Spotlight on Policy Coherence

Report 2009

CONCORD

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Confédération européenne des ONG
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Acronyms

AAs: Association Agreements

BIS: Bank for International Settlements

CAP: Common Agricultural Policy

CDM: Clean Development Mechanism

CSOs: Civil society organisations

DFQFMA: Duty-Free and Quota-Free Market Access

EBA: Everything But Arms

EC: European Commission

EPA: Economic Partnership Agreement

ESRB: European Systemic Risk Board

ESRC: European Systemic Risk Council (now called European Systemic Risk Board)

ETS: Emission Trading System

FATF: Financial Action Task Force on Money Laundering

FAO: Food and Agriculture Organization

FDI: Foreign direct investment

FLEGT: Forest Law Enforcement, Governance and Trade

FSF: Financial Stability Forum

FTA: Free Trade Agreement

GATS: General Agreements on Trade in Services

GDP: Gross Domestic Product

GHG: Greenhouse Gas

GIEC: Groupe intergouvernemental sur l'évolution du climat (IPCC)

GNI: Gross national income

GSP: Generalized System of Preferences

IAASTD: International Assessment of Agricultural Knowledge, Science and Technology for Development

IASB: International Accounting Standards Board

IDA: International Development Association

IFIs: International financial institutions

IMFC: International Monetary and Financial Committee (of the Board of Governors of the International Monetary Fund)

IPCC: Intergovernmental Panel on Climate Change (GIEC)

IPR: Intellectual Property Rights

LAC: Latin American and Caribbean

LDCs: Least Developed Countries

LRRD: Linking Relief, Rehabilitation and Development

MDGs: Millennium Development Goals

NGDO: Non-governmental development organisations

ODA: Official Development Aid

PCD: Policy coherence for development

REDD: Reducing Emissions from Deforestation and forest Degradation

RoO: Rules of Origin

RTAs: Regional trade areas

SAPs: Structural adjustment programmes

SDR: Strategy for rural development

SEC: Security and Exchange Commission

SME: Small and medium-sized enterprises

TJN: Tax Justice Network

TRIPS: Agreement on Trade-related Aspects of Intellectual Property Rights

TSIAs: Trade Sustainability Impact Assessments

UNCTAD: United Nations Conference on Trade and Development

UNEP: United Nations Environment Programme

UNFCCC: United Nations Framework Convention on Climate Change

UNICEF: United Nations Children's Fund

UNOPS: United Nations Office for Projects Support

UNRWA: United Nations Relief and Work Agency

UPOV: International Convention (Union) for the protection of new varieties of plants

US: United States

WFP: World Food Programme

WTO: World Trade Organization

Foreword

Not letting your right hand know what your left hand is doing may be a noble injunction to guide you in charitable activities: it is not a good principle for effective policy-making. For several decades now, non-governmental development organisations have been calling on the European Union institutions to make sure that the policy objectives of development cooperation are not undermined by EU policies in other areas. Establishing policy coherence for development (PCD) is simply a matter of common sense, good governance and credibility.

Over time, the EU has made some progress. The principle of coherence has been enshrined in its treaties and, in 2005, the Commission identified PCD as a pioneering concept for attaining the Millennium Development Goals (MDGs). Furthermore, in September 2007 the Commission published its first biennial progress report on PCD, and the second one has just been released (17 September 2009).

The development community in Europe recognises the efforts being made by the EU institutions to improve the consistency between its various policies. Nevertheless, we are also very much aware that there is plenty of room for improvement. Many of the commitments made have yet to be translated into decisive action because it has proved difficult to operationalise the concept of PCD satisfactorily, both at EU and at member-state level. In addition, the EU's approach to PCD has been strictly two-dimensional: the development policy objectives are assessed in relation to only one of the 12 (restrictively) designated PCD policy areas at a time. This approach disregards the fact that all the policies are closely interlinked and interact with each other in many different ways.

In September 2009, just weeks before this Spotlight report was published, the European Commission issued a Communication that puts PCD in the context of a “whole of the Union” approach. The Communication argues that PCD is a complex concept and one that is difficult to put into practice. The Commission therefore proposes to concentrate on five priority issues: climate change, food security, migration, intellectual property rights, and security and peace-building. Given that much of the debate about lack of coherence has taken place in the context of EU trade policies, it is remarkable, to say the least, that the issue of trade is conspicuously absent from the Commission’s list of priority issues. There is also a danger that the new “whole of the Union” approach will generalise and even blur the approach, rather than focusing it on the development policy goals of poverty eradication and sustainable development. The Commission appears to be moving away from the broader PCD agenda to a set of political priorities with which they feel more comfortable.

In addition, the Commission states that it would like to combine this approach with the “ODA Plus” concept, vaguely defined as "using ODA to leverage more non-ODA funding". This concept could easily become an excuse for not increasing future aid flows (“ODA plus” would mean that the EU contributes more to development than "just" ODA). It is also clear that “non-ODA funding” involves funds that are made available for purposes other than development. Combining the two sources of funding risks diluting the development agenda.

This Spotlight report has been prepared by a coalition of NGOs working in various fields such as development cooperation, the environment and human rights, under the umbrella of CONCORD. Our report is intended to be read alongside the second Biennial EU Report on PCD. It investigates the extent of the coherence of EU decisions in five policy areas: climate change, trade, agriculture, migration, and finance.

Our ambition is not to provide the reader with detailed reporting on each of the policy areas. Rather, it is our intention to turn the spotlight to give a different vision of policy coherence, one that is based on the reality as seen from a developing country’s perspective. Ultimately, this report should form the baseline for future analyses of the positive and negative impacts of (in)coherent EU policies on the ground. It therefore presents a radically different perspective from the EU's report.

It is our conviction that such a perspective is necessary for policies that will be effective in attaining the Millennium Development Goals, and that it is also more consistent with the objectives of poverty eradication and sustainable development.

Justin Kilcullen
President of CONCORD

Overview

Coherence is about ensuring that the external impacts of other EU policies do not undermine the aims and objectives of EU development cooperation. Coherence is simply common sense. There is no point in the EU's pursuing policies that have a particular goal if it also pursues policies which contradict that goal. Improved coherence is also very important for ensuring the effective use of Community resources and good governance, as well as for the credibility of the EU in general.

The principle of coherence is supported by successive treaties of the European Union as well as by the European Consensus on Development. Development cooperation alone cannot meet the needs of developing countries. In recognition of this, in 2005, the EU identified Policy Coherence for Development (PCD) as a key concept in achieving poverty eradication and advancing the Millennium Development Goals (MDGs).

However, the EU is not under any obligation to prevent its policies from having a negative impact on the South. In practice it is still possible for it to make a political decision to go ahead with a policy despite its potentially negative, indirect and unintended impact on developing countries. So, even though there is increasing awareness (sometimes, full knowledge) of indirect consequences, there is still no obligation to intervene ahead of decision-making and anticipate, research and prevent incoherence.

In addition, there is still no robust legal mechanism that would ensure that the EU is held to account regarding the commitments it has made to policy coherence. Nor is there any complaints procedure open to governments, civil society organisations and local communities that are affected by EU or member-state policies and which would trigger a revision of harmful policy provisions and lead to remedies for their negative effects on poor people in developing countries.

The gap between intentions and reality

Since the introduction of PCD as a key concept in 2005, both the EC and EU member states have made important commitments to improving the coherence of national and EU policies. However, despite the increasing awareness of the potentially harmful external impact of European policies on people in developing countries, all too often those policies are inconsistent with the EU's broader and longer-term economic, social and political interests in the world. Doing no harm at home might be in conflict with development prospects abroad. Doing some good at home will not be enough to prevent the – perhaps unintended – counterproductive effects of domestic policies on development efforts in developing countries.

The EU export subsidies for beef, pork and dairy products in the 1990s and in 2009 are a case in point. With its right hand the EU supported livestock holders and breeders in the Sahel, while with its left hand it was undermining their position by supporting European farmers and creating unfair competition.

Recently, the EU has adopted policies such as the trade strategy, entitled "Global Europe, Competing in the World",[i] which does not even mention the needs of developing countries or their right to their own development. New initiatives, such as the introduction of the Blue Card, risk increasing the brain drain of highly skilled workers from developing countries, while permissive corporate accounting regulations facilitate tax evasion from developing countries. These are examples of short-sighted EU policies that are having a damaging impact on development policies and projects on the ground.

Why is it that, despite increased awareness of the importance of policy coherence for development – and the resulting commitments, political statements, mechanisms and checks – EU policies continue to undermine the economic, social and human development of developing countries? Perhaps the answer lies in the fact that when the EU and member states have addressed policy coherence for development, they have confined it to the narrow, abstract reality of European policy-making. The irony here is that, originally, European integration was based on the primary importance of ensuring economic and social coherence and prosperity across its own continent.

There are many reasons for the lack of progress on policy coherence on the ground. In the first place, development objectives have been subordinated to other, competing, political interests. Both national and EU administrations struggle with the PCD Policy Framework, and they have not yet agreed on robust accountability mechanisms on PCD. This report looks at the very different experiences within member states faced with the challenge of implementing PCD.

Secondly, the wrong priorities are set. European interests clearly prevail over developing countries' needs and the development objectives of the EU.

Thirdly, the EU approach to the concept and implementation of PCD has been purely two-pronged or unilateral. Efforts to improve PCD have been made by looking at development policy objectives in one single policy area at a time. The inter-linkages between development and trade policies, for instance, have been treated in isolation from the inter-linkages between development and migration. In reality the different policy areas are intricately linked, and the real picture is infinitely more complex. Yet at the same time, inter-linkages are often quite obvious, like the interconnected impacts of climate change and migration phenomena and health policies, for instance.

These reasons, among others, have led to a situation where the well-intentioned PCD work and progress made by the EU since 2005 is built on an incomplete premise. The actual reality in developing countries, not European policies or interests, should be the basis for assessing whether the EU's policies are coherent with its development commitments. Europe, as "Global Europe", should live up to its responsibility in the world by applying its founding principle of solidarity, together with social and economic cohesion in its policies, beyond its own borders, thereby promoting a fair sharing of benefits and burdens in order to achieve sustainable development both at home and abroad.

A new approach to policy coherence for development

Full coherence will never be achieved. Trade-offs between conflicting objectives is inevitable and some degree of inconsistency is unavoidable. In real life, compromises have to be made on a case-by-case basis. Nevertheless, more transparency and accountability are needed. One of the problems is that no clear benchmarks have been established against which to assess whether, when there is a conflict of interests, another priority (economic or political) should override development considerations. Without defining indicators for assessing development impact, it will be difficult to demonstrate the anti-developmental aspects of a particular policy. And if the "hierarchy of values" is not clearly spelled out, EU economic interests are bound to win.

Sustainable development and the fulfilment of human rights are important objectives of EU development cooperation. As such, these principles should be the basis for any other EU policy affecting development countries. Sustainable development cannot be achieved if the rights of a significant part of the global population to social and human development are being denied. The EU has a global responsibility to all the citizens of the world not to undermine, but to honour their right to development. This report proposes introducing the interests and rights of the people in developing countries as the basis for a new approach to PCD.

Spotlight on the EU policies most crucial to development:

Nearly all policy areas have an external impact, and all of those that do are closely and densely interlinked. This report focuses on five policy areas that are currently critical. Taking into consideration the global and EU agendas in 2008-2009, in the conjunction of crises that are affecting people across the world, this report focuses on the inter-linkages between EU policies in the fields of climate change, trade, agriculture, migration and finance.

One example is **climate change**. It is well known that in different regions and countries climate change is causing degradation of land, scarcity of water and other resources, a rise in sea level and an increase in natural disasters. And the phenomenon is accelerating. When faced with dwindling food security and worsening health, population groups have no choice but to move to a safer place, and internal displacements are already occurring in countries affected by desertification, for example. In the near future the **migration** patterns of people within a region and across continents are likely to change owing to climate vulnerability, with environmentally-induced migration increasing dramatically. Yet, the current conditions for legal entry into the EU may remain as restrictive as they are now, and climate-induced migrants might not receive protection under international law as they fit into no existing categories.

Considering the consequences of climate change for land and water resources, EU support to **agriculture** and rural development as part of its development cooperation has to take into account the changes in rainfall distribution and soil productivity and the implications of this for food security.

EU **trade** objectives focused on securing access to raw materials and agricultural commodities, as enshrined in the "Global Europe, Competing in the World" strategy, do not take into account the development objectives of many developing countries in terms of their own food production needs as they confront climate risks.

In fact, the increased demand for manufactured inputs for EU industry means extracting scarce natural resources and energy from developing countries in order to maintain Europe's own economic competitiveness, energy security and consumption patterns. The EU's export-driven growth and production model leads to non-equitable and environmental, social and economic unsustainability which threatens to destroy our ecosystems. Until now, the EU policies in agriculture, trade and climate change have proven to be untenable and not conducive to the sustainability shift necessary in the 21st century.

The EU's response to the economic and **financial** meltdown shows that the crisis has not been regarded as a chance to promote a more green and ethical recovery and make far-reaching changes in its modes of consumption, production and energy. The fact that climate change is barely mentioned in the May 2009 Council conclusions on helping developing countries to cope with the [financial] crisis[ii] raises many questions about how seriously the EU is taking the issue of climate change and development. The absence of a single reference to the necessity to support low-carbon technology and investment is a telling example. Indeed, the potential for economic recovery based on investment in a clean-energy economy – by using stimulus policies for advancing technology programmes that both reduce emissions and foster energy efficiency and the sustainable management of natural resources – is dramatically missing. Nor do the Conclusions acknowledge the negative impact of other EU policies that are detrimental to development, such as those which facilitate capital flight and unfair tax practices in developing countries.

Forward and recommendations

Policy Coherence for Development is an important tool that, if implemented effectively, could have a markedly beneficial impact on sustainable development, respect for human rights and poverty reduction. Here we identify some of the changes needed in order to improve the coherence between EU policies.

- PCD should entail the active coordination and moulding of policy-making processes with the aim of identifying and prioritising synergies between EU policies that are likely to have a positive impact on sustainable development and human rights.

- Pro-poor and sustainable development policies should prevail over short-term, narrow or elite European interests; they should be the basis for EU policy. Policy-making processes should be transparent and accountable. A policy-making process that is more participatory from the early stages onwards could prevent decision-making at the highest EU level – the Commission, the Council, and the European Parliament – from being held hostage to vested interests, while policy outcomes would depend less on fickle, volatile political will and interests.

- In order to achieve policy coherence in line with the rights of people living in developing countries, broad-based consultations and democratic debates should be an integral part of policy-making processes.

- PCD need to include binding commitments on anticipation and the ramifications of any lack of coherence that may occur. A complaints mechanism should be introduced in order to improve accountability and coherence.

- PCD should become more evidence-based and should include independent ex-ante and ex-post research on the impact of EU policy on poverty reduction in developing countries. Sustainability impact assessments should be conducted by independent bodies from the EU and from the country or region concerned. They should be fully transparent and should include the views of different groups affected and their representative bodies.

- Major challenges to PCD are the multiple linkages between different policy areas, which should be made explicit in order to give a better understanding of the complexities of policy solutions.

- New working tools should be developed and a budget allocated for their implementation. These tools could include benchmarks for assessing whether another priority is overriding a development objective, a screening exercise following the experience of the establishment of the IPCC, new guidelines for conducting a sustainability impact assessment that not only takes into account the impact of the proposed policy initiative, but also shows the inter-linkages with other thematic policy areas.

- All levels of operation in the European Commission and Member States, from headquarters and ministries to EC Delegations, embassies and national aid agencies, should be responsible for ensuring PCD and properly trained to do so. In particular, the PCD sections in the EC's Country Strategy Papers should be strengthened and better used.

- PCD should be open to suggestions for dealing with new issues that do not properly fit into the 12 PCD priority areas covered in the second EC report on PCD, such as raw materials; by limiting the scope of PCD to five priority issues, the EC's "new" approach, as set out in its Communication on PCD[iii] accompanying the second EU Report on PCD, takes the exact opposite direction.

- The European Commission and the EU Member States should work together to raise awareness, strengthen their staff and organisational capacity and use more effective and ambitious PCD mechanisms.

Historical overview: repeated promises to increase coherence

The concept of PCD first emerged in EU politics in the 1970s and was laid down in the Treaty establishing the European Union in 1993. The Maastricht Treaty defined three principles on which EU development policy should be based: complementarity, co-ordination, and coherence between all Community policies. Article 178 of the EC Treaty reads: "The Community shall take account of the [development] objectives referred to in Article 177 in the policies that it implements which are likely to affect developing countries".

The Amsterdam Treaty added a fourth principle: the consistency of all of the EU's external activities. "The Union shall in particular ensure the consistency of its external activities as a whole in the context of its external relations, security, economic and development policies" (Article 3). This principle implies not only that the EU's various external policies should not contradict one another, but also that all external policies should be put on an equal footing and that no single policy area should be pursued at the expense of another's. The principles of coherence and consistency are further enshrined in the Lisbon Treaty, which provides a legal basis for PCD. [iv]

In 1992, and again in 1997, the Council requested the EC to produce a report on coherence, but only a Non-Paper (an informal document designed merely to broach the issue) was submitted to the Council in 1999.

Action has been undertaken since 2005 to review and improve EU policy-making processes with the aim of integrating development considerations into non-aid policies. The Council identified 12 priority policy areas in which they called upon the EC to pay special attention to improving policy coherence: trade, environment, climate change, security, agriculture, fisheries, the social aspects of globalisation, migration, research and innovation, the information society, transport, and energy.

The EC subsequently developed a Rolling Work Programme, in which it outlined proposals and scope for action underpinning these commitments to PCD. The EC has focused specifically on the institutional mechanisms that have been put in place to facilitate policy coherence processes in practice. The "Forward-Looking Studies and Policy Coherence unit in DG Development is responsible for coordinating PCD-related processes.

Member states have committed to improving policy coherence. By the end of 2007 an increasing number of them had built a range of instruments and tools into their national policy-making procedures and institutional set-ups, in order to identify and address potential inconsistencies.

From the start, civil society initiatives have been instrumental in raising awareness and acceptance and have aimed to help make the concept of PCD a reality. Since the 1990s the role of NGOs in maintaining awareness and highlighting particular cases of incoherence has been increasingly important, whether it has been by bringing cases of incoherence to the attention of the public or by conducting advocacy activities directed at the EU and member states. In 2007, the EC and member states examined the progress that had been made since 2005 in the 12 priority policy areas. The results of this exercise were published in the first biennial EU report on PCD.

For the second biennial EU Report on PCD, due to be published in September 2009,[v] the EC has taken broadly the same approach: analysis is based on self-assessment by member states and by the EC. This second report, however, is complemented by three case studies based on assessments conducted in a number of partner countries. These case studies document the impact of EU policies on the capacity of developing countries to achieve MDGs 1 and 6. The third case study examines the suitability of the Joint Africa-EU Strategy as a framework for enhancing coherence and consistency in the EU's relations with the African continent.

Thematic chapters

How is the EU responding to the greatest development challenge of the 21st century?

Background

With the climate changing, global development prospects will depend on the extent to which the international community reduces its greenhouse gas emissions, and on the extent to which it provides developing countries with the financial and technical support they need to tackle climate change and adapt to its impacts. In its statement on policy coherence for development, the EU recognises climate change as one of the greatest environmental and development challenges of the twenty-first century, yet both its policies on domestic mitigation and its responses to the critical support needed by developing countries are inconsistent with this position.

The 2007 progress report from the Commission identifies the following as outstanding issues to be addressed: improved impact assessment of climate and energy policies, climate-proofing of development cooperation, deforestation and the degradation of forests, the role of the EU's Emission Trading System (ETS) and projects under the Clean Development Mechanism (CDM).

