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Register of Interest Representatives # **6082564924-85**

Caritas Europa

Response to the EU Public Consultation

“What funding for EU External Action beyond 2013?”

Created in 1971, Caritas Europa is one of the seven regions of Caritas Internationalis, the worldwide confederation of 162 Catholic relief, development and social service organisations working to build a better world, especially for the poor and oppressed, in over 200 countries and territories. Caritas Europa is the umbrella organisation of the European network of 48 Caritas member organisations, established in 44 European countries. Caritas Europa focuses its activities on policy issues related to poverty and social inequality, migration and asylum within all countries of Europe as well as on the coordination of actions of the members with regard to emergency humanitarian assistance, international development and peace throughout the world.

Introductory remarks

Caritas Europa welcomes the opportunity to contribute to this consultation on the future of the EU External Budget beyond 2013 and has conducted a broad consultation within its European membership to feed into this process.

In countless projects and institutions Caritas maintains daily interactions with, and provides support to, millions of people experiencing poverty and social exclusion, both in Europe and worldwide. Based on this vast grass-roots experience, Caritas would like to bring to the forefront of the debate over the Multi Annual Financial Framework some issues of particular concern.

1) Added value of financial intervention at EU level

If the future European Union budget is to respond to the challenges of the changing global environment, the EU should seize the opportunity to build upon its role as a global player and prioritise responding to the challenges of the times (climate change and adaptation, financial and economic crisis, population growth, migration, security, global governance issues, etc.) in particular through using proactively its humanitarian and development aid instruments.

➤ Setting of adequate funding levels

Caritas is convinced that the EU should grant development and humanitarian aid a higher priority in the EU's spending. An expenditure level of 10% of the total EU's budget being attributed to development and humanitarian aid does neither correspond to the dimension of challenges the world and Europe is confronted with, nor to the image the EU wants to create about itself as a global actor which can make a difference in the fight against poverty. Therefore, over the course of the Multi Annual Financial Framework, the EU should adhere to

its international commitments, thus increasing EU development aid in real terms instead of decreasing it in relative terms. In addition, also the EU humanitarian aid budget should be increased in order to cope with the significant number and scope of new disasters and crisis situations.

➤ **Ensuring Policy Coherence for Development**

Caritas believes that for the EU a major challenge ahead lies with the obligation of the Treaty of Lisbon to ensure Policy Coherence for Development. Although the EU, compared to its economic power, is punching below its weight as an international donor, it is the largest aid donor worldwide. However, the positive impact of this aid in terms of poverty reduction is challenged by the impact of other EU policies, such as trade, agriculture, environment, energy, migration, etc. The lack of coherence is counter-productive, costly, and undermines the EU's credibility towards European taxpayers and partners in developing countries.

➤ **Setting standards for policy and practice**

It is important that the EU continues to be an active donor influencing the global humanitarian and development policy and practice. The European Development Consensus is an important document in this respect. Furthermore, as a humanitarian donor the EU has strongly committed to the delivery of principled humanitarian aid. In 2007 the EU, including the 27 Member States, reached a *European Consensus on Humanitarian Aid*, which sets out values, principles and objectives for EU humanitarian aid. On this basis, the EU is well prepared for driving the political agenda in the promotion and respect of humanitarian principles and their corresponding legal frameworks of International Humanitarian Law, Human Rights Law and Refugee Law and should continue to do so in order to complement the operational level of humanitarian aid.

➤ **Allocation criteria and operational issues**

Another added value of the EU is its global outreach to populations with the highest development and humanitarian needs. However, allocation of funds should be based on clear development criteria / humanitarian needs rather than on political conditions driven by the influence of security concerns.

In the context of large scale humanitarian crisis the EU has the capability to provide rapid and sufficient funding to a big diversity of partners including civil society organisations and to quickly mobilise and scale up logistical support. This comes with the task to take on a leading role in coordination to ensure a timely, complementary, and coherent response of all actors involved at the level of the EU and Member States while fully respecting the mandate of the United Nations in the field. It shall be taken note that alignment of Member States' humanitarian priorities and programming requirements is a challenge which requires further work. Last, but not least, another added value of the EU is that in a world, where responding to emergencies gets increasingly media driven, the EU can balance this out in making sure that also forgotten emergencies receive adequate political attention and funding.

