Response to the call for evidence to the Balance of Competences review: Development cooperation and humanitarian aid report

ONE is an international advocacy and campaigning organisation committed to the fight against extreme poverty and preventable disease, particularly in sub-Saharan Africa, backed by three million members.

Context
In preparing this submission ONE is asked to comment on competences relating to UK policy objectives – while ONE notes that DFID’s key objectives are outlined in the official ‘Call for Evidence’ documents, these documents do not specify Her Majesty’s Government (HMG) broader policy objectives and national interest in the area of Development Cooperation and Humanitarian aid.

ONE derives that the wider national interest and UK policy objective in this area is the elimination of absolute poverty globally - as guided by the Millennium Development Goals. Two additional objectives in the UK interest are (1) ensuring a particular focus on sub-Saharan African poverty alleviation and development, and (2) the national, and international, achievement of the 0.7GNI/ODA aid target.

We have derived the UK government’s international development objectives from:
(a) the 2002 International Development Act, which clarified the purpose of UK aid spending as poverty reduction;
(b) other DFID White Papers and statements from Secretaries of State which underline that the aim of UK development should be the elimination of extreme poverty and achievement of the Millennium Development Goals (MDGs);
(c) G7 statements to increase aid for Sub-Saharan Africa and similar moves by the G20;
(d) DFID Africa Directorate’s Operational Plan 2011-2015, which increases bilateral aid to Sub-Saharan Africa;
(e) public support for action to address global poverty, in particular in Africa, as seen in the 2005 Gleneagles marches and continual support for Comic Relief/Red Nose Day and other disaster relief appeals;
(f) cross-party support for the 0.7 ODA/GNI target as supported by the majority of UK voters;
(g) statements by the Prime Minister, also supported by Members of Parliament, that the UK will hold other countries accountable for their aid pledges as part of international efforts to eliminate poverty.

When reviewing the competencies of the EU in achieving UK policy objectives and/or impacting national interest in the area of development cooperation and humanitarian aid, ONE’s evidence considers these overarching objectives as well as DFID’s key objectives as outlined below.

DFID key objectives are:
- honour international commitments, including the Millennium Development Goals;
- drive transparency, value for money and open government;
- boost wealth creation;
- strengthen governance and security in fragile and conflict-affected countries and make UK humanitarian response more effective;
- lead international action to improve the lives of girls and women;
- combat climate change.
QUESTION 1: Impact on the national interest
What are the comparative advantages or disadvantages in these areas [development cooperation and humanitarian aid] of the UK working through the EU, rather than working independently or through other international organisations?

The current system of the EU and its Member States aligns with UK priorities and presents a number of comparative advantages for the UK. EU priorities are closely aligned to UK priorities in development cooperation.

- The Lisbon Treaty clearly states that “the Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty”\textsuperscript{iii}. Further, the Treaty states that both the EU and Member States must meet their UN commitments, \textit{i.e.} the achievement of the 0.7% ODA/GNI target and the delivery of the MDGs by 2015. The Lisbon Treaty is therefore unique in setting out the eradication of poverty as a legally binding objective of EU ODA spending. This legal obligation helps to ensure that EU aid is targeted towards those who need it most.

- DFID’s recent multilateral aid review awarded the European Development Fund its highest possible rating – a double ‘strong’ for both ‘contribution to UK development objectives’ and ‘organisation strengths’ meaning that it not only delivers UK policy objectives but leverages other EU countries (through their contributions) to spend their aid in-line with UK priorities. Additionally the OECD’s peer review of EU aid in 2012 found that the EU was a “formidable player in global development” that had taken “positive steps to make the programme more effective and increase its impact” since its previous peer review in 2007. According to the Centre for Global Development/Brookings Institute’s QuODA index\textsuperscript{xv}, the EU institutions score higher than average when measured against other EU aid donors.

