

**UK Parliament International Development Committee inquiry on EU
Development Assistance
Submission by Bond – 14 December 2011**

This is a collective submission by the European Policy Group within Bond. Bond is the UK membership body for UK non-governmental organisations (NGOs) working in international development. The European Policy Group focuses on advocacy and policy initiatives on the European Union (EU) development policy issues and represents around 50 international development organisations including Oxfam GB, Christian Aid, Save the Children and WaterAid.

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Introduction and Summary

1 The EU is currently the world's largest provider of development assistance with an aid budget in 2010 of 12bn euro, the main trading partner of many developing countries, and a key actor in political dialogue. In addition the EU is committed to poverty reduction and to reaching the MDGs, through a wide range of instruments designed to achieve positive development outcomes.

2 The Department for International Development will have disbursed about £3.7 billion of UK aid as core funding through multilateral organisations during 2011, about a fifth of this will have gone through the European Commission budget instruments and 15% through the European Development Fund. In addition to this, the UK must continue to be a key player in the discussion on EU development assistance and to be involved at the political, strategic and programming levels.

3 During the past ten years, the effectiveness of EU external assistance has improved considerably (as demonstrated by the 2007 OECD peer review and acknowledged by DFID's Multilateral Aid Review) with the adoption of a single development policy, formal commitment to the principle of Policy Coherence for Development (PCD), the adoption of the EU Code of Conduct on Complementarity and Division of Labour in Development Policy and the establishment of specific development instruments such as the EDF and the DCI.

4 Bond welcomes this inquiry by the International Development Committee which comes at a critical time of a European economic and political crisis, EU budget negotiations as well as EU Member States falling behind in their international development commitments. **Bond would like to stress the importance of the EU as a development actor and the need for the UK Government to strongly support this role and invest in this relationship.** We would like to highlight the following key points which are outlined in more detail in this submission.

- Bond members acknowledge that the EC is an important multilateral channel for aid which has a comparative advantage to bilateral donors in its policy reach, effectiveness and efficiency and coordinating role.
- We welcome that the EC has over the last years improved its effectiveness particularly in the areas of predictability and coordination.
- The UK Government should play a leading role in supporting the EU to improve its performance and practice as well as to play a key political role in EU policy dialogue.
- The new [EU Agenda for change](#) re-emphasises key commitments to focus development efforts on poverty reduction and human rights. Yet Bond members have concerns about its strong focus on growth as a key driver of development without considering how to deliver inclusive and sustainable growth.
- Bond members welcome the planned increase in external spending in the EU budget and emphasise the need for the DCI and EDF to be both 100% ODA eligible.
- Tools and instruments of Policy Coherence for Development (PCD) need to be improved and properly implemented, including strengthened capacity on PCD within the Commission and formalised complaints mechanisms to give the recipients of development efforts a stronger voice.

The comparative advantage of the EU as a channel for UK development and humanitarian assistance and the UK's ability to influence EU development policy

5 As other policies at the European level, the principal justification for organising aid programmes at the EC level comes from the 'subsidiarity' principle. This states that any policy that is managed at the Community level is there because it can achieve its objectives more efficiently than if it was done only at national level. Bond supports this emphasis and we would particularly highlight the following positive examples of that (or similar):

6 Policy Reach: The EC has responsibility for a wide range of externally-facing policies beyond simply development assistance, as well as a global geographic presence. This allows the EC to sit at the centre of partnership agreements with many developing countries covering policy areas such as trade, agriculture, migration, environment, energy, security, fight against drugs, terrorism. Bond therefore calls on the EC to position development cooperation more effectively and align it with other policy areas to achieve coherent policy-making – with development objectives at the forefront and development cooperation as an instrument for achieving this.

7 The scale of the EC is also linked to the question of efficiency and effectiveness. Bond believes that one larger donor has the potential to deliver large-scale aid more efficiently than 27 smaller donors. Improved cooperation between all donors - including EU Member States and the EC - can make, and increasingly is making, significant gains in efficiency. We would like to highlight in this regard a recent Commission report ([Aid Effectiveness: the Benefits of Going Ahead](#)) supporting this argument by showing that better coordination and planning of policies of the EU and its Member States could save up to €5 bn per year.

