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Where is the European Union's Development Policy heading?

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of Excellence conference 'The European Year of
Development: approaches, issues & results'

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- 1 Why a European Year for Development in 2015?
- 2 EU Development Policy Framework
- 3 The EU – a major development player
- 4 Changing global context
- 5 The EU response - towards a new European Consensus on Development?
- 6 Post-Cotonou – what future for EU's relationship with Sub-Sahara Africa, the Caribbean and the Pacific?

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1 Why a European Year of Development – in 2015?

- What are the “European Years”?
- Why this topic?
- Why 2015?
- What happened?
- What themes? Topics of the month, stories of the week
- Any legacy?

<https://europa.eu/eyd2015/en/content/about-2015>

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2 EU Development Policy Framework – Lisbon Treaty (2009)

- **EU Development Policy is guided by the principles for external action, set out in Article 21 of Treaty on European Union** (democracy, rule of law, universality, indivisibility of human rights and fundamental freedoms, respect for human dignity, principles of equality and solidarity, respect for principles of UN Charter and international laws). It should be aimed at: safeguarding EU values, security and its fundamental interests, fostering development, poverty reduction, encouraging all countries to integrated into world economy and peace preservation.
- **In particular, according to Art. 208 of the Treaty on the Functioning of the European Union EU Development policy shall pursue:**
 - Primary objective: reduction and, in the long term, eradication of poverty
 - Complementarity and mutual reinforcement of the Union's and MS development cooperation policies
 - Policy Coherence for Development
- **Art. 210 obliges EU and Member States to coordinate**



2 EU Development Policy Framework – Policy coherence

..... of EU external action (Art. 21 – 3.2 TEU)

“The Union shall ensure consistency between the different areas of its external action and between these and its other policies.”

=> Obligation to ensure consistence

- between foreign, security and development strands of external action
- between external action and all other EU policies (internal, internal with external dimension)

..... Policy coherence for development (Art. 208 - 1.2 TFEU)

“The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries.”

⇒ Obligation to ensure coherence of non-development policies (internal and external with development objectives/ impact on developing countries :

⇒ What approach? “do no harm” ⇔ “ensure positive impact”

⇒ EU is committed to ensuring that all EU policies support development in developing countries.

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2 EU Development Policy Framework – hard and soft law

European Consensus on Development (2005):

- It provides the overall framework of the EU development policy
- Reflects the EU's and Member States objective to eradicate poverty and build a more stable and equitable world
- Presents EU & MS common objectives, values, principles

Part 1 applies to EU and Member States

Part 2 applies only to the EU and is outdated



2 EU Development Policy Framework – hard and soft law

Commitment to aid and development effectiveness: Paris Declaration (2005), Accra Agenda for Action (2008), Busan Partnership Principles (2011)/ Outcome Mexico High Level Forum, Addis Ababa (2015) => Global Partnership for Effective Development Cooperation

- *Ownership*
- *Alignment*
- *Harmonisation*
- *Results*
- *Mutual accountability*
- *Inclusive partnership*

EU Code of Conduct on Division of Labour (2007) => enhance complementarity and division of labour amongst EU donors

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2 EU Development Policy Framework – hard and soft law

Comprehensive partnerships, global presence:

- Cotonou Agreement
(ACP countries: A = Sub-Sahara Africa, C = Caribbean, P = Pacific)
- Joint Africa-EU Strategy/ Joint EU-Caribbean Strategy
- Neighbourhood Policy (East and South) – bilateral partnership agreements and regional cooperation
- EU-Latin-America – including EU-Central America Association Agreement
- EU-Asia
- [EU candidate and accession countries]



3 The EU – a major development player

- In 2014 EU and Member States together disbursed €58 billion in official development assistance (ODA), roughly 55% of total aid reported to the OECD.
- EU (European Commission and European Investment Bank) alone implemented €12 billion.
- EU development aid to 150 countries
- EU supports all countries that are fragile or conflict-affected
- Global presence through its network of EU Delegations covering 140 countries.



