

## CONCORD preliminary recommendations on funding instruments in the 2014-2020 MFF

The EC financial architecture in support of external relations must reflect the political choices and priorities of the EC and the Union in a coherent way. CONCORD supports the EC proposal to **increase significantly development aid in the next EU Multiannual Financial Framework – MFF**. Development co-operation must be poverty focused (including targeting poor people living in Least Developed Countries and in Middle Income Countries), and it should be used to achieve development objectives (not geo-political self-interest of the EU). The financial architecture needs to allow Europe to be consistent with its values when reaching its full potential as a global player.

**The added value of EU funding** in external action is clear, especially regarding good governance, promotion of human rights and inclusion of civil society. EU funding can add real value to people's lives by financing innovative projects in the area of human and social development that can be replicated at larger scale. Strengthening the dialogue and interaction between governmental bodies and CSOs, and involving CSOs in budget elaboration and country's development plans is another way of putting up front the added value of EU funds. As a major economic and political actor, the EU can assist with more equitable international tax laws and international governance structures while facilitating knowledge transfer and the protection and promotion of global public goods.

### ***Key proposals for future funding instruments<sup>1</sup>:***

- The Development Cooperation Instrument (DCI) and the European Development Fund (EDF) should be **100% ODA eligible**.
- Uphold the **20% social sector target for basic health and education** in the design of the future DCI regulation and commit to increased monitoring, evaluation and regular reporting towards this target on an annual basis.
- The EC should **maintain cooperation programmes** (geographic envelopes) **with all developing countries** - even if at different levels. Indeed even small scale targeted actions based on a thorough country analysis could lead to a high impact of aid. Bilateral cooperation with “wealthy” **Middle Income Countries (MICs)** should focus on the fights against inequalities and poverty by targeting aid by sector and/or by activities and/or by beneficiaries and/or by specific geographic areas in a country. If phasing out of aid for some countries is appropriate, it should be phased out progressively over the period of the next MFF. This decision should not be based only on income classification but also consider other relevant indicators pertaining to human and social development. All MICs should also be eligible to receive funding under the thematic programmes.  
Moreover, decreasing or phasing out of bilateral aid must imply a significant financial increase in thematic programmes (as some challenges would then need to be tackled through these tools). For example:

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<sup>1</sup>The justifications of these key proposals are detailed in the document below.

- The EC informed that LRRD and DRR activities are likely to be funded primarily through geographic funding or through the Instrument for Stability. In the absence of geographic funding, it is important to foresee adequate level of financing through other instruments to avoid gaps. Some upper MICs are prone to disasters.
- The EC has suggested that the existing thematic programme “Investing in People” could be absorbed by geographic funding. In the absence of geographic funding in some countries, it would then be important to foresee alternatives mechanisms to tackle, for example, basic health and educations challenges.
- **Complementarity between geographic and thematic instruments** is key and needs retention and strengthening in the future. CSOs should be duly consulted for the definition, programming and monitoring of geographic and thematic instruments.
- Up to **15% of geographical (country based) funds** should be **earmarked for civil society actions**, in addition to thematic programmes.
- Increase financial allocation for the thematic area of **promoting Gender equality and women’s rights** in the the Global Public Goods thematic programme. Promote Gender equality as a cross-cutting principle in all thematic and geographic areas covered by the DCI, the IFS, the EDF and the EIDHR.
- The EU and MS should systematically consider links between **migration policies** and the overall objective of poverty reduction in partner countries. The EU should **end conditionalities relating to migration** reduction in bilateral and multilateral negotiations. It is important for the EC to continue tackling migration from a development perspective (e.g. support developing countries strategy to retain skilled workers, support positive spin-offs of migration for development).
- It is essential to provide important **funding for links between humanitarian relief and development aid (LRRD)** and increased resources for the reconstruction phase. The EU’s investment in rapid humanitarian aid needs to be complemented with a more effective mechanism to allow EU civil society and their country based partners to fully link relief with re/construction and development, to consolidate efforts made during the emergency response and to contribute to the peace dividend. Procedures allowing for swift resources mobilization have to be foreseen in the forthcoming instruments. The call for proposals system as it stands represents an impediment for this issue to be duly addressed.
- Operationalize **environmental sustainability and climate objectives** at three levels: through mainstreaming, through global thematic programmes and at country level where partner countries have prioritized this as a focal sector. The MFF 2014-2020 must demonstrate how the EC will meet its fair share of the **international commitment** to deliver 100 billion USD annually for climate action in developing countries and ensure **additionality of climate finance**.
- Significantly **increase the budget of the EIDHR** to enable **support for ALL Human Rights** as defined within UN Conventions and Treaties. Human Rights will always require special attention and legal protection through a **separate funding instrument with its own legal basis**.
- The recommendations from the **EU Structured Dialogue** with CSOs and local authorities should be taken forward in the design of all future funding instruments. For example, the term “Non State Actor” should be replaced by “Civil Society Organizations”. The “tool-box” of alternative funding mechanisms to call for proposals (e.g. direct granting, programme funding, follow-up grants, re-granting, core funding...) discussed and agreed upon during the Structured Dialogue must be translated into legal provisions in the financial instruments.
- To avoid inconsistencies and unfair burden on grant beneficiaries, **indirect taxes** (such as VAT) **should be considered as eligible costs** for grants under ALL external action instruments.