8 The budget framework of the European Community allows EC aid to be more predictable than bilateral aid, being normally committed over multi-year frameworks, disbursed

according to clear performance criteria, providing direct support to governments working together on cross-border issues and therefore increasing efficiency which Bond welcomes and encourages bilateral donors to copy. In 2008, the European Commission launched the [MDG Contracts](#) in eight ACP countries, which we believe are a positive example of linking delivery of aid to results, in a way which helps developing countries reach the MDGs.

9 Coordination: The EC is committed, most recently pursuant to the Lisbon Treaty, to ensure coordination of its aid policy and cooperation with Member States. This gives the Union a key responsibility in advocating development policy in all of the relevant development forums particularly pressing member states to scaling up aid. As an example, the EC played a very important role in the run-up to the Monterrey Financing for Development Conference in 2003/4 in mobilising Member States to increase aid towards the 0.7% goal. Bond members are looking to the EC to increase this leadership.

The proposals set out in the Agenda for Change

10 The strong commitment in the EU Agenda for Change to eradicate poverty, the focus on coordinated EU action at country level and the prominent focus on governance and human rights are all very positive points and welcomed by Bond members. However we believe that:

11 The Agenda fails to recognise that increasing levels of economic growth will not automatically deliver desired development results. Its narrow focus on GDP-led growth and a reliance on 'trickle down' effects of private sector development alone, without full consideration of environmental and social impacts and resource constraints, will only deliver unsustainable development, the challenges of which will far outweigh any short-term gains. For more details and a critique of the focus on GDP alone see the Bond [Growth and Development](#) (July 2011) paper.

12 The Agenda elevates the status of the private sector's role in development without due consideration for the need for strengthening standards and implementing new strong regulations to eliminate future abuses. The EU should ensure that ODA is used to support an approach to private sector development that delivers maximum benefit for the poor, in respect of human rights, environmental and other international agreements and ensures fair distribution of income, land and opportunities.

The EU should also focus on supporting a strong and diverse domestic private sector in developing countries and should invest in local micro, small and medium enterprises, including supporting smallholder farmers as an important private sector in developing countries and prioritising low-cost, sustainable and farmer-led agriculture.

13 The focus on growth and the private sector in the Agenda does also seem to ignore the needs of women and girls. The 2012 World Development Report: [Gender Equality and Development](#) specifically notes that "income growth by itself does not deliver greater gender quality on all fronts and that closing differences in access to economic opportunities and the ensuing earnings and productivity gaps between women and men" should be a priority. It also acknowledges that women now represent 40% of the global labour force and 43% of the world's agricultural labour force. A gendered approach to these policy areas (indeed, all

policy areas) will be necessary to ensure that women and girls are able to benefit from European development policy.

14 The Agenda proposes a model of ‘country differentiation’ between low and middle income countries without detailing criteria for how the model will be applied. Three quarters of the world’s poor live in Middle Income Countries (MICs). Although Bond welcomes the willingness of the EC to focus on the poorest countries, we believe that the approach of making decisions on how to allocate aid on the basis of broad categories e.g. MICs, LDCs (Least Developed Countries) etc. is problematic and inconsistent with the objective of reducing poverty. We would encourage the UK Government to push their European counterparts to follow DFID’s best-practice example of using individual country-specific analysis, transparent criteria and a pro-poor approach which allows different, targeted forms of cooperation to be developed.

15 The Agenda does not explicitly reflect the importance of promoting children’s rights in internal and external affairs as stipulated in the Lisbon Treaty article 3 and does not recognise the EU’s commitment to children’s rights as detailed in the EU’s communication [Towards an EU Strategy on the Rights of the Child](#). Neither does it reflect the [EU Agenda on the Rights of the Child](#), which states that children’s rights must be fully taken into account in all actions of the EU. Therefore we urge the EC in the EU budget 2014–2020 to translate its commitment to children’s rights into financial resources by mainstreaming children’s rights and creating specific allocations to children from relevant budget headings and instruments.

