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## 1. Introduction

### **The Proposal in Context**

The European Union prepares its annual budgets within a framework of so-called Multiannual Financial Frameworks. The current framework, agreed in late 2005, covers the period 2007 to 2013. As part of the framework concluded at that time, the EU Member States agreed that they would ask the European Commission to undertake a *'full, wide ranging review covering all aspects of EU spending, including the CAP, and of resources, including the UK rebate, to report in 2008/9'* as a prelude to the next round of negotiation.

This review took place, and QCEA published a [series of briefing papers](#).

The European Commission published a [report on this review](#) in October 2010. QCEA joined a broad platform of NGOs in a [response](#) to this.

On 29 June 2011, the Commission followed this report on the review with a Communication setting out its proposals for ['A Budget for Europe 2020'](#) which is accompanied by several supporting documents.

### **Why is QCEA Working on this Issue?**

There are a number of different reasons; first, the policy areas within the EU framework which we are actively working on are affected by the EU budget; how the EU spends its money has an impact on how effective it is in pursuing the policies we wish to support and in how extensive its spending is on policies we are critical of. Knowing where the money is, where it comes from, and where it is going, is a key component of effective advocacy.

On one level, it could, of course, be argued that the budget is simply a reflection of the policies and so we could address the issues from the policy specific perspective only. However, once budgets are framed, once the money has been directed into a certain way of working, this also affects the space there is for the framing of alternative policy. So looking at this from the perspective of the budget is also important.

Secondly, having a budget framework which is transparent and which is understandable for citizens is part of good governance and therefore important for the democratic accountability of the European Union. The issue of democratic accountability has been a part of our work programme since 2002 and this strand of work is part of it.

### **What does QCEA do in this Context?**

At its most basic, we keep informed of what is happening politically with the financial developments and we try to keep Quakers and others who support/follow our work informed of these developments. This briefing paper is part of this information process.

More specifically, we seek to understand the implications of the financial framework for the areas of policy we work on. In that context, we are part of three NGO working groups which address different aspects of this:

- The [Funding for Peace Working Group](#) within the [European Peacebuilding Liaison Office](#) where we focus on the external action part of the budget framework
- A loose network of NGOs, scientists' organisations and scientists focusing on the Research part of the budget framework
- The [Civil Society Contact Group](#) Working Group on this Multiannual Financial Framework which QCEA chairs.

In the preparation phase for the publication of this European Commission Communication, the European Commission has also undertaken a large number of public consultations on different aspects of the financial framework, and QCEA has responded to several of these independently; at least some of this has focused on the elements of the framework which related to Energy Security and Climate Change.

This briefing paper will look at all these different strands of the proposals in more detail.

## **2. Overview of the Proposal**

The European Commission Proposal comes in several documents which are interlinked. They can all be found on the European Commission website on [Financial Programming and Budget](#). Briefly they are:

- **A Budget for Europe 2020 - Part 1**
- **A Budget for Europe 2020 - Part 2** (detailed information on a policy by policy basis)
- **A Budget for Europe 2020 - Staff Working Paper - The added value of the EU budget**

This list is not exhaustive - there are 7 other documents.

### **Part 1 - A Broad Overview**

Part 1 of the document is a summary of the proposals contained in all the other documents and represents the high level policy context. It is heavy on words and light on numbers. It makes broad policy claims about what it aims to achieve without being very specific about how it will do that. There are some key points that jumped out at me.

- There is reassurance that this budget will not cost taxpayers any more than the current budget does, despite the fact that the EU has a number of new challenges and a number of new areas where it is intended to be active as a result of the most recent Treaty (the Lisbon Treaty).
- It focuses again and again on the concept of EU added value
- It stresses that it seeks to 'mobilise private finance' wherever possible without any reference to any lessons that might already have been learned from Public Private Partnerships in Member States
- It talks about growth as the key driver; there is virtually no part of this budget where growth is not mentioned in some way. In the introduction, President Barroso says:

*'A large part of the budget will be aimed at getting people into work and the economy growing, tied in with the Europe 2020 strategy for smart, sustainable and inclusive growth.'*<sup>1</sup>

It has a very strong undertone of: we want it all - growth, prosperity, more of everything, but it is going to be sustainable nonetheless.

### **What is in the Proposal?**

The **headline** is that the EU budget will remain within the current financial limits - and a bit below them, actually - at just over 1.11% of Gross National Income. This is important. In the last round back in 2004/5 when the current framework was discussed and decided, much of the debate between the Member States and the European Parliament (both of whom have to approve this framework) was about this headline figure. Member States wanted to make it lower; the European Parliament wanted to make it higher.

That said, in a discussion at the European Policy Centre<sup>2</sup> on this proposal on 12 July 2011 - a few days after the proposal was published - EU Budget Commissioner Janusz Lewandowski said in response to a question that the resources allocated (or proposed to be allocated would be more accurate) were not sufficient to meet the challenges facing Europe but that the proposals were shaped under heavy constraints. He was referring here, of course, to the national budgets in EU Member States and the austerity measures that are being adopted at national level in many Member States.

These comments are particularly interesting as in the run-up to the publication of this proposal, there was much speculation in Brussels that the European Commission - in light of these constraints - might make a proposal that was significantly lower than the last one. This has not happened.

