

## POLICY COHERENCE FOR DEVELOPMENT

### Background: How PCD is relevant in ACP-EU relations?

The principle of **Policy Coherence for Development (PCD)** is enshrined in successive treaties of the EU and in the European Consensus on Development, and it is part of the Cotonou Partnership Agreement (CPA) under Article 12. The PCD principle means that the objectives of the EU development cooperation should not be undermined by the impacts of other non-developmental EU policies with an external (e.g. trade) or internal (e.g. agriculture) objective. In compliance with the Lisbon Treaty, the EU is obliged to take the likely development impacts into consideration in their policy formulation. The EU identified twelve policy areas where both the European Commission (EC) and the EU Member States should make efforts to promote greater PCD. These include trade, environment, climate change, security, agriculture, fisheries, social dimension, migration, research and innovation, information society, transport, and energy. In the EC PCD work program 2010-2013, these 12 policy areas have been grouped under five "global challenges", namely trade and finance, climate change, food security, migration, and security.

**Monitoring** by the EU institutions of progress towards PCD is carried out through a rolling work programme and occasional case studies conducted in selected partner countries. Every two year, the European Commission produces a progress report on how the EU has been implemented PCD in the above mentioned policy areas. The fourth report is expected in the autumn 2013.

Policy coherence was identified by both EU and ACP as an issue for the 2010 revision of the CPA. The strengthened **Article 12** requires the Commission to regularly inform the ACP Secretariat of planned proposals and if necessary, hold consultations to address any concerns regarding the impact of these proposals on ACP countries. The ACP States may also take the initiative and request information from the Commission. Article 12 is a potentially very important mechanism to prevent or stop incoherencies but it is underused.

### Cotonou Agreement dialogue

*The first formal consultations on PCD issues under Cotonou Article 12 took place at the request of the ACP in February 2009 during a meeting of the joint ACP-EU Subcommittee on Trade Cooperation. The ACP group had requested information on five Commission initiatives dealing with regulations about the use of pesticides, nickel substances, fisheries cold chain requirements, the renewable energy directive and the FLEGT (forest management) licensing system. The Commission replied to concerns expressed by the ACP countries that these proposals could have significant impacts on the exports of certain products to the EU. The Commission replied to the ACP representatives that their concerns would be taken into account in the preparation of these measures or in their implementation. The ACP representatives said that the ACP countries wanted to be involved as early as possible in the preparation of all measures that might affect their interests.*

*Two other consultations took, at the initiative of the EU, in July 2009 and in February 2010, to update the ACP group on trade negotiations in Central and Latin America. In the later case, the ACP side (ACP Chair of the Committee of Ambassadors) submitted its concerns in writing to the Director-General of Trade and the Commission responded by letter setting out the reasons for the Commission's policy and approach to the **trade negotiations with Colombia, Peru and Central America**, arguing how ACP interests had been taken into account during negotiations.*

*Overall, it is difficult to monitor the implementation of the article 12 as many consultations take place without necessarily referring to article 12. For example, in the context of the debate on the reform of the EU Common Agriculture Policy, the Agriculture Directorate General of the Commission did consult the ACP secretariat without such reference to article 12.*

PCD is also an important element to take into consideration in aid programming and is a requirement in the Country Strategy Papers. However, the concept of "coherence" is used there in a way that may create confusion.

### PCD in CSPs: confusion and blurring of concepts

- CSPs for ACP countries generally have a section on 'other EC policies' (III.3) but in most cases, the analysis is absent or does not run very deep;
- CSPs refer to the 'coherence of the development policy' (III.6) which is essentially about aid effectiveness. Reference is also made to the 'coherence' of the EU external and internal agenda (I.1 on the 'general objectives of the EU's external policy'), which does not pursue the same objectives as the principle of policy coherence *for development*.

## **Issues: Why are there still incoherent EU policies that jeopardize the ACP's development potential?**

In spite of an increasing awareness of the potentially negative and harmful impacts of some European policies on people in developing countries, we observe little progress to prevent incoherencies or redress existing ones.

