



# Reconciling Foreign Policy and Development Priorities in the EU Budget (MFF 2021–2027)

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## Introduction: Integrating Development and External Action

On 14 June 2018, the European Commission put forward its proposal for a new EU Neighbourhood Development and International Cooperation Instrument (NDICI) within the context of negotiations of the next EU long-term budget, the Multiannual Financial Framework 2021-2027 (MFF). The proposed regulation (2018/0243) represents a substantial redesign of the EU's framework for financing its external activities. The NDICI falls under Heading 6: 'Neighbourhood and the World' of the new MFF. In its proposed form, it would combine into a single instrument nine external action financing instruments currently distinct under the MFF 2014–2020. The NDICI would also incorporate part of the European Development Fund (EDF), which currently lies outside the EU budget.

The Commission has emphasised the streamlined nature of the proposed new instrument, which would serve as a means of tearing down 'artificial barriers between previous instruments.'<sup>1</sup> An inherent tension exists, however, in combining development and external action objectives within one new mechanism. Some stakeholders have expressed unease that the merging of development and external action functions under the NDICI could allow the EU to prioritise its strategic external action objectives under the auspices of – and with the resources of – development cooperation.<sup>2</sup>

This brief will outline the shape of the proposed NDICI and consider the positions and concerns of a number of key stakeholders, including the EU institutions, Member States and NGOs.

The European Parliament adopted its first-reading position on the NDICI proposal on 27 March 2019. At Council-level, discussions are ongoing towards adopting its first-reading position and an Ad Hoc Working Party has been established to examine the NDICI. The group resumed its meetings on 5 September 2019 and is due to forward the proposal to the Foreign Affairs Council on conclusion of its examination.

## NDICI: A Single Broad Instrument

### Current Design

The proposed NDICI will draw on two sources, one budgetary and one extra-budgetary, as they appear in the current design for funding of EU international cooperation and development. The budgetary source is the 'Global Europe' category of the current MFF 2014-2020. It encompasses a number of development, geographical and thematic external action instruments, most of which are due to expire on 31 December 2020. The second source is the extra-budgetary EDF, an intergovernmental fund overseen by Member States and managed by the Commission. It currently covers two broad geographic strands: the African, Caribbean and Pacific region (ACP) and Overseas Countries and Territories (OCTs).

In the interests of greater streamlining and efficiency, the NDICI proposal seeks to merge nine of the MFF 2014-2020 'Global Europe' instruments, as well as the ACP strand of the European Development Fund, into one single, broad instrument. The funds and instruments that would merge under the NDICI are shown in Table 1.

1 European Commission, 'EU Budget for the Future: The Neighbourhood, Development and International Cooperation Instrument', June 2018, [https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-development-cooperation\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-development-cooperation_en.pdf)

2 European Think Tank Group (ETTG), 'The proposed single instrument: Can it be all things to all people?', 18 June 2018, <https://ettg.eu/2018/06/18/the-proposed-single-instrument-can-it-be-all-things-to-all-people/>