There is a proposal to change the **way the budget is funded**. The EU is based on the principle of budgetary autonomy - this has been the case since it was created in the 1950s. For more information on this, see our briefing paper from 2008: [The EU Budget Structure](#). What has happened, however, over the years is that more and more of the funding has come from funding that has been understood by Member States to be 'their contribution' to the budget. This has led to unhelpful discussions about 'I want my money back'.

To improve this, the European Commission is proposing a new so-called 'own resource' coming primarily from a financial transaction tax. This is not likely to fund the whole of the budget right away, but will gradually move to a greater proportion of the budget being funded in this way. One of the several papers the European Commission has just published addresses this issue specifically: [Proposal for a Council Decision on a system of own resources of the European Union](#). It is worth noting that this is a proposal for a Council Decision, i.e. a decision which the European Parliament will not be party to - though they may have an opinion on it and they may make that opinion known.

The proposal sets out the principles that underpin the EU budget and it bears looking at these in more detail. The basic premise is that the EU should fund only in situations where this brings **added value**. There is a whole separate document on this subject but here this is broadly set out as follows (and it bears quoting this in full):

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<sup>1</sup> European Commission, A Budget for Europe 2020 - Part 1, p1, accessed on 14 July 2011 at: [http://ec.europa.eu/budget/library/biblio/documents/fin\\_fwk1420/MFF\\_COM-2011-500\\_Part\\_I\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fwk1420/MFF_COM-2011-500_Part_I_en.pdf) p. 1

<sup>2</sup> Comments paraphrased from an Event Report from the European Policy Centre accessed on 20 July 2011 at: [http://www.epc.eu/events\\_rep\\_details.php?cat\\_id=6&pub\\_id=1321](http://www.epc.eu/events_rep_details.php?cat_id=6&pub_id=1321) p. 2

The EU budget exists to:

- (a) fund the common policies that Member States have agreed should be handled at the EU level (for example, the Common Agricultural Policy);
- (b) express solidarity between all Member States and regions, to support the development of the weakest regions, which also allows the EU to function as a single economic space (for example, through cohesion policy);
- (c) finance interventions to complete the internal market - that not even the most prosperous Member States could finance on their own. The EU budget allows for a pan-European perspective rather than a purely national perspective (for example, by funding pan-European investment in infrastructure). It also helps to cut out expensive duplication between different national schemes pursuing partly the same objectives;
- (d) ensure synergies and economies of scale by facilitating cooperation and joint solutions to issues that cannot be supplied by the Member States acting alone (for example, the pursuit of world class research and innovation, cooperation on home affairs, migration and justice);
- (e) respond to persistent and emerging challenges that call for a common, pan-European approach (for example, in environment, climate change, humanitarian aid, demographic change and culture).<sup>3</sup>

The proposal then goes on to set out in a little more detail the different elements on the expenditure side of the budget. These are (in this order):

- The Common Strategic Framework for research, innovation and technological development
- Solidarity and investment for sustainable growth and employment
- Connecting Europe
- A resource-efficient Common Agricultural Policy
- Investing in human capital
- Responding to the challenges of migration
- The EU as a global player

Below, we will comment on some of these in more detail. Here, it is interesting to see the language that is used to identify the challenges (or budget headings); interesting to note that neither climate change nor energy appear in the titles (though they get a degree of attention in the text - see below).

These different elements translate - to some extent - into main budget headings; however, the first three are in fact parts of the 'smart and inclusive growth' heading proposed.

The communication suggests in the text that this proposal is a major change from the current one in that it addresses new challenges and in that it addresses current/old challenges differently. But when compared to the current framework for the budget - at least in terms of the broad headings - the picture does not look like as much change as might be expected.

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<sup>3</sup> *ibid.*, p. 8

Current Heading	Proposed Heading
<b>Sustainable Growth</b> A. Competitiveness for growth and employment B. Cohesion for growth and employment	<b>Smart and Inclusive Growth</b> Including: Economic, social and territorial cohesion
<b>Preservation and management of natural resources</b>	<b>Sustainable Growth: Natural Resources</b> Including: Market related expenditure and direct payments
<b>Citizenship, freedom, security and justice</b>	<b>Security and citizenship</b>
<b>The European Union and a global Player</b>	<b>Global Europe</b>
<b>Administration</b>	<b>Administration</b>

### 3. The Proposal in Numbers

As already indicated, the headline number is 1.11% of EU GNI (Gross National Income). That includes both the proposed allocation to the five main headings and a number of small allocations to budget lines that are, for different reasons, outside the budget but included in the proposal. Where this is of significance to our analysis, we will say more about these below.

In terms of actual money, this translates into a total proposed budget figure for **7 years (at 2011 prices)** of € 1.083.316 million. This is a very large number and it is hard to put this into any kind of context. In terms of expenditure foreseen over shorter periods of time per EU citizen this translates into:

Per year (average) per person	€292.12
Per month (average) per person	€24.34
Per week (average) per person	€5.62
Per day (average) per person	€0.80

This brings the numbers closer to our experience of real money. What this says is that the EU budget as proposed represents expenditure of less than 1 Euro for every person (adults and children) living in the European Union (population figures: estimated in 2010).

But whilst that is quite a small amount, the total still adds up to a great deal of money and it is therefore important that all of us take an interest in how this is spent.

