

# THE FUTURE OF THE EUROPEAN DEVELOPMENT POLICY

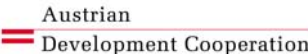
organised by  and 

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C3 – Centrum für Internationale Entwicklung  
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### IMPRINT

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## DIE ZUKUNFT DER EUROPÄISCHEN ENTWICKLUNGSPOLITIK

Mit dem Jahr 2011 geht der zum Jahrtausendwechsel begonnene Millennium-Development-Prozess in seine letzte Runde. Die internationale Staatengemeinschaft hält an den acht gesetzten Zielen fest und will sie bis 2015 erreichen. Die europäische Entwicklungspolitik kann und will dabei eine federführende Rolle übernehmen. Die EU ist der größte Geber weltweit und verfolgt Armutsreduktion als prioritäres entwicklungspolitisches Ziel. Sie hat das Potential sowohl den nationalen Entwicklungspolitiken als auch anderen entwicklungspolitisch relevanten Politikfeldern eine gemeinsame, entwicklungspolitische Orientierung – im Sinne von Harmonisierung und Kohärenz für Entwicklung – zu geben.

„Breitenwirksames Wachstum“ ist das Schlagwort, das die EU-Kommission Ende 2010 in einem 25 Seiten starken Fragenkatalog, dem **Grünbuch „EU-Entwicklungspolitik zur Förderung eines breitenwirksamen Wachstums und einer nachhaltigen Entwicklung“** in den Mittelpunkt stellt und dabei die grundlegende Ausrichtung der zukünftigen EU-Entwicklungspolitik vorzeichnen will. Es wird damit versucht, eine Entwicklungspolitik mit größerer Wirkungskraft zu schaffen. Davon ausgehend wurde ein internationaler Konsultationsprozess begonnen, in dem die EU-Mitgliedstaaten aber auch VertreterInnen der Zivilgesellschaft bis hin zu Einzelpersonen zum Kommissionsvorschlag Stellung nehmen konnten.

Auf diesen aktuell laufenden Prozess aufbauend, lädt die Österreichische Forschungsstiftung für Internationale Entwicklung (ÖFSE), in Kooperation mit der Österreichischen Entwicklungszusammenarbeit (OEZA), zu einer Diskussionsveranstaltung ein. Es soll dabei über die europäische Entwicklungspolitik in einem breiten Kontext gegenwärtiger Veränderungen und zu erwartender zukünftiger Trends gemeinsam mit einer Expertin des Deutschen Instituts für Entwicklungspolitik (DIE) und einer Vertreterin der europäischen Dachorganisation für entwicklungspolitische NGOs – CONCORD – nachgedacht und debattiert werden.

### PROGRAMM

#### 16:00 Begrüßung

Werner Raza  
Leiter ÖFSE

#### Einführung

Richard Kühnel  
Leiter der EK-Vertretung Wien

#### 16:15 Input

Davina Makhan  
Deutsches Institut für Entwicklungspolitik

Petra Navara-Unterluggauer  
AG Globale Verantwortung

#### 17:00 Kommentar

Irene Freudenschuss-Reichl  
BMeiA; Botschafterin, Leiterin der Sektion VII

#### 17:15 Diskussion

#### 18:00 Ende

Moderation: Simon Hartmann (ÖFSE)

Nach der Veranstaltung möchten wir Sie zum  
Weiterdiskutieren bei einem Glas Wein einladen.

**Datum:** 15. Februar 2011, 16:00-18:00 Uhr

**Ort:** C3 - Centrum für Internationale Entwicklung, Alois-Wagner-Saal, 1090 Wien, Sensengasse 3

**Anmeldung:** [i.pumpler@oefse.at](mailto:i.pumpler@oefse.at) oder 01/317 40 10 -100

**Die Veranstaltung findet in englischer Sprache statt!**

## PREFACE

This documentation covers the following:

- Summaries of the lecture by Davina Makahn (Makhan (German Development Institute, DIE) and the comments by Petra Navara-Unterluggauer (Global Responsibility – Platform for Development and Humanitarian Aid) and Ambassador Irene Giner-Reichl (Director of the Development Cooperation Department in the Austrian Foreign Ministry)
- Summary of the plenary discussion
- Sildes of the key note lecture of Davina Makhan (German Development Institute, DIE) on *“EU development policy in support of inclusive growth and sustainable development – Increasing the impact of EU development policy”*

## SUMMARY OF INPUT

### Davina Makhan

German Development Institute/Deutsches Institut für Entwicklungspolitik

*See attached slides*

### EU Development Policy – What prospects for 2020?

The presentation discussed and put into perspective the Green Paper *“EU development policy in support of inclusive growth and sustainable development – Increasing the impact of EU development policy”* and assessed the prospects for European development policy until 2020. The focus was therefore not limited to the content of the Green paper (,what’) but also questioned the ‘how’ and ‘why’ of European development policy.

