly co-financed by an entity, or implemented in direct or indirect management with entities as referred to point (c) (ii) to (viii) of Article 62(1) of the Financial Regulation, the eligibility rules of those entities shall also apply.
6. Where donors provide financing to a trust fund established by the Commission or through external assigned revenues, the eligibility rules in the constitutive act of the trust fund or in the agreement with the donor in case of external assigned revenues shall apply.
7. In the case of actions financed under this Regulation and by another Union Programme, eligible entities under any of those Programmes shall be considered eligible.
8. In the case of multi-country actions legal entities who are nationals of and, in the case of legal entities who are also effectively established in, the countries and territories covered by the action may be considered eligible.
9. The eligibility rules of this Article may be restricted with regard to the nationality, geographical location or nature of applicants, where such restrictions are required on account of the specific nature and the objectives of the action and where they are necessary for its effective implementation.

10. Tenderers, applicants and candidates from non-eligible countries may be accepted as eligible in the case of urgency or the unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of an action impossible or exceedingly difficult.
11. In order to promote local capacities, markets and purchases, priority shall be given to local and regional contractors when the Financial Regulation provides for an award on the basis of a single tender. In all other cases, participation of local and regional contractors shall be promoted in accordance with the relevant provisions of that Regulation.
12. Under the Democracy and Human Rights programme, any entity not covered under the definition of legal entity in Article 2(6) shall be eligible when this is necessary to pursue the areas of intervention of this programme.

*Article 25*

***Carry-overs, annual instalments, commitment appropriations, re-payments and  
revenue generated by financial instruments***

1. In addition to Article 12(~~24~~) of the Financial Regulation, unused commitment and payment appropriations under this Regulation shall be automatically carried over and may be **respectively** committed **and used** up to 31 December of the following financial year. The carried-over amount shall be used first in the following financial year.

The Commission shall inform the European Parliament and the Council of carried over commitment appropriations in line with Article 12(6) of the Financial Regulation.

2. In addition to the rules laid down in Article 15 of the Financial Regulation on making appropriations available again, commitment appropriations corresponding to the amount of decommitments made as a result of total or partial non implementation of an action under this Regulation shall be made available again to the benefit of the budget line of origin.

~~References to Article 15 of the Financial Regulation in Article 12(1)(b) of Regulation laying down the multi-annual financial framework shall be understood as including a reference to this paragraph for the purpose of this Regulation.~~

3. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments, in line with Article 112(2) of the Financial Regulation.

The third subparagraph of Article 114(2) of the Financial Regulation shall not apply to these multiannual actions. The Commission shall automatically de-commit any portion of a budgetary commitment for an action that by 31 December of the fifth year following that of the budgetary commitment has not been used for the purpose of pre-financing or making interim payments or for which no certified statement of expenditure or any payment request has been submitted.

Paragraph 2 of this Article shall also apply to annual instalments.

4. By way of derogation from Article 209(3) of the Financial Regulation repayments and revenues generated by a financial instrument ***and budgetary guarantees*** shall be assigned to the budget line of origin as internal assigned revenue after deduction of management costs and fees. Every five years, the Commission shall examine the contribution made to the achievement of Union objectives, and the effectiveness, of existing financial instruments.

## **Chapter IV**

### **EFSD+, budgetary guarantees and financial assistance to third countries**

#### *Article 26*

#### ***Scope and financing***

1. The financial envelope referred to in Article (6)(2)(a) shall finance the European Fund for Sustainable Development Plus (EFSD+) and the External Action Guarantee.

The purpose of the EFSD+ as an integrated financial package supplying financial capacity ~~drawing on the methods of implementation set up in the form of grants, technical assistance, financial instruments, budgetary guarantees and blending operations referred to~~ in Article 23(1)(a), (e), (f) and (g), shall be to support investments and increase access to financing, ~~in order to as a means of contributing to the achievement of the objectives and principles referred to in Articles 3 and 8 of this Regulation, and, where relevant, with the objectives of [IPA III].~~ **The EFSD+ shall in particular** foster sustainable and inclusive economic and social development and promote the socio-economic resilience in partner countries with a particular focus on the, eradication of poverty, sustainable and inclusive growth, the creation of decent jobs, economic opportunities, skills and entrepreneurship, socioeconomic sectors, micro, small and medium-sized enterprises, **sustainable connectivity, the fight against climate change and the management and protection of the environment, gender equality and the empowerment of women and young people**, as well as addressing specific socioeconomic root causes of irregular migration **and root causes of forced displacement**, in accordance with the relevant indicative programming documents **and while maximising additionality and development impact, delivering innovative products and crowding in private sector funds, including micro, small and medium-sized enterprises**. Special attention shall be given to countries identified as experiencing fragility or conflict, Least Developed Countries and heavily indebted poor countries.

2. The External Action Guarantee shall support the EFSD+ operations covered by budgetary guarantees in accordance with Articles 27, 28 and 29 of this Regulation, **The External Action Guarantee shall also support** macro-financial assistance and loans to third countries referred to in Article 10(2) of Regulation EINS.
3. Under the External Action Guarantee, the Union may guarantee operations, ~~signed under~~ **Guarantee Agreements approved** between 1 January 2021 and 31 December 2027, up to EUR ~~60 000 53 449 000 000~~ **million**.
4. The provisioning rate shall range between 9% and 50% depending on the type of operations.

The provisioning rate for the External Action Guarantee shall be 9% for the Union's macro-financial assistance and for budgetary guarantees covering sovereign risks associated with lending operations.

The provisioning rates shall be reviewed every three years from the date of application of this Regulation laid down in Article 40. ~~The Commission shall be empowered to adopt delegated acts in accordance with Article 34 to supplement or amend these rates.~~

5. The External Action Guarantee shall be considered as a single guarantee in the common provisioning fund established by Article 212 of the Financial Regulation.
6. The EFSD+ and the External Action Guarantee may support financing and investment operations in partner countries in the geographical areas referred to in Article 4(2). The provisioning of the External Action Guarantee shall be financed from the budget of the relevant geographic programmes established by Article 6(2)(a) and shall be transferred into the common provisioning fund. The EFSD+ and the External Action Guarantee may also support operations in beneficiaries listed in Annex I of Regulation *[IPA III]*. The funding for these operations under the EFSD+ and for the provisioning of the External Action Guarantee shall be financed from the Regulation IPA. The provisioning of the External Action Guarantee for loans to third countries referred to in Article 10 (2) of Regulation EINS shall be financed from Regulation EINS.
7. The provisioning referred to in Article 211(2) of the Financial Regulation shall be constituted on the basis of the Union's total outstanding liabilities arising from each operation, including operations signed before 2021 and guaranteed by the Union. The annual amount of provisioning required may be constituted during a period of up to seven years.
8. The balance of assets by 31 December 2020 in the EFSD Guarantee Fund and in the Guarantee fund for external actions established respectively by Regulation EU 2017/1601 of the European Parliament and the Council and Council Regulation (EC, Euratom) No 480/2009 shall be transferred into the common provisioning fund for the purpose of provisioning its respective operations under the same single guarantee provided for in paragraph 4 of this Article.

*Article 26 bis*  
*Structure of the EFSD+*

- 1. The EFSD+ shall be composed of regional investment platforms within the regional areas laid down in Article 4(2) and established on the basis of the working methods, procedures and structures of the existing external blending facilities of the Union, which may combine their blending operations and External Action Guarantee operations under the EFSD+.*
- 2. The management of the EFSD+ shall be ensured by the Commission.*

*Article 26 ter*  
*Strategic board of the EFSD+*

- 1. In the management of the EFSD+ the Commission shall be advised by a strategic board, except in the case of the operations covering the Western Balkans' beneficiaries of [IPA III], which shall have its specific strategic board.*
- 2. The strategic board shall advise the Commission on the strategic orientation and priorities of External Action Guarantee investments under the EFSD+, including for the windows defined in article 27bis(1) and contribute to their alignment with the guiding principles and objectives of the Union's external action, development policy, European Neighbourhood Policy, as well as with the objectives set out in Articles 3 of this Regulation and the purpose of the EFSD+ as set out in Article 26. It shall also support the Commission in setting overall investment goals as regards the use of the External Action Guarantee to support EFSD+ operations and monitor an appropriate and diversified geographical and thematic coverage for investment windows.*
- 3. The strategic board shall also support overall coordination, complementarity and coherence between the regional investment platforms, between the three pillars of the External Investment Plan, between the External Investment Plan and the Union's other efforts on migration and on the implementation of the 2030 Agenda, including the fight against climate change, as well as with other programmes set out in this Regulation.*

4. *The strategic board shall be composed of representatives of the Commission and of the High Representative, of all Member States and of the EIB. The European Parliament shall have observer status. Contributors, eligible counterparts, partner countries, relevant regional organisations and other stakeholders may be given observer status, where appropriate. The strategic board shall be consulted prior to the inclusion of any new observer. The strategic board shall be co-chaired by the Commission and the High Representative.*
5. *The strategic board shall meet at least twice a year and, when possible, adopt opinions by consensus. Additional meetings may be organised at any time by the chair or at the request of one third of its members. Where consensus cannot be reached, the voting rights as agreed during the first meeting of the strategic board and laid down in its rules of procedure shall apply. The rules of procedure shall set out the framework regarding the role of observers. The minutes and agendas of the meetings of the strategic board shall, following their adoption, be made public.*
6. *The strategic board shall examine the annual report submitted by the Commission on progress made in respect of the implementation of the EFSD+. The strategic board covering the Western Balkans shall inform on progress made on the implementation of the guarantee instrument for the Western Balkans region to complement the above-mentioned reporting. The strategic board shall examine the evaluations referred to in Article 31(5) and shall take them into account.*

*The strategic board shall regularly organise a consultation of relevant stakeholders on the strategic orientation and implementation of the EFSD+.*

7. *The existence of the two strategic boards does not bear influence on the need to have a single, unified EFSD+ risk management framework.*

8. *The risk management function for guarantees under EFSD+ shall take into account the objectives and principles of this Regulation. Risk assessment and remuneration methodologies under EFSD+ shall be consistently applied to all investment windows, including those defined in Article 27bis(1). The Commission shall ensure an independent, impartial and inclusive high-quality function of the technical assessment group and that information and analysis are shared in a timely, transparent and inclusive manner with all Member States, with due regard to confidentiality issues. The composition, rules of procedure and working methods of the technical assessment group shall be inclusive, open to experts from the EIB, other eligible counterparts and interested Member States, and shall be presented to the strategic board. The Commission shall disclose to the Council and the European Parliament the composition, terms of reference and rules of procedure of the technical assessment group and ensure the impartiality and absence of conflict of interest of its members.*

*Article 26 quater*

*Regional operational boards*

*The operational boards of regional investment platforms, taking into account the advice of the strategic board and relevant risk assessments, shall support the Commission at the implementation level in defining regional and sectoral investment goals and regional, sectoral and thematic investment windows and shall formulate opinions on the blending operations and on the use of the External Action Guarantee covering EFSD+ operations.*

*Article 27*

**Eligibility and selection of operations and counterparts for  
the External Action Guarantee under the EFSD+**

1. The financing and investment operations eligible for support through the External Action Guarantee shall be consistent and aligned with Union policies, **the relevant programming documents**, as well as with the partner countries' strategies and policies. They shall in particular support the objectives, general principles and policy framework of this Regulation and, **where relevant, Regulation [IPA III]**, ~~the relevant indicative programming documents~~, with due regard to the priority areas laid down in Annex V.



2. The External Action Guarantee shall support financing and investment operations compliant with the conditions set out in points (a) to (ee) of Article 209(2) of the Financial Regulation *concerning notably the need to address market failures or sub-optimal investment situations, achieve additionality, avoid distorting competition, alignment of interest of the eligible counterparts and, where appropriate, maximise private investment*, and that:
- (a) ensure complementarity *within the different pillars of the External Investment Plan as well as* with other initiatives;
  - (b) are economically and financially viable, with due regard to the possible support from, and co-financing by, private and public partners to the project, while taking into account the specific operating environment and capacities of countries identified as experiencing fragility or conflict, Least Developed Countries, *small island developing states, landlocked developing countries* and heavily indebted poor countries which may benefit from *more* concessional terms;
  - (c) are technically viable and are sustainable from an environmental and social point of view *and maximise development impact*.
  - (d) *are implemented in accordance with the policy framework referred to in Article 7, applicable environmental, social and labour law obligations and standards, agreed guidelines, principles and conventions on investments, as well as in accordance with the objectives and general principles laid down in Articles 3 and 8.*
3. The External Action Guarantee shall be used to cover the risks for the following instruments:
- (a) loans, including local currency loans ~~and macro-financial assistance loans~~;
  - (b) guarantees;
  - (c) counter-guarantees;
  - (d) capital market instruments;

(e) any other form of funding or credit enhancement, insurance, and equity or quasi-equity participations.

