

The Neighborhood, Development and International Cooperation Instrument (NDICI):

New financial tools & blending

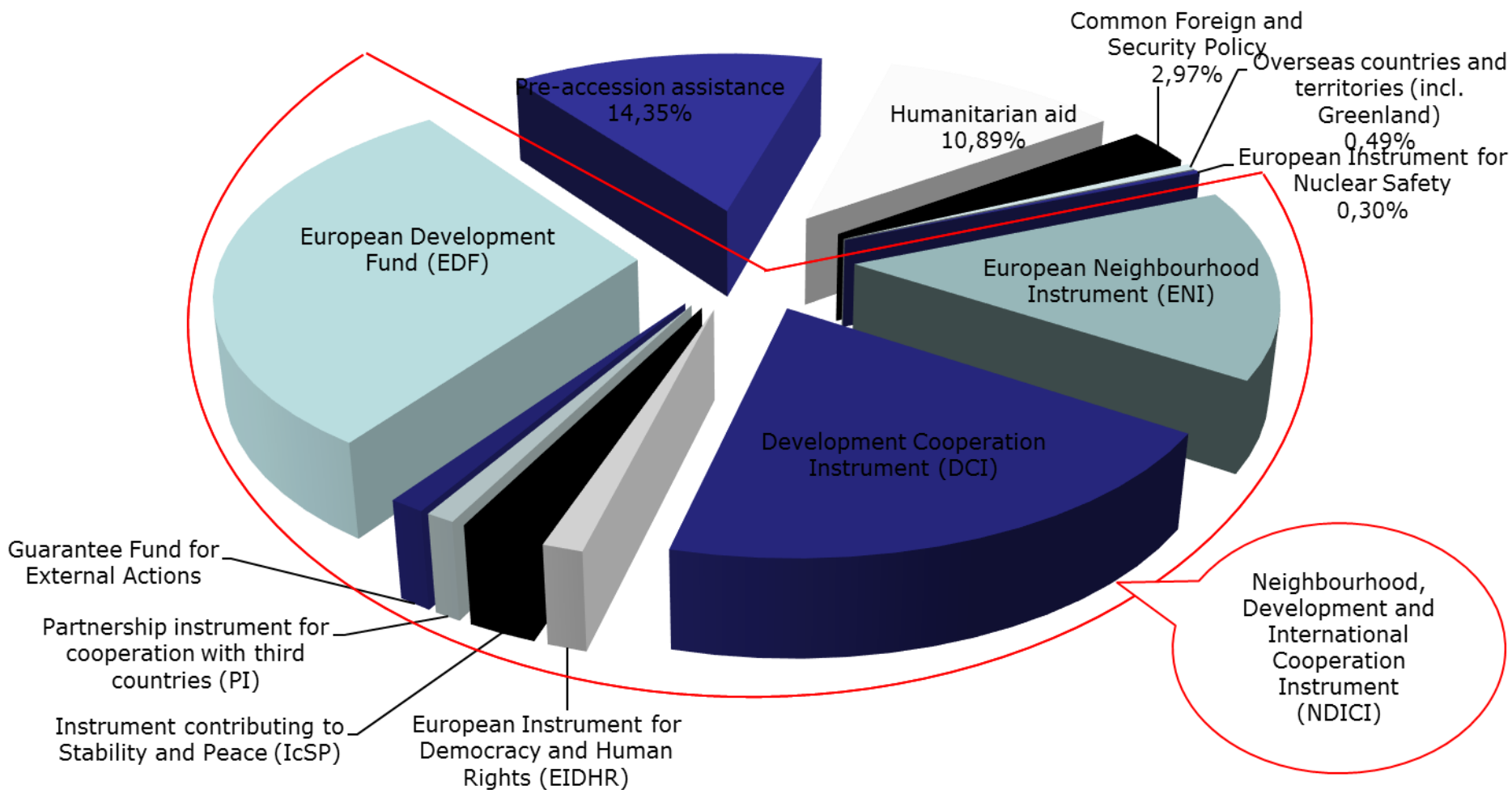


Madrid 6-7 June 2019



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Rationalisation of Instruments



New External Instruments: NDICI, IPA, OCTs

With its global approach, NDICI has been designed to reinforce the **policy-driven approach to EU cooperation** to make it more strategic and responsive to EU interests and political priorities.



