



EUROPEAN PARLIAMENT

2009 – 2014

Committee on Development

2009/2218(INI)

9.2.2010

DRAFT REPORT

on the EU Policy Coherence for Development and the ‘Official Development Assistance plus’ concept
(2009/2218(INI))
Committee on Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the EU Policy Coherence for Development and the ‘Official Development Assistance plus’ concept (2009/2218(INI))

The European Parliament,

- having regard to Articles 9 and 35 of the joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: ‘The European Consensus’¹,
- having regard to Article 208 of the Treaty on the Functioning of the European Union (Lisbon Treaty) that reaffirms the EU shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries,
- having regard to Article 12 of the ACP-EC Partnership Agreement (the Cotonou Agreement),
- having regard to the Joint Africa-EU Strategy, adopted in Lisbon in December 2007,
- having regard to the communication from the Commission ‘Policy Coherence for Development: accelerating progress towards attaining the Millennium Development Goals’ (SEC(2005)0455),
- having regard to the first biennial EU report on Policy Coherence for Development (COM(2007)0545) and the accompanying Commission Staff Working Paper (SEC(2007)1202),
- having regard to the EU 2009 report on Policy Coherence for Development (COM(2009)0461 final) and the accompanying Commission Staff Working Paper (SEC(2009)1137 final),
- having regard to the communication from the Commission ‘Policy Coherence for Development – Establishing the policy framework for a whole-of-the-Union approach’ (COM(2009)0458 final),
- having regard to the Council conclusions of 21 and 22 December 2004 on agriculture and fisheries,
- having regard to the Council conclusions of 24 May 2005 on accelerating progress towards achieving the Millennium Development Goals,
- having regard to the Council conclusions of 17 October 2006 on integrating development concerns in Council decision-making,

¹ OJ C 46, 24.2.2006, p. 1.

- having regard to paragraph 49 of the European Council Presidency conclusions of 14 and 15 December 2006,
- having regard to the Council conclusions of 19 and 20 November 2007 on policy coherence for development,
- having regard to paragraph 61 of the European Council Presidency conclusions of 19 and 20 June 2008,
- having regard to the Council conclusions of 17 November 2009 on policy coherence for development,
- having regard to the 1996 OECD strategy document ‘Shaping the 21st Century: the Contributions of Development Cooperation and the 2002 OECD ministerial declaration ‘Action for a Shared Development Agenda’ and its 2008 report entitled ‘Building Blocks for Policy Coherence for Development’,
- having regard to the ministerial declaration on policy coherence for development adopted by the OECD on 4 June 2008,
- having regard to the 2000 UN Millennium Declaration and the eighth Millennium Development Goal,
- having regard to the WTO ministerial meeting in November 2001 and to the Monterrey Consensus of 2002,
- having regard to the World Summit on Sustainable Development of 2002 and the Resolution adopted by the General Assembly in the framework of the World Summit of 2005,
- having regard to the Resolution on the role of the Cotonou Partnership Agreement in addressing the food and financial crisis in ACP countries adopted at the 17th ACP-EU Joint Parliamentary Assembly¹ held in Prague from 4 to 9 April 2009,
- having regard to its resolutions based on reports by its Committee on Development: European Parliament resolution of 23 March 2006 on the development impact of Economic Partnership Agreements (EPAs) (2005/2162(INI))²; European Parliament resolution of 1 February 2007 on mainstreaming sustainability in development cooperation policies (2006/2246 (INI))³; European Parliament resolution of 25 October 2007 on the state of play of EU-Africa relations (2007/2002(INI))⁴; European Parliament resolution of 17 June 2008 on policy coherence for development and the effects of the EU’s exploitation of certain biological natural resources on development in West Africa (2007/2183(INI))⁵; European Parliament resolution of 29 November 2007 on Advancing African Agriculture – Proposal for agricultural development and food security in Africa

¹ ACP-EU/100.568/09/fin.

² OJ C 292E, 1.12.2006, p. 121.

