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IMPACT ASSESSMENT

Accompanying the document

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on establishing a Partnership Instrument for cooperation with third countries

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1. PROCEDURAL ISSUES AND CONSULTATION OF INTERESTED PARTIES

1.1. Organisation and timing

The drafting of the Impact Assessment for the EU external action instruments for the period 2014-2020, including this document[1], has been coordinated by a **Task Force** composed by services in charge of EU external action and the Legal Service. The **drafting teams**, appointed on 7 June 2011, have duly taken into consideration the consultations, reviews and studies mentioned in Section 2 and have liaised with other Commission services to ensure consistency with other EU policies. The Task Force has met with the drafting team in charge of this Impact Assessment on 7 June, 30 June, 14 July and 2 August 2011 for organisational and quality-check purposes.

An **Impact Assessment Steering Group,** composed by the members of the Task Force and representatives of interested Directorates General and the Secretariat General, was launched on 22 June 2011 It has met twice, on 13 and 26 of July 2011.

The review of this Impact Assessment by the **Impact Assessment Board** is scheduled on 14 September 2011.

In line with Art 27 of the Financial regulation (Council Regulation(EC, Euratom) No 1605/2002) and article 21 of the Implementing rules of the Financial Regulation (Commission Regulation (EC, Euratom) No 2342/2002), the present impact assessment is the ex-ante evaluation of the Partnership Instrument (PI).

1.2. Consultation and expertise (public and internal)

The European Commission held a public consultation on future funding for EU external action between 26 November 2010 and 31 January 2011. This process was based on an online questionnaire accompanied by a background paper 'What funding for EU external action after 2013?' prepared by Commission and EEAS services involved. The 220 contributions received to the public consultation reflected a broad and diverse spectrum representing the variety of structures, views and traditions characterising the external action community.

A majority of the respondents (around 70%) confirmed that EU financial intervention provided **substantial added value** in the main policy areas supported through EU Financial Instruments for external action[2]. The criterion of EU added value was put forward by many respondents as the main driver for the future: they considered that the EU should exploit its comparative advantage linked to its global field presence, its wide-ranging expertise, its supranational nature, its role as facilitator of coordination, and exploit economies of scale.

[1] The instruments are the following: Internal Agreement for the 11th European Development Fund, Development Cooperation Instrument, Instrument for Pre-Accession assistance, European Neighbourhood Instrument, Instrument for Stability, Instrument for Nuclear Safety Cooperation, European Instrument for Democracy and Human Rights, Partnership Instrument and the instruments for the EU-Greenland Partnership. The Macro-Financial Assistance instrument, the Common Foreign and Security Policy, the Humanitarian aid instrument and the Civil Protection mechanism are not part of this joint exercise.

[2] i.e. peace and security, poverty reduction, humanitarian aid, investing in stability and growth in enlargement and neighbourhood countries, tackling global challenges, promoting EU and international standards and values, and supporting growth and competitiveness abroad

Nearly all respondents (92%) supported a **more differentiated approach,** tailored to the situation of the beneficiary country, based on sound criteria and efficient data collection, in order to increase the impact of EU financial instruments.

Opinions were mixed on **simplification of the Instruments** and the balance between **geographic and thematic Instruments**. Many feared that possible reduction in the number **of EU thematic programmes** could imply a decrease in the overall amount available for thematic action, and instead called for a simplification of the rules governing access and implementation of thematic funding. **Increased flexibility of the geographic limits of EU Instruments** was supported by a significant majority of respondents as a way to respond to interregional challenges.

When asked to **prioritise among different areas of interests**, most interested persons and stakeholders indicated 'macro-economic and financial stability, economic growth', 'promotion of trade and investments', followed by 'energy, resource efficiency and climate change' and 'employment and social issues (inclusive growth and decent work)'.

A vast majority of respondents also agreed that private sector is the main engine for economic development and thus contributes significantly to sustainable growth. For this reason they advocate a **more extensive EU engagement with the business community as a partner** in the EU and in third countries in order to involve increasingly the private sector – both financially and in terms of knowledge gathering - as a driver for sustainable development.

Many respondents agreed that **joint programming and co-financing with Member States** could increase the impact and the coherence of EU external action, simplify the delivery of aid and reduce overall transaction costs.

With respect to performance evaluation, a **stronger focus on monitoring activities** during project and programme implementation as well as **greater simplification of the rules** governing external financing receive a wide approval of contributors as a means to ensure that EU external instruments deliver the expected impact.

A larger part of stakeholders supported increasing information and communication activities to enhance the **visibility of EU external funding,** in particular in beneficiary countries; however EU visibility appears to be better served by effective policies, strategies and presence in third countries, than by additional spending for communication. The idea **of reinforcing the EU's coordinating role** among other donors and of ensuring that implementing partners give more visibility to EU funding also had strong support from stakeholders.

1.3. Impact Assessment Board

The Partnership Instrument’s draft Impact Assessment was submitted to the Board on 5 August 2011. The Board issued its opinion on16 September 2011. The Board recommended that the Report should be improved in various respects in particular as regards:

1) Strengthen the analysis of the problems

2) Improve the design and the presentation of the policy options

3) Analyze better the expected impacts

4) Expand the presentation of stakeholders'views

5) Improve the procedure and presentation

The recommendations of the Board have been incorporated into the present version of the Report.

2. PROBLEM DEFINITION

2.1. The problem requiring action and the scope of the current Industrialised Countries Instrument (ICI)

2.1.1. Defining the problem

Through the changes over recent years, the world has seen the **emergence of economies** such as India, China and Brazil which are playing an increasingly important role in the international economy and trade, in multilateral fora (UN, G-20) and in addressing challenges of global concern. These countries are progressively graduating from development status.

The EU has been developing broad binding agreements with key partners and emerging economies – for instance, the Free Trade Agreement with Korea in 2011; the Partnership for Modernisation with Russia launched in 2010; the Strategic Partnership with Brazil in 2007 – to address matters of shared responsibility and resolve bilateral issues. It is also defining concrete proposals – as an example the Free Trade Agreement and parallel broad based Framework Agreement with Japan – on how to take forward these bilateral dynamic relationships encompassing aspects of economic relations as well as other important dimensions of partnership.

The **financing Instrument for Cooperation with Industrialised and other high income countries and territories (ICI)**[3], which came into force in 2007, has been the EU's main vehicle for collaboration with **highly developed countries**. It has a wider scope than its predecessor (Council Regulation 382/2001)[4] which was limited to 6 countries and covered a smaller range of activities. The ICI has constituted an effective toolbox in providing a differentiated and appropriate response to widen and deepen the cooperation with 17 countries **(**industrialised countries and high-income territories in North America, the Asia-Pacific region and the Gulf region). However, as it is due to expire by end 2013, a new financial instrument is needed to cover post-2013 cooperation with these countries.

In 2007 and 2008, the EU budgetary authority took a step further by adopting **Preparatory Actions for cooperation with China, India** and **with middle-income countries in Latin America, Asia and South Africa** in areas such as economic and business relations as well as in research. These Preparatory Actions are **constrained in time** as they are limited to three years. A legislative follow-up has been proposed in 2009 to extend the ICI to these countries (ICI+) and it is expected to be adopted by the Parliament and the Council by the end of 2011.

3 USA, Japan, Canada, the Republic of Korea, Australia and New Zealand); certain Asian industrialised countries and territories which are excluded from the DAC list of recipient countries (Singapore, Hong Kong, Macao, Taiwan and Brunei) as well as the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates) similarly excluded from the DAC list of ODA recipients.

4 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2001R0382:20051212:EN:HTML

Although these activities have considerably helped the EU to pursue its priorities through bilateral cooperation and strengthened relations, they are limited by their geographical scope and areas of intervention and financial resources.

2.1.2. *Scope of current Instrument (ICI)*

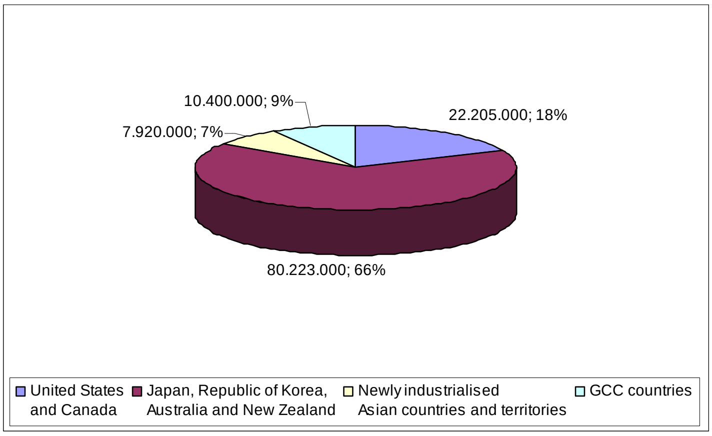
The overall aim of the current ICI Instrument is to strengthen the EU's relationship with **highly developed countries** and to promote its place as a key player in the global economic and political arenas through the funding of cooperation projects covering areas of mutual interests. Given the limited resources available to the ICI, achievements of the objectives are focused on the following areas: **public diplomacy and outreach, economic partnership and business cooperation, and people-to-people links.**

For more details on the ICI see *Annex 1*.

