



Council of the  
European Union

051838/EU XXVI. GP  
Eingelangt am 29/01/19

Brussels, 29 January 2019  
(OR. en)

5806/19

DEVGEN 13  
POLGEN 14  
SUSTDEV 4  
RELEX 64  
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WTO 28  
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CFSP/PESC 67

AGRI 39  
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ASIM 9  
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#### COVER NOTE

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From: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 28 January 2019

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of  
the European Union

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No. Cion doc.: SWD(2019) 20 final

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Subject: COMMISSION STAFF WORKING DOCUMENT  
2019 EU report on Policy Coherence for Development

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Delegations will find attached document SWD(2019) 20 final.

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Encl.: SWD(2019) 20 final



Brussels, 28.1.2019  
SWD(2019) 20 final

**COMMISSION STAFF WORKING DOCUMENT**  
**2019 EU report on Policy Coherence for Development**

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## 2019 EU REPORT ON POLICY COHERENCE FOR DEVELOPMENT

Policy Coherence for Development (PCD) constitutes a key pillar of European Union (EU) efforts to enhance the positive impact and increase effectiveness of development cooperation. This concept of policy coherence in support of development objectives was introduced in EU fundamental law in 1992 with the Treaty of Maastricht and was further reinforced in the Treaty of Lisbon in 2009.

**Article 208 of the Treaty on the Functioning of the EU** concerning PCD reads: "*The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries*".

This legal commitment to promote PCD was reaffirmed at the highest political level by the EU institutions and the EU Member States as recently as June 2017, in paragraph 10 of the **new European Consensus on Development**<sup>1</sup>, whereby it was stated that:

*"The EU and its Member States will apply the principle of PCD and will take into account the objectives of development cooperation in all external and internal policies which they implement and which are likely to affect developing countries."* Furthermore in the same paragraph PCD was also recognised as "*a fundamental part of the EU's contribution to achieving the Sustainable Development Goals.*"

Through this report, the Commission is taking stock of what has been done at EU and at its Member States' level concerning PCD over the period 2015-2018. As was the case for previous PCD reports<sup>2</sup>, this report is a collaborative effort, on the basis of contributions from the EU Member States, the European Commission and the European External Action Service (EEAS).

This report also aims to frame PCD within the global changing development context and notably the evolution from the Millennium Development Goals to the Sustainable Development Goals (SDGs) and the adoption of the 2030 Agenda for Sustainable Development. The 2030 Agenda implied a new perspective for PCD and consequently the Commission adapted its approach and reporting on PCD accordingly to align with this paradigm shift in development cooperation, ensuring that PCD remains relevant in such an evolving policy framework.

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<sup>1</sup> Joint Statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on "The new European Consensus on Development, Our World, Our Dignity, Our Future", Official Journal, (2017/C 210/01).

<sup>2</sup> Since 2007, the Commission has issued 5 reports on PCD, the last one dates back to August 2015, SWD (2015) 159 final.

## 1. A NEW POLITICAL FRAMEWORK: THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

*“This is the People’s Agenda, a plan of action for ending poverty in all its dimensions, irreversibly, everywhere, and leaving no one behind. It seeks to ensure peace and prosperity, and forge partnerships with people and planet at the core. The integrated, interlinked and indivisible 17 Sustainable Development Goals are the people’s goals and demonstrate the scale, universality and ambition of this new Agenda.”*

Former Secretary-General of the  
UN Ban Ki-moon

The year 2015 marked a general shift in the international development agenda. During the United Nations (UN) Summit in September 2015, world leaders adopted an ambitious 2030 Agenda for Sustainable Development (2030 Agenda)<sup>3</sup>, including its 17 Sustainable Development Goals. The 2030 Agenda is the international community's response to global trends and challenges. It is an ambitious and transformative plan of action to eradicate poverty and achieve sustainable development in its economic, social and environmental dimensions providing a pathway towards a more sustainable future. With their underlying “leave no one behind” principle, the SDGs are universal and indivisible, applying to all countries with a clear commitment to future generations.

In adopting the 2030 Agenda, world leaders took a conscious decision not only reflecting a change in approach to international development cooperation but also in highlighting the global interconnectedness and the importance of working together - including through multi-stakeholder partnerships - to make these goals a reality.

The interlinkages between the SDGs and their universality underscore the importance of policy coherence and mutually supportive policies, working in synergy. Indeed the importance of Policy Coherence for Sustainable Development (PCSD) has been recognised in SDG 17.14 as a means of implementation of the SDGs. According to the Organisation for Economic Co-operation and Development (OECD), PCSD is “*an approach and policy tool to integrate the economic, social, environmental, and governance dimensions of sustainable development at all stages of domestic and international policy making.*”<sup>4</sup>

However, while ensuring coherence and synergies between policies in the social, economic and environmental sphere on sustainable development, one ought not to forget to be guided by PCD, i.e. trying to minimise the negative impact that non-development policies can have on development objectives of developing countries. This is a challenge in itself, which highlights the importance and relevance of PCD as an important contribution to the broader objective of PCSD.

<sup>3</sup> A/RES/70/1

<sup>4</sup> <https://community.oecd.org/community/pcsdpartnership> NB: there is no unanimous agreement on the OECD's definition that PCSD is the new approach to follow for PCD.

## PCD and PCSD

Despite their semantic proximity, there is a fundamental difference between PCD and PCSD. PCD is a legal obligation in the EU Treaty, whereas PCSD stems from the 2030 Agenda and the Addis Ababa Action Agenda. In addition, in the case of PCSD, given that the SDGs are universal, policy makers have to secure multi-directional coherence by pursuing multiple goals globally, whereas for PCD, coherence is more focused, i.e. it is directed towards a single cause, which is the interest of developing countries.<sup>5</sup>

The new European Consensus on Development has confirmed the role of PCD as part of the EU's contribution to SDGs and to the broader objective of PCSD. Ensuring PCSD, as embedded in the 2030 Agenda, requires taking into account the impact of all policies on sustainable development at all levels – nationally, within the EU, in other countries and at global level. PCD responds fully to the 2030 Agenda, since it seeks to support developing countries across the three dimensions of sustainable development (economic, social and environmental).

### ➤ **The EU response to the 2030 Agenda and how PCD fits in**

The EU has been a front-runner not only in the formulation of the SDGs but also in the implementation of the 2030 Agenda, since its adoption, through its internal and external policies.

On the **internal front**, in November 2016, the European Commission adopted its overarching communication entitled "Next steps for a sustainable European future"<sup>6</sup>, which set out its strategic approach towards the implementation of the 2030 Agenda in the EU consisting of two work-streams:

- The first work-stream, which is already being implemented by the Commission's services, consists of fully mainstreaming sustainable development in the European policy framework and Commission priorities.
- The second work-stream is about further developing a longer-term vision of the implementation of the SDGs across EU sectoral policies after 2020. The Reflection Paper "Towards a sustainable Europe by 2030"<sup>7</sup> on the follow-up to the UN SDGs including on the Paris Agreement on Climate Change, to which this report is closely linked, is a clear attestation of the EU's resolve to achieve the SDGs and foster policy coherence.

Implementing the 17 SDGs can only be achieved through a whole-of-society approach and a strong involvement of all stakeholders. To this end, in December 2017, the Commission launched a multi-stakeholder platform composed of representatives of civil society organisations, academia and private sector on the implementation of the SDGs in the EU. The

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<sup>5</sup> ECDPM, discussion paper No 210, "Policy coherence and the 2030 Agenda: Building on the PCD experience", March 2017

<sup>6</sup> COM(2016) 739 FINAL - "Next steps for a sustainable European future: European action for sustainability"

<sup>7</sup> COM(2019) 22

platform's role is to support and advise the Commission and all stakeholders involved on implementing the SDGs at EU level.

On the **external front**, the EU and its Member States adopted the Joint Statement on the new European Consensus on Development,<sup>8</sup> which frames the implementation of the 2030 Agenda in partnership with all developing countries. The new Consensus on Development provides a framework for a common approach to development policy for the EU and its Member States based on the SDGs. It constitutes an important part of the EU's overall response to the 2030 Agenda implementation in assisting partner countries to achieve the SDGs.

**PCD is an important interface between internal and external implementation of the 2030 Agenda** and as the Consensus underlined, **fundamental to achieve the SDGs**. Furthermore, the Global Strategy for the EU's Foreign and Security Policy<sup>9</sup> also refers to the opportunity that the SDGs represent for a more joined-up external action and for expanding PCD to all relevant policies.

The 2030 Agenda underlines the need to break down silos to ensure coherence between policies. Therefore, in such an evolving context, the EU approach to PCD and reporting thereon needed to adapt to the current realities and challenges of SDG implementation across EU internal and external policies. A new approach and reporting exercise on PCD was thus implemented to reflect these dynamics. Such a new approach to PCD was also called for by the external evaluation on PCD<sup>10</sup>.

➤ **An external evaluation on PCD calling for a new PCD approach<sup>11</sup>**

Following requests from the Council of the EU and the European Parliament to invest more resources in an evidence-based analysis of PCD and in the development impact of key policies, an external evaluation on PCD was launched in 2016. The evaluation covered the period 2009-2016. It was the first comprehensive evaluation of PCD to be undertaken and it aimed to assess to what extent:

- 1) the EU took into account the objectives of development cooperation in the policies that it implements which are likely to affect developing countries;
- 2) implementing PCD has contributed to poverty reduction and sustainable development in line with Article 208 of the Treaty on the Functioning of the EU.

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<sup>8</sup> Idem footnote 1.

<sup>9</sup> [https://europa.eu/globalstrategy/sites/globalstrategy/files/pages/files/eugs\\_review\\_web\\_13.pdf](https://europa.eu/globalstrategy/sites/globalstrategy/files/pages/files/eugs_review_web_13.pdf)

<sup>10</sup> External evaluation of the EU's Policy Coherence for Development (2009-2016), available on:

[https://ec.europa.eu/europeaid/external-evaluation-european-unions-policy-coherence-development-2009-2016\\_en](https://ec.europa.eu/europeaid/external-evaluation-european-unions-policy-coherence-development-2009-2016_en)

<sup>11</sup> Idem

The evaluation assessed:

- the tools and mechanisms that the Commission has put in place to enhance PCD (for example the coordination network involving EU Member States', reporting, impact assessments and training),
- the influence such tools and mechanisms have had on EU “non-development” policies and
- the extent to which changes in the design and implementation of those policies resulting from the incorporation of a PCD approach influenced outcomes and impact in developing countries.

The evaluation involved various consultations including an open public consultation. The external evaluation report<sup>12</sup>, which was published in December 2018, will be presented at a public event in the first Semester of 2019. Based on this report the Commission will publish its evaluation in the form of a staff working document during the first half of 2019, presenting its conclusions. In line with the Commission Better Regulation Guidelines<sup>13</sup>, appropriate follow-up actions to the evaluation results and recommendations would be envisaged.

#### ➤ **A new approach to PCD**

A comprehensive and cross-sector policy approach was implemented to ensure that PCD commitments are respected in the 2030 Agenda framework. **PCD was thus integrated in the overall Commission work on the implementation of the 2030 Agenda** through an inter-service steering group on the SDGs.

The Commission has been reviewing its approach and broadened its focus on PCD beyond the traditional five PCD strategic challenges (trade and finance, climate change, food security, migration and security) to reflect the new dynamics of the SDGs and the requirements of the new European Consensus on Development. Consequently, **priority areas were identified by Commission services** in the framework of the inter-service steering group on the SDGs based on the Commission Work Programme 2018-2019 and which have served as a basis for this report.

#### ➤ **A new reporting approach**

In 2015, the Council of the EU "*invited the Commission (...) to present concrete proposals on how to better integrate PCD into the EU approach to implementing the 2030 Agenda*"<sup>14</sup>.

The Commission believes that PCD reporting is better integrated in the overall EU reporting on the SDGs, and hence this work is now closely linked to the Reflection Paper “Towards a sustainable Europe by 2030”. Reporting needs to be adapted to the new political framework meaning that PCD is no longer perceived as being a stand-alone policy specific to

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<sup>12</sup> Idem

<sup>13</sup> [https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox\\_en](https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox_en)

<sup>14</sup> ST13202/15 Council Conclusions on "Policy Coherence on Development 2015 EU Report", 26 October 2015



development cooperation policy but rather being a **key element in the overall EU efforts to implement the 2030 Agenda and the SDGs.**

PCD plays a crucial role in increasing the effectiveness of EU's development cooperation and its contribution to sustainable development at the global level. Besides being a stocktaking report this document also serves as an awareness raising tool ensuring that PCD remains on the EU agenda. It comes at an important juncture when the EU is discussing the new Multi-Annual Financial Framework 2021-2027, a significant one being the last completed budget prior to the 2030 deadline.

This report is structured around the five “P”s of the 2030 Agenda (People, Planet, Prosperity, Peace, and Partnership) to ensure better alignment with the new political framework. It meant to **illustrate the contributions that have been made by the EU and its Member States to support the achievement of the SDGs in partner countries in a limited number of PCD priority areas.**

## 2. PARTNERING THROUGH TOOLS AND MECHANISMS IN PLACE TO PROMOTE PCD



The EU recognises that some of its policies can have significant effects that can either contribute to or undermine its development policy. PCD implies that the EU needs to gather information on the nature and scale of those impacts, and strive to minimise incoherencies and, where possible, create synergies between policies that have a demonstrated impact on developing countries.

The new European Consensus on Development recognises that SDG implementation requires a **"whole of government" approach** and coordination efforts at all levels and that impacts of EU policies on developing countries need to be well monitored through mechanisms such as ex-ante impact assessments and ex-post evaluations.

As confirmed by the external evaluation on PCD, the EU has maintained its leading role concerning PCD. Yet, it remains sometimes very challenging to assess the impact of the EU PCD approach given that there are no baselines, targets or indicators linked to PCD in the Commission's toolbox. Notwithstanding this weakness, the EU has continued to strengthen its tools and mechanisms to enhance its PCD approach.

### 2.1 At EU level

#### ➤ **The structure of the Commission is promoting policy coherence**

At political level, the Commission's institutional set-up includes a **collegial decision-making process** whereby Commission services work together on cross-cutting topics. Political decisions are informed by prior open public consultations and ex-ante impact assessments on the proposals. Open public consultations are important for PCD, and provide an opportunity for stakeholders and interested individuals, including those in developing countries, to participate in the policy making stage, and opine any possible impact or concerns of such a policy on their country's development objectives. The structure of the Juncker Commission is organised around thematic **"projects" managed by Vice-Presidents**, which ensures further coherence between policies across the different Commission services.

At operational level, the work on sustainable development is coordinated through an **inter-service steering group** led by the Secretariat General of the Commission. Representatives of all relevant departments of the Commission participate in this group. Since November 2017, this group regularly discusses PCD and progress on its implementation across EU policies. This resulted in the full integration of PCD in the overall Commission work related to the 2030 Agenda, raising awareness on PCD among the Commission and breaking down silos concerning this important topic within the Commission services.

For priority areas identified in this group, Commission services have been encouraged to inform and involve the Directorate-General for International Cooperation and Development timely when an evaluation is launched, when an inter-service group meets to prepare an impact assessment or when work starts on a legislative proposal. This way, the Directorate-General for International Cooperation and Development can contribute to the decision-

making process by bringing in the development perspective. Interestingly, the independent evaluators noted in some of their areas of review, that although the Directorate-General for International Cooperation and Development was not involved in the impact assessments, the impact of the policy on developing countries was nevertheless taken into consideration. This is encouraging, suggesting that PCD is being taken into consideration across the board.