The objective of the communication on the future EU development policy (which will be based on the results of the Green paper consultation) is to improve the focus, quality and impact of the EU’s development package in terms of priorities, modalities and financing, towards a more results oriented and effective EU development policy. The proposals laid out in the Green Paper will however not achieve their objective without effective harmonization of member states intervention. Improving collective action, particularly the division of roles and responsibilities, better coordination among EU donors and the Commission and improving coordination will be key for achieving better results. Global and EU-specific challenges exert pressure on the EU to maintain the relevance of its development policy and to increase its effectiveness.

### *Global challenges*

- Climate change and food security: Addressing these global challenges call for joined thinking and action. Therefore policy makers have to engage in linking different policy areas, particularly development, foreign and security policy, and require appropriate instruments to do so. The existing ODA concept will not be sufficient to deal with these more complex realities.
- Different needs of low income, middle income and emerging countries: Donors need (new) strategies and instruments that are aligned with policy coherence to address these different needs. Otherwise European development policy will lose international credibility and legitimacy which will constrain recent efforts to sharpen the EU's international profile.

### *EU challenges*

- New institutional set-up: The Lisbon Treaty has brought a new institutional set-up governing European development policy which has strengthened the role of the EU in ensuring policy coherence. The European External Action Service (EEAS) can play an active role in promoting and effectively implementing the coherence agenda but to be affective "policy coherence for development" (PCD) needs to permeate the range of EU policies.
- Development partner: To be a more coherent and consistent partner in development, the EU will have to alter its role as a traditional donor.

There is consensus about the challenges but to address them is difficult. With regard to coordination, every member state agrees in principal on its importance but in the end, no one wants to be coordinated. Bilateral aid is still in national prerogative and recent developments such as the financial crises have worsened the trend towards individual donor interests and priorities rather than a common strategy. Evidence shows little progress in joint programming; to the contrary, unilaterally driven reprogramming of national governments and a trend in increasing the visibility of the engagement of bilateral donors is seen. The latter is a strategy which undermines greater alignment and ownership of development strategies by the partner countries and hinders coordination of EU development policies. What would be needed for the EU is a broad consensus on objectives and a clear set of priorities which provide orientation for both, member states and the Commission.

There are a couple of weaknesses in the Green Paper:

- While agreeing that the private sector is important, there are no clear ideas and strategies on how to develop and integrate the private sector in official aid.
- It says little about improvements with regard to country strategy papers which would be an important chance for the EU as a whole to improve its effectiveness.
- The same is true for developing a procedure for aligning partner countries own strategies with a broader European agenda.

What is critical for the future of EU development policy?

- The EU must become a more proactive entity, performing better than the sum of its parts.
- The Green Paper should lead to an assessment of strengths, weaknesses, and comparative advantages of member states and Union institutions on development policies with the objective to allocate roles on the national and regional level.
- Rethinking of internal structures and policies of the Commission and the member states will be required and their development priorities, programming processes, cycles and procedures will have to be adjusted. More flexible approaches are needed to facilitate or allow joint programming and co-financing as well as greater alignment with partner countries development strategies.
- In the context of stringent budgets, opportunities for improvement require better coordination, releasing additional funds by reducing duplication of activities and rationalizing EU systems and interventions.

What has to be done?

An incremental approach must be adopted. In the short to medium term the following steps would be required:

- There are tensions between ownership and visibility of aid. Regular communication to the European public on the requirements of an effective development policy will be important stressing that development policy is a long-haul process and does not produce short-term measurable results but involves important risks. More systematic joint work in the EU to improve the Division of Labour (an area with limited success up to now): This could be addressed by creating work routines through mandatory EU-wide country and regional working groups with the objective of fostering a common work agenda, work relations, trust and, eventually, joint action. The possibility of adopting an EU Regulation should be explored. Joint country analysis for joint EU engagement can be a first step towards complementarities in order to eventually facilitate joint programming. A second step could/would be the adoption of common country strategies and intervention logics (particularly on the management of aid modalities such as budget support, programmes and projects, and agreeing on common guidelines for the release or withdrawal of budget support and performance assessments).
- An important step would be the instalment of elements for a peer review mechanism among donors, including non-EU donors, at the implementation level to ensure accountability.

- The EEAS can also play a key role in facilitating complementarities. Much depends however on its functioning with regard to the following issues:
  - How the interaction with DEVCO (DG Development and EuropeAid) will look like and the relations to other directorates (outside of the EEAS).
  - Which role the EEAS will take with respect to member state policies

Does the structure provide for feedback loops between country offices and headquarters. Do country strategies feed into the EEAS strategies and actions.

