

018096/EU XXIV.GP
Eingelangt am 17/09/09

EN

EN

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 17.9.2009
SEC(2009) 1137 final

COMMISSION STAFF WORKING DOCUMENT

Accompanying the

REPORT FROM THE COMMISSION TO THE COUNCIL

EU 2009 Report on Policy Coherence for Development

{COM(2009) 461 final}

TABLE OF CONTENTS

1.	Introduction	3
2.	Organisational Mechanisms	4
2.1.	General commitment to Policy Coherence for Development	6
2.2.	PCD Promotion in EU Member States.....	7
2.3.	PCD Promotion within the Commission.....	12
2.4.	PCD Promotion at EU level/Role of the Council/Presidency and the European Parliament	15
2.5.	Partner Country Perspective.....	17
2.6.	Conclusion & Outstanding Issues	20
3.	Policy Areas	23
3.1.	Trade	23
3.2.	Environment.....	39
3.3.	Climate Change.....	51
3.4.	Security	61
3.5.	Agriculture	76
3.6.	Fisheries	87
3.7.	Social Dimension of Globalisation, Employment and Decent Work	101
3.8.	Migration.....	114
3.9.	Research and Innovation	124
3.10.	Information Society.....	141
3.11.	Transport	151
3.12.	Energy	159
4.	Case Studies	169
4.1.	Conceptual and Theoretical Framework	169
4.2.	Case Study on MDG 1 (Hunger) and PCD	175
4.3.	Case study on MDG 6.....	188
4.4.	The Joint Africa – EU Strategy (JAES).....	201

1. INTRODUCTION

Since the mid 1990's EU Member States sought to improve coordination of bilateral and multilateral development policies in the light of greater integration in the Union, greater convergence of development objectives and limited availability of resources to face ever-increasing challenges in developing countries. Meanwhile, globalisation, increased interdependence of countries and regions throughout the world, and the rapid expansion of information technologies are illuminating starkly the developed and emerging countries' diverging interests or competing objectives which can sometimes have dramatic consequences for the developing world.

Against this background, realising that its policies in areas other than development were having some unintended impacts on third countries and building on the OECD work in this area, the Union formulated a concept of Policy Coherence for Development aimed at strengthening synergies between those non-aid policies and its development objectives. The idea was that carefully designed and implemented EU policies would generally lead to increased effectiveness of development aid and non-aid policies, and to efficient use of resources, by limiting policy incoherence and developing synergies.

To this end, the EU committed itself to PCD in twelve policy areas¹ in 2005 and has endeavoured to strengthen PCD procedures, instruments and mechanisms at all levels since then. These efforts were formally embedded in the European Consensus on Development adopted in December 2005² and a first progress report on PCD in the Union, setting out the views and expertise of the Member States, was issued by the Commission in September 2007³, as requested by the Council in May 2005.

The first report showed what the Union had done in organisational terms and in the twelve policy areas, highlighting specific aspects for each policy domain, acknowledging progress and setbacks, identifying outstanding issues and providing a comprehensive overview. The report was used to improve PCD awareness in the EU through debates and discussions in a number of fora and in different countries. Overall, the document was welcomed by many as a valuable attempt to take stock of PCD endeavours in the EU confirming the EU policy commitment to PCD and reinforcing its lead role at international level.

Building on the 2007 report's findings and recommendations, the Commission elaborated on PCD issues in four thematic areas (Migration, Research, Climate Change and Energy) in a Staff Working Paper published in April 2008. Tying in with the Commission Communication on speeding up the achievement of MDGs⁴, the paper, which resulted from a in-depth

¹ May 2005 Council Conclusions on PCD. The twelve policy areas are Trade, Environment, Climate Change, Security, Agriculture, Fisheries, Social Dimension of Globalisation, Employment and Decent Work, Migration, Research and Innovation, Information Society, Transport and Energy.

² OJ 2006/ C 46/01, December 2005, Joint Statement by the Council and the representatives of the governments of the Member States meeting the Council, the European Parliament and the European Commission- "The European Consensus on Development", ,

³ Com (200) 545 final and Sec(2007) 1202, 20/09/2007. EU Report on Policy Coherence for Development.

⁴ SEC(2008) 434, 9.4.2008, European Commission, Staff working paper, "Policy Coherence for Development Climate Change/Energy/Biofuels, Migration and Research"

consultation of interested partners⁵, provided some options for drawing up development friendly policies in the four areas of focus.

The debate that ensued from the 2007 PCD report and the Staff Working Paper of April 2008, together with discussions with civil society and international organisations on PCD issues (Civil society meeting on development and coherence issues, the OECD DAC reflection exercises etc.) and the renewed focus on MDG in 2007/8 led to a rethinking of the EU PCD methodology for the 2009 reporting exercise and to an increased focus on the impact on developing countries.

With the positive experience of 2007 in mind, the 2009 report takes a two-pronged approach to the subject matter while integrating some evidence-based PCD.. An updated analysis of policy changes has been compiled, based on contributions by Member States and the various Commission services. As such, the 2009 report continues to reflect EU-wide endeavours to promote PCD at national, EU and international levels.

In addition however, the 2009 report presents an overall conceptual framework linking the 12 EU policies to the MDGs in developing countries and gives details of three case studies in developing countries and specifically in Africa, given the particularly dramatic situation therewith regard to MDGs. Two case studies focus on MDGs (MDG1 on hunger and MDG6 on the fight against HIV/Aids) in three developing countries (Senegal, Ethiopia, Mozambique for MDG1; Rwanda, Zambia, Tanzania for MDG6), the third case concentrates on the Joint Africa-EU Strategy as a framework with strong PCD potential.

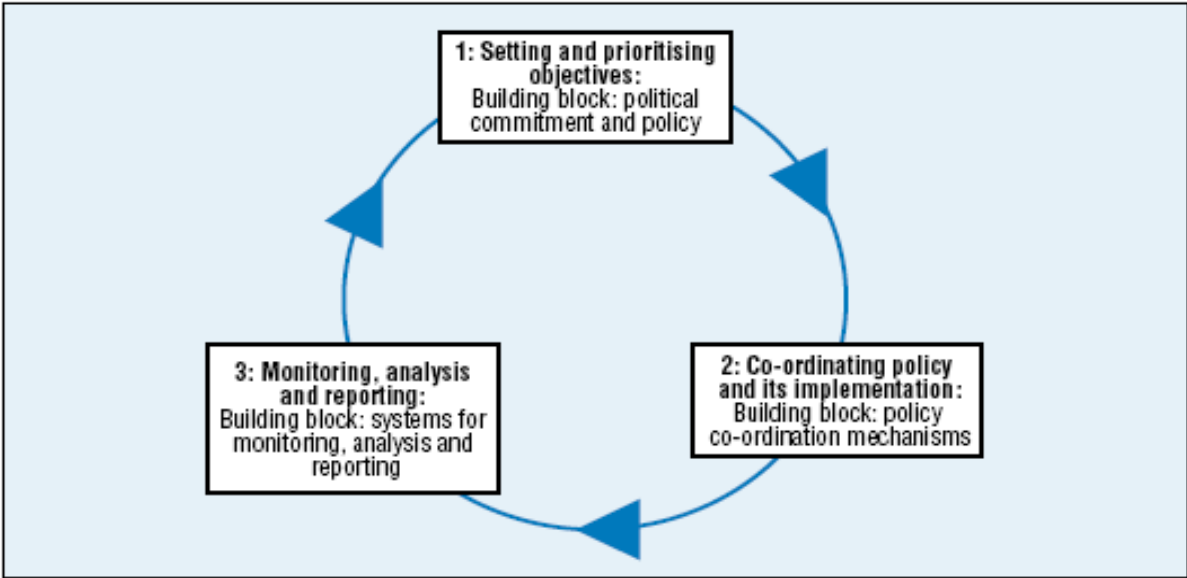
With a strong focus on the impact in developing countries, the EU efforts to boost policy coherence for development should gain credibility and political clout. By establishing potential and concrete linkages between PCD efforts and progress in reducing poverty in poor countries, the report should help to further raise awareness of PCD potential among policy makers and more generally among the wider public. In keeping with the original mandate, the present 2009 PCD report provides a basis for assessing PCD progress in the EU and serves as an information tool to generate debate and to obtain feedback from EU stakeholders. Further, the linkages to progress on MDGs and to the Africa-EU strategy provides feedback from developing countries and may promote the principles of PCD as a relevant development concept to be further explored in policy fora in the south.

2. ORGANISATIONAL MECHANISMS

Brining about greater coherence between policies and development objectives is a complex endeavour. To succeed in this task governments need certain structures and mechanisms. The precise nature and interplay of these varies depending on the different political systems. But broadly speaking there are three key building blocks 1) a general – preferably legal - commitment to PCD, and a political framework outlining the approach to PCD, 2) institutional mechanisms, with a specific mandate to promote PCD and 3) a reporting obligation. The OECD pictures them together in the policy coherence cycle⁶:

⁵ Such as civil society organisations, international organisations and developing country representatives

⁶ Organisation for Economic Co-operation and Development, Policy Brief, Policy Coherence for Development – Lessons Learned, December 2008



2.1. General commitment to Policy Coherence for Development

EU commitment to PCD is founded as regards the legal base on article 178 of the Treaty establishing the European Community, and in a more general way on article 3, second subparagraph, of the Treaty on European Union as regards consistency between all the Union's policies and its external activities. The Treaty of Lisbon would give a solid legal base to Policy Coherence for Development with two articles of particular importance. Firstly, article 21(2)(d) and (3) of the Treaty on European Union in the chapter on the general provisions on the Union's external action which sets out sustainable development and the eradication of poverty as objectives of the Union's external action. Importantly, this article also stipulates that the EU shall pursue this objective in the development and implementation of the different areas of the Union's external action and of the external aspects of its other policies. Secondly, article 208(1) of the Treaty on the Functioning of the European Union would be the new version of the 178 coherence article with almost identical wording.

The **political framework** has been set by the Commission's Communication on Policy Coherence for Development in April 2005⁷, the subsequent Council Conclusions in May 2005⁸, the European Consensus on Development in December 2005⁹, as well as in the Council Conclusions on the EU PCD report in November 2007¹⁰. PCD commitments in specific areas were made in particular with the Council conclusions on security and development and the Conclusion on migration both of them adopted in November 2007, as well as the Council Conclusions of May 2008 on Climate Change/Energy/Biofuels, Migration and Research.

⁷ COM(2005)134 of 12.04.2005

⁸ Doc.9266/05 Council Conclusions, May 2005

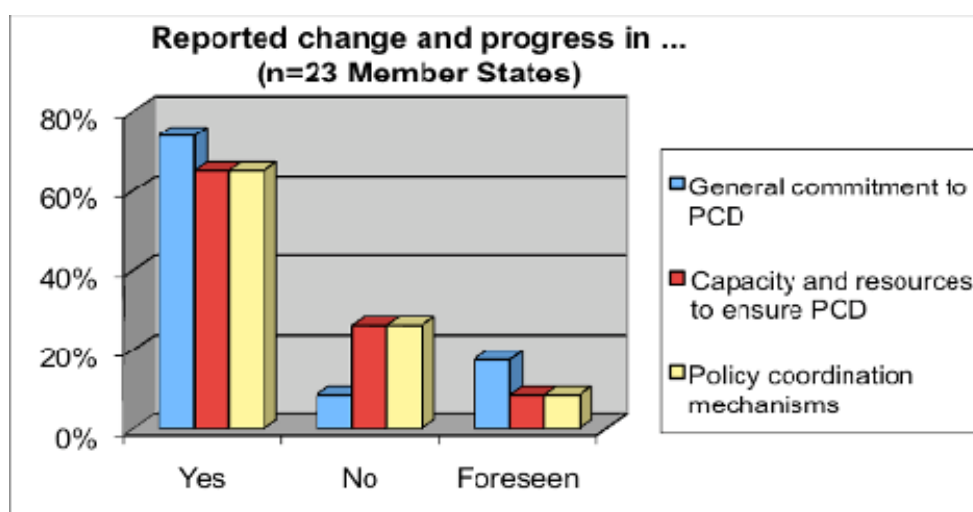
⁹ December 2005, OJ 2006/C46/01, Joint Statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the European Commission – 'The European Consensus on Development'

¹⁰ Doc 15112/07 Council Conclusions, November 2007

2.2. PCD Promotion in EU Member States

2.2.1. General commitment, capacity and approach to PCD

A growing number of Member States have officially committed themselves to PCD (see chart below¹¹). The Czech Republic, Hungary, Latvia, Poland and Romania have adopted legislation putting a specific emphasis on PCD. Austria, Germany, Ireland, the Netherlands, Slovenia and Sweden (re)confirmed their commitment to PCD in long term government policies and/or coalition programmes. The Irish Government's Programme 'A Blueprint for Ireland's Future', for example, commits the government to an integrated approach to development across all departments. Some new, small donors envisage specific changes in policy commitment to PCD in the near future.



Sweden and Austria have identified focus areas for their PCD work: Sweden specified six global challenges as priorities for ensuring PCD: oppression, economic exclusion, climate change and environmental impact, migration flows, communicable diseases and other health threats, and conflicts and fragile situations (see box below). Austria is focusing its PCD efforts on three themes: Environment and Development, Food Security, and Education and Science.

Sweden: Six Global Challenges: A PCD Focusing Methodology.

Prior to 2007, Sweden attempted a whole-of-government approach to PCD but this proved to be ineffective as the policies of individual government offices were not always coherent with each other. The problems overall stemmed from a lack of policy ownership, a poor understanding of PCD means in practice, and the absence of a guiding strategy for implementation of PCD policies.¹² Sweden embarked on a new approach in 2007 whereby PCD efforts are focused on selected global challenges. It announced this new approach to Parliament on 17 March 2008, in a communication entitled *Sweden's Policy for Global Development* (Govt Comm. 2007/8:89). The six challenges selected are: *Oppression*,

¹¹ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission

¹² Government Offices of Sweden, Global Challenges – Our Responsibility: Communication on Sweden's policy for global development. 2008

Economic exclusion, Climate change and environmental impact, Migration flows, Infectious diseases and other health threats, and Conflicts and fragile situations. They have been further subdivided into 18 cases, each with clear objectives and policy implementation targets along with a selection of measures that are seen as necessary to fulfil each objective. Each government office is responsible for developing the necessary policies and management processes for meeting the objectives. A global development policy forum has been established within government offices for increasing coordination and coherence. All policies that have an impact on global development are subject to an impact assessment that evaluates the policy according to a “rights perspective and the perspective of poor people on development”. Also, cooperation with non-state actors is promoted by the “actor-driven cooperation” approach, which focuses on developing self-sustaining relationships between Swedish and developing country actors. The first performance evaluation of Sweden’s new PCD approach will be conducted in 2010.

2.2.2. *Administrative coordination and institutional mechanisms with a specific mandate to promote PCD*

A number of Member States are enhancing their capacity to ensure PCD. Seven Member States took specific steps to enhance PCD capacity across government. The UK expanded the role of DFID and increased the number of inter-departmental units in areas such as trade and climate change (see box). The Netherlands intensified its focus on inter-ministerial agreements on development policy. France created a new Directorate General for Globalisation, Development and Partnerships, with a unit focusing on aid effectiveness and policy coherence.

UK, *Making it Happen*: April 2008 an internal management and delivery initiative

In April 2008, an internal management and delivery initiative (*Making it Happen*) helped to broaden the agenda of UK development policies to include areas that were previously outside of the development sector. The move towards increasing PCD capacity began in July 2007 with the doubling in size of the ministerial team for international development.¹³ One of the major components of the government’s PCD effort is the establishment of a joint DFID – Department of Business, Enterprise, and Regulatory Reform Trade Policy Unit (TPU) in November 2007.² This new unit places the responsibility for overseeing trade policy jointly on the two ministries, and a new Cabinet Committee was created to increase coherence. Furthermore, a Justice Assistance Network was created in May 2007, as a joint effort by DFID, the Attorney General, and the FCO, to ensure that UK justice assistance is coherent and effective.¹ Also, in 2007, Her Majesty’s Treasury (HMT) and Her Majesty’s Revenue and Customs started taking steps to ensure that taxation treaties are in line with the UK’s development objectives.¹ DFID, the FCO, and HMT have also worked jointly to develop the Extractive Industries Transparency Initiative.² The increased coordination between ministries dealing with trade, migration, and financial matters is necessary to make the UK’s development cooperation and policy coherence more effective.

About 75% of Member States have improved their institutional decision-making processes to ensure PCD. A large majority of the Member States now have well-established inter-ministerial or interdepartmental committees, units or task forces specifically mandated to

¹³ DFID. *DFID Annual Report 2008: Making It Happen.*: <http://www.dfid.gov.uk/pubs/files/departmental-report/2008/default.asp>.

ensure PCD. Romania, for example, created the Inter-ministerial Commission for Economic Cooperation and International Development in July 2007. A number of Member States prefer more informal working groups or networks. Finland and Portugal strengthened their role of the PCD Coordinator. Hungary and Portugal established PCD focal points within non-development ministries. The UK established a Cabinet Committee on Trade, chaired by DFID's Secretary of State. As Finland and Spain had done before 2007, Austria, Czech Republic and Latvia have also now established independent national advisory bodies to advise the government on PCD issues. These generally consist of representatives from development and non-development ministries, independent experts - from the private sector, NGOs, research - and, in the case of Latvia, representatives of municipalities as well.

Interministerial cooperation on climate change: the example of Germany

Since the beginning of 2008, the German Federal Environment Ministry (BMU) has made available up to €120 million, creditable against ODA, for International Climate Protection. The goal is to contribute to reducing emissions in a cost-effective way through increased energy efficiency and greater use of renewable energies in developing countries as well as to promote adaptation to climate change in those countries. In order to ensure coherence with development policy, the Federal Ministry of Finance issued a guidance note stipulating approval of the Federal Ministry for Economic Cooperation and Development (BMZ) must approve all decisions related to the programme's financing.

In accordance with increased thematic focus, Sweden has set up new interdepartmental working groups for each of the six global challenges and the UK has established thematic PCD Units on Trade Policy; Returns and Reintegration (on Migration), Energy and Climate Change (at the High Commission in Delhi) and Stabilisation. Sweden and the UK have introduced results-based management principles for designing and managing action agendas for ensuring PCD in thematic areas.

Unsurprisingly capacities in national administrations still vary between Member States. For some countries, PCD is not a first priority and awareness of the need for it in non-development ministries remains low. It is noticeable that in Member States that have a strong policy commitment to PCD, non-development ministries reportedly understand its implications better too.

2.2.3. Analysis, reporting and awareness raising

Better use of impact assessment as well as more intensive exchanges with the European Parliament and a broader range of civil society actors was identified as an outstanding issue in the 2007 PCD report. Recognising the importance of clear evidence for enhancing PCD as well as the need to involve the public, Member States made more use of impact assessments, strengthened their reporting mechanisms and engaged in a broader dialogue with parliaments and civil society actors.

Seven Member States use impact assessments systematically to support effective action on PCD. The Netherlands focuses in particular on decision-making around EPAs. Sweden is developing measures to do impact assessment at an early stage in the PCD decision-making process. The UK focuses its assessments mostly on the impact of insecurity, climate change and economic growth. Germany and Ireland make use of impact assessments by the European Commission and others. Germany underlines the particular usefulness of Trade Sustainability Impact Assessments. Poland has created a special post on Impact Assessment within the

Department of International Cooperation. Romania and Lithuania expect to make more use of impact assessments in the near future.

Reporting on PCD is more and more integrated into general reporting on development policy. In their regular reports to Government, Swedish embassies and field offices provide feedback on PCD in partner countries based on individual country assistance strategies. The UK's International Development (Reporting and Transparency) Act requires the Secretary of State for International Development to report to Parliament each year, including on a range of PCD areas. In Germany, PCD reporting is included in the overall report which the Federal Government presents to parliament once every election period. The most recent was the 'White Paper on Development Policy' issued in June 2008. In Ireland, the same month, Ireland's Interdepartmental Committee on Development presented its first Annual Report to the Minister for Foreign Affairs.. Amongst the newer European donors, progress reports frequently refer to advances made in more general ODA reporting.

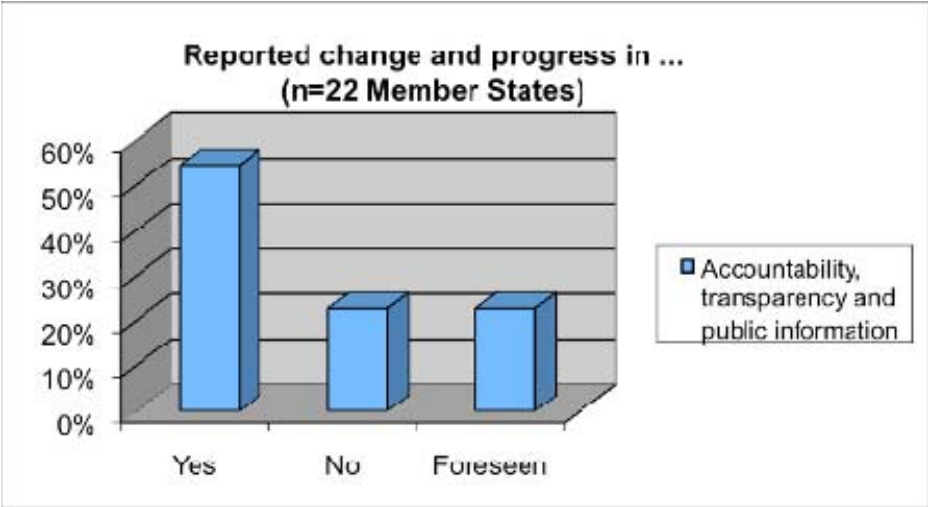
The Netherlands undertakes regular external evaluations of the work of its Policy Coherence for Development Unit. These evaluations assess the relevance, added value and results of the Unit's three primary: PCD screening of Dutch positions in the European Union; pro-active networking and lobbying with other directorates and relevant ministries to define and achieve specific results on a limited number of current PCD issues; and strengthening EU and wider international cooperation on PCD.

Very few Member States report on studies analysing the root causes of PCD or the lack of it. Irish Aid commissioned research on PCD that involved comprehensive scoping of coherence issues across Government Departments. The resulting report, soon to be published, is expected to identify key policy coherence issues and suggest which of these should be most urgently addressed by the Irish Government. The UK on the other hand, reports that the interplay between climate change, livelihoods and conflict in Darfur has led to a number of pioneering projects in the region based on in-depth analyses conducted by different research groups, which aim to address the underlying environmental causes of conflict, providing a long-term sustainable basis for growth in the context of pressing and immediate humanitarian needs.

Awareness and transparency of PCD issues are increasing considerably in Member States. Most Parliaments are engaging much more actively on PCD issues. The UK House of Commons organised sessions on Sustainable Development in a Changing Climate, DFID and China, World Food Programme and Global Food Security, Scrutiny of Arms Export Control, Development and Trade and Cross-departmental Working and Afghanistan Reconstruction in 2008/9. Members of Parliament in many Member States repeatedly spent a lot of time discussing the findings of civil society organisations and research institutions with expertise in PCD.

Most Member States have made a big effort to raise stakeholders' awareness of PCD, to increase accountability and transparency on PCD and to engage the public at large. Poland for example reports a steady intensification of the dialogue with civil society organisations. It held several seminars and events and has created a special web page designed to make knowledge and information on PCD and the risks of non-compliance more widely available. In the Netherlands, intensive dialogues with a wide range of stakeholders were conducted on PCD-related topics during the formulation of the Government Agenda 2015. PCD was a key topic at a major public Africa Conference in Rotterdam in 2008, while in 2007 public presentations of the CDI Index were given. The UK continued to fund the Centre for Global

Development's Commitment to Development Index (CDI) as part of their efforts to raise awareness within governments and among the general public of the many ways that donor governments affect developing countries.



2.2.4. Conclusion on the situation in Member States

Generally speaking many Member States have continued to develop their approach, legal framework and practical measures to ensure PCD. Member States with an appropriate legal base find it easier to promote PCD. Obstacles remain with regard to the lack of awareness of development issues on the part of non-development line-ministries. This is compounded by the difficulty of providing evidence about the ultimate impact of non-development policies on poverty in developing countries, making it difficult to show the results of increased PCD. Member States have made good progress, but despite these efforts, particularly by the more recent donors awareness and capacities needs to be further increased to address PCD issues adequately.

2.3. PCD Promotion within the Commission

The Commission has gained a high profile for its work on PCD. The latest DAC Peer Review of EC aid¹⁴ recognises the substantial progress made by the Commission to putting in place effective mechanisms to ensure PCD. In the reporting period the Commission concentrated on implementing its legal and political framework, and on using its coordination and reporting mechanisms in a more effective, active and targeted way.

The preparation of the 2007 PCD report was instrumental in raising awareness, enhancing understanding and increasing ownership of PCD in the Commission and the Member States. Its publication has been recognised by the Member States as a major achievement. However, the Netherlands found that drawing operational conclusions from the evidence provided was difficult and did not encounter sufficiently broad support from Member States and Commission.

In 2008, the Commission took its PCD work further by sharpening, and making better use of Inter-service consultation (ISC) and Impact assessments (IA), both of which are powerful mechanisms to promote PCD.

At international level, the Commission contributed to the OECD DAC Reflection Group on the revision of the DAC mandate, thus helping to make PCD a renewed priority for DAC in the future.

2.3.1. *More effective use of impact assessments and inter-service consultations: PCD work plan*

Every year, the Commission adopts hundreds of new legislative proposals and policy initiatives, which undergo IA and ISC. In an effort to identify the initiatives which will affect developing countries, the Commission now regularly establishes an informal PCD workplan, which lists all those EU policy initiatives and legislative proposals that are likely to have significant impact on developing countries. In 2008, 26 initiatives were identified and 37 in 2009.

This PCD planning list has been an important step forward. It allows the Commission to use the ISC and IA in a much more effective and strategic way and to concentrate its efforts on those initiatives with the biggest impact on developing countries. In addition, this exercise of jointly identifying the relevant initiatives with the responsible civil servants has proved to be a very useful process for enhancing ownership and increasing awareness of PCD issues.

2.3.2. *Revision of the IA guidelines*

The Commission uses impact assessment to identify likely consequences of its policy initiatives or legislative proposals in the economic, environmental and social fields. The 2007 PCD report suggested using them to get a clearer idea of how developing countries may be affected. The Commission therefore took the opportunity to revise the IA guidelines to strengthen their external dimension and to sharpen them as a PCD instrument¹⁵.

¹⁴ OECD Development Assistance Committee (DAC) Peer Review of the European Community, 2007

¹⁵ See http://ec.europa.eu/governance/impact/index_en.htm

The revised IA guidelines applicable since January 2009, put the Commission in a better position to ensure Policy Coherence for Development, in so far as they call for a more in-depth analysis of possible the ways in which EU policy initiatives might affect developing countries. The guidelines state that 'initiatives that may affect developing countries should be analysed for their coherence with the objectives of EU development policy. This includes an analysis of consequences (or spill-overs) in the longer run in areas such as economic, environmental, social or security policy.' Such an analysis has to differentiate between countries at different stages of development. According to the new guidelines the impact on commitments arising from the ACP-EC Partnership Agreement must also be checked. The annexes to the guidelines include a specific section on assessing impacts on developing countries. In addition, specific guidance is given for identifying possible consequences on developing countries, including in the areas of employment, food security, and natural resources stocks.

These changes by the Commission also responds to requests from the European Parliament and the Council to strengthen the external dimension of IA and to improve and make better use the IA process to evaluate the impact of EU policies on developing countries.

2.3.3. Institutional mechanisms: PCD unit and PCD inter-service group

The PCD unit in DG Development continued to play its catalysing, advising and coaching role for PCD. It coordinated the PCD work of the Commission and contributed to making EU polices more development-friendly.

The inter-service group on PCD functions as a forum for exchange of views on PCD issues. Its members act as interpreters between the different policies. They make proposals and explain how development objectives can be taken into account in other policies. At the same time they give background on the policies of their DGs thereby promoting better mutual understanding and paving the way for sometimes new and innovative ways of enhancing synergies between policies.

2.3.4. Budgetary/financial issues/financing of non-development activities in developing countries

Cooperation with developing countries is no longer limited to promoting their development. Mauritania and the Seychelles receive more funding under the Common Fisheries Policy than under the Development Fund (EDF). Some countries receive considerable funding from European Research programmes for research activities involving their universities and academics. Security, migration and climate change and environment in general are other areas where the EU increasingly cooperates with developing countries.

Cooperation in these areas is mostly financed from non-development budget lines. While not primarily motivated by the will to support these countries in the fight against poverty, such cooperation also has the potential to contribute to development. To harness this potential it is important to ensure coherence at the policy level and to develop and strengthen mechanisms to ensure that coherence is also improved at the operational level.

The financing instrument for development cooperation (DCI) is used partly to fund non-ODA activities such as some aspects of migration. However, in order to keep the thematic focus of the DCI on poverty reduction and the Millennium Development Goals (MDGs), while at the same time taking account of the growing need to finance non-ODA activities in developing

countries, the Commission intends to finance non-ODA activities under the financial instrument for cooperation with industrialised countries, the ICI. To that end it has proposed an amendment in the framework of the Mid-Term Review of the external action instruments to extend the geographical coverage of the ICI to include developing countries.

2.4. PCD Promotion at EU level/Role of the Council/Presidency and the European Parliament

The Council Conclusions on integrating development concerns in Council decision-making of October 2006 describe the roles of the different actors in promoting PCD, emphasising that COREPER (the Committee of Permanent Representatives of the Member States to the EU) is the main forum for ensuring PCD.

These two main mechanisms recommended for promoting PCD, are the Rolling Work Programme (RWP) and the screening of Council agendas to identify items with a development dimension and to ensure that development concerns are fully reflected across the policy spectrum at all relevant stages in the decision-making process. Other mechanisms to promote PCD are the present report, joint meetings both of Council working groups and at the ministerial level, and the informal EU PCD network of the EU Member States.

The 2007 PCD report identified as one of the outstanding issues the need to review and improve Council procedures, in particular with regard to ensuring that PCD is built into the Council working groups so that COREPER receives coherent submissions. The report also suggested institutionalisation of the PCD screening of Council agenda, to make the RWP more operational, and organisation of more joint GAERC sessions.

Slightly more than half of the Member States are of the opinion that PCD procedures at EU level have been sufficiently reviewed and improved. The others see room for further improvement. Member States with less experience of PCD are on the whole more positive than the ones that have been working on it for the last decade. For this first group, the EU procedures provide fair guidelines to develop their capacity to ensure PCD within government.

The screening exercise has been carried out by all Presidencies since 2007. Several Member States find that even though, progress has been made with this exercise, the status of PCD screening remains unclear and specific follow-up is seen as ad hoc.

The PCD Rolling Work Programme was prepared by the German Presidency in the first half of 2007. It was updated by some of the subsequent Presidencies but not by all. Nine Member States use the Rolling Work Programme (RWP) as part of internal procedures or as a key reference for their PCD work. It provides an important tool for many Member States to help focus PCD work nationally, even if some of the more experienced Member States would like to see it further improved or feel their established procedures make it as yet unnecessary.

Although some Member States find it a useful tool, it has to be acknowledged that the preparation of this programme is a laborious exercise, which contrasts with its relatively low status as a Presidency Paper. Combined with the huge range of areas and initiatives covered this does not encourage follow-up and limits the political value of the paper.

The lack of follow-up to both exercises somehow undermines the usefulness of the whole process. There is a need to take a more strategic approach: to limit the scope of the RWP but to be more ambitious in political terms, select a few PCD priorities and ensure that they are properly tackled.

Joint meetings both at the level of Council working groups and at ministerial level to promote PCD throughout the EU are organised by almost all Presidencies. Similarly to the screening

exercise, several Member States find that the status of joint sessions remains unclear and specific follow-up is seen as ad hoc. Germany considers that joint Council sessions have made considerable progress, yet it recognises that underlying conflicts between internal EU and development policy objectives persist, and may remain. Sweden points to a lack of ownership in non-development Council formations. The UK indicates that the joint Council sessions with Foreign and Defence Ministers have been useful but could be expanded also to include Trade, Finance and Environment Ministers. Several Member States stress that specific outcomes are still too dependent on the EU Presidency of the day. Many Member States suggest that the role of the Council's General Secretariat should be strengthened, and interaction between different Council working groups should be intensified.

The informal PCD network of EU Member States met on several occasions, to ensure exchanges between the Member States on PCD issues and to give advice with regard to preparation of the PCD report.

The European Parliament (EP) took a keener interest in PCD during the second half of its term. MEPs asked many written questions on specific aspects of EU policies including migration, trade and fisheries and their impacts on developing countries. The EP did not prepare an official reaction to the 2007 PCD Report. It adopted, though, on 17 June 2008 a resolution on policy coherence for development and the effects of the EU's exploitation of certain biological natural resources on development in West Africa. Jointly with the OECD and the Commission the EP organised a conference on migration and development in February 2009.

2.5. Partner Country Perspective

Intensifying the dialogue with partner countries on the synergies between EU policies and development cooperation programmes was identified as an outstanding issue in the 2007 PCD report. The Joint Annual Reviews show that the Community has followed up on this. Member States, too, have intensified their dialogue with partner countries on PCD issues. In parallel developing countries are showing a growing interest in PCD and new institutional arrangements such as the Africa-EU partnership are increasingly used to promote PCD by both side.

2.5.1. Cotonou Article 12 consultations

The Cotonou Agreement, which links the EU to 79 countries in Africa, the Caribbean and the Pacific, is probably the only international agreement, with a specific PCD article. Article 12 sets up a consultation mechanism to promote the coherence of Community policies which might affect the interests of the ACP countries. The Community must inform the ACP countries in due time of its intentions, whenever possible in advance of the adoption of such decisions. The ACP side may request for information on their own initiative. Article 12 provides that consultations are to be held promptly so that the concerns of the ACP countries can be taken into account before any final decision is made. After such consultation the ACP can transmit their concerns or requests for amendment in writing. The first formal consultation of this kind took place on 12 February 2009.

The first formal PCD consultations with ACP countries

The first formal consultations on PCD issues under Cotonou Article 12 took place on 12 February 2009 at a meeting of the Joint ACP-EU Subcommittee on Trade Cooperation at the request of the ACP side. The meeting was co-chaired by the Ambassador of Mauritius and a Director from DG Trade. The ACP Group had requested information on five Commission initiatives dealing with the use of pesticides, nickel substances, fisheries cold chain requirements, the renewable energy directive and the FLEGT licensing system. The Commission replied to concerns expressed by the ACP countries that these proposals could have significant impacts on their export of certain products to the EU and provided further detailed explanations. The Commission reassured the ACP representatives that their concerns would be taken into account in the preparation of these measures or in their implementation.

The ACP representative said that the ACP countries wanted to be involved as early as possible in the preparation of all measures that might affect their interests. They see a need for close cooperation between the ACP countries and the Commission, going beyond the already tight relationship that exists in certain areas.

This request for formal consultations shows an increasing interest in coherence issues on the ACP side. This interest is likely to grow as economic and political integration at the global level continues and consequently the impact of EU initiatives on developing countries will increase.

There is therefore a clear need for a dialogue with ACP countries aimed at identifying those EU initiatives which might affect their development strategies most and working out the most appropriate response/measures. The revision of the Cotonou Agreement for which both the EU and the ACP countries are keen to revisit PCD provisions, will provide an occasion to discuss this and strengthen the consultation mechanism.

2.5.2. PCD in EC cooperation programming and reporting mechanisms

Following the introduction of a PCD section in Country Strategy Papers in 2007, the first Joint Annual Reports (JARs) in 2008, prepared together by partner countries and the European Commission, made reference to one of the 12 PCD areas on 136 occasions. Three areas (trade, climate change and environment) made up 50% of the total – with trade accounting for 25% - thus highlighting the importance of these aspects for the ACP states countries. Agriculture is the next most important issue, representing 11% of the cases with a number of sub-themes covered (sugar, cotton, banana...). Fisheries, migration, transport and security follow, with around 7% each. Other themes (research, energy, transport and the social dimension of globalisation) represent between 1% and 4% of the issues raised. The order of importance of the eight key themes is broadly the same across all regions.

With regard to trade policy, the EPAs are a major element reported by more than 50% of the Delegations. EU Sanitary and Phyto-Sanitary (SPS) standards are the second most important aspect in relation to trade.

As far as climate change and environment are concerned, the main issues raised are to do with forestry management and protection of biodiversity. The Global Climate Change Alliance¹⁶ appears as well, as a key initiative for the future of small islands and some coastal countries.

In agriculture, it is worth noting that the CAP subsidies are only referred to in two Joint Annual Reports. However some specific agricultural products, relevant to a number of developing countries, are identified such as: sugar (in 10 reports), banana, cotton, beef or cocoa.

With regard to fisheries, the partnership agreements, which include a new development dimension, are mentioned in six coastal countries' JAR.

As far as migration is concerned, eight countries highlight its importance for development, with brain drain being seen as an acute issue, particularly in health sectors, in two countries from Austral Africa.

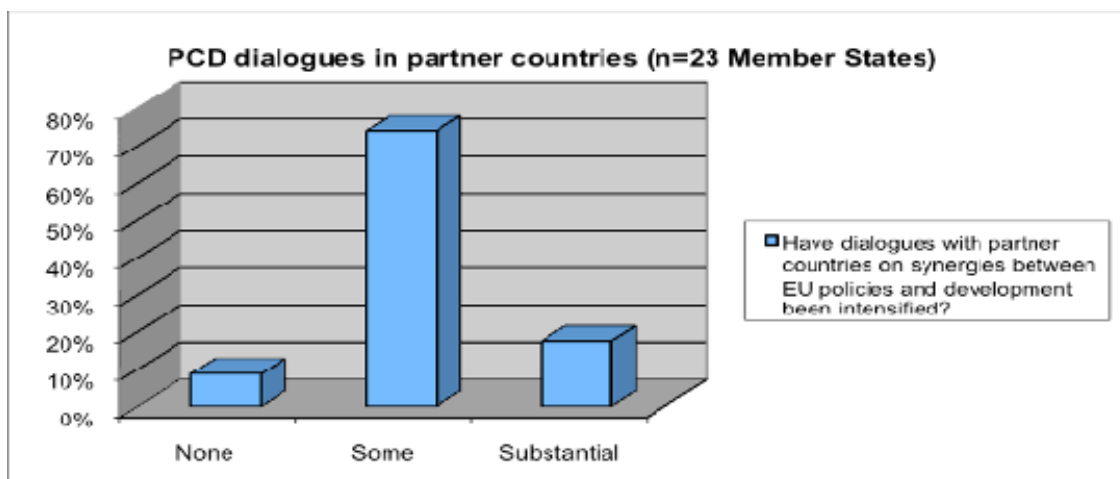
Transport policies are affecting developing countries mainly through issues related to air transport (safety standards) as reported in two countries. The same standards are however seen in two other countries as making positive contribution to safety and efficiency, minimising transport effects on the environment.

Security policy issues are reported in eight countries and mainly related to European Security and Defence Policy (ESDP), in connection with international military interventions with EU support or leadership.

Other policy areas (social dimension of globalisation, employment & decent work, research, energy, and information society) are only mentioned as PCD issues by a handful of countries.

¹⁶ See chapter on climate change of this report

2.5.3. PCD in Member States' cooperation programming and reporting mechanisms



Most Member States have intensified their dialogues with partner countries on synergies between (EU) non-development policies and development cooperation programmes (see chart above¹⁷). Sweden has developed guidelines for drawing up bilateral cooperation strategies that clearly incorporate the PCD perspective. Irish embassies are to include policy coherence issues in their analysis of the political, economic and development situation on the ground. The UK holds PCD discussion that involve around the thematic focus areas defined for DFID programmes: fragility, climate change and economic growth. Member States with development programmes in neighbouring countries seem to be rather sensitive to applying PCD principles to partner country dialogues.

At the same time many Member States are still in the process of developing their policy framework and procedures to reflect internationally accepted practice. In all, efforts appear to be mainly bilateral and rather tentative although some Member States have specifically adapted their administrative rules and procedures.

2.5.4. The Africa-EU partnership as a new way to promote PCD

The Joint-Africa-EU Strategy (JAES) adopted in December 2007 is the culmination of a process of deepening Africa-EU relations. It provides a comprehensive framework whereby subjects of common interest add value to existing cooperation and political dialogue. The JAES goes beyond traditional development cooperation by moving away from a donor-recipient relationship to a relationship in which mutual respect and political dialogue underpin a genuine and effective partnership to meet common challenges together.¹⁸

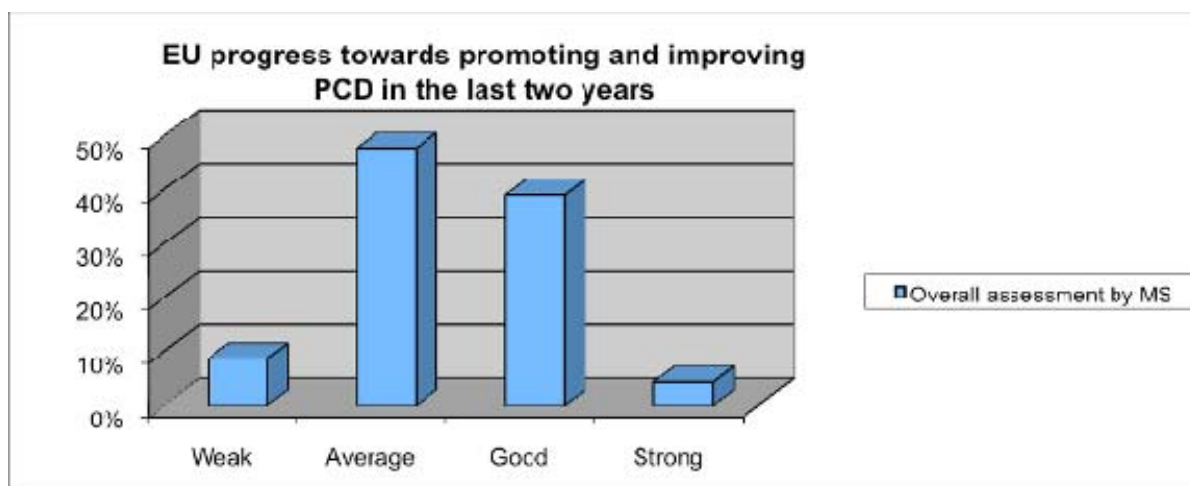
The JAES provides an opportunity to bring about synergies between policies and avoid negative impacts of policies on developing countries thanks to regular dialogue between a range of stakeholders. The potential of the JAES to put Africa and development issues on the agenda of other EU policy areas is the focus of the third case study examined in this report.

¹⁷ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.

¹⁸ European Commission Publication "Africa-Europe: the indispensable alliance", 2008.

2.6. Conclusion & Outstanding Issues

The EU has substantially strengthened its approach towards PCD over the years. In a first phase it concentrated on the commitments for PCD. The key elements were the 2005 Communication and Council conclusions setting out the commitments in the 12 policy areas and the EU Consensus on Development. The second phase is characterised mainly by efforts to fulfil these commitments, the production of the first EU PCD report and the sharpening of the mechanism to promote PCD such as IA and ISC, using the more effectively and raising awareness. In 2008, with the Staff Working Paper on PCD, the Commission explored the potential for development of four EU policy areas: climate change and energy, through the lenses of biofuels production and consumption, migration and research.

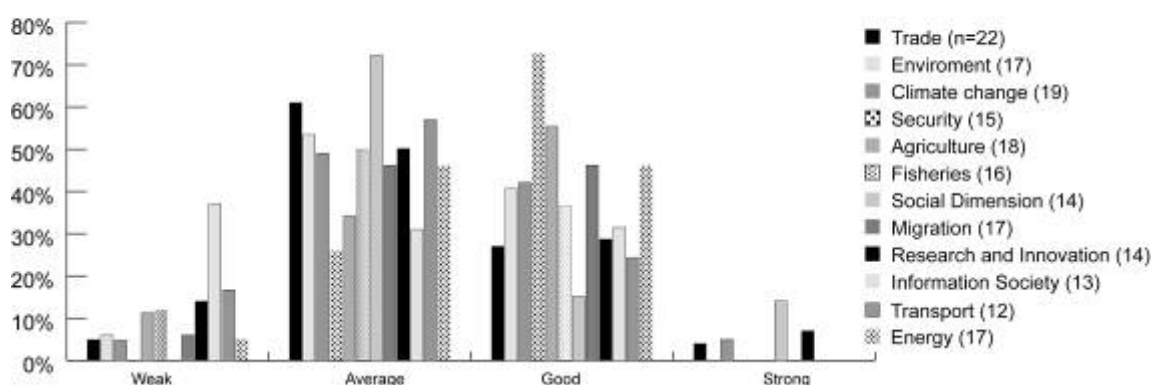


Member States, generally speaking, are positive about the progress achieved since 2007. They note that the EU Consensus on Development and successive Council conclusions have led to strengthening of procedures, mechanisms and resources that will be used to meet PCD commitments. A large majority of Member States rates progress as average, good or even strong¹⁹. Progress at Member States level has been complemented by progress at EU level.

The picture is not all rosy, though. Difficulties encountered at national level often spill over to the EU level and can be mutually reinforcing. Member States point to the lack of political will and limited priority given to world poverty reduction as a serious hindrance to PCD progress. Diverging interests can make it difficult at times to ensure consistent Council messages on PCD. As the diagram illustrates, Member States assessments of EU performance differ greatly from one policy area to the other. EU Presidencies can play a lead role on PCD, but their efforts are necessarily limited to their term, often resulting in a lack of continuity from one Presidency to the other. PCD screening and joint meetings across sectors are important means to improve PCD within the EU, but so far there has been limited operational follow-up to such meetings.

¹⁹ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission

MS assessment of overall progress towards meeting PCD commitments in...
(n of Member State responses between brackets)



Based on this groundwork it appears that a more strategic approach could be proposed. Reporting on PCD progress achieved in the 12 policy areas helped to raise awareness and to demonstrate the importance of the broader EU policy agenda for development. The strengthening of the PCD instruments was necessary to better harness the potential of EU policies for development. But to make real progress the EU needs to change its approach. Rather than monitoring the impact of all policies on developing countries the EU could promote PCD more effectively through a more focussed approach. The EU should select some key development challenges, analyse how it can contribute to achieving them through the broad array of its policies and instruments, and ensure political mobilisation around these challenges.

In this third phase the EU should also move towards a partnership approach to PCD. While the EU has made great efforts to better assess the impacts of its own initiatives on developing countries with a view to bringing them into line with development objectives, the role of developing countries in these processes has been limited. While some developing countries play an active role, others find it more difficult due to their capacity constraints. The EU should therefore support these countries in identifying EU policy and legislative proposals that might affect them, assess the possible impacts and find ways to address their development concerns. The EU and developing countries could for instance better use the consultation mechanisms provided for in the impact assessment guidelines, the Cotonou Agreement and possibly also the AU-EU Partnership and strengthen them if necessary.

Member States have also made progress individually. They have strengthened their commitment to PCD, refined their institutional mechanisms to promote PCD and engaged in a deeper dialogue with society at large. Many Member States however are still struggling with limited capacity and poor awareness. Sweden points out that analysis and evaluation is still the least developed part of the PCD chain of work - as specified by the OECD - also in Sweden. There is a great continued need for more in-depth analysis of the complex links between different policy areas and their impact on development. Focussing efforts on a limited number of issues, as Sweden and the UK have done, might prove more fruitful.

Outstanding Issues

- The need for the Commission and the EU Member States to jointly agree on a few PCD priorities (based on this report) for the next 2-3 years.

- A review of the informal PCD Work Programme that could consist of the above-mentioned priorities and the screening of the Commission's annual Legislative Work Programme (CLWP).
- Better use by the EU and developing countries of consultation mechanisms to promote PCD and to strengthen them when necessary
- Commission support for developing countries' efforts to identify EU initiatives that matter for them by discussing with them the PCD priorities as well as the outcome of the screening of the CLWP.
- Continued efforts to improve awareness and understanding of PCD, particularly on the part of non-development ministries.
- The need for research, knowledge and information on the impact of policy (in) coherence / synergies to inform policy screening / negotiations and decisions.

3. POLICY AREAS

3.1. Trade

Quick Facts

- Global trade (in volume terms) is expected to fall by 2.8% in 2009.²⁰
- The IMF expects developing economies to grow by 3.25% in 2009, down from 6.3% in 2008 and from 7.9 % in 2007.
- Africa's share of world trade has fallen from 5% twenty years ago to less than 2% today.²¹
- Exports from least-developed countries (LDCs) are estimated to have increased by about 16% in 2007. The expansion of merchandise exports was even stronger for LDCs than for the developing countries over the last seven years.

3.1.1. Introduction

This report is written in the midst of an economic crisis, contracting trade and falling investment. Countries that are more integrated into the global economy and world trade are feeling the effect of the crisis more overtly than those that are less well integrated, but all are being affected by falls in remittances and investment flows. As the global demand for commodities falls and their prices decline as a result, developing countries' export revenues are expected to decrease sharply leading to deteriorating external balances as well as lower revenues. Developing countries which are net exporters of commodities will suffer the most from plummeting commodity prices, while net importing countries of food, energy and raw materials will on the contrary see their import bills reduced. As a result, according to the World Bank, developing countries will face a financing gap of \$270 billion to \$700 billion this year.²²

Even so, trade remains an important stimulus for growth, and helping to refuel trade with and between developing countries is in itself a key objective to support countries quick recovery from the crisis.

While trade is not a guaranteed route to economic growth for developing countries, evidence suggests that trade and openness to the global economy play an important role in creating jobs and prosperity in developing countries. No country has successfully developed without engaging more closely in international markets. Supported by appropriate flanking policies within coherent national development strategies, trade stimulates economic growth and thereby helps generate resources to meet the objective of poverty reduction and attain the other Millennium Development Goals (MDGs).

Developing countries play an increasingly important and active role in world trade. They look to trade as a vital tool in their development efforts, and the more advanced developing

²⁰ International Monetary Fund, 01/28/2009, <http://www.imf.org/external/pubs/ft/survey/so/2009/num012809a.htm>

²¹ European Commission publication, "Africa-Europe: The Indispensable alliance", 2008.

²² COM (2009) 160 final, 8/04/2009

countries are becoming more and more important actors in the global economy. But not all developing countries have been equally successful in taking advantage of the potential of trade.

Developing countries are increasingly prominent in the World Trade Organization (WTO) negotiations. However, they are a highly diverse group often with very different views and concerns, and a number of different coalitions among groups of developing countries have emerged in all negotiating fora. Whilst there are many aspects of EU trade policy where the principles of policy coherence for development are of relevance, the above is a key issue to be taken into account for the full integration of developing countries, and in particular LDCs, into the global economy, and for the full implementation of coherent policies.

3.1.2. *Progress towards PCD Commitments*

Through a wide range of measures and policy initiatives, the EU aims to ensure that developing countries are able to benefit from access to its own markets and from the openness of the global economy. It is recognised that there is no single model for trade and development but that making trade work for development means tailoring policies to different vulnerabilities and different potential strengths.

As trade is an exclusive competence of the Community, few Member States report on steps they have taken to promote PCD in the area of trade at national level. In Finland and the UK, one minister is responsible for both development and trade.

EU trade policy is multi-dimensional – multilateral, regional/bilateral and autonomous. Under each of these dimensions, it includes elements that respond to the particular needs of developing countries.

Examples can be found at all levels: at the multilateral level through the WTO negotiations, at the regional and bilateral level through the negotiation of trade agreements with countries or regions such as the Economic Partnership Agreements (EPAs) with the African, Caribbean and Pacific (ACP) countries and support to developing countries' own regional integration processes, and at the unilateral or autonomous level through the Generalised System of Preferences (GSP). In parallel to efforts directly linked to trade policy, the EU is also very actively engaged in the provision of Aid for Trade (AFT) to developing countries to support them in tackling the challenges of trade integration at both regional and global levels.

3.1.2.1. Multilateral negotiations

- **Doha Development Agenda**

The EU has been a strong supporter of attempts to ensure that the Doha Development Agenda (DDA) reflects the realities and concerns of developing countries. This advocacy has helped ensure that the Doha negotiations include important flexibilities to cater for particular capacities and needs of different developing countries.

For example LDCs will be free from any market opening obligations in agriculture, Non Agricultural Market Access (NAMA) and services, and other poorer and more vulnerable developing countries will also be expected to provide only very limited commitments. These countries, however, stand to benefit from the market opening offered by others. At Hong Kong in 2005, it was agreed that developed countries, and developing countries in a position

to do so, should provide duty-free and quota-free (DFQF) access to all products from all LDCs by 2008, or no later than the start of the DDA implementation period. As things stand, some developed countries – the EU, Australia, New Zealand - have already implemented the goal of full DFQF access (or are on the way to it); others (e.g. Canada and Japan) have excluded a few sensitive products, but meet the interim 97% target set in Hong Kong while a few others (notably the US) still do not reach 97% coverage and/or exclude certain LDCs. India has introduced an expanded DFQF system for LDCs since mid 2008, while China has increased the number of tariff lines on which it grants duty-free treatment to a total of 30 LDCs. Brazil has repeatedly announced its intention to improve its market access for LDCs but no concrete measures have been taken so far.

Important progress was made in the July 2008 Geneva Ministerial, and tentative compromises were found on a wide number of issues. The new versions of the negotiating texts in Agriculture and NAMA, as issued in December 2008, reflect much of this progress. Nevertheless, further breakthrough is required to move forward from this point and negotiations are ongoing. It will be particularly important to broker a compromise on liberalisation initiatives for non-agricultural sectors, and cotton and agriculture, including such aspects as the Special Safeguard Mechanism (SSM). Progress on Trade-related Intellectual Property Rights (TRIPS) issues is also needed. To that end, a coalition of over two thirds (about 110) of all WTO members, including the EU, as well as many developing countries and LDCs, submitted in July 2008 a proposal to move forward the issues of Geographical Indications (GI) (establishment of a multilateral GI Register and extension of the additional level of protection for wines and spirits GIs to other GI products) and issues linked to the disclosure of origin in patent applications (see below).

Concluding the DDA is particularly important in the context of the current economic crisis, because it is an effective means both of preventing protectionism and of boosting global demand for products from developing countries. Both of these are, of course, fundamental for many developing countries, for whom the trade component is an essential element of growth and poverty eradication strategies.

- **Trade-related Intellectual Property Rights (TRIPS)**

The PCD challenge in relation to TRIPS lies in ensuring the use of Intellectual Property Rights (IPRs) to contribute optimally to development. One issue that has attracted attention in recent years is that of access to medicines. The TRIPS Agreement provides flexibilities to WTO Members in implementing its provisions in order for them to get access to affordable medicines. TRIPS also require developed countries to provide incentives to their companies to encourage technology transfer to least-developed country members to enable them to create a viable technological base. Furthermore, possibilities exist in the Agreement for technical and financial cooperation on mutually-agreed terms between developed countries and the developing world.

The EC has been at the forefront of the debate on TRIPS and access to medicines. It played an active role in the WTO negotiations leading to the waiver decision of 30 August 2003 which temporarily allowed WTO Members to export patented medicines to third countries with no manufacturing capacity in the pharmaceutical sector, by making use of compulsory licences.

The EU also plays an important role in the Intergovernmental Working Group on Public Health, Innovation and Intellectual Property (IGWG) of the World Health Organization,

developing a strategy to improve medicine availability, affordability, acceptability and access for those in need, particularly for the poor in developing countries.

The EC was also active in WTO negotiations leading, in December 2008, to the amendments of the TRIPS Agreement in order to transform the waiver decision into a permanent solution. Moreover, the EC has taken steps to implement the waiver decision into Community legislation.²³

In the WTO, however, limited progress has been made in ratifying the TRIPS amendment. Currently 48 WTO Members (including the 27 EU Member States) have ratified the amendment, which means the required 2/3 threshold has not been reached and extension of the current deadline of 31 December 2009 might be required. This waiver decision will continue to be valid until the amendment enters into force.

The amendment has been used once; Rwanda as a first country has notified to the WTO its intention to use the mechanism and import HIV/AIDS drugs from Canada (see further MDG6 case study). No request has been made to the EU so far.

Another area of PCD relevance in relation to TRIPS is genetic resources and traditional knowledge. In 2004 the EC submitted a detailed proposal on disclosure of origin to the World Intellectual Property Organisation (WIPO). This proposal sets out a way to include in international patent law a binding requirement to disclose the origin or source of genetic resources and associated traditional knowledge in patent applications. If adopted, this would allow States to keep track, at global level, of all patent applications with regard to genetic resources and thereby enhance transparency about uses of genetic resources that have left the providing country. The EU has also suggested amending the TRIPS Agreement to include an equivalent mandatory requirement. As a result, patent applications would not be processed without completion of the disclosure requirement.

IPR provisions may be included into Free Trade Agreements only in full coherence with the Doha Declaration. For example, the Doha Declaration on the TRIPS Agreement and Public Health reaffirms flexibility of TRIPS to ensure better access to essential medicines. In the negotiations on the CARIFORUM EPA, Articles 139.2 and 147.2 make it clear that nothing in the agreement should be construed in such a way as to impair the capacity of the CARIFORUM States to promote access to medicines, and that the provisions on patents must be implemented and interpreted in full respect of the Doha Declaration on the TRIPS Agreement and Public Health, including the flexibilities contained therein and the Decision of the WTO General Council of 30 August 2003. Moreover, it is important to mention that the EPAs are expected to contribute to other initiatives that are important to secure access to affordable medicines, such as development of local production and innovation capacity or technology transfer to ensure that locally produced pharmaceutical products meet internationally agreed standards.

Trade in generic drugs between third countries through Europe

The interception of shipments of medicines at the end of 2008 to developing countries in Europe resulted in a debate on the coherence of EU legislation on customs enforcement of intellectual property rights with one of the main objectives of European development policy,

²³ Through Regulation 816/2006 of 17 May 2006

i.e. to improve access to pharmaceutical products for the poorest populations. In this context it is important to recall that the Commission's policy on facilitating access to medicines has not changed. The Commission remains attentive to apply what is stated in Article 178 of the Treaty and its commitments on Policy Coherence for Development as stated in the European Consensus on Development. The Commission is, together with Member States, further analysing these cases.

3.1.2.2. Regional and bilateral negotiations

The EU has continued to have an important negotiating agenda for bilateral and regional trade agreements with a wide range of individual countries or groups of countries. The EU takes account of the development dimension by putting at the core of these negotiations an emphasis on sustainable development, addressing also social and environmental issues, and broader market opening, and by offering improved preferential access to the EU market for products originating in developing countries, including in some instances - like the EPA negotiations - through asymmetrical schedules for respective tariff dismantling. Moreover, these negotiations are generally accompanied by AfT, including Trade-related Technical Assistance, to support developing countries not only during the negotiating phase but also in taking fuller advantage of the resulting benefits of agreements.

EPA negotiations with ACP countries have been a key focus of ACP EU efforts over 2007 and 2008, and a major result was the signing of the Caribbean EPA, the very first of its kind in the world (see EPA section).

The EU is also working to further reinforce its trade relations with Latin America and Asia. In this context, it is seeking to support the partners' development process via broader market opening in the regions and greater export possibilities towards the EU.

In 2007, the EU has started negotiations for Association Agreements with the Andean Community²⁴ and Central America, and for Free Trade Agreements with India and the Association of Southeast Asian Nations (ASEAN). For the partner countries, such agreements would not only offer increased access to the EU market for goods through the dismantling of tariffs, they would also aim at addressing behind-the-border issues, such as non-tariff barriers, sanitary and phyto-sanitary issues, or technical regulations, with a view to promoting third country exports to the EU. They would also foresee the progressive and reciprocal liberalisation of establishment and trade in services, and include provisions on public procurement and capital movement. Lastly, provisions on improved transparency in regulation, good governance, the rule of law, and sustainable development would contribute to realising the respective third countries' export potential to the EU.

Sustainability Impact Assessments (SIAs) have been/are being carried out by independent consultants in parallel to the negotiations assessing each trade Agreement's potential economic, social and environmental impact whilst suggesting possible measures to prevent or mitigate the negative and enhance the positive impact. The Commission's own views on the identified impacts and on the recommendations made by the independent consultants are set out in a Commission SIA position paper both in the context of the EC's negotiating position and by way of measures flanking the future Agreements.

²⁴ In January 2009, the Parties agreed to change the format of the negotiations to a Trade Agreement between the EU on one side and those Andean countries willing to join the negotiations on the other side. The negotiations have been followed by Colombia, Ecuador and Peru.

- **Economic Partnership Agreements**

EPAs replace the previous market access regime for ACP countries and importantly involve a much more comprehensive approach to helping them diversify their economies, create jobs and contribute to their economic development. In particular, EPAs are intended to support regional integration, the creation of larger regional markets and economies of scale, by aligning liberalisation schemes and harmonising important trade-related rules across countries within a region.²⁵ EPAs are trade agreements at the service of development. Removing barriers to trade, supporting regional markets, ensuring ACP countries and regions take on commitments commensurate with their development needs and have adequate time to make reforms, sustaining trade facilitation, providing for wide-ranging sustainable development clauses, safeguards to protect infant industry and helping the ACP countries meet international standards are all development dimensions of the EPAs.

The objectives of the EU and ACP countries are to agree comprehensive trade and development deals - as foreseen in the Cotonou Agreement signed in 2000. The deadline was 31 December 2007, when trade preferences granted by the EU to ACP countries under the Cotonou Agreement expired. However, by autumn 2007 it became clear that EPA negotiations in Africa and the Pacific would not have been concluded in time. The EU and African and Pacific countries and regions therefore decided to initial “interim agreements” that complied with WTO rules covering trade in goods only. This was aimed at securing ACP access to EU markets and allowed wider EPA negotiations to continue without any legal challenge from other WTO members. At the end of 2007, interim EPAs had been initialled with a number of ACP regions and countries in Africa and the Pacific. With the Caribbean, a comprehensive EPA was initialled and eventually signed on 15 October 2008. Signature of interim EPAs took place with Ivory Coast (26 November 2008), Central Africa – Cameroon (15 January 2009) and members of the SADC EPA group (Botswana, Lesotho, Swaziland, Mozambique) (June 2009). The signing of all other interim EPAs is expected later in 2009. Negotiations are ongoing with all African regions and the Pacific, with the aim of concluding full-fledged EPAs in 2009.

The CARIFORUM-EC Economic Partnership Agreement

On 16 December 2007 the European Commission initialled an Economic Partnership Agreement with Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, the Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Christopher and Nevis, Suriname, and Trinidad and Tobago (the CARIFORUM countries). In signing an EPA, the Caribbean and Europe aim to build on their long-established economic ties to foster growth, jobs and development in the Caribbean. The EPA was signed in the Caribbean on 15 October 2008²⁶. The EU pledged to work with the Haitian government and other Caribbean partners to ensure that the conditions for Haiti to join the EPA are in place soon.

What is in the EPA?

²⁵ COM (2008) 604 final/2, 06.10.2008, Communication on Regional integration for development in ACP countries.

²⁶ Official Journal of the European Union, L 289, 30.10.2008

The CARIFORUM-EC EPA is a pioneering agreement in the international trading system. It is the first genuinely comprehensive North-South trade agreement that promotes sustainable development, builds a regional market among developing countries and helps eliminate poverty. It will put the Caribbean on the map as an expanding market where traders and investors can find opportunities for growth and security for their investments.

At the centre of the EPA is the creation of an integrated regional market in the Caribbean. It promotes the progressive harmonisation of the external tariffs of the CARIFORUM countries building on the liberalisation of the flow of goods between the economies of the Caribbean. This will help local businesses create economies of scale and make the region much more attractive as a market for investment and trade.

The EPA removes all tariffs and quotas on Caribbean exports to the EU immediately. The only exceptions are sugar and rice, although rice will be liberalised as from 2010.

The EU has also agreed to open up new markets for Caribbean companies and professionals to offer services in the EU and for young Caribbean professionals to gain EU work experience. These go far beyond anything offered by Europe in any other trade agreement.

On the Caribbean side there is a gradual opening of markets over a period of 25 years, which will eventually mean more competitive prices for consumers and businesses.

Caribbean countries will now benefit from improved 'rules of origin' that will support the development of industries that import materials to make goods for onward export to Europe.

Beyond the 165 million Euro European Development Fund regional programme for the Caribbean, a development cooperation declaration in the EPA commits the EU to using its Aid for Trade financial support to help Caribbean countries implement the EPA.

Since 1 January 2008, on the basis of the EU Market Access Regulation²⁷, all goods originating from an ACP country or region that initialled an (interim) EPA have DFQF access to EU markets, except for rice and sugar for which full liberalisation is being phased in. The Regulation also includes improved rules of origin in the areas of textiles and agricultural and fishery products.

The awareness that EPAs bring about (PCD) challenges and opportunities requires addressing these and finding solutions. Flexibility allows room to cater for concerns raised.

As ACP countries lower custom duties on EU imports, their tariff revenue will decrease, all else being equal. This has raised concerns that the EPA process could undermine government finances. However, the issue can be managed and EPAs will be supported by measures to reduce and offset net fiscal impact in the context of overall fiscal reform to be undertaken by the ACP countries. First, EPA design prevents any dramatic changes in revenue: as liberalisation is gradual, initial revenue loss will be very small, and the overall impact will be spread over many years. Products earmarked for fast tariff elimination are mostly those where the current tariff level is already very low. Second, EPAs aim to promote growth, investment and diversification in ACP production as well as regional integration and economic cooperation. This means stimulating economic growth, value added processing and new investment, all of which offsets fiscal loss by expanding the domestic tax base. As our primary concern is overall government revenue and not simply tariff revenue, it is vital to look at the net overall fiscal impact and not just import tariff revenues. The EU is committed to contributing to the absorption of net fiscal impact of EPAs in the context of fiscal reforms: experience shows that internal economic reform and changes to tax systems can offset revenue losses connected to tariff elimination. Revenue from tariffs can be successfully

²⁷ Council Regulation (EC) No 1528/2007

replaced by sales, excise and other revenue taxes that do not discriminate between domestic and imported goods; furthermore, moving away from dependency on tariffs is a sound economic policy decision. Relying on tariffs for revenue strangles economic growth by taxing essential inputs and at best provides an unpredictable and volatile source of revenue.

Gender has not been a separate subject in the EPA negotiations. However, it is integrated into various negotiation areas such as those on labour standards and rules of origin where improvements have been achieved for sectors where to a large degree women are employed (agriculture, fisheries, textiles). It is also considered when agreeing on flexibilities that allow for safeguarding food security or infant industries. Monitoring the impact of trade liberalisation on the gender dimension is considered an important element due to the potential effects of trade liberalisation on women's lives.