16 While it is positive that the Agenda states in point 3.1 that ‘the EU should support sector reforms that increase access to quality health and education services and strengthen local capacities to respond to global challenges’, the EC needs to recognise the importance of strengthening of health services and capacity in developing countries as a global challenge in its own right.

17 The Agenda does not define a clear role for global civil society, including EU and Member States’ civil society, in European development assistance. The strategy rather sees civil society in a limited way - as watchdog – when governments fail on human rights and democracy. Civil society should be an important and strategic partner in European development assistance in its own right. This has been recognised in the recent EU Structured Dialogue process with civil society and local authorities. The Agenda should therefore also recognize civil society participation as a prerequisite for long-term poverty reduction and promotion of democracy and proactively support and acknowledge the role of citizens and civil society as actors of change.

The proposals for future funding of EC development cooperation

18 Bond welcomes the renewed commitment to the Millennium Development Goals (MDGs) and to the planned increase in external spending as enshrined in the European Commission’s proposals for the 2014 to 2020 EU budget. We also support the proposal to include a clear commitment to the 0.7% GNI development aid targets along with a clear focus on poverty eradication based on democracy, human rights, equality, environmental sustainability and respect for the UN Charter and international law.

EU Member States should support the European Commission's proposal on development funding levels also as a way to fulfil their own commitment to 0.7%, and they must take responsibility at national level to meet their MDGs commitments. Bond would like to see the following recommendations reflected in the final agreement of the next EU MFF:

19 The DCI and the EDF should be 100% ODA eligible in the future. The 20% social sector benchmark for basic health and education should be upheld in the design of all future development regulations (including the EDF) and subject to increased monitoring, evaluation and regular reporting on an annual basis. Security measures and military operations should be exclusively financed with the Instrument for Stability and the Common Foreign and Security Policy (CFSP). Humanitarian aid and relief efforts should strictly respect humanitarian law and principles—humanitarian imperative, impartiality, independence and neutrality—and should never be used to pursue particular political interests.

20 The EC should maintain cooperation programmes (geographic envelopes) with all developing countries - even if at different levels. Indeed even small scale targeted actions based on a thorough country analysis could lead to a high impact of aid. Bilateral cooperation with “wealthy” Middle Income Countries (MICs) should focus on the fight against inequalities and poverty by targeting aid by sector and/or by activities and/or by beneficiaries and/or by specific geographic areas in a country. If phasing out of aid for some countries is appropriate, it should be phased out progressively over the period of the next MFF.

21 Stringent benchmarks and more control at implementation level should be applied to investment facilities and the blending of loans and grants to make sure that they really contribute to the fight against poverty and to long-term and sustainable development. The EU should not start using blending on loans and grants without first having carried out a thorough analysis of the impact of existing blending mechanisms such as the Africa Infrastructure Funds.

22 Climate financing must be additional to Official Development Assistance (ODA) commitments already made. Climate change places a new burden on developing countries; therefore, new resources are required to tackle it, while protecting development gains of recent years. The EU and its Member States have pledged under the 2009 Copenhagen Accord to provide “new and additional” resources for mitigation and adaptation in developing countries and therefore should jointly define their definition of additionality and a relevant baseline.

23 It is essential to provide important funding for links between humanitarian relief and development aid (LRRD) and increased resources for the reconstruction phase. The EU's investment in rapid humanitarian aid needs to be complemented with a more effective mechanism to allow EU civil society and their country based partners to fully link relief with re/construction and development, to consolidate efforts made during the emergency response and to contribute to the peace dividend.

See [Bond and CONCORD recommendations](#) on the EU MFF for more information.

