

Meeting of National and Regional Authorising Officers
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New trends in EU development policy

Reflections on the Green Paper on EU development policy in support of inclusive growth and sustainable development

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The European Union is reflecting on ways to increase the impact of EU development policy. In this context the European Commission published a Green Paper in November 2010 on EU development policy in support of inclusive growth and sustainable development, with questions to which individuals, organisations and countries were invited to react. Over 200 stakeholders provided written contributions to the consultation process and the Green Paper has been discussed in multiple fora. The consultation process will be followed by a Communication of the Commission on a 'modernised EU development policy' in June 2011. This briefing note examines the trends reflected in the Green Paper and issues for the National and Regional Authorising Officers to consider in view of their exchange of views with the European Commission on the future of EU development policy.

The changing context

Rapid changes in the world require the EU to continuously adapt its role and policies. The balance of economic power in the world is shifting, particularly with emerging economies in Asia and Latin America gaining ground. Global challenges, such as climate change, increasingly require joint action. The relative importance of development aid, as part of global financial flows to developing countries, is declining. Public expenditures for development cooperation, in the EU and beyond, are under pressure due to the financial and economic crisis.

At the same time, EU external action is undergoing changes following the entry into force of the Lisbon Treaty in December 2009. The European Council appointed a High Representative for Foreign Affairs and Security Policy assisted by the European External Action Service (EEAS) and the role the European Parliament has been strengthened.

In an effort to adapt to this changing context, Development Commissioner Andris Piebalgs launched a process to "modernise" the EU development policy. The Commission adopted the Green Paper "*EU development policy in support of inclusive growth and sustainable development: Increasing the impact of EU development policy*" in November 2010, followed by a consultation process. This coincided with various other consultation processes, in particular on budget support and on funding for EU external action after 2013.

A reform of the EU's development policy may lead to a review of the overall reference document in the area, the European Consensus on Development³. While this option is provided in the Green Paper, various member states are not in favour of a review, as they fear it could result in a tedious negotiation process and lower ambition levels in this time of economic crisis. A review of the Consensus is uncertain at this stage; however, the policy reform will shape the new EU financial instruments post-2013. As such it will have an impact on EU – ACP relations and directly concerns the National and Regional Authorizing Officers.

Main trends in the Green Paper

While the Green Paper is broad in nature, four main trends can be identified:

1. An increased emphasis on results and impact

Results and impact are put at the centre of EU development cooperation, which should provide “value for money”. The need to demonstrate results is stressed to ensure continued public support for EU development cooperation.

2. Focus on inclusive economic growth and private sector promotion

It is argued that inclusive economic growth is most effective in reaching development objectives. For EU support to enhance growth, aid needs to target governance reforms and the private sector. The private sector will be assisted in bringing about growth through risk-sharing etc. while governments receive assistance to create growth-conducive conditions, including a favourable business climate.

3. Aid as a catalyst to leverage additional resources for development

European aid should leverage other forms of development funding, including from the private sector. An enhanced use of “blending” – mixing grants and loans – is proposed. Aid should also increasingly be used as a tool to strengthen domestic resource mobilisation in developing countries.

4. Priority for the areas of climate change, renewable energy and agriculture/food security

Commissioner Piebalgs has repeatedly emphasized that the EU will need to prioritise to increase impact. Areas that receive particular attention in the Green Paper, and thus may be interpreted as proposed priority areas are climate change, renewable energy and agriculture/food security.

The consultation process and the ACP

The Commission received over 200 written responses from EU member states, non-EU donors, regional and local authorities, NGOs, the private sector, international organisations, think tanks, academics and individuals, in reaction to the Green Paper. The largest group of contributors were NGOs with over 40%, whereas the group that contributed least were partner countries, representing only 4% of the total.¹ The Commission will publish a synthesis report of all contributions received.

The contributions reveal a wide range of views. The majority **welcome the main trends** described above. This may not come as a surprise as the trends are in line with shifts in the current global discourse on development cooperation. A recurring remark in many contributions is the **call for more conceptual clarity**. For example, while the paper focuses on inclusive growth, stakeholders remark that no definition is given of what inclusive growth entails, and its origination. Further analysis and debate is considered essential if the “inclusiveness” of growth is to be ensured, as the link between economic growth and poverty reduction is complex and not automatic.

The various contributors highlight opportunities and risks of the policy proposals. Many value the

¹ A large number of contributions to the consultation process can be found on http://ec.europa.eu/europeaid/how/public-consultations/5241_contributions_en.htm. From ACP country governments this includes contributions from Ethiopia and Mauritius. The EU delegation in Ghana submitted a report of a seminar in Accra on the Green Paper. One can also find a reaction from the government of the Seychelles, submitted by the EU delegation in the country.

greater emphasis on market-led mechanisms and private sector involvement toward more equitable and inclusive growth. However, some emphasise that an increased focus on results may lead to the pursuit of quick, easily measurable results, rather than effectively supporting development which is a long-term, complex process. Others point to the risk of instrumentalisation of aid to pursue EU economic interests at the expense of poverty eradication. Some fear that the EU might not remain committed to its collective ODA target of 0.7% of GNI by 2015 given the accent put on leveraging additional resources.

