European NGO confederation
for relief and development

CONCORD

Confédération européenne des ONG
d'urgence et de développement

The post 2013 Multiannual Financial Framework of the EU :

Why it is a priority for CONCORD in 2011

BACKGROUND DOCUMENT

January 2011

Contents:

List of abbreviations

AFET – Committee on Foreign Affairs of the European Parliament

AGRI – Committee on Agriculture and Rural Development of the European Parliament

BRICS - Brazil, Russia, India, China, South Africa

CAP – Common Agricultural Policy

CFSP – Common Foreign and Security Policy

CODEV – European Council working group on development

COREPER – Permanent Representatives Committee in the European Council

CSO – Civil Society Organisation

DCI – Development Cooperation Instrument

DEVCO – DG for Development and Cooperation

DEVE – Development Committee in the European Parliament

DG – Directorate General

EEAS – European External Action Service

EC – European Commission

ECOFIN – Economic and Financial Affairs Council

EDF – European Development Fund

EIDHR – European Instrument for Democracy and Human Rights

EP – European Parliament

EU – European Union

FAC – Foreign Affairs Council

FP* – Financial Perspectives

GNI – Gross National Income

INTA – Committee on International Trade in the European Parliament

LDCs – Least Developed Countries

LRRD – Linking Relief, Rehabilitation and Development

MFF* – Multiannual Financial Framework

MICs – Middle Income Countries

MS – Member States

ODA – Official Development Assistance

* The FP and the MFF are in effect the same thing - they just refer to different time-periods. The FP refers to the period 2007-2013 (and sometimes to previous financial perspectives). The MFF refers to the upcoming financial perspectives (2014 and beyond).

Foreword

In the coming months, the EU institutions will enter into a new cycle of budget planning and negotiations. This exercise is of particular importance as it will lock-in the EU main policy priorities from 2014 for at least 5 years. It is not only the EU budget and the instruments to implement it that are at stake but more broadly the EU integration process and ambitions and the future role of EU in a variety of policy areas including foreign policy, development and climate change.

Decisions are mainly in the hands of Member States (MS) and will inevitably reflect their perception of today's role of the European Union as well as their vision of economic, social or foreign and development policies. Considering the financial and economic climate in Europe and the widespread decisions taken at national level to reduce public expenditures, tough negotiations are to be expected in which issues such as the added value of EU action, differentiation amongst EC partner countries, EU economic and security interests, EU vision on preserving global public goods, competition with emerging economies, additionality of climate finance, and value for money will predominate.

Whilst there should be new impetus offered by the Lisbon Treaty in favour of a stronger role for the EU at global level and on the international scene, discussions on the budget have largely been dominated by discussions of internal policy priorities. The European Commission is facing considerable political pressure to be seen as responding to the European economic crisis rather than focussing on external objectives. The final decision of the level of funding for heading 4 will be dependent on the outcome of negotiations with Member States on overall level of funding for EU budget.

Key questions remain: what kind of priorities and objectives will this budget be used for and what impact will it have on development policies and on development aid? And if the budget for development is maintained, which countries and objectives will it benefit most, what will be the instruments to deliver it, and what will be the role of civil society and NGOs in these instruments?

These are the type of questions that will be answered through the Multiannual Financial Framework (MFF) negotiation process in the coming two years. If EU NGOs want to make sure that the responses are the right ones, it is time for them to engage in the process at both EU and national level.

The purpose of the present background paper is to help CONCORD members engage in advocacy and lobby work around the MFF by offering a broad overview of the issue, the process and the possible concrete actions to be undertaken. This is a living document and will be updated as needed over the course of the work on the MFF. It should be read in parallel with the CONCORD principle paper on the future MFF where CONCORD view points and positions on the range of issues to be debated during the MFF process are outlined.

1. What is the Multiannual Financial Framework?

The Multiannual Financial Framework (MFF, known in the past as Financial Perspectives, FP) constitutes one of the main EU political decisions. All aspects of the EU budget, including external action and aid, are negotiated during the process. Depending on the political and financial climate, this offers both opportunities and risks for development.

The FP/MFF is a multi annual spending plan that translates the Union's policy priorities into financial terms. It sets limits on European Union expenditure over a fixed period and thus imposes budgetary discipline. The financial framework sets annual maximum amounts (ceilings) of commitments for the main categories of expenditure (called headings and reflecting priority policies) and an overall payments ceiling.

The annual budgetary procedure determines the exact level of expenditure and the breakdown between the various budget lines inside each heading for the year in question.

