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Subject: Council Conclusions on The EU Common Position for the Fourth High Level Forum on Aid Effectiveness (HLF-4, Busan, 29 November – 1 December 2011)

At its meeting on 14 November 2011, the Council adopted the Conclusions set out in the Annex to this note.

COUNCIL CONCLUSIONS

on

**The EU Common Position for the Fourth High Level Forum on Aid Effectiveness
(HLF-4, Busan, 29 November – 1 December 2011)**

Part I: Key messages for Busan

1. The Busan Forum should be a turning point for strengthening aid as a catalyst for effective delivery of development results and seek a new consensus on an inclusive development partnership. Looking beyond aid, Busan should also seek ways to enhance domestic resources mobilization in partner countries thereby helping to reduce aid dependency as a long-term objective.
2. By assessing progress against existing commitments, setting out priorities for the aid and development effectiveness agenda and linking with new global development challenges and partnerships, the Busan Forum will contribute to better quality of aid and increased impact of development financing from all sources. The overall objective is to accelerate the achievement of the Millennium Development Goals and contribute to the establishment of the post-2015 development architecture.

3. In view of the changing global context, the Council endorses the following priorities for the EU and its Member States (hereinafter referred to as the EU) in the negotiations of the Busan outcome document:

- 3.1 Be inclusive and thus build bridges between different development actors, notably emerging economies, in their pursuit of development results and long-term impact. This aim of reaching out and broadening cooperation with all relevant development partners should strengthen development effectiveness while ensuring that the ambition in the aid effectiveness agenda is not reduced.
- 3.2 Agree on a single outcome document which reaffirms the aid effectiveness principles through focusing and deepening the key commitments of the Rome Declaration on Harmonisation, the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.
- 3.3 Focus and deepen commitments on results and accountability, ownership, transparency and reduced fragmentation. Predictability, alignment and capacity development are other priority areas. In addition, the Busan outcome document should address risks and joint risk management including shared identification and mitigation of risks.

- 3.4 Strengthen the engagement of parliaments, local authorities, oversight bodies, the civil society, the academic sector and the independent media as essential stakeholders in development and in promoting democracy, human rights and the rule of law.
 - 3.5 Engage the private sector in aid and development effectiveness in order to advance innovation, create income and jobs, mobilize domestic resources and further develop innovative financial mechanisms.
 - 3.6 Adopt a new approach to fragile and conflict-affected situations, based on effective support for peacebuilding and statebuilding goals agreed jointly at the level of partner countries.
 - 3.7 Prioritise and substantially strengthen implementation at the country-level, led by the partner countries and allow for flexibility according to partner country priorities, local contexts and the inclusion of a wide set of development partners.
 - 3.8 Reduce and streamline the global governance structure and monitoring, and use existing mechanisms and forums to follow up and pursue the aid and development effectiveness agenda.
4. It is important that all relevant development partners including the providers of South-South cooperation, emerging economies, multilateral organizations, private sector and civil society, non-for profit private foundations, implement commitments agreed upon in Busan.

Part II: The European Union's contribution

5. The Council stresses that the EU¹ performs above the average in implementing the Paris and Accra commitments. This is encouraging progress but not satisfactory.
6. With this in mind, the Council emphasises the need to focus and deepen the commitments to achieve concrete and sustainable results. This requires increased political support to the aid and development effectiveness agenda and pursuit of a comprehensive approach.
7. To further deepen the aid effectiveness commitments and strengthen development effectiveness, the EU will promote and support specific initiatives with a view to:
 - a. Establish an EU Transparency Guarantee to increase accountability and predictability, strengthen democratic ownership and improve development results.
 - b. Implement joint programming at the country level to reduce aid fragmentation and promote harmonization.
 - c. Strengthen delivery, accountability, measurement and demonstration of sustainable results.
 - d. Commit to a new approach to situations of conflicts and fragility.
 - e. Deepen Public-Private engagement for development impact.
8. Aid and development effectiveness will be further strengthened in the context of the EU development policy and future financial instruments.²

¹ Participants in the Paris Monitoring Survey from the EU were Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom and the Commission.

² Reference is made to the development policy and financial instruments under the EU budget or managed by the European Commission.

Part III : Detailed elements of the Common EU position

I. Mixed results, uneven progress, successes and opportunities

9. The EU has taken due note of the findings of the Independent Evaluation and the Monitoring Survey of the Paris Declaration and the Monitoring Survey of Fragile States Principles. These findings should provide the basis for future priorities.
10. The evidence confirms that among the five aid effectiveness principles country ownership has advanced furthest. Alignment and harmonisation have progressed unevenly, while the use of partner country systems has not increased despite improvements in those systems. Managing for development results and mutual accountability have advanced least. The trend in aid predictability has even reversed as compared to 2005. Overall, progress is slow as only one out of 13 targets has been achieved globally: coordinated technical cooperation.
11. According to the Survey of the Paris Declaration, the performance of the EU with regard to the Paris and Accra commitments is good in joint technical cooperation and in using country systems for public finance management and procurement. The EU has been less successful in alignment, predictability and use of programme-based approaches. Aid fragmentation and proliferation, which increased both at EU level and globally between 2005 and 2009, and transparency remain challenges.
12. Overall, the EU performs above the global donor average in Paris targets. However, the evidence shows that progress within the EU is uneven and there is more work ahead to make aid and other development financing more effective. With this in mind, the Council welcomes the Commission's Communication on a proposal for the EU common Position in Busan³.

³ Proposal for the EU Common Position for the 4th High Level Forum on Aid Effectiveness, Busan. Commission Communication, Brussels, 7.9.2011 COM(2011) 541 final. (Doc. 13927/11)

II. Deepening aid effectiveness for development results

Ownership

13. The EU underlines that partner country ownership is fundamental for aid to achieve sustainable development results and acknowledges the progress made by many partner countries. Systematic reference should be made to democratic ownership where partner countries are responsible for promoting an enabling environment for the civil society and multi-stakeholder consultations to build development consensus. Strengthening the role of parliaments, local authorities, civil society organisations, national audit institutions and the media is crucial in this context.
14. Participation of women and women's organizations as well as measures to promote gender equality are essential to achieve equitable and effective development.
15. Democratic ownership should also address capacity development and strengthened country systems, including institutional and human resources as well as effective institutions, which respect human rights, good governance and the rule of law. Donors should provide their capacity development support according to local priorities, demand and context. The EU calls on partner countries and development partners to increase the emphasis on harmonised and results based conditionality.
16. The fight against corruption and risk management should be a joint responsibility of partner countries and all development partners.

Results and Accountability

17. Achieving sustainable development results is the overall objective of the aid effectiveness agenda. The EU stresses that while Paris and Accra affirmed the importance of managing aid to get results, in Busan the ability to deliver, measure, demonstrate and account for sustainable results should be at centre stage. Consequently, corresponding operational and explicit joint commitments should be integrated in country results frameworks. However, the pressure to deliver results must not compromise the longer term process of developing partner countries' capacities to plan, deliver, measure, demonstrate and account for sustainable development results.

18. Partner countries and development partners should commit to common results frameworks with a manageable number of development outcome indicators at the country level based on partner countries' national development strategies and sector plans. Partner countries and development partners should agree on joint assessment and joint risk management frameworks which include aid and development effectiveness indicators to assess performance and identify risks.

19. The aid effectiveness agenda should also focus on enhancing accountability for development results through the strengthening and full use of country-led accountability and transparency mechanisms. Priority actions should aim at strengthening key institutions and existing efforts, including development of statistical capacities (including through the initiative Paris21⁴) and to reinforce partner countries' monitoring and evaluation capacities to track development results and impact as well as capacity to hold government to account. This includes ensuring that public financial management mechanisms and expenditure tracking systems are gender-responsive and that data disaggregated by sex are collected and used. The EU believes that donor assessments of results should be based, to the extent possible, on partner countries' reports on results.
20. The EU stresses that results and mutual accountability frameworks should be led by partner countries, used universally to monitor progress towards achieving development results as well as donor performance and be tailored to specific contexts. Partner countries and donors should strengthen results-based decision-making for development. Development of these frameworks should be transparent and inclusive of civil society and other relevant actors.

⁴ The Partnership in Statistics for Development in the 21st Century (PARIS21).
<http://www.paris21.org>

Transparency and Predictability

21. The Busan outcome document should contain a reconfirmation of the Accra commitments on transparency from all development partners, including non-DAC donors, to publicly disclose regular, detailed, and timely information on commitments, disbursements, allocation, conditions and results.
22. The Busan outcome document should include a commitment to disclose all indicative country specific information of the OECD/DAC Forward Spending exercise⁵, and to add more detailed information at the sector level.
23. Partner countries should clearly commit to transparency on available development resources including the publication of national budgets, expenditure and audit reports.
24. The outcome document should also encourage donors to address constraints to allow multi-year budgeting of development cooperation and to recognize the importance of meeting complementary global reporting and publishing standards based on the DAC CRS++ standard (i.e. the DAC's expanded Creditor Reporting System with its concepts, definitions, classifications and verification procedures) and the International Aid Transparency Initiative, respectively. The aim should be to meet inclusiveness, manageability and implementation by December 2015. In this context, the EU encourages the DAC to become an international hub for transparency.

⁵ For those States who are not yet members of the OECD/DAC this will be implemented taking account of steps required to enable such reporting and the provision of forward looking information on aid allocations. When reporting and publicly disclosing the information on their aid volume and allocations, these states will strive to follow the respective methodologies laid out by the OECD/DAC.

25. Promote increased transparency as an issue of key priority in the multilateral development institutions, including the UN system and the development banks, as well as other partners funded by the EU.
26. The EU will commit to an 'EU Transparency Guarantee'⁶ based on the transparency commitments adopted in the EU Operational Framework on Aid Effectiveness⁷.

Reduced Fragmentation

27. Aid fragmentation still poses challenges and the situation may further deteriorate given the increasing number and diversity of actors involved. Therefore, the Busan Forum should look for opportunities to address these, recognising that political decision making is essential for success. All development partners, including multilateral organisations, need to move from individual country strategies towards partner country-led joint assistance strategies among those donors and partners that have the political will to work together.
28. The multilateral aid architecture should be streamlined. The EU reconfirms the Accra commitment to self-restraint with regard to avoiding further proliferation of global and thematic programmes or vertical funds. Donors should use and strengthen the existing channels.

⁶ See Annex I.

⁷ EU Operational Framework on Aid Effectiveness – Consolidated text. (Doc. 18239/10).

29. The EU acknowledges that partner countries' management capacities are crucial for aid coordination and management, including in-country division of labour and that they need to be strengthened based on demand. Experience and knowledge sharing through regional platforms can be one way forward.
30. The Busan outcome document can also have a particular added value in promoting cross-country division of labour and global high-level debate with special consideration for under-funded countries based on the analytical work of the DAC on fragmentation and forward-looking plans of aid allocations.
31. The global high-level political dialogue on these issues stipulated in the Accra Agenda for Action should begin in Busan, based on the work of the DAC on fragmentation and forward-looking plans of aid allocations. With regard to the situation of under-funded countries, this dialogue should include a discussion on the complementary roles of bi- and multilateral donors.
32. The EU commits to a high degree of flexible and increasingly decentralized forms of development cooperation to enable joint and inclusive approaches at country level.
33. In order to show leadership in Busan and beyond and as a response to the increased fragmentation and proliferation, the EU will improve and strengthen joint programming⁸ at the country level under the leadership of partner countries wherever possible.

⁸ See Annex II

Alignment

34. The evidence confirms that aligning with partner countries' national priorities and using their systems makes aid more effective. Furthermore, aligning with partner country priorities, partner country national planning and budget cycles and using country systems are important in supporting partner countries' ownership and leadership.
35. The EU stresses that partner country governments have the lead in strengthening country systems while the identification and mitigation of risks should be done jointly by partner countries and donors.
36. The EU calls upon all development partners, including multilateral organisations, funds, programmes and vertical funds to reaffirm their current commitment to align with partner countries' national development plans, and to use and strengthen, together with partner countries, country systems for all aid modalities for more effective institutions and policies. Use of country systems does not refer solely to budget support but is equally important for other aid modalities including project support.

Countries in Fragile and Conflict Situations

37. The Busan outcome document should address situations of conflict and fragility as a global challenge to development and poverty reduction and the fact that fragile states are lagging furthest behind in achieving the MDGs.
38. While reaffirming the principles of the UNSCR 1325 and 1820, the principles of Good Humanitarian Donorship (GHD), the Fragile States principles, and the Accra Agenda for Action's emphasis on inclusive ownership, the Busan outcome document should underline the need, where possible, for a closer and more effective relationship between these policy areas and related actions both at policy and operational levels.
39. Monitoring of the Fragile States Principles show that, while aid effectiveness principles remain relevant in situations of fragility, their implementation needs to be gradual and tailored to specific challenges stemming for example from weak ownership and capacities and the urgent needs for basic service delivery.
40. The EU acknowledges and supports the importance of the work on International Dialogue of Statebuilding and Peacebuilding and the growing leadership of conflict affected and fragile states, known as the g7+.

41. The EU considers that the Busan outcome document should contain a reference to the International Dialogue on Peacebuilding and Statebuilding. It should also make an explicit reference to the five goals of the Monrovia Roadmap on Peacebuilding and Statebuilding which commit to a new way of operating in situations of conflict and fragility. Cooperation and international engagement in these situations should generate results that are aligned with nationally owned peacebuilding and statebuilding objectives, be transparent, rapid, predictable, flexible and responsive to contextualised challenges for development results and poverty reduction, manage risk jointly and effectively, and strengthen national capacities and the use of country systems.
42. The EU calls upon donors to adapt their procedures for decision-making, funding and implementation to the specific challenges of situations of fragility. It also calls for the endorsement of the DAC guidance on state building, transition financing and risk management in fragile situations.
43. The EU calls upon partners in conflict-affected and fragile situations to provide the necessary political leadership to ensure inclusive political dialogue, transparency and the development of local capacities.

III. Partnership for Impact – Development Effectiveness Agenda

44. The evidence suggests that aid effectiveness principles are relevant beyond their present scope and can bring added value to wide partnerships as well as other sources of development financing.

45. Contributing to sustainable development results is relevant to all stakeholders providing development financing. The Busan Forum should include an exchange between different actors in order to share experiences in achieving results. Based on this, the Busan outcome document could establish shared principles and differentiated commitments building upon the aid effectiveness principles.

Role of Emerging Economies and South-South Cooperation

46. The Busan outcome document should confirm the growing importance of South-South and triangular cooperation for development. It should seek to further build the understanding of the respective advantages, complementarities and synergies between South-South and North-South cooperation based on transparency regarding development financing flows. The EU stresses the importance of partner countries and emerging economies defining how the aid and development effectiveness agenda relates to South-South cooperation and how this agenda can benefit from the lessons of South-South cooperation.

47. The Busan outcome document should also recognise that South-South cooperation, like North-South and triangular cooperation, is wider than financial cooperation and also includes capacity development and knowledge sharing as well as underline the role of regional platforms for knowledge-sharing on successful development experiences, capacity development and aid management practices. The EU invites providers of South-South cooperation to take part in country-led processes to improve aid and development effectiveness.

Civil Society Organisations, Local Authorities and Private Foundations

48. Building on the results of the Structured Dialogue, the Busan outcome should reaffirm the recognition of civil society organisations (CSOs) as independent actors in their own right, the need to strengthen a conducive regulatory and legal environment for civil society, and the role of local actors in initiating specific interventions supportive of local needs.
49. The EU recognises the efforts made by civil society organisations and local authorities from donor and partner countries to enhance the accountability, transparency and integrity of their operations, and calls upon them to continue these efforts based on self-regulatory mechanisms such as the Istanbul CSO development effectiveness principles.
50. Private foundations should also be called upon to make adaptations to the Istanbul principles to fit their activities and partnerships. International CSOs and private foundations, when acting as donors, should promote local ownership by acknowledging the lead of local civil society in identifying local development needs.

For-profit Private Sector

51. The Busan outcome document should emphasise the importance of inclusive economic growth, local private sector development and public-private partnerships for achieving the MDGs. This will require promoting an enabling environment for private sector development, capacity development in and with private sector, support for public-private partnerships as well as options for aid to act as a catalyst to raise private investments for inclusive, pro-poor growth.

52. The Busan outcome document should include common partnership principles for private sector involvement identified together with the private sector representatives. Increased cooperation should be based on the aid effectiveness principles. In this context the EU calls on the private sector to take an active role in development cooperation through the promotion of joint innovation and inclusive business models, partnerships between the public and the private sector and corporate social responsibility practices. It also calls on development partners to further develop and increase the use of innovative financial instruments and blending of grants and loans that enhance the catalytic role of aid in promoting private sector engagement and private sector development. The EU underlines the importance of regular engagement, based on existing initiatives where possible, of the private sector in dialogue at the country level on how cooperation between the public and the private sectors best contribute to development effectiveness.

International Climate Change Finance

53. The EU endorses the application of the aid effectiveness principles to climate change finance and stresses the importance of a similar endorsement in the Copenhagen-Cancun-Durban process. Lessons learned from the application of the Paris and Accra Principles have much to offer in enhancing the development effectiveness of climate change interventions and should contribute to defining the framework for climate change finance within the process of the United Nations Framework Convention on Climate Change (UNFCCC).

54. The EU calls upon the Green Climate Fund to include the aid effectiveness principles in its design and operation and for entities providing climate finance to agree a common approach for reporting of climate finance as an essential component of monitoring reporting and verification (MRV). Through the successful application of MRV transparency, accountability, completeness, comparability and accuracy of climate finance will be enhanced.

IV. Governance and monitoring

55. The EU underlines the need for the Busan Forum to take sufficiently detailed decisions on aid effectiveness governance to avoid lengthy discussions after the Forum.
56. The overriding principles should be to strengthen a partner-led, country level implementation, enhance political support for implementation and streamline global monitoring and governance structure.
57. The aid effectiveness governance should include different development partners and link country level implementation with global efforts. However, the EU does not support the establishment of new global governance structures. The existing structures, notably UN, WB/IMF, regional structures, G20 and DAC should be used as forums to discuss aid effectiveness implementation and to strengthen wide development partnerships. Care should be taken to ensure civil society and private sector participation.

58. The EU stresses the need to prioritise and strengthen partner led implementation at the country level. Country level implementation should be strengthened through partner-country-led 'country compacts' in which partner countries, based on existing development plans and multi-stakeholder consultation, agree with their development partners - beyond the DAC-donors - on locally adapted Busan priorities and targets, using the existing local mechanisms for monitoring and mutual accountability. 'Country compacts' should be kept lean and simple without creating another layer of bureaucracy.
59. Any role for the OECD/DAC hosted Working Party on Aid Effectiveness (WP-EFF) after Busan should be streamlined, limited to core functions and its current clusters should be terminated. Busan building blocks should not be the basis for a new cluster structure. The WP-EFF should be tasked to facilitate country level implementation and to conduct global monitoring together with the DAC. The WP-EFF and the DAC should also facilitate the flow of information between the country level and relevant global development policy forums.
60. The UN Development Cooperation Forum should focus on strengthening international mutual accountability at the global level.

61. No new global indicators should be developed at this point of time. The focus should be on country level implementation and monitoring. Development of global indicators should be done in connection with the post-MDG development policy work.

62. The next global monitoring exercise should be conducted in connection with the 2015 deadline for the Millennium Development Goals (MDG). The Paris indicators should reflect the country-led and focused agenda and importance placed on the continued measurement of long-term progress using appropriate baselines. Other sources of evidence should be used as effectively as possible to track the results and impact of aid. Country level monitoring, in turn, should be based on existing local mechanisms. Generic lessons should be distilled at the global level through the WP-EFF and the DAC.

**The Council Conclusions on the EU Common Position
for the Fourth High Level Forum on Aid Effectiveness**

European Union Transparency Guarantee

Transparency is an essential component of aid effectiveness. In the Accra Agenda for Action, donors and partner countries agreed to provide timely and detailed information on current and future aid flows in order to enable more accurate budget, accounting and audit by developing countries. Therefore, the European Union and its Member States (hereinafter referred to as the EU) are taking steps to increase the provision of aid information in country systems and processes as a key priority.

In order to increase aid transparency, the EU will:

- Publicly disclose information on aid volume and allocation, ensuring that data is internationally comparable and can be easily accessed, shared and published.
- Make available to all stakeholders indicative forward-looking information on development expenditure at country level on an annual basis.
- Make available to partner countries disaggregated information on all relevant aid flows, so as to enable partner countries to report them in their national budget documents and thus facilitate transparency towards parliaments, civil society and citizens.

The EU will also promote better transparency of aid at international level and

- Promote the strengthened capacity of the OECD/DAC in statistics and analysis on global aid flows allowing DAC to become an international hub for transparency.
- Encourage increased cooperation by international aid transparency initiatives, including IATI, with the OECD/DAC, working towards meeting complementary global reporting and publishing standards based on the DAC CRS++ standard (i.e. the DAC's expanded Creditor Reporting System with its concepts, definitions, classifications and verification procedures) and the International Aid Transparency Initiative, respectively.
- Promote increased transparency as an issue of key priority in the multilateral development institutions, including the UN system and the development banks, as well as other partners we fund.

**The Council Conclusions on the EU Common Position
for the Fourth High Level Forum on Aid Effectiveness**

European Union strengthening Joint Multi-annual Programming

Context

The EU and its Member States (hereinafter referred to as the EU) have adopted a framework for joint programming and repeatedly expressed commitment to move forward on joint programming of their external assistance to partner countries.¹ Joint programming has started (Haiti, South Sudan) and will be proposed to take place in further partner countries to be identified, in line with the EU Operational Framework on Aid Effectiveness.²

Joint multi-annual programming:

- enhances the effectiveness and coherence of EU and Member States' aid,
- increases the impact and delivering better results,
- reduces fragmentation,
- increases transparency, predictability and accountability,
- is open to all relevant development stakeholders.

¹ See Council Conclusions 2006, 2007, 2009 and 2010.

² EU Operational Framework on Aid Effectiveness – Consolidated text. Doc. No 18239/10.

Scope

Joint programming is a process whereby the EU takes strategic decisions based on a comprehensive view of European and other donors' support to a given partner country. Joint programming respects Member States' sovereign decisions e.g. on choice of partner countries and level of financial allocations in these countries. The core elements of joint programming are:

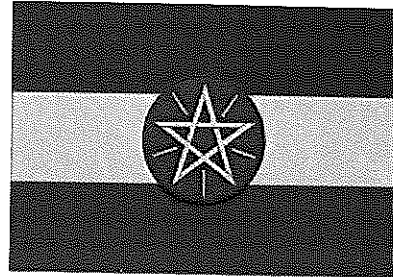
- joint analysis of and joint response to a partner country's national development strategy identifying priority sectors of intervention,
- in-country division of labour: who is working in which sectors,
- indicative financial allocation per sector and donor.

Joint programming does therefore not encompass bilateral implementation plans. It allows the EU and the Member States to substitute their individual country strategies.

Principles

- Joint programming is led by the partner country wherever possible, is based on a partner country's national development strategy and is aligned to the partner country's strategy and programming cycles.
- Joint programming is kept simple and pragmatic and conducted at partner country level in order to respond to specific needs and the situation on the ground.

- Participation by all Member States who are present in a given partner country strengthens the coherence of the EU's action. All other Member States are invited to contribute for the purpose of reinforcing joint EU external action. Joint programming should build on the comparative advantages of all EU donors.
 - The EU will keep joint programming flexible and avoid parallel processes where, for example, donor-wide strategies exist or are being developed. While joint programming is not meant to be an exclusive EU process, the EU will act as a driving force.
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EUROPEAN UNION '+'

JOINT COOPERATION STRATEGY

FOR ETHIOPIA

27 January 2013

EUROPEAN UNION '+' JOINT COOPERATION STRATEGY FOR ETHIOPIA

Outline

List of Abbreviations

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 4. Human and Social Developments
 5. Humanitarian Situation and Food Security
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- IV. **The way forward: EU+ joint programming for aid effectiveness**

Annexes:

- Annex 1: Selected aid effectiveness priorities for EU joint programming
Annex 2: Programming Cycles

List of Abbreviations

APR	Annual Periodic Review
CSO	Civil Society Organisation
CRGE	Climate Resilient Green Economy
DAG	Development Assistance Group
EDF	European Development Fund
EPA	Environment Protection Agency
EU	European Union
EU+	European Union, EU Member States and like-minded donors (Norway)
GEQIP	General Education Quality Improvement Package
GDP	Gross Domestic Product
GNI	Gross National Income
GTP	Growth and Transformation Plan
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MTEF	Medium Term Expenditure Framework
OECD	Organisation for Economic Cooperation and Development
PASDEP	Plan for Accelerated and Sustainable Development to End Poverty
PBS	Protection of Basic Services
PSCAP	Public Sector Capacity Building Programme
PSNP	Productive Safety Nets Programme
RED&FS	Rural Economic Development and Food Security
SLM	Sustainable Land Management
SWG	Sector Working Group
TWG	Technical Working Group

I. Introduction

The European Union (EU), its Member States, and like-minded donors (Norway), henceforth referred to as 'EU+', are firmly committed to supporting a stable and prosperous Ethiopia in a challenging region. EU+ is therefore committed to supporting the Government of Ethiopia to achieve in a realistic way, the main objectives of the Growth and Transformation Plan (GTP), as well as to improve the efficiency and relevance of EU+ development assistance. Building upon the longstanding relationship between the EU, its Member States, Norway and Ethiopia, the EU+ Joint Cooperation Strategy establishes a shared, long-term vision for EU+ partners in supporting Ethiopia's development.

Ten EU Member States, Norway and the European Union consider Ethiopia a priority country for their operations. Other EU Member States also provide development assistance.¹ In 2010, EU member states and Norway provided USD 1,095 million of ODA (disbursements @ current prices), equivalent to 28.7 percent of total ODA.² Shared priorities and improved coordination and effectiveness will increase the leverage of EU financing. New financing instruments and possible joint programmes will further facilitate this process.

The GTP, covering 2011 to 2015, presents an opportunity to renew the commitment of the EU, EU Member States and like-minded donors (Norway) to adopt a common vision of development challenges, to outline mutual priorities for supporting Ethiopia's development in alignment with the GTP and to establish guiding principles and objectives for effective development in the spirit of an equal-standing partnership.³ Whilst ambitious, the GTP offers a basis to build an EU+ response in the framework of the EU Agenda for Change⁴.

This Joint Cooperation Strategy lays the building blocks for EU+ joint programming in Ethiopia; it is a document that the EU+ partners will refer to in their country strategies. It is a document shared with, but not endorsed by, National Authorities. It seeks to ensure coherence with DAG initiatives, and encourages the participation of other development partners. The Joint Strategy has three parts: an overview of the context and the development challenges facing Ethiopia (Part I); followed by a statement of objectives, guiding principles and mutual priorities (Part II); and a strategic road map for improved cooperation and EU joint programming (Part III).

II. Context and Development Challenges

With an estimated population of 84.7 million in July 2011⁵, Ethiopia is the second-most populous country in sub-Saharan Africa. Ethiopia is also one of the world's poorest countries, with a per capita GNI of USD 400 (current USD) in 2011.⁶ It ranks 174 out of 187 countries in human development according to the 2011 Human Development report.⁷

The Government of Ethiopia has a strong track record of commitment to pro-poor development policies and this has helped the country make impressive progress towards the MDGs. In the last five years, with substantial support from the EU+ partners, Ethiopia has:

¹Ethiopia is considered a priority country for Austria, Czech Republic, Germany, the European Union, Spain, Finland, Ireland, Italy, Netherlands, Sweden and the United Kingdom. France, Poland, Belgium, Denmark, Greece and Portugal also provide ODA.

²

From: <http://stats.oecd.org/Index.aspx>.

³Agenda for Change in support of inclusive growth and sustainable development - Increasing the impact of EU development policy.'EU Council, May 2012.

Busan, November 2011, 'from aid effectiveness to development effectiveness.'

⁴Approved by the EU Council on 14 May 2012

⁵<http://www.worldbank.org/en/country/ethiopia>

⁶See World Bank <http://data.worldbank.org/country/ethiopia> (accessed 23 August 2012).

⁷http://hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_ETH.html (accessed 31 August 2010).

- reduced the proportion of the population living below the national poverty line from 39% to 30 %
- put four million more children in primary school
- reduced child mortality by a quarter
- trained and deployed over 30,000 health extension workers
- supported a yearly average of 8 million people through a productive safety net programme

Starting from such a low base, the Ethiopian economy has registered impressive growth in recent years.

Faster and sustained growth and progress towards the MDGs - the basis of the GTP might be challenged by:

- Ethiopia's young and fast growing population, with an expected explosion in urban areas
- chronic food insecurity and increasing pressure on natural resources
- the impacts of climate change,
- regional instability and regional state imbalances (peripheral regions),
- the pace of democratisation and the challenging coexistence of religions.

Also, the economy is faced with the challenges of how to sustain high growth, curb inflation, improve resilience to shocks like drought or volatility of food and commodity prices, whilst further reducing macroeconomic risks and imbalances, and preserving low levels of corruption. The country, whilst establishing its own path for development, could benefit from better exposure to good practices, worldwide.

The following section outlines the main development challenges, according to GTP's pillars, to be completed in due course by regional stability issues, aid effectiveness, and additional cross cutting issues.

1. Governance and Political Developments

The Federal Democratic Republic of Ethiopia is based on a solid and modern constitution, marked by the concept of "revolutionary democracy", and with a strong emphasis on pro-poor development policies. The democratisation process is still young, and according to international standards marked by a lack of separation of powers and limited political space. Fundamental freedoms, such as freedom of association and expression, face increasing restrictions. The federal nature of the state, which devolves authority to regional states, district and village authorities, allows for regional diversity. Good progress has been made in fiscal and administrative decentralisation processes. However, pluralism and diversity remain constrained, partly due to the lack of independence of democratic institutions and the overlap between ruling party and State.⁸ Institutional capacity, especially in justice and democratic governance institutions, is weak. Risk of increasing religious tensions, exacerbated by restricting human rights, may become a major threat for internal stability.

Good governance is one of pillars of the GTP, and focuses upon capacity building, justice, democratic institutions, the media and ICT. Adequate acknowledgement of the role of civil society as important stakeholders in implementation of the GTP is missing with the relationship between the Government and civil society continuing to be characterised by a lack of trust. Civil society's role is largely seen as service provision, rather than as important players in the

⁸as evidenced in the 2010 EU EOM report. Since the establishment of the Federal Democratic Republic of Ethiopia four national elections have been held, all won by the coalition of the Ethiopian People's Revolutionary Democratic Front which has governed the country since 1991.

economic development and democratisation processes, the latter being key to ensuring the long term sustainability of the current enormous development efforts.

Ethiopia has a good track record on public financial management with relatively low levels of corruption. With economic development, however, opportunities for corruption are likely to increase.

2. Regional Stability

Ethiopia commands a significant demographic and geopolitical position in the Horn of Africa, one of the more conflict-prone regions in the world, and holds a pivotal role in maintaining the current power balance and stability in the region. The protracted border dispute between Eritrea and Ethiopia, the Somalia crisis and the Sudanese conflicts are having a negative impact on the livelihoods of millions of people in the region, in addition to recurrent cross border conflicts between pastoralist groups. Ethiopia is supporting the implementation of the Comprehensive Peace Agreement in Sudan, and is assisting international efforts to bring peace and stability in Somalia. Ethiopia also plays a key role in the Nile Basin Initiative and is willing to re-visit old agreements on the use of Nile water, touching the lives of one hundred million people in Africa. The Eritrea-Ethiopia Claims Settlement Commission released its final assessment on the border dispute in August 2009, and relations between the countries remain strained. Ethiopia, within its border, has about 400,000 refugees from throughout the region, some for decades. Long term solutions are yet to be found. The threat of terrorism, emanating both from domestic regional insurgencies and from armed groups dispatched from bordering countries, is a reality. It calls for robust and balanced handling, but should not be used as a pretext for stifling political dissent.

Economic links and complementarities with neighbouring countries could potentially yield significant results, and reduce the likelihood of conflicts. However, the GTP neglects the role of neighbouring countries, the potential offered by regional markets and the link with regional and pan-African initiatives such the Programme for Infrastructure Development in Africa (PIDA) and the action plan towards the creation of a Continental Free Trade Area building on the tripartite process (COMESA, EAC, SADC).

3. Economic and Private Sector Development, Financing 'Landscape'

Ethiopia has achieved impressive and rapid annual economic growth of 11 percent average over the past seven years⁹. The growth was largely driven by government-led development policies, public investments in infrastructure, and social sector programmes. Much of the growth was initially led by agriculture, but has become more broad-based, with rising contributions from the service and industrial sectors.

Ethiopia is largely a command economy. Under the GTP, which builds on progress made under the Plan for Accelerated Social Development and Economic Progress (PASDEP), government aims to further open the economy and achieve growth rates of 11.4% (base case) to 14.9% (high case) annually, to reach middle income status by 2025.¹⁰ Economic transformation, industrial sector expansion and private sector development will be key to achieving the ambitious growth targets. The Government has shown an increased appetite to dialogue with the private sector, for example through the Public Private dialogue forum, and the EU Business Forum to Ethiopia started in 2011. This dialogue needs to result in improved framework

⁹Even during the 2008 global financial crisis the economy continued to grow at 11.2% in 2007/08 and at 9.9% in 2008/09 showing remarkable resilience. See IMF Country Report No.10/175, June 2010 for further details. Although IMF staff estimates⁹ suggest that robust growth has been in the range 7-8 percent see <http://www.imf.org/external/pubs/ft/scr/2011/cr11303.pdf>.

¹⁰ World Bank Atlas: Up to US\$995 of per capita GNI: low income; US\$996- US\$3,945: lower middle income status.

conditions for private sector development. Within the context of WTO accession, desired by Ethiopia by the end of the GTP, this is likely to pave the way for a reform process.

The GTP aims at raising productivity in agriculture, and creating employment in the services, industry and export sectors. The industrial sector is expected to become the leading sector by 2015. Furthermore, the government aims to expand access to, and improve the quality of, social services, and to invest in infrastructure development, particularly roads, energy and railways. The quality of transport services remains a matter for concern. The GTP targets for infrastructure investments are ambitious, and the rationale for those investments not always clear, lacking cost-benefit analyses. Concerns over quality of construction and maintenance persist.

The Government intends to finance the GTP by encouraging an increase in domestic savings; through broadening the tax base and improving tax collection. This may represent a risk of crowding out the private sector. Private investments are to be encouraged through new credit facilities and improvements in the enabling environment. Foreign Direct Investment (FDI) remains abnormally low compared to countries like Kenya or Ghana. Development partners are expected to maintain their support, with additional aid and investments being sought from new partners such as China, India, Brazil and the Middle East.¹¹ ODA is called to decrease in relative terms. However the absence of a clear budget attached to the GTP, with a clear hierarchy of priorities, may exacerbate financing concerns and macroeconomic imbalances (particularly inflation) at a time of rather limited resources.

The ambitious targets raise a few potential risks such as overheating of the economy or environmental sustainability. The lack of a conducive policy framework for the development of the industrial sector and the government's role in the financial and utilities sectors continue to pose important challenges. While there are ample opportunities for private investors with a cheap labour force, a large internal market and land resources, the environment for the private sector and foreign investors remains challenging. High transaction costs, lack of predictability and lack of a level playing field are compounded by malfunctioning financial services. SME capacities and presence remain weak.

Addressing existing macro-economic imbalances as witnessed on the occasion of the first annual periodic review of the GTP early 2012 requires, inter alia, curbing inflation, limiting the budget deficit, keeping the balance of payments in equilibrium, ensuring the competitiveness of the currency, and positive real interest rates. This, in turn, requires reducing rigidities in the banking system, opening up free competition for savings and freeing credit to facilitate access by the private sector. Further, the resilience of the economy to external shocks needs to be strengthened.

Whilst recognising the legitimacy of ambitious national development plans, there is a risk in trying to achieve too much in too short a time period. There is a need to ensure that there is sufficient spare capacity in the economy to absorb the changes without creating further inflation or bottlenecks. Ethiopia is in no immediate danger of debt distress but domestic and external financing needs may expand quickly to keep pace with the projected growth by 2015¹².

4. Human and Social Developments

Ethiopia has been making impressive gains in the area of human and social development. It is on track by numbers to achieve many of the MDGs relating to extreme hunger and poverty,

¹¹Aid flows currently comprise approximately one-third of national development resources – or \$4bn in 2010 and the country still remains under-aided on a per capita basis (\$27 in 2009/10) in sub-Saharan Africa.

¹²Additional Government borrowing may be needed, beyond the amounts available as concessionary borrowing. This could force the Government to borrow extra from the markets at commercial rates, and so raise its vulnerability to eventual debt distress.

universal primary education, combating HIV/AIDS, malaria and other diseases. However, the quality of education and other social services should also be considered. According to the UN, Ethiopia achieved the world's fastest improvement in human development between 2005 and 2010. Ethiopians' life expectancy at birth increased by almost 5 years in the last decade. Over the past two decades, according to official figures, primary school enrolments have quadrupled, the number of people with access to clean water has more than doubled and the proportion of people living on less than \$1 a day decreased from 60% to 36%.

Yet, many challenges remain: an important number of people remain vulnerable and under the poverty line. 44% of children are stunted, due to lack of food or poor health, which is not only important in terms of individual suffering, but also in terms of their eventual contributions to sustainable development. The MDG addressing maternal mortality is the most off-track at present, with 676 women, for every 100,000 live births (2010)¹³, likely to die. Whilst almost equal numbers of boys and girls go to primary school, this ratio declines through secondary and tertiary levels, with female adult literacy rates less than half of those of men. Furthermore, HIV/AIDS remains an important development challenge. Water supply, sanitation and hygiene remain matters of concern, with serious discrepancies between official figures showing a 70% access to water and field surveys closer to 50%. The situation is expected to worsen in towns, along with the expected explosion of urban population in coming years. Access to basic services and economic opportunities in peripheral regional states remains very limited. Further, equity in access to services, particularly for marginalised groups and minorities, is an issue.

The Government of Ethiopia continues to prioritise pro-poor spending, with high levels of resources allocated to basic services. It remains the most poverty-focused government in Africa. Multiple programmes to deliver social services are now in place covering education, health, sanitation and water supply. The two large government programmes, Protection of Basic Services (PBS) and Productive Safety Net Programme (PSNP), cover over 50% of EU Member States' financing frameworks up to 2012. PBS has proven to be a successful instrument. Yet, it needs to be stronger integrated with sector reform dialogue and programs in the supported areas. It constitutes the major resource transfer into the country, accounting for one third of all donor aid in Ethiopia. About a third of PBS resources, subsidies or block grant transfers are allocated to the regions. PSNP protects the basic food security and livelihoods for over 7 million poor people; it has been instrumental in reducing the impact of the 2011 humanitarian crisis in Ethiopia. Support for access to services needs to be maintained, whilst emphasising quality of services in education, health and water, as foreseen in the GTP.

5. Humanitarian Situation and Food Security

Food insecurity and malnutrition remain major challenges in Ethiopia despite huge investments and significant agricultural potential. Humanitarian aid remains abnormally high after decades (25% of foreign support), and a transition from humanitarian to development aid is desired. In any one year more than 10 million people cannot meet their basic food needs from one end of the year to the next. The Productive Safety Net Programme (PSNP) despite its impressive results is not a sustainable response to address the issue.

Support programmes are fragmented and there is a poor link between food security, nutrition concerns and agricultural programmes. Agriculture accounts for about 40 percent of GDP, 90 percent of exports and about 85 percent of employment. The majority of Ethiopians still live in rural areas. Livestock also plays an important role and remains the source of livelihood for about 20 percent of the population. Coffee is the major income source, directly or indirectly, for 15 million Ethiopians, while representing 40% of export earnings, though suffering from a lack of strategic vision to adapt to the international market. Khat, a soft drug, is developing strongly, at the expense of traditional subsistence agriculture. The agriculture sector is characterised by structurally low productivity, and remains dominated by vulnerable, small-scale subsistence

¹³<http://search.worldbank.org/data?qterm=ethiopia%2C%20maternal%20mortality&language=EN>

farming and rain-fed agriculture. Ethiopia remains highly vulnerable to weather-induced shocks, aggravated by land degradation, population pressure and climate change. As a result, alternative livelihoods to farming need to be promoted for many people.

GTP targets for the agricultural sector are ambitious. The Government wants to achieve food security in 5 years. The GTP emphasises the role of smallholder farming, while at the same time promoting large-scale commercialisation, an appropriate approach provided that enablers and incentives, as well as consultation and mitigation measures for local populations, are in place. A Programme Investment Framework provides a strategic 10 year framework for prioritisation and planning of investments for agricultural growth and development. Challenges include encouraging private sector participation and creating incentives to increase production by smallholders (marketing, information systems, value chains for agribusinesses, land certificates) as well as improving inputs (seed quality, fertilisers), irrigation, including small-scale irrigation, and rural infrastructure. Similarly, livestock resource management should be improved, including addressing low productivity, animal health and quality control. The G8 initiative "new alliance on food security and nutrition" and the "Global alliance on drought resilience in the Horn", both launched in 2012, offer opportunities to address such challenges. At the same time, attention needs to be given to ensuring the protection of natural resources, including the rehabilitation of watersheds and reforestation.

6. Gender

There is a strong legal basis for gender parity, including legislation on access to land, credit and productive resources, yet implementation remains challenging.¹⁴ Gender disparities are widespread and visible in all spheres of life, particularly in rural areas: access to education, health, legal services and economic opportunities.¹⁵ While there has been progress for example in increasing girls' participation in primary education, deeply rooted traditions and practices continue to tolerate violence against women, child marriages, abduction for marriage purposes and female genital mutilation.¹⁶ The lack of women's economic empowerment has severe repercussions on their children, food production and economic growth. Although political participation has improved, wide disparities still remain. Research shows that the low perception of women of themselves, plus their low status in society, different harmful practices that discourage women's initiatives, low education levels and low access to training, contribute to their limited involvement in public life.

Recent changes to the penal code provide protection against discriminatory practices, while enforcement capacities remain low. Improving access to and quality of the legal and judicial system is important for the protection of women's rights and to counter the widespread impunity for violence against women. The Government, through the Ministry of Women's Affairs, Youth and Children, and its departments at all levels of administration, is strongly committed to addressing these issues. However, they have limited capacity, presenting an obstacle to scaling up gender programmes.

7. Environment and Climate Change

Ethiopia is a country of diverse natural resources and an important centre for biodiversity, due to its wide-ranging climate and topography. The majority of Ethiopians are engaged in agriculture and are heavily dependent on natural resources. Unsustainable use and

¹⁴ The Government has also ratified most international and regional human rights instruments. Declaration on Elimination of Violence Against Women, the Beijing Declaration and Platform for Action, UN Declaration on the Right to Development, UN Millennium Declaration, NEPAD Framework document, Right to Development in the African Human and People Rights (1981) including the protocol on the Right of Women in Africa, African Charter of Popular Participation in Development, Constitutive Act of the African Union (2000).

¹⁵ Gender Gap Index: 122 of 134 (Global Gender Gap Report 2009), Gender-related Development Index: 133 of 155, Gender Empowerment measure: 85th of 109 countries (Human Development Report).

¹⁶ The prevalence of female circumcision is estimated to be above 70 percent.

management of resources, industrialisation, urbanisation, population pressure, use of marginal land for smallholder agriculture, and massive use of fuel wood, have led to severe environmental degradation. The impacts of climate change are more severe in Ethiopia, as they are directly linked to food security. In some cases, key ecological systems are being threatened by new investments or by mismanagement of ecosystems. While there are provisions for environmental impact assessments, the GTP does not mention such studies on its proposed large-scale projects. Similarly, such assessments are often disregarded in the implementation of investment projects.¹⁷ The impact of increasing urbanisation, with poor waste management and sewage systems remain largely under-prioritised.

Ethiopia is at the forefront of the international climate change agenda. However, the design and implementation of national climate change policies has been delayed. Many agricultural programmes, particularly the on-going food security programme, and natural resource conversion measures, are not climate-change resilient. There are some overlapping responsibilities between agencies, and coordination of various programmes while improving remain weak. Enforcement of laws remains a challenge, partly due to the inadequate capacity of regulatory authorities. There is an emerging structure and platform for dialogue between the Government and donors. The GTP treats environmental issues linked to agriculture and rural development, and promotes environmental issues to be mainstreamed. The Climate Resilient Green Economy strategy (CRGE) adopted in December 2011 is addressing some GTP's gaps as for the mitigation agenda and setting clear priorities (renewable energies, livestock).

8. Aid Effectiveness

The Development Assistance Group (DAG) was established in 2001 to coordinate donor activities, enhance harmonisation of donor practices, facilitate coordinated donor dialogue, ensure information sharing, broaden engagement with regional state authorities and non-state actors and to support the implementation of national development programmes. The DAG currently has 24 members, 13 of which represent EU member states or the EC.¹⁸ Thematic Working Groups (TWGs) and Sector Working Groups (SWGs) have been established to support thematic and sector-level activities, some of which are also co-chaired by the Government.

Over the last few years the 'aid landscape' has gradually changed, with non-traditional bilateral donors such as China, India and the Gulf States increasingly engaged in Ethiopia. As a result, the overall share of EU financial flows to the country has gradually diminished, while EU aid flows remain relatively stable. Coordination with emerging donors is often demanding.

One of the key challenges continues to be a limited high quality policy dialogue on key development challenges and policies. In 2011, the Government signalled renewed interest, with the reactivation of the Aid Effectiveness Taskforce and the setting-up of an Aid Effectiveness Action Plan, largely aligned with the EU+ aid effectiveness agenda. For the Government, predictability, particularly multi-year predictability, alignment with national priorities, and the use of country systems, are key priorities. Priorities of development partners include sector policy dialogue, managing for results and strengthening mutual accountability. The emphasis on results and development effectiveness also reflects a current trend in the international aid debate.

The lack of timely and reliable data on aid flows has made tracking aid effectiveness-related issues difficult. In 2011, the Government started the roll-out of the Aid Management Platform

¹⁷Ethiopia issued proclamation (no. 299/2002) on Environmental Impact Assessment to minimise socio-economic and environmental side effects and/or impacts from large investment projects and to ensure sustainability of development efforts.

¹⁸ Austria, Belgium, Denmark, European Commission, Finland, France, Germany, Ireland, Italy, Netherlands, Spain, Sweden and United Kingdom. For more information see: <http://www.dagethiopia.org>

which will facilitate the monitoring of the Aid Effectiveness Action Plan, and replaces the mapping conducted by the EU for its members.

9. **Capacity constraints** are cross-cutting and affect the public sector, private sector and CSOs. Capacity (planning, budgeting, procurement, contracting and monitoring) is particularly limited at the sub-national level, where the majority of services are provided. This increases the risks associated with high levels of rapid disbursements at sub-national level. Further, there is a high turnover rate due to low salaries and limited incentive schemes to retain qualified civil servants. Educational opportunities and vocational training also need to better match the requirements of the market to facilitate the expansion of the economy and employment creation. **Population growth** has reduced, yet remains one of the highest in the world, compounding pressures on the environment and basic services. **Timeliness and quality of data** also remain challenges affecting all sectors, to avoid progressive disconnect between official figures and other data sources, threatening the appropriateness of the decision making process and the accuracy of a results-based monitoring system. M&E has been put at the heart of the agenda of the APR (GTP's review) held in March 2012.

III. A Joint Strategy for Ethiopia

The Joint Strategy is aligned with the GTP's timeframe (2011-2015). Member States in the process of preparing new country strategies are encouraged to adopt an interim timeframe, to allow for progressive 'synchronisation' and to seek out opportunities for joint programming.

1. Objectives and Guiding Principles

The main objectives of the joint strategy are:

- to articulate a common vision of development challenges and mutual priorities for EU+ support in support of the objectives of the GTP;
- to progressively align EU+ partners' country strategies with agreed mutual priorities, paving the way for an EU joint programming exercise;
- to enhance the quality of policy dialogue;
- to make EU financing more effective through a focus on alignment, harmonisation, managing for results (common results framework), predictability and mutual accountability.
- to enhance the leverage and visibility of EU support to Ethiopia.

These objectives will be accompanied by a commitment to specific actions and targets to be set up in a roadmap and operational framework.

Efforts of the EU+ to enhance aid effectiveness and the DoL process build on existing donor coordination mechanisms. EU+ partners endeavour to actively encourage other development partners to support the process through their engagement in the DAG. All activities will be closely coordinated with the DAG. EU+ partners will use their participation in DAG SWGs or TWGs to promote policy issues related to the mutual priorities outlined below and to ensure that cross-cutting concerns are considered in all pillars/sectors

EU+ activities are based on and guided by the core values of the EU, respect for fundamental freedoms, and democratic governance. EU+ partners support overall development as a catalyst for the empowerment of citizens.

While the Joint Strategy focuses on development, other policy tools and partnership features are growing in importance. The 'European Consensus for Development' and the 'Agenda for Change' highlight the importance of non-development policies in supporting developing

countries in their efforts to achieve the MDGs.¹⁹The EU's partnership with Ethiopia includes policy dialogue (including through Article 8), trade policy, environmental policy, migration and security policies. The partnership also offers many opportunities for knowledge sharing, particularly on Europe's experience of transformation in Eastern Europe and in candidate countries. The EU and Ethiopia also share important trade relations.

2. Mutual Development Priorities

EU+ partners are firmly committed to supporting the Government of Ethiopia to achieve, as much as possible, the main objectives of the GTP. Economic growth expected from the GTP will generate jobs and increase the demand for democratic accountability; deepened democratic governance will help deliver Ethiopia's development agenda. To support the ambitious growth targets, EU+ partners will look to increase their support to economic growth and productive activities, while keeping a focus on governance and social sectors.

2-1 Governance:

EU+ partners will continue to promote governance as a key for long term sustainable development through political dialogue at various levels. They emphasise the role of civil society as an equal and important partner in the development and democratisation processes of the country, and support the building of trust between civil society and the government. EU+ partners will continue to support civil society through existing joint instruments such as the Civil Society Support Programme, the Civil Society Fund and the Social Accountability component of the PBS. EU+ partners encourage citizen participation, both in the political and economic decision-making processes, as well as in social accountability, and they promote diversity of ideas, cultures and religions. Support towards enhancing domestic accountability systems involving both formal institutions as local councils and Supreme Audit institutions and informal actors as CSOs and media will be provided, EU+ partners will also facilitate exposure to good practices from countries with similarly young democracies and transition experiences.

EU+ partners will continue to support institutional capacity building. They are keen to support capacity building in the justice sector and for the democratic institutions, to allow them to fulfil their mandates better, as well as to support capacity building in the civil service. Further, EU+ partners will support a deepening of the rule of law and access to justice as well as the implementation of commitments made by the Government in the area of human rights. On the basis of EU joint activities such as the Human Rights Country Strategy, EU+ partners, in close coordination with the DAG, will explore new initiatives. They will encourage inter-religious dialogue and conflict prevention initiatives.

EU+' partners will support comprehensive PFM reform at all levels of administration. They will support the Government in preserving Ethiopia's low levels of corruption.

2-2 Regional Economic Integration for Regional Stability:

The EU+ will continue to support peace and stability in the region by promoting economic and political regional integration. This will include support to regional transport infrastructure development, energy markets, trade facilitation, as well as political dialogue. The EU will also support long term solutions for refugees, with a focus on peaceful coexistence with host communities, as well as for cross border conflicts and regional water management. The EU recognises and supports the strategic role of Ethiopia in regional institutions, such as the Intergovernmental Authority on Development, as well as in the African Union in promoting

¹⁹ The EU is committed to continue to enhance its Policy Coherence for Development and encourages all other partners to take a similar approach. For further details see Policy Coherence for Development Work Programme 2010-2013", Commission Staff Working Document, Brussels 21 April 2010, SEC (2010) 421 final.

regional integration, peace and stability in the Horn of Africa and in Africa, including for Sudan, Somalia and the Gulf of Aden.

2-3 Economic and Private Sector Development and Financing 'Landscape':

EU+ partners will look to increase their support for inclusive, sustainable economic growth activities in an environmentally and socially ethical, and appropriately regulated, manner. This will include: (i) supporting improvements to the enabling environment for the private sector, by addressing legal and administrative constraints, and by enhancing capacities; and (ii) expanding the involvement with and direct support to the private sector, through supporting new financial instruments, skills development, technical cooperation, exposure to international best practices and benchmarking. This could range from supporting private sector development-related activities for public bodies through the proposed Transformation Triggering Facility, and for private bodies through other programmes, to encourage knowledge sharing/twinning, capacity building, vocational and MBA education, and strengthening of public universities. The role of the private sector in the further development of sustainable agriculture will be emphasised, in line with the *New Alliance*.

EU partners endeavour to improve the overall quality of sector policy dialogue, to enhance trust and a constructive partnership with the Government and the business community through (i) the existing DAG structures, particularly on private sector and energy; (ii) Art. 8 economic dialogue; (iii) revitalisation of the macroeconomic/public finance management group; (iv) EU Business Forum and (v) relevant joint and bilateral programmes.

Private investments and foreign direct investment from the EU will be encouraged through emphasising the mutual benefit of such investments and the use of trade related instruments, e.g. 'Everything but Arms' initiative, export helpdesk, as well as trade and investment initiatives of member states. Ethiopia's WTO accession process will be encouraged. EU+ will support revenue mobilisation schemes and the set-up of a credible MTEF.

Furthermore, EU+ partners will continue to support infrastructure development, including rural roads, road safety measures, climate change adaptation and mitigation, renewable energies, urban and industrial planning. The protection of Ethiopian heritage and its promotion through tourism will be supported. The emphasis will be on capacity building and knowledge sharing, while support can be provided on capital investments where necessary. For that, a better sequencing of public investments is encouraged.

2-4 Human and Social Development:

EU+ partners are committed to continuing their support of the MDG agenda through a results-based approach, focusing more on utilisation and quality, and in increasing access to basic services, particularly for marginalised and minority groups. Special focus will be on maternal and child health services, including nutrition and family planning, education for girls and boys at all levels (primary, secondary, tertiary and vocational training) and improved urban and rural water and sanitation. Some partners are also increasing investments in the peripheral, under-served states where large disparities in development indicators exist, to promote inclusive development and stability.

EU+ partners will expand their support for joint programmes and social accountability.²⁰ Dialogue on policy, implementation and results will be further strengthened through engagement in sector working groups and in joint programmes. The dialogue at federal level on equitable access, quality of services, fiscal transparency and social accountability will be complemented by enhanced dialogue at sub-national levels. Further, EU+ partners will support the development and implementation of a national social protection policy, and also discuss

²⁰ For instance: Health MDG Fund, General Education Quality Improvement Programme, Water Supply, Sanitation and Hygiene and PBS.

means for more effective inclusion of vulnerable populations and areas in development activities.

