Promoting Social Justice Worldwide

Caritas Europa's Contribution to the Multiannual Financial Framework

The UN 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals have been adopted by all EU Member States. It represents a commitment to eradicate poverty and achieve sustainable development by 2030 worldwide, ensuring that no one is left behind. The 17 SDGs and their 169 associated targets are global in nature, universally applicable and interlinked.

The EU is expected to have a significant impact on achieving the SDGs in Europe as well as worldwide. Making maximum use of its legal competence, supported by its financial programmes, the EU can encourage its Member States to achieve the SDGs at national level. As the world's biggest development actor, the EU's policies play a central role in the implementation of the 2030 Agenda. But no positive impact in the lives of those most excluded will be achieved if the Agenda's transformative principles and policy priorities are not reflected in the next Multiannual Financial Framework.

These principles, leaving no one behind, respect for human rights and participation and dialogue, entail designing policies that redirect the attention to those furthest behind. They also demand addressing the social, economic and environmental dimensions in a balanced manner, while anchoring decisions in human rights obligations, through more coherent funding priorities in line with sustainable development.

Bearing this in mind, Caritas Europa's proposals for an EU budget that actively contributes to the promotion of social justice worldwide are structured in answer to the following four questions:

What for?

(1) *The EU as a responsible and caring global player*. The EU budget is crucial to put the European values in practice, and solidarity and human dignity should also be at the forefront of EU External Action. In that sense, greater efforts will be needed to eradicate poverty and promote social inclusion of vulnerable groups. The heading devoted to EU external policies and action has to show how the EU plans to contribute to the common good worldwide, in response to the 2030 Agenda and the Paris Agreement commitments. Both agreements are complex and far-reaching in their nature and demand further convergence between internal and external programmes, as well as full coherence with Human Rights obligations in internal and external EU policies to address common worldwide challenges. An enhanced approach of policy coherence for sustainable development is therefore needed to avoid that the MFF supports contradictory purposes. The new MFF should, for instance, support solidarity sharing with third countries in the context of the external aspects of EU asylum and migration policies. On the one hand, the EU should not offload its protection responsibilities under international refugee law to developing countries. On the other hand, it should recognise that migration is a natural phenomenon, which will continue and cannot be reduced to a security threat. Rather than increasing financial investment in border controls, positive policies to enhance safe human mobility should rather be foreseen under the MFF.

(2) *A social policy and a development cooperation that maintain the focus on poverty and inequality*. The Agenda 2030 reaffirms the important role public finance plays in the provision of fundamental rights such as health, education or social protection, especially in Least Developed Countries (LDCs). In addition, the principles enshrined in the European Pillar of Social Rights provide a roadmap for achieving SDGs in the EU. Likewise, the Lisbon Treaty clearly states that development cooperation has as its primary objective the reduction of poverty, and in the long-term, its eradication (art. 208). Accordingly, the European Consensus for Development recommits the EU development efforts with the achievement

of a life of dignity for all, targeting the efforts towards eradicating poverty, reducing vulnerabilities and addressing inequalities to ensure that no one is left behind. Hence, EU efforts within the new MFF should be focused on those long-term objectives, which can only be attained by supporting partner countries' national plans to achieve the SDGs and by contributing to global public goods in a responsible manner. The EU should thus refrain from using development aid as an instrument to fulfil strategic objectives other than poverty eradication and developing countries' needs and priorities as per development effectiveness principles. In particular, development aid should never finance border control activities and should not be leveraged to pressure developing countries to collaborate with the EU on migration management and return policies. By the same token, development aid, regardless of its use, should not be disproportionately allocated to particular countries on the basis of their strategic relevance from a migration point of view – i.e. countries with high rates of emigration or countries of significant transit migration. Not only is this approach likely to run counter to its expected outcomes – evidence shows that development tends to lead to more, rather than to less migration, at least in the short-term – but also to divert much needed development aid away from other (less strategic) countries most in need.

Within Europe, European Funds have to be used to combat poverty and social exclusion through investment in people. With groups such as long-term unemployed (young) people, working poor, single parents, children and migrants and refugees being at risk at poverty and social exclusion, Europe needs to invest in these groups and in innovative initiatives to support them. European Funds have to be used to introduce an EU-level "long-term unemployed guarantee" that includes a comprehensive, dynamic and easily updatable mapping of skills as well as targeted training and lifelong learning opportunities linked to labour market demands. The implementation of the European Pillar of Social Rights is crucial for combating poverty and social exclusion in Europe and therefore needs to be supported by European funding. In times of rising populism and EU scepticism, the European Union should focus its internal investments in social cohesion and in funds that directly target those most in need.

How much?

