

September 2016

*Drafted with the input from: Oxfam, ONE, Plan International*

### **1) What is at stake?**

In June 2016, the European Commission made its proposal for a 2017 budget, including for development assistance and humanitarian aid, covered under **Heading 4 (H4) "EU as Global Player"**. 2017 will be the fourth year of the current multiannual financial framework (MFF) and the third of the mandate of the current Commission. The EU Budget negotiations will be particularly important this year, due to the extra commitments the EU keeps announcing around the so-called *Migration Crisis*, and due to the fact that it will be linked to the mid-term review (MTR) of the MFF.

The EU budget represents around 1% of EU gross national income (GNI), and just above 2 % of all public spending in the EU. It complements national budgets and the wide set of European-level policy and regulatory instruments, to implement the political priorities.

The draft EU Budget for 2017 presented by the EC in June proposes €157.7 billion in commitments (compared to €155.0 in 2016) and €134.9 billion in payments (down from €143.9 billion in 2016, and reflects and supports the political priorities set by President Jean-Claude Juncker, in particular contributing to the greatest extent possible to jobs, growth and investment, and providing a European response to the challenges of:

- migration management;
- the fight against terrorism and organised crime;
- protecting EU external borders;
- fostering a coordinated partnership with neighbouring regions and other third countries.

### **2) Why we need to work on this:**

Due to the perceived crises of migrants and refugees, the EU is making commitments (sometimes with new money or unbudgeted money and sometimes with diverted money in the current budget) which could bring heavy consequences on the 2017 EU Budget. In order to end extreme poverty by 2030 there is the need to require new resources. In the past, Heading 4 usually was disproportionately cut compared to the rest of the budget. Now we have a situation where H4 may increase but the money will be directed to "Migration Management" (see also the recent [Migration Partnership Framework](#)). In addition to this it should be mentioned that for 2016 EU Budget the MFF ceilings have already been increased (with extra money from Member States) for the Emergency Trust Fund for Africa and the Regional Trust Fund for the Syrian Crisis. Understanding that a large amount of the money going into the Trust Funds come from the European Development Fund which sits outside the EU budget.<sup>1</sup>

Tackling the refugee crisis and the migration challenge has been at the top of the Commission's agenda in the past two years. Building on the actions already undertaken in 2015 and 2016 which reached a combined total of over EUR 10,5 billion, the 2017 draft budget includes **EUR 5.2 billion** of specific migration-related expenditure for both internal (H3) and external actions (H4). The EC specifically stated in the draft budget *'The Draft EU Budget 2017 proposes **€5.2 billion to reinforce the external borders of the Union and address the refugee crisis and irregular migration by funding stronger tools to prevent migrant smuggling and address the long-term drivers of migration in cooperation with countries of origin and transit, stronger policies for legal migration, including resettlement for persons in need of protection, and instruments to support Member States with respect to the integration.**'*

<sup>1</sup> These funds are the main source of EU development aid for the African, Caribbean and Pacific (ACP) countries and the overseas territories. The total financial resources of the 11th EDF amount to €30.5 billion for the period 2014-2020.

### 3) The EC draft budget proposal in more details:

The different EU Budget Headings are limited to a maximum amount per year, which is called *ceiling*. The annual ceiling per Heading is expressed in commitment appropriations (legally binding promises to spend money which will not necessarily be paid out in the same year but may be disbursed over several financial years). The annual ceiling is thus divided in *commitment appropriations* and in *payment appropriations* which are the actual amounts authorized for disbursement in a given year. In structural terms: Commitments are planned future payments, whereas payments are legal obligations from the past. The commitment and payment amounts rarely match on paper – payment levels are less than commitments. This means there is always a slight running deficit. For several years, there was a too large gap between these amounts but in 2016, the EC got this under control and it should not be a contentious issue for 2017.

