EU policy coherence for development and the 'official development assistance plus concept'

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PURPOSE: to look at the EU's approach to Policy Coherence for Development (PCD) in order to establish a policy framework for the Union.

CONTEXT: the third wave of the economic and financial crisis has reached the shores of the developing world, hitting these countries much harder than originally expected1. The forecasts for the second half of 2009 and for 2010 look bleak. More than 50 million more people are projected to be in poverty in 2009. Sustaining the development aid effort is essential, albeit not sufficient. In financial terms this means that Official Development Assistance (ODA) must be complemented by other financial sources.

The crisis illustrates the extent to which national economies have become dependent on each other and how one set of policies - namely in the financial sphere - impacts on others and on developing countries. Close interactions at the economic level have led to a situation where almost all policy decisions taken in developed countries have both direct or indirect consequences for developing countries and their capacity to combat poverty and achieve the Millennium Development Goals (MDGs). The PCD commitments agreed in 2005 have provided a useful framework for the EU's PCD work so far. But new developments make it necessary to rethink our approach to PCD. The Commission considers that it is now time for the EU to take a more strategic, systematic and partnership oriented approach to PCD.

The EU should obviously continue to take account of development objectives in all the policies that might affect developing countries by making use of all the instruments that were established or strengthened to promote PCD. However, the political focus should be on a few key priorities.

PCD priority issues should: (i) be high on the EU's agenda; (ii) be important for developing countries and for the achievement of the MDGs; (iii) present concrete opportunities for incorporating development objectives; (iv) be linked to a long term agenda.

CONTENT : building on the two first biennial EU Reports on PCD and the call to establish a whole-of-the-Union approach, this Communication looks at the EU's approach to PCD and makes suggestions to the Community and the Member States on how to use PCD in a more targeted, effective and strategic way.

1) Priorities: based on the EU 2009 PCD report and the international debate on Global Public Goods, the following issues (all with a strong impact on the MDGs) are identified as a basis for discussion with Member States:

Combating climate change: this could be done for example, through (i) seeking to further develop opportunities from the Global Energy Efficiency and Renewable Energy Fund (GEEREF), which promotes investment in renewables and clean energies; (ii) and efforts in the whole EU to integrate concerns and measures related to climate change impacts, vulnerabilities and adaptation in all existing cooperation instruments; (iii) enhance policy dialogue and concrete measures, in the framework of the Global Climate Change Alliance; (iv) develop a shared vision with the most vulnerable developing countries, highlighting necessary coherence of our actions in the field of climate change, energy and development.

Ensuring global food security: the EU will need to continue taking into consideration developing countries' needs in its domestic policies, including in agriculture, trade, climate change and research . In

addition, it will engage with developing countries in a dialogue on the feasibility of regional agricultural policies based on lessons learned from the CAP in order to strive towards food security at regional and sub-regional level.

Making migration work for development: the real policy challenge for the coming years remains whether the EU and its Member States are prepared to offer real migration and mobility options for nationals of developing countries seeking learning opportunities and legal employment in the EU. Implementation has started and must continue on a number of issues, especially remittances, increased mobility, and stronger links with diaspora organisations. However, the agenda needs to be taken forward especially when it comes to labour migration and the brain drain. New issues, such as the impact of climate change on migration, could be explored further.

Seeking opportunities to use intellectual property rights (IPR) for development: the PCD challenge is for IPR to make the greatest possible contribution to boosting prosperity in developing countries, and in particular the least developed countries. There is for example a strong potential for these countries to make better use of the IPR legal framework for their local rights holders. This would help create a more attractive environment for investment as well as ensuring dissemination and use of the information disclosed through the different IPR systems. The EC intends to explore more actively the various areas where IPRs have development relevance, to seek ways of making better use of IPRs for development, and, more widely, to strengthen their contribution to development.

Promoting security and building peace for development: the Council, Member States and the Commission have made good progress on strengthening the security and development nexus. In order to take these efforts further four key areas have been identified: strategic planning, security sector reform, partnerships with regional and sub regional organisations, and the relationship between humanitarian aid and security.

2) Towards an ODA plus concept: non-ODA financial flows are important for development, but their impact on developing countries depends on the policy framework. The PCD work programme will provide the policy framework for harnessing the potential of non-ODA financial flows for development and increasing their development value both at Community and at Member States level.

The PCD work programme will provide guidance for an ODA-plus concept and for the provision and tracking of financial sources that contribute to sustainable development and global public goods but are distinct from ODA.

It will also inform discussions about the next EU financial perspectives and in particular the structure of external spending as well as the identification of financial flows to developing countries from internal policies financial instruments.

To take the work on the priority PCD issues forward, Member States and the Commission will use all existing instruments to enhance PCD, including inter-service consultations, impact assessments and inter-service groups, to generate the necessary knowledge and identify policy options. The Commission will also pay particular attention to dialogue with developing countries on the priority PCD issues.