2-5 Sustainable Agriculture and Food Security:

EU+ partners will continue their support for the humanitarian and safety net needs of the country, while supporting the transition from relief to development and resilience to drought and external shocks. Central in this effort will be support to the agricultural sector, including supporting extension services, input supplies and rural infrastructure. The EU+ is keen to support the role of the private sector through promoting an improved enabling environment. Alternative livelihoods will be supported through savings and credit schemes, business training opportunities and value chain development, as well as non-farm activities. The EU+ will pay particular attention to supporting a long term vision on pastoralists, to reduce their vulnerability, as well as to consolidating and modernising coffee production and marketing.

EU+ partners will continue to support Government-led programmes, balancing resources between protective and productive programmes, and provide support to the Ministry of Agriculture and the Agricultural Transformation Agency.²¹ Linkages between research and programme interventions will be strengthened by supporting research institutions and NGO initiatives for piloting innovative ideas - especially towards agricultural practices adapting to climate change for drought resilience -, for lesson learning and scaling up including towards those climate-smart agricultural practices. EU+ partners will also promote Disaster Risk Management to address the main threats of drought and flood. Nutrition concerns will be mainstreamed, including through links with agricultural productivity improvements.

2-6 Gender:

EU+ partners are committed to supporting women's economic and political empowerment as one of the Growth and Transformation Plan (GTP) pillars, not only because it is right, but also to generate an additional catalyst for economic growth and social well-being. This includes providing access to capacity building opportunities, to income generating schemes, business development and credit services. The capacity of the Ministry of Women Affairs, Youth and Children and other Government institutions will be strengthened to support the mainstreaming of gender concerns across governments sector policies, e.g. girls' secondary education, maternal health and sex-disaggregated monitoring. The EU+ is also keen to continue its support to the Government and women's organisations, to fight against harmful traditional practices and gender-based violence. Based on joint EU activities, such as the EU Gender Action Plan, EU+ partners also seek to design new initiatives.

2-7 Environment and Climate Change:

EU+ partners are committed to supporting the rehabilitation, preservation and proper use of natural resources and ecological integrity. This includes climate-smart actions like the expansion of renewable energy, focusing on hydro, wind, geothermal and solar energy, watershed management, livestock management, land use planning, including protected areas, and the preservation of forests through, for instance, participatory forest management. EU+ partners will also support balanced urban development.

They also support the Climate Resilient Green Economy strategy. EU+ partners will also ensure climate proofing of their development activities and support climate change resilient agricultural development. They will continue to support the role of non-state actors in environment and climate change activities. In this context special focus should be put on drought resilience. They will support mechanisms enabling EPA to coordinate and implement self-financing initiatives like impact assessments and mitigation measures.

²¹Programmes such as PSNP, Household Asset Building Programme, Agricultural Growth Programme, Sustainable Land Management Programme.

ANNEX 1

Selected aid effectiveness priorities for EU+ joint programming

Selected aid effectiveness priorities are articulated around the five following components:

1. Alignment

- a. Alignment of EU+ Joint Cooperation Strategy with GTP (the Growth and Transformation Plan of the GoE) and with the GTP cycle (2011-2015) as well as with the Climate Resilient Green Economy (CRGE). EU+ partners endeavor to progressively aligning their programming cycles with the GTP.
- b. Alignment between EU+ partners: future bilateral country strategies will be aligned to mutual priorities outlined in the EU+ Joint Cooperation Strategy.

2. Use of Country Systems:

- a. EU+ partners intend to increase
 - i. The use of country procurement and public financial management systems and procedures as well as other relevant systems to the maximum extent appropriate.
 - ii. The share of funding channeled through joint programmes, pool funds and sector budget support mechanisms where appropriate.²².
- b. EU+ partners will develop joint programmes, open to like-minded partners, wherever possible and advisable.

3. Managing for Results

- a. EU+ partners, in line with Busan Partnership Agreement, will build a Common Results Framework, based on the Government's results framework, agreeing broad, expected outcomes/results, targets/indicators, milestones and planned actions. This will improve EU+ coordination and development narratives, as well as simplifying reporting obligations from the Government's side.
- b. EU+ partners will develop common, results-based approaches and support the alignment of EU+ sector monitoring and evaluation activities.
- c. EU+ partners will develop and agree reporting frameworks, and will share portfolio reviews and publish impact assessments.

4. Predictability and Mutual Accountability

- a. EU+ partners will provide timely, transparent and comprehensive information on aid flows at country and sector level, to the government's Aid Management Platform (AMP).

²² This commitment is also part of the DAG Aid Effectiveness Action Plan.

- This will include reliable annual disbursement schedules and indicative commitments over a 3-year framework.
- b. Information on proposed, planned and allocated EU+ financial allocations per sector/sub-sector will be shared between donors and with the Government, to foster reduced fragmentation and create improved complementarity (matrix of indicative financial allocations).
 - c. Concerted efforts will be made to increase transparency and accountability, through regularly published joint EU+ publications on the quality and development effectiveness of EU+ assistance (EU+ blue book). EU+ partners will use AMP data for such aggregate annual reporting. It will highlight the degree of value for money via relating costs to planned and actual results.
 - d. Joint risk assessments will be conducted by EU+ partners, preferably with other DAG partners, and will be reviewed on regular bases, to ensure that allocations take account of local dynamics, and are adjusted to take account of changes, where necessary. This will also involve regular assessment of local absorption and implementation capacities for the intervention sectors, to ensure that the assistance does not itself contribute to bottlenecks or sectoral inflation.

5. Division of Labour

The 'Division of Labour' milestones are:

- Mapping EU+ sector presence
- Improving the effectiveness and quality of policy dialogue
- Decreasing transaction costs
- Concentrating bilateral cooperation resources on fewer sectors
- Developing harmonised approaches
- Coordinating with Government and wider development community
- Developing joint diagnostic tools

A mapping of EU+ sector presence, by both sector and modality, will be updated regularly. Many EU+ donors in Ethiopia have started to rationalise the sectors in which they are active, in consultation with all partners, with the objective of supporting a maximum of three focal sectors per partner. There will be continued mapping and development of joint diagnostic tools, to improve the cost effectiveness of providing sound analyses and research. Joint programming will not create mechanisms which are parallel to existing mechanisms.

annex 2: PROGRAMMING CYCLES												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Notes
GTP												
AT												alignment with GTP
CZ												
DE												
EU												2014-2020 with a possibility to align with GTP, with two phases 2014-16 and 2017-20
ES												
FI												
FR												following cycle in line with EU programming cycle
IE												next cycle to be confirmed likely 2014-18
IT												
NL												supported by annual sub-cycles
PL												annual financial programming
SE												
UK												
NO												

2-8 Mutual priorities that cut across all sectors and pillars:

- **Support for capacity building** at all levels of administration, to improve the provision and quality of public service delivery. This may include continuing support to the Public Sector Capacity Building Programme (PSCAP) and other joint programmes, including for sustainable agriculture and food security. For cross-cutting issues such as gender, environment and climate change, capacity will be strengthened to ensure that these issues are adequately mainstreamed. EU+ partners are also strongly committed to supporting capacity building for CSOs and the private sector.
- **Support for quality data and improved monitoring and evaluation.** This includes supporting the Government's capacity in monitoring GTP implementation.

IV. The way forward: EU+ joint programming for Aid Effectiveness

EU+ joint programming further activities will be based on a roadmap and annual action plans to be developed and endorsed separately.

The EU+ partners will activate progressively a joint programming strategy by 2015. Such joint programming will ensure a coherent and cohesive EU+ response, to improve alignment, harmonisation, results based approach, predictability and transparency, whilst avoiding overlapping or unduly fragmented interventions through a locally defined division of labour process. It aims to inform the overall DAG Government aid effectiveness agenda with which coordination, consistency and complementarity will be sought.

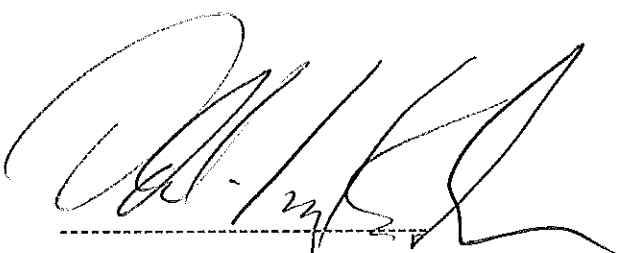
Subsidiarity will apply in development issues, as well as in other areas of EU+ collaboration. Where there are joint activities, such as analysis, research, monitoring, evaluation and pooling of resources, they will be undertaken on the principle that joint efforts contribute added value, reduced transaction costs and improved development effectiveness.

To further develop the EU joint programming process the EU+ partners have agreed to focus on selected aid effectiveness priorities as indicated in annex 1, and articulated around alignment between EU+ partners, developing a common result framework and improving EU+ transparency and visibility.

Done in Addis Ababa, on 27 January 2013

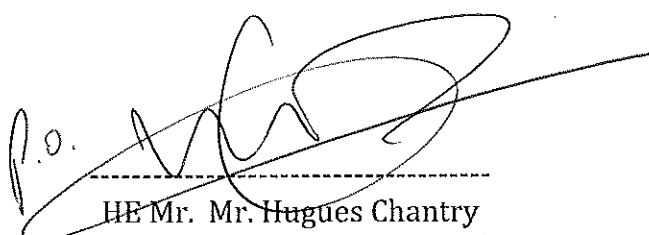
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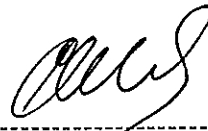
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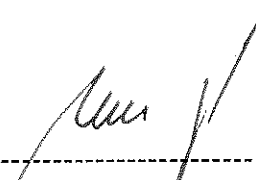
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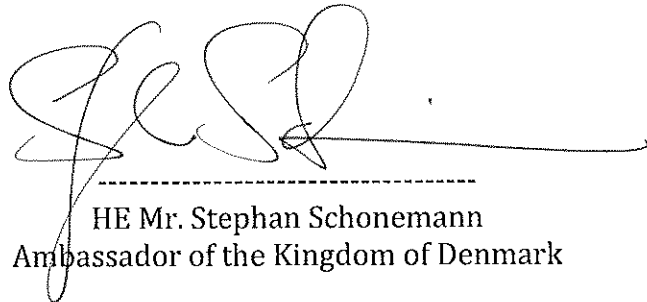
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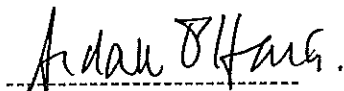
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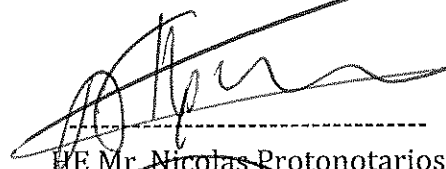
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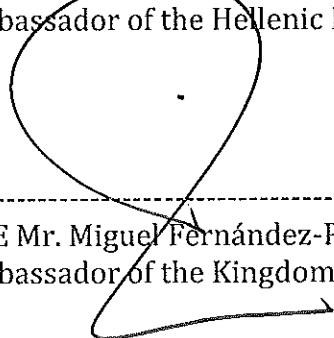
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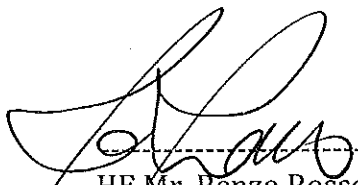
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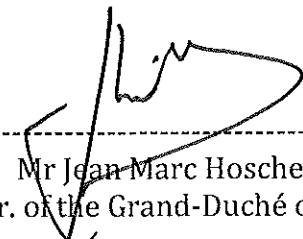
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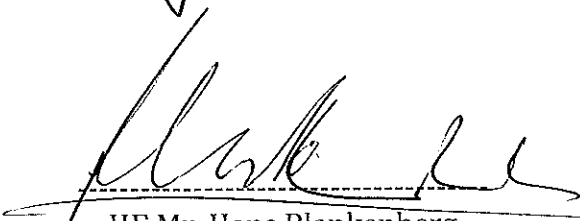
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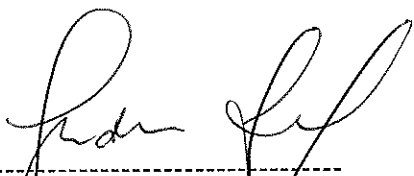
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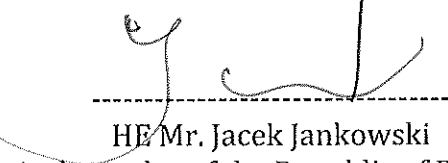
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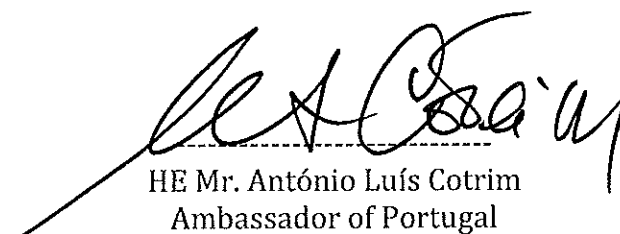
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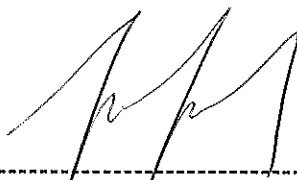
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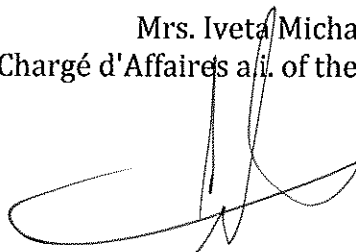
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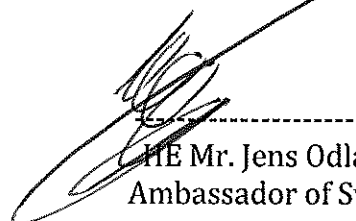
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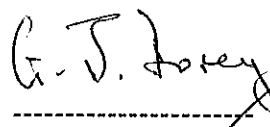
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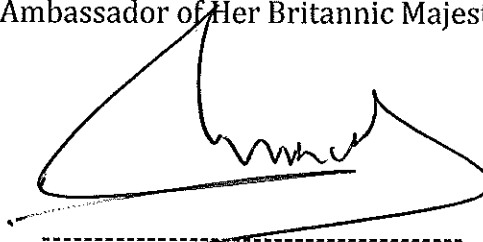
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EU Single Country Strategy (Response Strategy) for South Sudan 2011-2013

Aligned with and in support of South Sudan's 2011- 2013 Development Plan

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Executive Summary

1. The European Union (EU) Single Country Strategy for South Sudan is a common, coordinated EU and Member States (MS) response to the 2011 to 2013 South Sudan Development Plan. The strategy is the basis for €200 million of new European Union Institutions¹ commitments and future programming by Member States of the European Union (total over €830 million). The strategy is a first for EU donors. It reduces transaction costs, promotes best practices in partnership with South Sudan, like-minded donors, Non-State Actors and implementing partners. Commitments to gender, environment, human rights, transparency and anti-corruption are incorporated throughout the strategy and in future programming.
2. The strategy emphasises comprehensive, continued service delivery, peace, state and institutional capacity building through visible programming with demonstrable results. The EU and Member States (MS) jointly programme in sectors where there is added value and absorptive capacity. Joint programming aligns with the 2011-2013 South Sudan Development Plan (SSDP) and builds on existing coordination structures to enable ownership. It embodies the key partnership principles of the 2011 South Sudan Aid Strategy: Government ownership, alignment to SSDP sector definitions and GRSS line management (ministry) structures, greater use of Government systems and better coordination.
3. The core of the strategy is a coordinated transition from a humanitarian approach to Government owned development based on the Council of the European Union conclusions on *Linking Relief, Rehabilitation and Development* (LRRD). LRRD embodies the principle of “do no harm” while transferring ownership and capacity to Government consistent with the broader economic, social and political context.
4. *Joint Programming Sectors*, aligned to the SSDP, contribute to institution building at the national, state and local levels while improving effectiveness through harmonisation and pooled funds. The Joint Programming Sectors are: Health, Education, Rural Development, Rule of Law and WASH. The EU also supports coordinated priority programming in civil aviation. Increasing national and state absorptive capacity and skills of teachers and health workers are key priorities. Improving management and maintenance of water and road infrastructure meaningfully contributes to quality of life. Agricultural based economic growth and extension services combats food insecurity and creates livelihood opportunities. This means a renewed commitment to public-private partnerships. Partnership with the Government, institution building and promoting best practices in aid management strengthen South Sudan’s autonomy and contribute to *good governance, protection of human rights and gender equality*. Training of legal professionals, building court houses and assisting legislative processes improve access to justice and security for all.
5. The strategy responds to the GRSS call for donors “to improve the effectiveness of development assistance and humanitarian aid to South Sudan in support of the implementation of the South Sudan Development Plan”. Programming will improve Government ownership, alignment with Government policies and capacity building towards a progressive use of national systems and budget support. The strategy meets GRSS calls for lead donor arrangements in line with the EU Code of Conduct and Division of Labour.
6. The strategy is a tool to inform new programming and a common approach to partnering with new donors (particularly EU MS) in South Sudan. The strategy also includes a monitoring component that improves predictability, results oriented management and mutual accountability. The strategy will be regularly updated².

¹“EU Institutions” refers to European Commission services and includes the European Development Fund (EDF); “EU and MS” refers to the EU Institutions and Member States; “EU” refers to the European Union as a whole.

²The strategy will be updated when possible using the same modality used in mid-term reviews or in emergencies.

1. Common Principles: Linking Relief, Rehabilitation and Development and the EU Comprehensive Approach to Sudan and South Sudan

7. The European Union (EU) objective in South Sudan is to support stability and Government efforts to alleviate poverty. In line with the 2010 Dili Declaration on peace and state-building, the EU is committed to the development of capable, accountable GRSS institutions that respond to the expectations and needs of the population. This is coupled with the principles of the EU approach to *Linking, Relief, Rehabilitation and Development* (LRRD)³.
8. The Single EU Country Strategy for South Sudan is the development response to the 2011 EU Foreign Affairs Council Conclusions to “follow a comprehensive EU approach...to Sudan and South Sudan”⁴. The Comprehensive Approach endorsed at this meeting covers all aspects of the EU's policy towards an independent South Sudan including political/diplomatic, security/rule of law, stabilization, development, human rights, humanitarian and trade. It also highlights the increasing role of EU development assistance in South Sudan and mandates the EU to take forward joint programming of development assistance in: justice/rule of law; education; health; water management and rural economic development in coordination with GRSS and in response to the SSDP.
9. Joint Programming means the EU and Member States (MS) will jointly programme new funds and/or promote a sector based approach where there is absorptive capacity and when a joint approach adds value. This is in alignment with the 2011-2013 South Sudan Development Plan (SSDP) and harmonised with other donors. Joint programming builds on the Lisbon Treaty commitments and facilitates entry of new MS⁵. It also enables ownership and reduces transaction costs as called for in the SSDP and Aid Strategy⁶. The EU and MS are assessing the feasibility of using GRSS called for pooled instruments (*Rapid Infrastructure Delivery* and *Local Services Support*) as a step towards greater use of Government systems and eventual budget support.
10. The strategy builds on *existing coordination mechanisms* and reinforces the role of the Department of Aid Coordination in the Ministry of Finance and Economic Planning (MoFEP) as the key Government interlocutor. The EU promotes the use of Government sector definitions to align programming and dialogue with ministry line management. EU Joint Programming Priority sectors respond to GRSS priorities⁷ of health, education, water, sanitation and health (WASH), urban development, rural economic development, security and rule of law. The EU supports the troika (USA, UK and Norway) and its on-going dialogue with GRSS on demobilisation, transparency, public sector reform, public financial management (including revenue collection and corruption) and military expenditure. The strategy takes advantage of EU and MS transferable skills in post-conflict development; some of the newer MS (especially the EU 12) also have valuable experience in transition contexts and in ensuring consistent service delivery⁸ in changing environments.

³See communication from the Commission to the Council and the European Parliament of 23 April 2001 entitled "Linking Relief, Rehabilitation and Development - An assessment"

⁴ Paragraph 8, 3101st Foreign Affairs Council Meeting, Brussels: Council of the European Union.

⁵ Member states intend to increase technical assistance/open cooperation offices in South Sudan.

⁶ The revised aid strategy is part of the SSDP and was approved by the Council of Ministers in 2011.

⁷ Health, Education, Infrastructure and Agriculture are ranked as the top four priorities by states in 2011; Source: GRSS Presentation: *Linking SSDP Vision to Inter-Pillar Allocations*.

⁸ There is also considerable and documented need for technical skills such as in training educators and medical professionals and in making utilities operational.

11. Humanitarian donors will continue supporting operations responding to the needs of the most vulnerable population affected by emergencies, and according the principles of independence, neutrality and impartiality. Simultaneously, state building accompanies on-going service delivery⁹ at state and local levels. Given that state building will take time, in order to avoid disruption of service delivery on the ground, humanitarian and development actors will have to intervene simultaneously for an extended period. State institution building is supported through the full array of EU instruments that include political dialogue, trade and Economic Partnership Agreements (EPA), regional linkages, security, stabilization and access to specialized initiatives (e.g. on water).
12. The EU and MS have a long-standing partnership with South Sudan that predates the CPA signing in 2005. EU programming to South Sudan has been facilitated through bilateral, European Development Funds (EDF) allocations and other EU financial instruments. The EU is considerably expanding its partnership with South Sudan which will be strengthened when it joins the EU-ACP Cotonou Agreement.

2. The EU and South Sudan's Development Plan

13. The 2011-2013 South Sudan Development Plan (SSDP) is an interim Poverty Reduction Strategy Paper. The SSDP is endorsed at ministerial level and is a precursor to a five year plan (2014-2018)¹⁰ in support of the GRSS' Vision 2040 strategy. Development partners (including the EU and several MS) participated in the formulation process, support GRSS' new aid strategy and see the SSDP as a sound foundation for programming. The SSDP identifies priorities for Government and donor spending over the next three years across four pillars focusing on stability and service delivery; governance, social and human development, economic growth (rural development) and conflict prevention and security. EU Joint Programming Sectors (next section) respond to specific priorities identified under these pillars and are aligned with the responsible ministries to facilitate partner country ownership.
14. The EU welcomes the strong analysis and strategic thinking in the SSDP. South Sudan's focus on a conflict sensitive and inclusive approach to development is essential to the transition from a humanitarian to a development approach and is strongly supported by the EU. The Government's commitment to protecting vulnerable populations and minorities is a common priority. The use of comprehensive programming in partnership with Non-State Actors and using a bottom up approach ensures effective and sustained service delivery while building national institutional capacity. The EU concurs with civil society calls for assurances¹¹ that the transition to a development approach protects existing infrastructure and ensures continued service delivery.
15. While there are challenges in prioritising components of a comprehensive strategy, developing alternative sources of revenue, strengthening planning, monitoring and absorptive capacities of the central Government and promoting greater regional and internal economic and social integration are essential to implementation of the SSDP. Sustained service delivery at community level builds on strong central planning, monitoring and financial management skills. A key enabling factor to implementing the SSDP is the pressing need to strengthen central Government's absorptive capacity and supporting regular monitoring, transfer of resources and capacity to state and local Governments. The SSDP has ambitious plans for financing delivery that depend on expanded core Government capacities particularly in financial management and procurement.

⁹Humanitarian interventions are decided outside the joint strategy; participating donors may also programme activities outside the joint strategy.

¹⁰Provided the Government's five-year plan for 2014-2018 builds on the SSDP, the EU Single Country Strategy Paper will simply be updated and no new strategy produced. The updated strategy will form the basis for programming of further development assistance from the European Commission during that period.

¹¹*Getting it Right from the Start, Priorities for Action in the New Republic of South Sudan*, Oxfam: 38 Agency Study

16. GRSS currently derives 97.8% of revenue from oil projected to decline two thirds in nominal terms by 2030¹²; counting for inflation effective purchasing power will erode further¹³. Progressively declining revenue is a disincentive to long-term planning and a threat to the long term viability of state institutions. Developing alternative revenue through productive sector growth is essential to central Government and sustained service delivery as well as to providing alternative livelihoods that will be instrumental in poverty alleviation. The EU strongly supports GRSS intentions of greater internal and regional economic integration such as in joining the East Africa Community (EAC) and the Inter-Governmental Authority on Development (IGAD). South Sudan's economic potential is closely correlated with unlocking its enormous agro and agri-business potential combined with improving internal and regional access to markets. This necessarily means growing and developing economic corridors and promoting an enabling environment for trade and private sector investment including through lowering the cost of transport in goods and services, decreasing non-tariff barriers to trade and expanding financial infrastructure.
17. Recent experience shows that stability is strengthened when democratic institutions and the protection of human rights are incorporated in national planning as enabling factors. The EU shares civil society and humanitarian actors' concerns that on-going attention needs to be focussed on inclusion of minorities, women and particularly the youth both in democratic processes and livelihood opportunities. An inclusive approach will contribute to South Sudan's stability and security. Furthermore, programming that mitigates potential shocks is essential to sustainable development; this includes natural resource management, environment sensitive planning and promoting sustainable agricultural production.
18. The EU recognises the added value of South Sudan's coordinated approach as embodied in the four pillars as detailed below.
19. **SSDP Pillar Governance:** The EU is committed to building South Sudan's institutional capacity and witnessed the signing of the 2005 Comprehensive Peace Agreement (CPA). State building builds on the peace agreement that culminated in a referendum on self-determination in January 2011 and declaration of independence on July 9th 2011. Independent South Sudan benefits from international support to establish itself as a secure, peaceful and prosperous country able to meet the needs and expectations of its people.
20. This means a focus on incorporating gender indicators into baselines, planning, budgeting and reporting as well as promoting a rights-based perspective. The SSDP also recognises the role of non-state actors and development partners in continued service delivery. Institution building is seen as vital to progressive use of national systems and eventual budget support. As such the EU supports Government commitments to strengthen the capacity of oversight institutions, accountable and transparent public administration through effective monitoring, evaluation and verification.

¹² GRSS projects oil revenue will drop a third by 2020 and two thirds by 2030.

¹³ Conservative estimate: 10% annual inflation.

21. **SSDP Pillar Social and Human Development:** Service delivery in South Sudan is still dominated by a humanitarian/recovery approach through international organisations and non-state actors. The EU and GRSS agree this approach is unsustainable, expensive and an impediment to greater ownership. The EU supports the SSDP call to transfer ownership and capacity to state and local institutions. The approach is to bring service and infrastructure to the village level while supporting the block grants system to remunerate teachers, health workers, state and local civil servants. The EU and MS support continued service delivery for social and human development while focusing on a transition to a Government owned development approach. The EU welcomes the targets set by the SSDP to improve access to basic social services, including universal access to basic healthcare and HIV services, strengthening health human resources, and equitable and increased participation in the education system. Maternal mortality and under-five death rates are too high, chronic food insecurity and access to safe drinking water remain on-going challenges.
22. **SSDP Pillar Economic Development:** South Sudan's population¹⁴ is 8.26 million with 83% being rural and 51% below the age of 18. Adult literacy is only 27% (lower for women) and more than half are below the poverty line. Economic productivity is low: 78% of the population lives an agrarian subsistence lifestyle and there are only 7,333 registered formal businesses in South Sudan. One in six of these businesses is in a productive sector (other than retail or catering) and only one in a hundred South Sudanese has a bank account. South Sudan needs to rapidly expand the productive sector
23. South Sudan is resource rich with vast and largely unutilised fertile land (of which only 4% is under cultivation), significant oil revenue¹⁵, and potentially untapped mineral deposits. However, the formal economy is still in a nascent state and poor infrastructure makes economically vital internal and external transport prohibitively expensive¹⁶. The World Bank 2011 study *Doing Business, Juba* ranks Juba 123rd of 183 in ease of starting a business. The cost of starting a business is high and the regulatory regime does not afford investors sufficient confidence. Regulatory reform is a cost-effective means of stimulating economic growth and should be accelerated.
24. South Sudan's dependence on natural resources both for nutrition and livelihoods is also likely to intensify with increasing numbers of returnees and persons being reintegrated back into rural communities. The EU is committed to supporting South Sudan's drive for greater agricultural development and concurs with the Government's approach to improve and expand vital rural feeder roads as well as access to valuable extension services and technical skills.
25. **SSDP Pillar Conflict Prevention and Security:** Section 3 of the EU strategy (below) details the importance of stability, conflict prevention and security as over-arching principles. The EU and MS incorporate stability, conflict prevention and security across all aspects of programming in coordination and support to the SSDP stability strategies. The SSDP pays specific attention to preventing the resurgence of internal and external conflicts, promoting and enhancing the rule of law through specific actions to provide access to justice, create a functioning criminal justice system, increasing security in communities and promoting human rights. The National DDR programme will also be addressed under this framework.

¹⁴South Sudan National Centre for Statistics and Evaluation, 2010 Household Survey.

¹⁵ SSDP 2012 Budget Estimates put revenue at USD 2,500 per household head.

¹⁶ Clearing a container through Mombasa costs USD 10,000 and takes sixty days.

3. Peace and Stability, Good Governance, Human Rights and Gender Equality

26. After decades of civil war and following the 2005 signing of the Comprehensive Peace Agreement (CPA), South Sudan achieved independence in July 2011. The risk of future violence remains high; over half the population is below the age of 18 with limited economic opportunities, growing wealth disparities, proliferation of light arms and unresolved conflicts. Analysts cite the need to resolve internally contested national and local conflicts, manage returnees and inter-tribal tensions. Competition for resources, chronic food insecurity, susceptibility to environmental shocks and the presence of the Lord's Resistance Army create opportunities for spoilers and maintain the risk of conflict.
27. The unresolved status of Abyei and stability of the North/South border pose cross-border risks. Regional security is complicated by the lack of a comprehensive peace agreement for Darfur and the indictment of President Bashir by the International Criminal Court. South Sudan's governance and rule of law institutional capacities need to be strengthened to guarantee civilian security. The lack of a strong domestic civil society combined with non-uniform protection for human rights raises the risk of conflict. The likelihood of a protracted crisis will aggravate population displacement, epidemics, floods and food insecurity.
28. South Sudan needs to exercise a judicious balance between strengthening internal and external state stability and implementing participatory policies of decentralization to bring service delivery and representation closer to communities. GRSS is committed to institutions built on democratic values, rule of law and human rights. Good governance contributes to stability while supporting delivery. A democratic and accountable society that builds trust between all tiers of Government and the citizenry means fostering civil society and the private sector while addressing high levels of illiteracy, particularly amongst women. Accountability means citizens are informed, free to exercise their will (vote and voice) in national decision making, and hold leaders to account.
29. Protection of human rights and ensuring gender equality should be incorporated in all political processes and socio-economic development. This includes: women's political and economic rights, protection from gender based violence, promoting women's community voice and better access to education, health, clean water and sanitation. These principles are incorporated across the entire EU strategy with specific indicators being incorporated in sector annexes. Measuring access to information, transparency and accountability, respect for human rights and gender equality is in line with the 2010 EU Plan of Action on Gender Equality and Women's Empowerment and EU Human Rights Guidelines.
30. The EU supports capacity building to strengthen accountability, public administration, decentralization, parliamentary development, political participation as well as initiatives to strengthen women's political and economic empowerment. The EU, Sweden, Denmark and Germany will coordinate dialogue and activities in these cross-cutting priorities including key South Sudanese ministries, other state institutions, multilateral agencies and NSAs.

4. EU Joint Programming Support for South Sudan's 2011-2013 Development Plan

31. The potential of continued violent conflict, fragility and under-resourced state institutions makes it essential for South Sudan's development partners to programme aid in support of a peaceful transition to stability aware of existing risks and pro-actively supporting peace and state-building.
32. Programming must be inclusive and strengthen democratic, responsible and accountable governance. Stability will depend on institutions that combat marginalisation and build citizen confidence in a healthy state-society relationship. Security and stability will be strengthened through continued services delivery, stimulating economic growth institution building and sustainable use of natural resources.
33. State and peace building are over-arching goals that require both greater national and state resources as well as community development. Sector programming promotes:
- Systematic context and conflict analyses: since conflict risks and local power relations differ across South Sudan, conflict-sensitive planning and implementation is essential.
 - Capacity development at all levels for responsible and accountable governance.
 - Inclusive governance (e.g. including traditional leaders, NGOs) to combat marginalization.
 - Trust-building: While NGOs are important service providers, the authority of the state with regard to decision making and service delivery on the local level must be strengthened in order to foster the state-society-nexus (i.e. in making service providers accountable to Government).
 - Careful monitoring of the potential for programming to exacerbate or create local conflict.
 - A transition to a development approach that is sensitive to local power dynamics.
34. GRSS has called for sector based lead donor arrangements. Sector leads coordinate sector inputs and advocate for common Government and like-minded donor priorities. GRSS calls for ownership, dialogue and lower transaction costs are comprehensively incorporated. The EU and MS are expanding their capacity: an "EU compound" was recently established in Juba and MS presence is steadily growing. Ownership and alignment are promoted by using SSDP sector definitions, GRSS line management and promoting the use of Government chaired sector working groups.
35. *Joint Programming Sectors* are those in which joint programming builds on dialogue with national Government, improves effectiveness, better harmonisation and promotes pooled approaches. Sectors identified are those in which the EU and MS, in particular, demonstrate added value by meeting the EU commitments to Division of Labour in response to the GRSS Aid Strategy¹⁷. The Joint Programming Sectors are: Health, Education, Natural Resources (Food Security), Rule of Law and Infrastructure (WASH). *Coordinated Priorities* are programming areas in which an EU coordinated approach improves effectiveness and coordination with other donors. The sector annexes will be progressively updated to include more detailed indicators with a particular focus on overarching goals of gender equality, inclusion of minorities, human rights, transparency and governance as well as sustainable environmental management; specifically greater attention is intended on promoting peace and state building. The sector annexes should be read as "live" documents and will be revised throughout implementation. Where possible sector leads will identify the contribution EU support plays in meeting SSDP sector targets as well as highlighting potential funding gaps.

¹⁷ Support for these sectors strongly emphasises the principles of aid effectiveness from the Accra Agenda for Action and the Paris Declaration as well as the EU Code of Conduct.

4.1.1 Joint Programming Sector Rule of Law

36. To date in 2011, there have been over 400 incidents of inter-communal conflict and 300,000 people were displaced by conflict. The safety and dignity of girls and women is not universally ensured and there are too few women in the security services. The Ministry of Justice (MoJ) and The Judiciary need more senior personnel and resources. In rule of law, EU Joint Programming will support the development of institutions staffed with an increased number of and more highly qualified personnel and judges, review and prioritise 134 customary and statutory laws, sending 15 bills to the legislature and making up to 194 county legal affairs offices operational. Access to justice is supported by reducing case backlogs and overlapping mandates, improving infrastructure, transportation and communication and training lawyers and judges on South Sudan's new English Common Law system.
37. Key implementing partners include UNDP, International Development Law Organisation (IDLO) and the International Rescue Committee (IRC).

4.1.2 Joint Programming Sector Health

38. A woman in Southern Sudan is statistically more likely to die in child birth than to complete secondary school, with one of the highest maternal mortality rates in the world at 2,054 per 100,000 live births¹⁸. This compares with an average for sub-Saharan Africa of 900 per 100,000 women (UN Statistics Division 2005). Access to basic health services is low with many services in need of reinforcement. Joint implementation is used by EU donors through the Basic Services Fund. Several MS also support this sector bilaterally through national and international NGOs. The EU and MS are major humanitarian donors through the Common Humanitarian fund; ECHO is also a major partner in providing health and nutrition. The US supports basic services and communicable disease control, Canada funds maternal neonatal and child health and Australia has new funding for maternal mortality.
39. EU joint programming will likely focus on reducing maternal and under five mortality rates through pooled mechanisms. The possibility of using the GRSS proposed *Local Services Support Instrument* will be considered. DFID is leading on the design of a dedicated pooled fund to improve basic primary health care services (including county hospitals) and capacity building of national, state and county health departments. The cross-cutting focus is to foster Government-owned and led delivery with the EU committed to improving preventative care capacities while responding on a humanitarian level to life threatening conditions and emergencies.

4.1.3 Joint Programming Sector Education

40. The Government has already had success in increasing primary school enrolment by 300%. South Sudan, however, still needs to significantly increase its capacity to reach the education MDGs and Education for All (EFA) goals and to reduce regional as well as gender disparities. In 2010, the net enrolment rate was 44.5% (37.1% for girls); primary school completion rate was 10.3% (6.2% for girls) and only 21% of 6 year old children were enrolled in school.¹⁹ On top of low enrolment rates, key challenges include low budgetary allocations from national level, low absorption rates, overlapping mandates and authority between national and state ministries, low institutional attention on quality aspects of education. EU support focuses on service delivery and in increasing absorption rates. The EU, USAID, DFID, UNICEF, and JICA are the largest donors in the education sector with funding also going through the Multi-Donor Trust Fund (MDTF) and Basic Services Fund (BSF). Italy and The Netherlands are important actors and UNICEF is developing the Education Sector Strategic Plan. Adjusting the aid architecture to ensure a better division of labour is a commonly agreed priority.

¹⁸The 2006 South Sudan Household Health Survey

¹⁹ UNICEF Strategic Reflection Exercise Background Document May 2011

41. Key priorities include rehabilitating and reinforcing school level infrastructure, supply of core teaching and learning materials, improving the management and development of teachers and expanding alternative education (e.g. vocational training, informal education for children, young people and adults). Secondary and tertiary education needs to be significantly expanded. A coordinated EU approach to providing university level educators and establishing a specific South Sudan window under the Erasmus Mundus programme could improve capacity.

4.1.4 Joint Programming Sector Infrastructure (WASH²⁰)

42. Only 34% of the population in South Sudan has access to improved sources of drinking water, with the burden to collect water falling disproportionately on women and young girls²¹. South Sudan has substantial water resources, but supply is irregular and unevenly distributed. Erratic or poor rains, droughts and floods cause chronic vulnerability because 84% of the population reside in rural areas with subsistence agriculture and livestock being the dominant means of livelihood²². At the same time, urban centres are rapidly expanding due to IDPs, returnees and urban economic growth. 16% of the population is urbanized with Juba having doubled in size in five years. Basic infrastructure and urban planning need to be improved accordingly. Donors have focused on access to drinking water and improved sanitation.

43. Looking ahead, with the main multilateral funding coming to an end, there is a clear added value for the EU to invest and promote the use of a pooled fund in the WASH sector. This means building on current improvements in access to safe water and improved sanitation services while expanding the scope of water management for sustainable productive use. This would also reinforce planned EU and MS engagement in the field of agriculture and rural economic development as well as health. The EU approach (led by Germany) aims at increase sustainable access to safe water and sanitation through human and institutional capacity development, infrastructure investment and water resource management. Sustainable management of wetlands and floodplains, reducing water related conflicts and vulnerability of rural households, reviewing and developing sustainable options for hydropower are priorities. Policy dialogue at national, regional and international levels is promoted; South Sudan is expected to access greater support from regional projects once joining the Nile Basin Initiative.

44. The EU contribution will be realized in phases for combining sector support with clear incentives for capacity building at site and for contributing to the envisaged coherent sector policy of GRSS. Fast track activities at site shall contribute to peace building and good neighbourhood in the municipalities.

4.1.5 Joint Programming Sector Natural Resources (Food Security)

45. South Sudan has a high prevalence of malnutrition and food insecurity despite the existence of abundant natural resources. 47% of the population is food deprived²³, only 4% of arable land is cultivated and there is current capacity to grow livestock and fish production five-fold²⁴ in the near term. With oil revenues projected to slide two thirds by 2030, agricultural development is vital to sustainability. The EU has a strong presence in the sector and with EU MS it is a major donor to WFP and the CHF. The EU has focused on increasing agricultural production by building the capacity of Ministries of Agriculture and Animal Resources both at national and state level. The US supports economic growth by developing export oriented commercial agriculture.

²⁰ WASH: Water, Sanitation and Hygiene.

²¹ South Sudan WASH Sector Strategic Framework, MWRI, 2011

²² A Poverty Profile for the Southern States of Sudan, World Bank, March 2011

²³ National Baseline Household Survey (2009)

²⁴ 2010/11 Annual Needs and Livelihood Analysis (ANLA, 2011)

46. The EU lead will develop a sector joint approach with the objectives of transitioning from food assistance to sustainable food security and to supporting SSDP objectives of increasing crop, livestock and fish commodities production. The EU will focus on supporting rural smallholders, including by developing small and medium rural businesses. GRSS has requested support for agricultural extension services. The EU already strongly supports GRSS and State authorities in playing a lead role in delivery of extension services in line with the GRSS Aid Strategy: "Aid should be increasingly managed by Government institutions". Areas with a high concentration of ex-combatants and returnees will be given priority. Without prejudice to other implementation mechanisms, water sector activities should be implemented through the rural window of the envisaged pooled fund in the WASH sector (see 4.1.4 above). Germany and the Netherlands will act as leads for the sector. Additionally, EU donors active in the sector will closely follow the development of the GRSS *Rapid Infrastructure Delivery Aid Instrument* in consideration of its suitability as a preferred mechanism.

4.2.1 Coordinated Priority Civil Aviation

47. Being a landlocked country with limited road, rail and water transport routes, South Sudan has a rapidly growing civil aviation sector that is vital to internal stability and economic development. Recent activities in the sector have included resurfacing airstrips, lighting and other essential infrastructure. France has recently invested in upgrading air traffic control equipment and supported provision of air traffic controllers²⁵ (including for the 9th July 2011 independence ceremony). Luxembourg provides capacity building to the Civil Aviation Authority including on safe transport of hazardous materials and security management systems. Support to air traffic control is a basis for institution building and development of a long-term strategic plan. This is also strongly linked to possible EU support to upgrading security at Juba International Airport. France will support:

- A comprehensive survey of current capacities and long-term needs in the sector,
- Better coordination between international air management bodies and South Sudan,
- Development of an efficient and autonomous South Sudan Civil Aviation Authority,
- A comprehensive training scheme for both ground personnel and airspace managers,
- Continuing upgrading and investment in equipment to meet international safety standards and ensure management of expected growth in air traffic.

4.3 South Sudan's Development Partnerships

48. The GRSS Aid Strategy is "to improve the effectiveness of development assistance and humanitarian aid to South Sudan in support of the implementation of the South Sudan Development Plan". EU commitments to aid effectiveness and division of labour are aligned with the partnership principles included in the Aid Strategy: the need for all development to be Government led and owned, alignment with Government policies, use of Government systems and institutions, being predictable, coordinated and ensuring complementary, promoting a results oriented approach and based on mutual accountability. GRSS calls for lead donor arrangements are supported by the EU Code of Conduct on Division of Labour. At the sector level the EU will support and/or strengthen GRSS capacity to lead coordination. In this regard the EU is firmly committed to supporting South Sudan's aid architecture and the appropriate relationships with other donors.

49. Budget Sector Working Groups are key technical coordination mechanisms and important vehicles for enhancing ownership, alignment and use of national systems. A new High Level Partnership Forum responds to the need for further high-level dialogue between GRSS and its Development Partners. When it comes to funding modalities, the aid strategy stresses calls for donors to use country systems and move to budget support within 5 years (by 2016).

²⁵ This was in coordination with ASECNA (Agency for Air Navigation Security for Africa).

50. The largest European donors include the UK, Netherlands²⁶ and the European Union (including ECHO²⁷) as well as Norway. Norway is a strategic partner because of its expertise in the oil sector and role in the Troika. USAID is the largest bilateral donor providing 40% of all assistance to South Sudan. Japan and Canada are large bilateral donors to South Sudan and are both reinforcing their offices in Juba. It is important to note that GRSS also frequently cites its partnership with donors such as the People's Republic of China, Egypt, Ethiopia, India, Kenya, Libya, South Africa, Saudi Arabia and Ethiopia. The UN has a large presence in South Sudan with most Funds (e.g. the UN Population Fund) and Agencies present as well as the UN Mission in South Sudan (UNMISS). South Sudan is also a large beneficiary of the Global Fund to Fight AIDS, Tuberculosis and Malaria.
51. World Bank activities were previously limited to management of the Multi Donor Trust Fund²⁸ and providing analytic and advisory services. With South Sudan expected to become a full member, the World Bank programming is expected to grow. The African Development Bank is in discussions about possible credit. The EIB has expressed interested in lending for revenue-generating infrastructure and projects with a regional component (e.g., trans-border power transmission). The EIB will only able to lend to South Sudan when it becomes signatory to the Cotonou Agreement's second Financial Protocol (10th EDF).
52. Implementation of this strategy enables the EU to better coordinate and to support regular dialogue with GRSS on, among other issues, accountability, pro-poor budgeting, aid modalities and country systems that meet international public financial management standards. Better coordination of EU donors significantly reduces transaction costs while making the EU a first mover in responding to GRSS calls for greater ownership and alignment.
53. The EU-wide development partner coordination is a first step towards aid effectiveness particularly since EU and MS have played a strong role in funding multi-donor facilities such as the BSF, CHF and MDTF. The EU sector coordinators also coordinate EU and MS engagement with other development partners at sector level. An efficient aid architecture that comprises all development partners as well as the UN Mission in South Sudan is essential. The EU will support on-going Government and donor efforts to strengthen the existing aid architecture.

5. Monitoring and Evaluation

54. Following submission to the GRSS, Inter-Ministerial Appraisal Committee (IMAC), this strategy will be monitored and evaluated on four levels:
- Annually at the overall strategy level intended as a tool for dialogue with MoFEP and as a contribution to GRSS monitoring of the SSDP (with a particular focus on mutual commitments and actions necessary to enable better use of Government systems). This monitoring is aligned to the review functions of the Quarterly Government Donor and High Level Forums.
 - On an on-going basis at regular EU Heads of Cooperation meetings in Juba.
 - At the sector level in monitoring sector wide performance; this specifically promotes the use of joint monitoring in the context of sector wide programming and timely provision of data to GRSS in populating its Aid Information Management System. This is aligned to and in support of GRSS calls for strong sector working groups.
 - At project level, the sector leads will promote joint monitoring. On the EU's side this will involve a strong emphasis on the Results Oriented Monitoring (ROM) focus on *effectiveness*.

²⁶ The Netherlands and some other MS are in the process of formulating multi-year funding plans.

²⁷ ECHO coordinates with development actors but has a strictly, needs based, humanitarian mandate

²⁸ MDTF end in June 2012.

55. Annual monitoring will be led by the EU in partnership with MoFEP's aid coordination section. The EU will support monitoring in line with the independence of the GRSS monitoring mechanism. A strong focus will be on the effectiveness of transferring ownership and ensuring dialogue. The strategy will be annually revisited on the basis of the monitoring recommendations. Annual monitoring will be coordinated with sector leads to include monitoring of sector strategies. The EU is committed to strengthening existing monitoring frameworks to better measure conflict risk and peace building and to disaggregate data by locality, ethnicity and gender. Additionally, the EU will initiate dialogue with the Republic of South Sudan National Bureau of Statistics to enable donor financed monitoring to better complement and be incorporated in national reporting.

56. In line with the 2011 GRSS Aid Strategy, the EU and MS will agree targets and indicators for measuring progress on mutual aid effectiveness commitments as detailed below:

Mutual Accountability: Aid Effectiveness Commitments (from the GRSS Aid Strategy)	
Key GRSS Commitments	Key Donor Commitments
1. GRSS will establish new and strengthen existing aid coordination mechanisms, and ensure strong leadership of these. 2. GRSS will set out clear guidelines for the design and management of aid operations, showing how they can use GRSS systems. 3. GRSS will develop an approach to capacity development. 4. GRSS will prepare and implement plans to improve core governance functions, including those which address the specific fiduciary and system risks that concern development partners. 5. GRSS will strengthen its policies, plans and delivery mechanisms at the sector level. 6. GRSS will agree (with development partners) clear milestones and temporary safeguards which will allow aid to use GRSS systems.	1. Development partners support, use and respond to aid coordination mechanisms and instruments. 2. Development partners increase the amount of aid managed by Government. 3. Development partners focus their capacity development activities on strengthening Government policies, systems and delivery systems. 4. Development partners provide aid, including project support that increasingly uses Government systems. 5. Development partners begin to focus project support to Government on infrastructure provision and institutional development, and away from funding operational aspects of service delivery. 6. Development partners provide local service support for decentralised level service delivery. 7. Development partners provide GRSS with budget support, starting at the sector level. 8. Development partners reduce the fragmentation of aid.

57. Strengthening public financial management and a coordinated progressive move to greater use of government systems is a common government and donor challenge. In 2012, the EU and MS will establish a working group with GRSS to jointly develop common benchmarks and public financial management indicators for monitoring progress towards budget support. Agreed benchmarks and a clear action plan will be the basis for a progressive transition to the greater use of Government systems and budget support.

5.1. Focal and Sector Targets 2011:2013²⁹

Goal	Target Date	2012 Feb. AE Review	2012 Nov-Dec. Monitoring	2013 Nov-Dec. Evaluation
<p>Strategy Aid Effectiveness Review of EU Single Country Strategy for South Sudan.</p> <p>Conduct political analysis for incorporation into single country strategy.</p>	02/2012			
<p>Establish core group to develop action plan and monitoring framework for progressive use of Government systems (including sector specific commitments to improving PFM).</p> <p>Core group to elaborate targets and indicators for progress against GRSS-Donor mutual aid effectiveness commitments (above table).</p>	02/2012			
<p>Monitor EU and MS provision of aid information to MoFEP's AIMS.</p> <p>Initiate dialogue with the Republic of South Sudan National Bureau of Statistics to absorb donor financed monitoring into national reports.</p>	12/2012 02/2012			
<p>Establish and monitor baseline for measuring overarching goals of conflict and peace building, gender equality, inclusion of minorities, human rights, transparency and governance, sustainable environmental management peace and state building at sector level.</p>	02/2012			
<p>Sector Leads Sector leads to communicate lead donors to GRSS and to develop donor sector maps to assist DoL and in preparation for the 2012 AE Review. Sector maps will include roles, names and contact details of responsible GRSS decision makers.</p> <p>Sector leads to incorporate in the sector annexes specific activities and indicators to monitor the transition from relief, rehabilitation to development (LRRD) and in particular ensuring there is no gap in service delivery and a sustainable transfer and maintenance of existing assets.</p>	01-03/2012			
<p>3.2.1.1 Rule of Law Confirmation of Interlocutors by MoFEP.</p> <p>Initial Assessment of Effectiveness of Working Group. AE Assessment of Sector Action Plan. Donor sector mapping with Government interlocutors identified.</p>	Done Early 2012			
<p>Review and Prioritisation of 134 customary and statutory laws by 2013. 15 bills processed by GRSS legislature by 2013. Between 86 and 194 functioning county level officers by 2013.</p>	12/2013			

²⁹ The matrix will be progressively improved to better reflect EU actions towards meeting GRSS aid effectiveness priorities in the Aid Strategy and measurable indicators for implementation at the sector level.

<p>3.2.1.2 Health Confirmation of Interlocutors by MoFEP.</p> <p>Initial Assessment of Effectiveness of Working Group. AE Assessment of Sector Action Plan. Donor sector mapping with Government interlocutors identified.</p>	Done			
	Early 2012			
<p>National fund absorption increases to 55% from 75% and State absorption to 60% from 24% between 2010 and 2013. % of Population having access to skilled healthcare increase from 15% to 40% by 2013. 70% of children are receiving DPT inoculations up from 14% by 2013.</p>	12/2013			
<p>3.2.1.3 Education Confirmation of Interlocutors by MoFEP.</p> <p>Initial Assessment of Effectiveness of Working Group. AE Assessment of Sector Action Plan. Donor sector mapping with Government interlocutors identified.</p>	Done			
	Early 2012			
<p>General Enrolment Rate at 92% by 2013. Dropout Rate 15% by 2013. Teacher Student Ratio 50:1 by 2013. Student: Textbook 1:1 by 2013.</p>	12/2013			
<p>3.2.1.4 Infrastructure (WASH) Confirmation of Interlocutors by MoFEP.</p> <p>Initial Assessment of Effectiveness of Working Group. AE Assessment of Sector Action Plan. Donor sector mapping with Government interlocutors identified.</p>	Done			
	Early 2012			
<p>The EU contribution will be realized in phases combining sector support with clear incentives for capacity building at site and for contributing to the envisaged coherent sector policy of GRSS.</p>	09/2012			
<p>Fast track activities at site shall contribute to peace building and good neighbourhood in the municipalities.</p>	12/2012			
<p>Rural access to safe drinking water increased 9% by 2013. Urban access to safe drinking water increased 11% by 2013. Rural access to sanitation increased to 5.2% by 2013. Urban access to sanitation increased to 5.7% by 2013. Increase the volume of fresh water harvested and stored to 7 million m³ by 2013.</p>	12/2013			
<p>3.2.1.5 Natural Resources (Food Security) Confirmation of Interlocutors by MoFEP.</p> <p>Initial Assessment of Effectiveness of Working Group. AE Assessment of Sector Action Plan. Donor sector mapping with Government interlocutors identified.</p>	Done			
	Early 2012			
<p>Annual cereal production exceeds 1 million Mt by 2013. Incremental increase in local production of meat and dairy. EU rehabilitates 1,000 kilometres feeder roads by 2013. Coordination Structure for Food Security functional by</p>	12/2013			

2013.				
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5.2. Key Implementation Risks

Risk	Likelihood	Impact	Cost of Measuring	Monitoring Priority*
GRSS Absorptive Capacity Remains Low	High	Very High	Very Low	High
Government Capacity to Lead Remains Low	High	High	Low	High
Internal Conflict	High	High	Very Low	High
Donor Capacity in Juba Remains Low	Medium	High	Low	Medium
Development Implementation Mechanisms (e.g. pooled funds) Slow to Disburse	High	High	Medium	Medium
PFM systems unable to stem systemic leakage	Medium	High	High	Medium
Catastrophic External/Border Conflict	Medium	Very High	Very Low	Medium
Donor Financial Commitments do not actualise	Low	Low	Very Low	Low

*Total score is determined by multiplying likelihood with impact by the *inverse* of the cost of measuring the risk. This means if impact and likelihood are low but cost of measurement is also low, because it is inexpensive to monitor the risk is ranked is higher in the scale.

EU and MS Indicative Financial Allocations Annex (Euro Millions)

The table below represents estimates only. It includes specific entries for MS who make bilateral contributions. All MS also contribute to the figure for the EU either through EDF or EU budget contributions. It does not include contributions through the UN (assessed or voluntary) or the World Bank. The table will be progressively updated as commitments are formally made. Finland may commit funds in the near future. The European Commission commitment of Euro 345 million includes 200 million in new funding as a formal commitment.

Humanitarian assistance is programmed on a needs basis and only includes 2011 allocations; figures for 2012 and/or 2013 will depend on additional needs.