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### 1. General recommendations on the instruments

The **DCI and the EDF should be 100% ODA** eligible and security measures and military operations should be exclusively financed with the Instrument for Stability and the CFSP. 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. DCI and EDF allocations should be used in priority for development and poverty reduction programmes and in no case to facilitate or support investments by EU private sector in developing countries through the blending of loans and grants.

### 2. Country differentiation

CONCORD believes that the EC should maintain cooperation programmes with all developing countries - even if at different levels - in order to ensure intervention's sustainability and consistency with the EU values enshrined in the Lisbon Treaty (human rights, poverty eradication...). ¾ of the poorest people live in Middle Income Countries (MIC), and there is a role to play for the EU to help these countries address the inequalities, social cohesion and social protection, exclusion and discrimination as well as the huge challenges of mitigation and adaption to climate change and disaster risk reduction (DRR). The funding allocated to a country should be given in accordance to a thorough and cutting edge country analysis to reach higher impact vis a vis the added value of EU funded projects.

CONCORD believes that, within the 'contracts' with partner countries to support government's accountability and focused intervention, more commitment could be ensured by both sides by keeping geographic aid and its partnership dimension and by being more targeted in terms of actions to be funded vis a vis the actual population needs. Further, we believe that the EC should seriously consider a modality by which both EU and partner countries would co-finance certain measures. This will ensure ownership at the governmental as well as a progressive transfer of responsibilities to the local government, which will go a long way to achieving sustainable results. In addition, in countries where poverty levels are significant or inequality prominent the relationship with the EC should not be restricted to trade and economic cooperation. Other elements of the relationship (such as such as human security, migration, food security and the sustainable management of national resources) must be assessed to ensure Policy Coherence for Development.

EC funding can add real value to people's lives (in both LDCs and MICs) by financing innovative projects in the area of human and social development that can be replicated at larger scale. For example, by strengthening the capacities of local civil society and parliaments to ensure that governments respect human rights, publish their budgets and use their domestic resources appropriately, and by building social safety nets. Strengthening the dialogue and interaction between governmental bodies and CSOs, and involving CSOs in budget elaboration and country's development plans is another way of putting up front the added value of EU funds. As a major economic and political actor, the EU can assist with more equitable international tax laws and international governance structures while facilitating knowledge transfer and the protection and promotion of global public goods.