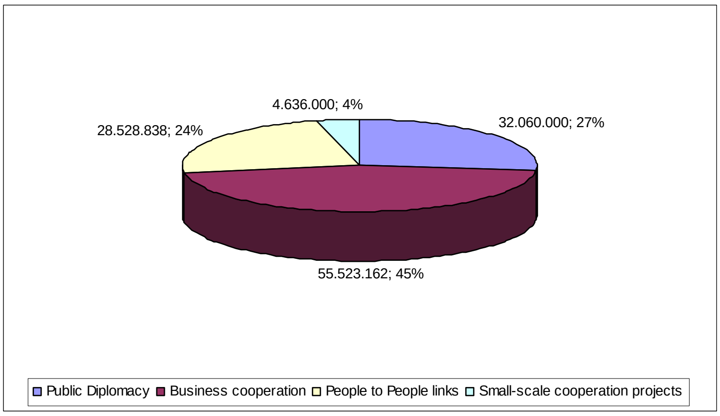
2.1.3. *How is the money spent today?*

For the period 2007-2013, the budget of the ICI Instrument amounts to EUR 172 million (for ICI+, the proposal was EUR 176 million over 2010-2013, but the Regulation is still under discussions). The individual annual funding allocations are linked to the life cycle of the programmes/projects financed under the Instrument.

Breakdown of the budget per group of countries:



Breakdown per group of activities:



2.1.4. Evolution of the overall context since the adoption of the current Instrument

The fundamental challenge the proposed Partnership Instrument addresses is a consequence of globalisation: the texture of the world economy is changing, power is shifting and prosperity is diffusing; new players increasingly shape the international agenda. The G-20 is one symbol of this change: the perception that a new international order is slowly replacing the former power structure is very much grounded in reality, even if the pace of the change may sometimes be overstated.

In particular

- The EU has developed broad based binding agreements with key partners and emerging economies to address bilateral issues and matters of global concern. The implementation of these agreements requires a toolbox, a dedicated financing instrument so that the EU has the means to promoting its interests worldwide, and to deal with global issues wherever the need arises.

- The emergence of new powers such as India and China, or South Africa and Brazil, has changed the international order as these countries are playing an increasingly important role in international economy and trade, in multilateral fora (UN, G-20) and in addressing challenges of global concern. Whilst development and poverty alleviation remain key concerns, these countries are progressively leaving behind the status of developing nations.

- The current Instrument for Cooperation with Industrialised (ICI) countries has a limited geographical scope; it covers only 17 countries and high income territories; whereas the Development Cooperation Instrument (DCI) covers countries such as India, China, South Africa and Brazil but only for official development assistance expenditure.

- Relations and economic ties between the EU and Russia have evolved considerably underlining the importance of Russia as a strategic partner far beyond development cooperation. The need for financial assistance has declined. Russia aspires to a balanced relation and is becoming a donor itself. The proposed Partnership Instrument would become the main instrument for cooperation with Russia.

2.2. Review of evaluation reports and lessons learnt

The Mid-Term Review (**MTR**) **(COM/2009/196) of the financial Instrument for external actions, carried out in 2009, concluded that the limited scope** of the Development Cooperation Instrument (DCI) was impeding the financing of activities which were not partner-focused assistance that is the basis of Official Development Assistance (ODA), but were of mutual benefit in the context of the globalisation. **This limitation was affecting the most dynamic regions of the world (e.g. Latin America, Asia, South Africa)** and requires an adapted enabling Instrument. **Indeed, the Instrument for Development Cooperation (DCI) is not suitable for addressing the problem for two reasons:**

- firstly, **it enables funding only of** activities that have the promotion of the economic development and welfare of developing countries as their main objective, more specifically the eradication of poverty in partner countries and regions in the context of sustainable development, **including the pursuit of the Millennium Development**

Goals (DCI Article 1). Moreover, the EU does not dispose of any other means to promote its own interests in these countries.

- secondly, emerging economies are progressively being graduated from the DCI Instrument, without an instrument to support the evolution of the relationships.

Based on the experience of the **Preparatory Actions** (see 2.1 above), the European Commission proposed a legislative follow up to allow the financing of such measures in countries falling under the DCI Regulation. The legislative proposal was tabled in April 2009 (COM/2009/197). The proposal, known as ICI+, aims to extend the geographical scope of the current Industrialised Countries Instrument (ICI) to developing countries (including emerging economies) of Asia and Latin America, and to Iran, Iraq, Yemen and South Africa.

The Mid-Term Review (**MTR**) also recognised that the ICI, on which the current proposal for a new instrument builds on, has provided a flexible basis to develop cooperation with a wider number of industrialised and high-income territories, although the financial envelope is rather limited.

Even though there has been no strategic evaluation of the ICI, **evaluations of its flagship programmes** the "EU Gateway programme for Japan and the Republic of Korea" (financing EU pavilions in trade fairs) and the EU Centres (university consortia delivering "EU studies" modules and disseminating key information on the EU to a very broad audience) have been carried out in the past years and were very positive.

Regarding the **Executive Training Programme (ETP)** (language and training programmes for managers), the evaluation conducted in 2010[5] has shown that the ETP presents a unique offering in terms of programme structure (familiarity with Japanese and Korean business culture are invaluable attributes) and target audience (both large and small and medium sized companies value the programme). It provides an opportunity to potential participants from Member States who offer no similar initiative. Moreover, it provides a good visibility for the EU. The ETP has had a positive impact on EU companies committed to establishing/growing their business activities with Japan and Korea in terms of assisting the EU company to access Japanese/Korean markets; bringing sustained impact on EU companies' business, rather than a short term and temporary effect, and in terms of broadening the business possibilities of EU companies in other Asian countries.

The evaluation, conducted in 2010[6], on **EU Centres** (dedicated to public diplomacy) Initiative has shown that "the Centres are adding real value and that the Commission benefits from the Initiative to a great extent. The amount of work conducted by the Centres compensates by far the costs that the Commission incurs on the programme". The programme has achieved a solid base in those countries that have been pioneers to the Initiative (USA and Canada) and is successfully striving towards higher levels of maturity in Australia and New Zealand. The EU funding has the capacity to act as seed money, mainly by attracting other sources of funding that are pulled towards the Initiative to ensure its long term sustainability.

Further information on these successful ICI programmes is detailed in *Annex 2*.

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5 Ref Evaluation: Intermediate evaluation of the Executive Training Programme in Japan and Korea. February 2010. Deloitte consulting.

6 Ref Evaluation: http://www.eeas.europa.eu/eu-centres/docs/2010_evaluation_en.pdf

The evaluation of the results of the **Preparatory Actions**[7] can only be tentative as they were set up in the 2007 and 2008 budget procedures. The Preparatory Actions concern four domains identified by the EU budgetary authorities: economic and business relations (China and India), research, and integrative approach to the development and practice of policy for EU-Asia. They cover cooperation measures, in middle income countries and other developing countries in Asia and Latin America, which are not fully in line with the stated objective of the DCI (poverty eradication in the context of sustainable development). On the whole, there is no doubt that the actions meet genuine and strategic European needs and it has already become obvious that Europe needs to be able to stay the course over the medium to long term to achieve sustainable impact.

2.3. The underlying drivers of the problem

- Rise of emerging economies
  Emerging economies are playing an increasingly important role in international economy and trade, in multilateral fora (UN, G-20) as well as in addressing challenges of global concern.

- Existing instruments' lack of flexibility
  Current Instruments lack the flexibility to bring forward bilateral agendas with these countries in a number of areas where the EU needs to respond swiftly to new situations while promoting its interests worldwide (*Annex 3*).

- Evolution of the relationship with Russia
  In recent years relations and economic ties between the EU and Russia have evolved considerably underlining the importance of Russia as an important strategic partner. Given the significant improvements in Russia's economy, the need for financial assistance has declined. In fact, Russia aspires to a balanced relation and is becoming a donor itself. Thus, the ENPI is dated in terms of EU-Russian bilateral financial cooperation and is not adapted to meet the objectives defined in the roadmaps of the EU-Russia Common Spaces and the Partnership for Modernisation. The main reason for bilateral cooperation with Russia to take place on the framework of the Partnership Instrument would therefore be the need to continue cooperation with the EU in areas of common interests and support to civil society (more on EU-Russia relations in *Annex 3*).

- ICI's limited geographical scope
  The current Instrument for Cooperation with Industrialised (ICI) countries has a limited geographical scope; it covers only 17 countries and high-income territories (industrialised countries and high-income in North America, the Asia-Pacific region and the Gulf region). This does not allow the EU to engage with other partner countries that are interested in fostering a relationship of "equals" with the EU. Its current scope stems from this geographical limitation and is also limited in terms of areas of intervention and budget.

- DCI's limited scope
  The current Instrument for Development Cooperation (DCI) includes countries such

[7] Business and scientific exchanges with India; business and scientific exchanges with China; cooperation with middle-income group countries in Asia; and cooperation with middle-income group countries in Latin America.

as India, China, Brazil, and South Africa; however its geographic cooperation can only be used for aid that meets the stated objective of the DCI (poverty eradication in the context of sustainable development)**.** Therefore its scope is restricted as it does not allow engagement with such countries in programmes beyond the development cooperation agenda.

- Preparatory Actions' limitations in time
  These Actions were set-up as a response to the limited scope of the DCI. They are, however, constrained in time to three years. In 2009, the Commission tabled a legislative proposal, known as the ICI +, extending the geographical scope of the current ICI to DCI developing countries (including emerging economies), namely Asia, Latin America, and to Iran, Iraq, Yemen and South Africa.

2.4. Legal base for EU action

In the framework of the discussions set-up by the legislative authority on the Commission's proposal on the ICI+ (COM/2009/197[8], see Section 2.2 of this Report), and following the entry into force of the Lisbon Treaty, an understanding on the use of Articles 207(2)[9] and 209(1)[10] to carry-out such activities in developing countries has been reached between the three Institutions. For countries "other than developing countries", Article 212(2)[11] of the Treaty on the Functioning of the European Union (TFUE)[12] is used.