The EU's most recent policies on climate change considered in this section are:
Climate action and renewable energy package, January 2008
Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss, December 2008
Towards a comprehensive climate change agreement in Copenhagen, January 2009
EU Member States' efforts to reduce greenhouse gas emissions to meet EU greenhouse gas emission reductions commitments up to 2020[vi]
Adapting to climate change: Towards a European framework for action, April 2009

Key issues and concept

Climate change is not just an environmental issue – it also affects social justice, poverty and human rights.

The impact of climate change on the MDGs: The impact of climate change will seriously undermine progress on the MDGs and will in many cases cause more people to slide into poverty. Water scarcity, food insecurity, reduced agricultural productivity, floods and the loss of low-lying lands and islands, forced migration, desertification, and the spread of vector-borne diseases: all these are expected impacts which will put further stress on the lives of people living in the most vulnerable situations. Estimates of the number of people likely to be displaced owing to environmental change vary, but one study of the potential effects of climate change on human migration and displacement estimates that there will be 200 million people displaced by 2050.[vii] The impact of exposure to climate shocks and stresses will depend on the economic, social and political structures governing peoples' lives, but those particularly at risk are women, children, indigenous peoples, the extremely poor and marginalised groups.

Climate and development challenges are interlinked: Climate policy has a clear link to development. There is no guarantee, however, that climate policies will be designed to take development and equity aspects fully into account. If care is not taken to deal with climate and development challenges together, there is a risk that our efforts in both these areas will ultimately fail. We win these two battles together – or not at all.

Climate justice and the right to development: Mitigation policies must (as legally required by the climate convention) be designed to respect people's rights to development now and in the future. This is based on the recognition that the space for emissions into the atmosphere is limited and must be equitably shared. Richer countries with a history of high emissions must therefore make deep cuts in their emissions in order to avoid putting constraints on countries that are still lifting their populations out of poverty and need space to develop. Even with the most ambitious domestic mitigation action by the Annex 1 countries[viii] (i.e., 45-50% reductions by 2020 and 100% by 2050), the "climate debt" to poor countries would continue accumulating owing to today's high per capita emissions in industrialised countries. This unfair claim by the EU to the little climate space remaining must be accounted for and paid back through other means, such as financial and technological support for climate-friendly investment.

Similarly, adaptation policies must build on the recognition that human development is a right that is now being violated as a result of past and present emissions from industrialised countries. Adaptation in developing countries is currently not an option, but a necessity. Even so, there will be limits to adaptation, as some ecosystems will be lost altogether and some low-lying lands will end up under water, necessitating migration and resettlement. Industrialised countries have an obligation to provide compensation for the damage caused by their emissions, in order to protect the right to development of poorer countries and people.

A view from Kenya

My name is Joseph Kones. I was born 57 years ago in Kabaruso Village, Bomet District. I have lived in this area since I was born. My wife and I have eight children. My village has a population of about 10,000. Maize and tea are the main cash crops that we grow. Other crops we grow are beans, peas and Irish potatoes and tomatoes that we sell at the local market. We keep dairy cows and goats that provide us with milk.

When I was young we used to have regular rains, especially in April and November, but now it rains any time of the year. Planning for planting for me as a farmer has become very difficult. There must be something wrong somewhere. These changes started about 20 years ago. This year, the rains were late, and when they came they were very heavy so that most areas were waterlogged. Food production in the area has gone down because people are not sure when to plant, and even when they do plant, they may not get rains at the right time. Farming in our area is not only for food, we depend on agriculture for income too. However, this low agricultural production is affecting our livelihood. Some people even have to resort to food donations from the government, something that has not happened since I was born. About two years ago, we experienced a drought and even the nearby river dried up. This was the first time in my life that I saw this river dry.

When I was young, we never knew anything about malaria. It was very rare for us to hear that anybody had contracted malaria. We do not know how malaria developed around here. I think it must be warmer now for the mosquitoes that spread malaria to survive in our area.

Joseph Kones, Kenya, Climate Witness, WWF,
http://www.panda.org

A view from India

I am Jamila Bibi. I was born on Rajnagar Island. Almost 30 years ago I got married and moved to my husband's house at Mousimi Island. We settled on the western part of this island. My husband's primary occupation was shrimp seed collection. These seeds used to fetch a good price and were easily available in the coastal waters. My husband was the sole bread earner for our family but now he can't work much due to physical illness. We are solely dependent on our son who works as a daily labourer.

Our house was behind the old embankment and we never thought that it would give up so easily to regular tidal action. I still remember the moment when we lost our house, goats and important documents when the embankment was breached all of a sudden and we lost everything in a short span of time. It was a moment of absolute panic and terror for us.

The sea level has risen over the years and so has the temperature. The waves rise very high as the tide comes in. The water level during floods is also very high. It is dangerous. The cyclones bring heavy rainfall which devastates many villages on this island. I am witnessing the changing climate over the years but I have absolutely no clue why it is happening or how to combat it. My father-in-law used to tell me that there used to be forests in this region and a lot of birds but now most of it is either destroyed or disappeared.

Jamila Bibi, India, Climate Witness, WWF,
http://www.panda.org

EU policies in practice

Being accountable and taking the right steps

The EU's position is that further rises in average global surface temperatures should be limited to 2°C, and it has proposed domestic and international targets to achieve this. Although this proactive approach is to be supported, the EU's targets are inconsistent with its own policy objectives. The Intergovernmental Panel on Climate Change (IPCC) stated in its most recent report, in 2007,[ix] that global greenhouse gas reductions of between 50 and 85% are necessary if the world's warming is to remain below 2°C. An increasing number of scientists believe that greenhouse gases in the atmosphere have to be stabilised at even lower levels than previously recommended. The EU's current goals for emission reductions by 2020 and 2050 leave an unacceptably high probability that the 2°C section will be exceeded.

The European Council has asserted that reduction targets must be based on the best scientific evidence available. To recognise this and still propose insufficiently high reduction targets indicates a serious lack of commitment to preventing the worst impacts of climate change and its repercussions for people living in developing countries. Today, some of the most vulnerable low-lying nations are questioning whether even the 2°C limit is too high to ensure their survival.

The EU Climate and Energy Package adopted in December 2008 allows EU member states to use emissions offsets in non-EU countries to account for up to 70% of their domestic mitigation obligations. Here there are several inconsistencies with development policy objectives. First, such a high level of offsetting undermines the environmental integrity of the reduction targets and delays the necessary transformation to a low-carbon economy within the EU.

Secondly, there is a risk that the cheapest reduction measures – which can be most easily taken by developing countries in their efforts to reduce their carbon emissions – will instead be claimed by EU member states. The EU has furthermore indicated that it intends to count offsets as "measurable, verifiable and reportable finance" – a flagrant example of double counting and lack of coherence. Offsets are measures designed to complement Annex 1 countries' own mitigation efforts and cannot simultaneously be seen as an investment in mitigation efforts by developing countries.

Financial needs[x]

The EU has provided estimates that put the annual adaptation costs in developing countries (in addition to ODA) at between 23 and 54 billion Euro[xi] and annual mitigation costs in developing countries at 87.5bn Euro.[xii] Other studies point to costs many times this in magnitude – a recent study[xiii] concludes that the UNFCCC estimate of USD 40-170 billion per year is underestimated by a factor of between two and three, and much more than that when sectors left out of the UNFCCC study are included. Developing countries are calling for at least 0.5% and up to 1% of GDP within the UNFCCC. The European Commission's recent communication on climate finance[xiv] falls far short of needs and expectations for new, additional, secure and predictable financing. It proposes an annual, international, public, climate-finance contribution, starting in 2020, covering both adaptation and mitigation costs in developing countries, of €22-50 billion, with the EU share being as little as €2-15 billion. Some of the most innovative proposals from other countries on how to create predictable sources of climate finance are omitted completely. Filling the funding gap is not about lack of resources, as the sums mobilised by rich countries to rescue the international banking system recently proved. The issue is political will and prioritisation.

Both scientists and economists emphasise that ambitious mitigation efforts now will reduce the human, environmental and economic costs later. It must be emphasised, however, that the true costs of climate change are and will predominantly be borne by people living in developing countries, who are being affected first and most profoundly by a problem to which they have contributed least.

In 2008 the EU missed the opportunity to make it compulsory to earmark the proceeds from the auctioning of ETS emission permits for climate action in developing countries – a move that would have gone some way towards providing urgently needed resources. And to date the EU has given no concrete indication of the levels of financing it is willing to provide to developing countries, beyond a commitment to providing its "fair share".

Technology needs

The lack of an EU position on technology cooperation – particularly vis-à-vis the least developed countries – demonstrates a clear lack of coherence with development goals. The time and energy so far devoted to discussing technology cooperation has focused on carbon capture and storage in China, and not on technologies that are suitable for the least developed countries. Similarly, support for institutional capacity-building is not being sufficiently addressed although this will be a prerequisite for the dissemination and deployment of key adaptation and mitigation technologies to be successful in developing countries. The development perspective is clearly lacking.

Climate-resilient ODA

As well as providing developing countries with additional financial and technological support for adaptation and mitigation, the EU should ensure that its ODA programmes are designed to be climate-resilient and that they make significant contributions to sustainable development. Currently, the acknowledgement of potential climate change impacts in programming documents and country environmental profiles is poor. There is a real risk of perpetuating unsustainability and vulnerability by undermining the resilience and adaptive capacity of natural resources and ecosystems, locking countries into a reliance on expensive traditional infrastructure for the long term. The Commission's White Paper on Adaptation[xv] relies heavily on a new environmental integration plan for EC development cooperation, adopted in June 09.

Interconnected impacts and the spiral of inequality

Measures to address climate change, especially mitigation, must adequately take vulnerability and poverty into account, along with broader environmental concerns. Measures (including alternative energy sources) that do not take people living in poverty, or the environment, into account, run the risk of deepening the spiral of inequality.

In particular, heightened awareness of climate change in the EU has prompted increasing demand for agrofuels as an alternative to fossil fuels and as a significant contribution to the EU transport fuel target for 2020 (as adopted in the EU Climate and Energy Package) of making 10% of its fuel renewable. Biomass-based energy is an important element in low-carbon development in developing as well as developed countries. Many current agrofuels production methods, however, do not offer the emissions savings necessary to make them a viable source of renewable energy. The growing demand for agrofuels could, if guided by appropriate policies, contribute to local development and the expansion of national markets for bioenergy. However, in many places in developing countries, the increased promotion of and demand for agrofuels is creating competition between food production and the production of crops for energy purposes, with a significant social and environmental impact. Environmental standards have been included in the EC Directive, but currently it lays down no mandatory social sustainability criteria. *(See Agriculture chapter)*

All public or private EU financial investment in developing countries and all EU trade and economic policies and agreements with developing countries should be screened from the point of view of their contribution to low-carbon development and to ensure that they alleviate the impact of climate change, rather than exacerbating it. EU trade objectives, which focus on improving access to raw materials and agricultural commodities, do not currently take into

account the development objectives of many developing countries in terms of their own food production needs in the face of climate risks. Business as usual is not an option: the EU's focus on export-driven growth and the promotion of high consumption patterns threatens both ecosystem health and global equity. *(See Trade chapter)*

Making the right links

A positive example of policy coherence for development, in relation to both climate change and forestry policies, is the legislative proposal put forward by the Commission to prevent illegal timber and timber products from entering the EU market. Illegal logging has serious implications for the livelihoods of indigenous peoples and local communities and represents a significant loss of revenue which might otherwise be used for development processes. The EU has recognised the environmental and social impacts of uncontrolled deforestation, and its own responsibility as a major consumer of tropical timber, and is taking the necessary steps to complement its initiatives on FLEGT (Forest Law Enforcement, Governance and Trade) and REDD (Reducing Emissions from Deforestation and forest Degradation)[xvi] as some 20% of global CO^2 emissions emanate from deforestation.

Recommendations

For a consistent EU position in Copenhagen

- EU policies on climate change and a new agreement within the UNFCCC must explicitly recognise and protect the right of people in developing countries to sustainable development. The EU must support a future climate regime that will preserve and enhance, and not undermine, the rights of the poor and vulnerable. This climate regime must involve tackling energy poverty by giving several billion poor people vastly increased access to clean energy at an affordable cost;

- With its record as both a major polluter and a global leader in development cooperation, the EU must pick up the baton again and demonstrate its determination to ensure that its approach to tackling the challenges of climate change is fully coherent with its development cooperation objectives and practice and responds effectively to the realities and interests of the least developed countries of the world;

- The EU must take the lead with strong actions to ensure that global emissions peak well before 2020 and are reduced by more than 80% by 2050; this means that the EU must become a net-zero emitter by 2050.

For greater coherence of EU climate measures

- The EU should ensure the environmental integrity of its own emission reduction targets by committing to achieve the vast majority of them domestically, recognising its historical responsibility by providing financial flows to support decarbonisation in developing countries. EU domestic measures in favour of promoting the use of renewable energies in the transport sector should include strong, binding environmental and social standards that safeguard local ecosystems, biodiversity, livelihoods and food production in developing countries as well as in Europe;

- Policy coherence is essential to demonstrate the EU's willingness to meet its objectives and to cope with climate challenges. Future EU policies, particularly in the field of agriculture, food security, access to sustainable energy, trade and migration will have to incorporate both climate change and development cooperation commitments.

For EU commitments on climate funding over and above ODA

- In line with the Bali Action Plan, the EU must recognise its historical and legal responsibilities and commit to providing the financial support necessary for adaptation and mitigation in developing countries. This should amount to at least one-third of the estimated costs in developing countries, should be predictable, accessible, equitable and long-term, and should be additional to ODA commitments of 0.7% GNI. All adaptation finance, as well as the majority of support for mitigation, should be grant-based;

- EU support must not detract from ODA objectives for achieving Millennium Development Goals in poverty reduction, health, education and food security. These development goals are in fact prerequisites for additional climate finance to be effective;

- From a policy coherence perspective it is important that already scarce ODA money should not be squeezed in the search for climate funds. Whilst the implementation of development and adaptation programmes may sometimes be jointly pursued on the ground, it is important to ensure that the two are distinct and verifiable at the sourcing level. At the same time, it is not a contradiction to ensure that ODA itself should be programmed to ensure that the potential consequences of climate change – on, for example, water, health, land degradation, food production, and coastal infrastructure – are fully recognised, and that low-carbon development plans are optimised.

EU competitiveness at the expense of sustainable development

EU trade policies and their attendant development challenges

EU trade policy has major implications for developing countries around the world. The multiple food, financial and economic crises starkly reveal the extent to which current dominant market incentives have failed to deliver a type of development that is equitable or socially, environmentally and economically sustainable.

The EU is currently negotiating a large number of bilateral and regional free-trade agreements with developing countries (FTAs). Negotiations are based on the EU's trade strategy as outlined in the EC Communication "Global Europe: Competing in the World".[xvii] The strategy seeks to provide large companies, in particular, with a competitive advantage in a globalised economy by gradually opening up markets in developing countries as a source of productivity gains, growth and job creation in the EU.

Global Europe identifies three main areas as priorities:

i) Market opening and stronger rules in new trade areas considered to be of economic importance, notably services, intellectual property (IPR), investment, public procurement and competition.

ii) Improving access to resources such as energy, metals and primary raw materials including certain agricultural materials. The EU wants to remove developing-country restrictions on the export of resources, as these are seen as a major barrier to access for inputs for EU industries, in particular downstream processing industries.

iii) Behind the borders (non-tariff) barriers: reducing tariffs is still seen as important to opening markets to Europe's industrial and agricultural exports. But as tariffs fall, non-tariff barriers such as norms and standards are increasingly considered the main obstacles.

An objective not included in Global Europe, but often raised by the EU as a motivating factor in the regional FTA negotiations with developing countries, is the promotion of "regional integration", i.e., the creation of economies of scale. This has been underlined as the EU's main objective in its negotiations with the African, Caribbean and Pacific (ACP) countries as well as with Central America and the Andean countries.

Key issues – development concepts are missing

The focus of Global Europe is on raising the competitiveness of European companies, and little consideration is given to poverty reduction or the sustainable-development objectives of developing countries. As the external expression of the EU's Lisbon Agenda it is based on the premise that European company profits will eventually trickle down and be beneficial to everyone, while it disregards the social and environmental consequences of heightened competitiveness. The strategy fails to be consistent with developmental objectives in three key areas:

Policy space: The trade agreements promoted by the EU contain commitments that circumscribe the policy space developing countries have for choosing their own strategies for development. It also limits their ability to respond to the current crises with appropriate domestic regulatory (e.g. affirmative action), structural, or macro-economic reforms. The agreements lock in policy and economic reforms and expose developing countries to risks derived from failures elsewhere in the global economic system; as just experienced in the financial crisis. [xviii]

Quality of growth and its (gender-) differentiated impact and distribution: Unrestricted export-led growth is still the dominant paradigm of the EU trade regime promoted in FTAs with developing countries. Increased exports were believed to be a major contributor to development and poverty reduction. However, much evidence points to the fact that without appropriate and gender-sensitive re-distributive policies, growth and accumulating company profits cannot eradicate poverty or inequality. The proposed Draft Outcome Document for the UN Conference on the World Financial and Economic Crisis and its Impact on Development *(see Finance chapter)* underlined that the objective of economic activity "should not be the limitless, endless, mindless accumulation of wealth in a profit-centred economy, but rather a people-centred economy that guarantees human needs, human and women's rights, and human security, as well as conserves life on Earth".[xix] Predictably, the final Outcome Document endorsed by the G20 governments has toned down this wording and refrains from any outspoken criticism that would challenge the purely profit-driven economic system.

Asymmetry in bilateral and regional trade negotiations: Although the EU affirms its commitment to the multilateral trade system, the importance of bilateral trade agreements is stressed. This focus on bilateral negotiations, in which the EU as the world's largest market has an undeniable advantage, is undermining multilateral policy-making, and is further weakening the negotiating positions of developing countries. At the WTO, using their joint collective bargaining power, developing countries have succeeded in excluding issues such as investment, public procurement and competition from liberalisation. Yet these very same issues are pushed by the EU for inclusion in its bilateral trade negotiations.

EU Policies in practice

EU market opening to developing countries

One important aspect of EU trade policy is the access to the European market granted to developing countries. In addition to the existing, and expanding, preferential trade schemes of the Generalised System of Preferences (GSP and GSP plus) and Everything but Arms (EBA) to Least Developed Countries (LDCs), the EU has made an effort resulting in the offer in 2007 of Duty-Free and Quota-Free Market Access (DFQFMA) to ACP countries.

Limitations, inconsistencies and barriers all prevent developing countries from taking full advantage of market access. For example, a limitation of the GSP is that it remains a unilateral regime, making it unpredictable as the EU could decide to withdraw the preferences at any time.

Also, *the Everything but Arms* offer becomes void if an LDC that is part of the ACP group is forced to choose between benefiting from EBA at a bilateral level and prioritising regional integration by negotiating a regional trade agreement: if the LDC chooses to negotiate an Economic Partnership Agreement with the EU through its regional configuration, it will be forced to open up its own market. In this way the EU de facto annuls its EBA offer and leaves ACP LDCs without an alternative to market opening under EPA trade negotiations.

Rules of Origin (RoO) determine where a product comes from and whether it is eligible for duty-free market access. However, RoO remain very restrictive and will continue to constrain the use of imported inputs and raw materials for the industrialisation of low-income, small or geographically isolated areas or countries. Moreover, the differences between the RoO under the different EPAs and the GSP regime make it more difficult for ACP countries to use ACP-wide inputs for their exports to Europe.

Export-led and resource-intensive growth: Another limitation of the policies and regimes governing developing countries' access to the EU market is that they are based on the assumption of export-led growth and fail to consider the fact that this may lead to underinvestment in national and regional markets. It increases their dependence on and vulnerability to exogenous choices and shocks in international markets. It turns out to be detrimental to domestic industries or informal sectors competing with imports, and deprives the working poor, small-scale farmers, petty traders and those in micro-enterprises, the majority of whom are women, of their right to a sustainable livelihood.

