

## CONCORD's concerns and redlines on the European Commission proposal for a single External Instrument

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The architecture of the future MFF must directly support and lead to the achievement of development cooperation objectives, namely poverty eradication and the transformation towards sustainable development.<sup>1</sup> For both, it is crucial that human rights be realised and that no one is left behind. The EU's commitment to sustainable development was expressed throughout the negotiation processes of the Agenda 2030 and the Paris Agreement, and was further confirmed in the recently adopted European Consensus on Development. These commitments must now drive the next generation of EU development cooperation instruments.

While we fully acknowledge that many improvements could be made to the current MFF, we are convinced that the Commission's proposal to create a single External Instrument<sup>2</sup> by merging twelve very different existing instruments and increasing the share of non-DAC-able actions will not allow the EU to live up to its commitments. This paper sets out our concerns regarding the current proposal as well as the "must haves" and red lines which should underpin any future architecture of external instruments. In a brief third section, we reiterate CONCORD's preferred architecture, which could meet the concerns expressed.

### CONCORD's concerns regarding the proposed single External Instrument

#### *EU's foreign interests vs. development policy objectives*

The Commission's proposal of a single external action instrument undermines the main objectives of the EU development cooperation policy - achieving sustainable development and the eradication of poverty - by bringing under the same umbrella ODA and non-ODA actions. Naturally, EU external policy encompasses a wider range of objectives. This means that **tensions can appear between foreign policy, including aspects of EU's economic and trade interests, and development cooperation priorities, as illustrated, for instance, in the mid-term review of the EDF: "The extent to which the objectives of EU concerns in areas such as foreign policy, and the actions that they entail, are converging with the EDF's mainstream business of eradicating poverty and contributing to sustainable and equitable growth seems to have been insufficiently considered. This also raises the question as to whether the EDF should be used to address EU foreign policy concerns and whether putting the EU's interests first is compatible with the EDF's objectives or with the EU's longer-term interests and values"**.<sup>3</sup>

Rather than addressing these concerns, the proposed single external action instrument conflates different policy goals and risks subordinating development cooperation to broader external relation objectives in a third country or region. While development cooperation is a pillar of foreign policy (which is a translation of EU interests), it responds to a specific and distinctive mandate, and should have aid/development effectiveness, and particularly partner countries' needs, at its core.

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<sup>1</sup> CONCORD Europe Position: "[Making the case for strong EU development cooperation budget in the next Multiannual Financial Framework](#)", December 2017.

<sup>2</sup> [Letter of President Juncker and Commissioner Oettinger dated from 1 March](#) and [annex with the proposed list of instruments](#).

<sup>3</sup> [External Evaluation of the 11th European Development Fund \(EDF\) 2014-mid-2017](#).

## *DAC-ability at stake in future EU external instruments*

The proposal of a single external instrument also risks allowing greater diversion of funds away from the intended objectives of development cooperation for the sake of flexibility. Changing ex ante DAC-ability benchmark to an ex-post ODA reporting opens space for increased non-DAC-able expenditures. Additionally, it is unclear how actions which intend to contribute to EU benchmarks based on ODA could be determined if DAC-ability is an ex-post objective. **The current level of ex-ante DAC-ability (90%) of overall external assistance<sup>4</sup> should be maintained, and a clear distinction in the future budget between ODA-eligible funding - aimed at poverty eradication and contributing to the achievement of sustainable development - and other non-ODA eligible areas must also be maintained.** It is crucial to ensure that any future development instruments first and foremost serve as implementing tools of the Agenda 2030 and that the integrity of the mandate of development aid is preserved.

## *Accountability and scrutiny by the European Parliament and Member States weakened*

The accountability to and scrutiny of the single external instrument by the European Parliament (EP) and the Member States (through comitology) risks being weakened. A single instrument would need clear and transparent governance and political steering provisions. CONCORD strongly recommends to secure existing features or exceptions to the rule (e.g. eligibility rules under EIDHR) of existing instruments in the future legal basis.