For Heading 4, the EC proposed **€9.4 billion** for the EU's external spending, **2.9% more than 2016** in commitments (CA). Payment appropriations (PA) decrease by -8.5 % to EUR 9 289.7 million, now that the backlog of outstanding commitments under this heading has been brought under control. The Development Cooperation Instrument (DCI) foresees a 3.1% increase compared to 2016, with €2.7 billion. But for humanitarian aid (HUMA), the EC proposal is 14.7% smaller, with less than €1 billion foreseen for 2017. The Commission has also indicated that their objective is for 95% of the entire H4 budget to be expended as DAC-compliant ODA. This would include the DCI and humanitarian aid budgets which already have firm commitments to be 95% DACable, but also expenditure under numerous other programmes under Heading 4. *See table below for detailed overview of the EC draft budget.*

Heading (Figures in EUR millions)	Budget 2016		Draft budget 2017		Difference 2017/2016	
	CA	PA	CA	PA	CA	PA
<b>Heading 3. Security &amp; citizenship</b>	<b>4.052</b>	<b>3.022</b>	<b>4.272</b>	<b>3.782</b>	<b>5,4%</b>	<b>25,1%</b>
<b>Heading 4. Global Europe</b>	<b>9.167</b>	<b>10.156</b>	<b>9.432</b>	<b>9.290</b>	<b>2,9%</b>	<b>- 8,5%</b>
Instrument for Pre-accession assistance (IPA II)	1.662	2.079	2.115	1.716	27,2%	-17,5%
European Neighbourhood Instrument (ENI)	2.187	2.329	2.187	2.294	0,0%	-1,5%
Development Cooperation Instrument (DCI)	2.630	2.729	2.711	2.658	3,1%	-2,6%
Partnership instrument for cooperation with third countries (PI)	126	109	134	136	6,4%	24,6%
European Instrument for Democracy and Human Rights (EIDHR)	186	181	189	168	1,9%	-6,7%
Instrument contributing to Stability and Peace (IcSP)	327	316	273	294	-16,3%	-7,0%
Humanitarian aid (HUMA)	1.109	1.471	945	1.146	-14,7%	-22,1%
Common Foreign and Security Policy (CFSP)	327	299	334	297	2,0%	-0,5%
Instrument for Nuclear Safety Cooperation (INSC)	72	97	62	81	-13,2%	-16,0%
Macro-financial Assistance (MFA)	80	80	31	31	-61,3%	-61,3%
Guarantee Fund for External Actions (GF)	257	257	241	241	-6,4%	-6,4%
Union Civil Protection Mechanism	18	19	21	20	18,0%	3,8%
EU Aid Volunteers initiative (EUAV)	18	14	22	24	23,1%	67,2%
Other actions and programmes	84	78	81	90	-3,1%	14,8%
Actions financed under the prerogatives of the Commission and specific competences conferred to the Commission	64	61	66	67	3,6%	10,8%
Pilot projects and preparatory actions	3	17	p.m.	7	-100%	-58,2%

Decentralised agencies	20	20	20	20	-0,9%	-0,9%
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**Note:** The significant reduction of total payments essentially reflects the finalisation of the implementation of programmes from the 2007-2013 MFF and the slow implementation of the new generation of programmes in some policy areas.

The EC is focusing on a **results-based budget** with three guiding principles set for the EU budget: (i) speed, (ii) focus and (iii) impact. The Commission's strategy 'Budget Focused on Results' (BFOR) aims to make the budget more results- and performance-oriented: better aligning it to the Commission's policy priorities; ensuring European added value; increasing the leverage effect of EU funds, and improving performance indicators.

#### **4) Council and European Parliament's position & approval process**

The **Council** of the EU made its (counter) [proposal](#) soon after the EC released its draft budget. Member States are calling for a €105.2 million cut in commitments to heading 4 (€70 million in payments), taken mainly from the DCI. This represents a 1.1% cut compared to the draft budget, and proportionally is the biggest cut among all policy areas (representing 70% of all cuts within Heading 4). MS's proposal to cut Heading 4 is in total contradiction with what they agreed originally for the MFF 2014-2020.

As a priority the Council decided to put the spotlight on migration and security crises, providing **5.2 billion in commitments for specific migration-related expenditure** – management of migration flows and external actions targeting the root causes of migration. This amount includes 750mln necessary to reach 1mln contribution, for EU budget, for the 3 bln addressed to the Facility for Refugees in Turkey. As well as 200 mln for the emergency support mechanism.

