

# Increasing the impact of EU development policy

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The Committee on Development adopted the own-initiative report drafted by Filip KACZMAREK (EPP, PL) on increasing the impact of EU development policy.

Recalling that poverty reduction and eradication is the EU's primary development policy objective and one of the objectives of the Millennium Development Goals (MDGs), Members call for more resolute to enhance the impact of EU development aid.

The following recommendations are made to this effect:

**High-impact development policy:** reiterating its call for incorporation of the EDF into the EU budget, Members call for the strengthening of aid effectiveness. Efforts must be made in order to:

- better assess the projects and policies funded by the EU;
- enhance the promotion of good governance and the fight against corruption in beneficiary countries;
- enhance democratic ownership (parliaments, local and regional authorities, civil society and other stakeholders);
- enable meaningful participation for citizens in Civil Society Organisations.

Members stress that the aim of increasing the impact of aid and obtaining more results/value for money should not lead to a risk-averse development policy that only focuses on 'easy countries'.

They insist that poverty eradication and needs must remain the crucial criteria for the allocation of EU development aid and that aid effectiveness must be improved by focusing on tangible results. They call on the Commission and the Member States to review the scope of financing instruments and to focus the disbursement of Official Development Assistance (ODA) on the poorest and most vulnerable countries and on reaching the poorest layers of society particularly those facing the greatest risks of social exclusion, such as women, children, elderly people and people with disabilities while taking into consideration the results achieved and the impact of aid. They call for programming of a phasing-out period of ODA allocations for emerging countries.

**Meeting financial commitments:** Members reaffirm their position according to which the collective target of devoting **0.7% of the Union's Gross National Income (GNI) to ODA by 2015 must be met**. They urge the Commission and Member States to find new sources of development funding such as a **financial transaction tax at global level**, private-sector finance and market-orientated solutions. They oppose any alteration or broadening of the definition of ODA, as set by the OECD Development Assistance Committee. Once again, Members call for increased efforts in the areas of development education and awareness-raising in Europe.

**Promoting pro-poor growth:** Members stress that growth is only one instrument among many, and that maximising growth is not equivalent to maximising development. The impact of growth on poverty eradication could be much higher if inequality were reduced and human rights respected. They insist, therefore, that EU development assistance must be geared towards pro-poor growth through the adoption of measures which specifically focus on the poor and the marginalized in order to foster an increase in their share of national wealth and allow them to become a driving force for genuinely inclusive growth, such as micro-credit and micro-finance, as well as other market-derived solutions.

The report also lays down measures which:

- favour measures which provide security of land tenure and facilitate poor people's access to land, markets, credits and other financial services and skills development;
- promote industrial development and the development of infrastructure ;
- limit the effects of greenhouse gas emissions;
- diversify the economies of developing countries and reducing their dependence on imports need to be priority objectives for policies supporting growth;
- promote gender equality.

**Human development:** Members emphasise that the provision of basic social services is crucial to pro-poor growth and reaching the MDGs. They call for 20% of all EU assistance to be earmarked for basic social services. They underline that girls' education and the promotion of gender equality in education are vital to development, and that policies and actions that do not address gender disparities miss critical development opportunities. The report stresses the importance of bridging financing gaps in health systems resulting from priorities such as sexual and reproductive health suffering cuts, and emphasises the importance of investing in the fight against HIV/AIDS and other diseases. It reiterates its view that the EU must support partner countries in developing **fair, transparent and effective tax systems** to generate the revenues needed for social protection and pro-poor policies, and must at an international level continue to work for greater financial transparency and to ensure that partner countries share the benefits.

**Involving the private sector:** Members recall that 90% of jobs in developing countries are in the private sector. EU development aid should focus on financing for domestic companies, leveraging of domestic capitals and encouraging recipient countries to create an environment conducive to the development of small, medium-sized and micro-enterprises and on the removal of barriers to formalisation, access to capital and affordable credit and that services and capacity-building should be targeted in particular on poorer entrepreneurs.

In this context, Members call on the Commission to:

- promote and support, among other things, social-economy enterprises that work in accordance with ethical and economic principles;
- strengthen public investments in public goods, infrastructure and services;
- object to any kind of cooperation with private entities which would contribute directly or indirectly to any form of tax evasion or tax avoidance;
- favour investors that support the partner country's development strategy, and to give preferential treatment to domestic and regional investors in order to promote regional integration;
- strengthen Public Private Partnerships (PPP), which involve the private sector in development;
- fight corruption, within both businesses and NGOs, as well as in governments and public authorities.

**Climate change, energy and sustainable development:** Members prioritise support for local and regional sustainable energy solutions, and decentralised energy production in particular, so as to bring development priorities in line with environmental concerns. They note the huge potential for renewable energy (solar energy, wind power, geothermal energy and biomass) in many developing countries. They urge the Commission to ensure that EU ODA for improving access to energy supports local economic development, green jobs and poverty reduction and is not tied to, or used to subsidise, EU businesses.

The Commission is called upon to assess the impact of 'climate migration', a phenomenon that some estimate will cause 200 million people to leave their homes by 2050 as conditions in their lands gradually worsen and emphasises that the European Union must contribute through its development policy to providing assistance and reducing the number of refugees, by investing in technologies, human resources and financial aid.

**Food security and agriculture:** Members reiterate its position that the EU should focus its development assistance on safeguarding the food security of developing countries and promoting sustainable, local, small-scale and organic agricultural production.

They call in particular for:

- a switch to organic and ecologically sustainable farming;
- specific support to women in agriculture;
- the root causes of food insecurity, including weak accountability for the right to food, food-price speculation and ‘land grabbing’ should be addressed.

Members recall that, in order to feed a world population expected to surpass 9 billion in 2050, **agricultural output will have to increase by 70%** between now and then, using less land, less water and fewer pesticides. They note that global food security is a question of the utmost urgency for the European Union and calls for immediate and consistent action to ensure food security both for EU citizens and at the global level.

The report underlines that tackling food insecurity means implementing many measures in diverse sectors, such as the management of local natural resources, the reinforcement of production and manufacturing, training, the structuring of professional organisations, the implementation of a safety net for the most vulnerable, the education on nutrition and also the diversification of rural jobs beyond agriculture to enhance the income of rural families, who are the first victims of hunger.

**Transparency:** lastly, in order to increase transparency and public acceptance of development projects funded fully or partially by the EU or the Member States, Members call for creating an electronic data base that provides information on ODA.