In more general terms, monitoring is set to become an important part of the EPA implementation process. Its precise shape and form will be decided by the joint institutions provided for by the agreements. The CARIFORUM EPA, for instance, charges the Joint Council with the task of monitoring, while providing extensively for the participation of parliamentarians and civil society in the monitoring process. According to the specific needs of each region, the joint institutions will decide what monitoring is to consist of, how it is to be carried out and finally draw conclusions from that exercise. EPAs call for a flexible monitoring arrangement covering the bilateral and regional relationships (tariffs, trade flows, regional exchanges) but also taking into account the enabling environment in which the agreement is operation (domestic politics and the world economic trading situation).

The EU provides for substantial financial support for regional integration and EPA implementation. The 10th European Development Fund (EDF) provides funding adapted to ACP regional and country-specific needs, and additional funding is earmarked for the implementation of EPAs and necessary structural and transitional changes, including in terms of infrastructure and customs (e.g. support to customs reform). ACP countries are also major beneficiaries of EU assistance to the wider AfT agenda.

Specifically, the EU is working with the ACP countries and regions to set up so called regional Aid for Trade packages. The role of these packages is to support the ACP countries' regional integration agendas by providing a coordinated and increased EU (i.e. European Community and EU Member States) financial response to needs and priorities expressed by the ACP countries and regions, including for implementation of EPAs.

The signing of the 10th EDF Regional Indicative Programmes (RIPs) in November 2008 can be seen as one milestone in the work to establish the packages. Together with the Commission, the ACP regional organisations have prepared the 10th EDF Regional Strategy Papers (RSPs), embedding the regional integration visions of the ACP countries, as well as the RIPs, constituting the main EC support to these from 2008 to 2013. The 10th EDF regional programmes are a basis for the EU support for regional AfT packages, although this support is yet to be completed by EU Member States. With €1.78 billion being allocated to regional integration of ACP countries under the 10th EDF, the financial envelope has almost doubled compared to the previous period of 2000-2007, reflecting the EU-ACP consensus on the importance of regional issues for development.

3.1.2.3. Autonomous regimes

- **Generalised System of Preferences (GSP)**

The GSP is an autonomous trade arrangement through which the EU provides non-reciprocal preferential access to the EU market to 176²⁸ developing countries and territories on over 6200 tariff lines. It includes the standard GSP regime, the special incentive arrangement for sustainable development and good governance (GSP+), and the Everything But Arms (EBA) initiative for LDCs.

The primary objective of the GSP is to contribute to the reduction of poverty and the promotion of sustainable development and good governance. Tariff preferences on the EU market enable developing countries to participate more fully in international trade and generate additional export revenue to support implementation of their own sustainable development and poverty reduction policy strategies.

The EU's GSP is updated and adjusted to the changing environment of the multilateral trading system, on a regular basis, over a ten-year. The first GSP scheme of the present cycle covered the period 2006-2008. The current scheme entered into force on 1 January 2009 and will apply until the end of 2011. The new GSP Regulation (2009-2011) ensures continuity of the guiding principles for the GSP and was updated only in order to facilitate the application of the scheme.²⁹ This ensures stability and transparency for beneficiary countries, users and economic operators.

The GSP+ scheme³⁰ offers additional preferences to vulnerable developing countries which have ratified and effectively implemented 27 specified international conventions in the fields of human rights, core labour standards, sustainable development and good governance. Under the current (2009-2011) GSP Regulation³¹, 16 beneficiary countries³² received the additional preferences offered under the GSP+ incentive arrangement. For countries that did not meet the GSP+ qualifying criteria in 2008, the new Regulation provides for an additional opportunity for applications in mid-2010, to receive benefits from July 2010. This is another advantage under the new GSP Regulation, so that potential applicants who did not meet all the criteria in 2008 are not obliged to wait three years before being able to re-apply.

The special arrangement for the least-developed countries (Everything But Arms) grants duty free access to the Community market for products originating in the least-developed countries as recognised and classified by the UN. It gives to LDCs duty-free access to the EU for all products, except arms, ammunition and 40 tariff agricultural lines, corresponding to rice and sugar, which will be completely liberalised in September and October 2009 respectively.

²⁸ Myanmar and Belarus remain temporarily withdrawn from GSP preferences; Moldova was already removed from the beneficiary list at the same time as the EU granted it more far-reaching autonomous preferences under a separate legal instrument in March 2008.

²⁹ The new GSP Regulation provides for: an update of the wording of the GSP Regulation, a technical review of the list of graduated countries, an additional opportunity for GSP+ applications in mid-2010, adaptation of GSP provisions in accordance with other trade arrangements concluded with GSP beneficiaries and adaptation of the description of tariff headings covered by the GSP in accordance with the present tariff nomenclature Annex II.

³⁰ GSP+ provides for suspension of ad valorem duties on all products (sensitive and non-sensitive) listed in Annex II of the GSP Regulation. In 2009 there are 6331 lines covered under GSP+

³¹ Council Regulation (EC) No 732/2008

³² Bolivia, Colombia, Costa Rica, Georgia, Guatemala, Honduras, Mongolia, Ecuador, Nicaragua, Peru, Venezuela, El Salvador, Sri Lanka, Armenia, Azerbaijan and Paraguay. Venezuela has been removed from the list of GSP+ beneficiaries by Commission Decision 2009/454/EC of 11 June 2009. For the period 2006-2008, the GSP+ beneficiary countries were the same as mentioned above except Armenia, Azerbaijan and Paraguay. Panama was a GSP+ beneficiary during 2006-2008.

- **Rules of origin**

Rules of origin are used to identify the country of origin of a product for the purpose of international trade. They make it possible to trace a product back to a specific country, so as to apply relevant trade treatments to that product, including duties and other trade restrictions. Preferential rules of origin define when a product can be considered as wholly obtained or sufficiently transformed in a country so as to qualify for a tariff preference as agreed in a free trade agreement or as set in unilateral preferences.

The Community applies very similar preferential rules of origin when granting autonomous preferences (such as the GSP and the Autonomous Trade Measures) as well as in the EPA Market Access Regulation and in the framework of preferential trade agreements.

The Commission is now engaged in reviewing EU preferential rules of origin, to be implemented first and foremost within the GSP system but then to be extended to other preferential trade arrangements. The first proposal of the Commission was presented to the Customs Code Committee in October 2007. As a result of discussions in the Committee, the Commission prepared a revised proposal, including a product-by-product approach, the possibility of cumulation within and between regions (even between LDCs and non-LDCs), and the replacement of certificates issued by public authorities with statements on origin made out by registered exporters. The new proposal is now being discussed within the Custom Code Committee and should enter into force in 2010.

3.1.2.4. Aid for Trade

The EU is one of the leading providers of AfT. On 15 October 2007, the EU Council adopted an EU AfT Strategy aimed at supporting developing countries integrate into world trade. The strategy is a joint EU policy initiative, providing for a double and complementary focus on more resources to AfT and better impact on development objectives, especially with a view to poverty reduction. The EU AfT Strategy is articulated around the following key activities: (i) scaling-up total AfT in general as well as increasing the specific funding of Trade Related Assistance (TRA) to €2 billion annually by 2010, as promised by the EU in 2005 (€1 billion from EC, €1 billion from EU Member States); (ii) enhancing the impact and pro-poor focus of EU AfT; (iii) increasing EU-wide and Member States' donors capacity in line with globally agreed aid effectiveness principles; (iv) supporting the ACP regional integration process; and (v) ensuring effective monitoring and reporting to sustain the process of implementing commitments. In terms of volumes, the latest EU AfT monitoring report shows that the EU as a whole is very near to reaching its TRA target, with the EC having already surpassed it. Total EU Aid for Trade, which includes support to economic infrastructure and productive sectors, remained high at €7.17 billion.

Member States are very supportive of the Aid for Trade agenda. In fact, most Member States regard the AfT initiative as their main driver for promoting PCD in the area of trade. Aid for Trade is seen as a win-win situation, as national interests are not at stake. On the contrary companies and expertise can be involved in the areas where there is added value.

Portugal has supported capacity-building initiatives to strengthen human and institutional resources for international trade and investment, namely in the area of port training, negotiation of international investment agreements and investment for small and medium-sized enterprises in lusophone countries.
--

Other drivers for promoting PCD mentioned are the Enhanced Integrated Framework for Trade-Related Technical Assistance to LDCs, which has opportunities to foster the provision of coherent Aid for Trade from major agencies and bilateral donors to the actively involved partner countries.

In their response to the PCD questionnaire, Member States indicate that they face difficulties in terms of promoting policy synergies if national products compete with partner country products.

Furthermore, they consider it a challenge to implement coherent strategies due to lack of sufficient government staffing and funding for deeper research, which is needed in order to assess the degree of development-friendliness of trade policy. Coherent policy requires a great amount of (human) resources and expertise from different units. Also, different units have different objectives and an additional difficulty is that trade policy is an EU competence and development policy is a national competence.

Another difficulty Member States describe is the low priority that is given to trade as a tool for development by both donor and partner countries, i.e. in cooperation strategies and poverty reduction strategies. This constitutes a challenge when donors want to improve coherence between trade and development. Member States report that a better identification of capacity-building needs in order to take better advantage of possibilities that arise from trade agreements is essential.

Limited resources, experience and PCD awareness in ministries dealing with trade are other challenges encountered in promoting synergies.

Sanitary and Phyto-Sanitary Standards (SPS)

Sanitary and Phyto-Sanitary Standards (SPS) serve to ensure that consumers have good quality and safe products for consumption. Whilst they ensure the necessary degrees of health and safety standards, adhering to them may represent challenges for developing countries. The EC supports developing countries with a range of programmes to strengthen their capacities to ensure compatibility with international standards.

During a visit to Addis Abeba in April 2009 the EU Health Commissioner launched a new initiative "Better Training for Safer Food in Africa - BTSF-Africa." Through BTSF over the next two year EUR 10 million will be used to fund capacity-building activities. The key objective is to support food safety mainly by the transfer of technical expertise and policy advice in areas of food safety and quality across Africa. Within the context of the Africa EU Partnership on Regional Integration, Trade and Infrastructure, the creation of a platform is in process to share information and to enhance participation of African countries in EU standard setting processes.

Another relevant programme is the "Programme PIP": Quality and Conformity - Fruits and Vegetables³³ financed for a total of EUR38.8 million. The Programme aims at improving the capacity of the ACP horticulture sector to comply with SPS regulations in order (i) to maintain the market share of ACP products in European imports of fruits and vegetables and as a result (ii) to increase the role of horticulture in poverty alleviation in ACP countries.

³³ Programme Initiative Pesticides du Comité de Liaison Europe-Afrique- Caraïbes-Pacifique. <http://www.coleacp.org/fr/pip>

An evaluation concludes that the first phase of the programme was very successful: (i) the global objective was achieved overall: the relevant market shares were stable between 2001 and 2006, with export growing in absolute terms, (ii) 90% of ACP horticultural export companies in 28 ACP states were supported, (iii) 100 000 small family farms have benefited from the programme and (iv) 80% of the programme's expertise is now local (from ACP) with 166 local consultants who received capacity-building support.

In Kenya, PIP covered a particularly wide range of activities and had a significant impact: it focused on (i) raising awareness about EU legal and commercial food safety requirements, (ii) training staff of private companies in the various aspects of food safety and traceability (more than thirty companies signed a memorandum of agreement), and (iii) building the capacity of support services to the horticultural export sector.

However, capacity to comply with European regulatory and, in particular, commercial requirements, needs to be maintained and updated. A second phase of the programme is being prepared to be financed under the 10th EDF for EUR 33 million.

Whilst most Aid for Trade is provided at national level, increasing attention is being paid to financing regional integration (see for example the section on EPAs). For example, in 2007, the EC and the European Investment Bank (EIB) launched the EU-Africa Infrastructure Trust Fund (ITF) with a specific attention for projects with a clear regional dimension, to which 12 EU Member States and the EC so far contributed € 150 million. Until now, the ITF has approved - or *cleared in principle* - an amount of € 80 million in grant contributions to different projects, leveraging loans from EU financiers of between €350 and 430 million, and attracting additional financing from outside the EU of approximately €650 million.

Finland: Import Policy Strategy, Fall, 2008, and Aid For Trade Action Plan (2008-2011)

The Import Policy Strategy adopted in 2008 is the result of an integrated position taken by the Finnish Government that combines trade and development objectives. This approach helps to ensure that development objectives are adhered to throughout all external relations. Furthermore, the 2008 Import Policy Strategy emphasises that Finland, and the EU, should increase imports from developing countries, in order to ensure coherence with development objectives. Finland has taken a position of increasing access to markets in both developed and developing countries by reducing trade barriers globally. The reason for advocating this overall reduction of trade barriers is based upon the understanding that trade distortions have an overall negative effect on development, and that increasingly South-South trade is becoming a source of economic growth. Finland not only promotes importing goods from developing countries and reducing trade barriers, but also promotes the support of developing country industries through ODA. Finland is aware that an overall reduction in trade barriers will not necessarily result in economic development without the inclusion of assistance for increasing the competitiveness of developing industries. To ensure that the trade policies are coherent with development objectives, Finland has also created its Aid For Trade Action Plan (2008 – 2011), which among other things complements the Import Policy Strategy. The combination of a pro-development Import Policy Strategy and an Aid For Trade Action Plan provides Finland with a strong policy framework for ensuring PCD in trade. Finland has also advocated that PCD issues are taken into account in regional trade policies by promoting development coherence throughout the EU. Since 2007, Finland has taken significant steps towards ensuring PCD in trade, both nationally, within the EU, and internationally.

National and regional programmes are complemented by efforts at the African continental level undertaken in the framework of the Joint Africa- EU Strategy and in particular the Partnership on Trade, Regional Integration and Infrastructure.

Africa-EU Trade and Regional Integration

In the First Action Plan for the implementation of the Africa-EU Strategic Partnership, under the Trade and Regional Integration Partnership, priority actions have been agreed in the following areas: 1) support the African integration agenda, 2) strengthen African capacities in the area of rules, standards, and quality control, and 3) implement the EU-Africa infrastructure partnership. Concrete ongoing and planned activities include Africa-wide training on SPS standards, capacity-building in the area of industrial standards and normalisation, information seminars in support of customs reforms in Africa.

3.1.2.5. Other Initiatives

- **Raw Materials Initiative**

On 4 November 2008, the European Commission adopted a new integrated strategy COM (2008) 699 setting out targeted measures and lines of action to secure reliable and undistorted access to raw materials for EU industry. The Communication on the "Raw Materials Initiative – meeting our critical needs for growth and jobs in Europe"³⁴, which focuses on non-energy minerals (excluding agricultural commodities and energy raw materials), encompasses measures in three areas or "pillars" to secure sustainable supplies of the materials needed for the EU economy: (1) ensure access to raw materials from international markets under the same conditions as other industrial competitors, (2) set the right framework conditions within the EU in order to foster sustainable supply of raw materials from European resources and (3) boost overall resource efficiency and promote recycling to reduce the EU's consumption of primary raw materials and decrease the relative import dependence.

The adoption of the Communication and Council conclusions rightly underline the importance of fully integrating and taking account of development policy in the Raw Materials Initiative. This will need to be pursued throughout the implementation of this Initiative. The EU has been implementing its activities to ensure undistorted access to raw materials in full consistency with development policy and will continue to do so.

Many important raw materials are located in developing countries. This creates new opportunities for resource-rich developing countries, particularly in Africa. However, their dependence on raw materials prices volatility makes them particularly vulnerable from financial, economic and social points of view as illustrated by the current trend with regard to the crisis. There are other important challenges for developing countries related to raw materials. The most relevant are (1) political stability issues, (2) governance and transparency, (3) management of revenues from raw materials and diversification of economic activities, (4) social aspects (5) environmental protection, and (6) trade policy.

To improve management of public revenues, inter alia from the raw materials sector, the Commission undertakes capacity-building operations by providing technical assistance to

³⁴ SEC (2008) 2741, 4.11.2011. Communication "The raw materials initiative — meeting our critical needs for growth and jobs in Europe".

public financial management systems in the context of its budget support to developing countries. To strengthen domestic governance and promote transparency in the raw materials sector, the 10th- EDF Governance Initiative is setting incentives for developing countries to implement the EITI transparency standard and adhere to the Kimberley process.

The objective of EU trade policy in the raw material sector is to ensure that the various trade policy instruments are applied to promote open, un-distorted and well-functioning raw material markets. Creating open markets and an undistorted trade system with clear and stable rules brings profits to all stakeholders. At the same time, some trade restrictions are likely to be legitimate and even supported by the EU (e.g. for environmental or development purposes). This initiative provides an opportunity towards a more coherent, strategic and comprehensive approach at EU level together with stakeholders, so as to unleash the sustainable development potential of non-energy raw materials for developing countries. In addition, it is an opportunity to include the development dimension in the political dialogue with emerging economic powers.

- **Fair Trade**

In June 2006 the European Council adopted its renewed sustainable development strategy and encouraged EU Member States to promote sustainable products, including Fair Trade products. The European Parliament presented a report in 2006 on Fair Trade and Development. The report pointed out the need for raising awareness among consumers, and the risk of abuse by companies that enter the Fair Trade market without complying with certification criteria. An exploratory opinion in 2005 of the European Economic and Social Committee (EECS) looked at "consumer assurance schemes".

On 5 May 2009 the European Commission adopted a Communication on the role of Fair Trade and non-governmental trade-related sustainability assurance schemes in contributing to sustainable development objectives³⁵. The Communication responded to the European Parliament report of 2006 and the 2005 exploratory opinion of the EECS and followed up on earlier Commission documents in clarifying the place of Fair Trade and other non-governmental sustainability assurance schemes in the wider EU sustainable development agenda. Private trade-related private sustainability schemes use a set of criteria to assess and/or guarantee the sustainability of the products. Criteria often build on one or more of the three pillars of sustainable development; economic, environmental and social development sometimes linking into international standards and agreements. The criteria and standards applied by Fair Trade are among the most comprehensive and ambitious in terms of addressing a broad set of issues and conditions that impact the producers in developing countries, including in particular a minimum price for the producer and a premium paid to the community of the producers.

³⁵ COM (2008)215 Final, 5.05.2009

The Communication recognises the significant development of the Fair Trade³⁶ movement and the significance of a European market worth EUR 1.5 billion per year. The Communication also lays out the different policy areas where Fair Trade and other schemes can contribute to European sustainable development objectives. It sets out main principles and definitions and the fundamentals for public procurement of sustainable goods and services. Furthermore it recognizes that Fair Trade and other private sustainability assurance schemes are essentially voluntary dynamic mechanisms that develop along with societal and consumer awareness and demands. Such schemes should apply standards and criteria in a transparent manner to allow for well-informed choices for consumers. The Communication considers that regulating criteria and standards could limit the dynamic element of private initiatives in this field and stand in the way of the further development of Fair Trade and other private schemes.

- **The Export Helpdesk**

The Export Helpdesk is an online service, provided by the European Commission, to facilitate market access for developing countries to the European Union. This instrument plays an important role in making the development dimension of EU trade policy operational and concrete by offering exporters, importers, trade associations and governments, free and practical assistance in taking better advantage of the market access opportunities offered by the EU.

The Export Helpdesk provides detailed information about: 1) the applicable trade regime with the ACP countries -including the Economic Partnership Agreements-, the GSP as well as the various free trade agreements with developing countries; 2) EU and Member States' import requirements (such as sanitary and phytosanitary rules, labelling rules, organic farming, technical standards, etc.) as well as internal taxes applicable to products; 3) EU preferential import regimes benefiting developing countries including related documentary requirements and rules of origin. It also provides trade data for the EU and its individual Member States, links to other authorities and international organisations involved in trade and the possibility to lodge detailed information requests about real-life situations encountered by exporters. The Export Helpdesk is available in English, Spanish, French and Portuguese.

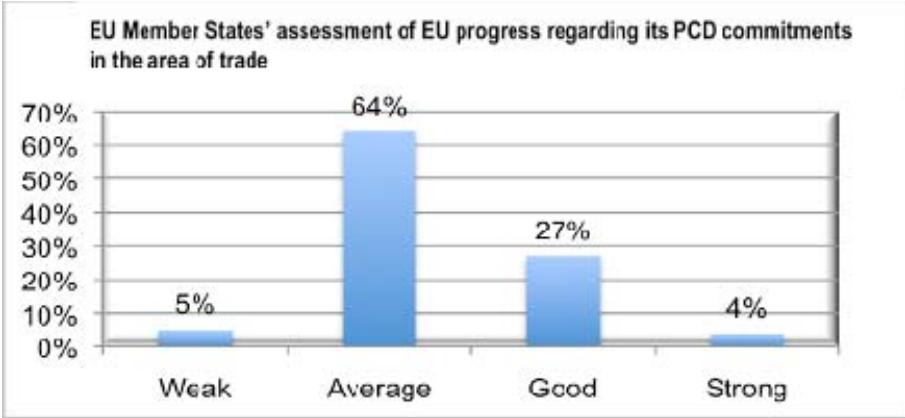
3.1.3. *Conclusion & Outstanding Issues*

Progress in Trade PCD commitments has been made in those areas in which the EU can control the outcome – e.g. autonomous preferences offered to developing countries (such as the GSP and the EPA Market Access Regulation). On other issues, the EU has been working actively towards the achievement of a successful outcome, but an effective solution is not yet reached. This may be an explanation to why most Member States assess progress regarding PCD commitments in the area of trade as average (see chart below³⁷). But 31% think it is good or strong, while only 5% consider it weak. On balance, therefore, progress is

³⁶ In accordance with the "Charter of Fair Trade Principles" (January 2009), Fair Trade is defined as "Fair Trade is a trading partnership, based on dialogue, transparency and respect, that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, marginalized producers and workers – especially in the South. Fair Trade Organizations, backed by consumers, are engaged actively in supporting producers, awareness raising and in campaigning for changes in the rules and practice of conventional international trade", (set out by the two standard setters, the *Fairtrade Labelling Organizations*, FLO and the *World Fair Trade Organization* WFTO).

³⁷ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.

satisfactory, although the EU commitment to the application of PCD in the trade policy area will remain an important ongoing process, given the dynamism of international trade policy.



A majority of the Member States report that PCD commitments in the area of trade entail some economic, social and political consequences for their country. Indeed, 35 % of them describe the consequences as strong.

At the multilateral level, a breakthrough in the DDA needs the commitment of all key players, including the major emerging economies. At the bilateral level, a successful conclusion of EPAs and other FTAs depends on substantial efforts of both parties (EU and partner countries) to reach agreements that appropriately foster regional integration and take the developmental dimension into account.

Outstanding Issues

The negotiations in different areas are ongoing and therefore the issues mentioned in the 2007 report remain important for continued attention. The need to keep the momentum and continue to focus on development-friendly outcomes is obvious in relation to the

- Doha Development Agenda
- EPA negotiations
- Revision of the Rules of Origin
- Continue to address the importance of Intellectual Property Rights for development

3.2. Environment

Quick Facts

- Around 7.3 million hectares of forest disappear each year (from 2000 to 2005). (FAO, 2009)
- Deforestation accounts for some 20% of global carbon dioxide (CO₂) emissions – more than total EU greenhouse gas emissions. (IPCC 2007; EC 2008)
- 19% of timber imports into the EU is thought to come from illegal sources (EC 2008)
- Of the 306 million hectares of certified forests in the world (June 2007), Africa accounts for about 1 % (FAO 2009). Expansion has recently taken place in the Congo basin with 4.2 million hectares in 2009 – (IFIA 2009).
- Up to 20% of the total burden of disease in developing countries is linked to environmental issues (UNEP 2007).
- Trends in some 3,000 wild populations of species show a consistent decline in average species abundance of about 40% between 1970 and 2000 (Convention on Biological Diversity- 2007)
- It is estimated that 33% of the 6,500 recognized domesticated animal breeds are threatened with extinction (Convention on Biological Diversity- 2007)

3.2.1. Introduction

Despite global, national and local initiatives to address the worsening environmental trends, the unprecedented economic growth from 2001 to 2007 has had a considerable impact on the state of environment and natural resources in developing countries. Deterioration of the environment, exacerbated by the effect of climate change, has a crucial impact on the majority of the world's poor as many depend directly on natural resources for their livelihood (agriculture, forestry, fisheries) and on ecosystems that provide valuable services (clean air, water...). Due to their vulnerability and low adaptation capability, poor countries have the greatest difficulty in coping with environmental degradation. Biodiversity loss, resulting in disruption of agriculture; decreased fish catches; deforestation, mainly through the conversion of forests to agricultural land; land degradation and desertification; chemical and waste pollution of land and water are all tangible effects with tremendous consequences for the developing countries' ability to eradicate poverty.

Sustainable use of natural resources and protection of the environment are therefore fundamental in achieving the MDGs. Although environment is gradually perceived as a Global Public Good, the MDG 7 on environmental sustainability has not received sufficient attention and is often off-track in many developing countries. In the face of the economic downturn expected from 2009 onward, funding priorities may well shift from the environment to economic and social issues, with further environmental degradation undermining the limited progress made so far. Additionally, attention should be paid to the possible crowding out of other environmental issues with funding mostly going towards climate change adaptation. In this context, the convergence of Environment policies and Development objectives is paramount both to achieve a high degree of environmental protection in

developing countries and to help countries attain their development goals in a sustainable way.

3.2.2. Progress toward PCD commitments

The years 2007 and 2008 were a turning point in EU environment policy. The long-awaited chemicals legislation REACH (Registration, Evaluation, Authorisation and Restriction of Chemical substances)³⁸, reforming the EU approach to chemicals, was adopted and the Environmental Liability Directive³⁹ came into force. New approaches to integrating environment⁴⁰ in Development policies within the EU were discussed⁴¹ and progress was made in considering environment in Trade matters.

At Member States level, a number of countries published new guidelines or strategies on the links between environment and development. For example, Austria published Policy Guidelines on Environment and Development jointly written by several Ministries while Finland worked on a new inter-ministerial strategy on environment and development issues. Throughout the period the main commitments under the 6th Environment Action Programme have been delivered and environment issues remained firmly at the top of the political agenda, culminating with the adoption of a Climate Change and Energy Package in December 2008 that set Europe on the path to a low-carbon economy⁴².

3.2.2.1. EU Internal Development Policies: Toward a Green Economy

- **Sustainable Consumption and Production - SCP (Marrakech process)**

The major challenge faced by economies today is to combine environmental sustainability with economic growth and welfare, by decoupling environmental degradation from economic growth, and to move the EU towards an energy and resource efficient economy. The European Commission has been very active both internally (development of the SCP Action Plan) and internationally through general support for the Marrakech Process⁴³. EU Member States are actively involved in the process with the UK, Sweden, Germany, Italy, France and Finland chairing Working Groups.

In addition, the Commission helped to launch and support the Resources Panel while establishing SWITCH Asia⁴⁴ to fund SCP projects and promote SCP policies in the Asian region. The SWITCH programme, with its particular focus on SMEs, contributes directly and indirectly to poverty reduction by improving the living conditions of poor households in the vicinity and down-stream of sub-urban SMEs by reducing water pollution (particularly

³⁸ Regulation (EC) No 1907/2006, 18.12.2006

³⁹ Directive 2004/35/EC, 21.04.2004

⁴⁰ Outstanding issue from the 2007 EU Report on PCD .

⁴¹ Council Conclusions 11474/09, June 2009.

⁴² For more on this, see Chapter 3: Climate Change Policy Area.

⁴³ The Marrakech Process aims to establish an efficient 10 Year Framework of Programmes to support existing national and regional SCP policies and practices; the organisation of SCP National Roundtables (together with UNEP) in emerging economies (China, India and South-Africa) and a representation of the European Region in the Advisory Committee to the Marrakech Process

⁴⁴ To respond to the need for cleaner and more energy efficient industry in Asia, the European Commission has launched the €70 million Switch Programme. The programme targets small and medium-sized businesses and promotes the use of environmentally friendly technologies and practices, as well as a switch in consumption patterns towards less damaging products and services.

improving conditions of women who traditionally have to source drinking water), solid waste, and air pollution.

Additional efforts have been made by Member States. For instance, Sweden initiated a study on Sustainable Consumption and Production in the countries of Eastern Europe, Caucasus, and Central Asia (EECCA) and South East Europe (SEE) countries to highlight SCP issues within the United Nations Economic Commission for Africa (UNECA) and Environment for Europe meeting and to promote proposals for activities on SCP in the meeting declaration.

The Marrakech Process

The Marrakech Process is a global process to support the elaboration of a 10-Year Framework of Programs (10YFP) on sustainable consumption and production, as called for by the Johannesburg Plan of Action. European countries and the European Commission are very active in this process. This includes helping countries and regions globally to develop sustainable consumption and production programmes and policies. The draft 10 YFP will be discussed during the 17th and 18th meetings of the Commission of Sustainable Development.

The Marrakech Task Forces are voluntary initiatives, all led by European governments to carry out a set of concrete activities that promote a shift to SCP patterns, such as eco-label in Africa, sustainable lifestyles, products, sustainable buildings and sustainable tourism. France, for example, is chairing the Task Force on sustainable tourism. Among the around twenty projects of this Task Force one of the most interesting is the "green passport" which proposes to tourists a web site and paper guidelines with information and advises. Through the Task Force, France also financed capacity building projects, pilot and awareness raising projects in southern countries.

• Green Public Procurement

Green public procurement (GPP) was the subject of a Commission Communication in July 2008 and is defined as a process whereby public authorities seek to procure goods, services and works with a reduced environmental impact throughout their life cycle. Every year, public authorities spend almost € 000 billion – 16% of EU GDP – buying goods and services. With such significant purchasing power, they can give strong signals to the market place by asking for greener goods thereby stimulating the supply of environmentally friendly products in sectors such as construction, transport, office equipment and cleaning services, with effects being felt even outside the EU. Commission proposed that Member States achieve a political target of 50% Green Public Procurement as from 2010

However, while focusing on the EU, the initiative may make market access more difficult for products from developing countries, as these may be less likely to comply with certain environmental standards⁴⁵. However, this effect may be mitigated by the fact that, at an international level, the Marrakech Task force on Sustainable Public Procurement (SPP) seeks to develop and implement a practical guidance and training toolkit on SPP in 12 to 14 developing countries.

⁴⁵ SEC(2008) 2124, 16.07.2008, Impact Assessment

Finally, public authorities in the EU are increasingly requiring verified legal wood as a minimum condition in their procurement policies; this is an important incentive for trader partner countries to sign FLEGT agreement⁴⁶.

- **Complementing REACH**

The REACH regulation was adopted in 2006 and entered into force in June 2007. Its aim is to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. An Impact Assessment in 2003 and Parliament report in 2006 showed that developing countries, and ACP, in particular were only marginally affected by the regulation⁴⁷.

Complementing REACH, the EU agreed in 2008 to align its legislation on classification, labelling and packaging of substances and mixtures to with United Nations Globally Harmonised System (GHS)⁴⁸. Aim is to protect workers, consumers and the environment by means of labelling which reflects the possible hazardous effects of chemicals. This new system will ensure that the same hazards will be described and labelled in the same way all around the world. Such harmonisation and convergence with international standards makes it easier and less costly for developing countries to trade with the EU. Financial and technical support for strengthening national and regional capacities to implement the GHS, in particular in Asia, is also being provided.

Nickel

Since 1967, an EC Directive⁴⁹ laying down common provisions for the classification, labelling and packaging of dangerous substances has continuously been adapted to technical and scientific progress to ensure a high level of protection of man and the environment. The changes decided on in the early part of 2009 constituted another important adaptation and included the classification of some 100 nickel compounds as carcinogens.

A number of developing countries expressed concerns that this would serve only to stigmatise nickel with no discernible benefit for consumers and would lead to serious consequences for exporting countries, due to the need for additional packaging and labelling. According to the same countries, this would have far-reaching regulatory and economic consequences and might cause protracted trade disputes. As a result, the Commission will further consider the evidence provided by the complaining parties and assess the alleged trade distorting effect of the proposed measure.

- **EU Environmental Standards**

To establish sound institutional structures and avoid mistrust at the critical interface between environment, trade and development policy objectives, the alignment of environmental priorities between the EU and its trading partners is essential. Therefore, the EU intends to conclude comprehensive agreements with developing regions that cover the different

⁴⁶ Similarly, public authorities demand for fair trade products and goods produced in compliance with ILO convention is on the increase. See Chapter 1 on Trade (regarding fair trade) and Chapter 7 on Social Dimension of Globalisation (regarding ILO, decent work etc.).

⁴⁷ Implication of Reach for Developing Countries – European parliament study – 2006

⁴⁸ See http://www.unece.org/trans/danger/publi/ghs/ghs_welcome_e.html

⁴⁹ EC Directive 67/548/EEC

dimensions. This is, for instance, illustrated in the EU-CARIFORUM Economic Partnership Agreement where environmental standards and obligations have been incorporated.

EU-CARIFORUM Economic Partnership Agreement

Environmental obligations and standards have been incorporated as a central objective within the CARIFORUM-EU EPA. Under this agreement the parties will promote trade in a way that ensures sustainable and sound management of the environment, and will further facilitate trade in goods and services which are beneficial to the environment (e.g. environmental technologies, renewable and energy-efficient goods and services, eco-labelled goods).

Specific clauses oblige the parties to strive for and uphold high levels of environmental and public health protection through transparent processes, the use of relevant scientific information, and the development of effective regional and national standards to safeguard the environment. Both sides recognise the importance of cooperation in, amongst other things, providing technical assistance to producers with a view to meeting EU markets standards, facilitating trade in timber and wood products from legal and sustainable sources, and promoting public awareness and educational programmes on environmental goods and services.

3.2.2.2. EU Global Environment Commitments and Policy Dialogue

Besides internal policy, the EU is active on the international level, bundling global efforts to address environmental challenges and promoting sustainable development. This commitment has led, and leads, to various voluntary or binding multilateral agreements that, in most cases, have implications for developing countries.

• **Environmental Governance Institution & Multilateral Environment Agreements**

Over the last two years, the EU has helped to streamline and simplify the various ongoing processes at international level. The Commission supported and provided inputs to the negotiations for strengthening International Environmental Governance (IEG) in the context of UN reform⁵⁰.

With regard to Multilateral Environmental Agreements (MEAs), the Commission is strongly supportive of the participation of all stakeholders and on several occasions, it financially contributed to boosting the participation of developing countries' representatives in official meetings of the different Conventions. Specific initiatives to allow Civil Society, including from developing countries, to be adequately represented in these meetings were also supported.

Several EU Members States are also actively involved in the Working Group on enhancing coordination among the Basel, Rotterdam, and Stockholm Conventions, which aim to increase synergies between the MEAs. Denmark has developed high-level dialogue on the implementation of the Multilateral Environmental Agreements (MEAs) with 17 countries. Greece is also actively contributing to global efforts aimed at helping developing countries to implement MEAs with particular emphasis on Climate Change, Biodiversity and Desertification.

⁵⁰ Outstanding Issue from the 2007 Report on PCD

- **Biodiversity**

Biodiversity is critical to developing countries with regard to food security, preservation of natural resources and the fight against climate change. Over the last few years, all EU Member States have implemented the Convention on Biological Diversity (CBD) and related MEAs through a wide range of policies and measures. For example, Germany considerably increased its funding for the implementation of the CBD, initiating the Dutch-German Access and Benefit-Sharing (ABS) Initiative for Africa to support African countries in their negotiations towards an international regime for ABS.

At EU level, the mid-term assessment of implementation of the Biodiversity Action Plan in 2008⁵¹ concluded that the EU is highly unlikely to meet its target “to halt the decline of biodiversity [in the EU] by 2010”⁵² and that at the global level, biodiversity loss is disastrous, with ecosystems frequently being degraded to the point where natural processes are disrupted, resulting in severe economic and social impacts. The implementation of the CBD therefore needs to be substantially reinforced.

In this context, the German Federal Ministry for the Environment and the European Commission, with the support of several other partners, have jointly initiated a global study: the Economics of Ecosystems & Biodiversity (TEEB). The study will evaluate the costs of the loss of biodiversity and the associated decline in ecosystem services worldwide. It is intended to sharpen awareness of the value of biodiversity and ecosystem services, thus promoting biodiversity conservation.

- **Forestry and Deforestation**

In 2008 the European Commission embarked on two important initiatives to protect forests globally. The "forest package" comprises a proposal to reduce the risk of illegal timber and timber products entering the EU market and a Communication setting out the Commission's proposals for tackling tropical deforestation⁵³.

With regard to illegal timber, the Commission is proposing to minimise the risk of illegally harvested timber and timber products being placed on the European market. The Commission wants to make it an obligation for traders to seek sufficient guarantees that the timber and timber products they sell have been harvested according to the relevant laws of the country of origin. The proposal will increase incentives for legal and sustainable management and use of forests, especially in developing countries that are interested in maintaining and enhancing their export of forest products to the EU.

Regarding tropical deforestation, the Commission proposes to work in the international negotiations on climate change towards the development of a Global Forest Carbon Mechanism (GFCM) through which developing countries would be rewarded for emissions reductions achieved by taking action to reduce deforestation and forest degradation.

⁵¹ COM (2006) 216 Final., 22.05.2006.

⁵² Presidency Conclusions, Göteborg European Council 15 and 16 June 2001

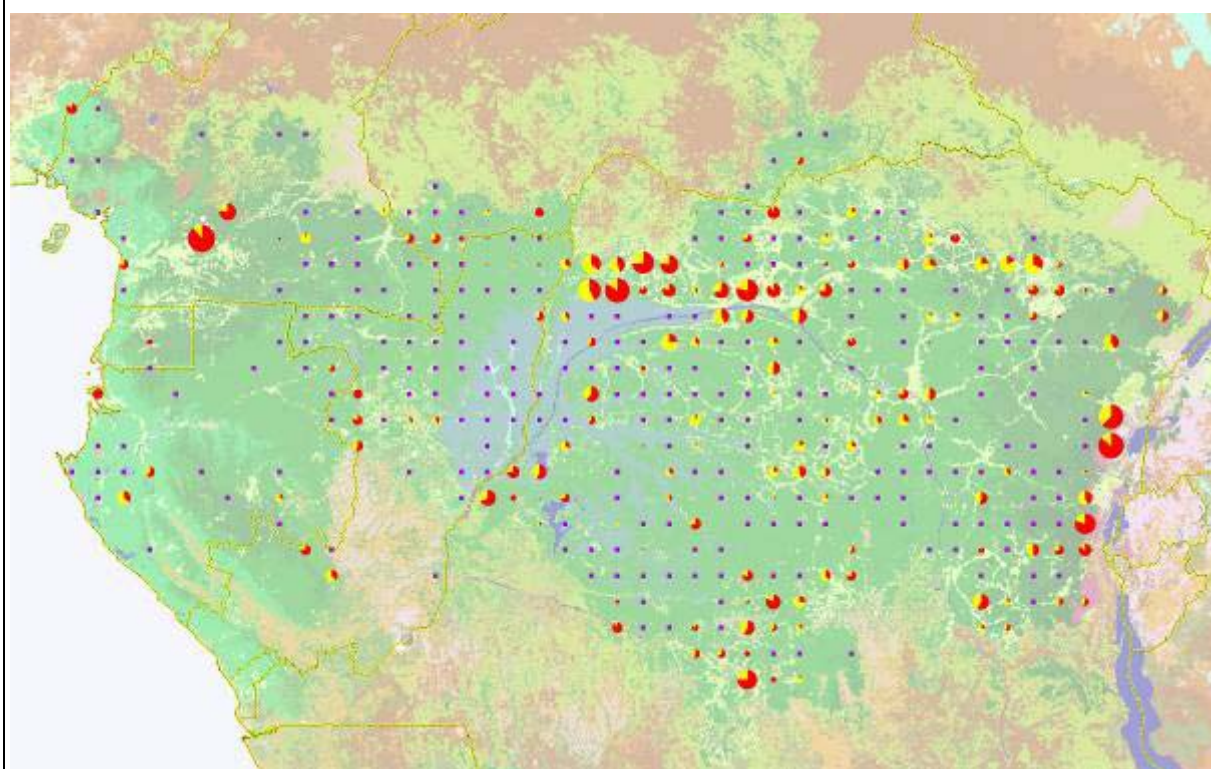
⁵³ COM(2008) 645 final, 17.10.2008 on "Addressing the challenges of deforestation and forest degradation to tackle climate change and biodiversity loss" and COM(2008) 644/3, October 2008, "Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down the obligations of operators who place timber and timber products on the market"

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 Africa⁵⁴

With regard to timber policies, the report advocates financial support for mechanisms to protect forest and reduce green house gas emissions from deforestation, and calls for a legislation to prevent timber from illegal and destructive sources being placed on the market. The negative effects of deforestation on climate change and indigenous communities are identified and the report further calls on the EU to speed up the adoption of a green public procurement policy.

In support of the Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT) as its response to illegal logging and associated trade, the Commission adopted in 2007 the implementing modalities of FLEGT regulation⁵⁵, particularly focusing on the voluntary partnership agreements (VPA). These VPA are legally binding agreements by which the partner country and the EU undertake to work together to promote better forest governance, and law enforcement and implement a timber licensing scheme. The first FLEGT VPA were initialled with Ghana in September 2008 and the Republic of Congo in May 2009. Negotiations are ongoing with Indonesia, Malaysia, Cameroon and Liberia and new countries will start negotiations in 2009⁵⁶

Deforestation in the Congo Basin



This graphic illustrates the most recent deforestation estimates produced by the Joint Research Centre (JRC) from satellite images. Each circle corresponds to the deforestation (in red) and

⁵⁴ European Parliament Resolution 2007/2183(INI)

⁵⁵ Regulation No [1024/2008](#), 18.10.2008

⁵⁶ Outstanding issue from the 2007 Report on PCD

the forest degradation (in yellow) measured in a square of 10x10 km on satellite images from 1990 and 2000. The size of the circles is proportional to total forest cover changes, with purple squares in boxes with no change. Gaps correspond to missing data due to clouds. Regional results are heartening - the net deforestation rates in Central Africa are lower than previously estimated. At just 0.16% per year they are around half the rate of deforestation in South America, and less than a quarter the rate in Asia. This work was produced in the framework of the Observatory for Central African Forests, jointly managed by JRC with COMIFAC, the regional political institution in charge of forest management.

- **International Panel for Sustainable Resource Management**

Only policies that are based on commonly agreed analysis and facts can be sustained in the longer term. The **International Panel for Sustainable Resource Management**⁵⁷, founded by UNEP with the European Commission in 2007, is filling a major gap in our knowledge. The Panel provides independent and authoritative scientific assessment of the environmental impacts of using renewable and non-renewable resources. It is currently working on: (1) decoupling (of economic growth from environmental impacts), (2) prioritisation of natural resources and products, (3) biofuels and (4) global metal flows and recycling.

- **Environmental Policy Dialogue**

As part of the Community's external policy, environmental policy dialogues have been established between the EU and several developed as well as emerging countries. Over the years, significant progress has been made on environmental dialogue⁵⁸ with emerging countries. Environmental dialogues are in place with China, Brazil and India, partly at a very comprehensive and technical level. In addition to environment-related exchange via various working groups and in relation to trade policy issues, there have been advanced discussions with China on cooperation in third countries. This is highly relevant from the resource-use and development perspective.

The EU, Africa and China: towards trilateral dialogue and cooperation⁵⁹

"Sustainable management of the environment and natural resources is key to sustained growth, combating climate change and to mutual trade interests. Trilateral cooperation linked to initiatives such as Extractive Industries Transparency Initiative (EITI), Forest Law Enforcement, Government and Trade (FLEGT), the Kimberley process, could allow African countries to enhance local capacity to manage resources, trade and competition in an open and transparent manner in order to maximise sustainable investment and development outcomes notably in sectors such as forestry, renewable energy, energy efficiency, waste management, fisheries and mining."

Regarding Brazil, under the strategic partnership initiated in July 2007 and in the joint Action Plan⁶⁰ (December 2008), partners agreed to strengthen the environmental policy dialogues, to work more closely together in addressing pressing global challenges, including to strengthen the multilateral climate change regime and to strive for a successful outcome of the post-2012 climate negotiations. As for India, the EU-India Summit in September 2008 adopted a Joint

⁵⁷ Outstanding issue from the 2007 Report on PCD.

⁵⁸ Outstanding issue from the 2007 Report on PCD.

⁵⁹ COM(2008)654 final, 17.10.2008

⁶⁰ See http://ec.europa.eu/external_relations/brazil/docs/2008_joint_action_plan_en.pdf

Work Programme on energy, clean development and climate change. However, only limited progress has been achieved so far.

Some EU Member States have signed environmental agreements with partner countries. The UK conducts an ongoing dialogue with emerging economies. Finland and Zambia have signed a Memorandum of Understanding to engage in cooperation to enhance the implementation of several MEAs in Zambia. Latvia's Ministry of Environment has concluded bilateral agreements on cooperation in the field of environmental protection with Ukraine, Belarus, Georgia and Serbia. Romania has signed a Memorandum of Understanding with Tunisia, regarding cooperation in the field of environmental protection and water management and Lithuania has signed an agreement with Belarus on the implementation of the Convention on Environmental Impact Assessment in a Transboundary Context.

3.2.2.3. Development Instrument in support of Environment in Developing Countries

- **Commission Country and Regional Strategy Papers**

In 2007/2008, the Commission adopted the new generation of country and regional strategy papers for the period 2007-2013. Progress was made to promote Policy Coherence for Development via the introduction of a specific PCD section in the papers, the joint programming which took place in 10 countries and the increased use of Country Environment Profiles (CEP) which needed to accompany each Strategy Paper. Environmental sustainability concerns were also developed in cooperation sector programmes, notably by means of strategic environmental assessments (transport, sugar sector reform, sea defences) and through the development of guidelines for mainstreaming climate change adaptation and mitigation in specific sectors of cooperation.

- **Community Instrument: The ENRTP**

In June 2007, the Commission adopted the thematic strategy for the environment and sustainable management of natural resources, including energy (ENRTP) with a worldwide scope and a total budget of €89.5 million for the period 2007 to 2013⁶¹. The ENRTP aims to integrate environmental protection requirements into the Commission's development and other external policies as well as to help promote its environmental and energy policies abroad in the common interest of the EU and partner countries and regions⁶². It complements other EU initiatives and addresses problems that have a profound effect on the lives of poor people, in particular rapidly degrading key ecosystems, climate change, poor global environmental governance and inadequate access to (and security of) energy supply.

Environment and Sustainable Management of Natural Resources including Energy (ENRTP)

In the ENRTP thematic strategy paper, five priorities constituting the core of the programme are identified for the first programming period (2007-2010). Supported with a budget of €469.7 million, these priorities are to: (i) work upstream in assisting developing countries to

⁶¹ See http://ec.europa.eu/europeaid/where/worldwide/environment/documents/multi_annual_programme_enrt_p_fr.pdf

⁶² It includes two new initiatives related to climate change and renewable energy; the Global Climate Change Alliance (GCCA), and the Global Energy Efficiency and Renewable Energy Fund (GEEREF).

achieve the MDG7 on environmental sustainability; (ii) promote the implementation of EU initiatives and help developing countries to meet internationally agreed environmental commitments; (iii) promote coherence between environmental and other policies and enhance environmental expertise; (iv) strengthen international environmental governance and policy development and, (v) support sustainable energy options in partner countries.

• **Members States' Bilateral Support**

Member States give a lot of support to a wide range of environment issues in developing countries.. Germany assists countries in implementing the United Nations Convention to Combat Desertification (UNCCD) and its international regimes, while using these regimes as a framework for designing and implementing projects and programmes. The Czech Republic plays an active role as a leader of the regional initiative on financial resource mobilisation for strengthening the implementation of the UNCCD⁶³. Irish Aid supports UNEP in Mozambique and Rwanda in seeking to ensure that environmental challenges are adequately addressed in national evaluation and implementation processes.

Greece: Mediterranean EU Water Initiative

Since 2003, Greece has been the lead country for the Mediterranean EU Water Initiative (MED EUWI) which was included in the reformed EU Water Initiative in 2007. Its main objective is "to create a higher efficiency of water-related development by providing a platform to co-ordinate and streamline existing and future activities"⁶⁴. To help ensure PCD in developing partner countries, the MED EUWI follows a strict process of ensuring development cooperation is conducted according to the partner country's long-term targets for water and sustainable development, integrating national policies and strategies into the technical and policy work of the National Dialogues, and avoiding parallel projects or programmes by liaising with other organisations and donors. Furthermore, the MED EUWI launched National Policy Dialogues on water-related policy issues such as finance and planning. Through these many national, EU, and international efforts, the MED EUWI and Greece have made a significant contribution towards PCD in the area of environment.

3.2.3. *Conclusion & Outstanding Issues*

As described in this chapter, some good progress has been made to integrating development concerns into EU environment policy area, at both Community and Member States levels, as exemplified by the Climate Change and Energy Package, Sustainable Consumption and Production, Green Public Procurement, support for implementation of the MEA, the forest package and FLEGT partnership agreements. Some Member States have developed new strategies to link environment and development and others have initiated inter-ministerial coordination mechanisms. Dialogue with developing countries and emerging economies was strengthened throughout the period and, while adequate monitoring, analysis and reporting systems are still lacking in many Member States, some countries⁶⁵ have developed promising mechanisms.

However a few critical issues still have to be dealt with (such as International Environment Governance which, despite EU efforts, has witnessed limited progress or the implementation

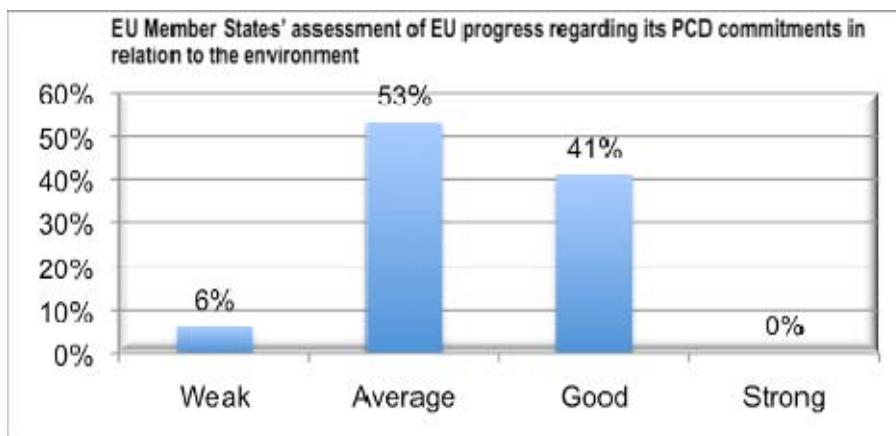
⁶³ In the regional implementation Annex V for Central and Eastern Europe.

⁶⁴ MED EUWI. Info Note and Workplan 2008. December 2007

⁶⁵ UK, Denmark and Finland

of the CBD in dire need of reinforcement) and additional efforts are still expected in a number of areas showing progress. A concerted EU position on those issues will increase the likelihood of successful outcomes.

Consequently, most Member States rate the EU progress on PCD in the area of environment as average to good (see chart below⁶⁶).



EU Member States welcome in particular the efforts that have been put into the dialogue with developing countries, the Action Plan for Forest Law Enforcement Governance and Trade (FLEGT) and the promotion of sustainable consumption and production in the context of Marrakech. Nonetheless a number of countries have faced difficulties in promoting PCD. Conflicting mandates of the various ministries and lack of effective coordination between sectors and across the various levels of government are persistent limiting factors. Another difficulty, which EU Member States as well as partner countries face, is that environmental considerations are often seen as costs, rather than investment and development opportunities. In addition, though making good progress, dialogue with developing countries is hampered by poor International Environmental Governance institutions, too widely spread across different, and sometimes competing, fora and by weak responses from partner countries when encouraged to incorporate environmental objectives into their national development plans. Finally, the financial and economic crisis of 2008 will possibly result in shifting of priorities away from environmental concerns.

In the future, there ought to be countless opportunities for synergies between environment, climate change, development policies and programmes. The wide-ranging implications of environmental degradation (and climate changes) are bound to affect in the short to medium term the lives and livelihoods of billions of people living in poverty in developing countries and emerging economies.

Joint efforts and policy coherence are needed more than ever. More coherence for development is paramount if the "greening" of the developed, and developing countries' economies is to deliver on the promises of a safer and more hospitable world. Globalisation and market forces alone will not necessarily lead the world to a more environmental and development-friendly path and might not deliver in timely fashion on issues such as climate change. Strong and converging public policies are therefore required to provide clear

⁶⁶ Chart based on Member States' responses to a dedicated PCD 2009 questionnaires prepared by the European Commission.

guidance and orientation for the public at large to allow for a rapid and smooth global economic transition. Policy coherence for development provides the appropriate tool to ensure that the poorest and the developing countries will be part and parcel of this evolution.

Outstanding Issues

- Global Environment Institution: the creation of an efficient UN Environment Organisation should be supported with a significant representation of developing countries and emerging economies.
- Additional resources should be made available for the poorest developing countries to tackle environmental issues. In connection with Climate Change initiatives, new financing mechanism should be pursued (such as Payment for Environment/ Ecosystem Services, Carbon Stocking etc.).
- Facilitate environment-friendly technology transfers to developing countries
- Promote international agreement on the use of labelling and sustainability schemes for a growing number of natural resources and products while helping developing countries to limit additional cost and loss of opportunities.

3.3. Climate Change

Quick Facts

- **11 of the last 12 years** (1995-2006) rank among the 12 **warmest years** in the instrumental record of global mean surface temperature (since 1850) (UN IPCC 2007)
- Global greenhouse gas (GHG) emissions due to human activities have grown since pre-industrial times, with an increase of **70%** between **1970 and 2004** (UN IPCC 2007)
- According to the UNFCCC emissions **increased** by **2.3 %** or 403 million metric tons of CO₂ from **2000 to 2006** (UNFCCC 2009)
- From 1990 to 2005 GHG emissions by the **EU-15 decreased** by **1.5%**. Emissions by the **EU-27 decreased** by **7.9%**. (European Environment Agency (EEA) 2007)
- By **2020** between **75 million and 250 million people** in Africa are projected to be exposed to **increased water stress** due to climate change (UN IPCC 2007)
- By **2020** in some African countries, **yields** from rain-fed agriculture could be reduced by **up to 50%** (UN IPCC 2007)
- There is high agreement on, and much evidence of substantial economic potential for the **mitigation of global GHG emissions** over the coming decades. (UN IPCC 2007)

3.3.1. Introduction

Climate change is affecting all countries but the poor communities and people in Least Developed Countries (LDCs), Small Island Development States (SIDS) and other vulnerable countries, regions and areas are expected to be hit hardest. The impacts indeed are already being felt. Food and water shortages, diseases and environmental degradation including biodiversity loss and decreased ecosystem functioning are expected to become more acute in the coming decades. Sea level rise, land degradation, increased risks of floods and droughts, and advancing desertification etc. will impact on the lives and livelihoods of billions of people in developing countries.

Climate change has generated worldwide attention since the adoption in 1992 of the UN Framework Convention on Climate Change (UNFCCC), as reinforced by its Kyoto protocol and other policy initiatives. Gradually, the need for developing countries to deal with the issues has been growing.

While developing countries, in particular the poorest, made little contribution to the climate change effects which they are already experiencing, the more advanced developing countries, including emerging economies, are now considered to be an essential part of a comprehensive and global long-term solution. Their further economic development should be based on low-carbon plans or strategies encompassing all relevant sectors. Furthermore, several developing countries are covered by vast areas of natural tropical forest, and other carbon rich ecosystems such as peatlands, wetlands and grasslands, which hold invaluable carbon stocks and biodiversity rich ecosystems providing essential services to the planet.

However, many developing countries, in particular the more advanced, are growing their economies at a fierce pace, while applying unsustainable production and consumption paths, adding already to the climate change burden. The development of low carbon plans are therefore important to contribute to the decline in global emissions. Finally many countries, especially the poor, who are low emitters, and the vulnerable, do not have the financial and technical capacities to face the consequences and impacts of climate change. While adaptation and poverty reduction remain the highest priorities for these countries, they could also take advantage of developing their economies along a low carbon path.

Developing countries are a diverse group ranging from the poor LDCs to the new emerging economies and should be treated with different approaches reflecting the heterogeneity of the countries, their capacities and overall responsibilities. The PCD element of the EU's climate policies will be crucial to the success of the fight against global warming

3.3.2. *Progress towards PCD Commitments*

3.3.2.1. EU Climate Change Mitigation Policies

Over the last two years, much progress has been achieved with regards to climate change policies. The European Commission and EU Member States have established concrete measures to ensure that development concerns are taken into account and synergies improved.

At the level of the EU, the main policy achievement has been the adoption of the **Climate Change and Energy Package** in December 2008⁶⁷. The package sets targets, by 2020 compared to 1990, to cut greenhouse gas emissions by 20% and to establish a 20% share for renewable energy (See chapter 12 on Energy Policy). The package includes a further strengthened and extended EU Emission Trading Scheme (ETS) as a centrepiece. The ETS is the EU's key tool for cutting emissions cost-effectively⁶⁸. The review of the ETS ensures that there is investor certainty with regard to offsetting credits that can be used for compliance after 2012 including the continued use of Clean Development Mechanism (CDM) and the potential of new offsetting mechanisms if agreement is reached, as hoped for at the Copenhagen conference on a post-2012 climate framework.

In addition, the package includes the decision on how to share efforts in the sectors not included in the ETS, a directive for environmentally safe carbon capture and storage (CCS) and directives on CO₂ emissions from cars and fuel quality. The renewable energy directive, including biofuels, is discussed in chapter 12 (Energy)

Europe has clearly established itself as world leader in the fight against climate change, offering a number of opportunities to developing countries.

Climate Change and Security Policy

⁶⁷ For an overview of the Package, see European Commission Press Release IP/08/1998, 17.12.2008. For additional information: http://ec.europa.eu/environment/climat/climate_action.htm

⁶⁸ Emissions from the sectors covered by the system will be cut by 21% by 2020 compared with levels in 2005. A single EU-wide cap on ETS emissions will be set, and free allocation of emission allowances will be progressively replaced by auctioning of allowances by 2020. Emissions from sectors not included in the EU ETS – such as transport, housing, agriculture and waste – will be cut by 10% from 2005 levels by 2020. Each Member State will contribute to this effort according to its relative wealth, with national emission targets ranging from -20% for richer Member States to +20% for poorer ones.

In March 2008, a Paper⁶⁹ from the High Representative and the European Commission to the European Council addressed the interrelations between climate change and international security. The joint paper identifies a number of threats (such as conflict over resources, loss of territory, border disputes, coastal damages, environmentally induced migration etc.) and, in relation to third countries, advocates revisiting and reinforcing EU cooperation and political dialogue instruments, giving more attention to the impact of climate change on security. This could lead to greater prioritisation and enhanced support for climate change mitigation and adaptation, good governance, natural resource management, technology transfer, trans-boundary environmental cooperation (inter alia water and land), institutional strengthening and capacity building for crisis management.

The Communication issued by the Commission in October 2008 addresses the challenges of deforestation in the context of international efforts to tackle climate change⁷⁰. This document stresses the importance of policy coherence and calls for a review of the impacts of EU policies on global deforestation⁷¹. In the international negotiations on climate change, the Commission proposed to pursue the objective of halting global forest cover loss by 2030 at the latest and reducing gross tropical deforestation by at least 50% by 2020. This would be achieved by creating a Global Forest Carbon Mechanism (GFCM) which would reward developing countries for emissions reductions achieved by taking action to reduce deforestation and forest degradation.

Fighting deforestation will need an appropriate level of funding, some of each could come from proceeds of allowances auctioned in the EU Emissions Trading System. It is estimated that if 5% of auctioning revenue were made available to the Global Forest Carbon Mechanism (GFCM), between €1.5 billion and €2.5 billion could be raised in 2020. In the framework of the GFCM, a pilot phase could be envisaged to test the inclusion of 'deforestation credits' (credits for avoided deforestation) in the carbon markets, allowing governments to make use of these credits to help achieve their post-2012 emission reduction target.

The Union's activities deployed under the ambitious EU climate policy will directly benefit the poorest and most vulnerable developing countries as the aim is to **limit global warming to less than 2 °C** relative to pre-industrial levels.

Germany and Climate Change

Since 2007, Germany has been providing approximately €400 million annually towards climate change initiatives by auctioning 10% of its European emissions allowances. From this amount, €120 million has been earmarked for international climate change projects, particularly in developing countries. This money is managed by the International Climate Initiative (ICI), which is a fund administered by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) of the German Government. The ICI has two main objectives, (i) the promoting of sustainable energy and supply and (ii) promoting measures for adaptation to the impacts of climate change and conserving biodiversity with climate relevance. Thematic areas of support include the development of strategies and

⁶⁹ Council document 7249/08, 03.03.2008

⁷⁰ Outstanding Issue from the 2007 Report on PCD.

⁷¹ See Chapter 2 : Environment Policy Area.

national adaptation policies as well as technical capacity development in areas such as transport.⁷² The ICI is only one part of Germany's overall approach to climate change and development cooperation, and is strategically designed to support the UN climate change negotiations post-2012.⁷³

3.3.2.2. EU Policies: Adapting to Climate Change

The Green Paper on adapting to climate change in Europe, adopted in June 2007, and the follow-up White Paper, adopted in April 2009, are the first Commission initiatives to strengthen adaptation efforts within the EU and beyond.

Adaptation is of great relevance to developing countries, in particular to the poorest and most vulnerable among them. Countries that have contributed least to the causes of climate change are expected to be hit hardest. This is due to their limited financial resources and ability to deal with the effects of climate change impacts. Poor communities are highly dependent on natural resources such as water and soil, needed for food production and drinking water. These natural elements are themselves affected by climate change. .

Adaptation is now given the same importance as mitigation and this is particularly relevant for developing countries. While dramatically reducing greenhouse gases remains by far the best and cheapest option to prevent dangerous climate change, adaptation is needed to deal with the effects of climate change that are already being felt and unavoidable.

3.3.2.3. Post -2012 negotiation: Bali 2007, Poznan 2008 toward Copenhagen 2009.

The EU is a prominent actor on the international scene, developing innovative and leading positions for the post-2012 negotiations to deliver meaningful commitments in terms of Climate Change and Development.

In Bali, in 2007, at the 13th UN Conference of the Parties of the UNFCCC, the EU put its case for limiting emissions (mandatory emissions reductions by developed countries, effective contributions by emerging economies, strengthening and extending the global carbon market, increasing cooperation on research, development and deployment of clean technologies) while proposing an active partnership for developing countries to address adaptation needs, to tackle the unavoidable impacts of climate change in the poorest and most vulnerable countries and to reduce emissions from deforestation. The EU committed itself to doing more to mobilise the necessary resources, including through expansion of the global carbon market and via instruments such as the Global Energy Efficiency and Renewable Energy Fund (GEEREF) (See also chapter 12 on Energy).

In December 2008, in Poznan, the 14th UN Conference of the Parties of the UNFCCC proved a useful staging post on the way to the Copenhagen Conference in 2009 where an ambitious new global climate agreement for the post-2012 period should be agreed upon. Progress was made on operationalisation of the Adaptation Fund, which is to finance adaptation in developing countries thus clearing the way for developing countries to receive funding to

⁷² BMU. The International Climate Initiative of the Federal Republic of Germany. March 2009.

⁷³ BMU. *Innovative Finance Mechanisms – The German Climate Initiative.* <http://www.oecd.org/dataoecd/38/61/40633487.pdf>

strengthen their resilience to the impacts of climate change.⁷⁴ In addition, consultations on guidance for the operation of the Least Developed Countries Fund (LDCF), which is largely financed by the EU, were completed. As regards tropical deforestation, responsible for almost 20% of global greenhouse gas emissions, progress was achieved on the future regime to reduce emissions from deforestation and forest degradation, known as REDD,⁷⁵ as part of the lead-up to Copenhagen. Last but not least, the Poznan Programme on Technology Transfer for developing countries was adopted, funded by €50 million of existing resources from the Global Environmental Facility thus highlighting the importance of technology transfers and the need for policy synergies to be sought between Climate Change and Research Policies.

Research and Climate Change

Climate change is of growing public concern and it is an important political priority of the European Union also in the context of international research cooperation. The Seventh Framework Programme for Research and Technological Development (FP7) is following previous Framework Programmes by putting particular emphasis on international co-operation actions in this area. FP7 research topics address the urgent needs for sound scientific information on further understanding of the climate system, impacts, vulnerability, adaptation and mitigation to support climate change policy developments and implementation as well as the IPCC (Intergovernmental Panel on Climate Change) process. The FP7 Environment Programme is promoting international cooperation by encouraging ICPC (eligible International Co-operation Partner Countries) participation in various topics and through Specific International Co-operation Actions (SICA) across all activities of the work programme. Two of the many examples of successful projects on climate change research with participation of developing countries and emerging economies are AMMA (African Monsoon Multidisciplinary Analysis) with 21 partners from Africa and HighNoon (adaptation to changing water resources availability in northern India in the face of Himalayan glacier retreat and changing monsoon patterns) with key contributions from three Indian partners.

The Communication⁷⁶ towards a comprehensive climate change agreement in Copenhagen was adopted in early 2009 and proposes the main building blocks -mitigation, adaptation, financing and technology - for reaching such an agreement. These proposals were further strengthened by several Council conclusions. Their relevance for attaining the MDGs has been underlined.

In preparing for the Copenhagen Conference, scheduled for December 2009, the EU has recognised developing countries' needs and is prepared to take its fair share of the financing required to ensure adequate, predictable and sustainable financial transfers, including leverage of private investments, to support developing countries in their adaptation and mitigation efforts. Existing channels for aid delivery should be explored before creating new mechanisms. The principles of effectiveness, efficiency, equity, transparency, accountability, coherence, predictability and sound financial management should apply, as well as the need to

⁷⁴ The Fund is financed through a 2% levy on the sale of emission credits generated by emission-saving projects undertaken in developing countries under the Protocol's Clean Development Mechanism (CDM).

⁷⁵ Outstanding issue from the 2007 EU Report on PCDD.

⁷⁶ COM(2009) 39 final, 28.01.2009

coordinate funding initiatives⁷⁷, promote sharing of best practices and capitalize on experiences gained in this respect.

On the subject of mitigation, the EU's view is that developing countries as a group, particularly the most advanced ones, should achieve a substantial and quantifiable lowdown of their emissions growth rate⁷⁸ through the development of low-carbon plans and strategies. Such strategies should be supported financially and technically in particular for the poorest and most vulnerable countries such as LDCs and SIDS, should they choose to develop one.

Mitigation and adaptation efforts must be supported by much greater collaboration on technology research, development, deployment and diffusion.

3.3.2.4. EU and Developing Countries

Poor countries across the world and small low-lying island states such as atolls are very vulnerable to climate change. But even the more advanced developing countries are likely to contain regions or communities that are very vulnerable. For example low-lying fertile and densely populated deltas across the globe are very fragile (e.g. Egypt, Bangladesh) due the combined effects of a number of causes including sea level rise, sediment depletion from dams constructed upstream, changes in storm patterns, frequencies and intensities, changes in river flow regimes, salinisation due to over-extraction of natural groundwater etc.