Main channels we use - (1)

Multi-annual financial framework 2014 - 2020

European Development Fund (extra-budgetary fund):

- first of the instruments to be established – works with 79 countries in Africa, Caribbean and Pacific
- worth over €30 billion from 2014-2020

Development Cooperation Instrument (EU budget):

- works with 47 countries mainly in Asia and Latin America, South Africa, Panafrican
- worth about €20 billion from 2014-2020



Main channels we use - (2)

European Neighbourhood Instrument (DG NEAR): it covers 16 eastern and southern neighbours and is worth **about €15 billion** from 2014-2020

Other programmes include:

- Civil society organisations and local authorities
- Global public goods and challenges
- Democracy and human rights
- Stability and peace



4 Changing global context

- Changing **geography of poverty**
- **Developed/developing** distinction breaking down
- **New actors and more financing options** available to developing countries, including private funds, philanthropies, non-traditional donors/ South-South cooperation, local authorities
- Growing recognition of **inter-linkages/interdependence**, e.g. **climate change**

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4 Changing global context => EU development policy review in 2011 – Agenda for Change

Overarching objective: *Poverty elimination in the context of sustainable development*

Policy priorities

- Human rights, democracy and other elements of good governance
- Inclusive and sustainable growth for human development
- 20% of EU Aid to support social inclusion and human development
- 20% of EU budget to contribute to low-carbon resilient societies

Principles for implementation

- 1) Country differentiation
- 2) Sector concentration
- 3) Improved coordinated EU & Member States action
- 4) More effective tools and aid modalities
- 5) Further operationalise Policy Coherence for Development

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Agenda for Change – (1) country differentiation

Target resources to the countries most in need to address poverty reduction and where they could have the greatest impact

- Allocation of EU aid based on needs, capacities, commitments and performance, as well as the potential EU impact
- Special focus on Neighborhood and Sub-Saharan Africa as well as fragile countries

New types of cooperation and new partnerships with more advanced developing countries

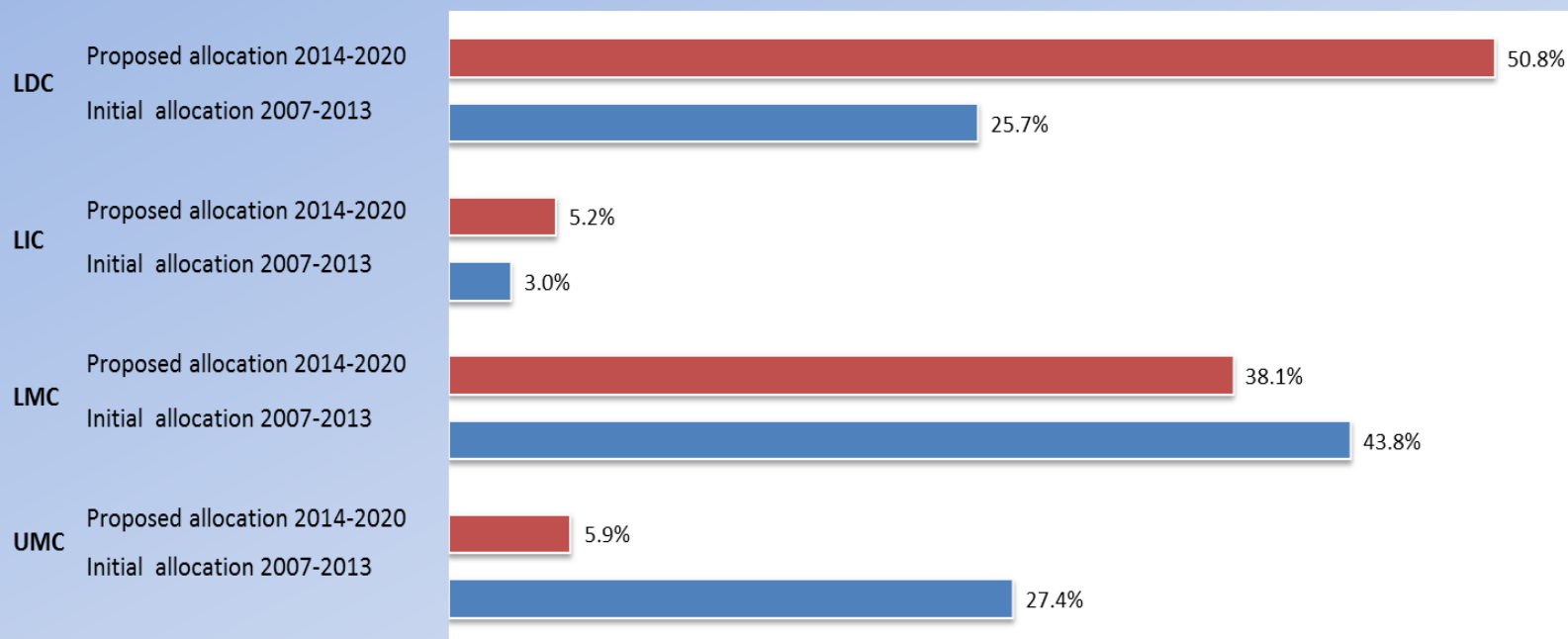
- Alternative frameworks of continued partnership and cooperation
- Diversify aid modalities and develop other types of cooperation (e.g. loan-grant blending, technical cooperation, twinning, etc.)

