

EU Development Agenda – Trends and Challenges for Development NGOs

This document outlines some of the key policy developments at the EU level in 2005-06.

The items have been grouped by category – issues of core concern to the work of Dóchas (those relating to EU aid quantity, policy and administration) and issues of import, but not immediately on the agenda of the Dóchas network. Members are encouraged to take the latter category of issues up individually. For each set of issues, the document outlines the background and the key challenges, and lists Dóchas' core asks.

For more information on any of these issues, contact the Dóchas secretariat.

1. Dóchas core issues: Aid Quantity, Policy and Administration

1. Future EU Budget – “financial perspectives”
2. EU Foreign Policy – “thematic instruments”
3. Commission funding for NGOs
 - “Non-State Actors”
 - Financial Regulation
 - NGO Co-Financing
4. Partnership with Civil Society
5. EU Africa Strategy
6. Anti-Terrorism

1.1 Future EU Budget – “Financial Perspectives”

What's It All About?

The “Financial Perspectives” is the name given to the 7-year budgeting cycle of the European Union. The EU Member States agree on their membership fees to the EU for this period, based on a strategy presented to them by the European Commission. The Financial Perspectives thus set the framework for all future EU activities in the period 2007-2013

Following proposals from the Commission, the EU institutions (Council, Parliament and Commission) are currently engaged in a discussion about the future funding of EU work. This involves a debate on the funding levels (agreed in December 2005), as well as on the main areas of expenditure.

In 2000, the Commission adopted a set of proposals aiming to simplify and strengthen the EU's “external policies”, by formulating new legal bases for the Commission's activities in this area. Previously, the Commission delivered assistance to non-member countries through a range of regional instruments (eg. PHARE and TACIS) or thematic instruments (eg. European Initiative for Democracy &

Human Rights), which meant that it was hard to establish coherence and a clear overview of EU activity.

If the Financial Perspectives debate is finalised, under the new proposal, the EU will have six ways in which to engage with the outside world:

- **Pre-Accession** – supporting countries that may in the near future join the EU;
- **European Neighbourhood** – working with countries outside the EU, and not yet on the list to join the EU (eg. Ukraine, Moldova, etc);
- **Development Cooperation & Economic Cooperation** – setting the framework for the EU's cooperation with all other countries;
- **Stability** – a new instrument to tackle crises such as conflict or nuclear proliferation issues;
- **Humanitarian Aid** – providing EU aid to victims of crises;
- **Macro-Financial Assistance** – providing EU aid for stabilising economies.

In short, these proposals can be paraphrased as stating that “the EU now looks at the world as consisting of largely two groups of countries: our friends close by, and other countries that are in crisis.”

To date, the debate has centred on the “Development Cooperation and Economic Cooperation” (DCEC) instrument, which lumps together rich countries and developing countries. Whereas the European Parliament’s Development Cooperation Committee is calling for the separation of the two instruments (each with a clear legal basis in the EU Treaty), the Commission and other MEPs are arguing that it is important to keep the number of instruments down..

The ball is currently in the European Parliament’s court, with a variety of thematic Committees formulating “opinions” on the various instruments proposed. These opinions will be considered by the plenary of the Parliament.

In February 2005, the European Parliament’s Development Committee, following the opinion of its “rapporteur” Gay Mitchell MEP, rejected the Commission’s proposal for a single instrument for Development Co-operation and Economic Co-operation. Following this rejection, the Commission, the Council and the European Parliament undertook discussions on a so-called ‘*trialogue*’ basis in a bid to find a solution.

After almost one year, the Mitchell report is back on the agenda of the European Parliament. After the vote in Committee and Plenary, the report will be submitted to the Council of Ministers.

Main Dóchas ask:

That the Financial Perspectives establish a single instrument for development targeting only those countries in need of development assistance.

1.2 EU Foreign Policy – “Thematic Instruments in External Relations”

What’s It All About?

