As many European governments consider cuts to their bilateral development spending, the European Union is negotiating its next seven-year budget – the Multi-Annual Financial Framework (MFF), which will focus for the most part on addressing Europe’s economic crisis. However, current proposals also include significant resources for development assistance, including €51 billion earmarked for development assistance to the poorest countries. i

With pressure on leaders to keep overall spending levels down, the battle over the allocation of available resources will be intense. This budget covers the period 2014–20, thereby determining funding for the crucial Millennium Development Goal (MDG) years of 2014 and 2015, along with the five years beyond. Ensuring that the EU contributes to collective targets by increasing ODA in the coming years will be critical during the negotiations over the next few months. Since Member States count EU development assistance as part of their individual ODA, the MFF decision will have a direct bearing on how close Member States get to their 2015 targets. The larger the share of the EU budget for development, the larger the proportion that Member States will count towards their contributions.

As negotiations proceed over the next year, the 2012 DATA Report analyses the EU institutions, one of the world’s largest development budgets and the progress that EU aid has made over recent years in terms of both quality and quantity. This chapter explores how much of Member States’ ODA contributes to EU aid, and it introduces the EU’s funding and development policy proposals for the forthcoming seven-year budget.

**Proposed Increases to the EU Development Budget**

On average, between 2005 and 2010, development assistance constituted 8% of the total EU budget. The initial proposal for external assistance in the 2014–20 MFF is €100 billion, of which the majority will be ODA. The €100 billion proposal includes €70 billion for the ‘Global Europe’ budget (a 25% increase above current levels, in 2011 prices), which includes €21 billion for developing countries under the Development Cooperation Instrument (DCI). The remaining €30 billion will be channelled through the European Development Fund (EDF), a separate instrument dedicated solely for African, Caribbean and Pacific countries (a 13% increase over existing EDF levels, in 2011 prices). ii It is the proposed DCI and EDF, which together add up to €51 billion, that are the main focus of this report.

EU Member States channelled 21.5% iii of their total development assistance through EU institutions in 2011, iv making the EU the fourth largest global donor (in volume terms). As Figures 1 and 2 show, the proposed increase was already in place, based on 2011 ODA figures, Member States would be proportionally closer to reaching their 2015 ODA/GNI targets. v Moreover, the impact of MFF budget levels (e.g. the leveraging effect) is most significant for Member States with smaller development assistance budgets that channel a large share of ODA through the EU institutions, such as Portugal (total ODA as a % of GNI from 0.29% in 2011 to 0.33%), Poland (from 0.08% to 0.12%) or Ireland (from 0.52% to 0.55%), and for the smaller EU accession economies, such as Slovenia (from 0.13% to 0.2%) and Cyprus (from 0.16% to 0.22%). Those Member States with the largest development assistance budgets can leverage a greater overall effect towards the collective EU 0.7% target through their comparatively low contributions on a relative basis, just by protecting and supporting development assistance in the EU MFF.

**European Union Institutions**

*According to figures provided by the European Commission. This information should not be interpreted as reflecting the entirety of EU development aid results. For more information, see ‘EU contribution to the Millennium Development Goals. Some key results from European Commission programmes’. European Commission, Development Co-operation Office, 2010.

Between 2004 and 2009, development assistance from the European Union helped vaccinate more than five million children against measles; provided 7.7 million people with insecticide-treated bed nets; and made sure that 750,000 people living with HIV received life-saving antiretroviral combination therapy.

*Between 2004 and 2009, development assistance from the European Union helped vaccinate more than five million children against measles; provided 7.7 million people with insecticide-treated bed nets; and made sure that 750,000 people living with HIV received life-saving antiretroviral combination therapy.*
EU development aid provides both Member States and partner countries with a number of concrete, comparative benefits:

• Donor coordination: The EU often plays a coordinating role in countries where several EU Member States have a large presence. In 2011, the EU launched a joint programming strategy in developing countries. The EU institutions also play a critical role in the coordination of large-scale projects, particularly for investment-heavy projects (e.g. infrastructure) in cooperation with the African Union and African sub-regional bodies.

• Long-term, predictable aid: The EU’s unusually long seven-year budget cycle allows it to make extended partnership commitments and helps to dramatically increase aid predictability.

• Far-reaching influence: Through the EU’s network of 136 delegations across the world, the EU institutions have programmes in almost every developing country. Therefore, the EU development budget enables Member States to support countries in which they are not physically present. This is especially critical for fragile and post-conflict states.

• Collective action: The EU’s regional approach means that EU development funds can reinforce political objectives beyond the reach of individual Member States (such as regional integration, trade and peace-keeping), as well as flexible response mechanisms such as the €1 billion EU MDG Initiative (see Box 2 on page 30).