Opening of new trade areas and trade rules important to the EU

The new areas emphasised by the EU in Global Europe, and pushed for in bilateral FTAs, are issues that have been opposed by most developing countries within the WTO. They include public procurement, investment, competition (Singapore Issues) and more far-reaching agreements on the enforcement and protection of intellectual property rights (IPRs).

Intellectual property (IP): In its negotiations, for example with the Andean countries, the EU is pushing for IP provisions on extended patent protection and data exclusivity. This will have serious impacts on already restrained public expenditure on health and access to medicines, in contradiction with the Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS).[xx] Through the FTAs the EU is pushing for countries to sign UPOV 1991 (International Convention for the Protection of New Varieties of Plants).[xxi] Signing UPOV 1991 is likely to diminish the farming community's contribution to agro-diversity and to undermine (women) farmers' rights to save, use, exchange and sell farm-saved seeds, as well as reducing the rights of indigenous communities to use and control their natural resources.

Public procurement: Liberalising public procurement is opposed by developing countries within the WTO. Through FTAs the EU is pushing for developing countries to open up their government procurement markets to foreign firms. In developing countries, government procurement is a very important component of the economy, constituting between 15 and 30% of GDP.[xxii] The government's policy on purchasing goods and services can be an important developmental tool; for example, in directing expenditure to locally produced goods and to local or domestic companies. This is also essential for affirmative action such as women's empowerment or balancing out tensions between ethnic groups at national level, or for promoting a green economy and decent work. Particularly in times of financial crisis, public procurement can be a key fiscal stimulus tool.

The trade agreement between the EU and the Caribbean countries (EU CARIFORUM EPA) includes market access for EU companies in the public procurement provision whereby Caribbean governments are bound not to discriminate on the basis of the conditions under which goods and services are bought or sold.[xxiii] In the negotiations with Central America, the European Commission has confirmed that, as regards public procurement, the EU is aiming at market access that is as far-reaching as possible.[xxiv]

These new issues introduced by the EU in FTAs have also led to a "legal inflation"[xxv] that puts severe strain on developing countries' institutional and regulatory capacity. There is empirical evidence that developing countries are often not in a position to put in place the right conditions to ensure that they benefit from free-trade agreements; for example by way of sequencing supply-side capacity-building with market opening, in order to achieve desired development goals, or by ensuring that domestic social and economic policies are in place to accompany the economic and policy reforms induced by FTAs so that they can mitigate their negative effects. Also, much-needed institutional capacity is diverted from other urgent development needs.

Raw Materials: Another area where there is a strong push by the EU for market opening is natural resources. Global Europe and its subsequent Raw Materials Strategy[xxvi] are denying third countries' sovereign rights over their natural resources even though

"permanent sovereignty" is enshrined in numerous UN resolutions. The EU Raw Materials Strategy neglects to address the externalities of raw materials extraction and trade, such as environmental degradation, and focuses purely on the short term. Furthermore, the strategy unfairly challenges developing countries' industrial policies. Developing countries should legitimately be allowed to enact policies that create opportunities for domestic value-adding. The creation of more "decent jobs"[xxvii] is undermined as these depend on the effective protection of infant industries and domestic service industries that are vital to citizens' well-being. Instead, the EU Raw Materials strategy is locking developing countries in the current unfair international division of labour, with developing countries remaining exporters of, mostly, commodities and primary raw materials.

In combination with the EU's ambition in FTAs to eliminate export taxes or to prohibit the introduction of new export taxes – an important tool to restrict the unregulated outflow of natural resources – the EU Raw Materials Strategy suggests that Europe wants to get hold of the right to exploit other nations' natural resources. This is not in line with the United Nations International Covenant on Economic, Social and Cultural Rights, Part 1, Article 1 and Article 2(i)(c). Article 2 provides: "All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic cooperation, based upon the principle of mutual benefit, and international law. In no case may a people be deprived of its own means of subsistence".

Deficient trade defence measures undermine food security

Underinvestment in developing country agriculture, including in local and regional market infrastructure, information and services, has weakened the small-scale farm sector in many countries. Trade liberalisation that opened developing country markets to international competition either too quickly or too extensively further undermined the rural sector and rural livelihoods.[xxviii] *(See Agriculture chapter)*

For example, in the EPA negotiations the EU insists on a rigid interpretation of the term "*substantially all trade*" in Article 24 of the GATT, maintaining that it includes at least 80% coverage of liberalisation schedules and allows not more than 15 years of a transition period. This means that ACP countries are obliged to trade off the number of exempted goods between different social and economic interest groups in order to stay within the maximum 20% margin for products in their exclusion baskets; which need to be reconciled not only at national but also at sub-regional level in very heterogeneous regions. Also, they are faced with a total elimination of tariffs on the remaining 80% of their goods, leading not only to increased competition, but also to a substantial loss of government revenue.

In addition, a number of provisions in EU FTAs, EPAs and Association Agreements (AAs) impede developing countries in their efforts to protect, build and nurture local and regional food markets.

Safeguard measures important for protecting vulnerable markets are more restrictive in the EU's FTAs than in the WTO. EPA safeguard clauses should allow countries to invoke a safeguard in the event of volume increase and should include price decline, in order to prevent dumping. There should be no time limit, and the collection of evidence should be simplified. The safeguard in the current infant industry clause is limited to when injury has already happened or is threatening. A more proactive *infant industry* clause would allow a government to put in place additional duties on goods imported into its area that compete with its own infant industries, and would have no time limit. In some agreements, the standstill clause requires developing countries to freeze their import tariffs at the current level even for products that are excluded from liberalisation, which limits their ability to protect sensitive products and local sectors competing with imports. The elimination of export taxes and the prohibition of the introduction of new taxes reduce government revenue in developing countries. Export taxes may account for more than 20% of government revenue.[xxix] They can support domestic industry by giving it privileged access to domestic natural resources and restricting the uncontrolled outflow of these resources (as Namibia has successfully done in its beef and brewery sectors).[xxx]

These contentious provisions deny the effective granting of special, differential treatment or undermine flexibilities existing under WTO rules, resulting in a negative impact on countries' development prospects. Many countries have been left with weakened national food production capacity, making them more vulnerable to volatility in international food prices and supply and reducing their food security.

Frustrating regional integration

Although the EU argues that regional integration is one of the main objectives in its trade negotiations with regions of developing countries, in many cases the trade agreements promoted by the EU frustrate regional integration efforts and have proven to be a stumbling rather than a building block.

ACP countries: Interim EPAs impose rigid timetables, cement dynamic regional configurations and supersede African integration plans and schedules. They do not allow African countries the flexibility necessary to sequence market opening in a way that respects their vision of an African Economic Community. Also, EPAs fail to respect collective policy-making and undermine the prioritisation of supply-side capacity as a way to broaden and deepen intra-African integration before opening markets to the world economy. The pressure on ACP countries to negotiate and sign Interim EPAs separately from regional processes has already led to conflicts and new divergences in existing integration processes. The EU has exploited political differences between ACP countries and is perpetuating EU trade relationships that re-create or maintain hubs in the region that essentially provide the input and raw materials, while the bulk of added-value processing and manufacturing takes place in EU countries.[xxxii]

Andean region: In its negotiations with the Andean region, the EU dismissed concerns raised by Bolivia about the negative

development impact of the FTA. Instead, the EU quickly showed a readiness to negotiate bilaterally with the other countries of the Andean Community, placing the objective of "market opening" and "free trade" before the objective of regional integration.

How EPAs undermine food securityand ruin local food markets: the chicken industry in Cameroon

The massive and uncontrolled importing of frozen chicken parts to Cameroon increased from 978 tonnes in 1996 to over 24,000 tonnes in 2004, ruining Cameroon's domestic poultry sector: three-quarters of these imports originated in the EU. The damage to small-scale women farmers was particularly severe, as they face multiple barriers when in trying to recover from bankruptcy.

Each tonne of imported frozen chicken wipes out three rural jobs in the breeding and maize cultivation sector and two urban jobs in the plucking and marketing sector. In addition, poultry farmers, traders, pluckers, feed dealers and veterinarians are all faced with job losses.

The importing of 24,000 tonnes of frozen chicken represents a loss of some 16 million euro to the national economy, causes the loss of 110,000 jobs and affects the living standards of over one million citizens. It represents the complete destruction of the country's poultry farming.

In response to appeals from the Citizens' Association for the Defence of Collective Interests (ACDIC), the imports were temporarily stopped in 2006, fixed duties were increased and VAT and veterinary tax added. This resulted in the reinvigoration of national poultry production and public and domestic investment in the private sector. Following the ACDIC's successful campaign, the Cameroonian government excluded poultry meat from its liberalisation commitments in the interim EPA signed in 2008. The extended standstill clause that the EU introduced into the signed agreement, however, prohibits Cameroon from using any of the above-mentioned measures to protect its local markets effectively.

What is more, the EU remains silent in response to allegations that similar new forms of dumping of surplus frozen poultry parts is being carried out on other West and Central African markets.[xxxi] To date the EU has refused to take responsibility beyond its own borders. While it keeps raising food safety standards for its own citizens, it does nothing to prevent EU food exports from posing a health risk to African citizens in countries with documented deficiencies in their health control and hygiene standards for frozen meat chains.

Recommendations

- Engage in a joint effort to design mechanisms, strategies and policies to make international trade policy transparent and accountable in responding to sustainable development objectives. In this way, the EU can live up to its commitments to promote sustainable development actively worldwide and ensure that its own internal and external policies are consistent with global sustainable development and its international commitments.[xxxiii]

- All EU free-trade agreements with developing countries should be subject to an independent development audit, and must be revised if these audits identify potential anti-developmental provisions in them;

- Set up an institutional complaints mechanism, or entity such as an ombudswoman, entitled to formally receive and process complaints lodged by citizens or community groups affected by EU trade policies. Where there is substantial evidence that a particular trade agreement undermines international commitments or respect for rights, this would trigger the suspension or amendment of the provision identified in the agreement;

- The complaint could also trigger the benchmarking of development in trade agreements, which would start by identifying the most development-enhancing or least harmful provisions. To facilitate this process, a comparative analysis of existing trade agreements could serve as a reference;

- Trade Sustainability Impact Assessments (TSIAs) should be radically revisited to make sure they do not prioritise competitiveness at the expense of sustainability objectives. TSIAs should include both an ex-ante and an ex-post dimension (review of existing trade agreements); at their core they should include participation by citizens, affected people and communities, who should be fully involved in policy-making on trade.

Beyond policy coherence: time for fair food politics

Background

Feeding the world is less a technical than a political problem. It is poverty rather than food shortage that is keeping one billion people hungry. The solution starts therefore with increasing the purchasing power of the hungry, 80% of whom are engaged in farming activities.[xxxiv] Thus the key question leaders must answer is not how to produce more food to meet tomorrow's demands from a growing world population, but: who will produce more food? Another vital question is how to produce more responsibly given the global environmental challenges of climate change and the preservation of natural resources. Key to both answers are small-scale farmers. And supporting small-scale farmers to produce food sustainably and sell it at remunerative price is also central to building viable local economies in developing countries.

A positive step in that direction has been the renewed political commitment taken by world leaders at the FAO Summit in June 2008, which put aid to agriculture back on the international community's agenda. In particular, smallholder farmers are recognized as playing an important role in responding to the ongoing food crisis. Yet it will take time to fill the gap that has widened since 1980, with agriculture dropping from being 16.8% of total ODA to accounting for only 3.4% in 2006.[xxxv] Concerning European donors, the OECD Development Cooperation Directorate reports that between 1980 and 2000, aid to agriculture from the European Commission dropped from 25% to 6% of total aid funds, and for the 15 EU member states it fell from 7.4% to 6%.[xxxvi]

But there is a long way to go to reverse the long-standing policy failures affecting agricultural production, markets and trade that have paved the way for the food price crisis. The agricultural policy reforms implemented during the Structural Adjustment Programmes, and as a result of the GATT/WTO agricultural trade negotiations (agricultural trade liberalisation, weakened protection, decoupled aid, etc.), have gradually lowered stocks levels. In developing countries, these policies have resulted in low investment in local agriculture and increased dependence on the world market for staple foods. This situation worsened in 2006-2008 when agrofuels production sparked a competition for land between food and fuel. Financial speculation then pushed the rapid food price hike even further.

Leaders, together with all stakeholders, must rethink this existing food system, which is neither socially nor environmentally sustainable. The EU's common agricultural policy, its trade policy and its energy policy not only damage food security and jeopardize more pro-poor development in the South – it is also questionable whether they have the capacity to ensure European food security in the long term.

Key issues

The current EU approach to food in large part reflects its Global Europe strategy, centred on increasing EU competitiveness on the global market *(See Trade chapter)*. This overarching approach is not conducive to a system better serving the poor and hungry or the environment. It shows inconsistencies with the following areas:

Promotion, protection and realisation of the right to food

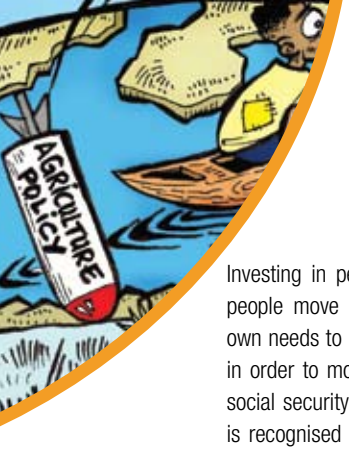
The EU scale of values regarding agri-related policies must be reversed so as to place the protection of the fundamental human right to food before other, potentially conflicting, and interests. Agricultural trade rules must comply with UN conventions, particularly the Interventional Covenant on Economic, Social and Cultural Rights. By ignoring the distinctive nature of agricultural products, and regarding them in the same way as any other commodities, the current trade regime fails to promote, protect or help realise the right to food. Moreover, as it is the state that bears primary responsibility for realising the right to food, governments must keep the policy space necessary for reversing mistakes, adjusting the scope and scale of openness to the international market.

Stable, remunerative prices for smallholder farmers

Whether prices rise or fall, volatility in itself is a problem. It prevents producers (and also states) from having a predictable income and being able to plan investment in farming. By their nature (inelastic demand, lead time, endogenous shocks), agricultural markets are more inclined to be volatile. Rather than being prevented, this volatility is being worsened by liberalisation policies. Stability on local, regional, international markets should be promoted through appropriate market management tools, which are less costly than chaotic price fluctuations. Moreover, the current system makes reduces farmers' bargaining power. Increasing their market power is essential in order to guarantee them remunerative prices. In addition, higher farm-gate prices, rather than prices depressed by dumped products, are a prerequisite for building stronger local economies.

Social protection safeguards

Apart from the impacts of the surge in food prices in 2008, the hunger crisis in the developing world is not new; it is a persistent problem claiming 25,000 lives every day.[xxxvii] With 90% of those experiencing hunger also living in poverty,[xxxviii] the link between poverty and hunger is clear. Without a regular income, people living in poverty lack the means to invest, take small risks or plan ahead. Many of those living in hunger and poverty are themselves small-scale food producers and consumers. Their lack of resources translates directly into underinvestment in food production as a whole. In other words, poverty fuels hunger, and vice versa.



Investing in people's income security offers key potential to help people move away from lower-risk subsistence farming for their own needs to using higher-yielding seeds, fertilisers or other inputs in order to move towards surplus production. Although the role of social security in tackling poverty and providing economic stability is recognised by governments and international donors, according to the ILO 80% of the world's population lack access to basic social security,[xxxix] leaving them deeply vulnerable to food price crises and future shocks. Countries that have invested in universal systems of cash grants, or small cash transfer pilot schemes, have seen poverty and hunger being reduced, with the injection of cash into communities leading to improved local economic productivity and markets.

Environmental sustainability

Ecosystems and natural resources form the basis for farming. The promotion of intensive, monoculture production puts this basis at risk through soil erosion, de-fertilisation, the exhaustion and pollution of underground water, and emission of GHGs causing climate change. Food-producing activities must preserve environmental sustainability by avoiding negative impacts on ecosystems or on the regenerative capacity of natural resources. According to a joint UNEP-UNCTAD paper, the evidence shows that organic agriculture can foster food security in Africa as well as, if not better than, most conventional systems, and is more likely to be sustainable in the long term,[xl] with increased productivity per hectare for food crops, increased farmer incomes, environmental benefits, strengthened commodities and increased human capital. This assertion is reinforced by a recent statement by the FAO Assistant Director-General, Alexander Mueller, arguing that including agriculture in the future global climate change agreement *(see Climate Change chapter)* would benefit its sustainability, productivity and resilience to climate change.[xli]

The 2009 report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) provides significant evidence of how small-scale, bio-diverse agriculture can achieve greater food security and reduce poverty in developing countries, but has as yet been widely ignored by European and international policymakers. The EU should endorse the findings and recommendations of the IAASTD report.[xlii]

EU policies in practice

The impact of the Common Agricultural Policy on global agricultural markets

The EU bears responsibility for helping to make the global agricultural market unstable by dismantling its own agricultural market management tools and by supporting a global approach of "non-interventionism". Since the MacSharry reform in 1992, and later with the EU Lisbon strategy, the EU has focused primarily on increasing the competitiveness of agriculture. For this reason, it has gradually abandoned tools such as quotas, which Commissioner Mariann Fischer Boel considers do not "sharpen competitiveness".[xliii]

The focus on competitiveness is aimed at promoting agricultural exports. Some EU products (wheat, dairy products, sugar) are exported mainly to ACP countries.[xliv] Regardless of whether or not these EU exports benefit from support, most of the time they compete with the development of national production in the countries importing them. As a result, the CAP is threatening local food production – which the EU's development policy is trying to promote.

In addition, the focus on exporting creates a huge need for imports (soy bean, agrofuels, etc.) These imports of raw materials are promoted by the EU trade regime which taxes raw materials less than processed products. The encouragement of imports would not be a problem if it was not promoting large, exclusively export-oriented plantations abroad. The promotion of this agricultural model is detrimental to small farmers and to food sovereignty.

> **EU dairy policy: milking the poor**

The EU's dairy policy was shaped by the most recent reform of the CAP in 2003, which was geared towards dismantling the existing management tools and achieving compliance with WTO rules. The mechanisms previously adopted specifically for the dairy sector, such as quotas (maximum sections of production per country and per farm), intervention on prices (bottom-line price guaranteed to European farmers for milk and butter) and export subsidies (subsidies aiming to make European milk competitive on the international market) are therefore being reconsidered.

Milk production jeopardised in Niger

In Niger, by 2007 chronic food insecurity was reaching 58% of the population in rural areas (statistics from 2007, before the food crisis). Eighty per cent of the population are cattle farmers, with only 20% relying on livestock farming, and the total national herd amounts to 30 million head. Since the 1970s imports have been encouraged, and since 1996 the imports of dairy products have quadrupled, reaching 82,000 tons in 2006. Europe's share is predominant (65% of total imports), although it has decreased slightly since 2002, with the arrival of new players (e.g. Argentina and Malaysia).

The government, together with international institutions, has drawn up a new Rural Development Strategy (SDR), which aims at boosting farming organisations and small-scale agro-pastoral farmers. The national indicative programme with the EC ranks rural development in Niger as one of the two priority objectives.

In this regard, the EC Delegation in Niamey is taking the lead in the donor community for rural development in the country, with a contribution of 4.5 million euro for the implementation of the SDR. At the same time, the EC headquarters in Brussels is taking decisions (production increase, export subsidies) that will undoubtedly affect the emerging local dairy market…

Iram and Gret, report commissioned by the Comité Français pour la solidarité internationale (CFSI) and SOS Faim Belgium and Luxembourg, Le secteur laitier dans la tourmente de la flambée des prix, July 2008, http://www.sosfaim.be/pdf/fr/raye_de_la_carte/synthese_etudes%20lait_resume_final.pdf

According to the current timeframe, quotas should be abolished by 2015 (unless otherwise regulated in the meantime) and intervention on prices should decrease in parallel with the abolition of export subsidies, which are the most blatant form of dumping in third countries. Furthermore, the EC has introduced a plan for generalising the decoupling of direct aid to farmers (i.e. payments no longer being linked to the production) and the Single Payment Scheme, except in relation to suckler cow, goat and sheep premiums, which were supposed to compensate for the side effects of the dismantling of supply-management tools, in favour of farmers.

