Preparation of the multiannual financial framework regarding the financing of EU cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014-2020 period (11th European Development Fund)

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The Committee on Development adopted the own-initiative report by Patrice TIROLIEN (S&D, FR) on the preparation of the multiannual financial framework regarding the financing of EU cooperation for African, Caribbean and Pacific States and Overseas Countries and Territories for the 2014–2020 period (11th European Development Fund-EDF.)

Members recall the need to ensure that the 11th EDF has sufficient funding so that the Union might honour the undertakings made at international level concerning development and devote 0.7% of its GDP to development aid. They stress that **at least 90% of the appropriations under the 11th EDF for ACP states should meet the official development aid (ODA) criteria**, as laid down by the OECD's Development Assistance Committee. In order to meet that objective, more needs to be done to ensure that the Millennium Development Goals (MDGs) on which the least progress is being made are met, in particular by earmarking 20 % of the 11th EDF budget for the provision of basic social services, particularly health care and basic education.

In this regard, aid should be prioritised to ensure access to basic maternal, reproductive and child healthcare, with particular emphasis on the poorest sections of the population and the fight against HIV /AIDS, with particular emphasis on aid for the most vulnerable groups in society, including women, children, and persons with disabilities.

Promoting the economic and social development of the Overseas countries and territories (OCTs): Members welcomes the fact that the proposal on the Overseas Association Decision (OAD) recognises the need to develop a new long-term partnership with the OCTs, centred around four new objectives:

- boosting the competitiveness of the OCTs;
- strengthening their adaptability;
- reducing their vulnerability;
- promoting their cooperation with other partners.

However, they regret the absence of a financial instrument dedicated to the OCTs that could be integrated in the Union budget so as to allow democratic, transparent control over funding allocated by that means.

Budgetisation and financial allocation: once again, Members call for the **budgetisation of the EDF** in the next programming period and default **from 2021,** with the full transfer to Section 4 of PSC ('Europe in the world'), as this would contribute to the more effective promotion of Union priorities and thematic support.

At the same time, they support the Commission's proposal to earmark a total of **EUR 30 319 million (at 2011 prices) to the 11th EDF,** and call for the sums set aside for the 11th EDF and the other cooperation instruments, including the Development Cooperation Instrument (DCI), to be used to ensure that the Union's official development aid is maintained at its current level, or even increased.

Members also put forward funding priorities in this regard:

- substantial investment in disaster risk reduction ;
- the proportion of resources devoted to the intra-ACP programme to remain the same as that under the 10th EDF;
- financing the new scheme to absorb any exogenous shocks with an international dimension (in particular, financial, food or humanitarian crises) that may affect an ACP country,
- 5% of the appropriations under the 11th EDF should be used to cover Commission support costs.

Members deeply regret **the agreement concluded by the Member States on 8 February 2013, which provides for an 11% reduction in the 11th EDF budget** proposed in July 2012 by the Commission. They take the view that, in making these budget cuts, the Union and its Member States will be held primarily responsible if the objective of reducing global poverty levels by half is not met by 2015. They call for the proportion of the EDF budget set aside for OCTs to be **kept at the figure proposed by the Commission**, whatever contribution scales and levels of appropriations are set for the 11th EDF.

Reform of European development policy and the 11th EDF recalling their view that the Cotonou Agreement should continue to be the main reference framework for the 11th EDF, Members state that the application of the **principle of differentiation** to eligibility for funding under the 11th EDF will be beneficial only if the impact is offset by a **vulnerability index** that supplements the GDP criterion, and takes account of the specific circumstances of Small Island Developing States. They stress the importance of maintaining all the national budgets at their current levels under the 11th EDF, given that European development aid can still have a decisive impact in some middle and higher income ACP countries. Differentiation should also take account of the specific situation in fragile states. In this context, Members call for a special focus on the **Sahel region and the Horn of Africa in the programming of the 11th EDF.**

Development and the private sector: the committee stressed the role of the private sector in development. It recognises that the new funding arrangements, such as combined grant/loan funding, have definite advantages in a context of ever more scarce public resources. Members welcome the recent establishment of the 'Results Measurement Framework' (RMF), an index that enables the EIB to measure the development impact of all its operations outside the EU. They also acknowledge the importance of supporting the private sector, in particular micro-enterprises and SMEs in ACP countries, in order to encourage wealth creation and the establishment of business-friendly environments. Members emphasise, furthermore, the need to involve civil society directly in projects.

The report welcomes other initiatives, such as the UN initiative 'Sustainable Energy for All' which enjoys strong support from the EU to the tune of EUR 500 million under the 10th EDF (this level of funding should be continued under the 11th EDF) or the Maputo Declaration, which was poorly honoured, when ACP states made commitment to allocate 10% of national budget revenue to agriculture and rural development.

Democratic scrutiny: Members reiterate the importance of observing the principle of democratic ownership, as defined in the programme for aid effectiveness and ask the ACP States to work more actively with their national parliaments, so that **the disbursement of the funds provided for in each**

country's strategy documents is made subject to ex post parliamentary scrutiny. They believe that transparency and accountability are fundamental when allocating EDF funds and monitoring the projects financed, including direct aid to national budgets.

On the issue of **budget support**, the committee notes that the latter has many advantages, because it leads to more responsible decision-making, more precise results analysis, greater policy coherence, more effective forecasting and optimum use of the funds available directly for the benefit of the population. Budget support is designed to encourage sound management of public finances by the beneficiaries and Members call for **this support to remain an important aspect of the 11th EDF,** subject to closer dialogue on human rights between the Commission and the ACP States.

Development effectiveness: Members emphasise the merits of the joint programming of aid between the Union and its Member States, given that it boosts the visibility, impact and effectiveness of European development policy, whilst preventing duplication and waste. They stress the need, however, to clarify the rules set out in the common framework for joint multiannual programming and bring further transparency to this process.

Lastly, the Commission is asked to:

- to ensure compliance with social and environmental standards a condition for obtaining public procurement contracts financed from the 11th EDF in ACP countries;
- to promote effective and fair tax collection systems in order to improve tax collection and prevent tax evasion and the use of tax havens;
- to increase the role of women who play a crucial role in nutrition and food security, particularly in Africa, and in conflict resolution.