2) Link with other priorities

➤ **Ensuring Policy Coherence**

Beyond discussing external action instruments, the EU (and the global development community at large) needs to shift from the narrow aid effectiveness framework to a broader agenda on development effectiveness, which is called Policy Coherence for Development. This approach promotes the diversity and complementarity of all external cooperation instruments (including aid), policies and actors in development with the view to produce sustainable positive impact for peoples' lives through addressing the root causes as well as the symptoms of poverty and inequality.

The Lisbon Treaty seeks to ensure greater policy coherence between different EU external relations actions. This should also be reflected in increased transparency of the EU budget on how the different external relations instruments interact with each other.

➤ **Links identified**

In addition to this fundamental remark, Caritas wants to point to a number of areas where synergies can be found and further reflected upon:

- Food security is linked to Food Aid (see EC Communication on Humanitarian Food Assistance).
- The link between DRR and CCA should be reflected in priorities and programming.
- Good governance is important for humanitarian access and because the state bears the responsibility to respond to natural disasters (IDRL).
- Other priorities relevant to the sustainability of results of humanitarian action and thus complementary to humanitarian aid include reconstruction and development efforts (focused on poverty reduction), disaster prevention, CCA and attention for human rights.
- The Food Aid Convention needs to be reformed to trigger a common understanding of what humanitarian food assistance stands for and to ensure that it is needs based and principled.
- Funding for food assistance should guarantee the flexibility of aid mechanisms and reflect the needs of crisis-affected populations, local capacities as well as cultural preferences concerning food items

3) International Security

➤ **Avoiding politicization of aid**

The link between security and development is generally seen in the sense that for development to be effective it needs a stable and secure political environment. Another approach understands development rather as a precondition to security. Linking up the two has given rise to the existence of comprehensive or integrated approaches which must be considered as highly problematic from a humanitarian point of view as they tend to mainstream humanitarian and development approaches into foreign policy and security strategies. This is leading to a further politicization of aid and to perceptions that aid workers are party to the conflict in war and conflict affected areas. As a result, humanitarian space (defined as access to populations in need) is shrinking and aid workers becoming increasingly targets in zones of war and conflict.

Therefore, it cannot be must be stressed enough that in responding to crises, humanitarian aid, development, conflict prevention and peace-building should all have priority over military-driven crisis management activities. The *European Consensus on Humanitarian Aid* emphasises that EU humanitarian aid is not a crisis management tool, but that it is to be delivered based on the identified needs of the people in distress according to humanitarian principles and international law (including Human Rights Law, Refugee Law and International Humanitarian Law).

4) Humanitarian Aid

➤ **Sufficient funding for increasing humanitarian needs**

It is expected that over the coming years global humanitarian needs and related costs are constantly increasing. Therefore, the challenge for the humanitarian system is to have more programmes in a number of diverse geographical areas for a longer time simultaneously.

Cumulative effects of climate change, land use pressures and demographic change (including urbanisation) increases the vulnerability and exposure to natural disasters. Various recent reports (UN, Red Cross, EU-ECHO, British Government, CSIRO-Australia, etc) forecast an

increase in number, frequency and intensity of natural disasters and the consequential large scale destruction of property and livelihoods. Also human disease pandemics have expanded (with the top three killers being HIV/AIDS, malaria and TB) with an associated cost in human and socio-economic terms. There may be a growing number of animal diseases 'crossing' to humans as it was the challenge with avian influenza.

In the last couple of years ECHO has received between 100 and 200 million EUR from the Emergency Reserve but not a single extra staff position in Brussels was created to handle the increased workload. Overstretching DG ECHO's staff is not only very detrimental for the involved persons but also for the quality and speed of its service. This suggests two things 1) that ECHO's annual budget is insufficiently resourced, which needs addressing at a structural level, and 2) that staffing levels should be adapted accordingly. Caritas recommends that two major emergencies of the scale and size of Haiti and Pakistan 2010 to be factored into each annual budget which translates approximately into 200-300 million EURO of additional funding. Caritas recommends also keeping the Emergency Reserve as an instrument of funding with an additional 100 million EUR. Access should be restricted to DG ECHO only.

➤ **Coordination with civil protection**

Caritas wants to stress that Civil Protection has a complementary role to play in large scale natural disasters, if based on humanitarian needs assessment and under coordination of the UN.