Further to that agreement, the proposed new comprehensive Instrument would therefore be based on the combination of the following three articles of the TFUE: Articles 212(2), 207(2) and 209(1).

2.5. EU Added Value

The EU has numerous international agreements with partner countries all over the world, not matched by individual Member States, which gives them all influence in virtually all fields of international relations. With 27 Member States acting within common policies and strategies, only the EU has the critical weight to respond to global challenges. The EU as a global player has the credibility and neutrality which are not available to individual Member States. The EU is also in a unique position to promote EU norms and turn them into global standards through international cooperation.

The proposed Partnership Instrument will demonstrate enhanced added value compared with the existing situation as it embraces the Europe 2020 Strategy based on green growth oriented cooperation, a stronger emphasis on EU interests in cooperation with emerging and industrialised countries and a stronger focus on improving the climate for business, investment, trade and research and innovation. It should develop a proactive agenda of mutual interests with partner countries with a specific focus on EU Strategic Partners.

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8 http://www.europeanlawmonitor.org/legislation/2009/COM2009197text.pdf

9 Article 207(2) of the TFUE: The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall adopt the measures defining the framework for implementing the common commercial policy.

10 Article 209(1) of the TFUE: The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures necessary for the implementation of development cooperation policy, which may relate to multiannual cooperation programmes with developing countries or programmes with a thematic approach.

11 The European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall adopt the measures necessary for the implementation of paragraph 1.

12 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:083:0047:0200:en:PDF

The new Partnership Instrument would also better honour the EU's commitments towards third countries with which it has concluded Partnership and Cooperation/Framework Agreements. It adds credibility and consistency to the EU external policy of linking the promotion of its values and interests with specific cooperation activities. Within the framework of the agreements, the Partnership Instrument could also act as a catalyst for joint EU and Member States projects as the EU and Member States are bound by their provisions. Finally, it would support the EU's regional and bilateral policies, as well as the EU's commitments towards regional and international cooperation processes and bodies such as the Arctic Council[13].

The EU's economic cooperation activities, business dialogues and other forms of external economic actions could be a powerful foreign policy tool. They could contribute to project the EU's visibility and influence externally. It may support Europe's ambition to become a key economic and political actor on the international scene both bilaterally and through multilateral bodies such as the G-20.

Moreover, joint actions with EU Member States and innovative resource mobilization modalities may become more frequent and feasible under the Partnership Instrument as compared to the current situation under the ICI. More money will be available to support co-financing operations implemented in cooperation with EU Member States bilateral aid or financial bodies or agencies. Multiannual programming would allow more structured and integrated business. Public and private partnerships may be more achievable, involving several actors of the European business community. Blending grants and loans also may become a preferred option whenever relevant.

3. OBJECTIVES

3.1. Policy context

In light of the evergrowing globalisation in which many challenges of worldwide concern have arisen, including the economy, trade, the environment and climate change as well as social issues, and in order to live up to its commitments (Europe 2020 Strategy) as well as to promote its interests overseas, the EU needs to equip itself with an appropriate range of financial instruments.

The Partnership Instrument would build on established frameworks and past activities carried out in recent years while embracing new cooperation activities to bring forward the bilateral agenda and to support the implementation of bilateral agreements (Partnership and Cooperation/Framework Agreements (PCAs), Free Trade Agreements (FTAs), Joint Action Plans, Policy Dialogues, Summits and Thematic Dialogues) with third countries.

The Instrument should respond to the need to promote the European Union's interests globally and to strengthen links and to engage further with strategic partners on a bilateral, regional or multilateral basis in order to create a more favourable and transparent environment for the development of relations between the European Union and its partner countries.

13 http://www.arctic-council.org/

3.2. Objectives

General objective

The **overall aim** of the Partnership Instrument is to **advance and promote EU and mutual interests and to give the Europe 2020 Strategy a global reach**, by responding in an effective and flexible manner to cooperation objectives arising from the Union's **bilateral relationship** with partner countries and by addressing **challenges of global concern,** with a specific focus on strategic partners.

Specific objectives

The Partnership Instrument will be the main instrument to support the cooperation with industrialised countries, Russia, emerging economies. It will also support ad-hoc cooperation with developing countries within its scope.

It will pursue the following specific objectives:

a) implementing the international dimension of the “Europe 2020” strategy by supporting EU bilateral, regional and inter-regional cooperation partnership strategies, by promoting policy dialogues and by developing collective approaches and responses to challenges of global concern;

b) improving market access and developing trade, investment and business opportunities for European companies, in particular SMEs, by means of economic partnerships and business and regulatory cooperation;

c) enhancing widespread understanding and visibility of the Union and its role on the world scene by means of public diplomacy, education/academic cooperation and outreach activities to promote Union’s values and interests.

Operational Objectives as regards the drivers of the problem (section 2.3)

- Respond to the rise of emerging economies by developing cooperative interaction with partner countries in order to address challenges of worldwide concern and manage globalisation by maximising its benefits in a more sustainable manner.

- Enhance flexibility compared to the existing instruments to be able to respond swiftly to new situations in partner countries and to bring forward bilateral agendas while promoting EU interests worldwide.

- React to the evolution of the relationship with Russia and meet its aspiration to reach a harmonious association.

- Respond to the ICI’s limited geographical scope and areas of intervention by enabling full engagement with partner countries who are interested in fostering balanced relations with the EU.

- Address the more limited objectives of the DCI in order to support bilateral cooperation not aimed at development aid. This also responds to the challenge of advancing EU interest towards countries where development assistance is no longer needed and should be reduced or reoriented.

- Meet the Preparatory Actions' limitations in time by supporting cooperation measures in middle income countries and other developing countries in Asia and Latin America which are not priorities for ODA.

3.3. Consistency with external action priorities

The Lisbon Treaty sets out common principles and objectives and defines a new institutional framework for the Union's external action (notably the European External Action Service (EEAS)) leading to high expectations in the field of external action both internally within the EU and by partners at national and regional level, including in the multilateral context.

It should also be noted that the Council and the European Parliament have also clearly called for keeping separated ODA money from non-ODA money. This has to be seen in the context of the pledge of the Member States and the EU on ODA target.

The Instrument will be an integrative element in the overall architecture of external action Financial Instruments organised around four main chapters: a policy-based chapter aiming primarily at cooperation with partner countries at the bilateral, regional and international level; as well as chapters on working on cross-cutting priorities and values: human rights and democracy, humanitarian assistance and civil protection, crisis management and prevention.

The Instrument's main objective is to project EU policies in support of the EU 2020 agenda, addressing major global challenges, developing a proactive agenda of EU and mutual interests with industrialised countries and emerging economies, with a specific focus on Strategic Partners.

The proposed PI also allows considering triangular cooperation of a kind that no other instruments could cater for, and which may well prove to be a substantial part of future action: co-operation between the EU, a country of the traditional industrialised world and a newly emerged power. Currently, it is extremely difficult for the EU and the US to fund a project together involving, for example, the monitoring of climate change in South Africa. Nor could we contribute to a centre in Korea that promotes biodiversity in developing countries in Asia. Since the DCI cannot apply to countries such as the United States and Japan, and since triangular cooperation is increasingly a policy option, the fact that the Partnership Instrument, as envisaged, would be truly global in geographical scope would be a decisive operational advantage.

3.4. Consistency with other EU policies

One of the key priorities of the **Europe 2020 Strategy** is to restore growth. The agenda recognises that fast-growing emerging economies with an expanding middle class will play a critical role in sustaining European export of goods and services in which the EU has a comparative advantage. The Partnership Instrument should be instrumental in supporting **trade policy**[14], in particular as regards the strategic economic partners. The support to market access for European companies will complement actions financed under the competitiveness and SME programme.

Emerging economies play an increasingly important role as responsible partners in addressing challenges of global concern. Issues such as poverty alleviation, migration, competitiveness

[14] "Trade, Growth and World Affairs - TRADE POLICY AS A CORE COMPONENT OF THE EU'S 2020 STRATEGY" (COM/2010/612) of 9.11.2010

and trade liberalisation, environment, climate change, energy, enhancing digital literacy skills and inclusion, pandemics, cyber security, terrorism and organised crime can only be tackled in an international context. Against the backdrop of accelerating globalisation, it is essential that the internal agenda of securing sustainable growth and jobs in Europe and the EU's internal policies in general are complemented by an external dimension. This external dimension of internal policy should enhance the consistency and coherence of EU external action and should complement it, while avoiding duplication of efforts.

The Partnership Instrument will give priority to supporting the external dimension of EU policies on **climate change, environment, energy, and information and communication technologies**:

The EU has already designed arguably the most sophisticated set of incentives, rules and regulations to facilitate our own transition to low carbon economy and unilaterally adopted ambitious targets. This framework provides comprehensive and concrete policy insight that could and should be used to facilitate similar ambitions by our key strategic partners. Such action would clearly be good for the environment while acting as catalyst for broad based investment in research and innovation, new greener technologies and providing commercial openings for EU industry. For the Partnership Instrument, **climate mainstreaming and climate objectives** will be particularly relevant to activities enabling policy dialogue with industrialised and emerging economies.

Resource efficiency will be crucial to ensuring that economic growth remains sustainable within environmental planetary constraints. The EU is adopting a **Resource Efficiency Strategy** as one of the Flagships of the 2020 Strategy. This will, inter alia, affect EU norms and will only be truly effective if resource-efficient practices are adopted by all major economies. Emerging economies have the opportunity to leapfrog the polluting unsustainable consumption and production patterns so often followed by the EU and other advanced economies during our industrialisation and the EU has every interest in helping them to do so. However, emerging economies especially India and China also have large, absolutely poor populations reliant on healthy ecosystems such as clean water and productive seas and forests for their livelihoods while Brazil, South Africa, India and China are mega-biodiverse. Dialogue and cooperation on the economics of protecting and sustainable managing ecosystems is in the mutual interest of the EU and its partners.