➤ **Impact assessments and their steady improvement as a key tool to promote PCD**

Ex-ante impact assessments have been instrumental for the Commission to promote PCD and to ensure that new policy initiatives and proposals take better account of possible impacts on developing countries, ever since a section on assessing impacts on developing countries was included in the impact assessment guidelines in 2009<sup>15</sup>. In 2015, the Commission has put in place the **Better Regulation Guidelines** to strengthen the use of impact assessments and frame it through impact assessment guidelines. The guidelines were complemented by a tool<sup>16</sup> that was specifically developed to assess possible impacts on developing countries. In the 2017 revision of these guidelines, the term ‘impact on third countries’ was replaced by the more accurate term ‘impact on developing countries’ to better reflect the EU’s commitment to Article 208 of the Treaty on the Functioning of the EU<sup>17</sup>. In addition, the Better Regulation Guidelines foresee that Commission impact assessment are screened by a controlling body, the Regulatory Scrutiny Board, for quality control purposes, which further reinforces the PCD dimension of the above mentioned tool.

However, a number of stakeholders have expressed the opinion that the Commission could improve its track record on assessing impacts on developing countries in the impact assessment processes. For instance, the external evaluation of PCD has screened the Commission’s 2016 impact assessments for PCD-relevant policies and calculated that 33% of them explicitly took the likely impacts on developing countries into account (increasing to 66% if one were to include impact assessments where impacts on developing countries was referred to but not in an explicit way). A screening of the Commission’s impact assessments carried out by CONCORD<sup>18</sup> for the same period, confirmed this situation, although CONCORD acknowledged that the introduction of the Better Regulation Guidelines have resulted in a higher number of PCD-compliant impact assessments.

In addition, the Commission also developed a specific tool, **the Sustainability Impact Assessments**. Since 1999, Sustainability Impact Assessments have been carried out for all major bilateral and multilateral trade negotiations. Sustainability Impact Assessments are independent studies conducted by external consultants on the potential impacts of measures included in a trade agreement investigating possible impacts on Least Developed Countries and human rights. Such assessments are undertaken after the adoption of the negotiating mandate for EU trade agreements and in this way allow the Commission to adopt any necessary mitigation measures. During its latest screening of Commission impact

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<sup>15</sup> Op. cit. footnote 13

<sup>16</sup> Previously known as Impact Assessment Tool #30 in 2015, which became Tool #34 during the subsequent revision in 2017.

<sup>17</sup> SWD (2017) 350

<sup>18</sup> CONCORD report: "The impact of EU policies in the world", October 2017

assessments<sup>19</sup>, CONCORD recognised the important role of Sustainability Impact Assessments.

### ➤ **The pivotal role of EU delegations**

Reports by EU delegations are crucial for gathering evidence on the impact of EU policies in partner countries. To this end, questions on PCD have been a standard feature in the **External Assistance Management Reports (EAMR)** since 2015. The number of replies on PCD has steadily increased over the years. In 2017 there were over 100 replies covering 143 partner countries. The External Assistance Management Reports have clearly proven themselves an important means of receiving regular and systematic information from EU delegations on PCD-relevant issues in partner countries.

Feedback for the External Assistance Management Reports concerning PCD is streamlined along the following questions:

- observed cases where EU policies had an impact – positive or negative - on the development process in the partner country;
- EU delegations' involvement in dialogue on issues of policy coherence between EU policies with local actors (partner country government, civil society, private sector) and with EU Member States and other donor representatives.

Looking at the aforementioned reports since 2015, it can be noted that trade issues are by far the topics that have been the most reported on. Observed impacts have been predominantly positive, mainly due to the effects of the EU's unilateral trade preferences schemes (Generalised Systems of Preferences) and the bilateral/regional Free Trade Agreements and Economic Partnership Agreements providing improved export possibilities to the EU market and incentivizing a favourable business environment for economic growth and job creation. In 2015-2017, overwhelmingly positive impacts were also reported with regards to the EU fisheries policy, especially in view of its contribution to improved fisheries governance (Illegal, Unreported and Unregulated fishing policy) and to strengthened capacities in the fisheries sector of partner countries (Fisheries Partnership Agreements). On the challenges side, there have been numerous remarks by EU delegations on partner countries' difficulties in meeting EU standards mainly for food exports ("Sanitary and Phytosanitary requirements") which negatively impacted on their trade opportunities with the EU; however some latest reports confirm positive impacts in this area.

Regarding **dialogue on PCD issues**, it is interesting to note that policy coherence issues are mainly discussed in the framework of cooperation programming activities, and much less frequently addressed in the context of institutionalised political dialogue meetings with partner governments.

The EU is committed to strengthen dialogue with partner countries on policy coherence as stated in the new European Consensus on Development. EU delegations are increasingly

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<sup>19</sup> CONCORD report: "The impact of EU policies in the world – Seeing the bigger picture – one year on", November 2018

encouraged to raise PCD issues in their political dialogue with partner country representatives as a means to gather more qualified and more authentic information on impacts of EU policies on the spot. In addition, senior Commission officials also raise PCD related matters with partner countries during their different missions, encouraging also the latter to participate in open public consultations to help the Commission take informed decisions. The Commission will continue looking into ways to improve outreach on PCD matters with partner countries.

The concrete examples mentioned in these reports from EU delegations help the Commission to raise awareness and disseminate lessons internally. Examples of observed impacts of EU policies on the development process in developing countries, which have been shared by some EU delegations through the EAMR in 2017, include:

**Fiji:** An important policy area for Fiji is the need for a sustainable blue and green economic development in the Pacific. The Pacific Ocean is under threat from over-exploitation, acidification, pollution and declining biodiversity and the EU, as a user of ocean resources, in particular through fisheries (the EU is the biggest importer of tuna, 60% of which come from the Pacific), has a key interest to promote sustainable economic development in this region. In particular, the promotion of responsible and sustainable fishing will benefit all parties involved. The Our Oceans Conference, hosted by the EU in October 2017 in Malta, provided specific commitments and also included a special event on the Pacific, during which the EUR 45 million Pacific-European Union Marine Partnership Programme was launched.

**Ghana:** The compliance with the relevant EU phyto-sanitary requirements on five plant commodities (chilli pepper, bottle gourds, luffa gourds, bitter gourds and eggplants) in October 2017 had a very positive impact on the Ghanaian exports to the EU market, as these five plants are now able to benefit from duty-free and quota-free access to the EU market under the Economic Partnership Agreement. Increased compliance with EU sanitary and phytosanitary regulations indeed means an increased potential for the Ghanaian export sector that can access one of the biggest markets in the world without duties or quantitative restrictions.

**Honduras:** The recently negotiated Voluntary Partnership Agreement will help further enforce the EU Timber Regulation that aims to prohibit import to the EU market of illegally produced timber. In this context, EU policies are playing a pivotal role requiring the necessary institutional legislative strengthening, and by extension the improvement in forest governance. The Voluntary Partnership Agreement and the EU Timber regulation will have an impact on the overall environmental sustainability of the country. Moreover, the importance of human rights, particularly the recognition of indigenous peoples rights, during the Forest Law Enforcement, Governance and Trade negotiations will positively contribute to the wider human rights agenda in Honduras.

➤ **Promoting PCD through workshops, training courses and meetings**

The analysis of EU delegations' 2015-2017 reporting on PCD showed that efforts were needed to improve the understanding and knowledge of PCD among EU delegation staff for example through appropriate training and awareness-raising activities. This was also underscored in the external evaluation on PCD. Consequently, the Commission took steps to ensure that EU delegations are cognizant of PCD matters in order to enable them to report more accurately on the topic. To this end, in 2017 and 2018, on the occasion of the annual gathering of Heads of Delegations and Heads of Cooperation of all the EU delegations, the Commission organised **workshops** on the role of EU delegations in contributing to PCD work, namely by supporting in the assessment of impacts at field level. The workshops were successful and yielded an increase in concise responses concerning the PCD questions, which highlights clearly the importance of improving the understanding and knowledge of PCD among EU delegation staff.

To help further improve awareness on PCD, an interactive **e-learning tool**<sup>20</sup> was developed in December 2016. The aforementioned tool includes specific modules for staff working in the Commission and for staff in EU delegations. This e-learning tool is also available to the general public. EU delegations and EU Member States are encouraged to make use of this training opportunity to improve their understanding of PCD and to be able to promote PCD in their areas of work.

About twice a year, the Commission holds a **meeting with PCD focal points in the Member States**. These meetings provide a good platform for the EU Member States to exchange views on PCD and to share best practices enhancing further PCD implementation. The Commission encourages all EU Member States to participate at these informal expert group meetings to enable this mechanism to become more effective and useful.

➤ **Investing in research as a means to measure PCD impact: the project Sustainable Market Actors for Responsible Trade**

In recent years, a number of stakeholders have strongly raised the need to increase research efforts on PCD with a view to improve capacities to measure impacts of policies and hence progress on PCD. The external PCD evaluation confirmed that an impact-monitoring framework with PCD indicators and objectives was missing. A **research project on PCD**, funded through the EU's Framework Programme for Research and Innovation - Horizon 2020 - should help remedy the situation. The project 'Sustainable Market Actors for Responsible Trade' (SMART) project seeks to advance understanding of how development concerns can be integrated in policies and regulations for the achievement of the SDGs, thereby contributing to greater PCD. It focuses on international supply chains of products sold in Europe, especially on factors that enable or hinder development-friendly, environmentally and socially sustainable trade. This includes protecting human rights and other fundamental social

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<sup>20</sup> The e-learning tool is accessible through:  
<https://webgate.ec.europa.eu/devco-academy/course/search.php?search=coherence>



rights, ensuring good governance, contributing to secure the economic basis for functioning societies while respecting the planet's limited resources.

Among the upcoming SMART deliverables is the development of a sustainable corporate governance model, including sustainability assessment tools and guidelines to improve the impact assessment for PCD. The Commission is closely monitoring the progress of this project, particularly the guidelines as these could identify benchmarks addressing one of the current shortcomings, namely measuring the impact of policies.

### ➤ **European Parliament**

Since 2010, the European Parliament's Development Committee has a standing rapporteur for PCD. The Development Committee holds regular discussions on PCD-related issues, also reaching out to other parliamentary Committees. Several joint Committee meetings have been organised specifically addressing PCD, inter alia: joint meetings of the Committees on Development and International Trade on "Remembering Rana Plaza" in April 2017, the revision of the Aid for Trade Strategy in August 2017 and a joint Committee Environment and Development in February 2018 to address the impact of the Common Agricultural Policy reform on developing countries.

The European Parliament sets out its own strategic view on PCD in a resolution on the EU PCD Report. The latest resolution of the European Parliament specifically on PCD dates back to 2016, which addressed the EU 2015 PCD Report. In the said resolution<sup>21</sup>, the European Parliament reiterated that PCD is a key element for delivering the new sustainable development agenda and that it plays a role in establishing the rule of law, in ensuring impartial institutions and in tackling the challenges of good governance in developing countries. The importance of PCD was also highlighted in the European Parliament's resolution "EU Action for Sustainability"<sup>22</sup> adopted in July 2017. Similar to the Council, the European Parliament raised awareness of PCD in its various opinions and resolutions<sup>23</sup>. In addition, a specific workshop on "PCD, the challenge of sustainability" was organised in February 2016.

The European Parliament also serves as a forum to communicate with civil society while promoting international dialogue on PCD related issues with partner countries and stakeholders.

### ➤ **Council of the EU**

PCD is also a priority for the Council of the EU and the topic is high on the agenda of the Council working party on Development Cooperation. PCD used to also be discussed frequently by Development Ministers. The latest Council Conclusions specifically on PCD

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<sup>21</sup> 2015/2317(INI) European Parliament resolution of 7 June 2016 on the EU 2015 Report on Policy Coherence for Development

<sup>22</sup> 2017/2009 (INI) European Parliament resolution of 6 July 2017 on EU action for sustainability

<sup>23</sup> Examples of where PCD was raised in EP resolutions: 2018/2003 (INI) 'Transparency in the management on natural and financial resources', 2017/2206 (INI) 'Violation of the rights of indigenous peoples in the world, including land grabbing', 2018/2037 (INI) 'The future of food and farming'; 2016/2301 (INI) 'The impact of international trade and the EU's trade policies on global value chains'

date back to 2015 as a reaction to the EU 2015 PCD Report. However, since then, the Council of the EU has taken the opportunity on several occasions to highlight the importance of PCD in different Council Conclusions<sup>24</sup>.

In 2017, the Council of the EU has established a dedicated Council working party, "**Working Party on the 2030 Agenda for Sustainable Development**", to ensure proper follow-up, monitoring and review of the implementation of the 2030 Agenda at EU level, across internal and external policy sectors<sup>25</sup>. The new Working Party continued the work previously done on issues related to the 2030 Agenda for Sustainable Development in the framework of the joint meetings of the WPIEI (Global)/CONUN/CODEV Working Parties<sup>26</sup>. This new Council working party also provides a forum for information exchange about the 2030 Agenda implementation at EU Member States level. The working party was tasked to address overarching cross-cutting issues related to the implementation of the 2030 Agenda and to take stock of progress made in implementing the SDGs at EU level in an integrated and coherent manner and to advise on further strategic orientations as appropriate. It is an important Working Party, which shows the Council's commitment to track progress, assess achievements and ensure accountability of the implementation of the SDGs at EU level.

## 2.2 At EU Member States level

EU Member States are responsible for ensuring PCD in their national policies and at EU level. To this end, they have their own coordination mechanisms in place. As part of the preparation of this report, EU Member States replied to a questionnaire outlining their PCD mechanisms, priorities and recommendations. Their collated contributions are available online<sup>27</sup>.

The EU Member States' political commitment to PCD was reiterated at the highest level with the adoption of the new European Consensus on Development. However, the newly introduced concept of PCSD in the 2030 Agenda seems to be creating confusion and even perhaps creating a false notion that the concept of PCD may no longer be relevant. Consequently, a key challenge in this reporting exercise, was to accurately analyse the Member States' contributions and compare with previous PCD reports since some contributions only included actions in the area of PCSD. This seems to suggest that in some EU Member States, PCD has been partially or totally subsumed by PCSD, rather than including PCD as a contribution to the broader PCSD concept.

According to the replies received, fifteen EU Member States integrated a political commitment on PCD in their national development strategy.

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<sup>24</sup> ST 8554/16 Council conclusions on Stepping up Joint Programming, ST 8833/16 Council Conclusions on responsible global value chains, ST 10370/17 Council Conclusions "A sustainable European future: The EU response to the 2030 Agenda for Sustainable Development"; ST 9002/17 Council Conclusions on Sustainable Garment Value Chains, ST 8551/18 Council Conclusions "Investing in Sustainable Development" and Annual Report 2018 to the European Council on EU Development Aid Targets

<sup>25</sup> 14809/17, 24 November 2017

<sup>26</sup> Joint meetings of three Council Working Parties: Working Party on International Environmental Issues (Global) (WPIEI Global), Working Party on Development Cooperation (CODEV) and Working Party on United Nation (CONUN)

<sup>27</sup> Member States' contributions to PCD reporting are available at: [https://ec.europa.eu/europeaid/policies/policy-coherence-development\\_en](https://ec.europa.eu/europeaid/policies/policy-coherence-development_en)



On the other hand, eight EU Member States reported on PCSD in their contributions, though without referring to possible transboundary effects on developing countries, highlighting that some replies are not directly related to the commitment on PCD as reflected in the new European Consensus on Development.