³ OJ C 250E, 25.10.2007, p. 77.

⁴ OJ C 263E, 16.10.2008, p. 633.

⁵ OJ C 286E, 27.11.2009, p. 5.

(2007/2231(INI))¹; and European Parliament resolution of 22 May 2008 on the follow-up to the Paris Declaration of 2005 on Aid Effectiveness (2008/2048(INI))²,

- having regard to its resolutions based on reports by its Committee on International Trade: European Parliament resolution of 23 May 2007 on the EU's Aid for Trade (2006/2236(INI))³ and European Parliament resolution of 1 June 2006 on trade and poverty: designing trade policies to maximise trade's contribution to poverty relief (2006/2031(INI))⁴,
 - having regard the 2009 CONCORD report entitled 'Spotlight on Policy Coherence',
 - having regard to the 2003 ActionAid study entitled 'Policy (in)coherence in European Union support to developing countries: a three country case study',
 - having regard to the 2006 study by Guido Ashoff (2006) entitled 'Enhancing policy coherence for development: conceptual issues, institutional approaches and lessons from comparative evidence',
 - having regard to the 2007 report by the ECDPM entitled 'The EU institutions & Member States' mechanisms for promoting policy coherence for development: final report',
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on Development and the opinions of the Committee on Foreign Affairs and the Committee on International Trade (A7-0000/2010),
- A. whereas policy coherence for development (PCD) means 'working to ensure that the objectives and results of a government's development policies are not undermined by other policies of that government, which impact on developing countries, and that these other policies support development objectives, where feasible'⁵,
- B. whereas policy incoherence may lead to ineffectiveness, inefficiency and the loss of credibility of development policies,
- C. whereas Article 208 of the Lisbon Treaty establishes poverty reduction as the primary objective of EU development policy and whereas PCD works towards the Union's development cooperation objectives through all its policies,
- D. whereas there are striking cases of incoherencies in the EU's trade, agriculture, fisheries, climate, intellectual property rights, migration, finance, arms and raw materials policies,

¹ OJ C 297E, 20.11.2008, p. 201.

² OJ C 279E, 19.11.2009, p. 100.

³ OJ C 102E, 24.4.2008, p. 291.

⁴ OJ C 298E, 8.12.2006, p. 261.

⁵ 'Policy Coherence for Development: Institutional Approaches: Technical Workshop': OECD workshop held in Paris on 13 October 2003.

- E. whereas constraints for PCD are lack of political support, unclear mandates, insufficient resources, absence of effective monitoring tools and indicators, as well as the lack of prioritisation of PCD over conflicting interests,
- F. whereas the EU is committed to reaching the UN target of giving 0.7% of gross national income (GNI) in official development assistance (ODA) by 2015, and the interim aid target for the individual EU Member States and for the EU collectively is 0.56% by 2010,
- G. whereas the European Ombudsman has the mandate to investigate complaints against instances of maladministration in the European administration; whereas the Ombudsman, Mr Diamandouros, has declared, notably in the context of the EIB's external lending activities, that he is willing to use his powers of own-initiative inquiries when third-country citizens resident outside the EU address a complaint to the Ombudsman,
1. Welcomes the increased attention and commitment to PCD by the Commission, the Council and the Member States, as demonstrated by the biennial reporting;
 2. Reaffirms its own commitment to enhance PCD in the EU and in its parliamentary work;
 3. Recalls the responsibility of the European Union in taking into account the interests of developing countries and their citizens to prevent the short-term interests of donor countries clashing with recipient countries' development priorities;
 4. Considers that all EU policy areas with an external impact must be designed to support the fight against poverty as well as the fulfilment of human rights, including social, economic and environmental rights and gender equality;
 5. Asks for clear mandates to assess PCD, for clear and precise operational goals, and for detailed procedures to carry out this exercise;
 6. Underlines the crucial need to approach PCD as a long-term endeavour so as to secure lasting support for PCD; stresses the importance of a timely assessment of policies to avoid negative impacts on developing countries;
 7. Stresses that the Council's decision to select five broad areas for the PCD exercise in 2009 should not replace monitoring of the 12 traditional policy areas; furthermore calls on the Commission to identify incoherencies whenever they occur and suggest solutions;
 8. Is concerned that the 'ODA-plus approach' entails a risk that the EU will be deprived of its roadmap to reach the 0.7% ODA/GNP target for 2015 and that it undermines the definition of ODA and its focus on poverty eradication because it exaggerates the role of other financial flows for development;
 9. Asks the Commission to further clarify the whole-of-the-Union approach and its impact on the EU's development policy; expresses concern that this approach could be integrated into the next Financial Perspective;
 10. Considers that it is necessary to provide for a procedure for complaints both in the EU and developing countries against failures of the Union to respect its PCD commitment; notes

