

Opinion of the European Economic and Social Committee on 'Increasing the impact of EU Development Policy: an Agenda for Change/The future approach to EU Budget Support to third countries'

COM(2011) 637 final and COM(2011) 638 final

(2012/C 229/26)

Rapporteur: **Ms LE NOUAIL MARLIÈRE**

On 30 October 2011 the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union, on the document entitled:

Increasing the impact of EU Development Policy: an Agenda for Change/The future approach to EU Budget Support to third countries

COM(2011) 637 final and COM(2011) 638 final.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 30 April 2012.

At its 481st plenary session, held on 23 and 24 May 2012 (meeting of 24 May), the European Economic and Social Committee adopted the following opinion by 146 votes in favour, 60 against and 30 abstentions.

1. Conclusions and recommendations

The Committee approves and supports the two proposals but would urge that priority be given to putting the objectives into practice to improve the everyday situation of the people for whom the aid is, in the end, intended.

To this end it suggests the following:

1.1 Involving civil society organisations CSOs, which include trade unions, cooperatives, NGOs and employers' organisations, each with their own specific features) not only in setting the general guidelines, but throughout the whole process of project selection, implementation and result assessment, so as to support and complement the administrative, diplomatic and legal procedures for monitoring and evaluating the provision of EU funds.

1.2 Involving, instead of simply consulting, the social partners and the other civil society organisations would be beneficial because of the expertise derived from the social, economic and environmental experience and commitment of the volunteers concerned in improving standards relating to representativeness and democracy - openness, expansion, transparency and independence (ownership objective).

1.3 In this regard, economic and social councils - where they exist - are a valuable resource. The EESC, with its various partners (tertiary sector organisations, trade unions and employers' organisations), has consistently been involved, whatever the obstacles. It has been a negotiating partner alongside the European public authorities in contacts with the delegations with which it has had dealings, both in bridging the gap between institutions and civil, social and economic organisations and in recommending, in many circumstances, that greater vigilance be exercised by the EU authorities as regards human rights.

1.4 **There should be a better balance during the procedures for consultations with CSOs** in the EU and the recipient countries. Particular attention should be paid to a cross-consultation of non-state players⁽¹⁾, in order to avoid European development policy being used as a tool.

1.5 The Decent Work Agenda, contributing to inclusive and sustainable growth, must be included when it comes to concentration of sectors at country level. Social partners must be included from the start in policy dialogue to ensure democratic ownership of development policies which goes beyond government's involvement.

1.6 Differentiation between countries or group of countries must be based on relevant indicators such as UN Human Development Index, responding to the poverty reduction. In any case a gradual phasing out strategy of the so called 'emerging economies' countries should be established.

1.7 The EU support to good governance and human rights (pillar of the agenda for change) should be aimed at promoting a human rights based approach to development whose features are: participation in political processes, democratic ownership and empowerment of right holders; human rights compliance systems on internationally agreed commitments; policy coherence between human rights, aid, and economic policies.

⁽¹⁾ OJ C 211, 19.8.2008, pp. 77–81, rapporteur Mr Moreno Preciado: *Freedom of association in the Euromed partner countries.*

1.8 The Committee suggests paying special attention to the following improvements to allow **public and private aid to be redeployed more efficiently**:

- seeing that the countries where aid is most needed often are also those where the most severe forms of corruption are found, to provide special attention to anti-corruption measures and in case of budget support payments, non-state actors, social partners, and associations active in the areas of human rights and European networks should be consulted and involved in priority setting, monitoring etc.;
- sectoral themes should be at the heart of the strategic reorientation of aid objectives. Here the Committee would give priority to the Millennium development goals. Special attention shall be provided to social sectors, education (including continuing vocational training), health, the development of NICTs and access to them, the rights of persons with disabilities, human rights and labour rights, all rights concerning women at work and in life in general and their participation in public life;
- public sector aid remains essential and necessary for the development of the targeted countries, but for a better coordination of direct aid from the Member States and the EU, aid from the NGOs and private sector should be taken into account in the coordination process and be subject to the same principles regarding consistency of objectives and accounting;
- the Committee remains concerned by the downward trend in official development aid from most Member States, and stresses the need of involving civil society more in the decisions of budgetary support.