In terms of the ACP specifically, some individual ACP actors submitted contributions; the ACP did not submit a contribution as a group.² However, in Brussels the Green Paper was discussed among ACP ambassadors in the context of an ECDPM lunch seminar, as well as a meeting of the subcommittee on development, finance and intra ACP programming, in which a call for an ACP position was expressed. The session of the NAO/RAO meeting on the topic (13 April 2011) and the exchange of views with the European Commission (14 April 2011) is a follow-up of this process, which could possibly lead to an ACP position.

Key issues for the ACP

The written contributions from ACP actors and the above mentioned ACP meetings reveal an overall agreement with the main trends of the Green Paper, in line with reactions from the majority of non-ACP actors. Nevertheless some specific issues were raised, which are presented in this section. Participants of the NAO/RAO meeting may wish to build further on these issues in their internal discussion and raise them in their exchange of views with the Commission.

1. Conceptual clarity

ACP actors align with other contributions to the consultation process in their call for more clarity on concepts such as inclusive growth and sustainable development. Further analysis and debate is considered essential if the “inclusiveness” of growth is to be ensured, as the link between economic growth and poverty reduction is complex and not automatic.

2. Addressing the policy – implementation gap

ACP actors expressed the view that to move forward and improve EU-ACP development cooperation efforts, the policy-implementation gap needs to be addressed continuously. They encourage the European Commission to strengthen its delivery capacity, particularly if it intends to work increasingly with the private sector, as the Commission does not have a significant track record in engaging the private sector in partner countries. In this regard, lessons can be learnt from EU members states and other development partners which have worked more in this area. The EU could also substantially enhance its regional focus and capacities to work at the (sub-) regional level.

3. Implications for ODA commitments

ACP actors insist that an increased emphasis on aid as a lever to mobilise additional resources for development should not refrain the EU from delivering on its existing ODA commitment to provide 0.7% of GNI by 2015. The EU is particularly encouraged to step up funding for development cooperation, and the ACP in particular, in the context of the new EU multi-annual financial framework post 2013 and a possible budgetisation or replenishment of the European Development Fund. Furthermore, it has been stressed that caution is required that increased blending of grants and loans, as is proposed by the Commission, does not lead to unsustainable debts.

² Individual ACP countries that submitted a contribution to the consultation process are **Ethiopia** and **Mauritius**. The EU delegation in **Ghana** organised a round table discussion on the Green Paper with government officials, civil society and development partners, the report of which it submitted. The EU delegation in Port Louis collected comments from the government of the **Seychelles**, which it forwarded as input to the consultation process. Local ACP actors that submitted a contribution are the **city of Nouakchott** (Mauritania) and **Lokosso** (Benin), as well as the **University Victor Hugo of Conakry** (Guinee). The **ACP Local Government Platform** also reacted on the Green Paper. These and all non-ACP contributions are available on http://ec.europa.eu/europeaid/how/public-consultations/5241_contributions_en.htm.

4. Ensuring policy coherence for development

ACP actors recognize that ACP–EU cooperation goes far beyond aid. They call for more attention and consideration for the impact of EU external and internal policies on the ACP, which requires buy-in at the highest political level. In this context the EU is encouraged to exploit the potential of the Lisbon Treaty for a more coherent and integrated EU approach to development, improving its overall impact on developing countries. The creation of the High Representative post and the new European External Action Service, which encompasses the EU delegations in third countries, are opportunities to build more synergies between development policy and EU policies in other areas such as conflict prevention, trade, agriculture, fisheries and climate change.

5. EU policy focus – added value of the Commission

ACP actors call for more clarity on the focus of EU development policy and the added value of the Commission, as compared to the bilateral programmes of EU member states and other development partners. In the NAO/RAO exchange of views with the Commission, as well as in further ACP –EU dialogues, the ACP may be more explicit in specifying the type of support they value from the Commission in particular, to feed into the EU financial instruments and programming for the post 2013 period.

6. Measuring and rewarding results

ACP actors endorse the mutual accountability principle, with a need for efforts of the EU and ACP to demonstrate results. The ACP may further engage with the EU to discuss the implications. This includes the use of incentive based mechanisms, where results influence aid allocation decisions.

The way forward

The modernisation of EU development policy is an ongoing process. It seems unlikely that it will result in a revolutionary and complete overhaul of the current policy and practice; it could, however, contribute to reshaping EU development cooperation.

ACP reflections and interactions with EU actors, including the European Commission, EU member states and the European Parliament can contribute to this process. National, regional and the ACP level can be exploited for this purpose.

ECDPM Briefing Notes

ECDPM Briefing Notes present policy findings and advice, prepared and disseminated by Centre staff in response to specific requests by its partners. The aim is to stimulate broader reflection and debate on key policy questions relating to EU external action, with a focus on relations with countries in the South.

For further reading on the future of EU development policy, see also ECDPM's Talking Points blog. On 25 March 2011 ECDPM's Director Paul Engel posted the contribution '*Next steps towards defining the future of EU Development Policy – an overview of the current debate.*' [www.ecdpm-talkingpoints.org]

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