Under cover of the 2008 CAP Health Check and the soaring prices, the EC decided to raise the quotas (0.5% +2%) without any serious diagnosis having been made, and overlooking the impact of increased supply, in both the North and the South. Even though the new production thresholds have not been fully met, European supply exceeds consumption, putting prices under pressure for local producers while boosting exports to third countries. Yet at the beginning of 2009 the EC reintroduced export subsidies for dairy products, which had been abandoned during the period of soaring prices. Again this was implemented without any study of what its impact was likely to be or any consideration for disturbance to third countries. In addition, these EC decisions being made place whilst, taking advantage of the soaring prices of 2007-2008, the most affected Southern countries have just started to implement new programmes to kick off local production and local markets, thereby benefiting small-scale farmers who have been strangled by unfair competition from imported powdered milk for more than 30 years!

Because markets in poor countries are unregulated and mostly unprotected (5%-10% import tax for powdered milk in West Africa), the price of milk on the global markets determines the price for local markets: even though the international milk and dairy market does not exceed 7% of the total milk market, its price influences the price on every local market. The extreme volatility of milk prices experienced in recent years calls for strong market-supply mechanisms. This is the only viable way to limit disturbances on both European and third-country markets, and to promote a development of the dairy sector in the poorest countries.

Agrofuels as an example of inconsistent EU policies

The EC proposal for a directive on promoting the use of energy from renewable sources,[xlv] and in particular the section on renewable energy in the transport sector, is a flagrant illustration of inconsistent EU policy. The Directive, finally approved the European Parliament in December 2008,[xlvi] envisages that, by 2020, 20% of the overall share of energy should come from renewable sources, and it sets a 10% mandatory target for renewable energy in transport, which includes agrofuels. The 10% target is already leading to an increase in agrofuels consumption which the EU cannot meet on its own land. At present, agrofuels production in the EU receives heavy subsidies in the form of high import tariffs, production subsidies and fuel tax preferences.

Agrofuels are produced not to meet local energy needs, but for foreign export. The EU increasingly needs to look to other countries for land. On the other hand, several developing countries have established national policies on biofuels with mandates for ethanol and biodiesel use. Indonesia and Malaysia have rapidly expanded the production of biodiesel from palm oil, and both countries are gearing up in an effort both to meet an increasing proportion of their transport needs from agrofuels and to help the EU meet its renewable energy needs.[xlvii] Several African governments have pledged large tracts of their lands for agrofuels production. Mozambique has set a target of devoting 40% of its land to agrofuels production. Agrofuels production in Ghana is currently externally driven, with external economic interests making a stake for the purpose of producing raw material and intermediary products for the export markets of Europe, in particular Norway and Sweden.[xlviii]

The pressure will not lessen. According to the EC itself, by 2020 the EU will be importing increasing quantities of ethanol. As a result, European investors are looking to developing countries to meet the energy demand. The commitment made by the Latin American and Caribbean (LAC) countries during the 2008 EU-LAC Summit in Lima to cooperate on agrofuels development is telling, with European companies pledging almost one billion US dollars for sugarcane expansion in Peru alone. Nevertheless, ACP countries – and in particular the LDCs, with their privileged trade route to the European market – are favoured by foreign investors.

Sugar reforms imposed by the EU on ACP countries in 2006, with a quota system for sugar exports to Europe, is damaging their export market for sugar and forcing the industry to restructure towards energy production in an attempt to survive. Consequently, the anticipated demand for agrofuels and preferential trade has been the catalyst for foreign investment keen to exploit this potential, particularly in Africa, for both bioethanol and biodiesel. Tanzania has recently experienced an invasion of European agrofuels producers. Similar evidence can be found in Mozambique, Ghana and Ethiopia.[xlix]

Land-grabbing for agrofuels in Southern countries threatens smallholder farmers

There is currently a massive land grab for agrofuels in Southern countries, much of it conducted by European companies wanting to export to the EU. The plans of private companies for acquiring domestic land constitute a threat to smallholder farmers, whose lands are likely to be confiscated and who are then reduced to unemployment.

In Northern Ghana over 10,000 hectares, involving six settlements near Kpachaa, are being cleared of vegetation and developed into a jatropha plantation. In the same region, large tracts of land are being developed for the production of ethanol fuel from sugar cane. In some areas of Senegal, such as Bigona, if the forest is cleared to cultivate jatropha it means that 68% of rural households' incomes will be wiped out and all poverty-control goals annihilated. International investors are currently in discussions with the Senegalese government over plans aimed at producing agrofuels with jatropha and sugar canes in areas of between 50,000 and 200,000 hectares.[xlix] In Tanzania, 60% of fertile land with irrigation potential has been allocated for agrofuels production in the Rufiji region.

The expansion of monoculture plantations diverts scarce land and water away from food production – precisely those resources to which smallholder farmers, particularly women, have least access. In Ghana, the shea trees – whose nuts, harvested to be sold on local markets for cosmetic and soap production provides an important source of supplementary income for poor rural women – have been ploughed under to make way for jatropha production for biodiesel. Moreover, farmers have reported that jatropha was planted not on marginal land but rather on the land most suitable for food crops.[li]

Not only is land-grabbing causing the displacement of local food production and farmers, but conflicts over access to land, water and other resources are developing subsequently. Even more alarming, cases of violations of peoples' rights to access land, resulting from the pressure to monopolise land use for biodiesel and ethanol production, have been documented, for example in Guatemala.[lii]

Looking at different forms of EU support to agriculture

There is a gap between on the one hand the expected impacts of the EU's support for the agricultural sector in developing countries (through the 2007 Communication on Advancing African Agriculture,[liv] the billion-euro Food Facility and other forms of support to small-scale and sustainable agriculture), and on the other its promotion of an export-oriented, intensive-agriculture model, which is the reality on the ground..

> The EU Food Facility: a slow and complexreaction to a crisis situation

In December 2008, at the initiative of the EC, the European Parliament and Council adopted a regulation establishing a Food Facility[lv] as response to the crisis on food prices. This instrument provides for one billion euro in funding to be spent over three years on boosting productive capacity in 50 target countries, with an emphasis on small-scale production. While the initial EC proposal was to use unspent CAP money, the EP and Council, however, opposed this option. In the end, the Facility was created from various sources (mainly from the Flexibility Instrument, the Emergency Aid Reserve, and a replenishment of the Emergency Aid Reserve); only about two-thirds, coming from the EU international emergencies fund, are additional.

The main part of the Facility will be channelled through international organisations, and so in May 2009 the EC signed an initial agreement with several UN implementing partners for a total of 212 million euro. Similar contribution agreements with other international organisations, such as the World Bank, IFAD, UNDP and UNOPS, are expected to be finalised in a second phase. In order to promote the involvement in the implementation of the programme by the non-state actors and national cooperation agencies of the EU member states, the call for proposals has allocated it a budget of €200 million. Some of the funds will also be channelled through regional organisations, such as the Economic Community of West African States. Finally, during the third phase, one part of the programme will be implemented through budget support to the beneficiary countries.

The Facility was designed to enable the EU to react rapidly to the food crisis. Its main aims are to encourage producers to increase supply; to deal directly with the effects of volatile food prices on the local population; and to increase food production capacity and improve the way agriculture is managed in the long term. However, the funds are only available over a period of three years (2009-2011) and all the funds have to be disbursed and spent by the end of 2011. It is therefore difficult to assess the long-term impact of the Facility, so the funds are more of an emergency response than a medium to long-term development aid as originally proposed by the EC.

It is too early yet to assess the impacts of the Facility on developing countries and see whether it is an appropriate response to the food crisis. However, concerns are that 1) the funds will not reach the smallholder farmers who are the most at risk and 2) the funds will be used mainly for buying seed and fertiliser and will thus not promote sustainable agriculture or long-term solutions to the crisis.

Recommendations

General recommendations

- The EU must strive to build a world food system that better serves the poor and hungry, supports the development of viable local economies and is in line with the climate change challenge;

- To this end, the EC must improve its internal coherence by stepping up the coordination of its internal organisation, staff, policies and programmes on food security, agriculture, climate change, DRR, social welfare, nutrition, environment, the management of natural resources, emergencies, development, trade and energy, e.g. through joint programming and synergy between funding instruments and analyses, while the mid-term review of CSPs should be used as an opportunity to improve the coherence of policies at field level;

Promotion, protection and realisation of the right to food

- The EU must ensure that its different agricultural and food-related policies are consistent with its policy on the promotion and protection of human rights, in particular the International Covenant on Economic, Social and Cultural Rights, which has been ratified by all 27 member states and which recognises the human right to adequate food (Art.11); that the FAO's Voluntary Guidelines on the Right to Food, which the EU unanimously adopted in November 2004 (including Guideline 8B regarding access to land) are recognised as fundamental guiding principles in the implementation of these EU policies and mechanisms, starting with the Food Facility.

The Common Agricultural Policy

- The EU must remove export subsidies by 2013, as it promised at the Hong Kong conference in 2005, and assessments of the impacts of European agricultural exports on the economy of developing countries should be systematically carried out, to avoid unfair competition with local production;

- Regulatory tools such as intervention prices, storage aids in strategic sectors and quotas should be maintained, so as to focus European agricultural production on meeting the needs of the EU and to avoid causing volatility on other markets;

- The EU should introduce an effective production policy in Europe, with a view to being able to meet its animal-feed needs internally.

Agrofuels

- The EU must ensure in particular that productive land is not confiscated by European companies for the expansion of agrofuels production in developing countries at the expense of food production for local markets, and that projects resulting in land-grabbing respect the human right to adequate food and the FAO's Voluntary Guidelines on the Right to Food;

- With this in mind, the EU should review and revise downwards its mandates for the amount of biofuels to be used in the transport sector. A moratorium on targets for biofuels, and greater co-ordination internationally, would dampen speculation on agricultural markets, and restore market prices to levels that reflect the true demand for food, making food more affordable for the world's poor;

- The EU should create incentives for research and investment in "second-generation" biofuels; these include "closed loop" agricultural systems, which ensure that little energy is wasted in the production process; it should ensure that the most efficient technologies are used for producing biofuels; and the use of waste products as biofuels should also be encouraged.

Agriculture in the EU development cooperation

- The EU must increase the percentage of ODA to be invested in food security and agriculture in developing countries to 10% within 5 years, prioritising it in strategies in countries with high food insecurity, with strong links to the Food Security Thematic Programme and Linking Relief, Rehabilitation and Development (LRRD). This should go beyond the one-billion euro Food Facility which focuses on increasing agricultural production in the immediate term;

- The EU Food Facility should support locally owned, sustainable, health- and environment-friendly agricultural programmes;

- The EU should prepare a Communication on social welfare as suggested by the Council in its Conclusions on Promoting Employment through EU Development Cooperation dated 21 June 2007[lvi];

- The EU should endorse the findings and recommendations contained in the IAASTD report.

Migration and Development: the predominance of EU-centred interests over migrants' rights

Background

The dynamics between development and migration are complex to analyse. It would be wrong to assume that they have a systematic and immediate cause-and-effect relationship. More development does not necessarily lead to less migration, at least in the short run; and migration does not necessarily have a negative impact on developing countries, or on Europe.

At the core of both migration phenomena and development there are human beings, entitled to their dignity and respect for their universal human rights, including their right to a decent standard of living. The right to emigrate is a fundamental right embedded in the Universal Declaration of Human Rights. But sovereign states also have the right to decide who can enter and reside on their territory, and under what conditions. There are also unbalanced power relations and conflicting interests between developing countries and richer states, although both types both send and receive migrants.

Emigration should be a means by which to achieve personal aspirations. Often, however, it becomes the only option for someone. In order to understand the causes and consequences of emigration, and design appropriate, coherent measures, it is essential to distinguish between migration out of necessity, forced migration and migration out of choice. There cannot be "one-size-fits-all" solutions.

Although in 2005 the EU adopted a consolidated Global Approach to Migration which takes account of the development aspect, in particular, its levels of competence in the areas of migration policy and development policy are different; so too are the objectives of these policy areas. Moreover, EU member states also have their own historical privileged or preferred relations with third countries, generating parallel bilateral agreements. This complex institutional situation is conducive to a lack of coherence at the EU level.

The EU claims that though its policy it aims to minimise the negative effects of migration, for the benefit of both recipient countries and the migrants' countries of origin.[lvii] It commits to striving to make migration a positive factor for development through the promotion of concrete measures aimed at reinforcing its contribution to poverty reduction.[lviii] Yet the debate on migration and development in the EU is more oriented towards preventing migration to Europe, and creating incentives for countries of origin to manage and control migration in the so-called interest of European countries, than towards extending to third countries' nationals the freedom of movement that EU citizens enjoy, and which is at the core of the EU project itself.

Key issues and concepts

Migrants as key actors of change and holders of human rights:

Human rights apply to migrants, whether documented or not. Awareness, respect and protection of migrants' human rights are key conditions for enabling them to fully realise their potential as actors of change both in their country of origin and in their receiving country. Unfortunately, in EU member states, migration policies are focused on "controlling migration flows" rather than on securing migrants' rights. Migrants continue to be viewed through the narrow lens of economic and demographic benefits and what they can bring to Europe, rather than see as helping to bridge the gaps between Northern and Southern countries.

The possibility of legal migration to the EU still remains a distant dream for many people living in developing countries. Migrants are hardly ever involved in policy-making on issues that concern them in the first place, such as migration and development. Furthermore, the partners of European CSOs in developing countries find it difficult to obtain EU visas in order to participate in CSO activities in Europe. Visa restrictions hinder the precious exchange of information, knowledge, and capacity-building processes. They also enable irregular migration channels and human trafficking to prosper, thereby putting migrants at greater risk.

Excessive focus on migrants' remittances

The considerable potential of Diasporas in development is recognised by many European governments, but mostly through their financial contribution via remittances. In several developing countries, remittances represent a significant capital inflow and outweigh the volume of official development aid.[lix] *(See Finance chapter)* Remittances are largely produced by low-wage earners. They enable millions of families throughout the world to cope in the short term with their poor living conditions. The use of remittances differs from the objectives of development aid, so the contribution of this private money towards supporting long-term and sustainable development processes remains limited in most countries. It may even be counter-productive, as it may compensate for failing state-run health and education systems. Moreover, a disproportionate burden may be put on migrants to meet not only their family needs but also to contribute to the needs of their communities in areas where neither the public nor the private sector chooses to invest.

Enabling remittance-sending migrants to realise their potential as actors of development means enabling them to transfer remittances at a lower cost and supporting them in investing in sustainable and

productive activities. These migrants also need to have greater access to institutional funding.

Beside financial remittances, more attention should be paid to critical social remittances such as the ideas, attitudes, skills and knowledge migrants have gained and may share in their country of origin. From a gender perspective, it is worth noting that the social remittances of women migrant can contribute to promoting women's rights and gender equality.

Different treatment for low-skilled and highly qualified labour migrants

The phenomenon of brain drain refers to the large-scale emigration of highly qualified people from developing countries. In the health sector, for example, this drain is fuelled by the increased needs in EU and other countries caused by an ageing population. For instance, there are more Malawian doctors in the city of Manchester alone than in the entire country of Malawi – which complicates the fight against HIV/AIDS and other diseases in Malawi. The EU's labour migration policy should avoid exacerbating this brain drain, while addressing the labour needs both of developing countries and of Europe.

In addition, the current trend in the EU reflects a one-sided approach to labour migration in favour of "wanted" – highly qualified – migrants, who have easier access to legal migration routes, are allowed to bring their families and have the prospect of obtaining long-term residence status. For less-qualified people, only short-term migration schemes are envisaged, and with strong pressure to return. Hiring the parents of young children is a way of ensuring they go back once their assignment is over. This may eventually result in a serious social cost of migration: the "care drain" affecting left-behind children.

A solution could be to organise and promote genuinely "circular migration" that aims at reaching the "triple win" situation for the countries of origin, the countries of destination and, first and foremost, the migrants themselves. To be optimal, circular migration must improve workers' mobility through an extended right to residence: only when migrants are guaranteed the right to go and return between countries are they likely to envisage returning temporarily to their country of origin and contribute actively to its development. The concept of circular migration is subject to divergent interpretations within the EU, however, and it needs to be clarified in the EU policy, with the aim of genuinely seeking the triple win.

Misuse of aid for migration-flow management

EU member states are increasingly using development aid to promote their geopolitical interests, including their objectives of controlling migration flows and reducing irregular migration.[lx] Under the cover of "good governance" activities, more and more aid tends to be allocated as a priority to countries of origin and countries of transit with high emigration flows towards Europe, in order to help them reinforce their border controls. More and more, a third country's willingness to fight irregular migration actively becomes a condition for receiving EU development aid. The signing of agreements relating to migration management is thus heavily encouraged. As a result of this pressure, an increase has been observed in the violations of migrant rights in the EU's neighbouring countries, as arbitrary detentions and massive expulsions from Libya, Algeria and Morocco have shown.[lxi]

This approach to development aid as a tool in the fight against irregular migration is dangerous and conflicts with Policy Coherence for Development, which calls for EU member states' migration policy to be consistent with development objectives, and not the other way around.

Interconnected root causes of forced migration

Forced migration and displacement from developing countries originate from a wide range of deep-rooted causes, including poverty, conflict, violations of human rights, lack of economic opportunities partly exacerbated by unfair trade agreements, corruption, livelihood degradation as a result of climate change, and lack of democracy. Developed countries, including the EU, have their share of responsibility in this situation.

EU trade, agriculture and fisheries policies that aim primarily at meeting demands from Europe have helped endanger the livelihoods of many small farmers, fishermen and other entrepreneurs in many developing countries. This may have pushed some of these persons to embark on a migration journey they had probably never before considered. While the direct connection between EU policies and forced migration is difficult to establish, elements concur.[lxii]

In addition, it is estimated that ecological degradation, caused notably by climate change (such as the rise in sea level), may generate 200 million environmentally induced migrants by 2050.[lxiii] *(See Climate Change chapter)* Indeed, the effects of climate change will deprive communities of their livelihoods, endanger social safety nets and give rise to violence. For a large proportion of the world's population, therefore, migration will be a matter of immediate survival. To make matters worse, these new "climate migrants" may not receive the protection they need, as they fit into no existing categories.

The EU must acknowledge its responsibility, and focus on finding long-term solutions to economic and social exclusion and precarious livelihoods in developing and disaster-prone countries, rather than stigmatising individuals who are left with no other option than to migrate irregularly.

Recent EU policy initiatives

The EU's Global Approach to Migration

Since 2005 the EU has been heading towards the consolidation of a comprehensive, common Global Approach to Migration. Thus while access to and residence on their territory is the sovereign prerogative of member states, the European Union is building a common set of rules on migration, which takes development aspects into account as well as security and manpower requirements. A general consensus was reached on the following objectives: i) to reinforce

security at the doors of Europe, ii) to establish common principles to manage international protection and asylum, iii) to organise selective regular migration to meet European labour needs, and iv) to provide development aid to developing countries involved in the EU Global Approach, with the objective of helping them manage their emigration flows.

The EU Global Approach is the framework within which the institutions can draft concrete standards and laws on the most consensual issues, through Directives such as the Blue Card Directive. It is also the common base that legitimises efforts to reinforce political commitment from member states, such as the European Pact on Immigration and Asylum adopted under the French EU Presidency in October 2008.

