

Review of the Multiannual Financial Framework

The case for increased funding for external action

This paper has been drafted by civil society organisations (CSOs) and networks from various sectors of development cooperation, climate and environmental protection and humanitarian aid. We are calling on the European Commission, the European Parliament and the Council **to increase resources for external action (under Heading 6) as part of the multiannual financial framework (MFF) review process.**ⁱ

Endorsed by:

1. Aidsfonds
2. ACT Alliance EU
3. ActionAid International
4. CARE International
5. Caritas Europa
6. Climate Action Network Europe
7. CONCORD Europe
8. CONCORD Sweden
9. Croatian Platform for International Citizen Solidarity (CROSOL)
10. DSW
11. European Public Health Alliance (EPHA)
12. Friends of the Global Fund Europe
13. Global Citizen
14. Global Health Advocates (GHA)
15. Handicap International - Humanity & Inclusion
16. International Planned Parenthood Federation (IPPF)
17. The ONE Campaign
18. Oxfam
19. Pandemic Action Network
20. Plan International EU
21. Save the Children
22. SOS Children's Villages
23. World Vision EU Representation
24. WWF, European Policy Office

1. An increase to Heading 6 is urgently needed

In the midst of a global energy and economic crisis with heavy effects also in Europeⁱⁱ, finding new funds for Heading 6 will not be easy. Yet in an interconnected world, investing in safer, greener, and more equitable conditions abroad is unquestionably one of the best investments in Europe's future itself. The devastating war in Ukraine, the COVID-19 pandemic, and worsening climate catastrophes underline how closely tied European citizens are to their neighbours, as well as the expectations that partners have for the European Union (EU) to live up to its commitments. **With the EU's purchasing power reduced due to inflation, funding for key thematic programmes emptied due to COVID-19, and overall funds reduced due to the frontloading of resources in 2021 and 2022ⁱⁱⁱ, the long-term budget must be adapted to protect the EU's positive impact, influence and credibility on the global stage.**

2. Heading 6 cannot currently deliver the EU's ambitions

While the EU has the ambition to create a more environmentally sustainable and a more equitable world, there is a growing gap between its bold ambitions on the global stage and the resources available to achieve them. It is now clear that the pace of global needs has outpaced the level of funds in the MFF, as many of the EU's financing tools and flexibility instruments are almost fully committed. 80% of the funding available in the NDICI's cushion for emerging challenges for 2021-2027 has been earmarked; 100% of the funding available in the margin of Heading 6 for 2021-2023 has been used for the EU Facility for Refugees in Turkey (and the future margin will likely be used to continue funding the Facility); the Flexibility Instrument, used for Heading 6 in the past years, will no longer be available for external action. Similarly, the humanitarian budget is so scarce – and annual top-ups are becoming increasingly difficult to obtain - that it now needs to be reinforced by the emergency reserve from the beginning of the year. There is no doubt that funds are urgently needed for humanitarian response, crisis response, and Ukraine reconstruction. The EU should also deliver on the commitment of climate finance that is new and additional (a net contribution in addition to its ODA commitment) to be able to more adequately respond to the climate crisis. However, it is essential that the long term NDICI thematic and geographic programmes dedicated to sustainable development are not cut down or reallocated to cover these urgent needs. **The lack of funds creates a dangerous gap between the EU's ambition, and what is actually available to be spent. At a time when the geopolitical context calls for strong alliances, the EU's ability to deliver on its promises, respond to emerging crises and continue investing in its longstanding global partnerships, will seriously be jeopardized if its ambitions are not matched with adequate funding. Insufficient funding will also create damaging competition between short-term needs and long-term investments, and between core development sectors, ultimately hampering the effectiveness of EU aid and its contribution to the achievement of the 2030 Agenda.**

3. Heading 6 has a bold value proposition, particularly in times of crisis

The exhaustion of key sections of Heading 6 remains a challenge, but it serves as a compelling testament to the essential leading role the EU plays in sustainable development and crisis response. From upholding the multilateral system and its role in the world, to advancing gender equality, human rights and democracy, Heading 6 is one of the most strategic tools and soft power assets of the EU on the global stage^{iv}. It also shows the value proposition of coordinated EU action. From the COVID-19 pandemic to worsening humanitarian crises, the EU has proved time and again that it can step up when individual Member States cannot.

Unfortunately, while Member States turn to the EU in times of crisis, the underfunding of Heading 6 makes it hard for the EU to shoulder this responsibility, raising serious concerns for larger global challenges looming ahead. It is essential that in the forthcoming package of new EU Own Resources, the EU and Member States deliver new and additional finance from innovative sources at sufficient scale to meet their international commitments. **EU external action has proven its value time and time again, but for the EU to continue to deliver in the face of worsening and emerging crises, then it must be equipped to do so.**

Annex: EU's pledges and ambition VS available resources

It is challenging to provide a comprehensive list of the EU's global commitments to address the numerous challenges and unforeseen crises that have occurred in the last two years. Some pledges were covered using programmed funding whilst others required carryovers, tops-up, or fresh resources. When extra funding was necessary, it was obtained through the NDICI's cushion, the margin of Heading 6, or the Flexibility Instrument. However, these resources have largely been depleted, and the Flexibility Instrument can no longer be used for Heading 6. Furthermore, the EU as a whole has made several long-term commitments (such as meeting the 0.7%/GNI target and providing climate finance to LMICs) which remain unfulfilled. Current budgetary constraints put progress towards meeting these commitments at risk.