The current Financial Perspectives operate on a non-rolling 7 year basis. According to the Lisbon Treaty the minimal period for the future MFF should be 5 years. There is no agreement yet on the duration of the MFF, although the EC has proposed a 10 year time-line, with a significant mid-term review at the 5 year mid point within the Budget Review Communication. This would allow for greater long-term planning and alignment between budget and institutional cycles.

A separate decision will also be taken on the EU own resources. EU spending is limited by the Treaties. The Union budget is not allowed to be in deficit, which means that revenue has to cover the whole cost of all the different activities. This revenue, or income, comes from three main sources: customs duties, a share of the harmonised value added tax (VAT) base of each Member State, and a further contribution from the Member States(MS) based on the size of their gross national income (GNI). The amount of money which can be made available to the Union is limited by agreement of the Member States and parliaments. The current ceiling is set at 1.24% of the Union's Gross National Income for payments made from the EU budget. The ceiling for the MFF will need to be negotiated.

More at: http://europa.eu/legislation_summaries/budget/l34012_en.htm
http://ec.europa.eu/budget/budget_detail/index_en.htm

2. The current 2007-2013 Financial Perspectives

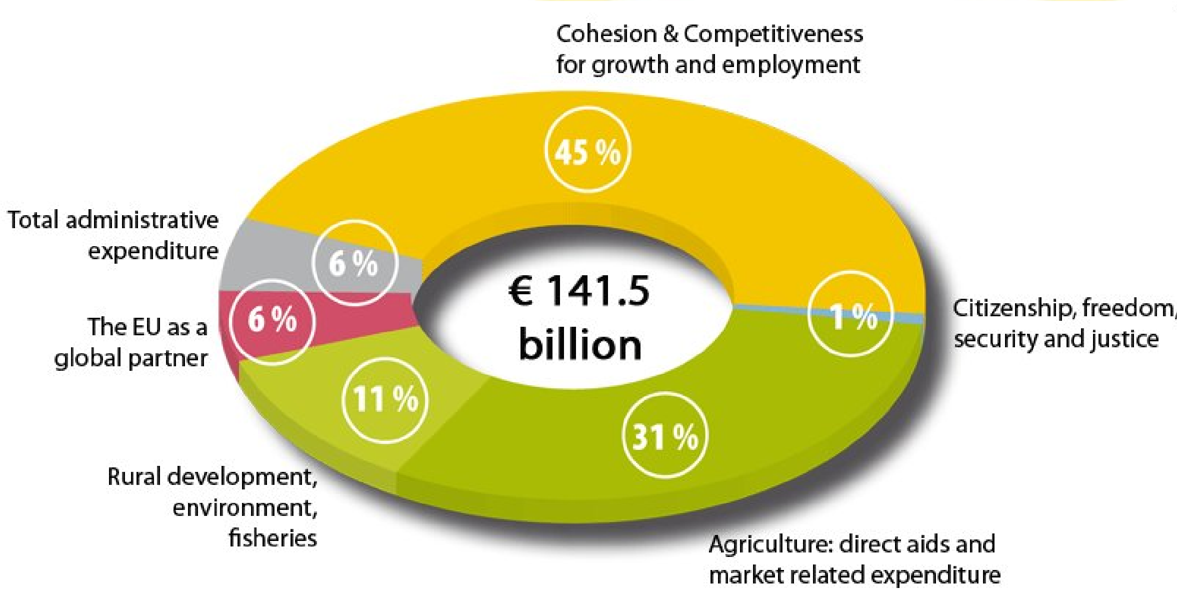
The maximum ceiling for the 2007-2013 EU budget is 1.24% of GNI but in fact the average payments by MS is 1.07%. Actual expenditure is always lower than the ceiling.

The main objectives of the 2007-13 Financial Perspectives are:

1. Completion of the Internal Market
2. Completion of the concept of European Citizenship
3. Projection of a coherent role as a global partner

There are five Budget Headings (four headings for EU internal policies and one for external affairs- heading 4)

1. Sustainable Development (45% of the total budget):
   - Competitiveness for growth and employment
   - Cohesion for growth and employment
2. Sustainable management and protection of natural resources (including CAP, rural development, fisheries and environment) (42%)
3. Citizenship, freedom, security and justice (1%)
4. The EU as a global partner (6%)
5. Administration (6%)



In the present Financial Perspectives, Official Development Assistance (ODA) is included under the EU budget's 'External Actions Heading' (Heading 4). The decisions on the number, type and content of the instruments for budget delivery and implementation formed an integral part of the 2007-2013 FP negotiations that resulted in a drastic rationalisation of external action instruments from the previous financial perspectives. This is likely to be the case again for the MFF.