While efforts to conduct dialogue with and support for developing countries take place on all continents, the inter-linkages between Climate Change and Development are particularly important in Africa, a continent that remains tragically affected by poverty. Over the last two years progress has been made in setting up climate change priorities for cooperation and in identifying deliverables and joint initiatives with the African continent.

In November 2008, the EU-Africa Joint Declaration on Climate Change welcomed the European Union's intention to support the African region in its adaptation and mitigation efforts, through the Global Climate Change Alliance (GCCA) and other appropriate bilateral and multilateral instruments of cooperation. A decision was also made to speed up the operationalisation of the Adaptation Fund while seeking to mobilise new and additional funding for adaptation.

In July 2008 the Climate Change Declaration at the EU-South Africa Summit underlined the partners' desire to cooperate also on the issue of carbon capture and storage (CCS)⁷⁹. South Africa has been proactive in the UNFCCC negotiations and is one of the EU's strategic partners for discussing the avenues leading to a post-2012 climate regime.

Launched in December 2007, the Africa-EU Climate Change Partnership⁸⁰ has two priority actions: to build a common agenda on climate change policies and cooperation and to

⁷⁷ Such as Global Environment Facility (GEF), the Adaptation Fund and EU development assistance, including bilateral actions and the Global Climate Change Alliance (GCCA), as well as the contribution of other multilateral development programmes and funds, notably those of the UN and the World Bank, such as the Climate Investment Funds.

⁷⁸ In the order of 15-30% below business as usual by 2020

⁷⁹ The Summit also agreed to the creation of an Energy Dialogue Forum (EDF) to facilitate further cooperation.

⁸⁰ Africa-EU Ministerial Troika 20/21 November 2008, Joint Progress Report on the implementation of the Africa-EU Joint Strategy and its first Action Plan (2008-2010)

cooperate to address land degradation and increasing aridity and desertification. Several meetings of the European and African Implementation Teams took place in 2008 leading to an agreement on internal working arrangements, on the necessity to associate in the partnership climate change negotiators as well as development practitioners and on the necessary deepening of the dialogue with Civil Society, private sector and parliaments, as well as other international partners.

On the African side a strategic review is being conducted in order to improve the prioritisation of climate change activities covering a wide range of issues from capacity building to water resources management to adaptation in agriculture, desertification, urban development, disaster risk reduction, deforestation and sea level rise. Both the EU and African sides are currently working on the 2009 deliverables for the partnership. These include the CLIMDEV initiative designed to mainstream climate information into development planning and practices; the pre-feasibility study of the Great Green Wall of Sahara; capacity building efforts for UNFCCC negotiators (African Roadmap for UNFCCC negotiations...); the improvement of African access to carbon credit and the carbon market; the implementation of the GCCA and the cooperation on the definition and implementation of EU and AU disaster risk reduction policies.

3.3.2.5. Development Policies to address Climate Change in Developing Countries

Several EU-level policies and programme reflect the climate change high political priorities of climate change. The Joint ACP-EU Declaration on Climate Change and Development of 2009 renewed political commitments to integrate climate change issue into national poverty reduction strategies to which Commission and Member State cooperation programme are aligned. Almost all EU Member States have now adopted national climate change policies and efforts to integrate development aspects are underway, from the Czech Republic, which actively supports mainstreaming of climate change into development cooperation, to Belgium, where a dedicated committee ensures close coordination between environment and development policy makers at national and regional level. At Commission's level, the "Disaster Risk Reduction" Communication issued in February 2009 and the revision of the "Environmental Integration Strategy" scheduled for 2009 are endeavours toward integrating climate change issues into development cooperation⁸¹.

Apart from the support given to address climate change in the European Commission's development programmes (country and regional development programmes (NIP and RIP) for the period 2007-2013, IntraACP budget lines) of key importance to developing countries is the thematic programme for the environment and the sustainable management of natural resources, including energy, known as ENRTP, with a worldwide scope and a total budget of €89.5 million for the period from 2007 to 2013 (See Chapter 3 on Environment Policy). Its objective is to ensure that environment is consistently taken into account in the various cooperation instruments and to give developing countries more information on the impact of climate changes. Part of the funding specifically targets climate change support activities, including capacity-building for African countries. Other capacity building initiatives includes EUroClima in Latin America which is specifically geared to examining the socio-economic impact of climate change on South American countries⁸² and which is funded through the regional Development Cooperation Instrument (DCI) funds..

⁸¹ Outstanding issue from the 2007 EU Report on PCD.

⁸² Outstanding issue from 2007 EU PCD report

However the main development initiative to address climate change issues was launched in September 2007 when the European Commission proposed a new alliance between the European Union and the poor developing countries that are most affected and have the least capacity to deal with climate change. Through this Global Climate Change Alliance (GCCA)⁸³, the EU and these countries are working jointly to integrate climate change into poverty reduction strategies and into development cooperation. In 2008, the implementation modalities were worked out and Vanuatu, Maldives, Cambodia and Tanzania were the first countries to be selected for support⁸⁴. Further, thanks to the political dialogue dimension of the GCCA, African, Pacific Islands and Caribbean countries are working towards a common position on tackling climate change and focusing their adaptation efforts. The EU-Africa Declaration, the Niue Declaration for the Pacific and the EU-Cariforum Declaration in 2008 reflected these regions' concerns on climate change and the European Union's efforts to achieve an ambitious post-Kyoto international agreement

The GCCA, supported by Sweden, Czech Republic and the Commission is a positive step taken by the EU in favour of developing countries. Countries like Denmark, Czech Republic, Finland and the Netherlands have participated in some meeting and discussions. In addition several other Member States are keen to learn from the process of the GCCA which will need to actively engage with other initiatives, such as the Climate Investment Fund. Two other international initiatives focusing on developing countries have been launched by Germany and Sweden (the International Climate Initiative and the International Commission on Climate Change).

Member States have also been very active in supporting climate change programmes in developing countries. The Netherlands for example provided capacity building for developing countries and spent €19million on research and policy-influencing activities in 2008. Sweden supported Clean Development Mechanism (CDM) projects in Botswana, China and India, and capacity-building projects on CDM in Kenya, Tanzania and Uganda. It channelled its support mainly through the UNFCCC trust fund and financed the adaptation fund. It allocated more than SEK4 billion (circa €380 million) in additional support to climate-related development assistance over the period 2009-2011, on adaptation initiatives in the poorest countries and on measures to limit the concentration of greenhouse gases. The UK funded a number of Regional Economics of Climate Change Studies (RECCS), which explore alternative mitigation scenarios for key countries and developing regions, and the costs and benefit of adaptation.

These are but a few examples of the wide- ranging initiatives aimed at helping developing countries adapt to climate change.

3.3.3. Conclusion & Outstanding Issues

Good progress has been made in formulating climate change policies as their development dimension is becoming better understood.. Over the last two years, awareness of the key role, and responsibilities of developing countries, including emerging countries, in tackling climate change issues has made development a prime concern of policy makers. Reciprocally, the integration of mitigation and adaptation efforts in development cooperation has progressed.

⁸³ COM(2007) 540 final 18.09.2007 "Building a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change",

⁸⁴ In 2009-2010 Jamaica, Belize, Bangladesh, Guyana, Rwanda, Senegal, Maurice, Seychelles, Madagascar, Mozambique and Mali will benefit from the initiative.

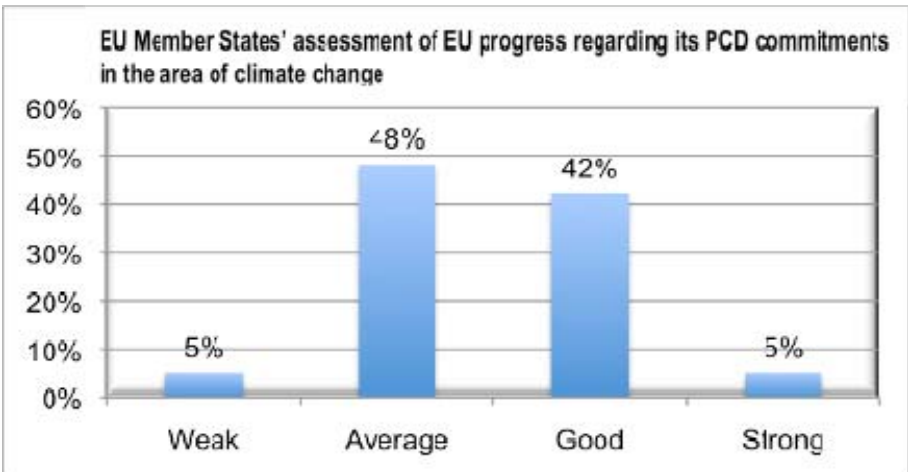
Within the EU, the Climate Change and Energy Package will offer important opportunities for developing countries in particular with regards to CDM, CCS, sustainable production of biofuels, the development of low-carbon strategies and even domestic emission trading systems.

Progress has also been made in the post-2012 negotiations which should take development concerns into account in the run-up to the Copenhagen Conference, in December 2009. Some issues of interest for developing countries (e.g. related to the CDM mechanisms; the access to LDCF by poor countries; the future regime for reducing emissions from deforestation; facilitating transfers of clean technologies to developing countries; financing of climate change adaptation and mitigation efforts, implementation of the Africa-EU Partnership on Climate Change) remains to be debated and agreed upon before Copenhagen.

Regarding the particular concerns of LDCs and other countries with limited adaptation capacities, the GCCA provides a new and formidable platform to help the poorest developing countries. The regional declarations of 2008 in the Pacific, the Caribbean's and Africa show a convergence of views and interests between developing countries and the EU, bear witness to the strong progress made in political dialogue on climate change and offer significant opportunities for further actions to address climate change issues in a context of sustainable development.

Policy Coherence for Development has therefore progressed and EU Member States rate the success in promoting PCD in the area of climate change as average to good (see chart below⁸⁵). Despite progress in many areas, and the political impetus given to EU climate change policy in 2007-2008 in the light of increasing food prices and food security risks, the EU's national institutions still struggle to promote policy synergies due to an insufficient number of qualified personnel in the public and government sector, the insufficient involvement and cooperation of government institutions in the process of tackling climate change and the lack of financial resources and relevant information on the issues at stake.

While development policies now incorporate mitigation and adaptation measures, implementation is still at an early stage. In this context, there is scope for strengthening existing cooperation and build a common agenda on climate change policies.



⁸⁵ Chart has been prepared on the basis of the MS responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.

The Council contribution of March 2009⁸⁶ on the preparation for Copenhagen confirmed that climate change is widely seen as a major threat to achieving the Millennium Development Goals (MDGs), potentially reversing progress made in the last decade.

The post-2012 negotiation under the UNFCCC in 2009 will therefore be a critical milestone in the fight against climate change and the promotion of synergies with development cooperation.

Given that the financial and economic crises are likely to divert the attention and budget allocation of developed as well as developing countries towards issues of immediate concern, it is of the utmost importance to enhance policy dialogue, and to reinforce further the Global Climate Change Alliance, to develop a shared vision with the most vulnerable developing countries highlighting necessary coherence of our actions in the field of climate change, energy and development.

In the near future, the economic opportunities offered by the "greening" of economies throughout the developed, emerging and developing worlds, if equitably shared between all, should allow the double objectives of limiting climate change and reducing poverty to be achieved through a set of complementary and coherent policies and actions. This shared vision of sustainable development should help secure ambitious and innovative commitments to be agreed by all parties in the UNFCCC post-2012 discussions

Outstanding Issues

- Encourage the design of low-carbon development strategies in developing countries in particular through capacity building.
- Develop innovative form of financing for supporting climate change actions in developing countries, including financial support to LDC and SIDS to tackle adaptation needs.
- Support studies and research on the impact of climate change and assist with dissemination of information/awareness-raising activities in developing countries.
- Reduce geographical imbalance of the CDM by increasing access of LDCs to CDM projects.
- Stronger participation of developing countries in EU and international climate change policies.
- Assess the impact of trade policy for environmental goods on climate change.

⁸⁶ Council of the European Union, 2932nd GENERAL AFFAIRS Council meeting Contribution of the General Affairs and External Relations Council to the Spring European Council: *"Taking into account the development dimension for a comprehensive post-2012 Climate change agreement in Copenhagen"*, Brussels, 16 March 2009,

3.4. Security

Quick Facts

- Conflicts are sometimes described as “development in reverse”.⁸⁷
- Of the 20 countries with the highest under-five mortality rate, 15 are experiencing complex emergencies related to conflict.⁸⁸
- At the end of a conflict the economy of a country is on average 15% less than at the start.⁸⁹
- 50% of children who do not go to school live in countries affected by conflict.⁹⁰
- The cost of conflict in terms of African development is estimated to be US\$300 billion between 1990 and 2005, which is equal to the amount the continent received in international aid.⁹¹
- International legal transfers of major conventional weapons fell steadily after the end of the Cold War, but illicit trafficking increased massively. Since 2000 legal transfers have also increased.⁹²
- Poverty is associated with weak state capacity and with armed violence. The greater the poverty and the lower the state capacity, the higher the risk of war or pervading violence.⁹³
- The approximate cost of a “typical” civil war, measured by lost GDP and reduced human health, has been estimated at between US \$4 billion and \$54 billion.⁹⁴
- In 2006 OECD member countries spent about \$6 billion on peace work, through official development assistance and the funding of UN peacekeeping missions.⁹⁵

⁸⁷ United Nations General Assembly, Report of the Special Representative of the Secretary-General for Children and Armed Conflict – *Item 68 (a) on the provisional agenda – Promotion and protection of the rights of children*, 13 August 2007, A/62/228. http://www.un.org/children/conflict/_documents/machel/MachelReviewReport.pdf

⁸⁸ Paul Collier and Anke Hoeffler, *The Challenge of Reducing the Global Incidence of Civil War, Summary of the Copenhagen Consensus Challenge Paper*, Centre for the Study of African Economies, Oxford University, 23rd of April 2004, p. 1.

⁸⁹ For an exploration of a number of these issues see Save the Children, *Last in Line, Last in School: How donors are failing children in conflict-affected fragile states*, (London: International Save the Children Alliance, 2007).

⁹⁰ IANSA, Oxfam, & Saferworld, *Africa’s missing billions International arms flows and the cost of conflict*, 107 Briefing Paper, London, 2007. http://www.oxfam.org/en/files/bp107_africas_missing_billions_0710.pdf

⁹¹ Paul Collier, VL Elliott, Håvard Hegre, Anke Hoeffler, Marte Reynal-Querol and Nicholas Sambanis, *Breaking the Conflict Trap: Civil War and Development Policy* (Washington, DC, World Bank & Oxford University Press, 2003). Also quoted in, Dan Smith, *Towards a Strategic Framework for Peacebuilding: Getting Their Act Together Overview report of the Joint Utstein Study of Peacebuilding*, Evaluation Report 1/2004, (Oslo: Ministry of Foreign Affairs, 2004).

⁹² Human Security Report, Oxford, Oxford University Press. 2005

⁹³ Idem

⁹⁴ OECD Factsheet, *Evaluating Conflict Prevention and Peacebuilding Activities*, Paris, 2008, p. 1.

⁹⁵ Idem

- Worldwide military spending per year has reached approximately \$1204 billion. These costs will be rising in Africa particularly, where armed forces' training and equipment and salaries are progressively advancing towards international standards.⁹⁶

3.4.1. *Introduction*

No one questions anymore the importance of security for development and the role that development plays for preventing conflicts, ensuring durable exits from conflicts and for accompanying crisis management through protective, confidence-building and crisis-alleviating measures. The security development nexus has been firmly established in the EU's political priorities. The 2003 European Security Strategy (ESS) and the 2005 Consensus on Development have acknowledged that there cannot be sustainable development without peace and security, nor sustainable peace without development. Both security and development policy can only reach their respective objectives if they are in coherence with each other. Coherence should not be considered as an option as it lies right at the heart of the functioning of the two policies.

The EU has a wide array of instruments that allow it to intervene at the different stages of a conflict cycle, prevention, management and exit. By addressing the root causes of conflicts, by supporting peace efforts throughout the crisis and in their fragile aftermath, and by carrying out military and civilian missions in developing countries the EU makes a significant and unique contribution to peace and stability and to the development objectives of these countries.

Acknowledging the intrinsic link between security and development policy, this report will mainly look at the security side and assess to what extent the EU through its actions to promote security contributes to development objectives. It will however apply a wide definition of security referring to all initiatives that promote human as well as state security ranging from conflict prevention to post-conflict activities and which are financed under development instruments.

The broad agreement on the principles underpinning the security/development nexus contrasts with the difficulties encountered in their implementation. The ongoing crises in Darfur, DRC and Afghanistan demonstrate both the need for and the difficulty of ensuring such coherence. These difficulties in the face of complex political and social situations are further compounded by the institutional division of labour, which charges different institutions with different aspects of security policy and building peace. Ensuring coherence of security policy with development objectives goes beyond inter-policy coordination and requires inter-institutional coordination, too. The Report on the Implementation of the European Security Strategy of December 2008 rightly recognises the need to further strengthen coherence, through better institutional co-ordination and more strategic decision-making.

3.4.2. *Progress towards PCD commitments*

The EU has taken a number of steps to improve the security-development nexus. With the Council Conclusion on Security and Development adopted in November 2007, the EU has established the comprehensive policy framework that was identified in the last PCD report as an outstanding issue. The establishment of the Africa-EU Peace and Security Partnership

⁹⁶ *Idem.*

clearly stands out as a milestone on the road towards more PCD. Good progress has been made with the follow-up to other outstanding issues identified in the last PCD report and with PCD commitments in the security areas: cooperation between the different security and development actors, the contribution of short and long term security instruments to development in particular in situations of fragility, arms control and non-violent security issues such as corruption, organised crime and terrorism.

Member States individually made great strides in establishing policies and programmes to link security and development since 2007. Austria, Finland, the Netherlands and the UK have adopted strategies on conflict prevention and resolution, civilian crisis management and fragile states. Portugal is currently developing a National Strategy on Security and Development. All Member States generally share the view that conflicts can only be dealt with successfully, through a comprehensive approach including military and assistance components of short- and long-term measures.

3.4.2.1. Africa-EU Strategic Partnership on Peace and Security and on Governance

The Join-Africa-EU Strategy laid the foundation for a comprehensive and integrated approach towards a critical partner as the AU.. It provides a new and much needed policy framework for jointly addressing challenges including in the security area. Notably two out of the eight partnerships of the Strategy, the one on Peace and Security and the one on Governance entail the integration of EU security interests and priorities with the ownership of political objectives of our partners. The partnerships through their multilevel coordination mechanisms, the college to college meetings and Ministerial troikas allow for the strengthening of synergies between security and development cooperation.

The Peace and Security Partnership pursues three priorities areas:

- (1) "Dialogue on challenges to Peace and Security" ;
 - (2) "Full operationalisation of the APSA" ;
 - (3) "Predictable Funding for Africa-led Peace Support Operations" ;
- (1) Political dialogue has proved particularly mature with meetings at political level taking place at a sustained pace, including the first meeting of the EU COPS and the AU Peace and Security Council. Today there is no African crisis on which the EU takes a position without having first consulted the AU. Joint EU/AU/Sub-regional organisations' missions are also taking place, such as for example the joint mission with the Economic Community of Central African States, to monitor the security situation in the Central African Republic in close connection with the MICOPAX operation, the multinational peace force in that country.

Good progress is being made with the provision of EU support to the Africa Peace and Security Architecture (APSA) and the joint delivery processes is ; ongoing activities extend both to the AU capacity to plan, conduct, manage and deploy peacekeeping operations and to other pillars of the APSA such as mediation capacity, co-operation on conventional disarmament and SSR policies, the AU Border Programme, operationalisation of the Continental Early Warning System including, possibly, through the French-UK initiative for a Common Interactive Watch and Anticipation Mechanism (MIVAC).

Good progress is being made with the training and validation of the Africa Stand-by Force (Police, Civilian, Military) with a view to its operationalisation..

In this architecture the role of the regions/regional brigades is essential. The primary role of the regions is force preparation on behalf of the AU. Progress of the regional Stand-by Forces is different from one region to another. The role of AMANI Africa in this context is crucial. The AMANI Africa exercise aims to validate the readiness of the African Stand-by Force with a command post exercise in March/April 2010.

Last but not least: the implementation of this Partnership is underpinned by a financial envelope of €1 billion. With funding from **the African Peace Facility** (APF), and the Instrument for Stability, the EU has helped the AU and RECs (Regional Economic Communities) institutions to equip and operationalise their Situation Centres/early warning systems as well as their capacity to plan and conduct peace support operations. APF and EU Member State voluntary additional contributions continued to provide substantial funding for AU-led peace support operations in Sudan (AMIS), Somalia (AMISOM) and in CAR (FOMUC) for a total of €400 million. A new Africa Peace Facility financing agreement under the 10th EDF for an amount of €300 million was co-signed by the EC and the AU in February 2009.

Most of the Member States recognise that the Africa-EU Partnership on Peace and Security is not only extremely vibrant and productive but can also play an important role in promoting PCD. They participate actively in this Partnership through various types of activities supporting the implementation of the African Peace and Security Architecture, including the African Standby Forces. A number of Member States contribute either with expertise or financially to the AMANI Africa exercise. They stress, though, that all actors need to be strongly committed to using the Partnership to improve coordination and avoid duplication. A further point made is that for the Partnership to be genuinely effective EU Member States need to speak with one voice and that more ownership by the Africans is required.

3.4.2.2. Intensified cooperation

Intensifying cooperation between the security and development bodies in the Council, Members States and the Commission is an important aspect of promoting coherence between the two policy areas. Progress has been made in particular through improved information exchange and because the Commission participates in all Council bodies dealing with Second Pillar security issues such as the Political and Security Committee (PSC), the Committee for Civilian Aspects of crisis management (CIVCOM), the Military Committee (EUMC) and its working groups (in this particular case since 2005, only), the Political Military Group (PMG), the counter-terrorism group (COTER) and the relevant geographical working groups of the Council..

The Commission services and the Council secretariat have also developed closer relations at the policy making level. They agreed on a number of principles and orientations, reflected in **joint papers**, such as the one on security and development and the numerous Joint GSC/Commission Options Paper on particular countries or regions. This approach has proved useful in facilitating agreement on a joint policy and in strengthening the links between security and development.

A very innovative and important step for improved coordination and coherence was the **creation of a new common Commission Delegation and EUSR Office to the African**

Union, with the European Commission Head of Delegation being also the EU Special Representative (EUSR) to the AU. Wearing these two hats, this person has responsibility for both security and all other areas falling under EC competence and is consequently in a better position to apply a coherent approach.

At national level, more Member States have now created working groups and inter-ministerial units, which deal specifically with the nexus between security and development. For instance in Finland, a working group has been established to develop a civilian crisis management strategy, and in the Netherlands a Fragile State and Peace-building Unit was created to strengthen cooperation between various ministries. Germany and Hungary have created an inter-departmental group to coordinate Provincial Reconstruction Teams' (PRTs)⁹⁷ activities across ministries.

Intensified cooperation in the Netherlands

The Dutch government has done a lot to promote better cooperation between security and development actors:

- Joint planning: the Ministries of Defence and Foreign Affairs have stepped up their cooperation with regard to the planning of security interventions. This has also been formalised in the parliamentary procedure for approval of military operations abroad: To receive approval from the Dutch Parliament for military operations abroad, the Ministries of Defence and Foreign Affairs need to jointly plan and lead integrated security interventions.
- At the political level, the Ministers of Foreign Affairs and Defence and the Minister for Development Cooperation jointly lead integrated operations.
- Military, diplomatic and development staff are stationed in the field. The civilian presence has been expanded substantially over the last couple of years.
- If possible, an integrated mission will be under civilian leadership. The principle is 'civilian where possible, military if necessary'.
- Secondment of staff: the Ministry of Defence has seconded a military adviser to the Ministry of Foreign Affairs and a development adviser has been seconded to the Ministry of Defence.
- Training: there has been a significant increase in joint training programmes, for example military personnel are trained in SSR, and the use of development funds and procedures, and civilian staff take part in the training programmes for military missions.

Some Member States report major coordination problems between ministries. Defence and development ministries do not always share the same objectives and priorities, and they have different structures and time frames for action. But even the Member States that take a Whole

⁹⁷ Provincial Reconstruction Teams (PRTs) consist of military officers, diplomats, and reconstruction experts. They work to provide improved security and to facilitate reconstruction and economic development usually following open hostilities. PRTs were first established in Afghanistan and now operate there as well as in Iraq.

of Government Approach face difficulties implementing it as mandates, practices and institutional policies still differ. Time pressure makes coordination more difficult. As immediate crisis response is often in military hands, it is a challenge to follow a more long-term approach taking into account aspects such as security sector reform or state building, especially when funds for development are already committed.

3.4.2.3. Short-term instruments

The EU has launched ESDP crisis management missions in many developing countries - most of them being civilian missions. By building peace they provide the environment needed for development.

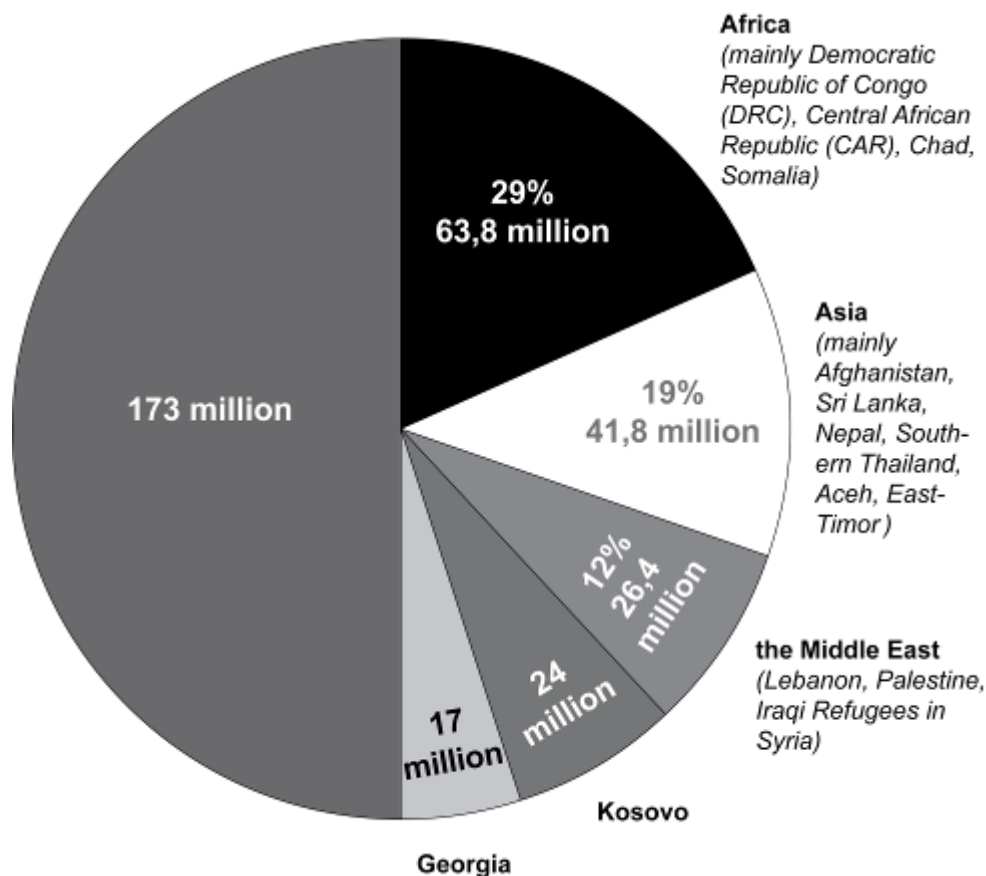
There is an encouraging trend towards a closer cooperation between the Council and the Commission on crisis management missions, notably at the planning level. Joint fact-finding and needs-assessment missions bringing together the Commission's assessment and planning teams as well as Council Civilian Response Teams (CRTs) have taken place for example in Guinea Bissau and in Chad in order to plan ESDP crisis management missions. It is important though to establish this as a routine procedure and to associate the Commission fully to both the planning and the implementation phase of ESDP missions in order to take account of development concerns and to ensure that the missions are carried out in line with the EU support for the development of the country concerned.

Overview of the missions and operations of the European Union

January 2009



The **Instrument for Stability (IfS)** is the Commission's main financial instrument for crisis management. With this instrument the Commission supports conflict prevention, post-conflict, peace, reconciliation and transition processes, which are often fragile and need a swift response. In 2007 and 2008 €220 million were committed for 58 actions world wide, most of them in developing countries. The bulk of support was provided in Africa (mainly Democratic Republic of Congo (DRC), Central African Republic (CAR), Chad, Somalia - 29%), followed by actions in Asia (mainly Afghanistan, Sri Lanka, Nepal, Southern Thailand, Aceh, East-Timor - 19%), the Middle East (Lebanon, Palestine, Iraqi Refugees in Syria - 12%), Kosovo (€24 million) and Georgia (€7 million).



ESDP military missions in Chad and CAR

The crisis management ESDP military mission in Chad and CAR is a good example of how the EU promotes stability and peace through measures in combination with other instruments, and thereby prepares the ground for development.

In January 2008, the Council decided to launch a one-year ESDP military bridging operation in Chad and the Central African Republic (EUFOR Tchad/RCA) in accordance with the mandate set out in UN Security Council Resolution 1778 (2007). The force consisted of some 3 700 troops provided by Member States as well as third countries. The mandate of EUFOR Tchad/RCA was to improve the situation of civilians by protecting them from danger and by facilitating the delivery of humanitarian aid and the free movement of humanitarian personnel. The operation was part of a multidimensional effort which included a significant UN component, the United Nations Mission in the Central African Republic and Chad (MINURCAT).

Through the Instrument for Stability, the European Commission made a contribution of EUR 10 million to MINURCAT to finance the training, equipment and support programme for the deployment of a new Chadian force composed of policemen and gendarmes to be deployed inside the refugee camps and displaced persons sites in eastern Chad.

In addition, the European Commission and the Chadian Government agreed on an accompanying programme for the stabilisation of eastern Chad, for which an agreement was signed at the end of 2007. In 2008 more than 35 % of the overall programme budget (over EUR 10 million from the 9th EDF) was allocated to operations designed to facilitate the voluntary return of displaced persons from temporary camps to their areas of origin.

These activities are complemented by **European Commission support to strengthen the rule of law in Chad**, in particular by supporting:

- (1) the implementation of the inter-Chadian political agreement of 13 August 2007 (EUR 3 million from the 9th EDF),
- (2) the electoral process, which has begun with a population census (EUR 5 million from the Instrument for Stability), and
- (3) the programme of reform of the judicial system (EUR 25 million from the EU, plus EUR 10 million from the Chadian Government), with the aim of holding a broad-based stakeholder conference on the judiciary.

Through these actions, which supplement humanitarian assistance and rehabilitation activities, as well as through its political support for implementation of the political agreement of 13 August 2007 reached in the framework of the intra-Chadian dialogue, as well as the 13 March Dakar Agreement between the governments of Chad and Sudan, the EU helps to bring about a lasting stabilisation of the domestic political situation in Chad.

Many Member States are using Provincial Reconstruction Teams (PRTs) to strengthen the security and development nexus. The case of Afghanistan is illustrative of how Member States have improved their actions by promoting dual military and civilian leadership of their PRTs. Denmark prepared a four-year strategy in 2008, which outlined political, civilian, and military efforts, and was the result of a broad consultative process. Similarly, Finland has created a follow-up Action Plan, which is based on a 2007 Government Report, showing that small-scale security sector reform projects conducted by Finnish civilian experts under the auspices of the PRTs provide a good example of combined crisis management and development cooperation, even if these development projects are short term and limited in nature.

This integrated approach however has raised concerns on the humanitarian assistance side, since it has resulted in severe setbacks for humanitarian assistance, both in terms of access to victims and security of humanitarian workers, be they national or foreigners.

3.4.2.4. Long-term instruments

Development cooperation instruments play an important role in preventing of violent conflicts and building peace. The Commission has been taking an increasingly conflict-sensitive approach to development cooperation. When it finances traditional development actions it carries out conflict analysis and conflict impact assessments in order to avoid any negative impact but also to maximise the positive impact of non-security related actions. Through the mainstreaming of the concept of conflict prevention in Country Strategy Papers and operational guidelines, training for headquarter and delegation staff and concrete projects the Commission addresses the root causes of conflicts such as poverty, weak governance and the deterioration of and unequal access to natural resources.

In addition, the Commission increasingly uses development cooperation instruments to finance security-related activities in countries where the security situation seriously hampers development efforts. Such security-related activities include support for political governance, democratisation, security sector reform (SSR), the fight against arms proliferation, mediation, transitional justice and measures flanking crisis management operations. In as much as these

security-related activities are financed with development cooperation instruments they are part of a comprehensive development and poverty eradication strategy. Coherence with development objectives is therefore assured.

With its work on governance, and the promotion of democracy and human rights, the EU makes an important contribution to preventing of situations of fragility and violent conflicts. Internal and external security is one of the nine sectors analysed in the countries' governance profiles, which inform the dialogue on partner countries' governance reform plans. Within the framework of the 10th EDF programming the Commission granted additional financial support – for a total amount of € 2.7 billion to countries making real efforts to improve governance.

Furthermore, the long-term component of the Instrument for Stability provides an innovative tool to respond, primarily through capacity building and in close consultation with beneficiary countries, to evolving and multi-faceted security threats and risks. Over the period 2009-2011, the IfS will address three major priorities for long-term action: (a) Weapons of Mass Destruction (WMD) – support for the EU non-proliferation strategy, (b) Trans-regional security threats, many of which are interconnected, e.g. terrorism, organised crime and the trafficking of drugs, human beings, small arms and light weapons and (c) Peace-Building Partnership – Building capacities for effective crisis response.

Efforts at the national level are complemented by cooperation at the regional level. An example of this is the intense political dialogue that the EU has pursued with the Economic Community of West African States (ECOWAS) at the ministerial level. This dialogue encompasses all topics of relevance to peace and security in the region, including the fight against drugs, migration and common efforts in times of political crisis. Other examples of regional cooperation are the EU's support for the conflict prevention activities of the Inter Governmental Authority on Development (IGAD), the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC).

EU support for the Darfur Peace Process

The EU engagement in the Darfur peace process is a good example of how the EU through its peace efforts also promotes development.

The EU supports the joint efforts of the AU and UN to revitalise the peace process in Darfur and provides support for negotiations and related preparatory measures, both through diplomatic and financial means. The EU has provided support to the UN-administered ‘Trust Fund for the AU-UN Joint Mediation Support Team (JMST) for Darfur’, through a €3m contribution from the long-term component of the IfS and contributions from various Member States. Activities supported through the Trust Fund include strengthening JMST capacity, facilitating the preparation of the parties for negotiations, consultations with civil society, confidence-building measures and public information actions. In addition, the EU finances a number of other projects to tackle the conflict situation in Darfur, including the Justice Africa Programme for Conflict Prevention and Resolution, Confidence Building and Capacity Building in Darfur. The EU has also backed the Darfur-Darfur Dialogue and Consultation.

3.4.2.5. State fragility and governance

The need ensure coherence becomes particularly urgent in situations of fragility. States in fragile situations find it difficult to move on to legitimacy, resilience, and peace because of

their limited resources and weak capacities. At the same time their development prospects are hampered by the risk of violence.

The policy framework for addressing state fragility has been strengthened with the adoption of a Commission communication "Towards an EU response to situations of fragility" in 2007 and the subsequent European Parliament resolution and Council conclusions. As follow-up to these policy documents, and at the request of the Council, the Commission will present a comprehensive implementation plan in October 2009. A number of exercises will feed into and inform this plan: In six pilot cases, namely Burundi, Sierra Leone, Guinea Bissau, Haiti, Timor-Leste and Yemen, the Commission and Member States have started to gain practical experiences geared to a more strategic, better coordinated and more coherent EU response to the fragile situation. The Commission has also engaged in a strategic work on budget support in fragile situations together with the World Bank, the African Development Bank and the IMF and has adopted new guidelines for more flexible procedures in crisis/emergency situations.

At a more general level the EU has stepped up its support for good and democratic governance. Governance as a sector of cooperation now represents 14% of the 10th EDF as compared to 10% in the 9th EDF.

Importantly the European Commission has established a new mechanism to promote good governance with regard to ACP countries: the governance incentive tranche, which has been created in the framework of the Governance initiative under the 10th EDF, worth €2.7 billions. This incentive-based mechanism, aims at granting additional financial support to countries adopting or ready to commit themselves to a plan that contains ambitious, credible measures and reforms. This mechanism is supported by governance profiles established for each country. A similar mechanism, the Governance facility worth €300 million for the period 2007-2013 has been established for countries covered by the ENPI in order to support the work of those partners who have made most progress in implementing the agreed reform agenda set out in their Action Plan.

3.4.2.6. Fight against illegal spread and accumulation of fire arms

Small arms and light weapons (SALW) are responsible for the majority of direct conflict deaths. An estimated 60 to 90 percent of all direct conflict victims are killed with SALW. Recognising the seriousness of the situation the EU adopted a strategy to combat illicit accumulation and trafficking of small arms, light weapons and their ammunition in 2005.

In implementing this strategy the EU has long been financing several projects mainly at the regional level. Currently, the Commission manages three major regional projects in Western, Central and Eastern Africa aimed at reinforcing regional capacity to fight the proliferation of SALW.

In addition the EU has stepped up its efforts to address small arms issues politically. SALW issues are included in the political dialogues that the EU conducts with third countries and international organisations. In 2008, the EU adopted a reference SALW article to be inserted in relevant agreements with third countries. This article will offer the legal basis for enhanced cooperation in combating the illicit trade and excessive accumulation of SALW and their ammunition.

German Small Arms and Light Weapons (SALW) Control Project in Cambodia

Implementing its interdisciplinary Action Plan on 'Civilian Crisis Prevention, Conflict Resolution and Post-Conflict Peace-Building', Germany is carrying out a project on Small Arms and Light Weapons Control and Improved Storage of Ammunition and Explosives in Cambodia. The project is inter-ministerial: The project component regarding safe storage and stockpile management is carried out in cooperation with the Armed Forces, who are responsible for the training on the management and security of public stockpiles of weapons. GTZ is the implementing partner on the ground, and overall coordination and funding lies with the Ministry of Foreign Affairs.

As regards arms trade in general the EU is a fervent advocate of a legally-binding Arms Trade Treaty to regulate the licit trade in arms in order to ensure that they are not diverted from their officially indicated purpose. On 19 January 2009 the Council adopted a decision (2009/42/CFSP) on support for EU activities in order to promote among third countries the process leading towards an Arms Trade Treaty, in the framework of the European Security Strategy.

To better control its own arms exports the EU adopted a Common Position 2008/944/CFSP in December 2008 strengthening the EU's arms export control standards. The Common Position constitutes a significantly updated and upgraded instrument which replaces the Code of Conduct. It includes several new elements, which deepen and widen the scope of application. These elements include the extension of controls to brokering, transit transactions and intangible transfers of technology, as well as the implementation of strengthened procedures in order to harmonise Member States' export policies.

In comparison to 2007, more Member States have taken criterion 8 of the 2008 Council Common Position on arms *export control criteria* on board, which calls for scrutiny by development departments before licences for weapon exports to developing countries can be granted (UK, Lithuania, Netherlands, Sweden). Some Member States are in favour of signing an international Arms Trade Treaty (Finland, Netherlands).

3.4.2.7. Corruption, organised crime and terrorism

The 2005 EU counter-terrorism strategy and the 2005 drugs strategy and their respective action plans identify these security threats as obstacles to development.

Corruption is a symptom of failure of the broader system of governance. Fighting it therefore involves consolidation of a State's capacity to assume its full functions. That is why the European Commission endeavours to mainstream good governance principles including transparency, accountability and organisational adequacy into the design and implementation of EU-funded programmes.

Likewise, organised crime and terrorism are not necessarily addressed as such but support is increasingly provided through the **broad sector reform programmes in the areas of justice and security**, Security Sector Reforms (SSR). This includes police reform, justice reform, reform of the penal system, integrated border management programmes. The EU supports projects and programmes to tackle the trafficking in drugs along the heroin (Central and South-west Asia) and cocaine (Latin America, the Caribbean and West Africa) routes, trafficking in human beings in the Black Sea basin and the Western Balkans, organised crime in the Sahel region, terrorism worldwide and specifically in Africa, as well as threats to critical maritime routes in South-east Asia and the Indian Ocean.

As cooperation in these fields is financed through the development cooperation geographical instruments it is necessarily more in line with development and cooperation priorities of our partners. Complementing these cooperation activities, the Instrument for Stability (through its long-term component) addresses trans-regional aspects of these issues.

In addition to financial support, the issues of small arms, organised crime, terrorism and corruption are addressed in the framework of the political dialogue with almost all partner countries. This has led in many instances to the inclusion of specific provisions in agreements with third countries.

3.4.2.8. Role of women in peace processes

Gender has become an integral element of analysing conflict situations and setting strategic objectives of ESDP missions and training on gender issues is becoming a routine part of the mission training curriculum. The framework for implementing UN Security Council Resolutions (UNSCR) 1325 and 1820 in the context of ESDP is now fully integrated in the documents and procedures.

In 2008, the Commission and the Council Secretariat jointly elaborated an “EU Comprehensive Approach” for the implementation of UNSCR 1325 and 1820 on women, peace and security, a document that focuses on the role and obligations of a regional actor such as the EU in protecting women in conflict situations and in facilitating their pro-active role as peace-builders. The Comprehensive Approach is complemented by the document of the Council Secretariat entitled “Implementation of United Nations Security Council Resolution (UNSCR) 1325 as reinforced by UNSCR 1820 in the context of ESDP”.

Despite these efforts, the recent Report on the Implementation of the European Security Strategy sees room for improvement and emphasises the need to better design ESDP missions and operations in line with UNSCR 1325.

A number of Member States have made progress in incorporating UNSCR 1325 into their security and development policies. Belgium, Denmark, Sweden, Portugal and Finland have revised, developed or are developing Action Plans, often joint efforts of ministries, academia and civil society, to strengthen a holistic approach drawing on UNSCR 1325. Finland, together with a number of countries, is preparing a study on best practice and lessons learnt in PRTs in Afghanistan, concerning the implementation of UNSCR 1325.

Gender mainstreaming thus becomes a common principle in both security and development policies.

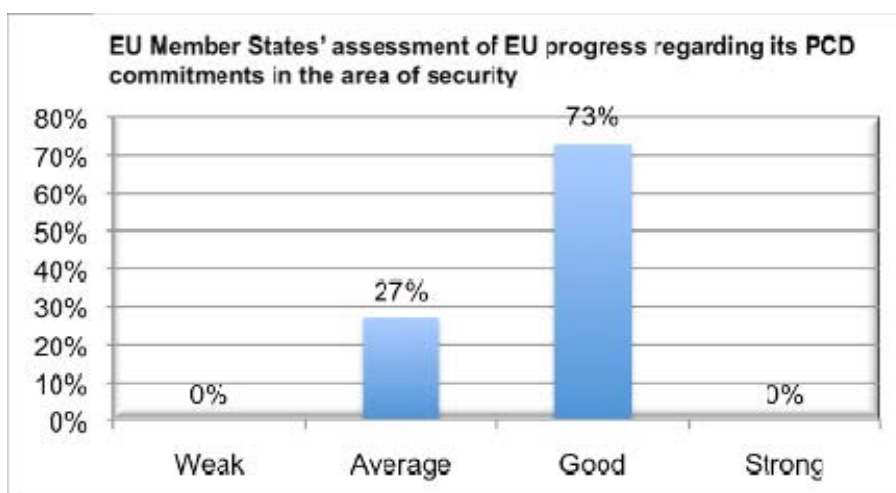
3.4.3. *Conclusions & Outstanding Issues*

The EU has made progress towards increased coherence between security and development. It supports peace processes in many developing countries politically, financially and with military means. However as acknowledged in the Report on the Implementation of the European Security Strategy, endorsed by the European Council in December 2008, there is a need to further strengthen coherence.

At EU level, the pillar structure still impedes coherent action between military and development components. The different services of the Commission and the Council keep each other mutually informed, but there is room for further improving the inter-institutional co-ordination, planning and decision-making processes. Proper sequencing and coordination

of EU activities are particularly important as well as alignment with partner country initiatives. Also, the EU should increase its efforts to speak with one voice. The Africa-EU Strategic Partnership on Peace and Security is clearly a milestone on the way towards more PCD.

Member States rate the EU's success in promoting PCD in the area of security as average to good (see chart below⁹⁸). Some point out that joint fact-finding and evaluation missions have become the rule rather than the exception. Yet several Member States repeat the criticism raised in the 2007 report, concerning the coordination between Pillar I and Pillar II. They argue that ESDP missions and assistance programmes need to be coordinated better. Among the different Council formations, coordination ought to be improved and an 'early warning' mechanism is needed for looming conflicts. The lack of integrated financial means to support EU actions also causes major concerns. Moreover, the lack of flexibility in the use of Community funds is criticised.



Member States individually have also made progress. Many of them have developed new policy frameworks since 2007, and inter-ministerial coordination has also increased. Member States which have developed and implemented inter-ministerial approaches to security and development report a higher success rate, which has encouraged them to promote PCD further. However, coordination problems are not limited to the European level. Member States stress that the actions of individual Member States in conflict zones need better coordination.

Overall, in the area of security, Member States are very engaged at national, European and (in a majority of cases) also at the international level with a view to promoting PCD. Most Member States see the clear added value of cooperation at EU level, which they still want to improve. In particular, Member States are committed to the Partnership on Peace and Security, also because they consider that it can improve coordination within the EU and with African partners.

As called for in the 2007 Council conclusions on security and development and with a view to implementing these guidelines, the Commission and the General Secretariat of the Council in close cooperation with Member States, have been preparing an Action Plan to be endorsed in 2009. The Action Plan provides an opportunity to explore concrete ways in which the

⁹⁸ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.

coherence, efficiency and visibility of EU external policies and actions can be improved in the four key areas suggested in the Council Conclusions: strategic planning in Brussels and Member States capitals, Security Sector Reform, partnerships with regional and sub-regional organisations, and the relationship between humanitarian aid and security. In order to effectively support peacebuilding and statebuilding objectives, the EU actors from different policy communities need to strengthen joint approaches. The Implementation Plan for Fragility, also to be issued in 2009, will make additional recommendations in these areas.

To enhance the coherence of security policy with development objectives further the following points are particularly important:

Outstanding Issues

- The need to associate the Commission fully to the planning and implementation phase of ESDP missions in order to take account of development concerns and improve the integration of civil, police and military components.
- Security Sector reform (SSR) has been identified as one of the key areas of relevance in the security and development nexus. The EU should develop a common SSR policy as well as guidelines defining the roles and responsibilities of the Commission and the ESDP in supporting SSR in partner countries.
- Strengthen the partnership approach in security operations by assessing with partner countries the causes of conflict in order to produce effective mandates for peace operations and to improve the security/development nexus at country level
- In fragile situations, the focus of development cooperation should be on the building of resilient States that can provide for the security of their population and sustainable development. A "Whole of EU" approach, bringing security, development, humanitarian and other actors together in an overarching coherent strategy is of great importance.
- Continue to promote the idea of developing and adopting a legally-binding Arms Trade Treaty to regulate the licit trade in arms
- Strengthen the African Union and Regional Economic Communities' peacekeeping capabilities for African-led peace support operations by providing flexible, predictable and long-term funding; operationalising the African Peace and Security Architecture (APSA) and the African Standby Force (ASF); improving capacity-building efforts and in particular addressing the training needs of the ASF as jointly identified with African partners.

3.5. Agriculture

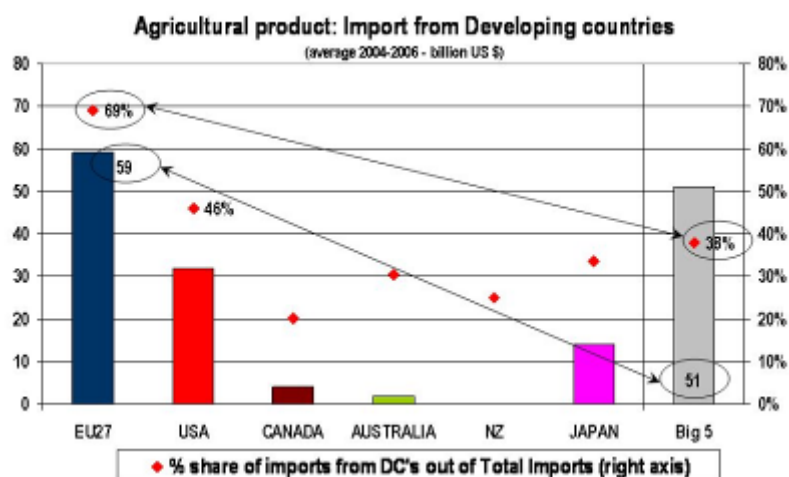
Quick Facts

- As a result of the financial and economic crisis, estimates brings the total number of malnourished people to about **963 million**, near 15% of the world population (OECD/FAO High Level Meeting on Investing in Food Security in a Global Economy – May 2009)
- Around **450 million farmers** in the world exploit less than 2 hectares of land. With their families they represent **1/3 of the world's population** (UN's International Fund for Agricultural Development - 2008)
- In Sub-Saharan Africa, approximately **72% of arable land** is classified as **degraded** (FAO - 2006)
- In 1960, the average **hectare of arable land** supported **2.4 persons**. By 2005 this figure had increased to **4.5 persons** per hectare and by 2050 a single hectare of land will need to support between **6.1 and 6.4 people** (FAO -2009)
- The rate of growth in agricultural productivity is declining: it has averaged **2.3%** a year since 1961, but is expected to fall to **1.5%** between now and 2030 and drop further to **0.9%** between 2030 and 2050 (FAO – 2009)
- The EU imports close to **€9 billion** worth of agricultural products from developing countries annually (European Commission - 2008)

3.5.1. Introduction

Agricultural and rural development are fundamental to the European Union's objectives of reducing poverty, increasing food security and protecting natural resources. Achieving the Millennium Development Goals (MDGs) of eradicating hunger and cutting poverty by half by 2015 is paramount. However due to the food prices and energy crises in 2007-2008, meeting the target will be difficult especially given the impact of the current financial and economic crisis. The European Union is the main trading partner of developing countries, with higher annual imports into the EU higher than the other five other major importing countries taken together⁹⁹. Therefore, the EU's approach towards its agricultural and rural development policy influences significantly its partners' development policies.

⁹⁹ The US, Japan, Canada, Australia and New Zealand.



Source: United Nations Database (COMTRADE)

Notwithstanding the differences among the economic and labour market structures of developing countries, agriculture continues to be the main source of income and employment for rural populations. More than 50% of the population in developing countries (over 70% in Sub-Saharan Africa) works in the agricultural sector. While on average it only accounts for less than 10% of the GDP in developing countries, it represents approximately 40% in Sub-Saharan Africa¹⁰⁰. Furthermore, three quarters of the world's economically poor live in rural areas.

In 2007 and early 2008 agriculture and food security were placed higher on the political agendas of development cooperation, especially within the three UN Rome-based agencies and the G8 context. However the relationship between Agriculture, Trade and Development is complex and situations and circumstances vary a lot from one country to another. As a result, the impact of EU Agriculture policies on the developing countries' food equation (see box below) will vary.

The food price crisis has sent shock waves across the globe: cereals prices have increased and the era of cheap food seems over. A combination of negative supply side shocks (particularly high oil prices) and positive demand side effects (increased demand from emerging economies stimulated by changing consumption patterns) means that higher food prices are likely to remain a reality in the foreseeable future. As a reduction in consumption worldwide is unlikely, supply side adjustments will be necessary if the steep upward trend in agricultural prices is to be contained. Increasing acreage worldwide and raising productivity, especially in developing countries, should be at the top of the agenda. However the new global environment also requires the adaptation of existing EU policies: the CAP is already being tailored to the new challenges.

The Food Equation

Historically, agricultural policies in the developed world have influenced world markets through low-priced food exports which, in developing countries, have helped feed at an affordable cost a growing urban population whose demand remained unmet by local production capacities. Domestic agriculture access to these local urban markets was therefore

¹⁰⁰ World Bank Annual Report 2008

reduced, further isolating rural areas from urban growth centres and modern economic circuits.

Recent high food prices have caused a number of urban riots in many developing countries as a result of food becoming less affordable for various pockets of the population. Higher prices do not however always result in an increase of agricultural production in affected countries¹⁰¹. Along the food chain, the transmission of higher market prices to farmers in developing countries is far from being mechanical, nor automatic. Indeed, small farmers do not usually set the prices as these are determined by stronger forces in the value chain.

Following rapid urbanisation in developing countries the growth of supermarkets is playing an important role vis-à-vis the agricultural sector¹⁰². While already of importance in Asia and Latin America, the process is starting in some African countries with nascent urban middle class (Kenya, Zambia, Tanzania, Uganda, Mozambique, Angola...). As supermarkets are generally supported by transnational corporations, procurement takes place at a global level, usually using medium to large companies that can deliver large volume of goods meeting international standard of quality and safety. Those are mainly in developed countries where productivity is much higher. Small processing and food manufacturing firms, the most common form of enterprise in developing countries, run the risk of being excluded from these new market opportunities, unless they adjust to new market realities.

While the food equation emphasises domestic procurement as a driver of domestic economic growth, to be accompanied by public policies in developing countries as well as through corporate effort to fulfil social responsibilities and support farmers' organisations, it also highlights the need to reduce further market-distorting measures in developed countries' agricultural policies. However, the critical productivity gap between developed and developing countries' farming systems will remain at the heart international trade in agricultural goods in the absence of a modified food security equation comprising an adequate mix of well-targeted social programmes and sound agricultural policies.

3.5.2. *Progress toward PCD Commitments*

3.5.2.1. EU Response to the 2008 Food Crisis

The EU has been at the forefront of the search for international solutions to the problem of hunger in 2007 and 2008. Through the Health Check of the Common Agriculture Policy (CAP) and the mobilisation of its external cooperation instruments, the EU has contributed to tackling the crisis and demonstrated its strong commitment to poverty reduction and food security in developing countries, particularly in times of economic turmoil.

¹⁰¹ Outstanding issue from the 2007 EU report on PCD. The effects of price increases are to be balanced: high prices "are beneficial for many commercial producers in both developed and developing countries. However, many farmers in developing countries are not linked to markets and will draw little or no benefit from currently higher prices" (FAO Outlook 2008). In addition, the poor, and in particular the urban poor in net food-importing developing countries, will see their purchasing power affected dramatically. As in many low-income countries, food expenditures average over 50% of income, higher prices are likely to lead to growing food insecurity and undernourishment. Conversely, lower prices may help urban poor to access food but will also put pressure on the sustainability of domestic food production and reduce profitability

¹⁰² Outstanding issue from the 2007 Report on PCD

While the reasons for the food prices crisis are numerous¹⁰³, it is clear that the world's food needs are growing, and EU farmers must be free to supply agricultural products. The 2008 CAP Health Check contributed to easing the global pressure on food prices by abolishing the requirement to “set aside” a portion of arable land, by enlarging milk production quotas to prepare for their eventual removal in 2015 and by scrapping the energy crop subsidies of €45 per hectare to increase market orientation of agricultural production and remove distortion between food, feed and energy uses.

In the course of 2008, the European Union responded to the challenges of food price increases in various ways. First, an additional €140 million was provided for humanitarian purposes. Second, where feasible development cooperation instruments were mobilised, leading to an additional €250 million¹⁰⁴. Third, following a proposal by the European Commission in July 2008, the EU established a €1 billion Food Facility (2009-2011) for rapid response to soaring food prices in developing countries¹⁰⁵. The Food Facility supports measures in developing countries that aim to encourage a positive supply response from the agricultural sector and to increase safety-net measures for alleviating the difficulties faced by the most vulnerable populations as regards access to food in the medium term.

In addition, the EU continues to attach great importance to ensuring that the Food Aid Convention (FAC) plays an important role as an expression of solidarity with people in need. However, there is a need to increase efficiency, impact and effectiveness of food assistance. Food aid should be used only as a short-term instrument in emergencies which are identified by an objective and credible needs assessment. A variety of assistance tools are being utilised that enable a transition to longer-term development. With this in mind, the EU is pushing for renegotiation of the Convention. Preparatory work took place through informal discussions with FAC members on the objective, scope and function of the current and a potential future Convention.

3.5.2.2. The Common Agricultural Policy

In a world of increased market volatility, compounded by the yield fluctuations brought about by climate change, the Common Agricultural Policy (CAP) provides a basic level of income security for EU farmers, a framework for good management of the natural environment in which agriculture takes place, as well as support for the development of rural communities. The EU has carefully steered the CAP to keep it facing unfolding challenges such as the need to sharpen the farm sector's competitive edge, to fend off environmental problems or respond to the food crisis. The Union also transposes the principles of the reformed CAP into the international context, looking for ways to underpin trade considerations and global food security. The CAP has changed over the last years and a debate has already been launched the CAP post-2013.

Sugar Reform and Accompanying Measures

¹⁰³ Reduced food production worldwide, low stock levels worldwide, increasing demand world wide due to the development of a strong middle class in some poor and emerging countries, ill conceived agricultural policies in developing countries, limited yield increase since the 90's, diversion of food crop to alternative use (biofuels), drought and environmental hazard affecting production, financial speculation, increasing protectionism by a number of food-exporting countries....)

¹⁰⁴ €50 million from the Food Security Thematic Programme, targeted at 12 developing countries; and €200 million from the EDF10 B-enveloped, targeted at 30 ACP countries.

¹⁰⁵ Regulation (EC) No 1337/2008, 16.12.2008.

Since 1975 the EU has provided preferential access to its market for sugar imported from some ACP countries (and India) in the framework of the "Sugar Protocol", an agreement between 20 ACP countries and the EU under which the Community undertook to import a fixed quantity of sugar duty-free, at a guaranteed price.

In 2006, a far-reaching reform of the sugar market organisation was adopted, including a reduction of EU internal prices. Taking into consideration development concerns, and as part of the process of adapting to the effects of this reform, the Sugar Protocol countries are to benefit from €1.284 billion in accompanying measures over the period 2006-2013. These measures aim at strengthening the competitiveness of the sugar sector where this is a sustainable process, or supporting the development of alternative economic activities and improving social resilience. In addition, after the "Sugar Protocol" expires the ACP countries will benefit from wider access to the EU market: EPAs provides for duty-free quota-free access to the EU market as from 1 October 2009. Competitive ACP and LDC countries will be able to expand their exports to the EU market and generate additional revenue.

- **The CAP Health Check**

Discussions about the Health Check of the CAP in 2008 have been conducted against a backdrop of volatile agricultural prices. By 2007, it was time for a review of the 2003 CAP reform implementation¹⁰⁶ for a number of reasons. First, the EU had gained experience of putting into practice the reforms agreed in 2003. Secondly, agricultural markets had continued to develop as globalisation spread and intensified. Thirdly, it was necessary to pay closer attention to exacerbating challenges such as climate change, biodiversity and water management. These considerations inspired the CAP Health Check, a package of adjustments agreed in November 2008 which kept the CAP true to the spirit of the 2003 reforms in changing circumstances and prepared the ground for the post-2013 CAP.

The EU and Cotton: Marginal Producer, Important Partner

Subsidies for cotton producers in Spain and Greece are often discussed from a coherence perspective. Both Spain and Greece are entitled to provide support to their cotton farmers as part of the accession agreements for both countries (1981, 1986). As a result of the EU's reform of its cotton regime in 2004 -applied from 2006- cotton support was largely decoupled from production. Following this reform, the cotton area, the production levels, and the average yields in the EU decreased, the latter due to generally less intensive production methods. Currently, total EU production is estimated at less than 1.3% of world production. Moreover, the EU market is completely open and there are no export subsidies.

Furthermore, the EU supports the cotton sector in Africa through the EU-Africa Partnership on Cotton which seeks to boost the competitiveness of African cotton and to lessen stakeholders' vulnerability. The Commission and the EU Member States have supported this Partnership with projects and programmes of a value of more than €300 million.

¹⁰⁶ As foreseen by a series of review clauses included in the Regulation (EC) 1782/2003.

In order to make farming more market-orientated, the Health Check provides for decoupling of a greater share of farmers' income support payments. It has also removed constraints on farmers' freedom to produce more in response to market demand.

As a result, bulk of EU support is no longer or is only minimally trade-distorting: more than 90% of direct payments are now decoupled. Income support in the form of decoupled payments, as opposed to incentives for production, does not influence farmers' production decisions. . A safety net is needed only to support farmers if prices collapse. For commodities where coupled payments were kept mainly for environmental reasons avoiding land abandonment (e.g. beef, sheep, goat meat) the impact on developing countries is small as the EU plays a minor role on international markets in these sectors.

Bananas: duty-free and quota-free

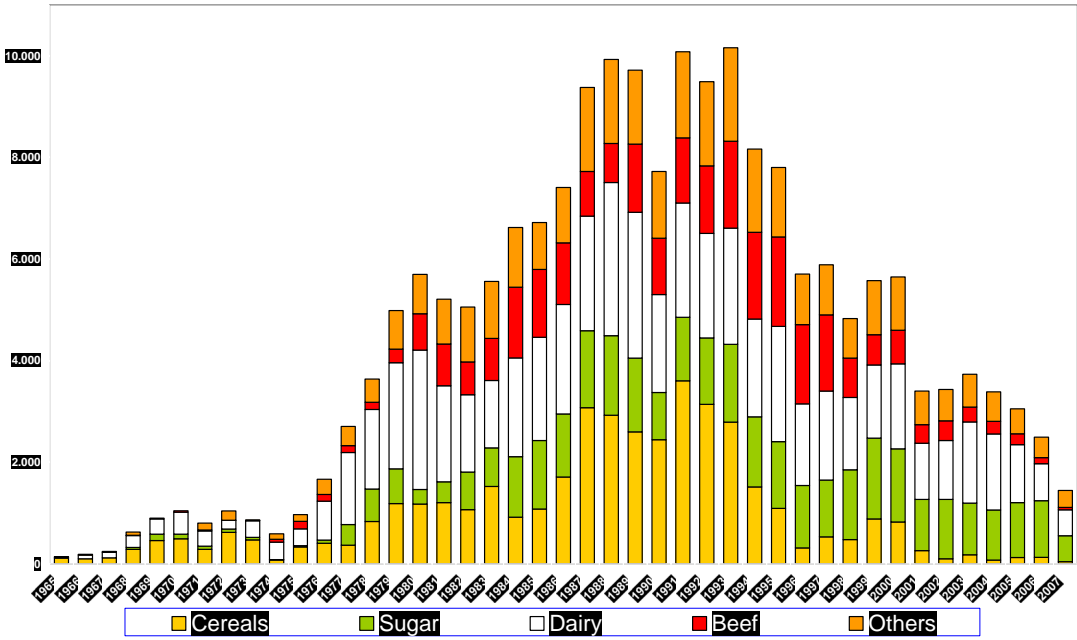
The EU is the largest consumer and importer of bananas in the world. About 80% of EU imports come from Latin America and 20% from ACP countries. The EU is the destination for practically all ACP banana exports. Since 1 January 2006, the "Everything But Arms" initiative grants duty-free quota-free access for bananas from Least Developed Countries (LDCs) to the EU market. All non-LDC ACP banana exporters concluded negotiations on a full or interim EPA at the end of 2007 and therefore benefit from duty-free and quota-free access under the EPA trade regime. In 2008, banana imports from ACP countries into the EU grew by 9.7% compared to 2007 levels.

• Export Subsidies

In 1980, export subsidies and market support took up the whole CAP budget. By contrast, in 2007, export subsidies and market support represented just over 10% of the budget with export subsidies now representing less than 2% of the CAP budget. From 2005 to 2009, the EU halved the export subsidy rate for beef. It has paid no export subsidies on cereals since September 2006 or on sugar since October 2008. Export subsidies for fruit and vegetables and for wine have also been abolished following the reforms of those sectors. Moreover, under the Economic Partnership Agreements (EPAs) framework (for example, with CARIFORUM, Central Africa, Pacific), the EU undertakes to phase out all existing subsidies granted upon exportation of the agricultural products liberalised by the ACP countries.

By 2007, the EU had cut export subsidy rates to zero for all dairy products. The re-introduction of export refunds for dairy products in January 2009 is a response to a dramatic 60% decrease in world market prices, resulting from shrinking demand and the impact on farmers' revenues. However, limits in terms of volume and price on these export refunds were established, at levels which do not fully bridge the gap between EU and world market prices, thus ensuring a limited impact on world market prices. Notwithstanding this, the EU remains committed to phasing out export subsidies in the framework of the WTO's Doha Development Agenda – subject to parallel commitments for other types of export subsidies from other developed countries.

Export refunds along Products (Mio ECU/EURO)



Source : European Commission (DG Trade)

Further CAP reform will have to pay careful attention to the food equation of developing countries. Policy mechanisms are needed to help the EU farming sector to adapt to competitive pressure on open world markets and to enhance the farmers' ability to respond swiftly to world demand, preventing imbalances on global markets which would have adverse effects on populations in poor countries. The debate on the CAP post 2013 reforms needs to take into consideration this complex equation. Benefits for EU producers and consumers should not be against those of producers and consumers in developing countries.

3.5.2.3. Trade-Related Issues

- **EU Position in the WTO**

Despite progress throughout 2007-2008, the WTO Ministerial of July 2008 failed to reach an agreement. Therefore, the opportunity to cut barriers to trade, open up agricultural markets further and boost the global economy was missed.

The EU will continue to defend progressive liberalisation as proposed in the draft DDA modalities. The EU proposes a substantial reduction of trade-distorting domestic supports, the

elimination of export subsidies by 2013 and a substantial opening of the developed countries' markets. This would help to achieve a level playing field in agriculture worldwide. At the same time, a lot of flexibility is given to developing countries to ensure that trade liberalisation does not impact negatively on their domestic markets. In particular, LDCs will not have to make any duty reductions and the duty reductions envisaged for developing countries in general are less than those for developed countries and with longer implementing periods. In addition, developing countries will be entitled to designate up to 12 % of agricultural products as Special Products with no or reduced tariff cut to address food security, livelihood security and rural development concerns. A Special Safeguard Mechanism is also established to allow developing countries to temporarily increase their tariffs in order to protect their agricultural sectors from import surges and sharp reductions of import prices.

Another delicate issue is the discussion on preference erosion and tropical product treatment where two blocs of developing countries have conflicting interests: while Latin American countries support full liberalisation of tropical products, ACP countries wish to preserve the value of their preference margin on the EU and US market. The EU favours an understanding between these two sets of countries, conceding the necessary time for the beneficiaries of preferences to adjust and gain competitiveness while not opposing the necessary trade liberalisation the Doha Development Agenda should deliver as a final result.