that the European Ombudsman, who is independent of the European Commission, drafts an annual report and has investigative powers, including on his/her own initiative in respect of complaints coming from outside the EU when these fall within his/her mandate;

11. Invites the Ombudsman and the Commission to work together in order to ensure the availability of an effective complaints mechanism against incoherencies using for example the UNDP's human development criteria as a standard against which concrete measures and actions can be evaluated;
12. Calls on the Commission to use clear benchmarks and indicators in order to measure PCD, for example the Sustainable Development Indicators;
13. Takes the view that, if actions and measures within the EU's development policy do not respect the principles and objectives laid down in Article 208 of the Lisbon Treaty, this constitutes a breach of an obligation under the treaties;
14. Calls for the cessation of export subsidies irrespective of the successful conclusion of the 'Doha Round', to avoid dumping of EU products on markets in developing countries and the economic loss that this generates;
15. Demands a drastic lowering of customs tariffs for imports from all developing countries and asks the Commission to link the EU's import tariffs to respect for internationally agreed labour and environmental standards and the exemption of fair trade products from any import tariffs;
16. Calls on the Commission to exclude from ongoing free trade agreements (FTA) and EPA negotiations any demand to developing countries to sign up to the International Convention for the Protection of New Varieties of Plants, which restricts indigenous communities' access to and maintenance of biodiversity;
17. Urges the Commission to end its present TRIPS-plus approach in EPA negotiations, to allow developing countries to provide medicines at affordable prices under domestic public health programmes;
18. Welcomes the mechanisms to enhance PCD within the Commission, namely the inter-service consultation system, the Impact Assessment process, the Sustainability Impact Assessment and the Interservice Quality Support Group; asks, however, which criteria DG Development used when deciding to overturn incoherent policy initiatives and asks for greater transparency as regards the outcome of inter-service consultations; demands, furthermore, that the European Parliament and developing countries should be more closely involved in these mechanisms;
19. Asks the Commission to start the impact assessments earlier, i.e. before the drafting process of policy initiatives is already far advanced and to base them on evidence-based studies; asks the Commission to include the results of the impact assessments in the Development Cooperation Instrument (DCI)'s Regional and Country Strategy Papers ;

20. Calls on the Commission to involve the European Parliament in the process of the Commission's PCD report, e.g. in terms of the questionnaire, better timing, and taking account of Parliament's own initiative reports;
21. Asks the Commission to involve the EU Delegations in its PCD work by appointing PCD focal points responsible for PCD in each Delegation to monitor the impact of EU policy at partner-country level; asks for inclusion of PCD in staff training;
22. Calls on the Commission to give the Commissioner for Development sole responsibility for the programming and implementation of aid in all developing countries;
23. Suggests including PCD in the DCI midterm review, especially in the relevant thematic programmes;
24. Calls for an inclusion of specific PCD commitments in every Presidency's work programme;
25. Suggests that the Council improves the work of existing structures for enhancing PCD, for example by having more joint meetings of the working groups and making the work programme publicly accessible;
26. Decides to draft a biennial European Parliament report on PCD; advises all the committees to draft reports that address the development perspective of their respective committee;
27. Encourages the existing joint parliamentary assemblies, such as the ACP-EU Joint Parliamentary Assembly, to appoint standing rapporteurs for PCD and to draft an annual PCD report in order to detect policy incoherencies;
28. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