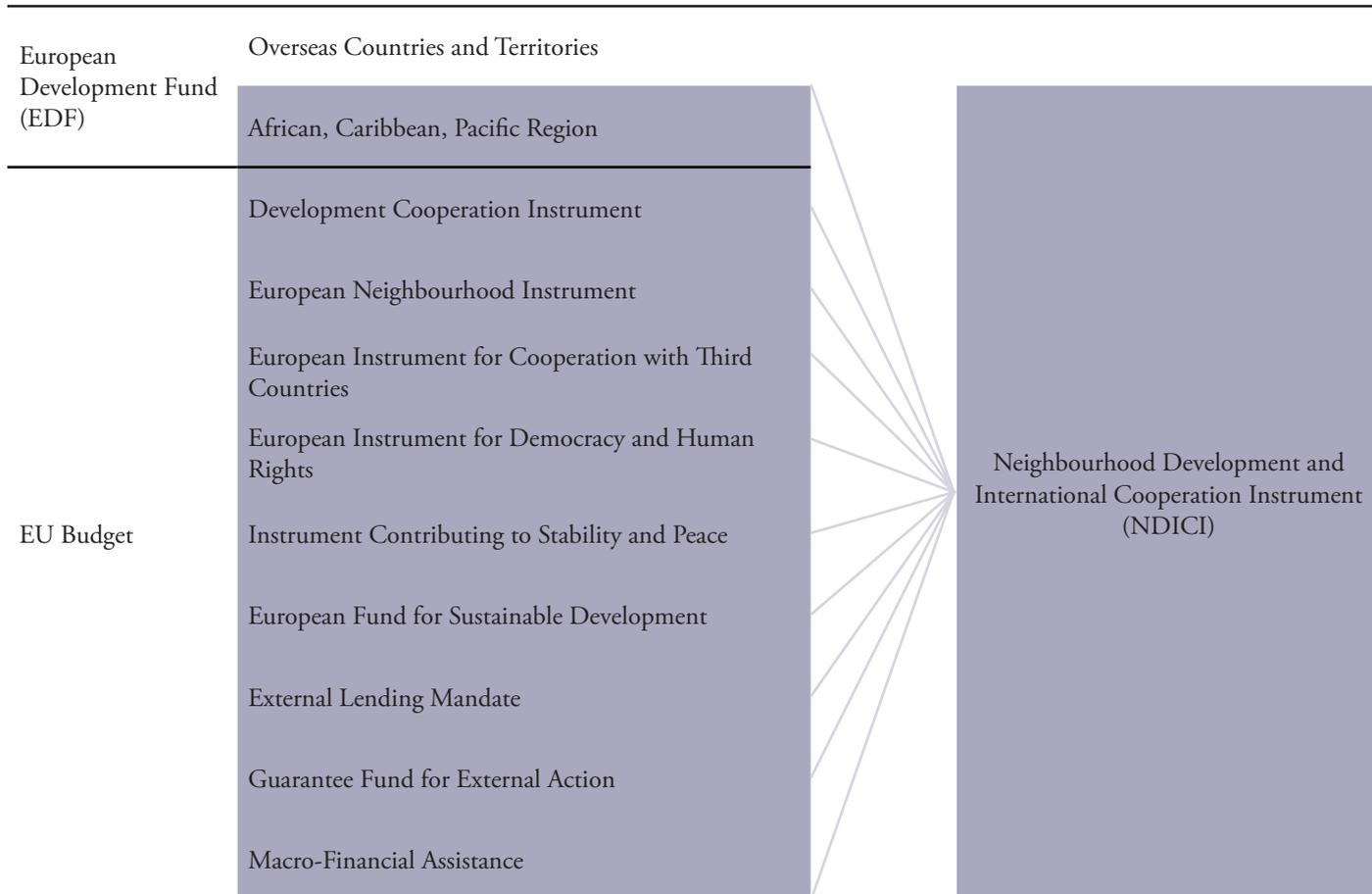
ETTG, 'Financing EU external action: understanding member state priorities', 3 December 2018 <https://ettg.eu/wp-content/uploads/2019/01/Financing-EU-external-action.pdf>

CONCORD, 'Analysis of NDICI', August 2018, [https://concordeurope.org/wp-content/uploads/2018/09/CONCORD\\_Analysis\\_NDICI\\_MFF\\_August2018.pdf](https://concordeurope.org/wp-content/uploads/2018/09/CONCORD_Analysis_NDICI_MFF_August2018.pdf)



2014–2020

2021–2027



*Table 1. Instruments and funds merging under the proposed NDICI*

## The NDICI's Three Pillars

Instead of ten distinct funds, as shown above, the NDICI proposes to stream resources into three pillars plus a flexibility margin. These four elements are outlined below:

**The Geographic Pillar (€68 billion)** has the largest budget of the three by a significant degree. Funding allocations are divided and ring-fenced per region. Allocations are designed to ‘reflect the EU’s strategic priorities’, particularly in relation to the EU’s neighbourhood, Sub-Saharan Africa and ‘countries most in need’. Under the current proposal, funding to the EU Neighbourhood is €22 billion, up by a quarter on the MFF 2014-2020. Funding to Sub-Saharan Africa would increase to €32 billion from €26.1 billion in the previous period. The Geographic Pillar covers two additional regions: Asia and the Pacific (€10 billion) and Americas and the Caribbean (€4 billion). Programmes will focus on security, peace, environment and climate change, poverty eradication, good governance and human rights, human development, and migration.