### **Examples of gaps between intentions and reality**

- *Subsidies for European farmers resulting in exports of agricultural and food products at prices below their production costs create unfair competition and undermine the prospects of local sustainable agricultural production in many ACP countries;*
- *EU trade strategies aiming at increasing Europe's access to resources and competitiveness ignore the needs and the rights to development of partner countries;*
- *Targets to produce biofuels as part of the EU renewable energy strategy adds pressure on land, water and biodiversity and threaten food security in many developing countries;*
- *Reluctance to upgrade the European Code of Conduct for Arms Exports (E.C.C.) as a legally binding document jeopardizes peace in fragile States by allowing the proliferation of small weapons;*
- *Permissive corporate accounting regulations facilitate tax evasion from developing countries and deprive developing countries of precious financial resources to address their development concerns.*

Reasons for lack of progress on policy coherence on the ground are many.

Development objectives may be subordinated to some selective European economic, political and social interests politicaland there is no agreed (or transparent) method to negotiate trade-offs. The multitude of connections between many different policy areas implies that the assessments and the policy solutions have to be multidimensional and reach out to the different institutional actors involved in the elaboration of the necessary legislative initiatives; these include non development specialists who lack knowledge of and attention to development concerns..

There is no formal complaints mechanism open to governments or communities which are affected by harmful EU policies. PCD capacity in EU institutions is still too weak and existing institutional mechanisms to prevent and monitor incoherencies are not used in a proper way. For example, since 2009, when the EC carries out an impact assessment on policy options before adoption, it must analyze the potential impacts of these options on developing countries, including on poverty and social inclusion. But only in exceptional cases, the development impact analysis takes place. In addition, the impact assessment procedure all too often does not allow for external stakeholders to provide inputs.

Policy coherence for development, combined with human rights based approach in EU policy making also present a useful tool to ensure that no EU policies translate into human rights violation in developing countries.

### **Latest institutional developments in the EU**

Since 2010, the European Parliament has had a Standing Rapporteur on PCD. The Standing Rapporteur's mandate includes organizing inter-committee hearings on issues relevant to the PCD agenda, drafting a biennial PCD report including contributions from the relevant committees that address the development perspective of their respective committee, and acting as the point of contact for citizens and NGOs. The first biennial report of the EP was adopted in October 2012.

In May 2012, the Council of EU Development Ministers adopted Conclusions on PCD which include requirements for more evidence based PCD, such as independent policy assessments, and more dialogue with partner countries' stakeholders on EU policy impact. It is expected that the EU delegations in developing countries play a facilitation role in establishing this multistakeholders' dialogue.

### **Key principles to enforce the principle of policy coherence for development**

- Pro-poor and sustainable development objectives must be addressed in a systematic way, with a special emphasis on the realization of men and women's rights. Any criteria used to establish hierarchy or prioritisation of policies should be transparent and the trade-offs explicit;
- Policy-making processes should be more transparent and accountable, in part by ensuring that the process is participatory from the early stages;
- Adequate capacity and development expertise must be ensured to make the most of the existing structures and instruments to take into consideration development objectives when formulating EU policies likely to affect developing countries.

## **Recommendations on how to improve PCD**

- Responsibility for ensuring PCD should occur at all levels of operation in the European Commission and Member States. The Commissioner for Development should have the lead in ensuring PCD and in holding others to account, but the ultimate responsibility lies with the complete College of Commissioners and its President.
- A complaints mechanism to provide an opportunity for governments and communities to raise concerns, would improve accountability.
- The JPA should nominate two standing rapporteurs on PCD (one from ACP, one from EP) in order invigorate debate on PCD related issues and activate the Article 12 CPA when necessary. Therefore they will be responsible to gather and process complaints of cases of policy incoherencies identified by parliamentarians, civil society organisations, etc.
- The JPA should be offered the opportunity to debate with the Commissioners with policy portfolios relevant to the enforcement of PCD, in particular the Commissioners for Trade, for Agriculture and for Energy.
- PCD in the CSPs should be systematic and should provide a deeper analysis of the relation between the country's development challenges and the EU non-development policies.
- Structured consultation and democratic debate with governments, parliamentarians and civil society in partner countries about the impact of EU policies should be put in place with the view to identify instances of coherent or incoherent policies and form the basis for recommendations for policy change.
- Many areas of EU policy have potential impacts, intentional or unintentional, on ACPs. There must be opportunities for ongoing scrutiny, assessment and redress of different existing policies.