CONCORD is also concerned that, for example, **reporting on one large external instrument - which aims to fulfil different, and potentially competing goals - will relegate important issues such as human rights, peacebuilding, gender equality, or creating an enabling environment for civil society, to mere side issues**, and will prevent a detailed analysis of the impact of EU aid in these areas. Currently, the EU is already unable to track aid and development effectiveness clearly, notably its impact on various groups (such as women, children, people with disabilities). This must be improved.

## *Flexibility at the expense of predictability?*

A balance between predictability and flexibility is very important. The Mid-Term Review (MTR) of the current External Financing Instruments (EFIs)<sup>5</sup> concluded that they have generally been 'fit for purpose'. However, the MTR emphasized that flexibility and more strategic and coherent approaches in the programming and implementation across instruments are needed to increase their impact. Simplification of the existing architecture represents an opportunity to avoid duplication and ensure greater coherence and complementarity among the existing instruments. **Yet, merging very different and 'fit for purpose' instruments is by no means a guarantee of more flexibility or greater coherence at implementation level.** On the contrary, it may potentially compromise the EU's ability to involve different stakeholders in implementation, including partner countries and civil society – an aspect which requires further improvement.

Furthermore, **the proposed 20% unallocated reserve of the single external instrument, which aims to enhance flexibility, is unnecessarily large and risks undermining accountability, transparency, and the scrutiny of the EP and Member States.** Such a large unallocated reserve is against the aid/development effectiveness principles and risks being used to serve the EU's short-term interests, providing quick fix responses to complex issues that in fact require a long-term approach. CONCORD questions the percentage proposed, what it will be used for, and how decisions will be taken. Therefore, we recommend a much lower reserve proportion being set aside – not more than 10% as

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<sup>4</sup> [EUCO 37/13, European Council conclusions, 7/8 February 2013, 08.02.2013.](#)

<sup>5</sup> Report from the Commission to the European Parliament and the Council. [Midterm Review Report of the External Financing Instruments.](#) COM(2017) 720 final, 15 December 2017.

the current “flexibility cushion” - and for the inclusion of clear criteria on what, when and how to allocate these funds and of an appropriate monitoring system. Strong safeguards will be needed to avoid the concentration of funding on “topical” subjects or regions.

### *Focus on short-term migration goals*

The purpose of aid is not to respond to the EU’s short-term goals to prevent migration to Europe. The fact that the EC envisages a strong focus on migration in the external instrument, including for the unallocated reserve, is of particular concern because decisions risk to be taken based on the EU’s own interests, not to respond to citizens’ long term needs in partner countries. External action can play an important role in the area of migration, refugees and asylum, and measures supported from the single external instrument should be designed both to tackle the causes of forced displacement and to increase the benefits of migration and mobility for development and poverty reduction, while at the same time using a rights-based approach to protect all people on the move, whatever their country of origin or status. Therefore, the EU should adopt a long-term approach respecting aid/development effectiveness and leaving no one behind principles and implementing actions in the “spirit of partnership” that the EU states to seek in its relations with third countries.

### *Lack of clarity on criteria for allocation of funds*

Aid/development effectiveness principles must be respected, as well as the EU’s commitments to reaching the SDGs and implementing the Paris Agreement. **Criteria for the allocation of funds between regions and countries must be fair, objective and based on the needs of partner countries** and their national and regional sustainable development plans. **A more substantial share of EU ODA should be allocated to Least Developed Countries (LDCs) in accordance with the 0.2% of GNI target.** At the same time, the ODA disbursements in Middle Income Countries (MICs) and Most Advanced Developing Countries (MADCs) should be targeted at fighting inequalities, delivering on the SDGs and the Paris Agreement and promoting human rights, democracy and civil society space rather than leveraging Development Finance Institutions (DFIs) and private investments that are already flooding in into these countries<sup>6</sup>.

