REAFFIRMING THE EUROPEAN UNION'S GLOBAL POSITION WITH A STRONG EXTERNAL ACTION BUDGET

OXFAM'S RECOMMENDATIONS FOR THE NEXT MULTIANNUAL FINANCIAL FRAMEWORK

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International development cooperation has consistently been an integral component of the European Union's foreign policy. Like diplomacy, development cooperation is a means to foster stability, security and prosperity for all in an increasingly interconnected world. The COVID-19 pandemic, the climate crisis and the ripple effects of Russia's full-scale invasion in Ukraine have underscored our global interdependence and the imperative for international collaboration, investment, and partnerships that promote equitable development globally while safeguarding the long-term interests of the EU and its citizens.

Official development assistance (ODA) is a strategic investment in our collective future. Through development financing, the EU can advance equality, eradicate poverty, enhance health and education outcomes, and uphold human rights and fundamental freedoms in partner countries. The EU must continue to address global challenges and intensify efforts to mitigate humanitarian crises. Beyond fostering national well-being and socioeconomic development, international development serves as a stabilizing mechanism that upholds the rule of law, good governance, democracy, civic space, and the vital role of civil society worldwide. Defending these values globally is more crucial than ever, especially as the rules-based international order faces unprecedented pressures.

At a time of escalating instability, hunger, and global crises - exacerbated by conflicts, climate disasters, and widening inequalities - Europe must reaffirm its commitment to multilateralism and solidarity, demonstrating global leadership. True security is not solely built on defense and military capacity but also on steadfast commitments to stability, diplomacy, democracy, and development. Reducing aid under the guise of enhancing security will not make our world safer; rather, it will render it more fragile by deepening global inequalities, intensifying humanitarian emergencies, and fueling the very conflicts we aim to prevent, thereby undermining long-term global security and stability.

This is Europe's moment to step forward and present an alternative vision - one rooted in multilateralism, solidarity, and support for those in the most vulnerable situations. Such a vision is essential for building a safer, more just, and more equal world. Our security is reinforced by our support for others, not diminished by it. By protecting and championing aid, we can collaboratively address global challenges with communities and partner countries in the Global South, constructing a safer, fairer, and more interconnected world for all.

Oxfam urges the EU to champion a well-resourced budget for high quality humanitarian and climate action and development cooperation in the next MFF. To do so, we call on the EU to (1) **strengthen development financing and humanitarian aid**, (2) **address the global crises of climate, hunger and health**, and (3) **promote a rights-based, local and sustainable approach to development and migration.**

1. STRENGTHEN EU DEVELOPMENT FINANCING AND HUMANITARIAN AID

Allocate at least €200 billion for external action to help build a more just, resilient, and sustainable world

This funding will drive progress in reducing poverty and inequalities, strengthening climate resilience, and expanding social protection. Well-funded external action instruments are an investment in global stability, shared prosperity, and a future where all communities can thrive. This is entirely achievable: the €200 billion is based on existing EU Member State ODA commitments as a percentage of their country's GNI and represents just 0.2% of the EU's collective GNI.[1]

Finance budgetary needs with new own resources, ensuring progressive and polluters pay taxes

New own resources must come from those with the greatest ability to pay. Oxfam has estimated that billionaire wealth in the EU surged by nearly €400 million per day in 2024, with a new billionaire minted nearly every week. Taxing the super-rich could raise billions in new revenue while helping address the unsustainable levels of inequality found across member states. A minimum tax of 2% and 3% on billionaires and centimillionaires in 23 EU countries could bring respectively €67 billion euro and €121 billion euro for European governments,[2] while Oxfam estimated that a progressive net wealth tax of up to 5% could raise €286.5 billion annually.[3] Taxes on the super-rich should be combined with taxes on the profits of corporations, particularly those that are the biggest polluters, and aviation taxes. For example, a windfall profit tax on the biggest corporations in the EU could have generated up to €35 billion in 2020.