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(1) Country differentiation in practice – Development Cooperation

DCI - Total National Allocations per type of country (%)
2007-2013 vs 2014-2020 - All regions

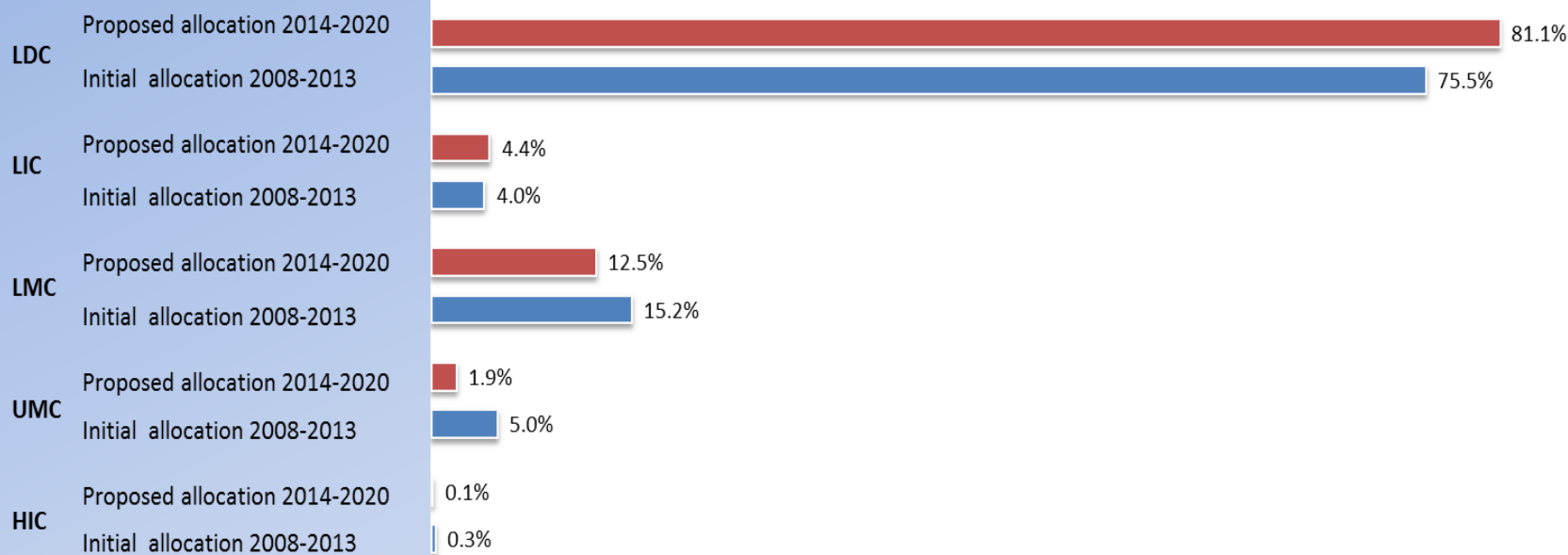


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(1) Country differentiation in practice – European Development Fund

EDF - Total National Allocations per type of country (%)
2008-2013 vs 2014-2020 - All regions