4. The eligible counterparts for the purposes of the External Action Guarantee shall be the ones identified in Article 208(4) of the Financial Regulation, including those from ***partner countries and*** third countries contributing to the External Action Guarantee, subject to approval by the Commission in accordance with Article 28 of this Regulation. In addition, and by derogation to Article 62(21)(c) of the Financial Regulation, bodies governed by the private law of a Member State, ***a partner country*** or a third country which has contributed to the External Action Guarantee in accordance with Article 28, and which provide adequate assurance of their financial capacity shall be eligible for the purpose of the Guarantee.
5. Eligible counterparts shall comply with the rules and conditions provided for in Article 62(21)(c) of the Financial Regulation. In the case of bodies governed by the private law of a Member State, ***a partner country*** or a third country which have contributed to the External Action Guarantee in accordance with Article 28 of this Regulation, preference shall be given to those bodies that disclose information related to environment, social and corporate governance criteria.

The Commission shall ensure an effective, efficient and fair use of available resources among eligible counterparts, ***including small and medium-sized counterparts***, while promoting cooperation between them ***and taking due account of their capacities, added value and experience***.

The Commission shall ensure fair treatment for all eligible counterparts, ***in accordance with Article 23(6)***, and shall ensure that conflicts of interest are avoided throughout the implementation period of the EFSD+. In order to ensure complementarity, the Commission may request any relevant information from eligible counterparts about their non-EFSD+ operations.

- 5 bis The condition set out in Article 219(4) of the Financial Regulation on contributions with own resources shall apply to each eligible counterpart allocated a budgetary guarantee under this Regulation on a portfolio basis.***

**5 ter** *In respect of the EIB exclusive dedicated window, the own resources contribution shall be understood as the assumption of residual risk.*

6. The Commission shall select the eligible counterparts in accordance with Article 154 of the Financial Regulation, taking due account of:
- (a) the advice of the strategic and regional operational **boards**, ~~in accordance with Annex VI~~;
  - (b) the objectives of the investment window;
  - (c) the experience and risk management capacity of the eligible counterpart;
  - (d) the amount of own **and additional** resources, as well as private sector co-financing, that the eligible counterpart is ready to mobilise for the investment window **taking in due account the size of the investment**.
  - (e) *The sectoral or geographic expertise of the eligible counterparts.*
  - (f) *The benefits of promoting collaboration between eligible counterparts.*
7. *On the basis of the multi-annual indicative programmes adopted by the Commission pursuant to Article 14 after the favourable opinion of the Committee laid down in Article 35 and of the advice provided by the strategic board, ~~the Commission shall, after consulting the operational boards and informing the European Parliament and the Council,~~ set up investment windows for regions, specific partner countries or both, for specific sectors, or for specific projects, specific categories of final beneficiaries or both, which are to be funded by this Regulation, to be covered by the External action Guarantee up to a fixed amount. The Commission shall inform the European Parliament and the Council on how the investment windows comply with this Article and their detailed funding priorities. All requests for financial support within investment windows shall be made to the Commission.*

The choice of investment windows shall be duly justified by an analysis of the market failure or sub-optimal investment situations ***and an assessment of its alignment with the priorities of this Regulation and, where relevant, [IPA III]***. That analysis shall be carried out by the Commission in cooperation with potentially eligible counterparts and stakeholders.

Eligible counterparts may provide the instruments referred to in paragraph 3 under an investment window or individual project administered by an eligible counterpart. The instruments may be provided for the benefit of partner countries, including countries experiencing fragility or conflict or countries facing challenges in reconstruction and post-conflict recovery, for the benefit of those partner countries' institutions, including their public national and private local banks and finance institutions, as well as for the benefit of private sector entities, ***including micro, small and medium-sized enterprises***, of those partner countries.

8. The Commission shall assess the operations supported by the External Action Guarantee against the eligibility criteria set out in paragraphs ***1***, 2 and 3, where possible drawing on the existing result measurement systems of ***the EU and of*** eligible counterparts. The Commission shall publish the result of its assessment for each investment window ***broken down by country and sector*** on an annual basis.
9. ~~The Commission shall be empowered to adopt delegated acts in accordance with Article 34 to supplement or amend the priority areas in Annex V and the governance of the EFSD+ in Annex VI.~~ ***The European Parliament or the Council may invite eligible counterparts to an exchange of views concerning financing and investment operations covered by this Regulation.***

*Article 27 bis*  
*Role of the European Investment Bank*

1. *The EIB shall be entrusted with the implementation of dedicated investment windows for an indicative volume of EUR 26 725 million and covering:*
  - (a) *an exclusive comprehensive risk cover for operations with sovereign and non-commercial sub-sovereign counterparts;*
  - (b) *a non-exclusive comprehensive risk cover for operations with commercial sub-sovereign counterparts; and,*
  - (c) *non-exclusive operations for the promotion of foreign direct investment, trade and the internationalisation of partner countries' economies, providing a political risk cover for private sector operations.*

*In implementing the dedicated investment windows referred to in Article 27bis(1) the EIB shall contribute to and comply with the relevant programming documents, the objectives of the EFSD+ and the overall objectives of this Regulation and, where relevant, of [IPA III]. The reporting of these dedicated investment windows shall comply with the reporting obligations of this Regulation.*

2. *Due to the nature and policy objective, the operations under the dedicated window referred to in paragraph 1(a), in line with the provisions of Article 209(2)f of the Financial Regulation, may be non-remunerated. The EIB shall have the exclusivity for operations with sovereign and non-commercial sub-sovereign counterparts under this dedicated window, except where the EIB decides not to or cannot operate in a given country. In such cases, the implementation of this type of operations under this dedicated window in this country shall be open to other eligible counterparts.*

*For the purpose of this Article, sub-sovereign operations shall be considered commercial unless otherwise duly justified by the EIB.*

*The operations under the investment window defined in paragraph 1(c) shall be coherent with those of the export credit agencies of Member States.*

3. *The dedicated windows implemented by the EIB under paragraph 1 may cover any of the countries eligible for the External Action Guarantee in particular where most needed and in accordance with the geographical priorities of this Regulation and where relevant [IPA III]. The EU guarantee under the exclusive dedicated window referred to in paragraph 1(a) shall cover 65% of the aggregate amount disbursed and guaranteed under EIB financing operations, less amounts reimbursed, plus all related amounts. The EU guarantee under the non-exclusive dedicated windows referred to in paragraphs 1(b) and 1(c) shall cover up to 65% of the aggregate amount disbursed and guaranteed under EIB financing operations, less amounts reimbursed, plus all related amounts.*
4. *In implementing these windows, the EIB shall be subject to the advice of the boards laid down in Article 26ter. It shall inform the relevant operational boards of planned operations, but the EIB shall not be bound by the opinions of the operational boards referred to in Article 26quater for their adoption. The eligibility assessment referred to in Article 27(8) of EIB financing operations falling under these windows shall be satisfied within the framework of the procedure provided for in Article 19 of Protocol No 5. The EIB shall timely provide to the Commission all information necessary for this purpose. The EIB financing operations falling under these windows shall not be covered by the EU guarantee where the Commission delivers an unfavourable opinion under the procedure provided for in Article 19 of Protocol No 5 of the Treaty on the Functioning of the EU. All further modalities applicable to the EIB dedicated windows shall be established in the relevant External Action Guarantee agreements.*
5. *The EIB shall be eligible for implementing activities under other investment windows established under Article 27(7).*

6. *In compliance with the objectives and principles of this Regulation as well as Article 29(3), the relevant programming documents as well as, where relevant, Regulation [IPA III], the Commission and the EIB shall conclude dedicated guarantee agreements for the investment windows referred to in paragraph 1.*

*Article 28*

***Contribution from other donors to the External Action Guarantee***

1. Member States, third countries and other third parties may contribute to the External Action Guarantee.

By derogation from the second sub-paragraph of Article 218(2) of the Financial Regulation, the contracting parties to the Agreement on the European Economic Area may contribute in the form of guarantees or cash.

Contribution from third countries other than the contracting parties to the Agreement on the European Economic Area and from other third parties shall be in the form of cash and subject to ***the opinion of the strategic board and*** approval by the Commission.

The Commission shall inform the European Parliament and the Council without delay of the contributions confirmed.

At the request of the Member States, their contributions may be earmarked for the initiation of actions in specific regions, countries, sectors or existing investment windows.

2. Contributions in the form of a guarantee shall not exceed 50% of the amount referred to in Article 26(2) of this Regulation.

The contributions made by the Member States and the contracting parties to the Agreement on the European Economic Area in the form of a guarantee may only be called for payments of guarantee calls after the funding from the general budget of the Union increased by any other cash contributions has been used on payments of guarantee calls.

Any contribution may be used to cover guarantee calls regardless of earmarking.

A contribution agreement shall be concluded between the Commission, on behalf of the Union, and the contributor, and shall contain, in particular, provisions concerning the payment conditions.

#### *Article 29*

##### ***Implementation of External Action Guarantee agreements***

1. The Commission, on behalf of the Union, shall conclude External Action Guarantee agreements with the eligible counterparts selected pursuant to Article 27. Agreements may be concluded with a consortium of two or more eligible counterparts. ***When concluding guarantee agreements, the Commission shall take due account of the advice and guidance of the boards and of the technical assessment group. In compliance with Article 219(1) of the Financial Regulation, budgetary guarantees shall be irrevocable, unconditional and on demand for the types of operations covered under the External Action Guarantee.***
2. One or more External Action Guarantee agreements shall be concluded for each investment window between the Commission and the eligible counterpart or eligible counterparts selected. In addition, in order to address specific needs, the External Action Guarantee may be granted for individual financing or investment operations.

All External Action Guarantee agreements shall, upon request, be made available to the European Parliament and to the Council, taking into account the protection of confidential and commercially sensitive information.

3. External Action Guarantee agreements shall contain, in particular:
  - (a) detailed rules on the coverage, requirements, eligibility, eligible counterparts, and procedures;
  - (b) detailed rules on the provision of the External Action Guarantee, including its arrangements on the coverage and its defined coverage of portfolios and of projects of specific types of instruments, as well as a risk analysis of projects and project portfolios, including at sectoral, regional and national levels;



- (c) a mention of the objectives and purpose of this Regulation, a needs assessment and an indication of the expected results, taking into account the promotion of corporate social responsibility and responsible business conduct, ***including in particular by respect of guidelines, principles and conventions on investment referred to in Article 27(2)(d)***;
  - (d) the remuneration of the guarantee, which is to reflect the risk level, and the possibility for the remuneration to be partly subsidised in order to give ***more*** concessional terms in duly justified cases, ***in particular in the countries identified as experiencing fragility or conflict, Least Developed Countries and heavily indebted poor countries***;
  - (e) requirements for the use of the External Action Guarantee, including payment conditions, such as specific time frames, interest to be paid on due amounts, expenses and recovery costs and possibly necessary liquidity arrangements;
  - (f) claims procedures, including, but not limited to, triggering events and waiting periods, and procedures regarding the recovery of claims;
  - (g) monitoring, reporting, ***transparency*** and evaluation obligations;
  - (h) clear, ***transparent*** and accessible complaints procedures for third parties that could be affected by the implementation of projects supported by the External Action Guarantee.
4. The eligible counterpart shall approve financing and investment operations following its own rules and procedures and in compliance with the terms of the External Action Guarantee agreement.
5. The External Action Guarantee may cover:
- (a) for debt instruments, the principal and all interests and amounts due to the selected eligible counterpart, but not received by it in accordance with the terms of the financing operations after an event of default has occurred;