1.9 The Committee believes that **the Commission should boost the direct involvement of civil society in the EU and the recipient countries as much as possible**, aiming at a partnership. This shall aim to have a positive impact on human rights, anti-corruption, decrease the risk of ineffective aid or social problems.

1.10 The Member States should commit to coordinating their aid within the Community framework. In the current severe economic crisis for the EU, European taxpayers should be made more aware of aid objectives, be informed, have something to say about them and, in order to give them greater support, have access to relevant information through training courses for the general public and volunteers and professionals from CSOs.

1.11 The EU should also be able to seriously improve the performance of its aid by assessing the impact of agreements on economic, industrial and agricultural matters *before* concluding them and as part of the process of following them up.

2. Introduction

2.1 The Commission presented the two proposals under consideration as a follow-up to its Green Paper of 10 November 2010 on EU development policy in support of inclusive growth and sustainable development/Increasing the impact of EU development policy (COM(2010) 629 final).

2.2 Facing new global challenges, close to the 2015 target for achieving the Millennium Development Goals (MDGs) and in the midst of preparations for the next Multiannual Financial Framework (MFF), the EU is searching for the right mix of policies, tools and resources to be effective and efficient in the fight against poverty in the context of sustainable development. The Commission is proposing an Agenda for Change to strengthen Europe's solidarity with the world's developing nations in this fight.

2.3 The EU has already done much to help reduce poverty and in particular to support the achievement of the MDGs. Yet severe poverty persists in many parts of the world. Meanwhile, popular movements in North Africa and the Middle East have highlighted that sound progress on the MDGs is essential. According to the European Commission, EU development policy must take into account the increased differentiation between developing countries. The EU also has the opportunity to work more closely with the private sector, foundations, civil society organisations and local and regional authorities, as their role in development is crucial. The EU and its Member States should speak with one voice and act in concert so as to achieve better results and improve the EU's visibility.

2.4 In view of the present economic and budgetary times, it is essential to ensure that aid is spent effectively, delivers the best possible results and is used to leverage further financing for development.

2.5 Development strategies led by the partner country will continue to frame EU development cooperation in line with the principles of ownership and partnership. The EU is seeking greater reciprocal engagement with its partner countries, including mutual accountability for results. Dialogue at country level within a coordinated donor framework should determine exactly where and how the EU intervenes. More effective collaboration within the multilateral system will also be pursued.

2.6 On 7 December 2011 the Commission also adopted a Proposal for a Regulation of the European Parliament and of the Council establishing a financing instrument for development cooperation⁽²⁾, which formalises the guidelines proposed in the Green Paper and the two Communications examined below.

⁽²⁾ COM(2011) 840 final of 7 December 2011, SEC (2011) 1469 and 1470.

3. General comments

3.1 The Committee would point out that it has made a number of remarks in previous opinions, which still remain relevant. These include:

— *The Development Cooperation Instrument of the European Union* ⁽³⁾; and

— *The European Instrument for Democracy and Human Rights* ⁽⁴⁾, in which it: ‘... calls for the institutions to reflect upon the role of civil society in the Union’s foreign policy regarding human rights and the possibility of involving it more directly in the shaping and implementation of such policy. There must be systematic consultation of organised civil society before any strategy document is drafted, including those of individual [...]Countries ...’

3.2 The Committee is particularly keen to support human rights objectives, especially in the areas of human rights at work, gender equality, protection and promotion of children’s rights, including the eradication of child labour, and informal work with no social security cover (decent work and ILO conventions).

3.3 Although the achievement of MDG 1 (Eradicate Extreme Hunger and Poverty) is supported by the Commission, the Committee notes that too little importance is still given to achieving the other objectives, as this would have an interactive effect. For example, if something was done to achieve MDG 7 (Ensure Environmental Sustainability), this would help reduce poverty.

3.4 The Committee underlines the need to specifically allocate financial resources in development cooperation to gender issues (MDG 3). Most importantly it regrets the absence of information and data and no systematic monitoring that makes it very difficult to identify any positive or negative impact on gender equality. This places a severe constraint on informed policy-making and the formulation of appropriate strategies and interventions to reduce inequalities. In order to be effective, gender mainstreaming needs to be operationalised and supported through predictable funding and allocations, otherwise it runs the risk of being sidelined at the expense of other seemingly more urgent goals ⁽⁵⁾.