- **Sanitary and Phytosanitary (SPS) measures**

As tariff-barriers have been eroded, non-tariff barriers have become relatively more important, such as Technical Barriers to Trade (TBT) and SPS measures. At multilateral level the WTO SPS Committee has taken due action following the Doha WTO Ministerial to address the needs of developing countries. The Standards and Trade Development Facility has been created to provide for coordinated capacity-building activities in order to allow developing countries to meet international SPS standards, both public and private.

The European Commission has supported the participation of developing countries to the meetings of the World Organisation for Animal Health, the International Plant Protection Convention and Codex Alimentarius Commission (FAO and WHO)¹⁰⁷. It has provided financial support to the tune of €75 000 each year. The contributions from the Commission and from EU Member States represent about 70% of the total available funds for such purpose. In addition a specific EC-funded assistance project was started in 2009 to allow African countries to prepare for and participate efficiently in international standards setting bodies¹⁰⁸.

3.5.2.4. Development Policies in support of Agriculture in Developing Countries

At EU level, support for agriculture followed multiple tracks and also the global trend of ODA reduction in favour of this sector. The allocations to Rural Development, Agriculture and Food Security (reaching 1.2 billion €) for 2007-2013 reversed the trend with a doubling of the overall funding compared to previous commitments.

¹⁰⁷ Outstanding issue from the 2007 EU Report on PCD.

¹⁰⁸ Participation of African Nations in Sanitary and Phytosanitary Standard-setting Organisations (PAN-SPSO)

In May 2007 the Commission adopted the food security thematic strategy and its multi-annual indicative programme 2007-2010. This strategy plays a central role in the implementation of EU food security policy which complements the humanitarian and the geographical approaches, in crisis situations and in development contexts. It also allowed supporting the strategic lines of the Communication *Advancing African Agriculture*¹⁰⁹ adopted in July 2007.

In Africa, the Commission is highly supportive of the Comprehensive African Agricultural Development Programme with a strong focus on building the capacities of farmers' organisations involved and regional institutions as well as the African Union Commission (AUC). The Commission also continued its work on implementing the 2004 *EU Land Guidelines*¹¹⁰, continuing its dialogue with major actors such as the AUC, the World Bank, FAO¹¹¹, the International Land Coalition and the Commission for the Legal Empowerment of the Poor. In 2007, the Commission fully restored its partnership with the Consultative Group on International Agricultural Research (CGIAR) and strengthened its cooperation with IFAD.

In addition, the Commission welcomes and supports the proposal to set up a Global Partnership for Agriculture and Food Security, which seeks to address the multifaceted issues of agricultural development and food security through an inclusive consultation process for all actors (developed and developing countries as well as non-state actors) taking place in the framework of the FAO Reform, namely the reform of the Committee on Food Security. Farmers' organisations in both the EU and the developing countries have an important role to play in this Partnership and the CAP experience could contribute to enriching the debate about elaborating and implementing regional agricultural policies throughout the developing world.

At Member State level, agriculture cooperation has continued, with Policy Coherence for Development in mind. The Netherlands for example, developed a Joint Strategy on Agriculture, Rural Economic Development and Food Security in Developing Countries, co-designed by the Ministries of Agriculture, Nature and Food Quality and the Ministry of Development Cooperation. €350 million have been committed to implement the strategy. Hungary for its part prepared a national strategy on agricultural research and innovation with an international component addressing development issues. Greece was also involved in development programmes through support for the optimisation of cultivation systems for olive oil in Palestine and the creation of agricultural schools with geo-information technologies in Egypt. Sweden undertook to support a capacity-building project within the International Treaty on Plant Genetic Resources for Food and Agriculture. The objective is to help assist the development of improved legislative tools for the operation of the Multilateral System of Access and Benefit-sharing of plants.

3.5.3. Conclusion & Outstanding Issues

Recent developments in relation to the EU's agricultural policies have been affected by the world wide food prices crisis of 2007-2008 which led more than 40 countries to impose

¹⁰⁹ COM(2007)440 final, 24.07.2007

¹¹⁰ EU Task Force on Land Tenure, EU land policy guidelines, Guidelines for support to land policy design and land policy reform, processes in developing countries, 09/2004, Available: http://ec.europa.eu/development/icenter/repository/EU_Land_Guidelines_Final_12_2004_en.pdf

¹¹¹ Particularly within the International Conference on Agrarian Reform and Rural Development – ICARRD

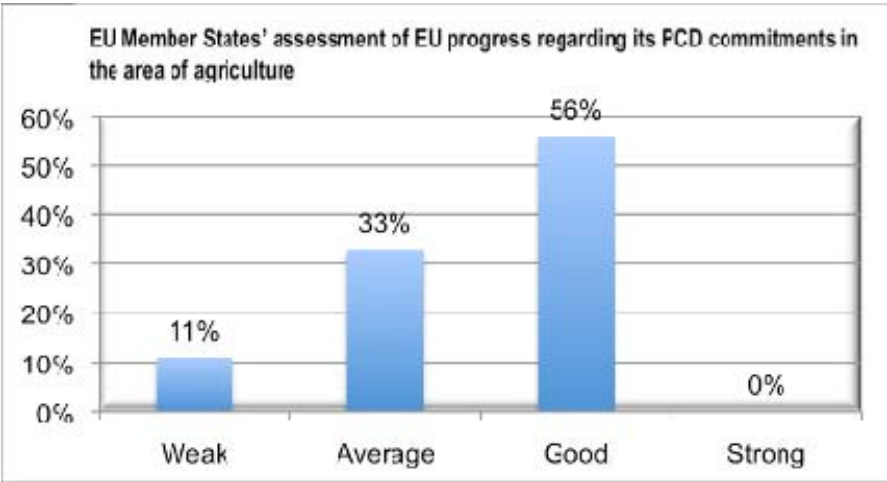
emergency measures in 2008¹¹². The crisis shed some light on the "food equation" of developing countries underlining the numerous factors at play and their intricate relationships.

The impact of EU agriculture policy therefore has to be pondered carefully in the face of such complexities and recent adaptation of the CAP is a step in the right direction, in particular through the decoupling of a greater share of income support to farmer allowing them to respond more adequately to demand while limiting market distortion. Similarly, progress has been made on reducing export subsidies.

Beyond agriculture policy changes, most recently via the Health Check, the EU responded rapidly to the food prices crisis in developing countries by setting up, among others, the €1 billion Food Facility, thus further demonstrating its strong commitment to poverty eradication and food security in partner countries. Those orientations were also promoted in the EPAs, for which a safeguard clause was offered to help ensure food security, and through a renewed focus of the EU's development policies on agriculture.

In the Union, the CAP Reform and the Health Check recently carried out are seen as positive developments, even if, given the food insecurity context of 2007-2008, a number of Member States still consider that more needs to be done. This will be discussed in the coming months as part of the post-2013 debate on the future of the CAP (see chart below¹¹³).

Like Member States, developing countries also have very different interests, depending on whether they are food importers, have a (potentially) vibrant agricultural sector or are endowed with specific commodities. A differentiated approach is needed to take into account different developing countries' concerns.



Food and Agriculture will remain high on the international political agenda given the challenges faced over the last two years. While the EU will ensure this is tackled in multilateral fora, especially via a revitalised Committee on Food Security (UN/FAO Committee currently under reform) which could form the initial basis for a Global Partnership and with the support of the UN High Level TaskForce, the core of global agriculture will continue to shift from the developed to the developing world and in particular to emerging

¹¹² FAO, World Food and Agriculture in Review 2008

¹¹³ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.

countries¹¹⁴, thus making it essential to develop a comprehensive dialogue at global level through a Global Partnership on Agriculture and Food Security

In the short term, it is essential that commodity trade remains unhampered, since barriers to trade in food commodities (such as export taxes and bans), in developed and developing countries alike, will only result in short-term gains while increasing market uncertainty and being detrimental to most net food-importing countries. Specific domestic policy measures to reduce the impact on the very poor (e.g. safety nets and social programmes, targeted humanitarian interventions) coupled with sound agricultural policies should allow developing countries to cope with the food crises.

In the longer term, agricultural policy in the EU, and in developing countries, should take into account the constraints imposed by climate change measures, demographic trends, changes in consumption patterns and the limited surfaces of new lands available for cultivation. Feeding the world growing population will require doubling of food production globally by 2050¹¹⁵, with a fourfold increase needed in Africa. This means increasing agricultural productivity, especially in developing countries, while ensuring sustainability of production.

Outstanding Issues

- Continued efforts toward a development-friendly WTO Doha agreement, including a significant reduction of trade-distorting support by all countries.
- Careful monitoring of food security situation in developed and developing countries.
- Renewed efforts for development cooperation to support agriculture and rural development in developing countries through adequate policies internally elaborated following inclusive of all stakeholders consultation processes.
- Engaging developing countries in research, innovation and dissemination of results in the field leading to increase agricultural production and productivity while preserving natural resources and reinforcing resilience of food systems.
- Assessment of the impact of climate change mitigation and adaptation measures on sustainable agricultural production in the EU and in developing countries. Policy synergies sought between Agriculture, Climate Change, Research and Environment policies.

¹¹⁴ Consumption and production are growing faster in developing countries for all products (except wheat). By 2017, according to the 2008 Outlook from the FAO, developing countries are expected to dominate production and consumption of most commodities

¹¹⁵ FAO, FAO Newsroom, 4.02.2009, <http://www.fao.org/news/story/en/item/9962/icode/>

3.6. Fisheries

Quick Facts

- Economic losses in marine fisheries resulting from poor management, inefficiencies and overfishing add up to a staggering US\$50 billion per year.¹¹⁶
- Production by traditional capture fisheries has reached a plateau. To meet the projected demand for fish and fisheries products of an expanded world population, in 2030 aquaculture will need to produce an additional 28.8 million tonnes – 80.5 million tonnes overall -- each year just to maintain per capita fish consumption at current levels.¹¹⁷
- Aquatic foods have high nutritional value, contributing 20 per cent or more of average per capita animal protein intake for more than 2.8 billion people, mostly in developing countries.¹¹⁸
- In the developing world, fishing plays a crucial role in reinforcing household food security, improving nutrition, and providing income. In light of rising world food prices and growing concern over the situation of some wild fish stocks, we can afford less than ever to allow IUU (illegal, unreported and unregulated) fishing to affect these communities.¹¹⁹

3.6.1. Introduction

'All in all, the politicians charged with safeguarding the fisheries seem to be failing. Is nobody getting it right?'¹²⁰ This is the sobering conclusion of a special report on the sea, 'Grabbing it all'. Fisheries policy clearly does not enjoy a good reputation. But is it all that gloomy? Or have there also been some achievements? This chapter will look at how the EU fisheries policy impacts on developing countries and assess its contribution to their development.

In some countries and in particular in some coastal developing countries fisheries constitute an important economic activity. More than 30 million people worldwide, almost all of them (95%) in developing countries, rely directly on the fisheries sector for their livelihoods and another 10 million people are involved in aquaculture. While in most countries, fisheries account for a relatively small share of national gross domestic product (GDP), in some small island developing states, namely in the Pacific, the sector can account for up to 30% of national economic revenue. Export earnings from fisheries are an important source of revenue for many developing countries. Total world trade in fish and fisheries products reached 57 million tons worth US\$92 billion in 2007¹²¹. In addition, fish is an important part of the diet of many people in developing countries and contributes a large share of total animal protein intake.¹²²

¹¹⁶ FAO, FAONewsroom, 9.10.2008, . <http://www.fao.org/newsroom/en/news/2008/1000931/index.html>

¹¹⁷ FAO, FAONewsroom, 6.10.2008. <http://www.fao.org/newsroom/en/news/2008/1000930/index.html>

¹¹⁸ FAO, FAO, FAONewsroom, 10.07.2008. <http://www.fao.org/newsroom/en/news/2008/1000876/index.html>
<http://www.fao.org/newsroom/en/news/2008/1000876/index.html>

¹¹⁹ FAO, FAONewsroom, 24.06.2008. Available: <http://www.fao.org/newsroom/en/news/2008/1000869/index.html>

¹²⁰ Grabbing it all. In: *Troubled waters*. A special report on the sea. 03.01.2009. The Economist. p.13

¹²¹ FAO, La Situation des Pêches et de l'Aquaculture, <ftp://ftp.fao.org/docrep/fao/011/i0250f/i0250f.pdf>

¹²² OECD, Policy Brief: Fisheries: 'Improving Policy Coherence for Development', September 2008

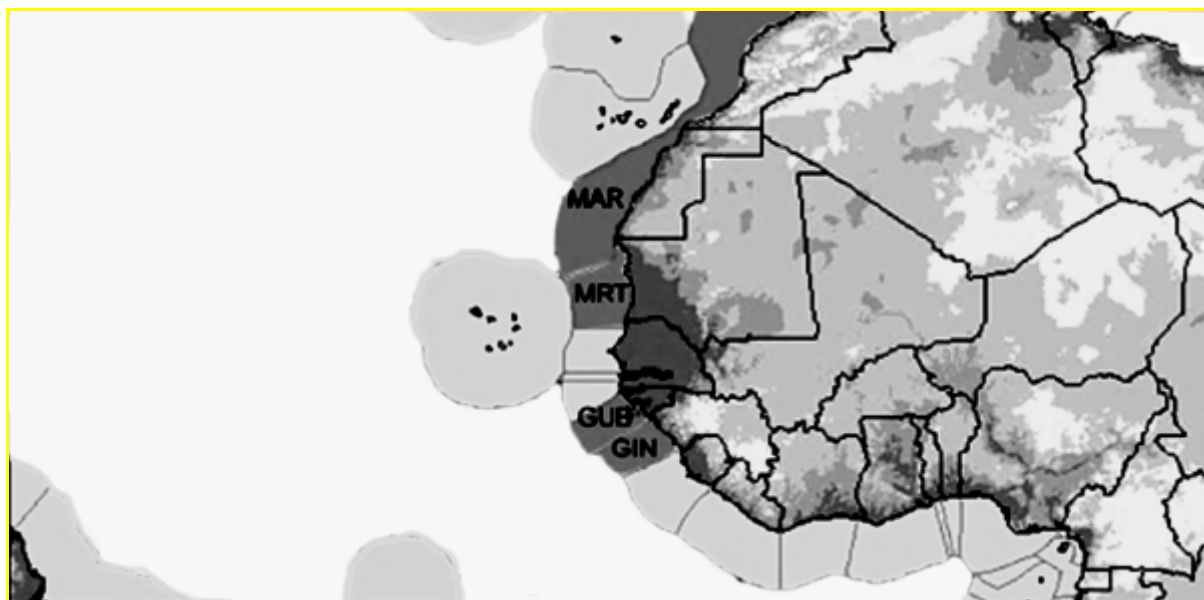
The EU Common Fisheries Policy (CFP) impacts on developing countries in many ways. The simple fact that fish move across national borders and depend on shared marine ecosystems results in the EU's fisheries policy having a global impact. One key element of the CFP is the Fisheries Partnership Agreements (FPAs) negotiated by the European Commission to ensure that the European fleet has access to developing countries waters. These agreements also establish a framework for cooperation on fishing issues. FPAs have many direct and indirect impacts on the fishing and related down- and upstream activities of developing countries and their food security situation.

3.6.2. Progress towards PCD Commitments

3.6.2.1. Fisheries Partnership Agreements

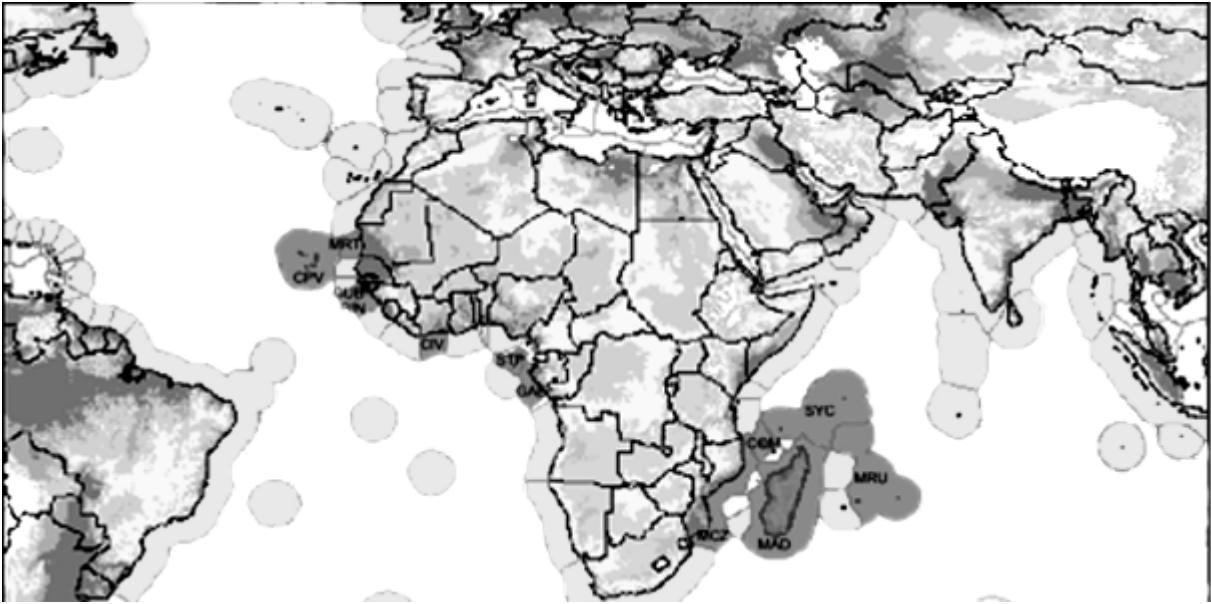
With the reform of the CFP in 2002 and the Council Conclusions on FPAs with third countries of July 2004 a new and more development-friendly policy framework was established for the FPAs. Subsequently, the Commission has now replaced all fisheries agreements with FPAs. This was identified as one of the outstanding issues of the 2007 PCD report.

At the time of writing (June 2009), the EU has 16 FPAs, one with Greenland and 15 with developing countries. Of the 15 agreements concluded with developing countries 12 are tuna agreements which deal only with access by specialist vessels to exploit tuna resources. The remaining three are mixed agreements providing access for Community fishing vessels to fish demersal species and small pelagic fish as well as tuna species. The three mixed agreements account for 92% of the fishing agreements' budget, with Mauritania (€6 million in 2008) and Morocco (€6.1 million) representing the largest financial commitments. The other country with which the EU concluded a mixed agreement is Guinea Bissau. This was a mixed agreement until 2008 and it has now been renegotiated as a tuna agreement.¹²³

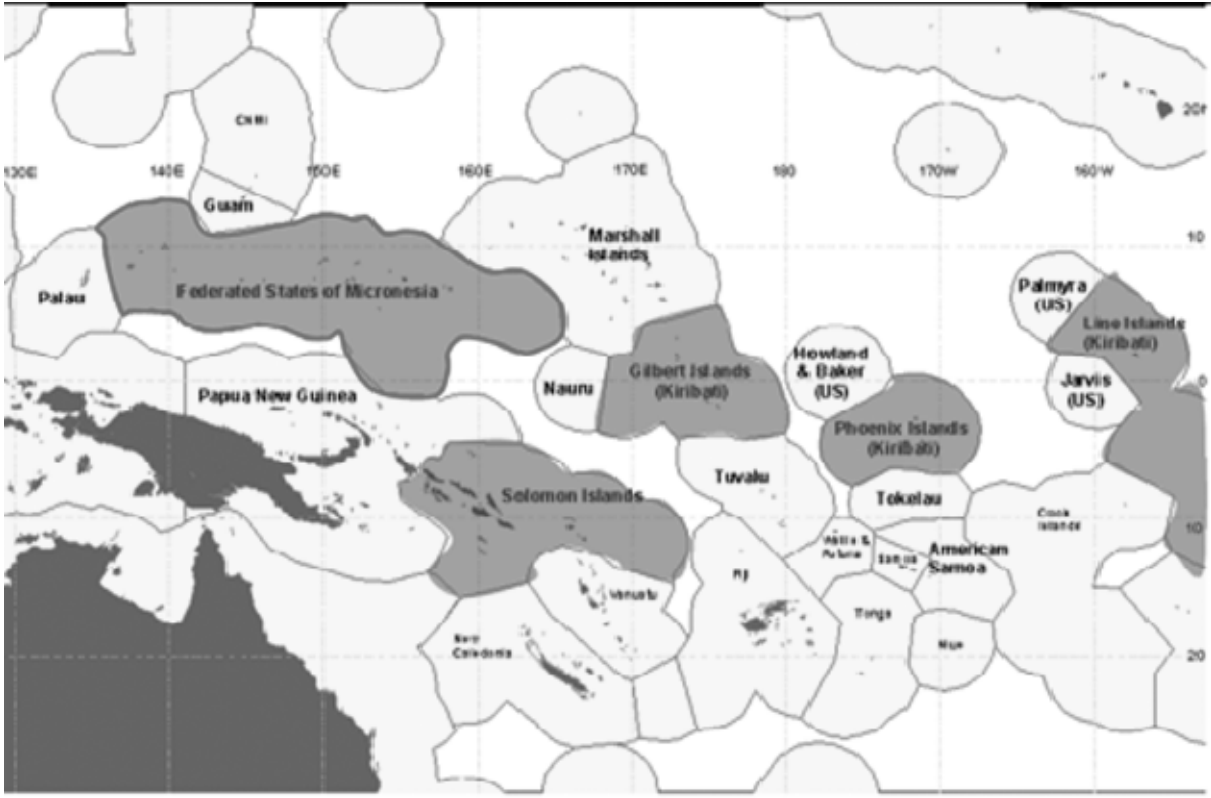


¹²³ Convention Oceanic Développement, MegaPesca Lda (2007). 'Contrat cadre pour la réalisation d'évaluations, d'études d'impact et de suivi concernant les accords de partenariat dans le domaine de la pêche (FPA) conclus entre la Communauté européenne et les pays tiers, et plus généralement sur le volet externe de la Politique Commune de la Pêche : Overall evaluation study of fisheries partnership agreements'

3.6.2.2. Tuna agreements with countries in Africa¹²⁴



The three tuna agreements with the Solomon Islands, the Federate States of Micronesia and Kiribati.¹²⁵



Whereas the old fisheries agreements' sole objective was to ensure access to fishing opportunities in third countries' waters, FPAs aim to promote responsible and sustainable

¹²⁴ ibid
¹²⁵ ibid

fishing through a policy dialogue and financial means. The FPAs stipulate that the two parties will engage in a policy dialogue on fisheries and jointly identify priority areas for supporting the sectoral fisheries policy in the third country with a view to introducing responsible and sustainable fishing. At the same time, a percentage of the financial contribution attached to the agreement is set aside for the implementation of this policy. The beneficiary country allocates and manages this percentage of the financial contribution on the basis of the priorities identified within its national sectoral strategy. The two parties agree upon a multi-annual plan and meet within a joint committee every year to evaluate the progress made. Governments often use these financial resources to improve the management and control of the fisheries activity in their waters in order to allow local communities to have a more long-term strategy for access to fishing resources.

FPAs have had many positive impacts on developing countries, their greatest virtue being that they regulate the access of the European fleet to the waters of developing countries and thereby contribute to better governance of the fisheries sector. While this framework is not perfect, it certainly presents significant advantages over private agreements, which have as their only purpose to ensure access and take no account whatsoever of aspects of sustainable development. Most Member States see the shift from the traditional fisheries agreement to FPAs as a positive step emphasising that they are not just about access to fisheries resources but about cooperation in this sector.

- **Financial contribution**

In some countries, the financial contribution represents an important source of revenues, providing them with much needed finances for their development. In Mauritania and Guinea Bissau the contributions paid by the Community under the FPA exceed 15% of their public revenues. In the other countries with agreement this ratio is lower than 3%¹²⁶ but the financial contribution still plays an important role in terms of the balance of payments and foreign currency reserves.

In two countries, Mauritania and Seychelles, the financial contribution of the FPA is greater than funding for the development purposes. From a development point of view these additional resources are to be welcomed, but they can also complicate things. When in Mauritania the military overthrew the government in August 2008, the EU found it difficult to send an unequivocal political message to condemn this clear violation of basic democratic principles. The EU suspended its cooperation with the country in line with Article 96 of the Cotonou Agreement, but it had to pay the financial contribution of the FPA due to legal commitments arising from this agreement. This case shows that the two policies and in particular their financial instruments should be more closely coordinated.

¹²⁶ Convention Oceanic Développement, MegaPesca Lda (2007). *‘Contrat cadre pour la réalisation d'évaluations, d'études d'impact et de suivi concernant les accords de partenariat dans le domaine de la pêche (FPA) conclus entre la Communauté européenne et les pays tiers, et plus généralement sur le volet externe de la Politique Commune de la Pêche : Overall evaluation study of fisheries partnership agreements’*, p. 130

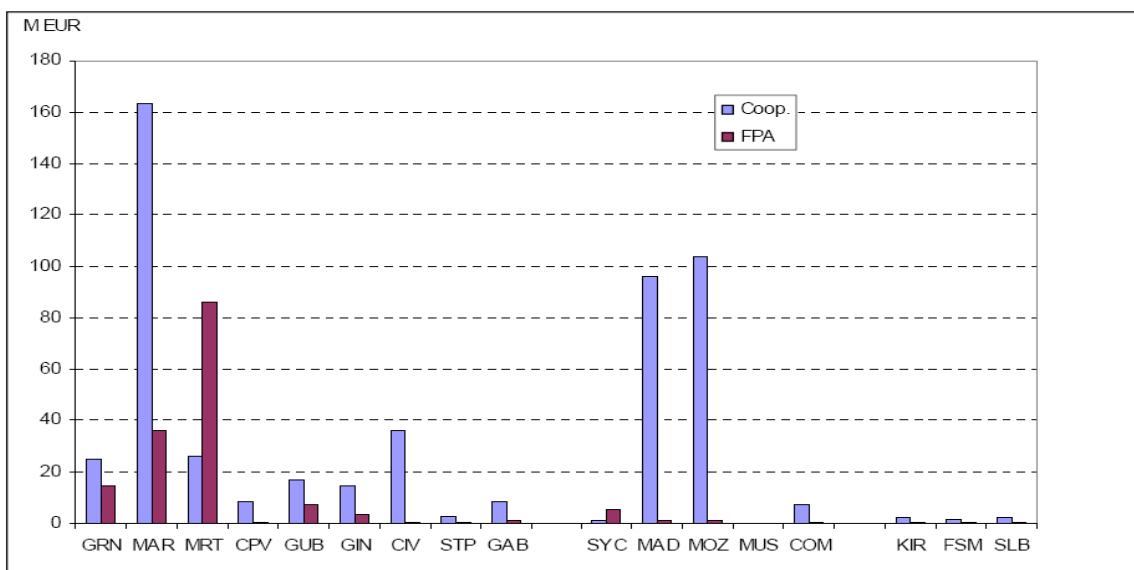


Figure B-4 : Comparaison entre les budgets annualisés prévus sous les enveloppes relatives à la coopération [Coop.] (10^{ème} FED pour les ACP et autres instruments) et ceux prévus au titre des contreparties accord [FPA].
Source : Informations Commission européenne

• Investment

One of the objectives of FPAs is to promote European investment in the partner countries' sectors, in particular by creating joint-ventures. This seems to be difficult to achieve. In fact European investment in joint-ventures is stagnating both in countries with which an agreement has been signed and in other countries traditionally targeted by European fishing vessels such as Namibia or Argentina.¹²⁷ Reasons for this include the investment climate and the poor infrastructure in some developing countries. Another factor accounting for lack of investment in developing countries and particularly in non-ACP developing countries is EU tariff peaks for fisheries imports. The average tariff rate for fish and fisheries products applied by OECD countries stands at a relatively low level of 4.5% and around 3% for the EU. But this figure does not reflect tariff peaks, or tariff escalation where the tariffs rise as the degree of processing of an item increases (reaching a maximum of 25%, although for developing countries benefitting from GSP preferences tariffs for fishery products are reduced by 3,5 points to a maximum level of 21,5%), making it more difficult to export fish paste or tinned fillet than fresh fish.¹²⁸ While the levels of private investment vary according to the fishing category generally speaking they have remained below expectations.

• Employment

The track record of FPAs in creating employment is also mixed.¹²⁹ Onboard employment supported by fishing agreements with southern countries is estimated at about 6 000 jobs, of which 1 700 are held by EU nationals and 4 300 by third-country nationals.

¹²⁷ Ibid, p. VI summary

¹²⁸ Policy Brief. Fisheries: Improving Policy Coherence for Development. September 2008. OECD, p.3

¹²⁹ All figures and tables on employment taken from Convention Oceanic Développement, MegaPesca Lda (2007).

Tableau A-41 : Estimation du nombre de postes de travail à bord des navires de la CE sous accords. D'après estimations propres

		2004	2005	2006	2007	2008*	Moyenne
Senneurs	CE	520	488	448	456	456	474
	Pays tiers	1 040	976	896	912	912	947
Palangriers/canneurs	CE	666	642	462	702	738	642
	Pays tiers	950	880	600	890	920	848
Sous-total thoniers	CE	1 186	1 130	910	1 158	1 194	1 116
	Pays tiers	2 226	2 106	1 806	2 070	2 106	2 063
Démersaux	CE	366	384	348	462	468	406
	Pays tiers	1 708	1 792	1 624	2 156	2 184	1 893
Pélagiques	CE	152	198	199	199	214	192
	Pays tiers	280	374	399	399	414	373
Total Accords du Sud	CE	1 704	1 712	1 457	1 819	1 876	1 714
	Pays tiers	4 214	4 272	3 829	4 625	4 704	4 329
<hr/>							
Groenland	CE		532	528	628	451	535
	Pays tiers		486	466	574	346	468
<hr/>							
Total accords	CE		2 244	1 985	2 447	2 327	2 251
	Pays tiers		4 758	4 295	5 199	5 050	4 826

* 3 premiers trimestres pour accords du sud

Under the mixed agreements with countries of Western Africa, the demersal fishing segments generate most direct employment, especially to the benefit of third-country nationals: about 2 300 jobs, of which 400 are held by EU nationals and 1 900 by third-country nationals. The tuna sector follows with almost 1 200 jobs for EU nationals and 1 800 jobs for third-country nationals.

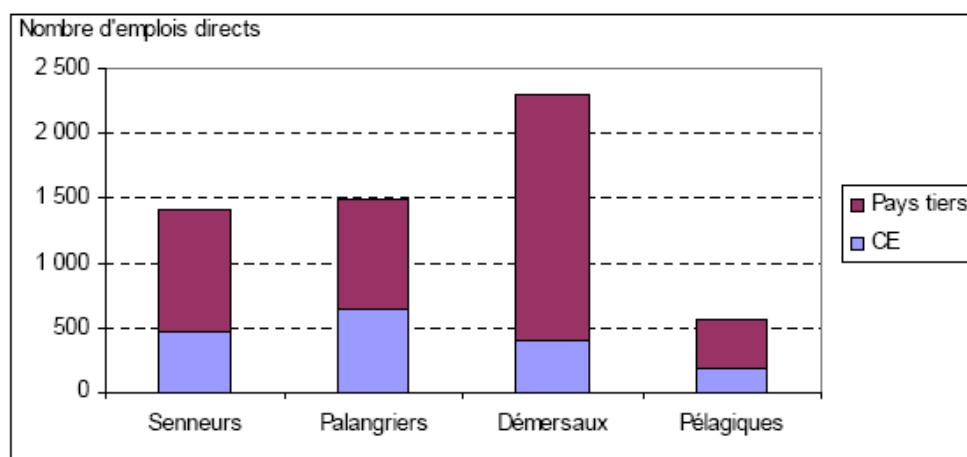


Figure A-28: Répartition de l'emploi direct par grandes catégories de pêche sous les accords du Sud sur la période moyenne 2004-2008. D'après estimations propres

European tuna vessels which unload their catch in third-country harbours contribute to the creation of jobs in particular for women who often work in the canning industry. Countries like the Ivory Coast with about 2 400 jobs in the canning industry, the Seychelles with similar number, Ghana and Mauritius where more than 2 000 people work in the canning

industry as well as Madagascar with about 1 400 in the canning industry, are the countries that benefited most.

- **Sustainability**

The European Parliament¹³⁰ recognises that the EU has made some progress in ensuring the sustainability of fisheries resources. While there is the perception that the EU exports its overcapacity to third countries and that it contributes to overfishing by agreeing jointly with the partner country on a too generous access for the EU fleet, FPAs allow EU trawlers to fish surplus stocks only. The available surplus is evaluated on the basis of scientific and technical advice. However, the valuable demersal resources sought after by trawlers have been shrinking in most countries and fleets have taken to fishing further south and in deeper waters as stocks are fully exploited or in decline. For West Africa an international scientific conference documented very significant declines over the last decades¹³¹. Current trends in global nominal landings show a clear increase in collapsed stocks over the past 35 years.¹³² This means that each year more stocks collapse worldwide than recover or enter the fisheries afresh. At current rates no new fishable stocks will be available by 2020.

In the case of tuna agreements the Commission takes into account scientific advice and recommendations of the Regional Fisheries Management Organisations (RFMOs) when it negotiates FPAs. In the case of mixed agreements, with a demersal component, for which there are no recommendations from RFMOs, scientific committees monitor the fishing resources. The protocols to the mixed agreements signed with West African countries provide for an annual scientific meeting, which normally takes place prior to the Joint Committee. On the basis of the conclusions of the scientific meeting, the Joint Committee can adopt appropriate measures for sustainable management of resources. For example, a reduction in the fishing opportunities set out in the protocol happened in the case of Mauritania in 2004 as well as during the renegotiation of the protocol in 2008.

It is true though that lack of data on fish stocks can make it difficult to determine the surplus available and to ensure that fishing activities remain sustainable. To address this problem, a part of the funding within the new protocols is intended to improve the scientific advice on stocks. In the case of Mauritania, for instance, the EU and the Mauritanian authorities also implement measures that are contained in the cephalopod management plan, notably complementary biological stop periods as well as spatial and temporary closures of fisheries to protect reproduction zones and juveniles. However, additional action at regional level is needed. The capacity of regional organisations to assess stocks has to be strengthened. The Commission's Green Paper on reform of the Common Fisheries Policy published in April 2009¹³³ recognises that the external dimension needs to be reassessed and invites comments on a number of crucial questions associated with sustainability, equity and governance.

¹³⁰ 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))

¹³¹ Chavance, P. et al. (eds), 2004. Pêcheries maritimes, ecosystems et sociétés en Afrique de l'Ouest: un demi-siècle de changement. Actes du Symposium International Dakar, Sénégal, 24-28 juin 2002. OPOCE et IRD, 592 p.

¹³² Froese, R., A. Stern-Pirlot and K. Kesner-Reyes, 2008. Out of new stocks in 2020: A comment on "Not all fisheries will be collapsed in 2048". *Marine Policy*, 33

¹³³ COM (2009)163fin, 22.04.2009

3.6.2.3. Illegal, Unreported and Unregulated (IUU) Fishing

IUU fishing constitutes one of the most serious threats to the sustainable exploitation of living aquatic resources and marine biodiversity. It causes depletion of fish stocks and prevents future stock growth. It is estimated that the cost of IUU practices amounts to €10 billion every year worldwide representing 19% of the worldwide reported value of catches.¹³⁴

This scourge proves particularly costly for developing countries as IUU operators tend to take advantage of insufficient control of their national waters. As a result, resources diminish and the countries lose potential catches and revenue. For these reasons, the fight against IUU fishing was identified as an important issue for ensuring coherence of fisheries policy with development objectives in the 2007 PCD report. Given the high percentage of international trade in relation to total production, fighting IUU fishing requires intelligent regulation of trade and measures to prevent trading in illegally caught fishery products.

¹³⁴ Convention Oceanic Développement, MegaPesca Lda (2007). "Assessment of the rationale of the measures included under the initiative against IUU Fishing" (2007)

Tableau B-20 : Proportion de captures d'origine INN dans les ZEE des Etats côtiers d'Afrique. Données en MUSD. Source : DFID/NORAD*

Pays tiers	Valeur des Captures déclarées (FAO 2003)	Valeur des captures INN	% INN	Pays tiers	Valeur des Captures déclarées (FAO 2003)	Valeur des captures INN	% INN
Guinée	103	105	50.5%	Ghana	252	11	4.2%
Sierra Leone	81	29	26.4%	Togo	20	10	33.3%
Liberia	8	12	60.0%	Bénin	14	2	12.5%
Angola	205	49	19.3%	Nigeria	495	327	39.8%
Namibie	532	0	0.0%	Cameroun	37	15	28.8%
Mozambique	215	38	15.0%	Guinée Equ.	2	1	33.3%
Kenya	15	4	21.1%	Sao Tome	4	0	0.0%
Somalie	31	94	75.2%	Gabon	55	11	16.7%
Seychelles	137	8	5.5%	Congo	26	15	36.6%
Maroc	734	59	7.4%	RD Congo	4	4	50.0%
Mauritanie	193	17	8.1%	Afr. du Sud	626	0	0.0%
Senegal	423	32	7.0%	Madagascar	247	14	5.4%
Cap-Vert	11	0	0.0%	Comores	22	8	26.7%
Gambie	24	3	11.1%	Tanzanie	91	17	15.7%
Guinée Bis.	13	5	27.8%	Erytrée	13	6	31.6%
Côte d'Ivoire	51	42	45.2%	Maurice	18	0	0.0%

* Les cellules grisées représentent les pays tiers dans lesquels l'étude a fait une évaluation directe du risque INN. Pour les autres pays tiers, l'estimation s'est faite par extrapolation à partir des résultats des études directe

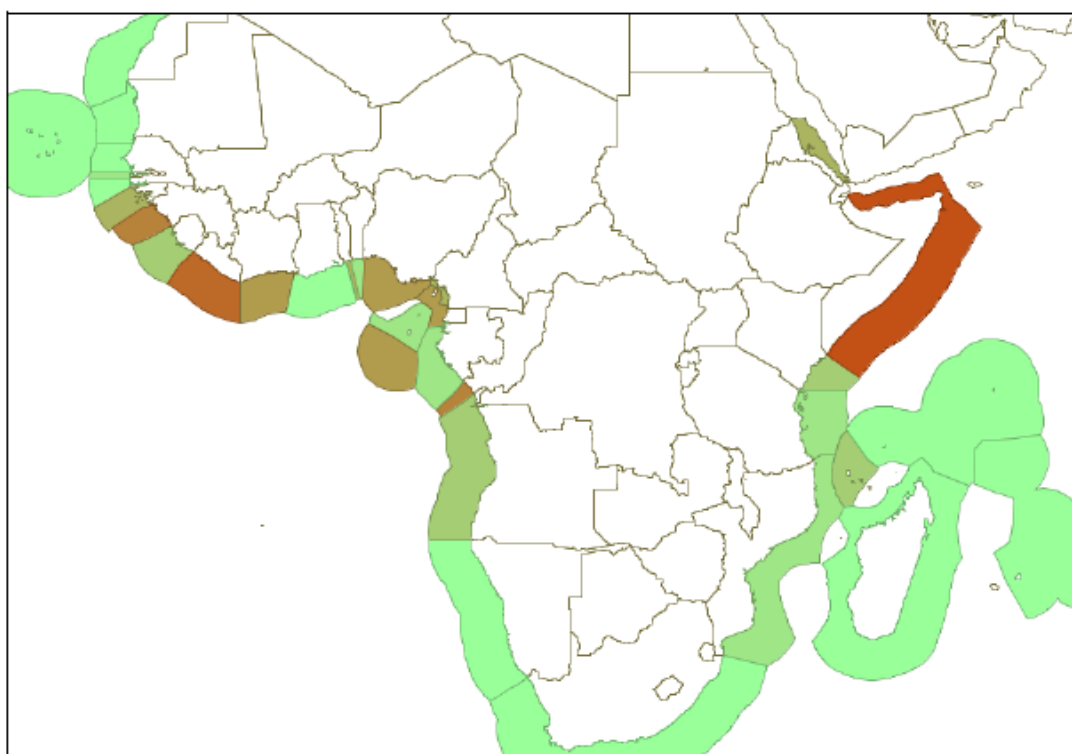


Figure B-6 : Représentation de l'importance des pêches INN dans les ZEE des Etats côtiers d'Afrique. D'après les résultats de l'étude DFID/NORAD

135

The EU for its part has long been endeavouring to prevent IUU fishing. The Commission systematically negotiates and concludes a vessel monitoring system (VMS) protocol with third countries. Furthermore, all EU vessels are equipped with the monitoring systems. But as the problem continued to grow the EU decided to intensify its action.

135

Convention Oceanic Développement, MegaPesca Lda (2007), p. 148.

On 29 September 2008 the Council adopted the IUU Fishing Regulation No 1005/2008, which will enter into force on 1 January 2010. The objective of the Regulation is to ensure that all fishery products traded with the EU, including processed products were caught in accordance with applicable laws, regulations and international conservation and management measures.

The implementation of this Regulation will be a challenge to many developing countries. The EU, therefore, has undertaken to cooperate with and support third countries in this task. As a first concrete step, the Commission is informing developing countries about this new Regulation, bilaterally and through regional seminars. It has organised four two-day seminars in Johannesburg, Bogota, Ho Chi Minh City and in Cameroon for this purpose. The adoption of this Regulation has been welcomed by Member States as an important step in the fight against the global problem of IUU fishing and as a vital instrument for ensuring PCD.

FPAs also include support for developing countries to fight against IUU fisheries. They put a special emphasis on increased monitoring, control and surveillance of fishing activities and earmark substantial funds to help countries eradicate IUU fishing (e.g. through the purchase of patrol vessels, satellite monitoring systems or radar equipment, and providing assistance to introduce or adapt the relevant legislation).

The regional level plays an important role in the fight against IUU fishing. For this reason the EU has strengthened its cooperation with the Indian Ocean Commission (IOC) in this area. On 23-24 January 2007, the European Commission and the IOC signed a partnership agreement in order to implement a Regional Plan for fisheries surveillance in the South West Indian Ocean. Both parties have also signed a Ministerial declaration which commits the Fisheries Ministers of the IOC to fight against IUU activities in the South West Indian Ocean. The general objective of this Regional Plan is to reduce the number of IUU vessels in the region and to contribute to sustainable conservation and management of the tuna resources. In the first three years (2007-2010), this framework partnership agreement with the IOC will be funded to the tune of €7 million. The participants representing the Member States of the IOC agreed to take immediate actions to step up the fight against IUU fishing.

3.6.2.4. Regional Fisheries Management Organisation and International Agreements

The European Union has a strong commitment to Regional Fisheries Management Organisations (RFMOs) which play a key role in the conservation and sustainable use of straddling and migratory fish stocks. The EU is a member (or a cooperating non-member or an observer in those to which it has not yet acceded) in 13 RFMOs, i.e. almost all existing RFMOs. It has also promoted the creation of RFMOs where there was a gap, in particular, for straddling stocks, in the South East Atlantic, the Southern Indian Ocean and the South Pacific. In order to strengthen the performance of RFMOs, the EU has been a driving force for the performance review of for example, the Indian Ocean Tuna Commission, and has contributed actively to the revision, of the agreements establishing the North East Atlantic Fisheries Commission, the North West Atlantic Fisheries Organisation and the Inter American Tropical Tuna Commission. In 2007, the EU was again a major initiator of proposals for RFMOs measures to deal with the conservation of fish stocks and adopt control measures to ensure compliance.

The efforts at EU level are complemented by Member States. The UK has played a leading role in strengthening RFMOs and is the Chair of the High Seas Task Force which was established in 2003 by a small group of fisheries ministers and international NGOs who

decided to work together to develop an action plan designed to combat IUU fishing on the high seas. As part of the follow-up to that initiative, the UK convened a high-level panel to develop a model for improved governance by RFMOs. Germany and the Netherlands support the capacity development of the RFMO 'Commission Sous Régionale des Pêches' (CSRP) in Dakar, Senegal. Sweden supports Regional Fisheries Bodies, like the Fishery Committee for Eastern Central Atlantic, the Fishery Committee of the West Central Gulf of Guinea and the South West Indian Ocean Fishery Commission. Through funding and secondments to these regional organisations, the Swedish government aims to improve inter-governmental cooperation and fishery management in the region.

The European Union has an overall policy of encouraging developing countries' participation in international fisheries fora, including RFMOs, (e.g. recent accession of Egypt, Nigeria and Sierra Leone to the International Commission for the Conservation of Atlantic Tunas) and their accession to multilateral agreements through a process granting participatory rights to non-members. This has not always been successful, as other RFMO members may be opposed to such enlargement as has been the case with the Western and Central Pacific Fisheries Commission. The EU organises preparatory meetings with developing countries in advance of international meetings where appropriate so as to build a wide alliance. It also helps developing countries to participate in international meetings, through bilateral assistance as part of the Fisheries Partnerships Agreements or through contributions to trust funds managed by multilateral organisations or RFMOs. The fact that sometimes only part of the funds made available is used shows the need to speed up the implementation of a coherent sectoral fisheries policy. But it is also indicative of the fact that fisheries are deeply integrated into the global economy thus raising issues well beyond a sectoral perspective, e.g. in relation to trade and finance policies, employment, social and environment policies and much more. This requires a high level of skills and transsectoral understanding and negotiation. Thus, the Commission also provides capacity-building assistance to developing countries through various instruments, so that they are in a position to participate effectively in international fisheries fora as well as in the political resource allocation process at national and regional levels.

Despite all these efforts, EU Member States report that some RFMOs are still lacking support from partner countries. A recent study carried out by the Netherlands on the difficulties faced by developing countries trying to accede to and participate in RFMO, might shed some light on what needs to be done to overcome these obstacles.

3.6.2.5. EPAs

The Commission addresses fisheries also through its trade policy and in particular the EPAs that it concludes with ACP regions where fisheries play an important role. The interim EPAs (iEPA) concluded at the end of 2007 with some ESA countries – Comoros, Madagascar, Mauritius, Seychelles, Zambia and Zimbabwe – contain a fully fledged chapter on fisheries with the objectives of promoting responsible fishing and a more solid fisheries policy. Parties also agreed to work together against illegal fishing through improved monitoring. Provisions on cooperation for promoting joint ventures and enhancing production capacity and competitiveness are included in this chapter, too. An automatic derogation of 10 000 tons for processed tuna has been granted to the ESA region (8 000 canned tuna + 2 000 tuna loins) in the iEPA.

Fisheries in the Pacific EPA

The Pacific interim EPA (iEPA) concluded with Papua New Guinea and Fiji in November 2007 contains provisions in support of the development of the fisheries sector in these countries. It introduces significant improvements to the rules of origin for fishery products such as canned tuna, notably the principle of global sourcing. According to this principle the origin is granted if the fish is processed in on-land plants of the iEPA signatories irrespective of the waters and vessels of the catch. This relaxation of the rules of origin is considered as an important catalyst for development in Pacific ACP countries. It has great potential for stimulating processing activities, attracting foreign investment in harbour infrastructure and fishery processing plants and thus supporting the generation of value added in loco and of employment opportunities for the local population. Papua New Guinea is already benefiting from these EPA provisions through its project to establish a Marine Park in the province of Madang.

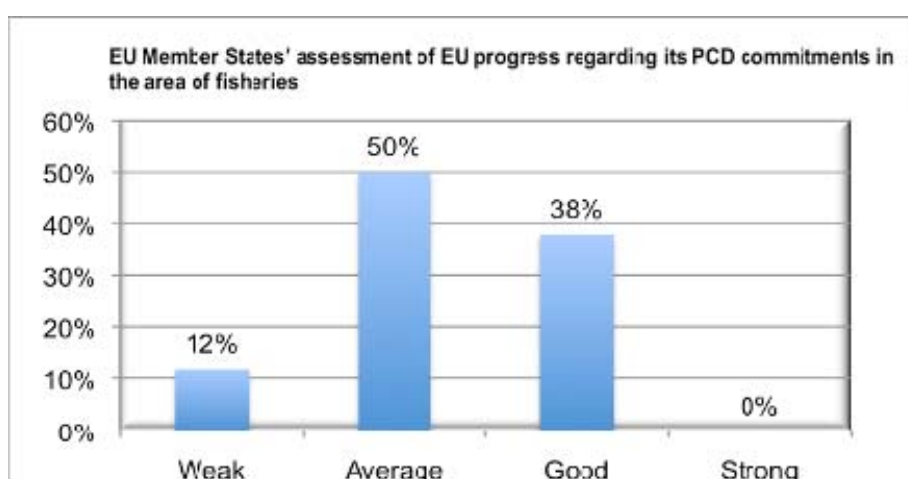
3.6.2.6. Reform of the Common Fisheries Policy (CFP)

The Commission has begun a review of the CFP. In April 2009 it issued a Green Paper to launch a public consultation on the CFP reform which is due in 2012. The review will be based on an analysis of the achievements and shortcomings of the current policy, and will look at experiences from other fisheries management systems to identify potential avenues for the reforming of this policy including its external aspects. The Green Paper emphasises that environmental sustainability must have top priority because it is the basis for social and economic benefits. This also holds true for fishing activity in the waters of third countries. The reform of the CFP offers an opportunity to re-evaluate the external dimension of this policy with a view to making it more development-friendly.

3.6.3. Conclusions & Outstanding Issues

Member States are divided on the progress made on PCD in the area of fisheries. They welcome the shift from the traditional fisheries agreement to the FPAs and the measures taken to fight IUU. Member States recognise that some progress has been made, but remain concerned about the reliability, accuracy and timely reporting of catch data.

Assessment¹³⁶ of progress on PCD in this policy area:



¹³⁶ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.

Ensuring the sustainability of fisheries was difficult enough in the past but it will be even more so in the future. Most stocks are overfished and pressure for more fishing rights will increase. By regulating access FPAs have certainly improved the sustainability of EU fishing activities but more needs to be done. The European Parliament has made an interesting proposal to that end by suggesting decoupling the level of payment for agreements from the level of fishing opportunities granted in return, which can act as a disincentive for the third country to reduce access when stocks are depleted.¹³⁷

One of the key problems is the need to reign in overfishing in the face of continuing overcapacity and the harmful version of subsidies. A combination of new valuation approaches and marine protected areas (MPAs) particularly for those areas where expectations for returns on investment are in excess of natural capacity of ecosystems to regenerate is a promising avenue towards more sustainable arrangements.

Meanwhile the often poor availability of data to assess the status of stocks adds an additional element of uncertainty. Reliable, accurate and timely reported catch data are important not only to improve the scientific stock assessment of partner countries but also to ensure transparency and a proper cost/benefit assessment of European fisheries policies and particularly FPAs. However, in general, in the light of the well-documented general downward trends data scarcity should trigger particularly prudent behaviour, not greater risk-taking.

The EU should therefore continue to support multilateral organisations in collecting these data, strengthen the monitoring and analysis capacity of RFMOs and research institutes and promote networks of effective MPAs as mandated in the Johannesburg Plan of Implementation for establishment by 2012. Ecosystem assessments, the development and testing of innovative valuation approaches and associated development of science-based integrated management systems should be promoted.

Assistance to developing countries for the formulation and implementation of sectoral fisheries policies in view of the often strong interconnections with other sectors will become increasingly important. Without a solid fisheries policy embedded into wider national sustainable development policies, developing countries will not be able to harness this sector's potential to contribute to their development.

The allocation of the financial contribution under the FPAs should be better aligned with the development strategies agreed with the countries/regions in the CSPs and RSPs. Possibilities should be explored for integrating the "development part" of the FPA into the commonly agreed EU development strategy with a given country or region. Developing countries' capacity for effective fisheries management and governance also needs to be strengthened so that they can ensure that EU regulations and other measures to combat IUU fisheries are enforced and illegal fishing is minimised. Effective enforcement through monitoring, control and surveillance (MCS) systems is important in that respect too. Concretely, the EU should support developing countries in achieving compliance with the new Regulation against IUU fishing, which will enter into force on 1 January 2010 and in taking the measures required, including training of customs officers, and should also reinforce its own enforcement of existing laws and regulations.

¹³⁷ EP resolution on policy coherence for development and the effects of the EU's exploitation of certain biological natural resources on development in West Africa of 17 June 2008

Stimulating private investment in third countries continues to be a challenge. To attract investment in the fisheries sector in developing countries, their access to markets in general and for value-added products in particular should be increased. A more solid and stable legal framework will create further incentives for investment in Africa and contribute to the development of poorer countries. However, it is important that this takes place under the right conditions to allow for social and environmentally sustainable development.

Finally, the regional dimension is very important for improving the governance of the fisheries sector. The idea put forward in the Green Paper to introduce "regional forms of cooperation" in the FPAs, and possibly even substitute the bilateral agreements should be explored. Most importantly, instead of focusing on defensive mechanisms against further decline, which have had little or no effect on the ground, focussing on the restoration objective of the Johannesburg Plan of Implementation (JPOI) has potential to increase production significantly. A forthcoming scientific analysis shows that current world fisheries production is 25 million tons of output short, because massive fishing of juveniles and other destructive practices reduce the ecosystem biomass in ways that make it impossible to harvest individual stocks at Maximum Sustainable Yield (MSY) levels. Yet, the legally binding Law of the Sea Convention mandates MSY as the yardstick of fisheries management. The JPOI set a time-bound target for achieving these levels (2015) and its implementation would set a constructive framework for a forward-looking mission of the regional organisations as well as for national administrations and other stakeholders.

Outstanding Issues

- Reinforce the sustainability of fisheries in particular by improving stock assessments and by making them more transparent
- The need to improve market access to the EU for fisheries products from developing countries, including through more flexible rules of origin
- Support the formulation and implementation of developing countries' fisheries policies
- Support and cooperate with developing countries in the fight against IUU fishing
- Move towards the regional dimension and enhance the capacities of regional organisations to assess and rebuild fish stocks to a level of productivity allowing harvesting at MSY levels mandated by the Law of the Sea and supported by the Johannesburg Plan of Implementation.

3.7. Social Dimension of Globalisation, Employment and Decent Work

Quick Facts

- Due to the global economic crisis, global unemployment in 2009 could increase by between 29 (lowest scenario) and 59 million unemployed people (ILO Global Employment Trends Update May 2009).
- Current projections indicate that more than 200 million workers, mostly in developing economies, are at risk of slipping into extreme poverty.
- Of every 100 children in the world today, 16 are child labourers with 12 of those being subjected to it's the worst forms of child labour and many will never go to school (ILO, 2008). The crisis could push an increasing number of children, in particular girls, into child labour (ILO, 2009).
- Out of the 550 million working poor in the world, an estimated 330 million are women – a share of 60 per cent (ILO, 2008).
- In 2007, achieving full and productive employment and decent work for all, including women and young people (under MDG1) was included as one of the four new targets in the revised MDG monitoring framework.
- 50% of people in the world have no social protection and 1.2 million people die every year because of accidents at work (ILO, 2007).
-

3.7.1. Introduction

Globalisation involves changing realities for people, deeper interconnections between policy areas and between countries and, consequently, growing integration and dependence of regional and national labour markets at very different levels of development across the globe.

The economic and social impact of globalisation varies widely across countries, sectors and actors. The current crisis was preceded by growing imbalances in the way globalisation unfolded. Too many countries and people were not sharing in its benefits. The EU is committed to ensuring that both its internal and external policies are exercised in such a way as to contribute to maximising the benefits and minimising the costs of globalisation for all groups, in and outside the EU. In the EU context, Social Dimension of Globalisation (SDG) refers to the impact of globalisation on the life and work of people, their families and their societies. Concerns and issues are often raised about the impact of globalization on employment, working conditions, income and social protection. Beyond these, SDG is also meant to promote an inclusive globalisation that benefits the poor through adequate social policies. It addresses issues related to decent work; equal opportunities for men and women; lifelong learning; raising earnings; opportunities for young people and production processes in compliance with social standards. In developing countries, SDG is a key element in reducing

poverty and achieving the Millennium Development Goals¹³⁸. In the wake of the financial and economic crises, these issues are likely to be particularly acute in developing countries where the vast majority of workers and small enterprises have only very limited access to social protection.

Governments with widening public finance imbalances find it difficult to maintain the level of social expenditure; maintenance of public infrastructure is being postponed; funding for social safety nets is in decline just when it is most needed; and the number of unemployed and working poor, especially in urban areas, is increasing exponentially¹³⁹.

In the Council Conclusions of May 2009¹⁴⁰ it is stated that "the EU will take targeted social-protection measures in a gender sensitive way and support developing countries' actions to cope with the direct social impact of the crisis through the creation and strengthening of social protection systems and programmes, including enhancement of in-kind transfers".

In recognition of its importance for development, EU policies must contribute to SDG objectives through complementarities and the creation of policy synergies. This chapter will focus on the three main policy domains: social protection, employment, with a particular emphasis on decent work, and gender equality.

3.7.2. Progress towards PCD Commitments

3.7.2.1. External dimensions of EU Policies

The Lisbon Strategy was initially conceived as a way of mobilising stakeholders within the EU to respond to the challenges of the knowledge economy by combining economic competitiveness, employment and social cohesion. In the face of increasing globalisation and interdependence, complementing this internal dimension with a strong external dimension is essential to contribute to the shaping of globalisation in line with the EU's values and experiences¹⁴¹. Thanks to its experience with the single market, the EU can contribute specific expertise –social protection, employment, workers' rights – which could be beneficial to its key partners. Innovative solutions could also be proposed to promote decent work in areas where the EU has strategic interests, such as managing migration ("social protection"), climate change and energy ("green jobs").¹⁴²

Over the last two years, policy initiatives on employment and decent work have taken place at EU level, in particular:

- In July 2008, the Commission adopted a Communication¹⁴³ on the "Renewed Social Agenda" (RSA), built on the three pillars of access, opportunities and solidarity. The external dimension of the RSA underscores in particular the guiding principle of decent

¹³⁸ Commission Staff working document Report on the EU contribution to the promotion of decent work in the world SEC(2008) 2184, 22.4.2009

¹³⁹ COM (2009) 160 final, 8.4.2009

¹⁴⁰ Council Conclusions on supporting developing countries in coping with the crisis 18 May 2009 10018/09

¹⁴¹ As underlined in the EU Declaration on Globalisation, adopted by the December 2007 European Council

¹⁴² SEC (2008) 2184, 02.07.2008, Commission Staff Working Document report on the EU Contribution to the promotion of decent work in the world p. 15

¹⁴³ COM(2008) 412 final, 02.07.2008

work. The RSA reaffirms the Commission's commitment to the promotion of the social dimension of globalisation and the internationally- agreed agenda for decent work, including through cooperation with the International Labour Organisation (ILO) and other partners, and the mobilisation of all relevant EU policies.

- As part of the renewed Social Agenda package, the Commission prepared a "Report on the EU's contribution to promoting decent work throughout the world"¹⁴⁴ underlining the efforts and challenges involved in mobilising the EU's internal and external policies and all relevant stakeholders to promote decent work for all, notably by supporting commitments at international level, shaping bilateral relations with partner countries and regions, and by integrating decent work objectives into the EU's trade and development policies.
- In April 2007 a Staff Working Document¹⁴⁵ on "Promoting Employment through EU Development Cooperation" underscored the importance of promoting full and productive employment and decent work for all - with a focus on youth and women – as the foundation for sustainable development and sound societies of tomorrow. The Staff Working Document proposes to increase EU engagement in promoting employment through development cooperation within the overall goal of decent work. Priority should be given to creating new productive jobs in the formal economy as well as improving living and working conditions in the informal economy. The paper also serves as a trigger for a broader debate with EU Member States on how best to promote employment through development policies within the overall framework of the Decent Work Agenda. Among the critical aspects of SDG, equality between women and men is a fundamental right and a necessary condition for achieving the EU objectives of growth, employment and social cohesion. Although inequalities still exist, internally the EU has made significant progress over the last decades in achieving equality between women and men. This is mainly thanks to equal treatment legislation, gender mainstreaming and specific measures for the advancement of women.

The EU's 2006 "Roadmap for Equality between Women and Men"¹⁴⁶ sets out the priorities for the period 2006-2010 and addresses the promotion of gender outside the EU. Specific aspects of the Roadmap were implemented throughout 2007-2008, through a number of initiatives and in particular the Communication on "Gender Equality and Women's Empowerment in Development Cooperation"¹⁴⁷ adopted in March 2007. This Communication provides guidance for making gender mainstreaming more effective, proposes specific actions and describes the various ways of promoting gender equality through the new aid delivery methods. In particular it calls for specific actions to address the impacts of trade and liberalisation on decent work for women, men and children, to protect labour and civil rights of informal workers and to deal with other economic issues.

The EU Action Plan on Gender Equality and Women's Empowerment in External Action is being prepared for adoption by the end of 2009. The importance of gender equality is also reflected in the Joint Africa-EU Strategy as a key element in all partnerships and national development strategies.

¹⁴⁴ SEC(2008) 2184, 16.12.2008

¹⁴⁵ SEC(2007) 495, 13.04.2007

¹⁴⁶ COM(2006) 92 final , 01.03.2006

¹⁴⁷ COM(2007)100 final , 08.03.2007

Social Dimension of Globalisation and Migration

In response to Council recommendations¹⁴⁸ on SDG emphasising the importance of an appropriate employment policy in minimising the brain-drain, policy initiatives have been taken in the EU, in particular in relation to brain-drain in the health sector. With the adoption of the EU Strategy for Action on the Crisis in Human Resources for Health in Developing Countries in December 2005, and the Programme for Action to tackle the shortage of health workers in developing countries (2007 – 2013) adopted in 2006, the EU recognises its responsibility to take steps to meet its own objective of providing high-quality healthcare without having a negative impact on the situation in non-EU countries. The Commission in 2007 prepared a proposal for a Directive to facilitate the admission of highly-qualified migrants into the EU¹⁴⁹ with a clause specifically requiring ethical recruitment in sectors, such as the health sector, experiencing a lack of personnel.

3.7.2.2. Trade and Development-Related Agenda

The EU commitment to integrate SDG into trade policy has been implemented over the last two years through three main conduits: the special incentive arrangement for sustainable development and good governance (GSP+) established under the Generalised System of Tariff Preferences (GSP), Sustainability Impact Assessments, and multilateral initiatives.

- **GSP+**

The EU shares the view that there is a link between development and the respect of basic human, labour rights and environment and governance principles. Failure to honour these basic standards, which are specified in various international conventions, entails particular problems for developing countries in reaching their development objectives. This is why the EU created within the GSP scheme a special preferential trading arrangement to address positively these specific development needs through granting additional, preferential market access conditions for those developing countries which have taken on board the major international conventions in these areas (the GSP+). Through this trade incentive the EU encourages developing countries to ratify and implement key international conventions on human rights, core labour standards, sustainable development and good governance.

The promotion of these conventions as well as their implementation is supported by the EU through the GSP Regulation provisions, according to which disregard for or serious and systematic violations of the conventions' principles may result in the temporary withdrawal of tariff preferences (during 2008 investigations were opened against El Salvador and Sri Lanka).

For the period 2009-2011, 16 countries¹⁵⁰ have qualified to receive the additional preferences offered under the GSP+ incentive arrangement. Countries that did not yet meet the GSP+ qualifying criteria in 2008 can apply until 30 April- 2010 to receive GSP+ benefits from 1 July 2010.

¹⁴⁸ GAERC Conclusions on Promoting Employment through EU Development Cooperation, June 2007

¹⁴⁹ COM(2007) 637, 23.10.2007

¹⁵⁰ Armenia, Azerbaijan, Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Honduras, Mongolia, Nicaragua, Paraguay, Peru, Sri Lanka and Venezuela. Venezuela has been removed from the list of GSP+ beneficiaries by Commission Decision 2009/454/EC of 11 June 2009.

- **Sustainability Impact Assessments**

In the context of strengthening the knowledge base and better linkage with policies and stakeholders, the European Commission has continued to carry out Sustainability Impact Assessments (SIAs) for all major bilateral and multilateral trade negotiations. Increasing attention is being paid to quantitative and qualitative employment and social impacts of trade agreements as well as dialogue with civil society groups. SIAs also aim to identify accompanying measures to mitigate any negative employment and social impact of future trade agreements and to enhance positive ones, and to reveal to the scope for cooperation activities in the area of trade and decent work.¹⁵¹

3.7.2.3. International Perspectives

Following on from the 2007 Staff Working Document on Promoting employment through EU Development Cooperation¹⁵² and public statements, partner countries and regions have shown a growing interest in the EU's integrated economic and social development approach. As a result, the EU has intensified its dialogue with low and middle-income countries, notably on decent work and its various components.

- **Multilateral and International Initiatives**

In 2007 and 2008 the EC has consistently raised employment and labour issues in the context of the WTO trade policy review mechanism (TPRM). This has helped build further understanding of the linkages between trade and employment. Social issues have also been addressed in the context of WTO accession negotiations.

The Commission has continued to contribute substantially to the promotion of the ILO Decent Work Agenda, not only through institutional cooperation with the ILO, but also by fostering the four strategic objectives at other international fora, such as G8 events and the United Nations Commission for Social Development. The Commission has also actively supported the EU Member States for achieving the important ILO Declaration on Social Justice for a Fair Globalisation, adopted by the International Labour Conference in 2008.

In the face of the tremendous employment and social impact of the global economic crisis, this is more important than ever. The European Commission has made it very clear that efforts on Decent Work must not be reduced, but that, on the contrary, the Decent Work Agenda is also providing the right tools to tackle the crisis.

In 2004 a Memorandum of Understanding on a Strategic Partnership (SP) between the EC and the ILO in the field of development cooperation was concluded. The partnership is conceived as an evolving framework. While the original MoU addressed cooperation in the areas of core labour standards, focussing in particular on child labour and education, CSR and Core Labour Standards, social dialogue, poverty reduction an employment and migration and development, gender being a transversal issue for all areas, the High Level Meeting between the Commission and the ILO extended this scope to social protection as a separate theme, to ensure that all four pillars of decent work are covered by the partnership. It was also agreed that a special focus should be on the informal economy.

¹⁵¹ European Commission; Trade Issues, Trade Sustainability Impact Assessments 03.09, Available: http://ec.europa.eu/trade/issues/global/sia/index_en.htm .

¹⁵² SEC(2007) 495. 13.04.2007

In the framework of this strategic partnership, the EC and ILO have increasingly up scaled their joint development cooperation (see section 3.7.2.4). Moreover, the Commission has taken the initiative to organise regional seminars with EC Delegations and ILO local offices (Asia 2006, LA 2007, ACP 2009). These seminars aim at implementing the joint strategic partnership at local level and to improve mutual understanding, co-operation, synergies and contacts. This concerns the convergence between the important ILO added value in terms of tripartite agreed Decent Work Country Programmes (DWCP) and the EC large financial cooperation in the social sectors.

On the other hand, many Member States have bilateral partnership agreements with the ILO, and some provide core funding to the ILO. These activities have contributed to the adaptation of legislation to the most important international conventions in relation to child labour. The ILO plays a central role in promoting the social dimension of globalisation, employment and decent work, supported by a number of Member States. Overall the ILO has contributed to include Decent Work related concerns (notably, employment, core labour standards, social protection, etc) in the Poverty Reduction Strategy Papers (PRSPs). The 2009 mid-term review of EC Country Strategy Papers will be an opportunity to reinforce the appropriate synergies between European cooperation and the DWCPs, promoted by ILO and based on tripartite social dialogue.

