

CONCORD Speaking points MFF – Policy Forum for Development

Last week the European Parliament finally voted with a large majority in favour of the **MFF regulation and Interinstitutional Agreement** proposed by the Council. This determines not only the overall budget but also a total figure for Europe's external action budget at €58.704bn [*read 58 bn 704 mn*] a 16% reduction compared to the original and realistic EC proposal of €70.00bn. Looking at the stronger EU foreign and external action policy which is at the core of the Lisbon Treaty; the role the EU wants to play in the current multi-polar world and the complex and interrelated global challenges its needs to address, and the commitments the EU has meeting to 0.7% of its gross national income to development assistance by 2015, this is not enough, as EC aid will now account for only 12% of EU aid down from 20% according to EC calculations.

But while it is vital that development cooperation is backed up with sufficient financing, an even more important question is **what you do with this money**. While its real impact on the MFF, DCI, EDF and other development oriented instruments will become evident only after they have been implemented for a few years, it is already clear that the Agenda for Change policy has been amply reflected in relevant regulations and programming documents. Other international and EU commitments, in particular with regard to human rights and gender equality, have been rather neglected, while there has been a strong focus on the implementation of the major EU development effectiveness principles agreed in 2011. CONCORD would like to start from **what development cooperation is or should be about and how this is currently reflected in the MFF/DCI/EDF?** While I cannot say everything, you will have to read the report for that, I would like to point out some key issues:

Overarching objectives: Fighting poverty in all its dimensions and inequalities, promoting human rights and sustainable development - global commitments (MDGs and post-2015)

Principles: PCD, HRBA, Gender equality and women's empowerment, integration of cross-cutting issues - 3 pillars of sustainable and inclusive development (social, economic and environmental) – Development effectiveness principles

For those of you interested in how aid/development effectiveness principles are reflected in the new MFF, I invite you all to read more about this in the report.

Worth highlighting today though are *gender and human rights*: While respecting partner countries' ownership and national priorities, the EU institutions should promote common values by highlighting the importance of focusing on the sectors where EU assistance can have the greatest impact. As stated in the European Consensus on Development, these common values include human rights and gender equality. In line with the EU's recognition that gender equality and women's empowerment have a major impact on poverty reduction and are the key to all development, as enshrined in the European Consensus and the Agenda for Change, the proposed DCI regulation highlights gender equality as a cross-cutting issue which should be mainstreamed in all its programmes. It does not, however, set gender equality/women's empowerment as a goal in itself with a specific budget allocation or earmarked percentage. Nor is there any mention of the importance of combating violence against women and girls, despite the fact that this is supposed to be a priority within the framework of bilateral and multilateral cooperation on defending human rights, according to the EU guidelines on violence against women and girls and combating all forms of discrimination against them (2008) and the EU Action Plan on Gender (2010). [*You could mention separate CONCORD gender & HR analysis doc*]

Reflecting the language of the Agenda for Change, the DCI proposal also reiterates that human rights is a general principle and a cross-cutting issue that is to be mainstreamed in all programmes. There is no explanation of how this will be ensured, however, nor does the proposal include any specific goal or earmarked funding for human rights.

The EU must live up to its own commitments in the EU Plan of Action on Gender when programming and implementing all its external instruments, which should be designed and implemented in accordance with the principles of the UN Common Understanding on a Human Rights-Based Approach to development. EU is preparing a toolkit on the human rights based approach in development but it would be good to consult broadly on that including in the PFD.

Cooperation Priorities: Agenda for Change should not overshadow EU Consensus, Cotonou Agreement and unfinished MDG agenda – Country specific approach is needed – Human Development and Public Goods are key – Joint priorities not unilateral EU vision – No pre-empting post 2015 global agenda

Health and basic education are crucial elements of *human development*. While the definition at UN level is clear, at EU level there seems to be a tendency to include also growth, jobs and private sector engagement, risking to dilute funding and efforts for human development. Therefore, CONCORD believes the EU must earmark at least 20% of all EU aid for health and basic education, including in the EDF and all DCI programmes. The data collected by EU delegations with regard to this benchmark should be made publicly available, inter alia by including it in the Commission's annual reports on financing for development and on its development cooperation activities.