Instruments of Heading 4: "The EU as a global partner"

The present architecture includes

- **8 instruments**:
  - **4 'geographic' ones** (Instrument for Pre-Accession, European Neighbourhood and Partnership Instrument, Development Cooperation Instrument and Industrialized Countries Instrument) and
  - **4 'horizontal' ones** (Human rights and democracy EIDHR, Stability Instrument, Humanitarian Aid and Macro-financial assistance).
- **5 thematic programmes** that support activities in all developing countries except those covered by the IPA.

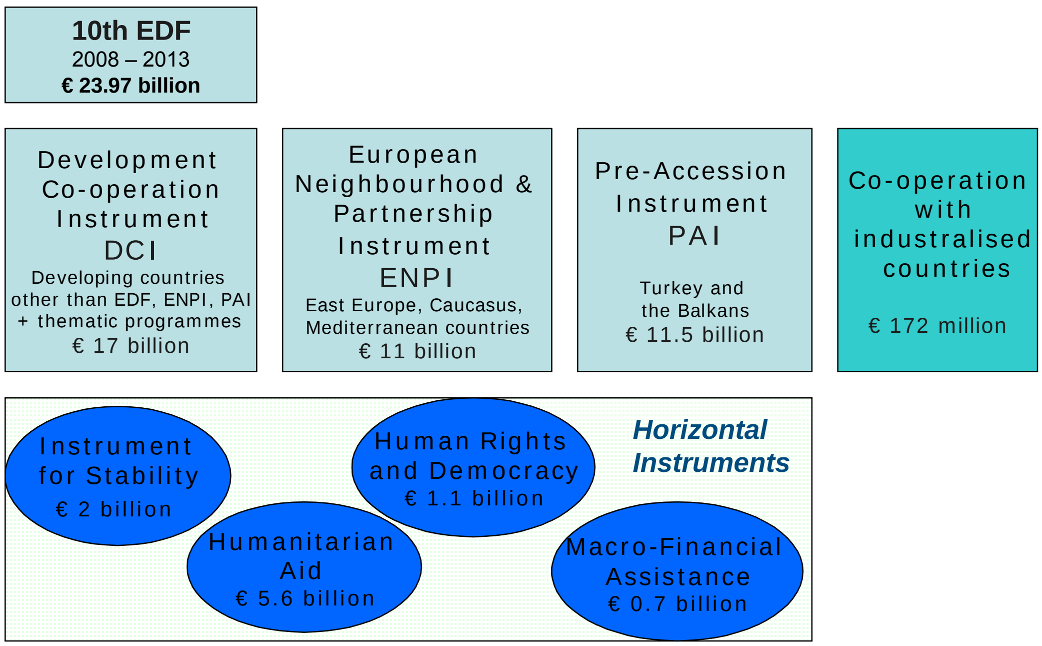
Each instrument is governed by a legal basis adopted by the Council and the Parliament that includes a financial framework fixing an amount for the instrument and its sub-programmes during the life of that instrument. The five thematic programmes are included and described in the legal basis of the Development Cooperation Instrument (DCI). The legal bases of the instruments are time-bound and will expire with the current financial perspectives. New instruments reflecting new policy priorities will probably be proposed for the post 2013 MFF.

An important policy area that is not reflected in the table below is the **Common Foreign and Security Policy** (CFSP) that absorbs around 4% of the total budget for external actions. Non-military CFSP expenditures are included in the Community budget but CFSP is not a Community policy but an inter-governmental policy and there is no instrument for CFSP similar to the other instruments.

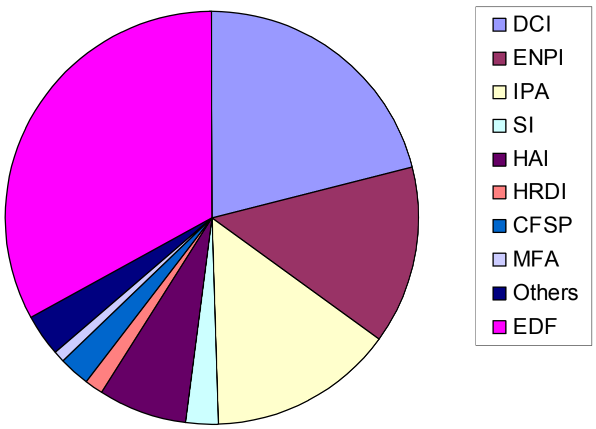
The European Development Fund (EDF) that constitutes one third of EC ODA is not currently included in the FP and the annual EU budget. The EDF is based on an inter-governmental agreement between member states and is therefore not subject to co-decision and scrutiny of the

European Parliament. The 11th EDF and its possible integration in the EU Budget (so called EDF budgetisation) will also be part of the debate on the future MFF. If the EDF is budgetised in the next MFF, the EDF could possibly be integrated into the DCI instrument or a new equivalent instrument.