Overview of EU Aid Programmes and Select Policies
EU development assistance is channelled through two main streams:

• External spending within the EU budget: One of the EU’s five budget areas – Heading 4 (‘Global Europe’) – is dedicated to external programmes. This stream includes two large, geographically focused development funds: the Development Cooperation Instrument (DCI), for Asia, Latin America and the Middle East, and the European Neighbourhood Policy Instrument (ENPI), for North Africa and Eastern Europe. The Global Europe budget also provides additional thematic funding (e.g. health and education) to advance progress towards the MDGs (via the DCI) as well as resources to support human rights, democracy, humanitarian aid, stability, conflict prevention and resilience, as well as strategic spending for countries preparing to join the EU. Proposals for the 2014–20 budget allocate the largest amount of resources to the DCI.

• The European Development Fund (EDF): The EDF supports African, Caribbean and Pacific (ACP) countries through country-specific and regional programmes. The EDF manages the EDF aid pool of Member States. Though the EDF is funded by voluntary contributions (net through the EU’s budget), EDF and EU budget negotiations occur simultaneously. EDF proposals range €50 billion over the 2014–20 period.

EU development aid provides both Member States and partner countries with a number of concrete, comparative benefits:

• Donor coordination: The EU often plays a coordinating role in countries where several EU Member States have a large presence. In 2011, the EU launched a joint programming strategy in developing countries. The EU institutions also play a critical role in the coordination of large-scale projects, particularly for investment-heavy projects (e.g. infrastructure) in cooperation with the African Union and African sub-regional bodies.

• Long-term, predictable aid: The EU’s unusually long seven-year budget cycle allows it to make extended partnership commitments and helps to dramatically increase aid predictability.

• Far-reaching influence: Through the EU’s network of delegations across the world, the EU institutions have programmes in almost every developing country. Therefore, the EU development budget enables Member States to support countries in which they are not physically present. This is especially critical for fragile and post-conflict states.

• Collective action: The EU’s regional approach means that EU development funds can reinforce political objectives beyond the reach of individual Member States (such as regional integration, trade and peace-keeping), as well as flexible response mechanisms such as the €1 billion EU MDG Initiative (see Box 2 on page 30).
Figure 3 illustrates the geographical focus of EU aid. Under the Commission’s existing MFF proposals, the EU budget’s focus on the world’s poorest countries would increase substantially. The Commission’s proposal would also eliminate bilateral aid to 19 upper middle-income country governments in Asia and Latin America. In principle, this prioritization towards countries most in need, particularly least developed countries (LDCs) and low-income countries, would be welcome.

FIGURE 3: EU Development Assistance by Region (2008–10)

BOX 1: Linking EU Development Programmes to Concrete Results

Development assistance from the EU institutions has helped developing countries to achieve a number of impressive results. At the same time, however, more work is required to link all EU spending to concrete, measurable outcomes. According to Commission figures, the EU development budget delivered the following results between 2004 and 2009:

- More than 9 million pupils were enrolled in primary education;
- More than 720,000 primary school teachers were trained;
- More than 85,000 new female students were enrolled in secondary education;
- More than 5 million children were vaccinated against measles;
- More than 4 million births were attended by health personnel;
- More than 5,000 health centres and facilities were built or renewed;
- 750,000 people with HIV received antiretroviral combination therapy;
- 7.7 million people were given insecticide-treated bed nets;
- More than 31 million people were connected to drinking water and 9 million to sanitation facilities;
- 36,000 kilometers of roads were constructed or maintained.

Note: The map excludes ODA to unspecified countries and regional ODA to Africa and Asia (that is not designated as sub-regional). Therefore percentages do not add up to 100%.
Overall Progress 2005–2012

The EU made significant progress in defining its development strategy and mandates. This started at the European Consumer Conference on Development in 2005, established poverty reduction as the primary objective of the EU development assistance. In 2007, the EU and its Member States adopted the Joint Africa-EU Partnership, which is intended to deepen links between the two continents.

In 2008, the EU Member States adopted a new legal framework – the Lisbon Treaty – which introduced an Article 208T, which requires the EU to support and co-ordinate EU policies, trade, security and foreign relations, to take account of the development of Africa. This is a key contribution to increasing progress in the implementation of the EU development strategy and provides a strong legal basis for development cooperation within the EU’s framework. The Lisbon Treaty also modernises and simplifies the aid instruments which the EU has been using to support different policies in Africa.

In 2009, EU Member States adopted a new funding cycle for development cooperation, in which the Lisbon Treaty on the EU’s external actions aims to deepen links with Africa.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

In 2007, EU Member States adopted a new legal framework – the Lisbon Treaty – which introduced an Article 208T, which requires the EU to support and co-ordinate EU policies, trade, security and foreign relations, to take account of the development of Africa. This is a key contribution to increasing progress in the implementation of the EU development strategy and provides a strong legal basis for development cooperation within the EU’s framework. The Lisbon Treaty also modernises and simplifies the aid instruments which the EU has been using to support different policies in Africa.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The FutureActionCouncilalso adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.

The Agenda For Change, which outlines a new EU development policy, adopted 500 million euros in aid between 2009 and 2012 to support the implementation of the Agenda For Change.

The Future Action Council also adopted a Framework for the Africa-EU Partnership (2007–2010) which included an action plan for the African Horn, the Sahel and eastern Africa. This supported the Agenda For Change and the DCI proposals for the 2011–2013 budget cycle.