Dialogue and practical co-operation with the key global energy producers and consumers is essential to address the challenge of ensuring the **EU's energy security**, particularly as the EU becomes more import dependent, as well as promoting a global low-carbon agenda, sustainable energy policies, transparency and predictability on global energy markets and technology cooperation.

States leaving developing country status request new forms of **cooperation in technological and innovative areas**. To remain a strategic partner in these fields and continue to be a leader in the promotion of global standards, the EU must be able to set up cooperation partnerships in these areas.

To sum up, the external projection of the EU's internal policies will be fully integrated in the programming of the Partnership Instrument that will also, within its limited financial envelope, complement the external dimension of internal policies conducted under other EU programmes (such as action under the Horizon 2020 Framework Programme for Research and Innovation, the Competitiveness and SME Programme including cooperation on Tourism, the "Erasmus for all" Programme, the Migration Fund and the Internal Security Fund) in order to avoid any duplication. Coherence and complementarity with other external action geographical instruments, in particular the Development Cooperation Instrument, will be taken into account throughout the programming stage while integrating the principles of differentiation and concentration.

3.5. Geographical coverage and scope

The geographical scope of the Instrument should be **global**, i.e. covering all non-EU countries (non-developing and developing)[15]. This represents an important change compared to the existing Industrialised Countries Instrument (ICI, covering only 17 industrialised and high-income countries and territories). This will provide the necessary flexibility to respond to the fast changing nature of partner countries, to the global nature of key challenges, and to fill the legislative gap identified in the Mid Term Review of the financial Instruments.

Even though its reach will be global, the Partnership Instrument will particularly focus on **strategic partners, including Russia, and emerging economies**. It will be the main vehicle for fostering EU relations with the traditional big, industrialised economies and new relations with emerging economies. It will also cover bilateral cooperation with Russia. Although the EU has already established Strategic Partnerships (SP) with a number of third countries, the concept has never been fully developed. The process started with the European Security Strategy (end 2003) indicating the need to develop strategic partnerships with Russia, China, Canada, India, in addition to the US. To date the EU has designated several Strategic Partners: the US, Canada, Japan, Russia, South Korea, China, India, South Africa, Brazil and Mexico.

Special and privileged relationships and partnerships are recognised between the EU and the acceding and neighbourhood countries and some other countries (e.g. ACP countries) but not as "strategic" partners. Finally, a few regional groupings and international organizations are qualified as EU Strategic Partners too (LAC, Africa, NATO, ASEAN, UN bodies). The strengthening of the EU's competitiveness and the generation of jobs and growth, as set out in the Europe 2020 agenda, is at the core of this exercise.

Besides these countries - and without prejudice to the priority of development cooperation in the Development Cooperation Instrument (DCI) and the European Development Fund - the new Instrument should also serve to promote EU interests and values in all developing countries where and when necessary.

In order to achieve a significant impact, cooperation activities would focus on a limited number of priorities in the following categories:

a) Bilateral cooperation and common approaches to challenges

The Instrument will provide a differentiated and appropriate response to widen and deepen the cooperation with partner countries, focusing on emerging powers, supporting the implementation of agreements (such as Partnership and Cooperation/Framework Agreements, Free Trade Agreements, Joint Action Plans, Policy Dialogues, Summits and Thematic Dialogues) and fostering common and more effective approaches to key international policy challenges, including coordination of positions in international and regional fora (e.g. climate change, biodiversity and sustainable energy, resource efficiency and green economy). It

[15] Including Oversea Countries and Territories (OCTs)

should also support, where necessary, the EU's commitments to regional and international cooperation processes and bodies such as the Arctic Council.

The Instrument should be able to finance specific actions and activities tailored to supporting political priorities and promoting the bilateral agenda with these countries, including in those sectors of particular interest for the EU. Both quick impact responsive events (e.g. this years symposia on aviation and illicit networks) and longer term programmes will be needed (e.g.: action to promote the effective implementation of the comprehensive civil aviation agreement signed in March 2011 with Brazil, or actions create a proper policy and regulatory environment for electronic communications, to promote the opening up of public procurement or a more effective enforcement of intellectual property rights in China, or sustainable energy initiatives such as the clean energy centre also in China).

The focus will be on areas with a clear mutual interest such as (but not limited to): smart sustainable and inclusive growth *or green economy,* resource efficiency energy, and climate change, biodiversity policy, information and communication technologies, aviation and maritime transport, standardisation, promotion of rule of law and legal cooperation, public health, development, medicine.

b) Economic partnership and business cooperation

European business interests - exports, investment flows and economic partnerships – need to be supported within a more strategic approach. Countries to be covered by the instrument represent existing and potential markets for European products, services and direct investment flows. However, certain markets are difficult for European countries to access for structural reasons. The key objectives of the EU trade and investment strategy to be supported by the Partnership Instrument are:

- to facilitate and enhance market access for European companies (including relevant regulatory support in relation to trade barriers), notably through programmes assisting them to overcome obstacles to entering the market and by complementing actions financed under the Competitiveness and SME programme;
- to promote advanced business education and exchanges for European managers building up capacity through executive training programmes;

The programmes should deliver concrete opportunities for improved business cooperation, increased turnover and investments in target areas and greater trade flows with the partner countries. Resources shall be focused on countries where interventions can increase the participation of European companies.

The programmes will be complementary to and interconnected with existing support measures with the Enterprise Europe Network, currently providing business and innovation support in 49 countries, including most of the industrialised countries and emerging economies.

Activities aimed at achieving these objectives would consist of facilitating partnerships and joint initiatives between European and partner countries' companies and business management training programmes (see *Annex 2*: Executive Training Programme (ETP) and EU Gateway Programme both in Japan and Korea).

c) Public diplomacy, education/academic cooperation and outreach

Europe's strong presence in the global economy and its role on the world stage need to be matched by a better understanding of the European Union in partner countries. By supporting public diplomacy, outreach activities and networks it can respond to the low level of knowledge of the EU in partner countries and promote its values and interests. The objectives here are:

- to increase mutual understanding through academic and cultural exchanges;
- to share EU expertise with partners to promote environmentally sustainable and resource efficient development of emerging economies;
- to promote widespread understanding and visibility of the EU;
- to promote the EU's views on important policy issues, by positively influencing policy debate and encouraging greater engagement with the EU in support of EU policy objectives;
- to promote reflection and discussion about the EU and its policies, and its relations with partner countries;
- to promote the exchange of best regulatory practices in key sectors.

Activities in support of these objectives could consist of: the consolidation and expansion of existing EU Centres (see *Annex 2*) and the establishment of new centres in other partner countries; the development of activities that encourage policy, the support to platforms for exchange and dialogue between regulators, research and debate by think tanks and other organisations on areas of mutual interest; well targeted information campaigns; and, finally, "people-to people" contacts among promising young citizens active in cultural spheres. These activities would enhance the knowledge and understanding of the EU to a wide audience, and this, in itself, will have a beneficial effect on the economic and political relationships with its partners.

4. OPTIONS

(a) Option 0: "Zero Option"

A "zero option" implies that assistance under the current ICI instrument would be phased out as of 31 December 2013. By then the EU cooperation/dialogues with 17 advanced countries and territories would be terminated and funding would no longer be available to support EU dialogues with them. No new EU cooperation would be feasible (outside poverty alleviation) with other third countries around the world.

(b) Option 1: "No change"

Under this option, the ICI Regulation would cover only traditional industrialised and high-income countries (.i.e. 17 countries) and the DCI Regulation would remain the only financial instrument, focused on development cooperation, to cover cooperation with some countries of great importance in terms of economics, demographics, and politics.

(c) Option 2: "Maintain ICI as such and amend DCI"

This option would maintain the ICI in its current form and insert a window for economic, financial and technical cooperation of a non developmental nature with third countries within the DCI. Under this option, geographical coherence would be ensured under a single instrument, but for DCI countries the Regulation would include two different objectives: one objective of poverty eradication (ODA) and one objective of fostering EU interests (non-ODA).

(d) Option 3: "Table a new Instrument building on ICI/ICI+"

This option would build on the ICI and ICI+ proposal to provide a new Instrument with a global reach. This option allows for a clear distinction with Development Cooperation money and respects the Commission's intention to increase coherence and consistency through a major simplification of the Instruments. It allows a response to the underlying drivers of the problem as identified under section 2.3.

The possibility of trade offs between the global scope of the Partnership Instrument and the potential dilution of funds, will be addressed at the programming stage by implementing a selective and scrupulous objective country/project selection criteria in accordance with the objectives of the Instrument. Approaches and operations would be kept flexible and would be adapted to specificities of countries, EU policy priorities and changes in the world.

The table below clearly expresses what differentiates the ICI, the ICI+ and the Partnership Instrument and, by doing so, it highlights the strengths and possibilities of the latter as opposed to the other two's limitations.

	Regulation No	Duration	Geographical Scope	Budget EUR	Objective
ICI	EC 1934/2006	2007-2013	17 countries and high income territories[16]	172 million	Support economic, financial and technical cooperation and other forms of cooperation falling within its spheres of competence.
ICI+	COM 2009/197 (not yet adopted)	2011-2013	Same as above + countries listed in South America, Asia, Central Asia, the Middle East and South Africa[17]	176 million	Same as above.
PI	Drafting ongoing	2014-2020	global	1 billion	• Improve market access through economic partnerships and business cooperation. • Project Europe 2020 Strategy; policy support; address global challenges. • Promote EU values and interests through public diplomacy and outreach.