### **Concrete proposals for bilateral cooperation (including with "wealthy" MIC countries):**

- Fight inequalities and poverty by targeting aid by sector, by activities, by beneficiaries, and by specific geographic areas. E.g.: environment, biodiversity, DRR, strengthening civil society (cf. in the neighborhood countries big scale programmes for CSOs are to be implemented this could be considered for other countries). In particular: (i) marginalized or fragile geographic areas, (ii) the most marginalized and excluded population, indigenous people, disabled people, people living with HIV, street children and other children at risk of exploitation, etc. (iii) actions linked to the promotion of a genuine and participatory democracy (civil society, workers' rights, corruption) (iv) actions complementary to governmental actions (gender equity, domestic violence, child exploitation, health services).
- MICs should be eligible to receive funding under the **thematic programmes** as activities aimed at strengthening civil society financed under geographic envelopes are not necessarily similar to those funded by thematic programmes. Funding CSO programmes under geographic envelopes strengthens ownership but in some countries it is unlikely that the watchdog role of CSOs would or could be financed by the bilateral cooperation program. Cutting bilateral aid implies a drastic increase of investment in thematic programmes, if the EC is seriously committed to genuinely tackle global challenges. E.g. Environmental projects targeting the poorest and funded under the geographic program should not mean that the recipient country should not be eligible for funding through thematics as part of a more comprehensive approach.
- If phasing out of aid for some countries is appropriate, it should be phased out progressively over the period of the next MFF. This decision should not be based only on income classification. It must be considered along with other relevant indicators pertaining to human and social development, such as population's literacy rate, child survival and gender equality rates in order to capture the complex nature of poverty, including persistent disparities and power inequalities. The root causes of poverty should be the core starting point. Donors should consider local perspectives in relation to respect to human rights, quality and equity of public services, state capacities, aid absorption and dependence and most importantly, expected impact for the poor, when determining the levels and modalities used to deliver aid. CONCORD recommends that the EC treat country income levels on the basis of a sliding scale rather than as separate income blocks, allowing countries to rely on progressively smaller amounts of aid as they graduate to higher income levels, rather than reducing aid to some countries as soon as they pass an arbitrary income-threshold.
- Serious consideration should be given to obtaining co-funding from sources available in MICs wherever and whenever this is possible. Such co-financing, e.g. by MIC governments, would enhance ownership within the partner countries.

### **3. Health and education**

In the set-up of the current DCI in 2005, the Commission committed to prioritise basic health and education, and social cohesion as a whole, in its programming and implementation role for DCI country programmes. Moreover, the Commission established a **benchmark of 20%** of its allocated assistance under DCI country programmes to be **dedicated to basic and secondary education and basic health**, through project, programme or budget support linked to these sectors.

Despite these commitments, far less than 20% of DCI is currently being spent on the social sectors via its country programmes. Economic development is not viable without a well-educated population in good health. This paradigm has been proven in Europe where massive investments in education and health systems have been the basis for economic success.

#### ***Concrete proposals for Health and Education:***

- The Commission should **uphold the 20% social sector target for basic health and education**, according to OECD/DAC definitions, in the design of the future DCI regulation, and commit to increased monitoring, evaluation and regular reporting towards this target on an annual basis, with particular attention to progress made towards achieving the Millennium Development Goals.
- Following the recommendations of the European Parliament on the future set-up of the DCI, health and education – and human and social development as a whole - must continue to receive adequate levels of funding under the future “Global Public Goods Programme”.
- The EC should keep a balance between geographical and thematic funding instruments as well as between funding modalities at global and country level, in addition to budget support, through relevant organizations and mechanisms, to ensure the provision of health and education services when the state fails or doesn’t want to provide them.
- Particular attention should be paid to the achievement of those MDGs which are most off-track, notably in relation to maternal and reproductive health and child health, and to countries and regions with the most critical MDG indicators.
- Basic education and alphabetization are the starting point for the process of awareness raising and for development ownership; for instance, lack of education is one of the factors at the basis of high adolescent birth rates, low use of contraception, etc. To help addressing these issues, the thematic programme should include a focus on education as a tool for emancipation and participation.

### **4. Gender**

The mid-term review of the Investing in People programme acknowledges that without a specific funding allocation to develop tools to mainstream gender equality in different policies and tools to monitor their use the cross-cutting approach does not produce the expected results.

The EC must ensure that a gender perspective, including through gender sensitive budgeting, is included in the next MFF. Gender considerations should be mainstreamed – which means that gender perspective shall be considered in all area of intervention as well as at all stage of life cycle of the projects (planning, implementing, and evaluation).

In particular, gender equality shall be prioritized by:

1. Ensuring that women have equal access to services provided by the state or other actors (education, health, employment...). Women shall be made aware of their rights shall be equipped to demand these and complain for violations.
2. Enhancing women's social/economic/political empowerment – women shall be considered as key actors to contribute to positive change in the social/public and political sphere. Women shall be encouraged to become more vocal and organized to induce public change.
3. Specific actions shall target women directly in consideration of their vulnerable position in given country