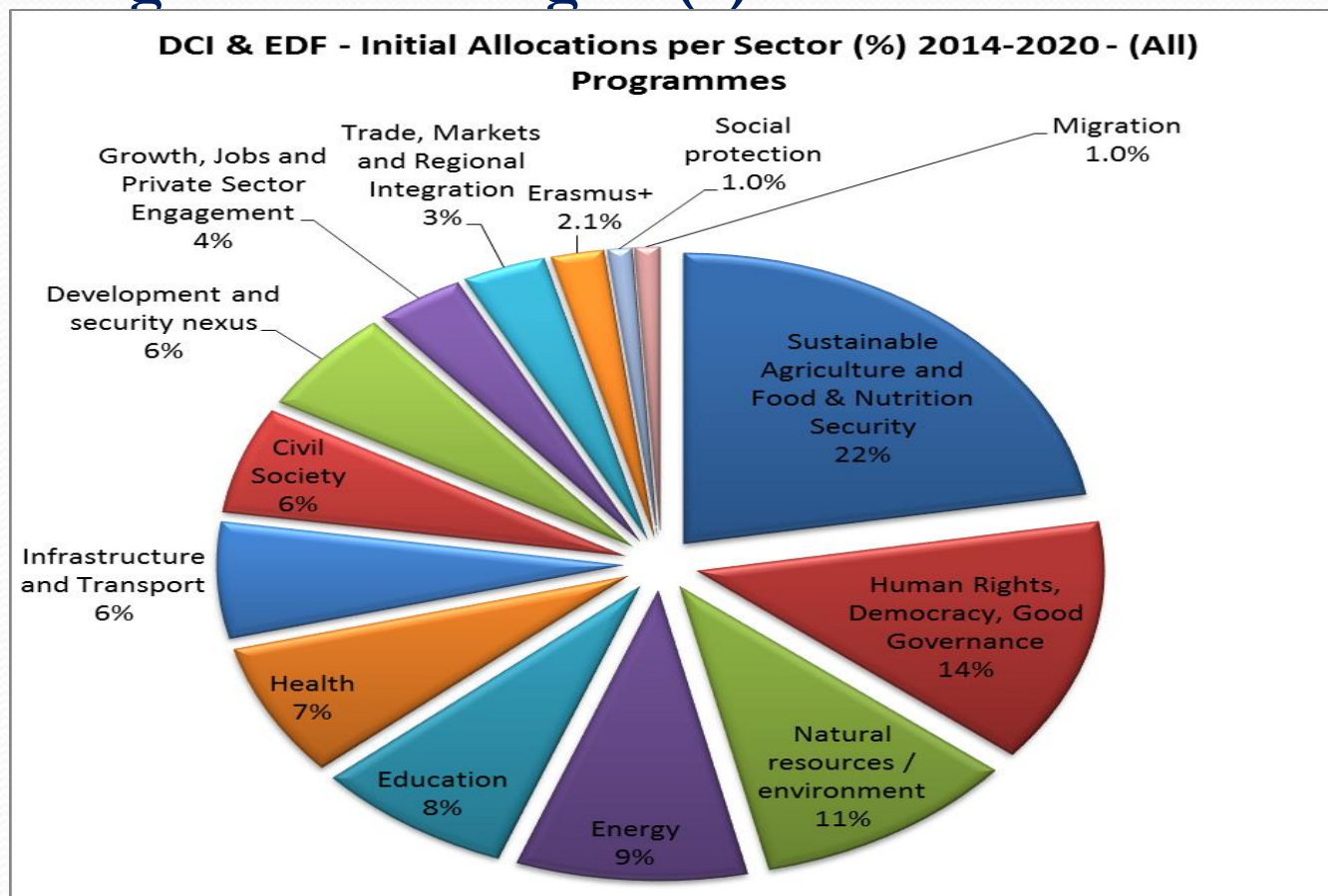
Agenda for Change – (2) Sector concentration

- **Before:**
 - Sector fragmentation: European Commission present in 10 sectors on average - ranging between 5 sectors (Mongolia) and 12 sectors (Burkina Faso)
 - Sectors defined too broadly (e.g. “human and social development”; “rural” and “urban” development; “economic” and “political” integration...)
- **After:**
 - EU activities will be focused on a maximum of 3 sectors per country
 - Today 79% of NIPs have maximum 3 sectors

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Agenda for Change – (2) Sector concentration



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Agenda for Change – (3) Enhanced coordination of EU & Member States action=> Joint programming

- **Better alignment to national policy:** conducted primarily at country level to respond to specific needs and the situation on the ground
- **Less bureaucracy, fragmentation and transaction costs** for all actors involved
- **Reinforce transparency, predictability, accountability**
- **Synchronised** with partner country's planning cycle
- **Gradual/flexible** approach, according to country specific situations
- **Open** to other like-minded donors
- More **complementarity and impact**

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(3) Joint programming – how does it work?