Lead	Rule of Law* EU	Health UK SK	Education UK	Infra. WASH DE NL	Rural Food Sec EU NL	Other Sectors	Not Yet Programmed	Humanitarian Assistance	TOTAL
BE						1.00			1.00
DE	0.50			13.00		2.50		9.17	25.17
DK			2.60			11.40	72.20	13.40	99.60
ES		1.5	1.6		6.13			5.1	14.33
FI				24.00					24.00
FR			0.35	6.00		0.48	0.73	1.50	9.06
IT						3.00			3.00
MT						0.15			0.15
NL	17.00			6.00	8.00		10.00		41.00
SE	10.00	15.0				15.00	20.00	25.00	85.00
SK		2.4							2.4
UK	19.00	30.00	62.00		44.00			26.00	181.00
EU**	45.00	61.50	41.50		122.00	15.00		60.00	345.00
EU +MS	91.50	110.40	108.05	49.00	180.13	48.53	102.93	140.17	830.71

***Note:** Funding allocated to rule of law includes support to the security sector. In future revisions, funding to rule of law and security will be presented separately.

****Note:** Water sector activities for sustainable productive use funded by the EU under the rural/food security sector could be implemented through the envisaged WASH Pool Fund.

Acronyms Annex

ACP	Africa, Caribbean and Pacific
AE	Aid Effectiveness
AIMS	Aid Information Management System
AU	African Union
BSF	Basic Services Fund
CAADP	Comprehensive African Agriculture Development Plan
CDC	Curriculum Development Centre
CHF	Common Humanitarian Fund
CPA	Comprehensive Peace Agreement
DDR	Disarmament, Demobilisation and Reintegration
DfID	(UK) Department for International Development
DoL	Division of Labour
DOTS	Directly Observer Treatment Short Course (for Tuberculosis)
DPT	Diphtheria, Pertussis and Tetanus (vaccines)
EAC	East Africa Community
ECHO	European Community Humanitarian Office
EDF	European Development Fund
EFA	Education For All
EIB	European Investment Bank
EPA	Economic Partnership Agreement
ERDF	Education Rehabilitation and Development Forum
ESSP	Education Sector Strategy Plan
EU(D)	European Union (Delegation)
FSC	Food Security Council
GER	Gross Enrolment Rate
GIZ	German International Cooperation
GRSS	Government of The Republic of South Sudan
GNU	Government of National Unity of Sudan
HSDP	Health Sector Development Plan
IDLO	International Development Law Organization
IDP	Internally Displaced Person
IGAD	Inter-Governmental Authority on Development
IMAC	Inter-Ministerial Appraisal Committee
JDO	Joint Donor Office
JICA	Japan International Cooperation Agency
JoSS	Judiciary of South Sudan
LRRD	Linking, Relief, Rehabilitation and Development
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MDTF(-SS)	Multi-Donor Trust Fund (-South Sudan)
MoE	Ministry of Environment
MoFEP	Ministry of Finance and Economic Planning
MoGEI	Ministry of General Education and Instruction
MoH	Ministry of Health

MHPP	Ministry of Housing and Physical Planning
MoJ	Ministry of Justice
MPI	Ministry of Physical Infrastructures
(EU) MS	(European Union) Member States
MWRI	Ministry of Water Resources and Irrigation
NBI	Nile Basin Initiative
NEPAD	New Partnership for African Development
NGO	Non-Government Organization
NSA	Non-State Actor
NTTI	National Teachers Training Institute
PRSP	Poverty Reduction Strategy Paper
RoL	Rule of Law
ROM	Results Oriented Monitoring
SPLA	Sudan People's Liberation Army
SSNBS	South Sudan National Bureau of Statistics
SSPS	South Sudan Police Service
SSDP	South Sudan Development Plan
SSHS	South Sudan Household Survey
SSUWC	South Sudan Urban Water Corporation
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNMI(S)S	United Nations Mission in (South) Sudan
UNPOL	United Nations Police
USAID	United States Agency for International Development
WASH	Water, Sanitation and Hygiene
WFP	World Food Program
WSSC	Water Sector Steering Committee

Sector Annexes

Education

The education sector in South Sudan receives significant support from the donor community both in terms of support to institution building and in the form of service delivery through non-State Actors. Concurrent with donor and Government investment, a proportion of sector resources come from private philanthropy and tends to be programmed through NGOs. The UK, EU, USAID and JICA are the major donors in the education sector concentrating on schools construction, teacher development, girls, education, textbooks printing and distribution, and institutional capacity building. A cross-cutting common priority is technical assistance to the Ministry of General Education and Instruction (MoGEI) and to State Ministries of Education.

The key interlocutor at the national level is the Ministry of General Education; at the state level are the State Ministries of Education and national education institutions like the National Teacher Training Institute and (NTTI) the Curriculum Development Centre (CDC). Matters related to schools are managed by the State Ministries of Education. Capacity at the MoGEI is still limited to basic sector activities like hiring, firing and transferring of staff. Future institution building at a strategic management level is likely to focus on procurement, integration and coordination of services of various directorates within the Ministry and with other bodies. Another area targeted for support is in evidence based policy making.

Government and donors, however, have cited concerns that the considerable investments in skills transfer have been fragmented. Donor coordination could be significantly strengthened to enable greater MoGEI ownership. A process for developing a sector strategy is underway albeit marked by poor coordination and delays. In the meantime the recent approval of key policy documents such as the South Sudan Development Plan (SSDP), the Five Priorities of the Education Sector; and the Brief of the Education Rehabilitation and Development Forum (ERDF) are strong foundations for a coordinated policy approach to the sector.

The key medium-term priority is to contribute to policy coherence and transfer of skills and ownership so as to enable GRSS to lead sector coordination and planning. Enabling GRSS to play a lead role is a precondition to long term planning and sustainable delivery.

Improving Government Ownership

The Government-donor coordination structure in the education sector is chaired on the donor side by USAID and is regarded as a strong coordination mechanism. However, there are perceptions that the aid delivery is still fragmented. Although the Ministry of General Education leads on a number of project steering committees and some working groups, sector decisions are too often made without Government participation. The Ministry of General Education has communicated its desire to improve ownership and is currently supporting the UNICEF led development of the *Education Sector Strategy Plan* (ESSP).

The UK is the largest donor in the education sector, has an education advisor based in Juba and is the lead donor for EU Joint Programming in the sector. The EU joint response in the education sector focuses on improving donor coordination and reducing fragmentation. In this regard, the EU lead (UK) is in agreement with the other donors that a major priority is strengthening Government capacity to lead the education sector group and to decrease the proportion of coordination meetings that happen without Government participation.

The UK, in consultation with other donors in the sector, will appraise the Education Sector Strategy Plan in the form of a Next Steps document to be circulated by January 2012. The document will focus on how the strategy enables better ownership, to what extent specific studies can contribute more detailed indicators and what the implications are for the current aid architecture. These conclusions will form the basis for the design of a new sector approach for the education sector to absorb funds post 2012.

Particular goals to be pursued in the period to 2013 are working with the MoGEI to establish a Government owned secretariat and to lead in the education sector. A secretariat is important to ownership because it ensures appropriate officials are consulted and that commitments are monitored and implemented. A key goal is ensuring better communication between donors, project managers and Government officials at the technical level.

Improving Access to Education

Primary school enrolment has increased 300% in recent years but is still low in South Sudan; secondary school enrolment is below 10%. The EU and MS also recognise the need to better support vocational training in marketable skills to create employment generation. Education should specifically reduce inequity both at enrolment, retention and completion as well as in terms of teacher recruitment and deployment.

EU donors will concentrate future funding on supporting the South Sudan Development Plan (SSDP) targets of raising the general enrolment rate to 92%, reducing the drop-out rate to 15%, ensuring a pupil to textbook ratio of 1:1 and keeping the teacher to student ratio to 1:50 or lower. While the targets are widely supported, some stakeholders hold that there is a significant risk they may not be met in the short to medium term. The EU donors will focus on transitioning from a costly, largely humanitarian to a more development oriented approach to supporting education in South Sudan. This is expected to result in considerable cost efficiency that will ensure a better return on investment. This transition is also expected to better elaborate a workable approach to ensuring, management, operations and maintenance of completed infrastructure. In parallel to this, the EU will open a dialogue with the MoGEI on how best donors can assist in raising the ministry's absorption rate.

The ESSP should also include a commonly agreed capacity building plan. EU and MS are committed to ensuring that future activities will concentrate on implementation of this capacity building plan. The ESSP should have a monitoring mechanism that the EU sector response will use to measure progress. This annex will be updated annually to incorporate the results of this monitoring. The key tenant of this sector approach is lining up behind the Government education sector strategy when it is completed. The EU supports stronger Government ownership of the sector working group and a closer review of the GRSS Local Service Support Initiative.

Next Steps

Activity	Date	Actor
Circulate Education Sector Strategy Plan (ESSP)	Early 2012	UNICEF
Appraise the ESSP and other Sector Policy documents and identify areas for EU/MS investment and the development of a comprehensive, aid architecture for the education sector.	March 2012	UK (EU lead)
Circulate Next Steps paper (including specific proposals on how to transition to a development approach and how to strengthen Government secretariat) Revise this education annex to include findings of next steps paper	April 2012	UK (EU lead)
Take steps to make the sector approach in programming and capacity building operational including developing a sector map.	May 2012	UK (EU lead)

Health

South Sudan has some of most pressing global health challenges partly due to the long history of conflict and high poverty rates. The health care system is improving but still weak, with severe shortages of health workers and functional facilities. Returnees to South Sudan are placing added burden on health facilities particularly those in border regions. Since October 2010 there have been an estimated 350,000 returnees.

South Sudan has the **highest maternal mortality rate in the world** with an estimated 2,054 women dying for every 100,000 births. Less than 15% of deliveries are attended by a skilled worker. The Caesarean section rate of only 0.5% is an indication of low access to comprehensive emergency obstetric and neonatal care (CEmONC).

Communicable diseases are common in South Sudan and there are regular outbreaks of measles, Kala-azar, meningitis, cholera, coetaneous anthrax and malaria. Malaria which is endemic across almost all of South Sudan, accounts for almost a quarter (24.7%) of all diagnoses reported by health facilities. TB is one of the main causes of morbidity in South Sudan with an annual incidence of 140 cases per 100,000. DOTS coverage is 48%.

HIV prevalence in adults varies across the country but overall is estimated to be around 3% in adults. The epidemic is worst in Western Equatoria and the southern part of the country where rates in adults are as high as 10% compared with <1% in more rural central areas. A major challenge in delivering HIV care is improving knowledge, reducing stigma and mainstreaming services within the general health sector thus maximising coverage and access. Neglected Tropical Diseases such as leishmaniasis, trypanosomiasis, onchocerciasis, and schistosomiasis are endemic in South Sudan. Women and children are disproportionately affected.

Access to Health Services

It is estimated that only 44% of human settlements are within 5 km radius of a functional health facility. User rates are low and estimated at 0.2 contacts per person per year. In addition, there are major challenges to delivering services including lack of qualified staff, inadequate infrastructure and access, lack of referral systems and cultural and financial barriers. There are currently 1,147 functional health facilities in the 10 States. This includes 10 private facilities, 14 specialized hospitals/ clinics and one police/military health facilities. Many of these are supported by NGOs for the delivery of health services.

Human Resources for Health

Capacity of both health and management personnel is very limited in South Sudan. Health is often delivered by lower cadres of staff such as community health workers, community midwives, traditional birth attendants and home health promoters. Contributing to the high maternal mortality rate is there being only 1 midwife for every 30,000 people.

National Health Policy

South Sudan has ambitious plans to improve the health of its population and health services that has attracted high level donor support. The Ministry of Health recently released their Health Sector Development Plan 2011- 2015 (the 'HSDP'). The Government highlights that 'good health is a pre-requisite to a productive economy which is the gateway to eradication of poverty.'

Their vision is to 'contribute to reducing maternal and infant mortality and improving the overall health status and quality of life of the South Sudanese population'. Government aims to achieve this by increasing utilisation and quality of health services; health promotion and protection and by strengthening institutional functioning including governance and health system effectiveness, efficiency and equity

The Government recognises the need for sufficient human resources for health and improved access of populations to health services. GRSS estimates that it will cost £146 m. (€170m.) to implement in the first year rising to £303 m. (€350 m.) in the fifth year.

The Government's priority targets (as per the South Sudan Development Plan and based on South Sudan Household Survey) are to increase the proportion of the population having access to healthcare and to skilled health care workers to 40% by 2013 (currently the ratios are 13% and 15% respectively) and to ensure that 70% of children are receiving inoculations against diphtheria, whooping cough and tetanus (DPT) up from the current ratio of 14%.

The EU Priorities

EU donors have had a long-standing commitment to supporting health in South Sudan that dates back to before the signing of the Comprehensive Peace Agreement (CPA). Since signing the CPA, GRSS has built a strong working relationship with its development partners through the Ministry of Health. The Ministry of Health actively participates in the aid architecture and co-chairs the Health Cluster as well as a monthly meeting with donors.

Going forward, the EU has identified key priorities in the health sector of South Sudan:

1. Facilitate donor coordination and harmonisation in health in South Sudan.
2. Support the transition from emergency to a more development approach in strengthening health systems to support development of a quality Government led health system.
3. Improving access of the population of South Sudan to health facilities particularly in 6 states financed by the Health Pooled Fund.
4. Improving access of women to emergency obstetric and neonatal care services and primary health facility and county hospital level.
5. Strengthening capacity of human resources for health at facility, county, state and central level.
6. Strengthening financial systems for payment of health worker salaries.

EU Strategy

1. Advocacy for establishment of a Government chaired overall health sector coordination structure.
2. Engage MoH and other stakeholder coordination mechanisms for health.
3. Support the UK led development of a pooled fund with the EU, CIDA, SIDA, and AusAID and other EU member states. The fund is aligned to Government decision making structures and focuses on reducing maternal mortality, increasing access to basic primary and essential secondary care for emergency obstetric and neonatal care in fifteen county hospitals. Support for capacity building at Central and State Ministry of Health level, as well as County Health Departments, will be included. The aim of the pooled fund is to facilitate the transition from relief modes of implementation to a more sustainable Government-owned one.
4. Work with the Government to support absorption of health workers onto Ministry of Health payrolls and to assist in the roll out of the MoH Health Management Information System to enable Government to have regular and better monitoring as part of the Health Pooled Fund.
5. Work with MoFEP and MOH to strengthen the GRSS's proposed Local Service Support mechanism which aims to help reduce fiduciary risk and allow donors to support front line health services using the Government's state conditional transfer system whilst improving financial oversight systems. Support is dependent on fiduciary risk assessments.
6. Support training of health workers including nurses and midwives. The EC lead is in discussions with MoH regarding this. In addition the EU is recruiting a technical lead to manage this.

Next Steps

Activity	Date	Actor
Meet with like-minded donors to raise the need for a high level dialogue with GRSS on challenges to alignment in the health sector.	October 2011	EU lead
Identify key steps in design of the joint programme to ensure priorities are incorporated and the structure enables dialogue/ownership when Government so desires.	December 2011	UK (EU lead)
Recruit a health advisor for the EU to be based in Juba and lead on human resources for health	January 2012	EU
Follow up and/or support USAID's offer to conduct a sector mapping exercise identifying donor presence and key Government decisions makers.	Early 2012	EU Lead

Natural Resources (under Economic Pillar); Focus on Agricultural Development

South Sudan (RSS) has significant humanitarian and food-security challenges. 47% of the population is food deprived³⁰ and over one million people (15% of the population) receive food assistance from the World Food Programme (WFP) and its partners; malnutrition is chronically above emergency thresholds³¹. Food security, especially in on the border with Sudan, may deteriorate further because of increasing prices resulting from disruptions to North-South trade. Risks are further aggravated because of increasing demand from returnees and potential escalation of inter-tribal tensions and conflicts in border areas.

Agriculture is an enormous opportunity for broad based sustainable economic development, poverty alleviation and better food security. While oil provides 98% of revenue, agriculture is the most important economic sector because it supports more than 95% of the population. The agricultural economy is primarily subsistence and livestock based with approximately 85% of households cultivating land and 65% owning livestock³². Additionally, South Sudan's vast natural resources and favourable agro-ecological conditions have enormous growth potential: 50% of South Sudan³³ is prime agricultural land of which less than 4% is currently cultivated³⁴. Livestock and fish production could conservatively grow five-fold³⁵.

The revenue potentials of a vibrant agriculture sector are vital to a Government budget dependent on dwindling oil revenue. Agriculture also creates jobs and improves food security. Entrepreneurship and private sector development can also meaningfully facilitate conflict mitigation. Key to growth in the agriculture sector are: better transport, access to production inputs, market information, extension services and financing.

Sector

As part of the economic development pillar of the South Sudan Development Plan, GRSS identified natural resource management as foundational to economic growth. On the donor side, this sector was previously referred to as rural development but will progressively adjust to align with Government sector definitions.

The natural resources sector covers activities implemented by: Ministry of Agriculture and Forestry, Ministry of Animal Resources and Fisheries, Ministry of Co-operatives and Rural Development, Ministry of Wildlife and Tourism, Ministries of Irrigation and Water Resources, Roads and Bridges (worked with through the WASH sector) and Commerce, Industry and Investment, Southern Sudan Land Commission and the Ministry of Environment. Although the sector is covered by a number of authorities, the key donor interlocutors are the Minister and Undersecretary at the Ministry of Agriculture and Forestry. The Ministry of Agriculture and Forestry is willing to play a greater role in leading sector coordination structures.

Crucially the sector involves the private sector and harmonisation with existing processes and coordination mechanisms such as the AU/NEPAD CAADP Comprehensive African Agriculture Development Plan. Development partners will promote better alignment to the SSDP. Over-arching principles emphasise the need for a gender sensitive and inclusive approach with particular focus on the link between rural development, sustainable environmental management, food, peace and security. This necessarily means close coordination with humanitarian actors and coordination mechanisms.

³⁰National Baseline Household Survey (2009)

³¹ Ibid

³² 2010/11 Annual Needs and Livelihood Analysis (ANLA, 2011)

³³ The total area of Southern Sudan is estimated to be about 640,000 sq km.

³⁴ SIFSIA Land Cover Map/report; FSTS/FAO Juba; 2011

³⁵ 2010/11 Annual Needs and Livelihood Analysis (ANLA, 2011)

The EU lead will work with other key donors to reform the existing architecture to better ensure Government ownership. This is challenging because of strong presence of humanitarian actors that have existing coordination mechanisms. ECHO has been funding Food Security as part of its integrated multi-sector strategy against malnutrition (together with health and water support). Donors recognise the need to do more for Government capacity and to build secretariat capacities for Government to contribute to the agenda, monitor mutual commitments and to develop planning and coordination documents.

The EU will support an improved sector architecture to enable future programming (programme to start in 2012 funded by the Special Fund for Sudan). This will build on the Food Security Council (FSC)³⁶ amongst other Government coordination structures ensuring ownership and better coordination and planning. An inter-ministerial coordination structure may be needed to harmonise policy, strategy and coordination. This will necessitate elaborating clear lines of accountability to ministries.

The EU also takes account of the findings of the multi-donor *Aiding the Peace* report that calls for programmes to be linked to key drivers of conflict and promoting the use of contractors over that of multilaterals.

The largest donors in the sector are USAID, UK, EU and JICA that provides support for the development of an Agriculture Master Plan. DFID is designing a major sector programme in food security that has the ambition of making 1 million households food secure by 2015 through a mix of investments (including feeder roads) and information systems to link humanitarian and development information needs to aid planning, improve practise and inform policy choices which will enable the Government to reduce hunger. The International Food Policy Research Unit is planning to support food security planning, programming and decision making. Other donors with significant programming include the Netherlands, Canada and the World Bank. USAID provides the bulk of the funding to the sector. EU donors tend to be more active with capacity building at the national level. ECHO has supported Food Security projects for a number of years and existing knowledge, assets and grass-root best practices should be preserved. In Juba, donors tend to be understaffed. USAID has 5 staff working in the sector, Japan, the EU and the Netherlands have 1 officer each and the World Bank has two officers working in the sector. The UK, the Netherlands and Canada have some capacity but no staff fully dedicated to the sector. Spain is providing funding to small-holder farming and through FAO is providing additional bilateral support to NGOs.

Better coordination for both existing and future programmes and particularly in Government institution building. The EU lead will advocate for improved division of labour and development of functioning lead donor arrangements. USAID has volunteered to conduct a sector mapping of actors (both development partners and Government). Sector mapping promotes better coordination between humanitarian and development partners and a renewed commitment to aid effectiveness, alignment with Government and close monitoring.

Sector Priorities

The South Sudan Development Plan (SSDP) identifies production of cereal crops to meet national demands of consistently over 1 million Mt per year. Additionally the SSDP has identified the need for gradual and sustained increase of production and market supply of meat and milk

³⁶ The Food Security Council (FSC) is the highest decision making body in South Sudan for food security; its mandate is to ensure overall alignment and harmonization of food security. The FSC is envisaged to have a secretariat led by a Government appointed General Secretary. The current status of the FSC is that the President of the Republic is the Chair to the council and the Minister of Agriculture and Fisheries is the Secretary to the Council. The FSC is not yet fully operational.

as well as reforestation and forest protection. Although an agreed priority, baselines and indicators have not been agreed for the latter two targets.

The EU plans to support the SSDP targets by rehabilitating over 1,000 kilometres of feeder roads and supporting an institution building programme at the national level and with five state Governments. Particular focus will be placed on the SSDP identified challenge of strengthening capacity for agriculture sector policy formulation and programme implementation. At state level, the EU will support the FSC operations in the following states: Northern Bahr el Ghazal, Western Bahr el Ghazal, Warrap, Lakes and Unity. Improving extension services and coordination capacity at state level enable state authorities to ensure quality and oversight of services delivered by development agencies; this contributes to Government progressively taking ownership and responsibility for delivery. This will be accompanied with capacity building to state authorities in budgeting and planning to better implement agricultural policy.

A cross-cutting priority (that is also address in the context of governance, rule of law, security and stabilization) is the EU supported Land Sector Support programme that strengthens the legal and institutional framework for coordination of land administration and land use capacity development for delivery of land services. The Land Commission is seen as the key interlocutor in ensuring Government ownership and coordination.

The Netherlands has on-going programmes in small-scale agriculture and livestock as well as strengthening Yei Cropping and Marial Lou Livestock Training Centres. The Netherlands plans to support agro-inputs (jointly with USAID and with technical support from AGRA, IFDC and Wageningen University and research Centre), direct support to enterprises, mostly agriculture related (in cooperation with local banks and business development providers) and programmes related to water storage facilities (for cattle), small scale agriculture and flood control and feeder roads. The Netherlands will also promote economic cooperation, encouraging Dutch companies to explore business opportunities in agriculture and agro-processing and livestock (beef and dairy).

Programming Priorities

Numerous evaluations of past programming conclude that progress in reconstruction of the country has been insufficient during the transitional post-CPA period (2005-2011). Overestimation of GRSS capacities, inappropriate or inflexible procedures and fragmentation of aid explain many of the shortcomings. Rural development programming has made insufficient progress towards food security and increased production. Key lessons learned include:

- Geographical coverage is limited and impact localised; too much programming is short-term oriented at the expense of a necessary transition towards long term, sustainable programming,
- States do not have the resources or capacity (including management and planning) to fulfil their constitutional role in terms of service delivery.
- States need better food security policies and regulations in place and better coordination of projects run by non-state actors.
- There is a dire need for development of markets and traders.

The core of the strategy is a coordinated transition from a humanitarian approach to a Government owned development based on the Council of the European Union conclusions on Linking, Relief, Rehabilitation and Development (LRRD). LRRD embodies the principle of transferring ownership and capacity to Government consistent with the broader economic, social and political context. EU programming will be Government led and owned, aligned to Government policies and support institutional capacity to enable the use of national systems and progressively budget support.

Particular focus will be placed on the SSDP identified challenge of *strengthening capacity for agriculture sector policy formulation and programme implementation*. The objectives of the sector joint approach is to transition from food assistance to sustainable food security and to

support the SSDP objectives of increasing crop, livestock and fish production, as part of an inclusive and sustainable broad-based rural economic development. To do so, the EU will advocate for: (1) boosting primary production, promoting agricultural practices and technologies that are environmentally sustainable and raise rural income, stimulating rural off-farm activities and improving access to advisory, financial and other services to producers; (2) improving access to markets by building necessary transport infrastructure; (3) supporting more equitable and more securing access to land for the rural poor; and (4) helping build more effective, accountable, decentralised and participatory Government institutions able to lead the development and delivery of services relevant for the sector.

The use of farming inputs, services and the improved farming techniques are crucial to agriculture and livestock management. The EU will focus on supporting rural smallholders, by expanding the provision of agricultural inputs and services to more farming communities and in particular, through better extension services for agricultural production. Particular emphasis will also be given to the development of private sector both for the supply of inputs and services, and for the development of agro-processing and off farm small businesses.

Improved road access is essential to developing the sector; capitalizing rural infrastructure expands productive potential, increases rural market access and incomes for rural farmers. The EU intervention will also support Government capacity to improve planning, budgeting and asset management. Road maintenance and repair will be addressed by promoting shared responsibilities between state agencies and rural communities.

Land policy has strong links with agricultural and economic development. Making access to land secure is a necessary condition for encouraging investment and improvement in land. An agricultural policy that strongly supports smallholders and farmers' organisations, and provides them with services offers a good way of reconciling growth in agricultural productivity with equity and poverty reduction. The EU will support more equitable and more secure access to land through the strengthening of the institutional and legal framework and the capacity of the land administration and land services. This will be a complementary intervention alongside existing support for strengthening Government and institutional capacity on food security policy, addressing a key structural factor of food insecurity.

EU donors also advocate for a more comprehensive approach to building budgeting and planning capacities at state levels, as absorption capacities at state levels are amongst the most pressing impediments to better implementation.

Towards Joint Programming

Joint programming to date has taken place through the Multi-Donor Trust Fund (MDTF), but with mixed results. Monitoring and evaluation of progress has taken place in the context of oversight committees that have been de facto donor rather than Government led. Transfer of monitoring, evaluation and implementation skills to Government has been less than expected.

Pooled funds are commonly perceived as better vehicles for effective interventions in the sector provided they are accountable to Government line management and are focused and limited to realistic programming targets. Pooled funding may be explored in feeder roads rehabilitation and in support to smallholder farmers and extension. The latter, for example, is being discussed by the EU and Spain (CIDA may also participate).

New EU donors committing funds in the sector are encouraged to do so in coordination with existing decision making structures. At the same time there is a need for technical skills in the sector. If provided in a coordinated manner, technical assistance in agriculture could be effectively applied to work at state and local levels (e.g. in computer literacy, project management and support to line ministries in establishing staff management and performance mechanisms). As a priority, EU donors are advocating for a comprehensive approach to

budgeting and planning capacities at state level. Absorption capacities at state levels are amongst the most pressing impediments to better implementation.

Next Steps

Activity	Date	Actor
Like-Minded donors meet to agree a common approach to building Government capacity to coordinate at sector level	Early2012	EU Lead
Like-minded donors and Government meeting to agree coordinated approach to capacity building for coordination. Outcome includes a work-plan with Government (e.g. to providing appropriate human resources, regular meetings) and donor commitments (e.g. in supporting sector secretariat capacity). Work plan should indicate division of labour and recognition of roles of sector leads as well as clear coordination responsibilities for the Land Commission and Food Security Council.	Early2012	EU Lead
Like-minded donors adopt common approach to coordination structures minimising participation in coordination structures that are not aligned to SSDP and line ministry authority and are not Government co-chaired; targets agreed with Government for regular donor-Government dialogue).	Early2012	EU Lead
Review existing projects to identify good practices in alignment and ownership.	Early 2012	EU Lead
Map actors (Government and development partners) active in the sector.	Early 2012	USAID
Take steps to make the sector approach operational in programming and capacity building and to design a pooled funding mechanism if necessary.	Mid 2012	EU Lead

Rule of Law (of the Conflict Prevention and Security Pillar)

EU donors have invested heavily in the rule of law/governance sector in South Sudan since the CPA. Activities range from cross-cutting support for institutional development at the local, state and national levels to support for human rights, anti-corruption and democratisation. For the purpose of the joint strategy, the EU is focussing at the sector level on rule of law (and justice). The SSDP sector is a composite comprising many priorities; the EU is focussing on the priorities of strengthening the legal framework and criminal justice. In the Rule of Law aspects the Ministry of Interior, Ministry of Justice, Judiciary, State Ministries of Peace, Human Rights Commission, and Anti-Corruption Commission are the key interlocutors. The largest donors supporting rule of law in South Sudan are the USA, the Netherlands, the EU and Germany. Sweden supports through NGO and other mechanisms. The World Bank is also active in the sector.

The EU support to Rule of Law is currently EUR 17 over the next 4 years and is expected to grow in the coming years. Sweden is also active in the sector and the Netherlands has expressed its interest to expand its support. Various strategic documents have been prepared recently: the Strategic Plan for the Ministry of Justice 2011-2013, the 2011-2014 Action Plan of the Judiciary of South Sudan and the Strategic Plan of the Legal Training Institute 2011-2015. These build a good starting point for future EU support in some of the RoL areas.

In the past few years there have been a number of useful coordination structures; unfortunately, none have ensured sustained Government led sector coordination. The EU lead will advocate for MS to support and enable the Government to lead this sector coordination. As a starting point it has been agreed that the EU, IDLO and UNDP will provide the Government secretariat capacity to coordinate and lead dialogue at sector level. A key focus will be the mutually identified priority of improving Government's planning, monitoring and evaluation capacity at the sector level.

In terms of joint programming at the sector level, the EU lead will advocate for new programming in the sector to be aligned with existing approaches and where possible to build on existing project structures. Once the Government led sector coordination structure is functional, future programming will be established in consultation with Government and other donors. The key guiding policies that form the basis of the donor-Government partnership are: *The Ministry of Justice Strategic Plan 2011-2013* and *The (2011) Judiciary of South Sudan Strategic Plan*.

Sector Coordination Priorities

Because the SSDP pillar covers a wider range of institutions a comprehensive coordination mechanism is challenging to establish. For the purpose of the EU Joint Programming approach, the EU will support Government owned sector based coordination structures that meet regularly and are capacitated with donor support to ensure appropriate monitoring of commitments.

In the *rule of law sector* institutionalising the Ministry of Justice (MoJ) chaired Technical Advisors' Group will be important to more systematic coordination and ownership. Moreover the Ministry of Justice Strategic Plan, aligned with the South Sudan Development Plan, foresees to reconvene the MoJ Development Partners Group with the new denomination 'Donor Forum' to review progress and coordinate on-going work in support of the MoJ Strategic Plan. The MoJ Donor Forum, chaired by the Minister would also review Donor Assistance's alignment with the Strategic Plan, identify current and emerging Rule of Law policy and operational issues and ultimately enhance regular dialogue between donors and MoJ.

In addition, MoJ aims to convene the first meeting of the Rule of Law Consultative Group (ROL CG) to streamline coordination, dialogue and information sharing within the Rule of Law partner institutions and Donors/Development partners.

The ROL CG will provide a much needed forum for consultation on identified and emerging critical policy-level issues that impact the Rule of Law sector. It would strive to review and coordinate initiatives in the Rule of law sector consistent with the South Sudan Development Plan (SSDP), to harmonize Donor Assistance so it meets RoL sector institutions' Goals as outlined in institutional plans, to monitor progress and share information on initiatives and projects.

Support to the secretariat at Ministry of Justice (MOJ) to facilitate the Rule of Law consultative group is planned.

Sector Priorities

Ensuring security and stability in South Sudan is essential both for national and regional stability and is fundamental to development; many analysts argue that the most pervasive disincentive to medium term planning is a fear of future conflict. The Government, itself, has ranked the following priorities as key in the South Sudan Development Plan:

1. Demobilisation, Disarmament and Reintegration,
2. Establishment of a civilian led national security architecture and transformation of the security sector,
3. Establishment of a legal framework for all levels of Government,
4. Enhanced community security and,
5. Strengthening the criminal justice system.

The EU will support these national priorities by supporting the establishment of a *legal framework* for all levels of Government. This involves the review and prioritisation of 134 customary and statutory laws, 15 bills transmitted to the legislature and between 86 and 194 (depending on the final number of counties established) functioning/capacitated legal affairs offices at County Level. Legal drafters will also benefit from the Legal Training Institute, due to be established. The EU sector lead will also promote coordination with programming in the security sector. Community security approaches are also being supported in all 10 States and peaceful civilian disarmament conducted in 50% of Counties³⁷. Additionally the EU will contribute to establishing operationally effective Joint Operations Centres in 80 Counties.

Institution Building Priorities:

- An effective civil service (Prosecutors, Lawyers, Legal drafters, Judges, members of the Commissions) with well-trained staff and standardised training (particularly on human rights and anti-corruption), and a well-established institutional and organisational set up,
- Providing all states, counties and payams with the necessary infrastructure and equipment.

The EU approach to institution building promotes the need to improve ownership by the beneficiary institutions. Ideally organisational and strategic plans, training maps, etc. should be developed by the counterparts. However, since institutional capacity to do this is low donor support is essential. Additionally, Government needs to have a better understanding of how donors work and which capacity building options are available; this will create an environment in which beneficiary institutions are more confident to request support.

³⁷EU involvement in security requires recognition of established premises/criteria including past attempts at civilian disarmament and its risks and challenges. Communities are rarely afforded proper security that will allow them to lay down their only means of providing for their own security (i.e. weapons). Disarmament without civilian security only risks victimisation and worse.

It is worth underlining that Institution Building approaches in South Sudan, should go beyond training of individuals and include wider organisational development, such as definition of functions and structures and roles for the body in question; human resource management, individual roles and job descriptions, incentives, training etc. It should include budgetary planning and management and also drafting/completing a relevant legislative framework and implementing regulations for enabling the body to fulfil its role in the sector. It should be about a comprehensive approach of building a functioning and efficient administration. In the case of South Sudan it also includes rehabilitation or even construction of buildings.

As regards training in the RoL sector, there are significant lessons learned that need to be incorporated in future plans:

- Preference for in service training rather than out of office/country trainings that undermine existing capacity,
- Preference for Sub-Saharan expertise,
- Preference for embedded long term TAs rather than short-term external TAs,
- Request for standardised trainings,
- Request for English training at all levels (basic for secretarial and assistants, advanced for lawyers).

EU will address cross-institutions' common legal training needs by establishing permanent legal training capacity in Juba. Prosecutors, legal advisors, attorneys, judges, and legal drafters will benefit from the setting up of the Legal Training Institute in Juba, as well as strengthening the Judiciary of South Sudan (JoSS) training unit. Context specific initial training leading to post-Graduate Diplomas in legal practice and continuing legal training in the LTI will be provided initially up to 100 persons.

Next Steps

Activity	Date	Actor
EU advocates for establishment of a secretariat for Ministry of Justice led sector coordination structure.	September - October 2011	EU lead
EU with IDLO and UNDP identify how to resource and establish Ministry of Justice coordination secretariat.	December 2011	EU lead
Identify and adopt regional "best practices" in justice, law and order sector coordination.	January – March 2012	EU lead
Review existing project structures identifying best practices that promote alignment and ownership.	April-June 2012	EU lead
Discuss and agree at Government led sector meeting how like-minded donors can promote a better coordinated (joint) approach to sector programming.	July 2012	EU lead

Water, Sanitation and Hygiene (WASH)

Only 34% of the population has access to improved water sources. Equally alarming, only 14.6% of the rural and 36.8% of the urban population have access to improved sanitation, with a high proportion of the population not practicing good hygienic practices. Improper disposal of human wastes and poor personal hygiene is the cause for a range of diseases including acute watery diarrhoea, polio and Cholera.

Though improvements can be recorded since signing of the CPA, one challenge to providing population in South Sudan with safe water and improved sanitation services is the lack of technical expertise throughout the WASH sector at various levels of Government and in the private sector.

People in South Sudan mainly depend on subsistence crop production, livestock and fishing. Since economic development will be largely agriculture-based, demand for water is expected to increase rapidly. Access to water, especially for cattle during dry season, is a major factor of conflict in many parts of the country.

So far, water resources management received comparatively little attention from external support agencies and the Government of South Sudan. Consequently, the Government of the Republic of South Sudan (RSS) has defined water; sanitation and hygiene (WASH) as one of its priorities of the development agenda. The RSS WASH Sector Strategic Framework calls for a shift from short term emergency measures towards a sustainable development. The RSS has requested support in water resource management and development, including productive use of water, water harvesting and improving the capacity for integrated water resources management. Those activities will complement a comprehensive water strategy and, match the new policy priorities of the Netherlands bilateral program.

Priorities within WASH

Table me below shows priorities and targets defined by GRSS in the SSDP.

In support of the SSDP following priorities have been identified as priorities for the EU Strategy in the WASH sector:

- Improving water supply and sanitation in towns.
- Rehabilitation and construction of water points in rural areas including boreholes and establishment of supply chains for operations and management.
- Provision of adequate improved sanitation facilities and creation of hygiene awareness.
- Capacity Development both in terms of institutional capacities and increasing the number of skilled staff on strategic positions at different levels in the sector.
- Developing a water resource management strategy.

Programme Area	Outcome Objective	Indicator & Baseline	Target(s)	Responsible Agency
Development, Provision and Management of Urban sanitation Facilities	Facilitate access to improved urban sanitation	Percentage of urban population with access to improved sanitation. Baseline: 36.8% in 2010	42%	MHPP, States
Development, Provision and Management of Urban Water Facilities	Accelerated provision of safe water to urban areas	percentage of urban population with access to potable water Baseline: 34% in 2010	45%	SSUWC, MWRI and States
Water Resources Management, Development, Utilisation and Provision of Sanitation Services	Sustainable management of water resources to enhance access to safe water and improved sanitation services; and other uses	Percentage of rural communities with access to safe water and improved sanitation Baseline: 34%* and 9.3% respectively in 2010	40% for water supply 15% for sanitation	MWRI, States
		Volume of fresh water harvested and stored Baseline: 0.5 mil. m ³ 2010	7 mil. m ³	MWRI, States
		Length of rivers trained and flood control dykes embanked Baseline: 0 km	500 km 300 km	MWRI, States
		Area mapped/assessed for water resources (Baseline 0%) and cultivable area in feddan (fed) covered with irrigation facilities (Baseline 2,000 fed).	10% 20,000 fed	MWRI, MAF

Most of the mechanisms for on-going donor support to the sector will come to an end either in 2011 or 2012. New bilateral programs are currently being developed.

EU Strategy in the Sector:

Germany, The Netherlands, France and the EU will support the Ministry of Water Resources and Irrigation (MWRI) and the Ministry of Housing and Physical Planning (MHPP) to increase the efficiency of the South Sudanese sector development by focusing on sustainability of all future investments as follows:

- Establishing a “**WASH Sector Fund**” (WASHSF) which, through a first window, channels European contributions to urban water supply schemes and improved sanitation. The fund will be open to all donors and will provide a platform to coordinate financing efforts with donors pursuing other channels of infrastructure financing. A rural window of the fund will be added for implementing inter alia the EDF contributions to the rural water sector.
- The fund will be fast tracked, balancing between prevention of fiduciary risk and enabling fast results in the field. It is proposed to install an external fund manager under the guidance of Ministry of Water and Irrigation and under the auspices of Ministry of Finance. During the fund set-up, a plan for further transfer of responsibilities into the administrative set up of GRSS will be developed.
- The approach will be based on a clear benchmark concept for utilities in urban and optionally rural areas. Based on clear requirements for the performance of water utilities that shall ensure the sustainability of investment operation, immediate investments and full roll-out investment will be financed in a sequenced manner. In the urban water and sanitation sector, this concept shall ideally be the blue print for a coordinated approach and

shall be commenced with in four municipalities (GRSS has proposed Yei, Bor, Rumbek and Yambio), depending on available funding and performance at site.

- The proposed funding mechanism will include support for a strong Technical Assistance Support Team (TAST) for the project implementation unit within the government to manage, coordinate and control overall project implementation and to ensure transparency. The WASH Sector Strategic Framework provides strategic approaches for the transition from emergency to sustainable development. EU MS have indicated their preparedness to support its operation and embark on a process to establish a coherent and adequate institutional, regulatory and legal framework for the sector in a transparent and participatory manner, closely involving those donors active in the WASH-area.
- Implementation will encompass inclusion of gender based mechanisms on local level as well as in the steering bodies of the fund.

The Government is also keen to expand the use of its water resources for other, particularly economic uses (e.g. industrial). Funding activities will be aligned to RSS's priorities (as elaborated in the SSDP) of increasing access to safe water by 11% in urban areas and by 9% in rural areas by 2013, access to improved sanitation by 5.2% in urban areas and by 5.7% in rural areas. Intended cooperation with the UWSSP will address the priorities of water supply and improved sanitation within the provincial towns and may be extended to water supply and sanitation in rural areas.

In addition to the focus mentioned above, it is foreseen that investments, along with capacity building and training will take place in the following areas

- Water safety. This relates to safety and protection against damages from uncontrolled floods. The outcome of proposed interventions is to improve water safety and livelihoods in flood areas. This can be achieved through increased forecasting, planning and management and through infrastructure development such as river training techniques, river diversion works and flood control embankments.
- Water security. This program aims at reducing conflicts over access to water and vulnerability against droughts by improving water availability and storage capacity through surface water storage and sub-surface storage. Increased water storage aims to improve water availability for agriculture and livestock, to enhance food production and economic growth as well as for drinking water supply. Activities will include effective water harvesting techniques, mapping and planning of potential areas suitable for increasing food production with improved access to water through storage. This includes identification, planning and design of interventions; construction, rehabilitation and O+M of hafirs and river works and improved rainwater harvesting techniques at farm-household and village level.
- Finally, some auxiliary programs need to be considered. Strategic and environmental considerations such as water pollution and waste management in the oil extraction areas need to be addressed urgently to ensure safety of water resources. There are influencing factors within and outside the water sector and the interventions may have to be seen in a wider context. Some examples include a cross-sector enabling environment (legal framework, land use policy, access to information, market and capital, infrastructure etc.), regional livestock and agriculture water availability and management program, regional and local conflict and management capacity, integrated resources management program.
- Consideration will be given to provide additional windows for supporting these various activities in the "WASH Sector Fund".

The EU contribution will be realized in phases for combining sector support with clear incentives for capacity building at site and for contributing to the envisaged coherent sector policy of GRSS. Fast track activities at site shall contribute to peace building and good neighbourhood in the municipalities

General Challenges and Risks

- Security Risks and difficult accessibility esp. to rural areas
- Lack of impact oriented monitoring: although a rough baseline exists for the first two targets (Sector Report 2010), comprehensive monitoring and reporting is not yet happening,
- Low implementation capacities both in Government and non-Government organisations,
- Land issues: water infrastructure requires land provided by local authorities. Current land tenure arrangements make formal acquisition of land required for the infrastructure difficult and time consuming.
- Use of Government systems to ensure ownership: Government procurement systems and processes have not yet been sufficiently established, leading to donors largely using their own systems.
- Overlapping and unclear institutional mandates as well as roles and responsibilities within and between Government institutions are a major obstacle to Government ownership.
- Lack of skills in Government and private sector and experiences in implementation of concepts, approaches and mechanisms to actually implement WASH-infrastructure

Institution Building Priorities

Institution building priorities - in response to the 2007 water policy and the WASH Strategic Framework of 2011 - include:

- Developing a governance and regulatory framework for the sector (incl. clarification of roles and responsibilities) that enables and regulates private sector participation in service delivery,
- Improving capacities of relevant Government Ministries and institutions,
- Ensure accountability and enhanced transparency regarding the flow and use of funds.

Impact to be achieved by EU-contributions to the Sector

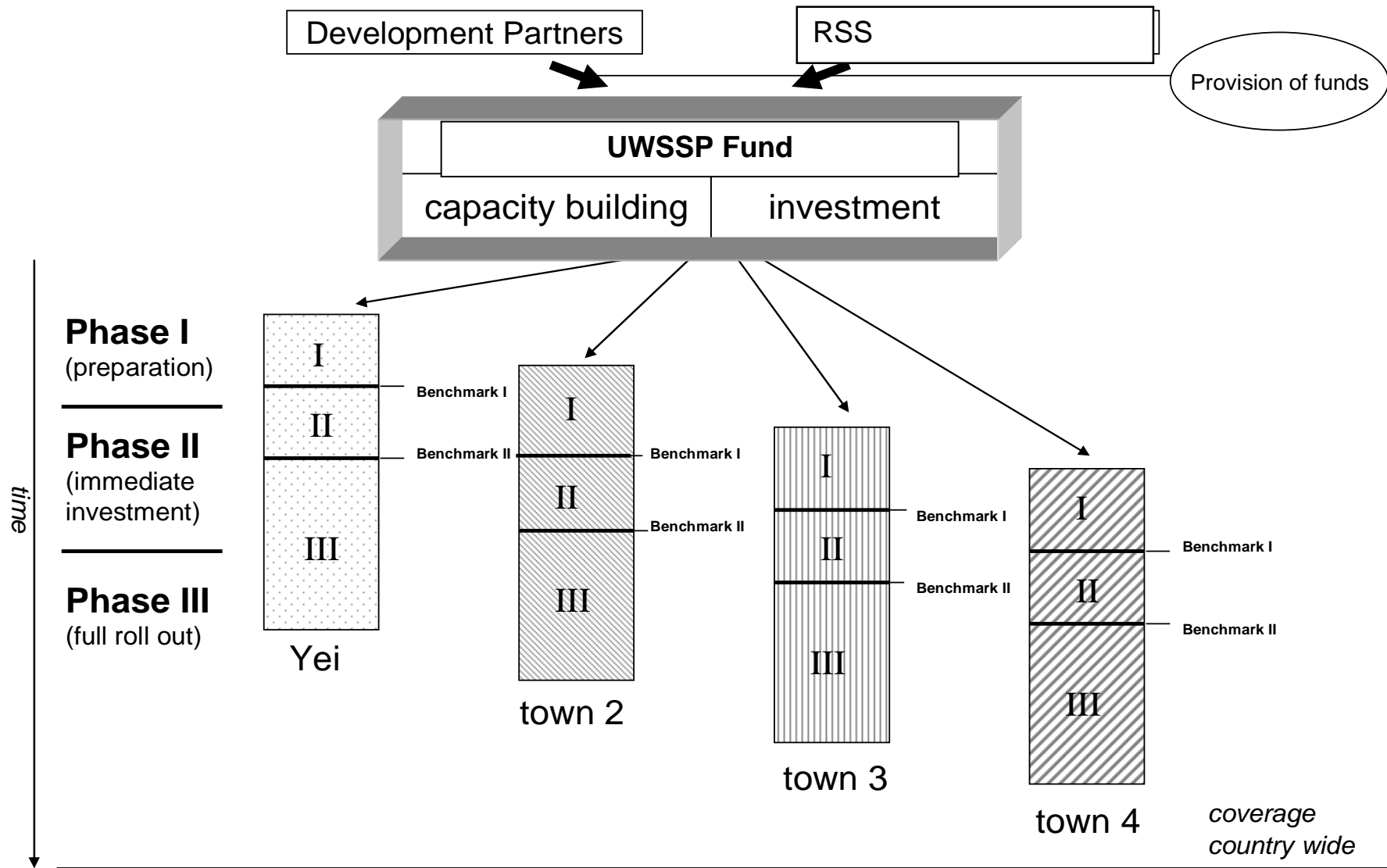
- Improving health situation of South Sudanese population by improving access to water, sanitation and hygiene.
- Leveraging the sector policy and sector strategy of the South Sudanese Government by providing funding on basis of benchmarks set by the Government.
- Strengthened ownership of local municipalities and of states by binding funds to progress in institution building.
- Introduction of first elements of competition between municipalities (funding based on improvements)
- Improved water safety, particularly of livelihoods and infrastructure against floods
- Improved water security, reducing conflicts and vulnerability against droughts through water harvesting and storage resulting in increased availability of water for the people, agriculture and livestock.
- Maintained water security in oil extraction areas through prevention of water pollution and the application of appropriate waste management systems

Monitoring Aspects

- Establishment of urban water and sanitation fund and establishment of coordination bodies
- Utilisation of benchmark concept in future donor cooperation (apart from EU activities)
- Municipalities and utilities having access to TA of phase 1
- Progress of Municipalities and Utilities in having access to phases 2 and 3 of the fund (investment phase)
- Contribution of the program for urban access to safe drinking water.
- Contribution of the programme for urban access to sanitation increased.
- Capacity development for water resources management, water safety and security, requires technical assistance for the relevant Government institutions and for institutional development in close collaboration with national and/or international private companies and relevant NGO's, aiming to enhance a public- private partnerships in this sector.

The mechanism of improving the access to water and sanitation and hygiene through capacity development and investments are outlined in the following chart.

Programme Approach of Joint “Urban Water and Sanitation Program Fund”



Definition:

Preparation: TA support in order to meet benchmark for phase II

Immediate Investment: small scale investment to improve visibly and immediately the water supply and sanitary situation in the pertinent town

Full Roll Out: town-wide coverage by water supply and sanitation facilities

Benchmark I: operator operational (e.g. legally established, staffed, land for planned infrastructure secured).

Benchmark II: operator well performing – (e.g. operational costs covered by revenue, ability for sustainable management of the investment)

Annex: For Reference Only: What do lead, active and silent roles mean in practice?

Lead:

Lead donors ensure coordination of donors with Government in the sector to meet the primary purpose of ensuring a harmonised donor message. The leads are responsible for ensuring wide communication on donor activities to the Government and other donors. Lead donors are responsible for establishing sector work plans, holding regular coordination and briefing meetings, ensuring regular policy dialogue with Government and acting as sector champions.

To play a lead role, donors will be required to have:

- Technical competence (permanent in-country experts) at the sector level,
- Administrative support for coordinating the sector,
- Clear commitments to advocating aid effectiveness at the sector level,
- Financing of current and foreseeable programming in the sector,
- Capacity to lead for at least two years and ensure continuity beyond potential change of personnel (a longer term lead role is preferred to annual rotation),
- Commitment to represent the group over the particular agency position, to report to the group and to demonstrate institutional commitment to playing a lead role,
- The capacity to mobilise adequate human resources recognising the lead role could take as much as 50% of the particular staff members time,

The lead donor is required to solicit regular feedback from Government, actively lobby for Government participation in sector working groups and to be committed to dialogue with Government. The lead will be selected at the sector group level.

Active:

Active donors support the lead by providing technical inputs, assisting in drafting joint documents and supporting work at the sector level. Active donors should be prepared to devote at least a day a week to sector work and should be willing to step in on a temporary basis should the lead be unable to fulfil his/her tasks. Active donors enable dialogue with Government and communicate with the wider donor community and champion aid effectiveness at the sector level. To improve dialogue with Government, the number of active donors should ideally be limited to no more than four per sector. Active donors should be committed to at least a two year involvement in the sector.

To be an active donor, donors should have:

- Technical competence (permanent in-country experts) at the sector level,
- Institutional support with staff mandated to work at the sector level,
- Predictable financing and a long-term commitment to the sector,
- Commitment to working in a team,
- Allocated time and capacity to work in the sector,
- Willingness to align with Government strategy and advocate for strong Government ownership at the sector level.

Silent:

A silent donor participates in sector working meetings, monitors sector progress and contributes to discussions in working groups. The background donor has:

- Demonstrated willingness to delegate responsibility for dialogue and coordination to the lead and active donors,
- A commitment to supporting the role that lead and active donors play in the sector,
- Committed to inform their sector participation in the working group.
- Financial involvement or an interest in programming in the sector.

Silent donors are entitled to regular reporting/feedback from lead and active donors.

Silent as well as active donors are key stake-holders and are responsible for holding lead donors accountable to the group as a whole. As such, silent donors are responsible for ensuring regular review and monitoring of the performance of the sector group.



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 14 May 2012

9373/12

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NOTE

From: General Secretariat

Dated: 14 May 2012

No. prev. doc.: 9317/12

Subject: Council Conclusions on Policy Coherence for Development

At its meeting on 14 May 2012, the Council adopted the Council Conclusions at Annex.

Council Conclusions**on****Policy Coherence for Development**

1. EU efforts on Policy Coherence for Development (PCD) aim to enhance the coherence of EU policies with development objectives, in particular poverty eradication, as well as the impact of our external assistance. Further progress towards the Millennium Development Goals and the general need for increased development effectiveness call for enhanced efforts by all stakeholders and for development-friendly policies in a broad range of areas beyond aid. Finally, PCD is essential for the credibility of the EU as a global actor, and hence, a strong EU leadership on PCD issues at high levels of all parts of the EU and in Member States is important.
2. The Council reaffirms all its PCD commitments and recalls the Treaty obligation to take account of the objectives of development cooperation in the policies which are likely to affect developing countries, and to pursue these objectives in the overall framework of the Union's external action.¹
3. PCD is an important element in the Council Conclusions on an Agenda for Change², which complements the EU development policy framework. It also underpins the Conclusions on the EU's approach to trade, growth and development³, as well as those on the global approach to migration and mobility⁴.
4. The Council reiterates its decision to focus in the immediate future on trade and finance, climate change, food security, migration and security⁵.

¹ Article 208, paragraph 2 of the Treaty on the Functioning of the European Union.

² Council Conclusions on Increasing the Impact of EU Development Policy: an Agenda for Change, 14 May 2012, doc. 9369/12

³ Council Conclusions on EU's approach to trade, growth and development in the next decade, 16 March 2012, doc. 7412/12

⁴ Council Conclusions on the Global Approach to Migration and Mobility, 3 May 2012, doc. 9417/12

⁵ Council Conclusions on Policy Coherence for Development, 18 November 2009, doc. 16079/09

5. The Council welcomes the third biennial EU 2011 PCD report stating progress and providing useful insight into the EU and its Member States' efforts to promote PCD. The Council welcomes the increased engagement and capacity to enhance PCD of some Member States and calls on the EU and its Member States to further improve their approach to PCD, building on the findings and suggestions of the report. The Council especially notes the need for a more evidence-based approach and for improving coordination mechanisms and implementation within the EU institutions and the Member States. The Council invites the Commission to make proposals in this regard.
6. The Council reiterates that COREPER will continue to be the main forum for ensuring policy coherence for development, as already expressed in its Conclusions of 2006.⁶
7. The Council notes that close cooperation between the European External Action Service and the European Commission is necessary to ensure greater consistency of EU external action and PCD.
8. It will be important to further strengthen the dialogue on PCD with the European Parliament and Member States' parliaments, European and partner country civil society organisations as well as in international fora such as the new OECD international platform on PCD and the UN in order to raise awareness and to facilitate knowledge sharing and disseminate evidence and good practices on PCD.
9. The Council stresses in particular the need to include the issues of PCD systematically in the regular dialogue with partner countries to better assess the impact of EU policies at country level and the interaction with partner countries' policies. EU Delegations have a crucial role in this regard.
10. The Council looks forward to receiving in 2013 the fourth biennial PCD Report, which should include an independent assessment of progress, including qualitative and quantitative consequences and costs of policy incoherence. It encourages the Commission to build on the PCD Work Programme for 2010-2013⁷ and, with a view to a more evidence-based approach, to further improve monitoring, implementation and follow-up. Relevant baselines, indicators and targets should also be developed including for measuring the impact of PCD in a way which demonstrates clear development results.