The 2021-2027 MFF proposal

Heading VI (Neighbourhood and the World) **increased by 30%** to EUR 123 bn (in current prices)

Top priorities: Neighbourhood, Africa, Western Balkans, countries most in need, security and crisis response, humanitarian aid, migration, climate change and human rights and democracy

Streamlined instruments to provide more coherence, simplify the legal framework, increase flexibility and enhance impact

Breakdown in current prices

Instruments	Amounts (EUR billion)
Neighbourhood, Development and International Cooperation Instrument	89.2
European Instrument for Nuclear Safety	0.3
Instrument for Pre-accession assistance	14.5
Humanitarian aid	11
Common Foreign and Security Policy	3
Overseas countries and territories including Greenland	0.5
Other	1.219
Margin	3.283
TOTAL	123.002
European Peace Facility	10.5



NDICI: Breakdown in current prices

	2014-2020 ¹	2021-2027	% Difference
Geographic programmes	57.568	68.000	+18%
▪ Neighbourhood	17.693	22.000	+24%
▪ Sub-Saharan Africa	26.097	32.000	+23%
▪ Asia and the Pacific	9.819	10.000	+2%
▪ Americas and the Caribbean	3.959	4.000	+1%
Thematic programmes	9.139	7.000	-23%
Rapid response	3.407	4.000	+17%
Emerging challenges and priorities cushion	p.m. 6.999	10.200	
Complementary European Instrument for Nuclear Safety	314	300	-4%
TOTAL	70.428	89.500	+27%

¹ including the 11th European Development Fund.

NDICI Pillars

Geographic

- Neighbourhood
- Sub-Saharan Africa
- Asia and the Pacific
- Americas and the Caribbean

Thematic

- Human Rights and Democracy
- Civil Society Organisations
- Stability and Peace
- Global Challenges

Rapid response (non-programmable)

- Crisis Response and Conflict Prevention
- Resilience and linking humanitarian and development actions
- Foreign policy needs and priorities

New investment architecture:
External Investment Plan/EFSD

Flexibility cushion:
Emerging challenges and priorities

Geographic approach preferred. Thematic programmes + rapid response complementary

Main features

“**Geographisation**” of EU external actions i.e. new global challenges programmes to mainly focus on global issues.

- **Complemented with** thematic and rapid response actions.
- **Partnership with ACP countries** to be maintained but regionalised.

Global instrument:

- Possibility to cooperate with all third countries regardless of their income level. **No longer graduation “by law”**
- **Global geographic scope and comprehensive thematic coverage beyond development** (92% of DAC-ability, but also ex-Partnership Instrument and ICsP type of activities).

Priorities:

- **Spending targets established:** 25% for climate change, 20% of ODA-eligible funds for social inclusion and human development, 10% for migration.
- **Climate change, environment and gender to be mainstreamed** throughout all programmes and actions.
- **Democracy, good governance, rule of law and respect for human rights and fundamental freedoms** to be promoted throughout our cooperation.

Joint programming is the "by-default" approach for country programming.

An extended EIP: the EFSD+ and EAG

NDICI ends the current fragmentation of leveraging instrument by establishing a single platform/governance:

the **European Fund for Sustainable Development Plus (EFSD+)** and a single guarantee for third countries, the **External Action Guarantee (EAG EUR 60 billion)**, funded from geographic programmes NDICI and IPA III

EFSD+ (1st pillar of the future EIP):

- As before EFSD, it will continue to finance **blending** operations and **guarantee** operations with an **extended scope**:
- It will expand EFSD/EIP to **all third countries** (including LAC);
- Guarantee operations will cover not only private-sector financing but also **sovereign lending**, previously under EIB's External Lending Mandate
- It will be programmed like any other implementing modality: more strategic & coherence and "**policy first**"; EIB operations also concerned.

NDICI and the LAC region

Summary of the main novelties for the LAC region

- No longer graduation as in DCI; cooperation possible regardless the development status of the country – countries most in need still a priority!
- Flexible regional approach : possibility for LAC-wide programmes and beyond (specific clause for cooperation with OCTs and EU´s Outermost Regions);
- Extension of the EIP: EFSD+ and the External Action Guarantee;
- LAC can benefit from Rapid Response
- Status quo in term of financial envelop, but LAC can benefit from flexibilities currently under EDF:
 - cushion for emerging needs and priorities (“reserve”)
 - budgetary responsiveness of the EDF: **multi-annuality.**



State of play of the 2021-27 MFF negotiations

Impact of **EU political/institutional agenda**: European Parliament elections in spring, new Commission in fall 2019.

Expected **calendar of negotiations of the NDICI**:

- **The European Parliament has produced a first report voted in plenary end of March.**
- **The Council (Romanian Presidency) has reached a partial general approach on some outstanding issues by the end of the Romanian Presidency.**

Trilogue expected to start only after the new EP is constituted and once the Council has a definitive position on amounts and structure of the NDICI (Fall 2019).

The Commission's objective is to have the institutional, legal and financial (global MMF amounts) set up around NDICI "stabilised" by **fall 2019** in order to launch the **programming phase end 2019**.