The proposed investment framework for this pillar will draw on the EU’s blending mechanism for leveraging additional funds from the public and private sectors. The framework will focus on sustainable and inclusive economic development.

**The Thematic Pillar (€7 billion)** is intended to complement the geographic pillar with specific budgets set for human rights and democracy, peace and stability, civil society, and global challenges such as empowerment of women and children, migration and forced displacement, inclusive growth, and food security.



**The Rapid Response Pillar (€4 billion)** is funding allocated for response to crisis and instability as well as intervention for conflict prevention. It is also intended for investment in strengthening resilience in partner countries, thereby better linking humanitarian intervention and longer-term development. Finally, it is designed to provide ‘early action’ support for EU foreign policy needs and priorities.

**A Flexibility Cushion (€10.2 billion)** is designed to allow the EU to meet unforeseen circumstances and emerging needs.

### NDICI Timeline

|                          |  |
|--------------------------|--|
| <b>30 May 2018</b>       | European Parliament adopts a resolution on the MFF 2021-2027.  |
| <b>14 June 2018</b>      | European Commission adopts proposal for a regulation establishing the NDICI. Proposal is referred to the European Parliament.  |
| <b>24 September 2018</b> | Deadline for submission of National Parliaments’ opinions. None are submitted.   |
| <b>6 December 2018</b>   | Committee of the Regions adopts its opinion on the proposal.   |
| <b>12 December 2018</b>  | Proposal is adopted by the European Economic and Social Committee (EESC).  |
| <b>4 March 2019</b>      | AFET and DEVE Committees of the European Parliament adopt their joint report on the proposal.  |
| <b>26 March 2019</b>     | Proposal is debated in parliament.   |
| <b>27 March 2019</b>     | European Parliament adopts its first-reading position on the proposal.   |
| <b>Current Status</b>    | Awaiting Council first-reading position. Discussions at Council-level are ongoing. An Ad Hoc Working Party has been established comprising experts from each Member State. The group resumed its meetings on 5 September 2019. |

## Objectives

The core rationale for the new development and cooperation instrument, as expressed by the Commission, is greater streamlining and integration of priorities and programmes.<sup>3</sup> In June 2018, Federica Mogherini, the European Commission Vice President and High Representative for Foreign Affairs (HR/VP), stated:

*[The NDICI] will, I think, eliminate artificial bureaucratic barriers that now are there. If you think of any region - I take North Africa, Sub-Saharan Africa, or I think of the Gulf and the Middle East - you have a division in our instruments currently that does not reflect the reality of the work we need to do.*

The NDICI has been designed to respond to a number of challenges identified by the Commission. First, is the complex and intertwined nature of global issues. The Commission has noted that these require an integrated and flexible approach rather than siloed, narrower avenues of response. Second, is the issue of these separate avenues potentially prohibiting opportunities for coordinated and

<sup>3</sup> European Commission, ‘EU Budget for the Future: The Neighbourhood, Development and International Cooperation Instrument’, June 2018, [https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-development-cooperation\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-neighbourhood-development-cooperation_en.pdf)  
European Parliamentary Research Service, ‘A new neighbourhood, development and international cooperation instrument: Proposal for a new regulation’, 19 March 2019, [http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS\\_BRI\(2018\)628251](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2018)628251)



complementary approaches across priority areas. Third, is the practical consideration of inefficiency arising from multiple instruments carrying different sets of priorities, management structures, and reporting procedures.