- Member States are able to channel considerable amounts of their ODA (21.5% in 2011\textsuperscript{v}) through the EU, making the EU as a whole the world’s largest donor. The European Commission has ranged between the second to fourth biggest donor of development assistance in recent years. Thanks to the EU’s strong decision-making and oversight mechanisms, Member States have a high level of influence on strategic and policy decisions as well as on the implementation of every single programme - much more so than the influence individual governments can wield within any other multilateral organisation. Owing to its status and authority within the EU, the UK can influence this significant aid budget.

- EU development aid has a strong focus on Africa. The European Development Fund has a strong focus on Sub-Saharan Africa, targeting some of the poorest and most fragile countries in the world. Furthermore the recently agreed ‘Agenda for Change’\textsuperscript{vi} has identified sub-Saharan Africa as a priority region for assistance and has introduced the concept of ‘differentiated development partnerships’, with new allocation criteria for aid. Future EU development aid spending will target countries that are in the greatest need of external support and where it can really make a difference, including fragile states.

- EU aid contributes to the international achievement of the 0.7% ODA/GNI aid target. EU donors have promised to give 0.7% of their collective GNI to development by 2015, with 50% of all aid increases to Africa. The EU aid budget helps contribute to the achievement of this collective goal of 0.7% whilst also ensuring this money is spent in a way that aligns with UK priorities.

- The EU plays an active role in delivering aid-effectiveness. The European Commission programmes its ODA on a long-term (seven-year) basis jointly with partner governments, identifying clear budgets and spending priorities, reducing the volatility and unpredictability of
its ODA. In addition, to implement the international aid effectiveness agenda on the ground, the EU has set up a clear strategy to ensure effective results.\textsuperscript{xvi} In 2005, the EU and its Member States agreed on the European Consensus on Development\textsuperscript{xvii}. Its “Code of Conduct on Complementarity and Division of Labour in Development Policy”\textsuperscript{xviii} adopted in 2007 helps ensure effective division of labour on the ground between donors. Practices like delegated cooperation are implemented by the EU to reduce the fragmentation of aid and improve harmonization – these have started to show significant aid effectiveness results. The ‘Agenda for Change’ requires increased aid effectiveness and greater focus on results. In 2011 EU institutions took division of labour to a new level. With pilot projects on “Joint Multi-annual Programming”, an element which had been included in the Accra Agenda for Action and refers to joint donor programming and action, the EU helps to enhance coordination and improve impact. These steps, where appropriate, will reduce donor proliferation and increased aid effectiveness by streamlining aid.

- The EU is committed to the achievements of the MDGs. In 2010, The EU launched its €1 billion MDG Initiative aiming to foster speedier progress towards the MDGs.\textsuperscript{xix} It combines targeted funding for the most off-track goals and performance-based funding focusing on countries that have successfully implemented aid. In its Agenda for Change, the EU commitment to the MDGs remains firm.
- EU aid increases the UK’s international impact. The EU has a presence in 136 countries which allows the UK to reach places, particularly fragile states and post-conflict situations, where DFID is not present on the ground. For example, Eritrea is the world’s fifth poorest country in the world but not a large recipient of bilateral aid from the UK. Among European donors, only the EU has a substantive bilateral programme with Eritrea. The current country programme under the 10th EDF (worth €122 million) is focussed on poverty reduction and sustainable economic and social development. Burundi is listed by the World Bank as a fragile state\textsuperscript{xx} It is one of the five poorest countries in the world. Although the UK was in 2010 the 8th largest donor in Burundi and the 4th largest European donor, DFID will pull out from Burundi by 2016. The EU was the largest donor in Burundi in 2010. Through EC aid, the UK will keep giving assistance to Burundi.
- Thanks to the organisation’s regional approach the EU can have comparative advantages in regional projects –EU funds can help reinforce European political objectives that are not in the reach of individual Member States, such as regional integration projects, trade, cross boarder infrastructure or peace-keeping. The EU institutions have a critical role in the coordination of large-scale regional projects and in situations where a joint European response makes most sense, e.g. for investment-heavy projects in cooperation with the African Union and African sub-regional bodies, in addressing complex human rights issues and rapid-response mechanisms such as the €1 billion Food Facility.
- The Agenda for Change requires greater focus on human rights, democracy and other key elements of good governance and the new approach to EU budget support to third countries introduces greater conditionality for countries to ensure good governance. The Commission has shown the political will to stop funds when such criteria are not met, increasing the power of EU aid to leverage positive change in governance standards in its partner countries.
- The EU is also transparent about its actions. Publish What You Fund’s 2012 Aid Transparency Index ranked the European Commission’s DG Development and Cooperation (DG DEVCO) fifth out of 72 aid organisations across 43 indicators. It improved its score significantly from 2011. ECHO ranked 14th out of 72 donors (in the “fair” category) in the same index.
- As the world’s poorest are the most vulnerable to the effects of climate change, the fight against climate change is key to the EU development policy, as stated in the European Consensus on Development. The EU’s activities in these areas are financed through the EDF and the DCI.
DCI has a specific thematic programme helping developing countries and partner organisations to address environmental and natural resource management issues. The EU as funded a number of successful climate change adaptation and mitigation projects in Africa such as the Chololo Eco-village in Tanzania, ADOPT (Adaptation and Dissemination of the Push-Pull Technology to Climate Change) in Kenya and the Farm Africa Dryland Farming Project in Kenya.