5. ANALYSIS OF IMPACTS

[16] USA, Japan, Canada, the Republic of Korea, Australia and New Zealand); certain Asian industrialised countries and territories which are excluded from the DAC list of recipient countries (Singapore, Hong Kong, Macao, Taiwan and Brunei) as well as the Gulf Cooperation Council (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates).

[17] See Annex 2 of COM/2009/197 "List of developing countries covered by this Regulation".

5.1. Likely economic, social and environmental impacts

(a) Option 0: “Zero Option”

EU dialogue and cooperation with the US, Japan, Australia, the GCC countries, etc, would no longer be supported by any financial instrument under the Heading 4 (Global Europe)[18] of the EU budget and no new EU cooperation with the emerging economies in the fields of industry, business, economy, finance, culture, research and innovation, and so on, would be feasible in the foreseeable future.

Since no new and broader instrument would be introduced as an ICI successor, the scope of future EU cooperation with developing countries (and especially emerging economies) would be limited, focusing only on development cooperation. This would be implemented under a new DCI for 2014-2020.

The disadvantages of such an option could be high and it exposes the EU to five major risks:

- A political risk, as EU partner countries would not understand. EU bilateral agreements, policies and dialogues in crucial sectors would no longer be supported in the context of a medium-term global (and EU) recovery cycle. By doing so, Europe would be perceived as not being able (or determined enough) to defend its external and domestic interests.
- Fragmentation of budgets and instruments to support the external dimension of internal policies: this would pose new challenges to the EU in terms of political guidance, synergies (optimum use of funds), coordination and coherence.
- DCI funds might be used to finance such activities by interpreting extensively the scope of the Development Cooperation Instrument. These interpretations could lead to challenges by the legislative authority, thus hampering such cooperation.
- In the absence of a tailor-made instrument, the European Parliament and the Council might request the Commission to implement additional “ad hoc” preparatory actions, limited in time and with small budgets and impact. Fragmentation and lack of a clear strategy could lead to serious management problems during the implementation phase.
- If a zero option prevailed, it would lead to the lessening of Europe‘s capacity to protect its interests and entertain mutually advantageous dialogues with third countries in several key sectors or domains which are crucial to its external “projection” and its ambition to become a global player.

(b) Option 1: “No change”

Under the « no change » option, the EU would continue to engage in policy and business dialogues, public diplomacy and other forms of cooperation in research and innovation, finance, economy, culture with a restricted number of advanced partner countries.

[18] establishing a coherent **role for Europe on the global stage** – inspired by its core values – in the way it assumes its regional responsibilities, promotes sustainable development and contributes to civilian and strategic security.

This would certainly be rewarding for Europe as it would continue to project its values and protect its interests' vis-à-vis this group of advanced countries playing a key role in the current post-crisis recovery and globalisation process. However, the major drawback of this option is that it does not respond to the underlying drivers of the problem identified under section 2.3. The lack of a "tailor made" instrument would be an obstacle for Europe in supporting the Europe 2020 Strategy and developing more strategic relations with the most dynamic and fast-growing economies in the world having great weight in terms of multilateralism, GDP growth, consumption, investment, imports, research and innovation capacity, technology, finance, culture/education, business development, FDI, environmental and climate pressures, etc.

(c) Option 2: "Maintain ICI as such and amend DCI"

According to option 2, the DCI would have two different "windows" (and sub-budgets) coexisting side-by-side. These two components (basically ODA and non ODA budgets for the sake of simplification) would necessarily have different objectives and follow different modus operandi and country allocation criteria which would prove extremely challenging: how to create a synergy between objectives which are radically different and, thus, not inherently compatible?

The economic, social and environmental impact of this option is not expected to differ greatly compared to option 3. The major drawback would be that the co-existence of these two very different financial "windows" could prove more difficult than originally foreseen. The fundamental differences between its goals would result in major problems ranging from management and decision-making (on what could be financed under each window for instance) to implementation, as a paramount issue that could arise may well be the preference given to some objectives to the detriment of others. With regards to resources, it also concerns various areas of expertise and resource mobilisation could be delayed with negative socio-economic environmental and policy impacts and adverse consequences for dialogues between the EU and its main partner countries.

It should also be kept in mind that the Council and the European Parliament have specifically called for keeping separate instruments for development cooperation and non development cooperation.

(d) Option 3: "Table a new Instrument building on ICI/ICI+"

Considering the underlying drivers of the problem as identified under section 2.3, this option would allow an innovative instrument able to support the policies of the EU in the world. No direct, precise impacts can be assessed given the nature of the Instrument, however an indicative economic, social and environmental impact assessment is provided below.

Impact on the EU economy and EU economic dialogues with partner countries

The implementation of a new Partnership Instrument would provide the EU with another window of opportunity to promote its enterprises (SMEs in particular) and products. It would create the financial possibility to support EU business in third countries, providing incentives for EU competitiveness and innovation in a way that should remain complementary to the actions financed under the Competitiveness and SME programme and under Horizon 2020 (research and innovation), support EU international trade and investment which, in turn, could lead to the facilitation of foreign investment into the EU. Numerous areas of cooperation could be pursued including climate change, environment, approximation of technical regulations and standardisation, corporate social responsibility, intellectual property rights, protection of personal data, best practises in economic, trade and financial matters. Thus, the EU's economic security could be strengthened and possibly new jobs created which, ultimately, would contribute to economic growth.

This Instrument could reinforce EU trade relations with partner countries having a positive impact on the EU balance of payments, economic and trade relations with the rest of the world while being consistent with market access/open market principles. As such, it could also contribute to lessen the risk of protectionism as well as supporting international competitiveness and the ongoing globalisation process while making sure that all countries benefit in line with the principles of the Europe 2020 Strategy.

The new Partnership Instrument would also contribute to support the EU's competitiveness through targeted human resource development: the availability of highly skilled people and their capacity to innovate is a prerequisite for economic prosperity.

Economic Impact on partner countries

The new Instrument could foster well developed forms of economic cooperation between the EU and partner countries. In this context, it would allow the EU to ensure that environmental, sustainable energy, social, employment and other welfare values are adequately considered in policy programme design and implementation.

Increased investment by EU companies would also contribute to economic growth in the hosting country. Actions aiming at promoting Corporate Social Responsibility will improve social, labour and environmental rules and implementation in the partner country.

By contributing technical assistance, the Instrument could identify sustainable paths for fiscal consolidation of growth, thus helping countries in efforts to gain control of their accounts. It could also support initiatives to improve administrative efficiency, the productive use of workers' remittances and to promote new investments and transfers of technology in national industrialisation programmes or infrastructural developments in order to promote resource efficiency and sustainability, including in the production and use of energy.

Impact on economic governance

The Partnership Instrument is also expected to have an impact on economic governance**.** With the crisis, hard lessons have been learnt about the limits of markets. It has called for revisiting the role of government, redefining the balance between state and market and searching for ways to boost citizens' trust in both.

The crisis demonstrated that public policies are the critical anchor of national economies in times of economic unrest as governments halted financial market freefall and avoided financial catastrophe. However, the ensuing fiscal pressures in many countries have increased the need to cut public expenditures, which in most cases means streamlining the state. This effort calls for reassessing the role of government intervention to achieve better and more effective governance, sound institutions and effective rules and procedures.

Another important governance issue refers to anti-corruption, transparency and integrity. The new Instrument could be directed to improving anti-corruption tools and reinforcing their implementation. New initiatives could enhance coordination of anti-corruption and transparency actions worldwide as well as compliance with relevant international conventions, “best practices” and guidelines.

Finally promoting the full engagement of strategic partners in global environmental policy making and governance especially with regard to Multilateral Environmental Agreements will be crucial to promoting sustainable economic change.

Social impact on the EU economy

The EU's ambition is to address interlinked social policies and identify strategic orientations going beyond growth. This could be enhanced by economic cooperation with partner countries, strengthening national and international regulatory frameworks and contributing to improved national, regional or global economic governance. These strategies and approaches could have a positive impact on EU employment and social policies such as the EU welfare model of social protection, the creation of “green” jobs, the “EU 2020” social agenda etc. Growing competition from emerging economies could also act as a strategic incentive for Europe to allocate more resources to training and re-training, improving the quality of teaching and research and to the reform of domestic welfare systems.

Social impact on partner countries

By harmonising the EU and EU Member States’ financing instruments and by supporting joint activities with other bilateral and multilateral donors, the new Instrument could have an important impact on the social fabric of emerging countries. It could provide support to the reform of welfare systems, national employment policies, national training and skills’ development policies, education, research and innovation programmes as well as the strengthening of national safety “nets”. Its contribution to extra “green” jobs creation, income-per-capita increases and effective social cohesion and poverty alleviation strategies at national level will be relevant. In this respect it would contribute to the successful implementation of the international social agenda promoted by the UN International Labour Organisation and G8/G20.

Environmental impact on EU and partner countries

Making “green” growth work, implementing the strategy and supporting partner countries in their policies for a more ecological growth path will figure among the top strategic priorities of the new Instrument for the coming years.

EU partnerships through the new Instrument will aim at encouraging and supporting growth and long-term environmental sustainability. In this respect, the new Instrument is expected to play a key role in providing support for both EU and partner countries’ environmental and climate change-related actions and policy dialogues.

The Instrument could support a low-carbon business model by providing incentives to the European private sector. Building on the successful results of the COP-16 United Nations Conference on Climate Change in Cancún, it could be used to help EU business to develop effective and least-cost policies to achieve environmentally friendly goals in the partner countries. It will also help partner countries’ economies to reap the full environmental, ecological and energy-efficient benefits of innovation.