Regarding the PCD coordination mechanisms, nine EU Member States reported that the responsibility for coordination lied with the Ministry of Foreign Affairs or with the Ministry for Development Cooperation, while eight Member States informed about the setting up of an inter-ministerial working group responsible for PCD. Six EU Member States, particularly those who transitioned from a PCD to a PCSD approach, informed about the creation of a special committee or inter-ministerial working group for sustainable development. One Member State even indicated that the responsibility for PCD was split between two different Ministries (the Ministry of Environment and the Ministry of Foreign Affairs). The number of EU Member States that reported to have carried out assessments of the impacts of their proposed policies on developing countries remained the same as for the 2015 EU reporting exercise, illustrating the lack of improvement in this crucial area.

Some examples of best practices at EU Member States' level as reported by the Member States are shown hereafter.

**Luxembourg** has an inter-ministerial committee for development cooperation and an inter-departmental commission on sustainable development. The inter-ministerial committee for development cooperation has adopted a new institutional mechanism to discuss PCD issues. Once impacts are identified, trade-offs and synergies are discussed in the inter-ministerial committee for development cooperation, which would later formulate recommendations to the government. It is then up to the concerned Ministers to decide follow up actions. Parliament can call for action upon on these recommendations. Moreover, the inter-ministerial committee for development cooperation works in close partnership with the inter-departmental commission on sustainable development, which coordinates the overall planning, implementation and monitoring of the Luxembourg National Plan for Sustainable Development.

In **Denmark** new legislation is accompanied by analyses of possible impacts on developing countries. The impact analyses inform the Parliament's deliberations on each piece of legislation thereby enabling informed decisions.

**Poland** has introduced PCD into the Polish impact assessment procedure. A question concerning the possible impacts of regulations on the social and economic development of Poland's aid priority partner countries has been introduced in the guidelines for regulatory impact assessment. This helps evaluate the potential impact of a given national policy on the socio - economic development in Polish Aid priority countries.

In **Belgium**, the Law for Development Cooperation subscribes to the obligation of PCD and stipulates that all draft laws or royal decrees shall be presented to the Council of Ministers to be examined in advance by the Belgian Development Cooperation as to their possible impact on developing countries.

The **Dutch** government reports annually to its Parliament on progress made on its PCD action plan. This Action Plan was drawn in 2016 to promote coherence more systematically between the different policy areas that impact developing countries. This plan sets out goals linked to the SDGs, actions and indicators.

The **Estonian** think-tank "Praxis Centre for Policy Studies", financed by Estonian Ministry of Foreign Affairs and the EU, carried out a study on how PCD principles are implemented in Estonia in the field of sustainable development. The study aimed to propose recommendations how to better coordinate and implement PCD, and how to evaluate the impact of Estonian policies on developing countries.

### 3. PCD IN PRACTICE

As illustrated in the previous chapter, partnering between EU institutions and the Member States in promoting the EU's commitment to PCD is essential to implement the 2030 Agenda successfully. However, such collaboration is not always easy at a time when countries are affected by unprecedented global challenges and uncertainties and when the multilateral system is continuously being put to the test. It is thus becoming increasingly challenging for governments to align their national interests with development cooperation policy.

The new European Consensus on Development foresees that **PCD is applied across all policies and all areas covered by the 2030 Agenda**, with special attention paid to trade, finance, environment and climate change, food security, migration and security.



The focus on this section will be to report on a limited number of topical PCD priority areas along the remaining “P”s of the 2030 Agenda (People, Planet, Prosperity and Peace). This section is also complemented with examples submitted by the EU Member States in their replies to the questionnaire.

Source: UN

#### 3.1 PEOPLE – caring about human development and dignity for all



The Millennium Development Goals reflected the essential principles of social development aspects by mainly addressing basic societal deficits (for example focus was on ending extreme poverty and hunger, promoting good health and education) only in developing countries. In comparison, the 2030 Agenda is more holistic. It is committed to strengthening human capabilities, as well as giving everyone a voice, encouraging participation, ensuring inclusivity, gender equity, social justice and sustainable development for everyone around the

world.<sup>28</sup> People in all countries are at the centre of the 2030 Agenda: **the notion of human development is all about creating a better wellbeing and improving the lives of current and future generations**<sup>29</sup>. With this new agenda, the focus is no longer solely on reducing or addressing deficiencies but rather on adopting a comprehensive approach to bringing positive change to people's lives. For example its considerations include how digitalisation and access to information and communications technologies can help improve people's knowledge, education and even their mobility.

Human development and improving the well-being of people is crucial. In the new European Consensus for Development, the EU reiterated its commitment to allocating at least 20% of its Official Development Assistance to social inclusion and human development. This commitment was also maintained in the recent Commission proposal for a Neighbourhood, Development and International Cooperation Instrument<sup>30</sup>, which would be the main funding stream under the newly proposed funding architecture for the EU's external action (Multi-Annual Financial Framework 2021-2027).

### 3.1.1 Food security

*"Food security exists when all people, at all times, have physical and economic **access** to **sufficient, safe and nutritious** food that meets their dietary needs and food preferences for an active and healthy life"*

World Food Summit, 1996

According to the 2018 report on the state of food security and nutrition in the world<sup>31</sup>, after a prolonged decline, global hunger has steadily increased since 2016. The absolute number of people facing chronic food deprivation has increased to nearly 821 million in 2017, from around 804 million in 2016. This is a clear signal that without increased efforts, the world will fall short of achieving SDG 2 on ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture by 2030. Aligning all EU policies to the 2030 Agenda and increasing the coherence of EU policies with development policy objectives are necessary to "leave no one behind" on the road towards achieving the 2030 Agenda on food security and improved nutrition.

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<sup>28</sup> <https://oecd-development-matters.org/2016/11/10/human-development-and-the-2030-agenda-effecting-positive-change-in-peoples-lives/>

<sup>29</sup> Idem

<sup>30</sup> COM (2018) 460 - Proposal for a Regulation of the European Parliament and of the Council establishing the Neighbourhood, Development and International Cooperation Instrument

<sup>31</sup> The state of food security and nutrition in the world report is an annual flagship report jointly prepared by FAO, IFAD, UNICEF, WFP and WHO to inform on progress towards ending hunger, achieving food security and improving nutrition. It provides in-depth analysis on key challenges for achieving this goal in the context of the 2030 Agenda. See: <http://www.fao.org/3/I9553EN/i9553en.pdf>

➤ **A proposal for a revised Common Agricultural Policy that increases coherence with EU international commitments, including the UN SDGs**

The Common Agricultural Policy (CAP) has been embracing the concept of sustainability in all its dimensions, be they economic, environmental or socio-territorial. It aims to contribute to the income, productivity and competitiveness of European farmers, while encouraging sustainable agricultural practices that respect natural resources. It encourages measures to adapt and mitigate climate change and seeks to maintain lively rural areas and landscapes across the EU. In addition to these objectives, the proposals for a reformed CAP for 2021-2027<sup>32</sup> also take into account the need for agricultural policy to help fulfil the EU's international commitments and be coherent with other EU policies. The proposals also aim to address new societal demands e.g. to reduce food waste and guarantee animal welfare. The proposals also intend to modernise and simplify the CAP by introducing a performance-based system, which requires that the needs, objectives, measures, funding and results of a given policy are strategically planned from the outset.

**The EU is a major importer of commodities and exporter of valuable agriculture and food products. Its practices therefore have a noticeable impact on food systems outside the EU, including in developing countries.** The proposals for a reformed CAP for 2021-2027 therefore build on previous policy reforms in that it confirms market orientation as a fundamental CAP principle to minimise the risk of creating distortions in global agricultural markets. The proposals remove export subsidies, continue with direct support to farmers which is largely decoupled from production decisions and restrict market measures to times of crisis (and even then, price support for farmers is set at levels that are generally well below normal market conditions, reducing EU surpluses and bringing EU prices more into line with global prices). In line with this, the proposals for a reformed CAP include an explicit reference to the EU commitment to PCD in the explanatory memorandum thereby, indicating that a reformed CAP will take into account the EU development cooperation's objectives of poverty eradication and sustainable development in developing countries. Particular attention will be given to ensure that EU support to its farmers has minimal or no trade distorting effects.

Beyond market orientation, other ways in which the CAP proposals contribute to the EU's international commitments should be taken into account, as they indeed:

- put a strong focus on farm viability, resilience and competitiveness to continue the provision of diverse, healthy and safe food, the production of environmental and climate public goods and to offer a perspective to farmers and communities in rural areas;
- make a clear commitment to an enhanced environmental and climate delivery helping to secure resource efficiency and fight consequences of climate change in the EU and globally (both via mandatory and voluntary tools);

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<sup>32</sup> [https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap\\_en](https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-cap_en)

- aim for a clear push towards exploring the potential of knowledge, innovation and technologies<sup>33</sup> with a view to a more sustainable farming sector and to opportunities for rural economies;
- remain consistent with the EU's approach to trade in agricultural products on very favourable terms for developing countries, particularly for least developed countries.

Both through bilateral and multilateral initiatives, the EU is encouraging third countries to add value to agri-food production, e.g. by adopting and developing systems for the protection of geographical indications or organic production.

In parallel, the PCD dimension in the EU agriculture and food sector has been further strengthened with the proposal for an EU Directive on **unfair trading practices**<sup>34</sup> in business-to-business relationships in the food supply chain.

**Germany** is sets a good example by not using coupled direct payments. The German government monitors the other market distortive risks of the current CAP.

Farmers, processors, traders, wholesalers, retailers and consumers play a part in the food supply chain. Smaller operators are more likely to face unfair trading practices due to their weak bargaining power as compared with large operators in the food supply chain. The proposal for the new directive on unfair trading practices introduces a minimum common standard of protection across the EU to reduce unfair trading practices in the food supply chain. The goal is to help ensure a fair standard of living for the EU's agricultural community while providing some protection for smaller operators in third countries.

These two proposals contribute to the SDG 2 on ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture by 2030, in particular in relation to targets SDG 2.b and c<sup>35</sup>.

### 3.1.2 Health

EU health policy complements national health policies and ensures health protection is taken into account in all EU policies, including by ensuring the accessibility, effectiveness and resilience of health systems in the EU. At international level, the EU plays an active part in global health deliberations, supporting the World Health Organisation, the leading authority on global health in the UN system and actively engaging within the G7 and the G20 on this matter. The EU is committed to the 2030 Agenda and in particular SDG 3 “Ensure healthy lives and promote well-being for all at all ages” and specifically to achieving universal health coverage for all. The new European Consensus on Development specifically recognised health as being central to peoples' lives and a key element of equitable and sustainable growth and development as follows:

<sup>33</sup> The challenge of food and nutrition security and sustainable agriculture is a top priority in EU-funded research and innovation programs to which developing countries can also participate

<sup>34</sup> COM/2018/0173 final - 2018/082 (COD)

<sup>35</sup> SDG 2.b and c: Correct and prevent trade restrictions and distortions in world agricultural markets; adopt measures to ensure the proper functioning of food commodity markets



The EU and its Member States reaffirm their commitment to protecting and promoting the right of everyone to enjoy the highest attainable standard of physical and mental health so as to promote human dignity, well-being and prosperity for all.

➤ **Strengthening EU cooperation against vaccine preventable diseases while mitigating possible negative impacts on developing countries**

On 7 December 2018 the Council adopted a Recommendation<sup>36</sup> to strengthen the EU cooperation on vaccine-preventable diseases between EU countries, industry and other relevant stakeholders. This proposal calls for EU-level action to strengthen cooperation and coordination between EU countries, industry and other relevant stakeholders. The objectives are to increase vaccination coverage, ensure equal access to vaccination bridging inequalities and gaps in immunisation, increase confidence in vaccines, support research and innovation and mitigate risks of shortages of vaccine supply with the ultimate goal to decrease mortality and morbidity linked to vaccine preventable diseases. However, the implementation of this EU policy could negatively impact developing countries, due to possible induced pressure on the supply chains, hence leading to supply shortages or increased prices for vaccines in developing countries.

For this reason, the EU supports the Global Alliance for Vaccines and Immunisations (GAVI Alliance) in its work to ensure effective use and universal coverage of recommended vaccines such as polio and pneumococcal vaccines. Over the last 15 years, the EU has provided over EUR 300 million to support global vaccination and, as a result, nearly 700 million children have been vaccinated worldwide. The EU has pledged EUR 200 million for the period 2016-2020<sup>37</sup>, with the aim of immunising 300 million children. EU support also enables the GAVI Alliance to strengthen their market-shaping activities to make vaccines affordable for populations in developing countries. In this way, the EU mitigates the risk of supply shortages or prices increases for vaccines in developing countries and actively supports developing countries achieving SDG 3.d<sup>38</sup>.

### **3.1.3 Migration and mobility**

Well-managed migration and mobility can make positive contributions to inclusive growth and sustainable development and can create opportunities for economic and cultural growth, both in countries of origin and in countries of destination. The SDGs contain specific targets (SDG 10.7 - safe and regular migration; SDG 10.c - remittances; SDG 8.8 - migrant workers, women migrants; SDG 17.18 - data monitoring) and actions related to migration throughout the 2030 Agenda, recognising well-managed migration's contribution to sustainable development. For example the contribution of the African migrants to African economies is significant: through their remittances, migrants support productive investment in their own

<sup>36</sup> Council Recommendation 14152/1/18 on strengthened cooperation against vaccine-preventable diseases

<sup>37</sup> On 27 January 2015 Commissioner Mimica pledged EUR 200 million to GAVI Alliance for the years 2016-2020. [http://europa.eu/rapid/press-release\\_MEX-15-3741\\_en.htm](http://europa.eu/rapid/press-release_MEX-15-3741_en.htm)

<sup>38</sup> SDG 3.d: Strengthen the capacity of all countries, in particular developing countries, for early warning risk reduction and management of national and global health risks

countries. The UN Global Compact for Safe, Orderly and Regular Migration<sup>39</sup>, which was adopted at the inter-governmental Conference on 10-11 December 2018 in Marrakesh, and through an UNGA Resolution in New York on 19 December 2018, is a historic opportunity to move towards a more sustainable governance of human mobility.

Changes in the political agenda and public opinion in the EU Member States results in fluctuating attention to the level of priority of PCD. This is very obvious in the area of migration and mobility especially since migration become a regular point at the **European Council** and is likely to remain high on the EU agenda. The recent Commission proposal for the new Multiannual Financial Framework 2021-2027 illustrates the importance of migration and asylum with the EU budget significantly reinforced in this area, reaching more than EUR 34.9 billion, compared to EUR 13 billion for the period 2014-2020. In addition, in the proposed Neighbourhood, Development and International Cooperation Instrument also currently being negotiated between the co-legislators, it was proposed that a horizontal spending target of 10% of the funds be earmarked to enhance capacities on migration management and tackle the root causes of irregular migration and forced displacement.