### *Importance of thematic programmes*

**The strengths of the current mix of geographic and thematic programmes could be lost.** Transversal issues such as human rights, gender equality, disability, inclusiveness and non-discrimination, conflict sensitivity, environmental sustainability and climate change, democratic governance, civil society and key target groups should be supported not only within future thematic programmes but also throughout geographical ones. Thematic and geographic programmes should be designed and managed in a way that allows for creating synergies and truly complementary approaches at different levels of interventions, from local to, national, regional and global. At the same time, having separate thematic programmes is critical to allow for targeted action and exchanges of good practice on specific themes and areas. They are critical to ensuring funding for areas that are key for EU values and commitments such as health, education and social protection in the context of human development and social inclusion even if these global public goods are not prioritized as areas of support by the partner countries.

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<sup>6</sup> According to the [OECD DAC Development Co-operation report 2014](#), International Financial Institutions (IFI) are the largest providers of non-concessional development finance, representing almost two-thirds of their operations in 2012. More than 95% went to MICs.

## *Evidence-based approach needed for financial instruments and budgetary guarantees*

There is no evidence that blending is an appropriate and effective tool to alleviate poverty, reduce inequality, or reach the most marginalised. **In the future generation of instruments, the resources allocated to blending and the European Fund for Sustainable Development (EFSD) should not be increased until concrete evidence is provided through independent evaluation of their development additionality, and of their positive impact on poverty reduction, the environment, human rights, and the livelihoods of affected populations.**

## **CONCORD's red lines for merging future external instruments**

In order to contribute to the debate on how to design the architecture of external instruments in the next MFF and respect development objectives, CONCORD suggests the following red lines:

1. **Funds currently allocated to sustainable development and/or poverty eradication should NOT be diverted to other priorities and, given the importance attributed to achieving the Agenda 2030, should rather be increased.** This applies also to the proposed unallocated reserve which should be spent in line with the aid/development effectiveness principles and the use of which should be justified by changes in the situation and needs of partner countries, not by evolving priorities in the EU.
2. **The ex-ante 90% level of DAC-ability of all external instruments combined must be maintained** and the distinction between DAC-able and non DAC-able expenditures in reporting should be introduced.
3. As regards geographic allocations, the **budgetisation and inclusion of the EDF** must not lead to a lower overall EU external budget or to a reduction of funding allocated to ACP countries: the latter must remain at minimum of 1/3 of the whole EU external budget. In addition, allocations for ACP countries, with a focus on LDCs (as committed to by EU in the Addis Ababa Action Agenda and Consensus on Development), must be secured, based on their needs and development priorities both at national and at regional level. Current involvement of partner countries in programming needs to be preserved, as well as the possibility to have a separate envelope for CSOs under the National Indicative Programmes, even if the EDF is budgetised.
4. **Country differentiation and phasing out bilateral cooperation with Middle Income Countries should not be based on economic growth indicators (GDP) only;** but rather on a broad range of criteria related to wellbeing, inclusive human development, human rights and levels of inequality.
5. How a government supports and responds to the needs of its citizens, and how citizens engage with and hold their governments accountable, are at the core of development. Civil society's **critical role in delivering sustainable development and realising human rights must be recognised and capitalised upon.** While civil society space is increasingly shrinking, the work of civil society has a powerful impact on the inclusion of marginalized groups, social cohesion, and the equity and sustainability of policies and programmes. Support to civil society therefore needs to be reinforced, mainstreamed and sufficient funds allocated. One means to achieve this is by dedicated envelopes for civil society within each thematic programme as well as in each country/regional programme and by ensuring that small CSOs can access them. Funding modalities need to be flexible and appropriate to the context and the diversity of civil society, while respecting their right to initiative. **A specific civil society programme is needed to complement EU's support to civil society as actors in sustainable development.** Its main purpose should be to strengthen EU's efforts to protect and expand space for civil society, support capacity building and networking.
6. **The human rights, social and environmental safeguards and eligibility criteria** adopted jointly by the EP and the Council in 2017 in the EFSD regulation, should be maintained and reinforced in the future legal basis. They should, moreover, be expanded to all blending and guarantee funds.

