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Ministry of Foreign Affairs

Att. Lars Kjellberg



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Danish Red Cross input to the EU Multiannual Financial Framework (MFF) 2021-2027 and programme proposals

Danish Red Cross appreciates the opportunity to provide input to the ongoing negotiations for the next EU Multiannual Financial Framework 2021-2027. Please find our recommendations for the budget for EU's humanitarian and development assistance under Heading IV: Neighbourhood and the World outlined below.

Overall, Red Cross appreciates that the proposed funding envelope for External Actions will be kept at the same level as the current MFF and hope that this will be maintained. However, given the nature and extent of humanitarian crises across the world, Red Cross recommends that further resources are allocated to humanitarian assistance. We hope the Danish Government will work towards this in the coming negotiations. We welcome the continuous prioritization of climate change related challenges, and the proposed provision of 25% of the NDICI's spending target to step-up efforts on addressing climate change. We also see the inclusion of the European Development Fund for ACP countries in the MFF as positive, allowing for greater accountability towards the European Parliament.

In relation to the Neighbourhood, Development and International Cooperation Instrument (NDICI), Red Cross has the following recommendations:

- Red Cross recommends that the MFF 2021-2027 budget for external aid, in accordance with the objectives outlined in EU Treaties and the European Consensus on Development, is kept separate from security and migration political objectives.
- While the proposed merging of the existing 12 funding instruments into one single instrument may promote flexibility, there is great risk that this coupled with the ear-marking of a relatively large proportion of the budget towards 'emerging challenges' may compromise predictability, transparency and accountability of aid and undermine the realization of the specific objectives of the current individual instruments. Red Cross therefore recommends:

- The MFF should maintain separate financial instruments for humanitarian assistance, civil protection, human rights and democracy, and peace building.
 - It is important that the flexibility build into the MMF concerns flexibility in the *implementation* for the partners, and is not focused on flexibility for the Commission. Red Cross are positive towards the establishment of Trust Funds and other mechanisms for pooling of funds with the objective of promoting more flexibility and efficiency. However, the experience of implementation under the current MFF has not resulted in flexibility and efficiency for partners nor beneficiaries. On the contrary the processes has become longer, more complicated, more centralized as well as less transparent. This should be addressed in the discussions of the NDICI.
 - The Commission's mandate and objectives for International Cooperation and Development as per the European Consensus on Development must remain the key objective. This requires clear and transparent criteria and prioritization of the multiple objectives under NDICI. The current proposal with flexible funding structure leaves the instrument open to future political pressure, making it more vulnerable to instrumentalisation for short-term political objectives. Reducing poverty must be the overarching objective.
 - The implementation of the NDICI should be an opportunity to increase transparency and public access to information on the different projects implemented in third countries, especially for the activities to be implemented in the framework of the flexibility cushion.
- Red Cross welcomes the introduction of a rapid-response pillar and a stronger focus on the humanitarian-development nexus in the proposal. However, Red Cross would like to see a stronger focus on and explicit mentioning of fragile states in these budget lines to ensure that the resources can be allocated according to the developments in needs in these contexts. The budget line should also clearly supplement and be complementary to ECHO funding:
 - The rapid-response pillar should be used to support when a crisis is emerging. Trigger based action/forecast based financing should guide the use of the rapid-response pillar. It would be important though to ensure that when the triggers indicate a full-blown emergency, that ECHO takes over, and the rapid-response pillar ends.
 - Also, it is important that a rapid-response pillar when used in a worsening humanitarian crisis is monitored closely, not least to ensure respect for the humanitarian principles.
 - This also implies consideration of the full humanitarian cycle from triggers, through the emergency, and to the recovery phase, for consistency in adherence to the humanitarian objectives and principles, as this is key to continued safe access and the safety and security of humanitarian staff.
 - A clearer description and presentation is needed on the Investment framework. The Red Cross do recognize that support to EFSD+ and other programmes is under this heading, however it is not clear why that is part of the NDICI budget. Also, the external action guarantee is just a guarantee and governments tend to treat guarantees as off-budget and off-balance sheet contingent liabilities, rather than recognize them in financial statements or budgets.
 The Red Cross questions the set-up of a guarantee as according to the Danish export council, the availability of funding for investments in Africa and other higher risk areas are not a concern, while the absence of profitable proposals are. The Red Cross would like to see a clearer and stronger recognition of the need for more innovative approaches to financing initiatives to improve the efficiency and effectiveness of humanitarian interventions while also mobilizing non-traditional pools of private sector capital. Indeed, a sample of innovative financial mechanisms that the Red Cross would like the investment framework to support would include outcome-based financing and guarantees for Humanitarian and Development Impact Bonds, catastrophe bonds, a combination of