- The EU contributes to improving the lives of girls and women. The EU Roadmap for Equality between Women and Men identifies the promotion of gender equality in external and development policies as one of the six priority areas for five years between 2006 and 2010. The European Consensus on Development highlights the importance of gender equality in the development process as an essential factor in strengthening the impact and sustainability of EU development cooperation. The EU’s strategy for Gender Equality and Women Empowerment in Development Cooperation aims to help promote equal political, civil, economic, social and cultural rights for women and men. The toolkit on mainstreaming gender equality provides concrete operational guidelines on how to mainstream gender equality in country programming and the different modalities of aid implementation.

- Wealth creation is one of two main priorities of the future EU development policy. The Agenda for Change identifies inclusive sustainable growth for human development as one of its two main focus areas. The new policy states that “growth patterns are as important as growth rates” and defines “inclusive growth” as “people’s ability to participate in, and benefit from, wealth and job creation”.

- In certain situations where it might be politically difficult for Member States to pursue an active role in development assistance (because of particular national interests or historical reasons), the EU often has an advantage of being perceived as an honest broker. Therefore the Commission is often better-placed to deal with sensitive issues such as governance or human rights issues than some Member States.

QUESTION 2: Policy making and implementation through parallel competences
What is the impact of the current system of parallel competences on policy making and implementation in these areas, especially in terms of:

a) efficiency, effectiveness and value for money;
b) transparency (including checks against fraud and corruption); and
c) working with other international partner organisations (e.g. UN, World Bank etc.).

Parallel competences have many advantages for the achievement of poverty alleviation.

- The UK can draw on its extensive experience in international development whilst having influence over development and humanitarian policies of the EU and other member countries.
- The UK is also able to learn from other countries’ experiences and to draw upon the Union’s experience in countries where the UK does not have a presence.
- The UK can work with the EU to have a stronger voice in UN agencies, as well as multilateral development banks and the G20.
- The UK can choose to focus on priority areas and take a leadership role in pushing them forward.
- The UK can benefit from the fact that the EU is potentially better placed to take risks in dispersing money to fragile states where the UK doesn’t have operations.
- ECHO, one of the largest donors of humanitarian aid, has a strong strategy for cooperation in Disaster Management with non-EU Countries, International and Regional Organisations.
- Working as a Union reduces donor fragmentation. A coordinated approach at EU level is not only important for improved development effectiveness, but could bring Member States efficiency
gains of up to €5 billion per year\textsuperscript{xix}. Furthermore, in a report\textsuperscript{xxx} published last November by the Overseas Development Institute, the National Institute of Economic and Social Research and ONE on the return of investment of EU aid shows that EU aid can more than pay for itself if spent effectively. It estimated that over the 7 year period of the next EU budget, if the €51bn investment in development aid initially proposed by the European Commission (€21bn DCI and €30bn EDF) is channelled effectively it will be completely recouped by EU taxpayers, and the effects on the ground give a clear return on investment by 2020.