To ensure a high level of security in the EU the Council's position contains €738.6 million in commitments and €747.7 million in payments for the Internal Security Fund. This is a 14.4% and 89.3% increase respectively compared to 2016.

The **European Parliament** is finalising its proposal, which will be voted in plenary in Strasbourg on 27 October. The DEVE committee has already voted its [opinion](#) and amendments on 31 August, while the BUDG vote on budgetary amendments will take place on 28-29 September. All committees' opinions can be found [here](#) (page 3), but overall the amendments tabled by the various committees reverse to a great extent the cuts made by the Council, in particular proposing to reinstate the 2016 budget levels for Humanitarian aid (+€300 million compared to EC proposal) and the Mediterranean part of the ENI. The Deve committee is also pushing to bring back the Trust Funds under the EU budget.

After the EP plenary vote on 27 October, the **21 day conciliation period** will start. **On 16<sup>th</sup> November**, if no issues arise, the **EU budget will be approved**. *See table at the bottom with detailed timeline.*

#### **5) CONCORD main messages that will be basis for all material:**

The EU external relations budget must be fit for purpose to achieve its development objectives and Lisbon Treaty obligation to use development aid primarily for the reduction and eradication of poverty. The Heading 4 section of the 2017 budget – EU as a Global Player – must therefore be calibrated to: ensure sufficient quantity of aid to meet EU commitments; ensure the quality of aid in line with European and international obligations; and framed within a wider policy that enables delivery of development assistance that serves the needs of people living in poverty and not the short-term security aims of Europe.

##### **1. Quantity: Ensure sufficient funding to meet EU commitments**

- a. **New initiatives require new money, which must be found outside of the existing EU development cooperation and aid budgets.** The EU's political response to migration over the past year has led to the creation of a number of new funding instruments including

the EU Trust Fund for Africa, the Refugee Facility for Turkey, and the newly-proposed Investment Fund under the Partnership Framework. These all require funding from the EU budget, yet the overall 7-year EU budget remains fixed. The Commission has proposed to find the nearly €1.3 billion in commitments made for external action to address migration within the existing external action budget, and €1 billion of that would need to come from already programmed external funding instruments which include development and humanitarian aid. EU member states must instead increase the external relations budget to cover these additional costs.

- b. **Flexibility is no substitute for additionality.** As the EU develops new instruments meant to address migration, “flexibility” of funding is often touted as a key advantage of these instruments. Yet such flexibility cannot address the reality that funding is limited; if more funding is used for the migration agenda, what will be left for lifting people out of poverty? Will there still be money left for countries that are not places of origin or transit of migrants? Funding for development cooperation on the basis of need must not be depleted in favour of more flexible funding to address migration.

## 2. **Quality: Ensure EU aid is allocated in line with international standards and its defined purpose of eradicating poverty**

- a. **Development aid is meant to address poverty and inequality.** The Treaty of Lisbon, the EU’s founding document, is clear: development cooperation has as its primary objective the reduction and eradication of poverty. Heading 4 must be increased in order to meet the many demands on external action, ***but this increase must be of funding that will be expended in line with EU commitments on ODA and its uses***, including the Busan and Paris principles.
- b. **Transparency and oversight must be enhanced.** As new instruments with greater “flexibility” are introduced and money is shifted within the EU budget in order to fund them, there must be greater and more detailed clarity regarding what *will not* be funded as a result, and what criteria are guiding such decisions. In view of the extraordinary circumstances, this clarity on the details should be an integral part of the discussions on the 2017 budget allocations, with the objective of ensuring that development cooperation and humanitarian aid are neither depleted nor distorted.