The EU also supported an OECD project on trade and structural adjustment, studying linkages between international trade and labour market adjustment. The project aims at identifying, for both developed and developing countries, the requirements for successful trade-related structural adjustment via the reallocation of labour and capital to more efficient uses, while limiting adjustment costs.

The OECD/DAC has put in place a network working on various aspects of pro-poor growth (POVNET). The European Commission has been actively participating in the task teams leading to a Policy Statement: "Making Economic growth more pro-poor: the role of employment and social protection"¹⁵³. This statement was endorsed by the OECD High Level Meeting in May 2009.

- **Bilateral dialogues**

The EU-Brazil Action Plan¹⁵⁴, adopted in December 2008, addresses social and employment issue in a detailed manner, including in connection with developing countries. It foresees in particular the development of triangular cooperation to support the achievement of MDGs, including the eradication of extreme poverty and hunger, notably through the promotion of full and productive employment and decent work for all, the promotion of gender equality and the empowerment of women.

The full EPA signed with CARIFORUM addresses employment and decent work issues. Member States report progress with a view to including ILO Core Standards in Free Trade Agreements, EPAs and the Aid for Trade initiative. Currently negotiations are ongoing with Central America and Andean countries to agree on a Trade and Sustainable Development

¹⁵³ OECD, High Level Meeting in May 2009, Available:[http://www.oilis.oecd.org/olis/2009doc.nsf/ENGDATCORPLOOK/NT00000D82/\\$FILE/JT03260525.PDF](http://www.oilis.oecd.org/olis/2009doc.nsf/ENGDATCORPLOOK/NT00000D82/$FILE/JT03260525.PDF)

¹⁵⁴ See Brazil-European Union Strategic Partnership, Joint Action Plan, 2nd Brazil - European Union Summit, Rio de Janeiro, 22 December 2008. Section 2.1 and 2.2.

chapter. This includes commitments on core labour standards and institutional arrangements for monitoring their effective implementation involving the social partners.

- **European Neighbourhood Countries**

The Commission's 2008 and 2009 Progress Reports on the European Neighbourhood Policy (ENP) paid close attention to the external dimension of employment and social policy, highlighting the promotion of decent working conditions as a 'key challenge'. Within the Union for the Mediterranean, the first Euro-Med Employment and Labour Ministers meeting of November 2008 adopted an ambitious framework for action on employment, employability and decent work. Its follow-up will include the creation of a Euro-Med Social Dialogue Forum. Employment and social aspects also feature in the Communication on the new Eastern Partnership adopted in December 2008¹⁵⁵.

- **Asia**

At the second Asia-Europe Meeting (ASEM) Labour and Employment Ministerial in Bali in October 2008, for the first time, Ministers adopted a Joint Declaration that refers to the full respect and effective implementation of core labour standards, decent work, universal coverage of social security rights and social dialogue. This contributed to the Declaration on Sustainable Development adopted by the ASEM Summit in Beijing on 24-25 October 2008 underscoring the importance of effective implementation of core labour standards set out in the 1998 ILO Declaration on Fundamental Principles and Rights at Work and the 2008 ILO Declaration on Social Justice for a Fair Globalisation, further adding that "*promotion of full and productive employment and decent work for all is crucial to safeguard and improve people's livelihood, realize effective social cohesion and achieve MDGs.*"

- **Latin America**

Social cohesion is a priority in the EU-LA Strategic Partnership, as confirmed in the EU-LA Lima Summit (2008). The Lima Agenda encouraged the EU and its Latin American partners to foster the identification of means of bi-regional cooperation to promote the formulation and implementation of effective social policies in order to reach social cohesion, making a specific reference to the reform of the social protection systems, employment, professional and vocational education, etc.

The 2007-2013 programming exercise therefore put social cohesion at the centre of the proposed response strategies for the 17 countries of the region, as well as at regional level. Some of the areas of intervention are employment generation and DW (Bolivia, Chile, CAN), insertion of young people in the labour market (Guatemala, Argentina), inclusion of youth (Guatemala, El Salvador), vocational training (Nicaragua, Argentina, Honduras), social assistance (Mexico, Chile). Dialogues and exchange of good practices are also being promoted at a bilateral level with LA middle income countries through the Sector Policy Dialogues (Chile, Brazil and Mexico) and at a regional level through the Eurosocietal programme, which has an "employment strand" and which deals with social protection as an intersectorial issue. These programmes are essentially aimed at helping Latin American governments and stakeholders to adopt and implement the sector and financial reforms appropriate for their internal situation.

¹⁵⁵ COM(2008) 823/4, 03.12.2008

- **African, Caribbean and Pacific (ACP) countries and African Union (AU)**

Employment and decent work including social protection are included in the Joint Africa-EU Strategy and its Action Plan (2008-2010) adopted at the EU-Africa Summit in December 2007 in Lisbon. It is one of the three pillars of the Partnership on Migration, Mobility and Employment. Of primary importance is the promotion of the decent work agenda, the follow-up to the ILO Declaration on Social Justice for Fair Globalisation as well as support for the implementation of the African Decent Work Agenda 2007-2015.

While limited progress has been registered under this heading at this early stage, the AU considers decent work as part of a broader agenda as defined by the Ouagadougou 2004 Declaration and Plan of Action on Employment and Poverty Alleviation.

Some Member States believe that the inclusion of ILO Core Labour Standards in Free Trade Agreements, Economic Partnership Agreements (EPAs) and the Aid for Trade Agenda is a success.

CARIFORUM-EC Economic Partnership Agreement

The CARIFORUM EPA social obligations refer to relevant international conventions and declarations, explicitly mentioning the ILO core labour standards under the 1998 Declaration are reaffirmed, as well as to the UN Declaration on Full Employment and Decent Work. The Agreement safeguards the Parties' right to determine their own level of social regulation and labour standards. This freedom is qualified by the affirmation of a shared ambition to legislate for high standards and to implement them. The key discipline is the undertaking not to lower social legislation and standards (or failing to apply them) in order to derive trade or investment benefit. There is also a commitment not to use labour standards for protectionist trade purposes. The EPA also provides for a Committee of Experts and the Agreement's civil society Consultative Committee to play a role in handling issues arising from its implementation in this area. In addition, the services and investment chapter foresees obligations for the parties to ensure that investors act in accordance with the core labour standards and do not circumvent international environmental or labour obligations arising from agreements to which they are parties.

3.7.2.4. EU Development Actions in support of SDG in Developing Countries

- **The European Commission**

The Commission will have invested about €1.9 billion from 1999 to 2010 to support demand-driven social reforms or decent work-related projects in the field of employment, social inclusion and social protection in partner countries. These projects vary from the modernisation of vocational training systems to job creation initiatives, provision of support to social funds improving employment services, tackling child labour and trafficking, modernising social protection or social safety nets. Many of these programmes closely involve social partners and thus contribute to social dialogue.

Through the ESIP sector (Employability, Social inclusion and Social protection), the Commission provides support to EC services at HQ and Delegation levels on these issues in the framework of the implementation of EC development cooperation and has contributed to the promotion of this "non traditional" sector. A series of guidelines on core labour standards, DW in the informal economy, social protection, a toolkit to mainstream decent work in social

and non social EC development cooperation, and a training course on social protection are being developed. For the 2007-2013 programming period, according to an assessment of the National and Regional Indicative Programmes, priority issues broadly related to social issues are foreseen in 23 partner countries (e.g. child labour, anti-fraud, decent work, vocational training, social protection).

The EC has signed three joint management (Financial and Administrative Framework Agreement (FAFA)) direct agreements with ILO under the Employment/Social Cohesion Component of the DCI Thematic Programme "Investing in People" for 2007 and 2008. Two projects in 2007 for a total of 7.4 M€EC contribution: (1) Monitoring and Assessing Progress on Decent Work in Developing Countries (4M€) which supports governments and social partners in low-income and middle-income developing countries to have the tools and the capacity to monitor trends and measure progress on DW results over time and to apply high-quality policy analysis; (2) Assessing the effects of trade on employment (3.3 M€), which aims to improve the methodology and build capacity to assess the inter-linkages between trade and DW with a view to designing effective and coherent policies and institutions that respond to adjustment challenges and promote DW. Under the 2008 IiP action plan another 2 joint management projects with the ILO regarding social protection/labour market and Occupational health and safety, (4M€) are under negotiation.

Investing in People has also allowed the launching of two calls for proposals in 2009, which focused on i) creating networks and exchanging experiences to improve labour market information systems (€6.7 M), and ii) setting up demand-driven technical and vocational education and training in formal and informal economy (€5.8 M).

Tackling child labour is present in the cooperation activities both in terms of civil rights and of social protection. Among others, the EC external cooperation supports ILO in a project to combat child labour through education (TACKLE) – an intra ACP project including 11 countries of 15 Million Euros and a 5 Million Euros program in Pakistan. Following up the May 2008 Council conclusions on the promotion and protection of the rights of the child in the European Union's external action, the Commission is currently conducting a study on the scope for additional measures to address child labour. The report will look at a range of possible instruments in relevant policy fields and build on experience and knowledge gathered by partners and international organisations (e.g. ILO, UNICEF).

In the EU Strategy on Aid for Trade adopted in 2007¹⁵⁶, the Commission and Member States jointly committed to promote the social sustainability of Aid for Trade and to explore possibilities for consultation with stakeholders, in particular local ones and small producers.

The promotion of equality was thoroughly taken into account in several country strategy papers for the 10th European Development Fund (2007-2013). In addition, the ENP Action Plans contain provisions to promote the role of women in economic and social progress and to fight against discriminations and violence towards women. Finally, the EU was at the forefront of efforts to put gender equality at the heart of the Euro-Mediterranean Partnership.

The Commission will and EU Member States should support developing countries' targeted actions to cope with the direct social impact of the crisis through the creation and strengthening of social safety nets, facilitation of direct cash transfers and enhancement of in-

¹⁵⁶ See Council Conclusions of 15 October 2007 (No. prev. doc. 13070/07).

kind transfers. The Commission will give specific attention, when feasible and needed, to social safety nets, labour-intensive works and the reform of labour markets¹⁵⁷.

Though important progress has been made in the area of EC development cooperation, further progress is needed. The mid-term review of EC external programming in 2009 presents an opportunity to suggest adjustments as appropriate on the current policy orientations, while respecting the principle of ownership and the demand-driven nature of development cooperation.

- **Member States**

Since 2007, some Member States have established policy frameworks with a view to promoting PCD in this area. Dutch businesses, civil society organisations, knowledge institutions, individuals, several ministries and state secretaries signed the Schokland Pact in 2007, which is a compilation of agreements including a specific undertaking by the signatories to make a contribution to achieving one or more MDGs. Germany is developing a decent work paper comprising the four pillars of the agenda and presenting ongoing and planned projects in the area. Finland has created an ad hoc Working Group to draft the Development Policy Strategy for the Ministry of Employment and the Economy. The group is coordinated by the MFA, and its aim is to increase development cooperation policy coherence in the field of employment and the economy.

With a view to integrating employment and decent work principles into cooperation agreements with developing countries, Member States report some progress. Hungary signed an inter-ministerial agreement on cooperation in the field of labour, employment and social affairs with Azerbaijan in 2007. Hungary also organised a conference on undeclared work in 2008, which contributed to the promotion of dialogue among Member States and developing countries. Germany has integrated SDG issues into sector-specific policy dialogues with China and India. For Germany, compliance with the ILO core labour standards is a binding criterion in assessing cooperation projects and development progress of partner countries. During Denmark's yearly dialogue meeting with programme countries, the ratification and implementation of the ILO's fundamental conventions are discussed.

Member States have equally made some progress in supporting more social policy actions at country and regional level. Denmark for example has supported the creation of a High Level Africa Commission, which focuses on youth, employment and economic growth.

Member States also report some progress in addressing decent work, gender, children and youth issues in development programmes, including the fight against child labour, trafficking and sexual violence and enhancing partner countries' attention and capacity on these issues. The UK is supporting the Ethical Trading Initiative, an organisation bringing together trade unions, NGOs and businesses, which seeks to improve working conditions in the supply chains of corporate members by implementing a code of conduct based on international labour standards and developing best practice in the implementation of those standards.

The European Economic and Social Committee (EESC)
--

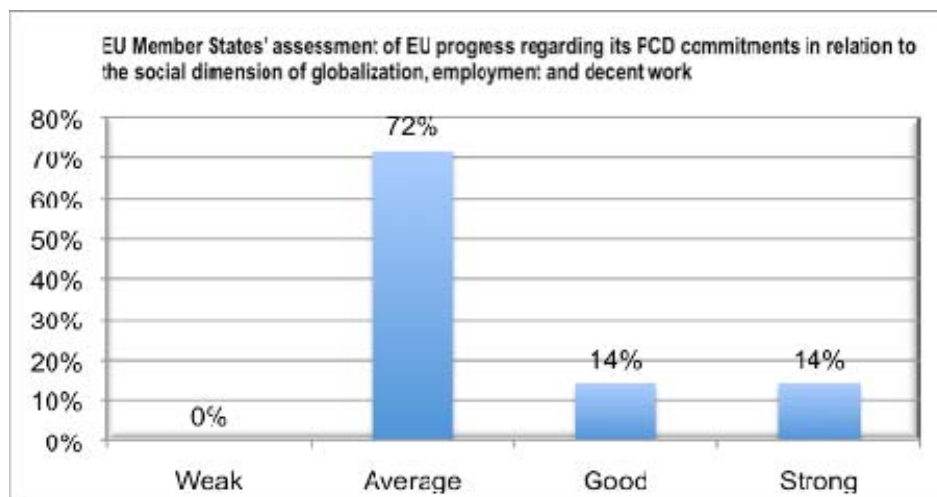
¹⁵⁷ COM (2009) 160 final, 08.04.2009

The EESC actively promotes the concepts of decent work, employment creation, vocational training, social dialogue and respect for and implementation of core labour standards in opinions which it delivers and in final declarations of seminars and conferences with developing countries. The Opinion on the Africa-EU Strategy concentrating on employment creation in ACP countries and promotion of decent work and the Opinion on 'How to integrate social aspects into the EPAs' show the active role played by the EESC in this area. The inclusion of a social chapter and institutional provisions for the creation of a Civil Society Consultative Committee in the CARIFORUM-EC EPA is a good example of integration of social aspects. It is the first time that an EU trade agreement includes such a provision. The EESC is currently working closely with the European Commission to establish the Consultative Committee by the end of 2009. EESC suggests to export this model to other comprehensive EPAs and to trade agreements with other regions

The EESC actively promotes and supports the establishment or consolidation of Economic and Social Councils and of consultative bodies at the regional level. In Latin America for instance, the EESC has provided expertise and information in addition to an exchange programme of delegates between the EESC and the Mercosur Economic and Social Consultative Forum (FCES). Within the context of relations with ACP countries, the EESC has over the years expressed political support for the ILO- Prodiap programme of social dialogue at the regional level in French-speaking African countries. Several final declarations of regional seminars and all-ACP conferences have included statements to this effect.

3.7.3. Conclusion & Outstanding Issues

Member States rate EU progress in the area of the social dimension of globalisation as slightly above average (see chart below¹⁵⁸). Several Member States welcome the EU's commitment to raising important issues in international fora. Implementation of these commitments on the ground could be enhanced. Improved coordination across Member States could avoid fragmented assistance. Member States acknowledge the amount of progress in including the Social Dimension of Globalisation in EU policy papers.



The challenge of extending social protection in both formal and informal economies needs to be addressed, which also means improving coherence between policies in the trade, financial

¹⁵⁸ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.

and social/development sectors and institutions at all levels. This has become increasingly evident in light of the financial crisis. Partner countries and donors need to scale up efforts to develop systems of social protection with broader and more effective coverage adapted to each country's needs and circumstances. "Social protection, and more generally, protection of progress achieved in the MDGs in the face of risk and uncertainty should be on every country's agenda. In this respect, the diffusion of innovations in developing countries in the fields of cash transfers – so called conditional cash transfers -, guaranteed employment schemes, or new insurance products is to be encouraged".¹⁵⁹

The issues that are to be tackled in the social dimension of globalisation field (decent work, gender, children, youth, employment programmes) seem very wide-ranging and coordination and coherence may be very difficult to achieve. Some Member States' responses show that a clear understanding of the notion of the 'social dimension of globalisation, employment and decent work' is lacking. The internal EU dimension related to the Lisbon strategy and the goals of the external dimension need to be identified in a clearer manner. A clarification of what the external dimension of the social dimension of globalisation, employment and decent work entails is needed.

As many Member States work with the ILO bilaterally, this cooperation could be further increased at EU level also. Some Member States have reported that understandings of 'decent work' Conventions differs at partner country level, which should be clarified with the ILO to ensure that all partners are on the same wavelength, and subsequently to facilitate Member State alignment with partner country initiatives.

Policy statements on the synergies between development and the social dimension of globalisation are lacking on several levels, as are coordination mechanisms. Adequate monitoring mechanisms should also be provided for.

In light of the global economic crisis the social dimension of globalisation and decent work becomes even more important for development and for poverty reduction. Increasing the level of social protection, funding of social safety nets and using the decent work agenda as a tool to tackle the crisis are critical elements in addressing the issues. Promoting and taking account of the gender dimension as an automatic reflex across the board is crucial in this respect.

Outstanding Issues

- PRSPs are more employment-friendly, thanks to ILO involvement, but additional efforts are needed to incorporate core labour standards, and other labour standards, where and when required. Beyond this, ILO should be actively involved in improving social partners' participation in countries where social dialogue is limited and further involved in UN reform, developing more links with UNDAFs.
- Support the design and implementation of policies to reduce salary inequity and especially gender inequalities within countries. Particular attention should be paid to integrating Social Dimension in Agricultural and Rural policies at domestic level.

¹⁵⁹ European Development Report October 2008 "Millennium Development Goals at Midpoint: Where do we stand and where do we need to go?" François Bourguignon et al

- Integrate the decent work and employment agenda into the EU-China-Africa trilateral dialogue.
- Given the importance of employment as a driver of south-south and south-north migrations, greater consideration should be given to employment and decent work agenda in EU migration policies.
- Linking employment issues with global challenges, public policies on climate changes, in particular the promotion of "green" employment, should integrate SDG aspects.

3.8. Migration

Quick Facts

- Today about 200 million people, roughly 3% of the world's population, are foreign born.¹⁶⁰
- Women account for 49.6% of global migrants.¹⁶¹
- According to the latest estimations of the World Bank, remittances flows to developing countries reached \$305 billion in 2008.¹⁶²
- Sending remittances to Africa is costly. In 2006, sending \$200 from London to Lagos cost \$29, and sending the same amount from Benin to Lagos cost over \$34.¹⁶³ This often leads to the use of informal channels to send money home.
- By 2050 33% of the population in the EU will be over 65. There will be two retirees per every one active person¹⁶⁴.

3.8.1. Introduction

Migration and mobility, if properly managed, contribute to the reduction of poverty in developing countries and thus directly or indirectly to the achievement of Millennium Development Goals.

In the current global economic and financial turmoil it is crucial to keep the EU long term commitment to maintain an open Union, responding to the needs of the EU economic systems and the demographic trends, within a wider global perspective. Migration and mobility, as global phenomena, will continue. EU policies must be designed to take advantage of the multiple opportunities it offers to ensure that migration indeed benefits countries both of origin and of destination to maximise the developmental effects of our migration policy while minimising its negative side effects.

Temporary or permanent outward migration from developing countries can contribute to poverty reduction. These countries can benefit from reduced labour market pressures, important levels of migrant remittances and the transfer of knowledge and skills of migrants. Remittances play an important role in reducing poverty among recipients. For some countries remittances are an important source of external revenues (like India \$27.0 bn, Bangladesh

¹⁶⁰ World Bank, World Development Report 2009, page 150

¹⁶¹ United Nations' Trends in Total Migrant Stock: The 2005 Revision. See <http://esa.un.org/migration/index.asp?panel=4>

¹⁶² Commission Staff Working Paper accompanying the Communication: "Supporting developing countries in coping with the crisis. Where does the EU go from Doha? What prospects for meeting the EU targets of 2010 and 2015? Annual progress report 2009 on financing for development". SEC (2009) 444, 8.04.2009.

¹⁶³ New Ways to Finance Development in Sub Saharan Africa, Dilip Ratha, Sanket Mohapatra, Sonia Plaza, World Bank Research Paper 4609, 01.04.2008.

¹⁶⁴ Shaping the Future, A Long-Term Perspective of People and Job Mobility in the Middle East and North Africa, World Bank, Middle East North Africa (MENA) report, 16.03.2009.

\$6.4 bn, Sudan \$1.2 bn)¹⁶⁵. Much can be done to help by defining policies which facilitate links and involvement of migrant communities and diaspora groups with their countries of origin, including by promoting innovative solutions for transferring money.

One of the major downsides of migration which needs to be addressed is brain drain and 'brain waste', in particular in sensitive sectors such as health and education. Brain drain exemplifies some of the major challenges and contradictions of the global migration discourse: education and training policies in developing countries could have an effect on retention and return, while the efforts of developing countries are challenged by recruitment policies in Europe and elsewhere.

Impact of the global crisis on remittances flows

The global economic slowdown is affecting developing countries that depend heavily on remittances, with Kenya for example reportedly experiencing a fall of -38% . This is partly due to the fact that in times of crisis, migration flows might slow down, but the stock of international migrants (and therefore the remitters) is unlikely to decrease¹⁶⁶, in addition, remittances form a small part of migrants' income, which they most likely will continue to send. Although private money, much can be done to help defining policies which facilitate links and involvement of migrant communities and diaspora groups with their countries of origin, including by promoting innovative solutions for transferring money. "Preliminary estimates suggest that Sub-Saharan African countries can potentially raise \$1 to \$3 billion by reducing the cost of international migrant remittances, \$5 to \$10 billion by issuing diaspora bonds, and \$17 billion by securitising future remittances and other future receivables"¹⁶⁷. Finally, gender matters. Remittances often benefit families who stay behind in the countries of origin. Female migrants tend to send remittances over longer periods and the level of their remittances seems higher.¹⁶⁸

Circular migration policies are a good example of how migration can potentially be a triple win: the migrants may improve their skills and knowledge, the country of origin can benefit from increased financial and knowledge transfers as well as reduced labour market pressure, and the country of destination can address temporary shortages on the labour market.

3.8.2. Progress towards PCD Commitments

Since the 2007 EU Policy Coherence for Development report, further progress has been made in terms of dialogue, partnership and joint action. At political level there is general recognition amongst the relevant institutional actors that well-managed migration can positively contribute to development, employment, mobility and growth, both in the EU and in third countries. This is reflected in the EU political dialogue framework and throughout the instruments put in place to implement migration policy commitments. Migration is thus firmly

¹⁶⁵ World Bank Migration and Remittances Factbook 2008

¹⁶⁶ Outlook for Remittance 2008-2010, World Bank Dilip Ratha, Sanket Mohapatra and Zhimei Xu, 11.11.2008

¹⁶⁷ New Ways to Finance Development in Sub Saharan Africa, Dilip Ratha, Sanket Mohapatra, Sonia Plaza, WorldBank Research Paper 4609, 01.04.2008.

¹⁶⁸ "Development and Migration from a Gender Perspective" International Training and Research Institute for the Advancement of Women, paper presented at the Seventh Coordination Meeting on International Migration, UN Secretariat Population Division, Department of Social and Economic Affairs, 20.11. 2008

on the European Union's policy agenda and increasingly being integrated into other policy areas such as development, foreign affairs, employment and social affairs while development concerns are increasingly being taken into account when it comes to migration policy.

3.8.2.1. A comprehensive policy framework

The Global Approach to Migration, adopted in 2005 provides an overall policy framework on the external dimension of the European Union's migration policy, particularly taking into account the migration and development dimension. First designed for the Southern Migratory Route, it was extended in 2007 to the Eastern Migratory Route. Since its adoption, it has aimed at genuine partnership with third countries, full integration into the EU's other external policies, and the incorporation of all migration and asylum issues, in a comprehensive and balanced manner, covering legal migration, illegal migration and migration and development. PCD commitments are fully integrated into the policy framework and featured as a key factor in the most recent Commission Communication on the topic¹⁶⁹.

These principles were reaffirmed at the highest political level in October 2008 when EU Member States agreed to a number of basic principles of cooperation with the adoption of the European Pact on Immigration and Asylum. The Pact henceforth formed the basis of a common immigration and asylum policy founded on proper management of migratory flows, in the interests not only of the host countries but also of the countries of origin and of the migrants themselves. Implementation of the Pact will be the subject of an annual debate in the European Council in the first half of 2010.

Based inter alia on a Commission Communication presented in June 2009 and broad consultation with stakeholders, the European Council will adopt by December 2009 the next five-year work programme for freedom, security and justice in the EU. This so-called 'Stockholm Programme' will set the agenda for the years to come. Migration, including the nexus migration and development, will form an important part of this Programme.

Member States emphasise that since 2007 the link between migration and development has been reinforced within their governments and their policies. The focus has mainly been on implementation. However, several Member States mention limited success with their attempts to integrate migration into national development strategies partly because positive aspects of migration are not always recognised as such in partner countries and engaging development practitioners in this particular field has not been easy.

3.8.2.2. Political dialogue with Africa

Dialogue with African partners has been particularly active at all levels since 2007. At a *continental level* and following on from the Tripoli Declaration on Migration and Development of November 2006, an EU-Africa Partnership for Migration, Mobility and Employment was adopted by the EU-Africa Summit of Heads of States and Government in Lisbon in December 2007¹⁷⁰. This Partnership reflects an agreed understanding and commitment on the part of African and EU countries to jointly address migration and mobility issues in the framework of labour market disparities both within and between the two

¹⁶⁹ Strengthening the Global Approach to Migration: increasing coordination, coherence and synergies COM(2008) 611 final, 08.10.2008

¹⁷⁰ One of eight partnerships launched along with the Joint Africa-EU Strategy approved at the Lisbon Summit.

continents. At a *regional level*, a Declaration on Migration and Development was adopted in Paris in November 2008 focusing on the management of migratory flows along the western migratory route, as follow-up to the Rabat Declaration in 2006. At a national level, four additional political dialogue missions¹⁷¹ have been carried out since 2007 in Nigeria, Ethiopia, South Africa and Tanzania.

As a tool to follow up concretely political dialogue, a *cooperation platform* has been set up in Ethiopia. Its aim is to gather all actors concerned by migration both on the EU side and of the partner country and to provide a forum for dialogue on the topic. In line with this concept, a *migration dialogue forum* was set up in South Africa.

Most Member States state that they support the EU-Africa Strategy and its Partnership on Migration, Mobility and Employment. Member States call for more participation and active commitment by Member States and African partners in the Partnership.

3.8.2.3. Political dialogue with other regions

The migration situation in Eastern Europe and Central Asia has been for long in the centre of interest of a number of EU MS. However, until recently their migration initiatives focused largely on border management and asylum policy, while the migration/development dimension was less accentuated. The extension of the Global Approach to Migration on these regions in 2007 has changed the approach. Following its Ministerial Conference on "Building Migration partnerships", the EU is enhancing its dialogue on all dimensions of migration. The impact of mobility on labour markets will also be addressed under the newly launched Eastern Partnership.

Finally the EU has also developed its dialogue with Asia and Latin America on migration-related issues, notably in the EU-LAC (Latin America and Caribbean) framework.

The EU has an extensive legislation regarding the protection of migrants' rights. One of the issues which is recurrently raised in EU's dialogue with third countries and regions concerns migrants' rights, in particular in relation to the 1990 United Nations International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.

3.8.2.4. Brain drain

The EU's policy on addressing the shortage of health workers in developing countries is a good example of the EU effort to ensure that policies in Europe are coherent with external action and that policy proposals for internal EU action to solve Europe's own challenges do not have an adverse impact on the situation in developing countries. The programme for EU action to tackle the critical shortage of health workers in developing countries (2007-2013)¹⁷² has a strong component dealing with internal EU action - namely it calls for development and implementation of a set of ethical principles that would guide recruitment of non-EU health workers and for further enabling circular migration as a means to favour knowledge transfers while addressing labour market needs.

¹⁷¹ Under articles 8 and 13 of the Cotonou Partnership Agreement

¹⁷² COM(2006) 870 final, 21.12.2006

PCD challenges related to brain drain were further explored in 2008 by the Commission in a Staff Working Paper¹⁷³, which advocates definition and implementation of country-specific 'safeguarding skills for development' policies, based on training, retention, ethical recruitment, return and integration. Strategies need to look across generations, including youth. The EU education programmes, such as Erasmus Mundus and Edulink, have positive effects on retention, return and circular mobility. In May 2008¹⁷⁴, the Council invited Member States, in partnership with the countries concerned, to facilitate voluntary return and reintegration in the country of origin in a holistic and coherent manner to advance the "brain gain"¹⁷⁵.

Moreover in November 2008, the Council adopted conclusions on the Commission's staff working document on the implementation of the EU programme for action to tackle the critical shortage of health workers in developing countries, in which the Council reiterates the need to strengthen the translation of the existing policy into action, especially with respect to the development and implementation of an EU Code of Conduct for recruitment of health workers from developing countries that would draw upon existing experience of Member States and the work of the WHO on a global code of practice in this area. The report shows that there are indeed already examples on which the EU can build, such as the "Code of Conduct and follow-up on Ethical Cross-Border Recruitment and Retention" signed in 2008 jointly by the European Hospital and Healthcare Employers' Association and the European Federation of Public Service Unions within the framework of the hospitals' European Sector Social Dialogue Committee, or the UK Code of Practice published at the end of 2004.

Safeguards to avoid brain drain as such were introduced in the Directive to facilitate the entry and residence of highly skilled workers (see below). In addition, the European Commission took further steps in the area of health workers and in 2008 drafted a Green Paper on the European workforce for health. The Green Paper stresses the crucial importance of scaling up the EU's own health workforce (this could be done e.g. by taking the necessary steps to ensure that enough doctors, nurses, engineers and researchers are trained in European countries and that they have working conditions that are sufficiently attractive to discourage them from looking for greener pastures in other developed countries outside the EU¹⁷⁶) and also proposes to put in place an EU-wide set of principles to guide recruitment of health workers from developing countries, introduce methods for monitoring the situation, stimulate bilateral and multilateral agreements with source countries and developing mechanisms for support of circular migration.

Some Member States - notably France, Germany and the Netherlands - have begun to work on developing programmes which would encourage migrant health workers to return to and resettle in their countries of origin or enable them to leave for extended periods without affecting their residency status. Further study in the EU building on research, existing best practices and consultation with relevant stakeholders in the EU and developing countries, will need to be undertaken to increase the scale of such initiatives, to institutionalise them and to make "dual posting" or other options that stimulate circular migration sufficiently attractive and still workable for health workers, their families and their employers.

¹⁷³ Commission Staff Working Paper Policy Coherence for Development. Climate Change/Energy/Biofuels, Migration and Research, SEC (2008) 434/2.

¹⁷⁴ Conclusions of the Council 27 May 2008, 9907/08

¹⁷⁵ Brain gain designates the return of qualified persons to the countries of origins

¹⁷⁶ Commission Staff Working Paper Policy Coherence for Development. Climate Change/Energy/Biofuels, Migration and Research, SEC (2008) 434/2.09.04.2008

3.8.2.5. Labour / circular migration and increased mobility

Since 2007, a number of initiatives have been adopted to integrate legal migration opportunities into the Union's external policies and to facilitate circular and temporary migration.

The Directive to facilitate the entry and residence of Highly Qualified Migrants (also known as the "Blue Card directive") was approved in May 2009¹⁷⁷. It seeks to establish more attractive entry and residence conditions for third-country nationals to take up highly qualified employment in EU Member States. To this end, it introduces a fast-track admission procedure, a common residence/work title ("EU Blue Card"), foresees measures facilitating the intra-EU mobility and grants a number of generous socio-economic rights on the basis of equal treatment with EU workers as well as favourable conditions for family reunification. A number of safeguards have been introduced to increase transparency and avoid brain drain effects in the form of a circular migration clause, a brain drain clause, an ethical recruitment clause and Member State reporting duties.

Various initiatives were taken concerning circular migration from a development perspective such as the workshop on circular migration which the Commission co-organised with the government of Mauritius (September 2008) followed by a workshop in Brussels in March 2009. These workshops aim at exchanging best practice on circular migration to benefit further policy development

A number of initiatives will be taken forward with a view to fostering increased mobility between the EU and third countries¹⁷⁸. In particular, the proposal for a directive on a single application permit aims to ensure a common set of rights to all third-country workers already admitted and legally working in a Member State. Acknowledging the contribution made by the legal immigrant workers to the EU's economy and to help them better integrate, the proposal seeks to guarantee basic socio-economic rights on an equal footing with Member State's own nationals, in particular as regards working conditions and pay, education, trade union's rights and social security.

Migration Information and Management Centre in Mali (CIGEM)

CIGEM was set up in Bamako (Mali) and is funded by the European Union in the framework of its cooperation with Mali. It aims at providing concrete information to potential migrants on legal migration opportunities but also on the risks of illegal migration. It will also provide advice to the Malian government on its migration policy and support Diaspora organisations wanting to invest in their country of origin and provide information and reintegration assistance to returning migrants. It was inaugurated in October 2008¹⁷⁹.

¹⁷⁷ Directive 2009/50/EC of 25 May 2009 (OJ L 155, p. 17).

¹⁷⁸ A proposal for a directive on a single application permit for third-country nationals to reside and work in the territory of a Member State and a common set of rights for third-country workers legally residing in a Member State (COM (2007) 638 final); a proposal for a directive on the conditions of entry and residence of seasonal workers (scheduled for 22 July 2009); a proposal for a directive on the procedures regulating the entry, the temporary stay and residence of Intra-Corporate Transferees (ICT) (scheduled for 22 July 2009).

¹⁷⁹ See www.cigem.org

A few Member States have developed new policies in order to encourage circular migration. Some Member States (e.g. Spain, Portugal, Italy, France) have introduced multi-entry permits or facilitated re-entry procedures to promote circular migration, mainly in the area of seasonal workers. The Netherlands has started a pilot project which will give migrants the possibility to work in the Netherlands and return to their country of origin for a longer period of time, without losing the right to residence. The Netherlands has also broadened the access of asylum seekers to the Dutch labour market. Similarly, Sweden has changed its policy concerning the allowed period of absence and residential rights, giving migrants the opportunity to return to their countries of origin. Portugal introduced a law in 2007 which facilitates circular migration, letting migrants keep their residence permit after long absences, if they were active in a professional occupation in their country of origin. Improved portability of social rights, the right to residence as well as, ultimately, citizenship may be core issues to favour increased migrant mobility.

3.8.2.6. Remittances

The higher awareness in recent years of the importance of remittances in promoting development and various international initiatives are gradually becoming visible in the implementation of concrete measures¹⁸⁰. Regarding EU-specific commitments on remittances, significant progress has been made on ensuring more reliable data on remittances, favouring cheaper, faster and more secure flows of remittances and stimulating the development impact of remittances. A few examples can be mentioned¹⁸¹:

- Most EU Member States have progressed since 2007 on reducing the cost and improving the safety of remittances. Substantial progress has been achieved with the adoption of the Payment Services Directive (PSD) in November 2007, which provides the legal foundation for the creation of an EU-wide single market for payments. While the Directive will only be applicable to payments made within the EU, it will be revised in 2011 and could then be extended to international remittances.
- Some Member States, such as Belgium and the UK, are currently exploring the development of a chip-card for remittances transfers via mobile phones which would allow for much lower costs and an improved accessibility given the proportion of people in possession of a mobile phone in developing countries. Others, like France, favour the development by banks of services dedicated to migrants (creation of specific agencies, insurance products).
- Several Member States and the Commission are supporting developing countries in the establishment of policy framework more conducive for remittances. For instance, the European Community supports the setting up of an African Remittances Institute in partnership with the World Bank and under the leadership of the African Union. Its core objective consists in providing capacity building for Member States of the African Union, remittance senders and recipients, private sector, universities, and other stakeholders to develop and implement concrete strategies and operational instruments to use remittances as development tools for poverty reduction.

¹⁸⁰ Among those main initiatives were the guidelines for the compilation of data on remittances by the "Luxembourg Group", the "General Principles for International Remittances Services" and the recent G8 initiative for a "Global Remittances Working Group" coordinated by the World Bank.

¹⁸¹ For a more complete assessment, see the COM (2009) 160 Final, 08.04.2009

- Recent measures by some Member States such as the provision that money transfer organisations are required to inform the local law enforcement authorities within 12 hours in case the person wishing to transfer funds is unable to present a resident permit, might be counter-productive from a development perspective, favouring the transfer of remittances through informal channels.

3.8.2.7. Diaspora

Diaspora organisations being considered as potential actors in the field of development, tools have been put in place to foster their involvement in development projects. The EC-UN joint initiative for migration and development (€15 million) fosters exchange of experience and best practices among diaspora organisations, provides capacity building and supports their involvement in the development of their countries of origin. Promoting dialogue and cooperation with diasporas is one of the key aspects of this programme. In June 2008 a workshop took place in Brussels, which highlighted -inter alia- the need for a more structured dialogue mechanism with African diaspora at European level.

A number of Member States have attempted to involve diasporas in their development policies. They have commissioned studies to research the possible impact of involving diasporas, and they have tried to engage the diasporas in projects in their home countries to develop the private sector. Belgium for example, has done a study on the Congolese and Moroccan diaspora. France has carried out a study on migratory corridors to Morocco, Mali, Comoros and Senegal, in cooperation with the African Development Bank and the World Bank and is also supporting World Bank and African Development Programmes, which aim to increase the involvement of diasporas in development matters and facilitate the transfer of remittances.

3.8.2.8. Mobility Partnerships

Mobility Partnerships were concluded with Cape Verde and the Republic of Moldova. Conceived as one of the main tools to implement the Global Approach, they provide a wide framework for cooperation as regards management of migration and mobility. A similar Partnership is currently being negotiated with Georgia.

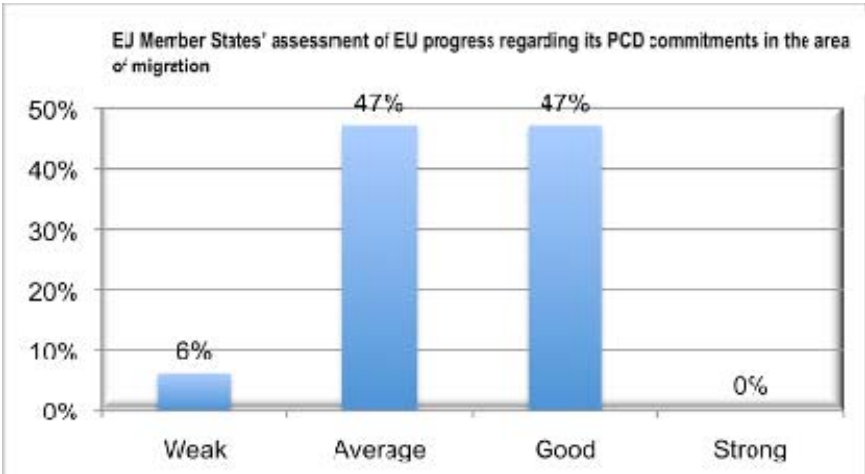
Mobility partnerships have an important development component. In the Republic of Moldova, the flagship project coordinated by the Swedish Public Employment Service aims at strengthening the capacities of the National Employment Agency to support reintegration of returning migrants and to provide information on legal employment in the EU. Hungary and Romania organised training sessions and an exchange of experience with Moldovan public services, awareness campaigns for migrant workers have been organised, and strengthened links with the Moldovan diaspora have been established. Also in this framework several Member States have concluded or are negotiating social security agreements with the Republic of Moldova to ensure portability of rights. The work on support for human capital development and recognition of professional qualifications of migrant workers (returning and emigrating), instrumental to counteract brain waste, is implemented by the European Training Foundation.

As part of the Mobility Partnership with Cape Verde, Portugal and Spain participate in the CAMPO (Centre for the Support of Migrants in the Country of Origin) project, which aims to match skills with available jobs and to provide relevant information on migration channels so as to promote legal migration. It also supports returning migrants' entrepreneurship. Member

States assess the Mobility Partnerships to be beneficial to partner countries, as they have strengthened the dialogue between all partners, common challenges and interests have been identified and areas for cooperation have been singled out.

3.8.3. *Conclusion & Outstanding Issues*

Through its Global Approach to Migration, the European Union seeks to ensure that the positive benefits of migration are harnessed to bring mutual benefit to the EU and partner countries. The Policy Coherence for Development process is instrumental in ensuring that this delicate balance is advanced.



Since 2007, the European Union has reinforced its dialogue with third countries on migration and development issues while further integrating mutual migration concerns and challenges in cooperation with these countries. Member States rate the EU's progress as average to good (see chart above¹⁸²). They welcome the Mobility Partnerships with Moldova and Cape Verde, the cooperation platform in Ethiopia as well as the Blue Card scheme. According to Member States, particularly the Mobility Partnerships have the potential to improve policy coherence, both among participating EU Member States and the Commission. Member States consider the Mobility Partnerships to be beneficial to partner countries, as they have strengthened the dialogue between all partners, common challenges and interests have been identified and areas for cooperation have been singled out. The real policy challenge for the coming years remains therefore whether the EU and its Member States are capable and prepared to offer real migration and mobility options for nationals of developing countries seeking legal employment in the EU. Portability of socio-economic rights is also being addressed but should be further tackled in the coming years.

Implementation has started and must continue on a number of issues, especially remittances, increased mobility, stronger relationships and dialogue with diaspora organisations. However, the agenda still needs to be taken forward especially when it comes to facilitating labour migration, labour matching, the efficient transfer and recognition of new skills and addressing brain drain. New issues, such as the impact of the economic crisis and climate change on migration, will be further explored.

¹⁸² Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission

Outstanding Issues

- Offering real migration and mobility options for nationals of developing countries seeking legal employment in the EU.
- Negotiate Mobility Partnerships with other third countries;
- Launch more pilot schemes on circular migration and undertake further study in the EU building on research, existing best practices and consultation with relevant stakeholders in the EU and developing countries explore options to stimulate circular migration;
- Consider the establishment of further labour migration information and management centres in third countries; in general terms, reinforce capacities of the relevant authorities in third countries to manage migration and to provide information about legal migration opportunities;
- Consider visa facilitation for certain groups of third-country nationals;
- Expand best practices regarding the right to residence and on other citizenship issues.
- Further progress in the definition and implementation of a common approach to migrants' rights, so as to strengthen the EU's international credibility and the coherence of EU migration policy with its development and human rights policies.
 - Continue implementation of the migration and development agenda of the Global Approach
- Develop and implement country specific 'safeguarding' skills for developing countries to address brain drain.
- Strengthen dialogue and cooperation with diaspora groups and migrant communities; support the emergence of diaspora networks at European level
- Continue to promote cheaper, faster and more secure flows of remittances and stimulate the development impact of remittances and promote legal channels for transferring remittances, including by ensuring that the relevant legislation does not contain provisions hampering the effective use of these channels by migrants.
- Recalling that introducing aid conditionality (e.g. in the context of negotiations of bilateral agreements in the area of migration) is not an effective way of addressing the problem, and that the global approach is the best conduct to follow.

3.9. Research and Innovation

Quick Facts

- The global recession has meant many developing countries are losing markets for their goods, eliciting cries from their leaders for more science, technology and engineering graduates to improve productivity and diversify products, so as to salve economic woes.¹⁸³
- African Finance Ministers consider scientific knowledge as a critical factor for growth, employment and poverty reduction and for the competitiveness of their economies in the 21st century. They are concerned by the weaknesses of their higher education, science and technology sectors.¹⁸⁴
- Morocco has announced plans for a new campus providing knowledge-based services to strengthen research and training in clean technology. The campus is part of a US\$219 million clean energy industrial park to support private sector investment as well as renewable energy companies. Building is underway, and the campus is expected to open by 2010.¹⁸⁵
- Ethiopia has developed a programme with Addis Ababa University to produce 5 000 PhDs in 10 years.¹⁸⁶

3.9.1. Introduction

Research is not something that most people would associate immediately with developing countries but it is an issue of growing importance for them. Developing countries need research. Firstly, because it directly contributes to achievement of the MDGs, e.g. in the health and food security areas. Secondly, because it transforms developing countries' economies, promotes growth and strengthens competitiveness, thereby creating the enabling environment for achieving the MDGs.

Since research is today a global endeavour, developing countries will need to participate in international research programmes (including those of the European Union) in order to contribute to the solution of regional and global problems.

That research and innovation pays off even for developing countries has been demonstrated by countries in East Asia. Their development is often attributed to investments in knowledge and new technology as one key factor explaining their success stories.¹⁸⁷

The UNCTAD Least Developed Countries Report 2007 'Knowledge, Technological Learning and Innovation for Development' makes the case for Least Developed Countries. It argues that

¹⁸³ Science Development Network 2009. <http://www.scidev.net/en/science-and-innovation-policy/innovation-policy/opinions/new-thinking-needed-on-innovation-infrastructure.html>.

¹⁸⁴ UNECA 2008.
http://www.uneca.org/sciencewithafrica/enewsletter/swa_enewsletter_dec_2008.html#na_cam.

¹⁸⁵ .
¹⁸⁶ The Guardian 2008.

<http://www.guardian.co.uk/education/2008/may/13/highereducation.internationaleducationnews>.

¹⁸⁷ OECD Development Centre Studies. Policy Coherence Towards East Asia: Development Challenges for OECD Countries, 2006

'unless LDCs adopt policies to stimulate technological catch-up with the rest of the world, they will continue to fall behind other countries technologically and face deepening marginalisation in the global economy.'¹⁸⁸

But sometimes also difficult situation have advantages. As developing countries start from a low base research may have a potentially higher impact on them than developed countries. For example, on-farm yields of maize in six African countries (Malawi, Ethiopia, Nigeria, Uganda, Mali and Mozambique) are between one quarter and one third of potential yields that can be achieved under optimal conditions. This 'yield gap', between actual and potential is much less pronounced in developed countries.¹⁸⁹

Notwithstanding the clear benefits of investing in science, the Commission for Africa's report 'Our Common Interest' concluded that 'The science gap between Africa and the rest of the world is widening and under business-as-usual this gap will continue to grow'¹⁹⁰. It finds that Africa has become increasingly uncompetitive, as a result of its weaknesses in governance and infrastructure, low capacity in science and technology and lack of innovation and diversification from primary products. Catching up has become more difficult. Barring significant and swift progress, the marginalisation of Africa will become an ever-greater problem to overcome and an ever-greater threat to global stability.¹⁹¹

African countries increasingly recognise the importance of research for development. The first African Ministerial Conference on Science and Technology (AMCOST) in November 2003 and subsequent meetings of AMCOST in 2006 and 2007, the plan of action consolidating the S&T programmes of the AU and NEPAD endorsed by AMCOST in September 2005, and the joint partnership on Science, Information Society and Space agreed in December 2007 in the framework of the Joint Africa-EU Strategy, are important milestones on this road.

3.9.2. *Progress made towards PCD commitments*

Since the previous Policy Coherence for Development Report in 2007, there has been considerable progress in the approach to cooperation with developing countries. The policy arena has changed. Regarding Africa in particular, an important step was taken with the adoption in December 2007 of the EU-Africa '8th Partnership' in Science, Information Society and Space. Moreover, a policy framework for research cooperation with developing countries more generally has been proposed in the Commission Communication on a Strategic European Framework for International Science and Technology Cooperation, adopted in September 2008.¹⁹² The Communication stresses that research cooperation with developing countries should be aligned with development cooperation policies and the MDGs. It also recognises that major global challenges such as climate change, poverty, infectious disease, and threats to energy, food and water supply highlight the need for effective global S&T cooperation to promote sustainable development. It proposes a partnership between Member

¹⁸⁸ UNCTAD, The Least Developed Countries Report 2007, Knowledge, Technological Learning and Innovation for Development, p. 1.

¹⁸⁹ World Bank, World Development Report 2008,

¹⁹⁰ Our Common Interest, the report of the Commission for Africa, 2005, p. 138

¹⁹¹ Idem p. 84

¹⁹² COM (2008) 588 final, 24.9.2008, Communication from the Commission to the Council and the European Parliament. A Strategic European Framework for International Science and Technology Cooperation.,

States and with the European Community to strengthen international cooperation. The Communication was endorsed by the Council of the European Union in December 2008.¹⁹³

The Commission Staff Working Paper on Policy Coherence for Development; Climate Change/Energy/Biofuels, Migration and Research¹⁹⁴ identifies concrete ways for research policy to contribute better to development. Based on this paper the Council adopted conclusions asking the Member States and the Commission to promote research on MDG-related issues and to give developing countries better access to the results of research. To strengthen the knowledge base of developing countries it proposes to promote the participation of researchers from developing countries in European research programmes while at the same time strengthening the capacity of developing countries in the area of research and by working towards more balanced mobility of researchers between the EU and developing countries.

The policy context for research and development has remained the same in most Member States. In some of them, however, new policy frameworks have been agreed putting more emphasis on research for development. The German government, for example, has developed a strategy for the Internationalisation of Science and Technology, which includes a number of specific development objectives. In Sweden and the UK - through the UK DFID New Research Strategy 2008-13 - new government legislation has further boosted the focus on global challenges with an impact on development. The Swedish Government Bill on research and innovation, A Boost for Research and Innovation (2008) highlights global development challenges with an indirect bearing on developing countries to a larger extent than earlier government bills in this area. The draft Hungary agriculture policy, which is to be adopted this year, contains an enhanced development dimension. Although it does not specifically refer to the MDGs, it mentions the importance of Agricultural Research for Development and of working with Africa. Dutch RTD and innovation policy focuses primarily on promoting the Dutch and European knowledge infrastructure and economy as set out in the Lisbon agenda. Cooperation with third countries is encouraged not only from that perspective, but also in relation to global issues like climate change, infectious diseases, renewable energy, the world food issue, migration and security.

3.9.2.1. Cooperation with researchers from developing countries and their participation in European research programmes

The Seventh Framework Programme (FP-7) is the major tool for the implementing of EU research policy. It is a seven-year programme (2007-2013) with an overall budget of €54 billion pursuing the objectives (laid down in the Treaty establishing the European Community) of strengthening the S&T basis, and thereby the competitiveness of EU industry and meeting the research needs of other EU policies. International cooperation, including cooperation for development, is mainstreamed through the Programme. Almost all funded activities are selected after competitive calls for proposals followed by peer review evaluation. The years covered by the present report correspond to the first two years of implementation of FP-7.

¹⁹³ Conclusions of the Council, 2.12.08, concerning a European partnership for international scientific and technological cooperation (2009/C 18/05)

¹⁹⁴ SEC (2008) 434, 9.4.2008, Commission Staff Working Paper Policy Coherence for Development. Climate Change/Energy/Biofuels, Migration and Research,.

FP 7 is open to participation from researchers from anywhere in the world. Researchers from developing countries not only can participate in all programmes but can also be funded.

At the programme level, the Commission ensures that topics relevant to developing countries are included in the annual work programmes. In addition to discussing research priorities with representatives from developing countries, experts from developing countries are included in proposal evaluation panels. As a result, the Commission finances many projects with an MDG focus, particularly in the 'Health' and 'Food, Agriculture, Fisheries and Biotechnology' and 'Environment' thematic programmes but also in areas such as energy and transport.

Almost all funded activities are selected after competitive calls for proposals followed by peer review evaluation. Projects are selected based on the principle of scientific excellence. This principle ensures that the best projects are funded and that projects are selected following the same criteria and standards. At the same time this principle often makes it difficult for researchers from developing countries to participate successfully in European research programmes, because of low R&D capacity in their countries and sometimes also because of the lack of knowledge in Europe about potential partners in developing countries.

Recognising the importance of working with developing countries, the Commission actively promotes opportunities offered by FP-7 amongst researchers from these countries. The Commission regularly informs people in developing countries about existing opportunities under FP-7 e.g. through video conferences and dissemination and training events and experts from developing countries participate in proposal evaluation panels. In parallel the Commission informs Delegations in developing countries about the importance of S&T for development in order to alert them to the possibilities of S&T capacity building through development funds as well as the opportunities for cooperation offered through the FP.

In addition, the Commission has launched INCO-NETs which are specific outreach mechanisms geared to developing countries, bringing together policy-makers and stakeholders at bi-regional level. They provide support for policy dialogues and help in identifying topics for collaboration under FP-7 thematic programmes. They also disseminate information on opportunities for participation in the FP. For developing regions of the world, INCO-NETs have been established for: Mediterranean Partner Countries (MIRA); Sub-Saharan Africa (CAAST-NET); Latin America (LA-NET); South-East Asia (SEA-NET). Others are in preparation (including for the Central American, Caribbean, and Pacific regions).

For countries with which the EC has a Science and Technology Cooperation Agreement¹⁹⁵ issues for research collaboration are identified by Joint Committees established under these agreements. Ad-hoc workshops in the regions or participation in international fora, e.g. WHO, the Global Forum for Health Research are other mechanism for selecting research topics.

The Commission has developed specific instruments to promote participation from researchers from developing countries. The most effective instruments to that end are probably the Specific International Cooperation Actions (SICAs). SICAs are dedicated to cooperation with International Cooperation Partner Countries (ICPCs). Most ICPCs can be categorized as developing countries, but they also include emerging economies and Eastern

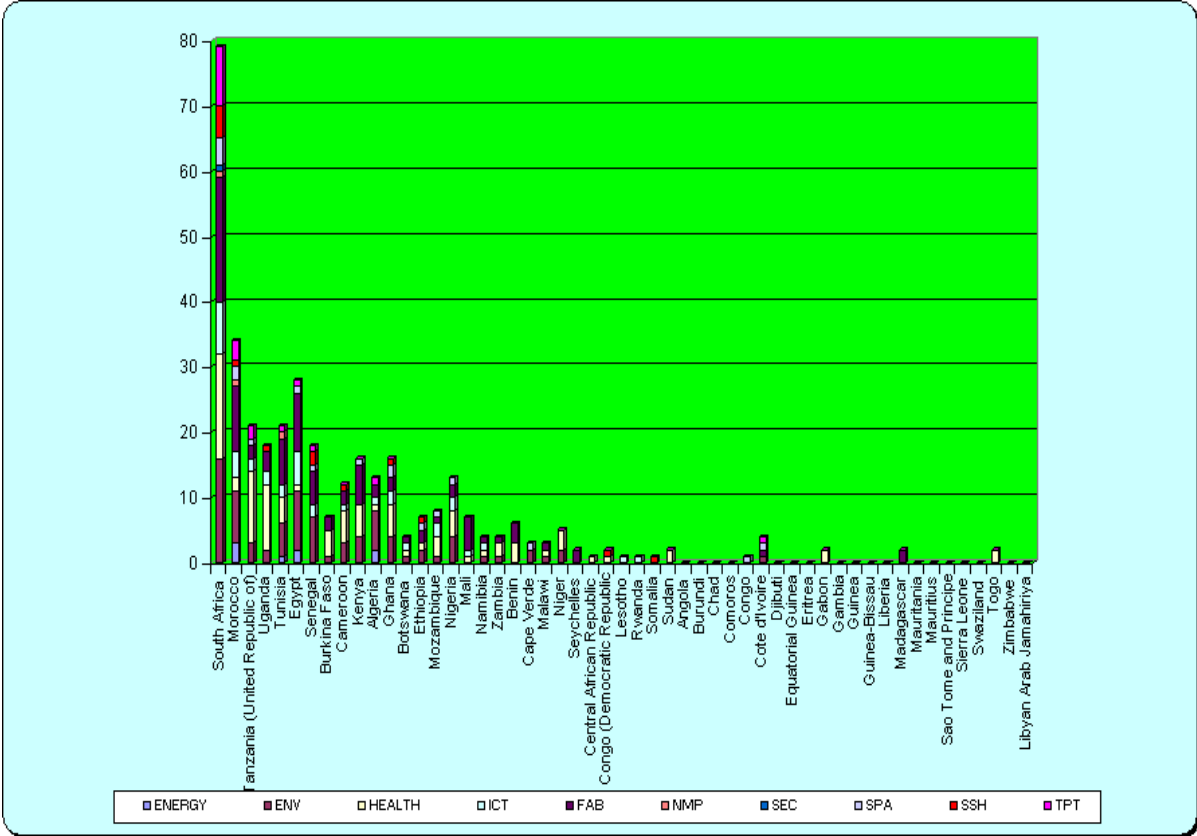
¹⁹⁵ Countries with which the EC has a Science and Technology Cooperation Agreement: Argentina, Brazil, Chile, Mexico, China, India, Egypt, Morocco, Tunisia, Jordan, South Africa, Ukraine, Russia, Australia, Canada, Korea, New Zealand, USA

European countries. SICA calls for proposals identify specific topics of relevance to specific ICPC regions (or more than one region) and require that the proposing consortium include at least two research institutions from that ICPC region. Once a project is selected for funding, all partners, including the ICPC partners are funded from the FP budget.

Targeted opening of calls for projects is another way to encourage participation from researchers from developing countries. Under targeted openings consortia are encouraged to include researchers from third countries but it is not an absolute requirement.

Overall funding earmarked for mainlisted applications from African participants in successful proposals in the first calls of FP-7 so far amounts to more than €60 million.¹⁹⁶ It is interesting to note that among the 10 African countries that have received most funding under the Cooperation programme in FP-7 so far there are three Least Developed Countries and that a country that is poor like Tanzania receives a higher amount of funding than Cameroon or Kenya. These figures do not support the general criticism expressed by some Member States that Least Developed Countries, due to their lack of institutional and human resource capacity, find it more difficult to access FP 7 funds than middle-income countries.

Overview about the applications to the Cooperation Programme of FP-7 from African participants main listed so far



197

¹⁹⁶ €52.99 million from the Cooperation programme and €8.841 million from the Capacities programme
¹⁹⁷ FAB = Food, Agriculture and Biotechnology; NMB = nanotechnology and nanosciences, knowledge-based multifunctional materials and new production processes and devices; SEC = security; SPA = space; SSH = social sciences and humanities; TPT = transport.

Some **Member States** have launched specific programmes for international research cooperation with developing countries. The Netherlands Organisation for Scientific Research (NWO) has a specific programme, which launches open calls for MDG-related research to be carried out by North-South research consortia.¹⁹⁸ Dutch-South research partnerships are also formed by many thematic development cooperation programmes. The UK has made a substantial effort to promote policy coherence between its research and its development policy through working with southern institutions, building southern capacity and benefiting local communities (see box).

UK: Research policy to support capacity development to conduct *and use* research in developing countries

The DFID Research Strategy for 2008-2013 was launched by the Secretary of State and commits to increasing the UK's Research spending to a total of £1 billion over the five years of the strategy to ensure that policy is informed by the best available evidence and that research is stimulated by real world policy questions. DFID Research works with southern institutions (not primarily with southern individuals) so any training or north-south transfer is aimed at building southern capacity within their research institutions. In addition, DFID focuses on supporting environments that encourage people to use research. For example, in the framework of the Joint Africa-EU Strategy, the proposed new Capacity Building for better Governance Research in Africa programme will contribute to enhancing research capacity in the social sciences and assist key African institutions to become independent leaders in local and regional development debates.

DFID's Research into Use (RIU) Programme, which has been running since 2006, aims at maximising the poverty-reducing impact of past DFID funded natural resources research, and by so doing, increase understanding of how the promotion and widespread use of research can contribute to poverty reduction and economic growth. In 2008, DFID launched a RIU Programme in Rwanda, which has now established three commodity platforms namely for maize, cassava, and solanum potato. *The Maize platform* has introduced and multiplied seven hectares of an early maturing maize variety developed by ISAR (the National Agricultural Research Institute). Initially, at least 4 000 households are expected to benefit from this new variety. Furthermore, the platform has on its own initiative established a business arm (Nyagatare Maize Investment Group – NYAMIG) bringing together 30 farmers' cooperatives and other shareholders from the business community. *The Cassava platform* has multiplied 30 hectares of five improved cassava mosaic virus-resistant varieties with the Rwanda Agricultural Development Authority (RADA) spearheading this work. It is a starting point for developing a sustainable cassava planting material multiplication system, which is expected to benefit at least 10 000 farmers. *The Potato platform* has highlighted the critical issue of degenerated local potato varieties and the subsequent need for high market value varieties to ensure profitability in potato production in Gicumbi District. The platform has collaborated with RADA and a local community-based organisation to introduce and multiply two new varieties on "multitechnology" demonstration sites. It is expected that at least 25 000 people will benefit from this and the seed system that is being developed.

All the Research Programme Consortia (centres of specialisation that have been set up for DFID research funding around a particular research and policy theme) are actively engaged with the relevant Ministries and National Programmes, to ensure that key findings are

¹⁹⁸ See box above on Netherlands: Support for Science for Global Development, in this chapter

effectively communicated and put into policy and practice. The ringfenced 10% of RPC budgets allows the teams to make sure that this work is given higher priority than might otherwise be the case.

Member States often develop scientific and research partnerships with those countries they have a historical relationship or share a common language with. For some Member States in Eastern Europe, lower middle income countries on their borders are important focuses of research collaboration and capacity building with a development dimension (Austria, Romania, Latvia, Hungary).

3.9.2.2. Research on MDG-related issues

The Seventh Research Framework Programme funds a considerable body of research contributing to the achievement of the Millennium Development Goals. In the area of food, agriculture, fisheries and biotechnology research topics include, for example, malnutrition in developing countries and improved agro-forestry systems for sustainable farming.

Within the context of FP7 and EC international cooperation on **health** research the Commission contributes to the Millennium Development Goals, in particular the targets on child health, maternal health and reproductive health, as well as to other development-related objectives such as improving health workforce management and health service delivery. One of the objectives of such cooperation is to address specific problems that third countries face or that have a global character through call for proposals employing specific international cooperation actions. The 2007-2008 call for proposals under FP7's Health Theme will lead to €16.36 million being allocated to successful proposals in areas such as: strategies and interventions for improving reproductive health, access to medicines within the context of the deliberations of the Global Strategy and Plan of Action on Public health, Innovation and IP, integrating diseases surveillance and health systems response. Examples include projects on health system stewardship and regulation in Vietnam, India and China, on health equity and financial protection in Asia, and on equity of access and efficiency of Integrated Health Care Networks in Colombia and Brazil.

Through specific international cooperation actions the infectious diseases and neglected diseases sections of the FP7 Health Theme are particularly relevant for MDG 6 thus contributing to general development objectives. Research activities in areas of interest for developing countries are covered and involve research centres, universities and other stakeholders from developing countries, thereby strengthening their science and technology capacities. The 2007-2008 call for proposals under FP7's Health Theme will result in €121 million being allocated to successful proposals with €27 million going to neglected diseases, in areas such as capacity building for poverty-related diseases, multiple drug resistant TB, HIV drug resistance, malaria and TB vaccine development, research for the development of a Leishmania vaccine and new tools to control infectious due to Leishmaniasis and Trypanosomiasis.

Major improvement in the treatment of children suffering from HIV/AIDS achieved

Research supported with the European and Developing Countries Clinical Trials Partnership (EDCTP)¹⁹⁹ has led to a major advance in the treatment of children suffering from HIV/AIDS.

¹⁹⁹ EDCTP: http://www.edctp.org/About_EDCTP.2.0.html

EDCTP funded a dosing study which led to the tentative approval by the Food and Drug Administration (FDA) of a fixed-dose anti-HIV drug specifically formulated for paediatric use. The new tablets are scored, crushable and water soluble for children who cannot swallow tablets. The fact that all three drugs are combined in one tablet (which is layered to ensure equal distribution of the drugs if broken in half), and that tablets can be stored, distributed, and administered easily to children represents a significant advance in HIV treatment for children in resource-limited settings. The tentative FDA registration paves the way for the drug to receive WHO prequalification status. Additionally, it will allow programmes such as PEPFAR and the Clinton Foundation, which make antiretroviral drugs available in many resource-constrained countries, to purchase the drug for widespread use in HIV-infected children.

Treatment of HIV/AIDS in children is a great challenge in resource-constrained settings. One of the reasons for this is the difficulty and cost of giving paediatric formulations, particularly syrups, of anti-HIV drugs to children. The absence of appropriate paediatric formulations often necessitates administering divided adult tablets to HIV-infected children. This can lead to incorrect dosing, especially under-dosing, and increases the risk of the rapid development of resistance to the drugs. The problem is compounded by underlying malnutrition in these children, and the lack of knowledge about how malnutrition affects drug levels in the body.

The study was carried out by researchers from the School of Medicine and Department of Paediatrics, University Teaching Hospital, Lusaka, Zambia, along with research collaborators from the Netherlands and the Medical Research Council (MRC) Clinical Trials Unit, United Kingdom. Triomune Baby and Junior have already been approved in Zambia and are currently being used to treat children there.

EDCTP is a partnership between 14 EU countries, Switzerland and Norway, and 47 sub-Saharan African countries, which aims to reduce poverty by developing new clinical interventions to fight HIV/AIDS, malaria and tuberculosis in sub-Saharan Africa. EDCTP was set up in 2003. It has an overall budget of around €400 million for seven (2003-2010) years: €200 million from the Member States and €200 million from the Commission's FP budget. Additional co-funding is sought from other sources, whether public or private. Through the EDCTP, a political dialogue with African governments has been established regarding research policies on infectious diseases, allowing for harmonisation of research agendas and common efforts on capacity building. In addition to the clinical trials, which are the core of the programme, EDCTP also supports networking and capacity-building activities.²⁰⁰

The **Food, Agriculture, Fisheries and Biotechnology** theme of FP-7 finances many projects that are of relevance for the MDGs, particularly for reducing poverty, fighting hunger and sustaining the environment. Research topics include malnutrition in developing countries, improved agro-forestry systems for sustainable farming, reducing mycotoxin contamination in the food and feed chain, neglected zoonoses in developing countries, and improving fish stock assessment methods and management systems.

In parallel the Framework Programme provides an instrument to help coordinate EU national programmes on agricultural research for development. It has launched two ERA-NETs, one on Agricultural Research for Development and one on Agricultural Research for the Mediterranean.

²⁰⁰ See chapter 4.3. on the MDG 6 case study

Projects selected under the **environment** theme of FP-7 cover a wide range of research topics relevant to developing countries. Examples include projects on sustainable livelihoods and biodiversity in riparian areas and mitigation and assessment of risks from volcanic impact, and on reducing emissions from deforestation and degradation in tropical rainforests.

The **Energy** theme of the 7th Research Framework Programme supports research in developing countries through a number of projects that promote coherence between energy research, energy/climate change and development policies.²⁰¹

Member States support research on development issues in a number of ways. In Austria projects are co-funded by the KEF (Federal Ministry of Science and Research) and the Austrian Development Agency. Denmark has financed with around DKK 319 million development research in 2008 in particular in the health area. MDGs 3, 4, 5, 6 and 7 were selected as targeted priority research themes for 2008. In addition, research activities were supported through bilateral development assistance in Denmark programme countries.