⁶ Council Conclusions on Integrating Development Concerns in Council Decision-making of 17 October 2006 (doc. 14072/06).

⁷ Commission Staff Working Paper SEC(2010) 421 of 21 April 2010, doc. 8910/10 ADD4



EUROPEAN COMMISSION

Brussels, 15.12.2011
SEC(2011) 1627 final

COMMISSION STAFF WORKING PAPER

EU 2011 Report on Policy Coherence for Development

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Disclaimer

This document has been prepared by the services of the European Commission and does not prejudice the final form of any decision to be taken by the European Commission.

INTRODUCTION

Policy Coherence for Development (PCD) has, since 2005, become a permanent and significant pillar of the EU effort to enhance the impact of external assistance and to better tailor and weight the external effects of EU non-development policies in our partner countries. In 2011, the Policy Coherence for Development agenda is more ambitious than ever. In addition to the strengthened legal basis for PCD in the Lisbon Treaty, thereby confirming its important place in EU development policy, policy coherence requires special attention and active participation of all actors (i.e. EU institutions, Member States' administrations and civil society) to ensure real results. It is equally important to promote PCD both at EU and at national levels. The decision of Member States, such as Sweden, to regularly report on their national PCD efforts in addition to the reporting at EU level, to which Member States also contribute, is welcome.

In a globalised world and considering its firm commitments to its partners, the EU cannot afford to turn a blind eye to the effects its policies have on the rest of the world. The drivers for strengthening EU action on PCD should lie not only in the effectiveness of aid and potential gains both from eliminating the cost of incoherence and from harvesting the added value of synergies, but also in its own accountability and credibility as the world's largest donor.

The Council, in its Conclusions of 2005, instructed the European Commission to monitor progress in the EU and all Member States and to produce a report every two years. This is the third biennial report on PCD progress prepared by the Commission.¹ It aims to report: **a)** on progress made by the EU and its Member States in making their policies more coherent with development cooperation objectives, focusing on those sectors identified as priority challenges for the PCD exercise, **b)** on the recent activities to ensure better monitoring and implementation of the PCD process, and **c)** on the main lessons learned and challenges ahead.

The present document focuses specifically on the actions taken, progress made and priorities pursued by EU institutions and Member States during the period 2009-2011. In preparation for this report, Member States, the Commission services and the European External Action Service were asked to respond to a questionnaire. Twenty-five replies were received from the Member States between April and September 2011. Based on these findings, the document also identifies the main challenges and outstanding issues for the next period.

The present report seeks to concentrate the reader's attention on the most relevant PCD issues, including also some representative examples of the contributions of EU Member States, but it does not aim to recap all the replies of each Member State. Several Member States² have already agreed to the publication of their replies; if others did so as well it would improve the transparency of the exercise and provide more detailed information on national efforts to promote PCD.

¹ The two previous reports have been published respectively in 2007 and in 2009. (COM(2007) 545 final and COM(2009) 461 final)

² Cyprus, Czech Republic, Denmark, Finland, France, the Netherlands, Latvia and Sweden.

Part I of the Report covers cross-cutting issues, including implementation of the PCD commitment at EU and at Member State level, progress made in integrating structures, documents and processes necessary for promotion of PCD in policy-making and policy implementation. It describes tools and processes available for promoting EU development objectives in other policies. A significant section has also been devoted to the issue of evidence-based PCD, to reflect discussions and lessons learned in recent years in terms of methodology and evidence/data gathering for promoting PCD and to highlight the main challenges in this area.

Part II highlights the progress achieved in respect of the five main sectoral challenges identified for the EU PCD agenda over the period 2010-2013 (**Trade and Finance, Climate Change, Food Security, Migration, Security**).

Part III offers a short summary of the main lessons and an indicative list of ongoing (or emerging) challenges for the next two-year period.

PART I

CROSS-CUTTING ISSUES AND PCD IMPLEMENTATION

1. PCD AS A TOOL TO LEVERAGE DEVELOPMENT POLICIES

The EU has always been one of the key promoters worldwide of the concept of Policy Coherence for Development (PCD) aimed at strengthening synergies and weeding out inconsistencies between non-aid policies and development objectives. The main incentive has been the knowledge that limiting policy incoherence and strengthening synergies among EU external and internal policies will enhance the overall efficiency of development cooperation and will also lead to increased development benefits in developing countries.

The EU has reinforced its legal commitment to PCD. Article 21 of Treaty on the European Union states that *'the Union shall ensure consistency between the different areas of its external action and between these and its other policies'*, and Article 208 of the Treaty on the Functioning of the European Union, affirms that *'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 stance is underpinned by a political commitment, in the European Consensus for Development.³ The Consensus provided for a strong emphasis on ensuring that all policy areas contribute to development objectives and setting out the twelve policy areas that were taken up as priorities for the EU PCD agenda. The PCD Work Programme 2010-2013 adopted by the European Commission in 2010 constitutes a concrete effort to bring even more focus to this ambitious agenda. Finally, the Commission Communication of 12 October 2011, 'Increasing the Impact of EU Development Policy: an

³ December 2005 (OJ C 46, 24.2.2006, p.1), Joint Statement by the Council and the Representatives of the Governments of the Member States meeting with the Council, the European Parliament and the European Commission – "The European Consensus on Development"

Agenda for Change⁴ further underline a focus on PCD, highlighting in particular issues relating to security and migration.

Since 2005, the EU has gradually strengthened its PCD procedures, instruments and mechanisms at all levels. In its Conclusions of May 2005 the Council agreed to track progress on PCD in the following twelve policy areas: trade, environment, climate change, security, agriculture, fisheries, social dimension of globalisation including employment and decent work, migration, research and innovation, information society, transport, and energy.

Drawing lessons from the 2009 report, the EU decided to rethink its approach to PCD. In a 2009 Communication on 'Policy Coherence for Development - Establishing the policy framework for a whole-of-the-Union approach',⁵ the European Commission made suggestions on how PCD could be approached in a more targeted, effective and strategic way. In this Communication, it was also proposed to explicitly use development objectives as a starting point for PCD efforts.

In its Conclusions of November 2009, the Council agreed to the proposed selection of five global development challenges for PCD:

1. **Trade and Finance**,
2. Addressing **climate change**,
3. Ensuring global **food security**,
4. Making **migration** work for development,
5. Strengthening the links and synergies between **security** and development in the context of a global peace building agenda.

The challenges at the heart of the new approach to PCD are closely linked to the progress towards the Millennium Development Goals (MDGs). Food security and trade are part of the MDG agenda and the fight against hunger and poverty. The Policies on migration and security as well as the fight against climate change all have clear implications for progress towards the MDGs. The policy areas identified by the Council in 2005 remain, in parallel, relevant to PCD. Each of them can effectively complement the others in addressing the five global challenges. For example, policy areas relevant to food security include fisheries, agriculture, trade, research, responsible investment, biodiversity and more. Those relevant to climate change similarly include transport, energy and trade but also biofuels production, thus linking the challenge to the area of agriculture.

2. PCD GOVERNANCE: IMPLEMENTATION FRAMEWORK AND ACTORS

Since PCD encompasses a wide range of policy areas, effective coordination between the key actors involved is essential. Because of the key role of the European Commission in initiating the policy process at EU level, coordination is needed firstly between the Directorate-General

⁴ http://ec.europa.eu/europeaid/what/development-policies/documents/agenda_for_change_en.pdf

⁵ COM(2009) 458 final; Communication on "Policy Coherence for Development - Establishing the policy framework for a whole-of-the-Union approach"

for Development and Cooperation - Europe Aid on the one side, and on the other, Directorates-General, in charge of other policies, as well as the European External Action Service (EEAS). The next level of coordination is between and within the different European institutions in particular those co-deciding policies, the European Parliament and the Council of Ministers. The Member states constitute the third relevant level for promoting PCD because of their decision-making role in the Council and their responsibility for implementing policies which may in turn affect development objectives, like in the areas of migration or security. Moreover, Member States should ensure that their own policies, developed at national level, are also PCD-compatible. Fourth, cooperation and consultation with developing countries is instrumental in informing the policy process. In the same vein, NGOs and civil society can play an important role in relaying bottom-up information on the impact of EU policies on development objectives. Finally, whilst the EU is a global player, it does not alone shape the environment of the developing countries. PCD needs to be further promoted in international forums and in particular in the OECD, to ensure that global rules are consistent with development objectives.

2.1 AT EU LEVEL

2.1.1 THE PCD WORK PROGRAMME 2010-2013

In order to guide its own work on PCD and to inspire the work of the other European institutions and Member States, the European Commission drew up in 2010 a PCD Work Programme for the period 2010-2013, identifying the priority issues and outlining how the EU through all its instruments and processes can contribute to development objectives. The PCD Work Programme was based initially on the Commission Annual Work Programme,⁶ which provides an overview of the strategic initiatives due to be adopted in the following year(s), identifying the initiatives relevant to the issue of PCD and setting out several targets and indicators related to the selected initiatives. This provides a scoreboard for tracking progress towards the identified PCD objectives.

The Work Programme focuses on the five priority issues identified in 2009 by the Commission and Council on top of the twelve priority policy areas indicated in the 2005 Council Conclusions on PCD. Member States supported the move towards focusing EU PCD work on a limited number of challenges (covering the relevant areas) in order to concentrate efforts and resources in the coming years. However, the need for more concrete baselines and targets within the PCD Work Programme 2010-2013 has been felt by different Member States (such as Spain for example). A review and an update would thus be appropriate and useful in order to further increase the Programme's objectivity and efficacy.

⁶ http://ec.europa.eu/atwork/programmes/index_en.htm The Commission Work Programme including the list of planned initiatives per policy area is adopted every year and the detailed planning is public and updated monthly.

2.1.2 EUROPEAN COMMISSION SERVICES AND THE EUROPEAN EXTERNAL ACTION SERVICE (EEAS)

European Commission Directorate-General for Development and Cooperation- Europe Aid⁷ acts as a focal point for the follow-up to the EU PCD commitments, coordinating and mobilising sectoral expertise across the European Commission on PCD. The Directorate general also ensures the Commission's participation in the wider policy debate on PCD with EU Member States, international organisations (e.g. the OECD) and other stakeholders, including civil society organisations and academia.

The establishment of the European External Action Service on 1 January 2011 has provided a good opportunity to ensure greater coherence and consistency of EU external action and to strengthen PCD. The Commission includes the EEAS in its inter-service consultation procedures on an equal basis to Commission services. The EEAS has an important role when it comes to development cooperation and is operationalising the High-Representative/Vice-President's mandate to ensure the consistency of EU external action.

Within the EEAS, the two divisions – a Development Cooperation Coordination Division (DCCD) and a Global Issues Division – have been established to ensure coordination regarding development and other key global issues in the context of promoting the overall consistency of EU external action. Portugal has suggested that a focal point could be appointed in each EU Delegation in developing countries, to monitor and report on impacts of other policies in relation to development objectives. Within the Commission, the Directorate-General for Development and Cooperation - Europe Aid also plays a catalysing, advisory and coaching role for PCD. It leads the preparation and monitoring of the PCD Work Programme and the biennial PCD reports. Currently, the Directorate-General for Development and Cooperation - Europe Aid makes use of the following mechanisms to promote more development-friendly EU policies:

- **PCD Inter-service group**

In 2006, an inter-service group on PCD was created in the European Commission. It is composed of participants from the Directorates-General (DGs) responsible for the various policy areas related to the PCD challenges. It is a forum/network for exchange of views and experiences on PCD issues. Its members act as focal points for PCD in their respective policy areas. Using their sectoral expertise, they together define priorities for PCD work and look for ways in which development objectives can be taken into account in their policies and report back to the group on developments and progress made. At the same time they provide information on the policies of their respective DGs, thereby promoting better mutual understanding and paving the way for innovative ways of enhancing synergies between policies. The EEAS is also invited to participate in the ISG meetings.

- **Inter-service consultation (ISC)**

As part of the Commission's decision-making procedures, services are consulted on all policy proposals in order to allow relevant DGs to comment on anything that might concern their area of expertise and to check for coherence and consistency. This provides an additional working-level opportunity to screen policy proposals that may have an impact on

⁷ Unit A3 Policy Coherence for Development; EU Aid Effectiveness

development policies and suggest modifications to proposals to improve PCD. The EEAS is consulted on policy proposals relevant to their area of competence.

- **Coordination of the Informal Member States PCD Network**

An informal PCD network composed of EU Member States' PCD contact points meets on average twice a year on invitation by the European Commission, to discuss PCD experiences and to give advice with regard to preparation of the different PCD reports. Representatives from the European Parliament Development Committee (DEVE) are also invited to join the meeting in the interest of better coordination as are representatives from the OECD and the civil society. The network of PCD contact points in Member States is also instrumental in sharing information and providing feedback on important PCD issues, and plays an important role in the monitoring of EU action on PCD between the EU and the national level and in coordinating the Member States' contributions to the biennial report.

Some Member States expressed an interest in more regular expert meetings organised by the Commission e.g. on upcoming policy challenges that may need to be followed from a PCD angle. Several Member States also expressed interest in a straightforward and informal way of networking through a web-based platform. Several Member states highlighted a growing need for such a tool, in the face of budgetary constraints. Luxembourg also notes that there still seems to be no consensus among Member States as to the exact definition and implications of PCD and that these questions should be clarified in the informal expert group.

- **Public stakeholder consultations**

At several stages in the preparation of any policy proposal by the European Commission, its services gather information as well as the views and positions of the stakeholders. This can be done through targeted consultations of various groups of stakeholders, but is also often accompanied by an open public consultation, accessible to any actor in or outside the EU, individual, institution or organisation. All ongoing and recently closed consultations on European Commission initiatives are regularly published and updated.⁸ These consultations represent an additional way of making the voice of developing countries heard during the process of policy-making and they have been increasingly used by civil society organisations to raise issues pertaining to PCD and put them on the EU political agenda. One example is the large number of responses made to the consultation on the future of the Common Agricultural Policy (CAP) post-2013.⁹

A specific reference needs to be made of the very close dialogue developed during the reporting period between the Commission services and the NGO networks and, in particular, the active role played by CONCORD Europe, the European confederation of NGOs active in development areas, in raising awareness about the PCD exercise. An interesting take on the civil society perception of the PCD process is given in the Report 'Spotlight on Policy Coherence for Development' published by CONCORD Europe in November 2011.¹⁰

- **Assessment of impact by the European Commission**

The European Commission uses the Impact Assessment process¹¹ to identify likely consequences of its policy initiatives or legislative proposals in the economic, environmental

⁸ <http://ec.europa.eu/yourvoice/consultations/>

⁹ http://ec.europa.eu/agriculture/cap-post-2013/debate/report/executive-summary_en.pdf

¹⁰ http://coherence.concordeurope.org/pdf/Concord_Report_15_AW_LORES.pdf

¹¹ http://ec.europa.eu/governance/impact/commission_guidelines/commission_guidelines_en.htm

and social fields and to ensure the production of better and more coherent policies. In 2009, the European Commission revised its guidelines to strengthen their external dimension and - among other objectives - to sharpen them as a PCD instrument. Impact assessments are also increasingly under scrutiny from the civil society and stakeholders.¹² In spite of this significant progress, the implementation of this new requirement has proven difficult. While the European Court of Auditors has noted that impact assessment has been effective in supporting decision-making in the EU institutions, and that the Commission's IA reports have complied with the requirements of the guidelines, the Commission will continue to strengthen its approach to assessing the external dimension of its policies.

2.1.3 THE COUNCIL

Coordination with the Council of Ministers on PCD is mainly achieved through the work of the various working groups made up of officials from national administrations, in particular the Council's Working Party on Development (CODEV), as well as the work of the Committee of Permanent Representatives of the Member States to the EU at the Council (COREPER). The Council Presidency, together with the General Secretariat of the Council, is in charge of coordinating the various working groups.

Between 2009 and 2011, the Council adopted two main sets of Conclusions on PCD:

In November 2009, the EU Council reacted to the publication of the 2009 PCD Report¹³ acknowledging the progress made both at EU and Member State level and confirmed the more focused approach centred around five priority issues (trade and finance, climate change, food security, migration and security) as proposed by the European Commission. The Council further invited the Commission to prepare, in cooperation with Member States and in consultation with relevant stakeholders, concrete proposals for a focused and operational PCD Work Programme to be presented to the Council in 2010.

Following the presentation by the Commission of the PCD Work Programme 2010-2013 in June 2010, the Council, in its Conclusions on MDGs, stated¹⁴ that the EU will continue to enhance PCD, that it encouraged all other partners to take a similar approach, and in this regard considered useful a global High-Level Event to address policy coherence for development, to be prepared in the framework of relevant international and multilateral forums. Council also encouraged consultation with Member States with a view to proactive and early use of the PCD Work Programme¹⁵ as a tool to guide EU decision-making on the broad range of decisions that affect developing countries beyond development assistance.

Council presidencies¹⁶ have also been attentive to PCD. Their respective action has been appreciated by the Member States as having contributed to the strengthening of PCD in the Council's work. Member States noted that to some extent, the Presidency has managed to ensure a better coordination between work taken forward in the CODEV and in other working

¹²All impact assessments carried out since 2003 are made public and can be consulted at the following webpage: http://ec.europa.eu/governance/impact/ia_carried_out/cia_2011_en.htm

¹³ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/gena/111291.pdf

¹⁴ http://eeas.europa.eu/delegations/cameroon/documents/press_corner/20110923_en.pdf

¹⁵ SEC(2010) 421 final; Policy Coherence for Development Work Programme 2010-2013 by the Commission, based on the Commission Work Programme was attached to the Council Conclusions.

¹⁶ Led by the Czech Republic, Sweden, Spain and Belgium

groups, especially by means of joint meetings with sectoral working parties e.g. the Economic and Financial Counsellors group or the International Environment Working Group, but that there is still room for improvement.

The Member States agree that the Council Conclusions on PCD adopted during the Swedish Presidency in November 2009 provide a good basis for the future work of the Council. In addition, the Council Conclusions on Support to Democracy that were adopted in November 2009, and confirmed in December 2010, also contribute to better coherence and coordination between foreign and security policy, and development policy. Also in November 2009, Council Conclusions were adopted on climate and development, contributing to coherence between these issues.

Member State reporting and evaluation of the PCD work of the Council

A large majority of Member States (16 out of 25 responding to the questionnaire sent by the Commission) noted considerable progress in PCD procedures in the EU Council over the last two years. Overall, they welcomed the more operational and practical approach, focusing on five priority issues in order to better address the 12 policy areas and the definition of targets and indicators of the PCD Work Programme 2010-2013 prepared by the European Commission, although their relevance and number had repeatedly been the subject of discussion. Procedures such as the institutionalised screening of agendas of incoming presidencies and impact assessments were generally appreciated. Most Member States also recognised that there was room for improvement: Belgium noted that the PCD screening of EU Council agendas was purely formal and had been discontinued. Germany expressed its concern about follow-up after identifying development-related issues and about ensuring an adequate voice for development within the EEAS. Finland highlighted the need to move more substantially from political commitments to concrete action. Overall, Member States expressed interest in highlighting of concrete and specific 'PCD success stories' in the PCD Report.

A few Member States, such as the UK, the Netherlands and Sweden, were more critical of the PCD work of the Council and saw little progress since 2009. Much like Portugal, which considered that, although the entry into force of the Lisbon Treaty had been an opportunity to increase coherence, no substantial progress has been achieved until now, maybe due to some persistent institutional uncertainty and also to the very recent establishment of the EEAS. Portugal regretted that, for instance, some previous discussions on PCD (e.g. the nexus between security and development, linked to the discussion on an "EU Strategy for States in a Situation of Fragility") had in fact been put on hold since 2009. Luxembourg called for a further in-depth discussion on the meaning and the objectives of PCD at the occasion of the publication of this report, as "there still seemed to be no consensus among all Member States as to the definition and implications of PCD."

2.1.4 THE EUROPEAN PARLIAMENT (EP)

Coordination with the European Parliament is less formally structured. The EP adopted in May 2010 a resolution¹⁷ which called for the production of a biennial report and the

¹⁷ European Parliament resolution of 18 May 2010 on the EU Policy Coherence for Development and the 'Official Development Assistance plus' concept (2009/2218(INI))

nomination of a Standing Rapporteur for PCD in the Development Committee of the European Parliament (DEVE). Ms Birgit Schnieber-Jastram was nominated as the first EP Standing Rapporteur for PCD. The appointment of the PCD Rapporteur is expected to contribute to foster collaboration between the various EP committees to ensure that development is taken into account at all stages of the decision-making process. The Standing Rapporteur will also be responsible for drafting and presenting the report on PCD. Coordination and exchanges with the EP on PCD issues have led to an increased attention to PCD in EP's work.

On the initiative of the Development Committee, the Parliament has frequently highlighted the need for more policy coherence with regard to the EU's trade policy, in particular the Economic Partnership Agreements, migration policy, energy policy, in particular concerning biofuels, the European Common Agricultural Policy (CAP) and its upcoming reform, as well as the EU's common fisheries policy (CFP).

For example, the EP resolution on food security voted in September 2011 calls on the EU to assess the development impact of its CAP reform proposals in order to improve coherence between the CAP and EU development policy objectives. Regarding migration policy, the EP adopted in March 2011 a resolution calling for additional efforts to promote PCD within the EU's migration policy and to refrain from using ODA for policies aimed at deterring and controlling migration in ways which involve the violation of migrants' human rights. Also, a resolution on the EU-Mauritania fisheries partnership agreement (FPA) was adopted on 10th May 2011, which, inter alia, states that financial support for Mauritania's multiannual fisheries programme under the FPA should enhance the EU's development cooperation objectives, with a view to implementing the EU's legal obligation to ensure PCD.¹⁸

Moreover, the Development Committee has requested a study to make a first assessment of the balancing of EU development objectives with other policies and priorities. The study was concluded in 2011 and was aimed at describing and understanding the current levels of coherence in several priority areas (trade, agriculture, climate change and migration) and at identifying policy recommendations and points on which the Development Committee and the EP should focus in their role as policy-makers or on which the EP should mobilise the other policy actors (European Commission and Council).¹⁹

2.2 AT MEMBER STATE LEVEL

At Member State and general public level, the biennial reports have been important in raising awareness on PCD issues. Following the 2009 PCD report, several Member States have intensified their political and legal commitment to PCD. In Denmark, for example, PCD is mentioned as a priority strategy for the country's development cooperation since 2010.²⁰ In the UK, the Department for International Development (DFID) business plan 2011-15 sets out various action plans to promote pro-development trade-agreements and improve the coherence and performance of British international development policy in fragile and conflict-affected states. In Italy, an inter-institutional committee for development cooperation

¹⁸ <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2011-0232>

¹⁹ On the follow-up to this report and for further detail on EP PCD work and priorities, please refer to the report prepared by the European Parliament Standing Rapporteur on PCD to be issued in 2012.

²⁰ <http://amg.um.dk/NR/rdonlyres/DB9C5B4A-C3C9-48F4-81B8-5A3DB10C08D8/0/FreedomfromPovertyeng.pdf>

composed of different actors from Italian Development Cooperation was set up in 2010 to promote synergies across Italian policies and development objectives. In terms of legal commitments, Portugal, for example, established a legal basis for PCD in November 2010.

In many Member States, existing inter-institutional and inter-departmental processes or committees have been used to address PCD issues. Only rarely have new processes and/or coordination structures been set up for promoting PCD. Using existing internal coordination processes and bodies seems to be the easiest way to advance, however it poses a risk of missing the main target. In cases where development is not being given sufficient weight, it seems that the result has been more about ensuring the coherence of development cooperation with other policies or even coherence within development cooperation policy itself, rather than Policy Coherence for Development.

2.2.1 PROGRESS MADE IN POLITICAL AND LEGAL COMMITMENT TO PCD

14 Member States have made progress in the general PCD commitments in their national administrations, reporting a stronger political commitment at national level to take into account development objectives in other policies and strengthening of the legal basis (e.g. Portugal and the Netherlands). The main progress reported has been made on awareness-raising among responsible services, and on issues concerning climate change, food security and environmental policies. Trade, migration and to a lesser extent security issues have also been covered in some member states (Austria, Hungary and Sweden respectively).

France has also reinforced its commitments to PCD since 2009, in the conclusions of the Inter-Ministerial Committee for International Cooperation and Development (CICID) and in the framework document for development cooperation adopted at the end of 2010 (a document proposing a vision for the next ten years of French development cooperation and describing how French authorities should ensure PCD).²¹

Good practice: The Spanish Master Plan for Development Cooperation (2009-2012)²²

The current Master Plan adopted by the Spanish Government includes PCD as a strategic area, defining an action plan with seven expected outputs to be achieved in a four-year period. These outputs refer to the integration of PCD analysis within the development policy planning system, the definition of priority areas for PCD analysis, the evaluation of impact on developing countries of any new government policy, the dissemination of PCD principles throughout the different levels of the administration and the incorporation of a PCD monitoring mechanism in an eventual reform of the International Cooperation Law. Besides, the Plan foresees that the Delegated Commission for Development Cooperation will play an important role in ensuring PCD and that this principle will inform the Country Strategy Papers' planning process.

In **Germany**, coordination on PCD has been notably strengthened. The Federal Government has installed a new high-level coordination circle, gathering State Secretaries of all ministries, meeting every six months to promote coherence of technical cooperation. The Federal Ministry of Economic Cooperation and Development manages this coherence circle.

²¹ http://www.diplomatie.gouv.fr/fr/IMG/pdf/doc.Cadre_FR_2011-2.pdf

²² http://www.bcn.es/cooperacio/eng/pla_director/pla-director-09-12.pdf

A new coordination and coherence circle between the Federal Ministry of Economics and Technology, the Federal Ministry for Economic Cooperation and Development and the Federal Foreign Office was created in 2010 at the level of the respective State Secretaries, with preparation and follow-up meetings at Directors' level. Next to coordination, concrete cooperation projects between the three policy fields (foreign, economic, development) are also being discussed and decided.

2.2.2 GROWING ROLE OF NATIONAL PARLIAMENTS

There is a significant trend towards increasing mobilisation of national parliaments, which intend to play a more important role in the PCD discussions in several Member States. In the Netherlands, the parliament last year adopted a resolution on PCD which calls on Government to clarify PCD responsibilities and policy interventions, and to develop a policy strategy on global public goods. In the Czech Republic, development issues including PCD are covered in the dialogue of the Ministry of Foreign Affairs representatives with the members of the parliament. In Greece, PCD is included in the annual report on Development Cooperation submitted to the Hellenic Parliament. In Luxembourg, the Minister for Development Cooperation and Humanitarian Affairs includes PCD in her annual address to the parliament and several parliamentarians have a keen interest in the PCD agenda.

The parliament is also traditionally very active on PCD issues in other Member States, such as the UK, where regular reporting on PCD began in 2006.

2.2.3 HUMAN AND FINANCIAL RESOURCES ALLOCATED TO PCD IN NATIONAL ADMINISTRATIONS

The human and other resources dedicated to the follow-up of PCD – apart from specific inter-service committees – remain relatively low, usually limited to one or two officials coordinating the PCD discussions and acting as contact point for the EU PCD network and sometimes also as the OECD PCD focal point. In Member States, the responsibility for PCD coordination usually lies with the Ministry of Foreign Affairs and/or the Department for Development Cooperation. In some Member States, such as Austria and the Czech Republic, the Ministry of Finance also plays a role in the coordination and has been active in raising awareness of PCD issues. Progress in resource allocation to PCD has been relatively weak over the last two years. 10 Member states have reported not to have been able to allocate additional human resources specifically to PCD in the last two years and have pursued the PCD work with current allocation of staff.

2.2.4 USE OF THE PCD WORK PROGRAMME 2010-2013 BY MEMBER STATES

Overall, the PCD Work Programme prepared and presented by the European Commission is a practical prioritisation tool used by many Member States and a point of reference to guide their work on PCD. Most Member States consider it a valuable guideline for their national strategies with regards to PCD efforts and would welcome its regular update. Belgium, for example, has reported using the work programme for awareness-raising purposes within Belgian Development Cooperation, both at headquarters and in the field. Several Member States, such as Austria and the Czech Republic, also take into account the targets listed by the programme when drafting and adopting new policies, as well as planning new activities.

Those Member States which have become donors more recently are also envisaging the use of the work programme to set out priorities for their national development policies.

A few Member States, such as Sweden, Finland, Germany and the UK had already established close working relationships across government offices and identified similar objectives in most of the priority areas concerned by the work programme and tend to follow their own pre-existing PCD priorities. On the other hand, these same Member States welcome the operational nature of the Work Programme as more appropriate for the PCD work at EU level. Sweden and the UK both perceive the need for continued discussion within the EU Council on the subject. According to the Member states' contributions, items to discuss in greater depth include the evaluation of results, division of responsibility among EU institutions and the Council's perceived lack of ownership of the PCD Work Programme. For most Member states who responded to the PCD questionnaire, a plan specifying how issues are raised in work groups and within the Council is needed.

2.2.5 ACCOUNTABILITY, TRANSPARENCY AND PUBLIC INFORMATION PROCESSES FOR PCD

Over the last two years, the development education, awareness raising and dialogue have multiplied significantly in all Member States. Dialogues with civil society, national NGO platforms and with national parliaments have increasingly taken notice of PCD, and Member States have been very active in putting PCD on the agenda. In Luxembourg, for example, the Inter-Ministerial Committee on Development Cooperation which is currently acting as a clearinghouse for PCD has met in 2010 with a number of development NGOs (along with the national NGO platform) to discuss the general setup of PCD, as well as more specific issues of PCD and climate change and PCD in public procurement.²³

Good transparency practice: Sweden

The Swedish Government presented in 2009 a Communication to the Parliament on "*Meeting Global Challenges – Communication on Policy Coherence for Development*".

Following the launch by four Ministers (Agriculture, EU, Health, and International Development Cooperation) to the press of the Communication, a *stakeholder meeting* was lead by the Minister for International Development Cooperation. Civil society organisations and other stakeholders discussed the Communication and the way forward for Swedish PCD work. The Minister also debated the Communication in a *Parliamentary hearing* organised by the Parliament in connection to the launch. The Communication is also available in English and on the Government's website.

In 2010 an *information folder* about how Sweden works with PCD was developed. The information folder aimed at giving a brief, yet comprehensive, introduction to the Government's commitment to PCD and the ongoing processes to implement it. The Department for Development Policy had also been visiting, inter alia, government agencies and universities, to inform about the Swedish policy for global development - during the last two years approximately ten such meetings had been conducted.

²³ <http://cooperation.mae.lu/fr/Comite-interministeriel-pour-la-cooperation-au-developpement/Proces-verbaux>

Within the PCD coordination mandate there was also capacity to finance small research studies. In 2009-2010 two studies were performed on remittances from Sweden to partner countries.

2.3 AT INTERNATIONAL LEVEL

Both the European Commission and Member States seek to intensify the dialogue with partner countries on the synergies between EU policies and development cooperation programmes. Institutional arrangements such as the Joint-Africa-EU Strategy (JAES) adopted at the Second EU-Africa Summit in Lisbon in December 2007 are increasingly used to promote PCD by both the EU and partner countries. The JAES provides an opportunity to bring about synergies between policies and to avoid negative impacts of policies on developing countries thanks to a regular dialogue among a range of stakeholders.

In addition, the revised Cotonou Agreement contains a specific article on PCD (Article 12) which sets up a consultation mechanism to promote the coherence of EU policies which might affect the interests of the ACP countries. The EU has to inform the ACP countries in advance of the adoption of new initiatives. On the other hand, ACP countries can request a consultation that has to take place before any final decision is made. The first formal consultation took place in February 2009 at a meeting of the Joint ACP-EU Subcommittee on Trade Cooperation. The ACP Group had requested information on five European Commission initiatives dealing with the use of pesticides, nickel substances, fisheries cold chain requirements, the renewable energy directive and the FLEGT licensing system. An agreement was reached to take into account the concerns of the ACP States in the preparation of those measures and in their implementation.

The EU also promotes the debate on PCD issues at international level. The European Commission contributed, for example, to the OECD/Development Assistance Committee Reflection Group on the revision of the DAC mandate, thus helping to make PCD a renewed priority for DAC in the future. At the G20 and G8 summits, the EU is the leader in promoting specific PCD issues. For example, one issue being raised at the G8 is financial transparency to support developing countries' efforts to optimise revenue collection, including from foreign investors, and, in particular, from Multinational Enterprises (MNEs) with activities in the extractive industry.

The Member States welcome the ongoing discussions regarding PCD in the OECD and many, such as Sweden and the Netherlands, take an active part in these exchanges.

In November 2011, the OECD launched an International Platform on PCD²⁴ to facilitate knowledge sharing and PCD promotion. The EU and its Member States have been supportive of this initiative which promises to bring real benefits in terms of disseminating guidance, evidence and good practices on PCD, while also facilitating discussions on methodological issues, training and PCD cross-cutting issues.

²⁴ <https://community.oecd.org/community/pcd>

3. MEASURING THE DEVELOPMENT IMPACT OF NON-AID EU POLICIES

The challenge of evaluating interactions and synergies between EU internal policies and development objectives is a significant one not only in terms of the number of policies and themes covered but also in terms of the need for evidence and adequate measuring methods, to accompany the process.

In order to improve the coherence between non-development policies and development objectives, it is important first of all to know what the impacts of EU policies are, both inside and outside of the EU.

3.1 CONCEPT AND METHODOLOGY

3.1.1 PCD BEYOND THE "DO NO HARM" APPROACH

When designing, evaluating and/or reviewing EU policies, it is necessary to take into account external impacts. In order to make the best case for PCD in this process, it is important to make an effort to systematically highlight the possible benefits of increased coherence, in terms of development, rather than focussing only on costs of incoherence in terms of negative impacts on developing countries and/or poor communities within them.

The risk of focusing too much on the negative impacts is to limit PCD to a "do no harm" approach. Focussing on collecting evidence of synergies is important, in order to identify the existing good practices, with a view to sharing them as widely as possible. Nevertheless, the type of evidence to be gathered is similar to that on incoherence – first it is necessary to gather evidence of positive changes occurring in terms of development and then also to demonstrate convincing causality links to EU policies, in order to sift out as much as possible the influence of other factors.

3.1.2 MEASURING THE ADDED VALUE OF PCD

The easiest approach to measuring the added value of PCD is to start by measuring the cost of policy incoherence. This can be done to some extent on the basis of existing data, is already attempted in certain policy areas (environment) and is also the subject of the aid effectiveness process in development policy. In order to be relevant for the PCD process, the cost of incoherence should however not be measured solely in terms of financial value lost, but also in terms of development opportunities/synergies lost.

For the moment, the way the cost of incoherence is measured varies with each case. It can be, and usually is, measured at different levels (costs for a developing country as a whole or for an average farming household in a certain country) and in different values (financial value and jobs or income when dealing with economic activities, but also in terms of human lives where health or security are at stake). There is to date no common methodology or set of agreed indicators to measure the cost of incoherence, although demand for such indicators has been growing.

In 2010, to advance on this issue, the Commission attempted to present a list of indicators and targets in the PCD work programme 2010-2013, but these have been widely criticised for their imprecision.

3.1.3 IDENTIFYING PCD RISKS IN TIME

The criteria currently used to identify PCD-relevant issues and PCD risks are very diverse and vary from institution to institution and from Member State to Member State. With more knowledge on the relative importance of existing external impacts of EU policies, it will be possible to further sharpen the criteria for selection of the main PCD priorities. Identifying the right criteria for PCD screening – measuring ex-ante the risks of incoherence and comparing options in terms of PCD should render the PCD work more effective. Indeed, the potential range of PCD-related factors being very wide, it is necessary to set priorities in PCD action as has been done with the PCD Work Programme 2010-2013.

3.2 IMPACT ASSESSMENT CARRIED OUT BY THE EUROPEAN COMMISSION

One of the main tools for promoting PCD in the policy-making process is the use of inter-service meetings and consultations, as well as the Better Regulation Processes.²⁵ In this context, and before the European Commission proposes new initiatives, the potential economic, social and environmental consequences have to be assessed and presented in an ex-ante analysis document (Impact Assessment - IA). The IA covers a set of logical steps and it is both an analytical document and a process, providing evidence for political decision-makers on the potential future costs and benefits of possible policy options.

The guidelines stress the need to measure impact outside the EU and to include this evidence in the ex-ante analysis. The table (below) indicating the impacts that should be considered includes impacts on third countries and international relations and refers clearly to the impact on EU development policy, preferential trade agreements, adjustment costs for developing countries and most importantly, to possible impacts on goods or services that are produced or consumed by developing countries. (See below – part of the table concerning third countries and international relations).

Third countries and international relations	<p>How does the option affect trade or investment flows between the EU and third countries? How does it affect EU trade policy and its international obligations, including in the WTO?</p> <p>Does the option affect specific groups (foreign and domestic businesses and consumers) and if so in what way?</p> <p>Does the option concern an area in which international standards, common regulatory approaches or international regulatory dialogues exist?</p> <p>Does it affect EU foreign policy and EU/EC development policy?</p> <p>What are the impacts on third countries with which the EU has preferential trade arrangements?</p> <p>Does it affect developing countries at different stages of development (least developed and other low-income and middle income countries) in a different manner?</p> <p>Does the option impose adjustment costs on developing countries?</p> <p>Does the option affect goods or services that are produced or consumed by developing countries?</p> <p>(from European Commission Impact Assessment Guidelines, applicable since 15 January 2009)</p>
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²⁵ http://ec.europa.eu/governance/impact/index_en.htm

The Commission's Secretariat General, the Directorate-General for Development and Cooperation - Europe Aid as well as the Directorate-General for Trade have been assisting with the application of the Treaty obligation, and the efforts to assess external impacts and especially impacts on developing countries on a case by case basis. In addition to the general reference in the Impact Assessment Guidelines, it is felt by some that there is a need for a specific methodology to measure impact on development objectives and on partner countries

²⁶

3.3 ACQUIRING THE EVIDENCE AND EXCHANGING KNOWLEDGE

The current way of gathering information and evidence on PCD issues is entirely ad hoc. Most of the information and evidence feeding the PCD debate is not collected taking into account the point of view of developing countries. Some background information on priority PCD issues as defined in the Work Programme can be gathered from the responsible thematic service, through the informal Member States network, CODEV and OECD/DAC and through studies and reports produced on thematic issues by European Commission services, Member States, NGOs or think tanks.

The studies and research available come from a large number of various sources and most often are not specifically tailored to be used for PCD purposes. This is reflected in the widely varying quality and relevance to PCD and the relevant sectoral issues. Moreover, the different methodologies used with no agreed benchmarks and minimum requirements lead to a proliferation of PCD studies and papers often defending very different and at times incompatible positions and approaches. More consistency is needed in the PCD debates, differentiating especially PCD and coherence of external action or general coherence of development policy or even basic coordination of government action.

Moreover, constraints linked to the relatively poor datasets available for many developing countries in areas of interest to the PCD agenda and the specific difficulties, time-consuming process and high costs of collecting data in developing countries add to the existing challenges when promoting evidence-based PCD.

Some improvement of this situation and better access to available evidence and data is the expected result of EU's support and close cooperation with the OECD, especially on their initiative of the Knowledge Sharing Platform (see above Section 2.3 At international level)

- **Research for PCD**

Commission services such as the Directorate-General for Research and Innovation (DG RTD) or the Joint Research Centre (JRC) are regular and often underexploited sources of information and evidence on many PCD issues. The 7th Framework Programme (FP7) has given a lot of importance to the participation of and potential benefits for developing

²⁶ An assessment of EC Impact Assessments conducted by CONCORD Denmark and presented in November 2011 affirms that out of 77 IAs potentially relevant for the developing countries (out of the total 164 IA the Commission has conducted from 2009 to 2011) only 7 IAs have any content actually assessing the consequences for developing countries.

countries. On occasion, literature reviews, surveys, or expert meetings have been commissioned on items of special interest. As part of FP7 work, involving research teams from European and African countries has been possible. The Universities of Dakar, Kinshasa, Addis Ababa, Cape Town and Pretoria are associated in over thirty research projects in the area of social sciences. The role of research conducted within the context of FP7 is highlighted further in this report as an underpinning policy tool for areas such as trade and finance, climate change, food security, migration, link between security and development.²⁷

The programmes of Directorate-General for Research and Innovation and Directorate-General for Development and Cooperation - Europe Aid have a different approach to funding and priority setting. The Framework Programme generally does not allow earmarking of funding for specific countries, whereas most activities under the responsibility of Directorate-General for Development and Cooperation - Europe Aid are implemented through country - or region - specific action plans. Although this makes it more complex in practice to coordinate actions on the ground between the two Directorates-General (DGs), it is crucial that both strive for complementarity and synergy in their activities and funding instruments.

The synergies between EU research and innovation policy and development policy and their related instruments need to be reinforced: it is important to look for ways in which science, technology and innovation (STI) capacity building could be fully integrated into the future development policy and instruments, to promote national research capacity which will enable researchers in developing countries to contribute to the solution of local, regional and global problems and to economic development. It would also encourage them to compete internationally in terms of scientific excellence and to benefit from the opportunities offered by the Framework Programme. Concrete efforts should be made to use research results, which are available in the public domain, when programming and implementing cooperation, and in addressing societal problems at national and regional level.

PART II

THEMATIC ISSUES

The PCD Work Programme is conceived as a tool for all EU institutions and Member States, to guide their reflection and decision-making across the broad range of decisions that affect developing countries' opportunities, including development cooperation but going beyond it. The European Commission, for its part, focuses its PCD work on the initiatives identified in the Work Programme. Through inter-service consultations and IA (including trade sustainability impact assessments) it continues to ensure that development objectives are taken into account and reconciled with other EU objectives.

The PCD Work Programme also represents an important step towards strengthened dialogue with developing countries on PCD issues. On the basis of the programme, developing countries might identify relevant initiatives on which to engage in a dialogue with the EU. The five global challenges at the heart of this programme are all very closely linked to the Millennium Development Goals (MDGs). Food security and trade are explicitly mentioned in the MDGs agenda. The fight against climate change as well as policies on migration and

²⁷ Research in Socio-economic Sciences and Humanities was launched under FP7 in each of these areas.

security all have clear implications for progress towards the MDGs. Thus, the Work Programme sets out ways for the EU to help developing countries achieve the MDGs through its wider policy agenda.

As the global policy context is not defined by the EU alone but also by other influential actors, the PCD Work Programme makes the case for an international development agenda that goes beyond development cooperation and extends to key policies with a global impact.

Progress on the implementation of the Work Programme is outlined in this report and will be further analysed in the 2013 EU Report on PCD.

1. TRADE AND FINANCE

Introduction and Quick Facts

The conclusion of the ongoing multilateral and bilateral trade negotiations is a priority which has also been underlined in the Communication on Europe 2020²⁸ and the Communication on “Trade, Growth and World Affairs”.²⁹ These negotiations are particularly important for promoting growth in developing countries. A successful outcome of the ongoing **Doha Development Agenda (DDA)** negotiations would mean better market access for goods and services, including those of interest to developing countries, and in the rules-based framework for international trade.

Further key development deliverables under the DDA include a reduction in developed countries’ trade-distorting domestic support including on products exported by developing countries and the eventual elimination of export subsidies, subject to the parallel discipline on other export supporting measures by other developed countries. Bilateral trade agreements complement multilateral negotiations, for instance by providing for further liberalisation and rule-making. This includes promoting regulatory convergence to reduce transaction costs and non-tariff barriers even further, as well as monitoring mechanisms to evaluate implementation and results. Inevitably, unilateral reductions of Most Favoured Nations (MFN) tariffs, multilateral reduction of tariffs as discussed under the DDA as well as new free trade agreements are diminishing the importance of the existing preferences for beneficiary countries. While some research indicates that the vast majority of developing countries have more to gain from multilateral liberalisation than they lose from preference erosion, there is a need to carefully assess on a case by case basis the impact of unilateral measures or of new free trade agreements on developing countries. The European Commission is committed to continue to do so.

Alongside its support for developing countries, helping them to reap benefits of new trade deals through specific Aid for Trade programmes, EU trade policy also promotes regional integration of developing country markets, encouraging other developed countries to match the openness of the EU, promoting South-South trade (in particular the opening up of emerging markets to imports from the least developed countries) and improving the WTO framework in areas such as trade facilitation.

²⁸ http://europa.eu/press_room/pdf/a_budget_for_europe_2020_en.pdf

²⁹ COM(2010) 612

In order to assist developing countries in making use of the market access opportunities offered to them by the various preferential trade arrangements - Generalised Scheme of Preferences (GSP), Free Trade Agreements etc.), the European Commission has established the Export Helpdesk, a free online service that provides information on the import conditions to the EU market (customs procedures, import requirements, internal taxes, import tariffs, rules of origin and trade statistics). To ensure that developing countries' exporters are informed about this tool, numerous awareness-raising activities targeting the business community are organised in partner countries.

EU COMMITMENTS³⁰:

a) On trade

- Continued efforts to reach an ambitious, comprehensive and balanced outcome of the WTO/DDA round; to finalise regional, WTO-compatible and development-oriented Economic Partnership Agreements (EPAs) with ACP partners as soon as possible and to take appropriate account of development levels, needs and objectives also in other negotiations for Free Trade or other bilateral agreements;
- Improved and effectively enhanced access for developing countries' exports to the EU, in particular under the EU scheme for the Generalised System of Preferences (GSP), supported by ongoing steps to fully implement the EU Aid for Trade Strategy;
- Emerging issues of importance for sustainable development such as the promotion of core International Labour Organisation (ILO) labour standards and the decent work agenda, Multilateral Environment Agreements, Corporate Social Responsibility, and Fair Trade initiatives and other non-governmental trade-related sustainability assurance schemes;
- Further examination of ways of making better use of Intellectual Property Rights in supporting development for example through innovation and investment;

b) On finance

- Improving transparency and countering illicit cross-border flows and tax evasion recognising that these have a severe impact on domestic resource mobilisation in developing countries.

Through initiatives of the European Commission, the European Parliament and the civil society, important efforts have been made in 2010 and 2011 towards introducing EU legislation on a country-by-country reporting requirement for extractive and forestry companies³¹. This would be conducive towards strengthening transparency, domestic accountability and tackling the issue of corruption in developing countries as well as for promoting an ambitious global transparency standard in international forums. The proposed modification of the EU directives is an important issue leading to a more general debate on the matter at international level.

³⁰ Council Conclusions 16079/09 dd.18/11/2009

³¹ COM(2011) 683 final and COM(2011) 684 final.

1.1 TRADE NEGOTIATIONS

As for the multilateral level, the EU has played a proactive and constructive role in the negotiations on the WTO Doha Development Round, supporting firmly the development dimension of the negotiations (for instance in the field of trade facilitation, where an agreement would facilitate trade both domestically and in export markets and where special comprehensive and differential treatment would allow implementation tailored to the needs and capacities of each developing country). The EU has indicated, inter alia, its support to early results on issues of particular interest to Least Developed Countries (LDCs), including on Duty Free Quota Free access. The EU remains convinced that the multilateral system is the best means to ensure that developing countries, and particularly LDCs, are able to effectively tap into trade-driven growth and poverty-reduction. The EU will therefore continue to press for an early conclusion of the Doha Development Round.

At the bilateral level, the EU has proposed ACP countries to agree asymmetrical and transparent goods and services commitments, and to address a number of trade-related rules (on competition, public procurement, Sanitary and Phytosanitary (SPS)/Technical Barrier to Trade (TBT), sustainable development, investor behaviour, etc.) in the framework of Economic Partnership Agreements (EPAs) negotiations. Negotiations for Modern and comprehensive Free Trade Agreements are also ongoing with developing countries in Asia and Latin America. These agreements would help to enhance transparency, promote regional harmonisation of rules and alignment with internationally recognised standards with a view to improving the trade environment. In addition, casting these provisions in internationally binding agreements would make domestic reforms more credible and increase predictability for traders and investors.

EPAs have reached implementation stage in Caribbean and partially in the Pacific area (Papua New Guinea and Fiji). In 2010 and 2011, the EU also continued to discuss these matters with its ACP partners in EPA negotiations but this has not yet resulted in new deals being reached. In some regions, the parties agreed to address services, investment and trade-related rules only after the signature of the agreements, with a rendezvous clause.

Negotiations in other regions progressed at a different pace. Negotiations with India are at very advanced stage and aim at concluding a very ambitious, yet challenging, agreement. In the South East Asia region, after the pause of the negotiations at regional level, the EU is currently offering the negotiation of ambitious bilateral trade agreements to individual Members of ASEAN.

Bilateral trade relations between the EU and Southern Mediterranean partners are governed by the Euro-Mediterranean Association Agreements concluded between the EU and each Southern Mediterranean partner (with the exception of Libya and Syria). These agreements included asymmetrical free trade areas for industrial goods and certain agricultural, processed agricultural and fisheries products. The Association Agreements are being or have been complemented with a number of additional negotiations involving some of the partners.

As part of the EU's response to the Arab Spring, the EU intends to negotiate Deep and Comprehensive Free Trade Areas (DCFTA) with Egypt, Jordan, Morocco and Tunisia as soon as conditions are met. The EU suspended negotiations with Libya on a deep and comprehensive free trade area on 23 February 2011.

The FTA negotiations with Ukraine are in their final stage. Good progress has also been made in negotiations of an Association Agreement with the Republic of Moldova, and significant progress has been made in the negotiations of association agreements with the Republic of Armenia, the Republic of Azerbaijan and Georgia. The association agreements will include a DCFTA.

Regarding Latin America, negotiations on a new Association Agreement between the EU and the Central American region were successfully concluded at the 2010 Madrid EU-LAC Summit: the agreement was initialled in March 2011. Negotiations for an inter-regional Association Agreement between the EU and MERCOSUR are based on a region-to-region approach and aim at an ambitious and balanced result. FTA negotiations with Colombia and Peru were successfully concluded in the spring of 2010.

1.2 MARKET ACCESS

Regarding unilateral measures, the EU reviewed its Scheme of Generalised Tariff Preferences (GSP) which provides for preferential market access with reduced or no duties, to boost developing country's exports and to integrate them into world markets. The proposal for a revised GSP scheme aims to offer better opportunities for those developing countries that are most in need. Thus, preferences would be concentrated on LDCs and other low income countries.

The proposal also aims to promote the core principles of sustainable development and good governance by reinforcing and improving the special incentive arrangement known as GSP+ in several ways. This regime offers additional tariff reductions to support vulnerable developing countries in the implementation of international conventions in the areas of human and labour rights, sustainable development and good governance. The proposal relaxes the economic criteria needed to become eligible for GSP+, thus allowing more countries to apply.

In order to ensure that preferences are indeed used, the system would become more stable, transparent and predictable for third countries, and economic operators.

In recent years the European Commission has provided substantial support also to the Standard Trade and Development Facility (STDF). This organisation has as one of its objectives to enhance coordination of SPS related technical assistance activities at global level. The European Commission is continuing this contribution. In addition, the European Commission provides targeted technical assistance in the SPS area to developing countries with a view to upgrade their SPS systems to improve their market access capacity to other countries. The European Commission is continuing this targeted technical assistance.

1.2.1 ADJUSTMENTS TO SANITARY AND PHYTOSANITARY MEASURES, TECHNICAL REGULATIONS AND STANDARDS

Under the WTO SPS Agreement, WTO Members shall base all national SPS measures and their acting within the relevant international organisation on the adopted international standards. The European Commission (Directorate-General for Trade) has provided for many years a substantial financial contribution to the three SPS-related standard setting organisations (OIE, CODEX and IPPC) with the objective of increasing participation of SPS

experts of developing countries in the standard setting meetings of these organisations. More recently, the European Commission made additional contributions to the CODEX Alimentarius for a pilot project on mycotoxins in sorghum (of particular interest to developing countries) and to IPPC for the new initiative “Implementation Review and Support System” (including the setting-up of a “helpdesk”) with primary objective of facilitating and promoting the implementation of the IPPC and its international standards.

OIE- increase participation of developing countries in OIE’s meetings:

The project will provide assistance to developing countries by financially assisting their delegates to attend meetings of the international standard setting bodies in the SPS context. This project is part of the overall EU response to the commitments made within the DDA regarding Trade Related Technical Assistance (TRTA). It has the goal of increasing the level of TRTA in the area of SPS and is further evidence of the Commission’s efforts to honour its commitment under Article 9 of the SPS Agreement (to which the Commission is a signatory) where it agreed: “to facilitate the provision of technical assistance to other members, especially developing members.” The OIE is officially recognised by the SPS Committee of the WTO as an international standard setting body. The objective of the assistance is to enable delegates from developing countries to participate in meetings of the OIE in which international standards are discussed and set.

EU Contributions

2002:	75,000
2003:	100,000
2004:	200,000
2005:	200,000
2006:	200,000
2007:	225,000
2008:	225,000
2009:	225,000
2010: Annual contribution €300,000.00 during three years: thus a total of €900,000.00 (in progress)	

CODEX - increase participation of developing countries in CODEX meetings:

The EU provides financial assistance for delegates from developing countries to attend meetings/workshops under the Codex Alimentarius. The goal of the project is to contribute to the improvement of global public health and food security by promoting access to safer and more nutritious food, by contributing to a reduction in food borne disease and by increasing the ability of developing countries to meet SPS standards. This is achieved by (a) helping regulators and food experts from developing countries to participate in international standard-setting work in the framework of Codex and (b) enhancing their capacity to help establish effective food safety and quality standards and fair practices in the food trade, both in the framework of the Codex Alimentarius and in their own countries.

EU Contributions

2003:	295,000
2004:	295,000
2005:	295,000
2006:	200,000
2007:	225,000

2008:	225,000
2009:	225,000
from 2010: Annual contribution €225,000.00 during three years: thus a total of €675,000.00 (in progress)	

CODEX - pilot project of CODEX Trust Fund:

The CODEX Trust Fund project has the objective to assist developing countries and/or countries with economies in transition to gather scientific data of interest to Codex. The project will provide seed funding for a pilot activity in 4 major sorghum producing/exporting countries to assess types and levels of mycotoxins³² in different varieties of sorghum.

Expected output: survey data on types and levels of mycotoxins in different varieties of sorghum from 4 developing countries among those most concerned by human and animal health and trade impacts resulting from mycotoxin-contaminated sorghum with a view to: (a) possible evaluation by JECFA; (b) possible development of Codex standard in this area. This will assist developing countries to improve their market access capacity.

2011: a total contribution of € 625,000 for three years (in progress).

IPPC – Implementation Review and Supporting System (IRSS):

The European Commission is supporting the Implementation Review and Supporting System (IRSS) being developed by the IPPC Secretariat. This IRSS will play an important role in providing contracting parties with a Help Desk. The Help Desk will document national capacities, or lack thereof, provide an updated information on available assistance resources for phytosanitary issues, and facilitate the access to such resources by developing countries. The IRSS will allow the summarisation of the situation of implementation of the IPPC and its ISPMs by contracting parties and enable it to identify regional or common phytosanitary issues. A regional and global programme will also be implemented to help countries establish their development priorities and plans for filling gaps as they are identified. This is similar to the OIE approach to conducting evaluation of countries' capacities; however, the IPPC approach includes gap analysis and strategic planning as a complete programme. The IPPC will focus, based on information collected in the IRSS, on "helping the helpers" (training of trainers) to contracting parties in need of technical assistance instead of dealing with problems affecting only individual countries. This will be done through adoption and implementation of strategies such as building expertise in the regions, as well as through twinning, mentoring and enhancement of south-south cooperation.

