

Simon and Mikaela's Ten Point Charter for the Financial Perspectives

1. Make sure there is enough ODA funding to maintain the European Commission's share in total EU ODA at 20% or greaterⁱ.
2. Add additional money for climate finance, governed by a separate instrumentⁱⁱ.
3. Reduce to a minimum the number of separate instruments and thematic programmes, and ring-fence ODA in all instrumentsⁱⁱⁱ.
4. Establish non-ODA but related sources of funding for developing countries, especially for conflict prevention and crisis management, including by combining the CFSP, the Instrument for Stability and the Africa Peace Facility from the EDF^{iv}.
5. Write the key developmental criteria from the Lisbon treaty into the governing principles of the Financial Perspectives, to cover all development-related instruments, including poverty reduction, human rights, conflict prevention, and the provision of global public goods. Allocate funding transparently between instruments and countries so as to maximise impact in terms of these criteria^v.
6. Do not attempt to budgetise the European Development Fund (EDF) at this stage, and maintain the EDF as a separate fund at least until the expiry of the Cotonou Agreement in 2020^{vi}.
7. Ensure budget flexibility across headings and incorporate contingency flexibility within individual instruments, so as to be able to react on a sufficient scale to humanitarian emergencies and global economic crises.
8. Refocus cooperation with Middle Income Countries, making provision for greater loan finance blended with grants, for example through the EIB, but limiting loans to 15% of the total for both ODA and climate funding^{vii}.
9. Build into the development-related instruments the mutual accountability mechanisms which characterise the EDF, including oversight by a joint Council of Ministers and joint Parliamentary Assembly, as well as arbitration procedures^{viii}.
10. Insist on provisions for transparency and accountability, monitoring and evaluation, for example by incorporating a transparency guarantee into the Financial Perspectives.

ⁱ It is important to enter into the Financial Perspectives discussion with a view as to the comparative advantage of Community Action in aid, and the part the Commission will play in the future global aid architecture. At present, the EC share of EU ODA is about 20%, meaning that the Commission disburses more ODA than the World Bank and about the same as the whole of the UN. If EU donors meet the pledges they have made for 2015 (0.7% of GNI for the EU-15, 0.33% for the EU-12), then aid will about double. Thus, the same will need to be true of EC aid if the 'market share' is not to fall. What share of planned increases should be attributable to the budget, what share to the European Development Fund (EDF), and what to other (new) modalities?

ⁱⁱ The EU has committed to making an appropriate contribution to 'new and additional' climate finance of \$US 100bn p.a. by 2020, as agreed in the Copenhagen Accord, but has not yet specified what share of this will be public money, nor what is meant by additionality. To avoid encroaching on ODA spending, a separate climate instrument is proposed.

ⁱⁱⁱ The level of earmarking should be kept to a minimum in order to reduce transactions costs, allow for flexibility, and encourage coherent planning of the ODA budget as a whole. The appropriate point at which to influence spending (e.g. for the European Parliament) is in the annual budget submission, not the Financial Perspectives. Thematic Programmes, in particular, should be discouraged, following the precedent established in the current Financial Perspectives. As far as instruments are concerned, one per Commissioner should suffice.

^{iv} This is to ensure that the Commission can provide a range of contributions to peace-making, -building and -keeping, without running foul of DAC rules on what expenditures are eligible as ODA.

^v This provision is to encourage debate and decision on important questions, like the share of ODA to be allocated to Middle Income Countries (MICs), or instruments (e.g. ENPI) which favour MICs.

^{vi} The reason for this provision is that incorporating the EDF into the budget at a time of severe budget constraints would probably mean a reduction in the overall level of ODA.

^{vii} Blended finance should be encouraged, but the temptation to replace grants with loans on a large scale should be resisted, especially in Low Income Countries. The DAC average share of loans in ODA is 15%.

^{viii} These provisions provide a valuable element of joint accountability, and would be sacrificed if the EDF were budgetised. It would be desirable to extend them to the budget, without sacrificing accountability to the European Parliament.