Estonia has signed bilateral treaties, agreements or programmes on cooperation in education and research with more than 40 countries or regions (incl. developing cooperation countries Brazil, Egypt, Georgia, the People's Republic of China, Croatia, India, Indonesia, Kazakhstan, Mexico, Moldova, Sri Lanka, Ukraine, Uruguay).

Belgium: Integrating development objectives into its research cooperation with Vietnam

Belgium signed an R&D cooperation agreement ('Agreement for scientific and technological cooperation') with Vietnam in 2002. Within this framework coordinated activities are funded by the Belgian Federal Science Policy Office (BELSPO) and, from the Vietnamese side, the Ministry of Science and Technology (MOST). A joint Vietnamese-Belgian commission identifies the programmes for a three-year period. Projects revolving around the jointly identified priority theme of sustainable development of Vietnam, have to do with the use of local bio-resources for energy, medicine and new materials, as well as sustainable aquaculture and integrated water and land management in a context of mitigation and/or adaptation with respect to climate change. Each research project is linked to potential users of the projects' results and workshops with all stakeholders are part of the projects.

Netherlands: Support for Science for Global Development

The Dutch Government funds WOTRO, a department of the Netherlands Organisation for Scientific Research (NWO), focusing on Science for Global Development. All WOTRO research programmes issue calls for proposals, which are disseminated nationally and internationally. Fair and equal partnerships between developing countries and EU/Dutch institutes or academia, and the involvement of (local) end-users and policy makers are always a prerequisite. NGOs and governments are involved in formulating the research question, the research strategy, implementation and communication and dissemination. An independent societal panel conducts the assessments of pre-proposals. In addition, an independent scientific committee (representatives from the scientific community) assesses the scientific quality. Only when both rank a pre-proposal as of high quality is this pre-proposal awarded with a workshop grant to develop it fully. Independent international peers (both from the scientific world and from the non-scientific societal world) assess full proposals and both the

²⁰¹ See the energy and climate change chapter of this report

societal panel and the scientific committee rank the full proposals based on the reports of the peers. Only full proposals that rank highest in both societal relevance and scientific quality are awarded. All successful proposals must have formulated a communication plan directed at the non-scientific community and are evaluated on the implementation of this plan. Because the WOTRO strategy has only been in place since 2007, the development impact in partner countries is still mostly unknown. It will be evaluated in 2009 and at the end of the strategy (in 2010-11). However, one specific thematic programme on clinical interventions (the Netherlands-African partnership for capacity development and clinical interventions against poverty-related diseases (NACCAP)) started earlier and has produced successful results.

Countries such as Belgium, the UK, and Germany have increased their support to international institutes with a strong southern focus, such as the Consultative Group on International Agricultural Research (CGIAR), whose 64 members support 15 international centers, with the objective of generating cutting-edge science to foster sustainable agricultural development throughout the world. As a reaction to the global food crisis, Germany has increased its contribution to the CGIAR substantially from €16.4 million in 2007 to €17.5 million in 2008 and €21 million in 2009.

The European Initiative on Agricultural Research for Development (EIARD) coordinates policy positions and programmes in this thematic area between EU Member States, Norway and Switzerland. EIARD has advocated reform of the CGIAR, which is currently in progress and has the objective of further improving its efficiency, effectiveness and accountability to meet the increasing demand for food and other commodities in developing countries.

3.9.2.3. Strengthening the capacity of developing countries in the area of research

Strengthening the capacity of developing countries in the area of research was one of the recommendations put forward by the Blair Commission in 2005. It suggested that 'The international community should commit in 2005 to provide up to US\$3 billion over 10 years to develop centres of excellence in science and technology, including African institutes of technology.'²⁰²

The EU has not lived up completely to these expectations but it has invested more in capacity building through both its development and its research policy instruments.

Under the Food Security Thematic Programme of the Development Cooperation Instrument (DCI) the Commission has allocated €233.1 million to agricultural research and development for the period 2007-2010. In the period under review some €126 million was approved to fund research focusing mainly but not exclusively on MDG 1. This research is not only 'for' developing countries, but 'in and with' them. Ownership and leadership by research institutions of developing countries, as well as demand-driven research topics are given specific attention in the selection of projects. Increasing attention is paid to the dissemination of research results, so that they are fed back into policy making and put into practice. This programme has substantially contributed to strengthening developing countries' capacities in research.

In 2008, with funding from the 9th European Development Fund (€30 million) and the European Programme for Reconstruction and Development in South Africa (€5 million) the

²⁰² Our Common Interest, the report of the Commission for Africa, 2005, p. 67

Commission launched a €35 million initiative to strengthen science and technology innovation and capacity building in ACP countries. The overall objective of the ACP S&T programme is to support ACP countries in formulating and implementing S&T policies that can lead to sustainable development and to poverty reduction through economic growth and progressive integration into the world economy. Under the 10th EDF an additional € 40 million have been made available to strengthen capacity for research in ACP countries.

Beyond its specific capacity-building projects of the EDF and the DCI, the EU contributes through other initiatives to this end, mainly through FP-7. While the FP is not a capacity-building programme per se, some activities effectively do develop the human research capacity in developing countries. A good example is the Poverty Related Disease College project.

The Poverty-Related Disease College project: Building capacity through research projects

This project involves nine countries: Cameroon, South Africa, Tanzania, Uganda, Zambia, Germany, Italy, the Netherlands and Sweden. The aim is to bridge the gap between the biological sciences, health and development in Africa. The PRD College will stimulate an early collaboration and enable young scientists from Africa and Europe to do research on poverty related and neglected diseases and to place science within the context of development in Africa. It will include mandatory courses followed by an internship in development at an African institution and a science exchange programme. Training capacity will be strengthened at 3 PRD Centres in Uganda, South Africa and Cameroon and involve MDs, advanced PhD Students or Post-Docs participants from Africa (12) and Europe (12). The PRD College will transform every trainee scientist to a level where participants can become trainers in their own country, to spread knowledge and this new approach.

In the context of capacity building, the Africa-EU partnership will also play an important role. Implementing the Joint EU-Africa Partnership on Science, Information Society and Space will help to build the continent's capacities to harness, apply and develop science and technology, for example by supporting the setting up of an African framework programme for research (see the section on the Africa-EU partnership below).

Programmes that promote the mobility of researchers can contribute to the strengthening of human capacities, too. International exchanges offer valuable opportunities for researchers to learn from each other and to develop their capacities further. To ensure that the exchanges benefit the countries of origin the European Commission's People Programme (Marie Curie Actions), for example, provides for return phase for scholars from ICPC countries (see below).

Finally the EU contributes to increased capacity in developing countries through education programmes. The external dimension of existing EU programmes such as Erasmus Mundus is increasing and is a significant contribution to the high quality training of graduates and scholars. The Edulink programme, for example, accompanies the training of university staff with measures to improve infrastructure. One of the three themes that this programme is addressing is research and technology capacity building to improve academic and teaching excellence.

3.9.2.4. Towards more balanced mobility of researchers between the EU and developing countries

Many developing countries are suffering from brain drain with their best researchers leaving for better conditions and more interesting opportunities. To counter this trend more balanced mobility of researchers between the EU and developing countries should be promoted. Researchers should not only leave developing countries but ideally these countries should also become an attractive destination for researchers. At the same time mechanisms should be strengthened and created to allow researchers from developing countries to contribute to the development of their countries of origin from abroad. The Strategic European Framework for International Science and Technology Cooperation stresses that researchers who come to Europe from developing countries must be enabled to contribute to their own countries' development. Such connectivity, through networking, or 'return' grants, would make brain circulation a reality. The Framework also suggests promoting the possibility of establishing joint physical or virtual research laboratories between the EU and third countries.²⁰³ In 2008, the Commission launched a feasibility study to examine the potential for establishing a network(s) of non-European researchers in Europe – to help them maintain contacts with career and cooperation opportunities in their own countries and thereby counter the phenomenon of brain-drain while facilitating brain circulation. The findings of the study are expected later in 2009.

The FP-7 People Programme (Marie Curie Actions) promotes the mobility of researchers, including also between Europe and developing countries. So far however most of the participants from developing countries that were supported by this program to come to Europe are from countries which already have a relatively strong research capacity, namely India and China. In 2008, of the 140 fellowships awarded to third-country researchers to come to work in Europe for up to 2 years, 12 went to researchers from Latin America, 5 to researchers from Africa, 25 to researchers from China and 15 to researchers from India. The figures on the programme funding European researchers to work in a third country also speak a clear language: the vast majority of applications and hence awards, involved working in the USA (79 grants). Outgoing scholarships were granted at the rate 1 each for Bermuda, Brazil, Chile, China, Egypt, Eritrea, India and Korea.

To counter brain drain the People Programme funds a 'return phase', by helping researchers from ICPC countries to re-establish themselves in their country of origin after an Incoming International Fellowship. In 2008 25 grants were awarded, with 7 returning to Russia, 6 to China, 3 to India, 2 to Argentina and Ukraine and 1 each to Armenia, Colombia, Egypt, Iran and Moldova.

The International Research Staff Exchange (IRSES), introduced under the People Programme in 2008, aims at strengthening research partnerships through short period staff exchanges and networking activities. At present this covers the countries of the European Neighbourhood Policy and those with which the EC has a bilateral S&T Agreement. The total of countries covered is 29, of which 22 are categorised as developing. The first call of the IRSES action resulted in projects with Morocco (MA), Algeria (DZ), Tunisia (TN), Egypt (EG), South Africa (ZA), China (CN), and India (IN). FP funding will enable the following exchanges:

²⁰³ COM (2008) 588 final, 24.9.2008, Communication from the Commission to the Council and the European Parliament. A Strategic European Framework for International Science and Technology Cooperation,

Number of researchers-months from EU MS/AC (associated countries) to AFRICA, CHINA, INDIA

TN	EG	ZA	MA	DZ	CN	IN
143	135	166	274	9	430	119

Number of researchers-months from AFRICA, CHINA, INDIA to EU MS/AC (associated countries)

TN	EG	ZA	MA	DZ	CH	IN
190	214	132	313	20	339	93

Hosting third-country researchers in EU Member-State institutions is still a central part of international research cooperation in some countries, for example Germany. The majority of Member States have not adopted specific policies to promote return or to specifically address brain drain. But **Belgium**, for example, runs a programme of mixed doctorates to avoid brain drain: the bulk of the work is to be done in the country of origin with limited stays in Belgium. This type of grant covers doctorates undertaken partly in the country of origin and partly in Belgium. As a general rule, one third of the research time is spent in Belgium. Also possibilities for return to the home institute are a prerequisite for a postdoc fellowship in Belgium. The Czech Republic supports a similar programme.

3.9.2.5. Africa-EU partnership on science, information society and space

The Joint Africa-EU Strategic Partnership and Action Plan and the 8th partnership on 'Science, Information Society, and Space (SISS) in particular 'is poised to become the focus of a concerted Commission and Member States effort for research cooperation with developing countries. Its objective is to support S&T capacity building in Africa and implement Africa's Science and Technology Consolidated Plan for Action²⁰⁴ (CPA).

Based on AUC priorities, as described in the CPA, the Joint EU-AU Task Force for the 8th partnership (which brings together desk officers from the two sides) has identified a series of 19 Lighthouse projects (of which 12 are in the science domain) - of an approximate value of over €160 million - to strengthen S&T capacities in Africa. At the EU-AU College to College meeting in October 2008, it was agreed to focus on six early deliverables – of which two are in the science chapter of the partnership aiming at helping the African Union to develop its own scientific resources. The “African Research Grants” project will help the AUC to set up an African 'framework programme' for research to fund African research projects selected on the basis of their scientific excellence. The second 'early deliverable' concerns Water and Food Security at basin level' and will be realised in 2010 via a special 'Call for Africa on water and food security at basin level'. It is expected that at least six SICAs in the areas of environment, agriculture and health will be selected to serve as a pilot case for research and demonstration activities to cope with food security problems while promoting sustainable management of land and water resources.

In the framework of the AUC-EC staff exchange programme a Commission official was seconded to the AU Commission dealing with research. This has had an extremely positive

²⁰⁴ See http://www.nepadst.org/doclibrary/pdfs/ast_cpa_2007.pdf

impact on both institutions and boosted relations between the two services. The respective officials got to know one another and establish strong personal contacts that ease communication and cooperation easier.

The SISS partnership serves demonstrate how the JAES potential for PCD is being operationalised. Traditionally not part of EU-Africa relations, this partnership was included in the JAES at the suggestion of Africa and then jointly agreed²⁰⁵.

3.9.2.6. Innovation Policy

Innovation policy can play an important role in harvesting the results of research for economic development in developing countries. The 2008 Global Economic Prospects Report (World Bank, 2008) stresses that innovation is an important part of the long-term answer to fighting poverty, disease and hunger in developing countries. Most of the growth in developing countries can be attributed to technology, in the widest sense, and not to capital or workforce. Global innovations and technologies developed domestically should both have a role to play, but the local adaptation of already available technologies shows the largest impact.

In the context of open innovation, globalisation and internationalisation of science, technologies and innovation, the European Commission has been developing the international dimension of its innovation policy converting the existing international network for business support into the new Enterprise Europe Network. The new network offers greater scope for third countries to cooperate. In particular, the large emerging markets, Mediterranean countries and Eastern Neighbours are using the new possibilities. Egypt, Syria, Lebanon, Armenia and China have already concluded cooperation agreements.

In the area of agricultural research for development, the Commission promotes an innovation system and multi-stakeholders approach to research involving research institutions along with civil society organisations (NGOs, Farmers Organisations) and private companies. A multi-stakeholders platform between Africa and Europe has been created²⁰⁶ that facilitates the identification of research priorities and the submission of research proposals to the EU funding instruments.

The People Programme under FP-7 supports innovation policies in developing countries mainly by assisting companies in assessing innovative technologies and by facilitating their contacts with companies in Europe. Research companies in developing countries may participate in several actions under the People Programme and particularly in the Industry Academia Partnerships and Pathways scheme. This scheme stimulates contacts with the EU in terms of research innovation through training and mobility of relevant staff. A recent example is a project aimed at developing malaria vaccines involving universities in Italy and the UK, together with three SMEs: Microtest Matrices Ltd from the UK, Protein'eXpert from France and Med Biotech Laboratories from Uganda. Involvement of the research-active company in Uganda aims to stimulate innovation policy in sub-Saharan Africa in support of MDG 6, by facilitating contact with academics and companies in Europe. The total budget for the consortium is approximately €1.9 million over four years.

²⁰⁵ See chapter 4.4 of this report on the Africa-EU partnership

²⁰⁶ Platform for African and European Partnership in Agricultural Research for Development (PAEPARD)

3.9.3. *Conclusion & Outstanding Issues*

The contribution that research policy can make to development is a major driver of research on issues of relevance to developing countries, as well as the awareness that global issues need to be tackled together with developing countries. The promotion of global standards, access to complementary knowledge, the development of new markets and the globalisation of the market for researchers are other important factors.

The Commission continues to contribute to development objectives through the Framework Programme and to ensure that researchers from developing countries participate in the identification of cooperation topics as well as in research projects and mobility schemes. Information on FP opportunities is disseminated as widely as possible.

But despite all the Commission's efforts to involve developing countries and despite some important projects funded, all in all the participation of researchers from developing countries and particularly from Africa in FP-7 has been relatively limited. Participation of African researchers in selected projects still represents a small percentage of all the grants awarded both for research projects and under the mobility programmes. Also, according to some Member States, the INCO-NET instrument has not yet proved successful in getting research topics of special concern to developing countries into the FP-7 thematic programmes.

However, looking beyond the mere quantitative input into research cooperation with developing countries FP-7 funded research projects sometimes help poorer countries to reach their development objectives in decisive ways.

A major obstacle to developing countries' involvement in research cooperation is their limited research capacity and infrastructure, which can make it difficult for the researchers there to compete in the highly competitive framework programme. Member States in their replies to the questionnaire expressed significant concerns about the accessibility of FP-7 research funding for developing countries and researchers.

Part of the solution to this problem has to be the strengthening of research capacities in developing countries. There is a need to provide additional resources for S&T capacity building from the development budget to ensure that all developing countries can build up a research system capable of participating successfully in FP-7 and other international research programmes.

The question also needs to be asked whether the existing financial instruments of FP-7 are effective in promoting research cooperation with developing countries. Countries such as China, India and even a LDC such as Tanzania seem to cope. But many others do not. While it is important that the Commission continues to keep FP-7 open and to actively encourage participation from developing countries through the existing instruments, it might be necessary to explore new avenues that are more suitable for this particular cooperation. Closer direct cooperation with the African Union might be one option.

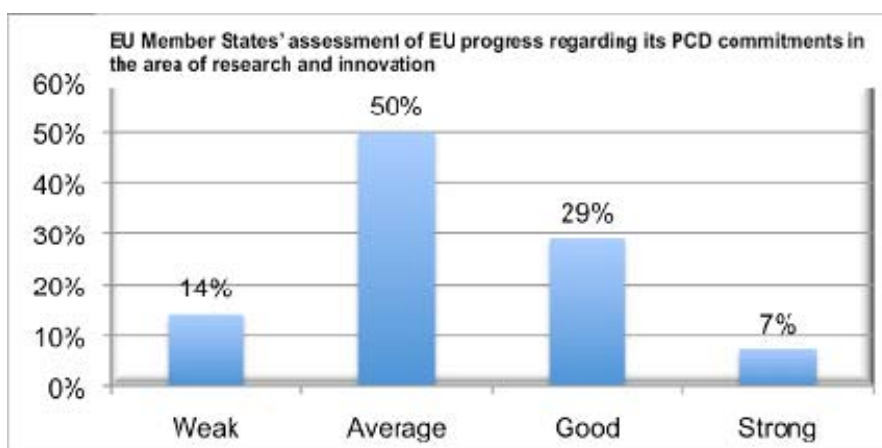
The African Union is currently building up its research policy capacity. The EU and the African states should support this process so that the AU can manage an African research programme and function as an interlocuteur between African countries and Europe, to identify common research priorities and joint capacities for doing the research.

The FP accounts for about 6% of total public research funding in the European Union. Coordination with the Member States is therefore essential. To that end, and as a response to the Commission Communication proposing a Strategic European Framework for International S&T Cooperation, a Strategic Forum on International S&T cooperation has been established in 2009 for Member States and the Commission to exchange information and define strategic priorities which should lead to joint initiatives in the future. Regarding developing countries, it is expected that the Forum will work in close cooperation with the 'Joint Expert Group 8' of Member States' representatives for the 8th Partnership of the EU-Africa Strategic Partnership.

Member States have made progress in focusing research closer on development issues. Yet there is less evidence of Member States aligning their action directly to developing countries' priorities.. Climate change and agriculture are often areas of Member State focus in relation to research and innovation for development. Some Member States have increased their funding of research for development either overall (UK) or in relation to specific areas, e.g. Germany (food security).

There are differing views on whether the EU has managed the coordination of activities and information on research and innovation for development effectively.

Assessment²⁰⁷ of progress on PCD in this policy area:



Outstanding Issues

- ensure that research programmes include more topics relevant to developing countries.²⁰⁸
- improve dialogue by means of joint fora with developing countries to identify research topics of relevance to them and to raise awareness and mutual understanding. The fora should bring together politicians and civil servants as well as scientists and practitioners.
- redouble efforts to make the Africa-EU partnership on science, technology and space work as the nucleus for future EU-Africa research cooperation:
 - strengthen the AU's research policy capacity and capacity to manage a research programme;

²⁰⁷ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.

²⁰⁸ See for example the proposal for a SICA on intellectual property rights in the trade chapter of this report

- - establish an Africa-EU high level platform for dialogue to facilitate the creation of a specific common decision-making platform for joint efforts in science, information society and space.
- Improve synergy between research for development and development funding for S&T capacity building.
- Encourage developing countries to incorporate S&T capacity building in their National or Regional Indicative Programmes for external assistance funds and cooperation programmes. This should include the gender equality aspect.
- continue to work towards more balanced mobility of researchers between the EU and developing countries and support brain circulation:
 - - Based on the experience to be gained from the newly launched IRSES scheme, examine the possible expansion of the scheme to other developing countries and regions;
 - - develop networks for non-European researchers in Europe and utilise better the potential of the diaspora of developing country researchers in Europe, e.g. by creating short- or medium-term placements in African universities and research institutions for highly qualified diaspora personnel through sabbaticals and other arrangements of leave of absence from tenured positions in the host countries;
 - - establish joint physical or virtual research laboratories.
- to encourage innovation
 - - Cooperate with diaspora communities to introduce new technologies in the framework of high-quality incubation services.
 - - Consider establishing innovation projects for developing countries following the Medibtkar approach with strong links to private-sector development and regional integration.
 - - Facilitate cooperation of partners in developing countries with the Enterprise Europe Network.

3.10. Information Society

Quick Facts

- Globally, the number of mobile subscribers has increased by over a billion since 2005, with over 3.3 billion mobile subscribers by the end of 2007. 69 per cent of the world's mobile subscribers were from developing countries.²⁰⁹
- In Ethiopia, as a result of the Rural Connectivity Project, more than 60 out of its 85 million citizens can access telephone, Internet and television services.²¹⁰
- Despite this quickly changing picture, people in low-income countries, representing no less than 38 per cent of the world's population, make up only one per cent of the world's fixed broadband subscribers.²¹¹
- Over the past decade, the majority of countries worldwide have initiated reforms in their telecommunication sector by establishing a national regulatory body, introducing competition and at least partially privatising their operators.²¹²
- The Rwandan Government views ICT as a major means of lifting Rwanda out of poverty and has developed a National Information and Communication (NICI) Plan. The goal is to transform a mainly agricultural economy into a Predominantly Information-rich, Knowledge-based Economy (or PIKE).²¹³

3.10.1. Introduction

Information and communication technologies (ICTs) have been changing our lives in profound ways over a very short time period. The number of fixed and mobile telephone subscribers jumped from 530 million in 1990 to over 4 billion by the end of 2006²¹⁴. But the influence of ICT goes well beyond the more narrow area of communication. ICTs allow for increased productivity and sustained economic growth as well as improved service delivery in areas such as health, education and public administration.

ICTs offer tremendous opportunities for developing countries. Where in the past phone lines did not exist, mobile phones for the first time make it possible for many people to communicate over great distances. This not only makes daily life easier but also facilitates access to a number of services with direct benefit for citizens. One example is the banking sector. Access to banking services has improved since people in developing countries can operate money transfers including for remittances via the mobile phone network. But even in more traditional areas of economic activity such as agriculture, ICTs allow farmers to increase productivity. Through improved access to Global Positioning data, farmers applying the

²⁰⁹ ITU 2008. Report on the World Summit on Information Society Stocktaking. www.itu.int/wsis/stocktaking/docs/2008/WSIS-Stocktaking2008-e.pdf.

²¹⁰ Information and Communication Technology Assisted Development 2009. <http://www.ictadethiopia.org>

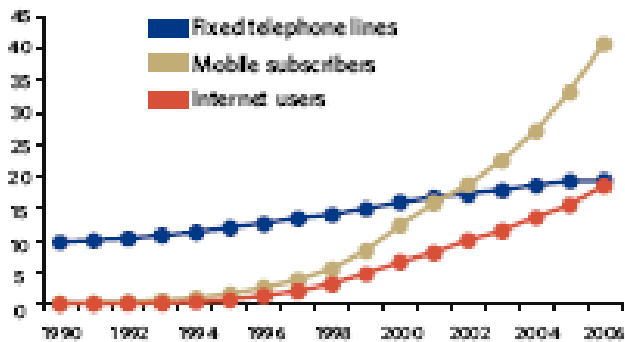
²¹¹ ITU/UNCTAD 2007. World Information Society Report: Beyond WSIS.

²¹² ITU 2008. Report on the World Summit on Information Society Stocktaking. www.itu.int/wsis/stocktaking/docs/2008/WSIS-Stocktaking2008-e.pdf.

²¹³ Government of Rwanda 2006. The NICI-2010 Plan. <http://www.uneca.org/aisi/nici/rwanda/rwanda.htm>.

²¹⁴ The Millennium Development Goals Report 2008, United Nations, p. 48

Number of telephone subscriptions and Internet connections per 100 population, world, 1990-2006



precision farming concept can more precisely evaluate optimum sowing density, estimate fertilizer and other input needs, and more accurately predict crop yields. By improving access to health and education and increasing economic productivity, ICTs can play a key enabling role for the MDGs. Even the political dimension of development is

strengthened by ICTs. They facilitate the exchange of ideas and promote democracy, freedom of expression and human rights.

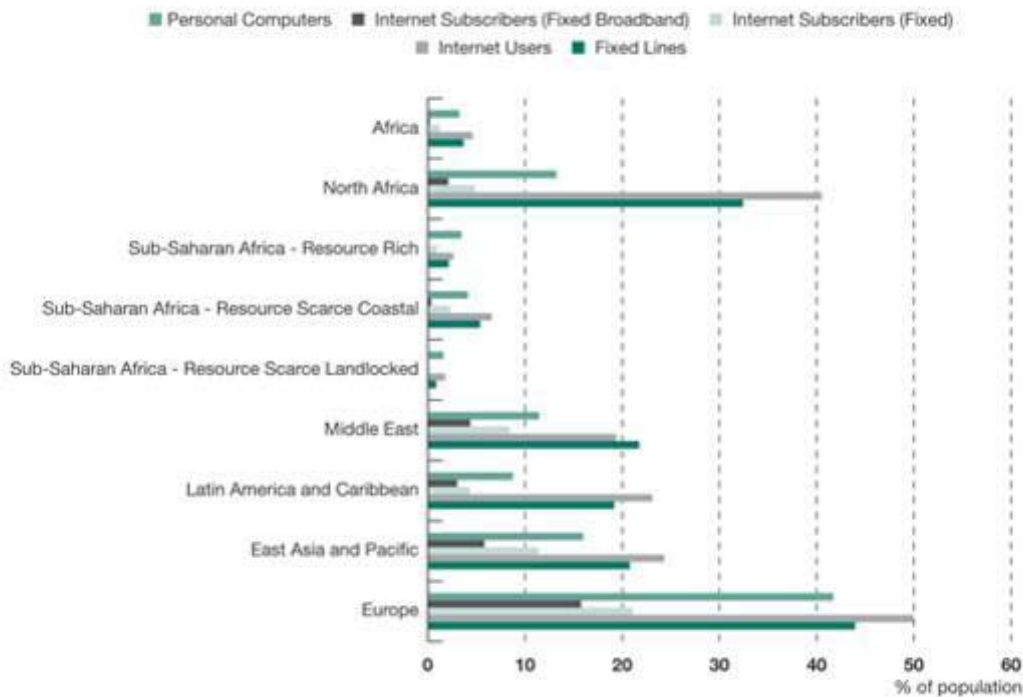
The importance of ICTs for development has been recognised also by including them as a target of MDG 8, to develop a global partnership for development. Target 5 of goal 8 underlines the need for cooperation with the private sector in making available the benefits of new technologies, especially information and communication.

Despite their enormous opportunities, the impact of ICTs has remained limited because most people in developing countries still do not have access to them. Mobile phones have had some success even though big regional disparities remain. Penetration rates in Africa range from about 50 per cent in resource-rich and resource-scarce coastal countries to 15 per cent in resource-scarce landlocked countries. It is promising though that Africa had the world's fastest growth in new mobile phones in 2008, amounting to about 40 per cent in some Sub-Saharan countries.^{215 216}

But the spread of the internet has been far slower. While some progress has been made in narrowing the digital divide between developing and industrialised countries, Africa still has the lowest internet penetration rate in the world. In Sub-Saharan African countries, for internet users the penetration rate is below 7 per cent and for broadband it is under 1 per cent²¹⁷.

²¹⁵ African Economic Outlook 2009, p.87, OECD, African Development Bank
²¹⁶ The Millennium Development Goals Report 2008, United Nations, p. 48
²¹⁷ African Economic Outlook 2009, p. 86

Figure 2 - Internet in Africa through Fixed-Line



Source: International Telecommunication Union World Telecommunication/ICT Indicators 2008. Yearly averages for 2005-2007.

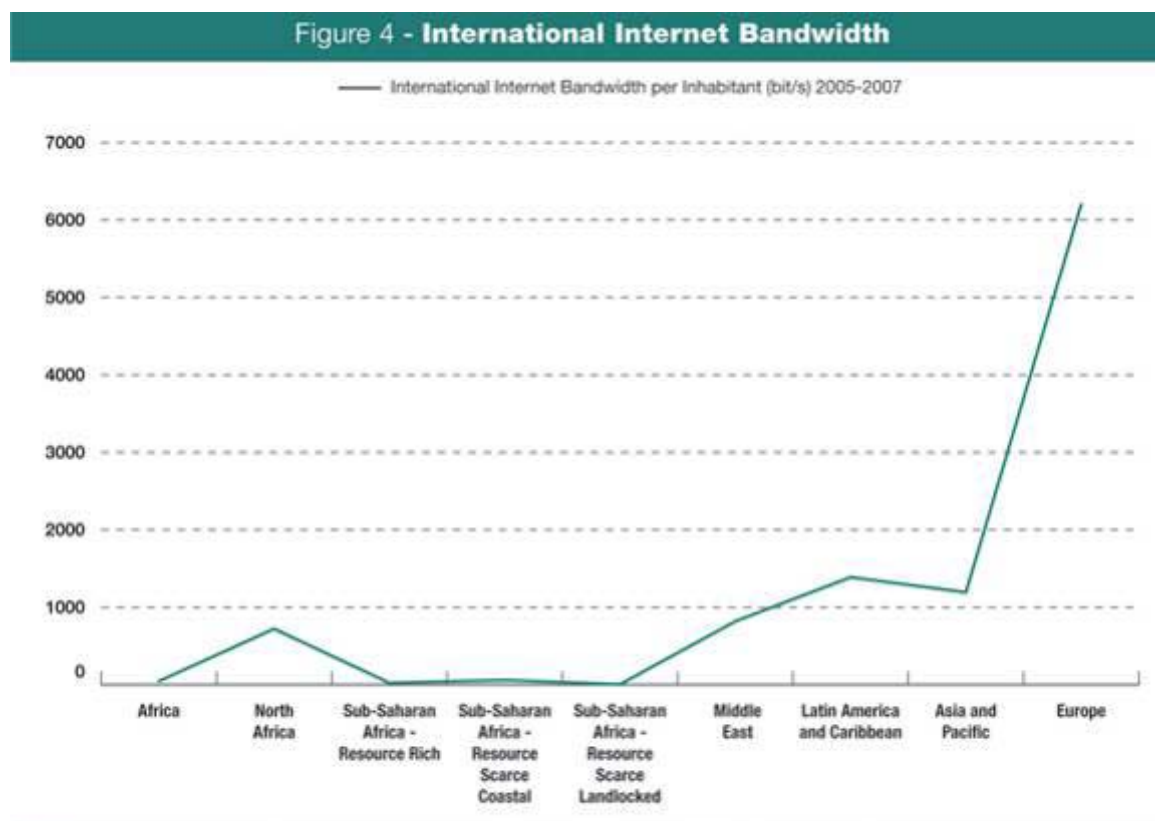
²¹⁸At the same time the quality of access is gaining in importance. The quality of access is determined by the access to broadband. But broadband access, which has spurred internet use in developed countries, has been slow to expand in many developing regions. By 2006, most countries in sub-Saharan Africa had not yet commercially deployed broadband services and, where available, broadband remained inaccessible to the majority of the population because of its very high costs.²¹⁹ In the poorest region of the world people have to pay the highest internet prices. According to International Telecommunication Union (ITU) and World Bank estimates, the average price of a broadband connection in Sub-Saharan Africa is about USD 110 for 100 kilobit per second. In Europe and Central Asia the price is USD 20 while in Latin America and the Caribbean it is USD 7. Middle East and North African countries also pay below USD 30.

The low internet penetration rates and high tariffs stem partly from a lack of high-capacity international networks (see Figure 4). There is currently only one submarine fibre optic cable off the West Africa coast, SAT-3, that provides a high-quality international service and access is limited to members of the consortium which built the link in 2002.²²⁰

But a more fundamental infrastructure deficits and in particular the access to electricity seems to be the biggest problem: In 2006, 54 per cent of the population in sub-Saharan Africa lived

²¹⁸ Quoted from the African Economic Outlook 2009, p.86
²¹⁹ The Millennium Development Goals Report 2008, United Nations, p. 48
²²⁰ African Economic Outlook 2009, p. 88

in areas covered by a mobile cellular signal, but the share of the population without access to electricity is 74 per cent²²¹.



Source: International Telecommunication Union World Telecommunication/ICT Indicators 2008. Yearly averages.

²²²This limited access to ICTs has major implications not only for economic progress but also for social development. The digital divide is therefore widely seen as a cross-cutting obstacle to achieving the MDGs.

3.10.2. Progress towards PCD Commitments

While the impact of ICT technology on developing countries cannot be overestimated, the impact of EU information society policy shows a more nuanced picture. Most of the policy initiatives are directed towards the internal market; although they have indirect effects on developing countries. The development of non-commercial electronic services for example, such as e-government, e-learning, e-health (telemedecin), and at a more general level the research promoted by the European Commission in the area of ICT, can bring important opportunities for developing countries. Standard setting at the EU level sometimes affects developing countries significantly, too. This is true, for example, for mobile phones: the adoption of the GSM standard and the parallel liberalisation of the telecom market is driving down prices for GSM services and increasing their availability in developing countries, too.

The most direct effects on developing countries however result from EU action taken in these areas at the international level. The policy framework for cooperation in ICTs at the

²²¹ Delivering on the Global Partnership for Achieving the Millennium Development Goals, MDG Gap Task Force, Report 2008, p.45 ff

²²² Ibid, p. 89

international level is set out in the Commission Communication on a Strategic European Framework for International Science and Technology Cooperation²²³.

The Commission recognises the need for the EU to support increased use of ICTs to bridge the digital divide. To extend the use of ICTs also at the global level, the Commission takes a comprehensive approach tackling research/innovation, regulatory and capacity-building aspects as well as infrastructures deployment.

Member States have not reported any changes in the policy context. In Finland, though, co-ordination between the MFA and the Ministry dealing with information society matters has been strengthened. The MFA is facilitating dialogue between the Finnish national information society programme and its development initiatives at bi- and multilateral level.

3.10.2.1. Research

Research in the ICT sector is probably the area in which European information society policy has the greatest impact on developing countries. The main instrument for financing research in this area is the European ICT Research Programme (ICT/FP-7), which is part of the Seventh Framework Programme. Under FP-7, running from 2007- to 2013, €1 billion have been earmarked for funding ICT research. FP-7 has an important international dimension and is open to participation from developing countries.²²⁴

With FP 7 the Commission has managed to strengthen its cooperation with developing countries in the area of ICT research. Through the launch of specific support actions it has identified cooperation opportunities with sub-Saharan countries on particular research topics. Although FP-7 was launched only two years ago 31 projects involving sub-Saharan African organisations have been adopted in the first two Calls. This represents a substantial increase compared to the 16 projects selected during the whole duration of FP-6.

Technology roadmaps were also launched to identify research tracks in areas highly relevant to developing countries, notably in fields such as mobile web technology, low-cost laptops and access infrastructures, open source software, language and speech technologies.

In its research cooperation the Commission pays particular attention to the issue of divergent standards as they are often an obstacle to spreading technologies and hamper interconnection and interoperability. It promotes the strengthening of the link between results of research programmes and standardisation, puts more emphasis on both international pre-competitive industrial research collaboration and pre-standardisation cooperation based on open standards.

Sub-Saharan- African and European policy-makers and research organisations discuss possibilities for ICT research

The first Euro-Africa Cooperation Forum on ICT Research was held on March 25-26, 2009. The two-day event was co-organised by the European Commission and the African Union Commission (AUC) with the support of the EuroAfriCa-ICT project, a FP-7 coordination and support action aiming at enhancing ICT research cooperation between Europe and sub-

²²³ COM (2008) 588 final, 24.9.2008, Communication from the Commission to the Council and the European Parliament. A Strategic European Framework for International Science and Technology Cooperation,

²²⁴ For more information on FP-7 please see the research chapter of this report

The Forum brought together sub-Saharan African and European policy-makers and research organisations to discuss collaborative projects in the ICT field, to identify potential cooperation partners, and to learn more about the “EU-AU Partnership on Science, ICT and Space” (the 8th Partnership) and the EC/AUC Programmes including about FP-7 and opportunities for African participation.

Member States, too, support research on ICT issues with developing countries. For example, DFID currently supports two major ICT and development programmes. The ICT4D Research and Capacity Development Programme, based at the Canadian International Development Research Centre (IDRC) aims to empower people in Africa and Asia to address their key development challenges through effective use of ICTs. This programme seeks to improve the communication environment for development interventions, build a coherent international approach to development research in ICTs, and help to develop the wider environment for research impact in developing countries through better use of new and existing ICTs. It also supports the InfoDev programme, which is a think-tank based at the World Bank aiming to boost global information sharing on the role of ICTs in development.

3.10.2.2. International regulatory cooperation

The European Commission and developing countries exchange information and best practices in the regulatory and policy fields. Through dialogue the EU aims at harmonising regulatory frameworks and promoting joint standards. Another objective of regulatory cooperation is to help to create an environment conducive to investment in ICT infrastructure and ICT-enabled applications.

To identify topics for regulatory cooperation, the EU engages in policy dialogues with developing countries. Priorities for regulatory co-operation include the establishment of independent and effective regulatory authorities, the non-discriminatory allocation of scarce resources, publicly available licensing criteria and transparent award procedures, non-discriminatory and cost-orientated interconnection, and the use of open technologies.

Information Society policy dialogues have been established with most developing regions. With South East Asia the Commission organised an EC-ASEAN telecom regulatory seminar in June 2008 in Singapore. This event, attended by all regulatory agencies of South East Asia, raised awareness on the basic principles that should be embedded in a telecom regulatory framework. A number of dialogues have taken place in the past or are planned with Latin American countries, such as Brazil or Argentina.

At the **multilateral level** the Commission works together in this respect with the International Telecommunication Union (ITU) and the World Bank. For example, the Commission granted € million to the ITU in 2009 for technical assistance on regulatory issues in Africa.

Example: Regulatory cooperation with the Southern Mediterranean countries

In February 2008, the Commission organised with Egypt the Second Euromed Ministerial Conferences on the Information Society in Cairo, which was attended by representatives from the Southern Mediterranean countries. This was an important part of the policy dialogue, which the Commission has developed for several years and which includes a specific method for approximating of the EU regulatory framework for electronic communications with that of

the ENP partners countries. Now there is a need for “hands-on” support related to the priority areas of regulation in the Information Society Chapter of the ENPI Action Plans as well as for multilateral workshops and networking among National Regulatory Agencies (NRAs) in the region and with NRAs in the EU Member States.

In the coming years the focus of this Euro-Mediterranean cooperation will be put on:

- fostering regional policy harmonisation;
- assisting in the adoption of regulatory frameworks and their approximation with the EU framework (based on the NAPT II Reference Guidelines) and enhancing the administrative capacities of the regulators;
- promoting regulators' networking activities in the region and in relation to regulators in the EU Member States
- promoting best practices and bilateral activities, from regional perspective

The **Internet Governance Forum** (IGF) is one of the processes in the context of Internet Governance agreed at the World Summit on the Information Society (WSIS) in Tunis in 2005. The IGF is a global platform for dialogue among all Internet Governance stakeholders. It addresses the digital divide by giving developing countries a greater say in global internet governance.

The Commission has been actively involved in this process and supports it financially. Representatives of the Commission have been participating in the open consultations in preparation of the IGF meetings and in meetings of the IGF's multi-stakeholder advisory group.

Some **Member States**, like Sweden, Finland, and Latvia are engaging in supporting global initiatives to create a better global policy environment or technical standards for ICTs and are discussing harmonisation in international fora such as ICANN and ITU. Although these initiatives are often led by ministries outside the field of development and foreign affairs, development ministries feel that these initiatives will ultimately create global public goods that developing countries will also benefit from.

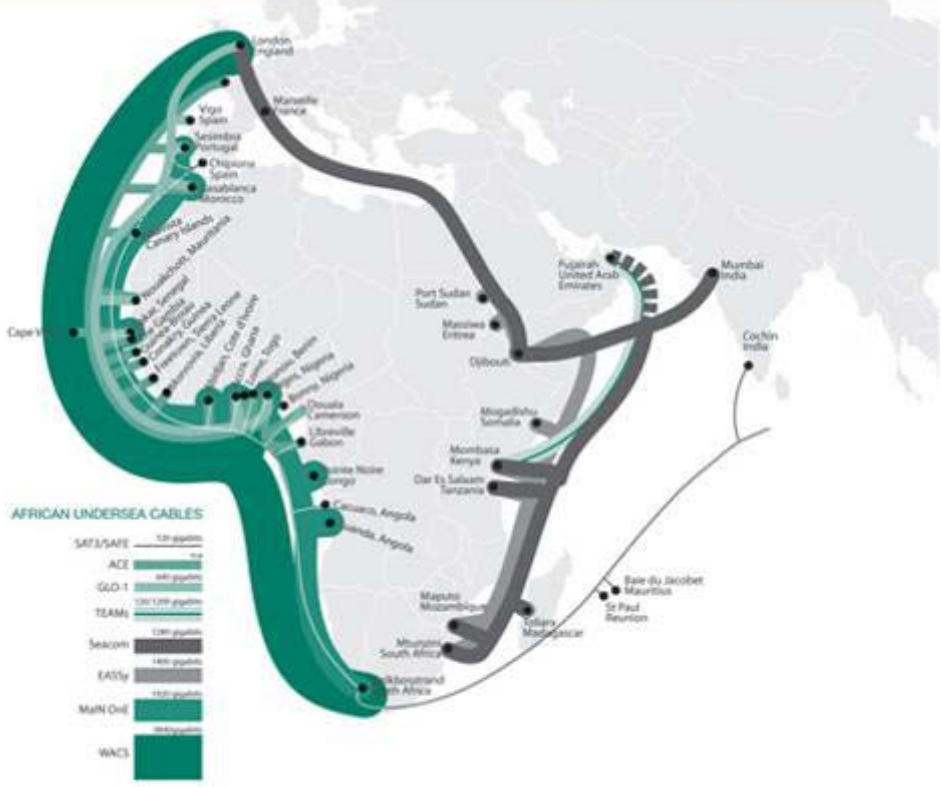
3.10.2.3. Partnerships

The EU-Africa Partnership is a key element in the Commission's strategy to reduce the digital divide. Two aspects stand out: infrastructure and training.

The EU-Africa Partnership on Infrastructures supports deployment of physical infrastructures in the fields of transport, energy, water and ICT to promote interconnectivity at continental level. A sum of €5.6 billion from the 10th European Development Fund (EDF, 2008-2013) is being allocated to support this Partnership and an innovative financial instrument, the EU-Africa Infrastructure Trust Fund has been created. The Trust Fund brings together the European Commission, EU Member States, the European Investment Bank, and European Development Financing Institutions, who can pool their respective efforts and resources to directly co-finance relevant projects. The Trust Fund provides grants that will attract and leverage additional funds from other donors and private investors. In the ICT field support has already been given to the deployment of the Eassy submarine backbone on the east coast of Africa. These new submarine cables in eastern Africa will provide international broadband

capacity and drastically reduce communication costs. Recently, eight ICT projects were submitted for consideration for consideration, covering support for deployment of additional backbones, in line with the ICT Infrastructures Master Plan developed by the AUC as well as support measures in the fields of e-policies and regulation, primarily proposing interaction between African and European regulators.

Figure 5 - Sub-Saharan Africa Undersea Cables Projected for 2011



Source: Steven Song www.manypossibilities.net

225

The EU-Africa Partnership on Science, Information Society and Space complements activities envisaged in the Partnership on Infrastructures with key capacity-building initiatives in support of ARAPKE, the African Regional Action Plan for the Knowledge Economy, adopted at AU level. Five flagship projects have already been identified. They include activities to support the development of local content and e-applications, human resources aspects (training IT professionals, promoting digital literacy), reinforcement of scientific capacities notably through the deployment of regional research and education networks. Out of these five priority projects two were chosen as early deliverables of the Partnership: the ‘African Internet Exchange System’ and ‘Africa Connect’ (see box).

Africa-EU partnership projects to improve the dissemination and use of the Internet in Africa

Africa Connect is designed to support the development of regional research and education networks in Sub-Saharan Africa and their interconnection with the European GEANT2

225 African Economic Outlook 2009, p. 90

network. GÉANT2 is the high-bandwidth, academic Internet serving Europe’s research and education community. Connecting over 30 million researchers, spanning 34 European countries and linking to a number of other world regions GÉANT2 is at the heart of global research networking. Interconnection with this high-capacity and high-speed network and more connected African networks will enable better collaboration both within and with the African research community.

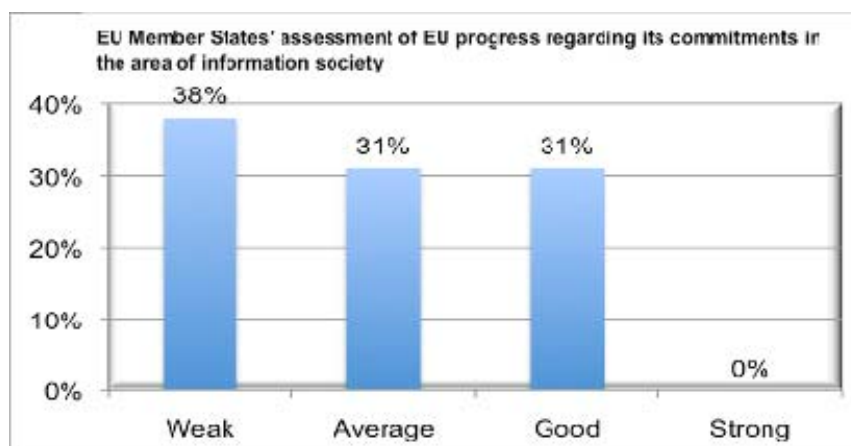
GEANT initially connected research networks in industrialised countries (North America and Japan) and now has new links to China, India, Latin America, South East Asia, Northern Africa, South Africa, the Middle East and the Balkans. This extension serve the research and education communities in the different regions of the world and has paved the way for platforms of cooperation in many fields across these regions and with Europe.

African Internet Exchange System (AXIS) is designed to support the establishment of a continental African internet infrastructure through national and regional internet exchange points. Internet exchange points at national and regional level are crucial for the development of the internet in Africa, generating huge costs savings by keeping local traffic local and offering better quality of service and new applications opportunities. AXIS activities will include technical assistance on planning, regulatory/policy issues, as well as human training to achieve this objective.

3.10.3. Conclusions & Outstanding Issues

The EU has made great strides in promoting an inclusive Information Society. It has intensified its research cooperation with developing countries in the area of ICT and has stepped up its cooperation on regulatory issues with them. Internet expansion is also addressed by the African Union (AU) and European Union (EU) as part of their new strategic partnership for Science, Information Society and Space. Through this partnership the EU supports the building of infrastructure and the strengthening of capacity in developing countries for ICTs.

Assessment²²⁶ of progress on PCD in this policy area:



²²⁶ Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission

Member States are undertaking several initiatives related to the information society and relevant to development. In Finland the main driver for promoting synergies is reported to be a balanced process of global development that supports information society policy aims both in developing and developed countries, as well as opening up possibilities for co-operation. Difficulties from the ministry point of view are partly administrative due to restricted scope of the mandate at the national level and lack of capacity (human, financial). Both factors restrict international participation and project activity. At the national level, policy dialogue between ministries, especially co-ordinators of information society policy and foreign ministry, is not adequate yet, and needs to be organised.

On a positive note, Member State ministries and agencies whose primary focus is information technology within countries are genuinely involved in promoting ICT in developing and transition economies. In many cases it is these agencies and ministries rather than foreign ministries or development ministries which appear to be the ones primarily engaged in ICT issues with or for developing and transition economies, also at the global level.

The EU-AU Partnership on Science, Information Society and Space of the Joint Africa-EU Strategy does offer some potential that is beginning to be exploited to promote EU-wide PCD in this field. It does so by providing a framework, yet there needs to be more technical capacity within the joint expert group (JEG).

There is also a tendency for Member States, including Germany, Netherlands and the UK, to engage in supporting global agencies working on ICT issues.

Outstanding Issues

- Identify jointly with developing countries priorities for joint research in the area of ICT.
- Intensify research cooperation in the area of ICT with developing countries in particular by including specific actions (sectorial 'Coordination and Support Actions' (CSAs) and Specific International Cooperation Actions (SICAs), etc) based on European and developing countries' specific interests, in the revised FP-7 Work Programme for the ICT Theme.
- Continue the policy dialogue with developing countries on issues including the promotion of the establishment of independent and effective regulatory authorities, the non-discriminatory allocation of scarce resources, publicly available licensing criteria and transparent award procedures, non-discriminatory and cost-oriented interconnection, and the use of open technologies.
- Increase efforts to expand both basic (such as electricity supply) and specific ICT infrastructure.
- Use the Joint Africa-EU Partnership on Science, Information Society and Space to build infrastructure and to strengthen capacity in the area of ICT

3.11. Transport

Quick Facts

- ACP countries allocate as much as 30% of the total EDF programmable funds to transport.²²⁷
- For African landlocked countries, transport costs can be as high as 77% of the value of exports. Landlocked developing countries take an additional 22.9 days for goods to be imported and 28.6 additional days for goods to be exported. Physical infrastructure, or ports and inland transport, accounted for only a quarter of the delays while pre-arrival documents, customs and inspections accounted for 70 % of total delays.²²⁸
- It is estimated that 40-60% of people living in developing countries live more than 8 kilometres from a healthcare facility.²²⁹
- A strong relationship exists between transport constraints and inability to break out of the poverty cycle. This is particularly acute for women who have fewer opportunities and less access to means of transport²³⁰

3.11.1. Introduction

Trade, access to goods and services and the free movement of goods and persons rely on the means and ways to be able to move. Transport makes it happen; it provides for the circulation of the system. Transport demands in developing countries continue to grow. A sound transport infrastructure is crucial for international trade and economic development and is considered a tool for poverty reduction. Investing in transport infrastructure creates new jobs, maintenance of roads is normally labour-intensive in ACP countries and the creation of roads literally opens routes for rural poor households to seek jobs elsewhere and for access to market and services.

Historically transport sector support for the ACP countries has been concentrated on the road sector, particularly in Africa where more than 90% of passengers and freight are carried by road. Moreover, a substantial part of public budgets in ACP countries are used on construction and rehabilitation of roads. Loans can be difficult to obtain from international development banks and comes at a cost, so that grant funding such as that provided by the EC offers a very attractive opportunity to cover some road infrastructure costs. ACP countries therefore frequently request that significant proportions of their total programmable allocations go to the road sector.

²²⁷ See http://ec.europa.eu/development/policies/9interventionareas/infrastructure_en.cfm

²²⁸ United Nations Special Adviser on Africa and High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, Cheick Sidi Diarra, at the World Bank's Annual Sustainable Development Network Week in Washington on 21 February 2008. See <http://www.unohrrls.org/en/orphan/593/21.02.2008>

²²⁹ In World Bank Transport for Health Access, June 2008. See <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTTRANSPORT/EXTTSR/0,,contentMDK:20835940~menuPK:2274762~pagePK:210058~piPK:210062~theSitePK:463716,00.html>

²³⁰ Conclusion World Bank, 2006, Gender and Rural Transport Programme GRTI in Sub Saharan Africa". See <http://www4.worldbank.org/afrrssatp/Resources/HTML/Gender-RG/module4/index-p2.html>

However, in line with the Communication 'promoting sustainable transport in development cooperation' which is the basic guidance document concerning support for transport in developing countries, an integrated multi-model approach, encompassing all transport modes is advocated when considering the transport networks of other countries. Support can be provided to develop any mode of transport, if partner countries consider this to meet their priorities.

As an example, increasing attention in promoting sustainable transport in development is being paid to the development impact of aviation, particularly in a continent as vast and diverse as Africa. World air cargo traffic grew 5.1% in 2007, following 3.2% growth in 2006²³¹. The growth trend is however decreasing due to the impact of the economic crisis but in general air transport remains strong. Europe is Africa's largest air trade partner. In the period 1997-2007, Africa's air trade with Europe grew at 4.0% per year and is expected to continue to grow.²³² But issues related to compliance with international standards, particularly in relation to safety, need to be addressed to ensure further sustainable growth.

Maritime transport is another example, important for international trade, since more than 80% of international trade in goods being carried by sea. Due to the financial crisis, there has been a decline in the demand for seaborne trade and a consequential fall in freight prices. But the financial crisis has also put strain on credit and export demand for ACP products. The net result will probably be that developing countries will suffer from this decline.²³³ Reliance on this mode of transport requires investments in port infrastructure, providing safety and security measures and in general keeping up with continuously changing norms and standards.

Improved maritime, in-land water ways, land and air transport infrastructure bring economic and social benefits. All these elements are crucial for achieving the MDGs. The downsides of better infrastructure and increased access need to be addressed as well through what the World Bank calls 'inclusive transport', making sure the poor, women, elderly and the disabled are addressed in transport policies. Engendering mobility, the role of female transport workers, ensuring environmental sustainability and addressing health-related hazards like the spreading of HIV Aids and reducing road fatalities are important elements when considering investments in infrastructure. Partner countries' public authorities, particularly in Africa, increasingly recognise the need to pay attention to transport issues.

These complex interactions require that EU transport policies take due account of the impact on developing countries.

3.11.2. Progress towards PCD Commitments

3.11.2.1. Transport Policy Initiatives

EU Transport Policy takes the principles of PCD into consideration. Development needs to be taken into account in the external dimension of transport.²³⁴

²³¹ Biennial World Air Cargo Forecast (WACF) 2008-2009, - Boeing Company. See <http://www.boeing.com/commercial/cargo/wacf.pdf>

²³² Idem page 65 and 69

²³³ Annual UNCTAD Review of Maritime Transport 2008. See http://www.unctad.org/en/docs/rmt2008_en.pdf

²³⁴ 2001 White Paper on European transport policy for 2010: time to decide, COM (2001) 370 of 12.09.2001 and the Mid-term review, COM(2006) 314 final of 22.06.2006

The November 2007 Council conclusions on Policy Coherence for Development invited the EU to continue monitoring and improving PCD in Transport. The ongoing 'sector policy dialogue' in the focal areas of support in partner countries provides the basis for a dialogue on what areas of EU transport policy impinge on developing countries and what should be done to improve policy coherence to promote development. Multi-donor participation would enable the adoption of a 'sector programme' approach including such matters as transport sector strategy, encompassing all transport modes and identifying partner countries' need for aid, commercial funds/loans and private sector investment.

Tanzania Sector Budget Support (JAR 2007)

As Chair of transport sector donors, the Commission Delegation led the Development Partners' side at the first Infrastructure Sector Review held in October. This provided encouraging results, with all sub-sectors represented, and serious progress was made towards establishing government leadership on a sector-wide approach. On the other hand, further work is needed on the financing of the sector (especially regional roads), on cross-cutting issues (especially environment and the overall issue of logistics, encompassing intermodality and interoperability) and most important of all on institutional capacity building.

Strengthening cooperation between Europe and Africa is the core of the Communication on partnership between the European Union and Africa.²³⁵ It aims to connect the Trans-European and African networks. The Commission will make available the experience it gained from European Transport Policy to its African partners. This seeks to contribute to the implementation of a more efficient transport system, assisting in the development of the African continent in order to face the challenges of poverty, environmental degradation and migratory imbalances.

Integration of the gender dimension and other cross-cutting issues is a work in progress. Gender differences are relevant in the design and development of sustainable technologies and in sectors such as transport²³⁶. The 'Transport' them, has shown significant progress under FP-7 implementation. Gender relevance of transport research content has been embedded in the Work Programme wherever applicable and suitable. In addition and as regards the greening of transport, under the FP-7 the EU is committed to reducing environmental and noise pollution.

Limited progress was made with regard to the extension to developing countries of the benefits of the European satellite navigation system Galileo/EGNOS (European Geostationary Navigation Overlay Service²³⁷), the air traffic management modernisation programme

²³⁵ COM (2009) 301 final: "Partnership between the European Union and Africa. Connecting Africa and Europe: working towards strengthening transport cooperation", 24.06.2009

²³⁶ Gender Mainstreaming in the 6th Framework Programme Reference Guide for Scientific Officers/Project Officers

²³⁷ Extension of EGNOS to Africa would offer improved navigation performance. Other advantages are the improvement of efficiency of civil air transportation in Africa, expansion of trade with EU and other countries, development and integration of regions difficult to access (e.g. served by small airports), enabling better use of less equipped airports, promotion of regional technical and scientific cooperation, encouragement of development of local and national industries and services, key enabler for future transport and non-transport applications (e.g. railways, precision agriculture, ...) increasing safety (e.g. reduction of flight-into-terrain type of accidents). In order to do so, some technical requirements would need to be in place, notably the deployment of additional ground stations and control centres. Current

SESAR, the Single European Sky Initiative and the Air safety: Cooperative Development of Operational Safety and Continuing Airworthiness Programme (COSCAP), mentioned in the 2007 report.

3.11.2.2. Joint Africa-EU Strategy

The inadequacy of infrastructure on the African continent severely constrains economic growth and hampers human and social development. As regards road safety, the African continent has the highest road fatality/population rate in the world. Road transport accounts for 90% of interurban transport but physical links and services are inadequate. Rail network coverage is sparse and interconnectivity of networks is low. Many maritime ports struggle to offer competitive services while inland waterways are poorly integrated into transport networks.

The need for greater interconnectivity is embedded in the Joint Africa-EU Strategy (JAES) adopted in December 2007 and the Partnership on Trade, regional integration and infrastructure and builds on the Communication Interconnecting Africa²³⁸. Africa and the EU will aim at increasing interconnectivity by investing in and improving infrastructure along the trans-African road transport corridors and associated regional road and rail networks. These corridors were identified by NEPAD and are vital for import and export for land-locked countries. International corridor transport is however often costly and not necessarily reliable due to insecurity, conflict and underdeveloped infrastructure.

The overall length of the eight trans-African road transport corridors is about 40 000 km. On these corridors roughly 4 800km (12%) were maintained and rehabilitated under the national programmes of the 8th and 9th EDF (1995-2007) and approximately 6 400km (16%) of the corridors needing heavy maintenance and rehabilitation will be considered under the 10th EDF (2008-2013).

The first estimate of committed amounts under the NIP 8th and 9th EDF is about €1.2 billion; i.e. about €100 million a year. Over the 10th EDF period and on the eight corridors, we consider that those commitments will reach €1.5 billion; i.e. about €300 million per annum. In addition, support to corridors will be provided by RIPs (installation of joint post borders, transport facilitation programmes) and substantially by the Infrastructure Trust Fund (ITF).

The start-up phase of the Partnership is supported through a €10 million allocation, to assist the AU in the preparation of projects, and some of the planned initial activities have been implemented and enhanced cooperation with other partners interested in the area of African infrastructure development will be further explored in the future

The EU-Africa Partnership on Infrastructure brings Member States, the Commission and African partners together; it has the potential to raise awareness on PCD issues related to transport among EU practitioners but it is too early to report on the coordinating function as the Partnership is still evolving.

status in aviation: en-route and non-precision landing based on GPS only is limited in performance and safety. The required navigation performance is available only to a few carriers equipped with sophisticated on-board GPS-based avionics.

²³⁸

COM (2006) 376, 13.07.2006

3.11.2.3.Future Perspectives

There are quite a number of activities in progress in the area of transport. The implementation of the 10th EDF transport programmes, implementation of projects identified for funding under the Infrastructure Trust Fund, expansion of ITF resources via allocation under the 10th EDF intra-ACP resources and additional loan funds from project financiers. In addition, the execution of the demand-driven Programme for Infrastructure Development in Africa (PIDA)²³⁹ and the Africa Infrastructure Country Diagnostic (AICD)²⁴⁰, funded through a multi-donor trust fund – including €750 000 from the 9th EDF - are worthy of mention. PIDA and AICD should help develop a coherent diagnosis of Africa's problems in infrastructure and provide for a continent-wide investment programme to move forward with agreed priorities. The AICD is reaching its final stages and the flagship report will be issued in July 2009.

In April 2009, the EU-Africa Aviation Summit in Windhoek took place, laying the foundation for enhanced cooperation on civil aviation, and developing a roadmap for possible concrete cooperation activities particularly in such areas as security and safety and ensuring that appropriate regulatory frameworks are in place.

The European Commission will also reinforce its assistance in the establishment of "Trans-African Networks" by drawing on the experience of the tools which have been developed within the Trans-European Transport Networks". For example the establishment of a system of coordinators, similar to the ones of the TEN-T could help the AU Commission to ensure a coordinated development of the eight trans-African transport corridors.²⁴¹

3.11.2.4.International Dimension of EU Transport Policy

The EU is committed to contribute and enhance its participation to International Maritime Organisation (IMO) and the International Civil Aviation Organisation (ICAO).

The EU continues to support measures to improve access to ports in a holistic manner including port inspections and environmental as well as safety measures. Better working and living conditions on board ships are ensured through the adoption by the EU of the ILO Maritime Labour Convention of 2006.

²³⁹ PIDA is a holistic framework for connecting African infrastructure plans including energy, water and transport and involving major stakeholders like NEPAD, UN-ECA, Regional Economic Communities and the African Development Bank. PIDA will enable Africa to have continental sector strategic policies and programmes. Its objectives are to: establish a strategic framework for the development of regional and continental infrastructure in the areas of energy, transport, ICT and trans-boundary water, based on a development vision, strategic objectives and sector policies; establish an infrastructure investment programme (short, medium and long term) around priorities established by Regional Economic Communities; and prepare an implementation strategy and process including, in particular, a priority action plan.

²⁴⁰ AICD is a study of 44 Sub-Saharan countries which will assist individual countries in benchmarking the relative performance of their infrastructure sector and formulating their own country-specific strategies in the light of regional experience. It will assist donors in designing appropriate support for infrastructure reform, finance, regulation and investment. Furthermore, it allows an improved evaluation of the collective efforts to meet Africa's needs by establishing a baseline of the current situation on the continent. Finally it acts as a core reference document on all strategic issues relating to infrastructure and hence a vehicle for building consensus about the appropriate response to Africa's infrastructure problems.

²⁴¹ See <http://africa-eu-partnership.org/au-eu/pages/templates/focus.jsp;jsessionid=6860C088E4988C0D58F4F4ED4D13F1DF?filename=focus>

The IMO's Maritime Safety Commission discusses a number of issues related to maritime security and safety matters. The need for protection of ships against piracy and robbery off the coast of Somalia for example and the adoption of amendments to the International Convention for the Safety of Life at Sea (SOLAS) were among the items at the top of the agenda during the 85th session, at the IMO's London Headquarters, from 26 November to 5 December 2008. In air transport progress has been made in setting up Community Aviation Agreements. As opposed to traditional bilateral air services agreements, these Community agreements systematically provide for inter-modality/co-modality. This is particularly relevant to countries involved in the European Neighbourhood Policy and the Union for the Mediterranean. These agreements also consider all areas relevant to air transport in a coherent way (economic issues such as the increased market access; social issues including working conditions of personnel; environmental issues like CO₂ emissions, etc.). Improved dialogue on the external effects of the transport policy is a key element in the agreements. The flow of information from and to developing countries is one of the key challenges regarding the promotion of synergies.

The European Commission is striving to enhance coordination with the African Development Bank and the World Bank, as the main financiers of transport in Africa. In the meantime the Commission continued as the lead donor of the Sub-Saharan Africa Transport Policy Programme (SSATP). SSATP is a partnership of 35 Sub-Saharan countries, Regional Economic Communities and donors that facilitates the development of transport policies and implementation strategies to strengthen economic growth and reduce poverty. In addition, an amount of €0.75 million was allocated to assist the AU to advance the implementation of the Yamoussoukro Decision concerning the liberalisation of access to air transport markets in Africa.

Within the ENPI, new regional programmes in partner countries along the eastern border of the EU received funding to support, among other things, the beneficiary countries' administrations in the implementation of air and land transport safety and security measures. Progress was also made improving international transport in the Black Sea region, the Caucasus and Central Asia. Ambitious projects were launched to improve maritime links with the neighbouring countries, notably through the development of 'Motorways of the Sea' a concept aiming at introducing new intermodal maritime-based logistics chains in Europe, for the Black and Caspian Seas. Specific expertise was also dedicated to the transport of dangerous goods and Liquefied Petroleum Gas along the Europe Caucasus Asia Transport Corridor, while intensive training and support was provided to the region's freight carriers. The objective is to create an effective transport market involving the EU and its neighbours.

In the Mediterranean region, to support the economic and social development of the region, the Commission encouraged the creation of a regional Euro-Mediterranean transport infrastructure network allowing more functional and efficient transport connections between the two shores of the Mediterranean. A new initiative will consolidate the political dialogue, carry out analyses concerning regulatory reform, infrastructure planning and assessment of financing needs and support the implementation of priority projects. Particular efforts will be made to establish Motorways of the Sea.

In 2008, the Commission adopted a new programmes for the support of ASEAN with the ASEAN Air Transport Integration Project whose purpose is to develop the institutional frameworks and to strengthen institutional capacities within ASEAN with a view to achieving a safe, secure and sustainable ASEAN Single Aviation Market by 2015 based on high regulatory standards.

Member States' Contribution to PCD in Transport

A number of Member States have established new programmes to promote PCD since 2007. Lithuania has created the Baltic Black Seas Transport Corridor and a Coordination Council for the Corridor with Belarus and Ukraine in 2008. These initiatives improve Belorussian and Ukrainian mobility. Lithuania is seeking to connect the Viking project (connecting Lithuania, Belarus and Ukraine) to the TRACECA (Transport Corridor Europe Caucasus Asia). To this end, discussions with Turkey have been launched. Lithuania has also hosted a seminar to inform Belorussian government officials about EU transport policy and bilateral cooperation.

Portugal has signed a Memorandum of Understanding (MoU) with the civil aviation authorities of Angola, Brazil, Cape Verde, Guinea Bissau, Mozambique, Sao Tome e Principe and East Timor, aiming to establish the “Portugese Official Language Countries Civil Aviation Authorities Community (CAACL). In addition, Portugal has signed shipping agreements with all Portugese-speaking countries with the aim of meeting their needs in the port and maritime sector, and particularly assisting entities responsible for regulating and supervising the maritime and port sectors.

Germany has commissioned the project “Infrastructure Capacity Building Initiative for Regional Economic Communities in Africa”, which aims to assist RECs in Sub-Saharan Africa in establishing regional transport infrastructures.

