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Viite

Asia

EU; Kehityspolitiikka; EU maailmanlaajuisena kehitysyhteistyötoimijana

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Ohessa lähetetään perustuslain 97§:n mukaisesti muistio liitteineen koskien Euroopan komission tiedonantoa "EU maailmanlaajuisena kehitysyhteistyötoimijana".

Osastopäällikkö

Ritva Koukku-Ronde

LIITTEET 4 sähköistä liitettä

Asiasanat	kehitysyhteistyö, ympäristö, kehitysrahoitus, energia, tutkimus, muuttoliike, kauppa ja kehitys, YK
Hoitaa	UM
Tiedoksi	ALR, EUE, MMM, OPM, PLM, STM, TPK, VNEUS, SM, TEM, VM, YM

Komission tiedonantopaketti "EU maailmanlaajuisena kehitysyhteistyötoimijana"

Käsittelyn tarkoitus ja käsittelyvaihe:

Komissio julkaisi kattavan tiedonantopaketin 9.4.2008. Varsinaisen tiedonannon "EU maailmanlaajuisena kehitysyhteistyötoimijana" lisäksi pakettiin sisältyy työpaperit seuraavista aiheista:

- Kehitysyhteistyön tuloksellisuus: tiekartta Accraan
- Kehityspoliittinen johdonmukaisuus (PCD): muuttoliike, ilmastonmuutos/ energia/ biopolttoaineet, tutkimus
- Vuosituhattavoitteita (Millennium Development Goals, MDGs) käsittelevä tilannekatsaus
- Kauppaa tukevaa kehitysyhteistyötä (Aid for Trade, Aft) käsittelevä seurantaraportti
- EU:n Monterrey -raportti kehitysrahoitussitoumuksista

EU neuvoston kehitysyhteistyöryhmässä CODEVissa on määrä valmistella neuvoston päätelmät komission tiedonantopaketissa toukokuussa 26.-27. pidettävään kehitysministereiden YAUN:oon hyväksyttäväksi. Tiedonantopaketti ja neuvoteltavat päätelmät luovat pohjan EU:n panokselle tämän vuoden kansainvälisiin konferensseihin ja niiden avulla tarkastellaan sitä, mitä EU on tehnyt ja tulee tekemään kehitysyhteistyön määrän ja laadun parantamiseksi antamiensa kansainvälisten sitoumusten mukaisesti vuosituhattavoitteiden saavuttamiseksi. Tavoitteena on vahva ja kunnianhimoinen EU-panos erityisesti kehitysyhteistyön tuloksellisuutta käsittelevään kolmannen korkean tason foorumiin Accrassa 2.-4.9. ja Dohassa 29.11-2.12. pidettävään Monterreyn kehitysrahoituskonferenssin seurantakokoukseen. Lisäksi joulukuun 2007 Eurooppa-neuvostossa on sitouduttu siihen, että neuvosto käsittelee EU:n panosta vuosituhattavoitteiden saavuttamiseksi kesäkuun 2008 Eurooppa-neuvostossa. Tarkastelun pohjana on komission osana kevään tiedonantopakettia valmistelema MDG-tiedonanto ja tilannekatsaus.

Tähän muistioon on koottu yhteen tiedonannon osat vuosituhattavoitteita, tuloksellisuutta, Monterreyn kehitysrahoitussitoumuksia ja kauppaa tukevaa kehitysyhteistyötä koskien. Sen sijaan kehityspoliittista johdonmukaisuutta käsittelevistä osuuksista on valmisteltu erilliset muistiot (liitteenä).

Asiakirjat:

Komission tiedonanto:

EU kansainvälisenä kehitysyhteistyötoimijana - Nopeutetaan vuosituhannen kehitystavoitteiden toteutumista KOM(2008) 177 lopullinen

Työpaperit:

- a) The Monterrey process on Financing for Development - the European Union's contribution to Doha and beyond - Annual progress report 2008, SEC(2008) 432
- b) An EU Aid Effectiveness - Roadmap to Accra and beyond - From rhetoric to action, hastening the pace of reforms, SEC(2008) 435
- c) The Millennium Development Goals (MDGs) - State of play, SEC(2008) 433
- d) Policy Coherence for Development (PCD): Climate Change/Energy/Biofuels, Migration and Research, SEC(2008) 434
- e) Aid for Trade - Monitoring report 2008, SEC(2008) 431

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Suomen kanta/ohje:

Haasteet vuosituhattavoitteiden saavuttamisessa (Millennium Development Goals, MDGs)

- Vuosituhattavoitteiden saavuttamiseksi tarvitaan kokonaisvaltaista lähestymistapaa, jossa painotetaan kehitysyhteistyön määrän lisäksi laadun parantamista sekä kehityspoliittista johdonmukaisuuden edistämistä.
- Köyhyyden vähentäminen ja kestävä kehitys ovat moniulotteisia haasteita. Vuosituhattavoitteet kattavat osan kehittämistarpeista keskittyen voimakkaasti sosiaalisen kehityksen edistämiseen. Kestävien vaikutusten saavuttamiseksi tarvitaan kuitenkin laajempaa lähestymistapaa ja panostusta, esimerkiksi infrastruktuurin kehittämiseen, mitä myös kehitysmaat korostavat köyhyydenvähentämisstrategioissaan.
- Korostamme, että ilmastonmuutoksen vaikutukset köyhille maille ja ruokaturvaan liittyvät ongelmat ovat vakavia uhkia vuosituhattavoitteiden toteutumiselle. Ilmastonmuutoksen haasteiden ja kestävä kehityksen edistämisen parempaan huomioon ottamiseen tulee panostaa kehityspoliitikassa.
- Toivotamme tervetulleeksi YK:n pääsihteerin aloitteen isännöidä ensi syyskuussa vuosituhattavoitteisiin keskittyvä oheistapahtuma YK:n yleiskokouksessa.
- Vuosituhattavoitteiden saavuttaminen vaatii eri toimijoiden vastuunottoa ja osallistumista, mukaan lukien erityisesti kumppanimaiden omaa vastuuta omasta kehityksestään. Haluamme korostaa yksityissektorin panosta ja roolin vahvistamista vuosituhattavoitteiden saavuttamiseksi.
- Pidämme tärkeänä, että yhä useammat kumppanimaiden köyhyydenvähentämissuunnitelmat korostavat vuosituhattavoitteita ja kestävä kehitystä ottaen huomioon sen eri ulottuvuudet (taloudellisesti, yhteiskunnallisesti ja luonnontaloudellisesti kestävä kehitys).
- Talouden kasvu on perusta vuosituhattavoitteiden saavuttamiseksi. Kauppaa tukevan kehitysyhteistyön lähtökohtana tulee olla kokonaisvaltainen lähestymistapa, jossa ulkomaankaupan lisäksi tuotannollisen kapasiteetin ja taloudellisen infrastruktuurin vahvistamisella luodaan edellytyksiä taloudelliselle kasvulle ja köyhyyden vähentämiselle.

Kehitysyhteistyön määrä sekä muut kehitysrahoitusta koskevat Monterrey -sitoumukset; Dohaan valmistautuminen

- Olemme huolissamme siitä, että EU:n julkisen kehitysavun (ODA-) kokonaismäärä on laskenut vuonna 2007.
- Olemme huolissamme siitä, että EU:n julkisen kehitysavun (ODA-) kokonaismäärä on laskenut vuonna 2007. Suomi on sitoutunut hallituksen kehityspoliittisessa ohjelmassa Eurooppa-neuvoston vuonna 2005 tekemään päätökseen saavuttaa 0,51 %:n minimimitavoite vuoteen 2010 mennessä ja 0,7 %:n tavoite vuoteen 2015 mennessä. Myös hallitusohjel-

massa varmistetaan määrärahakehitys, joka vie Suomen kohti YK:ssa asetettua 0,7 % BKT-tavoitetta. Eurooppa-neuvostossa vuonna 2005 annetut kehitysrahoitusta koskevat sitoumukset tulee toteuttaa.

- Tuemme komission näkemystä siitä, että Eurooppa-neuvoston tulee vahvistaa vuosituhattavoitteita koskeva poliittinen sitoumuksensa sekä kehitysrahoitusta koskevat sitoumuksensa (2010 ja 2015 prosentti -tavoitteet).
- Tuemme komission ehdotusta siitä, että jäsenmaat valmistelevat monivuotiset rahoitus-suunnitelmat, joista tulee ilmi se, miten annettuihin sitoumuksiin tullaan pääsemään vuosi vuodelta.
- On myönteistä, että EU:n sitoumus kohdistaa 50% kasvavasta kehitysyhteistyöstä Afrikkaan toteutuu. Samaan aikaan tulee tukea köyhimpiä maita, erityisesti väkivaltaisesta kriiseistä toipuvia maita, myös muissa maanosissa.
- Tuemme komissiota siinä, että koko kansainvälinen yhteisö, ml EU:n ulkopuoliset G8 maat saadaan vahvasti mukaan julkisen kehitysavun määrän kasvua koskevien sitoumusten toimeenpanoon.
- Jaamme komission huolen kehitysyhteistyön pirstaloitumisesta - uusien kehitysyhteistyötä toteuttavien toimijoiden määrä lisää tarvetta tiivistää yhteistyötä, työnjakoa ja parantaa kehitysyhteistyön laatua.
- Pidämme innovatiivisia rahoituslähteitä hyvänä lisänä julkiselle kehitysrahoitukselle. Yhdymme komission näkemykseen siitä, että innovatiivisten rahoituslähteiden ja -mekanismien toimeenpanon tulee olla tehokasta ja olemassa olevia instituutioita ja instrumentteja tulee hyödyntää mahdollisimman paljon. Lisäksi tulee arvioida innovatiivisten rahoitusmekanismien lisäarvoa kustannus-tehokkuus -näkökulmasta. Suomi on korostanut toiminnan ja eri instrumenttien käyttöönoton vapaaehtoisuutta.
- Pidämme komissaari Michelin ehdotusta innovatiivisen rahoitusmekanismin "innovative Global Climate Financing Mechanism (GCFM)" tutkimisen arvoisena, jotta voidaan tarttua erityisesti ilmastonmuutoksen aiheuttamiin vaikutuksiin kehitysmaissa.
- Pidämme tärkeänä, että jäsenmaat ja komissio täyttävät sitoumuksensa velkahelpotusten osalta ja että monenkeskisten velkahelpotusten sitoumukset toteutetaan täysimääräisesti. Velkahelpotuksien tulee olla lisäystä julkiseen kehitysapuun.
- Pidämme tärkeänä, että epävirallista yhteistyötä lisätään EU:n kesken jäsenmaiden kansainvälisissä rahoituslaitoksissa – erityisesti Maailmanpankissa – toimivien edustajien kesken. On tärkeää hyödyntää jo olemassa olevia koordinaatiomekanismeja.

Kehitysyhteistyön tuloksellisuus ja Accra:

- Komission työpaperi nostaa esiin tärkeitä poliittisia viestejä siitä, mitä Accran tuloksellisuuskonferenssissa tulisi korostaa ja mitä tuloksia saavuttaa.
- EU:n konkreettinen ja kunnianhimoinen panos Accrassa käytäviin keskusteluihin on tarpeen ja EU:n kanta koskien "Accra Agenda for Action (AAA) -toimintaohjelmaa" tulee sisällyttää päätelmiin - selkeästi omana osuutenaan. AAA:n tulee olla poliittinen, kunnianhimoinen, eteenpäin katsova (esim. ottamalla mukaan myös uudet avunantajat ja tee-

mat, kuten ilmastonmuutos) ja konkreettinen (esim. luomalla seurantaraportin keskipitkän aikavälin ennakoitavuudelle ja avunantajien työnjaolle).