> The European Pact on Immigration and Asylum

The European Pact translates the Global Approach into five policy objectives. It makes the EU's offer of opportunities for legal migration for work or study clearly conditional on a proven commitment from third countries that they will fight irregular migration. The Pact represents a clear risk that the EU and member states' development policy may shift from one truly focused on the eradication of poverty and inequality in the poorest countries to a protectionist policy used as a tool to manage migration flows. This also suggests a reorientation of development policy to prioritise the regions of origin of migration. It could potentially lead to dramatic changes in the geographical and sectoral allocation of European aid.

On a positive note, the Pact suggests facilitating and promoting the investment of migrants' earnings in their respective home countries, although this has not yet been complemented by concrete measures making the official channels for transferring remittances more affordable and reliable. In terms of policy process, it is regrettable that the European Pact on Migration and Asylum had never been discussed with development ministers, or with countries of origin or countries of transit, let alone with civil society organisations.

> The European Blue Card for highly qualified migrant workers

In May 2009 the EU Council adopted the Blue Card Directive on the conditions of entry and residence in the EU for citizens of third countries coming for the purposes of highly qualified employment. The Blue Card scheme aims to facilitate the recruiting, retention and improved allocation of highly qualified migrant workers, with a view to achieving the economic objectives laid down in the EU's Lisbon Strategy.

Positive elements in the Directive include provisions in favour of family reunification, equal treatment with nationals with regard to conditions of employment and socio-economic rights, freedom of movement within the EU after two years, and circular migration opportunities. However, the Blue Card scheme lacks an adequate safety net to safeguard against the risk of brain drain. It does not offer concrete incentives – either in the EU or in developing countries – to enable Blue Card holders, after their experience in the EU, to return to their country of origin under good conditions. There needs to be further progress in concluding agreements between EU member states and migrants' countries of origin with a view to transferring the social security rights the migrants have acquired in Europe. The EU must also help developing countries to devise effective strategies to retain highly skilled workers, e.g. through development programmes aimed at improving local employment opportunities and working conditions. This is particularly necessary in the health sector.

The code of conduct for ethical recruitment envisaged in the Blue Card Directive will neither cover recruitment practices in the private sector, nor include a monitoring and compliance system or sanctions. This severely limits the effectiveness of the code as a brain-drain mitigating measure.

The Africa-EU Partnership on Migration, Mobility and Employment

The work plan of the Joint Africa-EU Strategy covers eight sectoral Partnerships.[lxiv] The process is meant to be people-centred and to aim at improving the Africa-EU political partnership, promoting common values and achieving effective multilateralism. Since its launch in 2007, however, this two-driver process, involving both the EU and the African Union, seems to have suffered from unbalanced commitment, with the EU leading the negotiations.

Regarding the Partnership on Migration, Mobility and Employment, the process illustrates perfectly how the European Global Approach to Migration is in fact a set of different strategic areas in which the institutions or the member states could use their comparative advantages. Concrete policies continue to be negotiated and implemented primarily at a bilateral level, with the result that member states take advantage of their position as countries of destination, trade partners, investors and aid donors in order to lead the dialogue with the countries of origin. In addition, the lack of emigration policies formulated by developing countries on the basis of their own development priorities keeps the African partner in a weak negotiating position on Euro-centred policies. As was already the case with other dialogue processes, such as the Cotonou Agreement, the multilateral projections are advancing slowly and with difficulty. Although these processes recognise CSO involvement as a core element, there continues to be insufficient genuine dialogue.

Concerns have been raised regarding the quality of employment promoted in this Partnership. The pressure being exerted as regards security requirements tends to make governments focus more on migration limitation aspects than on promoting development by creating opportunities for decent work. From this perspective, the inclusion in Article 13 of the Cotonou Agreement of the commitment to the shared management of irregular flows indicates how migration priorities are essential to cooperation issues. It is feared that this may result in financial resources intended primarily for development being misused for new migration-related conditionalities on aid.

The seventh Africa-EU Partnership clearly demonstrates that the right to mobility is tied to the priorities and needs of Europe. The Partnership promotes a very different understanding of the triple win (for migrants, countries of origin and countries of destination) of immigration policies which includes three aspects: 1) managing irregular migration, 2) organising legal economic migration flows and 3) giving more support to "co-development" initiatives.

Migration routes via Mauritania

Following the repression of migrants in October 2005 in the Spanish enclaves of Ceuta and Melilla, an increasing number of irregular migrants chose the Canary Islands route via Mauritania. Although it is not an offence under Mauritanian law to leave the country irregularly, since 2006 thousands of migrants have been arrested and forcibly returned to Mali or Senegal without any right to appeal the decision before a judicial authority. Many of them have been held for several days in a detention centre in Nouadhibou, Northern Mauritania, without any legal basis.[lxv] This centre, referred to by migrants as "Guantanamito", started its operations in March 2006 with funding from Spain.

Shortly afterwards, in July 2006, the EU announced the release of 2.45 million euro in aid to help Mauritania tackle migration. This sum is to cover the running costs of four patrol vessels given by Spain to Mauritania, support for detention and deportation from Mauritania and, thirdly, support for the revision of Mauritanian legislation to prevent the departure of irregular migrants and facilitate their return to their country of origin.[lxvi] That same month, the European agency FRONTEX – in charge of managing operational cooperation at EU's external borders – initiated a massive joint border control operation, called HERA, to detect vessels setting off for the Canary Islands and "divert them back to their point of departure".[lxvii] This operation is still ongoing.

Under the 10th European Development Fund, an amount of eight million euro is now earmarked for the "management of migratory flows" as indicated in the Mauritania Country Strategy Paper (CSP) 2008-2013.[lxviii] The CSP includes financial and technical support for strengthening border controls and revising the legal framework. It calls for synergies with the local development component of the 10th EDF by specifically targeting potential migrants. There is no mention, however, of increasing legal migration possibilities.

Grievances written on a blackboard by undocumented migrants at the Nouadhibou detention centre, Mauritania:
1) African Presidents must help young people 2) We just wanted to go and come back to help our parents 3) We want to succeed in crossing by boat because we don't have the means to take the legal route 4) Among illegal migrants, there are intellectuals, a lot of very talented people, workers, serious people who just want to succeed for their families. We sacrificed ourselves to become someone, we want to rely on our country but we also want our country to rely on us. We experienced difficult moments of suffering, fear and worrying.

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Remittances

The EU has repeatedly committed to lowering transaction costs.[lxix] Indeed, there is a consensus amongst policy-makers and civil society on the lack of access to banking services for migrants and their relatives in countries of origin and on the prohibitively high fees applied by banks and formal money transfer agencies.[lxx] These high fees deprive millions of poor families of a significant share of their senders' savings. They also encourage the use of informal, unsafe and unreliable transfer channels.

In spite of reiterated intentions, no significant changes have been observed and no specific policy measures have been taken by the EU. Today, member states' strategies – which include setting up websites for comparing remittance transaction fees – still centre on improving knowledge and collecting data about remittances. As for the European Commission, it is supporting the establishment of an African Institute on Remittances. It seems to have opted for finding solutions in the countries of origin, instead of at home, for example in Europe-based banks and money transfer agencies.

- At least 12 migrants were shot dead during the Ceuta and Melilla events in October 2005 while trying to cross the border. *Source: Migreurop, Livre noir de Ceuta et Melilla.*[lxxi] *June 2006*
- Taking just the cases documented by the press, the number of deaths along EU borders since 1988 has reached 14,794. *Source:* http://fortresseurope.blogspot.com
- The budget of the European agency FRONTEX has doubled between 2007 and 2009. The EU budget devoted to fighting irregular immigration has been multiplied by six during the same period. *Source: figures taken from the EU budgets for 2007 and 2009, published in the EU's Official Journal.*
- EU member states carried out 174,275 deportations in 2007. *Source: European Commission, Third annual report on the development of a common policy on illegal immigration, smuggling and trafficking of human beings, external borders, and the return of illegal residents, Brussels, 9.3.2009 SEC(2009) 320 final.*
- The 27 EU member states registered nearly 240,000 asylum applicants in 2008, or 480 applicants per million inhabitants. 73% of these requests were rejected and only 24,425 asylum seekers (13%) were granted refugee status, 18,560 (10%) subsidiary protection and 8,970 (5%) were granted authorisation to stay for humanitarian reasons. *Source: EUROSTAT, press release 8 May 2009.*
- In July 2009 the World Bank predicted a fall of 7.3 % in remittance flows to developing countries in 2009, estimating that they will amount to $304 billion in 2009, down from an estimated $328 billion in 2008, *Source: World Bank Press Release 2010/024/DEC, July 13 2009.*

Policy recommendations

The positive aspects of migration and the contributions made by migrants to the socio-economic and cultural development of their countries of origin and of destination should be explicitly promoted and recognised.

Putting people and human rights at the centre of policies

- To make migration work for development, migrants' rights must be guaranteed. The fundamental rights of migrants must be respected at all stages, regardless of their nationality or legal status. The EU and member states should therefore adopt a human-rights based approach in migration policies, including a systematic human rights impact assessment;
- European provisions on family reunification must be revised to ensure they effectively guarantee migrants' right to family life, and that they are in the best interests of children;
- All EU Member States must ratify the International Convention on the Protection of the Rights of Migrant Workers and their Families;
- Since successful integration will enable migrants to play a more active role in society and for development, EU Member States should allocate more financial resources to two-fold integration policies involving both migrants and the society of the EU Member State, instead of security-based measures;
- The EU and Member States should facilitate the participation of migrants and civil society organisations in policy-making processes relating to migration and to development;
- The EU should adopt integrated frameworks that take a multi-linear approach to policy coherence for development. Thus the Global Approach to Migration should take the effects of climate change, trade and the other risks of forced migration into account more, while issues relating to human mobility, in addition to development, should be incorporated into the EU's initiatives in the areas of trade, agriculture and adaptation to climate change.

Improving flexibility and ethics in labour migration policies and practices

- The EU and Member States should promote a proactive, flexible, common immigration policy that facilitates labour migration for both highly skilled and low-skilled workers, through the development of a legal framework that allows real mobility for migrants, through flexible residency and through the creation of decent work prospects;
- The EU should accelerate the adoption of measures to recognise the qualifications of migrants and the withdrawal of discriminatory measures against staff holding foreign diplomas;
- EU Member States should agree fair and just agreements with countries of origin in order to ensure the safe movement and respect of international workers' rights, including the transferability/portability of social security rights and should extend the possibilities of multi-entry visas and flexible residency;
- Targeting the private sector, the EU should adopt legally binding measures for the effective ethical recruitment of migrant workers from developing countries in key social sectors, in order to minimise the risk of brain drain.

Halting the misuse of ODA as an incentive for migration-flow management

- The EU and Member States should re-centre development aid exclusively on the fight against the root causes of poverty and should end conditionalities relating to migration reduction in bilateral and multilateral negotiations;
- The EU and Member States should mainstream migration into their development strategies and programmes;
- The EU aid should support developing countries' strategies to retain highly skilled workers, e.g. through development programmes aimed at improving local employment opportunities and working conditions. This is especially necessary in the health sector.

The missing element in policy coherence for development: towards a pro-poor global economic system and a development-friendly financial policy

Background

Developing countries have been made heavily affected by the unprecedented global financial and economic downturn. The crisis, which originated in the North, undermines poor countries' fragile economies precisely at a time when they have to mobilise increasing resources to cope with climate shocks and the latent food crisis, to name just a few of the development challenges these countries are confronted with. Clearly, the MDGs have gone further out of reach and decades of development efforts, including efforts undertaken by the EU, have become threatened in a matter of months by inappropriate economic and financial policies. From now on, efforts to reform both financial policies and the global economic system must become the centrepieces of development cooperation.

The impact of the crisis on poor countries is massive. The loss of financial inflows – including, inter alia, ODA, remittances *(see Migration chapter)*, loans and investment, export revenues, decreasing economic output and policy space – are intensively documented by multilateral organisations, civil society organisations,[lxxii] research institutes[lxxiv] and the EU itself.[lxxv]

The harmful effects of an international financial and economic system that is inconsistent with development goals agreed at multilateral level, however, existed before the current crisis: growing inequality and unsustainable patterns of production and consumption had been undermining the control of communities, and whole nations, over their destiny. The crisis then laid bare yet another kind of cost imposed on both the developing and the developed world by the financial system, to the point where even the developed countries are reconsidering its net overall benefit.[lxxvi]

Systemic issues had already put this on the international agenda since the UN Financing for Development Conference in 2002. Unfortunately, these issues have not been given adequate attention by developed countries, despite commendable efforts by several EU member states:

> **The Washington Consensus:** the overall contribution to sustainable development of the deregulation and liberalisation policies for developing countries, and particularly for the poorest countries and people, had appeared largely negative even before these policies became jointly responsible for the current financial and economic crisis. While greater supervision and regulation of financial markets is back as a top priority on the international agenda since mid-2008, a rethinking of both the role of the financial sector and the liberalisation policies has yet to take place.

> **Global imbalances:** apart from lax and inadequate financial regulation, global imbalances constitute another key set of causes behind the financial crisis – and another long-term challenge for developing countries. They can be attributed mainly to the volatility and inequality of various incomes. Volatility of capital flows, exchange rates and global commodity prices (along with fast, one-size-fits-all trade liberalisation) explain why many countries build up massive foreign reserves through their trade surplus as a security measure, contributing to the excessive aggregate supply of cheap dollars. Insufficient aggregate demand in the US and many other countries (both developed and developing), largely facilitated by growing income inequalities,[lxxvii] then helps to explain why this "savings glut" has been allowed to ensure artificial economic growth through excessive lending and debt.

> **Financial outflows:** still other vital economic policies have been lacking – policies that are crucial for effective development cooperation impact in developing countries largely deprived of foreign capital. The attention paid to aid, remittances and other inflows to the poorest developing countries have not been matched by reciprocal attention to financial outflows from these countries, in particular illicit and illegitimate financial outflows that far exceed the official inflows received in the form of aid, debt relief or FDIs.

Key issues and concepts

A. Domestic sources of development finance vs. illicit capital flight

The current crisis has profoundly challenged development strategies that rely excessively on external sources for growth and reduce domestic demand. Long-lasting debates about what kind of money best supports sustainable pro-poor development have been sidelined by the sudden fall of inflows and the equally fast outflows of capital from developing countries. Countries relying on external funding for their development tend to face more severe problems than countries utilising domestic sources regardless of whether they witness a drop in private investment, remittances, export revenues or public loans and ODA. Volatility comes hand in hand with limited policy space. At the same time, taxation – in both the North and the South – has proved the most predictable, sustainable and safe source of financing for development. Apart from strengthening tax systems in poor countries, thereby helping to prevent their further dependence, it must be a priority for EU development cooperation to combat tax abuses and ensure coherence between its taxation and accounting policies.

Tax havens and tax competition

Tax havens have played a key role in the financial crisis by providing locations for opaque financial products and enabling the build-up of the shadow banking system. They have also facilitated the illicit flows of wealth that flee developing countries every year. The Global Financial Integrity programmel[lxxviii] shows that illicit flows from developing countries represent some $1 trillion per year and grow at around 18% per year.[lxxix] According to the Tax Justice Network (TJN),[lxxx] there are more than 70 tax havens around the world, half of which are in Europe or overseas European dependencies.[lxxxi] Europe-based secrecy jurisdictions, together, account for at least 70% of tax haven-related activities in the world.[lxxxii]

Over 65% of these illicit flows are driven by transnational corporations' tax evasion and tax avoidance schemes and transfer mispricing through the misuse of internal financial transactions. Tax havens are also one element feeding a race to the bottom in tax policy. This dangerous tax competition prevents both developed and developing countries from investing in public services, social security and human welfare; investment that is necessary for the fulfilment of the state's obligations to protect human rights. These practices dwarf the development aid the poor countries receive and the main victims are the poorest sectors of the population in all countries. Tax competition also penalises small and medium-sized enterprises (SMEs), particularly in developing countries, because they cannot afford the expensive accounting, consultancy or financial services that facilitate this tax abuse.

Accounting standards

Most multinational corporations use the accounting standards that are set by the International Accounting Standards Board (IASB), which consists of representatives of major private accounting and other transnational companies. Given that the IASB operates in a conflict of interests, that its governance is undemocratic and its decision-making opaque, it has been complicit in the excessive risk-taking by financial institutions and tax evasion by transnational corporations.

While it is estimated that 60% of global trade occurs between firms, the current reporting standards allow companies to present their accounts on an aggregated basis, without any details on what each country's financial performance has been, where the company and its affiliates operate, how much tax is paid in each country, what profits are made, etc. This practice allows companies to shift profits from one country to another, generally through tax havens, without any public record, and facilitates abusive tax avoidance.

B. Stability and financial regulation for economic development

More than with any other markets, when financial markets stop working this has dramatic impacts on the lives of individuals and the state of a country's economy. The financial crisis represents two types of failure in developed countries, with a heavy cost for developing countries: domestic and international. Financial policies failed to attain social and economic objectives (such as supporting productive investment in the real economy, "banking the unbanked", "insuring the uninsured", and distributing risks), to protect consumers and investors and, above all, to ensure systemic stability.

While absolute stability and seamless regulation are not feasible, or even desirable, in democratic societies, the social damage done by the failures and the externalities of the current philosophy of financial markets is proving hard to justify. Global financial stability is a precondition for global economic stability, which is just as central to sustainable development and poverty reduction as is flexibility in national economic and financial policies. Under MDG 8, governments have committed to develop an open, rule-based, predictable financial system. That is why consultations between the EU's development cooperation stakeholders on how to adjust domestic financial policies, put in place the international coordination of financial regulation, and increase macro-economic policy space for developing countries, is urgently needed.

Supervision and prudential regulation

The fact that the behaviour of individual financial institutions can have systemic influence calls for increased risk management and a tighter interaction of micro- and macro-prudential regulation.[lxxxiv] As banking, investment, insurance and other institutional entities today are largely cross-border ones, and inter-connected, supervision must cover all financial products, markets and institutions and regulation must be determined by the economic function of financial institutions, and not by their name or location.

Capital market liberalisation

Ability to regulate capital flows into and out of the country belongs among the key prerequisites of macro-economic stability and sufficient economic policy space, in particular for least-developed countries. Capital flows tend to be pro-cyclical. Capital market liberalisation thus increases volatility, raises economic risks, forces governments to set aside large reserves and tends to undermine their capacity and flexibility to manage their exchange rates and capital account and to determine the right sort of investment and financing their country needs for development (under the given circumstances, and especially in times of crisis).

Capital account liberalisation

The liberalisation of financial services, which is still in the EU trade policy *(see Trade chapter)*, tends to limit governments' flexibility to change the regulation of their financial markets or to support the achievement of domestic development goals. For instance, access to credit in poor countries has been constrained as a result of the entry of foreign banks. This may not only impinge on stability, growth and poverty reduction in developing countries, but may also undermine their national sovereignty and democracy. GATS commitments, FTAs, loan and aid conditionality imposed by the IFIs and obligations stemming from Bilateral Investment Treaties are some of the major reasons why it is so difficult today to introduce the international coordination of financial regulation and why global financial markets became so volatile and thus need to be revised.

Income inequality

One of the lessons of the current financial and economic meltdown may well be that a serious review of policies that reduce the provision of public services and promote progressive taxation is a matter not just of social justice, but of global economic sustainability.

C. A new economic model and new economic governance instead of the Washington Consensus

Financial policies alone can explain neither the current financial crisis nor the negative impact the international financial system has had on development prospects over the past three decades. It is only by looking simultaneously at the prevalent economic model as a whole and at the different ways of reforming it that we can effectively increase finance policy coherence for development. We are facing a double challenge on how decisions are made about societies. There needs to be a balance between the role of market mechanisms and the role of collective bodies, together with a reform of how markets and states work.