#### **Concrete proposals for Gender in Thematic Programmes:**

- Promote gender equality as a cross-cutting principle in all thematic and geographic areas covered by the DCI, the IFS, the EDF and the EIDHR: allocate sufficient human and financial resources for developing gender mainstreaming tools and monitoring their use and set in strategic documents concrete gender equality targets for all the thematic areas and ensure that funding is allocated to reach these targets.
- Increase financial allocation for the thematic area of promoting gender equality and women's rights in the 2014-2020 **Global Public Goods** programme, and specify that these activities must be financed in all regions covered by the programme.
- According to the Commission the **Instrument for Democracy and Human Rights** 2007-2013 is one of its key tools in financing women's rights in EU external co-operation. This role must be retained and strengthened in 2014-2020. The 2014-2020 EIDHR regulation and the subsequent strategy documents must clearly specify allocations for promoting gender equality and women's rights as human rights, and must translate political commitment of the *EU guidelines on violence against women and combating all forms of discrimination against them* into clear financial allocation to ensure the EU guidelines will not go unheeded.
- The **Instrument for Stability** (support to peace and security) must reflect EU commitments in the area of women, peace and security. The subsequent strategic documents must clearly identify results and targets as well as financial allocations in this area.

#### **Concrete proposals for Gender in Geographic Programmes:**

- The Commission strategy papers that set the priority areas and financial allocations and the consequent programming documents should include expected impact and financial allocations for gender equality and women's empowerment.
- Include a clear gender mainstreaming article in the basic acts of all geographic instruments and ensure efficient gender mainstreaming by setting concrete and aggregated gender equality targets in the following strategic documents and allocating sufficient human and financial resources.
- Include visible and predictable budget allocations for the implementation of the EU 2010-2015 Gender Action Plan in Development (adopted in 2010).

### **5. Migration and Development**

As a principle, the question of migration and development should be approached from a human rights perspective. Whether actions and policies are put in place by DG Home Affairs or DG DEVCO, the rights of the migrants must always prevail, and these actions and policies must protect and promote migrants' rights throughout the migration process, i.e. inside the European Union but also in their countries of origins and

countries of transit<sup>2</sup>. In fact, looking at positive spin-offs for development, individuals whose basic human rights are safeguarded are in a better position to make positive contributions both in their host countries and countries of origin.

Migration is an endemic phenomenon whose root causes can be predicted and addressed strategically. Thus the EC shall approach migration issues in a strategic and holistic manner (by addressing root causes) as opposed to a responsive manner. Socio/economic research is instrumental to ensure this.

### **Concrete proposals for Migration and Development:**

- The EU and MS should support coherence between its migration and development policy agendas. It should systematically consider links between migration policies and the overall objective of poverty reduction in partner countries.
- The EU should **re-center development aid on the fight against the root causes of migration**, especially poverty, unemployment, social disparities, widespread discrimination, and should end conditionalities relating to migration reduction in bilateral and multilateral negotiations.
- While the importance of human rights in the migration-development nexus should in general be strengthened throughout the EU policy framework, it is important to particularly continue ensuring specific funding for the most vulnerable groups, such as women and children, to improve the protection of their rights and support the positive opportunities offered by migration.
- The EU aid should **support developing countries' strategies** to retain highly skilled workers, e.g. through development programmes aimed at improving local employment opportunities and working conditions, provided that the principles of Paris Declaration on Aid effectiveness of ownership and alignment on development strategies (PRSPs) are applied. This should not affect the right to migrate and mobility.
- **Migration Thematic programme:** as it is presented in the EC proposal, many of the activities currently under the Migration TP will be transferred to DG Home Affairs. While the EC proposal refers to obvious benefits from streamlining the approach, the rationale behind this proposal is however questionable in terms of policy coherence. If financing instruments in internal policy areas are to be used to support actions in third countries, there is a risk that the priority is placed in the future on curbing irregular migration and following other EU migration-related priorities (e.g., resettlement, building migration centers in developing countries). It is however important for the EC to continue tackling migration from a development perspective (e.g., support developing countries strategy to retain skilled workers, support positive spin-offs of migration for development). The last objective of the TP currently focuses on fostering the link between migration and the development of migrants' countries of origin. It is essential for the EC to retain this approach and promote coherent strategies in its policy and programmatic framework.

With the thematic programmes under the DCI being reduced to 2 programmes (Global Public Goods and CSO-LA), there is a risk of losing the development aspects of migration in the development policy. **Guiding question:** under which of the two programmes would the M&D agenda (Diaspora contributions to development, mitigation of brain-drain, integration of migrants, circular migration, improved working conditions, protection of human rights) be secured and appropriately funded?