- (ab) for equity investments, the amounts invested and their associated financing costs;
  - (bc) for other financing and investment operations referred to in Article 27(2), the amounts used and their associated funding costs;
  - (ed) all relevant expenses and recovery costs related to an event of default, unless deducted from recovery proceeds.
6. For the purposes of the Commission's accounting, its reporting of the risks covered by the External Action Guarantee and in line with Article 209(4) of the Financial Regulation, eligible counterparts with which a guarantee agreement has been concluded shall provide the Commission and the Court of Auditors annually with the financial reports on financing and investment operations covered by this Regulation, audited by an independent external auditor, containing, inter alia, information on:
- (a) the risk assessment of financing and investment operations of the eligible counterparts, including information on Union liabilities measured in compliance with the accounting rules referred to in Article 80 of the Financial Regulation and IPSAS;
  - (b) the outstanding financial obligation for the Union arising from the EFSD+ operations provided to the eligible counterparts and their financing and investment operations, broken down by individual operations.
7. The eligible counterparts shall, upon request, provide the Commission with any additional information necessary to fulfil the Commission's obligations in relation to this Regulation.
8. The Commission shall ***submit an annual report to the strategic board, to the operational boards, the European Parliament and the Council*** on financial instruments, budgetary guarantees, ***including those implemented by the EIB***, financial assistance in accordance with Articles ***41 (4 and 5)***, 241 and 250 of the Financial Regulation- ***which shall include, in addition:***
- (a) ***an assessment of the results contributing to the purpose and objectives of this Regulation and, where relevant, Regulation [IPA III];***

- (b) an assessment, on the basis of indicators in line with Articles 26(1) and 27(2), of the additionality and added value, the mobilisation of private sector resources including micro, small and medium-size enterprises, the estimated and actual outputs and the outcomes and impact of the financing and investment operations covered by the External Action Guarantee under the EFSD+ on an aggregated basis, including the impact on decent job creation, the eradication of poverty and on the way in which the root causes of migration, including irregular migration and forced displacement, are addressed; that assessment shall include a gender analysis of the operations covered based on evidence and data broken down by gender, country and sector where possible;*
- (c) an assessment of the synergies and complementarity between operations covered by the External Action Guarantee under the EFSD+ including those referred to in Article 27bis and other pillars of the External Investment Plan based on relevant existing reports;*
- (d) an assessment of the compliance of the operations supported by the External Action Guarantee under the EFSD+ with the internationally agreed development effectiveness principles;*
- (e) an assessment of the remuneration of the guarantees and of the implementation of Article 155(2) and 155(3) of the Financial Regulation;*
- (f) an assessment of the leverage effect achieved by the operations covered;*
- (g) an assessment of the additionality and added value of financing and investment operations;*
- (h) an assessment of the contribution of the results on the implementation of the policy framework referred to in Article 7.*

To this purpose, the eligible counterparts shall provide annually the information necessary to allow the Commission to comply with the reporting obligations.

## Article 30

### ***Capital participation in a development bank***

The envelope for geographic programmes, referred to in Article 6(2)(a), may be used to contribute to the capital endowment of European and other development finance institutions.

## Chapter V

### **Monitoring, reporting and evaluation**

## Article 31

### ***Monitoring and reporting***

1. Indicators to report on progress under this Regulation towards the achievement of the specific objectives set out in Article 3 are set in Annex VII, in line with the Sustainable Development Goals indicators. ~~The values of the indicators on 1 January 2021~~ **and** shall be used **together with data from evaluations and other results reporting**, as a basis for assessing the extent to which the objectives have been achieved.
2. The Commission shall ~~regularly~~ **continuously** monitor, **and at least on an annual basis**, its actions and review progress made towards delivering expected results, covering outputs and outcomes.

Progress with respect to expected results ~~should~~ **shall** be monitored, **in a transparent manner**, on the basis of ~~clear, transparent~~ **relevant** and, where appropriate, measurable indicators. ~~Indicators, as well as qualitative and timely data. Whenever possible this data shall be disaggregated by sex, age and other factors kept at a limited number to facilitate timely reporting.~~

3. **Where feasible**, ~~Joint~~ results frameworks included within joint programming documents that fulfil the criteria set out in Article 12(4) shall provide the basis for the joint monitoring by the Union and the Member States of the implementation of their collective support to a partner country **as agreed within the respective joint programming document**.

The performance reporting system shall ensure that data for monitoring programme implementation and results are collected efficiently, effectively, and in a timely manner. To that end, proportionate reporting requirements shall be imposed on recipients of Union funds.

4. The Commission shall examine the progress made in implementing this Regulation. From 2022 onwards, the Commission shall, ***in a timely manner and no later than the 31st of October each year***, submit to the European Parliament and to the Council an annual report on ***progress towards*** the achievement of the objectives of this Regulation by means of indicators, ~~measuring the~~ ***reporting on the ongoing activities***, results delivered and the ~~efficiency~~ ***effectiveness*** of the Regulation. That report shall also be submitted to the European Economic and Social Committee and to the Committee of the Regions.
5. The annual report shall contain information, relating to the previous year on the measures financed, the results of monitoring and evaluation exercises, the involvement of the relevant partners, ~~and~~ ***broken down by type of entity as referred to in Article 62 of the Financial Regulation for both direct and indirect management***, the implementation of budgetary commitments and of payment appropriations broken down by ***programming document when applicable***, country, region and cooperation sector. It shall assess the results of the Union funding using, as far as possible, specific and measurable indicators ~~of its role in~~ ***meeting to show progress towards the targets and*** objectives of this Regulation. ***It shall also present a breakdown on the forms of EU funding as defined in Article 23 of this Regulation.***

***The report shall contain qualitative and quantitative information on the emerging challenges and priorities cushion referred to in Article 15 and on the use of funds dedicated to the incentive-based approach referred to in Article 17.***

In the case of development cooperation, the report shall also assess, where possible and relevant, the adherence to development effectiveness principles, including for innovative financial instruments.

6. The annual report prepared in 2021 shall contain consolidated information from annual reports concerning the period from 2014 to 2020 on all funding from the Regulations referred to in Article ~~39~~40(2), including external assigned revenues and contributions to trust funds, *guarantees* and offering a breakdown of spending by country, ~~use~~ *forms* of ~~financial instruments~~ *EU funding as defined in Article 23 of this Regulation, type of entity as listed in Article 62 of the Financial Regulation for both direct and indirect management*, commitments and payments. The report shall reflect the main lessons learnt and the follow-up to the recommendations of the external evaluative exercises carried out in previous years.
7. An annual estimate of the overall spending related to climate action, *desertification* and biodiversity shall be made on the basis of the indicative programming documents adopted. The funding allocated under this Regulation shall be subject to an annual tracking system based on the methodology of the Organisation for Economic Cooperation and Development (*'environmental and Rio markers'*), without excluding the use of more precise methodologies where these are available, integrated into the existing methodology for performance management of Union programmes, to quantify the expenditure related to *environmental management and protection*, climate action, *desertification* and biodiversity at the level of the action plans and measures referred to in Article 19 and recorded within evaluations and the annual report.
8. The Commission shall make available information on development ~~co-operation through~~ *cooperation in accordance with* recognised international standards: *such as those from the OECD and the International Aid Transparency Initiative (IATI)*.
9. ~~To ensure effective assessment of progress of this Regulation towards the achievement of its objectives, the Commission shall be empowered to adopt delegated acts in accordance with Article 34 to amend Annex VII to review or complement the indicators where considered necessary and to supplement this Regulation with provisions on the establishment of a monitoring and evaluation framework.~~

**Evaluation of this Regulation**

1. ~~An interim~~ ***The mid-term and final*** evaluation of this Regulation shall ~~be performed once there is sufficient information available about its implementation, but no later than four years after the start of the implementation of the instrument.~~ ***make use of the good practice principles of the Development Assistance Committee of the Organisation for Economic Cooperation and Development, seeking to ascertain the relevance, effectiveness, efficiency, sustainability and impact of this Regulation and whether the objectives of this Regulation have been met, and to formulate recommendations with a view to improving future actions.***

~~Where appropriate evaluations shall make use of the good practise principles of the Development Assistance Committee of the Organisation for Economic Cooperation and Development, seeking to ascertain whether the objectives have been met and to formulate recommendations with a view to improving future actions.~~

- 1 bis The mid-term evaluation of the implementation of this Regulation shall be submitted by the Commission no later than 31 December 2024. It shall cover the period from 1 January 2021 until the launch of the evaluation.***
2. At the end of the implementation of the Regulation, but no later than ~~four years after the end of the period specified in Article 1,~~ ***31 December 2030*** a final evaluation of the Regulation shall be ~~carried out~~ ***submitted*** by the Commission. This evaluation shall ~~look at~~ ***analyse and assess*** the Union contribution to the achievement of the objectives of this Regulation, taking into account indicators measuring the results ~~delivered and any~~ ***as well as*** findings and conclusions concerning the impact of this Regulation.

The ~~mid-term and the~~ final evaluation report shall also address efficiency, the added value, the scope for simplification, internal and external coherence, *lessons learnt*, and the continued relevance of the objectives of this Regulation. ***The evaluations shall also include information on the added value of integrating previously separate instruments into one streamlined instrument.***

~~The final evaluation report shall be undertaken for the specific purpose of improving the implementation of the Union funding. It shall inform decisions on the renewal, modification or suspension of the types of actions implemented under the Regulation.~~

***The mid-term and final evaluation reports shall also contain consolidated information from annual reports on all funding governed by this Regulation, including external assigned revenues and contributions to trust funds, offering a breakdown of spending by beneficiary country, forms of EU funding, and involvement of EU Member States and relevant partners, commitments and payments.***

~~The final evaluation report shall also contain consolidated information from relevant annual reports on all funding governed by this Regulation, including external assigned revenues and contributions to trust funds offering a breakdown of spending by beneficiary country, use of financial instruments, commitments and payments.~~

***The mid-term and final evaluation shall be undertaken for the specific purpose of improving the implementation of the Union funding and its contribution to promoting development outcomes in partner countries. They shall inform decisions on the renewal, modification or suspension of the types of actions implemented under the Regulation.***

The Commission shall communicate the *findings and* conclusions of the ~~the~~ *all* evaluations accompanied by its observations *and management response*, to the European Parliament, to the Council and to the Member States through the relevant committee referred to in Article 35. ~~Specific~~ *E*valuations may be discussed in that committee at the request of Member States. The *respective* results shall feed into ~~programme~~ *action* design and resource allocation. ***All evaluation reports and management response shall be made publicly available.***



The Commission shall, to an appropriate extent, associate all relevant stakeholders in the evaluation process of the Union's funding provided under this Regulation, and may, where appropriate, seek to undertake joint evaluations with the Member States and ~~development~~ **other** partners with close involvement of the partner countries.

3. In line with the specific reporting provisions in the Financial Regulation, by 31 December ~~2025~~**2023** and every three years thereafter, the Commission shall evaluate the use and the functioning of the External Action Guarantee. The Commission shall submit its evaluation report to the European Parliament and to the Council. That evaluation report shall be accompanied by an opinion of the Court of Auditors. ***The evaluation report and the opinion of the Court of Auditors shall be made publicly available. The Commission shall conduct an independent evaluation every three years containing, inter alia, information on the contribution to the overall objectives, the achieved results and financial additionality.***

### TITLE III

### FINAL PROVISIONS

#### *Article 33*

#### ***Participation by a country or territory not covered by this Regulation***

1. In duly justified cases and where the action to be implemented is of a global, trans-regional or regional nature, the Commission may decide, within the relevant multiannual indicative programmes or within the relevant action plans or measures to extend the scope of actions to countries and territories not covered by this Regulation pursuant to Article 4 in order to ensure the coherence and effectiveness of Union financing or to foster regional or trans-regional cooperation.

2. The Commission may include a specific financial allocation to assist partner countries, and regions in strengthening their cooperation with neighbouring Union outermost regions and with overseas countries and territories covered by Council Decision [*OCT Decision*]. To this end, this Regulation, may contribute, where appropriate and on the basis of reciprocity and proportionality as regards the level of funding from the [*OCT Decision*] and/or the [*ETC Regulation*], to actions implemented by a partner country or region or any other entity under this Regulation, by a country, territory or any other entity under the [*OCT Decision*] or by a Union outermost region in the frame of joint operational programmes or to interregional cooperation programmes or measures established and implemented under [the ETC Regulation].

