

# Increasing the impact of EU development policy

2011/2047(INI) - 10/11/2010 - Non-legislative basic document

**PURPOSE:** to present a Green Paper on EU development policy in support of inclusive growth and sustainable development Increasing the impact of EU development policy.

**BACKGROUND:** in 2000, developed and developing countries adopted the Millennium Development Goals (MDGs); 8 main goals and underlying targets to reduce poverty by 2015. However, while in the past decade economic growth has been robust in many parts of the world, a great deal remains to be done and many developing countries risk lagging behind in recovering from the negative impacts of the global economic and financial crisis. Around 1.5 billion people still live in extreme poverty (half of them in Sub-Saharan Africa) and one sixth of the world's population is undernourished.

As for **the European Union** and its Member States, over the last ten years, and in particular since the adoption of the European Consensus on Development in 2005, it **has doubled the amount of official development assistance (ODA) it provides**, improved its performance in terms of aid delivery, and Member States have rallied around shared policy approaches. The EU has increasingly moved from a donor-beneficiary type of **relationship to a partnership**, involving contractual approaches, based on policy dialogue and linking results to specific cooperation programmes or instruments.

In 2010, the EU adopted an ambitious position in support of the MDGs, including the reaffirmation of the collective target of devoting 0.7% of its GNI to ODA by 2015. For the EU, development assistance remains a matter of solidarity, of commitment and of mutual interest. Indeed, the **Lisbon Treaty has placed development policy at the heart of the EU's objectives**. The Union development cooperation policy shall have as its primary objective the reduction, and, in the long term, the eradication of poverty. Development assistance will continue to require long-term financial commitment. Climate change is closely interlinked with development as it further enhances the need for development assistance and requires increased focus on other major questions such as energy access and security, water scarcity and food security.

Development assistance needs to address bad or weak governance; better manage migration flows; promote economic growth in developing countries and accompany their integration into the world economy. In this framework, development education and awareness raising are of strategic importance in view of gaining the support of European citizens for development cooperation.

The review of progress on the MDGs therefore makes it clear that the world needs to do more in support of countries' efforts towards the MDGs, not just in terms of ODA levels, but at least as importantly, in terms of how aid is granted and used. In particular, aid alone will never succeed in pulling millions of people out of poverty. Beyond safeguarding and improving essential services, development assistance can only be effective by addressing the underlying causes of insufficient progress towards the MDGs.

Although development aid is essential, it is not not a panacea and is one of several financial flows towards developing countries. It must tackle the roots of poverty rather than its symptoms, and primarily be a **catalyst of developing countries' capacity to generate inclusive growth**, which allows people to contribute and benefit from economic growth, and to mobilise their economic, natural and human resources in support of poverty reduction strategies. It is thus increasingly obvious that MDGs will not be achieved without more and more inclusive growth. A 1% increase in developing countries' gross national income can be far more effective than an increase in aid to these countries. It can significantly improve countries' capacity to achieve poverty reduction and have a multiplier effect through employment creation and social protection.

CONTENT: given the current challenges, this Green Paper seeks to **launch a debate** on how the EU can best support developing countries' efforts to speed up progress towards the MDGs, and how it

can strive to leverage new opportunities to reduce poverty. It sets questions around four main objectives to be pursued collaboratively by the EU and its Member States:

**(1) How to ensure high EU impact development policy**, so that every euro spent provides the best value added and value for money, the best leverage and the best legacy of opportunities for generations to come. It is clear that European aid must bring strong value added and real value for money, and must focus on areas where a clear added value can be shown. The EU has to demonstrate that its aid programmes will provide the greatest long term impact and will be used as a key instrument to focus on achieving the MDGs and beyond. This starts primarily by targeting four fundamental and underlying requirements: human development and security as preconditions for any country's development; growth and social inclusiveness for any long lasting engagement.

**(2) How to facilitate more, and more inclusive, growth in developing countries**, as a means of reducing poverty and providing a chance for all to have a decent living and a perspective for their future. Many factors influence a growth friendly environment, including political and macroeconomic stability, good governance, security, respect of human rights, a conducive regulatory and policy business environment able to generate productive and decent employment, a well educated, healthy and creative population, the sustainable use of scarce natural resources, economic infrastructure, implementation of core labour standards, and effective and beneficial participation in international trade. The EU is already working in all those areas in its existing partnerships with developing countries. A reflection is however needed on how to further improve its impact on growth, not as an end in itself, but as a means for poverty eradication. **Differentiation between countries and regions may thus lead to develop new approaches** for better cooperating with countries willing to engage in new forms of partnerships, while continuing to support state building, good governance and poverty focused strategies where needed.

**(3) How to promote sustainable development as a driver for progress**: the developing world is expected to be one of the main drivers of global growth in the next decades; both in economic and population terms. Ensuring accelerated and widespread growth presents huge challenges in terms of environmental sustainability and climate change adaptation and mitigation measures, but it is clear that the need to address climate change can not be a reason to limit efforts to lift the world's poorest citizens out of poverty.

**(4) How to achieve durable results in the area of agriculture and food security**: it is estimated that global agricultural production must increase by 70% in order to feed a global population that the United Nation expects to increase to 9 billion people by 2050. A concerted initiative from the EU to capitalize on investing in inclusive, intensified sustainable and ecologically efficient agriculture can therefore create a win-win situation; enhanced green growth with lower emissions, and increased social stability. In order for this to be successful, production should be seen in a value chain context with adequate access to financing, processing and markets. In this regard, public-private partnerships could play an important role. Lastly, both in the general fight against food insecurity and in its nutritional dimension, fishing products can also play an important role.

**Consultation**: the consultation period provided in the Green Paper will run from 15 November to 17 January 2011 and is open to any interested stakeholder. The result of this consultation will **inform the Commission's proposals related to modernising European development policy** to be made in the second half of 2011 as well as other policy initiatives in related fields. In the follow-up to this Green Paper and on the basis of the responses received, the Commission will table a Communication on a Modernised EU Development Policy that will include, inter alia, the consideration whether it is opportune to review the European Consensus on Development.