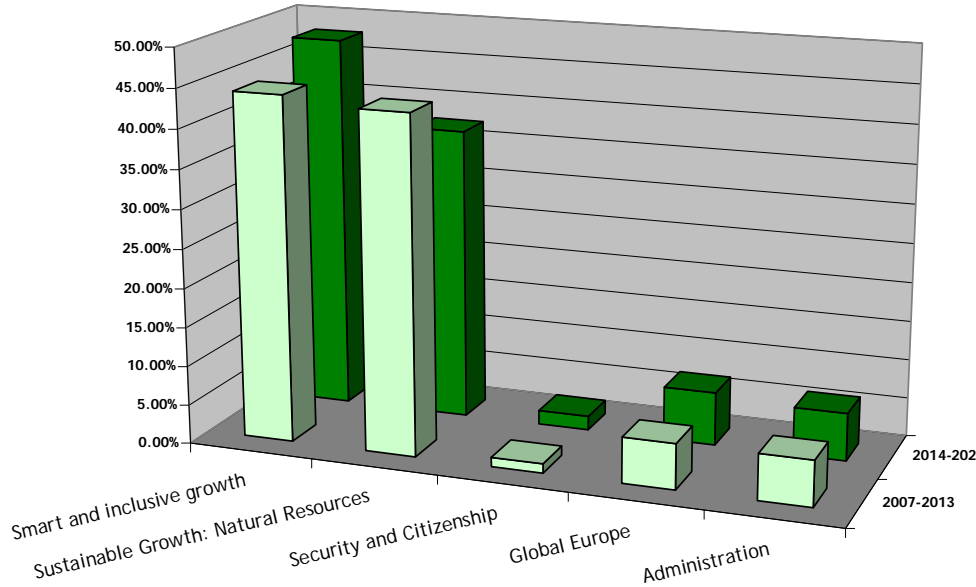
A comparison<sup>4</sup> of the proportions of budget allocation to the 5 different headings in the final agreed framework for 2007 to 2013 and in the proposal now put forward by the European Commission for 2014 to 2020 shows the following picture<sup>5</sup>:

<sup>4</sup> For the graph we have used the proposed headings of the 2014 to 2020 proposal.

<sup>5</sup> The figures are calculated by QCEA; they are extracted from the final agreed financial framework published by the Presidency of the Council of the European Union on 19 December 2005 accessed on 14 July 2011 at: [http://www.consilium.europa.eu/uedocs/cms\\_Data/docs/pressdata/en/misc/87677.pdf](http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/misc/87677.pdf) (p. 33) and for the current proposal from the European Commission Communication: A Budget for Europe 2020 cited above (p. 6).

## Comparison in Percentage Terms - Financial Perspectives 2007 to 2013 and Multiannual Financial Framework 2014 to 2020

Headings as per 2014 - 2020 proposal



If the fact that the main headings between the current and the proposed framework are not significantly different indicates that there is no great change in the overall approach to the budget, these figures further support that perception. The overall allocation to the 5 main headings has not changed dramatically. What has changed at least in part is that there has been an increase in heading 1 and a decrease in heading 2 but in percentage terms this is relatively marginal.

There has been an increase for headings three and four, but both remain in the single figures and represent a small part of the budget.

### 4. Energy and Climate Change

Energy and climate change are both challenges that have been with us for some time. However, in terms of EU policy, particularly energy - or to be more precise - energy security really only surfaced in 2006 and thus did not impact the thinking around the current financial framework. This has changed.

In the Commission Communication of October 2010 reporting on the budget review both energy and climate change are mentioned many times as major policy priorities.

QCEA has been working on a programme of work on sustainable energy security since 2008 and so the way in which both energy and climate change (two closely related issues) are reflected in the proposed budget are immensely important to us.

On the face of it, neither energy nor climate change has a main heading to itself. That is not, in itself, problematic but it is therefore necessary to dig below the headlines to find these two priority areas.

[Part 2](#) of the European Commission Communication is more helpful in going into this kind of detail. This document, which contains what is called 'Policy Fiches' for 20 different policy areas puts a lot of detail around Part 1 of the communication.

In the table of contents there is reference to climate action and to the Environment. But there are relevant references to energy and climate change under other headings, too:

### **Agriculture and Rural Development**

The first reference here is under the heading of direct income support to farmers - the bulk of the funds in this policy area. We are told that: 'in future, 30% of direct payments will be made contingent on compliance with a range of environmentally-sound practices'<sup>6</sup>. The allocation for this part of the policy is set at € 281.8 billion; and thus, 30% of this will be made dependent on environmentally sound practices. We may want to ask: why not all of it?

With reference to the rural development policy aspect of this policy area, this is described as continuing 'to deliver specific environmental public goods, improve the competitiveness of the agriculture and forestry sectors and promote the diversification of economic activity and quality of life in rural areas.'<sup>7</sup> There is no reference to any specific action that will assist in mitigating climate change or reduce the use of energy in farming here or under the heading of direct payments - though in the latter case that might be precisely the kind of compliance being hinted at.