#### *Article 34*

#### ***Exercise of the delegation***

- ~~1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.~~
- ~~2. The power to adopt delegated acts referred to in Article 4(6), Article 26(3), Article 27(9) and Article 31(9) shall be conferred on the Commission for the period of validity of this Regulation.~~
- ~~3. The delegation of power referred to in Article 4(6), Article 26(3), Article 27(9) and Article 31(9) may be revoked at any time by the European Parliament or by the Council. A decision to revoke 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.~~
- ~~4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law Making of 13 April 2016.~~

- ~~5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.~~
- ~~6. A delegated act adopted pursuant to Article 4(6), Article 26(3), Article 27(9) and Article 31(9) shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of two months of notification of that 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 two months at the initiative of the European Parliament or of the Council.~~

*Article 35*

***Committee***

1. The Commission shall be assisted by the Neighbourhood, Development and International Cooperation committee. This committee shall be a committee within the meaning of Regulation (EU) No 182/2011. ***The committee may convene in different formats in charge of specific areas of intervention, such as geographic, thematic and rapid response actions.***
2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply. ***When the committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.***
3. Where the opinion of the committee is to be obtained by a written procedure, the procedure shall be terminated without result when, within the time limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so requests.
4. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.

5. The adopted decision shall remain in force for the duration of the adopted or modified document, action programme or measure.
6. An observer from the European Investment Bank shall take part in the Committee's proceedings with regard to questions concerning the European Investment Bank.
7. ***The committee shall be assisting the Commission by examining any other matter concerning the implementation of this Regulation, in particular with regard to multi-annual programming documents including mid-term or ad-hoc reviews.***

#### *Article 36*

#### ***Information, communication and publicity***

1. The recipients of Union funding shall acknowledge the origin and ensure the visibility of the Union funding, ***in coherence with Union values***, in particular when promoting ***and reporting on*** the actions and their results by providing coherent, effective and proportionate targeted information to multiple audiences, including the media and the public.
2. The Commission shall implement information and communication actions relating to this Regulation, and its actions and results. Financial resources allocated to this Regulation shall also contribute to the corporate communication of ***and reporting on*** the political priorities of the Union, ***as well as fight against disinformation***, as far as those priorities are directly related to the objectives referred to in Article 3.

#### *Article 37*

#### ***Derogation from visibility requirements***

Security issues or ~~local~~ political sensitivities may make it preferable or necessary to limit communication and visibility activities in certain countries or areas or during certain periods. In such cases, the target audience and the visibility tools, products and channels to be used in promoting a given action shall be determined on a case-by-case basis, in consultation and agreement with the Union. Where rapid intervention is required in response to a sudden crisis, it is not necessary to produce a full communication and visibility plan immediately. In such situations, however, the Union's support shall nevertheless be appropriately indicated from the start.

*Article 38*

***EEAS clause***

This Regulation shall apply in accordance with Decision 2010/427/EU.

*Article 39*

***Repeal and transitional provisions***

1. Decision No 466/2014/EU, Regulation (EC, Euratom) No 480/2009 and Regulation (EU) 2017/1601 are repealed with effect from 1 January 2021.
2. The financial envelope for this Regulation may also cover technical and administrative assistance expenditures necessary to ensure the transition between this Regulation and the measures adopted under its predecessors: Regulation (EU) No 233/2014; Regulation (EU) No 232/2014; Regulation (EU) No 230/2014; Regulation (EU) No 235/2014; Regulation (EU) No 234/2014, Regulation (Euratom) No 237/2014, Regulation (EU) No 236/2014, Decision No 466/2014/EU, Regulation (EC, Euratom) No 480/2009 and Regulation (EU) 2017/1601.
3. The financial envelope for this regulation may cover expenditures related to the preparation of any successor to this Regulation.
4. If necessary, appropriations may be entered in the budget beyond 2027 to cover the expenditures provided for in Article 20(1), to enable the management of actions not completed by 31 December 2027.

*Article 40*

***Entry into force***

This Regulation shall enter into force on the-day following that of its publication in the *Official Journal of the European Union*.

~~It shall apply from 1 January 2021.~~

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 I

### LIST OF COUNTRIES AND TERRITORIES IN THE NEIGHBOURHOOD AREA

Algeria  
Armenia  
Azerbaijan  
Belarus  
Egypt  
Georgia  
Israel  
Jordan  
Lebanon  
Libya  
The Republic of Moldova  
Morocco  
~~occupied~~ **Occupied** Palestinian territory **Territory (OPT)**  
Syria  
Tunisia  
Ukraine

Union support under this area may also be used for the purpose of enabling the Russian Federation to participate in cross-border cooperation programmes and in other relevant multi-country programmes, *including as referred to in Article 17 bis*.

## ANNEX II

### AREAS OF COOPERATION FOR THE GEOGRAPHIC PROGRAMMES

#### A. For all geographic regions

##### PEOPLE

1. **Good governance, democracy, rule of law, *fight against corruption*, and human rights, including gender equality and women's and girls' rights.**
  - (a) Strengthening *and promoting* democracy and democratic processes, governance and oversight, including transparent, *inclusive* and credible electoral processes *as well as accountable, effective and inclusive institutions at all levels, strengthening the meaningful political participation through empowerment of especially women, girls, young people and disadvantaged or excluded persons and groups*;
  - (b) Strengthening the *promotion*, protection *and fulfilment* of human rights and fundamental freedoms, *including through support to human rights defenders; supporting monitoring and complaint mechanisms with regard to human rights violations at national and local level; applying a human rights-based approach to development cooperation*;
  - (c) ~~Promoting the fight~~ **Fighting** against discrimination in all its forms, and *promoting* the principle of equality, in particular gender equality, *rights of women* and *girls*, the rights of *the child, persons with disabilities*, persons belonging to minorities, *LGBTI persons*, and *indigenous peoples as set out in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)*;
  - (d) Supporting a ~~thriving~~ *and empowering* civil society and its ~~role~~ *independent, active and multiple roles* in reform processes and democratic transformations, and promoting an *open and enabling space for civil society and citizens' engagement in political decision-making as well as countering the shrinking of democratic space; supporting and promoting the participation of all in political processes and public life*;



- (e) Improving the pluralism, independence and professionalism of a free and independent media *as well as enhancing media literacy; tackling disinformation and improving access for all to reliable information on public affairs; strengthening digital rights, including rights to access information and data;*
- (f) Building resilience of states, societies, communities and individuals to political, economic, environmental, food, demographic and societal pressures and shocks;
- (g) Strengthening the development of democratic *and inclusive* public institutions at national and sub-national levels, including *local authorities as well as* an independent, effective, efficient and accountable judicial system, the promotion of rule of law, and *affordable* access to justice for all;
- (h) Supporting public administration reform processes, including through ~~using~~ *the use of* citizen centred eGovernment approaches ~~systems and other digital solutions for building robust, accountable and transparent public administration and service delivery systems,~~ strengthening legal frameworks and institutional set up, national statistical systems; *and* capacities, *including with regard to disaggregating data by income, sex, age and other factors,* sound public finance management *including external audit,* and contributing to the fight against corruption *and tax evasion and avoidance;*
- (h bis) Deepening multi-stakeholder partnerships and strengthening the capacity for gender-responsive budgeting and planning;*
- (i) Promoting inclusive, balanced and integrated territorial, *rural* and urban policies *and development* through strengthening public institutions and bodies at the national and sub-national levels and supporting efficient decentralization, *including fiscal decentralization,* and state restructuring processes;

- (j) Increasing transparency and accountability of public institutions *and state-owned enterprises*, strengthening public procurement and public finance management, ~~developing eGovernment~~ *at regional, national and local level, supporting the development and deployment of eGovernance systems* and strengthening service delivery;
  - (k) Supporting the sustainable, accountable, *conflict sensitive* and transparent management of natural resource sectors and related revenues, and reforms to ensure fair, just, *efficient* and sustainable tax policies.
2. ~~Poverty eradication, fight~~ *Eradicating poverty, fighting against inequalities and discrimination, as well as promoting human development and the rights of women and girls;*
- (a) Eradicating poverty in all its dimensions, tackling discrimination and inequalities and leaving no-one behind;
  - (a bis) *Supporting sustainable agriculture, forestry and fisheries to increase food security, create economic opportunities and jobs, as well as to enhance mitigation and adaptation to climate change, and promote resilience and healthy ecosystems;*
  - (b) Enhancing efforts for the adoption of policies and appropriate investment to promote, *protect and fulfil the rights of* women and *girls*, young people's ~~rights~~ *and child*, to facilitate their engagement *and meaningful participation* in social, civic and economic life, and to ensure their full contribution to inclusive growth and sustainable development;
  - (c) Promoting the *respect*, protection and fulfilment of ~~women's and girls'~~ *the rights of women and girls and their empowerment*, including economic, labour and social rights, ~~and sexual as well as those referred to in Article 8(5) and reproductive health and rights, and preventing~~ *eliminating all forms of* sexual and gender-based violence ~~in all forms,~~ *including harmful practices such as early, forced and child marriage and female genital mutilation;*

- (c bis) *Addressing the intersections of population dynamics and sustainable development in all relevant dimensions including gender equality, health, social protection, education and employment;*
- (d) ~~Giving~~ *Mainstreaming a rights-based approach and paying* special attention to those who ~~are~~ *might be* disadvantaged, vulnerable and marginalised, ~~inter-alia-including~~ children ~~and youth~~, older persons, persons with disabilities, LGBTI persons, ~~persons-and~~ *belonging to minorities and* indigenous peoples. ~~This includes promoting the transition from institutional to community-based care for children,~~ *refugees, internally displaced people, persons affected armed conflict and stateless persons;*
- (e) Promoting an integrated approach to supporting communities, particularly the *most marginalised, vulnerable and* poorest, ~~in~~ *persons, including* by improving *their* access to basic needs and services;
- (e bis) *Supporting freedom of thought, conscience and religion or belief, including by means of measures to eliminate all forms of hatred, intolerance and discrimination based on religion or belief and by fostering tolerance and respect for religious and cultural diversity within and among societies;*
- (f) Supporting the provision of a safe, nurturing environment for children as an important element for fostering a healthy young population able to reach its full potential. *This includes promoting the transition from institutional to community-based care for children;*
- (g) Supporting universal access to sufficient, affordable, safe ~~and~~, nutritious food *and healthy diets*, particularly for those in the most vulnerable situations, ~~and-as well as~~ strengthening food *and nutrition* security and ~~nutrition~~ *resilience and the continuum of care*, particularly in countries facing protracted or recurrent crises; *prevent stunting, wasting and other forms of malnutrition;*

- (h) Supporting universal access to safe and sufficient drinking water sanitation, and hygiene, and sustainable and integrated water management;
- (i) Achieving universal health coverage, with equitable access *for all individuals and communities* to quality and affordable health services, including *sexual and reproductive health care services in the context of the implementation of the Beijing Platform for Action and the Programme of Action of the International Conference on Population and Development (ICPD) and the outcomes of their review conferences*, through supporting the building of strong, quality and resilient health systems, *addressing health care workforce challenges in underserved areas, improving access to affordable and essential medicines and vaccines* and enhancing capacity for early warning, risk reduction, management and recovery;
- (j) Supporting *access to* universal and equitable social protection, *safety nets* and strengthening social ~~safety nets~~ *support networks and systems* to guarantee basic income *and social protection*, prevent lapses into extreme poverty and build resilience;
- (k) Promoting inclusive sustainable urban development to address urban inequality, focusing on those most in need-;
- (l) Supporting local authorities, *including through capacity development and resource mobilisation*, to improve at city level *and in rural areas* the delivery *and responsiveness* of basic services and equitable access to food *and nutrition* security, accessible, decent and affordable housing and the quality of life, in particular for those living in informal settlements and slums-, *strengthening and promoting accessible participation and complaint mechanisms, especially for disadvantaged and excluded persons and groups*;

- (m) Promoting inclusive and equitable quality formal, informal and non-formal education for all, **and** at all levels ~~and including~~, **particularly during early childhood and primary years**, technical and vocational training, ~~including also~~ in emergency and crisis situations, and **with special attention to education and training opportunities for women and girls; and** including through **training and professional development for teachers, and** the use of digital technologies to improve education teaching and learning;
- (n) Supporting actions of capacity building, learning mobility ~~to, from~~ **between the EU and partner countries** or between partner countries **themselves**, as well as of cooperation and policy dialogue with institutions, organisations, local implementing bodies and authorities, from those countries;
- (o) Promoting cooperation in the areas of science, technology and research, and open data and innovation;
- (p) Stepping up coordination amongst all relevant actors to help the transition from ~~an~~ **a natural or man-made** emergency situation ~~to the~~, **including through** development phase **cooperation interventions that are coherent with humanitarian aid, and, where relevant, by providing support for joined-up humanitarian, development and peace planning and programming on the basis of joint analysis;**
- (q) Promoting intercultural dialogue and cultural diversity in all its forms, and preserve and promote cultural heritage, and unlocking the potential of creative industries for sustainable, social and economic development;
- (r) Promoting the dignity and resilience of long-term forcibly displaced persons and their inclusion in the economic and social life of host countries and host communities.