Maintain separate financial instruments for development funding, humanitarian assistance and pre-accession assistance in the MFF's architecture

Each of these existing instruments serves a distinct and crucial purpose. There is no need to fix what isn't broken. The mid-term evaluation of the EU's external instruments in 2024 shows that the NDICI-Global Europe instrument is fit for purpose: it offers added value for partner countries while effectively promoting internal EU policies and priorities. A dedicated budget line for humanitarian aid is essential to prevent political or economic interference, ensuring aid adheres to humanitarian principles and reaches those most in need. Moreover, maintaining separate instruments upholds budget discipline, transparency and efficiency, preventing misallocation and bureaucratic inefficiencies. It ensures clear oversight, avoids politicization, and preserves the EU's strategic interests, including in pre-accession funding. The EU should continue with targeted improvements in the current external funding architecture instead of increasing centralization.

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[1] For a detailed methodology on how the amount is calculated, see: https://one-campaign.observablehq.cloud/eu-oda/. See also 'Refinement, Not Overhaul: External action in the next MFF': https://www.mffhub.org/resources/refinement-not-overhaul.

[2] See EU Tax Observatory, 'Resources for a safe and resilient Europe: the case for a minimum taxation of ultra-high-net-worth individuals in the EU': https://www.taxobservatory.eu/publication/resources-for-a-safe-and-resilient-europe-the-case-for-minimum-taxation-of-ultra-high-net-worth-individuals-in-the-eu/

[3] See Oxfam, 'Survival of the Richest' (2023): https://www.oxfam.org/en/press-releases/european-commission-refuses-unlock-millions-revenue-europes-wealthiest

Increase the humanitarian aid budget and protect principled humanitarian action
The gap between humanitarian needs and funding has surged from $8.4 billion in 2016 to $26 billion in 2024. In this critical moment, the EU can show leadership in protecting humanitarian aid by coordinating among EU member states and working with others to close the funding gap, allocating a minimum of €18.2 billion for humanitarian assistance with an annual baseline of at least €2.6 billion to ensure predictability. At the same time, the EU should uphold commitments to ensure that local actors who are on the ground and know the local context are in the driver's seat, to depoliticize aid, to enhance accountability, and to enhance respect for international humanitarian law.

Use the Global Gateway, or any private sector instrument, only where they are fit for purpose while maintaining tailored grants-based approaches in partner countries
The EU's Global Gateway strategy, aiming to support and mobilize private investment in key infrastructures in partner countries, can be a contribution in specific contexts. In countries where the Global Gateway projects are implemented, and where the EU seeks to leverage or co-finance programs with the private sector, it is crucial that a number of conditions are met: development additionality is demonstrable; risks for people, indigenous communities and the environment are effectively minimized; women's rights and economic opportunities are enhanced rather than reduced; and the public sector is strengthened rather than undermined. Integrating the inequality marker in Global Gateway projects and the EFSD+ is essential to ensuring that investments actively reduce inequalities and prioritize the most marginalized communities.

The Global Gateway cannot be the EU's sole approach to international cooperation and partnerships. By relying on profit potential, the Global Gateway model naturally tends to underfinance cooperation with fragile contexts. The modalities used by the Global Gateway are not appropriate to support fragile and conflict-affected contexts (FCAS) and low-income countries. In these contexts, the provision of basic services to fulfil vital needs is often the most urgent priority, together with supporting the social and economic development of local communities. Currently, low-income countries spend more on debt service than on education, health care, and social protection combined. This unsustainable situation forces austerity, exacerbates inequalities, and prevents progress on the Sustainable Development Goals (SDGs). In these cases, grants should always be prioritized, to avoid these countries from falling even deeper into debt, while at the same time, the EU and member states push for debt relief and improved debt management.