- Painotamme Accrassa erityisesti seuraavia teemoja: kestävän kehityksen ja ilmastonmuutoksen kattavampi huomioon ottaminen kehitysyhteistyössä (ml. strategiset ympäristövaikutusten arvioinnit, kapasiteetin kehittäminen, ilmastonmuutosyhteistyön harmonisaatiohaasteet), läpileikkaavien teemojen (erityisesti ympäristö) vahvistaminen ja integrointi kaikkien toimintaan, uusien avunantajien integroiminen tuloksellisuustyöhön, yhteistyömaiden demokraattinen omistajuus ja molemminpuolinen vastuuvollisuus, vahvempi sitoutuminen avunantajien työnjaon ja täydentävyyden edistämiseen, rahoituksen tasapainon edistäminen yhteistyömaiden ja sektorien välillä, sekä rahoituksen parempi ennakoitavuus (ml. sitoutumalla hyviin toimintaperiaatteisiin).
- Kansalaisyhteiskunnan ja yksityissektorin osallistuminen on tärkeä perusta laajapohjaiselle omistajuudelle.
- Kehitysyhteistyön tuloksellinen toimeenpano edellyttää kuhunkin tilanteeseen parhaiten soveltuvien yhteistyömenetelmien käyttöä. Budjettitukeen liittyy merkittäviä riskejä. Siksi budjettitukipäätösten tulee aina perustua tarkkaan tapauskohtaiseen ja jatkuvaan analyysiin yhteistyömaan tilanteesta ja siihen liittyvien riskien hallinnasta. Kehityspoliittisen ohjelman linjausten mukaisesti budjettituen osuutta Suomen harjoittamassa kehitysyhteistyössä harkitaan vuonna 2009.
- Tuemme komission esiin nostamia tuloksellisuutta edistäviä toimia (ns. drivers of progress) seuraavien huomioiden:
 - kehitysrahoituksen ennakoitavuuden parantaminen; kumppanimaiden omien taloushallinto- ja hankintajärjestelmien käytön lisääminen: on tärkeää, mutta ei tarkoita ainoastaan yleisen budjettituen lisäämistä.
 - työnjako ja täydentävyys: Työnjaon menetelmien kehittämisen ja toimeenpanon tulee olla EU:n keskeinen panos Accraan. EU:n sopimat työnjakoa koskevat käytännönsäannot luovat hyviä periaatteita.
 - komission esittämien toimien lisäksi pidämme erityisen tärkeänä kumppanimaiden kapasiteetin kehittämistä.
- Rahoituksen tasapainoa on parannettava maiden välillä (ml. apuorvot, hauraat valtiot).
- Seuraavat kysymykset vaativat enemmän huomiota/analyysia:
 - EU:n ulkopuolisten uusien avunantajien kanssa tehtävään yhteistyöhön liittyvät haasteet ja mahdollisuudet, ilmastonmuutos ja avun tuloksellisuus - kysymykset
 - läpileikkaavien teemojen vahvempi ja kattavampi huomioon ottaminen (mm. ihmisoikeuksien, hyvän hallinnon ja ympäristökysymysten osalta)
 - molemminpuolinen vastuuvollisuus

Kauppaa tukeva apu:

- Pidämme kauppaa tukevan kehitysyhteistyön määrän nostamista ja laadun parantamista eräänä keskeisenä osana Monterreyn kehitysrahoitusitsemusten toteuttamisessa, mikä puolestaan tukee myös vuosituhattavoitteiden saavuttamista.
- Pidämme EU:n kauppaa tukevaa kehitysyhteistyötä koskevaa strategiaa merkittävänä työkaluna EU:n Aid for Trade volyymin nostamiseen ja avun laadun parantamiseen. Suomi pitää komission ensimmäistä Aid for Trade seurantaraporttia hyvänä ja laadukkaana ra-

porttina. On hyvin myönteistä, että Aid for Trade -agenda on tulossa entistä selkeämmäksi osaksi EU:n kehitysyhteistyötä.

- Pidämme tärkeänä, että kauppaa tukevaa kehitysyhteistyötä tarkastellaan kokonaisvaltaisesti. Suoraan ulkomaankauppaan liittyvän tuen lisäksi on tuettava kehitysmaiden tuotannollista kapasiteettia, taloudellista infrastruktuuria ja sopeutumista vapaaseen kauppaan ja globaaliin talouteen. Ne ovat toisiaan tukevia ja toisiinsa kiinteästi liittyviä tavoitteita, jotka yhdessä parantavat kehitysmaiden mahdollisuuksia saavuttaa vuosituhattavoitteet.
- Pidämme tärkeänä, että EU saavuttaa vuonna 2005 WTO:ssa annetut sitoumukset kasvattaa kauppaa tukevan teknisen avun (*trade-related assistance*) määrän 2 miljardiin vuodessa vuoteen 2010 mennessä. Suomi kuitenkin korostaa, että tuen lisäyksen tulee olla aitoa, eikä se saa tapahtua muun kauppaa tukevan kehitysyhteistyön kustannuksella. Suomi pitää olennaisimpana, että erityisesti tuotannollisen kapasiteetin tukea (ml. ulkomaankaupan kehittäminen) kehitysmaille lisätään.
- On erittäin myönteistä, että Aid for Trade -tukikategorioista ja niiden tilastollisesta seurannasta saavutettiin yhteisymmärrys vuoden 2007 aikana. Suomi kuitenkin korostaa, että käytännön tasolla seurannan yhdenmukaistamisessa on vielä tehtävää. Suomi korostaa, että avun määrällinen seuranta tulisi perustua jatkossa mahdollisimman pitkälti OECD:n CRS-tietokantaan. Suomi pitää tärkeänä, että seuranta on mahdollisimman läpinäkyvää ja uskottavaa.
- Kannatamme alueellisia, yhteistyömaiden omistamia ja mielellään jo muutenkin olemassa olevia rahastoja, alueellisessa EPA-tuessa (tuki EU:n ja Afrikan, Karibian ja Tyynenmeren maiden välisten talouskumppanuussopimusten toimeenpanolle). On hyvä muistaa, että ne eivät ole ainoita EPA-tuen kanavia, vaan EPA-tukea voidaan antaa myös AKT-maiden kanssa tehtävässä kahdenvälisessä, monenvälisessä ja kansalaisjärjestöyhteistyössä.
- Pidämme tärkeänä, että kauppaa tukevan kehitysyhteistyön sitoumusten toimeenpanoa ohjaavat vahvasti maatason tarpeet ja , että kumppanimaiden kanssa käytävään dialogiin liittäisiin kauppaa tukevan kehitysyhteistyön kysymyksiä järjestelmällisemmin, koska se on tärkeä osa kehityspolitiikkaa ja auttaa osaltaan saavuttamaan vuosituhattavoitteet.

Pääasiallinen sisältö:

EU globaalina kumppanina: vuosituhattavoitteiden saavuttamisen vauhdittaminen (komission tiedonanto)

Tiedonannossaan komission haluaa korostaa, että vuosituhattavoitteiden saavuttamiseksi tarvitaan yhä enemmän poliittista ja julkista tukea. EU on jo maailman suurin avunantaja ja toimii yhtenäisen poliittisen näkemyksen pohjalta; EU:n kehityspolitiikkaa ohjaa vuonna 2005 hyväksytty *Kehityspolitiikkaa koskeva eurooppalainen konsensus*. Vuonna 2007 EU:n avun määrä oli 46 miljardia. Apu on kuitenkin laskenut tänä vuonna, joka on samalla keskeinen vuosi osoittaa, että EU ja kansainvälinen yhteisö on tosissaan vuoden 2015 MDG tavoitteiden suhteen. Komission tiedonantopaketti tarkastelee EU:n saavutuksia ja tekee ehdotuksia tuleville toimille MDG:den saavuttamiseksi ja kehitysyhteistyön laadun parantamiseksi. Komissio ehdottaa tiedonannossaan seuraavaa:

1) Kehitysyhteistyön määrän kasvattaminen

EU on jo maailman suurin avunantaja, mutta avun määrää koskevat sitoumukset on toimeenpannava ja määrää on yhä lisättävä. EU:n on pitädyttävä antamissaan kollektiivissa rahoituksen määrää koskevissa tavoitteissa: 0,56% BKT:stä 2010 ja 0,7% BKT:stä 2015 ja neuvoston tulee uudel-

leen vahvistaa poliittiset ja kehitysrahoitusta koskevat sitoumuksensa. Komissio mm. peräänkuuluttaa jäsenmaita valmistelevaan monivuotisia rahoitussuunnitelmia, joissa vuosittainen ODA-määrän kasvattaminen määriteltäisiin selkeästi (jo 8 jäsenmaalla, ml Suomella). EU:n tulee entistä voimakkaammin yhdistää voimansa kehitysyhteistyön tehostamiseksi ja kansainvälisten toimien vauhdittamiseksi vuosittain asetettujen saavuttamiseksi. Komissio painottaa erityisesti seuraavia toimia:

- a) rahoituksen ennakoitavuuden parantaminen monivuotisilla rahoitussuunnitelmilla, yhteisohjelmoinnilla ja budjettitukea koskevalla MDG-sopimuksella;
- b) muut, ml uudet avunantajat, tulee saada mukaan yhteistyöhön ja kasvattamaan kehitysyhteistyötään (USA, Japani, Kiina, Intia, Etelä-Korea, Brasilia);
- c) uusiin haasteisiin vastaaminen, erityisesti ilmastonmuutoksen haasteet on otettava vakavasti - torjuntaan tulee kehittää innovatiivisia rahoitusmekanismeja.

2) Kehitysyhteistyön tuloksellisuuden ja laadun parantaminen

Kehitysyhteistyön tuloksellisuus ja laadun parantaminen on välttämättömyys. EU on jo sopinut työnjakoa koskevista käytännösäännöistä kehitysyhteistyössä keväällä 2007 (neuvoston päätelmät), mutta työnjakoa tulee konkretisoida. Pariisin julistuksen periaatteita tulee myös toimeenpanna voimakkaammin. Komissio ehdottaa mm. myönteisten kokemusten, kuten yhteisohjelmoinnista Etelä-Afrikassa, Sierra Leonessa ja Somaliassa saatujen kokemusten hyödyntämistä työnjaon tehostamiseksi. EU:n tulee panostaa erityisesti Accrassa järjestettävään kehitysyhteistyön tuloksellisuutta koskevaan korkean tason konferenssiin. Neuvoston tulee realisoida tehdyt sitoumukset ja ajaa Accran kokouksen tuloksia ja Accra Agenda for Action -toimintaohjelmaa dynaamiseksi, visionääriseksi ja kunnianhimoiseksi antamalla selkeitä poliittisia viestejä:

- a) työnjaosta kehitysyhteistyössä tulla todellisuutta,
- b) kumppanimaiden omien järjestelmien käyttöä tulee vahvistaa,
- c) tulosohejausta tulee kehittää
- d) rahoituksen ennakoitavuutta lisätä.

