

## EPLO Briefing Paper 2/2011

### The European Commission's proposal for the next EU multiannual financial framework

July 2011

#### Introduction

The purpose of this briefing paper is to provide an initial analysis of the European Commission's (EC) proposal for the next EU multiannual financial framework (MFF) (the overall EU budget for the period 2014-2020).

The MFF, which is proposed by the EC and discussed and amended by the EU Member States and the European Parliament, sets out the maximum amounts ('ceilings') for each broad category of EU expenditure. One (small) category ('heading') is external action ('Global Europe'). It covers the EU's foreign and development policies, including both the activities which the EU undertakes itself and the funding which it provides to other actors.

The EC's proposal consists of two communications (COM)<sup>1</sup> and an accompanying 'staff working paper' (SEC).<sup>2</sup> As well as setting out the principles underpinning the EU budget and the ceilings for expenditure under each overall heading, it also includes proposals for the next set of EU funding instruments (programmes). A key question (and the focus of EPLO's recommendations) is: What will the external instruments look like for the period 2014-2020?

The following briefing paper follows the structure of EPLO's position paper on the next MFF which was published in March 2011.<sup>3</sup>

#### 1. Overall

##### **EPLO Recommendation: Increased funding for external actions**

The EC has proposed to increase the overall EU budget for the period 2014-2020 to € 1025 billion (cf. € 975.777 billion in the current period (2007-2013)).

It has also proposed to increase the size of the budget for external actions (Heading 4: Global Europe) to € 70 billion from its current level of € 55.935. This represents 6.8% of the total budget (cf. 5.7% in the current period).

#### 2. All EU external actions

##### **EPLO Recommendation: Commitment to conflict sensitivity in all EU external policies and programmes**

<sup>1</sup> [COM \(2011\) 500 final Part I](#) and [COM \(2011\) 500 final Part II](#)

<sup>2</sup> [SEC \(2011\) 868 final](#)

<sup>3</sup> [What funding for the EU's external actions after 2013? EPLO's position on the next EU multiannual financial framework](#)

The COM does not include any references to conflict sensitivity. However, in a section on possible amendments to the EU's external instruments, the SEC provides that: 'There is a need to review the requirement for multi-annual programming in certain cases with flexible procedures (such as in fragile countries).'<sup>4</sup>

**EPLO Recommendation: Inclusion of peacebuilding and conflict prevention throughout the EU's external actions**

The EC's proposal does not foresee a major overhaul of the EU's external instruments. According to the COM: 'A major rationalisation of the instruments took place in 2003 and has begun to deliver more effective results. The Commission does not consider that another major alteration of the legislative architecture is necessary for the next MFF period, although some improvements are being proposed and the overall investment is being stepped up.'<sup>5</sup>

In a section entitled 'Lessons learned from implementation of the current system', the COM provides that 'Overall, consulted stakeholders as well as EU Member States consider that the current structure of the instruments, which reflects the main policy priorities on external action as established by the Lisbon Treaty, remains relevant and should be maintained.'<sup>6</sup>

In a section entitled 'Available policy choices', the SEC sets out three possible options:

1. No change
2. A major reshuffle of the structure of the existing instruments
3. Substantial modifications within the existing instruments to face new challenges and achieve the strategic objectives, without significantly changing the current structure, and the introduction of a new instrument (PI)<sup>7</sup>

and concludes that 'Option 3 is assessed as the best option. Under this option, the current structure of the instruments would remain largely unchanged. The main innovations for external action post-2013 would be to adapt thoroughly the existing methods of conceiving, programming and delivering external assistance. It appears therefore clearly as the preferred option.'<sup>8</sup>

**Comment:** This confirms our earlier prediction that the EC would not be favourable to the establishment of new instruments.

In the introduction to the chapter entitled 'Global Europe', the SEC sets out six strategic objectives, including: 'Increasing the impact of EU development cooperation, with the primary aim of eradicating poverty. The EU cannot continue to do everything, everywhere with development aid. So we will: concentrate aid on those areas where the EU has comparative advantage; differentiate among partner countries and regions to ensure that aid resources are allocated according to needs, capacities, interests and commitments; improve aid coordination and Policy Coherence for Development; and ensure adequate financing for development.'<sup>9</sup>

**Comment:** This implies that that the EC is still considering differentiation between countries and regions. In a speech which he gave to the informal meeting of EU development ministers in February 2011, Commissioner Pieblags listed four categories of countries,