In the interests of ensuring policy coherence and coordination, the NDICI proposal outlines a number of Cross-cutting Priorities. These will be achieved through spending targets set horizontally across the instrument's pillars. The priorities are: climate change (25%), human development (20%) and the root causes of migration (10%). In addition, a target has been set of 92% of NDICI funding to be reportable as Overseas Development Assistance (ODA). This comes alongside the EU's global commitment to increase ODA to 0.7% of Gross National Income (GNI) by 2030, with 0.2% going to Least Developed Countries (LDCs). Collective EU and Member States' ODA for 2018 was 0.47% of EU GNI.<sup>4</sup>

In March 2019, the European Parliament's first reading position proposed an amendment to increase funding reportable as ODA under the NDICI to 95%. This increase was recommended by the European Parliament Foreign Affairs Committee (AFET) and the Parliament Development Committee (DEVE) in a joint report. The report entitled 'Draft Report on the Proposal for a Regulation of the European Parliament and of the Council Establishing the Neighbourhood, Development and International Cooperation Instrument' was published on 4 March 2019.<sup>5</sup>

Initially, the proposal put forward by the European Commission received criticism, particularly among NGOs, over the fact that poverty eradication, climate change and the SDGs were not explicitly noted in the objectives of the proposed regulation (article 3).<sup>6</sup> Both the AFET and DEVE committees' joint report, and the amendments to the proposal adopted by the European Parliament in March 2019, have placed greater emphasis on poverty eradication and sustainable development, as well as on aligning the objectives of the instrument with the SDGs and the Paris Agreement. These measures were welcomed by a variety of NGOs and other stakeholders, notably CONCORD, the European Confederation of NGOs, which referred to the amendments as 'a win for sustainable development'.<sup>7</sup>

At Council level, Member State permanent representatives broadly welcomed the push for flexibility within the MFF 2021-2027 as a whole and noted the need to pursue a coherent agenda across the various headings and instruments.<sup>8</sup> Concerns were expressed regarding the ability of the new streamlined design to deliver on specific Member State priorities, most notably migration. Another concern was the potential for duplication under the new structure where one policy objective may have multiple funding sources. This was flagged specifically in relation to reducing overlap between existing programmes should the European Development Fund be incorporated into the broader NDICI.

## Implications

### 1. Merging Instruments: A Challenge for Member States

While overall the integration of multiple funds and instruments into one under the NDICI has received broad support from Member States, agreement at Council level may be problematic. In May 2019, Irish Minister for European Affairs, Helen McEntee, stated that

4 European Commission, 'Europe remains the world's biggest development donor – €74.4 billion in 2018', 11 April 2019, [https://europa.eu/rapid/press-release\\_IP-19-2075\\_en.htm](https://europa.eu/rapid/press-release_IP-19-2075_en.htm).

5 The rapporteurs for the report were Pier Antonio Panzeri (Italy, S&D, AFET), Cristian Dan Preda (Romania, PPE, AFET and DEVE), Frank Engel (Luxembourg, PPE, DEVE [substitute]), and Charles Goerens (Luxembourg, ALDE, DEVE).

6 European Parliament: AFET and DEVE Committees, 'Report on the proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument', 4 March 2019 [http://www.europarl.europa.eu/doceo/document/A-8-2019-0173\\_EN.html?redirect](http://www.europarl.europa.eu/doceo/document/A-8-2019-0173_EN.html?redirect)

7 European Parliament, Text adopted by Parliament: first reading, 27 March 2019 <https://oeil.secure.europarl.europa.eu/oeil/popups/summary.do?id=1579946&t=d&l=en>

8 European Think Tank Group (ETTG), 'The proposed single instrument: Can it be all things to all people?', 18 June 2018, <https://ettg.eu/2018/06/18/the-proposed-single-instrument-can-it-be-all-things-to-all-people/>