Myös yhteisrahoitusta tulee lisätä. Lisäksi kansalaisyhteiskunnan roolin vahvistaminen Pariisin julistuksen toimeenpanossa ja myös paikallisviranomaisten mukaan ottaminen ja roolin tutkiminen on tärkeä painopiste. Läpileikkaavat teemat, kuten sukupuolten välinen tasa-arvo, tulee integroida kaikkeen työhön.

3) Kehityspoliittisen johdonmukaisuuden edistäminen (ilmastonmuutos/ energia/ biopolttoaineet, muuttoliike, tutkimus)

EU on myös sitoutunut edistämään kehityspoliittista johdonmukaisuutta (policy coherence for development, PCD) ja identifioinut 12 sektoria, joihin työtä tulee kohdentaa. Viime vuonna julkaistiin ensimmäistä kertaa PCD-raportti. Komissio ehdottaa fokuksittomista MDG:den kannalta kolmeen keskeiseen sektoriin: ilmastonmuutos/ energia/ biopolttoaineet, muuttoliike, tutkimus. Komissio haluaa korostaa, että kehityspoliittista johdonmukaisuutta on edistettävä MDG:den saavuttamiseksi ja kehitysyhteistyön tuloksellisuuden lisäämiseksi.

4) EU:n on vietävä kauppaa tukevaa kehitysyhteistyötä koskevia sitoumuksia eteenpäin. Neuvoston tulisi muistuttaa jäsenmaita 2010 AfT-sitoumuksista. On tärkeää, että kaikki jäsenmaat tuottaisivat ennakosuunnitelmia AfT:n kasvusta, erityisesti Afrikan, Karibian ja Tyynenmeren maille. Jäsenmaita kehoitetaan tukemaan AKT-alueiden alueellisia EU:n ja AKT-maiden välisten talouskumppanuussopimusten toimeenpanoa tukevia EPA-rahastoja.

MDGt – tilannekatsaus (komission työpäpaperi)

Tilannekatsauspaperi tarkastelee sitä, miten vuosittain asetettujen saavuttamisessa on edistytty ja mitkä mahdollisuudet ovat suhteessa vuoteen 2015. Kokonaisuutena Aasia ja Latiinalainen Amerikka suoriutuvat paremmin kuin Saharan eteläpuoleinen Afrikka. Afrikassa vuosittain asetettuja ei todennäköisesti tulla saavuttamaan. Nykyinen tilanne osoittaa, että mikäli MDGt halutaan vielä

saavuttaa, tarvitaan vahva kumppanimaiden sitoumus, julkisia investointiohjelmia avainsektoreille ja kasvavaa tukea kansainväliseltä yhteisöltä. Uudet aloitteet ja vuoden 2007 konferenssit pyrkivät lisäämään poliittista painetta MDG:den saavuttamiseksi: a) YK:n pääsihteerin Ban Ki-Moonin aloite koskien Afrikkaa: MDG Africa Steering Group, b) UK:n pääministeri Brownin ja Ki-Moonin aloite Call to Action (ehdottaa toimien keskittämistä neljän pilarin mukaan, jotka ovat kauppa, ympäristö, terveys ja koulutus), c) Accran konferenssi syyskuussa ja d) Monterreyn kehitysrahoitus sitoumusten seurantakonferenssi Dohassa marraskuussa.

Komissio arvioi tilannekatsauksessaan edistystä MDG:den saavuttamisessa. Esiin nostetaan yhtenä MDG-kehikon etuna sen, että kumppanimaat ovat yhä enemmän laatineet kehitysstrategioitaan heijastelemaan MDG-tavoitteita, vaikka tätä on yhä tarve vahvistaa. MDG-seurantajärjestelmä on auttanut identifiomaan vahvistamistarpeita kumppanimaiden tilastointikapasiteetissa. Lisäksi MDG:t ovat toimineet viestintätyökaluna poliittisille päättäjille ja kansalaisyhteiskunnalle. Komissio nostaa esiin MDG-kehikon puutteina seuraavaa: a) ei ole selvää kuka on tilivelvollinen tavoitteiden saavuttamisesta, b) on epäselvää, onko tavoitteena saavuttaa tavoitteet globaalisti, alueittain vai kansallisesti, c) MDG-kehikkoa voidaan pitää ulkopuolisesti kehitettynä, jolloin siitä puuttuu omistajuus, d) seurantaan liittyy teknisiä kapasiteettiongelmia, e) tavoitteet eivät ole katettavat. Odotettavissa onkin myös ongelmia MDG-kehikolle. Esimerkiksi tavoite 7 koskien ympäristön kestävä kehitys liittyy ilmastonmuutoksen torjuntaan, mutta ei kuvasta riittävästi asian merkitystä. Poliittiset kumppanuudet, kuten EU-Afrikka –kumppanuus, ovat yleistymässä ja ne sijoittavat MDG:t laajempaan kansainvälisten suhteiden kontekstiin. Uusien avunantajien, kuten Kiinan ja Intian näkemykset MDG:stä ovat entistä merkittävämpiä ja EU:n tulee tiivistää yhteistyötä näiden toimijoiden kanssa. Yksityisen sektorin roolia ja toisaalta kansalaisyhteiskunnan panosta pidetään entistä merkittävämpänä. Lisäksi MDG-kehikko ei ole tuonut mukanaan selkeää kehityksen keinoja käsittelevää teoriaa siitä, miten ne pystytään saavuttamaan. Sen sijaan esiin on noussut erityyppisiä taloudellisia ja sosiaalisia indikaattoreita mittaamaan maakohtaista tilannetta. Näillä indikaattoreilla ja maakohtaisilla analyyseilla voidaan määritellä, millainen kehitysyhteistyö on tietyssä kontekstissa tehokkainta ja tällaisen uuden määrittelyn linkittymistä MDG-kehikkoon tulee tutkia. Komissio nostaa esiin seuraavia tulevaisuuden haasteita ja ehdotuksia:

- MDG:den saavuttaminen on pääosin kehitysmaiden vastuulla
- Eri hallinnon tasojen osallistumista köyhyiden vähentämiseen tulee vahvistaa
- Kehitysrahoitus sitoumuksia tulee kunnioittaa tai jopa kasvattaa
- Pariisin julistuksen sitoumukset tulee toteuttaa
- Kumppanimaiden julkisen hallinnon ja julkisen rahoituksen tulee olla tehokasta
- Yksityisen sektorin ja säätiöiden/ rahastojen osallistuminen MDG:den saavuttamisessa on keskeistä.
- Olemassa olevaa MDG-kehikkoa tulee kunnioittaa.
- Seurantaan tulee panostaa ja kaikilla tulee olla siihen pääsy; maakohtaisen raportoinnin tulee sisältyä jatkossa YK:n raportointiin.
- Tuki kapasiteetin kehittämiseksi liittyen tiede- ja teknologiakysymyksiin on olennaista vuosituhattavoitteiden saavuttamiseksi.
- Ilmastonmuutoksen vaikutukset tulee ottaa paremmin huomioon kehitysyhteistyössä.
- Elintarvikkeiden kasvavien hintojen vaikutuksia tulee analysoida maakohtaisesti (seuraamukset voivat olla pientuottajille hyviä, mutta ruokaturvan kannalta vakavia).

Monterrey: eteneminen EU:n kehitysrahoitusta koskevista sitoumuksista (työpaperi)

Komissio käy läpi työpaperissa EU:n antamia kehitysrahoitusta koskevia sitoumuksia, joiden seurannasta neuvosto on pyytänyt komissiota vuonna 2002 lähtien raportoimaan vuosittain (Monterrey -kyselyyn perustuva raportti). Monterrey -kysely ei kata koko Monterreyn konsensuksen teemoja, vaan kattaa rahoitusta, yhteistyötä kansainvälisissä rahoituslaitoksissa ja globaaleja julkishyödykkeitä koskevia sitoumuksia (ns. Barcelonan sitoumukset). Monterreyssä annettujen ra-

hoitussitoumusten seurannan lisäksi neuvosto on pyytänyt komissiota raportoimaan samassa yhteydessä myös työnjakoa koskevasta toimeenpanosta ja EU:n kauppaa tukevasta avusta.

EU:n kehitysrahoituksen kokonaismäärä on laskenut vuonna 2007 46 miljardiin (2006: 47,7 miljardia), 0,38%:iin vuoden 2006 0,41%:sta kollektiivisesta BKT:sta. Jäsenmaiden ODA-lupausten mukaan ODA:n tulisi nousta kuitenkin takaisin ennätyskorkealle tänä vuonna. Viime vuoden lukuja tuo alas mm. se, että mittavat velkahelpotusohjelmat on pitkälti saatettu loppuun. Myös ohjelmamuotoinen apu on yleisesti lisääntynyt. Suomen ODA -osuus on pysynyt samana edellisenä ja viime vuonna - vuonna 2007 prosentti oli 0,40 eli 711 miljoonaa. Suomi ja Ranska nimetään maina, jotka ovat siirtäneet 0,7% tavoitetta vuoteen 2015, jolloin mm. tästä syystä EU:n on vaikeampaa saavuttaa kollektiivista 0,56% tavoitetta. Iso-Britannia on puolestaan ilmoittanut kasvattavansa apua ennakoitua myöhemmin, mutta on sitoutunut 0,7% tavoitteeseen jo vuoteen 2013 mennessä. Komissio nostaa esiin Espanjan erittäin hyvänä suoriutujana, joka on nostanut ODA-osuuttaan viime vuonna 0,41 prosenttiin 1,2 miljardin vuosilisäyksellä (isoin määrä kaikista jäsenmaista). Saksa on EU-jäsenmaista suurin avunantaja ja myös sen ODA-osuus nousi viime vuonna. Heikkoja suoriutujia ovat erityisesti Kreikka, Italia ja Portugali, kun taas erityisen hyviä suoriutujia Ruotsi, Hollanti ja Tanska.

Kehitysyhteistyön suuntautuminen Afrikkaan on lisääntynyt sitoumusten mukaisesti. Uudet jäsenmaat ovat nostaneet esiin kiinnostuksensa suunnata kehitysyhteistyötään Etelä-Kaukasukselle ja Keski-Aasiaan.

Laajemmin vertailtuna EU:n kehitysyhteistyön odotetaan kasvavan huomattavasti voimakkaammin kuin esim. USA:n, Japanin ja Kanadan. Määrärahojen suunnitellun kasvun mukaan EU:n kehitysyhteistyö kattaa 2/3 maailman kehitysyhteistyöstä vuoteen 2010 mennessä ja 90% koko G8 maiden antamasta lupauksesta kasvattaa apua vuoteen 2010. Komissio nostaa kuitenkin esiin seuraavia keskeisiä haasteita:

- ODA:n määrällisistä sitoumuksista tulee pitää kiinni
- Ero EU:n ja EU:n ulkopuolisten G8 -maiden välillä kehitysrahoituksen määrässä kasvaa. Myös erot EU-jäsenmaiden kesken ovat kasvaneet määrien suhteen.
- Kehitysyhteistyö on entistä fragmentoituneempaa rahastojen ja toimijoiden määrän kasvaessa. Täten tarve parantaa kehitysyhteistyön ennakoitavuutta ja harmonisaatiota on kasvanut entisestään.
- Uudet haasteet: ilmastonmuutoksen vaikutukset köyhiin maihin on otettava paremmin huomioon.
- Velanmyönnön kestävyys on taattava.