**The rules and mechanisms relating to transparency, disclosure of information and accountability should also be reinforced**, including through the establishment of a proper grievance or redress mechanism, potentially as under the Green Climate Fund, to centralise all EFSD- and investment facilities-related complaints.

7. **Benchmarks must be maintained or increased across instruments**, with transparent and consistent indicators to monitoring the funding spent on them:
  - a) The EU must gender-proof the future MFF. **At least 85%** of all EU external assistance must be dedicated **to actions having gender equality as a principal or significant objective** (scores G-1 and G-2 together on DAC Gender marker) and **20% specifically on targeted actions** (G-2). A genuine **gender-responsive budgeting approach**, through dedicated resources, thorough gender analysis, defined objectives and sets of indicators, and effective evaluation loops throughout the MFF period will ensure cost-effective actions and impacts on gender, in line with existing EU commitments.
  - b) **20% of all spending must be dedicated to education, health and social protection.**
  - c) **An increased benchmark of 50% for climate and environment relevant spending**, should be set to ensure that actions with clear and identifiable co-benefits are supported across sectors (e.g. climate-resilient agriculture and agro-ecology; access to affordable and renewable energy; investing in biodiversity and ecosystem health, through protection, restoration and sustainable management of natural resources, which contributes to climate adaptation and mitigation, strengthens resilience, including to natural disasters, and promotes human well-being and sustainable livelihoods) .
8. **Mainstreaming gender, environment and climate change, human rights, non-discrimination, and conflict sensitivity** is essential and complementary to benchmarks to ensure these priorities are effectively implemented. Clear commitments to mainstreaming should be included in the future legal basis and common implementing regulations.
9. **Moreover, targeted actions through clearly defined thematic programmes are needed.** The DCI's mid-term review confirmed that the support to the Global Public Goods and Challenges (such as human development, including gender equality, social inclusion, environment and climate) is an important source of EU added value and reinforces the role of the EU as a global actor.
10. **Separate Multi-Annual Indicative Programmes (MIP) for each country and region under geographic programmes and for each thematic programme should be developed** and be supervised by respective member states committees and with a stronger scrutiny role for the European Parliament, including at programming stage.
11. **Human Rights and Democracy should continue to have a dedicated instrument regulated by a separated legal basis.** Integrating the support to human rights and democracy in the same instrument as bilateral cooperation with governments or security related support programmes risk undermining the focus on human rights and the support for human rights defenders (HRDs). **The net funds and independence of action for this area must be increased to match the urgency of action.** In particular:
  - a) Have a separate legal basis that includes a worldwide geographic scope, small grants, human rights defenders focus, unregistered organisations' access to funding, and the ability to work without partner governments' consent.
  - b) Focus on supporting local CSOs and HRDs that are under increasing pressure all over the world, keeping it at a similar level as in the current MFF - around 70% of the number of actions and 41% of the funds, as per the recommendations in the MTR. To this end, it is essential to further reduce the administrative burden for increased impact. EU support to human rights and democracy is considered efficient and responsive thanks to a relatively low level of administrative expenditure and in-built flexibility.

**12. Conflict Prevention and Peacebuilding should be guided by a separate legal basis** which provides clear advantages. Firstly, it lends it a multilateral nature and defines European values to enhance the acceptability to beneficiary governments, key stakeholders, and implementing organisations. Secondly, the specific niche (including current priorities, such as for the Kimberley Process Certification Scheme), the flexibility, and ability to take risks are broadly complementary and appreciated by Member States and other donors. Therefore, the singularity of conflict prevention and peacebuilding should be kept by safeguarding the following:

- a) Specific funding should be allocated for actors specialised in peace-building and conflict prevention, including CSOs and women’s organisations with strong local outreach, in line with UN Res. 1325.
- b) Such support should have the following attributes: speed, flexibility to adapt to evolving contexts, political influence/leverage, direct contracting ability, a bridging function and the possibility to engage with specific stakeholders.