Geographic priorities: GNI is not a measure of human development – inequalities hinder human development and poverty is multidimensional it cannot be reduced to income poverty – highest inequality rates are in Latin America. The fact that States are less dependent on aid in MICs doesn't mean that aid cannot be a powerful agent of change and justice in these countries. Fragile states need special attention and support and different types of measures will be needed in LICs or MICs. It is the reason why dialogue with partner countries and their CS is key.

Differentiation: The Commission and EEAS need to engage in a country dialogue, with local civil society and other donors present, in order to identify tailor-made alternatives for those countries that will no longer benefit from bilateral DCI funding and to decide jointly on the best phasing-out approach. It is important to recognise that there are still large areas of inequality in these partner countries, and there are still commitments to achieve the MDGs. In ACP countries, the "differentiation in volume" approach must be implemented in consultation with civil society organisations to ensure that the poorest people in the ACP's MICs are not left behind, and that the DCI's thematic programmes, and the EDF envelopes for CSOs, will attempt to fill the gap.

Actors: multiple roles of civil society in Europe and in partner countries to be recognised and supported politically and financially - Role of private sector to be carefully assessed and conditioned to positive impact on the 3 pillars of sustainable and inclusive development. ODA is public money to serve public interest, now and in the future.

Role of civil society: CSOs must continue to play their important role in making the link between the EU's political and policy levels and the everyday reality for people living in developing countries. They should also engage further in multi-stakeholder dialogues during the implementation of EU programmes, in particular to debate jointly the use of new aid modalities and ensure that their views are taken into account by the EU institutions. The Commission needs to ensure an appropriate mix of funding modalities, including broadly accessible support for civil society through calls for proposals under the new global public goods and challenges (GPGC)

programme, the pan-African programme and the CSO-LA programme. Any decision to align EU priorities to national development plans must make it a condition that CSOs are involved in the formulation of such documents, while joint programming exercises must be transparent and must include local CSOs.

Role of the private sector: Before developing the mechanism for blending loans and grants any further, the EU needs to take a serious look at the transparency and accountability mechanisms of existing blending facilities. This involves consulting CSOs, and making sure that EU development objectives and policy coherence for development are the main focus, and that a full and independent review of these blending facilities is in place. It should moreover be ensured that support for the private sector is focused primarily on local private-sector enterprises. Before the implementation phase begins, the Commission therefore needs to clarify in more detail how private-sector involvement will work in the future, inter alia via an official communication. More messages on this will follow in the respective PS session.

Modalities: tailor-made approach is required based on assessment of the added value of different modalities in a given context – this is particularly true for blending - modalities must serve development objectives not the contrary – leveraging private finance is a tool not an objective - main criteria must remain development and poverty reduction impact and interest of beneficiary populations - every modality to abide by Development Effectiveness principles (democratic ownership, transparency and accountability and development results). In the case of blending the question of debt sustainability, additionality, alignment and development outcome are particularly crucial.

Job is not done – shared responsibility

All EU institutions, including the President of the Commission, the Commissioner for Development and the HR/VP, as well as CSOs and LAs should play a supportive role when EU development assistance comes under threat in the future, in particular during the annual budget procedures and the MFF midterm review. Last week also the 2014 budget was voted and already for this first year, we see attempts from MS to further decrease the budget for development. Also the 11th EDF should not be eroded through bridging and sunset clauses.

The EP, Member States and civil society should hold the Commission to account and request regular reporting on the 90% benchmark for ODA eligibility (DG DEVCO's Annual Reports or the EU's Annual Reports on Financing for Development). It must be ensured that this ODA is not being diluted by changing the definition or reporting directives. Also other benchmarks such as the climate action benchmark and the 20% benchmark for health and basic education should be effectively monitored and transparently reported on.

Civil society organisations should maintain pressure on governments and increase the awareness of citizens so that they understand and support the necessity for EU development assistance even, and especially, in times of crisis.

CONCORD is following closely the still ongoing geographic and thematic programming process both in Brussels and partner country level. for which Policy Coherence for Development; Democratic ownership through effective and influential multi-stakeholder country dialogue involving civil society – also in case of joint programming; EU development objectives, commitments, principles and benchmarks and joint cooperation priorities identified with partner countries – meaning not only limited to AfC; Development effectiveness principles; Concentration, the fact that differentiation and joint programming should not lead to country or sector orphans or to increasing exclusion; Joint programming in a spirit of division of labour rather than donor pooling and in respect of democratic ownership, are key. *[Possibly mention paper on EUD engagement with CSOs paper and that we closely follow CSO roadmaps]*