Finally, there is an indication in this section that there will be an allocation of € 4.5 billion in the context of funding for research for 'research and innovation on food security, the bio-economy and sustainable agriculture'.<sup>8</sup>

### **Climate Action**

In this section, the paper re-states the European Union 20/20/20 targets of a 20% cut in greenhouse gas emissions, 20 % cut in energy consumption through efficiency, and 20 % sourcing of energy from renewables. It then goes on to say:

*'Building a low-carbon and climate-resilient economy will enhance Europe's competitiveness, create new, greener jobs, strengthen energy security and bring health benefits through cleaner air.'*<sup>9</sup>

So the driver is still the growth agenda. The paper goes on to suggest that the vast amount of investment needed to achieve these targets needs to come primarily from the private sector but that the EU can act as a stimulus. Spending proposals need to be interpreted on that basis. The paper is very clear about the importance of energy efficiency and investments in that area, a position we welcome.

The general thrust of the policy is to mainstream climate mitigation and it suggest that generally investments should be 'climate-proofed'.<sup>10</sup>

More specifically, it outlines that climate action will be a key pillar of the Common Strategic Framework for Research and Innovation which will focus on areas such as transport, energy, materials research and sustainable bio-economy.

It reiterates the contribution to climate action which the Common Agricultural Policy is expected to make (see above).

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<sup>6</sup> European Commission, A Budget for Europe 2020 - Part II: Policy Fiches, p 4, accessed on 14 July 2011 at: [http://ec.europa.eu/budget/library/biblio/documents/fin\\_fwk1420/MFF\\_COM-2011-500\\_Part\\_II\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fwk1420/MFF_COM-2011-500_Part_II_en.pdf) p. 4

<sup>7</sup> *Ibid.*, pp. 3-4

<sup>8</sup> *Ibid.*, p. 6

<sup>9</sup> *Ibid.*, p. 12

<sup>10</sup> *Ibid.*, p. 13

The key feature of the programme - and the aspect of it which has a separate budget line under this heading - is a programme called LIFE+, a programme which is currently in place and will be continued. It is described as:

*'LIFE+ will continue to act as a platform for the exchange of best practice among Member States and as a catalyst for more effective investments. It will contribute to bottom-up climate action, both for developing capacity building projects at local/regional levels and for supporting private actors in testing small-scale low carbon and adaptation technologies, especially by SMEs.'*<sup>11</sup>

The proposed budget for the LIFE+ programme is € 800 million.

Finally, there is reference to the global dimension with a commitment to the EU's **international climate finance commitments** (though they are not quantified here) and a commitment to allocate at least 25% of the Development Cooperation Instrument to 'Global Public Goods' on climate change and environmental objective. This is a welcome commitment.

### **Economic, Social and Territorial Cohesion**

This represents a major policy area in expenditure terms and is focused on the objectives of the EU 2020 strategy - a strategy which itself is focused on growth and jobs.

Within this policy area, there is a proposed 'Connecting Europe Facility for transport, energy and ICT'<sup>12</sup> of € 50 million.

### **Environment**

This section restates much of what has been said under the heading of climate action and identifies an environment sub-programme of the LIFE+ programme of € 2.4 billion. This is not in addition but rather part of the € 800 billion mentioned above.

### **External Action**

Despite the reference to development policy under the climate action section, the external action section does not have a corresponding reference to climate action and the commitment of 25% for 'Global Public Goods' does not re-appear here. There is a clear need to ensure that there is coherence in programming between different parts of the European Union architecture.

### **Health and Consumers**

This programme is focused on Food Safety and Health for Growth as well as on Consumer Power. There is no reference to energy issues, nor is there reference to climate change. This is maybe not surprising at this level of abstraction; but it is important that the food safety dimension of this programme - which at least in part is about animal health and welfare - is not seen as completely divorced from questions of energy and climate change, given that intensive farming methods and intensive levels of food processing contribute to both energy consumption and other greenhouse gas emissions.

### **Infrastructure - 'Connecting Europe' Facility**

As mentioned above under the heading of Economic and Territorial Cohesion, one of the EU's key priorities is to have a '*pan European **core network** with corridors carrying freight and passenger traffic with high efficiency and low emissions, making extensive use of existing infrastructure, completing missing links and alleviating bottlenecks and using more efficient service in multimodal combinations.*'<sup>13</sup>

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<sup>11</sup> *ibid.*, p. 14

<sup>12</sup> *ibid.*, p. 27

<sup>13</sup> *ibid.*, p. 55



Heading	Proposed Budget <sup>14</sup> (over 7 years in 2011 prices)
• Energy	€ 9.1 billion
• Transport	€ 21.7 billion
• ICT/Digital	€ 9.2 billion
<b>Total 'Connecting Europe Facility'</b>	<b>€ 40 billion</b>
Additional amount earmarked in the Cohesion Fund for transport infrastructure	€ 10 billion
<b>Overall total</b>	<b>€ 50 billion</b>

In fact, and given the € 10 billion for transport infrastructure from the Cohesion Fund, transport has a share of nearly 64%. It could be argued that such a heavy priority for transport ignores the fact that to achieve the reduction in greenhouse gas emissions it is necessary to review the amount of travel we do (and reduce it) and review the transport miles in the things we buy (and reduce them).

The document then sets out a very long list of specific projects included in this budget that are either in the pipeline or being planned. For the transport section of this list, most of them are rail transport projects although there are also 18 which are defined as multimodal (i.e. where it is not obvious which form of transport they are focused on but there is a strong possibility that they involve at least some road transport elements), compared to 53 rail, 1 road, and 9 maritime/inland water ways. Without the budget amounts allocated to each of the projects listed, it is not possible to see the relative weight of rail, road, and waterways/maritime projects in terms of funds.