In line with the Financial Perspectives debate (see 1.1), the Commission is proposing a radical simplification of the instruments at its disposal to implement the EU’s policies in the External Relations area. The reduction in the number of “instruments” should make EU action clearer to understand and more effective. The choice of the new instruments will reflect the political priorities of the European Union for the 7 years to come.

In addition to the six legal instruments, the Commission is currently proposing 7 new thematic “instruments” (regrouping a previous set of 15 thematic priorities), which will form the backbone of the EU’s external programmes. These seven thematic programmes will work in tandem with the EU’s

regional and country-specific strategies (see 1.5), and in effect be cross-cutting themes for each of the six instruments mentioned under 1.1.

The thematic programmes being proposed are:

- **Food Security** – reaffirming food security as a core element in the Millennium Development Goals;
- **“Investing In People”** – focusing on the social dimension of globalisation, by prioritising issues such as health, HIV/AIDS, employment, gender, youth, and culture;
- **Environment & Natural Resources** – addressing sustainable development issues, in combination with environmental and energy actions under the EU country and regional programmes;
- **“Non-State Actors”** – supporting initiatives from civil society organisations (including local government), to promote participatory approaches to development;
- **Human Rights & Democracy** – enhancing respect for human rights and supporting civil society action;
- **Migration & Asylum** – assisting non-EU countries in formulating and implementing their migration policies;
- **Cooperation with Industrialised Countries** – promoting greater engagement by the EU with rich countries.

For Dóchas members, the Human Rights, Natural Resources and the “Non-State Actors” programmes are of particular interest.

Main Dóchas ask:

That the future programme’s overarching objective be the eradication of poverty, in the framework of fundamental human rights and the promotion of an inclusive and empowered society, and that access to this programme be dependent on objective standards for an actor’s contribution to this objective.

1.3 Commission Funding for NGOs

a) EC Communication on Non-State Actors

What’s It All About?

The concept of Non-State Actors (NSA) was introduced into development policy in 2000, as part of the framework of the Cotonou Agreement, signed by the 15 European Union Member States and 77 African, Caribbean and Pacific Countries. This agreement acknowledges the complementary role of and the potential contribution by Non-State Actors to the development process, but does not define clearly what the concept of “Non-State Actors” means. In the context of the “financial perspectives”, the Commission has now proposed a new programme focusing on Non-State Actors (see 1.2)

In 2002, the European Commission drafted a document laying down principles and recommendations concerning Non-State Actors and development policy. In this document, the European Commission acknowledges that NSAs are gradually becoming one of the key partners in development policy: involved in the development process either as partners in dialogue or consultation with the relevant authorities, or as “full” actors (proposing and implementing projects).

One year after the publication of the Communication, the European Commission has finalised the “Guidelines on principles and best practices for the participation of NSA in the development dialogues and consultations”. These guidelines are announced in the conclusions of the 2002 Communication. The guidelines will aim primarily at encouraging and assisting EC Delegations in all developing countries and regions to explore and implement the possibilities for the gradual involvement of Non-

State Actors in the development process, and to articulate this participation where possible with the authorities of the country.

Main Dóchas ask:

That the EU recognise and support the unique and essential role of civil society organisations in contributing to the fight against global poverty. The EU should ensure that the Non-State Actors programme reflects the added value of the partnership between the EC and civil society and is fully complementary to the development actions of a broader range of development actors.

b) Financial Regulation

What's It All About?

The Financial Regulations are the rules of the game for Commission funding. They specify what procedures have to be followed in the various instances where the Commission enters into contracts with third parties. Over the last decade or so, the Commission has sought to standardise these rules, which varied greatly depending on Commission policy area.

One of the direct results of the standardisation has been a huge loss of flexibility. Commission officials now have to follow the same rules, whether dealing with agricultural subsidies, or contracts with solicitors, pharmaceutical companies, travel agents or Development NGOs.