### 3. Migration and mobility

- (a) Strengthening partnerships on migration, ***forced displacement*** and mobility based on an integrated and balanced approach, covering all aspects of migration including assistance in implementing Union ***regional or*** bilateral ~~or regional~~ agreements, ***dialogues*** and arrangements, including, ***those on return and readmission and*** mobility partnerships;
- (b) Supporting ***return and*** sustainable reintegration of returning migrants ***and their families***;
- (c) Addressing and mitigating root causes of irregular migration and forced displacement;
- (d) Tackling irregular migration ***and forced displacement, human*** trafficking ~~in human beings,~~ ***and*** smuggling ***including measures to protect victims*** of migrants, ~~exploitation and abuse,~~ stepping up cooperation on integrated border management ***in line with international human rights law and data protection standards***;
- (e) Strengthening scientific, technical, human and institutional capacity, ***including human rights trainings, support to national reception, processing, asylum and return procedures*** for the management of migration; ***strengthening cross-border cooperation on information and data in consistency with data protection standards and obligations related to the right to privacy under international human rights law***;
- (f) Supporting effective and human rights-based migration policies including protection programmes;
- (g) Promoting conditions for facilitating, ***as appropriate***, legal migration and well-managed mobility ***while respecting competences of the Member States***, people-to-people contacts, ***including in education, research and innovation, cultural exchange and intercultural dialogue***, maximising the development impact of ***regular*** migration;

- (h) Ensuring *the* protection, *the respect and fulfilment of the human rights of all* migrants ~~and, refugees~~, forcibly displaced persons *and internally displaced persons, in full respect of international law, international refugee law and international humanitarian law*;
- (i) Supporting development-based *oriented* solutions for forcibly displaced persons, *internally displaced persons* and their host communities;
- (j) Supporting diaspora engagement in countries of origin *including through the involvement of local authorities and civil society organisations, taking into account their potential for investments, supporting their solidarity and entrepreneurial initiatives*;
- (k) Promoting faster, cheaper and safer remittance transfers in both source and recipient countries, thus harnessing their potential for development.

## PLANET

### 4. Environment and climate change

- (a) Strengthening scientific, technical, human and institutional capacity for climate and environmental management, mainstreaming and monitoring; Strengthening regional and national climate *and environmental* governance, *and facilitating access to public and private sources for disaster risk reduction, ecosystems and biodiversity conservation and climate finance, as well as insurance*;
- (b) Contributing to partners' efforts to pursue their commitments on climate change, *ecosystems and biodiversity conservation* in line with the *2030 Agenda for Sustainable Development, the objectives of the* Paris Agreement on Climate Change, ~~including climate change and the Sendai Framework for Disaster Risk Reduction. These efforts include~~ the implementation of Nationally Determined Contributions (NDCs) and mitigation and adaptation plans of action including synergies between adaptation and mitigation, *through global initiatives such as the NDC Partnership*;

- (c) Developing and/or strengthening sustainable green and blue growth ***and circular economy*** in all economic sectors;
- (d) Strengthening sustainable ***and renewable*** energy cooperation, ***in full compliance with highest international standards including for the assessment of both national and transboundary safety and environmental impacts***. Promoting and increasing cooperation on energy efficiency and the ***production and*** use of renewable energy sources;
- (d bis) Promoting the phasing-out of environmentally harmful fossil fuel subsidies, stable and transparent energy markets and the deployment of smart grids and the use of digital technologies for sustainable energy management;***
- (e) Improving local, national, regional and continental multi-modal transport networks and services to strengthen further opportunities for sustainable climate-resilient economic development and job creation, in view of low-~~carbon~~-***emission***, climate resilient development. Strengthening transport facilitation and liberalisation, improve sustainability, road safety and resilience of transport domains;
- (f) Strengthening the involvement of ~~local~~-***indigenous*** communities ***and local authorities*** in climate change responses, conservation of ecosystems and the ***conflict sensitive*** governance of natural resources. Promoting sustainable urban development and resilience in urban areas; ***strengthening and promoting participation and access to complaint and redress mechanisms at national and local level, especially for indigenous peoples as set out in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP);***
- (g) Promoting the conservation, sustainable ***and conflict sensitive*** management~~and~~, use, and restoration of natural resources, healthy ecosystems and halting biodiversity loss, ~~and~~ protecting wildlife, ***including combatting illegal wildlife trafficking; strengthening consultation and promoting regional transboundary cooperation, and ensuring Free Prior Informed Consent and effective participation of indigenous peoples as set out in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP);***



- (h) Promoting integrated ~~and~~, sustainable, ***participatory and conflict sensitive*** management of water resources and transboundary water cooperation;
- (i) Promoting conservation and enhancement of carbon stocks through sustainable management of land use, land-use change, and forestry and combatting environmental degradation, desertification and land degradation;
- (j) ~~Limiting~~ ***Promoting forestation and protection of natural forests, reducing*** deforestation and promoting forest law enforcement, governance and trade (FLEGT), and combating illegal logging, trade of illegal timber and wood products;
- (k) Supporting ocean governance, including the protection and restoration preservation of coastal and marine areas in all its forms, including ecosystems, the fight against marine litter, the fight against illegal, unreported and unregulated (IUU) fishing and the protection of maritime biodiversity, ***in accordance with the UNCLOS***;
- (l) Strengthening regional disaster risk reduction (DRR), ***preparedness*** and resilience, in synergy with climate change ~~adaption~~-***adaptation*** policies and actions;
- (m) Promoting resource efficiency and sustainable consumption and production ***towards the transition to a circular economy***, including tackling pollution and ***reducing air pollutants, notably black carbon and promoting*** a sound management of chemicals and waste;
- (n) Supporting efforts to improve sustainable economic diversification, competitiveness and trade, private sector development with a particular focus on low-~~carbon~~-***emission*** climate-resilient green growth, microenterprises and SMEs and cooperatives, taking advantage of existing trade agreements with the EU.

## PROSPERITY

### 5. Inclusive and sustainable economic growth and decent employment

- (a) Supporting entrepreneurship, decent employment and employability through the development of skills and competences, ~~including education~~ **and vocational training**, the improvement of labour standards and working conditions, **gender equality**, and the creation of opportunities particularly for ~~the youth~~ **as well as women**;
- (b) Supporting national development paths that maximise positive social outcomes and impacts, **reduce the risk of exclusion and marginalisation of certain groups** and promoting **fair tax systems**, progressive taxation and redistributive public policies;
- (c) Improving the business and investment climate **at local and national levels**, creating an enabling regulatory environment for economic development and supporting companies, in particular MSMEs, **including start-ups, and women entrepreneurs** in expanding their business and creating jobs;
- (d) Strengthening social and environmental sustainability, **inclusiveness**, corporate social responsibility and responsible business conduct, **and respecting and promoting human rights standards and principles** throughout the entire value chains;
- (e) Increasing **relevance and** effectiveness of public spending and promoting more strategic use of public finance, including through blending instruments to crowd in additional public and private investment;
- (f) Boosting the potential of cities as hubs for sustainable and inclusive growth and innovation;
- (g) Promoting internal economic, social and territorial cohesion, forging stronger links between urban and rural areas and facilitating the development of ~~the~~ **a sustainable** tourism sector as a leverage for sustainable development;

- (h) Boosting and diversifying agricultural and food value chains, promoting economic diversification, value addition, regional integration competitiveness and trade, and strengthening sustainable, low-~~carbon~~-**emission** and climate-change-resilient innovations;
- (i) Supporting **and promoting** sustainable fisheries management and sustainable aquaculture;
- (j) Fostering universal access to sustainable **and affordable** energy, promoting a low-~~carbon~~ **emission**, climate resilient resource efficient and circular economy in line with the **objectives of the** Paris Agreement on ~~Climate Change~~ **climate change and the 2030 Agenda on Sustainable Development**;
- (k) Promoting smart, sustainable, inclusive, safe mobility, as well as improving transport connectivity with the Union;
- (l) Promoting **accessible**, affordable, inclusive and reliable digital connectivity and strengthening the digital economy;
- (m) Developing and strengthening markets and sectors in a way that would bolster inclusive-~~and~~, sustainable **and climate-resilient** growth, **as well as reduce the socio-economic marginalisation of certain groups**;
- (n) Supporting the regional integration agenda and optimal trade policies, **strengthening countries' capacity to trade**, and supporting the consolidation and implementation of trade agreements between the EU and its partners, **in line with human rights standards**;
- (o) Promoting cooperation in the areas of science, technology and research, and open data and innovation;

- (p) Promoting intercultural dialogue and cultural diversity in all its forms, *preserving* and ~~preserve and promote~~ *promoting* cultural heritage, *unlocking the potential of creative industries for sustainable, social and economic development, and guaranteeing as well as strengthening rights of indigenous peoples as set out in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and local communities and their effective participation and empowerment;*
- (q) Empowering women to take up a greater economic role and in decision-making;
- (r) Improving access to decent work and creating more inclusive and well-functioning labour markets and employment policies directed towards decent work for all, especially ~~the~~ *women and* youth;
- (s) Promoting fair, sustainable, and ~~undistorted~~ *conflict sensitive* access to extractive sectors, *while respecting human rights.*

## PEACE

### 6. ~~Security~~ *Peace, stability and peace-conflict prevention*

- (a) Contributing to peace ~~and~~, stability *and conflict prevention* through building resilience of states, societies, communities and individuals to political, economic, environmental, *food*, demographic, *security* and societal pressures and shocks, *as well as hybrid threats; addressing political and economic exclusion and other long-term structural and root causes of conflict, insecurity and instability;*
- (b) Supporting conflict prevention, early warning and peacebuilding through mediation *and dialogue*, crisis ~~management~~, *response* and stabilisation;

- (b bis) Ensure women's systematic participation in peace negotiations, reconciliation processes and peacebuilding in line with UNSCR 1325, in order to acknowledge the disproportionate impact of violent conflict on women and girls and better consider the special needs of women and girls during conflict, as well as to promote their involvement in decision-making and implementation;*
- (c) Supporting *gender-sensitive* security sector reform that *guarantees the respect, promotion and fulfilment of human rights and* gradually provides individuals, *civil society* and the state with more effective and accountable security *capacities and instruments* for sustainable development;
- (d) Supporting capacity-building of military actors in support of development and security for development (CBSD), *in accordance with Article 9;*
- (e) Supporting *local, national,* regional and international initiatives contributing to security, stability and peace, *including demining and mine-action;*
- (f) Preventing and countering radicalisation leading to violent extremism and terrorism, *as well as protecting individuals from such threats;*
- (g) Fighting against any form of violence, corruption and organised crime and money laundering;
- (g bis) Preventing all forms of sexual and gender-based violence, including the use of sexual violence as a weapon of war;*
- (h) Promoting transboundary cooperation regarding the sustainable, *conflict sensitive and participatory* management of shared natural resources *respecting and promoting human rights of affected individuals and groups including indigenous peoples as set out in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and local communities;*

- (i) Cooperating with third countries in the peaceful use of nuclear energy, ~~notably through capacity building and infrastructure development in third countries~~ in the areas of health, agriculture and food safety; ***ensuring full compliance with the highest international standards***, as well as supporting social actions addressing the consequences on the ~~most vulnerable~~ ***local population and neighbouring countries*** exposed to any radiological accident and aiming at improving their living conditions; promoting knowledge-management, training and education in nuclear-related fields;
- (j) Enhancing maritime security to allow for safe, secure, clean and sustainably managed oceans;
- (k) Supporting capacity-building in cyber security, resilient digital networks, data protection and privacy, ***in line with human rights standards and principles***.