Policy coherence implies that all EU policy areas must be designed to support developing countries' development needs. Despite the EU's commitment to PCD, its policies undermine development objectives in several ways, for example:

- In developing countries, markets are flooded by heavily subsidised European products, which contribute to the weakening of these countries' economic and social infrastructure, exacerbating malnutrition and famine and exposing local farmers to structural poverty and accelerated dependence on external aid;
- Several countries, such as Malaysia, Indonesia and Colombia, as well as a number of African countries, have set aside large parts of their farmland for agrofuel production to meet the EU's renewable energy need at the expense of food security and biodiversity;
- A massive land grab for agrofuel constitutes a serious threat to the livelihood of small farmers. Over 10,000 hectares have been cleared for jatropha plantation in Northern Ghana; up to 60% of fertile land has been allocated for agrofuel in Tanzania; 50,000 to 200,000 hectares are under negotiation in Senegal, and yet all these countries are not self sufficient in producing food to cover local consumption;
- The document 'Global Europe: competing in the World' containing the EU's trade strategy shows that the bilateral and regional free trade policy strategies foster the EU's access to developing countries' raw materials markets, including agricultural commodities, by opening them to EU large companies at the expense of small scale farmers and infant industry;
- The EU market access for developing countries is in practice relegated to raw material export, which is less taxed compared to processed goods. This policy perpetuates developing countries in their role as providers of raw materials for EU industry;
- Financial liberalisation, including speculative and volatile financial flows, over which the developing countries have little control, has generated significant instability at international level with disastrous impacts on developing countries' economies;
- The different association and free-trade agreements under negotiation at present risk liberalising the banking and the financial services sector in an irresponsible way, threatening the already impoverished communities with unsafe financial products, speculation, tax evasion etc.;
- In 2009 the European Commission reintroduced export subsidies for dairy products, which are mainly exported to ACP countries while at the same time markets in poor countries are unprotected. For instance, world market prices for milk dominate ACP countries' prices and the high volatility of prices has serious impacts on local farmers and milk industry (including a sharp increase in import dependency and undermining local prices). In Nigeria, where 80% of the population are cattle farmers, the imports of dairy products have quadrupled since 1996, while the EU's share accounts for 65% of imports;

- As a major arms exporter, the EU exports or facilitates the shipment of arms across its borders. While the EU provides sustainable amounts of developing aid it exports arms, either directly or indirectly, to the same countries where millions are spent on development funds (the EU-15 spends approximately 70 billion € yearly on development funds, while the value of the EU arms exports amounts to approximately 360 billion € annually);
- Also, in the new Fisheries Partnership Agreements, overexploitation of fish stocks will still occur since reliable scientific data to determine a sustainable maximum catch is often lacking. Local fishermen do not have priority access to fishing grounds and will still be harmed by subsidized competition from European vessels. In this case, the local processing industry, which has the highest potential added value in the production chain, receives little support;
- The EU has put sustainable development, deforestation, related biodiversity loss, climate change and poverty alleviation prominently on its policy agenda. The adaptation of the Forest Law Enforcement on Governance and Trade (FLEGT) Action Plan incorporates all ingredients for a coherent policy approach towards sustainable development. However, in putting these commitments into practice the EU doesn't show much progress. The current implementation of FLEGT will not make a decisive difference in tackling illegal and destructive logging;
- Regarding global warming, the EU is not cutting its emissions enough to reach the 2C goal and a rise of the global temperature will first and foremost hit developing countries. EU countries should offset up to 70% of its emissions and so far there is too little concrete commitments for climate financing for developing countries and no real technology transfer cooperation with Least Developed Countries (most of the Clean Development Mechanism's projects are done with emerging economies like China);
- Taking just the cases documented by the press, the number of deaths along EU borders since 1988 has reached 14,794. At the same time, the budget of the European Agency for the Management of Operational Cooperation at the External Borders (FRONTEX) has doubled between 2007 and 2009. The EU budget devoted to fighting irregular immigration has increased by six during the same period. A few examples help illustrate how important this policy has become: EU member states carried out 174,275 deportations in 2007; the 27 EU member states registered nearly 240,000 asylum applicants in 2008, or 480 applicants per million inhabitants. Up to 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.