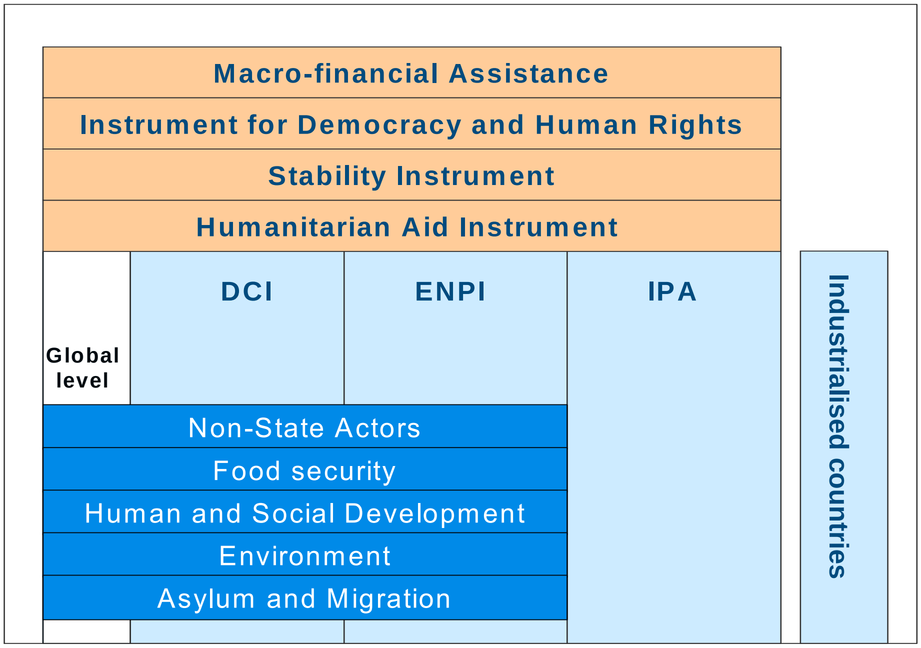
The 2007-2013 Instruments



Share of EU external action budget between instruments (2007-2013)



Instruments and Programmes



3. What comes next?

Several changes are expected for the next MFF. Part of them is related to the adoption process and the format of the MFF which are set by the Lisbon Treaty:

- the **Multiannual Financial Framework**: regulation is adopted unanimously by the Council after consent of EP (given by plenary vote)
- **Resources**: decisions will be adopted unanimously by the Council through a special legislative procedure and after consent of the EP. That decision shall not enter into force until it is approved by the Member States in accordance with their respective constitutional requirements.
- **Annual budget**: one reading + conciliation committee and approval by Council and EP. The EP has the last word.

Other changes could concern the number and the content of the headings of the budget, the mechanisms and instruments to provide flexibility for unforeseen expenditure as well as the mechanisms for own resources. All this was discussed during the EU Budget review that took place between 2008 and 2010 (more on the budget review including FAQs available here)

The results of the Review is summarised in a report recently published by the EC. This is the first step in the discussion on the next MFF and will inform the initial legislative proposal that the European Commission will present in the first half of 2011.

The review looked at:

- New mechanism for own resources
- EU priorities for the future: What criteria for and added value of action at community level - proportionality & subsidiarity - challenges of the future (global competition, demography and migration, climate change, energy, security, disparities in the EU etc).

- Delivery modes: what instruments/actors to implement policy, EDF budgetisation, financial regulations

Concord responded to the consultation in June 2008: http://www.bond.org.uk/data/files/concord_eu_budget_review__april_08.pdf).