In 2005, CONCORD documented some of the more bizarre consequences of this situation, resulting in a document of hundreds of pages. They included a ban on EU funding for EuronAid – due to an alleged “monopoly” situation – and enormous delays in decisions on the co-financing of NGOs due to the absence of a contract template.

CONCORD continues to lobby for a simplification of rules for NGO work, based on a common understanding of the role of civil society in development processes.

Main Dóchas ask:

The creation of a reliable and predictable funding mechanisms that responds to NGO needs and that allows for effective and strategic approaches to combat poverty and/or build public understanding of development issues.

c) Guidelines for NGO Co-Financing

What's It All About?

The Commission and the EU Member States agree annually on the guidelines for the use of the “co-financing” budget line. The 2006 guidelines are unchanged from last year, but major changes are expected in 2007, the first year of the new “Financial Perspectives”.

One of the hot topics on the agenda for 2006, is the formulation of new guidelines for the “NGO Co-Financing” budget line (formerly known as B7-6000; now called 21). With major changes afoot in the EU’s development policy, it is far from certain that this budget line will continue to be reserved exclusively for Development NGOs (it has already been opened up for academic and political institutions).

In any case, there will be a change regarding EU funding of micro-finance activities. A series of negative evaluations have led the Commission to propose cancelling EU funding for NGOs

engaged in micro-finance. Whereas the change cannot happen during 2006, it is clear that a revision of the Commission criteria is needed. The Dóchas Micro-Finance Working Group, through the CONCORD Funding for Development Group, is engaged in discussions with the Commission on new eligibility criteria.

Another important discussion has started on the balance between Commission funding for project work (the PVD and BG parts of the Co-Financing budget line) and Development Education. At the end of 2005, the EU Council increase the amount of funding available for Development Education to €30 million, but the overall financial envelope for Co-Financing stands at €210 million, virtually unchanged since the 1990s, despite the increase to 25 EU Member States and consistently high rates of over-subscription of this budget line.

Main Dóchas asks:

- **The creation of a reliable and predictable funding mechanisms that responds to NGO needs and that allows for effective and strategic approaches to combat poverty and/or build public understanding of development issues.**
- **The EU should establish a single instrument for development, targeting only those countries in need of development assistance, and based solely on Article 179 of the EU Treaty. This is vital to ensure the achievement of the EU's international development ambitions and commitments as defined in the "European Consensus on Development".**

1.4 EU Partnership with Civil Society

What's It All About?

Like other major donors, the Commission channels a substantial amount of money through civil society organisations and NGOs. Yet, over the last decade, the rules of engagement have changed, and the partnership is becoming tense and inflexible.

Last April CONCORD launched a consultation on the future of the NGOs funding by the European Commission, given that the current NGO Co-financing line (budget Line 21-02-03 ; ex B7 6000) will cease to exist in the new Financial Perspectives framework (from 2007-2013).

The objective was not simply to prepare a response to a possible future European Commission's consultation but to define a much more comprehensive 'vision' of the future relationship between Civil Society Organisations (CSOs) and the EC, both within Europe and in developing countries. It aimed to explore how a future CSO thematic programme could positively contribute to that larger vision. CONCORD wants the European Commission to acknowledge that Civil Society is an important actor in developing countries.

Over the last decade, Commission policy towards civil society organisations has shifted more and more towards a view of NGOs and CSOs as implementers of EU policy. "Partnership" is defined as a contractual and financial relationship, and NGOs are treated as service suppliers, that need to comply with EU anti-monopoly regulations. The view that NGOs are representatives of an active European citizenry is disappearing rapidly, and as a result, Commission-NGO relations have become strained.

In 2005, NGOs were put in the hot seat by the European Commission. First the Directorate General for Justice Freedom and Security developed a code of conduct to address the issue of the exploitation of non-profit organisations for the purposes of terrorism. Then Ms Koch-Mehrin, a Member of the European Parliament, put forward a resolution on fraud and mismanagement of European funds by non-governmental organisations.