## 3. **Purpose: Ensure aid is meeting the needs of recipients without being instrumentalised for short-term foreign policy objectives other than the fight against poverty and inequality.**

- a. **Development cooperation must be based on the needs of recipients and not used as foreign policy leverage.** Principled aid can never be tied to donor interests. In this respect, 139 civil society organisations from across Europe have united to condemn the recent Communication on the “Partnership Framework”.
- b. By making the return and readmission of migrants the sole objective of EU relations with countries of origin and transit, and affirming that development aid along with all other instruments will be used to this end, this policy runs counter to the EU’s obligations cited above and represents an unacceptable securitisation of development cooperation.
- c. **ODA expenditure aligns with the EU’s commitments on quality of ODA.** The orientation of funding under of heading 4 which is intended to be reported as ODA and plans for its expenditure must be guided by the Consensus for Development, and any revision of the Consensus must continue to safeguard ODA, ensuring that use of development cooperation for objectives that are not part of fighting poverty isn’t legitimised.

## 6) **Timeline and approval process: key Dates for 2017 EU Budget procedure**

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	Date	Key Moment	Action	Who
June	Thurs 30 June	Presentation of the Commission's Statement of estimates 2017 in the BUDG Committee		
	Thurs 30 June – 18h	Deadline for opinions from other committees to the mandate report		
July	Mon 11	Presentation of the recommendation for the trilogue during BUDG coordinators meeting		
	Wed 13 July	Trilogue ahead of Council's reading		
	Mon 20 July	Adoption of Council's position on DB in Coreper		
	Wed 27 July	EC Orientation Debate on mid-term Review of the Multi-Annual FF (Georgieva)		
Sept	Wed 31 Aug	<b>Presentation of WD on Council position in BUDG committee</b>	<b>Target:</b> MEPs in BUDG and DEVE to ensure strong amendments agreed <b>Tactic:</b> Twitter Storm	
	Thurs 1 Sept at 12:00	Deadline for tabling budgetary amendments: - by individual members to BUDG - by Committees and MEPs (40 signatures) to the Plenary	Meet some key MEPs	
	Thurs 8 Sept at 12:00	<b>Deadline for tabling budgetary amendments by groups to Plenary</b>		
	Wed 28 - Thurs 29 Sept	<b>BUDG vote on budgetary amendments</b>	<b>Target:</b> Rapporteur and shadows to make sure they support the DEVE amendments, propose strong H4 by increasing amts, focus quality aid in remarks <b>Tactic:</b> Meetings before vote, Twitter Storm 27,28,29 Sept @MEPs	
	Fri 30 Sept	Draft report on the resolution available		
	From Start of Oct	<i>Set out CSO position ahead conciliation period</i>	<b>Target:</b> Member States to deliver messages and concerns about the cuts <b>Tactic:</b> CSOs/ National Platforms send letter to MSs and do meetings.	
Oct	Thurs 4 Oct at 18:00	<i>Deadline for amendments to the resolution</i>	Affiliates send letter to MSs and discuss at meetings.	
	Tues 11 Oct	<b>BUDG adoption of budgetary resolution - all sections</b>	Meet some key MEPs	
	Wed 19 Oct	Trilogue ahead of Parliament's reading	Tweet @MSs and MEPs	

	Wed 26 Oct	<b>Adoption of Parliament's reading</b>	<b>Target:</b> Leaders of EP (groups, head of delegations) - to cheer them on to show we are watching as they go into conciliation and pass position <b>Tactic:</b> Joint letter ahead plenary, Twitter storm @MEPs	
	Frid 28 Oct	<b>Start of the 21-day conciliation period</b>	<b>Target:</b> EC, EP, MSs	
Nov	Wed 16 Nov	ECOFIN on Budget	<b>Target:</b> Everyone <b>Tactic:</b> Media reaction/ tweets	
	Thurs 17 Nov	<b>End of the 21-day conciliation period</b>		
	21-24 Nov	<b>Parliament's vote on the conciliation outcome</b>	Media Reaction	