➤ **Keeping a separate DG for Humanitarian Aid**

It is vital to make sure that the funds allocated to EU humanitarian aid remain separate from other instruments of external action funding. Having a specific EC service for humanitarian aid (DG ECHO) contributes to ensuring that EU Humanitarian Aid is allocated based on identified humanitarian needs, as well as showing independence from other external action funding instruments, which are more politically driven.

➤ **Linking Relief and Rehabilitation to Development (LRRD)**

However, with the view to enable and facilitate the transition between humanitarian aid, rehabilitation and development, continuity, flexibility, and complementarity of the EU and Members States cooperation instruments must be strengthened.

5) Geographic versus thematic instruments

Caritas endorses the statement made in the CONCORD Paper entitled "Principles for the EU Multiannual Financial Framework (MFF) 2014 -???", which states that: "New delivery instruments and modalities must be based upon the analysis of the recommendations from reviews of the external actions instruments under the current financial perspective 2007-2013¹ including recommendations on aid modalities and on cross-cutting issues such as gender, environment, human rights or the role of civil society actors.

➤ **Geographic and thematic instruments are complementary**

As CONCORD is stating it, "both single country and multi-country approaches are legitimate and complementary to each other. Funding for development should be made available along both geographic and thematic lines, in order to promote aid effectiveness and ensure that there are no gaps in aid delivery.

The maintenance and review of instruments and programmes in the future MFF should be based on their proven effectiveness and impact on poverty reduction and development rather than on their political relevance in the context of new EU interests and priorities".

¹ In particular the recommendations from consultation meetings and on-line consultations and from reports commissioned at the occasion for the mid-term review of existing instruments, including in case of support to CSOs, the Court of Auditors' report, the Capitalisation Study on the 9th EDF, the mid-term review of the NSA&LA thematic programme, and the CONCORD reactions to them (which provide the CSO perspective on feasibility of the recommendations).

6) Differentiating among partner countries

➤ Country allocations must be guided by human development criteria

Caritas is concerned that allocation of EU aid to developing countries is often determined by European economic, political or security interests, which is demonstrated by the following examples.

- In 2009 ECHO's humanitarian aid budget to Palestine was largely out of balance in relation to humanitarian aid to Congo (66 million EUR for Palestine compared to 45 million EUR for DRC).
- In 2010 Turkey was the largest recipient of European Commission "aid" and only 44% of EC aid went to Least Developed Countries.

Caritas supports CONCORD's position that "ODA envelopes must be allocated to developing countries on the basis of harmonised and objective criteria relating to the needs and the conditions necessary to realise poverty reduction, development policy objectives and the MDGs. Foreign policy or economic interests of the EU should in no way interfere with these decisions. Allocation criteria should be transparent and subject to an inter-institutional agreement between the EC, the EP and the EEAS. Logically, criteria based on human development needs, inequalities and vulnerability of populations will prioritise overall funding and grant-spending in Least Developed and Low Income Countries. It does not mean that aid to the Middle Income Countries (MICs) is not essential for the EU poverty eradication mandate. In MICs - where three quarter of world's poorest live - differentiated instrument and aid approaches, guided notably by rights-based approach and the cross-cutting priorities identified in the European Consensus on Development can be a powerful catalyst for tackling inequalities, marginalisation and poverty and for the promotion of democratic and peaceful societies".

In addition, EU humanitarian aid should always be needs based and be targeted to affected populations (rather than specific countries), as demonstrated by humanitarian needs assessments and not by applying other political criteria.

7) Like mindedness and conditionality

➤ In terms of like mindedness:

As the biggest humanitarian donor, the EU can influence the international humanitarian agenda and multiply good donorship practices, such as respect for the humanitarian principles and attention for the Good Humanitarian Donorship initiative. Breaches of IHL should be addressed in making maximum use of the current legal framework and in further strengthening it.

➤ In terms of conditionality:

Caritas advocates for an approach in development and humanitarian aid which is clearly needs and rights based.

It shall be noted that the recently launched [Green Paper: "EU development policy in support of inclusive growth and sustainable development – Increasing the impact of EU development policy"](#) proposes a set of conditions for EU and MS development programmes, namely demonstrable added value, effective EU coordination, perspective of leverage in terms of sound policies and additional funding for development. In the view of Caritas, these conditions are insufficient and not all appropriate either. One essential condition missing is that the envisaged programs are clearly adapted to local needs, aligned with partner country poverty reduction strategies (in compliance with Paris Declaration principle of ownership and alignment) and emerging from a constructive dialogue with partner institutions and beneficiaries.