Progress towards policy coherence for development

24 Many European Union policies outside of official development assistance, e.g. on trade, tax, agriculture, climate change and security, have a profound impact on developing countries and ultimately peoples' rights. It is crucial that these policies do not undermine rights nor the achievement of development objectives. The European Union is legally obliged to take into account the objectives of development cooperation in the policies that it implements which are likely to affect developing countries, as stated by the Lisbon Treaty (article 208).

25 Bond believes that, based on its legal commitments to PCD, the EC needs to establish an adequate institutional setup as well as a toolbox of policy-making instruments and mechanisms to systemize the implementation of PCD. In addition, the President of the European Commission has a key role to play as guardian of the Treaty and the EU Council and the European Parliament must exercise their legislative power in a responsible manner, taking account of the impact of EU policies beyond the EU borders. Each Member State is also required to report on their efforts towards policy coherence for development.

Food Security

26 Today, 925 million people throughout the globe suffer from hunger and 195 million children are chronically malnourished worldwide. The EU has a special responsibility in this, among other reasons because it is the world's largest actor in agricultural trade. Realising the Right to Food requires changes in both models of production as well as improved access to affordable and nutritious food, with a greater policy focus on nutrition. In this context, the EU needs to change its current policies affecting food security in the world's poor countries including trade, agriculture, financial regulation, climate, and investment in developing countries to ensure that all these policies are coherent with development efforts and that they promote coherence with human rights frameworks, secure entitlements to food, decent work and social security, and access to productive resources, especially for marginalised and excluded groups.

27 The reform of the EU's Common Agricultural Policy (CAP) is a decisive opportunity to demonstrate the Union's willingness to help facilitate developing countries' transition to feeding themselves. This requires a U-turn from the EU to recognise that the growing global demand for food does not legitimise subsidising European exports which are harmful to EU development objectives.

28 To limit excessive food price volatility for both farmers and consumers, the EU should also lead the way for improved international governance of food security based on the Right to Food. In addition to market regulation, food buffer stocks can help both safeguarding food security and maintaining price stability. Finally, EU policies that drive global trends such as land-grabbing must include strong sustainability criteria that cover both social and environmental aspects, especially concerning biofuels production.

Human Security

29 The EU's security and development agenda recognises that there cannot be "sustainable development without peace and security, and that without development and poverty eradication there will be no sustainable peace". However, there has been little progress to

put policies into practice that properly address this connection. Security policies of several EU Member States clearly show clashes between economic and/or security self-interests, and PCD. The EU should not advance its economic and security interests to the detriment of partner countries and their populations. To avoid doing harm and to seize opportunities to build long term peace, EU policies must be more 'conflict-sensitive' and adopt a long term preventative approach. In addition, adequate mechanisms must be put in place to ensure that control of exports of military technology and equipment are respected, in compliance with the PCD obligation.

Migration

30 A common trend in EU initiatives is their focus on managing migration flows with the view to realise the EU's unilateral economic objectives, without exploring the full potential of migration and development, which could benefit the migrants themselves, and both the host country and the country of origin. The current restrictive approach to EU migration policy, steered by the EU Global Approach to Migration, lacks consideration for development implications and Human Rights requirements.

Domestic resource mobilisation

31 Ultimately, the EU should work towards inclusive economic development policies through policy stability, promoting good governance and ensuring that states provide essential services. Strengthening the ability of developing countries to collect revenue domestically not only increases the resources available for development spending, but also strengthens governance. In this regard, EU development priorities should also observe policy coherence for development through ensuring that corporate transparency standards in the EU, including country-by-country reporting for all sectors, strengthen the ability of developing countries' governments to hold companies to account for their tax payments in country.

Climate change

32 The EU must ensure strong measures to reduce greenhouse gas emissions at EU level to avoid greater long term impacts on human development and higher adaptation costs in the most vulnerable developing countries. No EU investment - inside the EU and outside - should support infrastructure or technology which results in lock-in to fossil fuels and in particular coal power which is by far the most carbon intensive energy source. Instead the EU should invest in a transformation to a low-carbon economy.

See [CONCORD Spotlight Report on PCD 2011](#) for more information.