With specific reference to SDG 10.7 target of facilitating orderly, safe, regular and responsible migration and mobility of people, the **European Agenda on Migration**<sup>40</sup> sets out a comprehensive approach to address all aspects of migration inside and beyond EU borders in a balanced way. This includes: addressing the root causes of irregular migration and forced displacement, protecting and securing EU external borders, enhancing effective returns and readmission of persons not entitled to stay in the EU, fighting smuggling of migrants and trafficking in human beings, building a fair Common European Asylum system and set up new policy on legal migration. It is based on an integrated approach, combining efforts within the EU, at the EU's external borders and outside the EU in cooperation with partner countries. Building credibility to work with partners for a comprehensive migration policy also means offering safe and legal pathways into the EU. The aim is to facilitate access to international protection to the persons in need through EU resettlement schemes and enhance circular labour mobility with third countries of origin and transit, thereby maximising the positive aspects of migration for development.

In line with the European Agenda on Migration, the EU with its African partners jointly adopted the Valletta Declaration<sup>41</sup> and an ambitious Joint Action Plan on Migration<sup>42</sup> during the Valletta Summit on Migration, which was held in Malta on 11-12 November 2015. The EU launched at the same time the EU Emergency Trust Fund for Africa<sup>43</sup> to support the implementation of the Joint Valletta Action Plan. Moreover, in June 2016, the EU Partnership Framework on Migration<sup>44</sup> established a new way of cooperating with partner countries on migration by fully embedding migration into the relations with main countries of origin, transit and destination.

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<sup>39</sup> <https://undocs.org/A/CONF.231/3>

<sup>40</sup> COM (2015) 240 final

<sup>41</sup> [https://www.consilium.europa.eu/media/21841/political\\_decl\\_en.pdf](https://www.consilium.europa.eu/media/21841/political_decl_en.pdf)

<sup>42</sup> [https://www.consilium.europa.eu/media/21839/action\\_plan\\_en.pdf](https://www.consilium.europa.eu/media/21839/action_plan_en.pdf)

<sup>43</sup> [https://ec.europa.eu/trustfundforafrica/sites/euetfa/files/strategic\\_orientation\\_document-en\\_0.pdf](https://ec.europa.eu/trustfundforafrica/sites/euetfa/files/strategic_orientation_document-en_0.pdf)

<sup>44</sup> COM(2016) 385 final



### **Implementation of the Joint Valletta Action Plan, through the regional processes**

In 2015, European and African leaders adopted the Joint Valletta Action Plan (JVAP), mutually addressing opportunities and the challenges of migration. JVAP is structured along five pillars:

1. development benefits of migration and addressing root causes of irregular migration and forced displacement;
2. legal migration and mobility;
3. protection and asylum;
4. prevention of and fight against irregular migration, migrant smuggling and trafficking in human beings; and
5. return, readmission and reintegration.

The JVAP is monitored and largely implemented through the Rabat and Khartoum processes, bringing together countries of origin, transit and destination of migration along the migratory routes from Africa to Europe. Besides the positive impact on the overall development potential in the African countries, the JVAP also contributed to positive progress in a number of SDGs (e.g. SDG 1- reducing poverty; SDG 4 - education of quality; SDG 6 - Clear water and sanitation; SDG 7 - renewable energy; SDG 8 - jobs and growths; SDG 9 - innovation).

The recent Valletta senior officials meeting, which took place in Addis Ababa on 14-15 November 2018, recognised the overarching progress achieved while also noting the opportunities in several areas to be more effective, to work closer together, regionally and between our two continents. The Rabat and Khartoum processes provided in-depth analysis that confirms that many important actions have taken place in the five pillars of the JVAP. At the same time, there is a need to continue to strive for a balanced and comprehensive approach: the value added of Valletta lies in combining the short and the long-term actions and reforms, national competences with international obligations.

The new European Consensus on Development recognises the positive contribution of well - managed migration to inclusive growth and sustainable development, while acknowledging the serious challenges posed particularly by irregular migration and forced displacement. EU development cooperation plays a key role in contributing to the EU's overall efforts to address migration, in full respect of development objectives and principles. The Commission's work focuses on the following issues: 1) addressing the drivers/root causes of irregular migration and forced displacement; 2) enhancing partners' capacities for improved migration and refugee management; 3) maximising the development impact of migration.

#### *1) Addressing the root causes of irregular migration and forced displacement*

By adopting a comprehensive approach to migration, the EU has established new and deep relationship with its partners. With the overall aim of maximising the development impact of migration, the Commission supports partner countries, for instance in Sub-Saharan Africa, to improve their capacity to deal with the more long-term and structural root causes of irregular

migration and forced displacement. This is typically done via support to fostering resilience, stability and security but is also contributing to provide socio-economic opportunities for example by creating jobs in particular for youth as well as addressing environmental drivers of migration, including environmental degradation, natural disasters and adverse effects of climate change.

### *2) Enhancing partners' capacities for improved migration management and addressing forced displacement*

The EU's support is also needed for improving legislative, institutional and operational capacities to ensure well-managed migration and dealing with forced displacement in all its aspects, taking into account that most migration is south-south and most refugees are hosted in developing countries. This support focuses on training and equipping partner countries with the right skills and tools so they are better positioned to address migration and forced displacement. This support includes capacity building for border management including readmission of their nationals, and combating trafficking in human beings and smuggling of migrants. In line with the EU's comprehensive approach towards migration, it also focuses on facilitating legal migration and mobility, both between developing countries and towards the EU and support to countries hosting large numbers of migrants or refugees. For example in 2017 and 2018, the EU adopted a special measure in Asia and the Middle East to address the short, medium and long-term challenges posed by protracted forced displacement and migration, both in host/transit countries and countries of origin.

**Greece** established the Ministry for Migration Policy in 2016, in order to enhance coordination, supervision and cohesion of the policies for developing country citizens' first reception, asylum, immigration and social inclusion.

### *3) Maximising the development impact of migration*

Strengthening the development potential of **remittances** remains a political priority for the EU and its Member States. The EU subscribes to the SDG 10.c commitment to reduce to less than 3% the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5%. Trying to lower the cost of remittances transfer is also an objective of the JVAP. The EU is engaging with partner countries to maximise the development impact of regular migration and mobility. For example, a range of programmes was put in place to improve the development outcomes from remittances sent by migrants to their countries of origin. For instance, the EU has supported a number of recent programmes implemented by the International Fund for Agriculture and Development under its Facility for Remittances. Actions include a EUR 5 million project to strengthen the functioning and the capacities of postal networks in the area of remittances in Benin, Ghana, Madagascar and Senegal. Another worldwide International Fund for Agricultural Development programme worth EUR 5 million is focusing on improving access to remittances in rural areas, with a main focus on Africa. In 2018 a new EU joint programme with the same UN Agency was launched: the 'Prime Africa programme' focuses on seven African countries with the aim of reducing the remittance costs from the EU by 30%. In addition, another EU funded programme on remittances include

support to the African Union Institute for Remittances, in Nairobi, aiming at creating African expertise and capacity to collect data, mobilize diaspora, undertake capacity building to African countries on remittances. Furthermore, the EU Payment Services Directive 2<sup>45</sup>, which entered into force in January 2016, helps to strengthen the regulatory environment for remittances, facilitating cheaper, faster and safer remittance transfers thus assisting countries of origin to benefit more from migration.

The EU is trying to encourage the participation of the diaspora and the use of remittances, particularly youth and women, to maximise the development objectives in the countries of origin including through the **InclusiFI initiative**, one of the first set of projects supported through the new European Fund for Sustainable Development. InclusiFI aims at leveraging private financing to foster inclusive and sustainable entrepreneurship and micro, small and medium enterprises growth in the region, ideally through remittances and diaspora capital, by expanding innovative business development and financial services in selected countries, addressing thereby the root causes of migration.

Likewise, the EU supports both countries of origin and diaspora organisations in Europe to enhance their cooperation, notably to provide possibilities for the diaspora to engage in development focused actions in their country of origin. Supporting diaspora investments is funded amongst others through the EU Trust Fund for Africa.

#### **Support the Mali Diaspora in the Region, project through EU Trust Fund Sahel Window (September 2016-2020)**

The project aims to promote collective development initiatives in areas of origin (usually through migrant associations in countries of destination) and to support the productive investment in Mali of the Malian diaspora, to increase their impacts on employment and to participate in the implementation of Mali's National Migration Policy. This project is part of the Programme to support Malian diaspora's investments in regions of origin. It targets local communities, especially young people, members of the diaspora and associations of migrations in the country.

Concerning **reintegration programmes**, focus is being put on their sustainability, in order to ensure that returning migrants reintegrate successfully into the local communities in their countries of origin.

In 2017, **Germany** launched a Joint Action Plan in the field of voluntary return of migrants and their sustainable reintegration in the local communities. Actions under this Action Plan include facilitating the return of migrants and providing them advice, job placement, and subsidies with the aim of a sustainable reintegration.

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<sup>45</sup> Directive (EU) 2015/2366

### 3.1.4 Addressing trafficking in human beings and migrant smuggling

Human trafficking is a multifaceted issue cutting across human rights, rule of law, migration, labour, inequality, anti-corruption, education, gender, violence, and conflict issues. Progress on many SDG targets will therefore also help to prevent and eliminate human trafficking globally. According to the UN Office on Drugs and Crime's Global Report, victims are trafficked along a multitude of trafficking flows within countries, between neighbouring countries or even across different continents. Trafficking in human beings is a serious human rights violation, explicitly prohibited by Article 5 of the EU Charter of Fundamental Rights and a serious form of organised crime, with references in Articles 83 and 79 of the Treaty on the Functioning of the EU. It is a crime driven by large profits and a complex interplay of supply and demand.

Smuggling of migrants, on the other hand, is a growing global crime that exposes thousands of migrants to unacceptable risks and challenges the integrity of international borders. It is addressed by the UN Protocol against the Smuggling of Migrants<sup>46</sup> (also supplementing the UN Convention Against Transnational Organised Crime).

The adoption of the 2030 Agenda renewed the political commitment to combat trafficking in human beings and protect victims and to prevent migrant smuggling. Trafficking in human beings is addressed in three targets and namely

- SDG 5.2 ("eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation");
- SDG 16.2 ("end abuse, exploitation, trafficking and all forms of violence against and torture of children") and
- SDG 8.7 ("End to all forms of forced labour, human trafficking, modern slavery, and child labour by 2025") addresses trafficking in human beings.

Migrant smuggling is addressed in SDG 8.8 ("protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment").

Progress in the other SDGs is essential to for a stronger comprehensive approach to combatting trafficking and migrant smuggling. Examples include:

- poverty eradication (SDG 1);
- gender equality and women's empowerment (SDG 5);
- promoting full and productive employment and decent work (SDG 8);
- reducing inequality within and among countries (SDG 10); and
- providing access to justice for all and building effective, accountable and inclusive institutions (SDG 16), namely with SDG 16.a (to strengthen relevant national institutions, including through international cooperation, for building capacity at all

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<sup>46</sup> UNODC, Protocol against the Smuggling of Migrants by Land, Sea and Air, supplementing the UN Convention against Transnational Organized Crime, 2004.

levels, in particular in developing countries, to prevent violence and combat terrorism and crime).

The EU is taking action to address both trafficking and smuggling to ensure that people's human rights are respected and upheld, to prevent irregular migration and to reduce tragedies such as the increasing number of lives lost at sea. In line with the Global Approach to Migration and Mobility and the Partnership Framework Approach established under the European Agenda on Migration in 2016<sup>47</sup>, the fight against migrant smuggling and trafficking in human beings is systematically covered in all dialogues and cooperation frameworks with non-EU countries as part of the EU's overall relations with these countries. This also applies to regional dialogues, in particular the Rabat and Khartoum Processes, with the countries along the migratory routes in West Africa and the Horn of Africa. The prevention of and fight against irregular migration, migrant smuggling and trafficking in human beings is also one of the priority domains in the Joint Valletta Action Plan. The work of both the civil and military **CSDP missions and operations** that are active on the main migratory routes, such as Operation Sophia, EU Border Assistance Mission in Libya, EU Capacity Building Mission in Sahel Niger, EU Capacity Building Mission in Sahel Mali and EU Training Mission in Mali have also proved instrumental and strongly demonstrates the regional and cooperative approach of EU Common Security and Defence Policy in this context.

#### **The Joint AU- EU-UN Task Force**

In November 2017, the EU, the African Union, and the UN put in place a task force to save and protect lives of migrants and refugees along the routes and in particular those inside Libya, accelerating the assisted voluntary returns to countries of origin, and the resettlement of those in need of international protection. The Joint AU- EU-UN Task Force has demonstrated what can be achieved by working in partnership and sharing responsibility for managing global migration. The task force has also committed to working together to improve the humanitarian situation of migrants, including closing detention centres in Libya, and **dismantling trafficking and smuggling criminal networks**. Coordinated joint efforts are crucial for continued tangible progress on the complex Central Mediterranean situation.

#### ➤ **Migrant smuggling**

Migrant smuggling is a profitable business for criminal networks with estimated annual turnover of billions of euros. Smugglers use land, sea and air routes to facilitate irregular migration both into and within the EU. Poverty, social and political instability, as well as the limited availability of legal migration routes, push people to use criminal networks to ease their unauthorised entry into, transit through or stay in the EU. EU policies particularly the ones that address SDG 8.7 and 8.8 help fight migrant smuggling and tackle irregular migration.

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<sup>47</sup> COM(2016) 385 final - A new Partnership Framework with third countries under the European Agenda on Migration

In 2015, the Commission adopted its first comprehensive EU Action Plan against Migrant Smuggling, which runs until 2020<sup>48</sup>. This Action Plan aims to transform smuggling from a 'high profit, low risk' activity into a 'high risk, low profit' business, while ensuring the full respect and protection of migrants' human rights. The focus of the action plan is on enhancing cooperation within the EU as well as with third countries to address this inherently cross-border crime.

### **EU Action Plan against Migrant Smuggling 2015-2020**

The Action Plan against Migrant Smuggling reinforces operational cooperation between the EU and third countries of origin and transit to prevent and counter migrant smuggling through a wide range of instruments, such as:

- (i) EU funded capacity building projects (such as the Global Action against Trafficking in Persons and Smuggling of Migrants and the UN Office on Drugs and Crime regional programme under EU Trust Fund North Africa window),
- (ii) information and awareness-raising campaigns (for example six new campaigns in Tunisia, Mali, Niger, the Gambia, Ivory Coast, Guinea that will start in early 2019),
- (iii) joint investigations teams and common operational partnerships or postings of European Migration Liaison Officers in key third countries.

These projects and actions aim to coordinate the work on migrant smuggling and allow partner countries to better prevent and counter this transnational crime. The implementation of the plan is ongoing, alongside a number of complementary initiatives to tackle migrant smuggling.

On 10 March 2016, the Council of the EU<sup>49</sup> echoed the commitments to advance concerted action at EU and international levels against migrant smuggling and set out concrete recommendations to EU Member States, the Commission and EU agencies. On 18 October 2018, the European Council called for a stepping up of the networks concerning the fight against people-smuggling and invited the Council, with the support of the Commission, to develop a comprehensive and operational set of measures to this end<sup>50</sup>. On 6 December 2018, the Council approved a set of measures on enhancing the response to migrant smuggling networks.<sup>51</sup>

### ➤ **Trafficking in human beings**

The EU has been taking action against trafficking in human beings for years and in 2011, an EU Anti Trafficking Coordinator was appointed. Building on the 2012-2016 EU Strategy

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<sup>48</sup> COM (2015) 285 final

<sup>49</sup> ST6995/16, Council Conclusions on Migrant Smuggling

<sup>50</sup> EUCO 13/18, European Council meeting (18 October 2018) – Conclusions

<sup>51</sup> 15250/18, Justice and Home Affairs Council.



towards the eradication of trafficking in human beings<sup>52</sup> and in light of recent migratory, economic and security challenges, the Commission adopted a Communication<sup>53</sup> in December 2017 "Reporting on the follow-up to the EU Strategy towards the eradication of trafficking in human beings and identifying further concrete action". In the Communication, the Commission set out its priorities to identify key areas that require immediate action from the EU and its Member States to disrupt the modus operandi of traffickers, strengthen victims' rights and intensify internal and external efforts. Targeted measures were proposed to step up EU's efforts to prevent trafficking in human beings and migrant smuggling. Of particular importance to ensure policy coherence and to maximise development objectives is the action supporting coherent and coordinated approach within and outside the EU, which contains several aspects of cooperation with non-EU countries. These actions are focused on supporting partner countries to implement security sector reforms and establish the rule of law on their territory to prevent and tackle trafficking in human beings, build strong law enforcement and prosecution bodies and protect and assist victims.