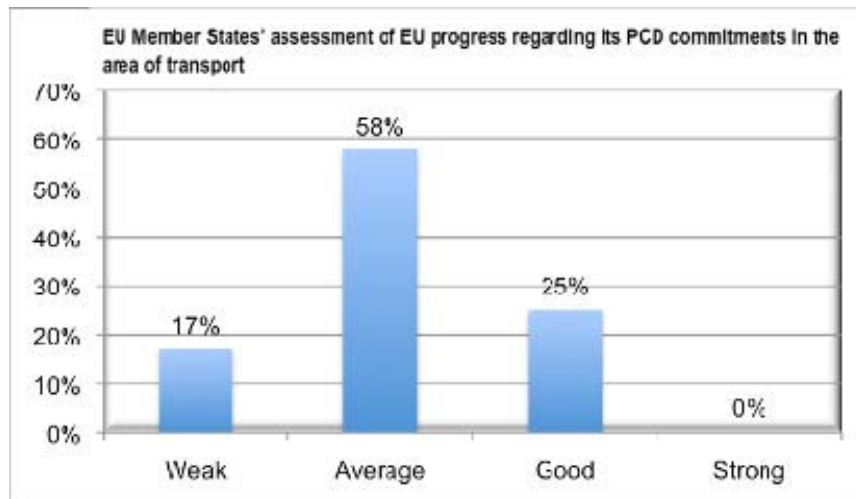
The Czech Republic reports that its railway project in Indonesia and urban transport programmes in Kabul and Bishkek have contributed to a more balanced intervention logic targetting all transport modes. The Netherlands is carrying out a capacity-building programme with several countries on aviation safety and on bilateral maritime cooperation with the Philippines.

The Malta Maritime Authority has discussed areas for cooperation on port and maritime issues with North African EuroMed countries.

3.11.3. Conclusion & Outstanding Issues

Assessment²⁴² of progress on PCD in this policy area

²⁴² Chart based on Member States' responses to a dedicated PCD 2009 questionnaire prepared by the European Commission.



Overall, PCD progress in the area of transport is rated as average. Increasingly, the issue of coherence is being addressed by more balanced interventions across transport modes, in particular in Sub-Saharan Africa, and links to cross-cutting issues. However, beyond the regional and international connections, the issues of local access in Sub-Saharan Africa and transport choices in rural and urban areas, though covered by Community aid, require perhaps more attention. Stepping up efforts to increase coverage would be needed as these links are crucial for reducing poverty and accelerating growth in Sub-Saharan Africa.

Any progress with regard to PCD promotion would require some type of policy framework at every level. None of the Member States mention inter-ministerial coordination mechanisms within Member States on transport and development, which might be an indication of the lack of awareness of this link between the two areas. Monitoring and analysis mechanisms also seem to be lacking across the spectrum.

Promising overarching initiatives are difficult to identify in this area, as transport development cooperation programmes are still very fragmented. Policy Coherence for Development could assist in addressing this fragmented external dimension of EU Transport policy. EU initiatives could aim for more coordination and cooperation in this area. Better frameworks are needed at all levels to set out goals and initiatives. The Partnership on Infrastructure could be an important starting point if the actors involved used the opportunity at hand.

Outstanding Issues

- Continue to develop the coherent policy dialogue on transport with partner countries and raise awareness of the link between development and transport
- Continue to address the fragmented external dimension of the EU transport policy
- Develop monitoring mechanisms with a view to promoting PCD in transport

3.12. Energy

Quick Facts

- Nearly 2 billion people are without access to modern energy services (UNDP 2007)
- World energy demand will expand by 45% between 2006 and 2030 with coal accounting for more than a third of the overall rise. (WEO 2008)
- China and India will account for 51% of the increase in global primary energy between 2006 and 2030 (WEO 2008)
- Wind has been the fastest growing renewable electricity source worldwide, with an average annual growth rate of 24% over the period 1990-2005 (WEO 2008)
- World CO2 emissions from fuel combustion are projected to increase by almost 45% from 2006 to 2030 if policies don't change (WEO 2008)
- About 80 developing countries [...] grow and process sugarcane, a high yielding crop in terms of photosynthesis efficiency that can also be used to produce ethanol (IFPRI 2006)

3.12.1. Introduction

Energy policies worldwide will be a key determinant of developing countries' ability to achieve the Millennium Development Goals (MDGs). The oil price boom in 2008 has shed new lights on the dependence of our economies on affordable energy. However, while the developed world and the emerging countries have, to some extent, the financial capacity to weather oil price fluctuations, and expected increase in the future, oil-importing developing countries have seen their public expenditure dramatically affected, sometimes to the detriment of other public spending. Beyond this direct impact on budget matters, access to energy is critical to economic development, growth, poverty reduction and better social services provision.

Access to affordable and sustainable source of energy is therefore part of the development solution for developing countries. This will also help to curtail rising emissions of greenhouses gases consistent with the climate change policy objectives. Policy synergies can be developed in the context of the 2007 Energy Policy for Europe²⁴³, which aims at integrating Europe's energy and development policies in a "win-win" game. In this context the EU will support developing countries in promoting sustainable and secure supply and use of energy. Enhancing the coherence of EU energy policies with development objectives will be paramount in an energy world characterised by increasing demand and serious constraints on traditional supplies

²⁴³ Com (2007) 1 final, 10.01.2007

3.12.2. Progress towards PCD Commitments

3.12.2.1. Policy Context

In the context of the 2007 Energy Policy for Europe, the second Strategic Energy Review²⁴⁴, adopted by the Commission in November 2008 emphasised that external energy dimensions must be given political attention in the EU's external relations and highlighted the importance of the "EU's 20-20-20 strategy"²⁴⁵. With regards to developing countries, the Review recognised the EU's need to assess the increasingly important role of Africa, to step up its energy relationships with Africa and promote reliable energy partnerships with suppliers, as well as its assistance in regional integration of electricity markets and the promotion of renewable energy.

The adoption of the EU Climate Change and Energy Package²⁴⁶ in December 2008 was a landmark, highlighting the interactions between energy and climate issues. The provision regarding 10% share of renewable energy, including biofuels, in the transport sector in the EU by 2020 is of particular relevance to developing countries. However, energy-efficient production capacities as well as transmission and distribution networks will also contribute to enhanced security of energy supply in developing countries. These countries will benefit from the EU's efforts to diversify energy supply and to develop energy-efficient and renewable energy technologies²⁴⁷. In this context, in June 2008, the G8 countries (with China, India and South Korea) and the Commission established the International Partnership on Energy Efficiency Cooperation (IPEEC), a framework for international cooperation which will facilitate actions yielding in high energy efficiency gains.

• The Renewable Energy Directive

Renewable energy and sustainable biofuels development is a key focus of the EU's cooperation with developing countries. Renewable energy could indeed be a preferred choice for power generation not only for the urban areas but also for the rural and isolated areas, with considerable distances from national grids.

Regarding biofuels, their use has been promoted in the EU as a way to reduce dependence on imported oil and to reduce Greenhouse gas (GHG) emissions from the transport sector since 2003. In 2007, the overall share of biofuels in road transport in the EU reached 2,6%. In December 2008 an agreement was reached on the new Renewable Energy Directive²⁴⁸, which includes in particular the binding targets of a 20% overall share of renewable energy in 2020, and a 10% share of renewable energy in transport. Biofuels are expected to contribute to both these targets. Although these goals could be met by EU biofuels production, the share of imports is expected to grow and might come from developing countries, as some tropical crops have a comparative advantage in terms of GHG savings potential. To limit

²⁴⁴ COM/2008/0781 final, 13.11.2008

²⁴⁵ The EU is committed to 20% greenhouse gas (GHG) reduction, to the sourcing of 20% of its overall energy mix from renewable energy and to a savings target of 20 % of total primary energy consumption, all this by 2020.

²⁴⁶ The December 2008 Climate and Energy Package is presented in Chapter 3 on Climate Change. See European Commission Press Release IP/08/1998, 17.12.2008 for an overview. For additional information: http://ec.europa.eu/environment/climat/climate_action.htm

²⁴⁷ Outstanding issue from the 2007 Report on PCD

²⁴⁸ COM(2008) 19 final, 23.01.2008

environmental risks in developing countries and the EU, the Directive provides for a pioneering and far-reaching sustainability scheme for biofuels.

With the adoption of the Renewable Energy Directive all EU Member States will now apply a common sustainability scheme. The scheme will for the first time oblige all EU biofuel producers or importers to comply with clear environmental criteria, and to report on a number of additional effects, including possible economic and social impacts within the EU and in third countries. Among the reporting and monitoring requirements, some are specifically meant to monitor the impacts of increased biofuels production in third countries. These include the requirements for economic operators to report on measures to protect soil, water and air quality, in the EU and in third countries where biofuels are produced. In addition, the Commission is committed to monitoring the land use changes associated with increased production of biofuels and the impacts on the availability and price of foodstuffs in developing countries, as well as wider development issues.

Staff Working Paper on Climate Change, Energy – The Biofuels – April 2008

The Commission elaborated on the multiple dimensions²⁴⁹ of EU biofuels policy in relation to development in a Staff Working Paper²⁵⁰ issued in April 2008, which provided some options for a development-friendly EU biofuels policy: "The EU should help developing countries to benefit from the opportunities created by the biofuels market for fighting poverty, while maintaining careful monitoring of the impact it can have on third countries, in particular in terms of food security, access to land and the environment. Against this background, one of the recommendations proposed is regular monitoring of the European biofuels policy fully including the development dimension".

While the subject remains a contentious issue in the EU, some Member States are active in this field. Germany for instance worked on an international certification system for biofuels and biomass to avoid conflicts of objectives and undesired side effects. Sweden for its part supported the Biofuel Task Force in Tanzania, where modern laws and regulation are being developed in accordance with EU policies, and cooperated with Brazil on bioenergy. France also maintained a scientific cooperation on biofuels with Brazil. Finally, the creation of a dedicated agency to promote renewable energy globally (IRENA) by Germany, Spain, Denmark and Latvia is another important development. The International Renewable Energy Agency (IRENA) was officially established on 26 January 2009 in Bonn. It is an intergovernmental body (136 States have signed the Statute of the Agency, amongst them 45 African, 36 European, 32 Asian, 14 American countries and 9 States from Australia/Oceania) which "aspires to become the main driving force for promoting a rapid transition towards the widespread and sustainable use of renewable energy on a global scale. As the global voice for renewable energies, IRENA envisages providing practical advice and support for both industrialised and developing countries, thereby helping to improve frameworks and build capacity. Moreover, the Agency intends to facilitate access to all relevant information, including reliable data on the potentials for renewable energy, best practices, effective financial mechanisms, and state-of-the-art technological expertise".²⁵¹

²⁴⁹ Outstanding issue from the 2007 Report on PCD

²⁵⁰ COM(2008) 177 final and SEC(2008) 434.09.04.2008 "The EU – a global partner for development: Speeding up progress towards the Millennium Development Goals",

²⁵¹ See www.irena.org

3.12.2.2. Dialogue with Partner Countries and Regions

- **The EUEI**

During the World Summit on Sustainable Development in 2002, the EU launched an initiative to support the provision of adequate, affordable and sustainable energy services in developing countries, the EU Energy Initiative for Poverty Reduction and Sustainable Development (EUEI)²⁵². The Commission and the Member States have stepped up their support to the EUEI since 2007, creating new financing instruments, such as the ACP-EU Energy Facility (cf. section 3.12.2.3).

The value of the EUEI in improving coordination in the Union is widely acknowledged. The Initiative has helped raise the profile of energy on the development agenda and offers an important platform for dialogue and coordination. However, there is still a need to strengthen EUEI funding and increase dialogue with beneficiary countries.

The EUEI-PDF

The EUEI- Partnership Dialogue Facility (EUEI-PDF) is an initiative of six Member States aiming at supporting the development of policies and strategies for the promotion of access to energy at national and regional level. These are based on dialogue within and between partner countries, their regional organisations, EU Member States and the European Commission. Germany and the Netherlands are the main contributors to the PDF²⁵³. The European Commission will support expansion of the PDF's activities related to implementation of the Africa-EU Energy Partnership, focusing on supporting stakeholders and policy dialogue.

- **Africa-EU Energy Partnership**

In December 2007, leaders of the EU and Africa adopted a Joint Africa-EU Strategy. An Action Plan for the period 2008-2010, including an EU-Africa Energy Partnership, was also agreed upon. This Partnership builds on the previous work undertaken through the EUEI and extends its coverage to wider issues such as energy security.

Joint mission of Commissioners Michel and Piebalgs to Africa

In September 2008, European Commissioners Piebalgs and Michel undertook a joint mission to Africa to communicate the importance of the Africa-EU Energy Partnership and to reach an agreement on its concrete and effective implementation. This first-ever visit of an EU Energy Commissioner to Africa was an initiative combining development and energy strands of EU cooperation with the region.

²⁵² The goal of the EUEI is to contribute to providing access to energy necessary for the achievement of the Millennium Development Goals. It does so by helping raise political awareness of the important role energy can play in poverty reduction, clarify the need for energy services for poverty reduction and sustainable development, encourage the coherence and synergy of energy-related activities and stimulate new resources from the private sector, financial institutions, civil society and end-users.

²⁵³ See www.euei-pdf.org

In September 2008 a Joint Statement was signed by the African Union Commission and the European Commission on the Implementation of the EU-Africa Energy Partnership²⁵⁴, setting the priorities, with careful consideration given to the economic viability of initiatives supported or financed²⁵⁵, for EU-Africa energy cooperation in five main areas: energy security; regional integration and energy infrastructure; interconnections within Africa and between Africa and the EU; the promotion of an enabling environment for private-sector investment; improving access to energy services, exploring Africa's renewable energy potential in a sustainable way and improving energy efficiency.

EU Member States are closely associated, in the spirit of the Partnership, and technical and political dialogue and exchange of views have taken place: Austria and Germany are co-chairing the EU Implementation Team where other Member States are also represented. The Partnership provides a platform which allows institutions on both sides to communicate more efficiently, focusing on Africa's energy needs and potential. As a result better coherence in EU's action in the region is being achieved.

With a view to implementing the above priorities, a regular policy dialogue will continue throughout 2009 and will focus on putting in place the appropriate institutional implementation set-up. This should include the building up of an African Implementation Team.

The EU and Nigeria

The establishment of a regular energy policy dialogue with Nigeria within the framework of the EU-Nigeria political dialogue is one of the EU's priorities. It is situated in the context of a wide strategy of increased political engagement and cooperation with Nigeria. The mutual interest in enhancing bilateral relations in the energy sector was one of the highlights of the EU - Nigeria Foreign Affairs Ministerial troika meetings held in May 2008 and in June 2009. This dialogue, which involves the Commission and EU Member States, will enable the discussion of cooperation on energy issues and will strengthen the political and development dimension of EU energy cooperation with third countries.

• Other Bilateral Energy Dialogues

Among the numerous energy dialogues established with third countries²⁵⁶, European Commission cooperation with China on energy has been the focus of increasing attention in 2007 and 2008. The College visit to Beijing in April 2008 created a momentum for both parties to tackle energy issues at the highest political level. They committed themselves to actively pursue cooperation on topics such as clean coal, energy efficiency and renewable energies.

The EU-China Energy Dialogue

The Commission is implementing with its Chinese counterpart a research programme on Carbon Capture and Storage thus allowing the development of a promising sustainable technology. The Commission also promotes clean coal technologies for existing power plants

²⁵⁴ African Union Commission and European Commission launch an ambitious Africa-EU Energy Partnership, 08.09. 2008.

²⁵⁵ Outstanding issue in the 2007 report on PCD.

²⁵⁶ Including developing countries in Asia, Latin America, Africa and Middle East

through the organisation of dedicated workshops and the formal setting up of a Working Group on Clean Coal. In 2009, a Euro-China Clean Energy Centre, targeting businesses, and a Training Institute for Clean and Renewable Energies (ICARE), providing advanced training to master fellows, will be established. In the meantime, in June 2009 the European Commission adopted a Communication on "Demonstrating Carbon Capture and Geological Storage (CCS) in emerging developing countries: financing the EU-China Near Zero Emissions Coal Plant project"²⁵⁷.

During the EU-Brazil summit in December 2008, an Energy Chapter was included in the EU-Brazil Joint Action Plan. Five main priorities are at the core of this bilateral dialogue: exchange of experiences and consultations on competitive energy markets; energy efficiency and demand management; joint research efforts in second generation biofuels; promotion of sustainable biofuels at the international level; promotion of EU-Brazil industrial cooperation on low carbon technologies paying particular attention to safe and sustainable technologies.

• Instruments to implement EU Energy Policies in Developing Countries

In June 2007, the Commission adopted the thematic programme for the environment and sustainable management of natural resources, including energy (ENRTP) and its multi-annual indicative programme 2007-2010. This strategy aims to promote the EU's energy policies abroad in the common interest of the EU and partner countries and regions (See Chapter 3 on Environment Policy).

Among other initiatives, the programme supported the **Global Energy Efficiency and Renewable Energy Fund (GEEREF)**, which was created in 2007, with an allocation of €20 million. The objective of GEEREF is to pool public and private funds through an innovative public-private partnership so as to offer new risk-sharing and co-funding options for various investors in the areas of energy efficiency and renewable energy.

Global Energy Efficiency and Renewable Energy Fund (GEEREF)

The GEEREF is an innovative risk capital fund which uses limited public money to mobilise private investment in energy efficiency and renewable energy projects, in developing countries and economies in transition. The GEEREF funding, totalling €2 million in 2008, is channelled into two commercial funds, one focusing on projects in sub-Saharan Africa, the other on Asia, with a primary focus on India. Both funds will invest equity in renewable energy projects such as wind energy generation, small hydro-electric generation, biomass and methane recovery.

The European Commission²⁵⁸ and many EU Member States contribute to the Extractive Industries Transparency Initiative (**EITI**), which is a coalition of governments, companies, civil society, investors and international organisations that aims to strengthen governance in the extractive industry sector by improving transparency and accountability, particularly through verification and full publication of company payments and government revenues from oil, gas and mining. These revenues once accounted for can contribute, through more transparent state budgets, to financing activities that aim at poverty reduction.

²⁵⁷ See COM(2009) 284 final, 25.6.2009

²⁵⁸ For the period 2008-2010 the Commission is contributing €530,000 to this initiative through its participation in the World Bank Multi-donor Trust Fund for EITI

Since May 2008 the Commission has become a member of the **Global Gas Flaring Reduction public-private partnership (GGFR)**²⁵⁹. GGFR, also supported by France and the UK, brings together representatives of governments of oil-producing countries, including many developing countries, state-owned companies and major international oil companies²⁶⁰. GGFR aims to improve energy efficiency by unlocking the value of wasted gas. The focus of the initiative is on major flaring countries and regions²⁶¹ and of particular relevance to Africa where energy needs are particularly acute.

Over recent years some projects focusing on capacity building and training in developing countries were supported by the **COOPENER** programme, which was the external component of the Commission's "Intelligent Energy – Europe (IEE) programme" and addressed the role of sustainable energy for poverty alleviation in developing countries. It was launched in 2003 in the framework of the EU Energy Initiative and integrated into the ENRTP in 2007.

These initiatives and partnerships are all aimed at increasing investments in the field of energy efficiency or renewable energy and at reducing negative impacts in the field of energy.

3.12.2.3. Development Policies and Instruments in support of Energy in Developing Countries

At EU level, the support to energy has increased with its inclusion as a priority area in development policy and the awareness created by the ACP-EU Energy Facility. While support is provided to many developing countries, particular attention has been paid in recent years to Africa, as the most needy region in terms of energy access.

The ACP-EU Energy Facility, funded to the tune of €220 million by EUEI since 2005, is designed to co-finance projects that deliver energy services to poor rural and peri-urban areas. The main activities performed are related to energy production, transformation and distribution, to extension of existing electricity grids and to "soft" activities such as governance, capacity building or feasibility studies. The Energy Facility also finances a Capacity Building Programme (2008-2013), with the aim of supporting the African Power Pools and the Africa Forum for Utility Regulators..

The EU-Africa Infrastructure Trust Fund (ITF) is the main instrument implementing the Africa-EU Infrastructure Partnership. It was set up by a number of Member States (for a total of €40 million) and the Commission (€108 million) to provide support (grants, interest rate subsidies, guarantees) to priority regional infrastructure projects in Africa. A majority of the projects supported by the ITF have been in the energy sector, including major investment projects such as the Caprivi Interconnector between Namibia and Zambia and the Felou Hydro Power Plant on the Senegal river.

Energy activities are also supported under the National and Regional Indicative Programmes adopted in 2007. Fourteen ACP countries²⁶² have included energy in their national indicative programmes. In addition, the regional programmes, in particular for "Eastern and Southern

²⁵⁹ With a contribution of €70,000

²⁶⁰ Outstanding issue in the 2007 Report on PCD.

²⁶¹ Gulf of Guinea, Russia and Caspian region, Middle East, Latin America, East Asia

²⁶² Burkina Faso, Burundi, Chad, Cook Islands, Ivory Coast, Kiribati, Marshall Islands, Nauru, Niue, Palau, Sierra Leone, Tanzania, Tonga and possibly Guinea Bissau and Liberia.

Africa", "West Africa" and "Southern Africa-SADC", are open to provide financing to energy projects.

Several EU Member States are actively involved in cooperation programmes and projects with developing countries. In terms of ODA disbursed in the energy sector, Germany and France²⁶³ are the biggest contributors. Germany is involved in the energy sector in 50 countries worldwide and promotes synergies between energy and development. The UK contributed voluntary grants of £750 million in the period 2007-2009. The Czech Republic and Austria, among others, have supported programmes promoting access to sustainable energy sources in Vietnam, Yemen, Serbia and Mongolia and, more generally, in Africa and in the Central American region.

A number of Member States have also strengthened analysis and monitoring mechanisms in the energy field. The Irish Aid Advisory Board commissioned a report on biofuel production, which was used to inform all other relevant departments of the issues surrounding biofuel production in developing countries. France and the World Bank have financed a study on urban transport in China, taking into consideration environmental and energy aspects for sustainable development.

Netherlands: Development of a Biomass Action Plan

The Netherlands has made significant efforts since 2007 to enhance capacities for the use of biomass as an energy source both nationally and within developing countries. The goal of this Biomass Action Plan is "to stimulate, support and facilitate the promotion of the sustainable production of biomass for energy purposes, as far as possible internationally anchored, on the basis of a 'level playing field' and to make good use of the opportunities presented to developing countries". The Netherlands has set strict goals for the use of biomass, in line with EU commitments, and has decided to use this opportunity to assist developing countries in this sector²⁶⁴, through support for sustainable production of biomass, for both national and international use, with an emphasis on certification and monitoring of production. Taking into consideration the development aspects, production of biomass has strong potential to increase PCD in the Energy Sector.

3.12.3. Conclusion & Outstanding Issues

Over the last two years, energy has become a key political priority for the EU and more political attention has been paid to Energy and possible synergies with Development have been sought. One key energy policy initiative since 2007, the Climate Change and Energy Package, will affect developing countries in a number of ways²⁶⁵ and in particular through its biofuel aspects which will generate for developing countries opportunities and challenges that need to be carefully balanced. The sustainability scheme attached to the EU biofuels policy has been elaborated taking into consideration the resulting concerns related to potential environment degradation, social tensions and food availability in poor countries. The development dimensions of the biofuels policy have been considered in the context of ongoing efforts by the EU to enhance Policy Coherence for Development. Reciprocally,

²⁶³ With €800 million and €600 million a year respectively.

²⁶⁴ Global Sustainable Biomass Fund, March, 2009.

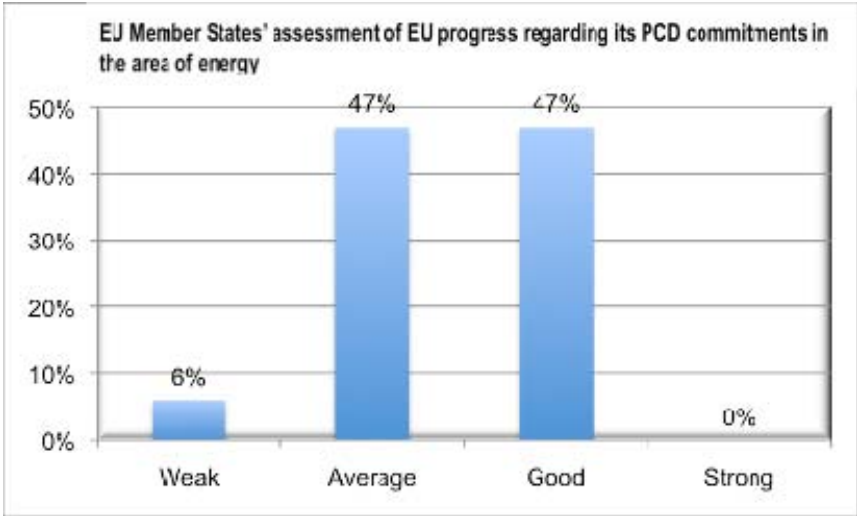
²⁶⁵ <http://www.senternovem.nl/globalsustainablebiomass/index.asp>

See also Chapter 3 on Climate Change policies

development policies in specific developing countries could be implemented in synergy, helping countries where good potential exists to develop biofuels production and use.

Beyond the policy level, rapid progress has been achieved on other initiatives as exemplified by the higher priority given to energy in country development programmes; the setting up of an energy dialogue with Africa through the Africa-EU Energy Partnership, and with other developing countries, including emerging countries (e.g. China, Brazil); the enhancement of EUEI through the introduction of new instruments (e.g. providing funds for a second Energy Facility²⁶⁶); and the adoption of a thematic programme to support, inter alia, energy programmes (the ENRTP).

At EU level, Member States are satisfied with the progress in the area of energy (see chart below²⁶⁷). However there is large scope for maximising the positive impact of the EU energy policy, in particular through the strengthening of EUEI, seen as an important platform for dialogue and coordination; through increased dialogue with beneficiary countries and through further research on reducing the costs of "green" technologies. Conflicting political priorities and diverging interests of EU Member States often remain an obstacle to PCD and there is little synergy between EU countries' policies, although in some specific cases, such as biofuels, a number of Member States' initiatives are converging. Finally, as policy coordination and monitoring mechanisms at national level are usually weak, a strengthened EUEI, at EU level, could usefully assist with the task of overall coordination, ensuring that development concerns are taken into accounts in all energy-related EU initiatives.



Future energy policies in the EU will be key to ensuring the sustainable economic development of the Union and its response to climate change. They will also help the EU efforts to assist developing countries in reaching the MDGs. Indeed, no development will take place if access to energy sources is not secured. Progress achieved so far in terms of social and economic development, in developed and developing countries alike, will be jeopardised by the constraints on affordable energy supply. Improving energy efficiency, diversification and renewable energies are all valid strategies in the long term for all countries, but different countries' specific endowment in energy resources will make convergence of agendas towards

²⁶⁶ To the tune of €200 million from the 10th European Development Fund (EDF)

²⁶⁷ Chart based on Member States' responses to a dedicated PCD 2009 questionnaires prepared by the European Commission.

sustainable energy policies more complex. Political dialogue therefore with all countries, developed and developing, will therefore be required.

In the meantime, EU policies should ensure that local energy needs are met to the maximum extent via sustainable energy sources. There are synergies between EU and developing countries' policies which need to be harnessed (e.g. biofuels). Such complementarities will contribute to better access to sustainable energy for all partners while allowing important climate changes targets to be met. Under these conditions, economic development can continue and should assist with delivering on the dual goals of eradicating poverty through better access to energy and to keeping climate changes within acceptable parameters.

Outstanding Issues

- Implementation of the energy policy priorities through the various instruments and programmes should continue to aim at increasing developing countries' access to modern energy services.
- Political dialogue with developing countries on energy efficiency, carbon capture and storage, renewable energy and diversification should be enhanced.
- Research policy should assist developing countries in developing efficient, adapted and environmentally friendly technologies, while ensuring that the research results can be acted upon.
- Low carbon technology transfers should be facilitated to allow developing countries to catch up with efficient and clean technologies.
- Develop monitoring mechanisms at both national and EU level to measure impact on developing countries of energy policies in the EU.
- In developing countries research activities should be enhanced and better linked to the development policies, in order to foster the development and uptake of advanced and environmentally friendly technologies, adapted to local conditions.
- Development policies and programmes should be geared to enabling developing countries willing to engage in biofuels use and production, both for domestic and export markets, while closely monitoring the effects on food security and other potential social and environmental consequences.

4. CASE STUDIES

Beyond the policy level which is covered in the first chapters, the following section introduces a tentative framework to assess EU policies' impact on MDGs at a methodological level: a matrix showing relevant interactions is proposed followed by a short assessment of EU Security Policy impact on development. The next two chapters present a more detailed assessment of impacts on MDG1 (hunger) and MDG 6 (fighting HIV/AIDS). Turning to an international cooperation instrument, the final chapter highlights the PCD potential of the recently approved Joint Africa-EU Strategy.

This EU initiative to explore the possibility of assessing the impact and results of PCD has to be seen in connection with the OECD work on the elaboration of a new assessment methodology aiming at improving the development dimensions of policies and exploiting potential positive synergies between those policies and development efforts.

4.1. Conceptual and Theoretical Framework

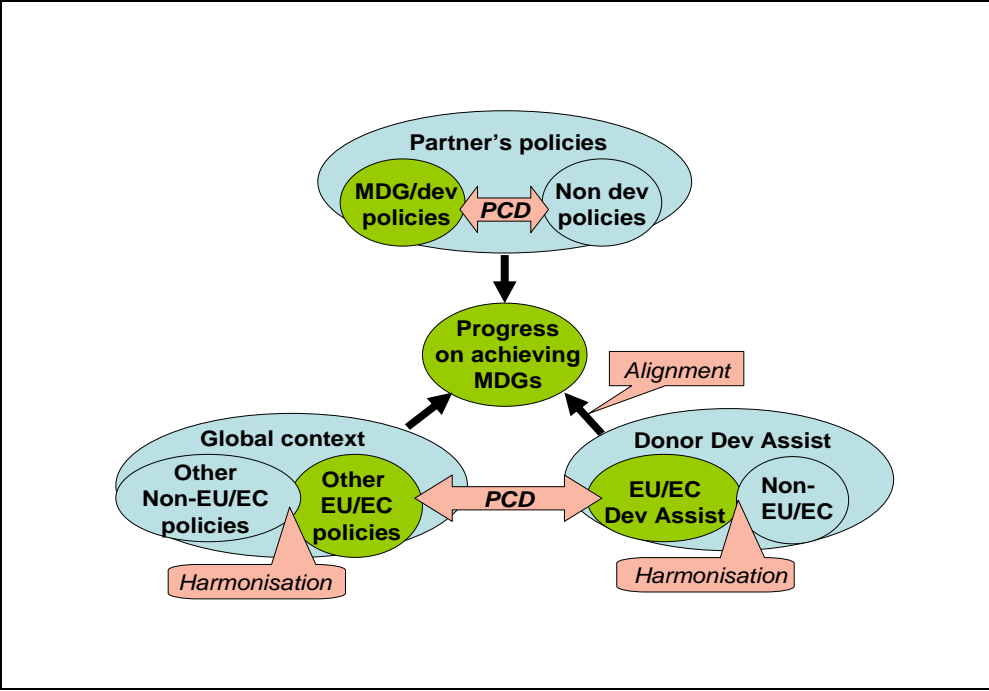
4.1.1. *The Conceptual Framework*

The EU Research Paper on the "MDGs at Midpoint: where do we stand and where do we need to go?"²⁶⁸ is a starting point for developing a conceptual framework to assess PCD impact in developing countries. The approach stresses the importance of three clusters of policies, namely the global context, development assistance, and domestic policy, that are important for achieving MDGs.

While understanding interactions between these three clusters is key to assessing progress on MDGs, the PCD focus is more specifically on the interactions between the development assistance policies and other policies of the EU as highlighted below (Fig.1)

²⁶⁸ Bourguignon, F. (et al.). 2008b. *MDGs at Mid-Point: Where do we Stand & Where do we Need to go?*, http://ec.europa.eu/development/icenter/repository/mdg_paper_final_20080916_en.pdf,

Figure 1: Key Policy Interactions and progress on MDGs

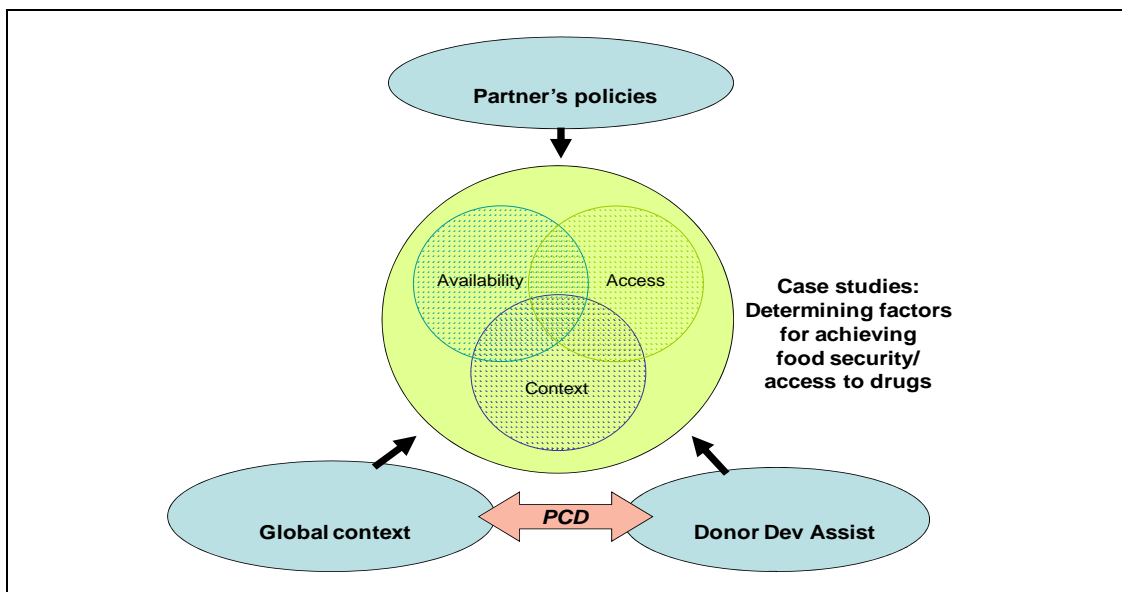


A further refinement to this model structures the approach to the case studies in a way that facilitates comparison. Three broad determining factors for food security and access to retroviral drugs were identified, as shown in Figure 2.

- Availability of food/ medicine;
- Access to food/ medicine;
- Contextual factors such as social conditions (health and education levels), institutional capacity and governance issues in the sector, natural environment, etc.²⁶⁹

²⁶⁹ This approach is inspired by and adapted from the Forum for Food Security in Southern Africa (2004)

Figure 2: Key policy interactions for MDG1 (reducing hunger) and MDG 6 (fighting HIV/AIDS)



The various factors influencing progress on the two MDGs considered in the case studies have different weights depending on the local context. However, the types of policies that have an impact on the three determining factors are the same as those in the overall model: domestic and external (EU and international) policies, development and non-development policies.

4.1.2. Understanding the impact of EU policies other than aid

A framework for assessing PCD- sensitivity in EU policy

Such a framework should allow for systematic exploration of the effects, positive or negative, that EU policies other than aid might have on development, and more specifically on the achievement of the MDGs. This is at the heart of the *impact assessment* process which is used in EU policymaking²⁷⁰. While very often the emphasis is on the potential negative impact, the framework also encourages the identification of possible synergies, potential positive impacts on development, in addition to the core sector objective of the policies.

The application of this framework by policymakers would help make the development case or 'MDG-friendly case' for proposed EU policies. This would allow specific policies to open more fully to dialogue with outside parties such as development specialists or the policy makers of partner country.

Identifying potential areas for PCD investigation

To be thorough in assessing PCD implications of EU policies, policymakers can focus specifically on the MDGs, and consider whether and how policies are likely to affect the partner countries' ability to achieve each of the first seven MDGs²⁷¹.

²⁷⁰ Impact assessments are used regularly as a tool by planners in many administrations including the European Commission.

²⁷¹ The 8th MDG is the Global Partnership for Development which relates to development policies formulation and implementation and, as such, is not related to PCD.

The first step in such a process is to identify which of the 12 priority areas of policy might conceivably have an impact on the country's ability to achieve the MDG in question. Conceptually the identification of potential effects can be proposed in line with the following matrix:

Table 1: Potential effects of EU policies on developing countries' efforts to achieve the MDGs²⁷²

MDGs	MDG 1: Eradicate Extreme Poverty & Hunger	MDG 2: Achieve Universal Primary Education	MDG 3: Promote Gender Equality / Empower Women	MDG 4: Reduce Child Mortality	MDG 5: Improve Maternal Health	MDG 6: Combat HIV/AIDS, Malaria & Other Diseases	MDG 7: Ensure Environmental Sustainability
Trade	XX	I		I		XX	X
Environment	XX	X	I	X	X		XX
Climate Change	XX	X	I	X	X		XX
Security	XX	XX	XX	XX	XX	XX	X
Agriculture	XX	X	X	X	X	X	X
Fisheries	XX	X	X	I	X	I	XX
Social Dimension of Globalisation	X	I	X	I	X	I	
Migration	X	X	X	I	X	X	I
Research	X	X	X	X	X	X	X
Information Society	I	I	I	I	I	I	I
Transport	I	I			I		X
Energy		I			I		X

The indications in the two columns for MDG1 and MDG6 in this table relate to the analysis carried out for the two case studies covered in the following chapters. A rapid review of the potential relationships between the MDGs and the 12 PCD priority areas allows us to sketch some additional indications in the other five columns (MDGs 2-5 and 7): for example, EU policy on Climate Change is likely to have some impact on the achievement of all the MDGs as climate change affects everyone. EU Information Society policy could potentially improve access to information in any sector which can be vital for the achievement of all MDGs, but the impact is likely to be less direct or less strong than, for instance, with Security policy. EU Migration policy might also encourage the drain of skilled personnel away from developing countries where they are needed to achieve certain MDGs. By way of illustration, EU Security policy is further presented below as an example of how the PCD sensitivity framework might work.

The markings proposed in the matrix are at this stage very crude indications of the relevance and strength of the expected inter-linkages. They are based on the 2007 EU report on PCD. While those indications need to be thoroughly reviewed, through specific studies on the various links proposed, the core of the approach also needs to be further enhanced. Such work

²⁷²

The overview in this table is based on the representation of the EU policies in the first Biennial EU report on PCD (2007). A strong and direct influence on the MDG in question is identified by one or two Xs depending on the perceived strength of the potential influence. An "I" indicates that the EU policy area probably has an important indirect influence on the required enabling environment for attaining the MDG. In most cases of "I", the indirect influence is because the EU policy in question affects a country's perspective for economic development, which in part will affect income-related MDGs.

is currently undertaken in the context of the OECD²⁷³ and will form the basis of future EU efforts in this field.

The example of EU Security policy

European Union policy in the area of security has in the past few years been guided by the European Security Strategy (ESS) of 2003 supplemented by the December 2008 Report on its implementation²⁷⁴. The policy thus outlined is essentially multi-lateral in approach, which emphasises the need for partnerships and recognises that the EU has a global role in contributing to global security and supporting multilateral frameworks such as the UN and the OSCE. It underlines the need to tackle global challenges such as energy security and climate change and a series of specific threats such as WMD²⁷⁵, terrorism and organised crime. It also explicitly refers to the development and security nexus, and quotes the 2005 *European Consensus on Development's* reference to the close linkage between the two policy areas and recognises the need for coherent approaches.

The ESS takes into account areas of specific importance for achieving some of the MDGs. Poverty reduction (MDG1) is a clear concern, as is the empowerment of women (MDG3) and public health (MDGs 4, 5 & 6) including pandemics such as HIV/AIDS (MDG6). More specific links to child mortality (MDG4) and maternal health (MDG5) are not made, but the link between these and security does not need spelling out. Various issues which relate to environmental sustainability (MDG7) such as climate change, landmines and tensions over water and raw materials extraction are also mentioned. Universal primary education (MDG2) is not mentioned specifically, but the impact of conflict on infrastructure and state fragility clearly links through to the provision of education facilities. This quick overview shows that PCD elements have been considered in the formulation and reporting of the policy.

4.1.3. Limitations of Conceptual Framework

The difficulty of making strong causal links between EU non-development policies towards these countries and their capacities to achieve MDGs is known as the "attribution problem".

Experience from the field work conducted on the case studies on MDG1 and MDG6 shows that it is generally possible to identify the key factors in each of the policy clusters considered (global context, development assistance, domestic policy) but that the weight and the relative importance of the three clusters in relation to the impact in developing countries is difficult to gauge. This is a methodological difficulty, an element of uncertainty, which will remain central to PCD assessment in the future²⁷⁶.

²⁷³ OECD SG/PCD(2009)4, 27.05.2009, *Framework & Assessment Methodology for PCD*, Draft report

²⁷⁴ Council of the European Union, 11.12.2008, *Report on the Implementation of the European Security Strategy – Providing Security in a Changing World*, S407/08

²⁷⁵ WMD: Weapons of mass destruction

²⁷⁶ Attribution is a critical enabler of effective response to incoherencies and to synergies. Therefore the attribution problem must guide any assessment to estimate trends and impacts on development objectives. Several aspects should be considered: the attribution of intended effect (of limited relevance as development is, by definition, not the main objective of non-development policies), collateral effects (of high relevance as these turns into damages or positive spill-over) and the temporal aspects (time horizon of impacts following non-aid policy implementation).

The case studies nevertheless provide interesting evidence of the inter-relationships between policies. At the same time they point towards the need for more detailed research and investigation that would help policy makers and programme administrators to formulate and implement policies in different areas that are supportive of development.

4.2. Case Study on MDG 1 (Hunger)

4.2.1. Objectives

In order to attempt to test the linkages between EU policies and MDG1, country case studies were commissioned early in 2009 in Ethiopia, Mozambique and Senegal. Countries were selected with the aim of covering a variety of food security situations in Sub-Saharan Africa, the region most affected by hunger²⁷⁷. Some effects of Agriculture and Trade policies have been assessed in all three countries, as these are key EU policies affecting – directly or indirectly - food security in developing countries. On a case by case basis, Climate Change, Fisheries and Energy policy areas were also considered²⁷⁸.

Given the limited sample of countries, the objective was not to offer general policy recommendations²⁷⁹ but to provide some broad illustrations of non-aid policy impact on the MDG1 objective. In line with the United Nations approach, MDG1 on Hunger was assessed by the proportion of the population whose food intake falls below the minimum level of dietary energy requirements. Another indicator is the prevalence of underweight children under 5 years of age. Both these elements have been considered in the country case studies through interviews conducted in the selected countries with a wide range of stakeholders such as government officials, non-governmental organisations, donors, international institutions, private sector representatives, think tanks and universities.

4.2.2. Theoretical Framework

In order to explore causal factors behind the MDG1 target on hunger, the broader UN food security definition was used: *‘food security, at the individual, household, national, regional and global levels [is achieved] when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life’*²⁸⁰

Against this background, a combination of two theoretical ‘lenses’ on factors determining access to food has been used for the study, with attention paid to the interplay between the policies and activities involving the government at various levels and other key stakeholders at international and lower levels, including the private sector. The lenses reflect the two main paradigms that currently prevail on global hunger and food security.

²⁷⁷ Ethiopia as a landlocked country with a rather precarious natural environment, Mozambique as an overall MDG success story with recent media attention on food security and biofuel cultivation, and Senegal as a more urbanised country, more economically integrated with the EU.

²⁷⁸ These policy areas are energy/biofuels, climate change in the case of Ethiopia and Mozambique, and fisheries in Senegal.

²⁷⁹ Data sets that can statistically demonstrate policy impacts on food security conditions and the prevalence of underweight are usually lacking. From a conceptual point of view the extrapolation of identified EU policy impacts to national-level impacts in terms of MDG1 achievements is not advisable for a number of reasons: (a) the specificity of the illustrated impacts; (b) in-country variations in food security dynamics across geographical regions, rural-urban divides, and between socio-economic strata; (c) attribution problems related to the multi-factorial nature of food security that is determined by both availability, access and utilization of food each with their underlying factors; (d) attribution problems related to the co-existence of various policy frameworks (domestic policies, EU non-development policies, other countries’ non-development policies, and donor development cooperation support); and (e) recent changes in the overall global economic context.

²⁸⁰ FAO (1998), Rome Declaration on World Food Security and World Food Summit Plan of Action. http://www.fao.org/wfs/index_en.htm

- The trade-based approach focuses on agriculture and fisheries activities in developed and developing countries. The rapidly increasing economic integration at regional and global levels results in much larger impact of market competition, which particularly poses new challenges for small-scale producers in developing countries, depending on the degree of integration of the countries' economies. A differentiated approach is therefore necessary, taking into consideration the heterogeneity of developing countries (Least Developed Countries (LDC), Small Island Developing States (SIDS), landlocked countries, etc). With regard to MDG1, for the rural poor still stricken by hunger the progressing globalisation and market integration processes are among the most important context variables.²⁸¹
- The 'right to food' approach focuses on small-scale farmers, fishermen, pastoralists and indigenous people and their access ('entitlement') to productive resources including support services from the government. The approach extends to the right of national governments to protect and regulate domestic agricultural production and trade in order to achieve sustainable development objectives²⁸².

The development of functioning agricultural markets (both national and international) is essential. For instance, domestic production in developing countries cannot always feed the growing demand of large urban populations. Availability of food on the international market, and trading arrangements between consumers and suppliers, are necessary to ensure that developing countries' populations have effective access to affordable food²⁸³.

4.2.3. EU Agriculture and Trade Policies

4.2.3.1. The Common Agricultural Policy (CAP)

The Common Agricultural Policy (CAP) aims at fair standards of living and income stability for the agricultural community in EU countries. Since the early 1990s, a process of reform²⁸⁴ has taken place in response to a changing European and international context. The 2003 CAP Reform²⁸⁵ was a milestone in this process leading to decoupling of direct aid to EU farmers from their production levels, in order to create a sustainable farmers' support system in line with global market prices²⁸⁶. The 2008 CAP Reform Health Check further identified

²⁸¹ Vermeulen, S., J. Woodhill, F.J. Proctor and R. Delnoye. 2008. *Chain-wide learning for inclusive agrifood market development: a guide to multi-stakeholder processes for linking small-scale producers with modern markets*. London: International Institute for Environment and Development and Wageningen: University and Research Centre. <http://www.cdic.wur.nl/NR/rdonlyres/DFDA8928-9664-4EF3-A593-C5E3023D3164/66662/00iipublication.pdf>

²⁸² Windfuhr, M. and J. Jonsén. 2005. *Food Sovereignty: towards democracy in localized food systems*. Heidelberg: FIAN / Rugby: Practical Action Publishing.

²⁸³ *Idem*.

²⁸⁴ EC, *Enlargement*, See http://ec.europa.eu/enlargement/the-policy/from-6-to-27-members/index_en.htm.

²⁸⁵ EC. *CAP reform – a long-term perspective for sustainable agriculture*. See http://ec.europa.eu/agriculture/capreform/index_en.htm.

²⁸⁶ EC (2006a), Commission Regulation (EC) No 1301/2006, 31.08.2006. The Reform brought significant adjustments in market measures (first in the sectors of cereals, dairy and rice, and later on for olive oil, cotton and tobacco, sugar, fruit and vegetables and wine); a decoupling of direct payment compatible with WTO in the arable crops, beef and dairy sectors by introduction of farm support through the Single Payment Scheme (SPS, see http://ec.europa.eu/agriculture/capreform/infosheets/pay_en.pdf for a short introduction), and a shift of funds towards the Rural Development Fund, the second pillar of the CAP. The Single Area Payment Scheme (SAPS) was introduced in the new Member States before the introduction of the SPS to facilitate smooth adjustment to the EU because of their specific agricultural situation. In 2006, DG AGRI drafted a rolling Action Plan focussing on technical simplification of the

adjustments to the CAP in order to simplify and increase the effectiveness of the policy and to allow the agriculture sector to better respond to current market opportunities and new challenges (See Chapter 1: Agriculture Policy).

A number of possible CAP influences on developing countries, and on African, Caribbean and Pacific (ACP) countries in particular, have been cited²⁸⁷ by academics such as: reduced attractiveness of EU market prices for some key raw agricultural exports from ACP countries²⁸⁸ such as sugar (as a result of the abolition of most of the EU market intervention mechanisms); shifting from trading bulk commodities to marketing of differentiated products within specific EU market segments; enhanced price competitiveness of EU exports leading to increased competition between products imported from the EU and ACP products at national and regional levels. Finally, though not related to CAP as such, a possible impact on food security for developing countries is expected from the food- safety standards and related procedures for control, imposed by national authorities or private-sector actors, as these increase the compliance cost of introducing goods into the developed countries' markets, including the EU.

In spite of the above, EU policies, the CAP and Trade in particular, have had positive impacts: the CAP, and the gain in agricultural productivity in Europe over the last decades, has made affordable food available on the world market, allowing net food-importing countries to feed their population at a lower cost. Additionally, the EU remains as of today by far the biggest trading partner of developing countries, with €9 billion worth of agricultural products imported annually, and with a number of preferential trade regimes in place with a wide range of developing countries. The EBA and EPAs will consolidate the EU as the main importer for developing countries.

4.2.3.2. EU Trade Policy toward ACP Countries

Since 2001 WTO members²⁸⁹ have been involved in a new round of global trade talks under the Doha Development Agenda (DDA). In agriculture, the main focus is tariff liberalisation, reduction of trade-distorting support and the eventual removal of export subsidies. The EU has actively promoted measures to protect the interests of ACP countries, including better trade rules for cotton, special treatment of small and vulnerable economies, provisions on preference erosion and Aid for Trade. The EU has substantial offers on the table, including to phase out export subsidies for agricultural goods by 2013²⁹⁰, and a complete untying of food aid from the agricultural trade policies of developed countries. Any agreement reached at WTO level will have an effect on the area of agriculture.

The Cotonou Agreement, signed in 2000 between the EU and ACP countries, provides for the negotiation of new comprehensive trade and development arrangements that offer a better

CAP Reform in order to achieve streamlining and greater cost-effectiveness without changing the underlying policies.

²⁸⁷ Fautrel V. 2007. EPAs and CAP reform: interactions and key challenges. *Entwicklung & ländlicher raum*, 6: 8-9. http://archiv.rural-development.de/uploads/media/ELR_dt_08-09_01.pdf

²⁸⁸ This effect of the CAP is mainly present in markets for cereals, oil seeds, sugar and dairy, but does play a small or negligible role on markets for fruits and vegetables, meat, cocoa products and fresh flowers.

²⁸⁹ Of the case study countries, Mozambique and Senegal are WTO members but Ethiopia is not.

²⁹⁰ Hong Kong Ministerial December 2005 “*The final declaration requires elimination of agricultural export subsidies by 2013, a date acceptable to the European Union (EU), which accounts for about 90 percent of such spending.*” (Agreement Reached on Incremental Advances in WTO Negotiations, UNOHRLLS, December 2005).

chance of delivering on poverty reduction than the old unilateral tariff preferences. Those did not have the expected results in terms of development and poverty issues. These ‘Economic Partnership Agreements’ (EPAs) comprise trade-related rules, development co-operation aspects, services and WTO-compatible agreements for the asymmetric elimination of barriers to trade, i.e. full liberalisation from day one as far as the EU is concerned and less than full liberalisation over a 10- to 15-year period for the ACP countries. This would lead to the creation of free-trade areas with and within ACP regions covering essentially all trade. EPAs allow ACP countries to exclude certain products provided that 80% of all trade is liberalised by the end of the transition period. ACP countries in the LDC category will continue to benefit from the Everything But Arms (EBA) scheme under the Generalised System of Preferences (GSP)²⁹¹, providing for duty- and quota-free access to the EU market for all goods with the exception of arms and ammunition. The three selected countries currently benefit from EBA arrangements.

Table 1 - 2007 Trade Statistics for Case Study Countries²⁹²

	Main Export commodities to the EU	Main Import commodities from the EU
Ethiopia	Coffee (46.7%) Hides and skins and leather (14.4%) Cut flowers (12.7%) Cane sugar (3.9%)	Machinery (41%) Chemicals (17%)
Mozambique	Base metals (84%), mainly aluminium Tobacco (9%) Fish (4.4%), mainly prawns	Machinery (38%) Metal products (12%)
Senegal	Fish (46%) Livestock and vegetable oils (15%), mainly groundnuts Vegetable products (11%)	Mineral products (33%) Machinery (18%)

Given the trade characteristics (see Table 1) and the Everything But Arms scheme in place for all three countries, benefits and/or challenges in the area of food security associated with the EPA are thought to be limited in the short term. Indeed as most of the imports into the three countries from EU are non-agricultural and exports of agricultural products to the EU already benefit from duty-free quota-free access, EPA impact on agricultural goods trading with the EU, and therefore on availability and affordability of food products in the three countries, is expected to remain limited, at least in the short-medium term.

²⁹¹ The Generalised System of Preferences is an autonomous trade arrangement through which the EU provides non-reciprocal preferential access to the EU market to 176 developing countries and territories. See http://ec.europa.eu/trade/issues/global/gsp/pr230708_en.htm

²⁹² EC trade statistics, Bilateral trade relations, See <http://ec.europa.eu/trade/issues/bilateral/data.htm>

4.2.4. Elements from the Country Case Studies

The potential implications of the Agriculture and Trade policies for ACP countries, as hypothesised in the literature mentioned above, are occurring to some degree in the three selected countries.

Impact on sugar: As prices have declined due to the CAP Sugar Reform (for Ethiopia, Mozambique), although remaining well above world market prices, some impacts are possible. These are, however, balanced by the opportunities to increase exports provided by the elimination of all quotas (under EBA in Ethiopia and EPA or EBA in Mozambique²⁹³). The potential for preference erosion, related to increased competition amongst developing countries, also exists for tobacco (EU tariff for third countries 11-14%) from Mozambique and for processed vegetable oil (6-13%) from Senegal. For other agricultural export crops in Ethiopia like coffee (0%)²⁹⁴, cut flowers (3-5%) and hides and skins (0%), potential preference erosion is very limited.

Shifting away from trading bulk commodities to marketing of differentiated products within specific EU market segments. This effect is indeed seen in Ethiopia where new markets are entered. This is however in response to the government policy focus on stimulation of export-oriented horticulture (cut flowers and fruits and vegetables), principally for export to the EU. Other examples are organic honey production in Ethiopia and citrus in Mozambique. Coffee is also a very important sector, with some varieties protected by trademarks as a way to create value added. These trends underline the relative openness of the EU market for ACP exports and should be seen in the light of an overall drive for product diversification by ACP countries in general.

Enhanced price competitiveness of EU exports and enhanced competition between EU and ACP products. As the main imports for all three selected countries are non-agricultural (see Table 1), the effect at macro-level is not confirmed or is at best limited. At micro-level, in Senegal, where agricultural imports take place, the increased competition with locally produced goods could be seen as a problem. Some studies published by NGOs have highlighted case of tomatoes and onions imports from the EU into Senegal which were taking away market shares from local producers²⁹⁵. Further study would, however, be needed to ascertain the overall impact, taking into consideration the competitive and comparative advantages of producers and the positioning of non-EU exporters to the countries concerned.

Regarding the *increased difficulties of introducing goods into the EU market due to stringent food- safety standards and related control procedures* the effect is apparent and, based on the case studies conducted, the impact on smaller producers is more evident (for example in the export of vegetables and fruits from Ethiopia, Mozambique and Senegal, and in the fish and crustacean sector in Mozambique and Senegal). This should, however, be considered in the context of the multiplication of private standards and changing consumer preferences which have accompanied the development of EU food safety standards over the past few years. While continuing to support developing countries in adapting to SPS standards, the EU

²⁹³ In the interim SADC EPA imports from Mozambique into the EU are duty-free quota-free (except transitional period for sugar).

²⁹⁴ No roasted coffee can be exported to the EU on duty free basis.

²⁹⁵ EU onions for instance were considered by local consumers of superior quality. Import ban imposed by Senegal during the months of onions production in the country is expected to led to an increase of local production

policies could further seek to co-ordinate and influence private standard setting to ease the burden on developing countries' producers. In that context, the European Commission issued in May 2009 two Communications on Fair Trade²⁹⁶ and on Agricultural Product Quality²⁹⁷, which are highly relevant to the issue.

Box 1: Ethiopia

Ethiopia exports a range of goods to the EU, which is its main trading partner for agricultural export crops. There are no substantial imports of agricultural goods from the EU to Ethiopia. Apart from the impact of the EU Sugar Reform in terms of reduced market attractiveness (but counterbalanced by an elimination of quantitative restrictions on sugar exports to Europe under EBA), Ethiopian imports and exports will hardly be influenced by the CAP Reform, in the framework of the EPA, as the main traded goods are not much affected by the new changes. There are, however, openings offered by enhanced access to the EU sugar market (see Box 6 below), improved rules of origins under the EPAs for a number of goods, Geographical Indications²⁹⁸ and development tools etc. which should impact indirectly, through enhanced development opportunities, on MDG1 in the country. Certain pro-poor effects may contribute to MDG1 achievement, in particular through competitive agricultural export production in rural areas (e.g. employment generation through expansion of horticulture).

Ethiopia has applied for WTO membership and participates in the EPA negotiations. Based on the field visit commissioned to the country the EPA short-term benefits to Ethiopia relating to trade in agricultural goods are rated as being limited and with negligible direct impacts on MDG-1 achievement. Ethiopia indeed already has its duty- and quota-free access to the EU market under EBA (although with less beneficial rules of origin than in EPA and no contractual obligations on the EU side).

Box 2: Mozambique

The negative short-term impact on revenues due to the EU Sugar Reform and reduced sugar prices would be counterbalanced by the unlimited market access for Mozambican sugar to the EU under EPA combined with the substantial market potential for bioethanol produced in Mozambique²⁹⁹.

Overall, the CAP Reform has limited impact on MDG-1 achievement in Mozambique as there is relatively little trade integration for agricultural products between the EU and Mozambique³⁰⁰. This could rapidly change however when the plans for expansion of

²⁹⁶ COM(2009) 215 final, 5.5.2009, "Contributing to Sustainable Development: The role of Fair Trade and nongovernmental trade-related sustainability assurance schemes"

²⁹⁷ COM(2009) 234 final, 28.5.2009, "Communication on agricultural product quality policy"

²⁹⁸ The EU-CARIFORUM EPA for example already includes a chapter on Geographical Indications (GI) protection that established mutual recognition of national system of GI protection and assures coexistence of GIs and trademarks, where appropriate.

²⁹⁹ In the SADC EPA context, Mozambique also received an additional allocation of 20 000 tonnes. Mozambique is a low cost sugar producer. Its sugar exports to the EU have already significantly increased these last years and are expected to further increase after the full liberalisation of the EU market access as from October 2009

³⁰⁰ Only for tobacco and shrimps there are significant volumes of import from Mozambique to the EU. However, tobacco is less relevant for assessing the impact of the CAP Reform since trading opportunities are first of all influenced by current EU health enhancement policies for reduction of

agricultural production in Mozambique take off and the country turns into a net- exporter of food commodities. Although Mozambique could be affected by some preference erosion as a result of changing trade agreements with a number of partners as well as other countries having attained improved trade agreements with lower or zero tariff access to the EU, thus diminishing the comparative advantage of the EPA status, there could be good marketing potential on the EU market for oil seeds and horticultural crops³⁰¹ (like vegetables, tropical fruits and citrus). The overall effect of expansion of agricultural production in Mozambique on MDG-1 is expected to be positive due to jobs and income creation effects in the export production sector for attractive EU market segments (e.g. biofuels), particularly in poor rural areas where poverty is concentrated (e.g. employment and poverty reduction through out grower schemes for biofuels).

Mozambique is an LDC and already benefits from free access to the EU under EBA but, in recognition of the wider opportunities, it signed, in June 2009, an interim EPA³⁰². Within the SADC EPA group it is negotiating towards a full EPA. Potential impacts of trade liberalisation on food security (and thus MDG-1 achievement) in Mozambique are expected to be positive: losses in customs revenue are expected to have a negative impact but these effects are expected to be compensated by consumer surplus generated through lower prices of imports. Given that Mozambique mostly trades with its regional partners, competitive pressure is expected to increase through tariff liberalisation within SADC. Indeed, based on the case study conducted in the country, it is expected that imports from South Africa will increase. The regional EPA, however, is not expected to lead to real changes with regard to EU imports.

Box 3: Senegal

Senegal is highly dependent on food imports and a number of European products are prominent on the market. Examples of these include onions, potatoes and dairy products which are all, to a greater or lesser extent, in competition with local products thus requiring local producers to adapt. There are considerable agricultural exports to Europe (groundnuts and groundnut oil, fruits and vegetables), but apart from some producers, for instance in the horticulture sector, who have been able to organise themselves to meet EU standards, compliance with quality and traceability norms is problematic. Producers are therefore vulnerable to European competition and generally not well placed to take advantage of openings in European markets. EU food safety and food quality matters therefore have an impact on agricultural livelihoods and on the country achieving MDG1. Some producers, however, have been able to take advantage of European market opportunities by adapting to EU standards and using these as an opportunity to add value to their products and enter new markets.

smoking. Shrimps exports to the EU are regulated by the Common Fisheries Programme (CFP) and the Fisheries Partnership Agreement and could have been an interesting topic within the Mozambique case study but this was not studied due to time constraints.

³⁰¹ There are stringent SPS and other non-tariff barriers for trade in horticultural crops (e.g. the need for certification of the whole value chain).

³⁰² This also applies to a number of other LDCs in Africa. In fact nearly half of the African countries that initialled an EPA arrangement are LDC.

Senegal, together with its ECOWAS partner countries is in the process of negotiating a comprehensive EPA with the EU³⁰³. Short-term trade benefits for the country are expected to be limited, given that it already benefits from EBA, but a positive impact would emanate from the accompanying regionalisation, enhanced trade-related rules and policy reform (the country currently has high tariff protection in place).

4.2.5. *Impact of EU Fisheries, Climate Change, Energy Policies on MDG1.*

4.2.5.1. Fisheries

Since 2002, the aim of the Common Fisheries Policy (CFP) has been to promote sustainable development of maritime activities as well as the sustainable exploitation of fisheries resources within and beyond Community waters³⁰⁴. Two main strategies are: (a) coordination in order to ensure synergy between the maritime policy and other EU policy areas; and (b) the development of cross-cutting policy tools. A key component of the CFP is the use of bilateral fisheries agreements between the European Community and third countries. These agreements help the European industry to count on a substantial additional supply of fish, and provide employment in Europe and the partner countries.

A number of shortcomings have been pointed out³⁰⁵ indicating that agreements were drawn up with considerations more focused on fish than on development, with little formal opportunity for input from ACP countries. In addition PCD in bilateral agreements could be rendered ineffective if other bilateral partnerships on fisheries are not sufficiently taken into account.

Box 4: Senegal

From 1979 to 2006 the EU had fisheries agreements with Senegal. These agreements were widely seen by civil society actors as simply serving the needs of the EU, by giving its fishing boats access to fish in already depleted waters even though by the end of the period covered, EU fishing boats' catches amounted to only about 2-3% of total catches in Senegalese waters. The agreements did, however, provide some financial compensation which was at least partly used by the government to finance fisheries protection measures. With the decline in EU fishing in Senegalese waters and the expiry of the last protocol to the agreement this financial support stopped and the Ministry is now even more under-resourced than before and poorly placed to regulate fishing and protect fish resources in Senegalese waters.

In 2006, the two parties did not reach an agreement to renegotiate the protocol which could have helped to tackle the serious fisheries problems Senegal is faced with. These are due in particular to over-fishing and illegal fishing in Senegalese waters by boats from all over the world and also by an estimated 10 000 to 15 000 Senegalese motorised wooden canoes (pirogues) that according to the Ministry's data, account for 80% to 90% of the national

³⁰³ At a regional workshop in February 2009, a road map was agreed for elaboration of programmes in line with the West African Community Development Programme and the EPA Development Programme. The current discussion is mainly on the EPA Development Programme, but also on substantive issues like the non-execution clause, export subsidies, rules of origin, and technical barriers to trade. See: http://www.acp-eu-trade.org/library/files/TNI_EN_8-2.pdf, p. 13.

³⁰⁴ European Commission, *The mission of the Directorate General for Maritime Affairs and Fisheries*, 19.01.2009, See http://ec.europa.eu/dgs/fisheries/mission_en.htm

³⁰⁵ Egenhofer, C. (et al.). 2006. Policy Coherence for Development in the EU Council, Strategies for the Way Forward. Brussels: Centre for European Studies.

catches. This situation illustrates why, in 2008, the EU adopted a new regulation³⁰⁶ aimed at preventing, and eliminating illegal, unreported and unregulated fishing giving Member States the right to refuse imports of fisheries products without catch certificate. The regulation will enter into force in 2010.

There are therefore possible synergies between the EU's fisheries policy and Senegal's fisheries sector, which needs to ensure sustainable exploitation of Senegal marine resources for the benefit of its people. The sector is important in the economy and sustains many livelihoods with employment for both men in fishing and women in processing and marketing. Fish is also an important source of protein in the Senegalese diet so while European markets do offer opportunities for the sector, it is also important that consistent measures are taken to ensure that enough fish stays on the Senegalese market. While there are no clear indications yet that MDG1 is affected, there is a lack of fish on the home market to satisfy domestic needs. Unless responsible and sustainable management of the fisheries sector is ensured, Senegalese households will have to change the types of fish they eat as certain fish, traditionally part of the national diet, are now being almost entirely exported.

4.2.5.2. Climate Change

The EU is leading by example (in particular with the adoption of the Climate Change and Energy Package in December 2008) in the global fight against climate change and is a firm supporter of the Kyoto Protocol. In this context, the field study paid attention to the Clean Development Mechanism (CDM), an arrangement under the Kyoto Protocol which allows industrialised signatory countries to invest in projects that reduce emissions in developing countries (where such reductions generally can be achieved at a lower cost). This has been supported by the EU since its inception and efforts should continue to make the scheme more accessible to a wide range of developing countries.

The CDM has the potential to engage African countries in the global solution to climate change in a way that can benefit economic development. However, a paltry 2% of all Carbon Emission Reductions (CERs) or carbon credits within the CDM have been achieved in Africa due to limited capacity to take advantage of the scheme and low awareness³⁰⁷. Approval of CDM projects requires establishing baselines (e.g. in the energy sector, transport sector, etc.), markets and market studies, finance and finance plans, imported equipment and import licences³⁰⁸ etc., activities that lie outside of the expertise and comfort zone of Ministries of Environment. A new open-ended World Bank - European Investment Bank (EIB) initiative, the Carbon Fund for Europe (CFE), aims to make it easier for African countries to participate in the CDM by purchasing carbon credits from projects eligible under the Kyoto Protocol's CDM. It is also able to guarantee funding after the expiry of the Kyoto Protocol in 2012 up to

³⁰⁶ Council Regulation (EC) No 1005/2008, 29.10.2008

³⁰⁷ The current CDM project pipeline consists of over 4200 projects of which 1530 projects have been registered and 43 are currently requesting registration. Of these 1530 registered projects, the big majority (1081 projects) is in Asia and the Pacific, while Africa has only 29 registered projects (50% of which are in South Africa). See <http://cdm.unfccc.int/Statistics/index.html>

³⁰⁸ An issue of current debate is whether an exception can be made for LDCs with regard to the EU import thresholds for CERs (in analogy to Lomé trade preferences).