## PARTNERSHIP

### 7. Partnership

- (a) Enhancing country ownership, partnership and ***constructive*** dialogue, ***including with civil society***, in order to contribute to greater effectiveness of development cooperation in all its dimensions (giving special consideration for the specific challenges of Least Developed Countries and countries affected by conflict ***and fragility***, as well as specific transitional challenges of ***Middle Income Countries and*** more advanced developing countries), ***implementing a rights-based approach to development cooperation, encompassing all human rights and ensuring that no-one is left behind***;
- (b) Deepening political, economic, social, environmental and cultural dialogue between the Union and third countries and regional ***and international*** organisations, and supporting implementation of bilateral and international commitments;

- (b bis) Fostering greater inclusiveness and collaboration of all actors in the implementation of development cooperation and external action policies, seeking to share lessons learned, maximise capacities, added value, excellence and experience, thus reinforcing common goals, values and interests and the ambition of working better together;*
- (c) Encouraging good neighbourly relations, regional integration, enhanced connectivity, cooperation and *inclusive and constructive* dialogue, *including enhanced regional cooperation in the framework of the EU Strategy for connecting Europe and Asia, the new EU Strategy on Central Asia, the EU-Africa partnership, the Black Sea regional cooperation, the Arctic cooperation and the Northern Dimension;*
- (d) Promoting an enabling environment for civil society *actors, including* organisations, ~~including~~ *and* foundations, enhancing their meaningful, *continuous* and structured participation in domestic *and international* policies and their capacity to perform their roles as independent development and governance actors; and strengthening *multi-stakeholder approaches and* new ways of partnering with civil society *actors, including women's rights* organisations; *supporting democracy and expanding civic space;* promoting a substantive and structured dialogue with the Union and the effective use of country roadmaps for EU engagement with civil society;
- (e) Engaging with local authorities and support their role as policy and decision-makers to boost local development and improved *and more inclusive* governance, *and supporting local authorities to improve business environment at local level;*
- (f) Engaging more effectively with *all* citizens, *including human rights defenders*, in third countries, including by making full use of economic, cultural and public diplomacy;
- (g) Engaging industrialised and more advanced developing countries on the implementation of the 2030 Agenda, global public goods and challenges, including in the area of South-South and triangular cooperation;

- (h) Encouraging regional integration and cooperation, in a result-oriented way through support for regional integration and *inclusive and constructive* dialogue-;
- (i) *Building partnerships with the private sector for creating jobs and enhancing livelihoods in partner countries.*

**B. Specific for the Neighbourhood area**

- (a) Promoting enhanced political cooperation *and establishing deep and sustainable democracy*;
- (b) Supporting the implementation of association agreements, or other existing and future agreements, and jointly agreed association agendas and partnership priorities or equivalent documents, *supporting institutional cooperation and capacity development in this regard*;
- (c) Promoting a strengthened partnership with societies between *and among* the Union and the partner countries, including through people-to-people contacts, *with a specific focus on youth*;
- (d) Enhancing regional cooperation, in particular in the framework of the Eastern Partnership, the Union for the Mediterranean, ~~and the~~ European Neighbourhood-wide collaboration as well as *Black Sea regional cooperation, Arctic cooperation, the Northern Dimension and* cross-border cooperation;
- (e) Achieving progressive integration into the Union internal market and enhanced sectoral and cross-sectoral cooperation, including through legislative approximation and regulatory convergence towards Union and other relevant international *rights and* standards, and improved market access including through deep and comprehensive free trade areas, related institution building and investment-;



- (f) *Implementing existing visa-free regimes, in line with the revised visa suspension mechanism, visa liberalisation dialogues and mobility partnerships, and implementation thereof in due course, when applicable and provided that conditions for well-managed and secure mobility are in place; supporting integrated border management;*
- (g) *Supporting confidence-building and other measures contributing to the prevention and settlement of conflicts, including support to affected populations and reconstruction;*
- (h) *Supporting other relevant areas to address the overall objectives of the European Neighbourhood Policy.*

### ANNEX III

#### AREAS OF INTERVENTION FOR THEMATIC PROGRAMMES

##### 1. AREAS OF INTERVENTION FOR HUMAN RIGHTS AND DEMOCRACY

- (a) ~~Contributing to advancing the fundamental values of democracy, the rule of law, promoting and protecting the universality and indivisibility of human rights, the fundamental values of democracy and the rule of law. respect for human dignity, the principles of non-discrimination, equality and solidarity, and respect for the principles of the United Nations Charter and, international law.~~
- (b) *Promoting the fight against death penalty and against enforced disappearances, torture and other cruel, inhuman or degrading punishment or treatment, including observance of human rights in prisons;*
- (c) *Contributing to the advancement of gender equality and women and girls' empowerment in all spheres of life, including in education, health and those referred to in Article 8(5), work-life, political decision-making and supporting measures to eliminate all forms of violence against women and girls;*
- (d) *Promoting the equal participation and equal rights of women and men, of persons with disabilities, children and young persons, elder persons, persons belonging to national, ethnic, religious and linguistic minorities in all spheres of society, including social, economic and political life; promoting and protecting the rights of local communities and indigenous peoples as set out in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), inter alia, to strengthening the involvement of indigenous peoples in the development of projects concerning them and their interaction with and participation in international mechanisms;*

(e) *Promoting and protecting the rights of lesbian, gay, bisexual, trans and intersex (LGBTI) persons, including measures to decriminalise homosexuality, combat homophobic and transphobic violence and persecution and promote freedom of assembly, association and expression of LGBTI persons;*

(f) *Supporting the rights of the child, including the fight against child labour, child trafficking and child prostitution, children and armed conflict, recruitment and use of child soldiers and the protection of children from discrimination on any ground, including race, colour, sex, language, religion or belief, political or other opinion, their national, ethnic or social origin, property, disability, birth or other status;*

*Promoting and protecting freedom of thought, conscience and religion or belief, including by means of measures to eliminate all forms of hatred, intolerance and discrimination based on religion or belief and by fostering tolerance and respect for religious and cultural diversity within and among societies, strengthening the fight against racism, xenophobia and discrimination on any ground;*

(g) Allowing for cooperation and partnership with civil society *especially* on human rights and democracy issues, including in sensitive and pressing situations. A coherent and holistic strategy at all levels shall be developed to achieve the below objectives.;

- (h) Upholding human rights and fundamental freedoms for all, ***including civil, political, economic, social and cultural rights; respecting human dignity, the principles of non-discrimination, equality and solidarity, and the norms and principles of the United Nations Charter, the Universal Declaration of Human Rights and other international and regional human rights instruments, as well as international law, mainly through support to civil society actors;*** contributing to forging societies in which participation, non-discrimination, tolerance, justice and accountability, solidarity and equality prevail. ~~Respect;~~ ***monitoring, promoting, protecting and strengthening respect*** for and observance of human rights and fundamental freedoms for all ~~shall be monitored, promoted and strengthened~~ in accordance with the principles of universality, indivisibility and interdependence of human rights. ~~The scope of the programme includes,~~ ***including*** civil, political, economic, social and cultural rights. ~~Human,~~ ***as well as indigenous peoples' rights as set out in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP); addressing human rights*** challenges ~~shall be addressed while~~ ***notably by supporting and*** invigorating civil society and protecting and empowering human rights defenders, ~~also in relation~~ ***situations where they are most at risk; contributing to shrinking*** ~~meeting the urgent needs and~~ ***providing medium and long-term support to enable civil society and human rights defenders to carry out their work and taking into account the rising repression of persons defending land, environment and labour rights as well as the importance of safeguarding and strengthening*** space for their actions;

- (i) Developing, ~~enhancing~~ **supporting** and protecting democracy, **including by enhancing participatory and representative democracy and supporting transition to democracy**; comprehensively addressing all aspects of democratic governance, including ~~by~~ reinforcing **political pluralism and democratic pluralism-political representation, transparent democratic and domestic accountability, reinforcing local democracy**, enhancing citizen ~~and civil society~~ participation **and cooperation with local authorities**, and supporting credible, inclusive and transparent electoral processes. ~~Democracy shall be strengthened~~; **strengthening democracy** by upholding the main pillars of democratic systems, including the rule of law, **promoting and protecting the enjoyment of human rights online and offline, including civil and political rights such as freedom of opinion and expression and freedom of assembly and associations**, democratic norms and values, ~~principles~~, **a free press and independent and pluralistic media, both traditional and ICT-based, internet freedom, the fight against censorship**, accountable and inclusive institutions including political parties and parliaments, and the fight against corruption.

Election observation **shall** play a full part in the wider support for the democratic processes. Within this context, EU election observation shall continue to be a major component of the programme as well as the follow-up to recommendations of EU election observation missions;

- (j) **Strengthening the rule of law, promoting the independence of the judiciary and of the legislature, supporting and evaluating legal and institutional reforms and their implementation, and promoting access to affordable justice for all, including to effective and accessible complaint and redress mechanisms on national and local level;**

- (k) Promoting effective multilateralism and strategic partnership, contributing to reinforcing capacities of international, regional and national *instruments and mechanisms, including national human rights institutions, and strengthening international and regional frameworks in promoting and protecting human rights and fundamental freedom for all, democracy and the rule of law. Strategic Partnerships shall be boosted. Boosting strategic partnerships* with a particular attention to the Office of the High Commissioner for Human Rights (OHCHR), the International Criminal Court (ICC) and *other relevant international, regional and national human rights mechanisms. Furthermore, the programme shall promote Promoting* education and research on human rights and democracy, including through the Global Campus for Human Rights and Democracy.

## 2. AREAS OF INTERVENTION FOR CIVIL SOCIETY ORGANISATIONS

### 1. Inclusive, participatory, empowered and independent civil society civic space in partner countries

- (a) Creating an enabling *and accessible* environment for citizen participation and civil society action, including through foundations *and by supporting active civil society participation in policy dialogues and the consolidation of dialogue platforms for non-state actors;*
- (b) ~~Building~~ *Supporting and building* the capacity of *and democratic space for* civil society *actors, including* organisations, ~~including~~ foundations, *non-governmental organisations (NGOs), human rights defenders' organisations, women's and children's rights organisations, academia, cooperatives and social partners (trade unions and employer's organisations) thus enabling them* to act as both actors of development and *good governance in their own right;*
- (c) Increasing the capacity of ~~partner countries'~~ civil society networks, platforms and alliances- *in partner countries;*

- (d) *Enabling civil society to carry out their work, taking into account the importance of enabling space for their actions and access to funding.*

**2. *Inclusive and open dialogue with and between civil society organisations on development policy***

- (a) Promoting other inclusive multi-stakeholder dialogue fora, including interaction between citizens, civil society ~~organisations~~, local authorities, member states, partner countries, *the private sector* and other key development stakeholders;
- (b) Enabling cooperation and exchange of *knowledge and* experience between *and with* civil society actors *domestically and internationally*;
- (b bis) *Fostering cooperation and partnerships of international and regional intergovernmental organisations with civil society on human rights and democracy issues, including capacity building aimed at promoting and monitoring the implementation of international and regional instruments concerning human rights, justice, rule of law and democracy*;
- (c) Ensuring a substantive and continued structured dialogue and partnerships with the EU;
- (d) *Supporting and empowering women's organisations and other relevant organisations working on gender equality as well as women human rights defenders to have the opportunity to work and be protected against threats and violence.*

**3. *Awareness, understanding, knowledge and engagement of European citizens ~~about~~ regarding development issues***

- (a) Empowering *all* people to increase their engagement, *especially among youth through, inter alia, global learning, development education and awareness-raising*;

- (b) Mobilising public support in the Union, candidate countries and potential candidates for sustainable and inclusive development strategies in partner countries;
- (c) *Raising public awareness of development issues and Sustainable Development Goals, including by promoting formal and informal education for development.*

### 3. AREAS OF INTERVENTION FOR ~~PEACE~~ *PEACE* ~~CONFLICT~~ *PREVENTION*

#### 1. Assistance for conflict prevention, ~~peace-building~~ *peacebuilding* and crisis preparedness

The Union shall provide technical and financial assistance covering support for *conflict-sensitive* measures aimed at building and strengthening the capacity of the partners to *analyse risks*, prevent conflict, build peace and address pre- and post-crisis needs in close coordination with the United Nations and other international, regional and sub-regional organisations, and State and civil society actors, in relation to their efforts mainly in the following areas, including specific attention to ~~women participation~~ *ensuring the effective participation of women and youth, and women's ability to influence processes and decision-making, in line with EU policy on Women, Peace and Security*:

- (a) early warning and conflict sensitive risk analysis; confidence-building, mediation, dialogue and reconciliation measures, *including at community level*;

#### *(a bis) conflict prevention;*

- (b) post-conflict recovery as well as post-disaster recovery, *stabilisation, safety of individuals and human security restoration, including mine action, demining and transitional justice*;
- (c) ~~peace-building~~ *peacebuilding* and state-building support actions *as well as strengthening state-society relations*;