CONCORD, 'Proposal for Amendments to NDICI Regulation', September 2018 [https://concordeurope.org/wp-content/uploads/2018/09/CONCORD\\_regulation\\_NDICI\\_amendments\\_Sept2018.pdf](https://concordeurope.org/wp-content/uploads/2018/09/CONCORD_regulation_NDICI_amendments_Sept2018.pdf)

7 CONCORD, 'Road to a Budget4Solidarity: Half-Way There', 23 April 2019, <https://concordeurope.org/blog/2019/04/23/the-road-to-a-budget4solidarity-half-way-there/>

8 European Council, 'MFF: State of Play', 10 September 2018, <https://www.consilium.europa.eu/media/37767/mmf-state-of-play-report-sept-2018.pdf>



Ireland was broadly in favour of the new NDICI.<sup>9</sup> She noted that in Ireland's case this extended to the instrument's integration of both the European Development Fund and the European Neighbourhood Instrument, but that these two aspects were likely to be stumbling blocks for other Member States. Minister McEntee remarked that 'there is no clear majority at the Council in favour of either option and it is likely that these two issues will have to be discussed again as the MFF discussions progress.'

In relation to the ENI, many of the differences in Member State positions relate to geopolitical priorities. While a number of Member States including Denmark, France, Germany, Italy, the Netherlands and Spain see the focus on Africa as complementing their national development strategies, others including Hungary, Poland, Finland and the Czech Republic have expressed concern that merging the ENI into a larger instrument will see a decrease in funding to the Eastern Neighbourhood.<sup>10</sup>

## 2. The EDF and the EU Budget: Implications for Powers of Scrutiny

Unlike the external action financing instruments, the European Defence Fund is separate to the EU budget and lies outside the MFF. The EDF is the financial instrument of the Cotonou Agreement, a partnership between the EU and 79 African, Caribbean, and Pacific (ACP) countries covering the areas of development, economics and trade, and political cooperation.<sup>11</sup> The agreement carries its own financial rules, conditions and legislation. The EDF is an intergovernmental fund overseen by Member States and managed by the Commission. The current EDF for the period 2014-2020 amounts to €30.5 billion, financed by direct contributions from Member States.

The so-called 'budgetisation' of the EDF has long been under discussion and the debate has received increased impetus recently with the impending expiry of the Cotonou Agreement in February 2020.<sup>12</sup> Both the Commission and the Parliament have been in favour of incorporating the fund into the MFF. Incorporating the EDF into the EU budget would give Parliament some powers of scrutiny over the fund not held previously and parliament has noted that this may therefore bring the advantage of 'stronger democratic legitimacy' to actions taken under the NDICI.<sup>13</sup>

The stumbling block for budgetisation of the EDF has been achieving Member State unanimity. France, for example, has taken issue with inclusion of the EDF due to a decrease in Member State oversight of the fund and the potential risk of funds being diverted away from the EDF's focus on Africa.<sup>14</sup> Poland has argued against making a decision on this point before agreement has been reached on the future post-Cotonou EU-ACP relationship. Alongside Hungary and Italy, Poland has also underlined the extra-budgetary nature of the fund's role in facilitating third country contributions. These Member States would like to see this facility continue, in particular with one eye on the UK's withdrawal from the EU.

It is as yet unclear whether the UK would contribute to such a fund after leaving the EU. While analysis of future EU-UK cooperation in international development, as well as the Political Declaration accompanying the Withdrawal Agreement, acknowledge a significant complementarity between the EU and UK in terms of values and norms, the nature of any collaboration will depend on the precise

9 Department of Foreign Affairs and Trade, Statement by Minister McEntee to the Joint Oireachtas Committee on European Union Affairs, 29 May 2019, <https://www.dfa.ie/news-and-media/press-releases/press-release-archive/2019/may/statement-by-minister-mcentee-to-the-joint-oireachtas-committee-on-european-union-affairs.php>

10 ETTG, 'Financing EU external action: understanding member state priorities', 3 December 2018 <https://ettg.eu/wp-content/uploads/2019/01/Financing-EU-external-action.pdf>