### Power Mapping

	Name	Role	Comments
EP	GEIER Jens	S&D, DE BUDG Rapporteur	Assistant Meic said Geier will do its utmost to defend the limited funds available for development and humanitarian aid and possibly request additional funds for that purpose. Suggest to convince the Council on the importance of H4.
EP	MUREȘAN Siegfried	EPP, RO BUDG Shadow Rapporteur	
EP	KÖLMEL Bernd	ECR, DE BUDG Shadow Rapporteur	
EP	DEPREZ Gérard	Alde, BE BUDG Shadow Rapporteur	
EP	NÍ RIADA Liadh	GUE/NGL, IE BUDG Shadow Rapporteur	
EP	MARAGALL Ernest	Greens, ES BUDG Shadow Rapporteur	
EP	ZANNI Marco	EFDD, IT (5Stelle) BUDG Shadow Rapporteur	
EP	ŻÓŁTEK Stanisław	ENF, PL BUDG Shadow Rapporteur	
EP	ARTHUIS Jean	ALDE, FR Chair BUDG	
EP	DEVA Nirj	ECR, UK, DEVE Rapporteur for Opinion	
EP	Mr. GUERRERO SALOM Enrique	S&D ES, DEVE Rapporteur	
EP	McAVAN Linda	S&D, UK Chair DEVE	
EC	GEORGIEVA Kristalina	Commissioner – Vice-President for Budget and Human Resources	CONCORD planning a meeting with her 1 <sup>st</sup> half of July reg. MFF
EC	GIOREV Daniel	PA/ Georgieva – Responsible on agenda planning, Humanitarian Aid, Intl Dev and Coop	

<b>EC</b>	BHARDWAJ Vijay	DG Budg A4-External Policies (H4)	
<b>EC</b>	EICH Carlo	DG DEVCO Head of Unit: 1. Planning and Budget	
<b>Perm Rep SK</b>	RIDZOŇ Ján	Budget Attaché Slovakia	
<b>Perm Rep NL</b>	KLOK Sabine	Budget Attaché The Netherlands	
<b>Perm Rep FR</b>	BOUILLON Anne-Hélène	Budget Attaché France	
<b>Perm Rep DE</b>	WIECHOCZEK Oliver	Budget Attaché Germany	
<b>Perm Rep IT</b>	CANGEMI Filippo	Budget Italy	July: replied to CSOs letter sharing information on Italian role in the discussion

## **ANNEX:**

### **Lifted from the EU Budget 2017 documents:**

The Draft EU Budget 2017 proposes **€5.2 billion to reinforce the external borders of the Union and address the refugee crisis and irregular migration by** funding stronger tools to prevent migrant smuggling and address the long-term drivers of migration in cooperation with countries of origin and transit, stronger policies for legal migration, including resettlement for persons in need of protection, and instruments to support Member States with respect to the integration

The Draft EU Budget includes about **€3 billion to fund actions within the EU (H3)**, such as:

- The setting up of the European Border and Coast Guard;
- The proposal for a new Entry-Exit System to strengthen border management;
- The proposals to review the Common European Asylum System, including a reform of the Dublin mechanism;
- The establishment of an EU Agency for Asylum.

It also includes €200 million for the new [instrument to provide humanitarian assistance](#) within the EU.

Furthermore, the draft budget proposes **€2.2 billion for actions outside the EU (H4)**, in order to address in particular the root causes of the refugee flow. This includes in particular:

- €750 million under the **Facility for Refugees in Turkey**, to help reach the €1 billion contribution to this fund from the EU budget;
- The **pledge for Lebanon and Jordan** made at the UN London conference with €525 million from the EU budget, €160 million from the Syria Trust Fund and €200 million of macro-financial assistance.

To honour all pledges and meet needs, the Commission proposes some reorientation of fund within and between instruments, as well as the full use of the expenditure ceiling of 'Global Europe' (heading 4). As a complement to the appropriations proposed in the draft budget, additional funds will be available through financial contributions from Member States and other donors mobilised through Trust Funds and the Facility for Refugees in Turkey (EUR 2 billion).

For 'Global Europe' (heading 4) the Commission proposes an increase in commitment appropriations of 2,9% to EUR 9 432,0 million, leaving no margin under the expenditure ceiling. This is to tackle the external dimension of the refugee crisis, in particular honouring pledges made towards neighbouring countries bearing a large burden such as Turkey, Jordan and Lebanon. Payment appropriations decrease by - 8,5 % to EUR 9 289,7million, now that the backlog of outstanding commitments under this heading has been brought under control.

***For more information, contact: Hilary Jeune (Oxfam), Valentina Barbagallo (ONE), Alexandra Makaroff (Plan International), Jacqui Hale (Save the Children)***