The report of the review was published by the EC on 19 October 2010: http://ec.europa.eu/budget/reform/library/communication/com_2010_700_en.pdf

The EC report includes the following elements:

- Delivering **key policy priorities**: as such, the level of spending should reflect the EU's core policy priorities as spelled out in the Treaty of Lisbon and in the Europe 2020 Strategy. This means that the budget should above all be designed to help deliver smart, sustainable and inclusive growth. It also means directing it towards collective challenges like energy and climate change, justice and home affairs and the external projection of the EU.
- **EU added-value**: A key question for the future budget will be whether spending at the EU level means a better deal for citizens than spending at the national level. The European dimension can maximise the efficiency of Member States' finances and help to reduce total expenditure, by pooling common services and resources to benefit from economies of scale. As a consequence, the EU budget should be used to finance actions that Member States and regions cannot finance themselves, and where it can secure better results.
- **Result-driven budget**: programmes to have a real impact and find the right balance between predictably and flexibility as well as between simplification and accountability and to be used as leverage for private investment
- Mutual benefits through **solidarity**: special attention to be paid to the most vulnerable and to those on whom reform places a particular burden (reference to the Globalization Adjustment Fund) as well as solidarity in the fight against illegal immigration

The report also makes proposal for the reform of the EU financing with the objective to simplify Member States contributions: ending VAT-based contribution in parallel to % of GNI and the possibility to introduce new own resources mechanisms[1]. The report also suggests that all existing correction mechanisms (like the UK rebate[2]) should be phased out.

One of the key changes proposed by the EC is to extend the duration of the MFF to 10 years with a mid-term review after 5 years.

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[1] Today, there is a de facto mix of contributions by the Member States and own resources:

1. National contributions based on a country's GNI (76% of total revenue)
2. Import duties (12% of total revenue)
3. A levy on national VAT receipts (11% of total revenue).

[2] Introduced at the European Council in 1984 the UK rebate was justified by two factors: the United Kingdom receives very little from the Community's spending on agriculture, as it has a small farming sector, and the UK pays a contribution the Community budget regarded as too high in relation to its prosperity in the 1980s. The rebate in any given year is equivalent to 66% of the UK's net contribution in the previous year; other Member States' contributions are increased to compensate. In December 2005, the British Prime Minister Tony Blair agreed to reduce the British rebate by £1bn a year between 2007 and 2013. The UK national contribution stood at around 7 bn euros.

4. What is the timeline and decision-making process?

The European Commission is expected to launch a formal legislative proposal for the MFF by July 2011. In parallel to that the European Parliament's SURE[3] Committee will propose a resolution in the first half of 2011. Negotiations will then start between the Member States, the Council and the European Parliament. The process should end by the end of 2012 for the MFF to be implemented from 1 January 2014. See more detailed timeline below.

2008-2010	Broad budget review, public debate on EU finances organised by DG Budget
19 October 2010	EC Communication on outcome of budget review to be followed by Council conclusions (no deadline)
Before end 2010	On-line public consultation on EU external action and instruments (deadline: 31 January 2011)
April 2011	EP resolution on the future MFF prepared by the SURE committee[4]
Before 1st July 2011	EC to adopt and transmit to Council (and Parliament) its legislative proposal on the future MFF
Between July 2011 and end of 2012	Negotiations on the MFF in and between the institutions and probable launch of co-decision legislative process on the instruments
By end of 2012	Agreement by the European Council on the MFF regulation and subsequent assent by the European Parliament.
By end of 2013	Adoption by Council and Parliament of the regulations for delivery instruments
In January 2014	Entry into force of the MFF for a period yet to be decided. EC is suggesting 5+5 years with a mid-term review.

[3] The Special Committee on the policy challenges and budgetary resources for a sustainable European Union after 2013 (SURE) was established in July 2010 and has been given a one year mandate to define the European Parliament's political priorities for the new post-2013 multiannual financial framework, both in legislative and budgetary terms and to submit guidelines for the resources necessary for the Union to implement these priorities.

[4] Idem footnote 3

Key targets

1. In Brussels:

Target	Role	Timing and key moments	Possible actions
European Council (Heads of States, ECOFIN, FAC, Environment, Agriculture…)	Will lead on the negotiations and take the final decision and adopt the MFF	Discussions already started, but will reach peak once the EC proposal is released and continue to the end of 2012 Preparation of Councils meetings are key moments. EU Summits.	Letters to and meetings with COREPER. Participation at informal DEV Council. Regular contacts with CODEV. Defend our position in seminars and conferences at EU and national level.
European Parliament (INTA, AFET, DEVE, AGRI, ad hoc committee on the MFF & BUDG)	Will have to give consent (by voting in plenary) before the Council takes the final decision on the MFF. Co-decision with Council on the legal bases of instruments.	Ongoing throughout the process. Already started. Reports drafting process. Key committee meetings.	Regular meetings with MEPs, rapporteurs and committee secretariats. Preparation of amendments to texts put to vote. Letters in view of vote.
European Commission (Secretariat general coordinates + DG Budget as advisor, Piebalgs as lead commissioner for Heading 4, other commissioners and DGs when relevant. Isabelle Garzon as lead by DG DevCo)	Presenting initial legislative proposal by July 2011 and proposals for delivery instruments + role in Council meetings, in particular HR/VP role in the FAC. In 2013 leading role on programming of instruments (multi-annual strategies)	Between January and July 2011 and further on for the proposals on the instruments. Preparation of Council meetings. High level meetings between CONCORD and Barroso and other commissioners.	Regular meetings with Piebalgs cabinet. Maintaining good contacts with civil servants in DEVCO, DG Budget, EEAS (other DGs when relevant). All opportunities for inputs through consultation and dialogue processes starting with structured dialogue.
EEAS (Ashton as FAC chair)	Could be influential in setting priorities for EU external action and for development instruments through contacts with MS and FAC chairing. Although may focus more on policies than instruments until final stages of negotiation.	Preparation of FAC meetings	Regular meetings with cabinet and staff working on the issue. Contacts with presidencies for DEV Council (co-chairing with Ashton).