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<sup>2</sup> Refer to the article in the Cotonou partnership agreement

## 6. LRRD and DRR

CONCORD proposes to implement an approach that Links Relief, Rehabilitation and Development (LRRD) and is able to address disaster preparedness and fill the gaps between humanitarian relief and long term development funding of the EU.

European CSOs recognize that progress has not taken place everywhere in the world, and some countries have, through conflicts and disasters, lost ground in their struggle for sustainable development. These countries, and in particular their local civil society need extra support and often significant investment of resources to get back on track and move towards their development goals. The EU's investment in rapid humanitarian aid needs to be complemented with a more effective mechanism to allow EU civil society and their country based partners to fully link relief with re/construction and development, to consolidate efforts made during the emergency response and to contribute to the peace dividend.

### *Concrete proposals to include LRRD and DRR:*

- LRRD funding must cover non-traditional relief components during the relief phase (within the first six months of the emergency), including supporting education, livelihoods (seeds & tools), and protection initiatives that fall outside traditional relief interventions. Donors, however, have been traditionally reluctant to do so. The EC needs to channel energy and means into supporting such interventions.
- LRRD activities are expected to target fragile contexts or exceptionally difficult context countries where populations face unstable government and regular outbreaks of conflict and natural disasters. LRRD funding should include work on Disaster Risk Reduction (DRR) climate change adaptation, to support communities in areas susceptible to natural disasters to prepare themselves and improve their disaster response capacity. DG DEVCO activities in LRRD should not be in competition with disaster preparedness activities funded by ECHO, but rather take into account the policy lessons and effective programme models that can be replicated or scaled up on a wider and longer term scale. It is important to provide important funding for links between humanitarian relief and development aid and increased resources for the reconstruction phase.
- Food security and early agricultural recovery often remain central issues in transition situations, and these are already addressed to some extent in the Food Security Thematic Programme. However, that thematic programme alone cannot cover the gaps identified in this sector.
- The activities to be undertaken in support of LRRD will depend upon the quality of the contextual analysis. In particular, CSPs should be able to take into account this analysis, and reserve sufficient funding at country level in order to execute the necessary activities.
- In order to make sure the funding for LRRD and DRR is efficiently delivered and adapted to the local needs, CONCORD calls for: (i) reliable funding (over several phases); (ii) flexible funding (in terms of selection procedures and rapidly mobilize funding in innovative ways) and timelines; (iii) donor coordination (beyond the EU Institutions alone, at field level); (iv) better and more flexible use of existing instruments (e.g. Stability instrument, DIPECHO, geographic programmes and relevant TPs?)
- It is foreseen to fund DRR and LRRD under geographic envelopes, what would then happen in the absence of geographic funding for a country? If LRRD is to be funded under the Instrument for Stability, there would be consequences on the amounts for the Instrument for Stability (IFS).

## **7. Environment and climate change**

The Communication on the MFF re-affirms that to address the challenges of environmental sustainability and climate change a common, pan-European approach will be needed. In the external action Heading, it commits to do so through scaling up climate related funding in external action instruments and specifically through spending no less than 25% of the Global Public Goods on climate change and environmental objectives.

There are 2 key issues to be addressed in this regard:

- **Operationalizing environmental sustainability and climate objectives** at three levels: through mainstreaming, through global thematic programmes and at country level where partner countries have prioritized this as a focal sector. **Mainstreaming** should be done throughout geographic and thematic instruments and other funding mechanisms. The use of Strategic Environmental Assessments and Environmental Impact Assessments are tools towards mainstreaming, but they are not enough. A fully operational strategy must be in place before the next programming round. **Global thematic programmes** are needed to provide targeted support for specific actions which address global and regional challenges to human development, as many of these issues cannot be addressed properly through a country by country approach. We welcome the proposal of thematic programmes to tackle global public goods such as environment, biodiversity, freshwater and climate change but also request accounting mechanisms are put in place to ensure that finance for climate change is not counted towards the commitment to give 0.7% of GNI as aid (see point 2.). Finally, where partner countries have identified the environment and climate change as a focal sector, EU **country strategies** should respond with support. The resources within thematic programmes alone cannot possibly deliver on all the needs and expectations or activities agreed under international environmental Conventions. For example, there were instances during the previous programming round where environmental issues identified by partner countries were not prioritized by the EU on the basis that a thematic programme existed to cover such issues – even though the legislation made it clear that the thematics were complementary and to provide added value.
- **Meeting international finance commitments and ensuring additionality of climate finance.** The MFF 2014-2020 must demonstrate how the Commission will meet its fair share of the international commitment to deliver 100 billion USD annually for climate action in developing countries. This includes putting in place steps to ensure there is no financing gap post the fast start finance commitment period, defining funding milestones towards 2020 and indicating Europe's overall fair share of the 100 billion USD commitments. The Commission plays an important role in setting aspirational standards for other Member States. The MFF therefore should show how the Commission will meet the UNFCCC commitments to new and additional finance. The EU Council has agreed that climate finance must not detract from or undermine the objectives of poverty reduction and the achievement of the Millennium Development Goals. Climate finance can be legitimately counted as Overseas Development Aid under the OECD DAC criteria, and support provided as climate finance should clearly be integrated with development priorities when implementing measures on the ground. But finance reported towards progress in meeting international commitments under the UNFCCC as well as commitments made in Copenhagen (COP15) and formalised in Cancún (COP16) should not be double-counted towards progress in meeting the commitment to contribute 0.7% of GNI as aid. While under the proposed MFF, the 0.7% goal would be reached by 2015, it is as yet unclear how much of this will be double-counted as the Commission's contribution to international climate finance, and therefore the extent in which development finance will be displaced. As a first step, separate accounting and reporting of climate finance against a defined baseline should demonstrate the EU's accountability in this respect. The Commission has proposed an approach in the *EU Accountability Report 2011 on Financing for*

**Development**, however there appears to be no importance or priority given to this discussion, despite the report's own observation that "it is important for the credibility of the commitments that fast-start climate finance is not replacing other development finance". The MFF should support the newly established Green Climate Fund and call on Member States to channel the majority of climate finance through this Fund. Any support that does not go through the Green Climate Fund should at the very least uphold its principles of country alignment and prioritization as identified by partner countries, i.e. country-owned plans.

## 8. Civil society participation

The term "**Non State Actor**" should be replaced by "**Civil Society Organizations**" as 'CSOs' is the term that is internationally accepted and used in the majority of modern development discourse. This also avoids confusions with private sector and terrorist groups (who can sometimes be considered as Non-State Actors).

CONCORD is concerned about the shrinking space for civil society in a number of countries in the world. This development seems to be part of a spreading phenomenon which is not restricted to a few historically notorious situations. Therefore, it is our conviction that the EU needs to strengthen the voices of civil society through **enhanced CSO participation** in decision-making processes and evaluation of programs, earmarked and increased funds for CSOs and simplified access to EU funds (including women's and women's rights organizations).

CONCORD believes that the EU shall continue to enhance the role of CSOs as they are vital component of healthy democracy. By helping citizens to voice their needs/rights CSOs' work is instrumental to ensure that governmental actions effectively accounts for citizens' needs, both in terms of influencing governmental policy and demanding efficient public services. In addition, CSOs play an important role in delivery essential services to people, when the government proves incapacitated to do so.

### **Concrete proposals to include civil society:**

- The recommendations from the **EU Structured Dialogue** with civil society organizations and local authorities (concluded in May 2011 in Budapest) should be taken forward in the design of all future funding instruments.
- Up to **15% of geographical (country based) funds** should be earmarked for civil society actions<sup>3</sup> (in addition to thematic programmes), based on recognition of the increased capacity in many developing countries for local civil society organizations to articulate and advocate for the needs of citizens and increase domestic accountability. CONCORD believes that a priority should be given to national CSOs (in partner countries) for funding but that EU geographic funds should still be open to *ALL CSOs*. Partnerships should always be prioritized in funding, except in very specific contexts such as fragile states where partnerships may not be possible or may lead to a counter-result (i.e. local CSOs corrupt/politicized/controlled by the government, thus only partially representative of voice of the group they aim to target). The civil society initiative under the ENPI is a good first step regarding funding of CSOs under geographic programmes. This initiative should be replicated in the other geographic instruments.
- Need for budget support and sectoral support to be complemented by strong civil society activity to ensure the 'draw down' effect of communities using and demanding services from their government. It also should

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<sup>3</sup>The Cotonou Partnership Agreement (under the 9<sup>th</sup> EDF) is an example of earmarking funds for CSOs.

allow civil society to play its roles as watchdog, alternative voice and stakeholder in democratic debate<sup>4</sup>. A certain amount of the money provided as budget support should go to support local CSO that are doing budget tracking and monitoring national parliaments, the media and audit institutions.