Contribution: € 400,000 for actions in 2011 and an additional € 800.000 for years 2012 and 2013 (in progress)

IPPC - increase participation of developing countries in IPPC meetings:

The European Commission is financially supporting delegates from developing countries to attend meetings/workshops of the IPPC. The goal of the project is to further the improvement of plant health and food security and to increase the ability of developing countries to meet SPS standards. This will be achieved through (a) helping regulators and food experts from developing countries to participate in international standard-setting work in the framework of

³² aflatoxins, ochratoxins, fumonisins, zearalenon, patulin

IPPC and (b) enhancing their capacity to help establish effective plant safety and quality standards, both in the framework of the IPPC and in their own countries. Many developing countries lack capacity to attend IPPC meetings and therefore are not able to fully participate in the activities of the IPPC. This limits their capacity to exercise their rights and obligations under the IPPC and reduces their input into international standards.

EU Contributions:

2002:	75,000
2003:	100,000
2004:	200,000
2005:	200,000
2006:	200,000
2007:	225,000
2008:	225,000
2009:	225,000
2010: Annual contribution €300,000 per year during three years: thus in total €900,000 (in progress)	

For the past years the European Commission has contributed a substantial amount of EU funding to the Standard Trade and Development Facility (STDF). One of the facility’s objectives is to enhance coordination of SPS related technical assistance activities at global level.

The STDF is a global programme in capacity-building and technical assistance to assist developing countries in trade and SPS measures established by the Food and Agriculture Organisation (FAO), the World Organisation for Animal Health (OIE), the World Bank, the World Health Organisation (WHO) and the World Trade Organisation (WTO). The strategic aim of the STDF is to assist developing countries enhance their expertise and capacity to analyse and to implement international sanitary and phytosanitary (SPS) standards, improving their human, animal and plant health situation, and thus ability to gain and maintain market access. In addition to facilitating international trade, SPS capacity building, notably in the area of food safety, can result in improved health conditions for local markets and so favour economic and social development. The STDF is both a financing and a global co-ordinating mechanism. It provides grant-financing for developing countries seeking to comply with international SPS standards and hence gain or maintain market access. It also provides a forum for dialogue on SPS technical assistance issues among its five partner organisations and interested donors.

In addition, the European Commission provides targeted technical assistance in the SPS area to developing countries to help them upgrade their SPS systems with a view to improve their market access capacity to other countries. The European Commission is continuing this targeted technical assistance.

Several developing countries have difficulties in the control of residues/contaminants in foodstuffs. Developing countries ask for assistance and training to address their specific problems in relation to export requirements. The European Commission already organises yearly training courses on residues and contaminants in foodstuff for developing countries and provides additional assistance by providing specific technical training.

The provision of technical assistance and ad-hoc training for experts (particularly in residues analysis) helps to reduce the current difficulties being experienced by developing countries in

this area. In 2008, a total amount of around € 115.000 has been spent. In the period 2009-2010 allocations have reached a total of € 210.000. Allocation for 2011: € 150 000 (in progress).

Member States' contribution: Belgium

The Federal Agency for the Safety of the Food Chain (FASFC) has hosted several delegations of developing countries and answered their questions related to sanitary or phytosanitary measures. In 2009 and 2010 the following countries were hosted: Albania, Bangladesh, Benin, Malaysia, South Africa, South Korea, Taiwan and Vietnam. The Belgian Development Agency (BTC-CTB) has in place in Benin a specific programme to sustain the reorganisation of the “Ministère de l’Agriculture, de l’Élevage et de la Pêche (MAEP)”. Expertise has been delivered by FASFC with the contribution of BTC-CTB to MAEP to re-allow the export of shrimps to the EU and to advise a think tank in creating the ABSSA (Agence Béninoise de Sécurité Sanitaire des Aliments). The FASFC has written a letter of intention for further cooperation to set up a food safety agency in Benin, “covering the food chain from the farm to the fork”.

The Belgian Ministry of Foreign Affairs, over the period 2005-2010, has supported a large number of cooperation projects (veterinary and livestock farming) mainly in Africa (at country or even at regional level) and several other projects in South-East Asia and South and Central America. The objectives of these programmes are in general related to animal health (i.e. a project with Vietnam concerning the “Development of a plant-based veterinary oral vaccine to combat avian influenza in Vietnam”), to the assistance of Veterinary services, to improve animal breeds and livestock, to improve qualitative and quantitative production, to stimulate local production, to offer education and vulgarisation for the benefit of local producers.

The Capacity Building Fund of the Belgian Investment Company for Developing Countries (BIO) supports tailor-made technical assistance programmes for SMEs also to adjust, in some cases, to technical regulations, standards and other market regulations. For example: in Peru, BIO supports an asparagus producer obtaining the Global Gap Certificate (a pre-farm-gate standard covering the process of a product from farm inputs until the product leaves the farm). Furthermore, anticipating a forthcoming EU-regulation, BIO supports the implementation of a wood traceability scheme (FSC) of a medium-sized Cameroonian carpentry exporting to France, Belgium and Italy.

1.3 CORE INTERNATIONAL LABOUR ORGANISATION (ILO) LABOUR STANDARDS, DECENT WORK AGENDA AND ENVIRONMENTAL STANDARDS

The European Commission continues to be committed to promote ILO core labour standards³³ and the Decent Work Agenda³⁴ internally as well as externally. This approach is reflected in bilateral relations with partner countries (including in partnership and cooperation agreements, trade agreements, structural dialogue events, projects and studies) and in the international and regional forums such as UN, ILO, G20, OECD or ASEM. The EU promotes ratification and effective implementation in law and practice of the 8 core labour standard Conventions, i.e. freedom of association and collective bargaining, elimination of forced and

³³ <http://www.ilo.org/global/standards/lang--en/index.htm>

³⁴ <http://www.ilo.org/public/english/standards/relm/rgmeet/11afm/dg-thematic.pdf>

compulsory labour, elimination of discrimination in respect of employment and occupation, abolition of child labour. These objectives have been consistently pursued through the different European Commission's policies, including political dialogue and activities on the ground. As stated in the Communication "Trade, Growth and World Affairs: Trade Policy as a Core Component of the EU's 2020 Strategy", issued in November 2010, the European Commission has also aimed at strengthening social development through trade relations with its partners. This includes the negotiation and incorporation of social (as well as environmental) provisions of importance in the trade context into regional and bilateral trade agreements.

Specific provisions promoting core labour standards and decent work have been included in all recently concluded trade agreements (EU-CERIFORUM, EU-Korea, EU-Central America, EU-Colombia and Peru). Furthermore, under the current GSP scheme, the EU has continued to grant through the GSP+ special incentive scheme additional market access preferences to vulnerable developing countries that ratify and effectively implement core Conventions on human and labour rights, including the fundamental ILO Conventions³⁵, protect the environment and promote good governance.

As part of the follow-up to the Communication on *Contributing to Sustainable Development: the Role of Fair Trade Initiatives and Nongovernmental Trade-related Sustainability Assurance Schemes*³⁶ the European Commission has continued to fund activities in the area of fair trade. At the end of 2009, the European Commission granted €2 million in EU funding to two specific fair trade projects: one run by Oxfam in Latin America and one by Formaper in India and Nepal. In 2009 and 2010, the European Commission has also financed a number of projects aiming at raising awareness among EU consumers on non-governmental trade-related sustainability assurance schemes.

In 2011, the European Commission has granted EU support to the Trade for Sustainable Development project of the International Trade Centre. This project maps, analyses, compares and disseminates information through a web-based portal on trade-related private sustainability assurance schemes. The EU contribution will notably aim at further developing the database and making the portal more accessible to policy-makers, producers, and exporters in developing countries, with a view to strengthen their capacity to participate in more sustainable production and make trade work better for development.

In 2010, a European Commission focal point on fair trade has been created (within the sustainable development team in Directorate-General for Trade), to coordinate fair trade-related activities.

Member States' contribution: Austria

Austria strongly supports the implementation of the Decent Work Agenda. The Austrian Ministry of Economy, Families and Youth among other institutions has been involved in founding and subsequently supporting the leading Austrian business platform for Corporate Social Responsibility (CSR) and Sustainable Development called "*RespACT - Austrian business council for sustainable development*". *RespACT* (a byword for "responsible action") offers its member companies innovative concepts and projects concerning CSR and

³⁵ <http://www.ilo.org/ilolex/english/index.htm>

³⁶ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0215:FIN:EN:PDF>

sustainability, a platform to discuss ideas and experiences, a dialogue with politics, people and media and promotion of companies' successful sustainability/CSR projects. *RespACT* acts as thematic leader concerning all issues concerning CSR and Sustainable Development.

The Austrian Development Agency (ADA) and the Development Bank of Austria (OeEB) are promoting the principles of international standards such as IFC "Performance Standards on Environment and Social Sustainability" or the "OECD Guidelines for Multinational Enterprises" within clauses in its contracts. OeEB has additionally signed "Towards Sustainable Development, the European Development Finance Institution (EDFI) principles for responsible financing."³⁷

OeEB and ADA are members of the UN Global Compact³⁸ and hence promote its principles. ADA is also a fundamental backer of the Austrian Global Compact Network. OeEB won the 3rd place of the "Austrian Sustainability Reporting Award" in the category "Combined Annual and Sustainability Report" for its 2008 report. In addition, OeK (the Austrian export promotion agency) and the Ministry of Finance promote CSR activities - e.g. OECD guidelines for Multi-National Enterprises (MNEs) via their websites and workshops, to raise awareness in the Austrian export community.

1.4 CORPORATE SOCIAL RESPONSIBILITY (CSR)

The European Commission has continued to promote CSR through a range of different policies and initiatives, targeting both the internal and the external dimension of the issue. The importance of this work was confirmed by the publication by the Commission of a Communication on CSR in October 2011. The Communication covers such subjects as non-financial reporting, responsible consumption, responsible public procurement, responsible investing, and education and CSR. It also contains a large section on the international aspects of CSR, which includes work with international organisations involved in CSR, business and human rights, and trade and development. Each section of the Communication contains actions, which are either commitments by the Commission or invitations from the Commission to other actors to make commitments in CSR.

Concerning the external dimension, the work of the Commission during the period 2009-2011 has included the following main strands of activity:

The sustainable development chapters of both proposed and recently concluded trade agreements also include specific provisions on the promotion of CSR. In particular, at the bilateral level, the EU has proposed to address social, labour and environmental standards in the framework of its negotiations for Economic Partnership Agreements (EPA) with the ACP. These agreements would help to enhance transparency, promote regional harmonisation of rules and alignment with internationally recognised standards with a view to improving the respect of relevant international standards and agreements.

The latest generation of Trade Agreements negotiated by the EU include references to CSR in the context of the provisions on trade and sustainable development addressing also labour and environmental issues of specific importance in a trade context. An example is the recent Free

³⁷ <http://www.oe-eb.at/en/osn/DownloadCenter/guidelines/EDFI-Principles-Responsible-Financing.pdf>

³⁸ <http://www.unglobalcompact.org/>

Trade Agreement with Korea entered into force on the 1st of July 2011, and the agreements with Colombia and Peru.

The European Commission has actively contributed, together with 21 EU Member States also OECD members, to the review of the OECD Guidelines for Multinational Enterprises. The updated guidelines (adopted at the OECD's Ministerial Council Meeting in May 2011) are a key global instrument on corporate social responsibility, under which adhering governments commit to encouraging enterprises in their territory to observe a set of voluntary principles (including social and environmental standards, disclosure, human rights, combating bribery, consumer interests, science and technology, competition policy and taxation) wherever they operate, and in consultation with relevant stakeholders. Some non-OECD developing countries have also participated in this process and adhered to the updated Guidelines.

Finally, the Communication *Towards a comprehensive EU international investment policy*, published in July 2010, stated that the future investment policy of the EU shall be guided by the principles and objectives of the Union's external action, including the promotion of the rule of law, human rights and sustainable development. In this respect, the OECD Guidelines are a key reference instrument on CSR.

Developing countries aim at attracting foreign investors to support their development. In order to achieve this, they may provide various incentives. However, where they exist, national social and environmental standards may be low and developing countries may face weak institutions and limited administrative resources to enforce them. In such a context, socially and environmentally responsible behaviour by foreign (and national) enterprises is particularly important, not only to ensure the sustainability of their own business activities over the longer term, but as a demonstration of good practice to host governments and local business.

Member States' contribution: Spain

Spain set up the State Board Corporate for Social Responsibility in 2008 in order to promote and encourage CSR policies. For this purpose, five working groups have been established: (1) The role of the CSR within the framework of the economic crisis Group; (2) Transparency, Communication and standards of the Group for reports on sustainability ; (3) Responsible Consumption and Investment Group; (4) CSR and Education Group; (5) Management of Diversity, Social Cohesion and Development Cooperation Group. The Secretariat of State for External Trade takes part in two of these groups: Transparency and Responsible Consumption and Investment Group. The Ministry of Foreign Affairs and Cooperation is attending the "Development Cooperation", "Transparency, Communication and Standards of the Sustainable Reports" and the "CSR and Education" working groups.

The Spanish Master Plan (2009- 2012) includes guidelines to establish CSR conditions for companies which can participate in partnerships with other actors to manage ODA resources in a public private modality. In 2010 a Working Group within the Spanish Council of Development Cooperation was created to follow up both the adoption of CSR policies within the private sector and the complementarity between private and public policies to this regard.

Spain has also signed the OECD Guidelines for Multinational Enterprises. They provide voluntary principles and standards for responsible business behaviour in areas such as employment and industrial relations, human rights, environment, information disclosure, fight

against bribery, consumer interests, science and technology, competition and taxation. Spain has been a long term supporter of the Global Compact (GC), and the Local Network of Spanish Companies, which are committed to GC principles, is one of the largest in the world.

1.5 INTELLECTUAL PROPERTY RIGHTS (IPR)

At bilateral level, the EU has proposed to address intellectual property rights, including enforcement as well as innovation in the framework of its negotiations for Economic Partnership Agreements with ACP countries as well as in its negotiations for Free Trade Agreements with other developing countries. These agreements would help to enhance transparency, promote regional harmonisation of rules and alignment with internationally recognised standards with a view to improving the trade environment. In addition, casting these provisions in internationally binding agreements would make reforms more credible and increase predictability for traders and investors. In 2010 and 2011, the EU continued to discuss these matters with its partners in developing countries. As regards ACP partners in EPA, negotiations are progressing but have not yet resulted in new deals being reached, with exception of the CARIFORUM region.

A new Communication *A Single Market for Intellectual Property Rights*³⁹ was adopted in May 2011 covering a broad range of IPRs, ranging from patents, trademarks, trade secrets and geographical indications for non-agricultural products to copyright, looking from the perspective of their contribution to the competitiveness and growth agenda. The communication includes a chapter on the international dimension in order to ensure the coherence of its IPR policy with Development objectives. It will be completed, early next year, with the publication of the revised IPR Strategy vis-à-vis third countries. To foster development and reduce poverty, the EU IPR strategy vis-à-vis third countries will take into account their level of development and institutional capacity. It is often overlooked that developing countries, in particular middle-income countries, can host inventive and creative industries that stand to benefit from stronger IPRs. Although the mere strengthening of IPR regimes is unlikely to result in a dramatic increase of foreign investment, past experiences suggest that stronger IPRs can positively impact on domestic enterprise development and foreign investment when complemented by specific measures to implement and benefit from the IPR regime (recollection et redistribution of rights to the local rights owners) or improvements in other aspects of the investment climate. Therefore, a correct balance between the protection of IPR in third countries and access to knowledge, culture and medicines needs to be sought. To that effect the European Commission is also pursuing its objective to enhance respect for IPR standards at multilateral level, in particular in the context of WIPO, WTO and UPOV. The Commission is also considering ways to promote technological innovation as well as transfer and dissemination of know-how, to the mutual advantage of producers and users of technological knowledge, looking for a balance of rights and obligations in a manner conducive to social and economic welfare. Finally a particular attention is paid in the context of bilateral negotiations to ensuring access to affordable medicines as agreed upon in the TRIPS agreement.

Member States' contribution: The Netherlands

³⁹ COM(2011)287 final http://ec.europa.eu/internal_market/copyright/docs/ipr_strategy/COM_2011_287_en.pdf

The Ministry of Foreign Affairs contributes to two programmes in this field. One aims to enhance national capacity to implement the International Treaty on Plant Genetic Resources for Food and Agriculture (Genetic Resources Policy Initiative). The second programme aims to enhance the capacity within the CGIAR system and their national partners to address intellectual property issues arising in the agricultural research area (CAS-IP).

The Netherlands contributed to a positive outcome of the problems relating to the transit through the Netherlands of generic medicines produced in India (the Losartan affair).

The Netherlands supported research on the relation between economic growth, technology and intellectual property, with a view to promote an in-depth discussion in and between ministries on this issue. The results of the research, recently been published and available through the website of the Ministry of Foreign Affairs, include a comprehensive list of IP-related issues and their relevance in current international policies.

Member States' contribution: France (Geographical Indications)

The Ministry of Agriculture has a longstanding policy of active promotion of this instrument in developing countries and supports the establishment of legal and institutional frameworks for geographical indications (GIs) in these countries. This policy is reflected in different types of actions at both multilateral and bilateral levels:

- Together with the EU, France takes part in multilateral legal frameworks for the protection and the international recognition of GIs, in order to facilitate GI protection in developing countries, particularly in the context of the WTO (TRIPS Agreement);
- Financial support (about \$ 100,000 per year) and provision of a full-time expert for the FAO project to strengthen policies of specific quality of food from 2007 to 2010 (exchange of experience, funding, implementation guide work, website), mainly concerning developing countries;
- Capacity building for the implementation of GI systems in third countries with financial support for international training (InterGI), performed every year since 2007 by two French institutes - CIRAD and INRA - and the Swiss Association AGRIDEA in favour of public officials and professionals in charge of GIs in their countries. Theoretical and practical training periods of 2 weeks to 20 managers a year from South and South East Asia, North and Sub-Saharan Africa, the Middle East and Latin America;
- Welcoming of many delegations on study tours on GIs in France, with technical support from the INAO institute, dedicated to the quality and the origin of products, and of French professional organisations in charge of products protected by designation of origin (Cambodia, China, and Ethiopia in 2009; Brazil, Ghana, Morocco and Thailand in 2010).
- Missions of experts in third countries for the development of institutional and legal frameworks and the development of GI products, including the support of the INAO (Argentina, Cambodia, Ethiopia and Kenya in 2009; Brazil, Morocco and Vietnam in 2010).

1.6 RAW MATERIALS

Fair, sustainable production and trade of raw materials present a number of challenges and opportunities for developing countries. A significant number of resource-rich developing countries have not been able to translate resource wealth into sustainable growth. Moreover, most developing and developed countries require an increasingly diversified supply of raw materials. They face challenges both as importers (especially of food products for LDCs) and as exporters of raw materials (volatility of commodity markets). Interdependence between developed and developing countries but also between developing countries themselves is a key characteristic of the raw materials markets.

That is why a predictable framework ensuring transparent, fair and sustainable conditions for production and trade of raw materials, also fostering economic diversification, joined with efforts to reduce price volatility on global markets, could contribute to reach development objectives.

To that end, in June 2010, during the college-to-college meeting in Addis-Ababa, the European Commission and the African Union Commission (AUC) agreed to increase their cooperation in relation to “raw materials” in the three following areas:

(1) Good governance

(2) Infrastructure and investments

(3) Geological knowledge and skills

This co-operation, which was included in the EU-Africa Joint Strategy for 2011-13, was agreed by Heads of State from both continents at the EU-Africa Summit of 29-30 November 2010. The co-operation on the subject of raw materials is taking place within the third partnership of the Joint EU-AU Strategy which covers Trade, Regional Integration and Infrastructure.

With its Communication *Tackling the Challenges in Commodity Markets and on Raw Materials*⁴⁰ in commodity markets and prepared for adoption in 2011, the European Commission reinforces the EU’s raw materials and development strategy. This strategy should allow resource-rich developing countries to translate their resource wealth into sustainable growth. It ensures that trade and development go hand in hand: in all EU’s bilateral agreements, trade openness comes with efforts to foster sustainable development and inclusive growth through the inclusion of social clauses, support for fight against corruption and standards setting, support for institutional building and in general for capacity building linked to trade and trade-related aspects (including civil society and business participation). The EU raw materials policy attaches importance to improving governance in developing countries and making sure that revenues are used in a transparent and development-oriented way. For this reason, the Initiative supports raw materials transparency schemes such as the EITI (Extractive Industries Transparency Initiative) and FLEGT (Forest Law Enforcement on Governance and Trade).

Member States' contribution: Germany

⁴⁰ COM(2011) 25 final http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/communication_en.pdf

Germany provides political and financial support to the Extractive Industries Transparency Initiative (EITI) and is thereby fostering the transparency of cash flows associated with the extraction of oil, gas and other natural resources as well as enabling civil society to monitor the whereabouts of the funds

1.7 ACCOUNTABILITY, TAX GOVERNANCE AND FINANCE

The EU has an established policy of promoting good governance in tax matters aimed at tackling harmful tax competition and tax evasion within the EU and at the broader international level. This policy, based on three principles (transparency of tax systems, exchange of tax information and fair tax competition), is not limited to so-called “tax havens” per se, but aims at improving good governance in tax matters in all third countries.

This policy is detailed in two Commission Communications: *Promoting Good Governance in Tax Matters*⁴¹ and *Tax and Development, Cooperating with Developing Countries on Promoting Good Governance in Tax Matters*.⁴² The latter suggests how the EU could better assist developing countries in building efficient, fair and sustainable tax systems and administrations with a view to enhancing domestic resource mobilisation. The Commission is actively pursuing the implementation of the proposed actions. These efforts join those undertaken in other international forums such as the G20, the OECD and the UN.

The European Commission seeks to ensure that committed developing countries are given appropriate technical assistance in the tax area, via such instruments as Partnership Agreements or ad hoc funding and by cooperation with other international donors (ITD, OECD, World Bank, etc.) and developing countries’ own regional organisations. The Commission received from the European Parliament an additional appropriation for 2010 used for a series of projects for promoting good governance in tax matters in developing countries. In the area of transfer pricing, for instance, following the Commission’s study on “Transfer Pricing and Developing Countries”, a project with the OECD and the World Bank has been started to enhance the transfer pricing capabilities of developing countries. The European Commission is also supporting initiatives of the African Union to improve minerals’ taxation, of the African Forum of Tax Administrations to strengthen transfer pricing and exchanges of information on tax matters and auditing of multinational enterprises and the initiative of the Inter American Tax Centre (CIAT) on electronic invoicing. Last but not least thanks to the additional Budget line on good governance the European Commission contributes to finance the editing of the UN Manual on transfer pricing for developing countries. This funding should give some positive visibility to the EU in areas particularly sensitive for developing countries.

Specific actions have started at the EU level and within the appropriate multilateral forums to enhance transparency within the activities of Multi-National Companies (MNCs) in developing countries (40% of world trade goes through MNCs) particularly in the in recently proposed legislation for extractive and forestry industries, putting forward the introduction of

⁴¹ COM(2009) 201 final

[http://ec.europa.eu/taxation_customs/resources/documents/common/whats_new/COM\(2009\)201_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/whats_new/COM(2009)201_en.pdf)

⁴² COM(2010) 163

[http://ec.europa.eu/taxation_customs/resources/documents/common/publications/com_reports/taxation/com\(2010\)163_en.pdf](http://ec.europa.eu/taxation_customs/resources/documents/common/publications/com_reports/taxation/com(2010)163_en.pdf)

country-by-country reporting system in order to reduce tax avoidance practices.⁴³ Another instrument on transparency especially relevant for developing countries is the recently adopted “OECD Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas”.

The need to tackle non-cooperative jurisdictions has been enhanced by the financial and economic crisis characterising the period taken into consideration by this report. Significant achievements were also reached acting together with the G-20 and the OECD. The EU supports OECD’s work which is closely related to the EU initiatives in this area. The standard on exchange of information on request has been universally endorsed and it is now being implemented as hundreds of information exchange instruments have been concluded over the past few months (Double Taxation Agreements (DTAs), Tax Information Exchange Agreements (TIEAs), etc.). The OECD has recently also focused on how the link between tax and development policy could support the implementation of the standard by launching an OECD Global Forum on Development.

Member States' contribution: Lithuania (Customs)

The Customs Department under the Ministry of Finance of the Republic of Lithuania has implemented during the reporting period 3 projects on Development Cooperation and Democracy Promotion in Ukraine and Moldova. In 2009: “*Technical assistance for Ukrainian and Moldovan Customs officers in the field of customs valuation*”. The two projects provided assistance in adjusting Ukrainian and Moldovan legal basis on valuation, according to the EU legal acts, and in enhancing the valuation control system taking into account best practices and standards of EU Member States. The projects encourage know-how exchanges in the implementation of administrative functions and the organisation and development of a valuation control system in both Ukrainian and Moldovan customs.

In 2010: “*Technical assistance for Moldovan Customs officers in the field of customs post-clearance audit.*” The project provided assistance in developing an effective and efficient system of post-clearance control and audit service, allowing the customs administration to better implement its tasks (clearance and control of goods, revenue collection), to facilitate free trade conditions, to develop a national customs audit planning policy, to envisage long and short term plans for control activities based on risk analysis and risk assessment and to harmonise Moldovan Customs audit methodology with EU “acquis” and best practice.

Member States' contribution: The Netherlands (Tax and Development)

Since 2010 the Netherlands’ Ministry of Finance and the Ministry of Foreign Affairs are actively involved at the OECD Informal Taskforce on Tax & Development. The Netherlands is co-chair of this taskforce and participates in the subgroup on Transparency (country-by-country reporting).

The Netherlands also participates in the Global Forum on Transparency and Exchange of Information. The Netherlands negotiated tax treaties with several (developing) countries

⁴³ COM(2011) 683 final and COM(2011) 684 final

including exchange of information articles and has negotiated a substantial number of Tax Information Exchange Agreements with (developing) countries.

Member States' contribution: Italy (Transparency)

Italy is a full participant in several international initiatives for the promotion of transparency and for countering illicit cross-border flows: in particular in the OECD Tax and Development Informal Group and the Global Forum on Transparency and Exchange of Information.

The Tax and Development Group's Programme is aimed to build a legal framework and a governance in line with the OECD standards of transparency and exchange of information. Within this framework Italy takes part in the OECD Tax and Development Task Force. Italy is also a party to the OECD-Council of Europe Convention on Mutual Administrative Assistance in Tax Matters and signatory of the amending Protocol, which brings the Convention in line with the international standard and opens the treaty for the signature of Countries neither members of the OECD nor of the Council of Europe.

As regards the work of the Global Forum on Transparency and Exchange of Information for Tax Purposes, Italy is actively involved in the Peer Review Process, being member of the Peer Review Group and cooperates in the process by providing assessors for reviews of Global Forum members. Italy complies with the Regulation (EC) 1781/2006, which provides rules for information on the payer accompanying transfers of funds so that identification of the payer is mandatory.

2. CLIMATE CHANGE

Quick facts and introduction

- The 1997 Kyoto Protocol is an important first step towards limiting greenhouse gas (GHG) emissions based on common but differentiated responsibilities. A much more ambitious international agreement involving all major emitters is being sought following the expiry of the Kyoto commitment period.
- The 27 EU Member States are responsible for around 11 % of global GHG emissions. More than 80 % of EU emissions come from the production and use of energy and from transport.
- By 2020 between 75 and 250 million people in Africa are projected to be exposed to increased water stress due to climate change.⁴⁴
- The distribution of impacts and vulnerabilities is still considered to be uneven. Less-developed areas are generally at greatest risk due to both higher sensitivity and lower adaptive capacity, but there is new evidence that vulnerability to climate change is also highly variable within countries, including developed countries.⁴⁵

⁴⁴ United Nations Intergovernmental Panel on Climate Change (UN IPCC 2007)

⁴⁵ UN IPCC Fourth Assessment report AR4 – Assessing key vulnerabilities and the risk from climate change (2007)

- The European Union (EU) and its 27 Member States mobilised €2.34 billion of fast start finance in 2010 as part of their overall commitment to provide €7.2 billion over the period 2010–2012, to support developing countries’ efforts to mitigate and to adapt to climate change. The European Commission has committed €150 million, for the same period, as its share of this contribution.

Climate change is a different type of PCD challenge. Indeed, climate policy objectives, both in the mitigation and in the adaptation fields, are not only consistent with development cooperation objectives, but are also instrumental in achieving sustainable development at global level.

Main EU Commitments:

- Council Conclusions related to climate change and development;⁴⁶
- EU Energy and Climate Change Package;
- Roadmap for moving to a low-carbon economy in 2050;
- Adaptation White Paper (DG CLIMA) - including commitment to increase international support to adaptation in developing countries;
- Cancun Agreements.

The European Commission considers that some progress has been made towards promoting and improving PCD in the last two years in the field of climate change, thanks to the recognition of the importance of climate change as a cross-cutting issue in all policy areas and efforts to coordinate dialogue across policy areas to ensure harmonisation of actions. Progress has also come as a consequence of the acknowledgment of the multiple co-benefits of climate action for development policy in terms of green growth, job creation, GHG emissions reduction, environmental sustainability and disaster risk reduction through adaptation to climate change.

Most Member States also consider climate change as one of the key areas where real progress and implementation of the PCD commitments have taken place in the last two years. Germany points out that the EU is well on track to fulfil its Kyoto Protocol climate mitigation target of 8% emissions reduction between 2008 and 2012 compared to 1990 levels. Furthermore, European Council has endorsed a Union objective of a 30% reduction of greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive agreement for the period after 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries also commit themselves to contribute adequately according to their responsibilities and capabilities.

Portugal highlighted that progress was achieved with the implementation of the Fast Start mechanism and adoption of a common position at the Cancun Conference of the Parties (COP16), regarding the establishment of the Green Climate Fund and the composition of the Transitional Committee nominated to design it. The UK also noted that the international climate negotiations have been a good example of the EU promoting PCD, but stressed that there was still more to do to make EU aid “climate smart”. Spain considered that, in terms of PCD, the “Roadmap for moving to a low-carbon economy in 2050” is a very positive thing.

⁴⁶ http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/gena/111283.pdf

However, for Spain, there is still a long way to go in terms of technology transfer, trade promotion and responsible consumption with low emissions. The Netherlands and Cyprus, on the contrary, considered that progress on the climate change challenge as well as on other challenges had been weak. The Netherlands' main criticism was on funding. They considered that progress had been hampered by persistent indistinctness on the facilitation of scaled-up, new and additional, predictable and adequate funding to support developing countries. When speaking about funding a climate change labelled initiative in developing countries, there was then a need to agree on a clear definition of what could be considered as new and additional funds.

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

The EU is leading global action on climate change, both by setting out what needs to be done internationally to limit global warming to less than 2°C and by committing to significant cuts in its own greenhouse gas emissions. The EU is committed to becoming a highly energy-efficient, low-carbon economy and has set itself the world's most ambitious climate and energy targets for 2020 and beyond. A package of legislative measures agreed in 2008 will reduce GHG emissions to 20% below 1990 levels by 2020 and also ensure that by then 20% of Europe's energy comes from renewable sources like wind and solar — more than double today's share. A series of measures is also being implemented to improve energy efficiency by 20% by the same deadline. The recent Commission proposal on a "Roadmap to 2050" seeks to set the framework for an efficient low-emission EU with 2050 as the target date.⁴⁷

EU action to fight climate change globally contributes to pursuing the objectives of development cooperation and as such is consistent with a PCD approach. However, attention needs to be focused on maximising the synergies between EU climate change policies and the EU development objectives, especially in terms of tools and instruments used, unexpected negative side-effects of some policies and the collateral development and/or climate change adaptation benefits for developing countries. In particular, mainstreaming climate change, by integrating its risks and opportunities, can help ensure that our efforts can continue to foster sustainable development, even with climate change. It is also important to reconcile the objectives linked to fighting climate change with the objective of decent work promotion⁴⁸. Green jobs in developing countries should be decent. Moreover, in terms of PCD, both climate change mitigation and climate change adaptation policies are highly relevant and need to be considered simultaneously.

Our response to climate change today will bear directly on the development prospects of the most of the rest of the world, especially LDCs and SIDs which have contributed least to causing climate change. However, the benefits of the climate change action are not limited to

⁴⁷ http://ec.europa.eu/clima/policies/roadmap/index_en.htm

⁴⁸ Including: productive and freely chosen work, rights at work, social protection, social dialogue and inclusion of the gender dimension.

the least developed countries. A recent IPCC report on Disaster Risk Reduction/Adaptation⁴⁹ (Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation - SREX) states that “developed areas are generally at greatest risk due to both higher sensitivity and lower adaptive capacity, but there is new evidence that vulnerability to climate change is also highly variable within countries, including developed countries.”

Steps have been taken in the last two years to improve PCD in the field of climate change. There has in particular been an increase in personnel to enable the Commission’s Directorate general for Climate Action to reinforce its dialogue with external service departments and the integration and coherence of climate policy during and after the Mid-term Review (MTR) exercise has been emphasised, particularly in relation to the dialogue on integration of climate policy into the external dimension.

The Cancun Conference

The Agreements adopted in 2010 at the Climate Conference in Cancun, represented an important step on the road to building a comprehensive and legally binding framework for climate action for the period after 2012. Such Agreements strengthen the international climate regime, including through new institutions and funds. Pledges on climate finance made in Copenhagen were confirmed. In Cancun, all countries - except for Bolivia - endorsed what was agreed in Copenhagen, but they also took new steps. Besides tightened rules on transparency, the Agreements confirmed a commitment to support climate adaptation in developing countries and develop a mechanism to reverse deforestation in the tropics (REDD+). The EU played a key role in the political stage of the negotiations.

2.1 STRENGTHENING THE COMPREHENSIVE APPROACH TO CLIMATE CHANGE

Fighting climate change requires a comprehensive approach, which combines a number of policies ranging from research, humanitarian assistance and development to economic and agriculture policies and must address interlinked environmental concerns, such as loss of biodiversity, degradation of ecosystems, desertification, as well as their social and human impact. Reflecting the importance attached to the issue of climate change impacts, vulnerability and adaptation, the European Commission is currently preparing the EU adaptation strategy, planned for adoption in March 2013.

EU Member States are aware of the need to address the issue in a comprehensive manner and many have already adopted - or are about to adopt - a comprehensive strategy on climate change or a similar document, to make evident the links between climate change and other environmental concerns such as loss of biodiversity, degradation of ecosystems, deforestation and consumption and production patterns. This is exemplified by the strong EU support, in the framework of UN negotiations on environmental issues, to the joint implementation of the Rio Conventions on climate change, biodiversity and desertification.

For Ireland, for instance, the priority focus is on agriculture climate change and food security.

⁴⁹ cf. Policymakers' Summary of the IPCC Report on DRR/Adaptation (Special Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adaptation – SREX)

Other countries, such as the Czech Republic, Denmark, Ireland and UK, were planning to adopt a Climate Change Strategy or Bill in the course of 2011 or soon after. Other countries, such as France or Lithuania, were preparing to review their existing Strategies in 2011 and 2012 respectively.

For more details, consult the table below. It is based on national responses to the PCD questionnaire:

Member State	Comprehensive strategy on climate change or similar key document
<p>Austria</p>	<ul style="list-style-type: none"> - Strategic Policy Guidelines (Strategischer Leitfaden Umwelt und Entwicklung) on development and environmental issues. These guidelines explicitly link different policy areas both within and outside environmental issues. - National Climate Strategy (2002, updated 2007) runs through 2012. - National Energy Strategy runs through 2020. - Currently preparing an Adaptation Strategy.
<p>Belgium</p>	<ul style="list-style-type: none"> - National Climate Plan for the period 2009-2012: detailed overview of existing measures of the federal and regional governments for each sectoral domain (energy, industry, transport etc.). In this strategy document, a specific chapter has been devoted to integration of the dimension of climate change in the development cooperation policy area. - The federal and regional environment administrations responsible for the overall climate strategy consult intensively with all relevant actors in different policy domains. In this way they ensure that the climate policy is in line with the interlinked environmental concerns and that, if possible, it enhances synergies in achieving the different objectives. - The Flemish Region has adopted a comprehensive Flemish Climate Policy Plan for the period 2006-2012. - The National Adaptation Strategy (2010). This document is the first step towards regional and national adaptation plans. In the strategy some main strategic lines for adaptation for Belgium are pointed out. The strategy mentions policy coherence for development as an important element of a future National Adaptation Plan.
<p>Czech Republic</p>	<ul style="list-style-type: none"> - The National Programme to Abate the Climate Change Impacts in the Czech Republic (2004). - Preparing new Climate Protection Policy in the Czech Republic for better coherence between climate policy and sectoral policies (energy) (in 2011)
<p>Denmark</p>	<ul style="list-style-type: none"> - Preparing a strategy integrating measures to counter negative effects of

	climate change with environmental concerns and development towards low-carbon energy solutions (in 2011).
Finland	<ul style="list-style-type: none"> - Long-term Climate and Energy Strategy (2008) details proposals on climate and energy policy measures up to 2020 and suggestions up to 2050 - National Strategy for Adaptation to Climate Change (2005) as an independent section of the National Energy and Climate Strategy - Report on the first evaluation of the implementation of the adaptation strategy published in 2009 (revision scheduled for 2001-2013) - National Strategy for the Conservation and Sustainable Use of Biodiversity 2006-2016 - Action Plan for the conservation of biodiversity - The Environmental policy guidelines for development cooperation (2009) ensure that Finnish development policy is based on the principle of sustainable development. - Finland seeks to climate-proof all new development cooperation (at the very minimum, negative impacts and risks caused by climate change need to be assessed when planning a programme or a project).
France	<ul style="list-style-type: none"> - Plan Climat updated every two years, last updated in 2009, next update planned for 2011.⁵⁰ - Grenelle de l'environnement (2007).⁵¹ (Further reinforced coherence with other sectors and policy areas including development.) - Also a cross-cutting policy document "Lutte contre le changement climatique" (DPT climat) aims to further promote a low-carbon economy.
Germany	<ul style="list-style-type: none"> - Focus on the linkage between climate and energy policy - Energy Concept (2010) - Integrated Energy and Climate Programme (2007) - Climate change is a priority in the latest progress report on the National Strategy for Sustainable Development (2008). - Strategy on biological diversity of German Development Policy clearly takes into account the reciprocal link between biodiversity and

⁵⁰ <http://www.developpement-durable.gouv.fr/Plan-climat-de-la-France.html>

⁵¹ <http://www.legrenelle-environnement.fr/>

	climate.
Greece	<ul style="list-style-type: none"> - National Climate Change Programme for 2000-2010 adopted in 2002 and revised in 2007 - National Committee (Committee 20-20-20) set up to steer implementation of the commitments undertaken under the EU 2007 “Energy and Climate Package” - Climate change considerations were taken into account in sectoral strategies (e.g. National Strategy for the Protection of Biodiversity of March 2011).
Hungary	- Hungarian National Strategy for Climate Change 2008-2025
Ireland	<ul style="list-style-type: none"> - National Climate Change Strategy for 2007-2012 (2007) - A review of Ireland’s climate-related policies and measures, in the light of existing and anticipated national GHG mitigation targets for the period up to 2020, has been recently initiated. - Ireland is also committed to the development of low-carbon and climate-resilient technologies as evidenced by significant investment in research. - Work is currently ongoing on the Irish Government’s commitment to publish a Climate Change Bill in line with the negotiated EU 2020 targets.
Italy	<p>No comprehensive strategy, but:</p> <ul style="list-style-type: none"> - National Climate Strategy. - National Biodiversity Strategy. <p>(Both having reinforced synergy between biodiversity protection and fight against climate change.)</p>
Latvia	- Environmental Policy Strategy 2009-2015.
Lithuania	<ul style="list-style-type: none"> - National Strategy for the Implementation of the United Nations Framework Convention on Climate Change until 2012 (2008). - New Strategy in preparation, planned for early 2013.
Luxembourg	- Comprehensive strategy on environment and climate change in development cooperation (2010). ⁵²

⁵²<http://www.mae.lu/fr/content/download/26016/182029/version/1/file/Strat%C3%A9gie+environnement+et+changement+climatique.pdf>

<p>Malta</p>	<ul style="list-style-type: none"> - National Strategy for Policy and Abatement Measures relating to the Reduction of Greenhouse Gas Emissions (September 2009). - Consultation report regarding its National Climate Change Adaptation Strategy (November 2010). - Finalising the Adaptation Strategy.
<p>Portugal</p>	<ul style="list-style-type: none"> - Comprehensive strategy on climate change, integrating interlinked environmental concerns. - National Adaptation Strategy with additional focus on policy coherence relating to areas such as biodiversity and desertification (2010). - 2010 – Government revised cooperation strategy – stronger focus on environmental issues, in particular related to climate change challenge. - Portugal has created a national working group, including both climate and development cooperation communities and with close cooperation with the finance community, and outlined priority guidelines for the analysis and approval of candidate projects to support mitigation and adaptation action. These guidelines identify the need to consider different sectors of national economic activity with particular emphasis on energy - renewable and energy efficiency - land use, land use change, deforestation and forest degradation. Portugal also seeks to find a balance between mitigation and adaptation projects.
<p>Spain</p>	<p>Key documents:</p> <ul style="list-style-type: none"> - Estrategia Española de Sostenibilidad Ambiental.⁵³ - Estrategia Española de Cambio Climático y Energía Limpia.⁵⁴ - Plan Nacional de Asignación de Derechos de Emisión.⁵⁵ - Plan Nacional de Adaptación al cambio climático.⁵⁶ - Ley de Economía Sostenible.⁵⁷
<p>Sweden</p>	<ul style="list-style-type: none"> - An integrated climate and energy policy (Bill 2008/09:162) sets out the Swedish climate policy and integrates some interlinked environmental issues e.g. it specifies a policy for Green investment in

⁵³ www.mma.es/secciones/el_ministerio/pdf/EEDSnov07_editdic.pdf

⁵⁴ http://www.mma.es/portal/secciones/cambio_climatico/documentacion_cc/estrategia_cc/

⁵⁵ http://www.mma.es/portal/secciones/cambio_climatico/areas_tematicas/comercio_emisiones/com_emis_espania/asig_der_emi.htm

⁵⁶ http://www.mma.es/portal/secciones/cambio_climatico/areas_tematicas/impactos_cc/pnacc.htm

⁵⁷ <http://www.boe.es/boe/dias/2011/03/05/pdfs/BOE-A-2011-4117.pdf>

	<p>developing countries.</p> <ul style="list-style-type: none"> - It also sets out how climate policies will be integrated into development cooperation. - The Swedish Government recently adopted a policy for environmental and climate issues in Swedish development cooperation. The policy establishes fundamental principles and sets out the Government's general position regarding environmental and climate issues within bilateral and multilateral development cooperation. - The policy is based on Sweden's policy for global development and its overarching objective to contribute to fair and sustainable global development. It furthermore establishes that environmental and climate aspects are a central basis for all development cooperation.
The Netherlands	<ul style="list-style-type: none"> - No comprehensive strategy on climate change. - The Report on International Sustainability however covers most of the key areas.
UK	<ul style="list-style-type: none"> - The UK government reported being in the process of finalising a new climate change strategy.

Although progress has been made in most Member States in the comprehensive approach to climate change, the implementation of policies in practice still seems to be relatively fragmented with a variety of objectives and priorities. Moreover, among Member States, the priorities linked to climate change also vary, some focussing on energy issues, some on agriculture and the effects of climate change on food security and biodiversity. Most of the Member States however agree on the role to be played by developing countries in addressing the global challenge and also on the importance of climate financing to help them in this effort.

Role of biodiversity and ecosystem services in climate change adaptation

The Communication on a **post-2010 biodiversity policy framework for the EU**⁵⁸ adopted in January 2010 stresses the role that terrestrial and marine ecosystems play in the fight against climate change by absorbing around half of anthropogenic CO₂ emissions and by providing cost-effective protection against some of the threats that result from climate change such as storms and flooding. Acknowledging that most of the world's biodiversity is found outside the EU it calls for EU action to be stepped up to address the global biodiversity crisis. This may entail measures aimed at further reducing the impact of EU consumption patterns on biodiversity elsewhere in the world and enhancing efforts to protect biodiversity in other countries.⁵⁹ The EU Biodiversity Strategy to 2020 also highlights that ecosystem-based

⁵⁸ Options for an EU vision and target for biodiversity beyond 2010 - COM (2010) 4. 19.1.2010.

⁵⁹ For more detail on the importance of biodiversity for food security see section on Food Security of this Report.

approaches to climate change mitigation and adaptation can offer cost-effective alternatives to technological solutions, while delivering multiple benefits beyond biodiversity conservation. The Strategy also includes concrete actions under Target 6 for stepping up the EU contribution to avoiding global biodiversity loss, and highlights the potential co-benefits from climate financing.

Forest Law Enforcement, Governance and Trade (FLEGT)

Through the FLEGT initiative, the EU contributes to reducing emissions from tropical deforestation and forest degradation which represent around 20% of the total global GHG emissions. This was recognised as a key priority in the Copenhagen Accord. FLEGT combats illegal logging and promotes sustainable forest management by improving the governance of the forestry sector through the negotiation of FLEGT Voluntary Partnership Agreements (VPAs). The European Commission has already concluded the negotiation of FLEGT VPAs with Ghana⁶⁰, Congo⁶¹ and Cameroun.⁶² In 2010, the EU continued negotiations with Central African Republic, Gabon, Indonesia, Liberia, and Malaysia. Work on FLEGT is planned with Democratic Republic of Congo, Equatorial Guinea, Guyana, Ivory Coast, and Sierra Leone. By improving governance of resources and combating illegal logging, FLEGT contributes both to climate policy and to development cooperation objectives and is an example of positive synergy between policies.

To complement FLEGT and to minimise the risk of illegal timber being placed on the EU market, in October 2008 the European Commission proposed legislation on **Obligations of Operators who place Timber and Timber Products on the Market**.⁶³ In ongoing discussions, both the European Parliament and Council have accepted the basic principle put forward by the European Commission, whereby operators placing timber and timber products on the EU market for the first time (including importers and domestic producers) should exercise “due diligence” to minimise the risk of illegal timber entering the supply chain. In principle, timber products supplied to the EU under FLEGT VPAs will be considered to meet the requirements of the legislation, thus providing favourable market conditions for countries with FLEGT VPAs.

Member States’ contribution: The UK and Belgium (FLEGT)

The UK remains in the vanguard of this effort supporting appropriate measures and FLEGT VPAs in a range of forest developing nations. DFID has contributed £25.5 m to FLEGT 2006-2011.

In 2009, through the Belgian-Congolese expertise fund, Belgian cooperation made an expert available to the Congolese Ministry of the Environment to help the Congolese government to prepare for FLEGT negotiations with the European Commission and to enhance capacity building for sustainable forest management. The preparation process involved all stakeholders to inform them about the functioning and consequences of the FLEGT action plan. In October 2010 EU-CONGO DR FLEGT negotiations were officially launched.

⁶⁰ [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:22010A0319\(01\):EN:NOT](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:22010A0319(01):EN:NOT)

⁶¹ [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:22011A0406\(03\):EN:NOT](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:22011A0406(03):EN:NOT)

⁶² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:092:0004:0125:EN:PDF>

⁶³ COM(2008) 644 - 2008/0198/COD.

Impact of EU production, consumption and trade in both food and non-food commodities on deforestation and forest degradation

Another important initiative in this area is the comprehensive **study** that the European Commission has launched to assess the impact **of EU production, consumption and trade in both food and non-food commodities on deforestation and forest degradation**. The objective of this study is to identify the policy reforms needed at EU and national level.

2.2 RESEARCH ON CLIMATE CHANGE AND DEVELOPMENT

The 7th EU Framework Programme for research and technological development (2007-2013), provides a framework for international collaborative research. It covers, among many others, the area of climate change. The programme facilitates collaboration with researchers from developing countries, who participate directly in a range of EU projects starting from understanding the phenomenon and its impacts up to the development of response options and new technologies and innovation.

The Annual Work Programme for research and technological development pays due attention to the problems of developing countries in the field of climate change. For example, the 2010 Work Programme for the Environment Theme (including climate change) includes topics with a focus on developing countries such as climate policy scenarios for developing countries and the development of a methodological framework for assessing the overall risks and benefits of alternative GHG emission reduction policies for health and well-being in urban areas. A total of 93 collaborative research projects addressing challenges in conjunction with climate change and biodiversity with 337 participants from international cooperation partner countries from all regions of the world have started in the period from 2009 to 2011. The total investment into these projects is €460 million. The research teams in the project consortia and the new knowledge they produce could be even more useful if connected to development projects in their respective countries and regions.

In the context of the EU-LAC Joint Initiative for Research and Innovation endorsed by the 2010 Madrid Summit, the Summit Action Plan mandates efforts to integrate national, regional and bi-regional instruments to increase the impact of activities. To this effect, senior officials working groups have been established, among others, one on Biodiversity and Climate Change and another one on the Bio-economy including Food Security. The working groups are co-chaired by a senior official respectively from Latin America and the Caribbean and from the European Union. The working groups have narrowed down the scope and are working on operational plans with clear objectives, activities and indicators of achievements. They will report to the next senior officials meeting in Concepción, Chile, 20-21 March 2012, in view of preparing inputs to the next EU-LAC Summit."

A number of other topics dealing with climate change issues have been included in the **call for Africa**, which was targeted as a priority region in 2010. The specific topics addressed within the 2010 call deal with the effects of environmental change on the occurrence and distribution of water-related, vector-borne diseases in Africa, with early warning and forecasting systems to predict climate-related drought vulnerability and risks as well as with water management in Africa. In a similar context, the focus in 2011 was on Latin and Central America.

Monitoring climate change is a priority of the **Global Monitoring for Environment and Security programme (GMES)**, with Earth Observation providing unique tools to assess change and account for adaptation in early planning (budget FP7-Space). Adaptation planning in Africa is indeed difficult as in-situ monitoring networks do not exist for many variables. The initiative **GMES and Africa** is being pursued under the eighth partnership of the Joint Africa-EU strategy and duly accounts for initiatives on climate change and adaptation.

The responses to the questionnaire indicate that many Member States have not yet set up any new structures to promote PCD. Instead, existing inter-institutional and inter-departmental processes or committees have been used to address PCD issues. Rarely have new processes and/or coordination structures been set up for promoting PCD. Even if using existing internal coordination processes and bodies seems to be the most useful and quick way to advance, there is a risk of missing the main target. In some cases, particularly when development has not been given sufficient weight, there is need to ensure that the result is not only that of ensuring the coherence of development cooperation with other policies or even coherence within development cooperation policy itself, but also taking into account development objectives in the implementation of non-aid policies.

In an effort to improve synergies between research programmes at the level of Member States, the European Commission is pressing ahead with the development of Joint Programming Initiatives, e.g. on “Agriculture, Food Security and Climate Change” and “Connecting climate knowledge for Europe.”⁶⁴

2.3 SEEKING SYNERGIES BETWEEN CLIMATE, ENERGY, AND DEVELOPMENT POLICIES

As stated in the PCD Work Programme, the main challenge of climate change policy, also from a PCD perspective, is the further reduction of **GHG emissions**. At EU level the adoption of the EU Climate and Energy Package in April 2009 was a landmark, highlighting the interactions between energy and climate issues. With this package the EU has not only committed itself to a unilateral 20% GHG reduction by 2020, but has also set out a strategy for achieving this objective, including the necessary changes in consumption and production patterns.

The 2009 Climate and Energy Package is also important for developing countries because it opens new possibilities for sustainably produced biofuels. As part of the package, the **Renewable Energy Directive**⁶⁵ aims at ensuring the EU’s energy supply and at reducing GHG emissions. It sets binding targets of a 20% overall share of renewable energy in 2020, and a 10% share of renewable energy in transport. Moreover, the 2009 revision of the Fuel Quality Directive requires a 6% reduction in the greenhouse gas intensity of transport fuels by 2020.⁶⁶

⁶⁴ COMMISSION RECOMMENDATION of 21 October 2011 on the research joint programming initiative ‘Connecting Climate Knowledge for Europe’ (2011/C 310/01)

⁶⁵ Directive 2009/28/EC

⁶⁶ For a more detailed exploration of the positive and negative impacts of biofuels on developing countries as well as a discussion of policy options see the Commission Staff Working Paper ‘The EU – a global partner for development. Speeding up progress towards the Millennium Development Goals. Policy Coherence for Development Climate Change/Energy/Biofuels, Migration and Research’ (SEC(2008) 434).

To avoid negative side effects of increased production of biofuels, the Renewable Energy Directive requires all EU Member States to apply a common sustainability scheme. For the first time this scheme obliges economic operators to ensure that all biofuels counted towards EU targets - whether of EU origin or imported - have been produced in compliance with the EU sustainability criteria. In June 2010 the European Commission adopted guidance for the EU sustainability criteria, to encourage industry, governments and NGOs to set up certification schemes for all types of biofuels, including those imported into the EU. Such “voluntary schemes” may also cover other sustainability issues that are not covered by the EU sustainability criteria. Voluntary schemes may have an impact in commodity markets broader than biofuels, potentially enhancing sustainable production of agricultural raw materials as a side effect.⁶⁷

A second important step is the establishment of a system for monitoring the impacts of EU biofuels policy in the EU and third countries. To this end, the European Commission launched a study Biofuels Baseline 2008 in view of establishing baseline data and methodology for Commission’s bi-annual reports to the European Parliament and the Council from 2012. Results of this study will soon be available on Directorate-General for Energy’s website. This study together with data from Member State renewable energy progress reports and other data sources will be important inputs in the Commission’s bi-annual renewable energy progress reports.

On the specific issue of indirect land-use change (as a result of displacement) the European Commission issued a report in 2010 assessing the impact and identifying ways to address and minimise possible negative effects.⁶⁸ The report acknowledges that indirect land-use change can have an impact on GHG emissions savings associated with biofuels, but also that a number of deficiencies and uncertainties associated with the modelling, which is required to estimate the impacts, remain to be addressed. The European Commission has been considering the issue of greenhouse gases associated with indirect land use change. An IA has been prepared Impact Assessment and the Commission is currently considering whether to propose legislation to amend the Renewable Energy Directive and the Fuel Quality Directive.

Member States’ contribution: Germany adopted, in October 2010, the Energy Concept 2050. The Concept sets out a long-term development path for ambitious climate protection targets, energy efficiency and renewables. The goal is to reduce GHG emissions by 40% by 2020, 55% by 2030, 70% by 2040 and 80-95% by 2050 (compared with 1990 levels). By 2020, the share of renewables in final energy consumption is to reach 18%, and then gradually increase further to 30% by 2030 and 60% by 2050. Germany is striving for an 80% share of renewables in electricity production by 2050. The aim is to reduce primary energy consumption by 20% by 2020 and 50% by 2050 compared with 2008.