⁽³⁾ EESC opinion on The Development Cooperation Instrument of the European Union: the role of organised civil society and the social partners OJ C 44, 11.2.2011, rapporteur: Mr Iuliano.

⁽⁴⁾ EESC opinion on The European Instrument for Democracy and Human Rights OJ C 182, 4.8.2009, rapporteur: Mr Iuliano.

⁽⁵⁾ Report of the Parliamentary Committee on Women’s Rights on the Multiannual Framework 2014-2020 - Assessing Gender relevance of EU External Actions.

3.5 As regards decentralisation and trust placed in EU representations, each time that the EESC has had the opportunity to do so it has met with European delegations through its contact and follow-up groups and participation in the EU’s ‘Round Tables’ (India, Brazil, ACP, etc.), as well as the processes involving the Mediterranean and the Eastern neighbourhood. The Committee notes that the support by the European delegations should be extended towards European CSOs on the ground, as this would make European aid more transparent.

3.6 The EESC supports the aim of the proposals but has some suggestions for the instrument of ‘budget support’ because of the lack of support it has among the general public. The recommendations of civil society organisations and the social partners and others should be more taken into consideration when designing and monitoring the programmes: democracy, transparency and traceability in order to combat waste, corruption, tax avoidance and the abuse of political, police or military power and authority ⁽⁶⁾ and others.

3.7 Firstly, any assessment must cover everything properly if we are to avoid coming to the same conclusion in eight years’ time (Financial Perspectives 2014-2020), namely that the Commission has indeed rightly judged that the results are disappointing and tried to rectify the situation, taking into account the missions set out by the new Treaty, but in the end has just come up with the same thing: consultation after the event and moves to step up checks by making them excessively detailed, without increasing human resources or checking that they are properly targeted, be it on organised networks or individuals. Priority for aid should be given to the most vulnerable groups in society who face problems of access, including those in rural areas and in the most remote regions.

3.8 Secondly, more emphasis is put on the appearance of efficiency at the expense of sustainable human investment by promoting the biggest economic players on both sides of the aid equation (donors/recipients).

3.9 Finally, in assessing the objectives of aid the Commission needs to be clear – and state clearly - how its aid programme ties in with – and is differentiated from - both its Economic Partnership Agreements (EPAs) and its Free Trade Agreements (FTAs) negotiating aims. A lack of clarity here not only leads to confusion and misunderstanding but can lead to a failure of recognition that so far ODA has provided insufficient stimulation to achieve the Millennium Goals due to a lack of consistency between the objectives of aid and the rest of EU external policy, particularly trade policy.

⁽⁶⁾ EESC opinion on Regional integration for development in ACP countries, OJ C 317, 23.12.2009, pp. 126-131, rapporteur: Mr Dantin and co-rapporteur: Mr Jahier.

3.10 Thus, the EU might provide more and better encouragement for the development of inclusive growth oriented towards the transition to a 'green' economy, based on human development and the sharing and transfer of the necessary knowledge and technology. It might improve the effectiveness of its aid by assessing the impact of the economic agreements which it concludes, and beef up the performance of *The European Instrument for Democracy and Human Rights* (?).

3.11 We must remember that the Paris Declaration's objective of 0.7 % of Member States' GNI remains the goal in terms of volume, but even before the 2008 financial crisis many states took refuge behind the slogan 'less but better-quality aid' (Monterrey 2002, Johannesburg 2002). The EU Member States all contribute to European or international aid programmes but, over time, large sections of society are excluded from the benefits announced, both economic and environmental. It is therefore necessary to restore trust in the field of aid as much as in the economic sphere between civil society and its political and economic governors, both in the North and in the South.

3.12 For aid to be coordinated and effective, the Member States and the European Commission must work towards common goals. The EU institutions are too weak when faced with the special interests of each contributing Member State. Governments in the recipient countries have thus been able to take advantage of the often diverging economic interests of the EU Member States, and play on the rivalry or competition between different types of funding and between continents (EU, G20, OECD, etc.).

3.13 It is important to take measures to support the democratic process. A balance should always be sought between consultation of the social partners and of other civil society organisations, so as to strike a positive chord and achieve thematic goals.