The second progress report<sup>54</sup> on EU efforts in the fights against trafficking in human beings was adopted on 3 December 2018. The report presents emerging patterns, statistical data, outlines progress made and challenges persisting. In 2015-2016, 20.532 victims of trafficking were registered in the EU, with the actual number of victims likely to be significantly higher. 68% were women and girls, while children represent almost one quarter (23%) of registered victims. Nearly half (44%) of registered victims were EU citizens, and 22% of victims were EU citizens registered in their own country. Trafficking for sexual exploitation remains the most widespread form (56%), followed by trafficking for labour exploitation (26%) and other forms (18%), such as forced marriage, forced begging and forced criminality. At the same time, trafficking continues to be characterised by impunity with the level of prosecutions and convictions remaining low. The report highlights the need for Member States to boost efforts for identifying victims and ensuring they have access to their rights to assistance and protection. The report identifies improvements, especially relating to cross-border cooperation, cooperation with civil society, use of financial investigations, setting up joint investigation teams, and developing national and transnational referral mechanisms supporting victims.”

To mark the 12<sup>th</sup> EU Anti-Trafficking Day on 18 October 2018, an event was jointly organised by the European Parliament's Civil Liberties, Justice and Home Affairs Committee and the Women's Rights and Gender Equality Committee during which, a report on gender-specific measures in anti-trafficking actions<sup>55</sup>, prepared by the European Institute for Gender Equality in cooperation with the Commission was launched. The report is a result of the Commission's new priority actions adopted in December 2017. The European Institute for

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<sup>52</sup> [https://ec.europa.eu/anti-trafficking/sites/antitrafficking/files/eu\\_strategy\\_towards\\_the\\_eradication\\_of\\_trafficking\\_in\\_human\\_beings\\_2012-2016\\_1.pdf](https://ec.europa.eu/anti-trafficking/sites/antitrafficking/files/eu_strategy_towards_the_eradication_of_trafficking_in_human_beings_2012-2016_1.pdf)

<sup>53</sup> COM(2017) 728 final: Reporting on the follow-up to the EU Strategy towards the Eradication of trafficking in human beings and identifying further concrete actions

<sup>54</sup> COM(2018) 777 final - Second report on the progress made in the fight against trafficking in human beings

<sup>55</sup> <https://eige.europa.eu/rdc/eige-publications/gender-specific-measures-anti-trafficking-actions-report>

Gender Equality has analysed both the EU Anti-Trafficking Directive and the Victims' Rights Directive from a gender perspective. In cooperation with the Commission, it has developed gender and child specific recommendations to help EU Member States implement the directives and monitor their progress. Both directives need to be implemented in complementarity in order to maximise their potential to protect potential victims.

### 3.2 Safeguarding life on the PLANET – protecting the environment, managing natural resources and tackling climate change



The 2030 Agenda for Sustainable Development has brought a more holistic way of looking at development issues, recognising that social and economic development depend on a healthy environment and sustainable management of the planet's natural resources<sup>56</sup>. SDG 6 (clean water and sanitation), SDG 12 (responsible consumption and production), SDG 13 (climate action), SDG 14 (life below water) and SDG 15 (life on land) all specifically focus on the sustainability of life on our planet, underlining the importance of supporting the needs of present and future generations. Ensuring the sustainability of life on the planet is essential for achieving progress on all the SDGs.

*"Without a healthy planet, none of the Sustainable Development Goals can be achieved.... We need to protect, restore and manage our natural capital, not just to survive, but to prosper. Achieving a circular economy means changing global mind-sets.....spreading an understanding that a healthy environment is a source of growth and jobs. "*

Commissioner Karmenu Vella

A healthy planet is a major concern for the EU to ensure the well-being of European citizens and of all other countries for future generations. EU policies affect the long-term safeguard of life on our planet, including in developing countries. The EU has consequently stepped-up its efforts in protecting and restoring the environment as well as improving the sustainable management of natural resources, including marine resources (SDG 14 "conserve and sustainably use the oceans, seas and marine resources for sustainable development"), and the protection and sustainable use of ecosystems, including biodiversity (SDG 15 "protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forest, combat desertification, and halt and reverse land degradation and halt biodiversity loss"). To this end the **transition to a circular economy** (SDG 12 "ensure sustainable consumption and production patterns") is instrumental to contain and reduce environmental degradations on the long term, and at the same time support other SDGs related to sustainable economic growth, employment and industrialisation.

<sup>56</sup> <http://www.teebweb.org/sdg-agrifood/annex-3/>



The EU's efforts are aligned with the **UN Paris Agreement on Climate Change**. This agreement brings countries with widely differing interests together to work on a common concern: enabling the future of life as we know it on our planet by moving towards a low carbon economy. In view of the adoption of the UN Paris Agreement, the EU adopted new climate targets<sup>57</sup> to be met by 2030. These included a minimum of 40% reduction in greenhouse gas emissions (compared to its 1990 level), underpinned by a number of policies and targets, two of which were subsequently increased in June 2018, putting de facto the EU on a trajectory of 45% emissions reduction, a 32% share of renewable energy sources in the energy mix, and a 32.5% target for energy efficiency. Fulfilling these objectives would be an important step in transforming the European economy.

Furthermore, following direction by the **European Council** in March 2018, the European Commission adopted on 28 November 2018 a strategic long-term vision *A Clean Planet for all*<sup>58</sup>. Based on this vision, an EU-wide informed debate should allow the EU to adopt and submit an ambitious strategy by early 2020 to the UN Framework Convention on Climate Change as requested under the Paris Agreement.

**A “Clean Planet for all”: a European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy**

On 28 November 2018, the Commission presented its strategic long-term vision for a prosperous, modern, competitive and climate-neutral economy. The strategy shows how Europe can lead on climate neutrality by investing into realistic technological solutions, empowering citizens, and aligning action in key areas such as industrial policy, finance, or research – while ensuring social fairness for a just transition. The Commission's vision for a climate-neutral future covers nearly all EU policies and is in line with the Paris Agreement objective to keep temperature increase to well below 2°C, and pursue efforts to keep it to 1.5°C. For the EU to be a front-runner towards a climate neutrality means achieving it by 2050.

Applying the principles of a competitive, inclusive, socially fair and multilateral European approach, a number of overriding priorities, fully consistent with the SDGs, should be guiding for the transition to a climate neutral Europe:

- accelerate the clean energy transition, ramping up renewable energy production, high energy-efficiency and improved security of supply;
- strengthen the central role of citizens and consumers in the energy transition;
- roll out carbon-free, connected and automated mobility;
- boost industrial competitiveness, ensure competitive markets;
- promote a sustainable bio-economy, safeguard our natural resources;
- strengthen infrastructure and make it climate proof;
- accelerate research, innovation and entrepreneurship on zero-carbon solutions;
- promote sustainable finance and investment;
- invest in human capital, education and training skills;

<sup>57</sup> COM(2014) 15 final

<sup>58</sup> COM(2018) 773 final

- align growth-enhancing policies with energy and climate policies;
- ensure fair transition in coordination with Member States and regions;
- continue international collaboration, share knowledge.

With this vision, the EU can inform others how the EU can deliver collectively a clean planet and show that transforming the economy is possible and beneficial globally. The long-term strategy is an invitation to all to participate in ensuring the EU can continue to show leadership and hold other international partners to do the same.

Without a solid financial endowment, it will be impossible to deliver on the climate targets. To this end, both the UN Paris Agreement and the 2030 Agenda's objectives have been informed into the EU's 2014-2020 Multi-annual Financial Framework by ensuring that at least 20% of the EU budget, including support to developing countries, is climate related. In addition, in its proposal for the 2021-2027 Multi-annual Financial Framework, the Commission suggested an increase in the climate target from 20% to 25%<sup>59</sup>. Combined with a proposed overall increase in the budget, reaching this new target could provide an additional boost of EUR 16 billion per annum. There is no Planet B and, as former President of the UN Ban Ki-moon stated, "“We are the first generation to be able to end poverty, and the last generation that can take steps to avoid the worst impacts of climate change... Future generations will judge us harshly if we fail to uphold our moral and historical responsibilities”".

**Sweden** has actively worked to mitigate negative environmental or social consequences of goods produced in other parts of the world and purchased in Sweden. The country's owner policy and its guidelines for state-owned companies were both updated in 2017 in line with SDG 12.6 and 12.7. The policy includes global goals and international guidelines on sustainable businesses and clarifies that the UN Paris Agreement must serve as guidance for businesses in their efforts to reduce their impact on climate and the environment.

### ➤ **EU policies on the circular economy lead to synergies for protecting life on the planet**

With the adoption of the Circular Economy Action Plan in 2015<sup>60</sup>, the EU has shown its ambition to take a holistic approach on consumption and production, which entails taking account of the complete value chain and its global dimension.

The EU Circular Economy Action Plan sets out actions to "close the loop" of product and material lifecycles through better eco-design, greater recycling and re-use for the benefit of the citizens, the environment and the economy. Creating a Circular Economy is the best way to reach SDG 12 on sustainable patterns of production and consumption. The Action Plan's aim is to get the maximum value from materials, products and waste to reduce the impact on our ecosystems. It also tackles climate change by encouraging energy savings and reducing

<sup>59</sup> COM(2018) 460 final

<sup>60</sup> COM(2015) 614 final

greenhouse gas emissions. Over the period 2015-2018, the EU delivered more than 85% of the actions, including a European Strategy for Plastics in a Circular Economy in January 2018 and a revised legislative framework for Waste in May 2018, which encourages prevention of waste and, where this is not possible, significantly steps up recycling of waste.

**Plastic Waste: a European strategy to protect the planet, defend our citizens and empower our industries**

The first-ever Europe-wide strategy on plastics<sup>61</sup> is part of the transition towards a more circular economy. It will help to protect the environment from plastic pollution while fostering growth and innovation, turning a challenge into an opportunity for the future of Europe. There is a strong business case for transforming the way products are designed, produced, used, and recycled in the EU. By taking the lead in this transition, the EU will create new investment opportunities and jobs. Under the new plan, all plastic packaging on the EU market will be recyclable by 2030, the consumption of single-use plastics will be reduced and the intentional use of micro plastics will be restricted.

Under the new strategy, the EU will take action to among other things, significantly reduce littering at sea, a practice that has a major impact on developing countries' waters and coasts. The strategy will also spur change across the world, working with partners from around the world to come up with global solutions and develop international standards. The EU will also continue to support others, as it has done with the clean-up of the Ganges River in India.

The Plastics Strategy will make a tangible contribution to the SDGs and the UN Paris Agreement objectives on climate change.

A global transition to the circular economy model brings co-benefits. The transition is in the interest of the EU, which is a major economic block, a leading exporter and importer of goods and services and is deeply embedded in global value chains. The transition also benefits developing countries. It improves the environmental sustainability of their economies, which is important, considering that the costs of further environmental degradation are likely to further lock these countries into poverty. Also, sustainable practices can provide a number of economic benefits, such as improved competitiveness and entry into new markets. By recognising the importance of the global dimension of supply chains, the Circular Economy Action Plan also leads to positive synergies with actions led by international organisations and other interested partners, as part of the global efforts to reach SDG 12, but also SDGs 6, 8, 9, 13, 14 and 15.

More specifically, EU projects up to EUR 250 million have been implemented in Africa, Asia and the Mediterranean through the "Switch to Green" regional programmes to implement sustainable consumption and production policies and green business practices. Measures to prevent plastic waste and marine litter were also introduced. East and South-East Asia for instance received a contribution of EUR 9 million for this purpose. The EU also actively cooperates with UN Environment contributing to the work of the "One Planet" network, and

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<sup>61</sup> COM(2018) 28 final - A European Strategy for Plastics in a Circular Economy

is actively engaged in the steering committees of Partnership for Action on Green Economy and the International Resource Panel.

The EU also supports multilateral initiatives on resource efficiency and circular economy in the G7 and G20. For instance, in 2018, under the G7 Canadian Presidency, the EU ensured that the commitments set out in the G7 Plastics Innovation Challenge, were sufficiently ambitious and in line with the European Plastics Strategy's goal for a circular plastics industry. The Ocean Plastics Charter was endorsed at the G7 Summit in Charlevoix (Canada) in June 2018, by the Leaders of Canada, France, Germany, Italy, the United Kingdom and the European Union.

Important initiatives by governments are developing all over the world: in June 2018, Indian Prime Minister Narendra Modi announced that India would eliminate all single-use plastic by 2022. The year 2018 also marks the tenth anniversary of a plastic bags ban in Rwanda. To harness this positive momentum, the European Commission and UN Environment jointly convened an event in New York on the margins of the UN General Assembly in September 2018, with the objective of inspiring new commitments to reduce plastic waste, exploring innovative ways to redesign production and consumption habits around the world and creating a more circular economy.

#### **Best practice from the EU Delegation to China<sup>62</sup>**

EU environment and climate change policies have a positive impact on the development process that China is undertaking. Good examples include the Emission Trading Schemes (China's Emission Trading Schemes is basically following the logic of EU Emission Trading Schemes) and Circular Economy (for example EU Plastics Strategy is already high on the agenda of the Chinese Government).

#### **➤ Better ocean governance**

Clean and healthy oceans are essential for humankind. Oceans are rich in ecosystems, act as climate regulators and are a source for global food security and human health. Nearly one billion people, largely in developing countries, rely on fish and seafood as their primary source of animal protein<sup>63</sup>. Millions of jobs around the world also depend on fisheries and aquaculture and their global market. Others also rely on the sea particularly coastal communities and tourism industries. For these reasons, the importance of the ocean for people and their livelihood was recognised in the 2030 Agenda.

SDG 14 is exclusively dedicated to “conserve and sustainably use the oceans, seas and marine resources for sustainable development”. It includes 10 targets relating to marine pollution, protecting marine and coastal ecosystems. However achieving SDG 14 also contributes to other SDGs, inter alia SDG 2, 15 and 12.

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<sup>62</sup> Source: External Assistance Management Report 2017 (examples of observed impacts of non-development EU policies on the development process in partner countries, as shared by EU delegations)

<sup>63</sup> WHO, Global and regional food consumption patterns and trends

In 2016, the Commission and the High Representative adopted a **joint communication on “International Ocean Governance: An agenda for the future of our oceans”**<sup>64</sup> proposing 50 actions for safe, secure, clean and sustainably managed oceans in Europe and around the world. These actions include new proposals, support to international initiatives and projects funded by the EU development policies. The aforementioned joint communication is an integral part of the EU’s response to the UN’s 2030 Agenda, in particular SDG 14 dedicated to conserving and sustainably using our oceans, seas and marine resources. The High Representative and the Commission are committed to use the external policy framework, including development cooperation, to promote and build capacity for better ocean governance with its partners.