Resilience

The promotion of growth model based on external private capital more than on domestic resources, inspired to large extent by the Washington Consensus, severely limits the ability of most developing countries to reap domestic development benefits from globalised financial markets. The "recycling" of much private capital inflows into foreign reserves by the more successful developing countries can be understood as a policy of economic security (and an effort to retain some degree of economic policy space) in a situation of dependence on highly volatile and unequal global markets. But this policy not only contributes to the global imbalances that triggered the largest financial and economic crisis since the Great Depression – it also undermines domestic consumption in developing countries, which is needed to reduce poverty.[lxxxv]

Economic measurement

The way in which global social progress, economic development and poverty reduction are measured (such as GDP) is completely inappropriate. If various economic and financial policies are to be more consistent with reducing human suffering and increasing human well-being, in both developed and developing countries, they need to be designed and assessed by means of a different set of statistical indicators. Incorporating the values of stability, equality and sustainability into the very core of the economic system is the most effective way of mitigating numerous market failures and externalities, and indeed of avoiding many wrong policy choices.

Economic governance

Such a new economic model must be designed and governed through the increased representation of developing countries in all the relevant institutions and processes. Some of the rules of financial globalisation are in the hands of private-sector bodies such as the IASB, but most institutions – the Bretton Woods institutions, the WTO, the Financial Stability Forum (FSF), the Bank for International Settlements (BIS), the Financial Action Task Force on Money Laundering (FATF) – can be influenced by governments. The EU's development cooperation must develop a much more active policy of broader reform of the international economic and financial architecture, focusing on more representative global economic governance, promoting a much more resilient model of development in poor countries and supporting the process of redefining how economic growth is measured.

Selected EU policy initiatives

The various above-mentioned issues are reflected very differently in EU policy-making. While the EU has competence and has developed policies in certain areas (EU financial regulation, tax issues), other key areas have not been developed at all yet (new economic measurement) and/or are rather a matter of member states positions (reform of the IFIs).

EU financial regulation and supervision

The EU has allowed the dramatic cross-border expansion of banks and other financial services companies without producing the mechanisms to keep an eye on them. There are several reasons for this laxness. Some countries have many multi-national financial service operators, others merely host them. The latter have long feared a loss of control over their financial markets. Countries with smaller domestic finance industries have questioned the increasing costs of regulation and supervision. Well-funded lobbying has certainly played a role in preventing agreement on a more onerous reporting and regulatory regime.

The overall picture shows that the EU's weakness in financial regulation and supervision results from the fact that both remain to a certain extent areas of national competence. Timid attempts at coordination are informal in character. Common policy positions, such as those adopted at the G20 Summit in London in April 2009, are the result of political agreement between the major member states and do not rely on EU mechanisms.
In line with the G20's London Communiqué, which put forward a set of reforms and recommendations to "strengthen the global financial system",[lxxxvi] the EU has instigated a number of measures on financial regulation and supervision. On financial regulation, measures include the regulation of derivatives markets, hedge funds and credit-rating agencies. However, these measures fall very short of what is needed and there is a high risk of regulatory capture because of the strong influence the financial industry has in this process.

Regarding financial supervision, the EU has been discussing the recommendations contained in the de Larosière report[lxxxvii] that include EU supervisors and a new European systemic risk body (a European Systemic Risk Council, now called Board). But given the diverging interests amongst the EU member states, there is resistance to giving the EU more power over national bodies on financial supervision.

The review of the EU Savings Tax Directive (EUSD)

By making automatic information exchange compulsory, the amendment[lxxxviii] (November 2008) to the EU Savings Tax Directive

improves the transparency of financial transactions and the prevention of tax evasion in the EU. However, the Directive applies only to the interest people receive on their savings, which represents just a small part of the problem.

The Directive's scope should be considerably broadened, to include all legal entities and all sources of income, not only interest payments. Such an extension would deal with illicit flows from commercial and financial actors, currently circulating in total opacity and draining huge amounts of resources from states. There should also be a broadening at the geographical level, i.e. to include third (non-EU) countries – which, to some extent, has been the case.[lxxxix]

The EU Transparency Directive[xc]

The Directive is part of a package of Financial Services Action Plan measures (including an the International Accounting Standards Regulation, the Market Abuse Directive and the Prospectus Directive).

Europe has a key role to play in setting international accountancy standards. This can be done by dramatically improving the transparency of the way multinationals present their accounts. Current EU legislation allows companies with subsidiaries abroad to present consolidated accounts, without breaking them down geographically to show where profits have been made or taxes paid. This is currently one of the main obstacles to combating the transfer of false pricing and the shifting of profits to tax havens.

In 2007 the European Parliament called for a country-by-country reporting standard for the extractive industry sector.[xci] The TJN has taken strong stance in favour of this proposal.[xcii] Country-by-country reporting on profits and taxes paid should be not the exception but the rule applied to all economic and financial sectors, and the EU should push firmly in this direction. It should start with reviewing the existing corporate regulation framework on financial reporting.

An ambition to change: including finance in the EU PCD scheme

Well-managed finance that ensures the productive use of limited resources and a good allocation of risks, together with stability, transparency, accountability and democratic control, has a strong potential to drive the sustainable development of developing countries and eradicate poverty. However, not all financial flows support poverty eradication or enable equal access to rights. A number of such financial resources (portfolio investments, some parts of FDI, export credits, odious debts and other irresponsible lending) can have a detrimental impact on poor communities and local economies) can cause harmful social and environmental impacts, and large financial outflows that damage stability..

Given the scale and depth of the impacts the financial system and policies have on developing countries, and in particular on the achievement of the MDGs, it is difficult to understand why finance is not scrutinised within the framework of the EU Rolling Work Programme on PCD. Indeed, the impacts of the current rules of the international financial system – multiplied by the degree of openness and interdependence of global finance – on global and national economies have been acknowledged by the EC in its Communication on European financial supervision.[xciii]

The current crisis offers a unique opportunity to bring finance under greater control, to clarify the links between finance and development and to take decisive action to limit the harm unregulated finance has caused; it gives an extraordinary public mandate for bold reforms.

On the other hand, there is a limit to what the EU can achieve. Finance has grown to be too big, too important, too systemic a feature of current economies and politics. It is not only the most globalised and least regulated area of economic activity, it has also become very complex and dynamic, yet non-transparent and technical (de-politicised). Informed debate requires very specific expertise.

All this limits the capacity of non-financial (particularly development) players to monitor and envisage possible action. There is little independent analysis, public debate or (multi-stakeholder) consultation on financial policies, and limited policy coordination, let alone much accountability – all of which are crucial elements of a successful PCD assessment in this field. That is why much more research and consultation among the EU's development cooperation stakeholders are urgently needed.

By the same token, vested interests are very strong and political commitment, policy strategies and even specific institutional structures to increase financial policy coherence for development are a very tall order. More than trade, therefore, finance PCD is likely to require a very complex reform of the global economic system, challenging the fundaments of current politics.

Recommendations

Tackling tax avoidance / evasion and addressing unfair tax competition

- Under the auspices of the UN, an International Tax Organisation to address tax competition and tax evasion and avoidance should be put in place. As a first step, the UN tax committee should be upgraded into an intergovernmental body and given the responsibility for dealing with these issues. It should produce an international code of conduct on tax matters, as a first step towards creating a binding framework that will encourage progressive, socially and environmentally sound taxation systems;
- The automatic exchange and public disclosure of information should be globally extended and implemented under a multilateral tax information exchange treaty. As a first measure, sanctions for uncooperative tax havens and their users (individuals, companies, advisers and other intermediates) should be strictly implemented. All cross-border financial transactions, especially within multinational corporations, must be individually identified, coded, and traceable;
- In particular, the scope of the EU Savings Tax Directive which establishes the automatic exchange of information on the income individuals receive in the form of interest on their savings must be broadened to include all legal entities and to all sources of income and should be expanded as far as feasible to third (non-EU) countries. All EU Member States must rigorously enforce the Directive.

Closing the shadow banking system

- Given the risks posed by highly leveraged speculative activities, unregulated financial instruments, unregulated financial institutions and secrecy jurisdictions, financial activities must be strictly regulated;
- Derivatives, insurance instruments and other financial transactions must be conducted on standardised exchanges and must be strictly regulated and supervised;
- Activities of a purely speculative nature on food and energy must be banned.

Reforming accounting standards

- Accounting standards must be improved in order to prevent excessive risk-taking as well as tax avoidance and tax evasion practices;
- Financial reports for all transnational companies must be required by the IASB on a country-by-country basis;
- Conflicts of interest in the IASB must be addressed and its governance democratised and made transparent.

Stepping up financial regulation

- The majority of poor people and poor countries depend on access to basic commodities. Speculation on food, metal and oil as well as speculation on land must be strictly limited;
- The financialisation of commodity markets, which increases global financial and economic volatility, is facilitated mainly by highly leveraged financial institutions. In particular, hedge funds and private equity companies must face much stricter capital requirements and other forms of regulation.

Reforming global financial governance

- No continuation of or increase in lending or IFIs' other roles can be envisaged without a major democratisation of their governance;
- Thorough-going governance reforms in the IFIs must entail:
  a) establishing a truly democratic structure. This implies recognising the principle of population-weighted voting which should be implemented at the IFIs through double majority voting and quota reform at the IMF; parity between Annex I and Annex II countries at the World Bank; IMF quota reform; the increase of basic votes;
  b) increasing the voice and representation of the beneficiaries in International Development Association (IDA) governance;
  c) reforming the executive board: European representation at the IFIs should be consolidated, by reforming existing constituencies and gradually grouping the European countries in fewer constituencies. Executive Directors should be made accountable to their constituencies;
  d) improving transparency, based on the principle of the right to information and the presumption of disclosure for all documents. The executive board's discussions must be fully transparent;
  e) establishing a transparent, democratic and merit-based selection process for the top levels of leadership in the institutions, including the Development Committee and IMFC;
  f) committing to inform citizens in recipient countries proactively, and to initiate genuine consultation with interested stakeholders.

National profiles

Belgium:
the need for a more coherent approach to development

Policy coherence as an issue is not new to Belgium. Ambitions on policy coherence, however, have been high on the agenda there only when a debate was taking place at EU level[xciv]. Pressure from peers has in fact had a positive impact at the national level.

In 2004, in the first government policy document[xcv] Armand De Decker, then Minister for Development Cooperation (2004-2007), referred to coherence as "improving cooperation between different Belgian development actors and […] coherence between donors". Two years later he added that there was also a need for more coherence between the federal and federated entities and for more attention to be paid to coherence between development cooperation and international trade.[xcvi] By the end of his term, in 2007, however, it was almost impossible to pick up the trail of these ambitions, and coherence had been devalued to cooperation between Belgian development players and harmonisation between donors. Policy coherence for development was no longer explicitly referred to.

The current minister for development cooperation has done little to improve PCD. In the March 2008 government agreement, poverty eradication and development cooperation were approached from the angle of security and prevention,[xcvii] and a government declaration in October confirmed this approach[xcviii].

It is clear that there is still a poor political base for PCD. Moreover the interpretation of coherence differs between both ministers. The minister for foreign affairs does refer to coherence within the framework of the Africa policies, but there is no concrete vision of how to achieve that. Within the document there is a more explicit demand for more coherence in external Belgian actions on peace-building and this is even concretised in structural cooperation between the ministries of foreign affairs, development cooperation and defence, with a common policy and coordinated use of resources.[xcix] The minister for development cooperation only refers to coherence as more synergies between different Belgian development actors (especially between government and non-governmental actors).

In the ministry's 2009 policy document, however, coherence has been broadened and it no longer focuses only on bringing down the barriers between different Belgian aid channels and coherence between different donors. There are more and more references to the need for policy coherence between specific policy areas.[c] Nevertheless, a vision whereby the whole of government has a responsibility to ensure this is still lacking. Moreover there are serious concerns about the way in which conflicting priorities are indeed weighed up one against another, and about the principle or mechanism whereby priority is given to a particular interest or objective over development objectives (this applies notably when trade interests are concerned).

Recently, the minister for development cooperation and Belgian NGOs signed an agreement which reinforces the minister's commitment to PCD. It is clearly stated, moreover, that it is the task of the whole of government to guarantee PCD. Yet this not yet imperative law, nor is it binding.

The legal and institutional architecture

The lack of a clear political commitment to PCD in Belgium manifests itself in the lack of a legal framework. Belgium is one of the few countries with a law on international cooperation. This law, passed in 1999, outlines the general objectives and principles of Belgian cooperation. Although it refers to international cooperation, in practice it applies only to Belgian development cooperation policy and not to all the policy areas that have an impact on development countries. No reference is made to coherence between different policy areas or to PCD.[ci] As this law is currently being revised, a reference to PCD may yet be inserted into it.

Belgian law does prescribe yearly reporting on the country's contribution to progress on the MDGs. MDG 8 touches on PCD, but up to now (as of September 2009 the report on progress in 2007 had not yet been published) the reporting on this has been too poor to give an idea of Belgian efforts to contribute to PCD.

There is no specific unit or staff responsible for PCD. Nor is the responsibility for coordinating PCD given explicitly to any particular ministry. There are nonetheless different interministerial consultative bodies that need to coordinate on specific policy areas. Also, in 2003 the previous management plan of the Directorate-General for Development Cooperation (DGOS) placed policy coherence under its own responsibility, making it the explicit job of DGOS to ensure more coherence between the policy areas of the federal and federated entities that have an impact on poverty eradication.[cii] In the current management plan this is a good deal weaker.

Another approach is for the budget to be managed jointly between DGOS and other departments. This practice could represent a step forward, if there is sufficient space for discussion and if the

development perspective is a priority. In 2000 a coordinating structure on PCD – the Interdepartmental Working Group on Development Cooperation (IWOS) – was specifically created, but it no longer exists.

Under the Federal Government Service for Foreign Affairs there also exists a formal, legally binding coordination mechanism on European affairs. There is also a mechanism for multilateral policy, but it is not legally binding. These mechanisms bring all the relevant players together, stimulate cross-policy dialogue and facilitate the setting out of Belgian positions at EU and international level. There is no mapping of all the existing coordination structures, however, so it is hard to know where there is a need for more coordination. Although the OECD/DAC 2003 Peer Review advised strengthening the coordination mechanism, this has not happened yet.

The need for an evaluation of existing structures has to be seriously addressed, and progress needs to be made on strengthening the different coordinating structures. But all these efforts will be useless as long as there is no clear political vision on PCD supported by the entire government. One of the challenges in Belgium is the federal structure, which means that some policy areas, such as agriculture, are not fully federal competence areas, so that coherence needs to be advanced between different policy levels.

An average EU performance

Like all EU member states, Belgium committed to setting up a mechanism to implement PCD. It is free, however, to decide itself how to do this, and to respect its own traditions while adapting implementation to the situation in the country.

Where the implementation of a coherent policy for development is concerned, among EU countries Belgium's performance is average, according to the European Centre for Development Policy Management.[ciii] Together with Estonia, Greece, Italy, Poland and the Slovak Republic, Belgium recognises the importance of a coherent policy for development but has a narrow interpretation of it. These countries have references, policy declarations and political statements, but few administrative or institutional mechanisms to translate these commitments into practice. Also, policy coherence is not always interpreted as PCD, but as internal coherence or coherence between donors, as is the case in Belgium.

Recommendations

So far, there is too little political commitment by the Belgian government to make progress on PCD. There is no vision showing how policy decisions on different areas could reinforce development, or at least not undermine it. Nevertheless, there are some coordination efforts around specific policy areas, for example concerning the management of natural resources in Central Africa. This lack of a political base for PCD in Belgium is revealed in the lack of a legal framework. Including a reference to the principle of PCD in a legal framework or in a revised law on international cooperation would constitute significant progress.

In addition to a legal anchoring of the principle of PCD, political commitments need to be implemented in concrete strategies and action plans. A long-term vision is very important in this context.

Coherent policy is possible only if there is both a vision and agreement on the steps for taking policy coherence forward at all levels. Clear mechanisms and mandates are necessary. Belgium should therefore evaluate the existing consultation and coordination structures with a view to ensuring greater transparency and inclusiveness. In the Belgian context, however, a key challenge is to arrive at a balanced approach between the federal and federated structures.

The Federal Parliament should be more involved in the implementation of PCD. The Belgian government should draw inspiration from experiences in the Netherlands and Sweden, in particular, and should report exhaustively every two years on the progress made with PCD. This commitment should also be made legally binding, in the same way as reporting on the Millennium Development Goals.

Finally, progress will only be achieved after a debate on PCD involving all the relevant players, such as parliaments, academics, and civil society, has been initiated by the government.

Czech Republic: institutional challenges for a new member state

Policy coherence for development still represents a fairly new concept in the Czech Republic. It faces challenges similar to the ones it faces in most EU-15 countries – lack of political commitment and understanding from various government bodies and non-governmental players, inadequate policy coordination and consultation mechanisms, a rather inflexible administrative culture, and limited analytical and monitoring capacities – as well as some specific to new member states, such as a general resistance to policy strategies. All the same, PCD may be better engrained in the Czech Republic than in most of the other EU-12 countries.

The concept of policy coherence for development has so far been spread only among a narrow circle within the Ministry for Foreign Affairs (MFA) and a few other government officials who come into direct contact with the EU's development agenda. The Department of Development Cooperation and Humanitarian Aid (ORS) at the MFA is the key unit for covering the development agenda in general, and the PCD agenda in particular. The MFA has been very active in the reform of the development cooperation system, and in increasing the quality and even – to the extent possible – the quantity of Czech development aid. It has been much weaker on PCD, although steps in the right direction have been taken. The Czech Presidency of the EU has shown that the country can be effective in development policy even at the EU level, including with useful PCD initiatives such as the promotion of local resources of renewable energy in developing countries (the key development priority of the 2009 Czech presidency).

Step by step, the notion of PCD has been finding its way into selected policy statements and into concrete institutional mechanisms at the MFA, and has been reflected in increased understanding by broader constituencies. Nonetheless, the real policy effects are both hard to see and hard to track. The PCD process in the Czech Republic cannot sidestep the fact that the general commitment of the Czech Republic for policy coherence, dialogue and coordination across different policy areas (not just development) is still rather formal or missing altogether. Policy coordination for development, most of which relates to the need to coordinate positions vis-à-vis the EU, just as other policy areas of lower political priority tends to take place solely at high levels of government decision-making. As the ECDPM chapter on the Czech Republic concludes, the "[p]romotion [of] coherence for development is not clearly spelled out as one of the Czech Republic's objectives; rather, policy coherence seems to be understood as consistency of development activities with foreign policy objectives and with other trade-related interests."[civ]

The current coordination for EU affairs operates at two levels. The basic working level of policy coordination is ensured through Ministerial Coordination Groups (RKS), while coordination at a higher level then takes place in the EU Committee (deputy ministers or government level). The RKS system does bring together government officials from different ministries on a regular basis and does allow for a synthesis of different views. Its potential to increase PCD remains untapped, however, largely owing to non-existent (interdepartmental) coordination inside the MFA.

Overall policy coherence is the subject of the "Competency Act", which determines coordinating responsibilities, the division of labour and decision-making powers among government bodies. This old legal statute is cited as a key reason why PCD cannot be included in the new development act (as demanded by Czech NGDOs), since PCD challenges the old idea of one ministry's exclusive competence over a given policy field. The Czech Republic's development cooperation, including efforts aimed at policy coherence for development, have so far been governed by sub-law norms such as ministerial papers and government strategies, in addition to international obligations and EU documents. To date no special bill has been approved by the Parliament.

However, a substantial transformation of the Czech Republic's system of development cooperation began in 2007 with the aim to enhance transparency, accountability and coordination of Czech development aid, solidify its national budget base and enhance overall project (cycle) management. The changes resulted in creation of a Czech Development Agency, inter-ministerial Czech Council on Development Cooperation and a strengthened role of the Ministry for Foreign Affairs in 2008 in the stead of dozen government bodies involved before. The transformation is to be finished and indorsed by adoption of a specific (first-ever) development and humanitarian law by a parliament and adoption of a revised Concept Paper on Czech Development Cooperation 2010-2015 by a government, both expected between the Fall 2009 and Spring 2010.

