

## What funding for the EU's external actions after 2013?

### EPLO's position on the next EU multiannual financial framework

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#### Introduction

This short paper sets out EPLO's preliminary position on the next EU multiannual financial framework (MFF). We believe that a number of key decisions could have a major impact on the peacebuilding potential of the EU's external assistance budget.

#### 1. Overall

##### Increased funding for external actions

The entry into force of the Lisbon Treaty and the related developments in the EU's institutional structure, notably the establishment of the European External Action Service (EEAS), have raised expectations regarding the effectiveness of the EU's co-operation with its partner countries. In order to fulfil its various commitments to peacebuilding, development, human rights and democracy etc., the European Commission (EC) and the EEAS should propose an increase in the proportion of the EU Budget which is committed to Heading 4: The EU as a Global Player.<sup>1</sup>

#### 2. All EU external actions

##### Commitment to conflict sensitivity in all EU external policies and programmes

A great many of the EU's partner countries and regions are either at risk of violent conflict, conflict-affected or post-conflict. There is wide recognition that development, as a process of societal change, has the potential to cause conflict. It is, therefore, imperative that the EC and EEAS include a clear commitment to conflict sensitivity in all EU future external policies and programmes and that all EU-funded activities which are undertaken in partner countries are based on thorough conflict analyses.

##### Inclusion of peacebuilding and conflict prevention throughout the EU's external actions

Development and peacebuilding are intrinsically linked. This link has been recognised by the Organisation for Economic Development's Development Assistance Committee (OECD-DAC) in its rules on overseas development assistance (ODA) and in several EU political commitments. The EC and the EEAS should, therefore, include peacebuilding and conflict prevention as eligible activities for funding in all future EU development assistance programmes.

##### Simplification of regulations governing the EU's external programmes and rules governing the management of EU grants

The EC and the EEAS should use the negotiations over the next set of EU external financing instruments to simplify the regulations governing the EU's external programmes and the rules governing the management of grants by civil society organisations (CSOs) and other actors. The complexity of the EC's financing rules has a negative impact on the EU's reputation as a donor: EU partner country governments and CSOs have developed a negative view of the EU as being inefficient and bureaucratic.

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<sup>1</sup> The breakdown of the current EU MFF (2007-2013) is as follows: 1a. Competitiveness for growth and employment: 9%; 1b. Cohesion for growth and employment: 35.6%; 2. Preservation and management of natural resources: 42.5%; 3. Citizenship, freedom, security and justice: 1.3%; **4. The EU as a global player (excluding the European Development Fund): 5.7%**; 5. Total administrative expenditure: 5.8%; 6. Compensation: 0.1%

Regarding the simplification of the rules governing the management of EU grants by actors, including CSOs; the EC and the EEAS should prepare proposals and/or request that management committees prepare proposals for the simplification of budget and reporting formats and a reduction in the number of regulations applicable to EU grants. In this context, it is interesting to note that despite the EC's repeated insistence that it was not possible to change the rules governing the management of EU grants, in 2010, they did just that with the result that financial reporting became significantly more complex.

### **3. Instrument for Stability**

#### **Increased funding for the Instrument for Stability**

Since its establishment in 2007, the Instrument for Stability (IfS) has been the main source of funding for the EU's activities in support of peacebuilding and conflict prevention. It is generally viewed positively because of its flexibility and the importance of the issues which it covers. Given that peace and security are prerequisites for the implementation of other EU policies (e.g. trade, energy, development, the promotion of human rights and democracy, etc.), when the process of designing the next set of external EU programmes ("external financing instruments") begins, the EC and the EEAS should retain the IfS. They should also increase its budget which is very small in comparison to the current set of geographic instruments.<sup>2</sup>

#### **Increased funding for the Peacebuilding Partnership (Article 4.3: Crisis Preparedness)**

The vast majority (more than 70%) of funding available under the IfS is allocated to crisis response measures which have supported valuable work. However, EU policymakers increasingly recognise the importance of long-term efforts to prevent conflict and to build lasting peace (in line with thinking in the UN, the US, the World Bank and many EU Member States). The EU should, therefore, invest more in peacebuilding by expanding the Peacebuilding Partnership, a crucial part of the IfS. In addition, since the Peacebuilding Partnership is the only source of funding for long-term conflict prevention and peacebuilding activities by CSOs, a far larger proportion of its resources should be allocated to these actors rather than to the UN or EU Member States.

#### **Multi-stakeholder partnerships for peacebuilding and conflict prevention**

CSOs play a crucial role in ensuring the effectiveness and long-term sustainability of the EU's activities in support of peacebuilding and conflict prevention. However, they are largely unable to access the majority of funding which is available under the IfS. The crisis preparedness component (Article 4.3 of the IfS Regulation) includes funding for peacebuilding organisations. Nonetheless, approximately 50% of that funding is allocated to international and regional organisations (e.g. UN agencies and the African Union) and EU Member States (e.g. police and civilian training for stabilisation missions) without any requirement for the involvement of CSOs. The EC and the EEAS should propose that *all* crisis preparedness activities under the next IfS include an explicit CSO component.

Similarly, the EC and the EEAS should propose that the IfS funding which is allocated in support of addressing so-called "global and transregional threats" (articles 4.1 and 4.2 of the IfS Regulation) should also include a CSO component, including direct funding of CSO activities which tackle the underlying causes of threats to European security. This is particularly important given the questions which have been raised about the impact of the activities which have been funded under the abovementioned IfS articles (which account for up to 22% of the total IfS budget.)

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<sup>2</sup> The budget for the Instrument for Stability for the period 2007-2013 is € 2.1 billion. The budgets for the following geographical instruments for the same period are as follows: Development Cooperation Instrument: € 16.9 billion (€10.1 billion in the geographical envelope); Instrument for Pre-accession Assistance: € 11.5 billion; and European Neighbourhood and Partnership Instrument: € 11.2 billion. The budget for the European Development Fund for the period 2008-2013 is € 22.7 billion.