Oceans are very important for many developing countries as a potential source of food, jobs and revenues. The EU is working with several partner countries on programmes that are supporting sustainable fisheries, marine protected areas and coastal zone management, climate mitigation in the maritime shipping sector, harbour infrastructures or maritime security. In that regard, the EU has dedicated some EUR 590 million under its development policy (2014-2020 programming).

On 5-9 June 2017, a **High-level UN Conference to Support the Implementation of SDG 14** was convened at UN Headquarters with the aim to be a game changer in reversing trends in the ocean's health decline. The aim of this High Level event was to identify ways and means to support the implementation of SDG14 through conservation, sustainable management and use of the oceans. The Conference endorsed a declaration entitled “Our ocean, our future: call for action”<sup>65</sup>. The EU endorsed the declaration which calls for strengthening capacity building and technical assistance provided to small-scale and artisanal fishers in developing countries, to enable and enhance their access to marine resources and markets and improve the socio-economic situation of fishers and fish workers within the context of sustainable fisheries management.

Oceans make up 70% of the planet. A stronger system of ocean governance is needed to ensure it remains safe, secure, clean and healthy. On 5 and 6 October 2017, the EU hosted the 4<sup>th</sup> edition of **"Our Ocean, An Ocean for Life" conference in Malta which addressed critical issues such as overfishing, managing resources sustainably and taking a long-term ecosystem based approach.** The 2017 conference was a major turning point. It mobilised for the first time the business community on a mass scale for better governance of the oceans. It resulted in unprecedented level of ambition in funding pledges and protection of the world's marine protected areas namely:

- 437 tangible and measurable commitments
- EUR 7.2 billion in financial pledges

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<sup>64</sup> JOIN(2016)49 Final

<sup>65</sup> A/RES/71/312 <https://oceanconference.un.org/callforaction>

- 2.5 million square kilometres of additional marine protected areas

The EU's commitments alone exceeded EUR 550 million for global action. Together with its Member States and the European Investment Bank, the EU pledged more than EUR 2.8 billion<sup>66</sup>.

The international work on oceans continue with the 5th edition of the Our Oceans Conference, in Bali on 29-30 October 2018. At the conference the EU announced further commitments worth EUR 300 million<sup>67</sup>, which include projects to tackle plastic pollution, make blue economy more sustainable and improve research and marine surveillance. Active work by the EU will also continue with regards to the new implementing agreement under UN Convention on the Law of the Sea on the conservation and sustainable use of biodiversity of areas beyond national jurisdiction. The aim is to elaborate a balanced instrument that will serve the interest of both developing and developed countries and will include the necessary mechanisms to foster joint cooperation in its implementation.

➤ **The EU Regulation to fight Illegal, Unreported and Unregulated Fishing<sup>68</sup> supports developing countries in ensuring the long-standing sustainable management of their fisheries resources**

Seafood is the largest traded food commodity in the world. It plays a major role in many people's livelihoods and traditions. However, global fisheries are a limited and shared resource and a growing world population has only exacerbated rising demand. Illegal, Unreported and Unregulated (IUU) fishing depletes fish stocks, destroys marine habitats, distorts competition, puts honest fishermen at an unfair disadvantage and weakens coastal communities, particularly in developing countries. Climate change will continue to exacerbate problems related to fish stocks affecting also fish distribution.

The EU IUU Regulation, which entered into force on 1 January 2010, aims to prevent, deter and eliminate illegal, unreported and unregulated fishing. It applies to both EU vessels and vessels of partner countries. To effectively fight IUU fishing and ensure a healthy fishing sector, developing countries must significantly improve their fisheries governance. As flag states, ports, coastal and market states, these countries must take action to improve their compliance with the international commitments under the international law of the sea. For example setting up a catch certification system that requires that all the fish entering the EU market be accompanied by a catch certificate, validated by the flag State of the catching vessel. This certificate would ensure that only products stemming from fishing activities carried out in respect of all international, regional and national conservation and management measures reach the EU market.

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<sup>66</sup> <https://ourocean2017.org/our-ocean-commitments> and [https://ourocean2017.org/sites/default/files/ooc-2017-list-of-commitments\\_en.pdf](https://ourocean2017.org/sites/default/files/ooc-2017-list-of-commitments_en.pdf)

<sup>67</sup> [IP/18/6209 on: http://europa.eu/rapid/press-release\\_IP-18-6209\\_en.htm](http://europa.eu/rapid/press-release_IP-18-6209_en.htm)

<sup>68</sup> Council Regulation (EC) No 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing, amending Regulations (EEC) No 2847/93, (EC) No 1936/2001 and (EC) No 601/2004 and repealing Regulations (EC) No 1093/94 and (EC) No 1447/1999



To support developing countries, the EU Regulation on IUU includes a series of actions to fight IUU fishing. These include policy dialogues, which have so far been initiated with 60 countries worldwide (in 2015 the number of countries stood at 40). In parallel, EU development policy has supported regional cooperation and reforms in the field of fisheries governance in a number of developing countries.

The EU has a policy instrument on IUU, which is a World Trade Organisation compatible transparent and non-discriminatory instrument that applies to all vessels engaged in the commercial exploitation of fisheries resources. By using a black list it can block trade in fish from the countries that are clearly in breach of their international obligations. Since 2015, some developing countries underwent major reforms to be taken off the black list. Guinea underwent such a reform in October 2016 and was taken off the black list along with support from EU technical assistance programmes, which improved the attractiveness of the fishing sector.

The implementation of the EU IUU Regulation led to positive synergies: it has benefited the EU, which is the main market for fishery products exported from developing countries. It has also benefited developing countries by helping them ensure the long-term sustainable management of their fisheries resources and the reproduction of fish stocks. In addition, by ensuring food security, the EU has supported developing countries efforts in reaching SDG 14 and SDG 2.

➤ **An EU policy considering impacts on developing countries from its inception: the case of the EU Action Plan against Wildlife Trafficking**

The EU has put in place numerous measures to combat illegal trade in wildlife, in line with the decisions made by the international community under the Convention on International Trade and Endangered Species of Wild Fauna and Flora (CITES). CITES is implemented in the EU through a set of regulations known as the EU Wildlife Trade Regulations. In 2016, an 'EU Action Plan against Wildlife Trafficking'<sup>69</sup> was adopted setting out the EU's comprehensive strategy to fight wildlife crime inside the EU and to strengthen the EU's role in the global fight against these illegal activities. The Action Plan is structured around three priorities:

- (i) preventing wildlife trafficking and addressing its root causes,
- (ii) implementing and enforcing existing rules and combatting organised wildlife crime more effectively, and
- (iii) strengthening the global partnership of source, consumer and transit countries against wildlife trafficking.

This comprehensive Action Plan is also essential in reaching the relevant SDGs. It reflects the EU's long-term commitment to address poaching and illegal trade and is part of a larger agenda on sustainable development, nature conservation and political and social stability. The Action Plan takes an inclusive approach, addressing the links between environment

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<sup>69</sup> COM(2016) 087 final - EU Action Plan against Wildlife Trafficking

(conservation, management of natural resources and the role of healthy ecosystems), development (ecosystem services, food security) employment (e.g. for wildlife rangers), ecotourism and security (the fight against international criminal networks, conflict prevention and rule of law). It creates connections between society and the economy, by giving importance to the involvement of local communities and civil society in this fight – a principle that is also supported by other elements of the EU's external action policy.

The needs of developing countries were considered throughout the policy-making process and specific focus was given to the root causes of wildlife trafficking especially poverty and insecurity. Careful attention was directed towards building sustainable livelihoods and viable economic activities as alternatives to poaching and trafficking, for instance by developing sustainable tourism, which preserves natural capital and also provides direct revenue to partner governments.

The Council of the EU endorsed the Action Plan<sup>70</sup> stressing that it was an important tool for raising awareness and stepping up action at all levels. The Council also underlined that close cooperation between different policy areas and actors was needed, both at EU level and with source, consumer and transit countries, to implement the action plan effectively and ensure policy coherence.

The policy has helped to ensure that action against wildlife trafficking is considered for EU funding in the areas of natural resources management, environment, organised crime, security and governance. In 2016-2017, EUR 340 million was allocated to projects and programmes that directly contributed to implementing the Wildlife Action Plan in developing countries. Moreover, EUR 73 million was granted to projects implementing wildlife trafficking-related actions more globally. For example, the 'Sustainable Wildlife Management' programme (EUR 45 million), contributes to the conservation of wildlife and ecosystems in African, Caribbean and Pacific states, while improving living conditions and food security for the local communities that depend on such resources. Importantly, the EU is financing a number of programmes designed to strengthen the enforcement and judiciary capacities of developing countries against wildlife trafficking, in coordination with the relevant international organisations and civil society organisations. The EU has also been actively engaged in bilateral dialogues and technical assistance with a number of third countries.

Comprehensively addressing wildlife and forest crime through the aforementioned EU Action Plan, has significant social and economic benefits for local populations and for the most vulnerable countries. This also contributes to the global achievement of SDG 15.7 ("take urgent action to end poaching and trafficking of protected species of flora and fauna and address both demand and supply of illegal wildlife products"), including in developing countries.

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<sup>70</sup> ST 10512/16, Council Conclusions on "EU Action Plan against Wildlife Trafficking", 20 June 2016



The external evaluation of PCD has analysed the **EU Action Plan against Wildlife Trafficking**.

The EU Action Plan against Wildlife Trafficking includes specific provisions on the needs of the developing countries as source countries of wildlife trade. These are aimed at the involvement of local communities in wildlife conservation, providing them with alternative livelihoods, and at strategic support for and coordination with developing countries. Needs of developing countries are particularly prominent in the first priority of the Plan - prevention of wildlife trafficking and addressing its root causes – which includes issues such as poverty, conflict and corruption.

The **European Commission 2018 Progress report on the 2016 EU Action Plan against Wildlife Trafficking**<sup>71</sup> highlighted the EU's positive contribution for raising the profile of wildlife trafficking as a priority issue among a wider range of policy-makers, law enforcement agencies and stakeholders (including the private sector) in the EU. Following two years of implementation, the Action Plan notably resulted in:

- increased enforcement actions within the EU,
- a new engagement by actors from the private sector against wildlife trafficking,
- the end in practice of EU Member States exports in raw ivory,
- the successful presentation by the EU of strong recommendations in multilateral institutions (notably CITES) against wildlife trafficking,
- increased EU funding for capacity-building and international actions against wildlife trafficking, and
- the mobilisation of the EU and Member States diplomatic networks in many third countries against this problem.

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<sup>71</sup> COM(2018) 711 final

### 3.3 Ensuring PROSPERITY for all:



*"Global trade is one of our fundamental economic freedoms. And it is also a formidable tool for growth. Millions of people have been lifted out of poverty through trade. If used correctly, it can help the world develop sustainably and inclusively"*

Commissioner Cecilia Malmström

Sustained, inclusive and sustainable economic growth is essential for prosperity. Trade in particular is an engine for inclusive economic growth and poverty reduction by generating increased commercial opportunities and long-term investment in productive capacities. With appropriate supporting domestic policies, it can also help to promote decent job creation, women's empowerment and food security as well as a reduction in inequality. Trade, thus, plays an important role and besides being a Means of Implementation (SDG 17), it underpins a number of SDGs and namely SDG 1 (End poverty), SDG 2 (Zero hunger), SDG 3 (Good health and Well-being), SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), SDG 9 (Industry, Innovation and Infrastructure), SDG 10 (Reduced Inequalities), SDG 13 (Climate Action) and SDG 14 (Life below water). At the same time, as the Addis Ababa Action Agenda<sup>72</sup> acknowledged, national development efforts need to be supported by an enabling international economic environment, which along with a rules-based, open and inclusive multilateral trading system includes in particular strengthened global economic and financial governance. In this context, efforts to improve the global architecture for tax governance become very important, especially for developing countries.

#### 3.3.1 Boosting Trade

The international trading landscape has changed dramatically in recent years due to the increasing prominence of global value chains. The share of global trade from developing countries is growing. However, this fact conceals big variations in their growth trajectories. There are still many developing countries, in particular Least Developed Countries, which continue to face difficulties to diversify their export base and to take advantage of world market opportunities and, thus, achieve structural transformation.

##### ➤ The EU's Scheme of Generalised Tariff Preferences

The EU is the most open market for developing countries' exports. Its Scheme of Generalised Tariff Preferences (GSP) has played a pivotal role in that respect. GSP is a unilateral system of trade preferences designed to support developing countries in their efforts to reduce

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<sup>72</sup> A/RES/69/313

poverty, promote good governance and support sustainable development through tariff reductions on exports to the EU.

The '**GSP Regulation**' (EU) No 978/2012 entered into force on 1 January 2014 reforming the previous instrument. Like its predecessor, it is made up of three arrangements providing for differentiated preferences according to beneficiaries' needs: First, the general/standard arrangement providing for tariff reduction on around 66% of tariff lines to low-income or lower-middle income countries. Second, the Special Incentive Arrangement for Sustainable Development and Good Governance ("GSP+") for vulnerable GSP beneficiary countries offering close to full removal of duties on essentially the same tariff lines as those covered by the general arrangement. GSP+ preferences are subject to the ratification and effective implementation of 27 international conventions on human and labour rights, environmental protection and good governance. Third, Everything But Arms, the most advantageous arrangement which grants Least Developed Countries duty-free, quota-free access to the EU market for all goods except for arms and ammunition.

The current GSP regime tightened eligibility criteria and focused preferences on Least Developed Countries and other countries most in need, thus phasing out economies that are more competitive bringing the number of beneficiaries from 178 to 92. This move was a response to new realities in the international trading system with a number of advanced developing economies becoming quite successful; this is fully in line with SDG 17.11 and SDG 17.12.

The mid-term evaluation of the new GSP regime, which was published on 4 October 2018<sup>73</sup>, has shown that it is on track in delivering on its objectives. EU imports from Least Developed Countries increased by 62.1% on the average of the three years post-reform (2014-2016) compared to the average of the three pre-reform years (2011-2013); for GSP+ countries this was 54%. The actual use of the preferences offered by GSP has also increased for most beneficiary countries.

However, challenges to taking full advantage of the trade opportunities remain in some countries, such as strong competition from other countries, non-tariff barriers, and rules of origin requirements, compounded by other supply-side constraints.

Furthermore, the GSP+ arrangement has contributed to the promotion of social development and human rights. This has incentivised beneficiary countries to adhere to fundamental labour and human rights.

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<sup>73</sup> Report from the Commission to the European Parliament and the Council on the application of Regulation (EU) No 978/2012 applying a Scheme of Generalised Tariff Preferences and repealing Council Regulation (EC) No 732/2008, COM(2018) 665 final; and the accompanying Commission Staff Working Document on Midterm Evaluation of the Generalised Scheme of Preferences, SWD(2018) 430 final

GSP has had a noteworthy positive impact on **the role of women in society** through the creation of employment opportunities for women and improved participation of women in the labour force in export industries trading with the EU. This is the case in particular in the textile and clothing sectors, amongst others, for example in Bangladesh and Pakistan. GSP has propelled developing countries to ratify international conventions, for example Tajikistan, in seeking to avail themselves of enhanced access to the EU market through GSP+. While ratification in itself does not necessarily mean that the rights enshrined in the conventions are respected, it provides an important impetus and framework for improvement.