(3) *Guarantee enough public support for social investment and for development*. EU social policy initiatives should continue to be supported by the relevant programmes, maintaining resources at least at the same level while improving the efficiency of the programmes by enhancing synergies. At least 30% of the European Social Fund (ESF) should be earmarked to fighting poverty and social exclusion, next to food aid and social inclusion measures funded by the European Fund for the most Deprived (FEAD). EU external policies and action should reflect an increase of, or at least maintain, the current levels of EU Official Development Assistance (ODA) to be able to respond to increasing development challenges, while aiming, together with Members States, to reach the 0.7% target of GNI dedicated to ODA in a timely manner. Development cooperation has proven a positive impact in tackling the root causes of poverty and inequality worldwide and should therefore have a prominent role in EU external action, while ensuring that its pro-poor and pro-inequality approach is not diluted within the Total Official Support for Sustainable Development (TOSSD), the new measure currently under discussion at international level.

In that sense, it must be ensured that the potential inclusion of the European Development Fund (EDF) in the next MFF, proposed by the European Parliament, does not lead to an overall decrease of EU development aid, compared to the funds allocated currently.

How managed?

(4) *Enhanced democratic scrutiny*. The European Parliament is the only EU institution whose representatives are elected by citizens' direct suffrage. Therefore, the next MFF must ensure full budgetary and control authority from the EP in all Internal and External Financial Instruments (EFIs). This parliamentary oversight should also include any flexible aid modalities, in the vein of the EU Trust Funds, which could be promoted under the new budgetary framework.

(5) *Ensure predictability while allowing a certain degree of flexibility*. Achievement of the SDGs requires long-term national development efforts and strategies. The European Semester, guided by the principles of the European Pillar of Social Rights, should be the tool to reconnect to upwards social convergence in the EU. ODA has played an important role providing much needed financial support to those efforts, especially in countries where access to other sources of funding have proven challenging. But without predictability, which is the capacity of a certain government of knowing how much external support will be received in a certain period to support its national strategies, development impact will be undermined.

On the other hand, we live in a more complex world and some contexts may require a certain degree of flexibility in budgetary allocation to facilitate a comprehensive and rapid response to exceptional, unforeseen needs. This can be achieved through the establishment of contingency reserves in each instrument. In any case, flexibility should not lead to investments or expenses that are not aligned with partner countries' context-dependant development needs, and responds to EU short-term self-interests.

(6) Simplify access to EU funding. Complicated and burdensome application procedures, high co-financing requirements as well as over-complex evaluation and audit systems have proven very difficult for CSOs to access EU funding. All European funding programmes therefore have to be radically simplified. Potential solutions such as simplified cost options and reduced indicators have to be discussed with partner organisations and beneficiaries at European and national levels.

Who by?

The 2030 Agenda calls for enhanced partnerships of all sectors involved in sustainable development. Hence Governments, Local Authorities, the private sector, and Civil Society Organisations, among others, are called to play a role towards the achievement of the SDGs. However, this should be accomplished taking into account the different nature of the human rights obligations and the role of each actor in this, and the European Financial Instruments under the new MFF should be acknowledged and be designed accordingly to this. In that sense, Caritas Europa calls to:

(7) *Reflect the prominent role CSOs play toward achieving social cohesion, democracy, peace, development and ensuring the voice of the most underprivileged is heard.* Civil Society is a key actor for a vibrant democracy and for an active citizenship that contributes to making sustainable development possible in a way that leaves no one behind. Involving civil society in policy making is encouraged in development policies, the implementation of the SDGs and also in human rights norms. Therefore, the new MFF should strengthen support and finance to allow active citizenship as a critical enabler in the fight against poverty and in the pursuit of social justice and equality. In doing so, EFIs should put the focus on grass-roots and local civil society actors with established connections to people experiencing poverty and vulnerability, through a wide range of financial mechanisms that acknowledge the social diversity and different roles CSOs play. The MFF should also make funds available to programmes that explicitly address threats to civic space. Human rights defenders and their organisations have to

receive special attention, not only in terms of financial support, but also deploying all the political and diplomatic resources available to protect them. In this context, faith-based organisations can contribute substantially to national and local level efforts to achieve inclusive sustainable development and human rights, as actors that are trusted and deeply rooted in communities.

(8) *Engage with private sector, and only when it proves an added value in terms of pro-poor development impact.* Financial instruments like loans, guarantees or equities do not provide adequate financing of social or development projects. Public Private Partnerships appear to be a very much desired tool for SDG implementation, but countries have shown so far very little capacity to engage the corporate sector under regulatory frameworks capable to ensure a positive development impact. Therefore, a highly cautious approach to private sector engagement and blended finance has to be adopted in particular in country contexts where governance is weak, or there is no political space for civil society. ODA is a very scarce resource and development additionality should be clearly ensured. Private sector engagement in development cooperation should basically put its focus in local micro, small and medium size enterprises, cooperatives and on social economy business models and to reach those with little access to financing, guaranteeing finance inclusiveness of excluded groups. In no case should engagement with private sector lead to the privatisation of delivering social services and allocating social rights.