Senate of the Parliament of the Czech Republic, Contribution to Proposal for a regulation of the European Parliament and the Council establishing the Neighbourhood, Development and International Cooperation Instrument, 26 October 2018, [http://www.europarl.europa.eu/RegData/docs\\_autres\\_institutions/parlements\\_nationaux/com/2018/0460/CZ\\_SENATE\\_CONTI-COM\(2018\)0460\\_EN.pdf](http://www.europarl.europa.eu/RegData/docs_autres_institutions/parlements_nationaux/com/2018/0460/CZ_SENATE_CONTI-COM(2018)0460_EN.pdf)

11 European Council, Cotonou Agreement, <https://www.consilium.europa.eu/en/policies/cotonou-agreement/>

12 European Parliament: BUDG Committee, 'The budgetary tools for financing EU external action', January 2017, [http://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL\\_STU\(2017\)572708\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/STUD/2017/572708/IPOL_STU(2017)572708_EN.pdf)

13 European Parliamentary Research Service, 'A new neighbourhood, development and international cooperation instrument: Proposal for a new regulation', 19 March 2019, [http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS\\_BRI\(2018\)628251](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2018)628251)

14 ETTG, 'Financing EU external action: understanding member state priorities', 3 December 2018 <https://ettg.eu/wp-content/uploads/2019/01/Financing-EU-external-action.pdf>



circumstances of the withdrawal and on the levels of goodwill between EU Member States and the UK.<sup>15</sup> The Political Declaration leaves scope for future collaboration between the EU and UK in development policy and analysts note that this is currently the only document agreed at the highest EU levels providing insight into future cooperation in international development. Article 109 of the political declaration states that the UK ‘could contribute to the Union’s instruments and mechanisms, including coordination with the Union’s delegations in third countries’.<sup>16</sup>

### 3. Balancing Priorities: Politics, Security, and Safeguarding Development

As noted above, the European Commission has emphasised the NDICI’s role in providing an integrated strategy to tackle interlinked global issues, but concerns have been raised regarding strategic prioritisation under such a broad and flexible structure. The proposal for NDICI openly acknowledges that one of the instrument’s roles will be to support the full gamut of the EU’s strategic objectives, just one aspect of which is poverty reduction and sustainable development.<sup>17</sup> Commenting on the proposal in June 2018, Andrew Sherriff, Head of Programme for European External Affairs at the European Centre for Development Policy Management (ECDPM), noted that having foreign policy and development ‘back at the top table of European politics’ was potentially advantageous in procuring more resources, but that there was also a need to prevent these being channelled towards short-term political priorities.

Some stakeholders have expressed their concern that funding may be channelled towards other strategic objectives, without sufficient protection of allocations for development programmes.<sup>18</sup> France, in particular, has questioned whether the breadth of the NDICI will distract from the development focus of EU external action. Similarly, Italy, though broadly supporting integration under the NDICI, has argued that close attention will need to be paid to the particular objectives of development as a distinct policy area within this new structure.<sup>19</sup>

HR/VP Federica Mogherini has described the Commission’s position as follows: ‘We remain very firm on our development commitment, putting more money on it and ring-fencing this money so that we can re-use [...] unspent funds on a multi-annual basis, so that long-term priorities cannot and will not be sacrificed to short-term pressures.’

One specific application that has been highlighted in this debate is the NDICI’s financing of military capacity-building in support of security for development (CBSD). CONCORD, the European confederation of NGOs, has been critical of the inclusion of this capacity, noting that it currently has no funding allocation limit.<sup>20</sup> This criticism is coupled with an observation that the proposal has a stronger focus on security than on peacebuilding and conflict prevention. This issue was also picked up by the European Parliament, which on its first reading has recommended that a cap of €270 million be adopted for military capacity-building, that activities contributing to stability and peace be expanded, and that €2 billion be specifically set aside for stability and conflict prevention within the rapid response pillar.<sup>21</sup>