The Instrument could allow cooperation to better understand the economic and social costs of biodiversity loss and ecosystem degradation in countries of global significance.

5.2. Impact in terms of management / implementation modalities

Where substantial volume justifies sound and cost-efficient local management, deconcentration (i.e. management in EU Delegations instead from Headquarters) should apply and EU Delegations should be equipped with the necessary human resources for project management responsibilities. In any case, EU Delegations will be able to manage, for example, small scale actions within the scope of the Partnership Instrument (e.g.: workshops to explain to EU companies based in Korea the implications of the Free Trade Agreement concluded with this country). The EU Seoul Delegation is logically better placed than Commission services in Brussels to procure these types of actions (knowledge of the local market conditions, familiarity with potential bidders, no language barrier, access to stakeholders and government authorities, etc). In view of the above, a part of the financial envelope will be set aside for administrative support expenditure, including human resources linked to the implementation of the instrument.

On programming:

- multi-annual programming should remain applicable for most components within the scope of the Instrument as it is the case with the current ICI. Indeed, activities in the fields of business cooperation, public diplomacy and networks (such as EU Centres) represent long term investments and operate on cyclical bases which make multi-annual programming essential to ensure sound and efficient management of the programmes.

- non-programmable components need to be foreseen as the Partnership Instrument should provide swift response to changing situations, especially in the area of bilateral cooperation and policy dialogues. Such flexibility is necessary to ensure that cooperation activities remain fully in line and in time with policies and strategies.

6. COMPARING THE OPTIONS

The effectiveness of each option is measured in relation to its response to the drivers identified above (see section 2.3):

- the strong emergence of certain countries;
- the lack of flexibility of current Instruments to promote bilateral agendas;
- the specific relationship with Russia;
- the confined geographical scope of the ICI;
- the DCI's limited scope;
- the 3 year time constraint on Preparatory Action.

a) **Option 0** is not considered a valid one if the EU wants to play its role in the world as explained under section 5.1.

b) **Option 1** is not considered worth pursuing given the need to fill the legislative gap. Challenges linked to globalisation require an enabling instrument covering the most dynamic regions of the world. It would not meet expectations of partner countries who want to engage further with the EU in various areas. It would not allow the EU to project its interests and policies abroad.

c) **Option 2** would enhance simplification and harmonisation. However, this would eliminate the advantages of having policy-driven instruments ensuring the adequate mix of objective and principles relevant for each policy. After the reshuffle of 2007, the structure of the current instruments broadly reflects EU priorities as well as the differential treatment of countries according to common characteristics and challenges. This option would not necessarily reflect the institutional changes brought by the Lisbon Treaty in a clear and structured manner and could dilute the overall development objective of the Development Cooperation Instrument.

d) **Option 3** is assessed as the best option. There is a large consensus on building on the current set of financial instruments, although it is necessary to reflect the institutional changes brought by the Lisbon treaty. Under this option, the current structure of the instruments, which has been considered pertinent and adequate by stakeholders and EU Member States, would remain largely unchanged. However, such new instrument with a global reach in scope and focused objectives will contribute to adapt thoroughly the existing methods of conceiving, programming and delivering results. It appears clearly as the preferred option.

This is also indicated in the table below where the options are assessed against three criteria of which effectiveness must be taken into account as a necessary condition therefore outweighing the other two.

(i) *Coherence* means possibilities to create synergies in terms of programming and delivery towards achieving the agreed objectives and to avoid negative consequences and overlaps which would adversely affect the implementation of the policies. This is particularly significant when two different instruments have the same geographical coverage.

(ii) *Effectiveness* means doing the right things, that is setting the right goals and objectives and making sure they are accomplished.

(iii) *Efficiency* means doing things right, in other words it is getting the most from your resources: that encompasses organisational aspects and the gains from the simplification of the instruments.

	Option 0	Option 1	Option 2	Option 3
Coherence	-	=	+	+
Effectiveness	-	=	++	++
Efficiency	-	-	+	++

7. MONITORING AND EVALUATION

The European Commission's Monitoring and Evaluation systems are increasingly focused on results. They involve internal staff as well as external expertise.

Task Managers in Delegations and Headquarters continuously monitor the implementation of projects and programmes in various ways, including wherever possible through field visits.

Monitoring provides valuable information on progress; it helps managers to identify actual and potential bottlenecks, and to take corrective action.

External, independent experts are contracted to assess the performance of EU external actions through three different systems. These assessments contribute to accountability, and to the improvement of ongoing interventions; they also draw lessons from past experience to inform future policies and actions. The tools all use the internationally-recognised OECD-DAC evaluation criteria including (potential) impact.

Firstly, at the project level, the Headquarters-managed Results Oriented Monitoring (ROM) system provides a brief, focused snapshot of the quality of a sample of interventions. Using a highly structured, standardised methodology, independent ROM experts attribute grades which highlight the strengths and weaknesses of the project and give recommendations on how to improve effectiveness.

Project-level evaluations, which are managed by the EU Delegation in charge of the project, deliver a more detailed, in depth analysis and help project managers to improve ongoing interventions and prepare future ones. External, independent experts with thematic and geographic expertise are hired to conduct the analysis and gather feedback and evidence from all stakeholders, not least the final beneficiaries.

The Commission also conducts strategic evaluations of its policies, from programming and strategy to the implementation of interventions in a specific sector (such as health, education, etc), in a country or region, or of a specific Instrument. These evaluations are an important input to the formulation of policies and the design of Instruments and projects. They are all published on the Commission's website and a summary of the findings is included in the Annual Report to the Council and the European Parliament. Such an evaluation of the Partnership Instrument will be launched, no later than the end of 2017, to formulate recommendations with a view to improving future operations, programme design and resource allocation with, if appropriate, a legislative proposal introducing the necessary modifications.

7.1. Core Indicators of progress towards objectives

The Partnership Instrument shall be an enabling Regulation establishing the essential elements and the basis for the EU intervention. The exact actions are defined through annual action programmes detailing the activities to be carried out by the EU, including the operational objectives and the expected results. Operational indicators are fixed at that moment, taking into account the particularities of the action in question.

Progress towards the three specific objectives (see section 3.2) will be monitored through core indicators covering the following areas:

1) Influence of EU policies on policy formulation in key strategic partner countries covered by this instrument.

2) EU share in world trade as well as in trade with countries targeted by actions under this instrument.

3) Perception of EU in key strategic partner countries covered by this instrument.

Implementation of the actions will comply with performance-based management.

Performance based management serves several purposes:

- making the most of limited resources;
- improving decision making processes and decisions;
- achieving transparency and accountability.

A performance management system involves the setting of objectives, the decision of how to measure progress and the selection of indicators. This implies a three stage process, firstly a sound analysis of the policies with a common understanding – through policy dialogue – of the objectives and of the logical linkages between the objectives, activities and outcomes. Next comes the question of identifying what can be measured in relation to the objectives, which of the purposes above it serves and the availability, reliability and precision of statistical data, including such questions as the frequency of measurement and the use of proxy indicators. Finally the decisions need to be codified to the link between the programmes, the methods of calculation, the interpretive framework and the allocation of responsibility for their provision.

The EU has committed itself to mainstreaming action on climate and biodiversity and for this to be meaningful it needs to be accompanied by an obligation to identify relevant programmes so that the EU is able to set out clearly how much of its spending relates to these global challenges. Clear benchmarks, monitoring and reporting rules need to be established. Expenditure that promotes climate action[19] or energy efficiency as well as the protection and sustainable management of biodiversity and ecosystems, will be tracked using a system that reflects the established OECD methodology (‘Rio markers’).

7.2. Monitoring

Typical indicators to measure the impact of the Partnership Instrument’s activities will be the number of participant enterprises, the extent, relevance and sophistication of support activities, the degree of cooperation within the European business network and division of labour, entrepreneurial user satisfaction and achievement of economic targets, i.e. the measurable impact on job creation, turnover, foreign direct investment of EU enterprises and overall EU exports to target markets. Indicators to measure the impact of these activities, both qualitative and quantitative, will be related to the trends in knowledge exchange, the number of participants in programmes, scholarships and joint research and academic projects.

The results will also be measured by the frequency and quality of media coverage, the local demand for EU sponsored activities, the participation rate at EU events.

[19] Regarding instruments under the EU budget, in order to reach the Europe 2020 objectives and to help other parts of the world to step up their efforts to combat climate change, the Commission has stated in the June 2011 Communication on “A Budget for Europe 2020” that it intends to increase the proportion of climate related expenditure across the EU budget to at least 20%, with contribution from different policies, subject to impact assessment evidence.

Annex 1

Description of the existing Instrument for Cooperation with Industrialised countries (ICI)

In the context of the current financial period (2007-2013), the Commission accomplished a simplification of the architecture of the legal framework for the delivery of EU external action objectives. One of the Instruments that resulted from the rationalisation/simplification exercise focuses on the cooperation with industrialised and other high-income countries and territories (ICI)[20].

The ICI provided the legal base both in terms of targeted countries and fields of cooperation. It has a wider scope than the former Instrument for cooperation with industrialised countries (Council Regulation 382/2001), which was confined to 6 countries and covered a more limited range of activities. The current ICI has focused on those partner countries with which the EU has close political, economic relations who at the same time are important trading partners as well as major players in the world scene; and on newly industrialised countries in Asia where it is important for the EU to engage further, to reinforce its economic and political links and to exert increasing influence.