- (d) ~~conflict prevention and crisis response~~ *crisis response, including strengthening capacities for participation and deployment in civilian stabilisation missions;*
- (e) Capacity ~~B~~building for ~~Security and~~ *of military actors in support of development and security for* development (CBSD), *in accordance with Article 9.*

## **2. Assistance in addressing global and trans-regional threats and emerging threats**

The Union shall provide technical and financial assistance to support partners' efforts and Union actions addressing global and trans-regional threats and emerging threats mainly in the following areas:

- (a) threats to law and order, and to the security and safety of individuals including terrorism, violent extremism, *radicalisation*, organised crime, cyber-crime, hybrid threats, illicit trafficking, *illicit* trade and transit *as well as sexual and gender-based violence*;
- (b) threats to public spaces, critical infrastructure, cybersecurity, to public health or to environmental stability, maritime security threats, threats deriving from climate change impacts;
- (c) mitigation against risks, whether of an intentional, accidental or natural origin, related to chemical, biological, radiological and nuclear materials or agents and risks to related installations or sites, *or explosive remnants of wars and conflicts*;
- (d) Capacity ~~B~~building for ~~Security and~~ *of military actors in support of development and security for* development (CBSD), *in accordance with Article 9.*

## 4. AREAS OF INTERVENTION FOR GLOBAL CHALLENGES

### A. PEOPLE

#### 1. Health

- (a) Developing crucial elements of an effective and comprehensive health system that are best addressed at a ~~supra-national~~ **global** level to secure equitable access to **quality and affordable** health services ~~and sexual and reproductive health and rights~~;
- (b) Reinforcing global initiatives that are key enablers of universal health coverage through global leadership on a ‘health in all policies’ approach with a continuum of care, including health promotion, from prevention to post-treatment;
- (c) Addressing global health security through **the strengthening of health systems and** communicable diseases research and control, translate knowledge into products and policies that tackle the changing disease burden (non-communicable diseases, all forms of malnutrition and environmental risk factors), and shape global markets to improve access to **affordable** essential health commodities and ~~healthcare~~ **health** services, ~~especially for sexual and reproductive health~~ **all**.

#### 2. Education

- (a) Promoting joint global **as well as partner countries’** efforts for **accessible**, inclusive and equitable quality education and training, **including of teachers**, at all levels, ~~including also~~ in emergency and crisis situations;
- (b) Strengthening knowledge, skills and values through partnerships and alliances, **including support for education data and analysis, research, knowledge exchange, and education networks**, for active citizenship and productive, inclusive and resilient societies;

- (c) Supporting global action on reducing all dimensions of ***discrimination and*** inequalities, such as the gaps between girls/women and boys/men, ***and between different groups in society***, to ensure that everyone has equal opportunity to take part in economic ~~and~~, social ***and political*** life.

3. ~~Women and children~~ ***Gender equality and women's and girls' empowerment***

- (0a) ***Committing to advance gender equality and girls' and women's empowerment in all spheres; including support to establish a more enabling economic, political and social environment for the fulfilment of girls' and women's rights that will enable them to fully participate in society and be a driver of development;***
- (0b) ***Leading and supporting global efforts, partnerships and alliances to eliminate all forms of discrimination against women and girls including exclusion that women suffer in the different areas of their private and public lives such as the labour market and access to social and health services;***
- (a) Leading and supporting global efforts, partnerships and alliances to eliminate all forms of violence against women and girls; ~~this includes,~~ ***including*** physical, psychological, sexual, ***and gender-based violence, female genital mutilation, as well as early, forced and child marriage and*** economic and other types of violence and discrimination, including ~~exclusion that women suffer in the different areas of their private and public lives~~ ***in crisis situations;***
- (b) ~~Promoting new initiatives to build stronger child protection systems in third countries, ensuring that children are protected in all areas from violence, abuses and neglect, including by promoting the transition from institutional to community-based care for children.~~
- (b) ***Promoting the protection and fulfilment of rights of women and girls, including economic, labour and social rights and those referred to in Article 8(5);***

- (c) *Supporting women's and girls' full and effective participation and equal opportunities for leadership in social, economic, political and civil life.*

### **3a. Children and Youth**

- (a) *Promoting universal access to basic social services for children and youth, including the most marginalised, with a focus on health, nutrition, education, social protection, and early childhood development, including through dedicated youth friendly services;*
- (b) *Promoting new initiatives to build stronger child protection systems in third countries, ensuring that children are protected in all areas from violence, abuses and neglect, including specific attention to children in war and conflict, and by promoting the transition from institutional to community-based care for children;*
- (c) *Promoting children's empowerment by opening spaces for their active and meaningful participation in matters that concern them;*
- (d) *Stepping up assistance to youth to support them in acquiring relevant skills and in accessing decent and quality jobs through education, vocational and technical training, as well as digital technologies;*
- (e) *Supporting youth entrepreneurship and promoting the creation of sustainable jobs with decent working conditions;*
- (f) *Promoting youth empowerment and responsible citizenship, by opening spaces for their active and meaningful participation in political life and in peace process and mediation efforts, by supporting initiatives of inter-cultural dialogue among youth organisations and by preventing marginalisation and exclusion;*

- (g) *Creating an enabling environment that provides new and innovating opportunities for youth civic engagement, youth entrepreneurship and youth employment creation.*

#### **4. Migration and forced displacement**

- (a) Ensure continued EU leadership in shaping the global agenda on migration and forced displacement governance in all its dimensions *in line with human rights, and international refugee law and international humanitarian law where applicable*;
- (b) Steering and supporting global and cross-regional policy dialogues, including exchange and cooperation on migration and forced displacement;
- (c) Supporting the implementation of international and EU commitments on migration and forced displacement, including ~~as a follow-up to the Global Compact on Migration and the Global Compact on Refugees~~ *at UN level*;
- (d) Improving the global evidence base, including on the migration/development nexus, and initiate actions of pilot character aiming at developing innovative operational approaches in the area of migration and forced displacement;
- (e) *Boosting strategic partnerships with relevant international organisations to support international cooperation and migration governance according to international human rights law and international refugee law.*

#### **5. Decent work, social protection and, inequality and inclusion**

- (a) Shaping the global agenda and support initiatives on the integration of a strong pillar on equity and social justice in accordance to European *law and* values;

- (b) Contributing to the global agenda on decent work, ***corporate social responsibility and labour rights***, in particular in global value chains, and enhancing knowledge on effective ***gender-responsive*** employment policies that respond to labour market needs ***and promote socio-economic inclusion***, including VET and life-long learning;
- (c) Supporting global initiatives on universal social protection that follow the principles of efficiency, sustainability and equity; including support to address inequality ~~and ensure~~ ***in order to enhance gender equality and*** social cohesion;
- (d) Continuing global research and development through social innovation that enhances social inclusion and addresses the ***rights and specific*** needs of the most vulnerable sections of society-;
- (e) ***Promoting and supporting efforts to make social, political and economic life more inclusive and to address socio-economic drivers of conflict.***

## **6. Culture**

- (a) Promoting initiatives for cultural diversity and intercultural dialogue for peaceful inter-community relations;
- (b) Supporting culture as an engine for sustainable social and economic development and reinforcing cooperation on cultural heritage.

## **B. PLANET**

### **1. Ensuring a healthy environment and tackling climate change**

- (a) Strengthening global climate and environmental governance, the implementation of the Paris Agreement on Climate Change, the Rio Conventions and other multilateral environmental agreements;

- (b) Contributing to the external projection of the Union's environment and climate change policies;
- (c) Integrating environment, *ecosystems and biodiversity conservation*, climate change and, disaster risk reduction *and preparedness* objectives in policies, plans and investments including through improved knowledge and information;
- (d) Implementing international and EU initiatives to promote climate change adaptation and mitigation and climate resilient low-emission development, including through the implementation of the Nationally Determined Contributions (NDCs) and *long-term* low emission *and* climate resilient *development* strategies, promoting disaster risk reduction, address environmental degradation and halting biodiversity loss, promoting the conservation and sustainable use and management of terrestrial and marine ecosystems and renewable natural resources including land, water, oceans, fisheries and forests, *promoting forestation and protection of natural forest*, addressing deforestation, land degradation, illegal logging and wildlife trafficking, tackling pollution, *including marine litter*, and ensuring a healthy environment, addressing ~~emerging~~ climate and environmental issues, *including displacement due to natural disasters*, promoting resource efficiency, sustainable consumption and production and the sound management of chemicals and waste and supporting the transition to low-emission, climate resilient green and circular economies, *as well as promoting corporate responsibility and a responsible business conduct*;
- (e) *Promoting phase-out of environmentally harmful fossil fuel subsidies, encouraging adoption of cost-reflective tariffs by energy utilities, and exploring more cost-effective and climate-friendly alternatives for social protection.*

## 2. Sustainable Energy

- (a) Supporting global efforts, commitments, partnerships and alliances, including sustainable energy transition;

- (b) Encouraging partner governments to embrace energy sector policy and market reforms so to establish a conducive environment for investments increasing access to energy services *for all* that are affordable, modern, reliable and sustainable, with a strong focus on renewable energy and energy efficiency;
- (c) Exploring, identifying, mainstreaming globally and supporting financially sustainable business models with scalability and replicability potential providing innovative and digital technologies through innovative research ensuring increased efficiency in particular for decentralised approaches providing energy access through renewable energy including in areas where the local market capacity is limited.

### **C. *PROSPERITY***

#### **1. Sustainable and inclusive growth, decent jobs and private sector engagement**

- (a) Promoting sustainable private investment through innovative financing mechanisms and risk-sharing;
- (b) Improving business environment and investment climate, *in line with human rights standards and principles*, supporting enhanced public-private dialogue, and building capacities of Micro, Small and Medium Enterprises, *and start-ups*;
- (c) Supporting the Union trade policy and trade agreements and the implementation thereof; *strengthening partner countries' capacities to trade* and improving access to partner country markets and boosting trade, investment and business opportunities for companies from the Union while eliminating barriers to market access and investment;
- (d) Promoting an effective policy mix supportive of economic diversification, value addition, and regional integration and sustainable green and blue economy;
- (e) Fostering access to *and use of* digital technologies, including promoting access to finance and financial inclusion, *as well as e-commerce*;



- (f) Promoting sustainable consumption and production and innovative technologies and practices for low-carbon ~~emission~~, resource efficient and circular economy;
- (g) *Strengthening social and environmental sustainability, corporate social responsibility and responsible business conduct throughout the entire value chains;*
- (h) *Combatting money laundering, corruption, illicit financial flows as well as tax evasion and avoidance. Promoting progressive taxation, anti-corruption measures and redistribution public expenditure policies;*
- (i) *Promoting inclusive growth, including by promoting and supporting women's and youth's participation and by proactively identifying and addressing economic marginalisation of specific groups.*

## 2. Food and nutrition security

- (a) Supporting and influencing international strategies, organisations, mechanisms and actors that roll-out major global policy issues and frameworks around food and nutrition security, *reducing fragmentation in the global nutrition architecture, and encouraging greater policy coherence in consultation with the private sector;*
- (b) Improving global public goods pursuing an end to hunger and malnutrition; tools like the Global Network on Food Crises enhance the capacity to adequately respond to food crises and nutrition in the context of the humanitarian-development-peace nexus (hence assist in mobilising pillar 3 resources);
- (c) Reaffirming at global level the central role of sustainable agriculture and fisheries and aquaculture for increased food security, poverty eradication, job creation, mitigating and adapting to climate change, resilience and healthy ecosystems;

- (d) Providing innovations through international research and reinforce global knowledge and expertise, in particular related to climate change adaptation and mitigation, agrobiodiversity, global and inclusive value chains, food safety, responsible investments, governance of land and natural resource tenure.

## **D. PARTNERSHIPS**

### **1. Strengthen the role of Local Authorities as actors of development through:**

- (a) Increasing the capacity of European and ~~Southern~~ **partner countries'** local authority networks, platforms and alliances to ensure a substantive and continued policy dialogue in the field of development and to promote democratic governance, notably through the Territorial Approach to Local Development;
- (b) Increasing interactions with European citizens on ~~development issues (awareness raising,~~ **Development Education and Awareness Raising (including** knowledge sharing, **and** engagement), notably in relation to the ~~related to the~~ Sustainable Development Goals, including in the Union and **associated territories as well as** candidate countries and potential candidate countries.