<sup>4</sup> SEC (2011) 868 final, p. 205

<sup>5</sup> COM (2011) 500 final Part I, pp. 19-20

<sup>6</sup> SEC (2011) 500 final, p. 196

<sup>7</sup> Ibid. pp. 204-5

<sup>8</sup> Ibid. p. 206

<sup>9</sup> Ibid. p. 191

including: 'Countries in situations of fragility. Here, the EU would have to mobilise its core resources to effectively link security, governance and development.'<sup>10</sup>

In a section entitled 'The EU as a global player', the COM provides that: 'A pan-African instrument under the Development and Cooperation Instrument (DCI) will be created to support the implementation of the Joint Africa Europe Strategy, focusing on the clear added value of cross regional and continental activities.'<sup>11</sup>

**Comment:** This could have implications for the future implementation of the Africa-EU Partnership on Peace and Security.

Regarding the DCI, the SEC provides that: 'The main concern described would be the need to improve the logic match between the variety number of activities and tools contained in DCI on the one side and the relatively tight vision as to the global impact of the instrument, namely poverty reduction in the context of sustainable development. This gap could be improved through a more adequate prioritisation of activities and outputs. Another element would be to clarify the division between Official Development Assistance (ODA) and non-ODA activities.'<sup>12</sup>

**Comment:** This implies that the EC does not envisage expanding the scope of the DCI (e.g. to include peacebuilding and conflict prevention but that it does intend to assess the ODA eligibility of activities to be funded under the revised DCI. This could provide an opportunity for EPLO to remind decision-makers that 'certain conflict, peace building and security expenditures meet the development criteria of ODA.'<sup>13</sup>

The SEC also provides that the DCI 'will be organized around three strands', including 'an envelope for non state actors and local authorities will aim at empowering civil society actors to take part in development strategies and processes.'

**Comment:** This implies that there will be a new programme for supporting civil society organisations. However, it is unclear how it will differ from the current thematic programme ('Non-state Actors and Local Authorities in Development').

In the part of the 'Lessons learned' section which covers the European Neighbourhood and Partnership Instrument (ENPI), the SEC provides that: 'Supporting reforms via the budget has delivered tangible results, promoted reforms and helped strengthen policy dialogue with partner countries. However, the approach should be further refined in the next financial framework to incorporate the increased focus on fundamental values and democratic governance. Efforts should also be made further to associate civil society in the design and monitoring of operations and enhance its visibility.'<sup>14</sup>

**Comment:** This implies that the EC is planning to continue providing development assistance in the form of budget support in countries in the EU Neighbourhood but that it is also considering a role for CSOs in those budget support programmes. This could provide an opportunity for EPLO to reiterate its recommendations on the need for civil society consultation on and oversight of development assistance which is provided in the form of budget support.

The importance of conflict prevention and resolution in the EU Neighbourhood is acknowledged in a section of the SEC entitled 'Revision of the existing ENPI': 'The Strategic

<sup>10</sup> Speech by Andris Piebalgs at the informal Council meeting of development ministers, Brussels, 22 February 2011

<sup>11</sup> COM (2011) 500 final Part I, p. 19

<sup>12</sup> SEC (2011) 500 final, p. 198

<sup>13</sup> [DAC Statistical Reporting Directives](#), p. 12

<sup>14</sup> SEC (2011) 500 final, p. 197

Review of the ENP has established a number of specific objectives in the areas of political dialogue, human rights and good governance; economic integration and sectoral policies; economic, social and territorial cohesion and rural development; mobility and security, civil society; public diplomacy and conflict prevention and resolution.<sup>15</sup>

In the part of the 'Lessons learned' section which covers the Instrument for Pre-accession Assistance (IPA), the SEC provides that: 'It was also found that projects were generally well targeted on accession requirements, but focusing technical and institution building assistance on a more limited number of priority sectors could further enhance effectiveness and future impact.'<sup>16</sup>

**Comment:** This implies that the EC is considering narrowing the scope of the IPA. In order to pursue our advocacy objective of the inclusion of peacebuilding and conflict prevention in the EU's co-operation with candidate and potential candidate countries, EPLO could use the strengthened commitment to the rigid accession framework to highlight how peacebuilding is essential to meeting the accession criteria (e.g. on guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities; and on the adoption of the *acquis communautaire*).