EU:n prioriteetteja Dohaan:

Kehitysrahoitussitoumuksia koskevaa Monterreyn konsensusta ei tule neuvotella uudestaan, mutta uusia haasteita tulee ottaa huomioon paremmin toimeenpanossa. Jäsenmaat ovat nostaneet Monterrey -kyselyssä merkittävimmiksi uusiksi haasteiksi ilmastonmuutoksen, rahoituksen ennakoitavuuden, uudet avunantajat, kehitystoimijoiden määrän ja monimuotoisuuden lisääntymisen ja rahalähetykset (remittances). Nämä liittyvät kokonaisvaltaiseen kysymykseen uudesta globaalista kehitysyhteistyön arkkitehtuurista. Marraskuussa pidettävän Dohan kokouksen tuloksien tulee heijastella sekä avunantajien että kehitysmaiden vastuuta ja velvollisuuksia sekä kehitysrahoituksen keskeisiä kysymyksiä, ml ODA-määrät.

Raportointi Doha sitoumuksista:

- Innovatiiviset rahoitusmekanismi: Suurin osa jäsenmaista ei tällä hetkellä osallistu olemassa olevien innovatiivisten rahoitusmekanismien käyttöön. Suomen osalta tuotu esiin, että osallistumme kansainväliseen keskusteluun ja olemme liittyneet Leading Group on solidarity levies -foorumiin viime vuonna. Foorumissa keskustellaan hiilipäästöistä käydyn kaupan tulojen hyödyn-

tämisestä ilmastonmuutoksen torjuntaan. Komissio suosittaa, että innovatiivisiin rahoitusmekanismeihin tulisi panostaa jäsenmaiden jo olemassa olevien ODA-sitoumusten lisäksi. Innovatiivisten rahoitusmekanismien toimeenpanon tulee olla tehokasta ja olemassa olevia instituutioita ja instrumentteja tulee hyödyntää mahdollisimman paljon. Lisäksi tulee arvioida innovatiivisten rahoitusmekanismien lisäarvoa kustannus-tehokkuus -näkökulmasta. Erityisesti ilmastonmuutoksen kehitykselle aiheuttavat seuraamukset ja kulut tulevat olemaan mittavat. Komission mukaan lisärahoituksen tarve, erityisesti innovatiivisten rahoituslähteiden kehittäminen, ja yksityissektorin panos ovat ehdottoman tärkeitä. EU ottaa jo nyt ilmastonmuutoksen vaikutukset köyhyydelle vakavasti. Yksi esimerkki siitä, miten puhtaan teknologian siirtoa haluaan edistää on energiatehokkuutta ja uusiutuvaa energiaa koskeva rahasto (Global Energy Efficiency and Renewable Energy Fund, GEEREF). Lisäksi komissaari Michel ehdottaa, että juuri ilmastonmuutoksen ehkäisemiseksi kehitetään erityistä innovatiivista rahoitusmekanismia (Global Climate Financing Mechanism, GCFM).

- Velka -kysymykset: Monterrey-kyselyn tulokset osoittavat, että jäsenmaat pitävät velkakestävyttä merkittävänä vuosittain asetettujen saavuttamisen kannalta. Viime vuosina on nähty myönteistä kehitystä alemman tulotason maiden kohdalla. Velanannon kestävyys on keskeinen kysymys, jossa tulisi noudattaa IMF:n ja WB:n periaatteita ("Debt Sustainability Framework") ja OECD:n linjauksia. Komissio pitää keskeisenä kysymyksenä pitkäaikaisen velkakestävyysyden ylläpitämistä HIPC/MDRI-aloitteiden toimeenpanon jälkeen ja korostaa vastuullisen lainanannon tukemista.

- Globaalit julkishyödykkeet (Global Public Goods): Komissio tukee kevyen koordinaatiokriteeristön laatimista sille, miten EU kokonaisuutena osallistuu globaalirahastoihin. Globaalirahastot ja kumppanuudet ovat yksi keino osallistua yleishyödykkeiden kehittelyyn.

- Ulkoiset shokit: Komissio tulee valmistelemaan vuonna 2008 esityksen EU:n strategiaksi koskien katastrofien riskin torjuntaa kehitysmaissa (Disaster Risk Reduction).

- Kansainvälisen rahoitusjärjestelmän uudistaminen: Komissio esittelee Monterrey -kyselyssä esiin tuotuja jäsenmaiden kantoja siitä, miten EU-koordinaatiota voidaan kehittää Maailmanpankissa ja Kansainvälisessä valuuttarahastossa. Komissio toivoo EU:lta rakentavaa keskustelua siitä, miten kehitysmaiden edustautumista voidaan vahvistaa Maailmanpankin johtoryhmässä. Komissio myös toivoo yhä enemmän EU-koordinaatiota ennen kevät/vuosikokouksia ja enemmän viittauksia EU kantoihin jäsenmaiden kannanotoissa ja puoltaa yhteisten kannanottojen antamista erityisesti pitkän aikavälin strategisista kysymyksistä Maailmanpankin johtoryhmässä. Komissio myös ehdottaa, että EU-koordinaatiota vahvistetaan alueellisten kehityspankkien johtoryhmätyöskentelyssä.

Kehitysyhteistyön tuloksellisuus

Komissio käy läpi työpaperissaan EU:n edistystä kehitysyhteistyön tuloksellisuuden edistämiseksi ja Pariisin julistuksen toimeenpanoa sekä EU:n tavoitteita Accran korkean tason tuloksellisuuskonferenssiin. EU on kehittänyt erinäisiä työkaluja (erityisesti työnjakoa koskevat käytännösäännöt kehitysyhteistyössä 2007) ja sitoutunut avun tuloksellisuuden periaatteisiin, mutta konkreettisesti toimeenpanossa on vielä tekemistä. Jo vuonna 2005 Pariisin julistusta neuvoteltaessa EU:n rooli oli merkittävä ja nyt Accran konferenssiin suhtaudutaan yhtä lailla kunnianhimoisesti.

Vuoden 2005 jälkeen kehitysyhteistyössä ovat korostuneet uudet toimijat, jotka on nyt saatava tehokkaammin mukana Pariisin julistuksen toimeenpanoon. Komissio korostaa ensinnäkin uusien EU-jäsenmaiden integroimista mukaan Pariisin julistuksen eteenpäin viemiseen. Kumppanimaiden kansallisten parlamenttien rooli esimerkiksi budjettiprosessien parantamisessa on otettava kattavasti huomioon Pariisin julistuksen toimeenpanossa. Myös yhteistyötä paikallisviranomais-

ten, alueiden ja kaupunkien, kanssa on hyödynnettävä paremmin köyhyyden vähentämiseksi. Yhteyksiä EU:n ja kehitysmaiden eri tasojen toimijoiden kesken tulisi tiivistää.

Lisäksi kansalaisyhteiskunnan edustajat tulee ottaa Pariisin toimeenpanoon ja tuloksellisuuden kehittämiseen paremmin mukaan. Myös erityyppiset rahastojen toiminta on otettava huomioon kattavammin. Komissio nostaa lisääntyneet vertikaalirahastot, säätiöt ja rahastot, merkittäväksi haasteeksi. Kehitysyhteistyön fragmentaatiota on vältettävä ja rahastojen tuomaa lisäarvoa on arvioitava kattavasti.

Komissio käy työpaperissaan läpi myös jäsenmaiden edistymistä Pariisin julistuksen seurantaindikaattoreiden suhteen. Globaalisti verrattuna EU on suoriutunut melko hyvin.

EU:lla tulee olla kunnianhimoiset tavoitteet Accraan. Jo sovittu EU:n joint input 1-pager toimii lähtökohtana (työpaperin liitteenä) ja siinä tulevat esiin keskeisimmät yleiset periaatteet. Komissio korostaa, että Accrassa tulee varmistaa, että jatkossa saadaan tuloksia ennen kaikkea seuraavilla keskeisillä aloilla:

- rahoituksen ennakoitavuuden lisääminen
- maiden omien järjestelmien käytön lisääminen
- vahvempaa tulosoajasta ja vähemmän ehdollisuutta
- rahoituksen sitomattomuuden lisääminen
- hauraiden tilanteiden huomioon ottaminen
- työnjako

Eteneminen edellä mainituilla aloilla (drivers of progress) vie tuloksellisuustyötä eteenpäin laajemminkin. Läpileikkaavat teemat, kuten sukupuolten välinen tasa-arvo ja ympäristökysymykset tulee integroida kuhunkin teemaan. EU:lla on myös annettavaa koko kansainväliselle yhteisölle näillä kaikilla aloilla ja ne ovat komission mukaan monella tapaa yhteneväisiä kumppanimaiden tärkeinä pitämiin teemoihin.

Kauppaa tukevan kehitysyhteistyön seurantaraportti (Aid for Trade, AfT)

Komission seurantaraportti antaa hyvän katsauksen EU:n AfT-toimintaan ja kattaa koko AfT-agendan tukikategoriat. Tätä voidaan pitää erityisen myönteisenä, sillä vielä vuoden 2007 aikana komissio keskittyi varsin yksistään kapeaan AfT-agendaan, mikä liittyy suoremmin ulkomaankaupan kehittämiseen (trade-related assistance, TRA). TRA on kuitenkin osin lähes erottamaton osa tuotannollisen kapasiteetin tukea, joten sen irrallinen tarkastelu laajemmasta AfT-agendasta olisi ollut harhaanjohtavaa. Suomi pitää komission nyt omaksumaa lähestymistapaa oikeana. AfT-agendaa tulee tarkastella kokonaisuutena.

Raportti vahvistaa, että Aid for Trade -tukikategorioista ja niiden tilastollisesta seurannasta on saavutettu varsin pitkälle menevä yhteisymmärrys, vaikkakin käytännön tasolla seurannan yhdenmukaistamisessa on vielä tehtävää. Raportti perustuu vahvasti OECD:n Creditor Reporting System (CRS) -tietokantaan ja seuranta tulee kehittää yhä tähän suuntaan. Komission raportti on tärkeä askel kohti läpinäkyvämpää ja uskottavampaa AfT-seuranta EU-tasolla.

Koska tilastollisessa seurannassa on vielä paljon ongelmia, tulee raportin lukuja pitää lähinnä suuntaa antavina ja niiden tarkkuuteen tulee suhtautua varauksella. Raportti tuo oikein esiin tilastoihin liittyvät metodologiset ongelmat. Toisaalta raportissa kuitenkin suhtaudutaan hyvin vakavasti heikkolaatuisen dataan. Siitä on laadittu useita taulukoita ja kuvioita ja pyritty vetämään tarkkoja suosituksia jäsenmaiden TRA-rahoitukselle.

Asian kannalta olennaista on tarkastella OECD:n CRS-tietoihin perustuvia trendejä vuodesta 2001 kauppapolitiikka ja säännöt, tuotannollinen kapasiteetti (ml. ulkomaankaupan kehittäminen) ja infrastruktuuri tukikategorioiden osalta. Monterreyn kyselyyn ja Dohan TCBDB-tietokantaan perustuvat TRA-luvut ovat niin heikkolaatuisia, ettei niiden pohjalta voi valitettavasti tehdä vaka-

vasti otettavia politiikkapäätöksiä. Osittain tämä liittyy siihen, että vain 5 jäsenmaata ml. Suomi, toimitti ennakosuunnitelmat AfT:n lisäämisestä vuoteen 2010.