On the energy side, the focus is on an integrated grid for the transport of oil, gas and electricity. There is no reference in the document to any consideration for more localised generation/distribution of energy from renewable sources. The focus is on what is perceived as energy security - i.e. we have the means to get at the energy resources and to get them to where we want them, rather than in terms of limiting what we need and the distances over which it is transported to us.

## 5. Research and Innovation

The research and innovation agenda of the EU is important and is seen by decision-makers as important. There is a sense that the EU lags behind the US and Japan (and possibly/potentially others) in research and that this will make Europe less competitive.

The research and innovation agenda is heavily geared towards competitiveness, growth and jobs and less so towards solving societal challenges although they are referred to.

QCEA's interest in this area comes from two different programme areas:

- The programme on sustainable energy security is interested in the EU research agenda in so far as it supports the research we think is necessary to assist in bringing about the social, political, and economic changes necessary to achieve a sustainable future.
- The programme on peace is interested in the EU research agenda in relation to the security research agenda which has been focusing almost exclusively on security technology involving the defence industry ([see our separate briefing paper on this subject](#)).

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<sup>14</sup> *ibid.*, p. 57

- The programme on democratic accountability is interested in the EU research agenda because of the significant influence the corporate sector has on the research agenda and the un-transparent processes which bring this about ([see our separate paper on security research for this, too](#)).

The EU has had a research framework programme for some time. It goes beyond the EU itself and includes researchers and other actors from a number of associated countries and globally; these other countries - unless they are developing countries - contribute financially to the research budget.

The current proposal includes a proposed Common Strategic Framework for Research and Innovation (CSF) under the title **Horizon 2020** which is proposed to have € 80 billion. This is up from € 50.5 billion under the current research framework programme and represents an increase of nearly 60%.

The proposal is still very short on detail and simply sets out that there will be three distinct blocks of funding:

- Excellence in the science base
- Tackling societal challenges
- Creating industrial leadership and competitive frameworks.

At this stage, there is no indication how the budget is to be split between these three blocks and indeed, what exactly will be in each of them.

Some of the headings that can be expected in the second block (tackling societal challenges) are: secure, clean and efficient energy; smart, green and integrated transport; supply of raw materials; resource efficiency and climate action; inclusive, innovative and secure societies. QCEA will be interested to see how the research programme frames the security related themes and will advocate for peacebuilding and conflict prevention to be drivers in this - rather than the narrow technology focus of the defence and surveillance industry.

In the third block (creating industrial leadership and competitive frameworks) some of the areas mentioned are: nanotechnologies; space research; low carbon and adaptation technologies.

There was a suggestion in the run-up to this European Commission Communication that the research agenda would include up-front military research; this does not appear to be the case on the face of it; but there are, of course a number of areas (security, nanotechnology, space, to name but a few) which have military aspects; and there is a wide range of research which could be classified as dual-use. We will have to wait for the more detailed proposals for Horizon 2020 specifically - expected later this year - to see the extent to which there are safeguards in this programme to ensure that overtly military research is not funded from EU funds as the Treaties do not allow for this.

## 6. External Action

The European Union is an important actor on the global stage. It has 500 million inhabitants; globally speaking, the European Union is part of the developed world and its Member States are among the rich nations. It has significant trading interests in all parts of the world. The EU and its Member States is also the largest donor of official development assistance. So the actions of the European Union are critical in terms of the well-being of people the world over.

The European Union - in its Treaties - also commits itself to a particular role on the global stage. As it says in Article 3 paragraph 5 of the Treaty on European Union:

*In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the*

*protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter.*<sup>15</sup>

QCEA works on areas relating to peace, human rights, economic justice, and energy security; all these have global dimensions and all these therefore relate to different aspects of the EU external action and external policies. This is therefore one of the aspects of EU policy - and thus the EU budget - we are most keenly interested in. This is not because we hope to access any funds from any of the EU budget for our work - we generally do not. It is, rather, because the way the budget for external action is framed and the amounts of money allocated to different aspects of the EU external action say much about the reality of this policy area.

### **The Policy Objectives - (as set out in the European Commission Communication on a Budget for Europe 2020)**

The Communication sets out 6 broad priorities for this policy area:

1. Promoting and defending EU values abroad
2. Projecting EU policies in support of addressing major global challenges such as climate change, etc.
3. Increasing the impact of EU development cooperation with the primary aim of eradicating poverty
4. Investing in the long-term prosperity and stability of the EU's Neighbourhood
5. Enhancing European solidarity following natural or man-made disasters
6. Improving crisis prevention and resolution.<sup>16</sup>

This is essentially unchanged from the priorities reflected in the current budget framework and the instruments (the legal bases for the different budget lines) are not apparently going to change significantly. We will know more about this in December 2011, when the proposed texts of these instruments are to be published.