- Accountability of EU ODA is extremely high, as the European Commission is under strict scrutiny from the European Parliament, the 27 Member States and the European Court of Auditors. In the past decade, these bodies have found no evidence of any cases of EU funds being diverted into corruption\textsuperscript{xxxi}. Furthermore, the policy instruments governing the EU’s external spending were rationalised from 35 to 10 in 2006 to simplify the bureaucracy behind the delivery of the EU’s development assistance.

- The EC also has very comprehensive procurement requirements to ensure value for money\textsuperscript{xxxii}. In recent years, the EC has made significant efforts to make its procurement procedures more transparent and user-friendly. The EC has sound HR policies that encourage performance and transparency\textsuperscript{xxxiii}. The EC has sound policies and processes in place for financial accountability, aimed at ensuring careful checks to avoid corruption and fiduciary risk.

- The EU is often the single biggest European donor in a particular country. The Head of the EU Delegation has the mandate to help Europe “speak with one voice”, which can be helpful in cooperation with other important development actors such as the United States or the World Bank when the UK does not have sufficient resources, or chooses not to do this independently. In addition, EU financial regulations allow other international organisations to manage EU funds in accordance with their own procedures, under the condition that these meet EU standards for implementation and monitoring, and that the EU can perform spot-checks on the ground where necessary.

- Further improvements have been made because of the Agenda for Change, including increased emphasis on governance conditionality, especially for budget support, and a greater focus on results. The UK was heavily involved in the Agenda for Change and the influence the UK was able to exert has helped result in an Agenda for Change closely aligned to the UK’s objectives.

There are also disadvantages to parallel competences:

- When the UK’s position and that of other Member States are not aligned, conflicts over competences can arise.

**QUESTION 3: Relationships between development cooperation/humanitarian aid and other policy areas**

How far do EU development policies complement and reinforce policies in areas such as trade, security, stability, human rights, environment, climate change etc., and vice versa?

*There is huge potential for EU policies to complement and reinforce each other. Indeed Article 208 of the Treaty on the Functioning of the European Union states that the Union must take account of the objectives of development cooperation in the policies that it implements that are likely to affect developing countries. The Lisbon Treaty also establishes that the overarching aim of poverty eradication should be the objective of all development policy\textsuperscript{xxxiv}. On the international agenda, poverty eradication should not be seen as secondary to other policies.*

- The European Commission is responsible for the negotiation of co-operation and trade agreements on behalf of all Member States, one of the few areas the EU has an exclusive
As a major trading and investment partner to some of the world’s poorest countries, Europe’s trade policy has a significant impact on the opportunities available to developing countries to participate successfully in and benefit from potential economic growth and poverty alleviation access to markets can often provide.

- The EU’s obligation to implement Policy Coherence for Development (PCD) is enshrined in the Lisbon Treaty (article 208). The PCD approach has the potential to integrate poverty alleviation into a number of EU policy areas.
- The EU’s growing work to help developing countries raise more tax and initiatives to boost transparency of multinational company accounts are other areas in which the EU can make a positive contribution to development. One such example is the review of the EU Accounting Directive and the EU Transparency Directive. These include a provision to oblige European stocklisted and large unlisted extractive and logging companies to publish the payments they make to governments of the countries where they operate on a country by country and project by project basis. Such transparency will make it clear how much finance governments are receiving from extractive companies, and will allow citizens to hold their governments accountable for those funds, and to track how much is allocated to effective development programmes. This will help both maximise and better spend domestically generated revenues.
- The creation of the European External Action Service (EEAS) also has the potential to boost PCD efforts by increasing the ability of the EU to monitor the impact of its policies on the ground in developing countries, and linking political support to aid support as part of a coherent strategy. However, this potential is yet to fully materialise. For the time being the EEAS is largely driven by foreign policy objectives rather than the objective of poverty alleviation.