EU:n on kuitenkin seurannan ongelmista huolimatta pyrittävä täyttämään vuonna 2005 antamansa TRA-sitoumukset. Komission mukaan EU on matkalla kohti 2 miljardin TRA-sitoumuksen toteuttamista vuoteen 2010 mennessä. Jäsenmailla on kuitenkin vielä haasteita tavoitteen saavuttamisessa. EU:n jäsenmaiden TRA vuonna 2006 oli 641 miljoonaa. Euroopan yhteisön määrä oli 940 miljoonaa. (Tavoite on jäsenmaat 1 + yhteisö 1 miljardia 2010.) Raportti kuitenkin toteaa oikein, että jäsenmaat ovat aktiivisempia muilla AfT-tukialueilla, erityisesti tuotannollisen kapasiteetin tuessa ja infrastruktuurissa. Suomi nostetaan raportissa esiin ns. hyvin edistyneiden joukkoon sitoumusten toimeenpanossa.

Komissio tuo esiin seuraavia päätelmiä ja huomioita:

- Lokakuussa 2007 hyväksyttiin EU:n AfT-strategia ja AfT on lisääntynyt EU:n kehitysyhteistyössä. Useat maat ovat valmistelleet omia kansallisia AfT-strategioita (Suomen toiminnallistamissuunnitelma on valmistelussa).
- AfT:n kasvu on jäsenmaiden kesken epätasaista ja vain muutamalla selkeät suunnitelmat. AfT:n tulee kasvaa 56% 2010 tavoitteen saavuttamiseksi.
- Tarve parantaa AfT-tilastointia: Monterrey –kyselyn vastauksia ei voitu hyödyntää, vaan OECD/DAC:n CRS:ää ja Doha Database -tilastojärjestelmiä.
- Integrated Framework –ohjelmaan on kohdistunut aikaisempaa enemmän kiinnostusta, mutta tarvetta harmonisoida on huomattavasti.
- Jäsenmaiden edistyminen neuvoston suositusten toimeenpanossa voidaan jakaa kolmeen ryhmään.
- Tuki alueellisille integraatiolle ja alueellisten organisaatioiden ohjelmille on lisääntynyt.
- AfT-strategian toimeenpanon seuranta on edistynyt EU-tasolla (toimeenpanomatriisi).
- Avun suuntaaminen AKT-maille etenee, mutta Karibian ja Tyynenmeren alueille ei ole suuntautumassa kuin pääosin yhteisön apua.
- AfT-agendan linkittymistä muuhun kansainväliseen agendaan on tutkittava.

Kehityspoliittinen johdonmukaisuus:

Komission tiedonantopakettiin sisältyy työpäperi kehityspoliittisesta johdonmukaisuudesta, joka keskittyy kolmeen eri teemaan: Ilmastonmuutos/ energia/ biopolttoaineet, muuttoliike ja tutkimus. Teemoista on valmisteltu erilliset muistiot.

Kansallinen käsittely:

Ulkosuhdejaosto

Eduskuntakäsittely:

e-kirjelmä viikolla 20, tiedottaminen myös YAUN -valmisteluiden yhteydessä toukokuussa

Komission tiedonanto "EU maailmanlaajuisena kehitysyhteistyökumppanina"
Työpaperi kehityspoliittinen johdonmukaisuus - Ilmastomuutos/Energia/ Biopolttoaineet

Käsittelyn tarkoitus ja käsittelyvaihe:

EU on sitoutunut edistämään kehityspoliittista johdonmukaisuutta (policy coherence for development, PCD) ja identifioinut 12 sektoria, joihin työtä tulee kohdentaa. Vuonna 2007 julkaistiin ensimmäistä kertaa PCD-raportti. Tässä muistiossa käsitellään komission tiedonantopakettiin sisältyvän **PCD-työpaperin yhtä ulottuvuutta: ilmastomuutos/ energia/ biopolttoaineet**.

Biopolttoaineiden ja bionesteiden kaikkein keskeisimmistä kestävyyskriteereistä keskusteltiin Coreper I:ssä 7.5.2008. Kriteerit sisällytetään sekä uusiutuvan energian edistämistä koskevaan direktiiviin (ns. RES-direktiivi) ja liikennepolttoaineen laatudirektiiviin.

Asiakirjat:

- Staff Working Paper: Policy Coherence for Development: Climate Change/ Energy/ Biofuels, Migration and Research SEC(2008) 434

Käsittelijä(t):

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Suomen kanta/ohje:

- Pidämme Euroopan komission tavoin liikenteen biopolttoainekysymystä erittäin tärkeänä myös kehityspoliittisen johdonmukaisuuden näkökulmasta, koska aihe liittyy usean politiikkalohkon piiriin ja siihen liittyy suuria kehitykseen, ympäristöön, ilmastomuutokseen, turvallisuuteen ja kauppaan liittyviä kysymyksiä, ml. kysymys ravinnon riittävyydestä.
- Kannatamme kestävyyskriteeristön luomista liikenteen biopolttoaineiden ja niiden raaka-aineiden tuotannolle ja kriteeristön sisällyttämistä uusiutuvan energian edistämistä koskevaan direktiiviin sekä liikennepolttoaineen laatudirektiiviin. Biopolttoaineiden käytön voimakas lisääntyminen voi hallitsemattomana johtaa monenlaisiin ympäristöongelmiin ja sosiaalisiin ongelmiin. On myös varmistettava, että biopolttoaineiden käytöllä päästään tavoiteltuihin kasvihuonekaasupäästösäästöihin ja pystytään torjumaan ilmastomuutosta. Suomi kuitenkin katsoo, että pyrittäessä maailmanlaajuisesti sovellettavaan ja tasapuoliseen järjestelmään tulee erityisesti kiinnittää huomiota siihen, että asetettavat kriteerit ovat riittävän yksikäsitteisesti määriteltäviä ja järjestelmää voidaan myös käytännössä valvoa.
- Korostamme, että liikenteen biopolttoaineiden ja niiden raaka-aineiden tuotanto on merkittävä kehityspoliittinen kysymys. Kehitysmaiden tulisi, mahdollisesti kehittyneiden maiden tukemana, laatia kokonaisvaltaiset kansalliset suunnitelmat siitä, miten liikenteen biopolttoaineiden raaka-aineita tuotetaan ja hyödynnetään kestävä kehityksen periaatteiden mukaisesti niiden koko

elinkaaren ajan. Suunnitelmiin tulisi sisältyä arviot toiminnan vaikutuksista mm. ympäristöön sekä maankäyttö- ja ruokaturvakysymyksiin, ottaen huomioon maan oma ympäristö-, alue-, maatalous-, energia- ja kauppapolitiikka sekä tavoitteet hyötyjen suuntaamisesta maan talouden kehittämiseen ja köyhyyden vähentämiseen.

- Tuemme biopolttoaineiden ja niiden raaka-ainetuotannon kysymyksistä harjoitettavaa yhteistyötä myös kansainvälisten järjestöjen, erityisesti YK:n erityisjärjestöjen kanssa.
- Suomen näkemyksen mukaan energiakasvien viljely tarjoaa trooppisen vyöhykkeen kehitysmaille mahdollisuuden tuottaa ja viedä biopolttoaineita ja niiden raaka-aineita. Toiminnalla on myönteisiä vaikutuksia maaseutuväestön työllistäjänä ja infrastruktuurin kehittäjänä.
- Korostamme, että laajamittainen energiakasvien viljely voi kuitenkin muodostaa uhan biodiversiteetille, mikäli biodiversiteetille tärkeitä alueita raivataan tai muutetaan biopolttoaineiden tuotantoon. Lisäksi suosademetsien raivaus päästää ilmaan runsaasti hiilidioksidia, mikä edistää ilmastonmuutosta. Biopolttoaineiden tuotantoon, prosessointiin ja käyttöön liittyy myös muitakin merkittäviä ympäristövaikutuksia.
- Kestävän metsätalouden merkitystä biopolttoainetuotannossa ja ilmastonmuutosta hillitsevästä tekijänä tulee korostaa.
- On myös otettava huomioon, että energiakasvien viljely uhkaa viedä viljelyalaa ruuantuotannolta ja tuotteiden polttoainekäyttö kilpailee ravinnoksi käytettävistä raaka-aineista. Tämä näkyy jo nyt ravinnon saatavuuden heikkenemisenä ja kohonneina ruokaöljyn, maissin ja soijan hintoina. Metsäpohjaisen biomassan tuotannossa tulee noudattaa kestävän metsänhoidon periaatteita.
- Kannatamme periaatteessa sosiaalisen ja taloudellisen kestävyysvaatimusten (vaikutukset esimerkiksi maankäyttöön, ravinnontuotantoon, työoloihin ja paikalliseen väestöön) huomioon ottamista kestävyyskriteereissä ympäristöllisen kestävyysvaatimuksen lisäksi. Ympäristökriteereissä tulee huomioida toiminnan elinkaari-vaikutukset hiilitaseeseen. Haluamme tutkia vielä tarkemmin komission ehdotusta institutionalisoida kestävyyskriteereiden monitorointia.
- Kehitysmaissa tuotetuille liikenteen biopolttoaineiden raaka-aineille tulee taata tulliton ja kiintiötön markkinoillepääsy EU:ssa WTO-sääntöjä kunnioittaen. Lisäksi tulisi tarkastella mahdollisuuksia edistää erityisesti toisen sukupolven ja sitä kehittyneempien biopolttoaineiden kehitystyötä ja markkinoillepääsyä kehitysmaista.
- Suomi korostaa tutkimuksen ja kehityksen merkitystä sellaisten uuden sukupolven biopolttoaineiden kehittämiseksi, joiden raaka-ainetuotanto ei kilpaile ruuantuotannon kanssa, ei uhkaa luonnon monimuotoisuutta eikä aiheuta muitakaan merkittäviä kielteisiä vaikutuksia ympäristölle. Tutkimuksen lisääminen uusien, kestävän kehityksen mukaisten bioenergiälähteiden ja tuotteiden kehittämiseksi on tärkeää, koska biopolttoaineet ovat osa vähähiilistä energiatuotantoa ja primäärienergiälähde, jonka merkitys kasvaa tulevaisuudessa.

Pääasiallinen sisältö:

EU on sitoutunut edistämään kehityspoliittista johdonmukaisuutta (policy coherence for development, PCD) ja identifioinut 12 sektoria, joihin työtä tulee kohdentaa. Nämä priorisoidut politiikka-alat ovat: 1) kauppa-, 2) ympäristö-, 3) ilmastonmuutos-, 4) turvallisuus-, 5) maatalous-, ja 6) kalastuspolitiikka, 7) politiikka globalisaation sosiaalisesta ulottuvuudesta, työllisyydestä ja ihmisarvoisesta työstä, 8)

maahanmuutto-, 9) tutkimus- ja innovaatiopolitiikka ja 10) tietoyhteiskunta-, 11) kuljetus- sekä 12) energiapolitiikka.

Tässä komission PCD-työpaperissa keskitytään teemaan "Ilmastomuutos/ Energia/ Biopolttoaineet, joka tuodaan esiin yhtenä merkittävimmistä kehityspoliittisen johdonmukaisuuden tematiikkaan liittyvistä haasteista vuosituhattavoitteiden saavuttamiseksi.