NDICI main issues under discussion with EP and MS

Main architecture: budgetisation of the EDF and inclusion of the Neighbourhood.

Ring-fencing of funds for Africa and Neighbourhood.

EDF specificities to be imported in the budget.

Governance.

Investment architecture.

Objectives (targets) including migration.

Programming: working better together

Joint Programming (JP): The joint planning of development cooperation and external action priorities by the EU and MS working in a partner country.

- **SDGs as an entry point for joint approach at country level**: a shared agenda to frame policy dialogue with partner countries and also facilitate coordination with other donors.
- **Flexible, country tailored process**: designed and driven by European partners at country level to respond to achieve EU objectives taking into account partner countries' priorities and challenges.

Working better together with Member States (Consensus)

- At country level, the EU and its MS will enhance JP in development cooperation and external action to **increase their collective impact by bringing together their resources and capacities**.
- **Joint monitoring** and results frameworks will be core elements of the joint response to maintain momentum, inform **policy dialogue** and enhance mutual accountability.
- **Joint implementation** is a way of promoting more coherent, effective and coordinated EU support based on shared objectives in selected sectors or on specific cross-sectoral themes tailored to the country contexts.



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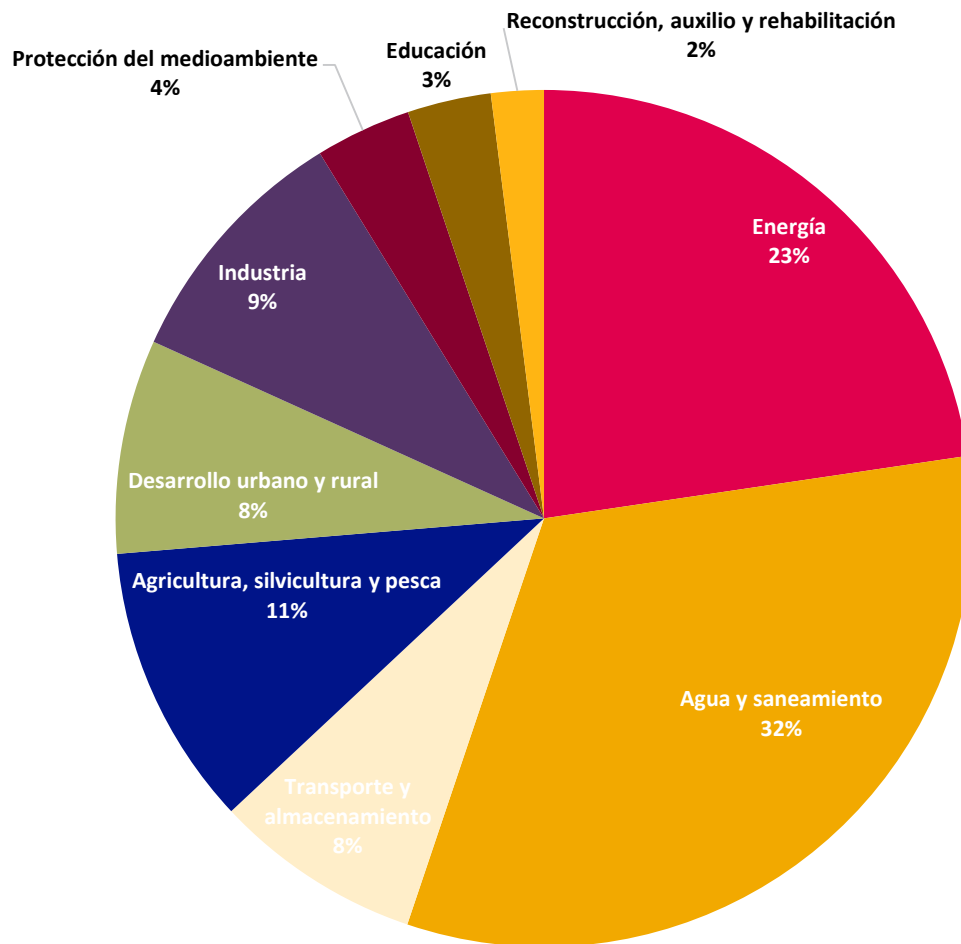
Resultados obtenidos por LAIF

- En la actualidad y desde el 2010 hay 41 proyectos en ejecución o finalizados, 27 bilaterales y 14 regionales, con una inversión total de aproximadamente 8.411 millones de euros, en los que el LAIF contribuyó con 377 millones de euros.
- El apalancamiento de fondos promedio de LAIF (*leverage*) durante el periodo de implementación alcanza la notoria cifra de 1 por 22.
- LAIF ha demostrado ser relevante y estar bien adaptada al entorno financiero latinoamericano. Se está convirtiendo en una marca valorada en el sector de la inversión y es utilizada tanto por las IFI como por los bancos locales como etiqueta de calidad y como herramienta para mitigar los riesgos, lo que permite a la UE financiar programas de gran impacto social y económico.