**QUESTION 4: Future options and challenges**

Bearing in mind the UK’s policy objectives and international commitments, how might the UK benefit from the EU taking more or less action in these areas, or from more action being taken at the regional, national or international (e.g. UN, OECD, G20) level – either in addition or as an alternative to action at EU level?

- It is in both the interest of the UK and the world’s poorest for countries to live up to their aid pledges and to spend this aid effectively to reduce poverty. Through the DCI and EDF in particular, the EU has the legal and financial authority to deliver pro-poor targeted aid. Following the completion of a Multiannual Financial Framework, countries are legally obliged to fulfil their promises to the EU’s aid budget. Following the economic crisis and resulting pressure on Member States’ aid spending, the EU can continue to hold governments to account for their aid promises through such budget negotiations. It is therefore of strategic interest for the UK to see the EU aid budget for the DCI since it would automatically leverage more aid to the world’s poorest from other EU partner countries.
- Member States will also give a 7-year budget to African, Caribbean and Pacific countries: the European Development Fund (EDF). The EDF supports the partnership and priorities set out in the Cotonou Agreement between EU member States and the 78 countries of the ACP – a unique international treaty governing relations between these EU and ACP development partners.
- ONE’s response to question 1 highlights that when the objective is poverty alleviation there are a number of areas where the EU has comparative advantage. This includes, but is not limited to, larger aid projects where it is useful to leverage funds from other countries, transnational aid projects and where the EU is viewed as an impartial donor.
• To maximise poverty alleviation it would be logical to strengthen financial support for the EU in these larger cross-border aid projects. The European Investment Bank (EIB) is active in this area and the Bank’s work could be strengthened to ensure that EIB projects result in strong poverty alleviation outcomes.

• The G20 itself is not a legally accountable body and has no secretariat. While the G20 can guide national and international objectives and policy - and will be useful to generate consensus towards actions of global importance and therefore should be a focus on UK efforts - this should not be a replacement for action with the EU.

• Additionally by working with the EU to develop common development aid policy the UK’s voice can be amplified at the G20. This will likely be increasingly important in the future as the economic power of the UK becomes less significant with the growth of the emerging nations.

• The oversight and control over EU aid spending that the UK has - as outlined in the response to question 1 - is more than the scrutiny the UK enjoys through its participation in World Bank and other multilateral processes the UK is party to.

QUESTION 5: Future options and challenges
Are there ways in which the EU could use its existing competence in these areas differently, or in which the competence could be divided differently, that would improve policy making and implementation, especially in terms of:
  a) efficiency, effectiveness and value for money;
  b) transparency (including checks against fraud and corruption); and
  c) working with other international partner organisations (e.g. UN, World Bank etc.)?

• In the current system the EDF and DCI budget breakdown is determined at the beginning of the Multiannual Financial Framework (MFF) process for the next seven years - with the only opportunity for changes at the mid-term review. All current spending instruments include a provision to allow 5% flexibility in spending.

• By ensuring that flexibility within instruments continues, and by making sure there is a larger flexibility instrument of unallocated aid for the MFF period the EU will have increased flexibility to adapt their aid flows to changing challenges.

• There are areas where the EU has more competency than the UK - for aid efficiency and effectiveness these areas need to be supported with sufficient financial resources.

• Another such area is the climate change negotiations where the EU has negotiated as a 27 member bloc. To be successful in these negotiations the EU should have an adequate negotiating hand. Aid is one way to strengthen the EU’s hand and thus the UK should work to ensure that the EU has sufficient aid resources. This will ensure the EU has the practical competency to do this in addition to the political competency.