Ilmastomuutoksen torjuminen on EU:lle prioriteetti. Yhtenä keinona EU tukee liikenteen biopolttoaineiden käytön lisäämistä. Komissio ehdottaa, että kehitysmaat tuetaan kasvavien biopolttoainemarkkinoiden hyödyntämisessä köyhyyden vähentämiseksi. Samalla on monitoroitava tarkkaan vaikutuksia ruokaturvaan, maankäyttöoikeuksiin ja ympäristöön. Komissio on ehdottanut liikenteen biopolttoaineille ympäristökestävyyskriteerejä EU:n ilmasto- ja energiapakettiin sisältyvän uusiutuvan energian käytön lisäämistä koskevan direktiivin yhteydessä ja tutkimuksen lisäämistä.

Ilmastomuutos ja energiakysymykset ovat keskeisiä politiikka-aloja, jotka liittyvät EU:n kehityksasuhteisiin. EU on asettanut tavoitteet tieliikenteen polttoaineiden bio-osuuden kasvattamiseksi. Tämä liittyy tavoitteisiin lisätä uusiutuvan energian osuutta energiahuollossa ja laajemmin ilmastomuutoksen torjuntaan. Uusiutuvan energian tavoitteeksi on asetettu 20 % energiankulutuksesta EU-tasolla ja sitovaksi jokaista jäsenvaltiota koskevaksi liikenteen biopolttoaineiden tavoitteeksi 10 % vuoteen 2020 mennessä. Biopolttoainetavoitteeseen on tarkoitus päästä sekä unionin alueen omalla tuotannolla että tuonnilla.

Biopolttoaineiden ja niiden raaka-aineiden tuotanto tarjoaa kehitysmailla mahdollisuuden hyötyä biopolttoainemarkkinoiden kehittymisestä, mutta muodostaa toisaalta riskin ruokaturvalle, maankäytön muutoksille ja ympäristölle. Tämä asettaa vaatimuksia EU:n politiikkakoherenssille, koska biopolttoaineet liittyvät usean politiikkalohkon piiriin. EU:n PCD-raportti vuodelta 2007 mainitsee biopolttoaineet aiheena, joissa työtä tarvitaan riskien kartoittamiseksi, kestävyysmekanismien kehittämiseksi ja tutkimuksen ja kehityksen edistämiseksi. PCD-raportissa mainittuja politiikka-aloja, joihin biopolttoaineet liittyvät, ovat ilmastomuutoksen ja energian lisäksi ainakin ympäristö, kauppa ja tutkimus.

Biopolttoaineiden raaka-aineiden viljely kehitysmaissa on kasvanut moninkertaiseksi muutamassa vuodessa. PCD-näkökulmasta on syytä tarkastella biopolttoaineiden tuotantoa suhteessa muuhun maataloustuotantoon ja koko globaaliin biopolttoaineiden kysyntään. Komissio tuo työpaperissaan esiin, että EU:n lähtökohtana on kestävyyskriteereiden luominen biopolttoaineille, jotka pyrkivät estämään suorat maankäytön muutokset biopolttoaineiden tuottamiseksi ja edellyttävät kestäviä maankäyttötapoja. EU:n biopolttoainestrategiassa on asetettu 35 % kasvihuonekaasuvähennysvaatimus tuotteille, jotta ne voidaan ottaa huomioon biopolttoaineosuustavoitetta ja uusiutuvan energian tavoitetta määrättäessä.

Kestävyyskriteerien tarkistamista varten komissio harkitsee monitoroinnin suorittamista soveltuvan asiantuntemuksen omaavilla instituutioilla ("Biofuels Observatory"). Tämän nähdään hyödyttävän myös koherenssitavoitteen toteutumista.

Vaikka biopolttoaineiden tuottaminen, varsinkin ensimmäisen sukupolven biopolttoaineiden kohdalla, on koettua toimintaa ja teknologiaa, nähdään tarpeelliseksi edistää teknologiansiirtoa kehitysmaihiin mm. ympäristöteknologian osalta.

Komissio lähtee tasapainotetusta biopolttoaineiden raaka-aineiden hankinnasta, jossa sekä tuonnilla että EU-alueen omalla tuotannolla on roolinsa. Tasapainoon voidaan vaikuttaa kauppapolitiikalla ja maatalouden subventioilla.

Kansallinen käsittely:

Ulkosuhdejaosto

Eduskuntakäsittely:

Tiedottaminen YAUN-valmisteluiden yhteydessä toukokuussa, E-kirjelmä vko 20

Muut mahdolliset asiaan vaikuttavat tekijät:

Biopolttoaineiden ja bionesteiden kestävyyskriteereiden määrittely on parhaillaan käynnissä Coreper I:n alaisessa ad hoc -työryhmässä. Kriteerit sisällytetään sekä uusiutuvan energian edistämistä koskevaan direktiiviin (ns. RES-direktiivi) ja liikennepolttoaineen laatudirektiiviin. Ad hoc -työryhmä on työstänyt kriteeristöä RES-direktiiviehdotukseen sisältyvien ympäristökestävyyskriteereiden pohjalta.

Komission tiedonantopaketti " EU maailmanlaajuisena kehitysyhteistyötoimijana ":
Työpaperi kehityspoliittinen johdonmukaisuus - Muuttoliike ja kehitys

Käsittelyn tarkoitus ja käsittelyvaihe:

EU on sitoutunut edistämään kehityspoliittista johdonmukaisuutta (policy coherence for development, PCD) ja identifioinut 12 sektoria, joihin työtä tulee kohdentaa. Vuonna 2007 julkaistiin ensimmäistä kertaa PCD-raportti. Tässä muistiossa käsitellään komission tiedonantopakettiin sisältyvän PCD-työpaperin yhtä ulottuvuutta: muuttoliike ja kehitys.

Asiakirjat:

- Staff Working Paper: Policy Coherence for Development: Climate Change/ Energy/ Biofuels, Migration and Research SEC(2008) 434

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Suomen kanta/ohje:

- Suomi on sitoutunut edistämään kehityspoliittista johdonmukaisuutta muuttoliikkeeseen liittyvissä kysymyksissä. Olemme samaa mieltä komission kanssa siitä, että aivovuoto on yksi keskeisimmistä politiikkajohdonmukaisuushaasteista muuttoliikesektorilla.
- YK:n vuosituhatvuoitteiden saavuttamiseksi on tärkeää, että muuttoliikkeestä kehitysmaille aiheutuviin vaikutuksiin kiinnitetään huomiota. Suomi korostaa, että johdonmukaisuuden lisäämiseksi on tärkeää, että muuttoliikkeen kehitysaspektit huomioidaan jatkossa läpileikkaavasti kaikessa EU-lainsäädännössä. Aivovienttiin liittyvien kysymysten huomiointi on erityisen keskeistä laillista maahanmuuttoa koskevan lainsäädännön valmistelussa.
- Komissio keskittyy työpaperissaan pitkälti EU:n ja kehitysmaiden välisiin muuttoliikkekysymyksiin. On kuitenkin huomioitava, että muuttoliike- ja kehityskysymykset ovat luonteeltaan maailmanlaajuisia ja ne vaativat lisäksi etelä-etelä sekä muun kuin Euroopan ja kehitysmaiden välisen muuttoliikkeen kokonaisvaltaista tarkastelua.
- EU:ssa tulee pyrkiä maahanmuuttajien kotouttamisen tehostamiseen ja ensisijaisesti työllistämään vaikeasti työllistettäviä EU-maiden kansalaisia ja maahanmuuttajia.
- Komissio nostaa esiin vaihtoehdon, jossa ammattitaitoista työvoimaa koulutettaisiin kehitysmaissa myös tietoista aivovienttiä varten osana kokonaisvaltaista strategiaa huomioiden huolella se, ettei lisätä "aivotuhlausta" ja arvioidaan pitkántähtäimen vaikutukset taloudellisille ja henkilöresursseille. Pidämme ehdotusta tutkimisen arvoisena, mutta kantamme yksityiskohtaisiin toimenpide-ehdotuksiin edellyttää tarkempaa analyysia. Käytännön

kokemukset mahdollisista pilottiprojekteista voisivat olla hyödyllisiä asiaan liittyvän potentiaalisen problematiikan (lähtömaiden yhteiskuntajärjestelmien erilaisuus, koulutuksen rahoitus työnantajilta ja/tai hallituksilta, työntekijän sitoutumisvelvoitteet jne.) tunnistamiseksi ja ratkaisumallien kehittämiseksi niin yhteiskunnan kuin yksilönkin tasolla.

- On muistettava, että maahanmuuton ja kehityksen suhde on tapauskohtaista ja siitä on hankalaa tehdä yleisiä päätelmiä ja toimentasuosituksia. Esimerkiksi lähtömaissa yksilön ja yhteiskunnan suhde ja sitä myöten erilaiset toimijaroolit eriyttävät tilanteita ja hankaloittavat yhteisten nimittäjien paikantamista.
- Tuemme myös komission ehdotusta lisätä ja vahvistaa poliittista dialogia EU:n ja kehitysmaiden välillä keinoista säilyttää koulutettu työväestö kehitysmaassa.
- Komission ehdotusta kokonaisvaltaisista työllistymissopimuksista EU:n ja kehitysmaiden kanssa kannattaa tarkastella enemmän. Sopimukset eivät kuitenkaan saa ehdollistaa kehitysyhteistyötä. Suomi voi yleisesti tukea vapaaehtoisten ja ei-oikeudellisten käytänneseäntöjen laatimista, kuten parhaillaan laadinnassa oleva "EU Code of Conduct of ethical recruitment of health workers" myös muille ns. herkille sektoreille. On syytä muistaa, että maailmassa on kehittyviä valtioita, joiden julkinen politiikka on viedä työvoimaa ulkomaille. Kun taustalla on työnantajamaksajia ja lähtömaan yhteiskunnallisia etunäkökohtia, syntyy tarve asettaa lähtijälle melko tiukkoja ehtoja. Tällaiset reunaehdot on syytä tutkia tarkkaan harkitessa työllistymissopimuksia. Tulee myös ottaa huomioon, että vastaavasti rekrytoinnista pidättäminen voi muodostua ongelmalliseksi, koska se sulkee vain yhden vaihtoehdon eli kanavan EU:hun, mutta ei muualle maailmaan.
- Komissio ehdottaa, että siirtotyöläisille tulisi taata lailla mahdollisuus (väliaikaiselle) paluulle takaisin lähtömaahansa (legal guarantees for temporary return); lisäksi sosiaalisten oikeuksien, kuten eläkkeet, siirrettävyyttä tulisi tässä yhteydessä tarkastella. Suomi tukee ehdotusta työntekijän oikeuksien, myös liikkumisvapauden, tutkimiseksi. Sosiaalisten oikeuksien, ml. eläkkeet, siirrettävyyden ulottaminen kolmansien maiden kansalaisiin laillisen maahan ja maasta muuton tapauksissa tulisi olla päämäärä.
- Komissio ehdottaa, että pidempiaikaisille siirtotyöläisille avattaisiin mahdollisuus kaksoiskansalaisuuteen eli mahdollisuus antaa kohdemaan kansallisuus ilman lähtömaan kansallisuuden menettämistä (niissä EU-maissa joissa tämä ei ole mahdollista). Suomi suhtautuu lähtökohtaisesti myönteisesti EU:n sisällä siihen, että EU-maissa oleskelevien 3. maiden kansalaisten statusta lähennetään asemamaalaisten statukseen. Kansallisesti Suomi on sallinut kaksoiskansalaisuuden jo usean vuoden ajan.

