“TEAM EUROPE” Corona package for partner countries:
More honesty and fresh money needed

The figure sounds impressive: With a total amount of 36 billion EUR the EU wants to help its partner countries in the Global South to deal with the economic and social consequences of the Corona virus crisis. This is the result of the recent meeting of EU Development Ministers which took place virtually on Monday, 8th June 2020. This figure is a substantial increase compared to the 20 billion EUR of the so called “Team Europe” package presented in April. The European Commission is supposed to contribute 14 billion EUR to the package. Another 11 billion should come from the European Investment Bank and European Bank Reconstruction and Development, the remaining 11 billion from EU Member States.

However, the official communication by the EU no longer discloses which part of the package is fresh money and which part is reallocated from existing programs. When the European Commission presented the original Team Europe Package, it disclosed that it consists entirely of reallocated funds as the EU lacks the flexibility to mobilize fresh money in the final year of a multiannual financial framework, the six-year EU budget. “The 36 billion figure presented to the public after the Development Minister meeting is financial wizardry”, concludes Bodo Ellmers, Director Sustainable Development Finance Program at GPF Europe. “There is currently not much fresh money available, the EU should be more honest about that.”

GPF Europe is monitoring donors across Europe. Germany was one of the few countries that announced an increase in development assistance. The stimulus package (Konjunkturpaket) presented by the German government on the 3rd of June includes an extra 3 billion EUR development spending, 1.5 billion each in 2020 and 2021. But other European donor countries are expected to cut spending. In case of those who have tied their spending ratio to gross national income this will happen automatically, as GNI drops due to the economic recession. This applies in particular to the UK, which is bound by a national law to provide 0.7% of GNI in official development assistance, but also to some smaller EU donor countries.

While GPF Europe welcomes the commitment of the European Union to stand by its partners in these times of severe crisis, it is of paramount importance that the money envisaged will not only be shifted from other areas within the existing budgets for development cooperation, especially not at the expense of equally necessary services and aid, says Bodo Ellmers: “It must be ensured that fresh money will also be put on the table”. The necessary response to the coronavirus crisis should not be funded by terminating programs needed to continue the implementation of the Agenda 2030 and the Sustainable Development Goals. Only additional resources can ensure that the EU does its best to tackle both challenges simultaneously. As the EU’s own budget lacks flexibility, it is essential that the EU Member States put additional money on the table, by ensuring that each new stimulus package they adopt contains an external action component – an extra allocation to fight the coronavirus crisis in third countries in the Global South.

The extent to which emerging and developing countries and their efforts for sustainable development are affected by the Corona crisis is described by GPF Europe in a new briefing paper.