In the part of the 'Lessons learned' section which covers the European Instrument for Democracy and Human Rights (EIDHR), the SEC provides that: 'the objectives foreseen in the Regulation have caused a fragmentation of approaches and a lack of legibility of the Instrument creating risks of duplication and difficulties in the appreciation of its impact.'<sup>17</sup>

**Comment:** This implies that the EC might be considering narrowing the scope of the EIDHR (and potentially removing the already light references to peace). Given that the SEC provides that: 'The EIDHR will be focused on: Strengthening the development of thriving civil societies and their specific role in support of human rights protection and the promotion of democracy; (...) and 'Funding of EU election observation missions and connected support for improving electoral processes'<sup>18</sup>, this could have implications for the future of Objective 2: 'Strengthening the role of civil society in human rights and democratic reform, in facilitating the peaceful conciliation of group interests and in consolidating political participation and representation'.<sup>19</sup> This is significant because if peace is not included in the overall objectives of the EIDHR, it will become increasingly difficult (if not impossible) for the EC to use that instrument to fund activities in support of peacebuilding and conflict prevention.

**EPLO Recommendation: Simplification of regulations governing the EU's external programmes and rules governing the management of EU grants**

The complexity of the EU's funding instruments is acknowledged in the COM: 'This complexity imposes a heavy administrative burden on beneficiaries as well as on the Commission and Member States, which can have the unintended effect of discouraging participation and delaying implementation. Work is currently underway to simplify both the general rules (Financial Regulation) and the sector specific rules.'<sup>20</sup>

The following possible steps for simplifying the implementation of EU instruments set out in the SEC:

<sup>15</sup> Ibid. p. 207

<sup>16</sup> Ibid. p. 197

<sup>17</sup> Ibid. p. 199

<sup>18</sup> Ibid. p. 208

<sup>19</sup> [EIDHR Strategy Paper 2011-2013](#), p. 16

<sup>20</sup> COM (2011) 500 final Part I, p 9

- Ensuring a high level of coherence between the overall framework provided by the Financial Regulation and the specific management and control provisions detailed in the relevant sectoral instruments and programmes.
- Shifting towards larger scale interventions.
- Lighter procedures for grants under a certain threshold.
- More extensive recourse to the use of executive agencies.
- The use of common electronic portals per type of intervention.
- The use of lumps sums, flat rates and scales of unit costs to reduce complexity and potential errors.
- Taking more account of the risk environment and making controls more cost effective<sup>21</sup>

**Comment:** The issue of simplification applies to all instruments (internal and external) but the structure of both the COM and the SEC implies that the EC is mainly considering the simplification of those internal funding programmes which are managed by the Member States (e.g. Common Agricultural Policy and Cohesion Fund etc.). However, it could also apply to the EU's external instruments.

### 3. Instrument for Stability

**EPLO Recommendation: Increased funding for the Instrument for Stability**

The COM provides that: 'The EU will step up its work on crisis prevention in order to preserve peace and strengthen international security'<sup>22</sup> and the SEC provides that: 'A priority should be to increase EU action on crisis prevention and resolution, and to preserve peace and strengthen international security, including enhancing EU capacities for crisis preparedness. Another priority will be to improve the EU ability to coordinate its tools in response to large-scale conflicts and in transition situations, to develop specific modalities for dealing with fragile and post-crisis situations and to improve our processes so as to adjust to changing circumstances.'<sup>23</sup>

The EC has proposed to increase the funding for the Instrument for Stability (IfS) for the period 2014-2020 to € 2.510 billion (cf. € 2.062 billion in the current period.) This represents 3.6% of the proposed funding for Heading 4 (cf. 3.7% in the current period).

Regarding the content of the IfS, the SEC provides that: 'The mid-term review concluded that the provisions of this new financial instrument were adequate to pursue the objectives. Some technical amendments were proposed along with an amendment to take into account the judgment of the European Court of Justice on small arms and light weapons.'<sup>24</sup>

**Comment:** This implies that the EC does not envisage any major changes to the structure of the IfS.

Interested groups' positive views of the IfS, including those gathered from the public consultation on 'What funding for the EU's external actions after 2013?', were acknowledged in the SEC: 'the Instrument for Stability is highly valued and many respondents urge the EU to enhance its potential.'<sup>25</sup>