### **The Budget Allocation by Heading**

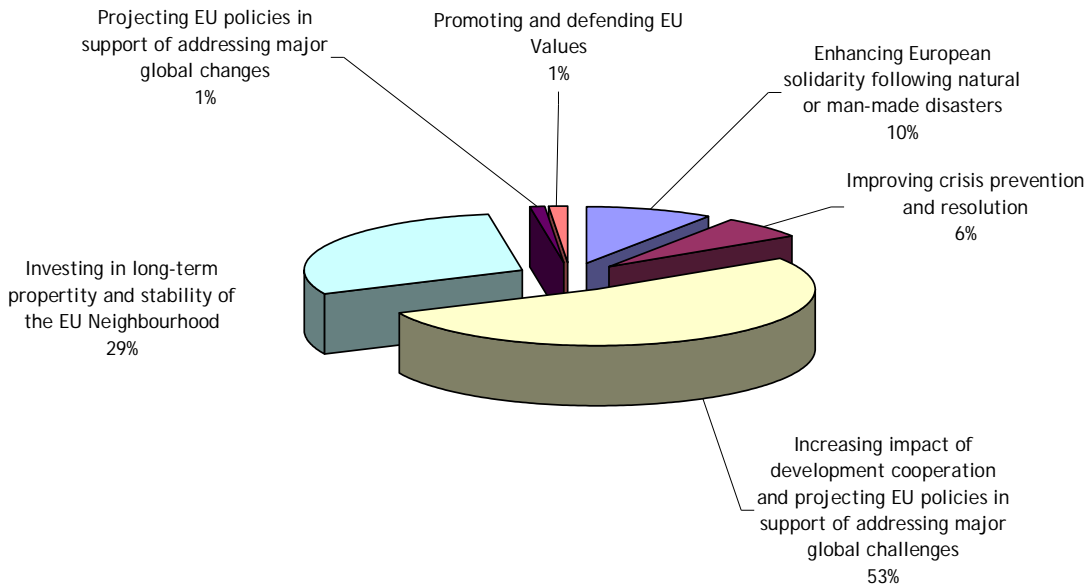
It is important to see not only how much money there is available overall for this area of work but also how it is subdivided between these priorities. To do this, is necessary to look at the proposed instruments and to assess the extent to which they will contribute to one or more of these priorities. The analysis shown in the graph below is our own.

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<sup>15</sup> European Union, Consolidated version of the Treaty on European Union, accessed on 16 July 2011 at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2010:083:0013:0046:EN:PDF>

<sup>16</sup> European Commission, A Budget for Europe 2020 - Part II: Policy Fiches, p 4, accessed on 14 July 2011 at: [http://ec.europa.eu/budget/library/biblio/documents/fin\\_fwk1420/MFF\\_COM-2011-500\\_Part\\_II\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fwk1420/MFF_COM-2011-500_Part_II_en.pdf) pp. 42-43

**Allocation by Policy Priority**  
QCEA Analysis



This is not - it must be said - an allocation by instrument; there are 15 instruments envisaged and the allocation of each of these to the policy priorities is QCEA's. It is further important to say that the development part (the 53 % which make up the bulk of this budget proposal, is made up from the European Development Fund (which is not formally part of the European Union Budget) and the Development Cooperation Instrument, which is. The division between the two is important in how the money is allocated and the decision-making behind that allocation; but from the point of view of seeing the policy priorities translated into money, the amalgamation of these two budget lines is justifiable.

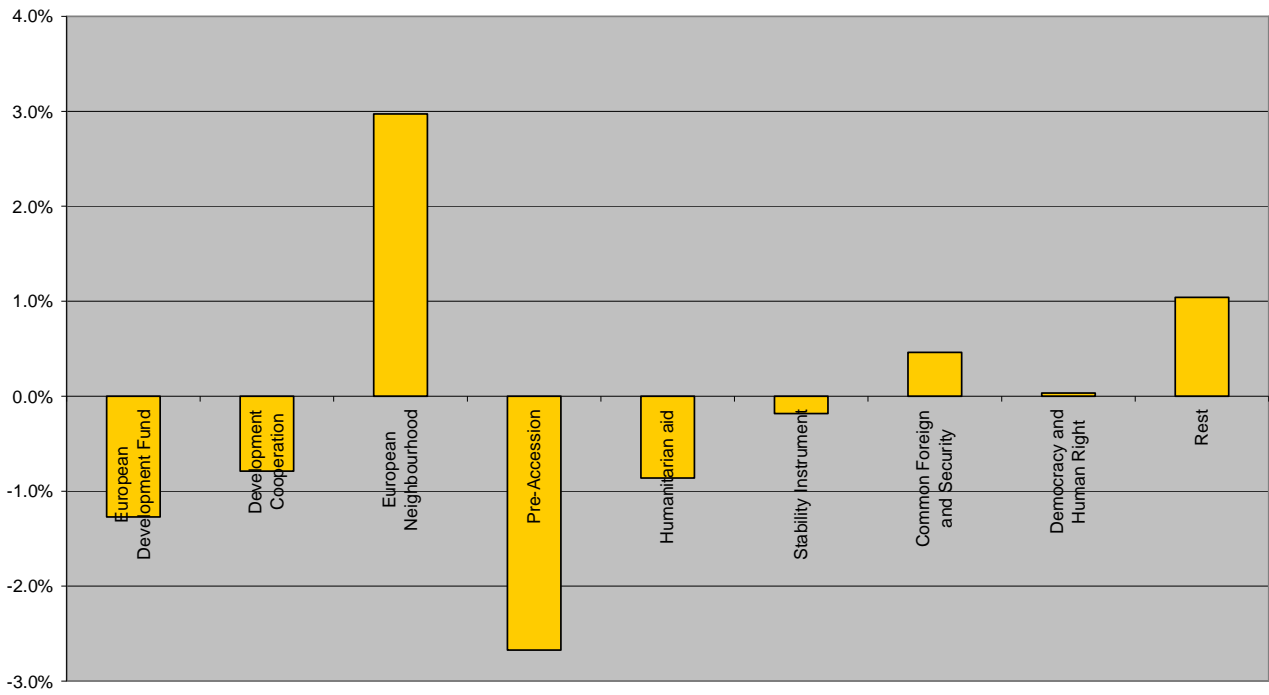
We have taken the view that - although the primary objective of development cooperation is the eradication of poverty, this money is also likely - and should be - used to assist in addressing major global challenges. It is therefore reasonable to ascribe both policy priorities to this area of expenditure - though the eradication of poverty is the first among them.