40% of the total fund. Various EU Member States are also investing in other Carbon Funds for developing countries administered by the World Bank³⁰⁹.

Box 5: Ethiopia and Mozambique

Studies show that Ethiopia is one of the countries most vulnerable to climate change in Africa³¹⁰. Ethiopia's CDM project submissions so far have not been successful. In 2008, three project notes were prepared for submission to the CDM for biomass energy production from cotton stock and castor husk, a landfill gas combustion and generation scheme for a solid waste site, and improved stoves across the country³¹¹. The projects will have the potential to positively impact on food security and MDG-1 achievement, especially if linked to out-grower schemes or non-farm employment creation. As an example Spain supports the Humbo Assisted Natural Regeneration Project, in South Western Ethiopia, with creation of farmer-managed carbon sinks that also support biodiversity goals.

Like most African countries, Mozambique was found not to have the capacity to attract CDM projects. There have been unsuccessful attempts to enter the scheme in the context of the SASOL natural gas pipeline but "additionality" could not be demonstrated and there was no baseline for carbon reduction estimates. There are opportunities in Mozambique to benefit from the CDM, in the area of biofuels or in "cleaning" the plants to process the immense coal resources of the country. Forest conservation and avoidance of deforestation are also areas with high potential, although the activity is currently excluded from CDM funding. In order to enable the Government to take advantage of such opportunities, donors have identified capacity development of the Government as a key area of support in the environment field, including the capacity to design a comprehensive climate change strategy, to attract CDM projects, and to formulate positions in international fora³¹². Mozambique is a pilot country for the EU's Global Climate Change Alliance (GCCA) with developing countries, a core component of the Africa-EU Joint Strategy's Partnership on Energy/ Climate Change.

4.2.5.3. Energy

The 2009 Renewable Energy Directive confirms the EU's commitment to promoting renewable energy. The EU is to obtain 20% of its energy needs from renewable sources by 2020, and to ensure that 10% of transport fuels come from renewable sources.

The ambitious 2006 EU Strategy for Biofuels³¹³ aims notably to promote biofuels in both the EU and developing countries and to support developing countries where biofuels production

³⁰⁹ E.g, the Community Development Carbon Fund (a.o. supported by Spain, Belgium, Luxembourg, Netherlands, Italy and Austria), the Bio Carbon Fund Tranche 1 (a.o. supported by Spain), the Danish Carbon Fund, Spanish Carbon Fund, Italian Carbon Fund, and Netherlands CDM Facility.

³¹⁰ Yesuf M, S Di Falco, T Deressa, C Ringler, and G Kohlin. 2008. How can African Agriculture Adapt to Climate Change? Insights from Ethiopia and South Africa. *"The Impact of Climate Change and Adaptation on Food Production in Low-Income Countries"*. Evidence from the Nile Basin, Ethiopia. IFPRI Research Brief 15-11. See www.ifpri.org/pubs/ib/rb15/rb15_11.pdf.

³¹¹ Among other things improved stoves have gender-specific benefits both in terms of women's health due to cleaner emissions and in freeing up their time from firewood collection

³¹² The UK is funding a TA to the Ministry of Environment; Mozambique is a pilot country under the World Bank's Pilot Programme for Climate Resilience (PPCR) which includes activities on CDM; UNDP has recently presented a new adaptation initiative for Mozambique;

³¹³ COM(2006) 34 final, 08.01.2006. See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52006DC0034:ES:HTML>

can stimulate sustainable economic growth³¹⁴. The need for continuous monitoring of the impacts of sustainable biofuels promotion is identified, as a balance has to be struck between food provision and energy needs. The 2009 Renewable Energy Directive addresses this issue (See also Chapter 12 Energy Policy).

Growing EU demand for biofuels can provide new opportunities for the production and export of biofuels and agricultural feed stocks. The combination of overall stimulus to agricultural production and expanding domestic and export markets for biofuels, can provide significant benefits for countries (substantial agricultural production; energy security at national level; development and poverty reduction in rural areas; improvements in the national macro-economic situation through reduced oil import bills and raised foreign exchange earnings). However, it is also important to recognise that there can be conflicting interests, both among countries (net agricultural exporters vs. importers) and among population groups (agricultural producers vs. consumers; large-scale commercial producers vs. subsistence farmers, etc.).

Box 6: Ethiopia and Mozambique

Ethiopia encourages biofuels production primarily to meet its growing domestic demand³¹⁵. In relation to the "food versus fuel" debate, a central component of the Biofuels Strategy is the restriction whereby only marginal lands are allocated to biodiesel production so as to avoid crowding out of food production. The Government wants to develop Jatropha, castor crop and palm tree production for biodiesel (first for import substitution, later on also for export to the EU market), while the first two crops can also be cultivated through out-grower schemes. The by-products are planned to be used for fertilizer and energy production. A recent simulation study on Jatropha production in Ethiopia indicated that the decline in agricultural production of food crops will be limited. A specific study indicates that Ethiopia's biodiesel production is expected to have a limited effect on household food consumption levels, and as such will not affect MDG-1 achievements³¹⁶.

The main drivers of biofuels production in Mozambique are the external markets, particularly the EU but also the emerging Southern African market for biomass for electricity generation and bio-ethanol production. In early 2008, Mozambique started a campaign to mobilise people to engage in plantation of Jatropha for further processing into biodiesel. This led to a flocking of interested investors that recognised the country's potential linked in particular to ample land being available to expand production. The production of bioethanol and biodiesel is believed to have great potential to contribute to poverty alleviation (MDG1) in Mozambique if environmental and social sustainability criteria are sufficiently taken into account. This will happen if local stakeholders in sugar-growing areas (including out grower smallholders who produce for the refinery plant and the labourers on the large sugar plantations) have opportunities to engage in biofuels cultivation, if food security conditions

³¹⁴ Among others, through a Biofuels Assistance Package for developing countries and through assistance to ACP countries that are affected by the EU sugar reform for development of bioethanol production.

³¹⁵ See e.g.: http://www.unep.org/urban_environment/PDFs/Meskir.pdf

³¹⁶ Lashitew AA (2008), *Competition between Food and Biofuel Production in Ethiopia: A Partial Equilibrium Analysis*. MSc Thesis, Wageningen University, March 2008,

)

are not negatively affected and if marginalisation of local communities is avoided when lands are converted into commercial biofuels plantations³¹⁷.

4.2.6. Conclusions

Elements gathered from the field studies confirm that depending on the country's characteristics, a set of positive and negative welfare impacts can and may occur in relation to the CAP Reform and Trade.

- EU market preferential margins for some agricultural bulk commodities have been reduced although this is counterbalanced by the unlimited market access provided for under EBA (and EPA). In this context, there may be certain pro-poor effects which will conceivably contribute to MDG1 achievement, in particular through competitive agricultural export production for attractive EU market segments from countries like Mozambique and Ethiopia.
- The three countries can increase price competitiveness of their domestic production and/or shift to more differentiated products with higher value-added. Synergy exists between domestic policies favouring diversification and the expected CAP impact on agricultural trade (from trading bulk commodities to marketing of differentiated products within specific EU market segments).
- Adaptation of developing countries to food-safety standards and related procedures for control has allowed strong business development in specific cases (horticulture in Ethiopia). These are however not only related to EU food safety matters as demanding measures are also imposed more and more by the private sector (e.g. supermarket chains). However, small producers, the vast majority of producers in developing countries, may be excluded from new market opportunities to the extent that they are less able to adapt to required standards (e.g. flowers in Senegal). This will require greater efforts by the countries concerned and the donor community to bring these producers on board. Progress in poverty reduction may be limited if market conditions only allows medium to large firms to remain on the market. Aid-for-Trade interventions already help countries to address this issue.

For other relevant EU policy areas in relation to food security in ACP countries, the case studies have highlighted the following (potential) impacts:

- With no fisheries agreement in place between the EU and Senegal, the impact is mainly through the high market demand for fish. There is potential for synergies between an EU Fisheries Partnership Agreement and the Senegal fisheries policy, which needs to be reinforced and supported.
- Mozambique and Ethiopia have not been very successful in attracting investments based on the CDM. The Carbon Fund for Europe (CFE) aims to support better use of the potential of African countries in CDM and should allow synergies to be developed between EU priorities and development needs in both countries. In principle, attracting

³¹⁷ Eastern and Southern Africa Regional Workshop on Bio-fuels, "*Bio-fuels in Ethiopia*", Meskir Tesfaye Asfaw, 28-29.06.2007, Nairobi, Kenya. http://www.wwf.se/source.php/1203702/Mozambique_biofuel_report_June2008_Bio_fuels_draft.pdf

CDM funds or (EU-financed) Carbon Funds is expected to have a positive impact on MDG1 hunger target achievements, especially if linked to outgrower schemes or non-farm employment generation.

- Biofuels are currently nearly entirely produced from crops that can also be used for food purposes, which may threaten the availability of food at affordable prices in developing countries. The Renewable Energy Directive's monitoring and reporting requirements limit any negative effects on food security and access to food in developing countries. Mozambique and Ethiopia are both scaling up biofuels production, with expected positive impacts on poverty reduction in Mozambique and a negligible effect on MDG1 achievement in Ethiopia.

4.3. Case study on MDG 6

4.3.1. Access to HIV treatment is still a problem

HIV/AIDS continues to be a major problem in many developing countries. In 2007 an estimated 33 million were living with HIV worldwide, illustrating the vastness of the problem and the need to combat HIV/AIDS. Every day around 7 500 people are still becoming infected with HIV and 5 500 die from AIDS, mostly due to a lack of HIV prevention and treatment services.³¹⁸

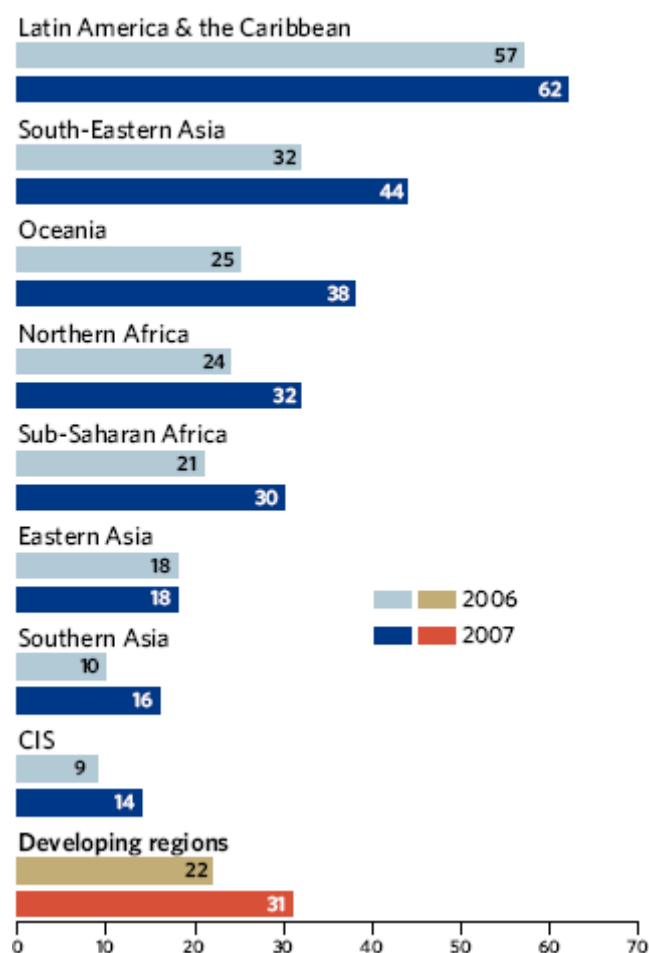
The scale of the problem was recognised when the fight against AIDS was identified as one of the Millennium Development Goals (MDGs). Target 2 of MDG 6 seeks to achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it.

Some progress has been made towards this target. Antiretroviral (ARV) treatment services were expanded and the number of people who die from AIDS has started to decline, from 2.2 million in 2005 to 2 million in 2007.

Despite the progress that has been made towards achieving MDG 6, the HIV prevalence figures are still alarming and there is a pressing need for a comprehensive response to provide all patients with the treatment needed. Ensuring a constant and reliable supply of medicines for all patients on ARV treatment is important, too, for another reason: an interruption in treatment of only one month could already lead to the HIV virus developing resistance to the drug combination used. Hence, developing countries require a stable and timely supply of ARVs at the lowest possible price.

³¹⁸ The Millennium Development Goals Report 2008, United Nations, p. 28,29

Proportion of population living with HIV in need of treatment who are receiving antiretroviral therapy, 2006 and 2007 (Percentage)



319

4.3.2. Access to essential drugs in general and AIDS/HIV treatment/drugs in particular

ARVs are part of essential medicines. The adoption of the concept of essential medicines in 1977 introduced the field of pharmaceuticals to new principles of equity, cost-effectiveness, good governance and attention to the needs of the poor and disadvantaged. Essential medicines have been defined by the World Health Organisation (WHO) as those medicines that satisfy the priority health care needs of the population. They are selected with due regard to public health relevance, evidence on efficacy and safety, and comparative cost-effectiveness. Essential medicines are intended to be available within the context of functioning health systems at all times in adequate amounts, in the appropriate dosage forms, with assured quality and adequate information, and at a price the individual and the community can afford.³²⁰

³¹⁹

The Millennium Development Goals Report 2008, United Nations, p.29

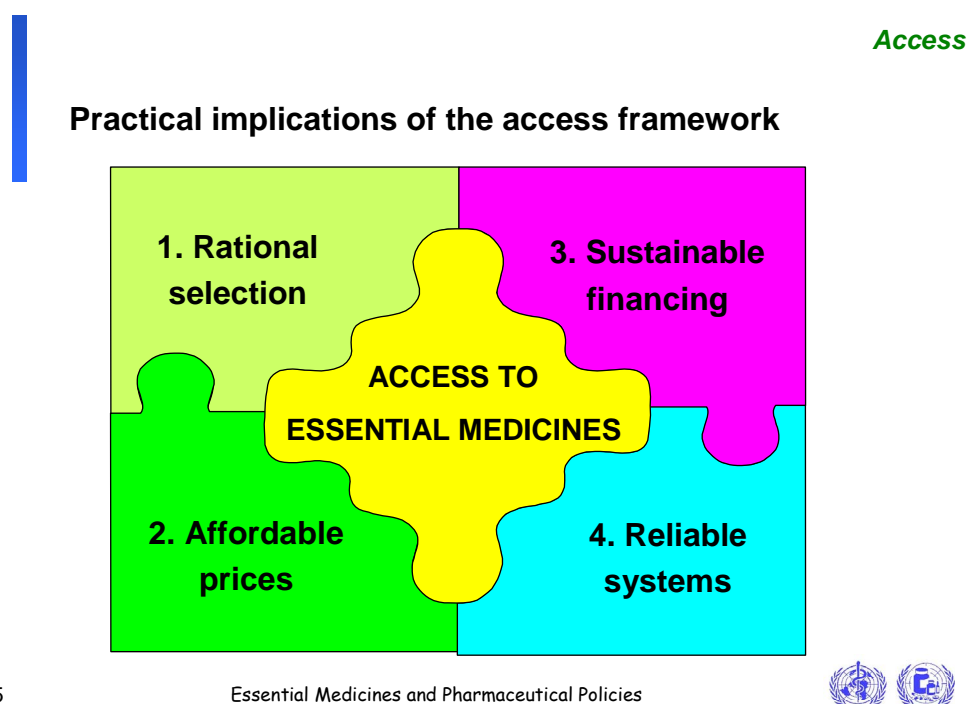
³²⁰

World Health Organization, See http://www.who.int/medicines/services/essmedicines_def/en/

Access to essential medicines, including ARV treatment, is influenced by a number of factors:³²¹

- Political will of governments, producers and patients;
- Availability of the right drugs of ensured quality, at the right place, at the right time, in the right quantities;
- Affordability (financing, pricing);
- Appropriateness (fixed dose combination, dosage form, storage conditions, etc);
- Rational prescribing (therapeutic guidelines);
- Rational use and adherence by patients;
- Intellectual Property Rights (patents, copyrights, trademarks etc.).

In order to explore possible action to improve access, WHO's essential medicines approach identifies four factors.



Rational selection at national level is needed to focus on a basic package that covers the priority healthcare needs of the population. If selection criteria like efficacy, safety and comparative cost-effectiveness are used, considerable savings on pharmaceutical expenditure can be made while equitable access to essential medicines can be assured. Tools like essential medicine lists and evidence-based treatment guidelines are still absent or not updated in many developing countries.

Medicines are the largest health expense for poorer households and are the second largest public health expenditure in developing countries after human resources. **Affordable prices** are therefore a key issue.

Reliable access to medicines cannot be based on individual out-of-pocket payments, hence health insurance or social security systems are needed to provide **sustainable financing**.

³²¹ Barriers to Access and how to remove them, presentation by Dr Hans Hogerzeil, WHO, 2008, on which much of this paragraph is based

Donations (public or private, domestic or external) and out-of-pocket payments can only be acceptable as temporary measures.

Even when rationally selected and low-priced essential medicines are available, it is the **health-care system** that determines whether the client will benefit from them as the quality of medicines, diagnosis, treatment, dispensing and patient adherence all need to be optimal. Patient adherence to treatment is crucial not only for the patient's cure but also for public health reasons. This is particularly true in the case of AIDS treatment, where non-adherence can quickly result in deterioration of the patient's condition and the development of resistance to the medicine.

4.3.3. The impact of EU policies on access to HIV/AIDS treatment

The policies determining access to HIV/AIDS treatment are developing countries' own policies, development cooperation, the broader EU policies and the global context. Starting from the assumption that amongst the EU policies, trade policy, and in particular Trade Related Aspects of International Property Rights (TRIPS), research and migration policies had most impact on the achievement of MDG 6, the study focused on these three policy areas. In an effort to identify concrete results in developing countries, field visits were undertaken in Tanzania, Zambia and Rwanda.

4.3.3.1. The role of TRIPS in ensuring access to HIV/AIDS drugs

Most of the poorer developing countries do not have manufacturing capacity to produce drugs needed to fight HIV/AIDS. They rely heavily on import of general medicines for ensuring access to ARVs. But even when countries have the manufacturing capacity to produce ARVs they can only proceed to produce those drugs under certain conditions. Access to ARVs therefore becomes dependent to a large extent on trade policies on access to essential medicines, and in particular the WTO agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS).

- **TRIPS provisions for issuing licences for producing and trading essential medicines...**

Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time. New innovations such as drugs can be protected through patents. Patents give the inventor or owner of the idea the exclusive right to certain benefits deriving from their original idea. A patent can guarantee a 20-year period of monopoly, which allows a manufacturer to recoup the incurred research and development costs and derive profits from the investments made.

The social purpose of intellectual property rights is to provide protection for the results of investment in the development of new technology, thus giving the incentive and means to finance research and development activities. A functioning intellectual property regime should also facilitate the transfer of technology in the form of foreign direct investment, joint ventures and licensing. The exclusive rights given are generally subject to a number of limitations and exceptions, aimed at fine-tuning the balance that has to be found between the legitimate interests of right holders and of users.

The entry into force of the TRIPS Agreement in 1995 marked the emergence of political debates on the impact of intellectual property rights on development, focussing on the possible social costs that enforcement of IPR regimes may have for the developing world. The

main focus of this controversy has been the impact of patent protection on the price of medicines. From the outset, the EU has been at the forefront of the debate on TRIPS and access to medicines.

The discussion in the WTO first led to the adoption of the Declaration on the TRIPS Agreement and Public Health at the Doha Ministerial Conference of November 2001. The Declaration clarifies the relationship between TRIPS and public health policies of WTO members and rebalances its interpretation. This Declaration facilitates access to affordable medicines for developing countries by reaffirming the rights of developing countries to use so-called TRIPS ‘flexibilities’ (or ‘public health safeguards’ as the WHO calls them) in the interest of public health.³²²

The most significant and known flexibility available under the TRIPS and the Doha Declaration is compulsory licensing. A compulsory licence is an authorisation granted by government to an economic operator to use a patent protected technology, without authorisation of the right holder. This allows developing countries with manufacturing capacities in the pharmaceutical sector to produce medicines under compulsory licensing under the conditions set by TRIPS.

The 30 August Decision which takes the form of a provisional “waiver” temporarily solved an outstanding issue of the 2001 Doha Declaration; allowing for WTO members to export patented medicines to third countries with no manufacturing capacity in the pharmaceutical sector, by making use of compulsory licences. On 6 December 2005, the WTO General Council submitted an amendment to the TRIPS Agreement to the WTO members for acceptance. This amendment would make permanent the waiver decision.

While from 2005 all developing countries will have to comply with TRIPS, Least Developed Countries (LDCs) are not obliged to implement pharmaceutical-related TRIPS provisions until 2016 and can therefore get medicines without paying any royalty to patent holders. LDCs which have implemented TRIPS, can use the inbuilt flexibilities to get medicines at affordable prices. For example, they can produce medicines under compulsory licensing under the conditions set by TRIPS and for those LDCs which have no manufacturing capacity in the pharmaceutical sector, can import generic medicines under compulsory licence as provided for in the WTO waiver decision of 30 August 2003.

The importance of these flexibilities will continue to grow. Currently many people living with HIV/Aids in developing countries are using such ARVs, which is commonly referred to as ‘first-line treatment’. Antiretroviral drugs that were patented before 1995 are not covered by the TRIPS agreement, and will remain available as generics if national patent legislation in developing countries allows this. But people undergoing antiretroviral treatment tend to develop intolerable side effects or start to develop resistance. Once this happens, they need to switch to a different drug combination, called second-line treatment (post-1995 patented) for which TRIPS makes it very difficult to produce generic equivalents during the 20 years of patent protection.³²³

³²² These flexibilities include compulsory licensing, government-use licences, parallel importation and Bolar exceptions. See http://www.wto.org/english/tratop_e/trips_e/factsheet_pharm02_e.htm

³²³ Bannenbergh, W. 2005. Trade, Health, Medicines & AIDS: TRIPS to development? The Hague: Netherlands Ministry for Development Cooperation.

The EU played a leading role in the WTO deliberations that led to improvements of the TRIPS Agreement facilitating access to essential drugs for developing countries, and transposed the waiver decision on compulsory licensing into Community legislation through Regulation 816/2006 of 17 May 2006. The case study looked into the question whether the flexibilities built into the TRIPS Agreement have helped developing countries to ensure access to HIV/AIDS treatment.

- **and how these provisions affected access to HIV treatment: the case of Zambia, Tanzania and Rwanda**

Zambia and Rwanda have both made use of TRIPS provisions to improve access to HIV treatment in their countries. Their cases are interesting because they illustrate the extra difficulties of making use of the TRIPS flexibilities for reasons other than IPR.

Zambia made an attempt in 2004 to produce first-line ARVs. The government declared HIV/AIDS a national emergency³²⁴ and awarded an exclusive compulsory licence to the company Pharco Ltd. However no ARV drugs were produced at its manufacturing plant due to the reliance on external funding and the fact that the conditions for procurement through external funding such as the Global Fund were not met: the production plant did not conform to the World Health Organisation's current Good Manufacturing Practice (cGMP) and the ARV drugs that were to be produced had not been pre-qualified by the WHO.

The case of Zambia also demonstrates the growing importance of the TRIPS flexibilities. Due to increased resistance to first-line treatment in Zambia, many patients will have to shift to second-line treatment, which averages around USD400 per patient per year. In 2015, ensuring access to ARVs would need resources that go far beyond the present budget, with estimates ranging from USD190 688 800 (USAID) to USD218 407 488 (NAC).

Rwanda took a different route. In May 2007, the Rwandan authorities notified the WTO that, based on their evaluation of public health needs, Rwanda intended to import 260 000 packs of an AIDS medicine to be manufactured by the Canadian manufacturer Apotex, Inc. After Rwanda's notification Apotex took the necessary steps to obtain an authorisation to produce and eventually export the medicines. This process turned out to be particularly cumbersome as it involved five patentees and nine patents. In the end the Rwandan health authorities selected Apotex, but only for a part of its bid because the funding for this procurement required USA Federal Drugs Authority certification, which Apotex FDC did not have. For the remaining part of the procurement an Indian supplier (USA FDA certified) was selected although its prices were higher. In this case, therefore, the use of one of the TRIPS flexibilities was not possible for Rwanda to ensure wide access to ARVs.

Tanzania has not yet made use of the TRIPS flexibilities, but might do so in the future. Similarly to Zambia, Tanzania has some limited production facilities and has been *formulating* imported active pharmaceutical ingredients (APIs) into generic first-line ARV drugs. These APIs are imported from China and are off-patent.³²⁵ In 2006, the German NGO Action Medeor was awarded a grant of 5 718 870 euro by the European Commission from the European Development Fund for a project titled "Technology transfer and local production of

³²⁴ Zambia's letter is available here: <http://lists.essential.org/pipermail/ip-health/2004-September/006959.html>

³²⁵ Losse, Schneider and Spennemann (2007) 'The Viability of Local Pharmaceutical Production in Tanzania.' Eschborn: GTZSee, <http://www2.gtz.de/dokumente/bib/07-0300.pdf>

high-quality and affordable fixed-dose antiretroviral drug”. This project, carried out in collaboration with the Tanzanian Pharmaceutical Industry, revolves around the preparation and launch of a manufacturing facility for the production of affordable high-quality second-line ARVs in Arusha, Tanzania. According to the National AIDS Council of Tanzania, the first batch of ARVs produced by this factory has recently been procured by the Tanzanian government. In the further preparation of the programme, consideration is likely to be given to use of TRIPS flexibilities that can facilitate the production of these drugs. With the external assistance provided through this project the Tanzanian government expects to have prompt, sustainable access to locally produced, affordable, high-quality key pharmaceuticals for the treatment of HIV/AIDS patients. Although it is still too early to judge, there appears to be some scope for Tanzania to explore and use TRIPS flexibilities and make progress towards MDG 6.

- **General assessment**

The three examples show how difficult it is to use the TRIPS flexibilities. In Zambia the use of these flexibilities has not resulted in improved access to HIV treatment in the case of Rwanda the objective of ensuring wide access was not met but some drugs could be imported into the country. The reasons for this relate not only to the TRIPS Agreement but to other issues such as procurement and financing rules which complicated the use of the flexibilities. Although it is still too early to say, it seems that Tanzania may be able to overcome the identified obstacles and make progress towards MDG 6 using TRIPS flexibilities, due also to development assistance.

- **A patent pool to make intellectual property rights work for development?**

To address the issue of multiple patents and the high drug prices that can result from them, some EU Member States together with other countries are exploring the possibility of patent pools. The purpose of a patent pool for medicines is to improve affordability of second-generation drugs by lowering the barriers to market entry for generic drug manufacturers while maintaining royalties to patent holders.

In 2006 UNITAID was created as an international drug purchase facility by France, Brazil, Chile, Norway and the United Kingdom. UNITAID also functions as a forum for dialogue about the need to facilitate access to drugs for the world's poorest people as part of the fight against the major pandemic diseases. In addition to France and the UK as founders, Spain, Luxembourg and Cyprus have since confirmed their membership of the facility.

In order to improve the affordability and accessibility of new and better adapted drugs it was agreed to explore the option of a patent pool. UNITAID has set up a Task Force to design the structure for the medicines patent pool and develop the necessary instruments for its implementation. UNITAID expects to encourage voluntary contributions from patent holders and potential licensees for products to be used in low and middle income countries. It is expected that the UNITAID Board will shortly approve the creation of a licensing agency for the patent pool. This would form the basis for the eventual creation of the pool, which would require one or two years to be set up.

4.3.3.2. The role of research policy

Since 1983, research co-operation on health with developing countries has been part of the European Commission's overall research agenda under its regular research budget and continues to be one of the main priority areas within co-operation programmes.

- **EU support for health research in Tanzania**

In its research part the case study focussed on Tanzania as a country that has been benefitting from relatively high funding from European research programmes in particularly in the health area. In fact Tanzania is the LDC that has received most funding under FP-7 so far and ranks just after South Africa and Morocco.³²⁶

Tanzania has also been receiving European funding to boost health and HIV/AIDS research from other EC financial instruments as well as from other EU donors.

The study mainly looked into research projects funded under FP-6, the predecessor of FP-7 covering the period 2002-2006. Several FP-6 funded research projects relating to HIV/AIDS have been carried out in Tanzania. The following table gives an overview of projects, periods and budgets.

Table 2: Selected EU-funded health research projects involving Tanzania

CTL-Mediated Protection from HIV-1 Infection in a High-Risk Cohort in Tanzania	2002 - 2005	€1 050 000
Study of Immunogenicity of DNA HIV-1 env, gag and pol Plasmid Vaccines Boosted with MVA in Tanzania: HIV Vaccine Immunogenicity Study	2002 - 2005	€1 200 000
Promoting Sexual and Reproductive Health. School-Based HIV/AIDS Prevention in Sub-Saharan Africa	2002 - 2006	€1 310 000
Strategies for health insurance mechanisms to address health system inequities in Ghana, South Africa and Tanzania (SHIELD)	2006 - 2009	€2 000 000
A multidisciplinary alliance to optimise schistosomiasis control and transmission surveillance in sub-Saharan Africa (CONTRAST)	2006 - 2010	€2 900 000
Effects of ARVs on African health systems, and maternal and child health (ARVMAC)	2006 - 2010	€2 400 000
Strengthening fairness and accountability in priority setting for improving equity and access to quality health care at district level in Tanzania, Kenya and Zambia	2006 - 2010	€1 770 000
Poverty Related Diseases-College: International Programme on BioMedicine and Development	2008 - 2011	€1 403 013
Targeting HIV integration co-factors, targeting cellular proteins during nuclear import or integration of HIV	2008 - 2012	€2 939 672

³²⁶ For more information about EU research policy please see the research chapter of part 1 of this document

Funding from the European and Developing Countries Clinical Trials Partnership Agreement covering Tanzania (EDCTP)	Variable	€24,999,582
Total:		€41 972 267

- **Examples of positive results through EU-supported Research**

The study identified impacts of three projects in particular, the European and Developing Countries Clinical Trials Partnership Agreement (EDCTP), the FP-6 funded ARVMAC, and the SHIELD projects.

The EDCTP (last item in Table 1) was set up with the aim of accelerating the development of new or improved drugs, vaccines and microbicides against HIV/AIDS, malaria and tuberculosis in Sub-Saharan Africa. EDCTP supports projects which combine clinical trials, capacity building and networking. The aim of integrating these three activities is to ensure that developed countries' capacities are utilised to successfully conduct clinical trials in a sustainable way. The EDCTP includes 14 participating European Union (EU) Member States plus Norway and Switzerland along with sub-Saharan African countries. The partnership helps EU Member States to integrate and coordinate their own national research and development programmes and form partnerships with their African counterparts. The partnership aims to ensure synergy and optimal use of resources, and create a win-win situation for all involved. The ongoing and planned clinical trials under EDCTP have the potential to provide important evidence for future care and treatment. EDCTP-supported research has already led to concrete improvements in the treatment of children suffering from HIV/AIDS in Zambia.³²⁷

The programme on the effects of ARVs on African health systems (ARVMAC) has produced very interesting findings that are relevant for informing effective health policies, in particular with regard to the linkages between HIV child survival, gender inequities and reproductive health and the undermining of household economies. HIV/AIDS is found to increase infant and child mortality up to 40%. Women are 4-25 times more vulnerable to HIV transmission, and on average 10 years younger than men when infected while making up the majority of people living with HIV/AIDS (PLWHA) in Sub-Saharan Africa. Lack of integration of anti-retroviral drugs with antenatal care (ANC) and low access to second level care (e.g. caesarean section) limits access to effective prevention of mother-to-child transmission (PMTCT), and increases maternal mortality.

The project 'Strategies for health insurance mechanisms to address health system inequities in Ghana, South Africa and Tanzania' (SHIELD) has allowed for a systematic comparison of formal and informal health insurance institutions in Tanzania. The preliminary findings so far include the high amount of 'out-of-pocket' payments by users of the Tanzanian health system, as well as the low enrolment of Tanzanian citizens in the Community Health Fund, dropping below 2% in some Councils. In addition to the conclusion that present arrangements benefit the formal sector most of all, the study has also picked up signs of poor populations having to make payments for health services that legally should be waived, but are insufficiently monitored in practice. Such findings can inform policy-relevant

³²⁷ See also the box p. 120 in the Research chapter of this report

recommendations with regard to exploring more sustainable health financing schemes that ensure access to health services, including HIV/AIDS medicines.

- **General assessment**

These important projects, which either already contribute to fighting HIV/AIDS or have the strong potential to do so, have nevertheless to be implemented in a context of limited coordination between the different actors. A more or less comprehensive overview of HIV/AIDS research, whether biomedical, health systems, or social science oriented, is not available in Tanzania and not actually sought after by its Government.³²⁸ The Development Partners Groups for Health (DPGH) and AIDS (DPG-AIDS) have been established for the purpose of facilitating donor harmonisation and coordination. Neither of the groups sees research as a specific topic to feature systematically on their agendas and they are not aware of the range, magnitude and focus of ongoing research.

Currently there is no effective National Health Research System in place in Tanzania despite the existence of various official organisations and legal bodies which have received considerable capacity-building support. This has led to very limited, if any, coordination of research and seriously hampers the utilisation of research results in policy development. Political will to bring about real coordination is lacking, both on the Tanzanian side and on the EU side. Thus, despite the important contributions of EU research policies there are still many opportunities to further improve the coherence of EU research policies working towards attainment of the Union's development objectives.

Three factors can explain the lack of development impact of European support to health research in Africa, with particular reference to the lack of coherence between research and development cooperation interventions:³²⁹

- “The most vulnerable populations lack the capacity to fight against these three infections [HIV/AIDS, Malaria and Tuberculosis]. Research on these diseases is particularly difficult, due to a lack of trained personnel and of infrastructure, especially in sub-Saharan Africa. Without such capacity, researchers cannot properly contribute to fighting these diseases and support the local population.
- While many European countries do have relevant research programmes for sub-Saharan Africa on the three diseases, they entail bilateral North-South collaborations, and lack proper coordination with other European partners. This fragmentation hampers the development of an appropriate approach to helping African researchers and populations to combat these diseases.

³²⁸ Although the National Institute for Medical Research (NIMR), under the Ministry of Health, has formally been given the authority to coordinate and oversee all medical research in the country, its online database has not been updated since 2007. Besides its regulatory mandate NIMR carries out commissioned research projects. The Tanzanian Commission for Science and Technology (COSTECH) is the national agency, under the Ministry of High Education, Science and Technology (MHEST), entrusted with the responsibility of co-coordinating and promoting science and technology development activities in the country. A public data-base of completed and ongoing research related to HIV/AIDS (or any other health field) is, however, currently not operational.

³²⁹ COM(2008) 688 final, p.3, 30.10.2008, Communication on the Progress Report on the European and Developing Countries Clinical Trials Partnership Programme.

- Finally, European research activities in sub-Saharan Africa are conducted with no clear synergy with development aid and cooperation programmes, which invest considerable funds in public health capacity."

Therefore, despite the aforementioned positive examples the study concludes that the impact of EU-funded research projects could be much higher on development. A lack of coordination and mutual awareness sometimes makes it difficult to create true synergies between research and development policy.

4.3.3.3. The role of migration policy

An adequate staffing level is an important aspect of every functioning health system and of ensuring access to treatment. Without sufficient staff treatment cannot be ensured even when drugs are available. Besides barriers like the distance to a health facility, poverty and stigma, the extreme shortage of health workers particularly in rural health facilities forms a major obstacle to further progress towards MDG 6.

Ironically, the increased efforts to fight HIV/AIDS risk exacerbating the problem. The extraordinary donor investment in vertical AIDS treatment programmes equalling almost a doubling of the total current health budget in several African countries is expected to have significant implications for health systems and even compound the staff problem. How will the African health systems with already very low staffing levels cope with the high ambitions of these programmes³³⁰. In Tanzania for example it is estimated that between 17 000 and 33 000 health workers or 35-70% of the current health workforce (48 500) would be required to deliver ART at planned coverage level³³¹.

In Zambia, too, the extreme shortage of health workers particularly in rural health facilities is a major obstacle. In 2005 there were only 600 doctors in 2 300 positions (74% vacancies) and 6 000 nurses in 16 000 positions (63% vacancies), with a strong rural/urban disparity, leaving various rural health centres with no staff at all.³³²

The factors that cause the increasing number of vacancies in Zambia include low and late payment, and very unfavourable working conditions, leading to considerable levels of absenteeism of existing staff. Migration to European and neighbouring countries has been significant although reliable figures are not available. It is estimated that about 50% of Zambia-born doctors practise overseas.³³³

- **EU migration policy**

The EU is conscious that its migration and health policies might influence staffing levels in health systems in developing countries. In November 2008, the Council adopted conclusions on the Commission's staff working document on the implementation of the EU programme for action to tackle the critical shortage of health workers in developing countries, in which

³³⁰ Van Damme, W., K. Kober and M. Laga. 2006. The real challenges for scaling up ART in sub-Saharan Africa. In: *Aids* 2006. 20: 653-656.

³³¹ Kurowski, C. et al. 2004. Human resources for health: requirements and availability in the context of scaling-up priority interventions in low-income countries. Case studies from Tanzania and Chad., in HEFP working paper No. 01/04. 2004, LSHTM Health Economic and Financing

³³² Government of Zambia (2005)

³³³ Clemens, M. A. and Pettersson, G. 2008. New data on African health professionals abroad. In: *Human Resources for Health* 2008, 6:1

the Council reiterates the need to strengthen the translation of the existing policy into action, especially with respect to the development and implementation of an EU Code of Conduct for recruitment of health workers from developing countries that would draw upon existing experience of Member States and the work of the WHO on a global code of practice in this area. This has been developed further in the Commission's Green Paper on the European workforce for health drafted in 2008 which, apart from stressing the crucial importance of beefing up the EU's own health workforce, also proposes to put in place an EU-wide set of principles to guide recruitment of health workers from developing countries, introduce methods for monitoring the situation, stimulate bilateral and multilateral agreements with source countries and develop mechanisms for supporting circular migration. At national level the UK introduced its own code of practice in 2004 for the international recruitment of healthcare professionals³³⁴.

Regardless of their importance and visibility codes of conduct are just one of many tools, and as the evaluation of the effectiveness of the UK code of practice³³⁵ adopted in 2004 shows, they need to be accompanied by appropriate measures to address pull factors, to improve the capacity of developing countries to train, manage and retain health workers, and to develop mechanisms for supporting circular migration that would be of benefit to the migrating health workers, health systems in developing countries and the EU.

The Council Directive 'on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment', popularly known as the Blue Card proposal, is trying to address some of these points. While primarily aiming to deal with shortages of highly skilled labourers in the EU, the proposed Directive also includes a number of safeguards and flanking measures to avoid any negative impact on developing countries' ability to achieve the MDGs. For example, the proposed Directive intends to offer migrants the possibility of a "time-out", allowing temporary return to their country of origin or a move to any other country. This creates a favourable environment for circular migration and builds on the existing efforts of some Member States - notably France, Germany and the Netherlands - that have begun to work on developing programmes which would encourage migrant health workers to return and resettle in their countries of origin or be able to leave for extended periods without affecting their residency status. Yet it is too early to find concrete evidence of these provisions working out in practice and it will almost certainly take more effort to build on the existing initiatives, increase their scope and make them sufficiently workable for health workers, their families and their employers.

- **General assessment**

These positive developments are, however, too recent to show any impact already. Beyond them, the case study found little evidence that the EU through its policies has contributed to reducing migration of health workers from the three African countries to the EU so far.

4.3.4. *Conclusions: the influence of TRIPS, research and migration policies on MDG 6*

The influence of the specified EU policy areas on access to ARVs can be summarised as follows:

³³⁴ Department of Health, "Code of practice for the international recruitment of healthcare professionals", 12.2004, See http://www.dh.gov.uk/en/Publicationsandstatistics/Publications/PublicationsPolicyAndGuidance/DH_4097730

³³⁵ *Idem.*

Table 3: Conclusions: EU policies' influence on access to medicines

Rational selection of ARV	Affordable prices for ARV
<p>EU Research policies: No results have reportedly become available through EU-supported research projects that have directly contributed to a more rational selection of treatment regimens. Several ongoing projects do have the potential, when data become available, to influence the rational selection of ARVs. PCD in this area will thus be feasible if more coordination between research and development cooperation policies is ensured.</p>	<p>The EU's commitment to introduce flexibilities into the TRIPS Agreement has been an important element in ensuring affordable prices of drugs. In the case of Rwanda there is a concrete evidence that this has improved access to treatment.</p> <p>The EU's support to UNITAID's current preparations for a patent pool for ARVs is a crucial avenue to ensure access to affordable medicine in the future. Supporting this would increase PCD of the EU's trade policies.</p>
Sustainable financing of ARV	Reliable health and supply systems for ARV
<p>EU Research policies: One of the main ways to address sustainable financing of essential medicines is through health insurance and social security systems. The ongoing FP-6 funded SHIELD project studies the feasibility of health insurance systems in Tanzania and specifically refers to access to HIV/AIDS care and treatment.</p>	<p>EU Research policies: Probably the most complex component for access to essential medicines is an effective healthcare system that is available, accessible, appropriate and affordable. The FP-6 funded ARVMAC research project studies the health system aspect of access to ARVs and the possible negative consequence of relative high (donor) interest in the scaling up of HIV/AIDS care and treatment. These studies can make an important contribution in the area, provided that the coordination between research and development cooperation policies and operations is improved.</p> <p>EU Migration policies: the availability of well trained and motivated health cadres is crucial to ensuring adherence, monitoring and where needed transition from one ARV regimen to the next. Although efforts have been made to make EU migration policies more conducive to brain circulation, towards more PCD is not yet strong enough to 'enforce' these safeguards in practice.</p>

4.4. The Joint Africa – EU Strategy (JAES)

4.4.1. Introduction

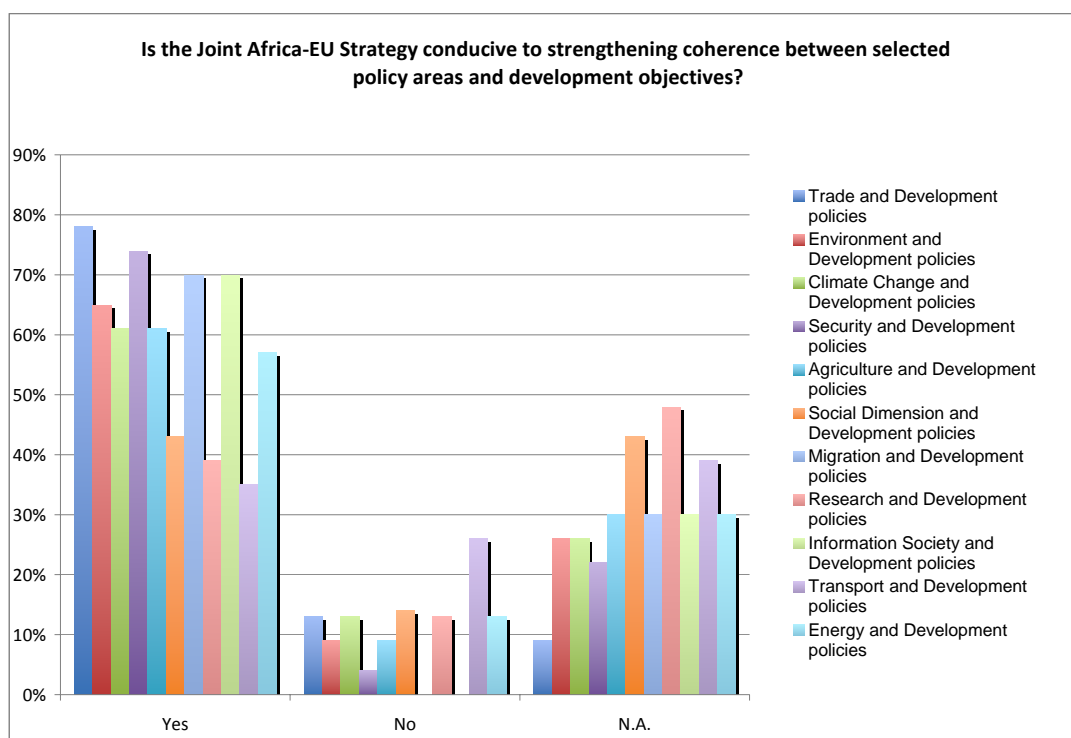
Since the adoption of the Joint Africa-EU Strategy (JAES) in December 2007, the long-standing cooperation between the two continents has been extended beyond the boundaries of Africa, beyond development policy and beyond institutional actors. This new framework has also been an important step towards treating Africa as one and putting into practice the principle of division of labour to further enhance coherence and complementarity of EU action.

While the commitment to Policy Coherence for Development (PCD) is made explicit in the JAES document (sections 11, 53, 72, and 73), it is the underlying principles of partnership and equality (jointly set priorities and objectives), the people-centredness (extending the dialogue and cooperation to non-institutional actors) and the multi-thematic nature that are key elements for PCD. Though it is still too early to judge the actual bearing of the JAES, all its innovative features make it an interesting case for studying the Strategy's (potential) impact on PCD.

The analysis below is structured according to the OECD Policy Coherence Cycle as described in the organisational chapter of this Report. The interaction between three types of mechanisms namely 1) setting and prioritisation, 2) coordinating policy and its implementation and 3) monitoring, analysis and reporting are key in (political) processes and from a 'whole-of-government' perspective to promote policy coherence for development. The JAES's potential to improve synergies between different policy areas is examined as well as the value and potential offered by the partnership(s) at African and European levels in addressing global issues relevant to the PCD agenda.

4.4.2. The JAES and its potential for strengthening coherence

With respect to the Africa-EU Strategic Partnership, EU Member States are confident that once implementation is fully under way, the JAES will be conducive to strengthening coherence of non-development policies with development objectives. The results of a questionnaire (see diagram below) demonstrate that the partnership on Peace and Security is seen as an example of successful EU alignment. In the areas of Environment and Climate Change, several Member States have indicated their interest in improving the governance of the global environmental system and also consider that a concerted EU position will increase the likelihood of success. Some doubts have been raised, however, about the Social Dimension of Globalisation, Research and Innovation, Information Society and Transport (see diagram below). The lack of an articulated EU position and cooperation agenda in these areas, and the fact that where no common EU policy exists the Member States tend to channel their efforts for achieving PCD through non-EU international fora, might be the underlying reason for such reservations.



Source: Synthesis of EU member-state responses to PCD Questionnaires 2009

- **Setting and prioritising objectives**

The JAES and its Action Plan have significantly contributed to putting Africa and development objectives firmly on the agenda of EU policy areas that have not traditionally played an important role in EU-Africa relations in the past. The partnership on Science, Information Society and Space (SISS) is a case in point. It responds directly to the African side's request to develop its capacities in this domain and has promoted closer collaboration on the European side between the relevant Commission services (DGs Development, Relex, EuropeAid, INFSO and RTD) and Member States. Among the early outcomes of the SISS partnership, the cooperation of the Joint Research Centre with the AUC on African Global Monitoring for Environment and Security constitutes a good example of PCD practice whereby EU research capacity has been used to further development objectives.

The Joint AU-EU Declaration on Climate Change, identifying concrete opportunities for further cooperation and dialogue in the run-up to the Climate Conference in Copenhagen, agreed within the Climate Change partnership, can also be regarded as an important PCD outcome. France and Morocco, as lead countries playing an active role in this partnership, as well as the African and European Commissions have worked closely to forge a common agenda and set joint objectives. The Joint Declaration merges environmental objectives with development measures and assistance.

Migration, Mobility and Employment (MME) is yet another JAES partnership that has revealed the capacity of the Joint Strategy to contribute to the PCD agenda. A project entitled 'Link emigrant communities for more development' was launched in The Hague on 23-24 June 2009 within the framework of this partnership. More initiatives and projects are under consideration. These include facilitating mobility of students within Africa (through mobility

schemes such as the Nyerere programme) and between Africa and Europe (through programmes such as Erasmus Mundus)³³⁶ and a proposal to work towards the establishment of an EU-African Diaspora Network to ensure better dialogue with African Diaspora in Europe and stronger involvement of the Diaspora in the development of their countries of origin.

While priorities that can contribute to the PCD agenda can be identified in other partnerships as well, the main challenges for multiplying these examples of good PCD practice appear to be, at the political level, the degree of commitment by the actors to fully engage in the process and, at the technical level, the limited thematic expertise of the Joint Expert Groups (JEGs) established for the respective partnerships' implementation. Information flow with and participation from line-ministries and administrations in the Joint expert Groups (JEGs) has remained low, with so far mostly officials from Foreign Ministries attending meetings. This demonstrates that the JAES process has not yet been fully integrated in the EU and African Member States' national political frameworks, and that more progress is needed to ensure better alignment.

- **Coordination and implementation**

The JAES working structures are innovative, favouring better coordination and division of labour. The frequency and quality of formal and informal contacts under the JAES process, both at political and at technical level, has allowed Africa and the EU to improve institutional cooperation and national coordination within the EU and in Africa as well as between the two continents. For instance, AUC and EC actors have in particular expressed appreciation of the quality of dialogue on the situation in Madagascar, resulting in EU support for the AU position in the International Contact Group. Along the same lines, the joint EU PSC and AU PSC meeting held in 2008, and now to be held once a year is seen as formalising the enhanced dialogue on a broad range of Peace and Security issues. Although there is divergence on some issues – from universal jurisdiction³³⁷ to the question of unconstitutional change - European and African stakeholders particularly valued the dialogue and exchange of views attributed to the JAES process.

Within the European Commission, significant efforts have been made to strengthen the coordination and cooperation between the different services involved in JAES implementation. The network of designated Focal Points has been particularly useful to share information and align positions and initiatives across different Directorates General. Good progress has also been made in bringing together the thematic and geographic experts on the various partnerships, to mainstream the JAES priorities in the programming of the many Community instruments and in the mid-term review of the European Development Fund's national and regional indicative programmes. However, the situation is not entirely satisfactory when it comes to "treating Africa as one": additional efforts are required to ensure coordination since geographic (and cooperation) responsibilities for Sub-Saharan and Northern Africa are shared across several services. This would reinforce operational and

³³⁶

www.study-in-europe.org

³³⁷

The last 2008 AU/EU Troika Meeting, on the initiative of COAFR, established a technical ad hoc expert group to 'clarify the respective understanding' on the African and EU side on the principle of universal jurisdiction and to issue recommendations for 'fostering a better mutual understanding between the AU and the EU of the purpose and the practice of universal jurisdiction'. A report was released in April 2009.

policy coherence and facilitate the design of truly pan-African projects, initiatives and policies.

Within the Council of the EU, the Africa Working Group (AWG), which serves as a cross-pillar coordinating and monitoring body for implementation of the JAES, has met with the European national experts leading the implementation process in order to review progress in the thematic partnerships and to address cross-cutting issues. This work has been instrumental in ensuring the necessary transparency and information flow, both between Brussels and national capitals and between JEGs (in which only a limited number of Member States participate) and the full EU-27 format. The AWG has also started to meet regularly with the AU's Representative to the EU, and with the Group of African Ambassadors in Brussels. However, the same 'geographical divide' persists between Northern Africa (dealt with in the Maghreb-Mashrek Working Group) and sub-Saharan Africa (within the AWG's remit), while other key issues such as development-policy, the Cotonou cooperation framework, or (2nd pillar) Peace and Security issues and (3rd pillar) Migration are covered by various other Groups. Nevertheless, by bringing Member States together under a new frame and in informal meetings, the JAES institutional architecture encourages information flows and exchanges, which are the first step towards enhanced aid effectiveness at EU level.

On the African side, with the 53 African Member States, the African Union Commission and the Regional Economic Communities, coordination and the ability to act and speak with one voice has been also a challenge. Yet, some stakeholders have reported that the JAES in general and some thematic partnerships in particular have contributed to acting as a catalyst for the beginning of discussions between African stakeholders on further articulating and consolidating common pan-African positions and priorities.

- **Monitoring, analysis and reporting progress**

The JAES and Action Plan (AP) monitoring provisions were not explicitly designed for PCD monitoring, as their scope goes "beyond development". However, the multi-layered, multi-stakeholder design of the JAES provides significant potential for PCD monitoring. For this potential to be realised in practice, once the JAES has matured from its initial phase, PCD monitoring needs to build on existing and evolving processes, such as the ones existing under the Cotonou Agreement provisions and those available at Member State level. The JAES website³³⁸ demonstrates a good degree of transparency in sharing information on official and semi-official documents and the use of the website for PCD monitoring purposes could be further explored.

The involvement of Parliaments³³⁹, other institutions and bodies such as the EESC³⁴⁰ and ECOSOCC³⁴¹, the Committee of the Regions³⁴² and local authorities, the Regional Economic

³³⁸ Africa and Europe in partnership, <http://africa-eu-partnership.org>

³³⁹ Cf. The European Parliament report and resolution on "One year after Lisbon: The Africa-EU partnership at work" by rapporteur Maria Martens, 24.03. 2009.

³⁴⁰ Cf. Opinion of the European Economic and Social Committee on the EU-Africa Strategy, by rapporteur Gérard Dantin , 18.08.2008.

³⁴¹ Cf. AU ECOSOCC Report "Second AU-CSO consultation on the implementation of the Africa-Europe partnership" 3-5.03.2009, Nairobi, Kenya

³⁴² Cf. Working Document of the Committee of the Regions Commission for External Relations and Decentralised Cooperation on "One year after Lisbon: the Africa-EU Partnership at work", by rapporteur Jean-Louis Destans, 16.02.2009.

Communities (RECs) and civil society –through the EU CSO Steering Group³⁴³ and the AU CSO Steering Committee, but also the trade union confederations³⁴⁴ and research networks such as EARN- opens new channels for interaction, public scrutiny and accountability, between institutional actors and NSAs on EU-Africa relations. In addition, this broad involvement raises public awareness of the JAES and is another step towards an increased commitment to PCD.

The role of the European Parliament and Pan-African Parliament was recognised and ensured in the institutional structures to monitor the JAES and AP implementation. However, increased engagement of Civil Society Organisations (CSOs) will be crucial for PCD monitoring of the different partnership policy areas and to hold to account different implementing partners, including the CSOs themselves. The European Peacebuilding Liaison Office, for instance, has suggested that the Peace and Security Partnership needs to focus more on the development-related side of security. Conducting PCD monitoring jointly, between the African and EU sides, would best exploit the potential of the JAES for PCD. Innovative ways to achieve a long-term solution that fosters synergies with existing PCD monitoring systems need to be explored.

4.4.3. *Conclusion*

In relation to the three types of mechanisms of the PCD cycle and in terms of generally accepted practice and progress made on their use to date, the findings suggest that the JAES has very good potential for promoting PCD. The design of the JAES features many aspects suited to pushing forward the PCD agenda in terms of objective setting, policy design and coordination and monitoring mechanisms. The added value of the JAES as a process to promote PCD within the EU lies in particular in its (i) promotion of whole-of-government cooperation within the EU, (ii) joint Africa-EU nature, and (iii) outreach and transparency to other actors, including civil society.

Given the short time frame since its inception and operationalisation, it is not surprising that the JAES has shown some, but limited impact on PCD outcomes to date. The JAES shows mixed progress in effectively putting PCD-relevant aspects into practice. Expectations must be kept realistic given the wider challenges associated with JAES implementation. Some recommendations to promote further PCD can be made. Increased engagement and sense of ownership of all stakeholders would provide more opportunities for PCD promotion. This can be done through intensified dialogue and jointly assessing needs in and between the different partnerships and by inclusion of expertise from development agencies and ministries beyond the development and foreign affairs spheres. Participation of civil society organisations at an early stage would enhance opportunities to raise awareness and provide scope for increased PCD monitoring and reporting systems.

The JAES, once fully developed, embraced by all stakeholders and implemented, will encourage synergies between policies and avoid negative impacts of policies on developing countries. It could serve as a basis for debates about the future of the Cotonou Partnership Agreement and its possible declination into geographic cooperation instruments. Finally, the regular dialogue between all actors involved in the JAES is instrumental for gaining a better

³⁴³ Cf. Proposal for Civil Society's engagement in the implementation and monitoring of the Joint EU-Africa Strategy, 29.07. 2008.

³⁴⁴ Cf. ETUC/ITUC Declaration "Decent work at the heart of the EU-Africa Strategy", 20.02. 2009.

understanding of challenges and could feed into the debate on regional and in-country division of labour instruments. Clustering various policy fields might also assist in early detection of possible incoherencies, enabling early change towards a more coherent and consistent approach taking better account of development concerns.

Annex 1: List of Acronyms

ABS	Access and Benefit-Sharing
ACP	African, Caribbean and Pacific
AfT	Aid for Trade
AFUR	Africa Forum for Utility Regulators
AICD	Africa Infrastructure Country Diagnostic
AIDS	Acquired immune deficiency syndrome
AMCOST	African Ministerial Conference on Science and Technology
AMIS	AU-led peace support operations in Sudan
AMISOM	AU-led peace support operations in Somalia
AMMA	African Monsoon Multidisciplinary Analysis
ANC	Anti-retroviral drugs with antenatal care
AP	Action Plan
APF	African Peace Facility
APIs	Active Pharmaceutical Ingredients
APSA	African Peace and Security Architecture
ARV	Anti-retroviral medicine
ARVMAC	Anti-retroviral medicine Maternal and Child health
ASEAN	Association of Southeast Asian Nations
ASEM	Asia-Europe Meeting
ASF	African Standby Force
AU	African Union
AUC	African Union Commission
AWG	Africa Working Group
AXIS	African Internet Exchange System
BELSPO	Belgian Federal Science Policy Office Federal Ministry for the Environment, Nature Conservation and Nuclear Safety of the German Government
BMU	
BMZ	Federal Ministry for Economic Cooperation and Development
CASS	Chinese Academy of Social Sciences
CBD	Convention on Biological Diversity
CCS	Carbon Capture and Storage
CDI	Commitment to Development Index
CDM	Clean Development Mechanism
CERs	Carbon Emission Reductions
CFE	Carbon Fund for Europe
CFP	EU Common Fisheries Policy
CFSP	Common Foreign and Security Policy
CGIAR	Consultative Group on International Agricultural Research
CGMP	Current Good Manufacturing Practice
CIGEM	Migration Information and Management Centre in Mali
CIVCOM	Committee for Civilian Aspects of crisis management

CLWP	Commission's annual Legislative Work Programme
CN	China
COMESA	Common Market for Eastern and Southern Africa
COMIFAC	Commission des forets d'Afrique centrale
CONTRAST	Control and transmission surveillance Cooperative Development of Operational Safety and Continuing Airworthiness Programme
COSCAP	
COTER	Counter-terrorism group
CPA	Consolidated Plan for Action
CRTs	Council Civilian Response Teams
CSAs	Coordination and Support Actions
CSOs	Civil Society Organisations
CSRP	Commission Sous-Regionale de Pêches
DCI	Development Cooperation Instrument
DDA	Doha Development Agenda
DFQF	Duty Free and Quota Free
DPGH	Development Partners Group for Health
DRC	Democratic Republic of Congo
DWCP	Decent Work Country Programmes
DZ	Algeria
EAC	East African Community
EBA	Everything But Arms
EC	European Commission
ECOWAS	Economic Community of West African States
EDCTP	European and Developing Countries Clinical Trials Partnership
EDF	European Development Fund
EEA	European Environment Agency
EECCA	Eastern Europe, Caucasus, and Central Asia
EG	Egypt
EIARD	European Initiative on Agricultural Research for Development
EIB	European Investment Bank
EITI	Extractive Industries Transparency Initiative
ENP	European Neighbourhood Policy
ENRTP	Environment and Sustainable Management of Natural Resources including Energy
EP	European Parliament
EPAs	Economic Partnership Agreements
EPLO	European Peacebuilding Liaison Office
ESA	Eastern and Southern Africa
ESDP	European Security and Defence Policy
ESS	European Security Strategy
ETS	Emission Trading Scheme
EU	European Union
EUEI	EU Energy Initiative for Poverty Reduction and Sustainable Development
EUFOR Tchad/RCA	EU Force in Chad and the Central African Republic
EUMC	European Military Committee
EUSR	EU Special Representative

EUWI	EU Water Initiative
FAC	Food Aid Convention
FAFA	Financial and Administrative Framework Agreement
FAO	Food and Agriculture Organization
FCES	Economic and Social Consultative Forum
FDA	Food and Drug Administration
FLEGT	Forest Law Enforcement, Governance and Trade
FOMUC	Force Multinationale en Centrafrique
FP(6 or 7)	Framework programme (6 or 7)
FPAs	Fisheries Partnership Agreements
GCCA	Global Climate Change Alliance
GDP	Gross Domestic Product
GEEREF	Global Energy Efficiency and Renewable Energy Fund
GFCM	Global Forest Carbon Mechanism
GGFR	Global Gas Flaring Reduction public-private partnership
GHG	Green House Gas
GHS	United Nations Globally Harmonised System
GI	Geographical Indications
GPP	Green Public Procurement
GRB	Gender Responsive Budgeting
GSP	General System of Preference
GSP+	General System of Preference with special incentive arrangement for sustainable development and good governance
ICCAT	International Commission for the Conservation of Atlantic Tunas
ICI	International Climate Initiative
ICPCs	International Cooperation Partner Countries
ICT/FP7	European ICT Research Programme
ICTs	Information and communication technologies
IDRC	Canadian International Development Research Centre
IEE	Intelligent Energy – Europe programme
IEG	International Environmental Governance
iEPA	Pacific interim EPA
IFAD	International Fund for Agricultural Development
IFIA	Interafrican Forest Industries Association
IFPRI	International Food Policy Research institute
IfS	Instrument for Stability
IGAD	Inter Governmental Authority on Development
IGF	Internet Governance Forum
IGWG	Intergovernmental Working Group on Public Health, Innovation and Intellectual Property
ILO	International Labour Organisation
IMO	International Maritime Organisation
IN	Indian
IOC	Indian Ocean Commission
IPCC	Intergovernmental Panel on Climate Change
IPEEC	International Partnership on Energy Efficiency Cooperation
IPRs	Intellectual Property Rights

IRENA	International Agency for Renewable Energies
IRSE	International Research Staff Exchange
ISAR	National Agricultural Research Institute
ISC	Inter-service consultation
ITF	EU-Africa Infrastructure Trust Fund
ITU	International Telecommunication Union
IUU	Illegal, Unreported and Unregulated Fishing
JAES	Africa-EU Strategy
JAR	Joint Annual Report
JEG	Joint Expert Group
JMST	Joint Mediation Support Team
JPol	Johannesburg Plan of Implementation
JRC	Joint Research Centre
KEF	Funding by the Federal Ministry of Science and Research
LAC	Latin American and Caribbean
LDCF	Least Developed Countries Fund
LDCs	Least Developed Countries
MA	Marocco
MCS	Monitoring, Control and Surveillance
MDGs	Millennium Development Goals
MEAs	Multilateral Environmental Agreements
MED EUWI	Mediterranean EUWI
MINURCAT	United Nations Mission in the Central African Republic and Chad
MIRA	Mediterranean Partner Countries
MIVAC	Common Interactive Watch and Anticipation Mechanism
MME	Migration, Mobility and Employment
MoENV	Greek Ministry for Environment, Physical Planning and Public Works ,
MoFA	Greek Ministry of Foreign Affairs
MOST	Ministry of Science and Technology
MoU	Memorandum of Understanding
MPA	Marine protected areas
MRC	Medical Research Council
MSY	Maximum Sustainable Yield
NACCAP	Netherlands-African partnership for capacity development and clinical interventions against poverty-related diseases
NAMA	Non Agricultural Market Access
NGO	Non Government Organisation
NICI	National Information and Communication
NIP	National Indicative Programme
NRA	National Regulatory Agencies
NWO	Netherlands Organisation for Scientific Research
NYAMIG	Nyagatare Maize Investment Group
ODA	official development assistance
OECD	Organisation for Economic Co-operation and Development
PAIPO	Pan African Intellectual Property Organization
PAP	Pan-African Parliament
PCD	Policy Coherence for Development

PDF	Partnership Dialogue Facility
PEFC	Programme for the Endorsement of Forest Certification Schemes
PIDA	Preparatory activities and studies
PIDA	Programme for Infrastructure Development in Africa
PIKE	Predominantly Information-rich, Knowledge-based Economy
PMG	Political Military Group
PMTCT	Prevention of mother-to-child transmission
POVNET	Pro-Poor Growth
PRT	Provincial Reconstruction Teams
PSC	Political and Security Committee
PSD	Payment Services Directive
RADA	Rwanda Agricultural Development Authority
REACH	Registration, Evaluation, Authorisation and Restriction of Chemical substances
RECCS	Regional Economics of Climate Change Studies
RECs	Regional Economic Communities
REDD	Programme on Reduced Emissions from Deforestation and Degradation in Developing Countries
RFMO	Regional Fisheries Management Organisations
RIPs	Regional Indicative Programmes
RIU	Research into Use
RSA	Renewed Social Agenda
RSPs	Regional Strategy Papers
SADC	Southern Africa Development Community
SALW	Small arms and light weapons
SCP	Sustainable Consumption and Production
SDG	Social Dimension of Globalization
SEE	Sout East Europe
SHIELD	Strategies for health insurance mechanisms
SIAs	Sustainability Impact Assessments
SICA	Specific International Cooperation Action
SIDS	Small Islands Developing States
SISS	Science, Information Society and Space
SME	Small and Medium Enterprises
SOLAS	International Convention for the Safety of Life at Sea
SPS	Sanitary Phytosanitary
SSATP	Sub-Saharan Africa Transport Policy Programme
SSM	Special Safeguard Mechanism
SSR	Security sector reform
TACKLE	Combat child labour through education
TBT	Technical Barriers to Trade
TEN-T	Trans-European Transport network
TN	Tunisia
TPRM	Trade policy review mechanism
TPU	Trade Policy Unit
TRA	Trade Related Assistance
TRIPS	Trade-related Intellectual Property Rights
TVET	Technical and Vocational Education and Training

UA	Union Africaine
UK	United Kingdom
UNCCD	United Nations Convention to Combat Desertification
UNECA	United Nations Economic Commission for Africa
UNEO	United Nations Environment Organisation
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UN's	United Nations
UNSCR	United Nations Security Council Resolution
VMS	Vessel monitoring system
VPA	Voluntary Partnership Agreements
WEO	World Energy Outlook
WHO	World Health Organisation
WIPO	World Intellectual Property Organisation
WMD	Weapons of Mass Destruction
WSIS	World Summit on the Information Society
WTO	World Trade Organization
ZA	South Africa