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TRIALOG Policy Digest

Multiannual Financial Framework

Why is the Multiannual Financial Framework important?

The Multiannual Financial Framework is the EU's spending plan for the seven years between 2014 and 2020, translating EU priorities into financial terms. The budget itself is agreed annually, by the Council and European Parliament, but the MFF outlines the limits for each spending category, or 'heading'.

This is important because the negotiations taking place right now will produce the framework that governs where the EU's money goes over the next few years.

In the current climate of financial crisis and austerity, each group of stakeholders is trying to protect a small number of interests. International development is just one budget area in a complicated mass of conflicting priorities and CSO efforts to ensure money intended for the world's poorest is not diverted elsewhere, or significantly cut are up against a major challenge.

As net beneficiaries of the EU budget, many EU13 countries are acting to secure the funds available within the EU rather than using them to meet international aid commitments and follow principles of solidarity and support to those who need it most.

What are the main and related issues that need to be understood?

The new MFF, as proposed by the European Commission¹ will be composed of five headings: I. Smart and Inclusive Growth II. Sustainable Growth: natural resources. III. Security and Citizenship. IV. Global Europe. V. Administration.

Heading IV, Global Europe, is where development spending tools like the Development Cooperation Instrument (DCI), and European Neighbourhood Instrument (ENI) are included, and the cuts proposed in the latest rounds of negotiations have been the biggest of all the headings². The original proposal from the European Commission increased the budget in this area if considering total figures (whereas in terms of percentage of GNI, it is a smaller amount than in previous budget allocations).

¹ http://ec.europa.eu/budget/library/biblio/publications/2011/mff2011/MFF_2011_en.pdf

² [Mayer, L., and Sherriff, A. 2012. EU Budget consensus at the expense of development - State of play and options in front of negotiators. \(ECDPM Briefing Note 46\) \(Revised version\).](#)

The funding designated for the neighbourhood has increased substantially in comparison to other areas of the world. This has been criticised by development actors as indicating that funding is not necessarily being directed towards the poorest of the poor, but towards regions that have other strategic purposes in terms of the EU's migration and security policy, for example.

What has happened so far?

CONCORD has an MFF taskforce which was set up in October 2010 to start work on the process surrounding the budget negotiations. The objective of the MFF taskforce is to develop clear CONCORD positions on the next MFF in order to lobby European Institutions and make sure the CONCORD positions on foreign and development policies and funding are taken into account. The taskforce was later transformed into a working group but the MFF is also a priority topic for the FDR (Funding for Development and Relief) working group and close coordination was agreed.

A fact sheet was published by the MFF group on 13 November 2012³.

In terms of the official process, the deadline of 1 January 2014 for the framework to enter into force means that the discussions need to get to the legislative phase in early 2013. The fact that member states have as yet failed to agree on the MFF means an additional summit will need to take place very early in 2013 (currently planned for the beginning of February). The last Council meeting in late November 2012 failed to produce consensus, despite efforts by the Cypriot presidency and Council President to mediate between heads of state opposing views. The European Parliament has adopted a resolution outlining its position⁴.

The EU has repeatedly confirmed its commitment to meeting 0.7% of GNI as ODA but current proposals to cut the budget related to this area are undermining this commitment. There are some high profile spokespeople for the importance of development spending to be maintained, such as Commissioner Piebalgs⁵ but his is just one voice in a large group of individuals pushing for competing interests.

One strong player in the negotiations is the group known as the 'Friends of Cohesion'⁶, mainly net beneficiaries and principally EU12 countries. These countries are fighting to protect the cohesion funds, from which their national budgets benefit.

The so-called group of "better spending" comprises net contributors to the EU budget such as Germany, the Netherlands, Denmark, Finland, France, Italy, UK, Austria, Sweden. These two camps have different priorities and have held up the negotiating process.

³ <http://www.concordeurope.org/161-eu-budget-the-facts>

⁴ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2012-0360+0+DOC+XML+V0//EN&language=EN>

⁵ http://www.euractiv.com/development-policy/piebalgs-warns-eu-nations-foreign-news-516722?utm_source=EurActiv%20Newsletter&utm_campaign=59e999e2e0-newsletter_daily_update&utm_medium=email

⁶ The Friends of Cohesion Group formed seven years ago, during the negotiations about the previous EU budget for 2007-2013, in order to coordinate the positions of countries that are the main beneficiaries of the cohesion policy. The Group consists of 15 Member States: Bulgaria, Cyprus, Czech Republic, Estonia, Greece, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia, Slovenia, and Spain. Croatia also cooperates closely with the group.

The European public has enormous power to influence decision makers. It is enough to see the well-organised European agriculture sector demonstrating in such a way that paralyzes Brussels for days. If the lobby for increasing funding under Heading II, for example, is more successful than the one for Heading IV, this will have a real impact on the EU budget in the coming years.

What are the next steps?

In early 2013 there will be another EU summit to come to an agreement regarding the MFF. More cuts are possible before this agreement can be reached.

Once the MFF is approved, the EC will need to propose a division of the funds allocated to Heading IV to each of the instruments and again there is likely to be tension between individuals defending individual programmes. Commissioner Piebalgs for example is likely to defend the DCI whereas High Representative Ashton might be more in favour of more funds going to the Instrument for Stability and EIDHR. Co-decision (between the Council and the European Parliament) on the legal bases of the instruments will take place by the middle of 2013.

Programming for thematic instruments has already started, despite the lack of clarity on the figures concerned. In terms of the CSO-LA thematic programme for 2014-2020, there are three proposed components: Focus on country level – enhancing CSOs' and LAs' contribution to development and governance; Strengthening CSO and LA networks in the field of development at regional, EU and global level; and Development Education and Awareness Raising initiatives fostering citizens' awareness and mobilisation for development issues.

Why is this issue important in the EU13 context and why should we engage further?

This issue is important across the EU but the added value of the EU13 perspective is that governments in these countries make up the majority of the 'Friends of Cohesion' group, which is pushing a particular angle within the MFF negotiations. Lobbying within these countries could make a real difference to the outcomes of the discussions.

What can I do?

CONCORD's working group on MFF is the most relevant place to get involved, if you are interested in working on the MFF specifically. It is however late in the process, and a longer-term solution for involvement in issues related to the EU's budget and particular funding instruments is provided by CONCORD's Funding for Development and Relief (FDR) working group.

More information on all of CONCORD's working groups can be found on the website:

<http://www.concordeurope.org/working-structures?highlight=YToxOntpOjA7czozOiJmZHliO30=>

On a national level it is important to inform platform members of the window of opportunity before the February summit. National platform members can decide on lobby activities towards the government and parliamentarians and provide them with the necessary support from the public so that they show their minister colleagues that development spending is considered important among their country's general public, and that it is worthy of significant investment under the 2014-2020 Multiannual Financial Framework.