

September 2011

Bond and CONCORD general position for the 2014-2020 EU Multiannual Financial Framework

✓ **Bond and CONCORD call on Member States to support the European Commission's proposal on development funding levels and to take responsibility at national level to meet their MDGs commitments.**

Bond and CONCORD welcome **the renewed commitment to the Millennium Development Goals (MDGs)** and to the planned increase in external spending as enshrined in the European Commission's proposals for the 2014 to 2020 EU budget released on 29 June 2011. We welcome in the EU budget the proposal to include a clear commitment to the 0.7% GNI development aid targets along with a clear focus on poverty eradication based on democracy, human rights, equality and the respect for the UN Charter and international law.

The **Lisbon Treaty** states that the Union's development policy is an EU policy area in its own right and acknowledges that it provides **the principal framework governing EU cooperation with all developing countries**. Any financial framework should ensure that the EU budget on External Actions and Development is set to include the Rights Based Approach at its core, and adheres to the values and objectives of the Treaty. It should also provide sufficient financial resources to strengthen the EU commitment to promote women's rights and gender equality in all areas of its internal and external policies.

Achievement of an objective as vast as the eradication of poverty requires an unerring commitment to **Policy Coherence for Development** and the coordinated and consistent use of all tools, policies and resources towards the objective at hand, as set out in the Treaty legal obligation, article 208 TFEU.

✓ **The EU should maintain the eligibility of MICs for financial support from the DCI and the EDF in accordance with ODA criteria, whilst ensuring this support is targeted towards poor people in those countries. This should be in addition to the support that will be provided through horizontal instruments or through the Partnership Instrument that the EC intends to establish and which direct contribution to fighting poverty and inequalities is doubtful.**

Bond believes that the approach of making decisions on how to allocate aid on the basis of broad categories e.g. MICs (middle income countries), LDCs (least developed countries) etc is problematic and inconsistent with the objective of reducing poverty. We would encourage the UK government to push their European counterparts to follow DFID's best-practice example of using individual country specific analysis, transparent criteria and a pro poor approach which allows different, targeted, forms of cooperation to be developed.

Consequently, we strongly challenge the EC proposal that: *'as a matter of policy choice grant aid will no longer be offered to the wealthier developing countries, leaving enhanced resources for those countries which need it most'*. The first step should be to establish criteria to define *'wealthier developing countries'* and to have a list of the countries in question.

We do not believe that it would be wise - from a foreign or development policy point of view - to abruptly stop aid or suppress grants and technical assistance and rely exclusively on loans and private investments in certain

countries on the sole basis of broad and generic criteria such as the GNI per capita or the DAC (Development Assistance Criteria) classification.

Projecting EU values and interest in the world cannot be achieved through trade and economic relationships alone. Values and mutual interests for all EU and third country citizens encompass a much broader cooperation agenda with human rights and the eradication of poverty at its core. Such an agenda includes the notions of public interest and public goods, rule of law, citizenship and civil society, social protection, cohesion and inclusiveness, decent work, equity in wealth distribution, equality in rights as well as education, health and justice for all.

Three quarters of the world's poor still live in MICs. Rather than withdrawing aid, EU donors should be considering how to change the nature of their current cooperation, for example by moving to a basis of co-financing of aid commitments with MICs with the view of mobilizing their own domestic resources to put in place long-term policies addressing poverty and inequalities from a rights-based perspective.

✓ **Stringent benchmarks and more control at implementation level should be applied to investment facilities and the blending of loans and grants to make sure that they really contribute to the fight against poverty and to long-term and sustainable development.**

ODA, as public money, should not be used to support foreign private investments (through the blending of loans and grants). Grants and guarantee funds originating from external action budget and accounted as ODA should be exclusively earmarked for loans to public bodies and governments or for programs aiming at nurturing and strengthening private sector in developing countries (like special lending programs supporting SMEs).