Stability and crisis prevention, responding to emergencies and man-made disasters feature in several of the policy priorities. Their specific implementation will be, of course, different depending on the circumstances.

**Changes in the Allocation by Instrument**

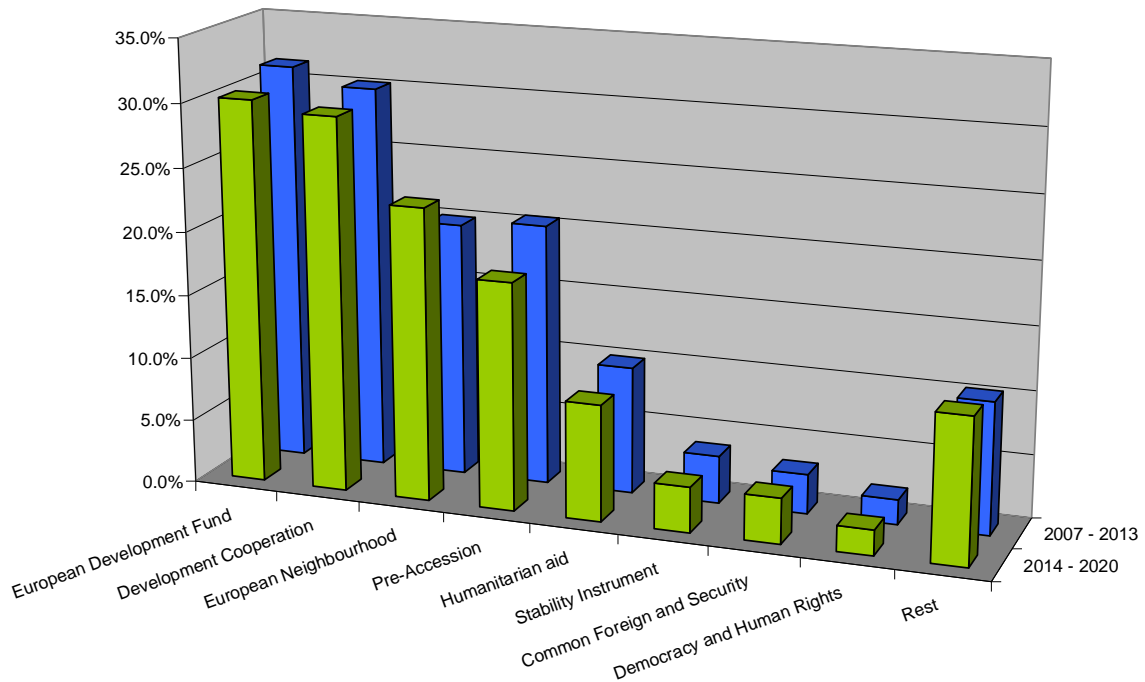
Looking at the changes between the 2007-2013 framework and the proposed framework in terms of the allocation of funds by instrument, the following picture emerges:

Change in share of total resources for external action (including EDF)



Looking at the share of the budget allocated to each of the external action instruments in the two frameworks we can see that there is a clear priority for development:

**Total share of External Action Funding by Instrument**



## 7. Peace and Security in the Budget

There are two aspects to this approach to the analysis. First, there is the question of how peace, peacebuilding and conflict prevention is reflected in the external action instruments. The second question is related to the concept of security that permeates the whole budget.

### Peace in the External Action Instruments

In the previous round of discussions leading up to the 2007 to 2013 (the current) framework, there was a deliberate move from the Member States to remove all reference to peacebuilding and conflict prevention from the external action instruments. The Stability Instrument - a new creation in the 2007-2013 negotiations and one that is being retained in this proposal - was deemed to be the EU's response to conflict; however, the bulk of the funding in that instrument is aimed at short term action. QCEA and others have long argued that peacebuilding and conflict prevention is not a short-term activity.

In a recent discussion between the Commissioner for Development Cooperation and a group of NGO representatives about these proposals, the question about inclusion of explicit reference to peacebuilding was raised by QCEA. The response sidestepped the issue - suggesting that peacebuilding and conflict prevention was being funded under the current framework and there was no reason to think this wouldn't happen in the future. The point, however, is about actually making peacebuilding and conflict prevention a focus of long-term work, of ensuring that development cooperation is done in a conflict sensitive way, to ensure that peacebuilding and conflict prevention are considered in the development of the detailed implementation programmes (Country Strategy Papers). When the detailed proposals for the wording of the legal texts that will govern these budget lines are published, QCEA will closely scrutinise them from this perspective and make our voice heard to support an active long-term peacebuilding and conflict prevention over short term crisis intervention.