QUESTION 6. Future options and challenges
What future challenges or opportunities might the UK face in the areas of development cooperation and humanitarian aid, and what impact might these have on questions of competence and the national interest?

• The multiple challenges the world is facing are enormous. Among them: climate change, growing resource constraints (food, water, energy, etc.), global financial crisis, the rapid growth of some middle income countries. As most of these challenges are global in nature, the UK needs to work with other countries to solve them, to avoid duplication, increase coordination and to pool
limited resources. The EU’s perceived neutrality in fragile states may also turn out to be an increasingly important asset in the future.

- Aid effectiveness is crucial in humanitarian situations and a proliferation of aid donors in humanitarian situations hampers aid effectiveness efforts. ECHO has competence in addressing humanitarian situations and pulls donor resources into one pot. An increasing number of humanitarian disasters means it is desirable to strengthen EU competence in this area. This may mean that the UK may not need to maintain such a strong competence in this area at the national level.

- The EU has competence in the area of human development and poverty alleviation both legally and practicably. However with EU enlargement there are uncertainties regarding the future spending priorities within Heading 4 of the EU budget which means that ODA could be directed away from the most pro-poor instruments such as the DCI towards less poverty focused EU aid instruments. However, as more countries join the EU and there is less need for Pre-Accession Finance this might ‘free up’ finance within heading 4 to be directed towards more pro-poor instruments. New member countries, who often are not major aid donors, are also exposed to development spending when they join the Union and learn from the EU, increasing the likelihood that they will adopt best practice in aid spending.

- Negotiations on the next Multiannual Financial Framework are likely to ensure that 90% of all heading 4 spending can be counted as ODA. This should help keep EU funding focused on poverty reduction.

- In 2016, a new development agenda will replace the current MDGs. While the exact design is not yet clear, it is probable that this will be broader than aid spending and will include governance and global public goods management. While all countries will have an opinion on the make-up of this agenda, both the EU and the UK will have important roles in ensuring the success of the agenda when established. This may require the EU and the UK to reassess the sharing of current competences to ensure efficiency and effectiveness.

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3. [http://www.comres.co.uk/poll/760/on](http://www.comres.co.uk/poll/760/on)
8. [http://www.unglobalcompact.org/docs/about_the_gc/government_support/PostG8_Gleneagles_Communique.pdf](http://www.unglobalcompact.org/docs/about_the_gc/government_support/PostG8_Gleneagles_Communique.pdf)
11. [http://www.g8.utoronto.ca/a20/analysis/conclusions/africa-l.pdf](http://www.g8.utoronto.ca/a20/analysis/conclusions/africa-l.pdf)
13. [http://www.g8.utoronto.ca/g20/analysis/conclusions/africa](http://www.g8.utoronto.ca/g20/analysis/conclusions/africa)
For more information: http://ec.europa.eu/europeaid/how/finance/dci/environment_en.htm
http://www.one.org/international/blog/%E2%80%9Chow-thanks-to-eu-aid-even-with-less-rain-we-have-received-bumper-harvests%E2%80%9D/
http://www.one.org/international/blog/pushing-and-pulling-for-the-right-planting-techniques-in-sub-saharan-africa/
http://www.one.org/international/blog/thanks-to-eu-funding-i-have-been-able-to-put-my-son-through-school/
as defined in the PRAG, a Practical Guide to contract procedures for EU external action, which applies to the EC and decentralised contracting authorities as well as tenderers/applicants in contract award procedures.
Publish What You Fund’s 2012 Aid Transparency Index ranked the European Commission’s DG Development and Cooperation (DG DEVCO) 5th out of 72 aid organisations across 43 indicators.
It improved its score significantly from 2011. ECHO ranked 14th out of 72 donors (in the “fair” category) in the same index.
Article 208 of the Treaty on the functioning of the EU