With or without a grant component and whoever the promoter is, European Investment Bank's investments and support operations in developing countries must respect the political, economic, social and cultural rights of the populations and the workers concerned and be subject to systematic and in-depth economic, social and environmental impact studies. EIB operations in developing countries should abide to the Aid effectiveness principles and be subject to the same requirements with regards to transparency and accountability as ODA.

✓ **Situations of fragility and conflict need specific approaches**

The EU must allocate its budget in accordance with the fact that development aid driven by regional and global security concerns has historically been the least conducive to long term sustainable human development. Countries and regions of strategic importance to the EU should not benefit to the detriment of countries and regions where needs are greater, but which may be of less strategic interest. There should be no further erosion of the civilian character of development cooperation and Official Development Assistance (ODA) through the inclusion of military or quasi-military expenditures or the channelling of aid through military actors. Humanitarian aid and relief efforts should strictly respect humanitarian law and principles—humanitarian imperative, impartiality, independence and neutrality—and should never be used to pursue particular political interests.

All EU external policies should be subject to an analysis of their sustainability and according to a holistic human security concept based on international norms and standards signed by the EU Member States. The latter include the "EU Comprehensive Approach" addressing gender in conflict as well as the EU Gender Action Plan's recommendation related to conflict. The World Development Report highlighted the need for sustainability analysis in fragile/conflict states to include the contribution of development and humanitarian action towards state and peace building. All aid has either a positive or negative impact on the underlying causes and drivers of conflict – and consequently, poverty. Therefore, EU policy should ensure that all development and humanitarian programmes in CAFs effectively contribute to addressing the causes and drivers of conflict – otherwise they are failing to address key dynamics that undermine their own success.

In some highly fragile contexts, where security concerns are high, and there is limited international presence in country, the EC should consider introducing greater flexibility within funding regulations to allow direct EC support to local actors.

✓ **Disaster and risk reduction and the link between relief, rehabilitation and development must improve**

Development gains can be lost due to poor planning for disasters. Equally, poor emergency responses and rehabilitation programs that result in increasing vulnerability of the relevant populations will undermine possible longer term development. Disaster Risk Reduction measures must be committed to before, during and after disasters. In addition, in order to enable and facilitate the transition between humanitarian aid, reconstruction and development action, continuity, flexibility and complementarity of the EU cooperation instruments must be strengthened. The climate, food and financial crises are predicted to increase the occurrence of disasters and consequently Disaster Risk Reduction should be integrated across all EU development and humanitarian policy.

✓ **The EU must meet its obligations to human rights and gender equality**

The Lisbon Treaty gives the EU a responsibility and decision-making capacity to promote European values and principles including equality, equality between women and men, and human rights in all its external policies. The EU Strategy for Equality between Women and Men 2010-2015 acknowledges that “through all relevant policies under its external action, the EU can exercise significant influence in fostering gender equality and women’s empowerment worldwide”. The EU has reiterated its “strong commitment to gender equality as a human right, a question of social value and a core value of the EU development policy.” The promotion of gender equality and women’s rights is also instrumental in achieving all the Millennium Development Goals and the respective objectives of the Beijing Platform for Action, the Cairo Program of Action and the Convention on the Elimination of All Forms of Discrimination against Women. To fulfill these commitments the post-2013 MFF should ensure that all EU spending on development and external policies, including trade and neighborhood policies and the new EU External Action Service adheres to the core values of the Treaty, building on a rights based approach and the promotion of gender equality and women’s rights.

✓ **CONCORD recommends that the funds raised with a Financial Transaction Tax must go to tackle poverty and climate change.**

The foundations for a Financial Transaction Tax have been constructed upon states’ recognition of the need for innovative finance for development in the context of the MDGs commitments, and for climate finance¹. This is equally reflected in EU discussions on the FTT². The financial sector has profited enormously from globalisation. Through the FTT it should contribute to tackling the negative impacts of globalisation, sharing the financial burden of global crises and assuring a safe and healthy future for people and the planet.