Pääasiallinen sisältö:

Suomen hallitusohjelmassa sitoudutaan kehityspoliittisen johdonmukaisuuden vahvistamiseen eri politiikkasektoreilla ja hallituksen kehityspoliittisessa ohjelmassa linjataan kehityspoliittisen johdonmukaisuuden säilyvän painopisteenä Suomen EU-vaikuttamisessa mm. hyödyntämällä EU:n yhteisiä edistymisraportteja. Suomi korostaa EU:n globaalin roolin tärkeyttä, jonka vuoksi yhtäältä eri politiikkasektoreiden ja toimeenpanovälineiden koordinointi ja toisaalta yhteisten kantojen luominen ja niissä pysyminen on ratkaisevan tärkeää globaaleihin prosesseihin vaikuttamisessa. Hallituksen kehityspoliittisessa ohjelmassa todetaan, että muuttoliike on keskeinen kehityskysymys ja sitä tulee tarkastella kaikissa sen ulottuvuuksissa. Tavoitteena on tukea muuttoliikkeen myönteisiä vaikutuksia sekä ehkäistä niiden haittoja.

Komission työpaperi:

EU on sitoutunut edistämään kehityspoliittista johdonmukaisuutta (policy coherence for development, PCD) ja identifioinut 12 sektoria, joihin työtä tulee kohdentaa. Nämä priorisoidut politiikka-alat ovat: 1) kauppa-, 2) ympäristö-, 3) ilmastonmuutos-, 4) turvallisuus-, 5) maatalous-, ja 6) kalastuspolitiikka, 7) politiikka globalisaation sosiaalisesta ulottuvuudesta, työllisyydestä ja ihmisarvoisesta työstä, 8) maahanmuutto-, 9) tutkimus- ja innovaatiopolitiikka ja 10) tietoyhteiskunta-, 11) kuljetus- sekä 12) energiapolitiikka. Tässä komission PCD-työpaperissa keskitytään muuttoliikkeen osalta kehitysmaasta tapahtuvan ns. **"aivovuodon"** (brain drain) käsittelyyn, koska ilmiön katsotaan olevan yksi kiireellisimmistä ja näkyvimmistä kehityspoliittisen johdonmukaisuuden tematiikkaan liittyvistä haasteista.

Haasteet ja mahdollisuudet

Maahanmuutto on ollut osa EU:n suotuisaa työllistymiskehitystä vuosina 1995-2005. Kehitykseen on vaikuttanut sekä uusien maahanmuuttajien tulo EU:n jäsenmaihiin että EU:ssa jo olleiden maahanmuuttajien työllistyminen. On todennäköistä, että myös tulevaisuudessa maahanmuuttajista tulee EU:n jäsenmaille yksi merkittävä vaihtoehto, joilla tullaan täydentämään maiden kansallisia työvoimatarpeita.

Muuttoliikkeen voidaan katsoa vähentävän köyhyyttä lähtömaassa (origin country), jossa hyödyt näkyvät muun muassa maan sisäisen työttömyyspaineen vähenemisenä sekä paluumuuttajien (joko lyhyt- tai pitkäaikaisten) mukanaan tuoman ns. "aivotuonnin" muodossa. Tällaisen molemminpuolisen aivohyödyn toteutuminen edellyttää muuttoliikkeessä siirtyvän osaamisen oikeanlaista hyödyntämistä ja kehittämistä sekä lähtö- että kohdemaassa.

Työvoiman liikkuvuuden helpottaminen voi näin ollen tarjota mahdollisuuksia sekä EU:lle että kehittyville maille kiertomuuton muodossa. Muuttoliikkeen hallitsemattoman kehityksen seuraukset voivat vastaavasti olla molemmille osapuolille vakavat. Haitat voivat ilmetä mm. laittomana muuttoliikkeenä, osaavan ja koulutetun työvoiman katoamisena työmarkkinoilta kokonaan tai koulutetun väestön rekrytoitumisena osaamistasoaan vaatimattomampiin työsuorituksiin.

Johdonmukaisuus

Komission PCD-työpaperissa aivovuoto nähdään seurauksena ammattitaitoisen yksilön tekemästä valinnasta osana maailmanlaajuisia talousjärjestelmää, jossa maat kilpailevat keskenään houkutellakseen ammattitaitoista työväestöä tämän alkuperästä riippumatta. Aivovuoto on kasvava ilmiö, joka vaikuttaa EU:hun ja sen jäsenmaihiin, mutta tuntuu eniten köyhyissä ja pienissä maissa. Aivovuoto vaikuttaa haitallisesti kehitysmaiden kapasiteettiin saavuttaa vuosittain tavoitteet, erityisesti terveys- ja koulutussektoreilla.

Kiertomuuttoon liittyviä kehityspoliittisen johdonmukaisuuden ongelmia voidaan käsitteellistää kolmen haasteen avulla, jotka komissio on työpaperissaan hahmotellut.

- Työvoiman vapaa liikkuminen kehitysmaiden ja teollisuusmaiden välillä muodostaa muuttoliikkeen ensimmäisen johdonmukaisuushaasteen (työvoiman hankinta vs. paluu).
- Toinen ongelma liittyy kehitysmaassa tapahtuvan koulutuksen ja sitä kautta syntyvän ammattitaitoisen työvoiman jäämiseen (säilyminen) kehitysmaan omiin kansallisiin tarpeisiin. Ristiriita ilmenee siten teollisuusmaiden kehitysmaiden ammattitaitoiseen työväestöön kohdistuvana työvoimahankintana (säilyminen vs. työvoimahankinta).
- Kolmas ongelma aiheutuu ristiriidasta muuttoliikkeen seurauksena teollisuusmaihiin siirtyneen työväestön integroitumisesta kohdemaahan ja molemminpuolista kehitystä edistävän

kiertomuuton toteutumisesta. Käsitteinä työvoiman liikkuvuus (ml. kehitysmaita hyödyttävä kiertomuutto) sekä siirtotyöläisten integraatio eivät ole täysin yhteensopivia.

Kehityspoliittisen toiminnan johdonmukaisuuden kannalta on merkittävää, että edellä kuvattuja yksittäisiä toimintalinjoja ja niihin liittyviä yhteistyöohjelmia toimeenpannaan toisistaan erillään, eikä toimia ole suunniteltu vastaamaan kehitysmaista tapahtuvan aivovuodon ongelmiin. Komissio esittää tiedonannossaan, että esitettyihin johdonmukaisuushaasteisiin yritettäisiin vastata perehtymällä tarkemmin jo saatuihin hyviin kokemuksiin (esimerkiksi terveyssektorilla). Komission on arvioinut lyhyesti seuraavia osa-alueita ja esittää toimintalinjakohtaisia suosituksia mahdollisiksi jatkotoimenpiteiksi. Komissio haluaa korostaa, että seuraavia osa-alueita ei ole esitetty universaaleina, kaikkiin tilanteisiin sopivina ratkaisuin vaan myönteisiksi kokemuksiksi, joiden tarkasteluun kannattaa jatkossa keskittyä.

1. Koulutus (training)

Monet kehitysmaat kärsivät (määrällisestä) ammattitaitoisen työvoiman puutteesta. Kehitysmaissa väestön kouluttaminen on yksi kehityspoliitiikan keskeinen prioriteetti. Komissio ehdottaa, että kehitysmaiden kehittymistä heikentävää aivovuotoa voitaisiin mahdollisesti helpottaa kouluttamalla ammattitaitoista työvoimaa myös tietoista aiovienttiä varten (training for export). Komission ehdotuksen mukaan tiettyjen ammattiryhmien edustajien määrälliset kouluttamistavoitteet asetettaisiin tietoisesti yli maan omien kansallisten tarpeiden, jolloin oman työvoiman tarpeen yli jäävä ammatillinen lisäresurssi voisi rekrytoitua muihin maihin heikentämättä kehitysmaan omia ammatillisen työvoiman tarpeita.

Komissio muistuttaa, että esitetty vaihtoehto tulee nähdä osana kokonaisvaltaista kehitysstrategiaa, jossa on otettava huomioon myös kehitysmaan omat työvoimapolitiittiset tarpeet. Pitkällä aikavälillä myös muut taloudelliset resurssit sekä henkilöresurssit on otettava huomioon.

2. Säilyttäminen (retention)

Siirtolaisuuden synnylle on olemassa monia syitä. Useimmin mainitut syyt ovat turvallisuus, vakaumus, paremmat elinolosuhteet, urakehitysmahdollisuudet, paremmat palvelut sekä parempi työstä maksettava korvaus. Kuitenkin varsin usein sekä yleisten (poliittiset, taloudelliset ja sosiaaliset) että henkilökohtaisten tekijöiden harkitseminen yhdessä vaikuttaa varsinaisen muuttopäätöksen syntyyn.

Pääasiallinen vastuu ammattitaitoisen väestön säilyttämisestä on kehitysmaalla itsellään omistajuuden periaatteen mukaisesti. Komissio ehdottaa, että EU:n olisi vahvistettava dialogiaan sekä poliittisella että toiminnallisella tasolla kehitysmaiden kanssa keinoista, joilla voidaan parantaa koulutetun työvoiman jäämistä kehitysmaahan. Poliittisen dialogin tulisi komission mukaan kohdentua erityisesti aivovuodosta vakavimmin kärsiviin sektoreihin sekä hallinnon, talouden ja työllisyyspolitiikan uudistuksiin.

3. Työvoiman hankinta (recruitment)

EU:n ja sen jäsenmaiden tulee ensin varmistua siitä, että Euroopan maiden omat kansalliset tavoitteet eri ammattikuntien osaajista (lääkärit, hoitajat, tutkijat, jne.) tulee täytettyä omien kansallisten henkilöresurssiensa puitteissa. Lisäksi työolosuhteiden tulee olla riittävän houkuttelevat, ettei aivovuotoa EU-maista muihin teollisuusmaihin pääsisi tapahtumaan.

Komissio ehdottaa, että EU:n tulisi tavoitella näkemystä kokonaisvaltaisesta työllistymis-sopimuksista (comprehensive employment agreements) kehitysmaiden kanssa erityisesti niillä aloilla, joilla työvoiman tarve jäsenmaissa on ilmeisin. Työllistymissopimus voisi mm.

- rajoittaa työvoiman rekrytointia em. sektoreilla;
- sisältää ehtoja vastaanottavan maan osallistumisesta korvaavan henkilöstön kouluttamiseen lähtömaassa;
- tarjota mahdollisuuksia eripituisen paluuseen lähtömaahan ilman, että oleskelu/asumisoikeus EU:ssa päättyy (väliaikainen oleskelu lähtömaassa, jonka jälkeen paluu EU-maahan);
- mahdollistaa työvoiman hankinnan määrääjäksi;
- priorisoida lähtömaahan palaavia;
- rajoittaa työvoiman rekrytointia koskemaan vain edellä (kohdassa 1) kuvattua kehitysmaille syntyvää ylimääräistä työväestöä.