The annual building renovation rate will be doubled from 1% to 2%. It is planned to cut energy consumption in the transport sector by around 10% by 2020 and around 40% by 2050.

⁶⁷ Further information can be found at: http://ec.europa.eu/energy/renewables/biofuels/sustainability_criteria_en.htm

⁶⁸ http://ec.europa.eu/energy/renewables/studies/land_use_change_en.htm

Furthermore, Germany more than doubled its climate-related ODA between 2005 and 2009 from €470 million to €1 billion. Germany is also contributing €1.26 billion to the EU commitment of fast-start climate financing for the period 2010–2012.

2.4 FACILITATING ACCESS OF DEVELOPING COUNTRIES TO LOW-CARBON AND CLIMATE-RESILIENT TECHNOLOGIES

In the framework of the post-Copenhagen negotiations and as part of their bilateral cooperation activities the EU and the Member States continue to promote improved access to green technology for developing countries. The EU is already active in that regard through its trade and research policy and development cooperation.

The current round of world trade talks under the WTO, the DDA, includes negotiations on trade liberalisation for environmental goods and services, with a view to reducing and eliminating tariffs and non-tariff barriers on goods and services that can deliver environmental benefits. The reduction of tariffs on low-carbon technologies will promote the growth of markets inside and outside Europe and increase the take-up of low-carbon technology, making it easier for developing countries to embark on low-carbon development plans.

Through FP7-financed research on climate change issues and low-carbon technologies the EU contributes to the broadening of the science and technology knowledge base needed for a greener economy. The FP7 Specific Energy Research Programme may include activities which promote science and technology cooperation with developing countries and research to support capacity building in developing countries.

Today the FP7 energy theme is used to support the development of the EU Strategic Energy Technology Plan (SET-Plan).⁶⁹ The SET-Plan is the technology pillar of the EU's energy and climate change policy which aims at a 20% reduction in greenhouse gases by 2020. In the context of the SET-Plan, cooperation with developing and emerging countries will duly be taken into consideration where relevant.

Development cooperation in many areas contributes to technology transfer. The **Global Energy Efficiency and Renewable Energy Fund (GEEREF)**, which is managed by the European Investment Fund (EIF), facilitates participation in small-scale private ventures that introduce new technology in the area of renewable energy.

Member States' contribution: Belgium acceded to the International Renewable Energy Agency (IRENA) in January 2010. The Belgian membership is currently being prepared in cooperation with the other regional governments and the federal government. Among the core activities of IRENA is the transfer of renewable energy technology to developing countries.

One of the key projects in the Flanders in Action policy plan up to 2020 is the “international valorisation of Flemish knowhow and technology in the field of environment and energy”. One of the means to realise this is through support for public-private partnerships, such as the Flanders International Technical Agency. For instance, this government-supported agency

⁶⁹ COM(2009) 519

contributed financially to one project in 2010 for the installation of wind energy turbines in Sihanoukville (Cambodia).

2.5 SUPPORT FOR DEVELOPING COUNTRIES TAKING CLIMATE CHANGE MEASURES INCLUDING THROUGH THEIR PARTICIPATION IN THE INTERNATIONAL CARBON MARKET

Climate change will have a significant impact on developing countries. The fight against climate change, including disaster risk reduction strategies, should therefore be an integral part of development strategies. However, climate financing should not undermine or jeopardise the eradication of poverty and continued progress towards the MDGs. Support for climate mitigation and adaptation in developing countries will therefore require additional finance to be mobilised from a wide range of sources.

At this stage, the main way for developing countries to participate in the international carbon market is via the Clean Development Mechanism (CDM). The CDM is an innovative instrument of the Kyoto Protocol. It aims to help industrialised countries and companies meet their emission targets by investing in projects that reduce emissions in developing countries. Over the past few years, it has resulted in a sizeable new flow of resources to developing countries of around €5 billion per year. However, the geographical balance needs to be improved as well as the governance and environmental integrity of the CDM. At present, the geographical distribution is highly skewed towards China and other emerging countries. LDCs, particularly in sub-Saharan Africa, have so far attracted very few CDM investments.

To promote their participation in the CDM, the EU supports CDM capacity building within the 9th EDF intra-ACP programme for the Multilateral Environmental Agreements.

The gradual introduction of a sectoral mechanism to overcome the limitations of the current project mechanism would also be welcome.

2.6 CLIMATE FINANCE

Spending on climate-related actions within the current Multiannual Financial Framework (MFF) has been approximated to amount annually to around 5% of the EU budget. This represents approx. €7 billion a year in the period 2007-2013. The most substantial sources come from cohesion policy (€4.1 billion per year), the 7th Research Framework Programme (€0.9 billion per year), CAP (€1.5 billion per year).

In addition, some €1 billion per year is spent on external environment and climate actions as a result of a mix of mainstreaming in the Instrument for Pre-Accession Assistance (IPA), the European Neighbourhood Programming Instrument (ENPI), the geographical programme in the Development Cooperation Instrument (DCI) and 10th European Development Fond (EDF), as well as from the thematic programme for Environment and Sustainable Management of Natural Resources including Energy (ENRTP).

The Lisbon Treaty made combating climate change on an international level a specific EU objective. In the “Budget for Europe 2020”⁷⁰ Communication from June 2011, making

⁷⁰ COM(2011) 500 final PART II Communication A Budget for Europe 2020

proposals for the next MFF⁷¹, the Commission translated this commitment by making a proposal to mainstream and scale up climate policy in the geographical external action instruments with the aim of significantly scaling up climate-related funding under the external action heading. Regarding the thematic instruments of the DCI, the EU should aim to spend no less than 25 % of the programme for "Global Public Goods" on climate change and environmental objectives. The EU budget will contribute to the international climate finance funding foreseen for developing countries by 2020 (\$100 billion yearly) in the United Nations Framework Convention on Climate Change (UNFCCC) negotiations. In addition to the mainstreaming of climate action into the external action budget, the Commission is considering the creation of a mechanism/fund outside the budget to pool together contributions from the Member States and the EU budget.

As regards financing for climate-change-related initiatives, in the Cancun Agreements, developed countries committed themselves in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilising jointly \$100 billion a year by 2020 to address the needs of developing countries. This funding may come from a variety of sources: public and private, bilateral and multilateral, including alternative sources of finance. In the short term, a collective commitment was made to provide new and additional resources approaching \$30 billion for the period 2010-2012.

In this context, the EU undertook to contribute up to €7.2 billion over the period 2010-2012. In 2010 and 2011, the EU has mobilised "fast start" funding of more than €4.6 billion to support developing countries' efforts to adapt to and mitigate climate change. Fast start funding complements the significant climate support that the EU, as the world's largest aid donor, already provides to developing countries through its regular cooperation programmes. In 2008, for example, the EU delivered \$5.1 billion for climate mitigation in developing countries through ODA, which corresponds to 60% of global ODA provided for this purpose.⁷²

The EU fast start financing covers adaptation of developing countries to the adverse impacts of climate change, such as mitigation, forestry (REDD+) and capacity building and technology cooperation as cross-cutting issues.

The EU will build on existing initiatives and channels, ensuring that funding remain as close as possible to beneficiaries' needs and linked to country development programmes. For adaptation, the priority focus will be on the most vulnerable countries such as LDCs, SIDS and African countries.

From 2013 onwards, the revised European Emissions Trading System (ETS)⁷³ will generate revenues through the auctioning of emission allowances, estimated at nearly €26 billion per year by 2020. Each Member State will decide on the use of its revenues, however, Member States should allocate at least 50% of the auctioning revenues to climate-change-related activities, including in developing countries.⁷⁴

⁷¹ For the period 2014-2020

⁷² For more information on the climate financing and fast start financing please refer to the EU Annual Accountability Report at: <http://ec.europa.eu/europeaid/how/accountability/eu-annual-accountability-reports>

⁷³ Directive 2003/87/EC as amended by Directive 2009/29/EC of 23 April 2009.

⁷⁴ Council Conclusions on energy and climate change, no 17215, 12.12.2008.

Innovative sources of financing can also play a role in increasing financial flows to help developing countries implement ambitious adaptation and mitigation strategies while ensuring predictable development cooperation flows. The EU continually supports efforts made at international level in order to establish market-based measures with a view to curbing GHG emissions e.g. from international shipping and aviation. These have the potential to raise revenue for further action for global challenges posed by climate change.

The European Commission established Climate Change Windows in its regional Investment Facilities, in which grant funding is used to leverage investment funding from the private sector, via the International Financial Institutions for sustainable, low-carbon development.

The Netherlands in their contribution state that the main driver for further cooperation on PCD in climate change is the extra development costs faced by developing countries that will need to adapt to the consequences of climate change. Climate change is undermining the progress towards reaching the MDGs. Coordination and synergy of both ODA and non-ODA activities in developing countries are needed to achieve EU objectives in the field of climate change and to contribute to development.

In 2010, the Netherlands financed a comprehensive study of the World Bank on adaptation costs to estimate the future finance needs.

Good practice

In the Netherlands, the Government, together with the World Bank, launched an internet tool to facilitate communication on climate change activities worldwide and to provide more transparency on the various financial sources of climate finance.

Spain has also made a big effort during the last years both in increasing its ODA for climate change initiatives and in integrating climate change into the development policies and projects. The Master Plan for the Spanish Cooperation (2009-2012) considers that climate change is both a sectoral priority and a cross-cutting issue within the priority “environmental sustainability”. The aim is to ensure the integration of climate change into all development initiatives and to guarantee that the support provided in relation to climate change does not jeopardise the fight against poverty. In this context, the coordination between Spanish Ministries and the Spanish Agency for International Development Cooperation has been strengthened. Moreover, policy coherence is promoted by several institutions: the Commission for Climate Change Policy Coordination (CCPCC), the National Climate Council (NCC), the Delegate Government Commission for Climate Change (CDGCC), the Inter-ministerial Group for Climate Change (GICC) and Social Dialogue negotiation Tables. The Delegate Commission for Climate Change is a high-level body, in which all the Ministries conduct a dialogue and share ideas about climate change. Furthermore, climate change has been considered a priority to be taken into account in the new Fund for the Promotion of Development Cooperation (FONPRODE).

3. FOOD SECURITY

Quick Facts and introduction

- In 2010, over 1 billion people were considered to be food insecure. Food security affects human development, social and political stability, and progress towards achieving the Millennium Development Goals (MDGs).⁷⁵
- The number of hungry people was higher in 2010 than before the food and economic crises of 2008–09.⁷⁶
- **More than 5 500 contributions** from the general public and stakeholder organisations were received by the Commission during the public consultation on the post-2013 CAP reform.
- The fisheries and aquaculture sector is crucial to food security, poverty alleviation and general well-being. In 2008, the world consumed an estimated 115 million tonnes of fish, and demand is expected to rise.⁷⁷
- Fish and fishery products are a vital and affordable source of food and high-quality protein – in 2008 **fish as food reached an all-time high of nearly 17 kg per person**, supplying over 3 billion people with at least 15 percent of their average animal protein intake.⁷⁸
- The proportion of undernourished population in Sub-Saharan Africa decreased from 32% (1990-1992) to 29% in 2008. The comparable figures for Southern Asia, the region with the second highest undernourishment rates, were 24% and 21% respectively.⁷⁹
- World population is estimated to reach 9 billion by 2050 and as diets change and incomes increase, demand for food is likely to grow by 70%.⁸⁰
- The EU is the world's biggest importer of agricultural products from developing countries. In 2008-2010, on average, it imported agricultural goods worth over €59 billion.⁸¹

The PCD Work programme 2010-2013 has identified as the main priorities for these years in the field of food security the reform of the Common agricultural policy (CAP) after 2013 and the reform of the Common Fisheries Policy (CFP), both major reforms proposed in 2011.

Main commitments and published Commission proposals:

- Council conclusions on the issue of food security 2009-2011⁸²
- Communication “An EU policy framework to assist developing countries in addressing food security challenges”⁸³

⁷⁵ An EU policy framework to assist developing countries in addressing food security challenges, COM(2010)127

⁷⁶ Source FAO: <http://www.worldhunger.org/articles/Learn/world%20hunger%20facts%202002.htm>

⁷⁷ Food and Agriculture Organisation: The State of the World Fisheries and Aquaculture, 2010 <http://www.fao.org/docrep/013/i1820e/i1820e.pdf> (indicative figure - as this type of statistics has been shown to under-represent artisanal fisheries, illegal fishing; conversely, some countries are known to over-report real production)

⁷⁸ Ibid

⁷⁹ UN statistics on progress toward the MDGs at: www.devinfo.info/mdginfo2009

⁸⁰ FAO: How to Feed the World in 2050 http://www.fao.org/fileadmin/templates/wsfs/docs/expert_paper/How_to_Feed_the_World_in_2050.pdf

⁸¹ Commodity Trade Statistics Database (COMTRADE)

⁸² <http://register.consilium.europa.eu/pdf/en/09/st12/st12481.en09.pdf>

- Communication from the Commission on the CAP towards 2020 ⁸⁴
- Communication on the External Dimension of the CFP⁸⁵
- Legislative proposals CAP after 2013⁸⁶

Communication “An EU policy framework to assist developing countries in addressing food security challenges” and Council Conclusions from May 2010

In 2010, the Commission has adopted a Communication "An EU policy framework to assist developing countries in addressing food security challenges", followed by Council Conclusions in May 2010.⁸⁷

This Communication established a comprehensive approach to food security matters in the EU.⁸⁸ It focused on the necessity of increasing the availability of food, improving access to food and improving the nutritional adequacy of food intake (especially for women and children). It also underlined the importance of improving crisis prevention and management.

Furthermore, it established three sets of conditions for maximising the effectiveness of food security investment. These are: support of national and regional agricultural and food security policies and strategies, including issues such as land, water and biofuels, as well as climate change adaptation.

A fundamental challenge the world faces today is to ensure that 1 billion people living in poverty and hunger have access to enough food to maintain a healthy life. Substantial efforts to sustain an agricultural policy which optimises food production and augments farmers' incomes are necessary in many developing countries. However, one cannot focus on food security alone. The measures to ensure food security taken at national or regional level in developing countries and supported by the EU and its Member States need to be an integral part of overall poverty reduction strategies.

Finally, the Communication sets out priorities for EU action on food security, which should act as priority benchmarks / indicators for PCD actions on food security. Indeed, when

⁸³The Communication *An EU policy framework to assist developing countries in addressing food security challenges* - COM(2010)127 was followed by Council Conclusions on food security in May 2010

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/forumsff/114357.pdf

⁸⁴ COM(2010) 762

⁸⁵ COM(2011) 424

⁸⁶ http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm

⁸⁷ COM(2010)127, 31.3.2010

http://ec.europa.eu/development/icenter/repository/COMM_PDF_COM_2010_0127_EN.PDF and consecutive Council Conclusions http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/forumsff/114357.pdf

⁸⁸ Aspects related to humanitarian assistance are addressed in the communication 'Humanitarian Food Assistance' - COM(2010) 126, from 31st March 2010.

addressing food security issues under PCD, the EU should prioritise four broad and related dimensions: smallholder agricultural development, governance, regional integration and assistance mechanisms for vulnerable populations.

It also lists current and future key issues in the food security agenda: “[These are] nutrition, price volatility, social protection and safety nets, biofuels, food safety, research and innovation, large-scale land acquisition and the “right to food” concept. Future food security challenges include population growth, pressures on natural resources and ecosystem services, and adverse impacts of climate change on agriculture, affecting growing conditions and making adaptation measures necessary.”

The Communication has further reiterated the EU commitment to PCD on issues of food security and highlighted the reform of the CAP and the reform of the CFP as two key processes to this end.

The EU continues its close collaboration with the UN Secretary General on food security issues and will strengthen its dialogue with the Rome-based agencies, supporting closer coordination between them and, where necessary, the refocusing of their mandates and activities on their comparative advantages; FAO mainly on knowledge and policy advice, IFAD on long-term sustainable investment and WFP on situations of emergency and fragility.

The Commission work programme on food security identifies, as priorities under food security, trade issues, agricultural policy especially in the context of the reform of the CAP after 2013 (legislative proposals presented in 2011) and the fisheries policy with the reform of the CFP.

The great majority of food security issues dealt with under PCD however do not seem to concern food availability, but rather access to food - and the capacity of small farmers in developing countries to maintain an income allowing them both to have access to food and to maintain or develop their production capacity.

Development cooperation and food crisis:

In December 2009, Sweden contributed SEK 100 million to the International Fund for Agricultural Development (IFAD) to help mitigate the impact of the food crisis and the financial crisis on the poorest countries of the world. This contribution, which is in addition to Sweden’s regular replenishment of the fund, has mainly been used to support small-scale farming in developing countries.

In 2010, Sweden contributed SEK 60 million to food security through a contribution to the Alliance for a Green Revolution in Africa (AGRA) the aims of which include increasing smallholder farmers’ productivity and improve women farmers’ situation. This was part of the SEK 100 million for support to increase food security. In 2011, a third substantial contribution to improve global food security has been made.

3.1 AGRICULTURAL POLICY

Introduction to Common Agricultural Policy (CAP) after 2013 – why this reform

In spite of the series of reforms that the Common Agricultural Policy (CAP) has undergone since the MacSharry reform of 1992, the CAP has to continue adapting to a changing economic, environmental and policy environment, particularly in the face of recent challenges linked to food security, climate change and territorial and social cohesion. In addition, further reform of the CAP is justified in order to promote greater market competitiveness, efficient use of taxpayer resources and effective public policy returns. The Communication from the Commission on *the CAP towards 2020*⁸⁹ (hereinafter referred to as the Communication) specified a number of challenges that necessitate further reform of the CAP, including rising concerns regarding both EU and global food security. By responding to the aforementioned challenges, the CAP will also contribute to the *EU 2020 Strategy* in terms of *smart, sustainable and inclusive growth*.

Moreover, the future CAP will operate in the aftermath of an economic crisis that has seriously affected agriculture and rural areas by linking them directly to wider macroeconomic developments affecting its cost of production. After a decade or so of income stagnation, agricultural income dropped substantially in 2009 adding to an already fragile situation of an income significantly lower than that in the rest of the economy.

A. How CAP after 2013 could contribute to global food security (the issue of maintaining a productive and sustainable, multifunctional model which is increasingly decoupled)

Food security is one of the major challenges of the future given the prospect of increasing global demand set against considerable uncertainty of supply linked to unpredictable economic, climate, animal health, etc. developments. The EU policy should lead to a sustainable agricultural sector participating in the efforts to assure food security, and as such, it is essential that EU agriculture improves its potential production capacity while respecting EU commitments in international trade and Policy Coherence for Development. A strong agricultural sector is vital for the highly competitive EU food industry to remain an important supplier of high-quality and safe agricultural and food products on a growing world market.

In order to address these challenges, the future CAP should contain a greener and more equitably distributed first pillar and a second pillar focusing more on competitiveness and innovation, climate change and the environment. This would allow EU agriculture to release its latent productivity potential, notably in the new Member States, and contribute to the Europe 2020 objectives. Targeting support exclusively at active farmers and remunerating the collective services they provide to society would increase the effectiveness and efficiency of support and further legitimise the CAP. Ensuring controllability of measures proposed together with continued work on simplification of the policy are other essential elements in achieving these aims. The proposed changes reflect the orientation of the Budget Review Communication⁹⁰, implying limited budgetary resources as well as taking into account the severe impact of the economic crisis on agriculture.

The Commission published its Legal Proposal for the Common Agricultural Policy (CAP) after 2013 on 12 October 2011⁹¹.

⁸⁹ The CAP towards 2020: Meeting the food, natural resources and territorial challenges of the future – COM(2010) 672 final.

⁹⁰ The EU Budget Review - COM(2010) 700

⁹¹ http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm

B. How has the process been inclusive (July 2010 Conference and Communication and on-line consultation) and role of civil society in the consultation process (inter-service discussions/IASG)

In preparation for the Communication, the Commission organised an extensive public debate, yielding around 5 600 written contributions, between April and June 2010, that concluded with a conference in July 2010. One of the elements emerging from the public debate was that the EU should avoid damaging the economies or food production capacities of developing countries.⁹²

Following the Communication, and as part of the preparation of the legislative proposals for the CAP after 2013, the Commission organised a stakeholder consultation between November 2010 and January 2011 (with around 450 contributions), allowing interested parties to express their opinion on the broad policy options presented in the Communication. All the received opinions are published on the Commission's website.⁹³ A special meeting of the enlarged CAP advisory committee, involving various stakeholders (NGOs, farmers, processors, etc.), was convened on 12 January 2011.

Apart from the public debate and stakeholder consultation, an inter-service steering group for impact assessment was launched in April 2010 involving 21 Directorates General of the Commission to discuss and analyse the possible policy options.

C. How the impact assessment looked into the different options, including possible implications for third countries (we need to react to ongoing ODI, ECDPM work)

The impact assessment of policy options conducted within the Commission's Directorate-General for Agriculture and Rural Development (DG AGRI) took into account the various contributions arising from the public debate and stakeholder consultation and involved contributions from other DGs within the context of the inter-service steering group. In addition to the analytical work carried out by DG AGRI and other Commission services (e.g. Institute for Prospective Technological Studies), the impact assessment relied on the findings of various external studies and evaluation reports, as well as research projects under the sixth and seventh EU research framework programmes. The Commission is also following other on-going activities with regard to PCD, run by the Overseas Development Institute and development.

Apart from the analysis of external aspects of every policy option, the Directorate-General for Development and Cooperation - EuropeAid contributed to Annex 12 to the IA dealing with specific issues relating to developing countries.

Most Member States acknowledge the fact that the market-distorting effects of the CAP, through 25 years of continuous reform, have been neutralised to a very big extent. The decoupling from production and the reduction of export subsidies have had a positive effect. They are also confident that the ongoing reform for the CAP after 2013 respects the needs of the developing world. However, they also underline the ongoing need to support developing countries, and more specifically the net food-importing developing countries, in establishing a competitive, productive and resilient agricultural sector that can cater for the national market.

⁹² European Commission, Agriculture and Rural Development, 2010, p. 36

⁹³ http://ec.europa.eu/agriculture/cap-post-2013/consultation/contributions_en.htm

Member States' contribution: Finland. The Government Report on Finnish Food Policy emphasised that achieving national food security should be promoted in development policy. Finland has also been working to promote food security in developing countries by improving agricultural productivity, strengthening agricultural value chain and increasing the vitality of rural areas.

As set out in the new development policy guidelines on agriculture and food security, the objective must be, in particular, to improve the preconditions for production of the small-scale farmers in the poorest countries. This is of primary importance for reducing poverty and in view of the basic fact that the primary right and obligation to see to the citizens' food security rests with each individual country. Finland has also decided to increase its ODA contributions to the promotion of agriculture and food security in developing countries.

Member States' contribution: Poland fully supports the current trend of the reform of the CAP and the main goals expressed in the Communication from the Commission on the CAP towards 2020 presented in November 2010.

Food security is one of the main priorities of Poland in discussions on the future CAP. In this regard Poland emphasises the need to maintain the production capacity of the EU by preserving agricultural land in good condition in order to activate this potential whenever necessary. Thus European agriculture will contribute to food security both for the EU population and on the global level.

The projections indicate that the global demand for agricultural raw materials is likely to increase further in the medium and long term, which may result in tensions in the global food market similar to those of 2007 and 2008. The increase in demand for food will result from an increase in global population, changes in consumption structure, and an increasing demand for energy crops (the demand for agricultural raw products is expected to double globally by 2050). The above scenario justifies endeavours to not only ensure food security within the EU, but also to participate actively in global food security. Europe still has considerable growth capacity as regards agricultural production, due not only to large natural production resources but also to the available new technologies and efficient organisation of the food chain.

3.2 TRADE

With the intended conclusion of the WTO/DDA negotiations as well as the Economic Partnerships Agreements, there will be new opportunities and challenges for developing countries as a result of improved market access for exports to the EU. In the context of the Doha Round and the current draft modalities on agriculture the EU would reduce its border protection, with a minimum average cut of 54% provided that similar disciplines are agreed upon for equivalent measures.

International trade can contribute to food availability by increasing the amount and by broadening the variety of food on the market. Food availability can be also enhanced by regional integration of agricultural and food markets, facilitating trade flows from surplus to deficit areas. In June 2011, the G20 Agricultural Ministers sent a welcome signal as to the removal of food export restrictions or taxes for food purchased for humanitarian purposes by the World Food Programme. This agreement was confirmed by the Cannes G20 Summit in

November 2011, and the EU has been actively supporting the appropriate translation in the WTO system of the principles agreed, as well as the launching of the new Agricultural Market Information System in order to increase transparency and predictability of the prices in the food market. One of the results of the same G20 Cannes Summit has been the commitment signed by France and the "Bill and Melinda Gates Foundation" in favour of the above mentioned AMIS.

Moreover, the EU and its Member States acknowledge that given food security concerns, whether at national or regional level, developing countries can make use of existing trade policy space, including through border measures. The objective should be to aim at a sustainable agri-food chain. Several Member States, including Portugal, note in their contributions that the EU Generalised System of Preferences (GSP) can still be considered as one of the most favourable in the world.

3.3 RESEARCH, DEVELOPMENT AND INNOVATION

Innovation can have clear benefits for smallholder farmers, in terms of improving their livelihoods, including incomes and nutrition, and strengthening resilience to the impacts of climate change.⁹⁴ Several activities are being developed by the European Commission to steer research towards development needs, for example under the "Africa call" of the Seventh Framework Programme for Research and Development. In 2010 and 2011, research issues included sustainable water resource management and soil fertility conservation for food production in Africa, as well as identification of research needs on malnutrition in Africa.⁹⁵ Furthermore, the European Commission is working together with various Member States in the development of the Joint Programming Initiative on "Agriculture, Food Security and Climate Change".

The EU has continued to invest, through the 7th Framework Programme (FP7) in cooperation with researchers in Europe and developing countries to contribute to the achievement of the MDGs. The FP7 is therefore also supporting coordination actions related to Food Security, for instance the ERA Net on Agricultural Research for Development (second phase 2 approved, starting in 2010).

Research needs of developing countries relevant to achieving food security are addressed by FP7 under its specific programme on "Food Agriculture and Fisheries and Biotechnology". This programme has signed grant agreements for 77 projects involving 279 participations of teams from international cooperation partner countries in the years 2009 to 2011 for a total investment of €270 million. Most of these are directly relevant to food security; some are more indirectly related when addressing food safety or trade issues. This complements the portfolio of projects funded in the previous annual calls of FP7 and the concrete research results now coming on-stream from international collaborative research projects funded under the previous Framework Programme (FP6). Quite a number of these are directly relevant to food security in developing countries.

⁹⁴See COM(2010) 127: 'An EU policy framework to assist developing countries in addressing food security challenges', 31.3.2010.

⁹⁵The FP 7 is also supporting coordination actions related to Food Security, for instance the ERA Net on Agricultural Research for Development (second phase 2 approved, starting in 2010).

This specific programme also promotes a comprehensive strategy for fisheries and aquaculture research, aiming at generating the knowledge basis required for bringing the exploitation of fish stock to sustainable levels and to promote sustainable and competitive aquaculture. It provides concrete support to international cooperation by funding regional research networks in Mediterranean, sub-Saharan Africa and Asia for both fishery and aquaculture. Moreover, the programme plays a key role in promoting aquaculture activities worldwide as a mean to improve food security.

Moreover, the Joint Research Centre (JRC) also engages in various activities on improving early warning information, for example on food security information systems or on integrated food security classification system. Some examples of JRC's work on food security can be found in a booklet published in 2011 "Science in support of food security – Some JRC examples."⁹⁶

Agricultural research, extension and innovation is one of the three main priorities of the Food Security Thematic Programme, managed by the Commission. Through this programme the EU is contributing to the existing Challenge Programmes and new research programmes of the Consultative Group on International Agricultural Research (CGIAR) with €30 million of new funding in 2011 and to regional and sub-regional agricultural research networks in Africa. In addition seven new projects (total €15 million) have been selected for funding from a Global Programme on Agricultural Research for Development, focussing specifically on small farmers and based on six themes with climate change as a cross cutting issue. A €20 million programme on technology transfer in South and South-East Asia has also been launched.

Member States' contribution: agricultural research

Member States support international agricultural research mainly through funding the activities of the 15 international research centres pertaining to the Consultative Group on International Agricultural Research (CGIAR). The CGIAR is committed to reducing poverty, increasing food security and protecting the natural resource base. Its 15 centres undertake research that generates the science and technologies to underpin advances towards each of the MDGs, especially those related to: rural poverty (Goal 1, Target 1), hunger (Goal 1, Target 2), health (Goals 4, 5, and 6), and the environment (Goal 7).

The CGIAR is currently undergoing a major reform to transform it into a more efficient, results-oriented and demand-driven institution. A central element of this reform is the creation of a Consortium of the 15 international research centres, to improve the synergies between them and facilitate their collaborations with other research and development organisations. The Consortium Office has been established in Europe (in Montpellier, France). European countries (Member States and non-Member States) and the European Commission contribute together to around 35% of the total budget of the CGIAR. Coordination of these European supports to the CGIAR is ensured by the European Initiative on International Agricultural Research for Development (EIARD), with an Executive

⁹⁶ http://ec.europa.eu/dgs/jrc/downloads/jrc_leaflet_food_security_en.pdf

Secretariat hosted by the European Commission. Among the Member States, the major donors are the United Kingdom, followed by Germany and Sweden.

Germany kept its contribution to the CGIAR at the high level of €21 million in 2009 and €21 million in 2010. Germany is further exploring ways to link even more closely the funding of German agricultural research and inter-departmental international agriculture research.

In 2010, **Sweden** made a substantial ODA contribution (SEK 200 million) to the CGIAR for research to improve agricultural productivity in developing countries and to develop methods for climate change adaptation in their agriculture.

Contributions of member states (together with Norway and Switzerland) to agricultural research for development are coordinated by the European Initiative for Agricultural Research for Development (EIARD), for which the Commission provides secretarial support.

3.4 BIODIVERSITY

The EU is committed to the protection of biological diversity, i.e. the variability among living organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. The EU has been legislating on biodiversity since the 1970s and is committed to implementing the Convention on Biological Diversity (CBD). The 2006 Communication on halting the loss of biodiversity by 2010 – and beyond: Sustaining ecosystem services for human wellbeing contained an Action Plan which aimed to pull together actors and resources at EU and national levels to implement the necessary measures.

In April 2009, at the Athens Conference on Biodiversity Protection,⁹⁷ the European Commission announced that substantial progress had been made, most notably in the development of the Natura 2000 network of protected areas; at that time, they covered 17% of EU territory. The Athens Conference set out key priorities for the future: these included the development of a more forceful vision as to why biodiversity matters, the need to protect entire ecosystems and the identification of new funding mechanisms. On 19 January 2010, the European Commission marked the opening of the International Year of Biodiversity with a paper setting out post-2010 options for biodiversity policy.

Biodiversity is also an important factor for achieving food security. A diverse variety and variability of livestock, crops, plants and micro-organisms that can be used directly or indirectly for food and agriculture (agro-biodiversity) is essential to secure the livelihood of pastoralists and small farmers in developing countries. The higher the agro-biodiversity, the less vulnerable the food production sector is to diseases and to climate change. The 2011 Human Development report⁹⁸ highlights in particular the key role of healthy ecosystems in sustaining livelihoods, including through providing the foundations for food security.

The EU also supports its partner countries in preserving and renewing agro-biodiversity through sector programmes and projects but also at strategic level. This is also to implement

⁹⁷ Biodiversity protection- Beyond 2010: Priorities and options for future EU Policy

⁹⁸ <http://hdr.undp.org/en/reports/global/hdr2011/>

Target 7 of Goal B of the Strategic Plan for Biodiversity 2011-2020 that was adopted at CBD-COP 10 in Nagoya⁹⁹. By 2020, areas under agriculture, aquaculture and forestry should be managed sustainably, ensuring conservation of biodiversity.

A Euro-barometer on biodiversity¹⁰⁰ was published in February 2010 describing attitudes of Europeans towards the issue of biodiversity.

The EU 2020 Biodiversity Strategy¹⁰¹

Following the commitments made in Nagoya at CBD-COP 10, the European Commission has adopted an ambitious new strategy to halt the loss of biodiversity and ecosystem services in the EU by 2020. There are six main targets, and 20 actions to help Europe reach its goal. Biodiversity loss is an enormous challenge in the EU, with around one in four species currently threatened with extinction and 88% of fish stocks over-exploited or significantly depleted.

The **six targets** cover:

- Full implementation of EU nature legislation to protect biodiversity;
- Better protection for ecosystems, and more use of green infrastructure;
- More sustainable agriculture and forestry;
- Better management of fish stocks;
- Tighter controls on invasive alien species;
- A bigger EU contribution to averting global biodiversity loss.

Specific elements under the latter global target include Action 19, which aims to establish and reinforce a “biodiversity proofing” of EU development cooperation, as well as other actions aiming to reduce indirect drivers of global biodiversity loss, mobilise additional resources for global biodiversity conservation, and regulate access to genetic resources and the fair and equitable sharing of benefits arising from their use.¹⁰²

Protection and enhancement of biodiversity and ecosystem services have moreover been a key area both in the reforms of the CAP and the CFP.

3.5 LAND ACCESS AND USE

As recognised in the Communication on food security from 2010, food security is also directly dependent on the availability of and access to resources such as water or land. Increasing investment in agriculture is vital to achieving higher productivity and greater food production, thereby supporting global food security and poverty reduction. However, such

⁹⁹ At the tenth meeting of the Conference of Parties to the Convention on Biological Diversity (CBD-COP 10) in Nagoya, Japan in October 2010

¹⁰⁰ http://ec.europa.eu/public_opinion/flash/fl_290_en.pdf

¹⁰¹ [http://ec.europa.eu/environment/nature/biodiversity/comm2006/pdf/2020/1_EN_ACT_part1_v7\[1\].pdf](http://ec.europa.eu/environment/nature/biodiversity/comm2006/pdf/2020/1_EN_ACT_part1_v7[1].pdf)

¹⁰² Action 19: ‘Biodiversity proof’ EU development cooperation

The Commission will continue to systematically screen its development cooperation action to minimise any negative impact on biodiversity, and undertake Strategic Environmental Assessments and/or Environmental Impact Assessments for actions likely to have significant effects on biodiversity.

investments can also give rise to concerns. To ensure food security, secure access to land as well as land-tenure and effective national land policies and laws are required, as well as internationally approved principles to guide investors, host countries and other stakeholders, towards investments in agriculture that respect (human) rights, livelihoods and resources. The EU and its Member States continue to support the development of principles for responsible investment in agricultural land, building upon the EU Land policy guidelines.¹⁰³

Further work is ongoing in the European Commission on land issues and the links with challenges such as food security. In particular, the third edition of the European Report on Development (ERD), which will be launched in Spring 2012, deals with the topic of effective natural resource management for inclusive and sustainable growth, with a focus on the water-energy-land nexus.¹⁰⁴

3.6 COMMON FISHERIES POLICY (CFP)

In the last few years, the reform of the EU Common Fisheries Policy has been one of the priorities of the PCD work on food security. EU fisheries policy is important for the PCD agenda due to its direct implications for the developing countries - either through impacts on the sustainability of fishing stocks or through impacts on the livelihoods of fishing communities in developing countries, which are often among the poorest.

In April 2009, a Green Paper¹⁰⁵ analysed the shortcomings of the current policy and opened a public consultation which lasted until the end of 2010. Input to the consultation and conclusions from several stakeholder events fed into the preparation of the reform package.¹⁰⁶

In its proposals for a major reform of the CFP elaborated in 2010 and presented in 2011, the European Commission has set out a renewed approach to fisheries management in Europe with a strong accent on sustainability of fisheries. The aim is to secure both fish stocks and fishermen's livelihood for the future while putting an end to overfishing and depletion of fish stocks. The reform introduces a decentralised approach to science-based fisheries management by region and sea basin, and proposes to introduce better governance standards in the EU and at the international level through Sustainable Fisheries Agreements and Regional Fisheries Management Organisations.

Standards for setting Total Allowable Catches (TACs) and quotas for all protected fish species are raised to meet the Johannesburg commitment to reaching Maximum Sustainable Yield (MSY) where this can be set by scientists. The reformed policy would entail major adjustment of its external dimension in keeping with the principles of the ecosystem-based approach to fisheries, the determination of catch quotas based on scientific stock assessments, the implementation of measures against Illegal, Unreported and Unregulated (IUU) fishing, the equitable negotiation of a new generation of Sustainable Fisheries Partnership

¹⁰³ http://ec.europa.eu/development/icenter/repository/EU_Land_Guidelines_Final_12_2004_en.pdf

¹⁰⁴ The ERD report approach being comprehensive, its findings will also be relevant for climate change (energy) and security challenges.

¹⁰⁵ Green Paper available at

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0163:FIN:EN:PDF>

¹⁰⁶ Report produced from the results of the consultation is available at

[http://ec.europa.eu/fisheries/reform/sec\(2010\)0428_en.pdf](http://ec.europa.eu/fisheries/reform/sec(2010)0428_en.pdf)

Agreements (SPAs) as well as the strengthening of the role of Regional Fishery Management Organisations (RFMOs).

With regard to international bodies and in its relations with third countries, the EU will act as it does at home to promote good governance and sound management of the sea in the rest of the world. Furthermore, the Communication on the external dimension of the CFP highlights the need for the voice of the EU to be more powerful in various global forums through greater synergies between its actions and policies in the realm of international fisheries governance and the domains of development, trade, environment, research and innovation, foreign policy and others. In particular this would involve better coordination of fisheries and development policies to ensure that the recognition of the aspirations of the developing countries to build up their own fishery sector is linked to raising awareness of their duties in respect of sustainable fisheries governance. Moreover, synergies will be sought between future fisheries agreements and development policies and instruments such as the European Development Fund (EDF) and other policies such as research and innovation policy.

Three main issues are relevant for PCD: 1) the sustainability of fishing stocks and the impact on the livelihoods of fishing communities in developing countries, 2) the coherence of the fisheries partnership agreements with EU development cooperation objectives in the same partner countries and the development impact of the financial compensation for fishing rights paid to the partner countries, and 3) the development of a system of regional monitoring and governance of the marine resource for better sustainability.

The CFP proposal will be discussed in the Council and in the Parliament in 2011 and 2012. The reformed CFP will enter into force in 2013.

Member States' contribution: Germany

Germany has encouraged the Commission to make sure that negotiations of Fisheries Partnership Agreements include the requirement that the local population should benefit equitably. This can be in the form of ensured, continued access by local fishers to traditionally fished resources, or the promotion of local processing capacities in the partner countries for creation of jobs and value chains, and the utilisation of the payments by the EU and by the EU's fishers towards sustainable development of the sector through capacity building, establishment of functioning national institutions of governance of the fisheries, and for scientific stock assessment, monitoring and administration of the fisheries, that also ensure sustainable supply of fish catch to local populations. For Germany, the volumes and species covered by the FPAs should result from state of the art scientific stock assessments using latest data. Germany supports the idea that, ideally, these measures should be implemented in the context of development assistance programmes.

3.6.1 BILATERAL FISHERIES AGREEMENTS

In line with the Council's conclusions of July 2004,¹⁰⁷ all of the EU's bilateral fisheries agreements were subsequently either discontinued or transformed into Fisheries Partnership Agreements (FPAs). FPAs include in the EU's financial contribution a component for sectoral support to the partner country's fisheries policy, alongside the compensation for

¹⁰⁷ Council doc. 11485/1/04, 15 July 2004.

access rights. As of summer 2011, fifteen FPAs are being applied, thirteen of which involve ACP countries. While most agreements cover exclusively tuna and other highly migratory species, the agreements with Greenland, Guinea-Bissau, Mauritania and Morocco include access to other stocks as well (demersal and small pelagic species). These multi-species agreements also account for the largest share of the EU's annual FPA budget which in 2011 amounts to some €145 million. The EU's financial contribution to individual countries ranges from €385,000 (Cape Verde) to €70 million per year (Mauritania), ca. 28% of which is on average earmarked for sectoral support.

Although some FPAs are still quite young — the last one, with the Solomon Islands, having entered into force only in October 2009 — preparations for the forthcoming reform of the CFP provided an opportunity to take stock of their strengths and weaknesses. Many stakeholders, including from countries under agreements, contributed to the public consultation on the Commission's 2009 Green Paper on the CFP reform.¹⁰⁸ The Commission's proposals for reform were published in July 2011 and are accompanied by a Communication on the external dimension of the CFP.¹⁰⁹ In the context of the impact assessment which preceded these proposals, a separate study was commissioned on the external dimension.¹¹⁰

The inclusion of the partnership element, i.e. dedicated sectoral support to third countries' fisheries policy is widely recognised as a significant improvement over previous purely commercial agreements. It has created additional opportunities for partner countries to develop administrative, scientific and control capacities as well as economic infrastructures, and thus to move towards rational and sustainable exploitation of their fisheries resources. However, the dual structure of FPAs has also made their implementation more demanding, both on the EU's and on the partner countries' side. Several of these countries have recurring difficulties in absorbing earmarked funds within the fisheries sector, and large backlogs of unspent funds have accumulated in several cases. In other cases, concerning some of the smaller tuna agreements, the absolute amounts dedicated to fisheries policy have proven too small to make any real difference.

An important element of the current reform proposals is therefore the decoupling of sectoral support from the compensation for access rights. The former is currently determined as a function of the latter, even if it may then be agreed to dedicate also part of the access component to fisheries policy. In the future, sectoral support should be determined by partner countries' actual needs and absorption capacity in the fisheries sector. At the same time, the implementation of EU-funded fisheries-policy programmes should be monitored more closely so that payments can be adapted if results fall short of jointly agreed objectives.

The decoupling of sectoral support would also make it possible to address any negative consequences for developing countries' macro-economic stability which might result from the intended reduction of the EU's contribution to access costs. A larger share of these costs should in the future be borne by EU vessel operators, not least to avoid unfair competition with local operators. Such re-balancing of public and private contributions to access costs risks creating more fluctuation and a potential reduction of third-country revenues, and sectoral-support payments could be used to at least partially compensate for this.

¹⁰⁸ http://ec.europa.eu/fisheries/reform/consultation/received/index_en.htm; see also Synthesis of the Consultation on the Reform of the Common Fisheries Policy, SEC(2010) 428 final, 16 April 2010.

¹⁰⁹ Communication on External dimension of the Common Fisheries Policy, COM(2011) 424, 13.7.2011. http://ec.europa.eu/fisheries/reform/com_2011_424_en.pdf

¹¹⁰ http://ec.europa.eu/fisheries/reform/sec_2011_891_annex_en.pdf, Annex 11.

Another recurring weakness of FPAs, in particular those concerning multiple fish species, is incomplete information about the size of partner countries' "surplus" resources, i.e. the share of the total allowable catch which is available to foreign fleets.¹¹¹ Identification of this surplus requires scientific knowledge about the state of the stocks and also knowledge of the total fishing effort directed at these stocks, by local as well as foreign fleets. The reform of FPAs is intended to address both aspects, by making the renewal of multi-species agreements conditional on scientific audits and by including a transparency clause in all future agreements, whereby partner countries are required to obtain and share information on all relevant fishing activities in their exclusive economic zone (EEZ).

The activities of EU-flagged vessels under FPAs are amenable to more effective control than those which occur outside the framework of agreements. However, current FPAs have not always prevented the practice of abusive reflagging, whereby the same vessels operate under an agreement at one point in time and, under a different flag, outside of it at another point. By applying stricter criteria for the allocation of fishing licences, future agreements should ensure that EU vessels remain within the framework of the agreement wherever there is one.

Finally, the human-rights clauses which were introduced in some recently negotiated protocols to FPAs should in the future become standard for all agreements. This would help to avoid such incoherence between fisheries and other external policies as has occurred in the past, because the EU had no effective means of suspending payments under FPAs even when third countries violated essential elements regarding basic human rights or democratic principles.

3.6.2 REGIONAL FISHERIES MANAGEMENT ORGANISATIONS AND INTERNATIONAL ORGANISATIONS

For some developing countries abundant fisheries resources provide key opportunities for boosting economic and social development. For growth to be sustainable in the future, it is important to ensure the responsible exploitation of these resources at present. Regional Fisheries Management Organisations (RFMOs) are by virtue of international law legitimate decision-makers for their entire geographical area of competence as far as straddling and migratory fish stocks are concerned. They bring together fishing parties and coastal states to decide jointly on tackling overfishing risks or rebuilding overexploited fisheries, taking also into consideration regional specificities and the diversity of members.

The EU participates in almost all existing RFMOs and international organisations with competence in fisheries matters as a member, cooperating non-member or an observer. It has also promoted the creation of RFMOs to fill a gap, in particular for straddling stocks, in the South-East Atlantic, the Southern Indian Ocean and the South Pacific.

Building upon its universal presence, the European Union promotes a policy of encouraging developing countries' participation in international fisheries for a, including RFMOs. The EU organises preparatory meetings with developing countries in advance of international meetings where appropriate so as to build a consensus and gain better understanding of their particular concerns. The EU helps developing countries to participate in international meetings, through bilateral development assistance or through contributions to special funds managed by multilateral organisations or RFMOs. The Commission also provides capacity-

¹¹¹ UN Convention on the Law of the Sea (UNCLOS), Art. 62(2).

building assistance to developing countries through various instruments, so that they are in a position to make the most of their participation in international fisheries forums.

In order to strengthen the performance of RFMOs, the EU has been a driving force for the performance reviews undertaken by the majority of them and has contributed actively to the revision of the agreements establishing the North East Atlantic Fisheries Commission, the North West Atlantic Fisheries Organisation and the Inter American Tropical Tuna Commission. This has not always been successful, as other RFMO members may be opposed for various political reasons.

In 2009-10, the EU was again a major initiator of proposals for RFMO measures to deal with the conservation of fish stocks and with control of compliance. EU proposals, always based on best scientific advice, were sufficiently flexible to accommodate the development rights and aspirations of developing countries and to ensure a fair sharing of the conservation burden and the economic gains. However, developing countries face difficulties with implementation of modern conservation and control measures because of weak national institutional and human capacities. This has led in some cases to their veto on the adoption of such measures by RFMOs, for example with regard to port state measures and catch documentation schemes to fight illegal, unreported and unregulated fishing (see below). Furthermore, where measures have been adopted, they are often not complied with by developing countries reportedly because of poor capacities for implementation and control over their own flagged vessels. Therefore, in the future better complementarity could be sought between development aid and the demands that effective RFMO membership places on developing states. Furthermore, coherence should be sought between fisheries, trade, environment and research policies for the purpose of achieving development goals.

3.6.3 ILLEGAL, UNREPORTED AND UNREGULATED (IUU) FISHING

IUU fishing constitutes one of the most serious threats to the sustainable exploitation of living aquatic resources and marine biodiversity. It causes depletion of fish stocks and prevents future stock growth. It is estimated that the cost of IUU practices amounts to €10 billion every year worldwide representing 19% of the worldwide reported value of catches.¹¹² This scourge proves particularly costly for developing countries as IUU operators tend to take advantage of insufficient control of their national waters. As a result, resources diminish and the countries lose potential catches and revenue. For these reasons, the fight against IUU fishing was identified as an important issue for ensuring coherence of fisheries policy with development objectives in earlier PCD reports. Given the high percentage of international trade in relation to total production, fighting IUU fishing requires intelligent regulation of trade and measures to prevent trading in illegally caught fishery products.

The EU for its part has long been endeavouring to prevent IUU fishing. The European Commission systematically negotiates and concludes a vessel monitoring system (VMS) protocol with third countries. Furthermore, all EU vessels are equipped with the monitoring systems. But as the problem continued to grow, the EU decided to intensify its action. On 29 September 2008 the Council adopted the IUU Fishing Regulation No 1005/2008, which entered into force on 1 January 2010. The objective of this Regulation is to ensure that all

¹¹² Oceanic Development, MegaPesca Lda (2007): *Assessment of the rationale of the measures included under the initiative against IUU Fishing.*

marine fishery products traded with the EU, including processed products have been caught in accordance with applicable laws, regulations and international conservation and management measures.

The EU is committed to assisting third countries in the implementation of the Regulation and organised a series of regional seminars in 2009 benefiting approximately 80 developing countries that trade fish with the EU. Moreover, the Commission has created two programmes of technical assistance for 45 developing countries. The adoption of the Regulation has been welcomed by Member States and EU's trading partners as an important step in the fight against the global problem of IUU fishing and as a vital instrument for ensuring PCD.

3.6.4 ECONOMIC PARTNERSHIP AGREEMENTS AND FISHERIES

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

The EU is negotiating with the Pacific ACP states a comprehensive EPA that would include a series of provisions in support of the fishery sector in these countries. The agreement will introduce significant improvements to the rules of origin for fishery products such as canned tuna, notably the principle of global sourcing. According to this principle the local origin is granted to processed fishery products if the raw fish is processed in on-land plants of the future EPA signatories irrespective of the waters and vessels of the catch, and these products can still benefit from duty-free treatment foreseen under the EPA when exported to the EU market. This relaxation of the rules of origin is considered as an important catalyst for development in Pacific ACP countries. It has great potential for stimulating processing activities, attracting foreign investment in harbour infrastructure and fishery processing plants and thus supporting the generation of value added in loco and of employment opportunities for the local population. Papua New Guinea is already benefiting from these EPA provisions through its project to establish a Marine Park in the province of Madang.

3.7 ADAPTATION TO CLIMATE CHANGES

During the Swedish Presidency, the Government and the European Commission jointly organised a conference on climate-smart food. Among the topics discussed was how climate impact in the food sector could be reduced without inhibiting free and open trade.

Member States' contribution: Germany

Adaptation to climate change was given high priority by Germany, with food security concerns being an important aspect and a priority in many LDCs in particular. Among

projects identified by LDCs in National Adaptation Programmes for Action (NAPAs), for instance, food security and agriculture-related projects formed the largest category. Germany has been one of the largest contributors to the LDCs Fund, contributing directly to NAPA implementation. In addition, Germany helped developing countries to address adaptation to climate change related to food security through other multilateral and bilateral support, for instance the “Adaptation of African Agriculture to Climate Change” programme.

3.8 OTHER ISSUES

Developing countries also report difficulties in exporting their products due to non-tariff barriers - sanitary and phytosanitary measures (SPS) and technical barriers to trade (TBTs), such as labelling and packaging standards. The same is true for rules of origin. They are designed to protect the preference system from abuse, but they can have the perverse effect of preventing developing countries from benefiting fully from preferential trade regimes when those developing countries are not able to comply with minimum standards.

Member States' contribution: Sweden

The Swedish Government has reported that it will continue raising awareness of the importance of sanitary and phytosanitary *issues* for allowing developing countries to increase their trade in agricultural products. This will be done through a continued active participation in the WTO agreement on sanitary and phytosanitary measures and, development cooperation: through the Swedish International Development Cooperation Agency's support to the Secretariat for the Standards and Trade Development Facility, a common initiative by, among others WTO, WHO and FAO to assist developing countries in increasing their capacity to meet international standards.

In 2009 a framework agreement was signed between Sweden and Vietnam regarding food safety, sanitary and phytosanitary measures, animal health, forest management and rural development as well as research. Within this framework the Swedish Veterinary Institute and their Vietnamese counterpart have signed an agreement on cooperation in the area of animal health and animal disease control.

Sweden has actively participated in the work of the World Organisation for Animal Health (OIE) in forming a model for building veterinary agencies, a key element in establishing a well-functioning disease control and oversight system. The purpose is to assist in particular developing countries to improve the structure of their agencies as well as the animal health situation.

4. MIGRATION

Quick Facts and introduction

- Today, about 214 million people, roughly 3.1 % of the world's population, are born outside the country where they are living, an increase of only 0.2 % over the last ten years.

- Women account for 49% of international migrants.

- In 2010, the total number of non-nationals¹¹³ living on the territory of the EU Member States was 32.5 million, representing 6.5% of the total EU population. Of these, more than one third (12.3 million persons) were citizens of another Member State and two thirds were citizens of non-EU countries (mainly from Turkey, Morocco and Albania). Among citizens of non EU countries, 46.6% were citizens of a Medium Human Development Index (HDI) country and only 7.6% were from the least developed countries.

- There was a decreasing trend in the flow of regular migrants to the EU between 2008 and 2009, which did not continue between 2009 and 2010, but turned into a slight increase of more than 5%.¹¹⁴

- The EU27 population is projected to continue to grow older, with the share of the population aged 65 years and over rising from 17% in 2010 to 30% in 2060, and those aged 80 and over rising from 5% to 12% over the same period. The old age dependency ratio in the EU27, i.e. the population aged 65 years and older divided by the population aged 15 to 64, is projected to increase from 26% in 2010 to 53% in 2060. In other words, there would be only two persons aged 15 to 64 for every one person aged 65 or more in 2060, compared with four persons to one in 2010.

- Only 5% of the total skilled labour force resides in the EU, compared to 55% in the United States. With the Blue Card, the EU aims to attract more skilled workers from outside the EU.

- According to the latest estimations of the World Bank, global remittances flows to developing countries reached \$325 billion in 2010 and may increase to an estimated \$346 billion in 2011 and \$374 billion in 2012.

- In 2009, remittances sent by migrant workers within the EU to developing countries amounted to €19.28 billion, of which €2.957 billion was transferred to ACP countries.¹¹⁵

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

Much has been achieved at the EU level since 2005 and this period has seen both the adoption of the Global Approach to Migration and the identification of migration as one of the twelve priorities within the PCD agenda. Improvements were already identified in 2009 in a number of areas including migration, as regards establishing the policy framework and launching the political dialogue at regional and country level, particularly with Africa. Nevertheless, continuous high-level political commitment is needed to ensure further progress. Under the Swedish Presidency in 2009, the Council discussed PCD and adopted conclusions on this issue, calling for further work to set up a more focused, operational and result-oriented approach focusing mainly on five priority issues including migration and the security and development nexus. This included strengthening dialogue with partner countries in order to make progress at all levels and in all relevant sectors and taking into account of development objectives in a more pro-active way in migration policy. It also included examining measures

¹¹³ E.g. persons who are not citizens of their country of residence. (Source: Eurostat 2011).

¹¹⁴ Ibid

¹¹⁵ Ibid

to facilitate circular migration, to strengthen dialogue and cooperation with Diaspora groups and to promote transparent, cheaper, faster and more secure flows of remittances.

Since 2009, the EU has maintained its efforts to ensure that migration genuinely benefits countries both of origin and of destination, in order to maximise the developmental effects of our migration policy while minimising its negative side effects. Temporary or permanent outward migration from developing countries, as well as circular migration, can contribute to poverty reduction in many different ways. More work has been done on proposals involving Diasporas as development agents, on facilitating remittances, on fighting brain drain and brain waste and on designing labour migration proposals taking into account the needs of both countries of origin, countries of destination and migrants.