✓ **Climate financing must be additional to Official Development Assistance (ODA) commitments already made.**

The EU and its Member States have pledged under the 2009 Copenhagen Accord to provide “*new and additional*” resources for mitigation and adaptation in developing countries. The EC’s proposed definition of additionality provides a sound basis for discussion towards an EU approach.³ Climate change places a new burden on developing countries; therefore, new resources are required to tackle it, while protecting development gains of recent years.

¹ Leading Group / UN Secretary General 2009 report A/64/189 on innovative sources of development finance; UN Secretary General’s High Level Advisory Group on Climate Change Financing 2010 report.

² European Parliament Resolution P7/TA(2010)0056, Financial Transaction Taxes – Making them work; European Commission Communication COM(2010)549/5, Financial sector taxation.

³ European Commission Staff Working Paper SEC(2011)487, Scaling up international climate finance after 2012.

Ensuring additionality through transparent accounting in the MFF is crucial for the EU to fulfill its international climate finance commitments, and to maintain its credibility and leadership role in global climate negotiations.

✓ **The future Common Agriculture Policy (CAP) regime must respect the principle for Policy Coherence for Development and ensure that it does not violate the right to food of the world's poorest.**

The reduction in real terms of the CAP budget to 36.2% of the 2014-2020 MFF does not necessarily induce a reduction of the CAP's external impacts, particularly for developing countries. The EU has a global responsibility to promote a sustainable model of agriculture in Europe, while minimizing the harmful impacts for the smallholder farmers, who represent 85% of the agricultural sector in developing countries, according to the EC itself⁴. As the UN's Special Rapporteur on the Right to Food outlined last week⁵ the CAP "*impacts on the right to food in developing countries*". The CAP must respect the principle for Policy Coherence for Development and ensure that it does not violate the right to food of the world's poorest.

✓ **The rights of the migrants must always prevail, and these actions and policies must protect and promote migrants' rights, inside the European Union but also in their countries of origins and countries of transit.**

We warn against the potential misuse of development aid and diversion from its core objective for migration control purpose. Conditionalities should not be imposed in bilateral and multilateral negotiations relating to migration control or re-admission of migrants. Funded programmes should not become a disguised form of migration flow and/or border management. Mutual interest and true partnership should prevail. The main objective of a Mobility Partnership should be to foster development of a country and not to prevent migrants from moving to Europe.

In line with the coherence principle (art. 208 of the TFEU), the 'interests' of the EU (curbing irregular migration, readmission of illegal migrants, security at the borders of the Union) should not override the development objectives as stated in the Lisbon Treaty (art.21 of the TUE).

✓ **The EU should adopt a clear and determined strategy and set targets for supporting the multiple roles of civil society in development within the post-2013 MFF.**

Civil society is an important actor in empowering people and organizations in the fight against poverty, in promoting human rights and democracy and in providing social services when the state is unable or unwilling to do so. CSOs are also important due to their closeness to grassroots and community based organizations and ability to provide coverage to remote and marginalized groups. CSOs have a crucial role to play in building ownership and participation in national development strategies as well as holding decision-makers and public bodies to account.

This must be translated into an adequate political space and funding for all geographic areas. Whilst the EU should seek to earmark at least 15% of country aid budgets to support CSOs directly, it should also aim to double the current levels of funding which goes to CSOs within thematic and actor-specific funding.

⁴ COM(2010)127 *An EU Policy Framework to assist developing countries in addressing food security challenges*
http://ec.europa.eu/development/icenter/repository/COMM_PDF_COM_2010_0127_EN.PDF

⁵ 'The Common Agricultural Policy towards 2020: The role of the European Union in supporting the realization of the right to food'
<http://www.srfood.org/index.php/en/component/content/article/1404-the-cap-reform-and-its-impact-in-the-global-south>