Joint analysis of partner country's development strategy

Joint response to that strategy

Identification of **sectors of intervention** and **division of labour** who is working in which sectors

Indicative multi-annual financial allocation per sector and donor

... more and more often, **joint result frameworks**

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(3) Joint programming - state of play

55

Initial group of Joint Programming countries 2011-2012:

37

Countries with roadmaps

Armenia, Bangladesh, Bolivia, Myanmar, Burundi, Cambodia, Comoros, Cote d'Ivoire, Egypt, Ethiopia, Georgia, Ghana, Guatemala, Haiti, Honduras, Kenya, Laos, Mauritania, Moldova, Morocco, Mozambique, Namibia, Nicaragua, Niger, Palestine, Paraguay, Philippines, Rwanda, Senegal, Tunisia, Uganda. Drafts: Benin, El Salvador, Nepal, Timor Leste, Yemen, Zambia

30

Countries with Joint Analysis

Bangladesh, Bolivia, Burkina Faso, Myanmar, Burundi, Cambodia, Chad, Comoros, Cote d'Ivoire, El Salvador, Ethiopia, Ghana, Guatemala, Kenya, Laos, Malawi, Mali, Mozambique, Namibia, Nicaragua, Niger, Palestine, Rwanda, Senegal, South Sudan, Togo, Uganda. Drafts: Benin, Paraguay, Morocco

25

Countries with Joint Strategies

Myanmar, Burundi, Cambodia, Chad, Comoros, Ethiopia, Ghana, Guatemala, Kenya, **Laos**, Mali, Namibia, Rwanda, Senegal, South Sudan, Uganda. Drafts: Benin, Bolivia, Burkina Faso, Cote d'Ivoire, Morocco, Niger, Palestine, Paraguay, Togo

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Agenda for Change – (4) More effective tools and aid modalities

Main aid modalities:

- **Grants to projects and programmes:** to a government, to civil society, to international organisations (usually co-financing);
- **Delegated and transfer agreements:** to audited organisations (international organisations, bilateral donors, EU-countries and non-EU donors)
- **Budget support:** based on policy dialogue, performance assessment (disbursed in tranches, promoting sound and transparent public finances)
- **Blending** combines EU grants with loans from public and private financiers.
- **EU Trust Funds**

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Agenda for Change – (4) More effective tools and aid modalities

Modernised budget support policy:

- Stronger link with the fundamental values of human rights, democracy and rule of law
- Three types of contracts: Good governance and development contracts; state building contract; sector reform contract
- New eligibility criterion: on budget transparency and oversight
- Systematic review of adherence to fundamental values
- Establishment of Budget Support Steering Committee



Agenda for Change – (4) More effective tools and aid modalities

Blending:

EU grants to unlock additional public and private financing to meet development challenges:

- EU achieved global coverage – eight regional blending facilities
- Results 2007-2014: €2 billion EU grants (direct grants, interest subsidies, or grants for technical assistance) blended with additional public & private resources triggered €20 billion of loans - => leverage on average 1:10 - to unlock investments of €43 billion.
- Importance of blending is increasing
- Focus on projects that would otherwise not be realized
- Potential to catalyse private funding to be developed further (e.g. reach out to local businesses)



Agenda for Change – (4) More effective tools and aid modalities

EU Trust Funds:

- What is a Trust Fund?
- Why EU Trust Funds in external action?
- Why do so many WB Trust Funds exist (>1000) ⇔ and so few EU Trust Funds (3)?

Examples:

- ***Bêkou*** – ‘Hope’ in "hope" in Sango, established 2014, to promote the stabilisation and reconstruction of the Central African Republic.
- ***Madad - EU Regional Trust Fund in Response to the Syrian Crisis*** (operational early 2015)-
- **Africa Emergency Trust Fund** (set up in November 2015; first projects approved in December)



(4) Changing global context – the UN processes and EU policy Agenda 2030 – the Sustainable Development Goals (9/2015)

- Bring together the follow-up to the MDGs and to Rio+20
- Constitute a move from a North/South agenda to a universal agenda => the goals apply to all countries (also to the US!)
- Shapes a broader, ambitious global partnership for implementation (not just money, not just ODA)
- Balances the three dimensions of sustainable development – economic, social, environmental
- Process towards the adoption and implementation ensure ownership by all stakeholders

=> **17 goals – 169 targets:** a global framework to eradicate poverty and achieve sustainable development by 2030