The mid-term evaluation concludes that at this stage there is no need to amend the GSP Regulation before its expiry on 31 December 2023. The results of the mid-term evaluation will also feed into the next legislative review of the GSP that will be required for its extension beyond 2023.

Moreover, the Registered Exporter system is a new system of certification of origin of goods that contributes to facilitating exports from Least Developed Countries while also preventing fraud and corruption. The said system applies in the Generalised System of Preference of the EU since 1 January 2017 and is being extended gradually to other EU trade agreements like the Economic Partnership Agreements. Economic operators, who make out themselves so-called statements on origin, base the Registered Exporter system on the principle of self-certification.

### ➤ **Implementation of Free Trade Agreements**

Besides GSP, the EU uses other instruments to live up to its commitment to make trade an effective tool to promote sustainable development worldwide and to contribute to the SDGs as set out in its “Trade for All” strategy of October 2015. An important instrument in this regard is the negotiation and implementation of ambitious bilateral and regional trade agreements. This includes both the Economic Partnership Agreements with African, Caribbean and Pacific countries and Free Trade Agreements with other countries and regions.

#### **Trade for All Strategy**

The Commission Communication<sup>74</sup> “Trade for all – Towards a more responsible trade and investment policy” published in October 2015 announces a range of initiatives under the headings of effectiveness, transparency, values, and the EU's programme of negotiations. Among the main initiatives are:

A more **effective** policy that tackles new economic realities and lives up to its promises by:

- Updating trade policy to take account of the new economic realities such as global value chains, the digital economy and the importance of services

<sup>74</sup> COM(2015) 497 - Trade for All: Towards a more responsible trade and investment policy

- Setting up an enhanced partnership with the EU Member States, the European Parliament and stakeholders to implement trade and investment agreements better

A more **transparent** trade and investment policy by:

- Increasing transparency at all stages of the EU's trade negotiations

A trade and investment policy based on **values** by:

- Safeguarding EU regulatory protection and leading the reform of the global investment policy
- Expanding measures to support sustainable development, fair and ethical trade and human rights, including by ensuring effective implementation of related Free Trade Agreement provisions and the scheme of the Generalised Tariff Preferences.
- Including anti-corruption rules in future trade agreements

A **programme of negotiations** to shape globalisation by:

- Reenergising multilateral negotiations and designing an open approach to bilateral and regional agreements
- Strengthening EU presence in Asia and the Pacific notably by concluding the negotiations of the Economic Partnership Agreement with Japan and by opening negotiations with Australia, New Zealand and Indonesia
- Ensuring EPAs are implemented effectively and deepening relationships with African partners and with the African Union
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Economic Partnership Agreements in particular have a specific sustainable development focus, as they include a series of principles, objectives and specific undertakings to use trade as an instrument to promote development and systematically include development cooperation as an essential dimension of the implementation of the agreement.

Since the **Free Trade Agreement** between the EU and the Republic of Korea (applied since July 2011), all EU Free Trade Agreements systematically include a trade and sustainable development chapter, including labour and environmental provisions. These chapters provide for a specific institutional mechanism, including the involvement of civil society, at both domestic and bilateral level in order to monitor and support the implementation of sustainable development provisions. As regards Free Trade Agreements with developing countries specifically, financial support for the implementation of sustainable development provisions is available in the form of trade-related assistance under the rules governing development cooperation.

The aim of the Trade and Sustainable Development chapters is notably to maximise the potential of increased trade and investment to further decent work and environmental protection, including the fight against climate change, and engage with partner countries in a cooperative process fostering transparency and inclusiveness. Consequently, the strategic orientation of those “New Generation” Free Trade Agreements can be linked to most of the SDGs.

Following up on a commitment in its “Trade for All” Strategy, the Commission produces every year a **report on Free Trade Agreement implementation** summarising the main developments over the past calendar year on Free Trade Agreement implementation across topics and Free Trade Agreement partner countries.

The report's first edition (2017)<sup>75</sup> focussed on the topic of Trade and Sustainable Development chapters in Free Trade Agreements, highlighting progress and outstanding issues. It concluded that overall there has been gradual progress in the implementation of the Trade and Sustainable Development Chapters. They have facilitated regular and focussed dialogues with EU trade partners – both government and civil society representatives - on pertinent trade-related labour and environmental issues and allowed for the initial identification of Trade and Sustainable Development priorities and opportunities. However, as the report also pointed out, the work on Trade and Sustainable Development has yet to realise its full potential and further efforts will have to be made to further improve trade-related labour and environmental impacts. The report also recognizes that the implementation of Trade and Sustainable Development commitments depends on a long-term engagement with trade partners, including with civil society organisations. Improved coordination with international organisations, such as the International Labour Organisation, and strengthened cooperation with EU Member States have also been brought into play to support monitoring of implementation efforts. In February 2018, the Commission published a 15-point action plan<sup>76</sup> aimed at strengthening implementation and enforcement of Trade and Sustainable Development provisions, with many of the actions of direct relevance to the PCD agenda.

In October 2018, the Commission released its **second report<sup>77</sup> on the implementation of EU trade agreements**. This report included a section focussing on agri-food trade, noting for example that EU imports of agri-food products from Economic Partnership Agreement countries have increased by 71% in value between 2007 and 2017. Regarding Trade and Sustainable Development, the report highlights further development of civil society mechanisms linked to the Trade and Sustainable Development chapters, dialogue with partners on specific issues of concern and specific activities such as support to labour inspection and trade in endangered species.

In **Luxembourg**, exclusion list of companies that do not adhere to international conventions ratified by Luxembourg applies to the investments. This exclusion list is continuously monitored and updated by a specialized external company. Moreover, the pension fund has integrated environmental, social and governance criteria in its investment process. Newly selected active managers are since 2017 obliged to prove that a sustainable and socially responsible investment approach is implemented in their investment decision process.

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<sup>75</sup> COM(2017) 654 final

<sup>76</sup> [http://trade.ec.europa.eu/doclib/docs/2018/february/tradoc\\_156618.pdf](http://trade.ec.europa.eu/doclib/docs/2018/february/tradoc_156618.pdf)

<sup>77</sup> [http://trade.ec.europa.eu/doclib/docs/2018/october/tradoc\\_157468.pdf](http://trade.ec.europa.eu/doclib/docs/2018/october/tradoc_157468.pdf)



➤ **Promoting responsible supply chains and responsible business practices**

In line with the Commission's "Trade for All" strategy, the Trade and Sustainable Development chapters of all recently concluded Free Trade Agreements (for example those with South Korea, Canada, Singapore, Colombia-Peru-Ecuador, Central America, Vietnam, Japan) contain provisions on the promotion of **Corporate Social Responsibility (CSR) / Responsible Business Conduct (RBC)** and the dissemination of internationally recognised guidelines and principles in the area of CSR/RBC<sup>78</sup>. These dedicated CSR/RBC provisions in EU trade and investment agreements have recently been reinforced and included in a fully-fledged article (e.g. textual proposal for EU-Chile or EU-Mercosur negotiations).

The EU has recently enhanced its activities to implement the CSR/RBC provisions and coupled them with capacity-building and outreach programmes.

The Commission has developed a EUR 9 million pilot project on responsible supply chains with the OECD and the International Labour Organisation designed to promote **responsible business conduct approaches** in Asia (China, Japan, Myanmar, Vietnam, Thailand and the Philippines) with regard to the environment, decent work and the respect of human rights. The Action started in early 2018 and will be executed over a period of 36 months. The overarching objective is to ensure that investors and businesses have a better understanding and practical examples of responsible behaviour as well as to create conducive policy environments and increased opportunities for dialogue and cooperation among relevant actors. To achieve these objectives, the proposed activities include raising awareness and building capacity on international standards and approaches in relation to CSR/RBC. The action also covers conducting research and disseminating best practices among public authorities, European and Asian business, trade unions and other relevant stakeholders, including non-governmental organisations.

Through its engagement on trade-related aspects of CSR/RBC, the Commission helps facilitating business' contributions to the furthering of SDGs, in particular SDG 8 on the promotion of inclusive and sustainable economic growth and decent work for all. In addition, activities in the field contribute to reinforcing synergies between trade and CSR/RBC as well as creating international networks of experts on CSR/RBC between the EU and its key trading partners.

**Finland** has promoted implementation of UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises and have organized series of multi-stakeholder discussions with Finnish companies, trade unions, business and civil society organizations on implementation on human rights due diligence. These discussions have resulted in two documents describing shared vision of participants on good practices to follow: 1) A Shared Vision for Respecting the UN Guiding Principles on Business and

<sup>78</sup> Such as the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the ILO MNE Declaration.

Human Rights in Grocery Trade Supply Chains; 2) Human rights impacts of own operations: Insights for due diligence. Finland has also financially supported the UN Global Compact initiative.

The **Irish** National Action Plan on Business and Human Rights guides Government Departments, State Agencies, Irish companies and Multinational Enterprises operating in Ireland and Irish enterprises operating abroad adhere to and promote the UN Guiding Principles on Business and Human Rights.

### 3.3.2 Mobilising additional financial resources

Besides increased export revenues, generating more domestic resources by closing the tax policy gap and the tax compliance gap attracting more private investments is essential to support the implementation of nationally owned sustainable development strategies.

#### ➤ **Taxation and Domestic Resource Mobilisation**

**Domestic Resource Mobilisation**, i.e. the self-generated income through taxes, fees, levies etc., is essential for the well-functioning of any State and the provision of public goods in line with economic and social goals. At the same time, the integration of international markets heavily influences Domestic Resources Mobilisation capacities. The erosion of the domestic tax base and the shifting of profits due to multinational enterprises exploiting gaps and mismatches between different countries' tax systems affects all countries. However, developing countries' higher reliance on corporate income tax means that they suffer from base erosion and profit shifting (BEPS) disproportionately. Curbing tax avoidance, reducing profit shifting and building capacity to harness international taxation are therefore important objectives for developing countries for reaching the SDGs, in particular SDG 17.1 "strengthen domestic resource mobilisation" and SDG 16.4 "curbing illicit financial flows".

To tackle corporate tax avoidance practices and aggressive tax-planning schemes over 60 countries worked together in a OECD/G20 project to set up a "**Base erosion and profit shifting**" (BEPS) **Action Plan** consisting of 15 recommended thematic actions. It is expected that this initiative, which has been joined meanwhile by a number of developing countries, will substantially alter the global governance architecture for taxation, once fully implemented. Building on the OECD work on BEPS, the EU has made in recent years considerable progress in adopting anti-tax avoidance measures.

#### ➤ **New transparency rules for intermediaries involved in tax planning**<sup>79</sup>

As part of the **implementation at EU level of recommended BEPS actions**, the Council of the EU adopted a directive<sup>80</sup> on 25 May 2018, which lays down rules for a mandatory disclosure of certain potentially aggressive cross-border tax planning schemes. This new legal

<sup>79</sup> Amendment to the Directive on Administrative Cooperation – "DAC 6" – OJ L 139, 5.6.2018, p. 1.

<sup>80</sup> Council Directive (EU) 2018/822 of 25 May 2018

framework places an obligation on intermediaries such as tax advisors, accountants and banks that design, promote or sell certain tax planning schemes to report those to the designated authorities in their Member State. A set of features, referred to as ‘hallmarks’ determine which schemes are to be reported. The information received by EU Member States tax authorities is automatically exchanged through a centralised database. Penalties are foreseen for intermediaries that do not comply. The Directive is due to start applying on 1<sup>st</sup> July 2020.

Thanks to the legally binding measures and the increased transparency of the new rules, it will become much harder for taxpayers to get away with not paying their fair share of tax. Reporting requirements will also act as a deterrent to promoting aggressive tax planning schemes. Thus, intermediaries will be less likely to design schemes that risk being blocked. Companies would also risk causing serious damage to their reputation if they were found to be marketing or using aggressive tax planning schemes. Consequently, the new transparency rules could also imply a reduction of the availability of tax avoidance schemes outside the EU to the extent that third countries are implicated in aggressive tax planning schemes involving EU taxpayers or EU-based intermediaries.

**Ireland** is strongly committed to the OECD BEPS process and its internationally binding rules aimed at preventing tax fraud and tax evasion. The government was one of the first in the EU to introduce automatic exchange of tax rules, the second country in the world to sign up to the Foreign Account Tax Compliance Act agreement and one of the first countries in the world in 2015 to implement OECD guidelines on country by country reporting.

#### ➤ **Common EU list of non-cooperative tax jurisdictions**

As key component of its External Strategy for Effective Taxation<sup>81</sup> presented by the Commission in January 2016, the EU has initiated its process of listing non-cooperative tax jurisdictions. A common EU framework is seen as a strong instrument to address tax good governance concerns with non-EU countries. **Good governance in the tax area** is of mutual benefit for developing countries and the EU and its Member States. It supports the sovereign rights of governments on public revenues and contributes to the efforts made at international level to combat tax evasion and tax avoidance.

The first EU list was adopted by the Council of the EU in December 2017<sup>82</sup>. It was the result of a thorough screening and dialogue process with non-EU countries, assessing them against agreed criteria for good governance. These criteria relate to tax transparency, fair taxation and the implementation of anti-BEPS minimum standards. Least Developed Countries were excluded from the assessment, in recognition of the particular constraints they face. In addition, developing countries without financial centres have been given an extra year to meet the expected standards when deficiencies were found in their tax systems with respect to transparency and BEPS implementation.

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<sup>81</sup> COM/2016/024 final

<sup>82</sup> ST 15429/17, Council Conclusions on " The EU list of non-cooperative jurisdictions for tax purposes", December 2017

Many countries for which shortcomings have been identified made concrete, high level commitments to improve their standards as a result of the EU screening exercise. The fact that most countries engaged constructively and showed preparedness to change their tax system is a major achievement of the EU listing process. A number of jurisdictions are closely monitored to ensure that they fulfil the commitments they made to improve their tax systems as part of the listing exercise.

The EU list has been updated<sup>83</sup> on a number of occasions during 2018 in order to take into account the new commitments made by jurisdictions and to acknowledge the earlier progress made by jurisdictions committed to complying with the good governance standards. The aforementioned EU list will be revised and updated as needed to take stock of the implementation of the commitments undertaken. More countries will also be screened in 2019.

To support the efforts of countries committed through the EU listing process and to better fight tax avoidance, tax evasion and illicit financial flows, the Commission has used its various available tools to provide dedicated technical assistance and training needed for developing countries to meet the international standards. Moreover, the Commission is also supporting the OECD BEPS inclusive framework as well as the Global forum on transparency and exchange of information for tax purposes. This complements the EUR 1 million already provided to the Inclusive framework on the BEPS to boost participation of developing countries in the various projects.

#### ➤ **Platform for Tax Good Governance**

The Platform for Tax Good Governance assists the Commission, among others, in developing initiatives to promote good governance in tax matters vis-à-vis third countries, to tackle aggressive tax planning and to identify and address double taxation. It brings together expert representatives from business, tax professional and civil society organisations and enables a structured dialogue and exchange of expertise which can feed into a more coordinated and effective EU approach against tax evasion and avoidance.

The External Strategy for Effective Taxation<sup>84</sup> underlines the need for coherence between the EU tax policy and the EU development policy. It sets out the importance of EU assistance to developing countries to support them in fighting tax abuse and mobilising domestic revenues. This is to keep with the EU's "Collect More, Spend Better" strategy, designed to follow up on the Addis Tax Initiative at the EU level.

