

# Development cooperation

## in the Multiannual Financial Framework

*2011 saw the beginning of negotiations on the new 7-year budget of the European Union, with active participation of Poland. The common budget 2014-2020, called Multiannual Financial Framework, will set the directions and scope of financing for all common EU internal policies, as well as external actions.*

### Development policy of the European Union

The directions and fields of support, as well as the ways of spending aid have already been clearly outlined in the European Commission's Communication published in October 2011, „Agenda for Change. Increasing impact of EU development policy”. Differentiation of countries according to their economic development is one important aspect which can be found in that document. It seems that the European Union, striving to remain the biggest donor in the world, will pull out of poverty eradication in countries qualified in recent years as middle-income countries, in order to invest in economic growth in the poorest countries. The Philippines or India are examples of countries undergoing such economic transformation, with growing social disparities, with large numbers of poorest citizens facing marginalization. From the point of view of non-governmental organizations, this strategy would leave without aid 75% of the world's poorest population, living in those particular countries.

„This over focus on economic growth is wide of the mark. 75% of the world's poorest live in middle income countries which have seen economic growth progress,

### Multiannual Financial Framework

In order to make the budget procedure more effective, since 1988 the European institutions have been working out interinstitutional agreements approving the budget and its division. These agreements are made for a period of a few years and called “financial perspectives”. After the Delors I, Delors II and Agenda 2000 agreements, the fourth agreement concerned the period 2007-2013. Currently the 2014-2020 perspective is under preparation; it will be negotiated by the European Parliament and EU Member States throughout 2012.

yet great poverty still remains. They should not face aid reductions just because they are termed advanced developing countries” – said Olivier Consolo, director of the European platform CONCORD, in his comment to the “Agenda for Change” Communication.

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The new budget would concentrate on investing in e.g. the energy sector, or support the private sector's engagement in development. This last proposal also has steered great controversy, nevertheless, it has been reinforced by the declarations agreed in Busan at the 4th High Level Forum on Aid Effectiveness in December 2011. NGOs are criticizing this idea for many reasons, mainly because so far there has not been a clear proposal on the commitments and conditions for private companies which would enable them to use funding for development aid. Behind this strong effort to engage the private sector in development actions NGOs see rather a strategy for boosting economic growth in the countries developed North, struggling with economic crisis.

## European Commission's strategy for the EU budget

Although the proper budget negotiations between Member States and the European Parliament will officially begin in 2012, the starting point is the European Commission's proposal, which has been finalized in December 2011, when Štefan Füle, Commissioner for Enlargement and Neighbourhood Policy, together with Andris Piebalgs, Commissioner for Development, announced a document presenting the 2014-2020 budget for EU external actions as proposed by the Commission - „Multiannual Financial Framework. EU as a global player”

In his statement of December 7, Commissioner Pielbags said: “The objective of the proposals is to ensure that, as the world is changing so quickly, the EU is able to speak with one voice, to live up to its ambition in promoting democracy, peace, solidarity and poverty reduction at global level and in its immediate neighbourhood. In the same time, these financial instruments will (...) address common challenges such as climate change, organised crimes or terrorism.”

Many of those proposals seem to be beneficial and progressive in relation to the previous budget. They have been welcomed by non-governmental organizations and civil society movements. Focus on more aid for the least developed countries, taking into account and emphasizing the role of civil society and local authorities, as well as initiatives leading to significant improvements in aid effectiveness show that the Commission has been drawing conclusions out of public consultations and dialogue which was carried out e.g. in processes and platforms such as Structured Dialogue or Better Aid.

**Listed below are the main principles proposed by the European Commission as the overarching strategy for determining the new EU budget:**

The main focus is on two financial instruments: Development Cooperation Instrument (DCI) and European Development Fund (EDF).

Allocation of € 57bn for development cooperation under DCI and the 11th edition of EDF.

Setting the reduction and eradication of poverty as the overarching goal of DCI, as well as acknowledging Millennium Development Goals as operational goals for EU development cooperation policy and external actions.

Priority for receiving aid for the poorest countries, mainly the LDC (least developed countries; there are now currently such 48 countries, 33 in Africa, 14 in Asia and Pacific and 1 in Latin America), as well as the so-called low-income countries.

Continued financing of actions for food security (in the framework of the thematic programme Global Public Goods) with special focus on small farms and their access to technologies, technological services, land and natural resources.

Creation of a new instrument, called the pan-African Instrument, which would support implementation of the Joint EU-Africa Strategy.

Emphasis on the role of civil society and local authorities as actors playing a major role in development in the global and local scale, together with a proposal to create a separate thematic programme which would allow engaging civil society in aid programming and implementation.

Emphasis on the importance of aid effectiveness through concrete proposals for simplification of procedures and principles of granting aid, strengthening the coordination of donors, and finally, gradual elimination of overlaps between Member State and EU programmes.

Ensuring flexible financing – no specified allocations for thematic programmes, making it possible to use them when needed in case of unforeseen events.

Nevertheless, from the NGO point of view, the European Commission's proposals still contain worrying provisions, e.g. reducing aid for countries with fast economic growth which entails less support for a vast number of people living in poverty, as well as strong focus on the role of the private sector in development cooperation, without any clear principles. Binding rules are missing regarding e.g. aid effectiveness, financing of farming or sustaining the commitments to fight HIV and AIDS, and most importantly, separating aid from foreign interests of the EU.

## Recommendations of civil society organizations

The next step in the negotiations is formulation of positions of Member States. Although we have not yet seen the official Polish position, basing on experiences with Polish administration so far we can expect support for the principle of democratic ownership through inclusion of civil society in aid programming and implementation, as well as support for underlining the role of democratic reforms and human rights in development. Despite many uncertainties regarding implementation, Poland is not likely to have any objections against introducing the private sector as a new actor in development cooperation. However, it seems that in the current situation, any proposals connected to increase in expenditure, e.g. through EDF, are likely to be met with strong skepticism, not only on behalf of Poland, but also other Member States.

**European NGOs will continue campaigning their governments and the European Parliament to ensure support for the European Commission's proposals at least in some aspects. The main demands are:**

- **guaranteeing aid effectiveness (through separation of development cooperation and aid from international EU policy and focus on poverty eradication)**
- **orientation on impacts and results; expenditures under development cooperation and aid should be quantifiable and planned in a way which will ensure the highest impact on poverty reduction. The EU should also be a leader in introducing the accounting and publishing of expenditures under the International Aid Transparency Initiative (IATI).**

- **sustaining the amount of financing and striving for the 0,7% target, if not in 2015, then in the following years, through EDF and DCI:**

\* €34 bn under the European Development Fund for countries of Sub-Saharan Africa, Pacific and Caribbean (as till now, this funding should stay out of the budget)

\* €27 bn under Development Cooperation Instrument, concentrating on achieving Millenium Development Goals



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*Zagranica Group is an association of 61 Polish organizations engaged in international development cooperation, supporting democracy, humanitarian aid and global education. The main aim of the Group is to built efficient and competent Polish sector of Non-Governmental Development Organizations (NGDOs) which in an effective way contributes to the development of the poorest countries and is treated as an important element of foreign policy of the country.*

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