### **2. Promote inclusive societies and multi-stakeholder initiatives, good economic governance, including fair and inclusive domestic revenue mobilisation, especially in the context of international tax cooperation by implementing anti-tax avoidance and evasion measures, transparent public finance management and effective and inclusive public spending in line with human rights obligations and principles of good governance.**

### **3. Participate in the Global Partnership Monitoring to assess and document the progress in implementing partnership and effectiveness principles.**

## ANNEX IV

### AREAS OF INTERVENTION FOR RAPID RESPONSE ACTIONS

#### **1. Actions contributing to stability and conflict prevention in situations of urgency, emerging crisis, crisis and post crisis, *including migratory pressure***

Rapid response actions referred to in point a) of Article 4 (4) shall be designed for an effective, ***efficient, integrated and conflict sensitive*** Union response to the following exceptional and unforeseen situations: ***taking into consideration the strengthening of democratic governance as well as the promotion of rule of law.***

***These actions may cover the following:***

- (a) a situation of urgency, crisis, ***fragility***, emerging crisis or natural disasters;
  - (b) a situation posing a threat to ***peace***, democracy, law and order, the protection of human rights and fundamental freedoms, or the security and safety of individuals, in particular those exposed to ***sexual and*** gender-based violence in situations of instability;
  - (c) a situation threatening to escalate into armed conflict or to severely destabilise the third country or countries concerned;
  - (d) ***a situation requiring support for capacity-building of military actors in support of development and security for development (CBSD), in accordance with Article 9.***
- #### **2. Actions contributing to strengthening resilience and *to linking humanitarian aid, and development action-actions and, where relevant, peacebuilding***

Rapid response actions referred to in point (b) of Article 4(4) shall be designed to effectively strengthen resilience and to ~~link~~ **increase coordination and complementarity between** humanitarian aid ~~and~~, development actions; **and, where relevant, peacebuilding** which cannot be swiftly addressed through geographic and thematic programmes.

These actions may cover the following:

- (a) strengthen resilience **and tackle factors of fragility** by supporting individuals, communities, institutions, and countries to better prepare for, withstand, adapt to and quickly recover from political, economic, and societal pressures and shocks, natural or man-made disasters, conflicts, **hybrid** and global threats; ~~including by reinforce~~ **reinforcing** the capacity of a state - in the face of significant pressures to rapidly build, maintain or restore its core functions, and basic social and political cohesion ~~and of~~, **as well as supporting** societies, communities and individuals to manage opportunities and risks in a peaceful and ~~stable~~ **conflict sensitive** manner and to build, maintain or restore livelihoods **and social services** in the face of major pressures **by supporting relevant international and multilateral initiatives for the same ends**;
- (b) mitigate the ~~short-term~~ adverse effects resulting from exogenous shocks creating macroeconomic instability and aims at safeguarding socioeconomic reforms and priority public expenditure for socio-economic development and poverty reduction, **including addressing potential drivers of conflict**;
- (c) carry out short-term rehabilitation and reconstruction to enable the victims from natural or man-made disasters, conflicts and global threats to benefit from a minimum of socio-economic ~~integration~~ **standards** and, as soon as possible, create the conditions for a resumption of development on the basis of long-term objectives set by the countries and regions concerned **and affected populations**; this includes addressing the urgent and immediate needs arising from the displacement of people (refugees, displaced persons and returnees **and the communities that host them**) following natural or man-made disasters; ~~and~~

- (d) assist the state or region in setting up short term disaster prevention and preparedness mechanisms, including for prediction and early warning, with a view to reducing the consequences of disasters; *and*
- (e) *support measures operationalising an integrated approach particularly by improving coordination and the application of conflict sensitive approaches by humanitarian, peacebuilding and development actors.*

### 3. Actions addressing *Union* foreign policy needs and priorities

Rapid response actions to support the objectives set out in point c) of Article 4 (4) shall support Union foreign policy across political, economic and security issues. They shall enable the Union to act where there is an urgent or imperative foreign policy interest, or a window of opportunity to achieve its objectives, requiring a rapid reaction and which are difficult to address by other means.

These actions may cover the following:

- (a) support for the Union's bilateral, regional and inter-regional cooperation strategies, promoting policy dialogue and developing collective approaches and responses to challenges of global concern including migration and *forced displacement*, security issues *and mediation*, and exploiting windows of opportunity in this regard;
- (b) support for Union trade policy and trade agreements and the implementation thereof; and for improving access to partner country markets and boosting trade, investment and business opportunities for companies from the Union, in particular SMEs, while eliminating barriers to market access and investment, by means of economic diplomacy, business and regulatory cooperation;

- (c) contributions to the implementation of the international dimension of internal Union policies such as inter alia environment, climate change, energy, and cooperation on management and governance of the oceans;
- (d) promotion of widespread understanding and visibility of the Union and of its role on the world scene, by means of strategic communication, public diplomacy, people-to-people contacts, cultural diplomacy, cooperation in educational and academic matters, and outreach activities to promote the Union's values and interests.

These actions shall implement innovative policies or initiatives, corresponding to current or evolving short- to medium-term needs, opportunities and priorities, including with the potential of informing future actions under geographic or thematic programmes. They shall focus on deepening the Union's relations and dialogue and building partnerships and alliances with key countries of strategic interest, especially those emerging economies and middle-income countries ~~who~~ **which** play an increasingly important role in world affairs, global governance, foreign policy, the international economy, and multilateral fora.

**ANNEX V**  
**PRIORITY AREAS OF THE EFSD+ OPERATIONS COVERED BY**  
**THE EXTERNAL ACTION GUARANTEE**

The EFSD+ operations eligible for support through the External Action Guarantee shall in particular aim at the following priority areas:

- (a) provide finance and support to private and cooperative sector development compliant with the conditions set out in Article 209(2) of the ~~{Financing~~ **Financial** Regulation}, with a particular focus on local companies and micro, small and medium-sized enterprises, on promoting decent job creation and encouraging the contribution of European *and other* companies to the EFSD+ purpose;
- (b) address bottlenecks to private investments by providing financial instruments, which may be denominated in the local currency of the partner country concerned, including first loss guarantees to portfolios, guarantees to private sector projects such as loan guarantees for small and medium-sized enterprises, and guarantees for specific risks for infrastructure projects and other risk capital;
- (c) leverage private sector financing, with a particular focus on micro, small and medium-sized enterprises, by addressing bottlenecks and obstacles to investment;
- (d) strengthen socioeconomic sectors and areas and related public and private infrastructure and sustainable connectivity, including renewable and sustainable energy, water and waste management, transport, information and communications technologies, as well as environment, sustainable use of natural resources, sustainable agriculture and blue economy, ***sustainable forest management and landscape restoration***, social infrastructure, health, and human capital, in order to improve the socioeconomic environment;

- (e) contribute to climate action and environmental protection and management;
- (f) contribute by promoting sustainable development, to addressing specific root causes of irregular migration ***and forced displacement***, as well as fostering the resilience of transit and host communities, and contributing to the sustainable reintegration of migrants returning to their countries of origin, with due regard to the strengthening of the rule of law, good governance and human rights.



**ANNEX VI**  
**GOVERNANCE OF THE EFSD+**

**~~1. Structure of the EFSD+~~**

- ~~1. The EFSD+ shall be composed of regional investment platforms established on the basis of the working methods, procedures and structures of the existing external blending facilities of the Union, which may combine their blending operations and External Action Guarantee operations under the EFSD+.~~
- ~~1. The management of the EFSD+ shall be ensured by the Commission.~~

**~~2. Strategic board of the EFSD+~~**

- ~~1. In the management of the EFSD+ the Commission shall be advised by a strategic board, except in the case of the operations covering the EU Enlargement policy and financed by [IPA III], which shall have its strategic board ensured under the Western Balkans Investment Framework (WBIF).~~
- ~~2. The strategic board shall advise the Commission on the strategic orientation and priorities of External Action Guarantee investments under the EFSD+ and contribute to their alignment with the guiding principles and objectives of the Union's external action, development policy, European Neighbourhood policy, as well as with the objectives set out in Articles 3 of this Regulation and the purpose of the EFSD+ as set out in Article 26. It shall also support the Commission in setting overall investment goals as regards the use of the External Action Guarantee to support EFSD+ operations and monitor an appropriate and diversified geographical and thematic coverage for investment windows.~~
- ~~3. The strategic board shall also support overall coordination, complementarity and coherence between the regional investment platforms, between the three pillars of the European Investment Plan, between the European Investment Plan and the Union's other efforts on migration and on the implementation of the 2030 Agenda, as well as with other programmes set out in this Regulation~~

4. ~~The strategic board shall be composed of representatives of the Commission and of the High Representative, of all Member States and of the European Investment Bank. The European Parliament shall have observer status. Contributors, eligible counterparts, partner countries, relevant regional organisations and other stakeholders may be given observer status, where appropriate. The strategic board shall be consulted prior to the inclusion of any new observer. The strategic board shall be co-chaired by the Commission and the High Representative.~~
5. ~~The strategic board shall meet at least twice a year and, when possible, adopt opinions by consensus. Additional meetings may be organised at any time by the chair or at the request of one third of its members. Where consensus cannot be reached, the voting rights as agreed during the first meeting of the strategic board and laid down in its rules of procedure shall apply. Those voting rights shall take due account of the source of financing. The rules of procedure shall set out the framework regarding the role of observers. The minutes and agendas of the meetings of the strategic board shall, following their adoption, be made public.~~
6. ~~The Commission shall report annually to the strategic board about the progress made in respect of the implementation of the EFSD+. The strategic board of the WBIF shall provide progress made on the implementation of the guarantee instrument for the Enlargement region to complement the above mentioned reporting. The strategic board shall regularly organise a consultation of relevant stakeholders on the strategic orientation and implementation of the EFSD+.~~
7. ~~The existence of the two strategic boards does not bear influence on the need to have a single, unified EFSD+ risk management framework.~~

### **3. ~~Regional operational boards~~**

~~The operational boards of regional investment platforms shall support the Commission at the implementation level in defining regional and sectoral investment goals and regional, sectoral and thematic investment windows and shall formulate opinions on blending operations and on the use of the External Action Guarantee covering EFSD+ operations.~~

**ANNEX VII**  
**LIST OF KEY PERFORMANCE INDICATORS**

~~In coherence with the Sustainable Development Goals, the~~ ***The*** following ***non-exhaustive*** list of key performance indicators shall be used to help measure the Union's contribution to the achievement of ~~its~~ ***the*** specific objectives: ***of this Regulation:***

- (1) Rule of Law score ***in relation to countries benefiting from EU assistance***
- (2) Proportion of population below the international poverty line ***by sex, age, employment status and geographical location (urban/rural)***
- (3) ~~Number of women of reproductive age, adolescent girls, and children under 5 reached by nutrition programmes with EU support~~ ***smallholders reached with EU supported interventions aimed to increase their sustainable production, access to markets and/or security of land***
- (4) Number of 1-year olds fully immunised with EU support
- (5) Number of students enrolled in primary ~~and/or~~ secondary education, ~~and or~~ training with EU support
- (6) Greenhouse gas emissions reduced or avoided (Ktons CO<sub>2</sub>eq) with EU support
- (7) Area of marine, terrestrial and freshwater ecosystems protected and/or sustainably managed with EU support
- (8) Leverage of investments and multiplier effect achieved
- (9) ~~Political stability and absence of violence indicator~~ ***Number of individuals directly benefiting from EU supported interventions that specifically aim to support civilian post-conflict, peace building or conflict prevention.***

- (10) Number of processes related to partner country practices on trade, investment and business, or promoting ~~the external dimension of EU internal policies~~, *EU interest*, which have been influenced
- (11) *Number of individuals with access to improved drinking water source and/or sanitation facilitation with EU support*
- (12) *Number of migrants, refugees and internally displaced people or individuals from host communities protected or assisted with EU support*
- (13) *Number of countries and cities with climate change and/or disaster risk reduction strategies a) developed or b) under implementation with EU support*
- (14) *Number of micro, small and medium sized enterprises applying sustainable consumptions and productions practice with EU support*
- (15) *Renewable energy generation capacity installed (MW) with EU support*
- (16) *Proportion of EU funded cooperation promoting gender equality and women's empowerment*
- (17) *Number of victims of human right violations directly benefitting from assistance funded by the EU*
- (18) *Progress by beneficiaries in implementing bilateral and other agreements, as well as agreed political, economic and social reforms*

All indicators *referring to individuals* shall be sex disaggregated whenever ~~relevant~~ *possible, in particular to monitor progress towards gender equality.*

*All indicators shall be disaggregated by NDICI's geographic areas whenever possible.*