

## TRENDS AND CHALLENGES IN EU DEVELOPMENT POLICY: THE AGENDA FOR CHANGE

While in some Member States (MS) of the EU, support for development cooperation shows signs of weakening, development and aid debates at international level reflect a change of the 'development paradigm' from a poverty focused approach to an economic growth model. All this does not leave EU policies untouched as illustrated with the debates about the new EU policy document issued in 2011, **the Agenda for Change**.

Under the leadership of Commissioner Piebalgs, EU institutions judged necessary to adapt the EU development policy to trends at international level amongst which the emergence of the BRICS as major economic powers and development actors, the financial and economic crisis and in particular the budgetary austerity imposed to Europe, the growing importance of climate change and other global challenges and threats and the necessity for the EU to establish new strategic partnerships with third countries to maintain its economic competitiveness. A main motivation of this policy review was to integrate development cooperation as an element of the "Europe 2020" and its external dimension, the "Global Europe" strategy.

**The Agenda for Change doesn't have the ambition to replace the EU Consensus on Development adopted in 2005, still, it now represents the main guiding policy document for the future development cooperation instruments of the EU and the new programming cycle of EU aid that was launched in June 2012.**

On the positive side, is the fact that in spite of the economic and financial problems in Europe, the Commission is pushing member States to substantially increase the EU development budget. Indeed, for the next multi-annual financial framework (MFF), the EC is proposing to increase the 'Global Europe' heading of the budget by 25% and a €34 billion budget for the EDF.

In CONCORD's view, however, the true challenge is the fight against the main causes of poverty which are the unequal distribution of wealth and power between people, categories of people and countries. In this frame, boosting growth is only part of the solution and in many cases, when growth is not sustainable and equitable, it is part of the problem. The priorities must be for international cooperation to build a development model that enhances the right to efficient health, education and other social services as well as natural and productive resources and decent work for everybody. Without significant improvements in the area of Policy Coherence for Development, transparency and fairness in the exploitation of raw materials, fair tax and redistribution systems, corporate social responsibility, social protection and the respect of human rights by all actors involved, there is little hope that a cooperation model based on economic growth, private investments and free trade will have any impact on reducing poverty and inequalities in developing countries.

Basic features of the change of paradigm reflected in the Agenda for Change and the EC and EAS proposal for the future cooperation instruments in the 2014-2020 MFF are:

- Growing scepticism about the effectiveness of aid as an instrument and the need to get value for money with the risk of focusing on 'quick fixes' producing immediate measurable results without deeper 'social change' and with a general move to concentrate aid in fewer countries and sectors.
- ODA definition and ring-fencing around the 0.7% target is put into question by certain EU MS who would like to expand the definition to integrate more climate and security related costs as well as more concessional loans. This is also part of a discussion on how to measure 'other official flows'<sup>1</sup> at OECD DAC level.
- Promoting economic growth which is viewed as the main motor of development and consequently, increasing support to and focusing on the private sector as a key actor.
- Promoting governance in recipient states including through the stricter application of aid conditionalities (in Budget Support) or incentives (more for more). Supporting deeper democracies and human rights through financial incentives especially in the neighbourhood (follow-up to Arab spring).
- Using GDP as the main marker of development and for selection of countries that should benefit from aid or trade preferences with the risk of losing the focus on poverty reduction and human development. Should the focus be on poor people or poor countries?
- Differentiated cooperation models and policy mixes will be implemented with ACP countries depending on their status in the OECD DAC classification and other criteria (needs, capacities, country commitments and performance, and potential EU impact on policy reform and leverage of EU Aid)

<sup>1</sup> OOF consist mainly of official export credits and official development loans that are not concessional. "Total official flows" thus capture the total expenditure of governments on transactions likely to have a developmental impact, regardless of their motivation or level of concessionality.

- Using the concepts of inclusive growth and social cohesion as well as social protection policies as a way to mitigate inequalities without dedicated financial support or clear guidance on how these could be achieved and while reducing direct support to the social sectors and general budget support.
- Interests of donors gaining more importance in decisions relating to development cooperation under the cover of 'mutual interests and global public concerns'. For example with the EU proposal for a new cooperation instrument named Partnership Instrument with the objective to *advance and promote EU and mutual interests and give the "Europe 2020" strategy a global reach*.
- All these tendencies are reflected in the EC proposal for the future EU multi-annual financial framework, especially with regards to country differentiation (stopping bilateral aid to UMICs of Asia and Latin America, India and Indonesia), blending loans and grants to support public and private investments, focus on 3 priority areas per country (with governance, agriculture and energy as EC priorities), regional aid focused on trade and infrastructures, security issues gaining importance as a priority in many regions,...
- Simplification of the programming process with fewer documents and less scrutiny by the legislative authorities is foreseen. Country strategy paper will be suppressed in the case a solid national development strategy or a regional EU strategy is in place and thematic strategies will also disappear. The main outcomes of the programming will be country, regional and thematic multi-annual indicative programmes. Consultation of civil society is foreseen in the programming guidelines. Contrary to what happens now, the EP would have no role in the programming process and the EC would only consult MS advisory committees.
- In 2010, the EU set up the European External Action Service (EEAS) to enhance the capacity and strength of the EU's foreign policy. This objective has not yet materialised but the creation of the EEAS leads to a more intense interaction between development policies and other external policies, in particular regarding security. This presents a challenge as development policies may be 'instrumentalised' for foreign policy objectives. It may, however, also be an opportunity for mainstreaming development in other policy areas and improving PCD.
- Joint programming between the EC and Member States is also promoted by the EEAS and the Agenda for Change and will be tested in 11 pilot countries including Ethiopia, Ghana, Mali and Rwanda, for the upcoming country programming of the 2014-2020 geographic instruments (DCI and EDF).

### **Recommendations to the Members of the JPA**

#### From the EU:

- Make sure that the way the Agenda for Change is translated into the future cooperation instruments is promoting a rights based approach to development focused on the fight against poverty and inequalities **in all developing countries**
- Request further explanations on "**inclusive growth**" promoted in the Agenda for Change and take part in defining the concept and translating it into strategy for action.
- Make sure through the EU annual budget process and the discharge that development resources are directed to the most effective instruments, actors and policies in fighting poverty and inequalities and are not diverted at promoting economic and security interest of the EU.
- Support the role and contribute to the work of the EP rapporteur on Policy Coherence for Development

#### From ACP countries:

- Monitor the programming process at country level making sure that Parliaments, local authorities and civil society are involved in the process
- Promote democratic ownership at country level so that priorities of cooperation reflect the real needs and aspirations of the ACP populations and are not influenced by EC and MS own interests or only reflect priorities of the EU and its state's interlocutors.
- Put pressure on the government to increase the transparency of its cooperation with donors, including in case of joint programming, and of the national budget process and monitoring
- Take part in the political dialogue and in the improvement of governance through actively promoting a rights based approach to development and an enabling environment for citizens to engage
- In cooperation with civil society, take an active role in monitoring the impact of EU and MS policies with the objective of improving policy coherence for development.
- Contribute to the development at national level of inclusive growth, social cohesion, social security and decent work policies so that these concepts are not left empty and useless in the social, economic and cultural context of ACP countries.