2. At national level:

Target	Role	Timing and key moments	Possible actions
National governments (Finance ministries, FA and development, environment and other relevant ministries) **Special role for the presidencies** (Hungary, Poland, Denmark, Cyprus)	Adoption of the MFF regulation and the own resources decision by unanimity. Co-decision with European Parliament on legal basis for instruments.	Preparation of Council meetings	Relaying CONCORD positions to decision makers. Lobby on national budget and its connection with EU budget. Defend our position in meetings at national level and/or organised by presidencies. Media work at key moments.
National parliaments	Decision on **own resources** to be 'ratified' by national parliaments. + usual role of national parliaments in co-decision procedure.	Aligned with procedures at national level and work of the Councils.	Influence national parliaments on own resources (if judged useful). Promote debate on MFF and instruments in national parliaments. Lobby on national budget.

5. What are the key issues, opportunities and risks?

The discussion on the next MFF will take place at three different levels:

1. The first big question will be around the level of the Member States' contribution to the EU Budget. It is likely that most Member States will want to lower the percentage significantly or even set a fixed contribution.

2. The second level of discussion will be around EU priorities and how to distribute resources among the different headings.

3. The third level will be on the way the expenditure for external actions is managed and about the financial instruments that will be put in place.

The priorities for the next MFF are likely to be:

- The EU priorities will be **in line with the EU 2020 strategy, focused on competitiveness and growth and innovation** (especially in the industry). Should we oppose this? Alternative thinking?

- **Sustainable growth and jobs** which would cover the following funding instruments: Structural Funds, Cohesion Funds, European Social Fund, European Globalisation Adjustment Fund, EU Solidarity Fund.

- **Climate and energy** which would cover the following funding instruments: Cohesion Funds, Single budget heading for climate change.

- **The CAP Reform**

- **A global Europe *(projecting EU values and interests)***

From a development perspective some of the key questions / points that we will want to address include:

Timeframe of the MFF
- **Opportunities**: with a 10 year MFF we would have a stable, long-term and predictable framework and commitment for EU external action and development funding
- **Risks**: the present political climate in Europe is not in favour of a strong development budget supporting our vision of development; the risk is that decision taken in this unfavourable climate would influence EU external action until 2025 and the post 2015 era. Binding review provisions would be needed in case of a 10 year MFF.

External Action Budget
- **Opportunities:** Global Europe is a political priority for the EU, the EEAS will boost EU external action → budget for external action could increase or at least be maintained at its current level
- **Risks:** Many signals from MS on their intention to decrease EU budget (in % of GNI), not sure that it will be possible to increase Heading 4. Development Policy is not a high priority for MS. If increased, a larger share of heading 4 budget could be allocated to non-ODA and/or foreign policy related programmes. Crisis response, security related issues and neighbourhood would be prioritised.

Safeguarding ODA
- **Opportunities:** MS channel a substantial part of their ODA through the EC; they have no interest to reduce it if they want to reach their ODA target by 2015. EU has a strong policy framework in favour of ODA and poverty reduction (Lisbon Treaty, Consensus on Development, Cotonou agreement). The EU needs to keep its position as the biggest ODA

provider as it serves its interests in cooperation with development countries and in international fora.
- **Risks**: ODA definition is broad and flexible enough to accommodate for new development and aid paradigms and does not prevent the EU to focus on priority countries (abandoning certain MICs, focus on neighbours) and areas (crisis response, security, migration, private sector). Aid to Middle Income Countries is questioned, differentiation between developing countries will be key. Division of labour is used as an argument but is not operationalised.