2. ADDRESS THE GLOBAL CRISES OF CLIMATE, HUNGER AND HEALTH

Tackle the climate crisis with urgency by significantly increasing grants-based funding for climate action in partner countries
Climate change is a human-made disaster that is already reversing progress made in the fight against poverty and inequality. The EU must have a high climate action ambition within its external action by scaling up funds from public and private sources to ensure low-income countries can increase renewable energy deployment and access, transition to decarbonized economies, adapt to the devastating impacts of climate change, and address their loss and damage. The EU and member states need to fulfill their commitments by providing their fair share

for the new international climate finance goal of at least $300 billion a year by 2035. It is important that these climate finances are additional to the development budget and delivered in grants rather than loans. The EU should also commit to a binding spending target of 50% across external funding as related to climate and biodiversity, with at least 35% dedicated to climate.

Fight global hunger by addressing the triple crisis of food, climate and inequality
The world produces more than enough food to feed everyone on the planet, yet, since 2017, hunger has increased sharply. The agrifood sector holds a central role to most low-income countries' socioeconomic development. A sustainable transition of the agrifood sector also holds a central role in addressing the climate crisis. Promoting food systems that are socially equitable and environmentally sustainable is a necessity for development. Given its membership in the UN Committee on World Food Security, and the ratification by all its member states of the International Covenant on Economic, Social and Cultural Rights (1966), the EU is also legally committed to ensuring the right to adequate food for all. The EU should, therefore, provide earmarked funding in support of local food systems and small-scale agriculture in the next MFF, prioritising agroecological principles[4] and gender equality.

Maintain global health as a central pillar of international cooperation
Good quality health care is a human right, and achieving universal health coverage is a building block to tackling poverty and reducing inequality. The pandemic has also shown that investing in global health is a necessity, not only for saving lives but also for strengthening resilience, preventing future crises, and ensuring global stability. The EU has a longstanding commitment to allocating at least 20% of its ODA to human development, which encompasses support to health, education and social protection, and it should maintain this commitment, including ensuring resources for the next health program that are at least equal to its current budget. The EU should also uphold its political commitment to the effective implementation of the EU Global Health Strategy and incorporate its provisions with concrete financial targets in the next long-term budget. Due to the high risk of harm, including exacerbating inequalities, ODA should not directly fund or seek to 'crowd in' private finance for the delivery of healthcare.

3. PROMOTE A RIGHTS-BASED, LOCAL AND SUSTAINABLE APPROACH TO DEVELOPMENT AND MIGRATION

Safeguard the quality of EU ODA by focusing on the reduction of poverty and inequalities to ensure sustainable development outcomes in the long-term
EU ODA must respect the EU treaties mandated primary objective of poverty reduction and eradication. All EU ODA should conform to the criteria of the OECD-DAC, making a 100% DAC-complying development budget to ensure that all resources available for development finance comply with the highest quality standards. Focusing on fighting inequalities, with tools such as

[4] As it is recognized by the Council Conclusions of 14 October 2024 on desertification and land degradation, the transformation of food systems is urgent and must be "based on the 13 principles of agroecology defined by the High-Level Panel of Experts on Food Security and Nutrition of the Committee on World Food Security".

the I-marker[5] and increased investments in public services, progressive tax and universal social protection systems, is the best way to maximize the impact of the ODA. Conversely, diverting ODA toward short-term security or geopolitical objectives risks undermining its long-term effectiveness and sustainability. Strengthening social and economic resilience through well-targeted development aid is not only a moral obligation, but also a cost-efficient strategy that reduces a future need for emergency assistance.

Support and resource a people-centered approach in fragile and conflict-affected contexts
Conflicts and climate-related shocks are becoming more frequent and intense, driving and exacerbating poverty, inequality, and vulnerability. These fragile, complex, and conflict-affected contexts require development aid as a crucial tool to address the root causes of fragility and coordinate peacebuilding and humanitarian efforts,[6] ensuring access to basic services, through an approach that combines the humanitarian, longer-term development and peace dimensions (the so-called triple nexus approach). Investing in conflict prevention and promoting economic growth is highly cost-effective too with every EUR 1 spent on peacebuilding and prevention saving EUR 103 in conflict-related and aid costs.[7] Moreover, investing in fragile contexts is essential for achieving the SDGs, strengthening resilience, and fostering sustainable development. With 25% of the global population - home to 72% of the world's population living in extreme poverty - residing in these settings, targeted development aid can drive progress and reduce humanitarian needs. A strategic and sustained presence in these regions is not only a moral imperative but also a smart investment in global stability and prosperity.