The Platform also looks at international tax issues that specifically affect developing countries and consider the various channels of support that can be used. Discussions on the spill-over effects of national and EU tax policy on developing countries have been initiated, building on the work that started with the elaboration of a toolbox for Double Tax Agreements.

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<sup>83</sup> [https://ec.europa.eu/taxation\\_customs/tax-common-eu-list\\_en](https://ec.europa.eu/taxation_customs/tax-common-eu-list_en)

<sup>84</sup> Op. cit. footnote 83.

Other issues for discussion include regular updates on the state of play of the Addis Tax Initiative, in particular national, EU and international coordination in supporting developing countries in the area of tax good governance and additional areas for action to help developing countries protect their tax bases.

➤ **Mobilising investment**

In order to achieve the SDGs it is essential to develop comprehensive solutions, promote inclusive partnerships and mobilising private sector resources for development.

The **External Investment Plan** (EIP), launched in 2017, is the EU's innovative approach to mobilise additional resources from the private sector to support the achievement of the SDGs, in particular SDG 7.3 and SDG 8.5. It promotes sustainable and inclusive growth as well as job creation and in this way contributes address some of the root causes of irregular migration. The plan focuses on a number of priority investment areas, such as sustainable energy and sustainable connectivity; micro, small and medium-sized enterprises financing; sustainable agriculture, rural entrepreneurs and agroindustry; sustainable cities and digitalisation for sustainable development.

The EIP consists of three pillars: the European Fund for Sustainable Development worth EUR 4.1 billion; technical assistance to help beneficiaries to develop financially attractive and viable projects; and policy dialogue, to help improve the investment climate and business environment in our partner countries. This is expected to leverage up to EUR 44 billion in sustainable investment in partner countries by 2020.

The Commission's partner financial institutions use EU grants for blending operations. Through the European Fund for Sustainable Development, innovative guarantees backed by the EU budget are provided to unlock private investment in countries and sectors that would otherwise not be attractive to private investors. The guarantees lowers the specific risks of investing in projects, in particular in fragile and post-conflict countries and in the Least Developing Countries that are in greatest need.

As of mid-November 2018, the EU had allocated the total amount available to cover investment programmes under all the Guarantee of the European Fund for Sustainable Development (EUR 1.5 billion) for new guarantee tools. This is expected to generate a total investment of around EUR 17.5 billion; the Commission signed the first guarantee agreement with Dutch Development Bank FMO in December 2018. In the area of financial blending, over EUR 2 billion has been allocated out of the EUR 2.6 billion budget available until end 2020. Approved blending operations are expected to unlock a total investment of around EUR 17.7 billion, including EUR 9.5 billion in 50 projects in Sub-Saharan Africa.

In September 2018, the Commission launched the **Africa-European Alliance for Sustainable Investment and Jobs**<sup>85</sup> to help fulfil Africa's immense potential. The Alliance will support investment and job creation through four inter connected strands: (i) de-risking investments and mobilising private sector financing for projects in Africa , starting with the

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<sup>85</sup> COM(2018) 643 final

most fragile countries (ii) strengthening the business environment and investment climate, (iii) investing in education and skills; and (iv) building markets through economic integration and trade. Furthermore, it will also support structural transformation in Africa in particular in energy, transport, information and communication technology and agriculture.

### 3.4 PEACE as an indispensable condition for development



*"Europe's peace and stability inevitably depend on peace, security and human development in the rest of the world"*

HR/VP Mogherini

The maintenance of global peace and security is a cross cutting issue that is critical to achieving all the SDGs. Fostering inclusion, ensuring access to justice, strengthening the social fabric and delivering good governance have repeatedly been shown to be essential to achieving development outcomes. Therefore, SDG 16 on peace, justice and strong institutions underpins other SDGs and is essential to their achievement.

The Global Strategy for the EU's Foreign and Security Policy<sup>86</sup> acknowledges that the SDGs are an opportunity for a more joined-up external action and for expanding PCD to all relevant policies. Since 2016, the EU has pursued a "whole of the EU" approach in external policies such as migration, energy, climate, environment, culture, trade and enlargement. The new European Consensus on Development strengthens the fight against fragility by focussing on resilience, sustainability, poverty, and crises.

The High Representative of the Union for Foreign Affairs and Security Policy's proposal with the support of the Commission, in the next Multi-Financial Framework (2021-2027), for a European Peace Facility<sup>87</sup> shows the importance the EU attaches to SDG 16. The new EUR 10.5 billion fund, which is currently under discussion, should allow the EU to increase its ability to prevent conflicts, build peace and strengthen international security and better support partner countries bolstering their own security and stability thereby increasing their development and investment potential.

#### ➤ **Democracy, human rights and good governance**

In the current context of shrinking civic and democratic space, the EU has reaffirmed its unconditional support of democracy, human rights and good governance worldwide, while confirming its central role on international fora. This commitment took shape under various forms including political and policy dialogue and financial support through the dedicated European Instrument for Democracy and Human Rights<sup>88</sup> support. The 2015-2019 EU Action

<sup>86</sup> Op. cit. footnote 9.

<sup>87</sup> HR(2018) 94, 13 June 2018

<sup>88</sup> Regulation (EU) No 235/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for democracy and human rights worldwide (EIDHR)



Plan on Human Rights and Democracy provides a framework for policies with partner countries.

Over the years, human rights dialogues have been established with an increasing number of third countries in order to enhance cooperation and improve the situation in those countries. These dialogues are key instruments for the EU to bilaterally engage with non-EU countries on human rights, including on specific themes such as non-discrimination, torture, the death penalty, freedom of religion or belief, access to justice and fair trials, freedom of expression and economic, social and cultural rights. Furthermore, the EU is supporting programmes on strengthening the Rule of Law through transparent and accountable institutions, including parliaments, judiciary and law enforcement bodies and national human rights institutions. There is also a framework in place to support transitional justice.

### ➤ **Security - Development – Humanitarian nexus**

Supporting partners to transform their security systems remains one of the EU's priorities. Enhancing human security in the EU's neighbourhood and in developing countries aims at ensuring positive impact on the EU's internal security.

In 2016, the EU pursued policy coherence between the internal and external dimensions of security in the implementation of the Joint Communication on “Elements for an EU-wide strategic framework to support the Security Sector Reform<sup>89</sup>” and the “Joint Framework on countering hybrid threats”<sup>90</sup>. The main EU approach is to assist partner governments to provide effective, legitimate and accountable security and justice services to their citizens, in a manner that is consistent with democratic norms, rule of law values, good governance principles and respect of human rights.

The Instrument contributing to Stability and Peace<sup>91</sup> helps to addressing specific global and trans-regional threats to peace, international security and stability to strengthen the internal and external security dimension. Some actions are tailored to directly increase partner countries' resilience and preparedness to protect their strategic assets in cases of potential hybrid attacks. It provides short- and mid-term assistance on conflict prevention, crisis-response and peace-building actions around the world. There are currently around 200 projects in over 75 countries.

#### **Empowering Women for Peace in Nepal**

The EU, with the support of Centro Cooperazione Sviluppo Italia, has helped the Nepalese government fulfil national commitments to gender equality and uphold conflict-affected women and girls' rights to justice and reparations. The EU has contributed over the past three years to establish Gender and Transitional Justice Networks to make sure reconstruction in Nepal takes into account the different needs of conflict-affected populations - and women in

<sup>89</sup> JOIN(2016) 31 final

<sup>90</sup> JOIN(2016) 018 final

<sup>91</sup> Regulation (EU) No 230/2014 of the European Parliament and of the Council of 11 March 2014 establishing an instrument contributing to stability and peace

particular. Within these networks, the strong coordination between a wide range of local stakeholders was key to promote women's participation in peace, security and governance processes. This allowed priorities on UN Agenda on Women, Peace and Security to translate into an inclusive society addressing the context of inequality and injustice that gave rise to conflict.

The revised European Neighbourhood Policy places also a stronger emphasis on security and is complemented with Common Foreign and Security Policy, Common Security and Defence Policy and enhanced political dialogue.

In 2017, and as part of a broader package for Security Sector Reform, the EU adopted an Instrument known as the "capacity building for security and development"<sup>92</sup> to foster the reform of the security sector in partner countries where the establishment of just, peaceful and inclusive societies cannot be achieved without working with military partners, and where there is a consensus with the partner country that this is the right approach.

### **Security Sector Reform in Ukraine**

The EU has used Security Sector Reform programmes in post-conflict situations, alongside other mechanisms, to support the restoration of peace. Security Sector Reform has thus become another tool in post-conflict peacebuilding by helping with the (re)building of security sector institutions based on the principles of democratic oversight, transparency, and good governance. The EU Advisory Mission assists the national authorities since 2014 towards a sustainable reform of the civilian security sector through strategic advice, and hands-on support, to Ukrainian law-enforcement and rule of law agencies – with a focus on police reform, fighting corruption, and reform of the prosecution system.

#### **➤ Resilience and fragility**

The EU works towards strengthening resilience in partner countries as a means to address fragile situations. Instability, conflict, insecurity, violence, organised crime, corruption, etc., not only deter investment, hinder trade, divert public social expenditure, and hamper access to education, health and other basic services; they also severely weaken democracy, human rights and the rule of law, which are the core values the EU aims to promote.

In 2017, the EU shifted its focus from crisis containment to conflict prevention as a more effective and efficient way of upstream crisis management. Two priority areas were identified for the EU's external action: building resilience of states and societies; and, developing an integrated approach to external conflict and crises. The Joint Communication "A Strategic Approach to Resilience in the EU's external action"<sup>93</sup> sets out the EU's approach. The focus is on strengthening the resilience of states, societies, communities and individuals to withstand pressures, adapt and sustain progress towards national SDGs. The Strategic

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<sup>92</sup> JOIN(2015) 17

<sup>93</sup> JOIN(2017) 21 final

Approach aims to combine political dialogue, sectoral policy dialogue, technical and financial assistance upstream of crises.

### **Resilience building and Humanitarian-Development Nexus**

The EU attaches great importance to the link between humanitarian aid, as a rapid response measure in crisis situations, and more medium and long-term development action. The Council Conclusions on Operationalising the Humanitarian-Development Nexus of 19 May 2017<sup>94</sup> encouraged EU institutions and Member States to take forward humanitarian and development work in a number of pilot countries (Chad, Iraq, Myanmar/Burma, Nigeria, Sudan and Uganda), starting with joint analysis and leading, where possible, to joint planning and programming of humanitarian and development partners. This process recognises the linkages between sustainable development, humanitarian action, conflict prevention and peacebuilding, as well as the importance of diplomatic and political solutions to better address situations of fragility, protracted crises and forced displacement. In its first year, the pilot process has contributed to shaping collective EU efforts, taking into account the specific context of each country.

The EU **Integrated Approach**<sup>95</sup> puts particular emphasis on the coherent use of security and development instruments. The EU is supporting peace and security efforts in Africa, and assisting African organisations' work on conflict prevention, counterterrorism and organised crime, migration and border management. The EU is doing this through diplomacy, Civilian Common Security and Defence Policy missions and development, as well as trust funds. In Africa, the EU has built stronger links between our trade, development and security policies, and blended development efforts with work on migration, health, education, energy and climate, science and technology, notably to improve food security. Cooperation with the UN to foster peace and security has also intensified, notably in Central African Republic, Mali (including the G5 Sahel Joint Force), Libya and Somalia.

### **EU partnership with the G5 Sahel countries**

The EU has stepped up cooperation with the "G5 Sahel" group (Burkina Faso, Chad, Mali, Mauritania, and Niger) to strengthen dialogue and cooperation on areas of shared interest such as development, governance in fragile areas, and improved security, including the fight against terrorism and illicit trafficking. The EU has provided EUR 100 million to establish the African led G5 Sahel Joint Force, which aims to improve regional security and fight terrorist and criminal groups. The EU also provides more than EUR 400 million in programmes to support stability and development in the region. In Mali, the EU launched, in 2017, a stabilisation action in the central Mopti and Segou governorates, deploying a team of experts to support Malian national plans and policies, to counter the growing insecurity and to re-establish and expand the civilian administration and basic services.

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<sup>94</sup> ST 9383/17

<sup>95</sup> ST 5413/18 Council Conclusions on the Integrated Approach to External Conflicts and Crises

### ➤ **Rule of law and justice reforms**

The EU supports judicial reforms in the enlargement and key neighbourhood countries (*inter-alia* in Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Jordan, Morocco, Tunisia and Ukraine) to contribute to effective and independent justice and security sector systems. The EU cooperates with the Council of Europe in fighting corruption, promoting inclusive societies, advancing judicial reforms, and promoting democratic governance. The EU is also at the forefront of international efforts to fight organised crime, combat laundering of the proceeds of crime and to counter the financing of terrorist activities and is a party to relevant international conventions and mechanisms. The EU invests in reducing illicit arms flows (for example it supported the creation of a global Arms Trade Treaty that establishes global rules for the arms trade and provides tools to fight arms trafficking). The EU also takes action in the area of child protection, child sexual abuse, trafficking, protecting children in asylum and migration, and protecting child victims among other issues.

#### 4. CONCLUSIONS

*"Policy Coherence for Development becomes more important than ever in the context of the new 2030 Agenda for Sustainable Development. Formulating sound policies which take into account from the outset the impacts on developing countries will be central to the achievement of the new global goals."*

Commissioner Neven Mimica

At a time of increasing global challenges, of rising populist movements and pressure on multilateralism, the 2030 Agenda provides a clear plan of action towards a sustainable future. The universality of this Agenda changes the way states do business, underscoring the importance of interdependence but also of coherence between policies, creating win-win solutions. This is one of the main dilemmas for governments worldwide: how to converge national interests and third countries' development objectives.

Notwithstanding the challenges for development cooperation posed by this continuously changing environment, **the EU has remained a leader in promoting PCD**, as also confirmed by the external evaluation on PCD. However, a number of policy challenges remain in ensuring PCD in some specific areas, which are increasing in political sensitivity such as in the fields of migration and security. In such cases where it is difficult to make trade-offs mitigation measures are more important than ever.

At institutional level, there are a series of tools and mechanisms, which ensure that PCD is adequately taken into consideration when developing new policies. The Better Regulation Guidelines was a very positive step in this direction, in particular with the impact assessment guidelines and the dedicated tool for developing countries. Improvement on this front lies in further strengthening working methods and coordination mechanism and in carrying impact assessment in a more systematic basis, covering all policies.

As pointed out at the beginning of this report, the concept of PCSD that emerged with the adoption of the 2030 Agenda has created some confusion with the concept of PCD in the EU Treaty. For some EU Member States, PCD has been partially or totally subsumed by PCSD. In those cases, it is essential that governments address and minimise negative transboundary effects of their policies on developing countries. As reiterated in the new European Consensus on Development, PCD is an important contribution to the broader objective of PCSD. Therefore, we must continue to maximise the positive impact of development aid, by ensuring development objectives are considered when developing new policies, which are likely to have an impact on developing countries. Strong coordination mechanisms remain essential to act as watchdogs both at EU and Member States level to scrutinise policies and promote PCD in a wider agenda.

PCD is a key element for the implementation of the 2030 Agenda. Whether implementing the objectives of PCD or those of the broader PCSD, **we can effectively support the implementation of the 2030 Agenda if we take into consideration and minimise as much as possible the negative effects that our policies can have on developing countries**, hence living up to our commitment of "leaving no-one behind".