It is our aim - and one that we share with colleagues in the European Peacebuilding Liaison Office network - to ensure that there is explicit reference to peacebuilding in the Development Cooperation Instrument, the European Neighbourhood Instrument (where we are advocating for a peacebuilding partnership to mirror the peacebuilding partnership in the Stability Instrument), the Instrument for Pre-Accession, and the European Instrument for Democracy and Human Rights.

**Security concepts in the Budget 2020 Proposal**

There are a number of different security concepts in the Budget 2020 proposal. Looking simply at the word security in the two main documents (Budget 2020 Part 1 and Part 2) it is clear that security means a number of different things and, if the frequency of their mention is anything to go by, they have different levels of importance in the policy debate and for the budget.

Area of security referred to	Number of mentions
Internal security	13
Energy security	6
External security	6
Economic security	5
Food security	5
General reference to security	4
Cyber security	1
Social security	1

Internal security takes a key position, as do a range of economic aspects of security (energy, economic, food, cyber, and social).

The aspect of internal security is worth looking at in a little more detail as this is focused on the issue of migration and immigration in the main. The proposals envisages a Migration and Asylum Fund (proposed at € 3.4 billion; this is to be targeted at asylum and migration, the integration of third-country nationals and/or their return. It is envisaged that this fund will have a sizeable external dimension. This is seen as in relation to resettlement of refugees, readmission agreements, regional protection programmes and the fight against irregular migration.

A parallel fund, the Internal Security Fund, proposed at € 4.1 billion, will provide financial assistance for initiatives in the areas of external borders and internal security.

Because of the existence of an area without internal borders (the so-called Schengen area, which incidentally does not include all Member States and includes a number of countries that are not members of the EU) there is a sense that robust border management on the outside of this area is essential. This does, at least to some extent, reinforce the notion of 'Fortress Europe' and the budget proposals in no way change this.

**8. European Added Value**

One of the features of this budget proposal, and the debates that led up to the publication of the proposal, has been discussion of a concept referred to as 'European Added Value'. Indeed, a 56 page staff working paper on this subject accompanies the publication of the proposal. Essentially, the concept is intended to justify expenditure at EU level. There are reasons why such justification is necessary. The fact that the Member States are all under financial pressure, the fact that the larger and better off Member States are jealously guarding their 'contributions' to the EU budget, the fact that there is a general euroscepticism around, all contribute to this.

That said, it is worth considering whether spending at EU level is warranted for any given policy; the EU has other ways of doing what it wants to do: political processes, sharing good practice, legislation, and through international agreements and programmes. So the EU budget is not the most powerful tool in the EU toolbox.

There is a lot of discussion about what European Added Value might mean in practice. There are a number of different factors to consider: there could be gains through: coordination of expenditure; through legal certainty, through greater effectiveness, and through complementarity.<sup>17</sup> For the purpose of the discussion of the EU budget proposals the European Commission asserts that it has tested the proposals through the lens of added value and has used the following criteria:

- **Effectiveness:** where EU action is the only way to get results to create missing links, avoid fragmentation, and realise the potential of a border-free Europe.
- **Efficiency:** where the EU offers better value for money, because externalities can be addressed, resources or expertise can be pooled, an action can be better coordinated.
- **Synergy:** where EU action is necessary to complement, stimulate, and leverage action to reduce disparities, raise standards, and create synergies.<sup>18</sup>

The staff working paper then goes on to set out the specific nature of European Added Value under a number of different budget headings including research, agriculture, climate action, transport, enlargement, neighbourhood, external action and development and managing external borders, migration and asylum (in that order) among others.

## 9. Conclusions

This briefing paper represents the first attempt to evaluate the proposal for the next Multiannual Financial Framework from our perspective.

Here, we do not offer an evaluation of the proposal. We simply provide the information to stimulate further debate. It may be worth considering that the budget proposal does not ask the fundamental questions about whether or not the policies to be funded are the right policies. This may well be right - such debate should be had elsewhere; but if the budget sets out the framework for resources it then becomes difficult to discuss what else might be done; for example, if the 'connecting Europe' element of the budget pre-supposes that expanding transport, energy and ICT networks is essential, then it become impossible to ask how we could reduce our travel and food miles or kilometres. It simply stops being a priority subject at policy level. But in terms of climate action, it is of course, of immense importance.

We will be publishing further briefing papers with conclusions and recommendations on the different elements of the proposal when more detailed proposals are published later this year.

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<sup>17</sup> Paraphrased from: Commission Staff Working Paper, The added value of the EU budget, June 2011, accessed on 22 July 2011 at: [http://ec.europa.eu/budget/library/biblio/documents/fin\\_fwk1420/working\\_paper\\_added\\_value\\_EU\\_budget\\_S\\_EC-867\\_en.pdf](http://ec.europa.eu/budget/library/biblio/documents/fin_fwk1420/working_paper_added_value_EU_budget_S_EC-867_en.pdf), p. 3

<sup>18</sup> *Ibid.*, p. 4