Cooperation with these countries responded to EU's and partner countries shared interest to advance their common agenda laid down in the various agreements, declarations, actions plans that govern their bilateral relations. The ICI has constituted an effective toolbox in providing a differentiated and appropriate response to widen and deepen the cooperation with a number of industrialised countries and high-income in North America, the Asia-Pacific region and the Gulf region, namely: key OECD member countries (USA, Japan, Canada, the Republic of Korea, Australia and New Zealand); certain Asian industrialised countries and territories which are excluded from the DAC list of recipient countries (Singapore, Hong Kong, Macao, Taiwan and Brunei) as well as Gulf Cooperation Council countries similarly excluded from the DAC list of ODA recipients (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates).

It came into force in 2007 and is due to expire along with the rest of external actions Instruments by the end of current financial period in 2013.

The overall aim of the current ICI Instrument is to strengthen the European Union's relationship with highly developed countries and to promote its place as a key player in the global economic and political arenas through the funding of cooperation projects covering areas of mutual interests. Given the limited resources available to the ICI, achievement of the objectives focused on a limited number of areas that can be summarized as follows:

(a) Public diplomacy and outreach
The key objectives are to enhance the profile of the EU, and to promote better understanding of the European Union, its institutions, its history, its economy, its policies and its positions in partner countries. To promote awareness and better understanding of the EU beyond its borders, the ICI supports 29 EU Centres world wide; the EU centres are all located in Universities in eight industrialised countries spanning three continents: ten in the USA, five in Canada, four in Korea, four in Japan, three in Australia and one in New Zealand, Singapore and Taiwan.

[20] Council Regulation (EC) N° 1934/2006 of 21 December 2006 (OJ) L-405, 30.12.2006, p.41)

(b) Economic partnership and business cooperation.

The key objectives are to strengthen the presence of European companies in key markets facilitating market access for European companies, including small and medium-sized enterprises. To tackle those objectives, the ICI Instrument has supported two main programmes: the “EU Gateway programme for Japan and the Republic of Korea” and the “Executive Training programme in Japan and Korea” (ETP)

The EU Gateway Programme for Japan and the Republic of Korea helps EU companies to understand the particularities of the Japanese and Korean market in view of establishing durable business relations with local companies.

The ETP is an intensive professional human resources development programme targeted at executives from European companies that want to develop business with Japan and Korea, providing them with the most insightful knowledge of the Japanese and Korean markets. To date, 1006 European executives have participated in ETP Japan and 65 in ETP Korea, creating a European pool of high level experts on Japanese, Korean and other Asian markets.

(c) People-to-people links

The main goals are to enhance mutual understanding between cultures and facilitate the exchange of knowledge. To this end, the ICI has funded initiatives to strengthen cooperation in the field of education by funding bilateral cooperation projects to promote mutual understanding, to improve the quality of European education and training by stimulating balanced partnerships between higher education and training institutions in Europe and in the partner countries. Still in the field of Education, Erasmus Mundus Partnerships are also bringing together High Education Institutions (HEIs) from Europe on the one hand and from a particular region in the world on the other (multi-lateral partnerships).

The ICI has also funded initiatives to promote and strengthen civil society dialogues between members of EU and a certain number of industrialised countries’ civil society, encouraging the involvement of a broad set of stakeholders (non-governmental organisations and interest groups, including social partners, representing wide constituencies), complementing the formal policy dialogue existing at government level.

Annex 2

<u>Examples of successful ICI programmes</u>

Executive Training Programme (ETP)

The Executive Training Programme in Japan and Korea (ETP) is an intensive professional human resources development programme targeted at executives from European companies that want to develop business with Japan and Korea, providing them with the most insightful knowledge of the Japanese and Korean markets. To date, 1006 European executives have participated in ETP Japan and 65 in ETP Korea, creating a European pool of high level experts on Japanese, Korean and further on Asian markets. The ETP has had a positive impact on EU companies committed to establishing /growing their business activities with Japan and Korea in terms of assisting the EU company to access Japanese/Korean markets; bringing sustained impact on EU companies' business, rather than a short term and temporary effect; and in terms of broadening the business possibilities of EU companies in other Asian countries. To date, over 80% of the participants remain involved in business activities with Japan and Korea over ten years after completion of the programme, that demonstrate the relevance and the capacity of the programme to train real European experts involved in a long term issue with Asia.

An extensive research carried out in 2010 regarding potential pan-European or national programmes that present similarities with ETP, has concluded that no similar programme to ETP exists at national level. Similar programmes such as the scholarships of the Spanish Institute for Foreign Trade, or the "Language and Practice in Japan" managed by the German academic exchange service (DAAD) target graduates and not executives and fail to provide the cornerstones that characterise the ETP: language training, business training and internship. The European nature of the programme not only enhanced the visibility of the EU in Japan and the Republic of Korea, it also ensures the participation of executives from all Member States.

60% of ETP Alumni come from SMEs. This very significant figure is possible only because the ETP finances 100% of the cost of the training and a scholarship. Recent survey on SME perception regarding the ETP shows that financial support provided by the EU is 'vital' regarding the European SMEs willingness to penetrate Japanese or Korean markets.

On average, companies double their turnover with Japan within 10 years following ETP. It is obvious that this result can be attributed to the sole impact of ETP but it can logically be deducted that this programme had in many cases a boosting effect on business evolution of European companies on this market.

EU Gateway Programme

The EU Gateway Programme for Japan and the Republic of Korea aims at helping EU companies to understand the particulars of the Japanese and Korean market in view of establishing durable business relations with local companies on (one of) these markets. It supports a series of one week business missions that bring carefully selected companies from the European Union to Japan or to Korea to assist them in observing the market. The missions are sector specific. The sectors are fixed for the entire programme period 2009-2014; they were defined in those fields where opportunities for EU companies have the highest potential for cooperation opportunities.

The EU Gateway Programme supports almost exclusively SMEs. The main target group for the EU Gateway Programme in the European Union is the range of Small and Medium sized enterprises which have an added value with regard to their product / technology range and who are economically fit to enter a remote market. However, SMEs very often do not have in-house expertise to develop a market access strategy for far-away difficult markets; neither do they have (sufficient) human and financial resources to explore these markets.

In contrast with business missions or initiatives organised by some of the EU Member States, the EU Gateway Programme is not a Trade mission but an awareness building programme with a focus on discovering the business potential of a given market, getting acquainted with the local business culture and practice and learning how to develop a business strategy to access these markets taking account of the acquired knowledge from a Gateway business mission.

Probably the most unique feature of the EU Gateway Programme is the individual coaching of EU companies by a specialised contractor during the entire span of their participation in EU Gateway business missions, followed by the logistic support provided by the Programme (financing of their accommodation during the mission week, logistic support during the mission week) and the individual follow up of the companies after their return from an EU Gateway event in Japan or Korea.

The EU Gateway Programme is an EU Commission initiative embedded in the bilateral relation agreements between the EU and respectively Japan and the Republic of Korea; it is one of the business oriented tools to help restoring the trade imbalance with these countries. Indeed still today EU companies (and mainly SMEs) are underrepresented on the Japanese and Korean markets; this is, to a large extent, explained by a lack of understanding and knowledge of these markets, despite an often existing business potential.

For the period 2009-2014, there will in total be 33 missions to Japan, thus allowing 1.320 EU companies to participate, and 15 missions to Korea allowing in total 450 EU companies to participate.

EU Centres

To promote awareness and better understanding of the EU beyond its borders, the ICI supports 29 EU Centres world wide; the EU centres are all located in Universities in eight industrialised countries spanning three continents: ten in the USA, five in Canada, four in Korea, four in Japan, and three in Australia and one in New Zealand, Singapore and Taiwan.

Today the EU Centres receive over 3 million per year. The EU Centres all located in universities have created so far over 260 new EU certificates and courses and enabled 42,000 graduates to build up their knowledge of the EU. Moreover, the EU Centres have managed to reach audiences beyond the academic circle, i.e.: local organisations and businesses, government officials and media. EU Centres have also offered a platform for high level EU representatives to reach to wider audience. The 29 existing EU Centres in 8 ICI countries have recently being joined by 3 new EU Centres in Russia.

Compared to others means of implementation, for example Think Tanks, NGOs or policy research institutes, placing EU Centres within higher education institutions add value in attaining the overall programme objectives since the Universities are capable of building on the three pillars: teaching, research and outreach.

The EU Centres have had a considerable impact on the development of curricula on EU studies. The number of courses on offer has tended to increase over the successive funding cycles, with more than 900 courses offered in the aggregate. The level of demand has also increased throughout the years. Even though there are no quantitative measures to support this finding, the feedback from many of the Centres suggests that the tendency has been towards an increase in the number of students and beneficiaries participating from the activities of the Centres.

The EU Centres Initiative across the countries has not only contributed to increase the level of understanding and knowledge of the EU and its policies but it has enhanced beneficiaries' interest on the EU. The majority of stakeholders value the work of the EU Centres. Currently, there are no consolidated outcome and impact indicators allowing for systematic monitoring of objectives on a comparative and aggregated fashion, but evaluation suggests that the EU is getting a good return on its investment for the EU Centres initiative in terms of enhancing awareness and knowledge of the EU in partner countries, and most notably among the academic community.

Annex 3

Examples of EU bilateral relations with some third countries

China

With nearly 4000 years of continuous history, China is one of the world's oldest civilisations. It has now re-emerged as the world's third economy, the biggest exporter globally, but also as an increasingly important political power. China is the single most important challenge for EU trade policy. It is now the EU's biggest source of imports by far. The EU is also China's biggest trading partner.

EU relations with China were established in 1975 and are governed by the 1985 EU-China **Trade and Cooperation Agreement**. In 2010, in order to deepen their strategic partnership, China and the EU decided to upgrade their bilateral relations on a number of areas such as foreign affairs, security matters and global challenges including climate change and the recovery of the global economy.