<sup>21</sup> SEC (2011) 500 final, p. 29

<sup>22</sup> COM (2011) 500 final Part I, p 19

<sup>23</sup> SEC (2011) 500 final, p. 191-2

<sup>24</sup> Ibid. p. 200

<sup>25</sup> Ibid. p. 200

In a section entitled 'Revision of the existing IfS', the SEC provides that: 'The future Instrument for Stability (IfS) should be equipped with an enlarged short term capacity to address crisis situations, including major natural disasters - to the extent that an adequate and effective response cannot be provided under "other" instruments -, focusing on conflict prevention, peace building and state building and using highly flexible procedures. It shall allow for a window to finance EU capacity building in crisis preparedness. Consideration will be given to enhancing synergy with EIDHR.'<sup>26</sup>

**Possible implications:** This implies that the EC is considering increasing the amount of funding which is available under the short-term, crisis response component of the IfS.

The SEC also provides that: 'The respective geographical instruments should be the default instruments to fulfil the bridging role following humanitarian actions of linking relief, rehabilitation and development (LRRD). More flexible provisions should be inserted in these instruments for that purpose. It has been agreed that the main source of funding for these type of actions should come from the geographical development cooperation instruments and IfS should only intervene in this area whenever these instruments cannot be mobilised (EDF, DCI, ENPI, IPA) to provide an efficient response (as it is also the case for IfS interventions on politically motivated crisis).'<sup>27</sup>

**Possible implications:** This could have implications for the inclusion of activities in support of peacebuilding and conflict prevention in the new geographic instruments. It could also provide an opportunity for EPLO to develop specific recommendations on the insertion of the 'more flexible provisions' in all of the geographic instruments, including through reframing its proposals for regional peacebuilding partnerships.<sup>28</sup>

Finally on the IfS, the SEC provides that: 'The Instrument should also enable the EU to properly address the above-mentioned global security threats and risks, for which it is essential to support actions which take place across regions, in any kind of country, i.e., fragile, developing, emerging, in transition, industrialised, candidate or potential candidate country. In addition to this worldwide scope, the Instrument should not be bound to ODA-eligibility criteria, which would reduce the EU's ability to effectively tackle the security and development nexus.'<sup>29</sup>

**Comment:** This implies that the EC is considering using the IfS to fund non-ODA-eligible activities. This is a worrying development and EPLO should react strongly on it.

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

The EC's proposal does not include any specific information about the future of the Peacebuilding Partnership. However, it does provide that: 'it [the future IfS] shall allow for a window to finance EU capacity building in crisis preparedness.'<sup>30</sup>

**Comment:** This implies that the EC is planning to maintain the Peacebuilding Partnership in the new IfS.

### **EPLO Recommendation: Multi-stakeholder partnerships for peacebuilding and conflict prevention**

<sup>26</sup> Ibid. p. 209

<sup>27</sup> Ibid. p. 209

<sup>28</sup> [Proposal for a Peacebuilding Partnership under the European Neighbourhood and Partnership Instrument](#) and [Proposal for a Peacebuilding Partnership under the Instrument for Pre-accession Assistance](#)

<sup>29</sup> SEC (2011) 500 final, p.210

<sup>30</sup> Ibid p. 209

The EC's proposal does not include any information on this issue.

#### **4. Miscellaneous**

##### **European Development Fund**

The EC has proposed to keep the European Development Fund (EDF) outside the general EU budget but to take steps to increase democratic scrutiny over it. It has also proposed to increase the portion of the EDF which is allocated to the African, Caribbean and Pacific group of countries to € 30 billion (cf. 21.966 billion for the current period (2008-2013)).

##### **Duration of the MFF**

The EC has proposed maintaining the seven year duration of the MFF with an assessment of implementation in 2016.

##### **EU added value**

The leitmotiv of the EC's proposal appears to be 'EU added value'. This expression appears 13 times in the COM and 58 times in the SEC.

#### **5. Next steps**

The EC will publish legislative proposals by the end of 2011.