15 Emmanuel de Groof and Andrew Sherriff (ECDPM), *The Future of UK-EU Development Cooperation After Brexit: Finding a New Point of Departure*, January 2019

<http://dcubrexitinstitute.eu/2019/01/the-future-of-uk-eu-development-cooperation-after-brex-it-finding-a-new-point-of-departure/>

16 Political declaration setting out the framework for the future relationship between the European Union and the United Kingdom, November 2018, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/758556/22\\_November\\_Draft\\_Political\\_Declaration\\_setting\\_out\\_the\\_framework\\_for\\_the\\_future\\_relationship\\_between\\_the\\_EU\\_and\\_the\\_UK\\_agreed\\_at\\_negotiators\\_level\\_and\\_agreed\\_in\\_principle\\_at\\_political\\_level\\_subject\\_to\\_endorsement\\_by\\_Leaders.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/758556/22_November_Draft_Political_Declaration_setting_out_the_framework_for_the_future_relationship_between_the_EU_and_the_UK_agreed_at_negotiators_level_and_agreed_in_principle_at_political_level_subject_to_endorsement_by_Leaders.pdf)

17 European Commission, ‘Multiannual Financial Framework: Proposal for the Neighbourhood, Development and International Cooperation Instrument’, 14 June 2018, [https://ec.europa.eu/info/law/better-regulation/initiatives/com-2018-460\\_en](https://ec.europa.eu/info/law/better-regulation/initiatives/com-2018-460_en)

18 European Think Tank Group (ETTG), ‘The proposed single instrument: Can it be all things to all people?’, 18 June 2018, <https://ettg.eu/2018/06/18/the-proposed-single-instrument-can-it-be-all-things-to-all-people/>

CONCORD, ‘Analysis of NDICI’, August 2018, [https://concordeurope.org/wp-content/uploads/2018/09/CONCORD\\_Analysis\\_NDICI\\_MFF\\_August2018.pdf](https://concordeurope.org/wp-content/uploads/2018/09/CONCORD_Analysis_NDICI_MFF_August2018.pdf)

19 ETTG, ‘Financing EU external action: understanding member state priorities’, 3 December 2018 <https://ettg.eu/wp-content/uploads/2019/01/Financing-EU-external-action.pdf>

20 CONCORD, ‘Analysis of NDICI’, August 2018, [https://concordeurope.org/wp-content/uploads/2018/09/CONCORD\\_Analysis\\_NDICI\\_MFF\\_August2018.pdf](https://concordeurope.org/wp-content/uploads/2018/09/CONCORD_Analysis_NDICI_MFF_August2018.pdf)

21 European Parliamentary Research Service, ‘A new neighbourhood, development and international cooperation instrument: Proposal for a new regulation’, 19 March 2019, [http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS\\_BRI\(2018\)628251](http://www.europarl.europa.eu/thinktank/en/document.html?reference=EPRS_BRI(2018)628251)



The debate on safeguarding development priorities and least developed countries (LDCs) has implications for a number of structural and procedural elements of NDICI. First is ring-fencing and funding allocation limits, as illustrated in the European Parliament's approach to CBSD outlined above, and how to balance this approach with the instrument's objectives of integration and flexibility. Second is the dynamic around NDICI's crosscutting priorities. A blog produced by the European Think Tanks Group (ETTG) in June 2018 noted that because 92% of NDICI funding would have to meet Overseas Development Assistance (ODA) criteria, this may offer significant protection for development funding 'since the definition of ODA requires expenditure to primarily benefit developing countries'.<sup>22</sup> The ET TG has also noted that funding for security initiatives is 'not necessarily ODA-eligible'.<sup>23</sup>

Considering the competing Member State priorities, however, which range from migration and security to climate change, it remains to be seen whether the reportable ODA target set by NDICI will allow sufficient flexibility to reach agreement in Council, particularly following Parliament's push for an increased target of 95%.