Concretely, in terms of flexibility, there is:

- The Emerging Challenges Cushion, but only €1.92 billion (21%) is left until 2027.
- The Flexibility Instrument but moving forward, it will not be used to top up Heading 6.
- The margin of Heading 6, but we expect that it will likely be used for the Facility for Refugees in Turkey.

What is at risk?

- The ability to meet the NDICI-Global Europe horizontal targets and legally binding commitments (ODA, human development & social inclusion, climate change, gender equality, migration, etc).
- Some of the EC's long-standing global partnerships as there is nowhere near sufficient funding in Heading 6 to continue funding them at the level needed in the years ahead. Examples include:
 - Global Fund to Fight AIDS, Tuberculosis and Malaria (€715 million pledged for 2023-2025^v);
 - Gavi, the Vaccine Alliance (€300 million pledged for 2021-2025^{vi});
 - Education Cannot Wait (€25 million was pledged to Education Cannot Wait for 2023-2027^{vii} but the European Parliament and CSOs ask the EC for an additional €160 million for 2023-2026^{viii});
 - Nutrition for Growth (€2.5 billion pledged in 2021-2024^{ix});
 - Adaptation Fund (€100 million pledged at COP26 in 2021^x);
 - CGIAR (€140 million pledged in 2021^{xi});
 - EU's support to UN agencies (incl. WHO, UNICEF, UNFPA, WFP, FAO);
 - Fulfilling its commitment to double international biodiversity financing under NDICI (to €7 billion for 2021-2027 pledged ahead of COP15 in 2022^{xii}).
- Contributions to new partnerships such as the Pandemic Fund (€427 million pledged in 2022^{xiii}), and the EU's ability to enter into new partnerships.
- The continuation of the EC's support to Ukraine and other ongoing crises.
- The EC's ability to contribute to the EU's collective commitments, including:
 - The overall 0.7% of GNI/ODA target, currently standing at 0.57%.^{xiv}
 - The collective goal to deliver €100 billion for international climate finance every year by 2020 through 2025, a goal agreed by developed countries in 2009 that has never been met, and that should be new and additional to ODA. In addition the EU will need to contribute to the New Collective Quantified Goal on climate finance after 2025, which will require scaled-up resources.
 - The commitment at COP26 to at least double collective provision of adaptation finance to developing countries by 2025 from 2019 levels, in order to better deliver on the Paris Agreement commitment to achieve a balance between mitigation and adaptation finance.
 - The EU's contribution to fulfil the COP27 decision to establish, with other countries, new loss and damage funding arrangements and a fund, for assisting developing countries that are particularly vulnerable to the adverse effects of climate change, and to provide new and additional resources.^{xv}
 - The EU commitment at the UN Conference on Biodiversity (COP15) in Montreal in 2022 to significantly increase finance for biodiversity from all sources to help to mobilise at least \$200 billion per year by 2030 to halt and reverse biodiversity loss.^{xvi}

- The commitment of all EU donors to allocate humanitarian funding ‘in proportion to needs and on the basis of needs assessments’ entrenched in the European Consensus on Humanitarian Aid (2008).
- The EU’s collective ambition to mobilise up to €300 billion in investments through the “Global Gateway” (incl. through grants, concessional loans and guarantees).

Ultimately, what is at risk is the EU’s ability to respond to unexpected challenges and crises, and continue delivering on a geopolitical Europe.

ⁱ The EC is slated to release “Review of the functioning of the Multiannual Financial Framework, which may include a revision” in Q2, 2023. See, European Commission 2023 work programme, Annex I. [Available here.](#)

ⁱⁱ UNDP’s Human Development Report 2021/2022 shows that as a direct consequence of the COVID-19 pandemic, for the first time on record, the global Human Development Index (HDI) has dropped for two years in a row with over 90% of countries having seen their HDI Value drop in either 2020 or 2021. [Available here.](#)

ⁱⁱⁱ The EU budgetary authority can now deviate during the annual budgetary procedure up to 15% with respect to the overall financial envelope set up in the legislative act concerning a multiannual programme, without justifying it by new circumstances.

^{iv} It is worth noting that some of those investments actually save the EU some money, for example considering climate adaptation investments versus the impacts of climate change on economy; health system strengthening for pandemic prevention versus the quantifiable impact of the COVID pandemic.

^v EU announces historic €715 million for the Global Fund to save millions of lives from AIDS, tuberculosis and malaria. [Available here.](#)

^{vi} Coronavirus global response: EC pledges €300 to Gavi. [Available here.](#)

^{vii} EU announces €25 million for education in crisis contexts. [Available here.](#)

^{viii} Members of the European Parliament join Civil Society Organizations in Calling on European Commission Leaders to pledge €160 Million in Funding for Education Cannot Wait. [Available here.](#)

^{ix} EU pledges €2.5 billion to combat malnutrition with partner countries. [Available here.](#)

^x EU at COP26: Commission pledges €100 million to the Adaptation Fund. [Available here.](#)

^{xi} EU announces €140 million to support research in sustainable food systems. [Available here.](#)

^{xii} COP15: Commission, Member States and other donors commit to increase global biodiversity finance. [Available here.](#)

^{xiii} Global response to Covid-19 and beyond: Commission steps up funding to vaccination roll-out in Africa. [Available here.](#)

^{xiv} ODA Levels in 2022 – preliminary data Available [here.](#)

^{xv} United Nations Framework Convention on Climate Change conference of the parties. [Available here.](#)

^{xvi} EU at COP 15 [Available here.](#)