It is evident that civil society organisations need to work to reclaim some of their territory as representatives of ordinary EU citizens, those very citizens that the EU is struggling so hard to convince of the merits of “the European Project”.

Main Dóchas ask:

The Commission should re-engage with the European citizens, and organised civil society that springs from citizens’ initiatives, in order to bridge the gap between the values of the “European project” and the political realities of a disenfranchised population.

1.5 EU-Africa Strategy

What’s It All About?

To complement the instruments that define the Commission’s legal responsibilities (see 1.1) and the thematic programmes (see 1.2), the EU is currently developing a series of geographically defined strategies, to form the basis for the EU’s political relations with those regions.

The EU Strategy for Africa agreed by the European Council puts policies towards the region at the service of reaching the Millennium Development Goals in 2015. Yet the Strategy fails to bring convincing responses to key obstacles to Africa’s development over which Europe has influence.

Other criticism of the Africa Strategy is that it is a move away from the multilateral partnership approach embodied in the Cotonou Agreement and heralds a new era where the EU is trying to play regions off against one another - In March 2006, the EU announced its new Caribbean Strategy. Previously, Caribbean and African countries would have both been treated under the same agreement, the Cotonou Agreement.

Other critics point out that the European Parliament will have less control over the Commission’s actions under the regional strategies than under the Cotonou Agreement.

Main Dóchas ask:

That the EU’s regional strategies are based on genuine partnership principles, and are effective mechanisms to combat poverty and injustice.

1.6 Anti-Terrorism

What’s It All About?

Since the terrorist attacks in New York and Madrid, the member states of the European Union have become more concerned about the lack of effective action by the EU to combat terrorism. This has prompted a rethink of the EU’s mechanisms for coordination and for foreign and security policy.

The fight against terrorism was one of the key themes for EU policy-making during 2005. The CONCORD network has responded by promoting the Human Security concept, first put forward by Dóchas during the Irish EU Presidency.

In 2005, there were several instances where EU Member States sought to include security concerns in policies and decisions affecting developing countries. Examples include the new regional strategies for Africa and the Caribbean (see 1.5), and attempts by some member states to make EU development assistance conditional on a country’s cooperation with the EU’s on issues relating to security and migration.

During 2006, the Commission will seek to further advance the security agenda. One example is the finalisation of its Code of Conduct on Transparency for NGOs, which seeks to minimise the risk of European NGOs being used as cover to fund terrorist activities. A draft Code is currently being discussed with EU member states, who will have to introduce it into domestic law.

Main Dóchas ask:

- **That EU policy on security is inspired by a holistic approach to security, focusing not on fears but on rights: human rights and human security.**
- **That the Commission does not single out the non-profit sector as a security risk, and that the proposed Code of Conduct builds on the valuable diversity of that sector, rather than undermine it.**

2. Other EU Issues

1. Commission Work Plan for 2006
2. EU Presidencies 2006
3. Migration

2.1 Commission Work Plan for 2006

What's It All About?

<p>The European Commission is the implementing body of the European Union. It has the right to initiate new policies (the Council can only request the Commission to engage in new areas). The Commission drafts new legislation (so-called "Communications" to be adopted by the Council of Ministers). As the Commission implements the EU budget, it is the only EU institution that actually has any money.</p> <p>The Commission has a number of services dealing with Development: DG Development (policy-making), EuropeAid (funding of programmes) and ECHO (Humanitarian Aid)</p>
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The Commission's work plan for the year 2006 includes:

- Criteria for allocation of Community aid – This is a follow up to the Irish EU Presidency resolution that the Commission needs to put in place objective criteria for the allocation of its aid between regions and between countries.
- Updated common framework for Country Strategy Papers (February), and a needs assessment for reaching joint EC-EU country strategies (e.g. instruments, procedures);
- EU Strategy for the Caribbean and for the Pacific (February-March);
- Annual progress report on EU Member States Monterrey commitments on aid (March);
- System for monitoring progress on the DAC Paris Declaration on aid effectiveness;
- Annual report on Community external assistance (June);
- Updated "EU donor atlas", an overview of who funds what in European Development Cooperation;
- Proposals for an increased role for lending for middle-income countries; clarify the impact and proportion of Community aid focused on poverty and inequality there
- Policy framework for global public goods, e.g. deforestation, water management