3.14 One cannot reason as if the EU had not itself suffered the social consequences of a financial crisis that has spread to the economic, budgetary, social and political spheres. The EU must, through its development aid and cooperation, encourage a reduction in the consumption of raw materials, facilitate technology transfer and promote processing industries in countries that are net exporters of natural resources so as to reduce its environmental footprint, while helping to reduce the effects of climate change.

Business environment, regional integration, world markets

3.15 In this area, the results of the Busan conference have not shown that the EU has maintained any particular or firm belief in supporting technology transfer, improving living conditions in response to climate change or strengthening public services. Its efforts are, it has to be said, dwarfed by

the profusion of private funding and sponsorship from multinational or transnational economic interests (which is a sign of the strong private sector commitment to development) even though its share and its public contribution still represent approximately half of ODA (official development aid).

3.16 Internationally, some large companies, to be found especially in infrastructure sectors: construction, water, agri-food, energy etc., provide preliminary feasibility studies to the governments receiving aid which are used to convince prospective donors and take advantage of the obligation of the beneficiary states to comply with basic rights and implement them positively by suggesting that major works be undertaken. But it has happened that the funds obtained for aid have been placed on the financial markets by members of the beneficiary local or national governments, without always being used to carry out the projects for which they were originally intended, by being redirected to European financial centres 'in a safe haven' into private accounts.

3.17 The Committee therefore approves of the objectives of combating tax avoidance and corruption, which must include combating the laundering of money obtained from criminal activities or tax avoidance and the exploitation of forced, informal or child labour. The EU would thus better achieve the objective of consistency with other donors.

3.18 The EU therefore must (i) encourage its Member States to increase their contribution, but in a coordinated and integrated manner, (ii) consult its own civil society on the relevance of its objectives in order to convince Member States that development aid is not just a question of image and market share, and (iii) promote and facilitate dialogue between the different civil society organisations, social partners and the Member States, and involving local and regional authorities both inside and outside the EU.

4. Specific comments

4.1 In the wake of the support provided by the Accra Forum in September 2010, the Civil Society Organisations adopted the Istanbul CSO Development Effectiveness Principles, which were the outcome of a lengthy consultation process in more than 70 countries and sectors. These principles form the basis of the International Framework on CSO Development Effectiveness, which was concluded in June 2011, and set standards for interpreting and aligning CSO practices with the Istanbul Principles, adjusting them to local and sector-specific conditions. In the light of this, the Committee has been asked by the Commission for an exploratory opinion to define how civil society could be

(?) See footnote 4.

involved in development policy and development cooperation as part of the structured dialogue⁽⁸⁾.

4.2 The Committee attaches great importance to the context of the preparations for the UN Conference on Sustainable Development, which will be held in Rio de Janeiro in June 2012.

4.3 With this in mind it recalls the conclusions and recommendations set out in the EESC opinion on *Rio+20: towards the green economy and better governance – The contribution of European organised civil society*⁽⁹⁾ and the message contained in its recent additional opinion on *The EESC position on the preparation of the United Nations Conference on Sustainable Development (Rio+20)*⁽¹⁰⁾.

4.4 At the Rio+20 UN Conference, world leaders have to commit to a concrete action plan leading to verification of the achievement of the millennium goals, sustainable development and poverty eradication (goal 1) within the limitations of the planet.

4.5 The Committee particularly emphasises that eradicating poverty and ensuring access for all to adequate food, drinking water and sustainable energy must be key priorities on the agenda for Rio+20. Promoting local agriculture that respects the environment in developing countries plays a crucial role in combating poverty and improving food safety, and is a driving force in the development of economically prosperous rural regions.

4.6 As regards the private sector, the recognition of social partners (employers' and workers' organisations) and social dialogue in many partner countries should be supported. Social dialogue is essential to ensure broad-based democratic ownership of economic, social and environmental development objectives, as recommended by the UNDP and the UNEP (transition to a green economy), as well as respect for core labour standards and the promotion of social justice. Through social justice and dialogue, employers' and workers' representatives help to shape effective social, economic and environmental development strategies and enhance conflict prevention and social stability.

4.7 Through encouraging widespread use of the principles of corporate social responsibility and similar initiatives, it is important that all private-sector actors involved should apply the principles and labour standards set out in the ILO Conventions and monitored by the ILO supervisory system.