**Multiannual Financial Framework 2014-2010 (€ billions)**

<b>Commitment appropriations</b>	<b>2014-2020</b>	<b>2007-2013</b>
Heading 1: Smart and inclusive growth*	490.908	437.778
Heading 2: Sustainable growth (natural resources)**	382.927	413.061
Heading 3: Security and citizenship***	18.535	12.216
<b>Heading 4: Global Europe****</b>	<b>70.000</b>	<b>55.935</b>
<b>Development Cooperation Instrument (DCI)</b>	<b>20.597</b>	<b>16.897</b>
<b>Instrument for Pre-accession Assistance (IPA)</b>	<b>12.520</b>	<b>11.468</b>
<b>European Neighbourhood Instrument (ENI)*****</b>	<b>16.097</b>	<b>11.181</b>
<b>Instrument for Stability (IfS)</b>	<b>2.510</b>	<b>2.062</b>
<b>European Instrument for Democracy and Human Rights (EIDHR)</b>	<b>1.400</b>	<b>1.104</b>
<b>Common Foreign and Security Policy (CFSP)</b>	<b>2.510</b>	<b>1.98</b>
Heading 5: Administration	50.464	55.925
<b>TOTAL</b>	<b>1025.000</b>	<b>975.777</b>

<b>Outside the MFF</b>	<b>2014-2020</b>	
Emergency Aid Reserve	2.450	
European Globalisation Fund	3.000	
Solidarity Fund	7.000	
Flexibility Instrument	3.500	
Reserve for crises in the agricultural sector	3.500	
ITER	2.707	
GMES	5.841	
<b>European Development Fund (EDF) (African, Caribbean and Pacific (ACP) group of countries)</b>	<b>29.998</b>	
EDF OCT	321	
Global Climate and Biodiversity Fund	N/A	
<b>TOTAL OUTSIDE THE MFF</b>	<b>58.316</b>	
<b>TOTAL MFF + OUTSIDE MFF</b>	<b>1083.316</b>	

\*This is called 'Sustainable Growth' in the current MFF

\*\* This is called 'Preservation and Management of Natural Resources' in the current MFF

\*\*\* This is called 'Citizenship, Freedom, Security and Justice' in the current MFF

\*\*\*\* This is called 'The EU as a Global Player' in the current MFF

\*\*\*\*\* This is called the 'European Neighbourhood and Partnership Instrument' in the current MFF

## **EPLO Members**

Berghof Foundation  
Civil Society Conflict Prevention Network (KATU)  
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Crisis Management Initiative  
Dialogue Advisory Group  
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Fractal  
Glencree Centre for Peace and Reconciliation  
Global Partnership for the Prevention of Armed Conflict  
International Alert  
International Center for Transitional Justice  
International Crisis Group  
Interpeace  
Kvinna till Kvinna  
Life and Peace Institute  
Nansen Dialogue Network  
NGO Support Centre  
Nonviolent Peaceforce  
Oxfam International  
Partners for Democratic Change International  
Pax Christi International  
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Saferworld  
Search for Common Ground  
swisspeace  
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## **European Peacebuilding Liaison Office (EPLO)**

EPLO is the platform of European NGOs, networks of NGOs and think tanks active in the field of peacebuilding, who share an interest in promoting sustainable peacebuilding policies among decision-makers in the European Union.

EPLO aims to influence the EU so it promotes and implements measures that lead to sustainable peace between states and within states and peoples, and that transform and resolve conflicts non-violently. EPLO wants the EU to recognise the crucial connection between peacebuilding, the eradication of poverty, and sustainable development world wide and the crucial role NGOs have to play in sustainable EU efforts for peacebuilding, conflict prevention, and crisis management.

EPLO advances the interests of its members through common policy positions and consequently advocating for those common positions. EPLO disseminates information and promotes understanding of EU policies of concern to its Members. The Office builds also solidarity and cooperation amongst its members and with other relevant NGO networks.

Finally, EPLO raises awareness about the contribution the EU should make to peacebuilding and the need to hold the EU accountable to its own political commitments of helping secure peace within and outside its borders.

## **About EPLO's Briefing Papers**

EPLO's briefing papers are succinct and accessible guides to EU policies on conflict prevention, peacebuilding, security and development. Their purpose is to inform those working in the broader peacebuilding field about developments at the EU-level.

## **EPLO Contacts**

Catherine Woollard  
Executive Director  
Phone +32 (0)2 233 37 32  
E-mail: [cwoollard@eplo.org](mailto:cwoollard@eplo.org)

Ben Moore  
Phone : +32 (0)2 233 37 33  
E-mail: [bmoore@eplo.org](mailto:bmoore@eplo.org)

EPLO  
Rue Belliard 205, Box 12  
1040 Brussels  
Phone: +32 (0)2 233 37 37  
Fax: +32 (0)2 233 37 38  
E-mail: [office@eplo.org](mailto:office@eplo.org)  
Web: [www.eplo.org](http://www.eplo.org)