Ensure migration policies respect human rights, support development and resilience, and monitor the misuse of EU funds for actions against the EU's fundamental rights
Migration to and from the EU is often treated as a singular issue, but it involves diverse individuals and motivations. However, the EU's focus has increasingly been on restricting migration rather than managing it effectively and humanely. This has led to aid being used to curb migration instead of supporting development and human rights. Aid should help lift people out of poverty and be measured by progress on the SDGs, not used as a tool to outsource border control. Lessons learned from, amongst others, the European Trust Fund for Africa should inform decisions for the new MFF: the EU's external policies should not be driven by a Justice and Home Affairs agenda; the focus of development aid should remain on the people and communities who need it; and migration-focused instruments should aim to make mobility safer and cheaper in

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[5] The I-marker is a tool created by the European Commission to monitor ex-ante if EU development cooperation projects contribute to the reduction of inequality. It gives a score from 0 to 3 according on 1) whether inequality reduction is an objective of the project, 2) if the project includes a contextual analysis on inequality, 3) if there is a target on the bottom (poorest) 40 per cent of the population or socio-economically disadvantaged individuals in partner countries and 4) if there is a Distributional Impact Assessment. 339 projects started in 2023 have been scored so far. Source: https://international-partnerships.ec.europa.eu/news-and-events/news/global-gateway-first-inequality-marker-results-released-showcase-contribution-eu-international-2024-07-03_en

[6] See NRC, 'Weathering the Storm - Why and how development financing actors should stay engaged during political crises' (May 2024): https://www.nrc.no/resources/reports/weathering-the-storm

[7] See IMF Working Paper, "The urgency of Conflict Prevention – A Macroeconomic Perspective" (20 December 2024): https://www.imf.org/en/Publications/WP/Issues/2024/12/17/The-Urgency-of-Conflict-Prevention-A-Macroeconomic-Perspective-559143

order to reduce the need of people fleeing wars, persecution and poverty to rely on smugglers and traffickers.
Within development cooperation projects, human mobilities can build resilience if properly managed with respect for rights. Even in forced displacement contexts, the possibility of moving can be a survival strategy. Restricting this undermines the resilience of people and communities, while a structured and rights-based approach towards mobility and migration can create opportunities to build community resilience.

Strengthen civic space, local leadership, and direct EU funding for community-led initiatives
Embracing the principles of localization means not only shifting decision-making to local communities but also strengthening civic space and ensuring that civil society organizations (CSOs) have the resources and freedom of speech and assembly to advocate for their rights and that of the communities in which they work. Genuine partnerships require recognizing local organizations as equal partners, valuing their expertise and promoting their leadership in shaping humanitarian and development strategies. Allocating development funding directly to local organizations would empower communities to identify and address their unique challenges, leading to more sustainable and impactful outcomes. Channeling resources to community-based entities, especially those led by marginalized groups including women-led and indigenous organizations, ensures that aid responds to the most pressing local needs and strengthens democratic accountability. This is why the next MFF should include dedicated, accessible funding for CSOs, particularly those working in human rights, governance, and social justice, with resources directed toward the most pressing needs identified by local organizations. Robust monitoring and evaluation frameworks that involve local stakeholders will ensure that funds are used effectively, strengthen transparency, and protect civic space from restrictive policies. With shrinking democratic freedoms in many countries across the globe, actively defending civic space is essential to safeguard fundamental rights, enable grassroot movements, and ensure that local voices continue to shape the policies that affect them.