Much remains to be done to make sure that migration policy does not negatively affect development objectives and works better for development, while responding to European needs. In the context of the crisis that recently affected Mediterranean States, it is all the more important to emphasise the adoption of the 2011 Global Approach for Migration and Mobility Communication.¹¹⁶

Progress towards PCD Commitments

Since the EU report on PCD, further progress has been made in terms of policy formulation, dialogue and implementation. At political level the general recognition amongst the relevant institutional actors that well-managed migration can positively contribute to development, employment, mobility and growth, both in the EU and in third countries, has not weakened. This is reflected in the EU political dialogue framework and throughout the instruments put in place to implement migration policy commitments. Migration is thus firmly on the EU's policy agenda and increasingly being integrated into other policy areas such as development, foreign affairs, employment, education and training, and social affairs while development concerns are increasingly being taken into account when it comes to migration policy.

¹¹⁶ The Global Approach to Migration and Mobility Communication, COM(2011) 743 final

4.1 POLICY FRAMEWORK

The Global Approach to Migration, adopted in 2005, continues to provide an overall policy framework for the external dimension of the European Union's migration policy, particularly taking into account the migration and development dimension. First designed for the Southern Migratory Route, it was extended in 2007 to the Eastern Migratory Route. Since its adoption, it has aimed at genuine partnership with third countries, full integration into the EU's other external policies, and the incorporation of migration and asylum issues, in a balanced manner, covering legal migration, the fight against irregular migration and making migration contribute better to development.

These principles were reaffirmed at the highest political level in October 2008 at the time of the adoption of the European Pact on Immigration and Asylum as well as in the Stockholm Programme which is the five-year work programme for freedom, security and justice in the EU.

The European Commission adopted on 18 November 2011 a new Communication on the Global Approach to Migration and Mobility (GAMM) accompanied by a Commission Staff Working paper on Migration and Development. Mobility of third country nationals across the external EU borders is important as it applies to a wide range of people, such as short-term visitors, tourists, students, researchers, business people or visiting family members and linked to visa policy. Building on the comprehensive political and legal framework for migration and mobility presented by the Commission in 2011, the Communication launches a new, more strategic phase of the EU's dialogue and cooperation with non-EU countries. The Global Approach is presented as the overarching framework for EU external migration policy. It will thus be even more linked and integrated with the EU's external policies. It is complementary to other, broader, objectives that are served by EU foreign policy and development cooperation. It seeks to promote increased coordination, coherence and synergies, as well as more strategic and evidence-based use of the Global Approach instruments, places mobility of third country nationals at its centre and makes partnerships more sustainable and forward-looking. The Communication also mentions that addressing environmentally induced migration, also by means of adaptation to the adverse effects of climate change, should be considered part of the Global Approach.

Member States emphasise that since 2009 the link between migration and development has been reinforced within their governments and their policies. The focus has mainly been on implementation. However, several Member States report limited success with their attempts to integrate migration into national development strategies partly because positive aspects of migration are not always recognised as such in partner countries and engaging development practitioners in this particular field has not been easy.

Nevertheless, it is important to point out that the EU has also engaged in support for mainstreaming of migration into development strategies of our partners, the aim being to help them design a pro-development migration framework at home. Here also progress has been made since 2009, with for example the launch of the African Caribbean and Pacific Observatory on Migration, an initiative of the Secretariat of the ACP Group of States, empowered by the International Organisation for Migration (IOM) and funded by the EU with the financial support of Switzerland, whose goal is to establish a network of research institutions and governmental entities dealing with migration in the six regions of the ACP Group of States, namely West Africa, Central Africa, East Africa, Southern Africa, the

Caribbean and the Pacific. Activities will start in 12 pilot countries (Angola, Cameroon, the Democratic Republic of Congo, Haiti, Kenya, Lesotho, Nigeria, Papua New Guinea, Senegal, Tanzania, Timor-Leste and Trinidad and Tobago) but it is envisaged that other countries will join the process. The Observatory will be able to produce much-needed data on South-South ACP migration flows for migrants, researchers, civil society, general public, governments and policy-makers.

Furthermore, the EU-ACP dialogue on migration will be intensified, with a focus on the strengthening of the operational aspects of implementation of Article 13 of the Cotonou Agreement. After the second revision of the Cotonou Agreement in 2010 failed to review the migration article, the two sides adopted a Joint Declaration, where the parties agreed to strengthen and deepen their dialogue and cooperation in the area of migration and development (including diasporas, brain drain and remittances), legal migration (including admission, mobility, and movement of skills and services), and irregular migration (including, smuggling and trafficking of human beings and border management, and readmission). After a successful initial series of dialogue meetings (October and December 2010, February and April 2011), a Report on the dialogue on migration and development was presented to the ACP-EU Joint Council, that on 31 May 2011 agreed to pursue and deepen this process in the following twelve months. The focus will be on three specific issues (remittances, visa and readmission) with the explicit aim to strengthen the operational aspects of ACP-EU cooperation on these topics. The process will lead once again to a joint report for the June 2012 ACP-EU Council of Ministers containing conclusions, recommendations and proposals on the way forward. Thanks to its clear legal basis and precise focus this dialogue process has a strong potential to achieve concrete results.

The EU has also supported partner countries which have identified migration as a priority within their country strategy papers, such as Mauritania with the elaboration of a national migration strategy; the same exercise is ongoing in Mali. In terms of capacity building, the “Migration EU Expertise (MIEUX) programme” is an initiative that aims at enhancing the capacities of third countries in all regions to better address irregular migration and migration flows as part of a comprehensive approach to migration management. Several Member States also implement capacity-building programmes with partner countries on the subject of migration flows’ management (Finland, Lithuania, Poland, Romania, Portugal).

Member States’ contribution: Latvia

In the framework of a comprehensive approach to migration Latvia participated in the mobility partnership with Georgia. Latvia has implemented a development cooperation project aiming to build capacity in migration and citizenship sector in Georgia.

Latvia’s transposition measures of the Council Directive 2009/50/EC on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment (the so-called Blue Card Directive) contributed to facilitating circular migration. In order to encourage circular migration, Latvia in its transposition measures has removed the restrictions for the third-country nationals staying in their home country without losing a temporary residence permit granted in Latvia.

Since January 2009, the IOM (International Organisation for Migration) office in Riga launched the implementation of a project co-financed by the European Return Fund “Preparation of return and reintegration system in Latvia”, ensuring voluntary return and reintegration.

4.2 REINFORCEMENT OF THE POLITICAL DIALOGUE WITH DIFFERENT REGIONS

Dialogue with African partners has been particularly active at all levels since 2009. At a *continental level* and following the adoption of an EU-Africa Partnership for Migration, Mobility and Employment by the EU-Africa Summit of Heads of States and Government in Lisbon in December 2007. It was supplemented in 2010 by the adoption of the second action plan 2011-2013 comprising twelve initiatives. This Partnership reflects an agreed understanding and commitment on the part of African and EU countries to jointly address migration and mobility issues in the framework of labour market disparities both within and between the two continents. At a national level, some additional political dialogue missions have been carried out since 2009 in Kenya and Cameroon. Furthermore, several meetings took place in the frame of the Rabat Process on Immigration and Development since the adoption of the Paris Action plan in 2008. On 23 November 2011 the Ministerial Conference of Dakar was hosted by Senegal and the parties to the Process adopted an Action Plan for the years to come.

In May 2011, the European Commission presented its initiatives for a more structured, comprehensive, rapid-response approach by the EU to the migration challenges in the Mediterranean.¹¹⁷ These initiatives cover various aspects of migration such as strengthened border control and Schengen governance, better targeted legal migration, enhanced dissemination of best practices on integration, completion of the Common European Asylum System, and a strategic approach to relations with third countries on migration. These initiatives come in addition to the urgent short-term measures already taken by the European Commission to deal with the migration situation in the Mediterranean and migration pressures on frontline Member States. On 24 May 2011, the Commission adopted a Communication indicating the countries in which it offers a Dialogue on Migration, Mobility and Security with Southern Mediterranean to result in the conclusion of mobility partnerships with Morocco, Tunisia and Egypt. The Dialogue was successfully launched with Tunisia and Morocco in October 2011.

The migration situation in Eastern Europe and Central Asia has long been central to the interests of a number of EU Member States. However, until recently their migration initiatives focused largely on border management and asylum policy, while the migration/development dimension was less accentuated. The extension of the Global Approach to Migration in these regions in 2007 changed the approach. Since the 2008 Ministerial Conference on “Building Migration partnerships”, the EU has been enhancing its dialogue on all dimensions of migration with the countries of the region, and will renew its commitment in November 2011 in the frame of the Ministerial Conference held in Poznan, Poland. The impact of mobility on labour markets is also being addressed under the Eastern Partnership. Finally the EU has also developed its dialogue with Asia and Latin America on migration-related issues, notably by launching in 2009 an EU-LAC (Latin America and Caribbean) structural dialogue. Relating to Asia, the dialogue on migration is developing in the framework of the ASEM. In addition, the EU and the IOM have launched the Asia-EU Dialogue on Labour Migration which is organised on a regular basis.

The EU has extensive legislation regarding the protection of migrants’ rights. One of the issues which is recurrently raised in the EU’s dialogue with third countries and regions concerns migrants’ rights, in particular in relation to the 1990 United Nations International

¹¹⁷ http://ec.europa.eu/home-affairs/news/intro/docs/1_EN_ACT_part1_v11.pdf

Convention on the Protection of the Rights of All Migrant Workers and Members of their Families.

Member States' contribution: Denmark

Denmark has a “Regions of Origin” program with an annual budget of DKK 300 million (€40.2 million) aimed at finding durable solutions to protracted refugee crises in the developing world, while improving protection and living conditions for refugees and local communities in the host countries. Denmark has in this regard chaired two Intergovernmental Committees (IGC)/workshops on regional protection in 2010.

4.3 MOBILITY PARTNERSHIPS AND “BRAIN DRAIN”

Mobility partnerships are one major instrument of the Global Approach, widely supported by the Member States, which have developed since 2009. They consist of a joint political declaration agreed on between the EU and its Member States and a third country. They should include the four dimensions of the Global Approach to Migration and Mobility. Properly managed mobility can be seen as a triple-win process: for the migrant, the country of origin and the country of destination. As such it can be an important factor of development.

The partnerships list a series of initiatives that the two parties take towards each other. Each Mobility Partnership will be tailored to the specific situation of the partner country, as well as to the needs and proposals of that country, the EU and its Member States.

Since 2009, two additional Mobility Partnerships have been concluded with Georgia and Armenia, in addition to those already implemented with Cape Verde and the Republic of Moldova. Conceived as one of the main tools for implementing the Global Approach, they provide a wide framework for cooperation as regards management of migration and mobility. A similar partnership is currently being negotiated with Armenia. Following the recent Commission's Communication on the European Neighbourhood Policy,¹¹⁸ the EU intends to start a dialogue with Tunisia, Morocco and Egypt on a mobility partnership on a case by case basis. Finally, a Dialogue on Migration, Mobility and Security aiming at the conclusions of a Mobility Partnership has already been launched with Tunisia and Morocco in October 2011.

At this stage, the mobility partnerships have an important development component and a number of projects are supported by the European Commission with the involvement of Member States (Sweden, Romania, Poland, Czech Republic, Germany, Hungary, Slovenia, and Portugal) to implement them. However, within the mobility partnerships, it has proved more difficult for Member States, also because of the economic and financial crisis and its impact on employment, to offer real legal migration opportunities.

The European Commission has always attached the highest importance to the brain drain challenge.

Firstly, with regard to health workers, the Commission had already tackled the critical shortage of health workers in developing countries within the UE Programme for Action 2007 – 2013, through a set of measures to be supported in a joint and coordinated manner by the

¹¹⁸ http://ec.europa.eu/world/enp/pdf/com_11_303_en.pdf

Commission and Member States. In September 2008, the Commission Staff Working Paper constituting a Progress Report on implementation of the Programme for Action confirmed the effort that the EU is making to work at country, regional and global levels with the objective of increasing the ability of developing countries to train, manage and retain their health workers. Today the EU supports health programmes with a Human Resources for Health (HRH) component in 51 out of the 57 countries that have been identified by the World Health Organisation (WHO) as facing an HRH crisis; it provides support for regional research, capacity building and knowledge-generating initiatives and at global level looks for opportunities to stimulate circular migration and other mechanisms helping to deal with the pull factors of HRH migration.

Secondly, education policies of the EU are “Brain Drain” sensitive. The creation of poles of excellence in Higher Education in the EU and the opening to students from all over, particularly when married with the efforts of the European Academic Institutes to generate autonomous resources, could contribute to generate secondary undesired "brain drain" effects in the developing countries and affects efforts to stimulate circulation of students within the region (ex: the UE-AU Programme Nyerere in Africa). Appropriate partnerships among education and training institutes are necessary. More generally, ongoing reflections in the area of education and training are aimed at identifying ways to improve the management of skills. This implies supporting up-skilling and re-skilling through an improved transition between education, training and work with an impact as well on issues of brain drain and brain gain.

In terms of EU migration policy, the EU Blue Card scheme¹¹⁹ for highly – qualified workers may apply to some health care workers (further details below). It provides that Member States may reject an application for a Blue Card in order to ensure ethical recruitment in sectors suffering from a lack of qualified workers in the countries of origin. Recital 22 of the Directive specifically refers to the health sector and the Council conclusions of 14 May 2007 on the European Programme for Action to tackle the critical shortage of health workers in developing countries (2007 to 2013).

The EU has in addition strongly supported the WHO in its mandate to develop the WHO Global Code of Practice on the International Recruitment of Health Personnel, approved at the World Health Assembly in May 2010, and the European Commission is encouraging Member States to implement the Code.

In terms of external cooperation, under the chapter “Good health for all” of the EU thematic programme “Investing in People (2007 – 2013)” €40 million have been allocated to support developing countries which face crises of human resources in the health sector. This funding helped the WHO and the Global Health Workforce Alliance (GHWA) to implement the principles of the EU Strategy and launched a call for proposals to engage civil society organisations to support national health workforce policies, strategies, capacity building and skills transfer. In addition, the European Commission provides over €500 million in EU funding per year to support health programmes at country level, and much of this funding goes to health systems strengthening, which is vital to fund, motivate and retain HRH. The EU also supports significant **research** in this area through the €7 million provided for research to identify health worker retention and circular migration issues.

¹¹⁹ Directive 2009/50/EC

The Thematic Programme on Migration and Asylum also provides funding for projects related to tackling brain drain of health workers. For example, one project has the overall objective of promoting effective management of migration flows of doctors and nurses in the Latin American and European Union areas. Another one, entitled *Migration of Physicians within and from Sub-Saharan Africa: Internal, Regional and International Movements*, aims at (a) providing data and a solid analytical evidence base for policy-making on healthcare providers' education, migration and retention (b) creating comprehensive datasets on physicians' location and medical students' education decisions, and statistical tools for medical schools to track alumni. A third one has been recently approved, aiming at addressing the mobility challenges of health professionals from the Republic of Moldova.

Model of good PCD practice: the Mobility Partnership with the Republic of Moldova

Mobility Partnerships are an efficient framework to address migration and mobility issues in a more coordinated fashion at EU level. In the framework of the Mobility Partnership with the Republic of Moldova, thirteen EU Member States (the Swedish Employment service in partnership with Bulgaria, Cyprus, Czech Republic, Greece, Germany, Hungary, Italy, Lithuania, Poland, Romania, Slovakia and Slovenia) took part in an initiative funded by the EU to strengthen the capacities of the National Employment Agency of the Republic of Moldova to provide viable options for migrants willing to return. Some Member States additionally offered to change their legislation to facilitate circular migration of Moldovan citizens, by revising the conditions governing loss of residence rights. EU assistance is provided to the Moldovan authorities to negotiate and implement bilateral labour migration agreements as well as bilateral agreements on social protection between the Republic of Moldova and interested Member States.

Finally, the EU supports partner countries in mainstreaming migration in their development strategies, as well as designing migration policies which take into account these phenomena.

An example thereof is the ACP-EU dialogue on migration and development, in which frame the two parties discussed brain drain and circular migration (October 2010, Brussels).

Member States' contribution: the Netherlands

The Netherlands participates in the EU mobility partnerships with Cape Verde and Georgia and has expressed interest in possible future partnerships with Armenia and Ghana.

The Netherlands implements a programme on development and migration consisting of 40 projects on migration and development, in cooperation with NGOs, international organisations and local partners in countries of origin. The programme focuses on six thematic areas: migration & development dialogues; migration management; circular migration & brain drain; sustainable return and reintegration; remittances; Diaspora and development. The programme includes a pilot on circular migration as well as several projects facilitating the voluntary return and sustainable reintegration of asylum seekers.

Besides, the Netherlands supports dialogue with Diasporas, migrants and development organisations through consultation days (e.g. preparing The Global Forum on Migration and Development) as well as giving support to projects of Diaspora organisations aiming at strengthening networks and capacities of Diaspora organisations active in the domain of development.

4.4 LABOUR: CIRCULAR MIGRATION AND INCREASED MOBILITY

The EU has developed, and is continuing to do so, its acquis on legal migration and labour migration more specifically. It is also fostering circular and temporary migration which will have a positive impact on development.

The Directive to facilitate the entry and residence of Highly Qualified Migrants (also known as the “Blue Card directive”) was approved in May 2009¹²⁰. It seeks to establish more attractive entry and residence conditions for third-country nationals to take up highly qualified employment in EU Member States. To this end, it introduces a fast-track admission procedure, a common residence/work permit (“EU Blue Card”), sets out measures facilitating intra-EU mobility and grants a number of socio-economic rights on the basis of equal treatment with EU workers as well as favourable conditions for family reunification. A number of safeguards have been introduced to increase transparency and avoid brain drain effects in the form of a circular migration clause, a brain drain clause, an ethical recruitment clause and Member State reporting duties.

The so-called "Single Permit" Directive, once adopted by the European Parliament, will bring important procedural simplification to the admission of migrants for labour purposes and will ensure an important minimum set of employment related rights for migrant workers in fields such as working conditions, social security rights, pensions, access to education or recognition of diplomas based on equal footing with nationals of that Member State. National authorities of each country will still have the power to decide whether to admit non-EU workers and how many to admit. But under the Single Permit they will issue residence permits that include information on permission to work. To avoid confusion, they must issue no additional documents. The new rules will apply to non-EU nationals seeking to reside and work in a Member State or who already reside legally in an EU country. It will not apply to long-term residents and refugees, who are already covered by other EU rules, nor will it apply to seasonal workers and employees of multinational firms coming to work in their company's EU offices, who will be covered by other new EU directives (see below). Member States may in addition decide to limit access to social security, except for individuals who are currently in employment or have worked for at least six months and are already registered as unemployed, and to grant family benefits only to those who have been authorised to work for more than six months. But this proposal is an important step towards equal treatment which is important in terms of PCD. The next step is its adoption by the European parliament and the Council.

In July 2010 the Commission presented two further proposals for Directives in the area of labour migration: on seasonal workers and intra-corporate transferees. These proposals differ greatly in their focus: while the proposal on intra-corporate transfers aims at facilitating temporary migration of high-skilled professionals, the one on seasonal workers aims to create common criteria and procedures for lower skilled migration.

Both proposals are currently being negotiated with by the European Parliament and the Council. When the proposal on Seasonal Workers will be adopted then unskilled workers from outside the EU could for the first time be subject to common rules for seasonal employment in the Union. Under the proposed rules, seasonal workers – primarily in agriculture and tourism – would be given easier access to work permits valid for up to six months for each calendar year and up to three years in a row. Employers would also be

¹²⁰ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:155:0017:0029:en:PDF>

required to submit evidence of the availability of adequate accommodation. The circular movement of seasonal workers between the EU and their home countries facilitated notably through the fast track re-entry procedure envisaged in this directive will not only discourage overstaying but it would also allow flows of remittances and transfer of skills and investment in third countries, thus reducing poverty and contributing to the development of countries of origin.

The draft legislation on intra-corporate transferees would make it easier for multi-national companies to transfer specialised staff (managers, specialists and graduate trainees) from non-member states to EU Member States for an initial period of up to three years.

The European Commission is currently putting in place a number of instruments to review the matching of skills and supply – such as the *EU Skills Panorama*, which is meant to improve transparency for jobseekers, workers, companies and/or public institutions and which will become available in 2012 – in view of identifying economic sectors and occupations currently facing recruitment difficulties or skills shortages that could be addressed through a better management of migration and mobility policies. Furthermore, the *Europe 2020 Strategy* establishes labour migration as a key policy dimension for future employment and growth. The headline target aims at raising the employment rate to 75% by 2020. In the formulation of this target it is explicitly stated that there is a need for better integration of migrants in the workforce.

In addition, 3 of the 7 flagship initiatives of the *Europe 2020 Strategy* establish a clear link with labour migration: the flagship initiative *An agenda for new skills and jobs* focuses on issues related to the monitoring of labour market trends and the anticipation of future skill needs, as well as on a range of policies aiming at facilitating access of immigrants to the labour market; the *Youth on the Move* flagship initiative highlights the need for special efforts to attract highly skilled migrants in the global competition for talent, while the flagship initiative on *The European Platform against Poverty and Social Exclusion* aims at a more effective integration of migrants, which can make an important contribution to the Europe 2020 target of reducing by 20 million the number of people at risk of poverty and social exclusion.

Finally, in November 2011 the European Commission launched the EU Immigration Portal¹²¹ which provides information on European and national immigration policies and law. It further improves communication on migration issues with third-country nationals willing to migrate to the EU or to move from one Member State to another.

On the external cooperation front, the EU has promoted the mobility partnership's instrument. Some Member States have developed new policies in order to encourage circular migration. In 2009 for instance, the Swedish Government appointed a parliamentary committee tasked with examining how people's increased mobility to and from Sweden can be facilitated, and how the positive development potential of this mobility can be promoted. The final report was submitted in March 2011. The Netherlands has implemented a pilot scheme on circular migration as part of their programme on development and migration.

¹²¹ Available at: <http://ec.europa.eu/immigration>

Accompanying returns is also an important element of the EU's strategy to support circular migration. Some projects are supported in that sector, such as for example in Senegal, or Ghana with the REMADE project (Returning Enterprising Migrants Adding Development and Employment, implemented by the Dutch NGO HIVOS). The "Centre d'Information et de gestion des Migrations" (CIGEM) in Mali reoriented its objectives towards supporting initiatives accompanying the return of migrants (forced or voluntary return) A number of Member States also have projects in that area. As a development instrument for example, the German Returning Experts Programme is promoting knowledge transfer to countries of origin.

Given the importance of employment as a driver of south-south and south-north migrations, greater consideration is now being given to the employment and decent work agenda in EU migration policies as well as in cooperation programmes in partner countries. Much remains to be done, as well as with regard to the connected issue of portability of rights for migrants, including and mainly pension rights. In Finland a working group appointed by the Ministry of Social Affairs and Health to investigate social security legislation pertinent to immigration and emigration has been exploring the challenges caused by EU legislation, needs for amending national legislation, and potential solutions.

The European Commission organised a seminar on south-south labour migration in November 2010. The meeting brought together representatives of the policy and practice community to discuss labour migration challenges. It aimed to assist internal reflection within the European Commission on how to target and optimise assistance provided to improve the governance of south-south labour migration for the benefit of sending and destination countries, as well as for migrants themselves. Major discussion topics included the creation and strengthening of labour migration systems in developing countries, the role of sending countries and regional organisations in improving South-South labour migration governance, and obstacles to the protection of the rights of vulnerable low-skilled labour migrants in the developing world. In addition, the EU also financed an evaluation on labour migration projects through Aeneas and the Thematic Programme on Migration and Asylum, the results of which were presented in June 2011.

Member States' contribution: Belgium

Belgian Development Cooperation stimulates the circular migration through the programme "*Migration for Development in Africa (MIDA)*" of the IOM which Belgium has financially supported since 2001. The aim of the MIDA programme is to encourage the Diaspora to participate in the development and the capacity building of their country of origin. Therefore, the IOM contributes by organising physical transfers of experts, supporting the transfer of knowledge by e-learning, the transfer of all kind of resources and of funds from the Diaspora. This limits the negative impact of the brain drain for the countries of origin. There are also some members of the Diaspora (participating in this programme), who have stayed on a permanent basis in their countries of origin.

4.5 REMITTANCES AND DIASPORA

The higher awareness in recent years of the importance of remittances in promoting development and various international initiatives are gradually becoming visible in the implementation of concrete measures. Since 2009, the EU has made new commitments in that area, including "to promote transparent, cheaper, faster and more secure flows of remittances

to migrants' countries of origin, and to ensure that relevant legislation does not contain provisions hampering the effective use of legal remittance channels."¹²² In the Stockholm Programme on Justice, migration and asylum (December 2009) the Council also called on the European Commission to come up before 2012 with proposals on how to further ensure efficient, secure and low-cost remittance transfers, and enhance the development impact of remittance transfers, as well as to evaluate the feasibility of creating a common EU portal on remittances to inform migrants about transfer costs and encourage competition among remittance service providers.

Significant progress has been made since 2009 on ensuring more reliable data on remittances, favouring cheaper, faster and more secure flows of remittances and stimulating the development impact of remittances. A few examples can be mentioned:

- Many EU Member States have since 2009 been working on reducing the cost and improving the safety of remittances. Substantial progress has been achieved with the implementation of the Payment Services Directive (PSD) to be done by 1 November 2009, which provides the legal foundation for creating an EU-wide single market for payments. While the Directive was designed as being only applicable to payments made within the EU, 16 Member States¹²³ decided to apply parts of the Directive to "one-leg transfers" (transfers where only one of the payment service providers is located in the EU). In the forthcoming review of the PSD, to be launched in November 2012 with a European Commission report, the appropriateness to extend the scope of the Directive to payment transactions to third countries will be examined.

- A number of Member States have put in place online national cost comparison websites for migrants for the purpose of making migrants better informed about the cost and quality of transfers (France, Germany, Italy Netherlands, Portugal). Two remaining challenges include informing migrants of the website's existence and providing financial education to migrants.

- Several Member States and the European Commission are supporting developing countries efforts to establish a policy framework more conducive to remittances. For instance, France organised in November 2009 with the African Development Bank two workshops in Bamako and Casablanca to allow regional local actors to exchange their experiences, discuss constraints and explore together the prospects for improving existing regulatory frameworks in order to valorise remittances in favour of migrants and their recipients. This work should be completed in the coming months by the publication of a study.

- The European Commission and Member States support a number of projects aiming at reaching remittance- related policy objectives. A number of Member States have since 2009 commissioned studies on remittances along their main corridors (Germany, the Netherlands, Sweden, and UK). The UK supports the Consultative Group to Assist the Poor (CGAP) technology programme which is exploring and testing the feasibility of innovative branchless banking models. France supports the African Development Bank's "migration and development" initiative which has four main components: knowledge on remittances,

¹²² Council Conclusions of 18 November 2009 (Policy Coherence for Development)

¹²³ Application by MS of Titles III and IV (or some of their provisions) to one-leg transactions: BG, CZ, DK, ES (Titles III and IV apply to all contractual agreements in which a Spanish payments service provider is involved; regardless of the nationality of the counterparty), FR, CY, LT (unless otherwise agreed between PSU and PSP except Art. 73), HU, MT, AT (most of the provisions) & SI. Partly: BE, DE (certain provisions do not apply, parties may derogate from the rest), EE (most Title III, partly Title IV), SK & FI (most Title III, some Title IV)

adaptation of regulatory frameworks, development of new financial products, support to productive investment and local development.

Diaspora organisations are being considered as potential actors in the field of development, an aspect which is repeatedly highlighted at the highest level, as for example at the last EU-Africa Summit in November 2010 when the need to strengthen the role of diasporas in the African development process and maximise the development benefits of remittances was put forward, tools have been put in place to foster their involvement in development projects. The European Commission-UN joint initiative for migration and development fosters exchange of experience and best practices among Diaspora organisations, provides capacity building and supports their involvement in the development of their countries of origin. Promoting dialogue and cooperation with Diasporas is one of the key aspects of this programme. Since the first workshop held in Brussels in June 2008, which highlighted - inter alia - the need for a more structured dialogue mechanism with African Diaspora at EU level, a project has for example been supported by the European Commission, whose overall objective is to promote the contribution of the Diaspora to development in Africa through the establishment of a Europe-wide African Diaspora platform for development (EADPD). The European Commission also financed, in early 2011, a study on the possible involvement of Diaspora groups with the EU's engagement in the Horn of Africa. Another example, one of the 12 initiatives of the 2011-2013 Migration and Mobility in Europe (MME) Action Plan aims at establishing an Africa-EU Diaspora cooperation framework, with the objective of engaging the Diaspora in the development of Africa and aiming to build capacity and transfer skills, knowledge and technologies from the Diaspora to the African continent.

Member States also advocate stronger dialogue and cooperation links (Belgium, Finland, Germany...) and sometimes give support to Diaspora organisations, also with regards to links with development organisations in countries of origin. For instance, Africa↔UK is a new initiative dedicated to enhancing the contribution of the Diaspora to Africa's development and fostering greater dialogue between UK-based Africans working in development and national and international policy-makers. France also supports migrant associations in contributing to their countries of origin, for example in Cape Verde, Senegal or Haiti.

It is nevertheless important to structure the dialogue with Diasporas both in the EU and in partner countries and to integrate this concern into all our policies and programmes (not only the migration ones). It is also fundamental for the EU to improve capacities of Diaspora associations and platform in order for them to better channel the dialogue between countries of origin and destination and migrant communities.

Member States' contribution:

Spain (Remittances): The Ministry of Finance is pursuing a policy of liberalisation of the remittances market producing some new regulation linked to the implementation of the European Directive on Payment Services. As a consequence, the amount of capital needed to create a money transfer service has been considerably reduced, opening the door to many new organisations. The cost of money transfers from Spain is actually lower than the EU average, varying according to the countries of destination (extremely low for some LAC).

On the other hand, the attempts to promote pilot initiatives to channel migrants' remittances to productive projects have not been conclusive, in part due to the impact of the economic crisis on migrants' savings capacity, and due too to the extreme difficulty of managing projects involving actors in destination and origin countries as their views used to be different.

Finland (Diaspora): In addition to direct financial support to NGOs, the engagement of the Finland-based Somali Diaspora in the development of their country of origin has been promoted by the Government through an IOM-project that identifies essential gaps in the region's health sector that can be filled temporarily by health professionals from the Finland-based Somali Diaspora. The Advisory Board for Ethnic Relations (ETNO) continues to play an active role as a forum for dialogue with the Diaspora groups and migrant organisations.

4.6 ASYLUM AND INTERNATIONAL PROTECTION

Regional Protection Programmes (RPPs) are still a preferred tool for building the capacity of third countries to effectively protect and ensure durable solutions for refugees, especially in the context of protracted refugee situations. The Stockholm Programme, approved in December 2009, invited the Council and the Commission to enhance capacity building in third countries, in particular their capacity to provide effective protection, and to further develop and expand the idea of Regional Protection Programmes.

In 2010, the mid-term review of the multi-annual strategy of the Thematic Programme for Migration and Asylum (TPMA) confirmed that support to RPPs is one of the thematic priorities and called for enlargement of their geographical scope. New projects funded by the European Commission under the TPMA have since emerged, focusing on protection capacity building in the Horn of Africa (Kenya, Djibouti and Yemen) as well as the continuation of activities in Eastern Europe (Belarus, Moldova, Ukraine) and Tanzania. Furthermore ANRPP in North Africa (Egypt, Tunisia, Libya) has been established and the implementation will start on 1 December 2011.

Negotiations continue on the proposal for the establishment of a “Joint EU Resettlement Programme”,¹²⁴ seen as an important factor for promoting the EU resettlement, which may strengthen the resettlement components of the RPPs. The co-legislators (Council and European Parliament) hope for the timely establishment of the Programme under the present European Refugee Fund (ERF), which runs till end of 2013. Under the 2011 pledging exercise, ten Member States pledged to resettle in the course of 2012 a total of 3 083 refugees belonging to one of the four categories mentioned in the ERF decision that include the regions covered by or designated for an RPP. At national level, ten Member States¹²⁵ resettled refugees from different regions of the world in 2010, mainly in cooperation with UNHCR. In 2010, 4 707 refugees were resettled in the EU from third countries, representing 4.4% of all people resettled during this year.

Member States' contribution: Romania

The Romanian Immigration Office has taken on the role of expertise provider at national level in the field of migration management and asylum. It has been part of the regional impact project “Building Migration Partnerships – a platform for applying the Global Approach to Migration to the Eastern and South-Eastern Regions neighbouring the EU” since March 2009. Romania's political commitment has materialised in the signature of the Prague Joint Declaration coming out of the Ministerial Conference of April 2009 and in the support for

¹²⁴ COM(2009) 456 final.

¹²⁵ Czech Republic; Denmark, Germany; Ireland; France; Italy; Portugal; Finland; Sweden; UK;

joint implementation of the Global Approach to Migration given to the Eastern and South-Eastern neighbouring regions.

The Romanian Immigration Office is also part of the implementing initiative “Support reintegration of returning migrants and the implementation of EU-Georgia readmission Agreement”, since December 2010. With the objective of increasing the capacities of competent Georgian authorities and civil society to actively support dignified sustainable return and reintegration and to address challenges posed by irregular migration, the cooperation initiative implements the guidelines agreed on within the Joint Declaration on a Mobility Partnership between the EU and Georgia (one of the Romanian ODA partner countries), signed by Romania as a participating state in November 2009.

4.7 MIGRATION PROFILES

Standard Migration Profiles have been developed for a large number of countries around the world. Originally, they were prepared as annexes to country strategy papers so that the migration dimension could be better taken into account in the programming of development cooperation. The quality and content of these profiles were uneven as they were produced by a wide range of stakeholders (EU Delegations, international organisations or contracted experts). Most of them contained some basic data on migration patterns.

The EU is increasingly promoting Extended Migration Profiles. The aim is to provide more comprehensive reports including a broader range of data on migration patterns according to age and gender and category of flows and stocks, as well as data on employment, education, social and development indicators. These profiles are produced through a consultative process involving all relevant stakeholders in a partner country and the product is owned by that country. This has become a tool to promote improved policy coherence between migration and development.

The EU should promote the funding of more Extended Migration Profiles to support its partners and to make them sustainable tools in cooperation on migration and development. They can also be used as means to monitor the progress and effects of the dialogue and cooperation, notably the Mobility Partnerships.

Member States’ contribution: Poland

Within the “Building Migration Partnership initiative”, Poland has actively participated in:

- introductory missions to Uzbekistan, Turkmenistan, Tajikistan, Kazakhstan, Kyrgyzstan, Armenia, Georgia, Moldova and Azerbaijan, in order to contribute to Extended Migration Profile Reports with up-to-date information and to identify priorities of partner countries;
- Senior Officials meetings and workshops;
- Extended Migration Profiles elaborated on the basis of a template prepared by the European Commission in the field of migration management; on the one hand by providing information on the migration situation in a country and on the other hand by providing a sound empirical and statistical basis for policy planning and policy development;
- the Map on Illegal Migration Routes in Eastern and South-Eastern Europe (I-Map) which visualises the main illegal migration flows and migration hubs.

Poland continues to support the IOM providing assistance for Internally Displaced Peoples (IDPs). The current project aims to assist IDPs in Georgia through job counselling, referral and placement as well as targeted vocational training and small business development. Poland has also co-funded the IOM-managed project “Reintegration assistance to the redundant personnel of the Ministries of Defense, Internal Affairs and Justice in Georgia”, aiming at assisting former military personnel with reintegration into civil society by providing them with job counselling, developing business ideas and small business start-up and by providing information on training/educational programmes and courses available in the country.

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

Since 2009, more progress has been made in a number of areas. The real policy challenge for the coming years remains whether the EU is capable and prepared to offer real migration and mobility options for nationals of developing countries seeking legal employment in the EU. It will also be important to do more with regards to the coherence at intra-EU level with for example Directorate-General Employment’s work programme in the light of EU 2020 strategy. Portability of socio-economic rights is also being addressed, but should be further tackled in the coming years.

5. SECURITY

Introduction and quick facts

On 19 November 2007 the Council adopted two sets of Conclusions: “An EU response to situations of Fragility”¹²⁶ and “Security and Development”¹²⁷ which have guided the EU’s engagement since then. In 2008/2009 studies and pilot exercises were undertaken in a set of countries representing different degrees of insecurity and fragility and levels of development, and with varied ways of EU engagement on the ground.¹²⁸

The entry into force of the Lisbon Treaty and the consequent changes in the institutional set-up of the EU, in particular the creation of the EEAS, signify a major change in the functioning of EU external relations. In the follow-up to the 2007 Council Conclusions a number of activities have already been implemented or are ongoing. Since the creation of the EEAS, the July 2011 Council conclusions on conflict prevention have called for reinvigoration of EU

126 Doc. 15118/07 of 20 November 2007. See also the Commission Communication ‘Towards an EU response to situations of fragility’ COM(2007) 643 final, of 25.10.2007, and the Resolution by the European Parliament No. De P6_TA-PROV(2007)0540 of 15 November 2007.

127 Doc 15097/07 of 20 November 2007. See also the European Parliament resolution P6_TA-PROV(2008)0639 of 18 December 2008.

128 The follow-up’s files to both sets of Council Conclusions were kept separate throughout this process.

The work on situations of fragility was inter alia based on (1) Action Plans, studies and reports from 6 pilot countries with a Member State taking the co-lead together with the EC delegation in 4 cases: Sierra Leone (co-lead DE), Burundi (co-lead NL), Guinea Bissau (co-lead PT), Haiti (co-lead F), Timor Leste and Yemen; and (2) a support study mapping the actors, instruments and assessment tools in fragile situations.

For the follow-up on security and development nexus, see in particular RELEX/ Studies/ IFS/ Security and Development. Final Report Book 1 and 2 (Project No. 2008/157766). The study examined at the security and development nexus in Aceh/ Indonesia, Afghanistan, Central African Republic, Chad, Colombia and South-Africa and was distributed to EU Member States in February 2009.

efforts to prevent violent conflicts and their reoccurrence, pointing at the Lisbon treaty and the creation of the EEAS as the opportunity to give renewed impetus to the “Gothenburg Programme” for the prevention of violent conflict, that was adopted in 2001.

The EEAS recently established the Crisis Platform to ensure consistent EU response to natural or man-made disasters. Meetings of the “Crisis Platform” are held regularly to treat specific crisis; chaired by the High Representative/Vice-President of the Commission (or by the EEAS Secretary General or the Managing Director for Crisis Response & Operational Coordination). Crisis Platforms gather all competent services which contribute to address the crisis, both from the External Action Service and from the Commission (ECHO, DEVCO, etc.). Crisis Platforms are a good concrete example of PCD the EU is fostering in crisis situations, in order to articulate the efforts of the various services working on early recovery and LRRD, but also on post-disaster needs assessments (PDNA) and post-conflict needs assessments (PCNA).

International policy debates provide the opportunity to deepen a shared understanding of how to address the challenges related to situations of fragility and conflict. In this regard the creation of the International Network on Conflict and Fragility (INCAF) within the OECD DAC in 2009 is particularly relevant. Under the “International Dialogue on Peace-building and State-building”, launched as part of the Accra Agenda for Action at the High Level Forum on Aid Effectiveness in 2008, partner countries, donor agencies and civil society have agreed on joint priorities and actions in fragile and conflict environments. An international road map has been presented at the High Level Forum in Busan in 2011, calling for the adoption of “Peace-building and State-building Goals”, and related specific commitments to deliver better aid in fragile states.

The United Nations are reviewing their practice as regards peace-building and peacekeeping. The follow-up to the UN Secretary General’s Report on Peace-building in the immediate aftermath of conflict (2009) and the ongoing review of the UN Peace-building Commission are of particular importance in this regard. Furthermore, the 2009 UN non-paper “A New Partnership Agenda: Charting a New Horizon for UN Peacekeeping” sets the basis for a reflection on the strengthening of synergies between peacekeeping and peace-building. The EU and its Member States are strongly committed to these processes and at many levels play an active part in them. The findings of the international debates feed into EU policies.

A recent evaluation of European Commission support to Conflict Prevention and Peace Building also provides important feedback for future EU action in this area. An evaluation on support to Justice and Security Sector Reform is forthcoming.

a) Four main areas of action have been identified for EU interventions in situations of Fragility and Conflicts:

1. improvement of the coordinated, coherent and holistic EU approach (“Whole of the EU”) by the relevant EU actors – including from different policy communities (in particular security, development, humanitarian and diplomatic),
2. a focus on conflict prevention, by better linking early warning to early actions with a view to address conflict risk before eruption into violence by employing in practice the “Whole of EU” approach;

3. building peaceful, legitimate and inclusive states as a central objective for the EU external intervention, making EU development assistance more effective, responsive and adapted to the challenges of fragility and conflict, and

4. deepening of strategic international partnerships, with global, regional and sub-regional organisations.

b) The actions of the EU Member States

In the meantime, substantial progress at the level of the Member States has been made in the following areas:

1. Improving synergies between security and development in the context of the global peace agenda, especially through the setting-up of effective interdepartmental coordination mechanisms. Examples:

- **The Netherlands:** 3D approach (Diplomacy, Defence and Development) developed by interdepartmental cooperation between Foreign Affairs and Department for Cooperation.

- **The UK:** establishment of a National Security Council (NSC) in 2010 (The Secretary of State for International Development is a key member of the NSC, which ensures that the links between development and security are appropriately made). NSC carried out a Strategic Defence and Security Review (SDSR) (published in 2010): it sets out both the development and security case for increased investment in upstream conflict prevention, stabilisation and peace-building in fragile states, and notes the importance of cross-government approaches to security and justice sector reform for development.

2. Promoting national development plans that take into account security and development needs in a more coherent way. Examples:

- **Sweden, Ireland:** on the basis of international principles i.e. resolution UNSCR 1325, OECD “Principles for Good and International Engagement in Fragile States”.

- **UK:** the DFID(2010) “Peace-building and State-building” practice paper serves as a guide for DFID Country Offices and Foreign Missions to develop country strategies and to influence partner governments’ strategies and plans.

- **Austria:** The Austrian National Security Strategy of 2011 largely influenced by the work of a “think tank”.

3. Planning and implementation of international peace operations that take into account the socio-economic and environmental impact of international peace operations at local level.

- Various Member States (e.g.: **Czech Republic, Finland, Hungary, Italy, Portugal, etc.**) have confirmed that the planning of international peace operations is developed according to a thorough analysis and situation assessment providing a broad and accurate overview of the field conditions and highlighting possible needed interventions in the socio-economic and environmental fields.

5.1 IMPROVING STRATEGIC PLANNING: INTEGRATING DEVELOPMENT OBJECTIVES INTO THE PLANNING AND IMPLEMENTATION OF PEACE OPERATIONS

Through the African Peace Facility, funded through the European Development Fund (EDF), development aspects and security principles are fully integrated taking into account both the views of the EU and other donors and those of the African partners. The development dimension is reflected in the decision-making processes which are based on principles of African ownership and capacity building, with full support from EU Member States. At implementation level, the use of standard EDF procedures allows the integration of development objectives in African-led peace operations supported through the facility.

Member States' contribution: the UK

In Afghanistan, as part of the UK contribution to the planning and implementation of the International Security Assistance Force (ISAF), it worked with and through both national and provincial reconstruction team in Helmand levels. ISAF covers a broad spectrum of interrelated security, governance, reconstruction and socio economic development goals.

Furthermore the UK provided political support both through its national chains of command in NATO and with its bilateral relations with its NATO and non-NATO allies, and through the UK Mission in Kabul. Finally it provided development support through its DfID's country office in Kabul.

In instances where UK government funds are channelled through implementing partners such as the World Bank and the Asian Development Bank, robust appraisal systems are applied, assessing likely impact on the socio economic and environmental conditions. The result has been a far greater emphasis on the importance of non-kinetic effects, with security improvement in support of governance, reconstruction and development objectives to improve the livelihood of the Afghan population. Socio economic impact is now an integral part of the ISAF campaign plan and better aligned with Afghanistan's own national development plans and strategies. Another concrete effect has been a change in procurement policy, leading to a fair larger share of local level contracting than before.

Regarding planning and implementation at provincial level, the UK government – through the UK led multi governmental Helmand PRT- bases its plans and strategies on the expected impact on socio economic and environmental conditions. Planning and implementation is done in close cooperation with the Afghan government. Major infrastructural activities require environmental screening notes as part of the appraisal process. Other sectoral plans (agriculture, water and sanitation) are also assessed against a broad set of socio economic and environmental criteria. At provincial level, in 2010, a monitoring and evaluation programme was initiated aiming at assessing in a more structured and systematic way, the impact of the operations on the security, governance and socio economic situation.

5.2 PROMOTING CONFLICT-SENSITIVE DEVELOPMENT PLANS AND IMPROVING THE EU RESPONSE TO SITUATIONS OF FRAGILITY AND CONFLICT

At EU level, the attention given to fragile states has remained at the top of the development agenda. Reasonable progress has been made to better address fragility in EU development cooperation programmes and strategies and improve the overall EU response in these contexts. Comprehensive strategies and joint programming are being developed (Horn of

Africa/Sahel region), specific approaches to budget support in fragile states are being promoted¹²⁹ and procedures are regularly reviewed to ensure sufficient flexibility in order to address specific urgent needs in crisis situations.

Since 2008, the "security - development" approach has found a point of application of particular relevance in some desert areas of Sub-Saharan Africa (Mauritania, Mali and Niger), which contain pockets of exclusion/grey areas excluded from the development progress of the sub-region facing increasing security threats over the last ten years.

Political instability related to the Tuareg rebellion, and the action of the jihadi groups and networks of traffickers (e.g. drugs - cannabis resin and more recently cocaine -, arms and migrants), has at the same time been exacerbated by the absence of effective presence of the state and increased its loss of legitimacy in those areas. Indeed, the lack of sovereignty of the Sahel countries has an impact both on the effectiveness of the fight against illicit trafficking, and on the worrying evolution of the terrorist threat. Under these conditions, the effectiveness of cooperation involves, in addition to specific projects directly tackling security issues (justice, customs and internal security), paying particular attention to the legitimacy of the state and to the governance processes, through the implementation of programmes aiming at:

- strengthening the presence of the state and the provision of public services in the most fragile regions of Mali, Mauritania and Niger;
- supporting key areas such as education, health and social development and promotion of the private sector.

The implementation of such programmes must be carefully calibrated with an in depth conflict risk analysis, in order to contribute to addressing causes of conflict risk and to avoid contributing to increased risk (the "do no harm" approach).

The French Ministry of Foreign and European Affairs and the French Development Agency are particularly active in strengthening cooperation in these complementary fields, including the special "Programme for Peace, Security and Development in Northern Mali", defined by the Malian authorities. In terms of method, the coordinated response at the EU level in these sensitive areas, which have experienced recent conflicts between different local communities, assumes that greater attention be paid to factors of conflict and instability in the broad sense (food security, land conflicts, inter-cultural conflicts unresolved, access to mineral resources, etc.), bearing in mind that the quality of the relationship between state and people is as important as the presence of the State in all its territory. The local level is seen as particularly relevant to the implementation of this approach, ensuring proximity to citizens and better attention to needs and expectations of the communities in the regions concerned by the actions in the field of security and development; support to formal and informal networks of conflict mediation and to civil society operators is also considered, in addition to the institutional approach.

Member States' contribution: Czech Republic

¹²⁹ http://ec.europa.eu/europeaid/how/delivering-aid/budget-support/documents/future_eu_budget_support_en.pdf

The strategy of the Czech-led Provincial Reconstruction Team in Logar (Afghanistan) is to support local communities in a complex way: support of security forces goes along with enhancement of local economy (support for agricultural production, building of basic infrastructure, mainly water management facilities), capacity building (training, information campaigns) and reconstruction or supply of other necessary facilities (schools, medical facilities and others).

5.3 SUPPORTING SECURITY SECTOR REFORM (SSR) PROCESSES, PROMOTING OWNERSHIP AND STRENGTHENING PARTNERSHIPS WITH INTERNATIONAL, REGIONAL AND SUB-REGIONAL ORGANISATION

The European Union is a major donor in the field of Security Sector Reform (SSR) with an increased focus on national ownership and human security aspects. The EU Policy Framework for SSR (June 2006) provides the overarching principles of the EU approach and draws on the OECD-DAC definition. The SSR is seen as a holistic reform process designed to strengthen good governance, democratic norms, the rule of law and the respect and promotion of human rights, in line with internationally agreed norms. EU support to SSR encompasses both addressing institutional capacity building towards a national/regional ownership and strengthening security for all citizens. Building regional and sub-regional capacities in the field of peace and security through various regional programmes, such as support through the African Peace Facility (APF), to the African Union and its Regional Economic Communities, is also at the heart of a SSR process.

Member States' contribution: Portugal

Portugal adopted in 2009 a National Strategy for Security and Development, aiming to promote greater coherence and coordination of Portuguese external action in regard to global security and development. Based on the idea that there is no security without development and no development without security, this Strategy intends to guarantee operational and political accountability and the creation of coordination mechanisms both in Portugal and in the recipient countries. Best practices systematisation, information sharing among all the actors and in-depth relations with the international partners, will allow Portuguese programming and integrated actions in fragile states. The Strategy provides guidance to the development of programmes agreed with local authorities.

Technical-Military Cooperation (TMC) actions are designed to address the Security and Development link, namely through the implementation of programmes such as military schools, engineering, maritime authority, maritime safety and security signs, training for trainers and computers. The dual-use characteristics of these programmes will allow those concerned to profit from training also for military purposes, as in external activities, promoting employment and development.

In the framework of the Portuguese Action Plan to implement UNSC Resolution 1325 on women and peace and security TMC will contribute with a more dynamic and gender inclusive training action and technical advice. The Ministry of Internal Affairs, through the deployment of police officers, takes an active part in international peacekeeping missions and civilian crisis management in conflict areas with a view to promoting transition to democracy, respect for human rights and rule of law, good governance and consolidation of effective civil society structures.

In addition, Portugal has been developing activities within the spirit of the current and more comprehensive concept of SSR - namely in Guinea Bissau - through police technical assessorial projects. In this context, institutional empowerment assumes great relevance since it empowers countries and their respective structures with mechanisms and tools that are essential for human security and development.

Member States' contribution: Italy

Italy has been a member of the Peace Building Commission (PBC) of the United Nations (from 2006 to 2008) and participated also in the PBC country configurations of Sierra Leone, Burundi and Guinea Bissau. Furthermore, Italy has been very active in supporting the UN activities in the field of SSR and conflict prevention and in the UNDP's Bureau for Crisis Prevention and Recovery, devoting particular attention to capacity building and local development.

Italy's role in Afghanistan has been directed towards reconstruction and stabilisation, on the assumption that security and development are inextricably linked. In addition to the Italian-led Provincial Reconstruction Team in Herat, Italy's contribution to these aims includes the active participation to the training activities of the EU Mission EUPOL Afghanistan.

- Better control the proliferation of small arms and light weapons (SALW) and address the issue of anti-personnel land mines

The 2008-2013 Guidelines on European Community Mine Action have proved increasingly successful in supporting mine action programming, so that the EU is again among the major donors in the fight against anti-personnel landmines and more broadly explosive remnants of war, including cluster munitions. The EU promotes integration and streamlining of mine-action into broader cooperation and development policies in order to guarantee sustainable results. To ensure integration of mine-action through bilateral cooperation, it is also necessary that countries prioritise mine-action in their requests for general assistance and that they make it a priority in their national indicative programmes. In this way, direct ownership and long-term impact will be ensured. In addition, in crisis situations the EU continues to provide assistance through the Humanitarian Aid Instrument and the Instrument for Stability.

The EU is funding a number of projects against the proliferation of illicit SALW. The Instrument for Stability has been supporting trans-regional cooperation to counter the illicit proliferation, accumulation and trafficking of firearms in Africa, Latin America and Caribbean, with ongoing projects with regional and international organisations worth €7.3 million.

Member States' contribution: Ireland

Ireland's Defence Forces were actively engaged in international peace operations mandated by the United Nations Security Council to create a safe and secure environment to enable and facilitate the delivery of humanitarian aid. The Defence Forces also supported the implementation of peace agreements, creating necessary security conditions to allow the activities of other actors engaged in security sector reform and state building in conflict zones and fragile States.

Ireland's largest engagement in 2009-2010 was the Defence Forces contingent in EUFOR Tchad/RCA and subsequently in the United Nations Mission in the Central African Republic and Chad (MINURCAT), contributing to the protection of civilians in danger, including refugees from Darfur and internally displaced persons (IDPs). The missions' mandates further provided for the facilitation of delivery of humanitarian aid and the free movement of the humanitarian personnel by helping to improve the security situation.

Members of the "Garda Síochána" also served on overseas peace operations contributing to the maintenance of law and order in Cyprus (UNFICYP), and assisting the development of local rule of law capabilities in Kosovo (EULEX) and Bosnia-Herzegovina (EUPM). Ireland also supported specialist international NGOs working in the area of conflict prevention and resolution and peace-building activities in Timor-Leste, Uganda, Sierra Leone, Sudan, Democratic Republic of the Congo (DRC), Afghanistan and Liberia. Ireland's Stability Fund supported the African Union Mission in Sudan (AMIS) and elections in DRC.

Ireland's commitment to conventional disarmament was demonstrated by its active involvement in the establishment of the Anti-Personnel Landmine Convention and the Convention on Cluster Munitions. Following the adoption of this last in Dublin in 2008, Ireland actively promoted the Convention and worked closely with the main NGO active in the area: "Cluster Munitions Coalition". Limiting the spread of small arms and light weapons is a priority and Ireland provided financial support to the International Action Network on Small Arms and to a number of Small Arms and Light Weapons projects.

- Improving natural resource management

Environmental factors can be significant drivers of violence. If resources play a key role in war, then they must play a key role in peace and become peace-assets. The international community has gained an increased understanding of the significant role of natural resources and environment in peacekeeping and peace-building process. Management of shared resources can become an excellent opportunity to build on regional cooperation. The main EU initiatives in this field are: an EU voluntary scheme with ACP countries to protect natural forests and local communities through voluntary agreements between individual ACP countries, the EU FLEG (Forest, Law Enforcement, Governance and Trade); and the EU Raw Materials Initiative.

Member States' contribution: Finland

Finland's work to promote development and security is based on respecting and implementing the principles of international law and conventions. Finnish support to fragile states specifically considers the underlying social and economic grievances and the national development plans, including an analysis of access to natural resources.

Nepal is a country emerging from violent conflict where structural inequality of society has led to the exclusion of several population groups from the country's development. Finland's long-term cooperation in Nepal's water and sanitation sector has supported the development of the country's poor regions as well as areas prone to conflict. Under the programme over 250 000 people have gained access to clean water and around 360 000 have gained access to sanitation services. A significant proportion of the activities have been directed at equitable education for communities and training on building/maintaining water supply and sanitation.

