Summit on the long term EU budget, 7-8 February 2013: reversing cuts to development aid

Negotiations on the EU's Multiannual Financial Framework (MFF) are set to be finalised by leaders at the European Council on 7-8 February. The starting point for negotiations will be a document circulated at the last summit in November which, in percentage terms, slashed proposed external assistance more than any other area of spending at the levels proposed by the European Commission (EC).[i] ONE calculates that €6.1bn of potential cuts were proposed to aid that targets the world's poorest.[ii] The table below shows the relatively small cost per Member State to reverse these cuts to the Commission proposal and ensure an agreement on the EU budget is not made at the expense of the poorest.

Member State[iii]:	% contribution to Development Cooperation Instrument (DCI)[iv]	% contribution to 11th European Development Fund (EDF)[v]	€m contribution needed per year to reverse cuts to EU aid to the poorest
BE	3.2	3.25	**28.19**
BG	0.3	0.22	**2.24**
CZ	1.4	0.8	**9.37**
DK	2.1	1.98	**17.77**
DE	19.1	20.58	**173.90**
EE	0.1	0.09	**0.83**
IE	1.1	0.94	**8.85**
EL	1.7	1.51	**13.95**
ES	9.6	7.93	**75.91**
FR	17.5	17.81	**154.35**
IT	13.9	12.53	**114.90**
CY	0.2	0.11	**1.32**
LV	0.2	0.12	**1.37**
LT	0.2	0.18	**1.65**
LU	0.3	0.26	**2.43**
HU	0.8	0.61	**6.08**
MT	0.1	0.04	**0.59**
NL	3.8	4.78	**37.86**
AT	2.4	2.4	**20.97**
PL	3.1	2.01	**21.89**
PT	1.5	1.2	**11.67**
RO	1.1	0.72	**7.80**
SI	0.3	0.22	**2.24**
SK	0.6	0.38	**4.19**
FI	1.7	1.51	**13.95**
SE	2.8	2.94	**25.13**
UK	10.9	14.68	**113.23**

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Current state of play

The European Commission proposed a total EU budget for the period 2014-2020 of slightly more than €1trn, of which €51bn is earmarked for development assistance to the world's poorest, plus €9bn for humanitarian aid.[vi] ONE has been working with partners, decision makers and members over the course of the MFF talks to spare aid to the world's poorest from cuts to the proposed budget. At the previous MFF Summit on 22-23 November 2012, President Van Rompuy presented an updated proposal for the EU budget which made disproportionately high cuts to development spending in comparison to the Commission proposal: the €13bn cuts to Heading 4 'Global Europe', the Emergency Aid Reserve (EAR) and European Development Fund represented more than 16% of cuts the President made to the proposed budget overall. Ahead of the February summit President Van Rompuy has been tasked by key Member States to find an additional €30bn in cuts, taking his last proposal as a basis. Press reports indicate a compromise may be reached around €20bn to €25bn. However, the media has also reported that a tacit agreement amongst key players exists that foresees that cuts will not come from the areas of spending that make up the bulk of the budget, namely the cohesion funds (heading 1b) or the Common Agricultural Policy (broadly Heading 2), together 71.24% of 'on-budget' spending. With these two huge spending areas 'ring-fenced' and apparently off-limits for further cuts, the implication is that the €25-30bn must be found from the remaining headings: 1a, 3, 4 and 5 and, potentially, off-budget spending (which includes the EDF). Therefore, there is a very real risk that development spending will be cut further unless leaders take bold, conscious steps to find cuts elsewhere in the budget.

The real cost of getting aid back on track

ONE has never taken a position on what the overall level of the EU budget should be and that remains the case. But now that the most likely road to agreement *amongst Member States* will involve further cuts to the Van Rompuy proposal, ONE would like to suggest that Member States examine the relatively small costs per member state of reversing the €6.1bn cut in proposed spending that would be needed to fund effective aid to the very poorest. As the table on the previous page shows, with a manageable increase in proposed spending per annum, Member States can fulfil the ambition of connecting 51m people to drinking water, putting 15m more children in school and vaccinating 9m additional children.

At the February summit, lives must not be put at risk for the sake of a budget deal

While the moral case for reversing these cuts is clear, there is also an economic case. A recent report drafted by the Overseas Development Institute and the National Institute for Economic and Social Research has shown that EU aid spending, at the levels proposed by the European Commission, would be paid back with a return on Europe's investment by 2020. Reversing the proposed cuts to money earmarked for development spending will not cost much when compared to the scale of the overall budget, and it makes economic sense for Europe. EU leaders must commit to a deal that works for Europe, but not at the expense of the poorest on the planet.

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[i] ONE briefing on the European Council President's draft MFF proposal of 22 November 2012: http://one.org.s3.amazonaws.com/documents/ONEbriefingECpresidentdraftMFF.pdf

[ii] €6.1bn = €3.3bn to the 11th European Development Fund + €2.8bn to the Development Cooperation Instrument under Heading 4 'Global Europe', assuming that cuts to H4 will be applied evenly to all its instruments (€2.8bn = 13.33% of the proposed €21bn for the DCI)

[iii] Croatia (expected EU accession: July 2013) could not be included in this list due to the lack of a EU budget contribution key for the MFF 2014-2020. However, its proposed share of 0.23% of the 11th EDF has been taken into account.

[iv] Based on the 2011 national contributions by Member States, as reported by the European Commission in its 2011 Financial Report, p.32, column 5: http://ec.europa.eu/budget/financialreport/index_en.html

[v] Based on Annex II of the draft European Council conclusions on the MFF 2014-20, 22 November 2012, p.47: http://static.euractiv.com/sites/all/euractiv/files/MFF%20Van%20Rompuy%20Paper%20II%20Draft.pdf

[vi] All figures in 2011 prices

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