

THE GUIDE TO EUROPEAID



INTRODUCTION TO EUROPEAID FUNDING INSTRUMENTS

Factsheet on EU EXTERNAL AID FUNDING INSTRUMENTS

**as a part of the serie
THE GUIDE TO EUROPEAID**

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I. EU Funding Instruments

THEMATIC INSTRUMENTS

European Instrument for Democracy and Human Rights (EIDHR)

- Objective 1 – **Support to human rights and human rights defenders** in situations where they are most at risk.
- Objective 2 – Support to **other priorities of the Union in the field of human rights**
- Objective 3 – Support to **democracy**.
- Objective 4 – **EU Election Observation Missions (EOMs)**
- Objective 5 – Support to **targeted key actors and processes, including international and regional human rights instruments and mechanisms**.

Instrument contributing to Stability and Peace (IcSP)

- Provide a **swift crisis-response in political conflicts** and when natural disasters occur, **complementing humanitarian relief and interventions of the Common Foreign and Security Policy and the European Security and defence Policy**.
- Enhance the **EU capacity for crisis-preparedness, conflict prevention and peace building** in cooperation with international, regional and civil society organizations and Member States.
- **Build capacity to address global and trans-regional security threats**, including dealing with **security issues related to climate change**. Special actions will be supported o counter terrorism. Activities will continue in the fights against piracy, organised crime and to promote aviation and security. The EU shall respond via a regional approach. Efforts to fight terrorism could be done on a national basis.

Partnership Instrument (PI)

- To **promote EU interest by supporting the external dimension of EU internal policies** (e.g. competitiveness, research and innovation, migration) by addressing major global challenges (e.g. energy security, climate change and environment). The external projection of the "Europe 2020" Strategy represents a major strategic component of this Instrument.
- The PI also addresses **specific aspects of the EU's economic diplomacy** with a view to improving access to third country markets by boosting trade, investment and business opportunities for European companies.
- The **PI focusses in particular on countries for which the EU has a strategic interest** in promoting links with.

Instrument for Nuclear Safety Cooperation (INSC)

- The promotion of an effective nuclear safety culture and implementation of the highest nuclear safety and **radiation protection standards, and continuous improvement of nuclear safety**.
- **Responsible and safe management of spent fuel and radioactive waste** and remediation of former nuclear sites and installations.
- The establishment of frameworks and methodologies for the application of **efficient and effective safeguards for nuclear material in third countries**.

GEOGRAPHICAL INSTRUMENTS

Pre-accession Assistance II (IPA)

- The IPA provides assistance to countries directly in line to become members of the European Union (such as the former Yugoslav Republic of Macedonia, Turkey and Croatia) and the Balkan countries (Albania, Serbia, Kosovo*, Bosnia-Herzegovina and Montenegro)
- The IPA is **managed by DG NEAR**.

European Neighbourhood Instrument (ENI)

- The ENI is the funding instrument for European Neighbourhood Policy (ENP) which covers cooperation with South Mediterranean countries (Algeria, Egypt, Lebanon, Libya, Jordan, Israel, Morocco, Syria, Tunisia, the occupied Palestinian territory and East neighbourhood countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) either bilaterally or regionally (in this latter case also Russia is included).
- It aims to encourage democracy and human rights, sustainable development and the transition towards a market economy in neighbouring countries. T
- he ENI is **managed by DG NEAR**.

Instrument for Greenland (IfG)

- The partnership between the EU on the one hand and Greenland and the Kingdom of Denmark on the other hand aims to preserve the close and lasting link between the partners while supporting the sustainable development of Greenland.

GEOGRAPHICAL INSTRUMENTS

Development Cooperation Instrument (DCI)

Covers, through its different programmes all the developing countries except the countries eligible for the Pre-Accession Instrument. There are **3 specific components**:

Geographic programmes supporting cooperation with around 47 developing countries in [Latin America](#), South [Asia](#) and North and South East Asia, [Central Asia](#), Middle East and South Africa. The **following areas** are covered:

- Human rights, democracy and good governance (e.g. rule of law, democracy, gender equality, public sector management, fight against corruption...)
- Inclusive and sustainable growth for human development (e.g. health, education, social protection, sustainable agriculture, food and nutrition security...)
- Migration and asylum
- The link between humanitarian relief and development cooperation
- Resilience and disaster risk reduction
- Development and security, including conflict prevention.

Thematic programmes benefiting all developing countries (including those covered by the [ENPI](#) and the [EDF](#)). These programmes add value, complementarity and coherence to the geographical programmes. There are **two categories**:

'Global public good and challenges': (GPGC) this programme addresses climate change, environment, energy, human development, food security and migration while ensuring coherence with the poverty reduction objective. No less than 27% of this programme is spent on climate change and environment objectives. At least 25% of the programme is used to support social inclusion and human development.

'Civil society organisations and local authorities': this programme provides greater support to civil society and local authorities to encourage them to play a bigger role in development strategies.

The newly established **Pan-African Programme to support the strategic partnership between the EU and Africa**. This programme complements other financing instruments which are used in Africa (in particular ENI and EDF) and supports activities of trans-regional, continental or global nature in and with Africa.

The entities which are eligible for funding under DCI are:

- Partner countries and regions, and their institutions,
- Decentralised bodies in the partner countries (municipalities, provinces, departments and regions),
- Joint bodies set up by the partner countries and regions with the Community,
- Non-State Actors,
- International organisations,
- EU agencies.

European Development Fund (EDF)

The European Development Fund (EDF) provides aid for 79 African, Caribbean and Pacific (ACP) partner countries of the Union and for the Overseas Countries and Territories of Member States.

- The EDF funds cooperation activities in the fields of economic development, social and human development as well as regional cooperation and integration.
- It is financed by direct contributions from EU Member States according to a contribution key and is covered by its own financial rules.
- The EDF is established within the framework of an international agreement between the EU and its partner countries- the 'Cotonou Agreement'.
- The EDF is implemented along the provisions agreed by Member States.

Aid is provided through different methods which span from support to specific projects and programmes to support to the budget of a recipient government. Essentially, there are **two aid delivery methods**, i.e. two types of an action in terms of policy with geographical focus: budget support and project modality.

Projects can either **support a government to implement a sector policy and improve service delivery**, or can be designed as standalone projects, for example to support civil society or private sector.

Budget support involves the direct transfer of funds to a partner country's budget where they can be managed using national systems. 5 challenges addressed by budget support:

- promotion of human rights and democratic values;
- [better financial management, macroeconomic stability, inclusive growth and less corruption and fraud](#);
- sector reforms and sector service delivery;
- state building in fragile states/addressing the specific challenges of small island development states (SIDS) and overseas countries and territories (OCTs);
- better [domestic revenue mobilisation](#) and less aid dependency.

The Commission promotes the **sector approach** to work with partner countries, other donors and stakeholders.

The **sector approach, which can be promoted under Budget support or project modality**, usually gives partner governments greater ownership of development policy and financing. The end result is greater coherence between the allocation and use of internal and external resources of the country, spending and expected results.

A **Sector Policy Support Programme (SPSP)** will include:

- An approved sector policy document and an agreed strategic framework with clear measurable outputs and outcomes, a timeframe and an institutional framework to ensure efficient implementation
- A medium-term financing framework that is set within realistic medium-term budget expectations sourced from all funds
- A coordination process amongst the donors in the sector, led by government and a harmonisation and alignment of coordination processes, also led by the government
- An agreed performance monitoring system which includes a systematic client consultation mechanism.