Caritas recalls of what is stated in the EU Humanitarian Consensus that “humanitarian aid is not a crisis management tool”. This definition clearly rules out that humanitarian aid may be used for fighting terrorism. Humanitarian aid must be provided on the basis of needs alone in compliance with the humanitarian principles of humanity, neutrality, impartiality, and independence as a crucial condition to protect humanitarian space and enable humanitarian actors to provide services to crises affected populations.

Likewise in the field of development should donor states refrain from weaving political conditions, based on, and driven by security agendas, into the allocation criteria for development funding. Caritas is concerned that, with security being so high on the agenda, countries and regions of strategic importance to the EU from a security perspective will benefit most in terms of financial support, to the large detriment of countries and regions where needs are greater, but which may be of less strategic interest to the EU. This approach would also undermine achievement of the Millenium Development Goals.

8) Simplification of instruments

➤ Call for simplified procedures

Caritas wants to underline the position taken by CONCORD that “Civil Society Organisations in developing countries often face challenges when trying to access EU funds managed by the European Commission. Under the new Multi-Annual Financial Framework, the EU must simplify call for proposal procedures and financial management and reporting systems, in order to ensure that local and grassroots civil society actors are no longer disadvantaged or dependent on international partners when applying for or implementing projects under EU funds. The EU must also put in place alternatives to calls for proposals as this implementing mechanism does not respond to all the needs and situations. Furthermore, the EU’s new financing instruments for development must allow taxes, including VAT, and losses incurred due to exchange rates to be covered by EU funded project costs”.

➤ Protecting the diversity of partners in humanitarian aid

Equally in humanitarian aid, the push to working in consortia creates a series of concerns as in the existing model of partnership agreements with ECHO the full liability rests with the contract holder. While a consortia approach might not be a bad thing per se in terms of scaling up a given response and improved coordination, one would need to look at each situation on a case-by-case basis. Caritas wants to stress that working in consortia might pose an enormous challenge for the diversity of the NGO community, in particular for those who are small and medium sized organisations, which will probably never be considered to take on a consortium lead or who might be afraid of taking on the liability risk. Caritas therefore calls for a coherent policy which does not undermine the diversity of partners and the added value they bring as large, medium and small sized NGOs to the partnership with ECHO.

9) Role of financial institutions (not addressed)

10) A role for the business community (not addressed)

11) Coordination with Members States

In humanitarian responses, the UN is the main coordination body, which should be accepted by Member States.

In terms of coordination, joint programming could be sought, which, in principle, should lead to better impact and coherence. But the real implication in humanitarian aid is often an increased risk for the contract holder who bears the full responsibility for implementation along with fulfilling heavy administrative requirements. Caritas therefore calls for

administrative procedures to be simplified in order to reduce the burden of European and local partners at all levels. Having this said, effective donor coordination is more important than joint programming and co-financing. In this regard, alignment of Member States' humanitarian priorities and programming requirements is a challenge which requires further work.

ECHO has a particular role in coordinating Member States in the area of civil protection. A better coordination (of civil protection assets) will also lead to better EU visibility and efficiency.

12) Co-financing with beneficiary countries and joint cooperation with emerging donors

➤ Co-financing with beneficiary countries

In terms of co-financing arrangements with beneficiary countries, it is essential to embark on rather long-term than short-term approaches and to guarantee the highest degree of aid effectiveness. This means ensuring higher national ownership over the development process by partner countries receiving aid. Participation of civil society in development planning and budgeting remains fundamental. Donor harmonisation and coordination will help reduce costs and administrative burden borne otherwise by partner countries; these principles call for a simplification of budgetary procedures. Mutual accountability and transparency, including also budgetary processes, are other key elements of aid effectiveness.