### CONCORD’s proposal for the architecture of the external financial instruments

The disclosed EC proposal for a single External Instrument appears unfit to implement EU commitments under the Agenda 2030 and the Consensus on Development. We thus propose a different scenario (column 3 below).

This scenario foresees: a) Sustainable Development Instrument focusing on long-term interventions to achieve poverty eradication and the sustainable development in partner countries based on the European Consensus on Development; b) European Neighbourhood Instrument based on the EU Neighbourhood policy and the Global Strategy for the EU’s Foreign and Security Policy; c) maintaining dedicated instrument for democracy and human rights; d) maintaining the Instrument Contributing to Stability and Peace (IcSP); e) an External Instrument supporting all other priorities of the Global Strategy for the EU’s Foreign and Security Policy not covered by the other instruments.

Instruments 2014-2020	EC proposal for instruments 2021-2027	CONCORD Scenario Based on CONCORD position from December 2017
Development Cooperation Instrument	External Instrument	Sustainable Development Instrument
EDF: ACP investment Facility		
European Development fund, excl. African Peace Facility		
European Neighbourhood Instrument		European Neighbourhood Instrument
European Instrument for Democracy and Human Rights		European Instrument for Democracy and Human Rights
Instrument Contributing to Stability and Peace		Instrument Contributing to Stability and Peace
Partnership Instrument		External instrument
Instrument for Nuclear Safety Cooperation		

European Fund for Sustainable Development		
External Lending Mandate		
Guarantee Fund for external Action		
Macro-Financial Assistance		
EDF: Overseas Countries and Territories	Cooperation with Greenland, Overseas Countries and Territories	Cooperation with Greenland, Overseas Countries and Territories
Cooperation with Greenland		
Humanitarian Aid	Humanitarian Aid	Humanitarian Aid
Common Foreign and Security Policy	Common Foreign and Security Policy	Common Foreign and Security Policy
Support to Turkish Cypriot Community	Support to Turkish Cypriot Community	Support to Turkish Cypriot Community
Instrument for Pre-Accession Assistance	Instrument for Pre-Accession Assistance	Instrument for Pre-Accession Assistance
Common Foreign and Security Policy - Operations with Defence Implications	European Peace facility	European Peace facility (outside of the EU budget)
European Development Fund-African Peace facility		

### Links for reference on background to the above:

- CONCORD: Making the case for a strong EU development cooperation budget (December 2017): <https://concordeurope.org/2017/12/07/multiannual-financial-framework-making-case-strong-eu-development-cooperation-budget/>
- CONCORD, EPLO, VOICE, HRDN statements on MFF (February 2018): [https://concordeurope.org/wp-content/uploads/2018/02/CONCORD-EPLO-HRDN-VOICE\\_Letter\\_MFF\\_180219.pdf?7c2b17&7c2b17](https://concordeurope.org/wp-content/uploads/2018/02/CONCORD-EPLO-HRDN-VOICE_Letter_MFF_180219.pdf?7c2b17&7c2b17)
- CONCORD response to MTR (April 2017): [https://www.concordeurope.net/hubs/hub3/files/funding\\_community/mtrs\\_2017/public\\_consultation\\_on\\_the\\_mid\\_term\\_review\\_of\\_the\\_external\\_funding\\_i](https://www.concordeurope.net/hubs/hub3/files/funding_community/mtrs_2017/public_consultation_on_the_mid_term_review_of_the_external_funding_i)
- CONCORD Summary of response to MTR (April 2017): [https://www.concordeurope.net/hubs/hub3/files/funding\\_community/mtrs\\_2017/summary\\_of\\_concord\\_contribution\\_to\\_the\\_public\\_consultation\\_on\\_the\\_ex](https://www.concordeurope.net/hubs/hub3/files/funding_community/mtrs_2017/summary_of_concord_contribution_to_the_public_consultation_on_the_ex)

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