EDF Budgetisation
- **Opportunities**: more scrutiny and more control on EDF programming and implementation by the EP and CS. Harmonised approach to all developing countries (EDF and DCI) and better complementarity between EDF and horizontal instruments of the EU budget. EDF good practice (i.e. CS participation) could influence practice in other instruments. More visibility and weight of EC ODA budget. Preparing for post Cotonou era. Commissioner Piebalgs and EP in favour of budgetisation.
- **Risks**: if no commensurate increase of heading 4, there is a risk that total external action (and ODA) budget will decrease. Differentiation between countries and priority focus can be detrimental to middle income ACP countries. Safeguarding support to all ACP countries not guaranteed, balance between national envelopes and regional or global envelopes could be detrimental to ACP states. EDF used to support EU priority areas, EU contribution to global funds, blending of loans and grants, EU-Africa strategy beyond the ACP geographic scope. Alignment with EU budget regulation and procedures not in favour of Cotonou agreement principles of partnership, participation and ownership.

Differentiation
- **Opportunities:** EC budget to date has received increasing criticism for lack of concentration on LDCs, and even shrinking focus on LDCs. Differentiation could allow for greater focus on countries where needs are greatest and EC has greatest added value and impact.
- **Risks:** drive for differentiation has been largely driven by increasing concerns at the highest political re economic competition from BRICSAM countries and desire reduce funding to partners' who have expanding economic means. Concern that cuts in aid from BRICSAM could be driven less by objective consideration on poverty alleviation/impact of aid, and more from perspective of EU competitiveness. On the other hand, some MS/EAS may push for continuation of funding to countries regardless of poverty considerations, but rather for strategic interest.

Policy Coherence for Development
- **Opportunities**: debates on implementation of EU 2020, revision of the CAP, EU trade policy, global partnerships and global public goods including finance as well as the Green paper on inclusive growth and development will influence the future MFF and offer multiple opportunities to raise the PCD question. The MFF also offers an opportunity to enhance the PCD agenda by allocating more resources.
- **Risk**: development finance could be diverted from poverty eradication to "development proofing" of EU's other policies that have an impact on developing countries. Development policy and objectives viewed as a secondary non priority issue in the big debates about future EU policies and priorities. Strict distinction between internal and external policies in the financial framework of the EU. Finance ministers and national financial interests predominate in the MFF debates.

The development, security and foreign policy nexus
- **Opportunities**: EEAS needs resources to become a relevant actor; it is in favour of increasing external action budget. Coherence and consistency of EU external policies can promote a better integration of human security, conflict prevention, rights based approach and gender in security related instruments. Integrated crisis response is in favour of linking relief, rehabilitation and development.

- **Risks:** development finance subordinated to short-term security imperatives, erosion of ODA criteria, increase of military expenditures, delivery of aid by militaries, increase of the budget for security related programmes at the expense of long term development.

Common Agriculture Policy budget
- **Opportunities:** many MS are in favour of reducing budget allocated to the CAP. If money is transferred from the CAP to Heading 4, it is a way for MS to increase their ODA contribution without additional financial effort.
- **Risks:** other important internal policies need support (cohesion, financial stability, employment, climate change, environment…). If money is saved in the CAP there is a chance that it will be invested in other internal policies or that it will go back to MS treasuries. In the current system it is impossible (psychological blockage at MS level) to transfer money from internal policies to external ones and all expenditures benefiting third countries have to be accounted as Heading 4 even when they are managed by DG Agriculture or DG Energy.

Climate Change
- **Opportunities**: EU leadership in Climate Change talks depends on its commitment and capacity to deliver on climate finance. EC is a supporter of new and additional funding. Climate change finance boosts the debate on innovative sources of finance.
- **Risks:** can the EU budget for external action accommodate for climate finance? Is it effective and politically wise to establish multiple finance mechanisms and instruments or should the EC and MS align on UN Climate Fund? MS question the role of the EC in climate finance. How to promote climate proofed development without undermining the principle of additionality?

Human Rights and Democracy
- **Opportunities:** EIDHR is an effective instrument. Strong support from the Parliament and from certain MS (new MS for example). Independence of the instrument from third countries' interference is an asset. Human rights and democracy are key values for EU external action and represent essential elements in all agreements signed with third countries.
- **Risks:** Human rights not very prominent in EEAS architecture and in Ashton's discourse. HR and D may interfere with EU economic and political interests (e.g. competition with China in Africa). Not all MS agree on the value and usefulness of a separate instrument (instead of a thematic programme integrated in geographic instruments). Certain aspects of EIDHR could easily be mainstreamed in geographic programmes (support to and observation of electoral processes) while others not (support to civil society in sensitive situations).