With regard to the longer term perspective, the value added of the EU development policy has to be strengthened. One way of doing so would be to strengthen EU's role in supporting regional integration in developing countries, linking trade and other regional integration initiatives. This does not mean that the European model should be replicated in developing countries although Europe has a wealth of (positive and negative) experience and knowledge to share in this respect, both from the perspective of the Commission and from that of member states, that could be useful. Such a focus would also respond to increasing commitments and efforts to integrate at the regional level, notably in Africa. But this focus would also require that the EU adapts its policies, institutional structures, decision-making processes and modes of operation to promote trade and regional integration as tools for development. This is not sufficiently the case yet.

None of these steps can be taken without a strong leadership within the Union to steer the process, whether by the Commission or by the member states. In any case, success depends on the member states – whether they are capable to make concessions and allow for stronger coordination of development policies on the EU level, with important implications for their national development policies.

## **COMMENTS BY**

### **Petra Navara-Unterluggauer**

Global Responsibility – Platform for Development and Humanitarian Aid

Poverty is mainly caused by two factors: inequality and discrimination. PCD shall be the pathway to the eradication of poverty. Four factors are important to organize the interplay of EU institutions in this regard:

1. Internal coherence among development policies
2. Intra-country coherence between development policies and other policies
3. Inter-donor coherence
4. Donor-recipient coherence

The European NGO Platform CONCORD sees human development in the recipient countries as the major objective of EU Development Policy. EU actors shall avoid acting unilaterally. The existing agencies and member states are not intrinsically motivated to reach development purposes. They are driven by other interests: hidden agendas to avoid migration, to foster their own economy, etc. Therefore it is important to emphasize that the EU budget for development policy must not be abused for other interests. The green paper should be based on the concept of PCD as a main track towards development, rather than outlining the issue of PCD just in one chapter.

Last year CONCORD developed an approach with regard to the future of EU development policy. The most important ideas of this approach are:

- Growth alone does not mean an end to poverty. The poor need access to the benefits of growth. They rather need free education, health systems, participation in policy processes and decent work.
- Although ODA is not sufficient for development this shall not be an excuse for underperformance. Hence the EU needs a peer review mechanism to put pressure on underperforming donors in terms of targets.
- Developing countries must not be passive recipients of aid, but owners of the development processes. Country stakeholders are meant to manage aid funds.
- Europe shall introduce a Financial Transaction Tax (FTT) and reallocate a part of the tax revenues to developing countries.
- Agriculture is of prior importance because the livelihood of 70-90 percent of people in poor countries depends on this sector. Additionally, gender, human rights, accountability and political dialogue are other important factors for development.

## **Irene Giner-Reichl**

Director of the Austrian Development Cooperation

### **A comment in 5 points**

1. Development Cooperation must adapt to current necessities, situations and changes. From the point of global aggregation MDGs will probably be reached. A disaggregated view shows more severe problems. There are strong regional differences between recipient countries. Currently 1.3-1.5 billion of the poor live in Middle Income Countries (MIC). Global wealth is gradually shifting. Many industrial countries struggle with difficult household situations whereas partner countries face rising food prices. Another severe problem is climate change. The legally binding agreement for adaptation in Cancun has been a success for global governance. Financing (public, private, alternative, ...) as well as connecting climate and development policy are the main challenges lying ahead. They reach from improvements in governance to such important basic work as building institutions.

2. New donors have become more important. In 2030 60 percent of global wealth will be based in non-OECD countries and China has become the biggest creditor for developing countries. Given the growing importance of new donors, the traditional DAC members have to rethink their architecture because it may not fit or be adequate for the new actors. A joint approach would be of major importance.
3. As the MDGs are social goals and lack economic elements it will be important to think of development as "development beyond the MDGs". Important structural (tax system) and institutional (strong government) necessities are not addressed in the MDGs. Creating jobs, inclusive and sustainable growth, infrastructure and energy have to move to the centre of attention for future development cooperation. As the MDGs are based on a model of financial transfers it cannot continue forever.
4. In OECD development policy and cooperation, talks about aid effectiveness and coordination have become simply too much. Aid effectiveness is a business while the political dimension phased out of the development discussions a long time ago. Instead of making things simpler it has become more complicated. Development policy and cooperation is now spending too much time and money on aid effectiveness and too little on development effectiveness. This year's High-Level Forum in Busan shall therefore trim down the aid effectiveness agenda to become better manageable. Division of Labour is a key topic of aid effectiveness. Problems of implementation shall be addressed on the country level under the leadership of partner countries.
5. The OECD has to question the aid paradigm currently in use. It seems that it works even less today than a couple of years ago. Changes and modifications have to be in accordance with global challenges such as limits of growth, resource scarcity, etc. Therefore new approaches and new ways of thinking about development are of major importance.