Another example of addressing access to resources is Finland's long-term forestry cooperation in Mexico that has supported the development of the country's social structures. Village forestry, which has developed alongside enhancement of the rights of communities, has contributed to the economic and peaceful development of society and prevented social conflicts at a local level. Activities that focus on the sustainable use of natural resources should have financial incentives; environmental benefits alone are not sufficient. The example of Mexico reinforces the view that deforestation can only be stopped by forest owners and the users of forests. Products and income derived from forests have had a beneficial effect on improving social services in villages. The communities' traditional practices play an important role: policy changes related to land ownership and land tenure require advanced monitoring systems that can provide information on implementation problems.

- The Kimberley Process Certification Scheme (KPCS)

The Kimberley Process Certification Scheme (KPCS) is the result of a joint international effort to stem the trade of so-called "conflict diamonds" which may fuel local armed conflicts in unstable countries by financing arms imports. The agreement imposes diamond-producing countries, traders and diamond-importing countries to set up an effective internal system of controls to prevent conflict diamonds from entering the legitimate diamond market. Every shipment of raw diamonds must be contained in a tamper resistant container, and accompanied by a forgery resistant certificate attesting its compliance with the Scheme. Members of the KPCS cannot trade raw diamonds with non Participants. Countries that participate in the scheme are required to report the production and trade to the KP. The KPCS provides a prominent contribution to the prevention of conflicts fuelled by the trade in conflict diamonds on the peace, safety and security of people in affected countries and the systematic and gross human rights violations that have been perpetrated in such conflicts.¹³⁰

The EU plays an active role in the Kimberley Process, seeing it as a conflict prevention instrument, which can promote peace and international security. The Kimberley Process is thus complementary to the EU development cooperation which promotes sustainable economic and social development and tackles conflicts, corruption and bad governance.

- Enhancing synergies between development objectives and financial instruments addressing security issues

The 2011 Commission Communications "Increasing the Impact of EU Development Policy: an Agenda for Change"¹³¹ and "The future to EU Budget Support to Third Countries"¹³² have clearly highlighted the relevance of the links between financial instruments supporting development objectives and the overall central objective of the EU external intervention of cooperating in building peaceful, legitimate and inclusive states, setting a solid ground to make EU development assistance more effective, responsive and adapted to the challenges of fragility and conflict.

¹³⁰ The basic framework for implementing the KPCS in the EU is established by Council Regulation (EC) No 2368/2002 of 20 December 2002, which sets out controls on the import and export of diamonds and the issuance of Kimberley Process certificates and puts in place provisions for self-regulation by the EU's diamond industry.

¹³¹ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0637:FIN:EN:PDF>

¹³² <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0638:FIN:EN:PDF>

Member States' contribution: Germany

The context of state fragility and conflict formed one of the core topics for the debates in the Development Assistance Committee (DAC) of the OECD and in the World Bank. In both forums the Federal Government took an active role in developing options for action and guidelines for state-building in fragile situations and situations of open conflict, in resolving deficits in finance and action on the part of the international community in post-conflict situations, and in work on the prevention of violence. The Federal Government in this context especially advocates strengthened cooperation with the international finance institutions (IFIs), in particular the World Bank and the International Monetary Fund.

The further improvement of coordination between the ministries – leading ultimately to more coherent and efficient funding – got even greater importance during the reporting period and in the framework of the German commitment in Afghanistan.

The recognition that effective crisis management demands that urgent measures shall also join-up into a coherent and more long-term overall approach is today accepted at both EU and international level and forms a yardstick for successful commitment in these areas.

6. OTHER

6.1 RESEARCH: IMPORTANCE OF SPACE APPLICATIONS IN SUPPORT OF PCD

Space is an important enabler to promote development in the sectoral challenges identified for the EU PCD Agenda. Space applications are global by nature and can complement in a non-intrusive way ground infrastructures that sometimes are lacking.

In November 2010, the Africa-EU summit endorsed a plan to provide a Satellite Based Augmentation Service to the African continent (“EGNOS and Africa”). This plan entails capacity building as well as infrastructure deployment to enable Africa to enjoy SBAS coverage that will benefit transport (e.g. civil aviation) and non-transport (e.g. agriculture) domains.

The European Space Policy

Article 189 of the Treaty on the Functioning of the European Union gives a shared competence to the Union to develop a European Space Policy which will be consistent with the objectives of the EU in the area of Development.

The EU is developing Space Programmes in the area of Earth Observation with GMES and satellite navigation with EGNOS and Galileo. These programmes which, by nature, have a global reach, will offer useful services in support of PCD such as providing information on climate change or land use.

Galileo and EGNOS

The Galileo programme is Europe's initiative for a state-of-the-art global satellite navigation system, providing a highly accurate, guaranteed global positioning service under civilian control. The fully deployed system will consist of 30 satellites and the associated ground

infrastructure. Galileo will be inter-operable with GPS and GLONASS, the two other global satellite navigation systems.

EGNOS (European Geostationary Navigation Overlay Service) is Europe's regional augmentation system for GPS signals. It is the precursor to Galileo.

The European Commission is committed to develop application of satellite navigation in several priority domains such as: applications for individual handsets and mobile phones, road transport, aviation, maritime transport, precision agriculture and environment protection, civil protection and surveillance.

GMES

The Global Monitoring for Environment and Security programme (GMES) is the European Earth monitoring programme built on partnerships between the Union, the Member States and the European Space Agency (ESA). It allows for the collection, through space and in-situ infrastructures, assimilation and processing of information about planet Earth's physical, chemical and biological systems.

GMES will ensure an uninterrupted provision of services in the areas of Climate Change, Food Security, Migration and Security by providing accurate and reliable data and information on environmental issues (including biodiversity, land use or deforestation), climate change and security matters to decision makers in the EU and in its Member States.

Until 2014, GMES is under development through R&D funding (FP6 and FP7 for the EU side). A first operational budget was allocated with the GMES Initial Operations Regulation n° 911/2010 over the period 2011-2013 for land monitoring and emergency response services.

Space application in developing countries: Africa's example

GMES and Africa

The GMES initiative has significant potential to serve also the African users and policy makers, therefore the need to develop synergies between Africa and Europe on Space applications. In 2006, Africans have asked for the application of the GMES concept to the African Continent. Under the Portuguese presidency of the EU in December 2007, the GMES and Africa strategy (Lisbon Declaration) took shape. It is a concerted strategy, to which existing programmes such as the GMES initiative, the Monitoring for Environment and Security in Africa (MESA) project, FP7 R&D projects, EUMETSAT, ESA and Member States' initiatives will contribute in a structured way.

The Lisbon Declaration at the 2007 Summit foresaw the delivery of a **GMES and Africa Action Plan**, federating the needs of African users, ensuring transparency and African ownership, and allowing structured contribution from European initiatives and funding.

EGNOS in Africa

As the development of air transport in sub-Saharan Africa and its related infrastructure favours country and regional interconnectivity (key to meeting the objectives of sustainable economic growth, competitive trade, and integration), the implementation of EGNOS in Africa has received high political attention from the Commission.

Satellite navigation services in Africa will bring important net benefits, notably for the aviation sector as well as in other applications and transport domains. EGNOS services have also positive impacts in other applications and transport domains, such as land management (for surveying, cadastre, and others), maritime safety along the shores and in approaching ports, rail transportation, and in the oil and mining industry.

PART III

LESSONS LEARNED AND CHALLENGES AHEAD

1. CROSS-CUTTING ISSUES

1.1 FOLLOW-UP OF WORK PROGRAMME 2010-2013

- The European Commission continues to follow the PCD Work Programme 2010-2013.
- The European Commission will prepare the post-2013 PCD Work programme on the basis of the multi-annual Commission Work Programme but also on the basis of available evidence on impacts of existing policies and lessons learned from the implementation of the current Work Programme.
- In the preparation of the next rolling PCD Work Programme, a wider discussion with the EEAS and Member States and all relevant stakeholders when designing/selecting targets and indicators for the next PCD Work Programme is needed to ensure ownership and shared accountability. Another lesson learned is that fewer indicators, together with more precise and better monitoring can lead to a more operational framework and easier monitoring.

1.2 BEYOND THE "DO NO HARM" APPROACH IN PCD

- Current practice of PCD has shown the limits of a PCD approach reduced to measuring and attempting to lower negative impacts. In order to obtain more concrete results and a better incentive for PCD work also outside the EU, it is important to move beyond the “do no harm” mindset, not only by searching for more PCD success stories and benefits, but also by looking for more pro-active integration of development objectives into EU policies.
- The 2011 Concord Report "Spotlight on Policy Coherence for Development" brings out several case studies and makes a four-step recommendation to the EU institutions - *“a)face it, b)get prepared (put resources into place to advance capacity), c) anticipate and d)react”*. The European Commission will continue to engage in dialogue with civil society on highlighted PCD issues.
- The European Commission will continue its work to improve Impact Assessment process and instruments for policy initiatives and proposals with an impact on EU external relations or development policy and/or development in partner countries.

1.3 REINFORCING THE POSITIVE COOPERATION AND STRENGTHENING THE PCD NETWORKS

- The European Commission takes into account the growing mobilisation of the European Parliament and national parliaments on Policy Coherence for Development, by engaging in more exchanges with them on the subject and by accompanying them in acquiring specific analytical capacity to contribute to promoting PCD in the EU.

- In November 2011, the OECD has launched an International Platform on PCD,¹³³ to facilitate knowledge sharing and PCD promotion. The EU continues to support this initiative which promises to bring real benefits in terms of disseminating guidance, evidence and good practice on PCD, while also facilitating discussions on methodological issues, training and PCD cross-cutting issues. The European Commission will continue the close cooperation with the OECD and contribute to the platform and mobilise cross-cutting as well as sectoral and national contributions on PCD-relevant issues.

1.4 MONITORING AND MEASURING PCD

- Within the European Commission, the Directorate-General for Development and Cooperation - Europe Aid provides concrete guidance to other services on how to take into account development objectives in policy-making (especially in the context of Impact Assessments) on a case by case basis. It will continue to improve its analytical capacity and to exchange on good practices and methodologies with Member states and other stakeholders.

- Moreover, to make the most of the knowledge sharing, it would be useful to develop a library of PCD narratives and "stories" that can be used for further awareness-raising and training and that will help provide the right incentive for other actors to get involved.

2. THEMATIC ISSUES

2.1 TRADE AND FINANCE

2.1.1 TRADE NEGOTIATIONS AND MARKET ACCESS

- The WTO-DDA negotiation process has still not reached agreed final results despite the efforts during the reported period; the reaching of a conclusion in the foreseeable future will depend on the results of the Geneva Meeting of the 15th and 17th of December.¹³⁴

- As to the Economic Partnership Agreements (EPAs) with the ACP countries, after the difficulties registered during the period covered by this report, signs of a new dynamism have been registered in many regions during 2011. The European Commission remains committed to conclude pro-development agreements using to the full the latitude allowed under WTO and Cotonou rules, on the assumption that sufficient political will can still be confirmed on the ACP side. At the end of September 2011, the Commission adopted a proposal for amending the Market Access Regulation, with a view to reserving as from 1 January 2014 free access to its market only to those ACP countries that will have moved towards ratification of their EPAs by then.

- In May 2011, the European Commission adopted a proposal for a new GSP (Generalised System of Preferences) scheme to be applied at the latest as from 1 January 2014. This proposal aims at focusing the GSP preferences on the countries most in need, in particular the

¹³³ <https://community.oecd.org/community/pcd>

¹³⁴ http://www.wto.org/english/thewto_e/minist_e/min11_e/min11_e.htm

LCDs, and at generating additional export opportunities for them. It is currently being considered by Council and the EP. (for GSP+ see following point 2.1.2)

- Under the different financial cooperation instruments, the European Commission is continuing to provide assistance to developing countries in the area of SPS, TBT, standards and other market regulations.

- EU and MS Aid for Trade activities are continuing their positive trend, as reported in the July 2011 WTO Global Review, but ideas for a more comprehensive and precisely defined scheme are being studied.

2.1.2 CORPORATE SOCIAL RESPONSIBILITY, EMPLOYMENT/LABOUR AND ENVIRONMENTAL STANDARDS

- A new Commission Communication on Corporate Social Responsibility (CSR), adopted on 25 October 2011,¹³⁵ is opening-up additional possibilities for a more “development-friendly” international trade. It responds to the Europe 2020 commitment to “renew the EU strategy to promote CSR as a key element in ensuring long-term employment and consumer trust” and recognises the importance of actions to promote CSR in developing countries.

- The new proposal for the new EU GSP scheme adopted by the European Commission in May 2011 included new provisions reinforcing the GSP+ arrangement, offering further advantageous tariff preferences to countries that comply with the main international conventions on human and labour rights and on environment and good governance.

- Specific provisions promoting core labour standards and decent work have been included in all recently concluded trade agreements, within a chapter on trade and sustainable development.

2.1.3 INTELLECTUAL PROPERTY RIGHTS (IPRs)

- A new Communication was adopted in 2011, widely covering Intellectual Property Rights from patents, trademarks and geographical indications to copyright¹³⁶. It will be supplemented, in 2012, by the publication of the revised IPR Strategy vis-à-vis third countries. From a development point of view, a differentiated and balanced approach to IPRs is needed for a number of reasons: 1) it is widely recognised that any impact of IPRs on growth and innovation very much depends on development level, institutional maturity, administrative capacities and educational and research potential. Policies to promote cooperation regarding transfer of technology and public research are complementary and fundamental to cooperation on developing IPR legal framework; 2) ensuring adequate access to medicines and providing effective incentives for pharmaceutical research remains a challenge. The revised Strategy will consider ways to provide assistance to developing countries envisaging making use of TRIPs flexibilities in appropriate cases, such as health emergencies and making it compatible with the parallel agenda for “affordable access to medicine”; 3) the link to the food security agenda is also important (protection of plant varieties, seed and geographical indication, etc.).

¹³⁵ http://ec.europa.eu/enterprise/newsroom/cf/_getdocument.cfm?doc_id=7010

¹³⁶ http://ec.europa.eu/internal_market/copyright/docs/ipr_strategy/COM_2011_287_en.pdf

- At international level, IPRs are regulated by the TRIPS agreement (compulsory for all WTO members). LDCs are still exempted from nearly all TRIPS obligations until 2013. What will happen when and if the waiver for LDCs under TRIPS comes to an end? This will be one of the major challenges to be tackled in the next period.

2.1.4 RAW MATERIALS

- The European Commission Communication “Tackling the challenges in Commodity Markets and on Raw Materials”, adopted at the beginning of 2011, addresses the key relevant issues on raw materials, trade and development including governance, transparency, policy space, as well as food security and food supply. It ensures that trade and development go hand in hand.

- There is a need to properly follow-up the implementation of the Communication. Particular attention will be given to measures aiming at promoting good governance and transparency as well as those aimed at reducing volatility of commodity markets.

2.1.5 ACCOUNTABILITY, TAX GOVERNANCE AND FINANCE

- The European Commission has prepared - following the encouragements of both the European Parliament, civil society and the G8¹³⁷ - to the EU directives on Transparency and Accounting amendments in order to introduce comprehensive country-by-country reporting (CBCR) requirements which would improve corporate accountability of Multi-National Companies (MNCs) actives in the developing countries and be in line or even beyond the CBCR requirements stipulated in the US Dodd-Frank Act. The EU is planning to continue negotiations in the relevant international in order to extend the requirement to all MNCs.

2.1.6 OTHER OUTSTANDING ISSUES:

- A new Communication on “Trade, Growth and Development” should be adopted in early 2012, updating the 2002 Communication on Trade and Development to reflect changes in the relative trade power of developing countries over the past decade, to take stock of how the EU delivered on its commitments and to outline the EU’s trade and investment policies for development for the next decade. The Communication will be an important opportunity to review the possibilities of enhancing the coherence of the new development in the trade and investment international structure with the development objectives.

- The joint EU Strategy on Aid for Trade adopted in October 2007 supports all developing countries, particularly LDCs, to better integrate into the rules-based world trading system and to more effectively use trade for the overarching objective of eradicating poverty. The EU strive to increase its total Aid for Trade in line with the gradual increases in overall development aid towards the established 2010 and 2015 targets and in response to needs prioritised by partner countries. The EU and its Member States have delivered on their

¹³⁷ G8 meeting from 3 March 2011. G8 “encourages full implementation of the EITI (...) and supports further complementary (i.e. to the EITI) initiatives, either voluntary or mandatory, such as country-by-country reporting (...)”

commitments with a record € 10.5 billion worth of Aid for Trade¹³⁸ in 2009. This included € 3 billion in Trade-Related Assistance (TRA) against an objective of € 2 billion annually by 2010.

2.2 CLIMATE CHANGE

2.2.1 CLIMATE CHANGE POLICY

Several outstanding issues have been identified in the responses from Member States and European Commission services, which continue to be of high importance in promoting PCD in the area of climate change and general environmental policy:

- Rather than being a separate challenge for PCD, climate change is instead one of the cross-cutting elements that needs to be mainstreamed in all the other policy areas in order to improve PCD.
- Climate change mainstreaming and climate-proofing of development cooperation programmes/projects needs to remain a central part of PCD effort.
- Effective transfer of mitigation and adaptation technologies to developing countries. Need for coherence between mitigation and adaptation strategies.
- Linking climate policy and energy policies and therefore ensuring PCD between energy and development policy objectives.
- Linking and creating synergies between climate policy and biodiversity policy.
- Analysis of the impact of climate change policies on poor people in developing countries (particularly on food security).
- Emissions from agriculture, impact of indirect land use changes.
- The fast-start financing for climate policy/ Financing for climate change; it is crucial that financing of climate change does not undermine efforts to achieve the MDGs. Coordination and synergy of both ODA and non-ODA activities in developing countries in the field of climate change.
- Measuring and monitoring of climate change impacts on developing countries and of the results of coherence and incoherence in terms of development impact in developing countries.
- Sustainable production and consumption policies and sustainability labelling.
- There is a need for a coherent overarching climate deal in order to better drive policy coherence in the area of climate change.
- The Rio+20 conference in 2012 will be an opportunity to advance significantly in the international dialogue on sustainable development and will be an occasion to further promote PCD in the area of environmental and climate policy.

2.2.2 ENERGY POLICY

- Continue to work on the sustainability of biofuels and biomass, including on monitoring of impacts.

¹³⁸ AfT can be divided into six categories: (1) trade policy and regulations; (2) trade development; (3) trade-related infrastructure; (4) building productive capacity; (5) trade-related adjustment; and (6) other trade related needs, notably regional trade integration. Categories 1, 2 and 6 correspond to more narrowly focused TRA.

2.3 FOOD SECURITY

Several outstanding issues have been identified by Member States in their responses to the questionnaire:

2.3.1 AGRICULTURAL POLICY

- Need to ensure that the recently increased level of development cooperation for food security of EU Member States will be maintained after the L'Aquila Food Security Initiative (AFSI)-commitment ends in 2012.¹³⁹
- Need to support development of agricultural production in developing countries enhancing value creation at all levels of the value chain.¹⁴⁰
- Need to bring new stakeholders into the discussion – the producer organisations to deal with specific issues i.e. private standards.
- Need to promote achieving national food security in development policy.¹⁴¹
- Need to address price volatility: an issue with extremely negative impacts on developing countries.¹⁴²

2.3.2 FISHERIES POLICY

- Continuing to gather scientific evidence on the state of the resources.
- Addressing the issue of policy coherence for development in the upcoming fishing partnership agreements.

2.3.3 ENVIRONMENTAL POLICY

- Ensure that environmental issues are fully taken into account at an early stage into development policy, through an EU-wide strategy (to apply to both the Commission development policies and those of the Member States). The need for such a strategy was highlighted by the European Council (ENV) in June 2009¹⁴³ where it noted that the EU external assistance should tackle environmental protection and sustainable management of natural resources in a more rigorous and systematic way and called on the Commission to prepare, by late 2011, an “ambitious EU-wide strategy for integrating environment in development cooperation”.

- In relation to biodiversity, since 2009 the EU has made new commitments in Nagoya and EU development policy developed a stronger focus on biodiversity.¹⁴⁴ It should also be emphasised that biodiversity has a wider role in development than through increased resilience to climate change and food insecurity, and has a wider role in sustaining livelihoods, as highlighted most recently in the 2011 Human Development Report. This should be reflected in the PCD agenda.

¹³⁹ Germany

¹⁴⁰ Denmark

¹⁴¹ Finland

¹⁴² Belgium

¹⁴³ <http://register.consilium.europa.eu/pdf/en/09/st11/st11474.en09.pdf>

¹⁴⁴ See for example Target 6 of the EU Biodiversity strategy to 2020, the June 2011 communication on 'A Budget for Europe 2020', and the 2011 Accountability report on Financing for Development.

2.4. MIGRATION

2.4.1 FACILITATION OF LEGAL AND CIRCULAR MIGRATION

To offer real migration and mobility options for nationals of developing countries seeking legal employment in the EU, while taking into account the labour needs and reception capacities of Member States and respecting national competences remains a key challenge.

- Given that mobility is an important factor for development, it can be considered a good sign in terms of PCD that Mobility Partnerships are becoming more integral to the Global Approach to Migration. Yet one challenge remains in the form of the limited legal migration and mobility offer that EU Member States have been able to put on the table so far, which is also due to the impact of the crisis.

- More attention should be devoted to the full participation of migrants in the receiving societies and to supporting their integration at local level, including in the labour markets. The recent Communication on a European Agenda for the Integration of Third-Country Nationals highlights the most pressing common European integration challenges and suggests new approaches and areas for action in order to address these challenges.

- Building on research, existing best practices and consultation with relevant stakeholders in the EU and developing countries, further efforts can be made to explore options to stimulate and promote circular migration. Much has been done in that area since 2009, but strengthening the legal migration offer will remain the biggest challenge, as well as accompanying return and supporting employment and growth in partner countries to offer returning migrants real opportunities in their countries of origin. Considerable work is also needed to increase portability of social security rights that should be promoted as a key incentive to circular migration and, more generally, to legal labour mobility.

- It is also necessary to further reinforce the capacities of the relevant authorities in third countries to manage migration and to provide information about legal migration opportunities and mobility. Much has been accomplished since 2009 with regards to capacity building of relevant authorities in third countries to manage migration. Different experiences such as the CIGEM in Mali, the reinforcement of ANAPEC in Morocco or the support given to the Moldovan National Employment Agency demonstrate the relevance and sustainability of an approach aimed at supporting national authorities and increasing synergies between labour migration management and labour market governance.

- Visa facilitation for certain groups of third-country nationals could be considered. Limited progress has been made by Member States (who are competent in that regard) since 2009. However this is a recurring topic in all political dialogue forums with partner countries the EU is involved in. More effort is needed on this issue to facilitate mobility.

2.4.2 REMITTANCES, DIASPORA AND "BRAIN DRAIN"

Specific attention will continue to be paid to the further implementation of the migration and development agenda of the Global Approach.

- Continue efforts to address brain drain, supporting enabling partner countries to take this into account in their development strategies. Some progress has been achieved but this remains a key PCD challenge and further reflection and action are needed, in particular in

terms of support to our partners in defining and implementing their own strategies to avoid brain drain.

- Strengthen dialogue and cooperation with Diaspora groups and migrant communities; support the emergence of Diasporas networks at European level. The EU has considerably stepped up its efforts in relation to Diaspora, both at EU level and in third countries. It is now time to structure the involvement of Diasporas in both migration and development policy-making, and to mainstream this question into our education and health support programmes.

- Continue to promote cheaper, faster and more secure flows of remittances and stimulate the development impact of remittances and promote legal channels for transferring remittances, including by ensuring that the relevant legislation does not contain provisions hampering the effective use of these channels by migrants.

Along with the implementation of these fundamental elements of the migration and development agenda, the EU will be confronted to the issues of how to help third countries to deal with the social consequences of migration flows and mainstreaming migration-related concerns into their development strategies.

2.4.3 MIGRANTS' RIGHTS

Further progress is needed in the definition and implementation of a common approach to migrants' rights, so as to strengthen the EU's international credibility and the coherence of EU migration policy with its development and human rights policies.

The 2011 Communication on the Global Approach to Migration and Mobility builds on a migrant-centred approach, with a specific focus on rights.

Much has been done but further efforts are still necessary in this area.

- An agreement on the "Single Permit" proposal is essential to ensure common standards on conditions of entry and residence and adequate safeguarding of migrant rights at EU level.

- The appointment of the EU Anti-Trafficking Coordinator by the European Commission and approval of Directive 2011/36/EU on preventing and combating trafficking in human beings and protecting its victims have equipped the EU with valuable tools for tackling this serious crime. Member States should step up measures against trafficking in human beings, including assistance given under Directive 2004/81/EC with a view to strengthening the rights of the victims.

- Regarding the external dimension of asylum, work should proceed on the development of Regional Protection Programmes to promote the international protection capacities of third countries but also to harness benefits for local communities hosting protracted refugee populations. More work is also needed to achieve an agreement on a "Joint EU Resettlement Programme"¹⁴⁵ that would allow the EU to strengthen its solidarity with third countries that host the majority of refugees worldwide.

2.4.4 OTHER OUTSTANDING ISSUES

The 2009 PCD Report emphasised that "introducing aid conditionality (e.g. in the context of negotiations of bilateral agreements in the area of migration) is not an effective way of

¹⁴⁵ COM(2009) 456 final

addressing the problem, and that the global approach is the best conduct to follow.” Conditionality has been introduced in two recent Communications, the first on migration¹⁴⁶ and the second on a dialogue for migration, mobility and security with the southern Mediterranean Countries.¹⁴⁷ Both envisage that the dialogue should aim at establishing mobility partnerships with appropriate conditionality and at helping the partner countries to reinforce their capacities in the area of management of migrations flows. Mobility partnerships should cover, among other things, ways to facilitate and better organise legal migration, effective and humane measures to fight irregular migration, and concrete steps towards reinforcing the development outcomes of migration. In this context, in terms of PCD it will be important to monitor the application of this conditionality so that it can be properly assessed and measured and that it does not affect our overall cooperation dialogues.

As mentioned above, further work is needed with regards to intra-EU coherence, with specific reference to issues such as the impact of immigration flows on employment and labour conditions in the EU (social dumping) and the link with the work programme of DG Employment in light of the EU 2020 strategy.

Finally it will be fundamental to strengthen the EU’s understanding and awareness of the south-south dimension of migration which is important in terms of the impact of mobility on development.

2.5. SECURITY

2.5.1 IMPROVING STRATEGIC PLANNING: INTEGRATING DEVELOPMENT OBJECTIVES IN THE PLANNING AND IMPLEMENTATION OF PEACE OPERATIONS

The EU institutional framework has been recently improved through the establishment of the EEAS and the reorganisation of the European Commission services in charge of implementation of the EU development policy and programmes. In this context, the nexus between development and security is given increased attention through the creation of a dedicated unit in Directorate-General for Development and Cooperation - Europe Aid for fragility and crisis management and the establishment of directorate VI.C. on “Conflict prevention and Security policy” and of directorate MD VII on “Crisis Response and Operational Coordination” within the EEAS, as well the Foreign Policy Instruments Service under the lead of the HRVP.

2.5.2 PROMOTING CONFLICT SENSITIVE DEVELOPMENT PLANS AND IMPROVING THE EU RESPONSE TO SITUATIONS OF FRAGILITY AND CONFLICT

In its recent Communication *Increasing the impact of EU Development Policy: an Agenda for Change*,¹⁴⁸ the European Commission reaffirmed its commitment to the finalisation and implementation of the prepared EU joint action plan/strategy on security, fragility and development.

¹⁴⁶ http://ec.europa.eu/home-affairs/news/intro/docs/1_EN_ACT_part1_v11.pdf

¹⁴⁷ http://ec.europa.eu/home-affairs/news/intro/docs/110524/292/1_EN_ACT_part1_v12.pdf

¹⁴⁸ <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0637:FIN:EN:PDF>

A thorough evaluation of EU support to conflict prevention and peace building over 2001-2009 has been finalised in November 2011 and its recommendations will inform future policy work of the Commission and EEAS on those matters.

On 20 June 2011, the Council adopted Conclusions on Conflict Prevention inviting the EEAS to continue to implement the Gothenburg Programme, with a focus on strengthening early warning, early action and partnerships with external actors. Also, in this context, the EEAS is working, with financial support generated by the European Parliament, on improving the EU capacities for mediation.

2.5.3 BETTER CONTROL THE PROLIFERATION OF SMALL ARMS AND LIGHT WEAPONS (SALW) AND ADDRESS THE ISSUE OF ANTI-PERSONNEL LAND MINES

In the framework of its strategy to Combat Illicit Accumulation and Trafficking of SALW and their Ammunition, the EU is addressing the issue of Small Arms and Light Weapons (SALW) in various multilateral forums, in its political dialogues and within the framework of relevant international instruments, such as the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms. All new partnership and cooperation agreements between the EU and third countries are required to include provisions on SALW in accordance with international law and EU policies. The EU has also further pursued its efforts to identify appropriate actions designed to respond to Small Arms and Light Weapons (SALW), including through development cooperation instruments. Council Decisions on several individual projects continue to address proliferation and weapons-control questions by focusing on their CFSP aspects, whereas the Instrument for Stability aims to link security and development through trans-regional cooperation projects.

In future, the EU will endeavour to increase programming to address SALW and mine-action, looking in particular at adopting a more strategic approach, at designing regional programmes and at building national and local capacities.



**COUNCIL OF
THE EUROPEAN UNION**

**Brussels, 5 October 2012 (08.10)
(OR. fr)**

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RELEX 901
FIN 726**

COVER NOTE

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

date of receipt: 3 October 2012

to: Mr Uwe CORSEPIUS, Secretary-General of the Council of the European
Union

No Cion doc.: COM(2012) 586 final

Subject: Communication from the Commission to the European Parliament and
the Council
- The EU approach to resilience: learning from food security crises

Delegations will find attached Commission document COM(2012) 586 final.

Encl.: COM(2012) 586 final



Brussels, 3.10.2012
COM(2012) 586 final

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL**

**THE EU APPROACH TO RESILIENCE:
LEARNING FROM FOOD SECURITY CRISES**

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT AND THE COUNCIL**

**THE EU APPROACH TO RESILIENCE:
LEARNING FROM FOOD SECURITY CRISES**

1. THE NEED TO ADDRESS CHRONIC VULNERABILITY

Recent and recurrent food crises in the Sahel region and in the Horn of Africa, where more than 30 million people are suffering from hunger, have underscored the need to work on a long-term and systematic approach to building the resilience of vulnerable countries and populations.

The effects of economic shocks, rising and fluctuating food prices, demographic pressure, climate change, desertification, environmental degradation, pressure on natural resources, inappropriate land tenure systems, insufficient investment in agriculture, have, in many parts of the world, resulted in greater exposure to risk, notably from natural hazards. The impact of these global trends is manifested in the increasing number and intensity of natural disasters and crises. The poorest households are the most vulnerable and in many instances this vulnerability is compounded by political instability and conflict. In the case of food insecurity, despite some progress, one billion people are still suffering from hunger and the issue is particularly acute in drought-prone areas where most of the population depends directly on agriculture and pastoralism.

The EU is one of the world's largest donors providing life-saving assistance to people affected by various crises. Over recent years the demands for such assistance have increased substantially – far outstripping the resources available. Such assistance is vital, but it is aimed mainly at coping with emergency situations and needs to be supplemented by support to populations at risk to withstand, cope with and adapt to repeated adverse events and long-term stress.

Building resilience is a long-term effort that needs to be firmly embedded in national policies and planning. It is a part of the development process, and genuinely sustainable development will need to tackle the root causes of recurrent crises rather than just their consequences. Working with vulnerable populations to build their resilience is also a fundamental part of poverty reduction which is the ultimate aim of EU development policy, as has been reaffirmed by the EU in the Agenda for Change¹.

Resilience strategies should contribute to different policies, in particular Food Security², Climate Change Adaptation³ and Disaster Risk Reduction (DRR)⁴. In this context, the EU has consistently supported prevention and preparedness for crises in the most vulnerable countries

¹ COM(2011)637, as endorsed by May 14 2012 Council Conclusions

² COM(2010)127 final

³ COM(2009) 147 final. White Paper "Adapting to climate change: Towards a European framework for action

⁴ EU Strategy for supporting disaster risk reduction in developing countries COM (2009) 84 of 23.02.2009. Towards an EU response to situations of fragility: engaging in difficult environments for sustainable development, stability and peace COM (2007) 643 of 25.10.2007.

and identified the need to integrate DRR and Adaptation to Climate Change, notably into both development cooperation and the humanitarian response.

Investing in resilience is cost effective. Addressing the root causes of recurrent crises is not only better, especially for the people concerned, than only responding to the consequences of crises, it is also much cheaper. When the world is experiencing an economic and budgetary downturn, the budgets of both partner countries and donors are coming under increased pressure to show that they deliver the maximum impact for the funds that are made available.

In response to the massive food crises in Africa, the Commission has recently taken two initiatives: Supporting Horn of African Resilience (SHARE)⁵ and "Alliance Globale pour l'Initiative Résilience Sahel" (AGIR)⁶. These set out a new approach to building up the resilience of vulnerable populations.

The purpose of this Communication is to use the lessons from these experiences to improve the effectiveness of the EU's support to reducing vulnerability in developing countries, which are disaster-prone by including resilience as a central aim.

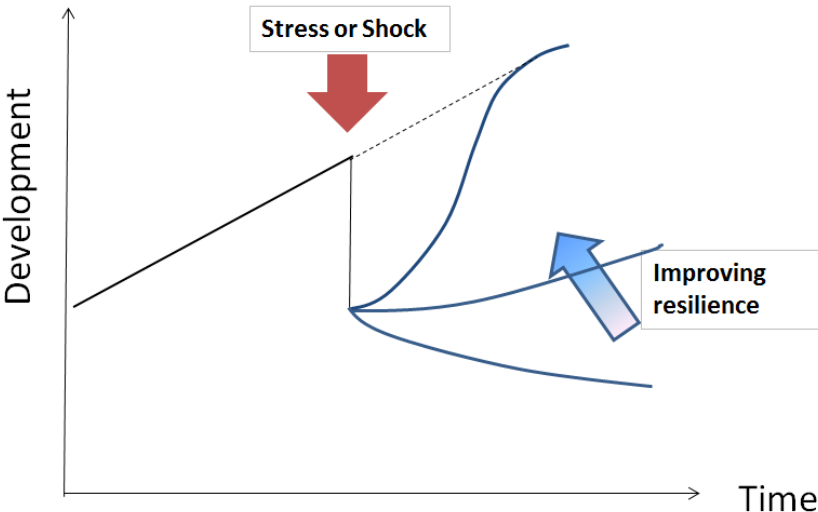
In addition, this Communication aims to contribute to the international debate on enhancing food security and resilience in a wider sense, notably in the context of the G8, G20, the Committee on World Food Security, the Scaling Up Nutrition (SUN) initiative, Rio Conventions⁷ negotiations and the Global Alliance for the Horn of Africa.

⁵ Commission Staff Working Document SEC (2012) 102 of 11 April 2012.

⁶ Alliance globale pour l'Initiative Résilience (Sahel) –
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/613&format=HTML&aged=0&language=EN&>

⁷ United Nations Framework Convention on Climate Change, United Nations Convention on Biological Diversity and United Nations Convention to Combat Desertification

2. THE RESILIENCE PARADIGM



	Tolerate /	Restore
Preparedness	Withstand	Recover
Prevent		
Survey / analysis / learn		

Adapted from Montpellier Panel – "Growth with Resilience: Opportunities in African Agriculture", March 2012

Resilience is the ability of an individual, a household, a community, a country or a region to withstand, to adapt, and to quickly recover from stresses and shocks.

The concept of resilience has two dimensions: the inherent strength of an entity – an individual, a household, a community or a larger structure – to better resist stress and shock and the capacity of this entity to bounce back rapidly from the impact.

Increasing resilience (and reducing vulnerability) can therefore be achieved either by enhancing the entity's strength, or by reducing the intensity of the impact, or both. It requires **a multifaceted strategy** and a broad systems perspective aimed at both reducing the multiple risks of a crisis and at the same time improving rapid coping and adaptation mechanisms at local, national and regional level. **Strengthening resilience** lies at the interface of humanitarian and development assistance.

Enhancing resilience calls for a **long-term approach**, based on alleviating the underlying causes conducive to crises, and enhancing capacities to better manage future uncertainty and change.

3. THE EU'S EXPERIENCE IN DEALING WITH RESILIENCE AND FOOD CRISES IN AFRICA

In Sub-Saharan Africa, the poorest households, communities and countries have suffered from a diminished capacity to recover from the long-term effects of climate change, especially frequent and intense droughts, as well as economic crises and internal conflicts. The EU has provided support in relation to food crises in Africa for many years through humanitarian and development assistance. Building on this, the EU Agenda for Change will prioritise cooperation in sustainable agriculture, including the safeguarding of ecosystem services and food and nutrition security in the EU's future long-term development assistance.

In line with a focus on resilience, support to the agricultural sector and related national and regional policies, including land use, should not only strengthen production but ensure notably the better functioning of food markets and support empowerment of vulnerable groups and civil society.

Against this background, the EU is developing and implementing innovative responses to the crises in the Horn of Africa and the Sahel, which should provide valuable lessons for a more systematic and long-term approach to building the resilience of affected populations. It is important here to recognise the role of women in building resilience in households and in communities affected by crises. In unstable and fragile countries, where resilience is often weakest, it is also important to ensure that policy initiatives take into account the security-development nexus, thereby encouraging an approach that can promote policy coherence and complementarity.

3.1. Supporting the Horn of Africa's Resilience (SHARE)

A number of factors underlie the long-standing vulnerability of livelihoods in the Horn of Africa. These include population growth and increased pressure on resources, rural poverty, low productivity, weakened terms-of-trade, insecure access to land and water, weak governance, insecurity and prolonged geo-political instability. The EU has considerable experience in cooperating with development partners in the Horn of Africa on agriculture and

food security and has gained valuable understanding of which approaches hold the greatest potential.

The 2011 drought that hit the region was the worst in 60 years. It constituted a shock that turned a precarious situation into a crisis (and in Somalia it resulted in famine conditions).

Informed by the alerts from the food security early warning systems, the EU and its Member States worked to develop a response that could match the scale of the crisis:

- A joint humanitarian-development analytical framework was elaborated which allowed humanitarian and development actors to work from a common understanding and define joint priorities.
- The EU together provided EUR 790 million in humanitarian assistance in 2011/12. The Commission alone allocated EUR 181 million. In addition to life-saving activities, this assistance also provided for first steps in the recovery process, for instance through the provision of seeds and tools, improved water management, and restocking of herds.
- An increase in short-term development financing was quickly provided to support the immediate recovery phase. The Commission engagement for the period 2012-13 was EUR 250 million to support agricultural and livestock production, nutrition, livestock health, water supply and natural resource management.

In addition to the short-term response, the EU has put in place a long-term and structured approach to assist the affected countries and communities to recover after the drought and build up their ability to cope with future droughts. This involves:

- A commitment to work with and through regional partners. The EU and other bilateral donors, are assisting the secretariat of the Intergovernmental Authority on Development (IGAD) to strengthen its capacity and to coordinate and promote cross-border initiatives in areas such as livestock development and natural resource management.
- A commitment to work closely with other donors active in the region. The donor community has initiated a light coordination platform, the "Global Alliance for Action for Resilience and Growth⁸". Working closely with IGAD, the Global Alliance has provided a forum to bring together country partners and those donors active in supporting drought resilience.

A long-term commitment to address structural issues and to build long-term resilience. Depending on the specific national and local context, several themes and sectors will be treated as priorities for EU funding over the period 2014-2020. These could include: livestock health and development, natural resource management, DRR, national and regional trade, nutrition, governance, research and technology transfer, and population flows.

⁸ The scope of the Alliance covers the greater Horn: Ethiopia, Kenya, Uganda, Somalia, Djibouti as well as Sudan and South Sudan. The Secretariat is provided by USAID.

3.2. AGIR Sahel: the EU Global Alliance for Resilience Initiative (Alliance Globale pour l'Initiative Résilience-Sahel)

Over the past nine agricultural seasons, the Sahel has faced six distinct food crises. The region has suffered from undernutrition with indicators well above alarm levels. Twelve million people are currently at risk which represents 20% of the population. Women and children are the most vulnerable to food and economic stresses, especially during the lean period between harvest cycles.

Progress has been made over the past years in West Africa, thanks to the work of existing institutions and platforms - such as the "*Réseau de Prévention des Crises Alimentaires*" (RPCA) and the "*Comité permanent Inter-Etats de Lutte contre la Sécheresse au Sahel*" (CILSS). Building upon lessons learned approaches have been developed to better face food crises. The improved functioning of early warning systems has helped countries and donors to better anticipate the ongoing crisis.

The EU action plan responding to the 2012 Sahel crisis amounts to approximately EUR 500 million (EUR 123 million for humanitarian response and EUR 372 million for development programmes).

A three-phased approach has been designed in close coordination between EU humanitarian and development assistance. The plan covers a wide range of activities ranging from improving access to food to supporting country partners' early warning systems, market functioning and ecosystem protection. It links emergency and development programmes, mixing short term and medium-to-long term funding towards enhancing resilience in an integrated approach. Addressing emergencies while investing in resilience calls for coordinated assistance efforts - aligned with regional organisations – both to ensure coherence and complementarity and to reduce vulnerability of the poorest households to shocks and to tackle the underlying causes of food and nutrition insecurity.

The "*Alliance Globale pour l'Initiative Résilience*" (AGIR) Partnership, launched by the Commission on 18 June 2012, provides a resilience roadmap building on and reinforcing existing regional strategies - such as the joint regional strategy of the Economic Community of West African State (ECOWAS), the *Union Economique et Monétaire Ouest Africaine* (UEMOA) and the Comité permanent Inter-Etats de Lutte contre la Sécheresse dans le Sahel (CILSS) with the support of the Sahel and West Africa Club (SWAC). A regional Plan of Action to strengthen resilience in a permanent and sustainable way in the Sahel, drawn up by the West African regional organisations with the support of the donor community, will be presented to a high-level meeting of all the states concerned in Ouagadougou in early December 2012.

4. LEARNING FROM EXPERIENCE

The SHARE and AGIR initiatives represent an improvement in the way humanitarian and development assistance interact, boosting the levels of assistance in the short-term, facilitating the link between relief, rehabilitation and development (LRRD), as well as demonstrating the commitment of the EU to address the root causes of food insecurity in the longer-term.

They focus on food security in sub-Saharan Africa, but this approach can equally be applied to other regions and other types of vulnerability (for example, regions threatened by floods, cyclones, earthquakes, droughts, storm surges and tsunamis, climate change, or food price

increase). The approach developed has a number of common elements that the EU will look to replicate in the most vulnerable developing countries. There are three key components to this approach, which are further elaborated below:

- Anticipating crises by assessing risks
- Focusing on prevention and preparedness
- Enhancing crisis response

4.1. Anticipating crises by assessing risks

Both in the Horn of Africa and in the Sahel, early warning systems pointed to looming crises. Early warning systems for food security (such as the Integrated Phase Classification approach) have been improved, allowing partner countries and regional institutions to prepare an appropriate response in advance of crises. Similarly, early warning systems for other risks like tsunamis, or for other regions, are also now functioning better.

These Information Systems also need to be interconnected with relevant global initiatives like the Agricultural Market Information System established in the context of the G20.

There also needs to be a more systematic link between the information provided and policy and decision making at national and regional levels. For instance, data such as (child) under-nutrition, agricultural production (including stocks) and markets (including food prices) should better feed into food security and sustainable agriculture policies.

This should be reflected in particular in country-owned policies and processes such as the Comprehensive Africa Agriculture Development Programme (CAADP). CAADP investment plans not only address the current constraints but also anticipate future shocks and stresses and assist countries to mitigate, respond to and build resilience.

The regional early warning system (CILSS/ECOWAS/UEMOA): The Food Crisis Prevention Network (RCPA) is a platform where partner countries, donors, UN, and civil society organisations pool information in order to come to a joint analysis of food insecurity in West Africa. It was instrumental in ringing the alarm bells in the early phases of the current 2012 crisis.

In the same vein, the EU established the Global Climate Change Alliance to enhance policy dialogue and cooperation with countries most affected by climate change. Early Warning Information systems and Disaster Management are important elements in this context.

Early Warning Systems in Nepal: In August 2010 flood levels on the Rapt River breached the warning level in Chitwan district. The early warning system along the river, through a radio and telephone network, allowed the Disaster Management Committees of the communities at risk to shift their essential and movable assets to higher and safer places. When the flood reached the villages, people had already reached safety. The early warning thus minimised losses of life and property.

Bangladesh: Funding for the Dhaka Medical College Hospital, focussing on the management of mass casualty situations including contingency planning, medical equipment, medicine stocks and trainings. Consequently, in June 2010, following a fire causing 120 deaths, the hospital was able to save the life of over 250 patients

ASEAN: at a regional level the Commission is supporting AADMER (ASEAN Agreement on Disaster Management and Emergency Response), whose objective is to increase resilience and reduce vulnerability in local communities and institutions through support to strategies that enable them to better prepare for, mitigate and respond to natural disasters.

4.2. Focusing on prevention and preparedness

The response of the international community and affected countries to the crises in the Horn and the Sahel has shown significant progress in the capacity to address the consequences of the crises. However they have also underlined the primordial importance of **prevention** (stopping a crisis from happening) and **preparedness** (ensuring that an individual, a household, a country, or a region is ready to manage the effects of an adverse event).

It is therefore crucial that:

- Over the long-term, national and regional programmes address the underlying causes of vulnerability. Reduced vulnerability to shocks is only possible if it is embedded within partner countries' development policies. To develop these processes it is necessary that risk analysis, including disaster risk management and food crisis management, are integrated in national/regional policies. In a similar way, adaption to climate change and policy frameworks like the National Adaptation Programmes of Action (NAPAs) should also be integrated in national policies.
- **Experience gained from initiatives like SHARE and AGIR or successful pilot projects** on DRM such as those supported by the Commission's Disaster Preparedness Programme (DIPECHO) **should be better disseminated**. One of the challenges is to see how successful community-based, bottom-up projects can better feed into national and regional governmental policies.
- **Governance** structured for disaster management need to be enhanced and **stakeholders' capacity needs to be strengthened** at local and national levels. Strong local structures are essential in order to mitigate risks and to ensure the effectiveness of prevention and preparedness efforts as well as initial response operations.
- **Public private partnerships** should fully be used in appropriate contexts such as the recent G8 "New Alliance for Food and Nutrition Security" initiative,

In the case of food crises, there needs to be an integrated approach to **tackling the root causes of food insecurity**. In terms of **food availability**, this covers the diversification of food production, which may be constrained by environmental degradation and climate change. **Access to food products** requires functional markets and safety nets, noting the importance of reserves, insurances schemes, storage instruments, farmers' access to market and financial services, and emergency stocks. It also includes investments in rural infrastructure and in research and technology transfer. From a long-term perspective, support to sustainable agriculture is paramount to build up resilience in Sub-Saharan Africa where the sector provides employment to 60% of the population, notably the most vulnerable.

The Ethiopia Productive Safety Net Programme (PSNP) provides valuable lessons. It provides transfers in the form of food or cash to the most vulnerable households in the country in return for participation in public works.

The PSNP is the largest social transfer scheme in sub-Saharan Africa and is cost-effective (about one third the cost) in comparison to humanitarian interventions.

Tackling the hidden crisis of child under-nutrition to reduce tomorrow's adults' vulnerability: Hunger and under-nutrition kill nearly 2.6 million children per year. Under-nutrition affects one in three children in developing countries. Often the problem starts before birth due to undernourishment of the mother. **Under-nutrition is a root cause of vulnerability, especially for children up to the age of 2. It lowers intellectual and physical development, thereby reducing the capacity of tomorrow's adults to cope with adverse events.** Moreover it costs many developing countries up to 2-3 percent of their Gross Domestic Product each year extending the cycle of poverty and impeding economic growth. The EU supports partners' efforts to reduce under-nutrition in short and long-term. Approaches are required across multiple sectors such as health, agriculture, water, sanitation, economic growth, and education. The EU supports the SUN (Scaling Up Nutrition) movement, which provides a framework for country partners' leadership.

Tackling the drought in North KENYA. 3.7 million Kenyans were in immediate need of food, clean water and basic sanitation during the 2011 drought. Under SHARE, the EU is enhancing its support to boost recovery and resilience building, through: assistance to streamline the Kenyan early warning system; institutional support to the Ministry of Northern Kenya; support to the National Drought Management Authority (NDMA) managing a Disaster and Drought Contingency Fund (NDDCF); enhancement of local authorities' capacities to manage an early response; and community level livelihoods projects expanding economic opportunities. Stronger institutions and increased investments in arid lands by the Government of Kenya are expected to better prepare the country to mitigate the impact of similar crisis.

4.3. Enhancing the response to crisis

Drawing inter alia on the experience gained in the Horn and the Sahel, the following elements can help improve the impact of the responses to crises when they strike:

- The preparation of a joint analytical framework prepared by both humanitarian and development actors that:
 - identifies the root causes of the crisis as well as the precise impact on the most affected populations.
 - assesses on-going interventions to see if the root causes are being addressed and also to see if there are gaps in the assistance that is being provided.
 - identifies the areas, both in terms of sectors and geographic regions, where an enhanced resilience approach could have the most impact.
 - defines strategic priorities for the short-term (early recovery) as well as for the long-term within a coherent "Resilience Approach"
- There needs to be an increase in short-term financing to support the **early recovery phase**. Recent initiatives highlight the need for a higher degree of flexibility in programming to react to fast changing needs, without reducing on-going medium/long term activities to address root causes. New modalities of assistance like

EU Trust Funds should be considered to tackle emergency or post-emergency situations.

- Most major crises span across borders. The **capacity of regional organisations** needs to be strengthened so that they can develop cross-border initiatives and promote regional integration.
- For major crises, light structures should be set up to enable **donor coordination and a structured dialogue established with partner countries and regional organisations**. It is necessary to define and formalise who does what, based on the comparative advantage of each actor in a given context. Both development and humanitarian actors should be actively engaged.
- Finding short-term interventions that have a long term impact. Even though short-term responses, and humanitarian assistance in particular, are mostly focused on life saving and asset protection, such activities can also have a long-term impact. For example, shifting from food aid to cash transfers can have a long-term effect in stimulating the local market and financing public works that can reduce the likelihood of future disasters or mitigate their impact. These types of intervention should be identified and prioritised.
- Where violent conflicts exist the resilience strategy and the wider EU political and security approach should be mutually supportive and consistent, and synergies should be developed at the levels of instruments notably the Common Security and Defence Policy instruments and the Instrument for Stability.

Flexible funding through the EU's EUR 1 billion Food Facility, AFSI and V-FLEX - The food price crisis of 2007/08 led to a response of unprecedented scale from the international community. The EU was the first donor to take proactive measures and announced a EUR 1 billion Food Facility, demonstrating the EU's ability to react on time and on a large scale. One year later, in 2009, donors pledged US\$22 billion in support of sustainable agriculture and food security (the L'Aquila Food Security Initiative, AFSI). The EU stepped up further support, committing US\$3.8 billion. Two other mechanisms exist for African, Caribbean and Pacific (ACP) countries: the FLEX (Fluctuations in Export Earnings) assists governments facing sudden losses of export earnings and the "Vulnerability FLEX" (V-FLEX) design to help countries most affected by the 2009 economic downturn due to their poor resilience. This instrument worked pre-emptively, based on forecasts of fiscal losses, with adjustments for vulnerability, acting in a counter-cyclical way to capture national financing gaps.

5. 10 STEPS TO INCREASE RESILIENCE IN FOOD INSECURE AND DISASTER PRONE COUNTRIES

1. Resilience can only be built bottom-up. The starting point for the EU approach to resilience therefore is a firm recognition of the leading role of partner countries. The EU will align its support with the partner's policies and priorities, in accordance with established Aid Effectiveness principles.
2. Action to strengthen resilience needs to be based on sound methodologies for risk and vulnerability assessments. Such assessments should serve as the basis for elaborating national resilience strategies, as well as for designing specific projects

and programmes. The EU will support the development of national resilience strategies as part of wider development strategies. The EU will engage with partner countries and key international actors to improve the methodologies for developing the assessments underlying such strategies. In order to ensure effectiveness, the EU will moreover put in place a framework for measuring the impact and results of its support for resilience.

3. In countries facing recurrent crises, increasing resilience will be a central aim of EU external assistance. EU-funded programmes will be based on a common operational assessment prepared by humanitarian and development actors, covering medium to long-term interventions. They will focus on addressing the underlying causes of crises, notably through support for prevention and preparedness activities. It will work closely with partner countries to establish capacities to elaborate and implement strategies and Disaster Reduction Management plans at national and regional level.
4. The Commission will systematically include resilience as an element in its Humanitarian Implementation Plans. The Commission will moreover strive for joint programming of the resilience-related actions in its humanitarian and development assistance so as to ensure maximum complementarity, and to ensure that short-term actions lay the groundwork for medium and long-term interventions.
5. Flexibility will be key to responding to the needs of disaster-affected countries. The Commission will continue to ensure maximum flexibility in implementing its humanitarian programmes. For development funding, in times of unforeseen crises and major disasters, the Commission will seek maximum flexibility in mobilising non-programmed funds. Additionally, the Commission will introduce flexibility into the programme design to allow quick and timely action. The EU will consider the use of Trust Funds to intervene in emergency or post-emergency situations.
6. When working to improve resilience in fragile or conflict-affected states, the EU will pursue an approach that also addresses security aspects and their impact on the vulnerability of populations. This will include an active political dialogue with partner countries and organisations in the region concerned.
7. The EU will seek to replicate existing initiatives such as SHARE and AGIR, as well as successful projects on Disaster Risk Reduction (DRR). It will share and exchange lessons with its partners in order to multiply and scale up successful approaches - with the objective of incorporating them in national resilience strategies. The Commission will review regularly progress made on the resilience agenda, looking in particular at programming, methodologies and results.
8. The EU will promote innovative approaches to risk management. Working with the insurance and re-insurance industries is a particularly promising way forward. The Commission will bring forward a Green Paper in early 2013 on the role of insurance in disaster management.
9. For countries facing recurrent crises, the EU will work with host governments, other donors, regional and international organisations and other stakeholders to create platforms at country level for ensuring timely exchange of information and

coordination of short, medium and long term humanitarian and development actions to strengthen resilience.

10. The EU will promote resilience in international fora including the G8, G20, the Committee on World Food Security (CFS), the Rio Conventions, the process for revision of the Millennium Development Goals, the development of Sustainable Development Goals and discussions on the follow-up to the Hyogo Framework for Action of 2005-2015. Resilience will feature as a key theme in its partnerships with organisations such as FAO, IFAD and WFP, as well as UNISDR, the World Bank, and civil society organisations.

In the first quarter of the 2013, the Commission will prepare an Action Plan to set out the way forward on implementation of these principles.