grants and concessional loans, disruptive fintech and distributed ledger technology, and crowdfunding.

In relation to Humanitarian Aid and Civil Protection, Red Cross has the following recommendations:

- The management and delivery of humanitarian aid needs to remain principled, unconditional and based on needs. While Red Cross recognizes the need for strengthened coherence, coordination, and complementarity with non-humanitarian actors, it cannot compromise the respect for impartial, neutral and independent humanitarian assistance, requiring acknowledgement and respect for the differences in purpose, mandate and principles. are acknowledged and respected.
It should therefore be recognized that a call for greater alignment towards shared collective outcomes or common strategic objectives, as well as more joint analysis and programming, must be in respect of the humanitarian principles and the Good Humanitarian Donorship Initiative. Humanitarian and Development assistance budgets and funding instruments must therefore remain separated and independent.
- A clear distinction between humanitarian aid and policy objectives that aim to control and reduce irregular migration is key to continued humanitarian access and humanitarian assistance in accordance with the humanitarian principles. There has been an increased tendency of ECHO funding allocations to countries along the migratory routes in recent years, while funding for crises and countries with greater humanitarian needs, but hosting less migrants has been reduced. To continue to be able to respond to humanitarian crises and needs, Red Cross recommends that a needs-based approach towards budget allocations is applied.
- The EU, together with its Member States, is the world's biggest donor of humanitarian aid. It is key that the EU increases the amount allocated to external actions in order to fulfil its commitment to bring help to the people in need. If an increased budget is allocated from the start, it will increase the effectiveness and efficiency of the aid by allowing for a better planning and by reducing the administrative burden that regular funding amendments represent. Red Cross therefore recommends that the budget for humanitarian aid is increased to address the rising needs worldwide.
- Red Cross welcomes DG ECHO's efforts to make humanitarian aid more effective and cost efficient. Cost effectiveness can be best achieved through non-duplication, and the efficient mapping of available tools, as well as reinforcing regional and local response mechanisms. Due to the different nature of civil protection instruments and humanitarian aid, they should remain separate and specialised in their respective domains. At the same time, synergies may be established between civil protection and humanitarian actors, by mapping their respective strengths and capabilities and developing practical methods of cooperation. EU civil protection interventions outside the territory of the European Union must be fully guided by the European Consensus on Humanitarian Aid. Red Cross recommends that there will continue to be separate instruments for Humanitarian Aid and Civil protection, but strongly recommend that Civil Protection remain under Neighbourhood and the World, and is not moved to Security and Defence.
- The current Emergency Aid Reserve, which comes on top of the humanitarian aid budget, has increasingly been allocated to address unforeseen crises in non-EU countries. We recommend including this reserve and increasing its budget in the next MFF. This would help ensure flexibility to secure rapid access to funding in case of unpredictable crises.

Red Cross would encourage significant strengthening of the focus on civil society in the proposal. Civil society plays a key role in the implementation of the EU external actions in relation to humanitarian assistance, development, peace building, human rights and democracy, not least in fragile and complex settings where other actors may have limited access. The financing instruments must be accessible to a broad range of civil society actors, and this should be reflected in the regulations of all instruments. This is also key if the civil society should be able to perform its role as a watch dog to help ensure transparency and accountability towards the beneficiaries.

Red Cross hopes that the budget line Neighbourhood and the World will remain a strong priority of the EU and that Denmark as a minimum will work to keep it at the currently proposed level.

Red Cross is of course available to discuss the above in more detail, and we look forward to continue the dialogue under the ongoing negotiations of the MFF.

Best regards,

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