- To make sure the earmarking of funds for CSO is implemented in geographic programmes, forms of positive incentive need to be built into dialogue and negotiation between the EU and the government, including bilateral agreements governing budget support.
- There are political contexts in which, due to their sensitivity and lack of protection/promotion of human rights, civil society organizations cannot safely work with the governments or maintain their political independence, and therefore would not be able to access geographical earmarked funds. At times local CSOs that are voicing marginalized/prosecuted groups may not be able to raise funding within the county – they need to look and get support from outside parties. In those contexts there needs to be a far more honest debate with the EU about the lack of an enabling environment (also regarding funding) and other funding thematic instruments must be deployed.
- All the activities proposed by the EC for an effective engagement with civil society would take place within a framework of aid effectiveness and sharing with donors, so that CSOs do not find themselves responding to different donor requirements. This should happen in synergy without diminishing diversity. Mapping activities would take into account the existing mechanisms and frameworks with CSO in that country and not seek to duplicate them.
- CONCORD proposes to have a CSO&LA programme that goes beyond the existing NSA-LA programme, acknowledging the new globalised reality of civil society. All activities in this programme should be proposed and implemented by all types of CSOs in EU and partner countries. The total annual funding for this CSO programme should be at least 25% of the recommended total amount allocated in the EC budget for civil society in development. This Global Civil Society programme would need to:
  1. Support and strengthen development initiatives for the most vulnerable in partner countries: CSOs to contribute and improve the quality and inclusiveness of public services delivery.
  2. Enable and promote Global Civil Society organization and participation. The activities, based in Europe and in partner countries, could focus on: (i) Co-ordination of civil society, (ii) Development education and awareness raising, (iii) Capacity building and joint learning, (iv) Advocacy and campaigning.

## **9. Complementarity between Geographic and Thematic instruments**

Complementarity between geographic and thematic instruments is valuable and needs retention and strengthening in the future. Whereas the main focus of the geographic programmes is to support developing countries' policies (e.g. service provision, governance, infrastructures), thematic programmes are useful in enabling a focus upon cross-cutting issues, innovation, pilot actions, multi-country and international actions, global public goods, as well as service provision, - especially in fragile states with weak local and national authorities.

In theory, CSO's should have access to funds that are available under all the instruments / programmes. In practice however, CSOs are mainly supported through the DCI thematic programmes, EIDHR and partly through the EDF. Their access to geographic funding from instruments/programmes is otherwise rather limited. There is

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<sup>4</sup> The EU is a *super-parties* and therefore neutral vis a vis the establishment of watchdog entities – which otherwise (if founded by national donors) may be restricted/limited/not totally effective in their function.

also an assumption that by not including thematic priorities in the geographic programming (though these have been identified as a need/priority) that they will be picked up by thematic programming. This is not always the case. There are countries that are not priority countries of NSA-LA under objective 1a and receive scarce funding under objective 1b and that do not receive any support to civil society through geographical programmes either. In this case, there is a clear lack of complementarity. The added value of thematic programmes is not only clear for CSOs but also for the Multi-country approach, global public goods, exchange of knowledge, south-south and triangular cooperation, multi-stakeholder and innovative and piloting projects. It is a two track approach: targeting and mainstreaming.

Another advantage of the mixture of geographic and thematic is that the EU will be able to maintain a global focus/vision while being able to effectively adapt/specialize to the country context. EU will thus be able to act at the same time globally and locally ensuring a global process of development while also responding at specific critical/concerning country-situation.

A complementary mixture of geographic and thematic funding is necessary in order to ensure:

- a) **Flexibility:** funding should be adaptable to different situations, and allow local decisions by EU Delegations based on full consultation with CSOs active within the country;
- b) **Innovation:** an aid architecture which includes a variety of funding mechanisms encourages innovation in aid (e.g. go beyond the calls for proposals system);
- c) **Meeting Needs:** Funding mechanisms need to support not only development initiatives, direct engagement and program implementation but also other activities such as advocacy, capacity-building and development education.