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<u>Goal 1</u>	End poverty in all its forms everywhere	<u>Goal 10</u>	Reduce inequality within and among countries
<u>Goal 2</u>	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	<u>Goal 11</u>	Make cities and human settlements inclusive, safe, resilient and sustainable
<u>Goal 3</u>	Ensure healthy lives and promote well-being for all at all ages	<u>Goal 12</u>	Ensure sustainable consumption and production patterns
<u>Goal 4</u>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<u>Goal 13</u>	Take urgent action to combat climate change and its impacts*
<u>Goal 5</u>	Achieve gender equality and empower all women and girls	<u>Goal 14</u>	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
<u>Goal 6</u>	Ensure availability and sustainable management of water and sanitation for all	<u>Goal 15</u>	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
<u>Goal 7</u>	Ensure access to affordable, reliable, sustainable and modern energy for all	<u>Goal 16</u>	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
<u>Goal 8</u>	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	<u>Goal 17</u>	Strengthen the means of implementation and revitalize the global partnership for sustainable development
<u>Goal 9</u>	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation		*Acknowledging that the United Nations Framework Convention on Climate Change is the primary international, intergovernmental forum for negotiating the global response to climate change



(4) Changing global context – the UN processes

- Means of Implementation – Global Partnership

set out in the **Addis Ababa Action Agenda (AAAA) – July 2015** and
SDGs (goal 17 and related Means of Implementation targets)

- Paris Climate Deal (COP 21) – December 2015

- World Humanitarian Summit Istanbul – May 2016



(5) The EU response to the changing global environment and international agenda - towards a new European Consensus on Development?

- EU EU has committed itself to fully implement the 2030 Agenda and the climate targets across the range of both internal and external policies.
 - Internal dimension: How to implement SDGs internally within the EU and the Member States? => break silos & ensure policy coherence
 - Agenda for Change of 2011 an important step to adapt to a changing world — needs to be developed further => likely revision of EU development framework (e.g. Consensus; ‘agenda for change 2.0’)?
 - EU needs to reflect how to best adapt to the agreed Means of Implementation tool box, to climate finance required to help developing meet their climate targets and on how to cooperate with more diverse and non-traditional actors
 - What future cooperation with ‘graduated’ countries?
- => Major tasks, EU will consult widely, conclusions later in 2016



(6) Post-Cotonou – what future for EU's relationship with Sub-Sahara Africa, the Caribbean and the Pacific?

- No visibility of the partnership in the international arena
- Partnership needs to change and reflect new realities: new players & actors; new global challenges; new interests ...
- Reflect changes within the partnership, e.g.:
 - Increased regionalisation of the partnership and stronger regional organisations (African Union, CARICOM/CAROFORUM);
 - Some ACP countries have a higher per capita GNI than some EU Member States;
 - Economic Partnership Agreements (EPAs = regional trade and economic cooperation agreements).



(6) Post-Cotonou Objectives:

- **Main objective for the EU:** Political partnership based on common interest and shared principles, away from donor-recipient relationship.
- Partnership **consistent with the 2030 Agenda/** SDGs and facilitate implementation within ACP countries.
- **ACP** side seeks to build a rejuvenated, more financially autonomous organisation with new core mandate, focus on increasing investments, development of AP entrepreneurship, job creation, enhance intra-ACP cooperation.



(6) Post-Cotonou – what nature of the future partnership?

- Legally binding or not?
- Regionalisation?
 - Negotiate regional agreements without an umbrella agreement with the ACP group
 - Negotiate individual and more substantial agreements at regional level, combined with slimmed-down all-APC umbrella agreement.
 - Recast the Cotonou partnership, give more prominence to regional components, clarify the relationship between the ACP as a Group, the three regions and their partnerships with the EU; possibly involve the African Union and regional economic communities in the negotiations and future framework (signatories of a possible new Agreement?)

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**⇒ Your turn now:
Your comments/ questions?**

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Information sources

EuropeAid website:

http://ec.europa.eu/europeaid/index_en.htm

European Year for Development:

<https://europa.eu/eyd2015/en/content/about-2015>

Capacity for development, connecting the development community:

<http://capacity4dev.ec.europa.eu/>

European Development Days

<http://eudevdays.eu/>

European Year for Development

Joint Africa EU Partnership

www.africa-eu-partnership.org