## Outstanding Issues: Governance and Decision-Making

Governance and decision-making structures may have a significant impact on achieving acceptance of the NDICI. The practical implementation of the proposed instrument has been questioned, both by external stakeholders and within the EU institutions themselves, with a broad consensus emerging that this aspect is as yet under-developed.

The European Parliament in particular has consistently highlighted what it considers to be gaps in the NDICI proposal pertaining to its own role.<sup>24</sup> It has noted that Parliament currently has diverse functions under the multiple instruments merging under the NDICI and that these will need to be reconciled, even apart from the potential inclusion of the European Development Fund. Similarly, while the Commission Regulatory Scrutiny Board adopted a positive opinion on the NDICI proposal in April 2018, this came with a number of caveats around details of programme management.<sup>25</sup> These caveats raise the question of whether meaningful integration will be achieved in practice under the NDICI. The Board has asked if merging funds that have previously been distinct will translate into integrated programming, or whether these separate instruments will simply continue to fund their existing projects under a new name.

The European confederation of NGOs (CONCORD) has also raised concern over future governance of the proposed regulation. The organisation has stated that 'there is little clarity on how [the NDICI's] additional flexibility will be governed'.<sup>26</sup> CONCORD has further pointed out that it is still unknown where decision-making on resource allocation and 'political steering' will ultimately lie – with the European External Action Service or European Commission – and that with only one Member State NDICI committee responsible for the instrument, 'the risk is high that the focus will primarily be on the geographic programmes and top EU political priorities and interests'. Governance and implementation procedures are therefore seen as significant in shaping the EU's priorities under the NDICI, as well as in providing transparency and legitimacy to activities facilitated by the instrument. These structures will have a role to play in mitigating the concerns outlined above and are of considerable importance for policy makers.

## Conclusion

The European Commission's proposal for the NDICI regulation represents a streamlining of development cooperation and specific aspects of EU external action. The Commission's rationale for greater coordination centres on the ability both to respond to increasingly

<sup>22</sup> European Think Tank Group (ETTG), 'The proposed single instrument: Can it be all things to all people?', 18 June 2018, <https://ettg.eu/2018/06/18/the-proposed-single-instrument-can-it-be-all-things-to-all-people/>

<sup>23</sup> ET TG, 'Financing EU external action: understanding member state priorities', 3 December 2018 <https://ettg.eu/wp-content/uploads/2019/01/Financing-EU-external-action.pdf>

<sup>24</sup> European Parliament: DG External Policies of the Union, 'The European Parliament and the new external financing instruments', November 2018, [http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/603468/EXPO\\_IDA\(2018\)603468\\_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2018/603468/EXPO_IDA(2018)603468_EN.pdf)

<sup>25</sup> European Commission Regulatory Scrutiny Board, Opinion on the proposal for a regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument, 25 April 2018, <https://ec.europa.eu/transparency/regdoc/rep/other/SEC-2018-310-1-EN-0-0.pdf>

<sup>26</sup> CONCORD, 'Analysis of NDICI', August 2018, [https://concordeurope.org/wp-content/uploads/2018/09/CONCORD\\_Analysis\\_NDICI\\_MFF\\_August2018.pdf](https://concordeurope.org/wp-content/uploads/2018/09/CONCORD_Analysis_NDICI_MFF_August2018.pdf)



intertwined global issues and to realise EU strategic objectives in this context. While stakeholder feedback to date shows a general appreciation for a more integrated approach, a number of hurdles remain, particularly for acceptance of the instrument by Member States. A number of significant outstanding issues including concerns over the safeguarding of development funding against the more political objectives encompassed by the instrument, a lack of clarity around governance and decision-making, differing stances on the budgetisation of the European Development Fund, and competing Member State priorities indicate there is some way to go before agreement is reached. In addition, the future of the instrument will be further determined by the wider context of negotiations on the other five headings of the MFF 2021-2027.

The proposal is currently being examined by the Council's Ad Hoc Working Party on the NDICI. The Working Party resumed its meetings on 5 September 2019 and will work to provide feedback for consideration by the Foreign Affairs Council.

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