A lack of institutional mechanisms

While a number of key PCD players in the Czech Republic (Ministry of Education, Ministry of Labour) may be not very clear about how they might contribute to PCD, or may even be opposed to the concept, other government bodies important for PCD, such as the Ministry for Industry and Trade, Ministry of Agriculture or Ministry of Finance, may be increasingly willing to incorporate some development concerns into their own particular policy-making processes. And some, like the Ministry of the Environment, already do so. Unfortunately, the existing institutional mechanisms for inter-ministerial coordination do not ensure that this happens and happens on a regular, formal and accountable basis.

The new Czech Council on Development Cooperation is a potent higher-level PCD platform (at times attended by deputy ministers). So far, however, it has been run by the MFA rather formally, to avoid potential conflicts between the agendas of various participating ministries and development goals, and so it has not opened up space for a frank exchange of views and positions, let alone policy coordination. In a similar vein, the Ministerial Coordination Groups system of EU coordination (RKS) could in part provide the much-needed mechanism for regular, expert dialogue, consultation and coordination on PCD at the lower levels of government (to pave the way for higher-level government decisions). Yet development concerns are not very actively present inside most ministries and are not represented adequately, or at all, by the MFA at various key phases in this process.

In any case, all the relevant ministries lack the interdepartmental (intra-ministerial) mechanisms for consulting and coordinating their respective agendas with the development agenda led by the MFA in the first place. This weak financial, personal and analytical capacity in the relevant department (ORS) within the MFA, resulting in an insufficient ability to consult, coordinate or indeed advocate for development goals outside the MFA, is due to the low political profile of the development agenda (reflected logically within other ministries). This situation seems to be caused by the lack of political courage of the MFA leadership (despite other very commendable efforts in development cooperation) together with the lack of political will among the political leadership of the country, the general lack of public awareness of development or understanding of broader policy interdependence, and an underestimation of policy work by other development players.

There has been almost no interest in policy coherence for development among parliamentarians or the media, and little activity on the part of civil society. Members of parliament are yet to be found who would want to become development (cooperation) champions. The Czech Republic lacks both governmental and non-governmental capacity for regular (as opposed to one-off, ad hoc) monitoring and analysis of lack of policy coherence. No PCD in-service training or capacity-building takes place in public administration institutions, with the exception of random NGO activities.

Recommendations

- Strengthened development department (PCD unit ideally preparing its own MFA PCD paper?), increased capacity and activity of MFA in relation to other ministries, processes, including outsourcing/supporting external PCD analysis, monitoring and evaluation.
- Make sure the revised Concept Paper on Czech Development Cooperation 2010-includes clear, strong language on PCD, committing MFA to concrete and more active steps (including other steps recommended herewith).
- Begin to put PCD issues systematically on the agenda of the Czech Council on Development Cooperation, ideally creating a PCD working group within the Council, focusing step by step on key PCD issues for each participating ministry (both potential synergies and existing conflicts).
- Make MFA substantively and systematically increase the representation of development concerns in key working groups in the RKS system, especially in coordination groups involving those ministries whose policies have the strongest impact on poor countries (trade, agriculture, and migration).
- Press for relevant ministries to create/strengthen existing development units/departments and step up their regular intra-ministerial (interdepartmental) consultation and coordination processes as well as improve coordination vis-à-vis the Council and the EU.
- Engage new parliamentarians and more media in development issues in general, and engage both as well as development NGOs in the policy aspect of development cooperation, with particular emphasis on PCD.

The Netherlands: PCD frontrunner

The Policy Coherence for Development Unit of the Ministry of Foreign Affairs in the Netherlands was set up in 2002. The PCD Unit acts as a spearhead in promoting PCD through screening and research and by encouraging close cooperation between ministries.

The Unit reports to and advises the Minister for Development Cooperation. The Unit focuses on a limited number of PCD dossiers that will feature on the political decision-making agenda in the near future. A pattern has emerged of close cooperation between different ministries on many shared topics, and this has been reflected in a number of joint policy memorandums.

The project teams scrutinise the Commission's legislative proposals and promote development-friendly Dutch positions in the decision-making process, at national, EU and international level. Outputs include formal/informal discussion papers for both policy debate in the Netherlands and international coalition-building work and lobbying.

Ensuring policy coherence for development remains the responsibility of every ministry. But because the PCD Unit has been established within the Ministry of Foreign Affairs, it is easier for the other Ministries to lean back since the matter of PCD has already been arranged. It would be more effective if the PCD Unit also had its own civil servants based at the Ministries of Agriculture and Economic Affairs, for instance. Some issues remain untouched because of the enormous financial interests of the Netherlands. The transfer of arms through Dutch ports and airports to fragile states, for example, is a nefarious example. It remains very hard to tackle this unfair policy with the responsible ministries. Another problem is the lack of information about the ultimate impact of policies on the poor in developing countries. This means that the link between PCD efforts and policy formulation in developing countries is a weak one.

As one of its specific plans, the government that took office in 2007 drew up a strategy to recover lost ground in the country's efforts to achieve the MDGs. The resulting "Government Agenda 2015" reflects the commitment of the entire government to meeting this challenge, and confirms that PCD is a key element in this. In 2008 the second national progress report on PCD was discussed in parliament. In 2009 a combined report is planned on the outcome of Dutch aid efforts and implementation of the MDG 8 commitment.

There is an urgent need to consolidate PCD in Dutch international policy. In the past few years it has been made more and more of a priority, but it has remained an isolated issue in the overall development sphere. However PCD's greatest strength is that it can be used in the broader international agenda of globalisation and global challenges. Issues like climate change, the financial crisis and the food crisis cry out for a more integrated agenda and better coordination between several ministries to deal with all these interlinked crises. It is now time to broaden, deepen and integrate PCD throughout the entire policy field.

The commitment to PCD in other ministries was too weak to take really big steps forward. Only limited importance is given to the reduction of international poverty in Dutch national policy (but this is also the case in other developed countries).

The Netherlands may be a frontrunner in the field of PCD within the EU, but Dutch efforts will only be effective if other EU member states adopt suitable institutional arrangements for promoting PCD at the national and EU levels. And, even more importantly, political will needs to be increased. It is not always easy to find common ground among member states as, from a PCD perspective, domestic policies and priorities for do not always converge. For example, in January 2009 the Netherlands voted against the reintroduction of export subsidies on dairy products, but only two other member states supported this stance (Denmark and Italy). In the view of the Netherlands, these export subsidies are not necessary and can distort trade.

Progress and results on particular coherence-related issues:

> Trade

In recent years, efforts to ensure PCD in trade policy have focused strongly on the completion of the WTO Doha Round and the conclusion of the EU's Economic Partnership Agreements (EPAs) with the ACP countries. There has also been growing attention to aid for trade.

The Netherlands has consistently set ambitious development goals for the Doha Round: a substantial increase in market access for developing countries, and in particular, completely unimpeded market access for products from the least developed countries. It also pays close attention to the significant reduction of restrictions on trade-distorting agricultural support, especially for products that are important to developing countries (notably cotton). The outcome should allow developing countries sufficient flexibility, for example by giving them extra room for special products and exemptions for agriculture.

The Netherlands has continually pressed to ensure that the EPAs are development-friendly. They have insisted on: (i) asymmetrical agreements, with respect both to the degree of market access and to the deadlines for granting free market access for specific products – including advance agreement by the EU to give the ACP countries completely tariff- and quota-free market access; (ii) sufficient freedom for the ACP countries to exempt from liberalisation products that are important for these countries' food security and rural development;

and (iii) the simplification and easing, under the EPAs, of the rules of origin for ACP products. In 2007, when the talks proved to be making insufficient progress, the Netherlands pushed to ensure that no ACP country would have diminished access to the European market on 1 January 2008. The Netherlands supported the more pragmatic approach to EPA negotiations proposed by the Commission, which involved reaching interim agreements exclusively on goods.

> Agriculture

Policy aimed at influencing the interplay between agricultural production in developing countries and the world market has always been a major focus of PCD efforts. High tariffs and trade-distorting subsidies for agricultural products, aimed at protecting developed countries' domestic markets, often harm the interests of farmers in developing countries. Considerable political attention to this issue and the pressure of international negotiations have helped ensure steady, if limited, progress in creating better opportunities for developing countries in the international markets for agricultural products.

The Netherlands is continuing to press in WTO talks for more generous market access for agricultural products from developing countries. At the same time, the CAP reforms continue. The government is urging that developing countries' interests should be taken into serious consideration in the coming years as choices about restructuring the CAP are made. The Netherlands wants the remaining trade-distorting features to be phased out, in the interests of developing countries. To take advantage of the opportunities offered by the CAP reforms, considerable attention will be needed in the coming years for agricultural development in the developing countries themselves.

> Climate change

It is the poorer countries that are increasingly suffering the consequences of climate change. Technology transfer and funding are crucial to both emission reductions and adaptation. It must be noted that not enough progress has been made in these areas in recent years. In addition to economic and environmental interests, the needs of development should also be taken sufficiently into account in global climate agreements. The development of new financial instruments, supplementing regular development aid in support of better environmental policy in developing countries, can contribute to an efficient, effective and fair financial architecture for international climate policy, provided they have added value beyond that of existing instruments and that they respond to a clear demand. However, new instruments have barely been developed at national or EU level.

The Dutch Ministers for Development Cooperation and for the Environment & Spatial Planning both attended the Bali conference. On behalf of the Netherlands, they joined other EU countries in supporting the decision that the negotiations on a new international agreement will include discussions on how industrialised countries can help developing countries with, for example, technological and additional financial aid. In addition to economic and environmental interests, the needs of development should also be taken sufficiently into account in global climate agreements. As part of PCD, discussions will take place on the accessibility to developing countries of the various flexible, climate-related finance instruments, such as the Clean Development Mechanism and Emission Trading Scheme, on a just distribution of emission rights, and on the prevention of discriminatory, unilateral trade measures and border levies.

The government is also supporting programmes and activities to reduce greenhouse gas emissions and reduce poverty, such as the "energy for all" initiative, and efforts to prevent deforestation, develop markets for clean products and formulate coherent policies on biofuels. A €350 million fund has been created, additional to ODA, to promote renewable energy in developing countries. In the area of adaptation, €19 million was spent in 2008 on research, policy-influencing activities in both the Netherlands and developing countries, and capacity-building in about 20 countries, to formulate and implement climate-change policies.

> Migration

In July 2008 the Netherlands adopted a new policy document on international migration and development. The policy memorandum "Towards a modern migration policy" expresses the government's intention to create more opportunities for such temporary migration. Temporary labour migration from developing countries can contribute to poverty reduction and the achievement of the MDGs. The new policy document on international migration and development was drawn up in close cooperation with the Ministry of Justice. The first priority is to focus more closely on migration in the development dialogue and development in the migration dialogue. One of the other priorities in this policy document is to promote circular migration and brain gain. The document identifies two forms of circular migration: temporary labour migration to the Netherlands and temporary assignment from the Netherlands to the country of origin. The Netherlands is setting up a pilot project in which it will work with countries of origin and the private sector to develop two programmes enabling people to work in the Netherlands.

Interministerial coordination in the Netherlands on a number of relevant EU questions, such as the Directives now being negotiated on knowledge migrants, illegal migration and labour migrants' rights, includes discussion of their effects on developing countries. Limiting the negative effects of brain drain is an important policy goal. Recruiting healthcare professionals from outside the EU is regarded as a low priority in employment policy. The Dutch health sector works according to a good governance code and uses a quality hallmark.

Swedish Experiences of Implementing Policy Coherence for Development:[cv] A reformed Policy for Global Development

In 2003, Sweden became the first country to have an official coherence policy when the Swedish parliament adopted a government bill launching the Policy for Global Development, or PGD. PGD states that all policy areas should act coherently to contribute to equitable, sustainable global development. The policy is characterised by two guiding perspectives: a rights perspective and a poor people's perspective on development.

Since 2003 the Swedish government has presented four communications to parliament on how to implement the PGD. In this context, civil society organisations have published two coherence barometers that monitor how well government policies are fulfilling the ambitious objectives of the PGD in different areas.

In its 2008 communication the government presented a reformed PGD, stating that implementation had been ineffective so far owing to the ambition to cover all policy areas and the lack of measurable targets. The reformed PGD would be more results-based and implementation would focus on six global challenges which the government had identified. In 2009, inter-ministerial working groups have been established and one of their tasks is to develop indicators to monitor progress. This is badly needed, as previous government communications have been very vague on progress owing to the lack of measurable targets. An instrument is also being developed to identify political processes that require further analysis from a development perspective. So far, the only routine to mainstream the PGD into all political decisions has been the Swedish model preparing policies, in which all ministries whose policy area is affected by a decision contribute to drafting. While this model provides a good foundation for the implementation of a coherence policy, it may also promote the view that no further or specific implementation of the PGD is necessary.

According to the Swedish government's communication in 2008, to make a real effort to put the policy for global development into practice the reformed Policy for Global Development will specifically target six global challenges that the government has identified as being central to achieving equitable, sustainable global development, and where Sweden has a chance to contribute in an effective manner. These are:

- Oppression
- Economic exclusion
- Climate change and environmental impact
- Migration flows
- Communicable diseases and other health threats
- Conflict and fragile situations

The Swedish government is jointly responsible for the realisation of the Policy for Global Development. However, knowledge about the policy and its implications is still limited within government offices, at least outside the Ministry of Foreign Affairs. This is an impediment to effective implementation, as an all-government approach requires a high level of awareness and commitment in all ministries. Furthermore, in its Peer Review of Sweden in 2005[cvi] the OECD/DAC questioned the fact that the Minister for International Development Cooperation was responsible for coordinating the PGD. This gave the impression that PGD was a development aid issue and could make it difficult for other ministries to take on the policy. The Peer Review also criticised the fact that there was no mechanism to ensure independent evaluations of how the PGD was being implemented. The Swedish Agency for Development Evaluation, Sadev, was not commissioned to evaluate the PGD, only international development aid.

Challenge of identifying lack of coherence

The present effort by the Government to create a results-based approach to PGD implementation is most welcome. Yet much work remains to be done. An important aspect is that the Policy for Global Development is supposed to be implemented without extra budget funds. This results in a lack of resources for developing methods for implementing and coordinating the policy; there are no guidelines or instruments for implementation apart from the government's bill and subsequent communications. Lack of resources is also an obstacle to increasing the level of knowledge about the PGD within the government offices, and to carrying out in-depth analysis on how Swedish policies affect developing countries.

A more fundamental question is what approach is most effective for achieving coherence between different policy areas. PGD stresses the need to identify conflicting objectives or interests in order to make well-informed and well-considered strategic choices. Yet since the policy was adopted, Swedish CSOs have criticised the Government for putting too much emphasis on promoting synergies between policy areas, whereas the fundamental challenge of handling inconsistencies is rarely or never discussed in Communications to Parliament or in public debates. While some policy areas began to incorporate development aspects into national policy preparation early on, policy areas such as migration by and large began this work with the adoption of the PGD. In migration policy, conflicting objectives such as brain drain from poor countries are now being discussed in quite a transparent manner and measures to increase circular migration are being suggested to counteract this process. This is positive in the sense that a public analysis of shortcomings and possible solutions increases the transparency of PGD implementation.

A central feature of the PGD is that a number of players, including government authorities, civil society, universities and the business community should participate in its implementation. An initial government proposal to institutionalise the dialogue was never carried through, yet a sporadic dialogue exists. The government bill launching the policy was, furthermore, based on the work of a parliamentary committee which had consulted CSOs. The two guiding perspectives make up another vital component of the Swedish coherence policy. At the policy level, the government and civil society interpret the perspectives in a similar manner. For instance, there is agreement that analyses of what effects Swedish policies have on poor countries should be carried out at both macro and individual level, and that legitimate representatives of poor people must be enabled to play an active part in decision-making processes. Views differ greatly, however, as to what implications this should have for policy-making. Trade policy is a good example.

Lack of a poverty focus in Swedish trade policy

Sweden has a record of promoting poor countries' exports and has consistently pushed for rich countries to reduce their import tariffs. In the negotiations on the Economic Partnership Agreements (EPAs), Sweden has argued that the EU should open its markets completely to the ACP countries. Moreover, the country has worked for flexible rules of origin and to increase trade-related development aid. In January 2009, however, Sweden voted for an EC proposal to re-introduce export subsidies on some dairy products. This blurs the previous good record to some extent.

At the same time, CSOs criticise the Swedish position in WTO and regional negotiations for advocating far-reaching and rapid liberalisation. Such a policy fails to support the legitimate interests of developing countries in protecting their markets in order to ensure income sources and food security. Sweden is also a strong advocate of "broad" EPA agreements that include the disputed so-called trade-related issues, such as trade in services and regulations on investment, intellectual property and government procurement. The Swedish government has ignored the strong opposition to negotiating these issues from ACP countries, who doubt that such regulations would promote social or economic development. This goes against Sweden's position paper for the 2003 EPA negotiations, which states that trade-related issues should be negotiated only if the ACP countries request it. The EPA agreements are criticised by a broad spectrum of players including African Ministers for Trade and Finance, the AU, researchers, labour unions, farmers' associations, churches and NGOs. According to the Swedish government, the poor people's perspective on development implies that legitimate representatives of poor people must be enabled to take an active part in decision-making processes. Bearing that in mind, its rejection of the criticism strongly conflicts with the objectives set out in the Policy for Global Development.

Endnotes to the Overview

[i] The Communication "Global Europe: Competing in the World – A contribution to the EU's growth and job strategy", was adopted in 2006 - http://trade.ec.europa.eu/doclib/docs/2006/october/tradoc_130376.pdf

[ii] See the Council Conclusions: http://register.consilium.europa.eu/pdf/en/09/st10/st10018.en09.pdf

[iii] Just a few days before the publication of this report, the EC issued its Communication on PCD accompanying the 2nd EU Report on PCD. CONCORD reacted to the Communication immediately.
See Communication COM(2009) 458: http://ec.europa.eu/development/icenter/repository/COM_2009_458_part1_en.pdf

[iv] Article 10A reads: "The Union shall ensure consistency between the different areas of its external action and between these and its other policies. The Council and the Commission, assisted by the High Representative of the Union for Foreign Affairs and Security Policy, shall ensure that consistency and shall cooperate to that effect." Article 188D reads: "Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries."