More particularly, transnational companies, especially where these gain at some stage or other through the concomitant use of public sector support, must take active steps to be seen to observe the 'Guiding Principles on Business and Human Rights' in the United Nations' 'Protect, Respect and Remedy' Framework, the ILO Tripartite Declaration on Multi-national Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises and the UN Global Compact. They also have the possibility of complying with the best practice of the IFC (World Bank)-ILO cooperation on promoting core labour standards throughout the production chain.

4.8 Private-sector support can be beneficial for development, but Official Development Assistance should not be used to guarantee private-sector risk or to substitute public services. Private-Public Partnerships (PPP), based on a thorough analysis of real needs over the long term, must enable and ensure fair risk-sharing for the community, accessibility and the affordability, both economic and environmental, of the services and goods produced. They should genuinely respect a multi-stakeholder approach and not be used as a tool for privatisation where existing public services are performing well or just need to be improved.

4.9 As key actors for sustainable development in the target countries, social economy enterprises and organisations (including cooperatives) must be consulted and involved in setting goals and supported in achieving them, thus developing their potential as actors for aid and the use of aid.

4.10 Poverty has still a long way to go before it has disappeared from many African, Asian and Latin American countries now classed as middle income countries, in view of the widening gap between rich and poor. In particular, 75 % of the poor still live in middle-income countries. This means that building up democratic and equitable societies, with strong social partners, should still be a relevant objective for the geographic programmes.

4.11 In any case, all developing countries should stay eligible under the thematic programmes, which will consequently need to be more robust. In this respect the intention of having a maximum of three themes per country should be toned down, in close consultation with both the governments of the beneficiary states and with private economic and social actors and other civil society organisations.

4.12 The policy choice to phase out the 'wealthier developing countries' should therefore be made on the basis of relevant UN human and social development indicators, and be conducted within the framework of the international consensus of the OECD in order to reduce internal disparities.

⁽⁸⁾ EESC opinion on 'Civil society involvement in the EU's development policies and in development cooperation' CESE OJ C 181, 21.6.2012, p. 28.

⁽⁹⁾ OJ C 376, 22.12.2011, p. 102

⁽¹⁰⁾ OJ C 143, 22.05.2012, p. 39.

4.13 The Committee supports the goal of giving national players a greater say in partner countries' budgetary processes and considers that, if done effectively, the publishing of factual, verifiable information on budget support operations could enable major advances to be made in achieving millennium and aid goals. It therefore supports the Commission's efforts in this direction.

Brussels, 24 May 2012.

The President
of the European Economic and Social Committee
Staffan NILSSON

APPENDIX

to the Opinion of the European Economic and Social Committee

The following amendments, which received at least a quarter of the votes cast, were rejected:

Amendment 14: Point 3.16

~~Internationally, the cash flow of very large companies (to be found especially in infrastructure sectors: construction, water, agri-food, energy etc.) (1), sometimes depends too much on ODA. The preliminary feasibility studies provided to the governments receiving aid are used to convince prospective donors and take advantage of the obligation of the beneficiary states to comply with basic rights and implement them positively by suggesting that major works be undertaken. But it has happened that the funds obtained for aid have been placed on the financial markets by members of the beneficiary local or national governments, without always being used to carry out the projects for which they were originally intended, by being redirected to European financial centres 'in a safe haven' into private accounts.~~

Reason

The paragraph does not seem to be clear and/or add any value to the opinion. The last sentence does not seem to show an overall problem but a single criminal act of one or several persons. The added value of it is more than unclear.

Voting

For: 57
Against: 137
Abstentions: 29

Amendment 10: Point 4.8

~~Private-sector support is a key factor in promoting can be beneficial for development, but Official Development Assistance should not be used to guarantee private sector risk or to substitute public services. Private-Public Partnerships (PPP), based on a thorough analysis of real needs over the long term, must enable and ensure fair risk-sharing for the community, accessibility and the affordability, both economic and environmental, of the services and goods produced. They should genuinely respect a multi-stakeholder approach and not be used as a tool for privatisation where existing public services are performing well or just need to be improved.~~

Reason

To maintain a balanced approach.

Voting

For: 96
Against: 126
Abstentions: 11

(1) Up until the reform of the World Bank and EIB eligibility criteria and even up until now, despite the reforms.