#### **Concrete recommendations on complementarity of geographic and thematic programmes:**

- There is a lack of in-country consultation with civil society to ensure whole country ownership. Country ownership does not only refer to governmental relations. The EU is reciprocally obliged to address civil society issues in CSPs (together with partner governments, in particular in ACP countries). True complementarity could come from 'real consultations'<sup>5</sup> in the countries during the definition of CSPs, Regional Strategy Papers (RSPs), priorities for sector and budget funding and multi-annual or annual strategies for thematic programmes.
- Re-think the current CSPs or national development strategies. Active participation of CSOs in Poverty Reduction Strategy Paper (PRSP) processes will feed also into CSPs, and will result in a clear paragraph in the CSP's on the roles of Civil Society and the needs of the populations.
- CSOs should be consulted for the definition and monitoring of geographic and thematic instruments. In particular, as far as local CSOs are concerned, key development stakeholders like the EC should support the building of Southern Sectorial and / or National Platforms (networks) as a mean of strengthening the NGO sector and identifying good interlocutors.
- There is an emerging trend for geographic programmes to shift from calls for proposals to service contracts. If this is the case the preparation process should be transparent, open and inclusive. Potential procedural impediments for CSOs to access should be addressed.

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<sup>5</sup> See CONCORD Bottlenecks Paper for more details on this.

## **10. Human Rights and Democracy**

Currently only 1.3% per year of EC ODA is allocated under the European Instrument for Democracy and Human Rights (EIDHR). This is insufficient funding if Europe is to be ambitious in promoting the principles on which it is founded, that is respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights

### ***Concrete recommendations on human rights and democracy:***

- CONCORD, calls for a significant **increase of the budget** to enable support for all human rights as defined within UN Conventions and Treaties.
- **Human Rights will always require special attention and legal protection** through a separate Instrument with its own legal basis to fulfill the EU's vision of a world where human rights are upheld and protected. A separate legal basis for this instrument is needed to ensure the protection of civil society partners' right of initiative and independence. It is essential to ensure that the EU's development partners can work in countries without the necessity of a bilateral aid agreement and to preserve the flexibility of the EU's aid budget to respond to needs.
- There are several advantages of the current EIDHR which need to be retained: the **flexibility** of this instrument needs to be preserved in order to support CSOs in authoritarian regimes; and the programme must remain **accessible** to organisations that are not legally registered or are not recognised by authorities.
- CONCORD proposes that some of the current objectives that have been funded under the Thematic Programmes could form part of an enlarged human rights budget line. For example, the instrument could include sub-objectives to cover more adequately cross cutting issues, including human rights capacity building, support to gender, women's rights, child rights, rights of those with disabilities, land reform and indigenous peoples. If these objectives were to be funded under a revised Human Rights Instrument, further increased funding would be required given the acute need for supporting these issues.
- CONCORD also notes that at present around 25% of EIDHR is dedicated to **Electoral Observation Missions (EOMs)**. CONCORD believes that EOMs should be funded under this programme where the need is directly linked to the local human rights situation. However, the overall programme budget should be increased accordingly to take account of this need, and funding for other human rights areas should not be reduced to enable increased support for EOMs.

## **11. Alternative funding mechanisms**

**REMINDER:** To avoid inconsistencies and unfair burden on grant beneficiaries, **indirect taxes** (such as VAT) **should be considered as eligible costs** for all grants under ALL external action instruments.

### ***Concrete proposals on funding mechanisms:***

- The "tool-box" of alternative funding mechanisms to call for proposals (e.g. direct granting, programme funding, follow-up grants, re-granting, core funding...) discussed and agreed upon during the Structured Dialogue must be translated into legal provisions in the financial instruments. In any case, a fair and transparent process for selection of grant beneficiaries is still required to be in place. These alternative solutions should build upon the lessons learned during the current financial perspectives, be adapted to current needs, improve cooperation between the EC and CSOs, and fully respect the actions of CSO actors within the EU and developing countries.

- Donors should enable and encourage CSOs from Europe and partner countries to collaborate amongst each other and with other actors in development (private sector etc.) through multi-stakeholder approaches rather than competing for funding.
- Both **single country and multi-country approaches** are legitimate and complementary to each other.
- **Respect of the right of initiative:** The right for CSOs to initiate, define and conceptualize projects, as their capacity of innovation and response to the problems of the local populations is restricted when the guidelines of the calls for proposals are too restrictive.
- **The allocation of funds** should be done in a transparent and predictable manner. All CSOs should be able to easily access the information and understand the spectrum of possibilities for accessing EC funds