It is desirable to use EU aid to help developing countries mobilize domestic resources, for example through reinforcing their tax administrations and strengthening their mechanisms for stopping illicit capital flows and tax evasion. Additional funding can also be mobilized through further regulating the banking systems, suppressing tax havens, and adopting innovative financing mechanisms, in particular using international taxation. To start with, Caritas calls on all Member States to adhere to the tax on flight tickets and put in place a tax on change transaction in Euro and British Sterling. While the EU should advocate this agenda through multi-lateral channels, specific measures must take place in the short term in the Euro-zone. More domestic funds could be made available should Europe agree to cancel all poor countries' illegitimate debts (borrowings that never benefited populations) and put in place a new framework for debt focusing on the mutual responsibility of both parties, in order to avoid another debt crisis.

➤ Joint cooperation with emerging donors

Cooperation with non-Western donors could be useful in the context of promoting acceptance of humanitarian actors and respect of International Humanitarian Law, resulting in improved access to beneficiary populations in sensitive contexts.

Given the acknowledged importance of Disaster Risk Reduction, this should be backed by increased funding, for which the EU can play an advocating role with other donors to place it high on their development agenda as well.

13) Cooperation with international organisations and other bilateral assistance

In the opinion of Caritas, donor coordination is especially important in the field and seeing a stronger donor coordination mechanism emerging around UN clusters would certainly benefit both the efficiency and effectiveness of humanitarian responses.

Pooled funding for humanitarian response has the potential to be useful and effective, but the existing system needs to be improved before this is a reality. To date, pooled funding has not been demonstrated to improve efficiency and quality delivery of humanitarian aid, involving more overheads, and being less timely.

ECHO has added value in funding a diversity of humanitarian partners and forgotten crises directly which leads to better accountability and transparency than through pooled funding,

14) Performance evaluation

In the view of Caritas, the focus should be rather on making best use of evaluation results and translating them into practice than on more evaluation.

Current funding rules are more than enough to ensure accountability of humanitarian aid; the administrative burden should be decreased for partners' efficiency.

Impact of humanitarian and development aid is best improved by monitoring during the implementation phase rather than by ex-post evaluations. This is even more true in the context of humanitarian aid, given its short-term nature and focus on immediate needs.

Caritas also holds the view that different evaluation criteria shall be applied for evaluating humanitarian aid and development project/programs due to their different nature and time-span. In the case of humanitarian aid, evaluations should be results based rather than simply focusing on quantitative statistical figures, which is a too narrow view to take, or on impact, which is generally out of scope because of shorter timeframes. In the field of development, evaluating impact shall be considered the most appropriate level of measurement as the ultimate positive or negative consequences will only surface over a long-term period.

15) Visibility of external action

Although visibility is important for a variety of reasons, the EU has to bear in mind that every EUR spent on visibility cannot be spent any more on project/programs and thus potentially reduces impact. Therefore, the challenge is to get the balance right between funding for visibility and funding in support of project/programs. In this sense Caritas promotes a more effective use of existing visibility funds rather than more funding. At the same time, a new approach to visibility should be sought.

In the view of Caritas, visibility of the EU's external action should not be reduced to a communication exercise for the sake of showing media presence and profiling institutions or personalities. If the interest is only to showing taxpayers back home that their money has arrived and been invested, then the danger is to overlook a wide range of projects/programs which are not so well placed in terms of generating positive public attention (i.e. projects in psychosocial assistance), but which would well qualify in terms of impact in changing people's lives to the better.

It is along these lines of demonstrating impact of projects/programs as opposed to a concept of pure marketing that visibility should be understood. Visibility shall be intrinsically linked to accountability but as a two-way process including accountability to taxpayers as well as to beneficiaries, the latter being too often neglected. Hence, visibility plays an important role from the perspective of monitoring & evaluation. In order to strengthen accountability to beneficiaries, the EU should actively incorporate a complaints mechanism where it funds projects/programs and promote this among beneficiaries in ways which are appropriate.

Furthermore, raising awareness of the complexities in which humanitarian aid and development aid has to be delivered and the challenges coming along with it, should be given a higher priority within the EU and find its way into the curricula of A-level and higher education.

16) Other suggestions

➤ Eligibility of VAT

It is a problem for civil society organisations that VAT are not considered eligible costs by EuropeAid and therefore contract partners have to cover these expenses from their own budget.

This issue needs addressing also in terms of policy coherence: If the EU promotes sustainable development of their partner countries, this implies that those governments have to generate sufficient resources based on a fair tax system. Therefore, it is contradictory if the EU denies paying a reasonable percentage of value added tax and shifts this burden to its contract partners.

Caritas Europa

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