It is in the interest of both sides to further expand trade and investment. Reciprocity and mutual benefit should be the guiding principles behind opening markets. Furthermore, the promotion of EU commercial and investment interest in China could be boosted by the development of areas of common pursuits ranging from education to money laundering or also energy efficiency, culture, competition policy, intellectual property rights, etc. This type of dialogue is essential to give the EU the visibility it needs and to strengthen its advocacy related to both legislative and non-legislative measures affecting EU business interests.

USA

The EU and the US enjoy the most integrated economic relationship in the world, illustrated by unrivalled levels of mutual investment stocks, reaching over 2.1 trillion EUR. Investments are thus the real driver of the transatlantic relationship, contributing to growth and jobs on both sides of the Atlantic. The EU and the US economies account together for about half of the entire world's GDP.

The EU and the US established diplomatic relations as early as 1953, but it was only in November 1990 that the cooperation was formalised for the first time with the **Transatlantic Declaration**. Since December 1995, the **New Transatlantic Agenda** has provided the foundation for the relationship.

In 2010, the EU-US Summit focused on three crucial areas of cooperation: economic growth, global challenges such as climate change, and international development and security, including co-ordinated responses to regional challenges (e.g. Middle East, Iran). Some important tasks need to be developed in the future and are taken in charge by different bodies such as **The Transatlantic Economic Council (TEC)**, the **EU-US Energy Council** and the **EU-US Ministerial Dialogue on Development** with a highlight on conflict prevention and crisis response. Other issues of growing importance such as the fight against terrorism, organised crime, cyber-security and cyber-crime are also addressed in the EU-US Dialogue.

Successful programmes have been implemented in the field of people-to-people links and civil society dialogue. The EU Centres of Excellence activities which are successful, help provide wide geographical outreach for the EU in this large country. Coordinated, long-term, public diplomacy activities are required to promote the interests and the image of the EU in the US, and taking into account the importance of think-tanks and civil society in the North American context. Specific actions should be tailored to supporting the political priorities outlined above, but also on long-term future-oriented policy challenges. Experience shows that most value is added by favouring projects highlighting topics of EU interest which lack profile in the host country, and by creating sustainable transatlantic networks.

Russia

Russia is the EU's third biggest trade partner, with Russian supplies of oil and gas making up a large percentage of Russia's exports to Europe. The EU-Russia strategic partnership's ongoing cooperation is based on 4 specific policy areas or "common spaces": common economic space; common space for freedom, security, and justice; common space for external security; and common space for education, research and culture. The **Partnership for Modernisation** launched in 2010 reinforces mutually beneficial cooperation in the common spaces and provides a framework for joint activities. Russia was not interested in being part of the ENP but wanted a relationship between equals with the EU, reflecting its size and importance.

The EU and Russia cooperate on dealing with a number of challenges, both at international level, as well as in our common neighbourhood. These include climate change, Arctic ice melting, sustainable energy, drug and human trafficking, organised crime, crisis management cooperation, North Africa and the Middle East Peace Process, and Iran. Regarding the cooperation programme, Russia insists that it should no longer be perceived as an EU assistance programme to Russia. Consequently, Russia presses that the programme implementation should be based on equality and partnership. By equality, it means an approach, in which both sides do not only identify projects jointly, but also obligatorily finance them jointly, design, manage and audit/evaluate them jointly. Russia is an emerging donor itself and it is seeking to set up an external aid agency on its own.

Hence, the problems and limits mentioned above express the need to further develop EU-Russia cooperation in areas of EU or common interest such as societal, judicial and economic modernisation as developed in the Partnership for Modernisation, energy security, sustainability, research and innovation and technology co-operation, international challenges, cross border cooperation, education and support to civil society.

India

The EU-India Strategic Partnership is guided by the Joint Action Plan, adopted in 2005 and revised in 2008. The EU's priorities in our cooperation with India are presently security (CT, counter piracy and cyber-security), economic and trade issues (FTA under negotiation and business/economic diplomacy), and energy/environment/climate change (efficiency, renewables/solar).

Other sectoral areas of importance include research and innovation (a total of EUR 1 billion of projects are ongoing between EU and MS), transport (maritime as well as air transport), education and culture (MOUs have been signed), migration (a high level dialogue was launched in October) and public diplomacy.

Many of these areas could benefit from funding under the future Partnership Instrument, which would allow the EU and India to grasp opportunities for cooperation offered on both sides, as well as better respond to global challenges both partners have to face.

India has traditionally seen the EU as a primarily commercial partner. The Instrument could serve to change this perception and to profile the EU as a political partner of substance.

Funding under this Instrument could be used to support the implementation of the Joint Action Plan and to underpin specific political priorities.

Brazil

Brazil is one of the world's fastest growing economies and its economic reforms have given it new international recognition. The EU and Brazil enjoy historical, cultural, economic and political ties. These ties were strengthened by the first EU-Brazil summit in Lisbon in July 2007, where a **Strategic Partnership** was established.

A three-year Joint Action Plan has been developed and implemented for the period 2009-2011, identifying main priorities for cooperation and earmarking concrete actions for each priority. Bilateral relations are enhanced through sectoral dialogues, scholarship programmes and European Studies Institute. Environment and trade are other important ongoing dialogues which are discussed in the yearly summit meetings.

Other possible areas of cooperation could be developed, such as counternarcotics, actions to promote the effective implementation of the comprehensive civil aviation agreement signed in March 2011, support EU SMEs, support to the effective implementation of the Information Society dialogue, culture, public diplomacy.

Japan

Japan continues to be one of the largest economies in the world with which the EU has close relations. The EU and Japan enjoy a solid relationship encompassing four broad objectives: promoting peace and security, strengthening the economic and trade partnership, managing global and societal challenges and bringing together people and cultures.

Cooperation takes the form of foreign policy dialogues, regional dialogues (East Asia, Central Asia) and thematic dialogues covering a wide spectrum of issues such as environment, energy, research and innovation, transport. Annual Summits are held to discuss current international issues and bring forward their bilateral agenda.

In 2011, the EU-Japan Summit took the political decision to reinvigorate the bilateral relationship and start preparatory work for possible negotiations of a **Free Trade Agreement** and a parallel broad based **Framework Agreement**. In the wake of the Fukushima nuclear power plants, EU and Japanese leaders also decided to enhance cooperation on nuclear safety and energy more generally.

Republic of Korea (South Korea)

The EU and the Republic of Korea enjoy substantial trade and investment flows. South Korea is the EU's fourth largest trading partner outside Europe, and the EU is South Korea's 2nd trading partner after China, The EU has been also the largest source of foreign direct investment in South Korea since the 1960s whilst South Korea has become a significant investor in Europe since the 1990s.

The EU and South Korea have strengthened their close relationship, with the view to further boosting their vibrant economic ties and promoting their common interests on many areas such as research and innovation and technology, education, environment, development assistance and global issues, especially climate change.

The successful negotiations for a **Free Trade Agreement** (FTA) provisionally applied from 1 July 2011and a new **Framework Agreement;** confirm the dynamism of the bilateral relations now considered as a "strategic partnership".

The Republic of Korea is also playing an increasing role in the world scene (within the G-20 framework, the climate change international negotiations to reduce greenhouse gas emissions and is committed to a high level of official development assistance and supporting UN peace operations)

Canada

Canada is one of the European Union's oldest and closest partners. What started out in the 1950s as a purely economic relationship has evolved over the years to become a close partnership. Canada is currently the EU's 11th most important trading partner and the EU is Canada's second most important trading partner, after the U.S.

The EU and Canada work closely together on global challenges such as the environment, climate change, Arctic ice melting, energy security and regional stability throughout the world. In 2010, the EU-Canada Summit set clear priorities and there is a new political context with the ongoing negotiations on the **Comprehensive Economic and Trade Agreement** (CETA), the first of its kind with a G8 partner, and the imminent launch of negotiations on an upgraded **Framework Agreement**. Other policy sectors are also important in the relationship: cooperation in justice and home affairs, education & training, research and innovation, crisis management and election observation to name a few. EU and Canada also closely collaborate on a number of regional issues such as Haiti reconstruction, and police and rule of law activities in Afghanistan. There will be a need to support the implementation of the CETA and Framework Agreements, encompassing events, studies and dialogues, with special attention given to supporting SMEs.

Successful programmes have been implemented in the field of people-to-people links and public diplomacy actions. Co-ordinated, long-term, public diplomacy activities are required, focused on promoting the interests and the image of the EU in Canada.

South Africa

South Africa's political transition from apartheid during the 1990s has served as a model across the world. Although the largest African economy, South Africa still faces many development challenges, not least in fighting AIDS, poverty and high unemployment. Since 1994, the EU has vested a lot of hope and expectations in South Africa's role for the region and the African continent: as a beacon of democracy, a pole of stability, and as the region's economic powerhouse, SA has the potential to be an EU strategic ally at global level.

EU-South African relations have flourished since 1994, and both sides entered into a Strategic Partnership in May 2007. In October 1999, South Africa and the EU signed a **Trade, Development and Cooperation Agreement** (**TDCA**) which entered fully into force on 1 May 2004, even if some provisions have been applied since 1 January 2000. The **TDCA** covers political dialogue, the establishment of a free trade area over an asymmetrical twelve-year period, in development and economic cooperation as well as a whole series of other areas.

With its role increasing as a major international player, South Africa is asserting the link between domestic, socio-economic priorities and international relations is a central element of the EU-South Africa agenda. The EU will continue to support South Africa's national priorities through dialogues on a broad range of policies (employment, health, research and innovation, space, environment, etc.) and development programmes and these ties could be complemented by activities of mutual interest and reciprocal exchanges in a number of areas covered by public diplomacy and education.