[v] See footnote iii

Endnotes to the Climate Change chapter

[vi] See: Decision No 406/2009/EC of the European Parliament and of the Council of 23 April 2009 on the effort of Member States to reduce their greenhouse gas emissions to meet the Community's greenhouse gas emission reduction commitments up to 2020
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:140:0136:0148:EN:PDF

[vii] "In Search of Shelter: Mapping the effects of Climate Change on Human Migration and Development", UNU-
CARE International, EHS, CIESIN, May 2009, http://www.ehs.unu.edu/file.php?id=621

[viii] See the list of Annex 1 countries: http://unfccc.int/parties_and_observers/parties/annex_i/items/2774.php

[ix] See: IPCC Fourth Assessment Report 2007
http://www.ipcc.ch/publications_and_data/publications_ipcc_fourth_assessment_report_synthesis_report.htm

[x] Ibid., page 7

[xi] UNFCCC figures

[xii] EU Joint Research Council

[xiii] IIED and Grantham Institute for Climate Change at Imperial College study led by former IPCC co-chair Martin Parry

[xiv] See: EC Communication COM(2009) 475/3, "Stepping up international climate finance: A European blueprint for the Copenhagen deal"
http://ec.europa.eu/environment/climat/pdf/future_action/com_2009_475.pdf

[xv] White Paper, COM(2009) 147, "Adapting to climate change: Towards a European framework for action", April 2009, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0147:FIN:EN:PDF

[xvi] See: EC Communication COM(2008)643/3, "Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss"
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0645:FIN:EN:PDF

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[xvii] See: EC Communication COM(2006)567, "Global Europe: Competing in the World", October 2006, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2006:0567:FIN:en:PDF

[xviii] See: UN Conference on the World Financial and Economic Crisis and on its Impact on Development, Outcome Document, adopted by the UN General Assembly in July 9, 2009; see point 18, http://www.un.org/ga/search/view_doc.asp?symbol=A/RES/63/303&Lang=E

[xix] See: UN Conference on the World Financial and Economic Crisis and on its Impact on Development, Draft Outcome Document as presented by H.E. Miguel D'Escoto Brockmann, President of the General Assembly, May 2009. See point 5, p 3, http://www.un.org/ga/president/63/interactive/financialcrisis/outcomedoc80509.pdf

[xx] See: Health Action International (HAI) Study "Protection of access to medicines in EU trade agreements: The Andean region", May 2009, http://www.haiweb.org/03052009/1%20May%202009%20Policy%20Brief%20EU-Andean%20Trade%20Agreements%20Access%20to%20Medicines%20in%20jeopardy.pdf

[xxi] In the EC proposal for the EU-India FTA, UPOV is mentioned in Article 11.

[xxii] See: South Centre (2008) Government procurement in Economic Partnership Agreements and FTA, Policy Brief no 15.

[xxiii] EU - CARIFORUM EPA, Article 129.4; see also South Centre (April 2008) Fact Sheet No 8: Competition policy in EPAs

[xxiv] EC civil society debriefing on EU-Central America negotiations, 30 April 2009.

[xxv] See: Horn H., Mavroidis P., Sapir A., Beyond WTO? An anatomy of EU and US preferential trade agreements, July 2009.

[xxvi] See: EC Communication on the Raw Materials Initiative - "Meeting our critical needs for growth and jobs in Europe", November 2008
http://ec.europa.eu/enterprise/newsroom/cf/document.cfm?action=display&doc_id=894&userservice_id=1&request.id=0

[xxvii] See: EC Communication COM(2006)249 "Promoting decent work for all: The EU contribution to the implementation of the decent work agenda in the world", May 2006, http://ec.europa.eu/employment_social/news/2006/may/com_2006_249_en.pdf;
International ILO Conventions on Decent Job
http://www.decentworkcheck.org/main/south-africa/international-conventions

[xxviii] IAASTD (2008) Issues in Brief: Trade and Markets
http://www.agassessment-watch.org/docs/10505_Trade.pdf

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[xxx] NGO coalition (2009) Submission to European Parliament.

[xxxi] See: ACDIC, APRODEV, EED, ICCO, SOS Faim Preventing dumping of surplus meat parts on vulnerable developing country markets, May 2008, and APRODEV, EED, ICCO Technical Discussion paper Solutions for dealing with import surges and dumping, July 2008; see www.aprodev.net

[xxxii] See: South Centre, Analytical Note, Art XXIV and RTAS: How much wiggle room for developing countries? December 2008.

[xxxiii] See: Review of the EU's Sustainable Development Strategy, adopted by the Council (10117/06) in June 2006, http://ec.europa.eu/sustainable/docs/renewed_eu_sds_en.pdf

Endnotes to Agriculture chapter

[xxxiv] 50% of the hungry are smallholders; 20% are landless labourers; 10% are pastoralists, fisherfolk, and forest users; 20% are urban poor.

[xxxv] See: ActionAid International, "Let them eat promises: how the G8 are failing the hungry billion", July 2009
http://www.actionaid.org/assets/pdf/G8_2009_MediaBrief_final_2.pdf

[xxxvi] See: OECD, Aid to Agriculture, December 2001,
http://www.oecd.org/dataoecd/40/43/2094403.pdf

[xxxvii] See: The State of Food Insecurity in the World, FAO, 2006
ftp://ftp.fao.org/docrep/fao/009/a0750e/a0750e00.pdf

[xxxviii] FAO website – food assistance

[xxxix] See: World of Work Magazine No. 49, ILO, December 2003, Article "A universal challenge: Social security for the world",
http://www.ilo.org/wow/Articles/lang--en/WCMS_081319/index.htm

[xl] UNEP-UNCTAD, Organic Agriculture and Food Security in Africa, Geneva and New York, 2008
http://www.unep-unctad.org/cbtf/publications/UNCTAD_DITC_TED_2007_15.pdf

[xli] FAO, Anchoring agriculture within a Copenhagen Agreement, A Policy Brief for UNFCCC parties by FAO, June 2009,
http://www.fao.org/forestry/foris/data/nrc/policy_brief_sbstabonn.pdf

[xlii] The IAASTD process involved more than 400 authors from different disciplinary and geographical backgrounds. A multistakeholder process with participants from around the world, it included inter-governmental institutions, representatives of governments, civil society, the private sector and scientists. It reflects a growing consensus that governments, academics and NGOs need to redirect agricultural science and technology to support small-scale farmers and local knowledge and to counter global warming.
http://www.agassessment.org/reports/IAASTD/EN/Agriculture%20at%20a%20Crossroads_Global%20Report%20(English).pdf

[xliii] See: Speech by Commissioner Mariann Fischer Boel (SPEECH/07/33), January 2007, http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/07/33&format=HTML&aged=0&language=EN&guiLanguage=en

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http://www.coordinationsud.org/IMG/pdf/reformes_de_la_PAC-2.pdf

[xlv] See: the EC Communication COM(2008)30
http://ec.europa.eu/energy/climate_actions/doc/2008_res_directive_en.pdf

[xlvi] http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2008-0609+0+DOC+XML+V0//EN&language=EN

[xlvii] Science Council Secretariat, Biofuels Research in the CGIAR, A perspective from the Science Council, May 2008

[xlviii] ActionAid research and studies in Ghana, Senegal and Tanzania

[xlviv] Ibid.

[l] Ibid.

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[lii] ActionAid, Food Files, Issue 3, July 2009 http://www.actionaid.org/microsite Assets/india/assets/foodfiles_issue3.pdf

[liii] ActionAid, Food, Farmers and Fuel: Balancing Global Grain and Energy Policies with Sustainable Land Use, November 2008 http://www.actionaid.org.au/images/stories/docs/publications/2009/actionaid2008_food_farmers_fuel.pdf

[liv] See: EC Communication Advancing African Agriculture, "Proposal for continental and regional-level cooperation on agricultural development in Africa" COM(2007) 440
http://ec.europa.eu/development/icenter/repository/COMM_PDF_COM_2007_0440_F_EN_AFRICAN_AGRICULTURE.pdf

[lv] http://ec.europa.eu/europeaid/what/food-security/food-facility_en.htm

[lvi] See: Council Conclusions: http://register.consilium.europa.eu/pdf/en/07/st11/st11068.en07.pdf

Endnotes to the Migration chapter

[lvii] See: EC Communication COM(2002)82, "Towards a Global Partnership for Sustainable Development"
http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0082:FIN:EN:PDF

[lviii] See: 2005 European Consensus on Development http://europa.eu/legislation_summaries/development/general_development_framework/r12544_en.htm, and 2006 European Commission Policy Coherence for Development Work Programme
http://ec.europa.eu/development/policies/policy_coherence_en.cfm

[lix] Recent World Bank estimates speak of USD 232 billion per year, to which we should add USD 100 billion more which are transferred by informal channels.

[lx] See: Article 13 of the Cotonou Agreement, the Rabat Action Plan and the European Pact on Immigration and Asylum.

[lxi] See: The Amnesty International Report 2009, State of the world's human rights, Middle East and North Africa, http://report2009.amnesty.org/en/regions/middle-east-north-africa

[lxii] Senegalese fishermen who lost their incomes are now earning a living by using their fishing boats to transport refugees and undocumented migrants to the Canary Islands. "Collectif Pêche et Développement : L'Europe ou la mort – Les pêcheurs et l'émigration au Sénégal", Maguette Diop, Cheikh Diongue, Djibril Dioum, Bassirou Ndiaye, Mamadou Lamine Niasse, October 2007.

[lxiii] See: "Migration and Climate Change", Brown, Oli. IOM Research Series No. 31, 2008, "In Search of Shelter: Mapping the effects of climate change on human migration and displacement", UNU-EHS, CARE International, CIESIN, May 2009
http://unfccc.int/files/meetings/sb30/press/application/pdf/session_3_adaptation.pdf

[lxiv] The eight partnerships are: Peace and security; Democratic governance and human rights; Trade, regional integration and infrastructure; Millennium development goals; Energy; Climate change; Migration, mobility and employment; Science, information society and space.

[lxv] See: Amnesty International report "Nobody wants to have anything to do with us – Arrests and collective expulsions of migrants denied entry to Europe; "La Cimade, Maroc, Algérie, Mali, Sénégal, Mauritanie : Pays d'émigration, de transit et de blocage", November 2008
http://www.amnesty.org/fr/library/asset/AFR38/001/2008/fr/ad888d90-46c2-11dd-9dcb-1bbf1ead8744/afr380012008eng.html

[lxvi] See: EU Press Release IP//06/967, Brussels, 10 July 2006, http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/967&format=HTML&aged=1&language=EN&guiLanguage=en

[lxvii] See: Frontex press release dated 19/12/2006, http://www.frontex.europa.eu/

[lxviii] See: http://ec.europa.eu/development/icenter/repository/scanned_mr_csp10_fr.pdf

[lxix] In 2002 Monterrey Consensus, 2005 Communication on Migration and Development, 2007 Africa-EU strategy, 2008 Doha Declaration on financing for development, 2008 European Pact, GAERC conclusions of 18-19 May 2009.

[lxx] Up to 40% of the funds sent to developing countries may be lost in transfer costs and taxes imposed by developing country governments.

[lxxi] See: http://www.migreurop.org/IMG/pdf/livrenoir-ceuta.pdf

Endnotes to the Finance chapter

[lxxii] See: "The financial and economic crisis: a Decent work response", International Labour Organizations and International Institute for Labour Studies, 2009; consult also the studies on the impact of the global financial crisis on the labour markets, by ILO Regional Offices,
http://www.ilo.org/public/english/support/lib/financialcrisis

[lxxiii] See: Oxfam, Initial Assessment of Impact of Global Economic Crisis in Developing Countries, March 2009 http://www.oxfam.org.uk/applications/blogs/pressoffice/?p=4011
the CONCORD Briefing Paper on the Impact of the crisis on developing countries, February 2009, http://www.concordeurope.org/Files/media/internetdocumentsENG/4_Publications/3_CONCORDs_positions_and_studies/Positions2009/CONCORD-statement-GAERC-conclusions-19.05.2009.doc

[lxxiv] See: Overseas Development Institute (ODI) Background note, "The global financial crisis and developing countries", October 2008,
http://www.odi.org.uk/resources/download/2462.pdf

[lxxv] See: EC Communication COM(2009)160, "Supporting developing countries in coping with the crisis", April 2009, http://ec.europa.eu/development/icenter/repository/COMM_PDF_COM_2009_0160_F_EN_ACTE.pdf

[lxxvi] Report by the Commission on the Measurement of Economic Performance and Social Progress, http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf

[lxxvii] See the Interim draft of the Report of the Commission of Experts of the President of the United Nations General Assembly on Reforms of the International Monetary and Financial System, issued in May 2009.
http://www.un.org/ga/president/63/interactive/financialcrisis/PreliminaryReport210509.pdf
This Interim report served as a reference for the preparations for the UN Conference on the World Financial and Economic Crisis and its Impact on Development which took place in June 2009. The final report is expected to be released in September 2009.

[lxxviii] A research programme of the Center for International Policy, http://www.gfip.org

[lxxix] See the Executive Report "Illicit Financial flows from developing countries: 2002 – 2006", Dev Kar and Devon Cartwright-Smith, December 2008.

[lxxx] Tax Justice Network (TJN), an independent organisation launched in the British Houses of Parliament (March 2003), is dedicated to high-level research, analysis and advocacy in the field of tax and regulation, www.taxjustice.net

[lxxxi] See the Tax Justice Network map of tax havens by region
http://www.taxjustice.net/cms/upload/pdf/mapamundi.pdf

[lxxxii] See: www.eurodad.org/uploadedFiles/Whats_New/Reports/Capital_flight_report.pdf

[lxxxiii] See: www.eurodad.org/uploadedFiles/Whats_New/Reports/factsheet_capitalflight08.pdf
See also: A European agenda to fight capital flight, October 2008: www.eurodad.org/uploadedFiles/Whats_New/News/A%20European%20agenda%20to%20fight%20capital%20flight%202%20pager%20final.pdf

[lxxxiv] The list of regulatory measures available is long and includes countercyclical capital adequacy requirements, financial product and innovations scrutiny, increased transparency through the improved disclosure of firms' data and publishing aggregate data, stricter regulation of rating and instance agencies, etc.

[lxxxv] FT's chief economic commentator Martin Wolf calls this phenomenon "smoking capital, but not inhaling" in his book Fixing Global Finance, The John Hopkins University Press, Baltimore, 2008 (page 58).

[lxxxvi] See the section on Strengthening the Financial System
http://www.londonsummit.gov.uk/resources/en/PDF/finance-communique-140309

[lxxxvii] See: Report by the High-level group on financial supervision in the EU, chaired by Jacques de Larosière, February 2009 http://ec.europa.eu/internal_market/finances/docs/de_larosiere_report_en.pdf

[lxxxviii] See: amending proposal to the Savings Tax Directive (13 November 2008) http://ec.europa.eu/taxation_customs/resources/documents/taxation/personal_tax/savings_tax/savings_directive_review/COM(2008)727_en.pdf

[lxxxix] The following non-EU States collaborate with the EU on taxation: Switzerland, Andorra, Monaco, Liechtenstein, San Marino and all overseas territories dependent on EU member states. The EU has also asked to initiate a negotiation process with Hong Kong Territory, Singapore, Macao, Japan, Canada, Bahrain, Dubai and the Bahamas.

[xc] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 http://ec.europa.eu/internal_market/securities/transparency/index_en.htm

[xci] See: www.europarl.europa.eu/sides/getDoc.do?Type=MOTION&Reference=B6-2007-0437&language=EN

[xcii] See: Tax Justice Briefing, "Country-by-country: How to make multinational companies more transparent", March 2009,
http://www.taxjustice.net/cms/upload/pdf/Country-by-country_reporting_-_080322.pdf

[xciii] See: EC Communication on the European financial supervision, May 2009, COM(2009) 252,http://ec.europa.eu/internal_market/finances/docs/committees/supervision/communication_may2009/C-2009_715_en.pdf

Endnote to the Belgium profile

[xciv] The European Summits in 2005 and 2006, when PCD emerged as an important issue at the top of the EU agenda.

[xcv] Beleidsnota / Note de politique générale, van Minister van Ontwikkelingssamenwerking Armand De Decker, "De algemene beleidslijnen van het departement ontwikkelingssamenwerking", 15 October 2004, p.13

[xcvi] Ibid., p 23

[xcvii] Regeerakkoord Leterme I, 18 March 2008, p.39

[xcviii] Verklaring van de regering over haar algemeen beleid, 14 October 2008, p.10

[xcix] Minister van Buitenlandse Zaken De Gucht, "Algemene Beleidsnota", 31 October 2008, p.44

[c] Minister van Ontwikkelingssamenwerking Charles Michel, "Algemene beleidsnota", 5 November 2008, p.19

[ci] Art. 3 and Art. 9 of "Wet op de Internationale Samenwerking"

[cii] OESO/DAC, "DAC Peer review Belgium", 2005

[ciii] ECDPM (2007): Evaluation Study on the EU Institutions & Member States' Mechanisms for Promoting Policy Coherence for Development - European Centre for Development Policy Management (ECDPM), PARTICIP GmbH, Consultants for Development & Environment, Complutense Institute of International Studies (ICEI) July 2007, p.53, http://www.three-cs.net/News-and-Events/News/Final-Report-EU-Mechanisms-that-promote-Policy-Coherence-for-Development

Endnote to the Czech Republic profile

[civ] ECDPM (2007): Evaluation Study on the EU Institutions & Member States' Mechanisms for Promoting Policy Coherence for Development - Appendix III Country Profiles on Policy Coherence for Development. European Centre for Development Policy Management (ECDPM), PARTICIP GmbH, Consultants for Development & Environment, Complutense Institute of International Studies (ICEI) May 2007

Endnote to the Sweden profile

[cv] Based on the 2009 Forum Syd report "Implementing the Policy for Global Development?"

[cvi] See: http://www.oecd.org/dataoecd/14/43/35268515.pdf

European network	ActionAid International	www.actionaid.org
European network	ADRA	www.adra.org
European network	Aprodev	www.aprodev.net
Austrian national association	Global Responsibility - Austrian Platform for Development and Humanitarian Aid	www.globalresponsibility.at
Belgium national association	Belgian Platform of NGOs for Relief and Development (11.11.11; ACODEV; CNCD; COPROGRAM)	www.cncd.be; www.acodev.be; www.11.be; www.coprogram.be
European network	CARE international	www.care-international.org
European network	Caritas Europa	www.caritas-europa.org
European network	CBM International	www.cbm.org
European network	CIDSE	ww.cidse.org
Czech Republic national association	FoRS - Czech Forum for Development Co-operation	www.fors.cz
Danish national association	Danish EU-NGO Platform	www.eu-ngo.dk
European network	EU-CORD	www.eu-cord.org
European network	Eurodad - European Network on Debt and Development	www.eurodad.org
European network	Eurostep - European Solidarity Towards Equal Participation of People	www.eurostep.org
Finnish national association	Kehys ry: The Finnish NGDO Platform to the EU	www.kehys.fi
French national association	Coordination SUD	www.coordinationsud.org
German national association	VENRO - Verband Entwiklungspolitik Deutcher Nicht-Regierungs- Organisationen	www.venro.org
Greek national association	Hellenic Committee of Non Governmental Organisations	www.europers.org
Hungarian national association	HAND - Hungarian Association of NGOs for Development and Humanitarian Aid	www.hand.org.hu
European network	IPPF European Network	www.ippf.org
Irish national association	Dóchas - The Irish Association of Non-Governmental Development Organisations	www.dochas.ie
Italian national association	Associazione ONG italiane	http://www.ongitaliane.it
Latvian national association	LAPAS - Latvian NGDO Platform	www.lapas.lv
Luxembourg national association	Cercle de Coopération des ONG de développement au Luxembourg	www.cercle.lu
Maltese national association	Maltese NGDO Platform	www.ngdomalta.org
the Netherlands national association	Partos	www.partos.nl
European network	Oxfam International	www.oxfaminternational.org
European network	Plan Europe	hwww.plan-international.org
Polish national association	Grupa Zagranica	www.zagranica.org.pl
Portuguese national association	Plataforma Portuguesa das ONGD	www.plataformaongd.pt
European network	Save the Children	www.savethechildren.net
Slovakian national association	MVRO	www.mvro.sk
Slovenian national association	SLOGA - Slovenian Global Action)	www.sloga-platform.org
European network	Solidar	www.solidar.org
Spanish national association	CoNgDe - Coordinadora de ONG para el Desarrollo	www.congde.org
Swedish national association	CONCORD Sverige	www.concord.se
European network	International Federation Terre des Hommes	www.terredeshommes.org
United Kingdom national association	BOND - British Overseas NGOs in Development	www.bond.org.uk
European network	WIDE	www.wide-network.org
European network	World Vision	www.wveurope.org

European NGO confederation
for relief and development

CONCORD

Confédération européenne des ONG
d'urgence et de développement

CONCORD is the European confederation of relief and development NGOs. Its 22 national associations and 18 international networks represent over 1,600 NGOs which are supported by millions of citizens across Europe.