Gender and other cross cutting issues
- **Opportunities:** policy commitments in favour of gender equality, human rights and inclusive societies as well as environment and other cross-cutting exist and are supported at highest political level. There is ample justification to better integrate them in the budget and the instruments. A two-track approach combining both mainstreaming and dedicated and focussed programmes could be established so that the Gender action plan and other commitments and action plans in favour of children, indigenous people or disabled people (for example) are properly resourced. There is support in the EC for this.
- **Risks:** policy and rhetoric is not translated into decision making on MFF, heading 4 and instruments and decisions on resources for cross-cutting issues are at the discretion of civil servants implementing the instruments who don't have the political influence that would produce a real break-through. Competition between many priorities is at the expenses of gender and cross-cutting issues with the excuse of mainstreaming.

Role of CSOs
- **Opportunities:** The outcome of the structured dialogue should provide a useful political framework for a renewed and more strategic support to civil society. Lisbon Treaty is in favour of more citizens' engagement and protection (Charter of Fundamental Rights). Role of CS perceived as essential by many MS as well as Piebalgs and Ashton's cabinet and relationship between EC (DEVCO) and CS improving (to be seen with EEAS). Focus on the role of the private sector in development and renewed attention to agriculture and rural development can

be in favour of supporting civil society actors. Some Member States have already been pushing for greater flexibility in use of Delegation funds, allowing disbursement of smaller amounts of money to allow for support to local civil society that may be automatically excluded if larger bids required.

- **Risks**: recent decisions at MS level to reduce support to national NGOs not encouraging. Tendency to confine NGOs and civil society to specific and restricted areas of work. Value for money principle favours big projects and instrumentalisation of civil society. Focus on supporting the private sector at the expenses of supporting civil society. Blending of loans and grants not in favour of CS inclusion.

Financial Instruments

- **Opportunities**: through review of the instrument offering possibility to improvement (development consensus applied to all developing countries with differentiated approach depending on needs and poverty level, centrality of ODA), creation of new instruments (LRRD) or thematic programmes (Global civil society), strengthening effective instruments (EIDHR), and adaptation of existing legal bases (eligibility of VAT, more civil society friendly). Review of the Financial Regulation offering additional possibilities for improvement and simplification of procedures.
- **Risks**: Eurocentric approach and EU interests to predominate in the establishment of the instruments (favouring neighbours and countries of strategic interest for the EU, favouring entry of EU business onto new markets under the pretence of creating "inclusive" growth). Bargaining between the institutions on the instruments and their budget (e.g. maintaining EIDHR in exchange of doubling the budget of CFSP). Development Committee of the EP and Development ministers' influence limited to a few instruments (ODA centred) while big debates are elsewhere and in the hands of Finance ministers and Foreign Affairs committee of the EP and FA ministers.

Flexibility

- **Opportunities**: compartmentalisation of existing EU policies would be broken down so that the EU is able to respond effectively to new challenges and global public goods. To that effect, the scope and size of flexibility instruments would be increased (Emergency Aid Reserve, Flexibility Instrument, Solidarity Fund). More rapid decision could be taken in case of crisis.
- **Risks**: transfers between instruments in response to immediate challenges would be in disfavour of long-term development commitments. If transfers are easy, MS would have a good excuse for not producing additional resources. Changing and new EU interests would be immediately reflected in the budget and it would undermine predictability. In case a large share of the budget is put in a flexibility reserve and is not used, it represents a net loss of money.

6. What CONCORD and its members can do

How do we organise the work in CONCORD?

Role of MFF task force:
- Coordination and drafting of Concord position
- Drafting and implementation of influencing strategy
- Coordination of other Concord working groups to feed into MFF work
- Support (including capacity building) to members engaging on this issue

Role of CONCORD working groups:
- Provide input on their own areas to Concord position and lobbying

Role of national platforms and their members:
- Target national governments, parliaments and their MEPs

Activities at the European level:
1. Disseminate background paper and position and lobbying papers.
2. Collaboration with strategic civil society partners on joint lobbying and media work.

Activities at the national level:
1. Dissemination of background paper, position and lobbying papers to national NGO contacts.
2. Article on the Multiannual Financial Framework in national NGO newsletters and voluntary sector press.
3. Lobbying national decision-makers with the position and lobbying papers produced by CONCORD (meetings with Ministries of Finances and/or Development, parliamentarians etc).
4. Seminars at the national level for NGOs other CS actors and decision-makers
5. Collaboration with strategic civil society partners on joint lobbying and media work.

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