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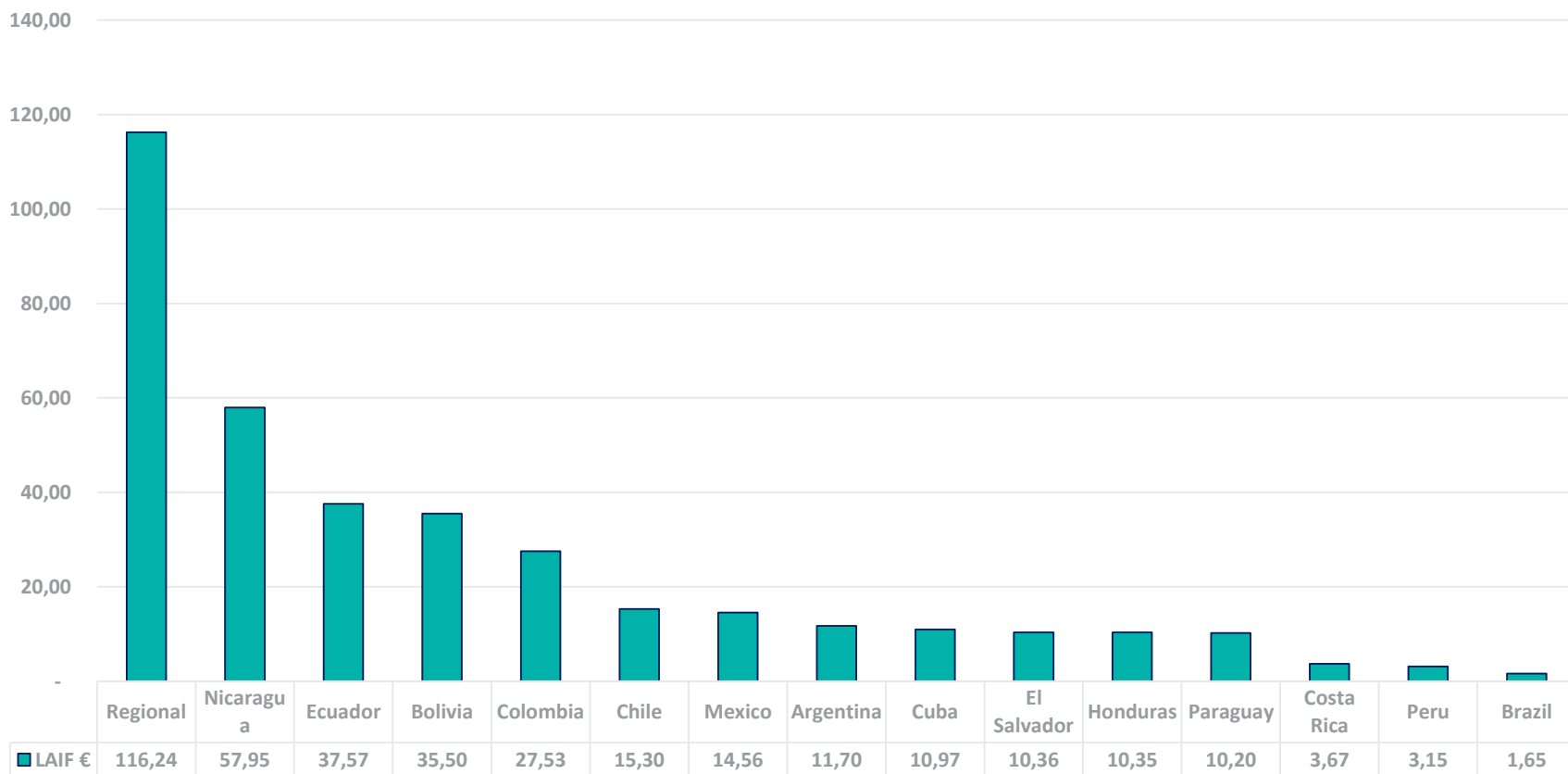
Portfolio de LAIF por sectores





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Portfolio de LAIF por países



■ LAIF €



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Portfolio de LAIF por año





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Futuro

- El futuro de la facilidad de inversiones debería caracterizarse por un crecimiento de operaciones en áreas innovadoras y proyectos con alto impacto social
- En particular, el nuevo instrumento de garantía permitiría incursionar de manera más adaptada al mercado financiero, particularmente en América Latina
- Prevemos mas acciones de tipo capital riesgo y un mayor trabajo con el sector privado así como con autoridades sub-nacionales