- Analysis of the recommendations of the Global Commission on International Migration, in view of the UN High-Level Dialogue on Migration & Development in September
- Neighbourhood Policy Action Plans: Egypt, Lebanon, Armenia, Azerbaijan, Georgia
- Review of implementation of Neighbourhood Policy Action Plans for Moldova, Ukraine, Tunisia, Jordan, Israel, Palestinian Authority + conclusions of the evaluation (4th quarter 2006)
- EU External Relations Strategy to Counter Terrorism (2nd half 2006)
- Communication on Conventional Disarmament as a contribution to Human Security (2nd half 2006)

Main Dóchas ask:

Consult civil society on all important decisions relating to development, in line with the "CONCORD vision for the European Commission's Partnership with Civil Society Organisations".

2.2 EU Presidencies

What's It All About?

The country holding the EU Presidency sets the agenda for EU political negotiations, and also represents the EU to non-member countries. It is an outstanding opportunity for a single Member State to influence the overall direction of EU policies.

The main achievement of the outgoing UK Presidency from a Development perspective was the adoption of the EU Development Policy Statement, which lays the basis for future EU policy-making.

Development is set to fall off the EU agenda during 2006, with neither the Austrian nor the Finnish Presidency planning to hold the traditional informal meeting of Development Ministers. This eliminates a crucial meeting in the annual EU workplan and reduce the profile of development within the EU. The only meeting dedicated to Development issues will be the April and October General Affairs Councils, to which Development Ministers will be invited.

The April meeting of the General Affairs Council will discuss :

- the Commission's progress report on all aid commitments to date, including on aid effectiveness where resistance from Member States to greater coordination is notorious.
- The action plan for the EU Africa Strategy will need to be designed.
- And the vague term of "policy coherence" will need to be given teeth to actually influence EU policy choices based on consideration of their impacts on developing countries.

Austrian EU Presidency priorities:

- Conclusion of the WTO's Doha Round, with the new deadline of 30 April for agreement on full modalities.
- ACP-EU Council of Ministers in May, assessing progress on the Economic Partnership Agreement negotiations.
- The 2007-2013 financial instruments for development will be finalised in 2006. The Austrian Presidency will need to give direction on the crucial Development Cooperation and Economic Cooperation Instrument, where pressure has been growing to split the instrument in order to have a single instrument dedicated to development. The Neighbourhood Instrument will need to guarantee measures for poverty eradication in the developing countries covered, while the Stability Instrument will require further clarification on its coverage to avoid confusion between development and security objectives.
- Other priorities for the Austrians include migration & development and the EU-Latin American Summit.

Finnish Presidency priorities:

- June Development Education conference

- Asia Europe People's Forum in September
- Policy Coherence, with a major event in October.

Main Dóchas ask:

That the EU makes tangible progress on policy coherence for development and that Development remain on the political agenda, and commitments of 2005 are delivered upon.

2.3 Migration

What's It All About?

Over the last few years, the EU has been working to develop an immigration policy. Member States are increasingly concerned about the lack of coherence between their immigration policies and the EU's foreign ("external") policies.

The EU Member States have agreed that EU external policy must support the objectives of immigration policy, for example by facilitating legal migration flows and combating illegal migration. In recent times, this has been extended to cover the EU's development policy, where Member States would like to link development cooperation to a country's record on stemming the flow of illegal immigration.

Main Dóchas ask:

To maintain the poverty focus, laid down already as the principle underlying EU aid. The reasoning that EU aid should stop immigration is simplistic and will divert aid away from initiatives that aim to eradicate poverty and injustice.