

Procedure file

| Basic information | | |
|------------------------------------------------|--------------------------------|---------------------|
| INI - Own-initiative procedure | 2011/2047(INI) | Procedure completed |
| Increasing the impact of EU development policy | | |
| Subject 6.30 Development cooperation | | |

| Key players | | | | |
|---------------------|----------------------------------------------------------------------------|-----------------------------------------------|------------------------|-----------|
| European Parliament | Committee responsible | Rapporteur | Appointed | |
| | DEVE Development | | 26/01/2011 | |
| | | PPE KACZMAREK Filip | | |
| | | Shadow rapporteur | | |
| | | S&D CREU Corina | | |
| | | ALDE GOERENS Charles | | |
| | | Committee for opinion | Rapporteur for opinion | Appointed |
| | AFET Foreign Affairs | The committee decided not to give an opinion. | | |
| | INTA International Trade | The committee decided not to give an opinion. | | |
| | ENVI Environment, Public Health and Food Safety | The committee decided not to give an opinion. | | |
| | ITRE Industry, Research and Energy | The committee decided not to give an opinion. | | |
| | AGRI Agriculture and Rural Development | The committee decided not to give an opinion. | | |
| European Commission | Commission DG International Cooperation and Development | Commissioner PIEBALGS Andris | | |

| Key events | | | |
|------------|--------------------------------------------|---------------------------------------------------------------------------------------|---------|
| 10/11/2010 | Non-legislative basic document published | COM(2010)0629 | Summary |
| 10/03/2011 | Committee referral announced in Parliament | | |
| 25/05/2011 | Vote in committee | | Summary |
| 31/05/2011 | Committee report tabled for plenary | A7-0205/2011 | |
| 04/07/2011 | Debate in Parliament |  | |
| 05/07/2011 | Results of vote in Parliament |  | |

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|------------|--------------------------------|------------------------------|---------|
| 05/07/2011 | Decision by Parliament | T7-0320/2011 | Summary |
| 05/07/2011 | End of procedure in Parliament | | |

| Technical information | |
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| Documentation gateway | | | | | |
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| Non-legislative basic document | | COM(2010)0629 | 10/11/2010 | EC | Summary |
| Committee draft report | | PE460.696 | 07/03/2011 | EP | |
| Amendments tabled in committee | | PE462.861 | 18/04/2011 | EP | |
| Committee report tabled for plenary, single reading | | A7-0205/2011 | 31/05/2011 | EP | |
| Text adopted by Parliament, single reading | | T7-0320/2011 | 05/07/2011 | EP | Summary |
| Commission response to text adopted in plenary | | SP(2011)8297 | 15/11/2011 | EC | |

Increasing the impact of EU development policy

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 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.

Increasing the impact of EU development policy

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.

Increasing the impact of EU development policy

The European Parliament adopted by 415 votes to 77, with 66 abstentions, a resolution 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 capacity development to improve the capability of citizens, organisations, governments and societies to design sustainable development strategies;
- enhance democratic ownership (parliaments, local and regional authorities, civil society and other stakeholders);
- enable meaningful participation for citizens in Civil Society Organisations;
- highlight the role played by local and regional authorities and their networks.

Parliament stresses 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'.

The resolution insists 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. Parliament stresses the need to distinguish between the development needs of the Least Developed Countries (LDCs) and those of the Middle Income Countries (MICs), especially the emerging donors (to recall, 72% of the world's poor live in MICs).

Furthermore, Parliament takes the view that the EU's development policy should aim at eliminating obstacles to development, such as dumping of agricultural products, illegitimate debt burden, capital flight and unfair trade, and at creating an international environment conducive to fighting poverty, guaranteeing decent incomes and livelihoods and to the fulfilment of basic human rights, including social and economic rights. It reiterates the principle of the universality of human rights.

It believes that in order to guarantee high impact the EU development policy should have an incentive-based approach based on greater differentiation by rewarding those countries that are performing well and supporting those that are most off track.

Meeting financial commitments: Parliament reaffirms its 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. It urges 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.

Members underline that aid should be provided in a predictable manner that is aligned with national plans and priorities and provides incentives for greater transparency and accountability from donor governments, NGOs, and partner states.

Promoting pro-poor growth: Parliament stresses 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. Members 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 resolution stresses that economic growth policies cannot succeed without promotion of social and environmental standards and the implementation of social protection mechanisms.

Further measures are laid down:

- 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;
- strengthen large-scale export and property rights;
- 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: Parliament emphasises that the provision of basic social services is crucial to pro-poor growth and reaching the MDGs. It calls for 20% of all EU assistance to be earmarked for basic social services. Members 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 resolution 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: Parliament recalls 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, Parliament calls 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.

Members call on the EU to meet its Aid for Trade Strategy commitments on development assistance specifically targeted at projects designed to help developing countries develop their trade-related skills, improve the supply chain and ultimately compete in regional and global markets.

Climate change, energy and sustainable development: Parliament prioritises 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. It notes the huge potential for renewable energy (solar energy, wind power, geothermal energy and biomass) in many developing countries.

Parliament reiterates that developed countries have a duty to take the lead in building the low-carbon global economy needed to achieve the necessary emission cuts. It encourages Member States to take the lead in cutting emissions. The resolution calls for a holistic approach which integrates the environmental dimension in development programmes and projects for example by improving regulations concerning waste transfer and illegal logging.

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.

Parliament reiterates its position that mainstreaming cannot replace the provision of new and additional resources which the EU and other donors have committed towards developing countries climate change mitigation efforts and adaptation needs.

Food security and agriculture: Parliament reiterates 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.

It calls 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 resolution 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.

Parliament expresses its deep concern about the current farmland acquisition by government-backed foreign investors, particularly in Africa, which risks undermining local food security and causing unforeseen and far-reaching social unrest if it is not properly handled.

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