The list is not exhaustive and far more cases of incoherence could be added. Overall, although the PCD process started in 2005, not much real progress has been made. The situation will not improve if only single problems are addressed: many of the incoherencies presented are inherent to the system. The EU's short-term interests often prevail over long-term interests and development objectives.

The overall aim of the report is to tackle the prevailing incoherencies and to point to the structural problems concerning PCD. Moreover, the Rapporteur hopes to raise more

awareness for PCD amongst the EU institutions, to involve the EP further in the PCD process of the Commission and to improve PCD within the EP, which is why the Rapporteur included some commitments for Parliament itself.

Finally, one of the central suggestions of the report is to introduce a complaint mechanism which could serve as a PCD focal point in the EU that receives complaints and independently drafts reports of policy incoherencies. The Rapporteur suggests using the Ombudsman for this position which would have the advantage of using existing structures. If the European administration, that is, in this case mainly the Commission, fails to act in accordance with law or violates human rights, this constitutes at the very least maladministration, which the Ombudsman can investigate – also on his/her own initiative, as explicitly stated in Article 228(2) TFEU. One such own-initiative inquiry led, for instance, to the adoption of the first rules on public access to EU documents, through decisions adopted by the Council, Commission and (later) Parliament.

Furthermore, breaking the law and violating human rights would also clearly, at the same time, represent the kind of incoherence that the Commission's Communication seeks to avoid. Finally, it would contradict the objectives and principles governing the Union's policy in the field of development, laid down in Article 209 TFEU.

As regards the role of national supervisors in developing countries, the Ombudsman would not be in any conflict of competence with them, as his/her mandate is limited to the European Union's institutions and bodies – which, again, tend to be beyond the mandate and powers of national supervisors.

No amendment to the mandate of the Ombudsman would be needed. The Ombudsman made a commitment, in public, to use his/her powers of own inquiry, if the status of the complainant were the only reason why an otherwise admissible complaint would be declared inadmissible. Another example is EP's own committee on petitions, which can, but is not obliged to, deal with petitions from non-residing non-nationals in/of a member state.

If the Ombudsman states, in response to a specific call from the European Parliament, that he is willing to use his/her powers of own-initiative inquiry when receiving complaints about instances of lack of coherence – with relevant objectives, principles, and criteria – in the EU's actions in the field of development policy, this does not mean that the Ombudsman would be obliged to use these powers for the investigation of complaints concerning other issues.

Finally, a similar arrangement is already in place: the Memorandum of Understanding between the European Investment Bank and the Ombudsman was first raised, in 2007, by the European Parliament in the Sbarbati report on the annual report on the European Ombudsman's activities in 2006¹, on the basis of two amendments by Margrete Auken².

¹ A6-0301/2007

² Warmly welcomes the declaration of the European Ombudsman to deal with the European Investment Bank's lending activities outside the EU using his powers of own inquiry and notes that the Ombudsman would need to evaluate and ensure the internal capacity to deal with such complaints; Invites the Ombudsman to consider concluding a Memorandum of Understanding with the European Investment Bank on the modalities of the cooperation between the institutions as regards the exercise of the Ombudsman's powers to investigate complaints concerning instances of maladministration in the activities of the EIB and takes the view that the EIB would be best placed to actively inform citizens concerned by projects financed by the Bank of the possibility to complain to the Ombudsman, including when these are third country nationals resident

outside the EU;