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

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The Committee on Development adopted the own-initiative report drawn up by Franziska KELLER (Greens/EFA, DE) on the EU Policy Coherence for Development and the 'Official Development Assistance plus' concept.

It recalls that the EU has developed a concept of PCD aimed at building synergies between EU policies. Lack of political action to this end may have a negative impact on the expected result of development cooperation. Members note that there are clear incoherencies in the EU's trade, agriculture, fisheries, climate, intellectual property rights, migration, finance, arms and raw materials policies. PCD can lead to **poverty reduction** by finding fundamental synergies among EU Policies. Accordingly, they welcome the commitment to PCD by the Commission, the Council and the Member States, and reaffirm their own commitment to enhance PCD in the EU and in their parliamentary work.

The report stresses that the EU is by far the **biggest aid donor in the world**, and that aid volumes are expected to increase to EUR 69 billion in 2010 to meet the collective promise of 0.56% of EU GNI made at the G8 Gleneagles Summit in 2005. This would release an additional EUR 20 billion for development objectives. Members also recall the adoption, in October 2007, of the EU Strategy on Aid for Trade, with a commitment to increase the collective EU trade-related assistance to EUR 2 billion annually by 2010 (€1 billion from the Community and €1 billion from the Member States). Members ask that the 'aid for trade' strategy benefit all developing countries, and not only those agreeing to a greater liberalisation of their markets.

They welcome the PCD Work Programme 2010- 2013 as a guideline for the EU institutions and Member States, and acknowledge its role as an early warning system for policy initiatives. The report stresses the need to take relevant aspects of PCD into account in bilateral and regional trade agreements and multilateral trade agreements firmly anchored in the rules-based WTO system. It calls for action on tax havens, fisheries agreements, agriculture and stresses the need for cooperation on fiscal governance, good governance in the tax area in trade agreements, and inclusion of the EDF, which is the main financing instrument for EU development cooperation, in the framework of PCD.

On **fisheries**, the committee calls for an **overall assessment of the fisheries agreements with third countries**, so as to ensure that the EU's external policy in the field of fisheries is completely consistent with its development policy, while strengthening EU partner countries' capacity to guarantee **sustainable fishing** in their waters, enhancing food security and local employment in the sector. EU access to fish stocks in third countries should not in any way be a condition for development assistance to those countries.

On **agriculture**, Members consider the recent EU decision to re-establish export subsidies for **milk powder** and other dairy products, which in the main subsidise agro business in Europe at the cost of poor farmers in developing countries, a blatant violation of the core principles of policy coherence for development, and call on the Council and Commission to revoke that decision immediately. They also call for the **cessation of export subsidies**.

Members stress that the Council's decision to focus on **five broad areas for the PCD exercise** in 2009 must not replace the monitoring of the 12 traditional policy areas, and they call on the Commission to create mechanisms for including new policy areas that do not fit satisfactorily into the existing 12, such as raw materials.

On ODA plus, Members recall their vital international commitments to the 0.7% ODA/GNP target for 2015, which must be devoted exclusively to poverty eradication. They express concern that the 'ODA-plus approach' may dilute the EU's ODA contribution to the fight against poverty, and that funds raised with the 'ODA-plus approach' have no legal commitment to poverty eradication or to assisting with the achievement of the Millennium Development Goals. Furthermore, capital outflow from developing countries into the EU caused by incoherent policies under the 'ODA-plus approach' is not mentioned and damage inflicted on developing countries by unfair tax competition and illegal capital outflow is not taken into account. The Commission is asked to clarify further the whole-of-the-Union approach and its impact on the EU's development policy. Furthermore, Members underline that if innovative sources of development financing are to be widely promoted, they must be additional, used in a pro-poor approach and cannot be used to replace ODA in any circumstances. At the same time, Members recognise that the fulfilment of the ODA commitments is imperative but still not sufficient to tackle the development emergency. They therefore reiterate their call upon the Commission to identify, as a matter of urgency, additional innovative sources of finance for development such as the **introduction of an international financial transaction tax** to generate additional resources in order to overcome the worst consequences of the crisis and to keep on track towards the achievement of the MDGs.

The report goes on to call on the Commission to use systematic, **clear benchmarks and regularly updated indicators** in order to measure PCD, for example the Sustainable Development Indicators, as well as to enhance transparency vis-à-vis the European Parliament, aid recipient States and civil society. Developing countries are asked to create country-specific indicators on PCD in line with the EU general indicators, in order to assess real needs and achievements in terms of development.

The committee calls on the Commission to do the following:

- to promote development assistance actions that, taking account of the effects of the financial crisis, can prevent a rise in insecurity and conflict, global political and economic instability, and an increase in forced migration ('refugees from hunger ');
- in order to ensure that DG Trade has a coherent mandate for trade negotiations, to take due account of Parliament's preconditions for giving its consent to the conclusion of trade agreements;
- take every measure available to it to ensure that, while the Sugar Protocol is ending and the EU reform of the sugar regime is taking place, it safeguards its relevant partners against any temporary upheavals in the market;
- to develop existing EU instruments for lowering customs tariffs such as the GSP/GSP+ System and chapters in Free Trade Agreements and European Partnership Agreements, and further to integrate internationally agreed labour and environmental standards into those instruments;
- to end its present TRIPS-plus approach in EPA negotiations regarding pharmaceuticals and medicines, to allow developing countries to provide medicines at affordable prices under domestic public health programmes;
- to take into account in future negotiations the work done by many civil society organisations on tax evasion by EU multinationals in developing countries;
- not to impose, against the wishes of developing countries, the opening of negotiating chapters on the 'Singapore issues' and financial services, and not to enter into agreements of this type unless these countries have first set up an appropriate national regulatory and supervisory framework;

- to start the impact assessments earlier, i.e. before the drafting process of policy initiatives is already far advanced and to base them on existing or specially conducted evidence-based studies, and to include social, environmental and human rights dimensions, since a prospective analysis is most useful and practical given the lack of data and the complexities of measuring PCD;
- to involve the European Parliament in the process of the Commission's PCD report, e.g. in terms of the questionnaire, better timing, and taking account of Parliament's own initiative reports.

Lastly, the committee calls on the Commission to give the Commissioner for Development **sole responsibility for country allocations,** Country, Regional and Thematic Strategy papers, National and Multiannual Indicative Programmes, Annual Action programmes and the implementation of aid in all developing countries, in close cooperation with the High Representative and the Humanitarian Aid Commissioner, in order to avoid incoherent approaches within the College and the Council.