## **SUMMARY OF DISCUSSION**

The discussion proceeded in three rounds of questions. In the first ? the panel discussed the danger of a shift in the focus of development policy from social to economic factors and the challenges of bringing both aspects together. Development policy moved from a focus on economic to social priorities in the 1950s. Today, we seem to be moving back from social to economic priorities. From the perspective of current challenges of development policies PCD is important - at the one hand as an organizing principle for development approaches of donors and at the other hand to improve partnerships with developing countries. To achieve the full benefits of development policy, the EU must integrate at least trade and migration policies and related communications (?) to be aligned with the PCD idea. Recipients see big loopholes in PCD of traditional donors. Therefore new actors on the donor scene/side (?) are important for developing countries because they provide alternatives for international cooperation. To avoid that development policies are assimilated by

other policies, discussions about “ringfencing” development budgets is an ongoing discussion in Brussels. The whole policy process – the Green Paper consultation procedure included – lacks dialogue with partners at the country level. This shortcoming tells much about the problem of implementing policies. Development policy must be seen from a broader perspective. Interests of all relevant actors and policies must be on the table and openly discussed in terms of priorities.

In the second round the panel discussed the role of the private sector and NGOs at the domestic and global level as well as the nature of the term “inclusive growth” and instruments that can ensure that growth is indeed inclusive. The increasing importance given to the private sector will have consequences for NGOs. Outlining links between foreign aid and the private sector will therefore be of major importance with clear roles for public-, private- and NGO-actors. From the perspective of CONCORD inclusive growth shall be growth that reaches and includes the poor and the vulnerable, women, indigenous people and disabled people. The discussion on instruments or procedures to enforce this claim of including these stakeholders was left open.

The third round focused on political interests of donors. Development policy has to be seen as interests driven policy and the hidden agenda of donors should be made open and transparent. Before talking about organizational issues of development, the interests of actors must be made clear. Related to this the consistency of EU member state policies, insufficient complementarities (members avoid to hand over responsibilities to Brussels) and the quality and lack of PR for development topics in Austrian media was criticised. In the end, the underlying problem of inconsistencies is the lack of a common vision of the world. This is also a major factor why it is so difficult to get public consciousness for topics such as development.

## EU development policy

What prospects to 2020?

**Davina Makhan**

15 February 2011

## Overview



Introduction

1. The Green paper process
2. Main argument of this presentation
3. Challenges ahead
4. What prospects for *EU* development policy?
5. Way forward

## 1. The Green Paper process



Communication on Modernising European Development Policy

- Green Paper on EU development policy in support of inclusive growth and sustainable development
- Green Paper on The future of EU budget support to third countries
- Public consultation on 'What funding for EU external action after 2013?'

Review of the European Consensus on Development?

New Multi-annual Financial Framework for 2014-2020

- ⇒ Towards a more result-oriented and more effective EU development policy

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## 2. Main argument of this presentation



Proposals on how to modernise EU development policy make little sense if they do not lead to greater complementarity within the Union, i.e. between the Commission and member states' policies.

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### 3. Challenges ahead



#### The EU needs to increase its capacity for effective collective action

Challenges at the global level:

- ✓ Increasing interconnectedness
- ✓ Scale and scope of challenges
- ✓ Increasing differentiation

Challenges at the European level:

- ✓ Post-Lisbon reforms
- ✓ New institutions

- Go 'beyond ODA'
- Differentiated policies and instruments
- Policy coherence for development

➤➤ From a 'traditional donor' to a consistent and coherent partner for development

### 4. What prospects for *EU* development policy?



Development policy: a shared competence between COM and MS

Everybody agrees: it is imperative to coordinate ...

... but nobody wants to be coordinated:

- programming of activities: a national prerogative
- importance of visibility
- little alignment and ownership in partner countries

➤➤ The EU and its member states lack a coherent policy, based on a broadly shared consensus on objectives, an honest prioritisation in the face of trade-offs, and a convincing strategy of how to harmonise member states and Commission interventions.

## 5. Way forward



A controversial and strenuous discussion – and decision – but a much needed one: Who does what (best) and at what level?

A long-haul and sensitive process but some changes required in time for the 2014-2020 FP → an incremental approach

Short- to medium-term:

- Address the tension between visibility and ownership/alignment
- Joint country analysis → EU regulation?
- Create pan-European work routines on development policy management
- Role for the EEAS?

Long-term:

- EU's development policy value-added: regional integration?
- Meet the promised targets
- Under whose leadership?

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**Thank you for your attention!**



PHOTOS



Richard Kühnel



Davina Makhan



Irene Giner-Reichl, Petra Navara-Unterluggauer, Davina Makhan, Simon Hartmann