4. Paluu (return)

Uutta ammattitaitoa ja taloudellisia voimavaroja saaneet paluumuuttajat voivat usein olla eduksi kehittyvälle lähtömaalle. Pysyvä, vapaaehtoisuuteen perustuva paluumuutto on kuitenkin vaikeasti saavutettavissa, etenkin köyhimpiin maihin suuntautuvan paluumuuton osalta (vrt. näiden maiden mahdollisuus säilyttää ammattitaitoista väestöään).

Komissio ehdottaa, että paluumuuton helpottamiseksi siirtotyöläiselle tulisi taata lailla mahdollisuus (väliaikaiselle) paluulle lähtömaasta takaisin kohdemaahansa (legal guarantees for temporary return). EU:n tulisi sallia siirtotyöläisten vapaampi liikkuminen lähtö- ja kohdemaan välillä ilman, että he menettäisivät heille myönnetyn asumisoikeutensa. Tässä yhteydessä kohdemaassa saavutettujen sosiaalisten oikeuksien siirrettävyyden tarkastelu on keskeisessä asemassa.

5. Integraatio (integration)

Vaikka vastavuoroinen muuttoliike käsittää monia mahdollisuuksia, se pitää sisällään myös haasteita maahanmuuttajien sopeutumiseen liittyen. Jatkuva muuttoliike maiden välillä voi heikentää sopeutumisprosessia sekä maahanmuuttajien että paikallisen väestön keskuudessa. Komission mielestä suurin haaste on siinä, miten siirtotyöläinen voi säilyttää siteensä lähtömaahansa ja vastaavasti samalla luoda uusia siteitä kohdemaahan.

Komissio ehdottaa tarkasteltavaksi vaihtoehtoa, jossa pidempiaikaisille siirtotyöläisille avattaisiin mahdollisuus antaa kohdemaan kansallisuus ilman lähtömaan kansallisuuden menettämistä (niissä EU-maissa joissa tämä ei ole mahdollista). Kaksoiskansalaisuus tai kaksoisasumisoikeus voisi edesauttaa yhteenkuuluvuuden tunnetta sekä kohde- että lähtömaan suuntaan.

Kaikkia yllä esitettyjä haasteita yhdistävä tekijä on saada (vastavuoroinen) muuttoliike toimimaan kehityksen hyväksi - sekä kehitysmaissa että unionin jäsenmaissa. Poliittikajohdonmukaisuuden keskeisenä haasteena on saada sekä Eurooppa että kehitysmaat hyödyntämään asiakokonaisuuteen liittyvää molemminpuolista potentiaalia.

Kansallinen käsittely:

Ulkosuhdejaosto

Eduskuntakäsittely:

E-kirjelmä, tiedottaminen YAUN -valmisteluiden yhteydessä toukokuussa

Komission tiedonantopaketti "EU maailmanlaajuisena kehitysyhteistyökumppanina"
Työpaperi kehityspoliittinen johdonmukaisuus - Tutkimus

Käsittelyn tarkoitus ja käsittelyvaihe:

EU on sitoutunut edistämään kehityspoliittista johdonmukaisuutta (policy coherence for development, PCD) ja identifioinut 12 sektoria, joihin työtä tulee kohdentaa. Vuonna 2007 julkaistiin ensimmäistä kertaa PCD-raportti. **Tässä muistiossa käsitellään komission tiedonantopakettiin sisältyvän PCD-työpaperin yhtä ulottuvuutta: tutkimus.**

Asiakirjat:

- Staff Working Paper: Policy Coherence for Development: Climate Change/ Energy/ Biofuels, Migration and Research SEC(2008) 434

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Suomen kanta/ohje:

- Yhdymme komission näkemyksiin siitä, että Euroopan tutkimuspolitiikalla voidaan tukea kehitystä suuntaamalla tutkimusta kehitysmailla tärkeisiin teemoihin ja nostaa esiin ehdotuksia, joilla voidaan parantaa mahdollisuuksia kehityksen tukemiseksi ja MDG-tavoitteiden saavuttamiseksi.
- Tutkimuksen osalta on muistettava, tiedettä ja teknologiaa ei pitäisi käsitellä vaihtoehtona muille prioriteeteille vaan kaikkia sektoreita läpileikkaavana teemana.
- Ympäristön ja kehityksen kokonaisvaltainen tarkastelu ja kestävien tuotanto- ja kulutustapojen edistäminen ei kosketa vain kehitysmaita, vaan mitä suuressa määrin myös teollisuusmaita. Siksi tutkimuspolitiikan ei tule keskittyä kapeasti vain kehitysmaihiin, vaan käsitellä sekä kehitys- että teollisuusmaita ja niiden välisiä suhteita.
- Painotamme, että EU:n tulisi toimia mahdollisimman tiiviissä yhteistyössä muiden alalla olevien relevanttien toimijoiden kanssa, erityisesti YK:n ja sen erityisjärjestöjen, OECD:n ja eri tutkimuslaitosten kanssa.
- Kehityspoliitiikan johdonmukaisuutta tulee edistää kahden toisiaan tukevan kokonaisvaltaisen lähestymistavan kautta. Ensinnäkin, kehitysmaiden omaa henkistä ja ammattitaidollisen kapasiteettia on pyrittävä tukemaan tiiviimmällä tutkimus-, koulutus- ja rahoitussektoreita koskevalla yhteistyöllä. Toiseksi, kehitysmaiden omien sosio-ekonomisten tekijöiden kehittämiseen tähtäävää toimintaa on tuettava kehitysmaiden alueen henkisen pääoman menetyksen vähentämiseksi, ns. aivovuodon estämiseksi sekä positiivisen kiertomuuton edistämiseksi.

- Tuemme vuosituhattavoitteisiin kohdistuvan tutkimuksen edistämistä erityisesti komission esiin nostamalla osa-alueilla. Lisäksi korostamme sukupuolten välisen ja yhteiskunnallisen tasa-arvon vahvistamista sekä helposti syrjäytyvien ryhmien, kuten lasten, oikeuksien ja tasavertaisten osallistumismahdollisuuksien parantamista läpileikkaavina teemoina.
- Kannustamme korkeakoulu- ja tutkimuslaitosten hakeutumista vastavuoroiseen yhteistyöhön kehitysmaiden organisaatioiden kanssa. Toiminnan tavoitteena tulee olla yhteistyöinstituution kapasiteetin vahvistaminen.
- Pidämme tärkeänä, että kehitysmaat voivat osallistua varsinaiseen tutkimuksen puiteohjelmaan ja että puiteohjelmaan sisällytetään kehitysmaiden tarpeita palvelevia tutkimusaiheita ja rahoitusinstrumentteja. Keskustelua tulee laajentaa menettelytavoista entistä enemmän myös yhteistyökohteiden valintaan, jotta vuosituhattavoitteiden saavuttamisessa voidaan hyödyntää tehokkaasti muilla aloilla jo olemassa oleva potentiaali kehityksen hyväksi.
- Kannatamme komission ehdotusta siitä, että EU:n ja kehitysmaiden yhteisiä hankkeita voidaan rahoittaa sekä puiteohjelmasta että kehitysyhteistyömäärärahoista johdonmukaisuuden tehostamiseksi ja toisiaan tukevan toiminnan edistämiseksi.

Pääasiallinen sisältö:

Suomi edistää kehityspoliittista johdonmukaisuutta Euroopan unionissa. Suomen hallitusohjelmassa sitoudutaan kehityspoliittisen johdonmukaisuuden vahvistamiseen eri politiikkasektoreilla ja hallituksen kehityspoliittisessa ohjelmassa linjataan kehityspoliittisen johdonmukaisuuden säilyvän painopisteenä EU-vaikuttamisessamme mm. hyödyntämällä EU:n yhteisiä edistymisraportteja. YK:n vuosituhattavoitteiden saavuttamiseksi on tärkeää, että EU:n toteuttaman tutkimus- ja teknologiapolitiikan avulla voidaan tukea kehitysmaiden parempaa integroitumista osaksi kansainvälistä tutkimus- ja tiedeyhteisöä.

Suomi rahoittaa kehitysyhteistyömäärärahoilla kehityspoliittisia tilaustutkimuksia, Suomen Akatemian kehitystutkimuksen ohjelmaa sekä kansainvälisiä tutkimuslaitoksia. Kehitysyhteistyövaroin rahoitetun tutkimuksen tavoitteena on tukea Suomen kehityspoliitiikan toimeenpanoa seuraavilla tavoilla: kehityspoliitiikan suunnittelun ja päätöksenteon tukeminen, suomalaisen lisäarvon hyödyntäminen sekä kumppanuuksien ja kehitysmaiden kapasiteetin vahvistaminen. Suomi osallistuu komission vetämään kehitysyhteistyön tutkimusverkostoon, joka työstää yhteistä EU-kehitysraporttia.

Onnistuakseen tiede ja teknologia tarvitsee johdonmukaista politiikkaa. Suomi on pyrkinyt osaltaan edistämään tutkimusnäkökulman läpileikkaavuutta kokoamalla eri teemoja osaamisyhteiskunta-käsitteen alle. Suomi kannattaa tällaista kokonaisvaltaista lähestymistapaa, jossa ICT:n ja tutkimuksen sekä innovaatio -kysymyksiä ei käsitellä toisistaan erillisinä kehitysmaa -kontekstissa.

Komission työpaperi:

EU on sitoutunut edistämään kehityspoliittista johdonmukaisuutta (policy coherence for development, PCD) ja identifioinut 12 sektoria, joihin työtä tulee kohdentaa. Nämä priorisoidut politiikka-alat ovat: 1) kauppa-, 2) ympäristö-, 3) ilmastonmuutos-, 4) turvallisuus-, 5) maatalous-, ja 6) kalastuspolitiikka, 7) politiikka globalisaation sosiaalisesta ulottuvuudesta, työllisyydestä ja ihmisarvoisesta työstä, 8) maahanmuutto-, 9) tutkimus- ja innovaatiopolitiikka ja 10) tietoyhteiskunta-, 11) kuljetus- sekä 12) energiapolitiikka. Komissio korostaa työpaperissaan tutkimuspolitiikan merkittävää panosta kehitykselle. Tutkimuspolitiikka voi edistää kehitystä kahden lähestymistavan kautta. Ensinnäkin, tutkimuspolitiikalla voidaan pyrkiä suoraviivaisesti edistämään MDG-tavoitteiden saavuttamista. Toinen lähestymistapa liittyy epäsuoraan vaikutukseen, jolloin kehitysmaata autetaan tutkimuspolitiikan

keinoin saavuttamaan suotuisa kehitysympäristö MDG-tavoitteiden saavuttamiseksi. Vaikka tutkimuspolitiikka on yksi 12:sta PCD-sektorista, joiden kautta EU pyrkii ensisijaisesti edistämään kehityspolitiikan johdonmukaisuutta, EU:lla ei ole olemassa kattavaa toiminnallista viitekehystä siitä, miten tutkimuspolitiikka voisi parhaiten tukea kehitystä eikä myöskään selvää käsitystä siitä, miten tämä tavoite tulisi toiminnallistaa.

Euroopan unionin (yhteisön) tutkimuspolitiikan lähtökohtana on tutkimustyön laadukkuus. Tutkimuspolitiikan keskeisiä päämääriä ovat: 1) vahvistaa yhteisön tieteellistä sekä teknologista osaamista ja siten edesauttaa eurooppalaista kilpailukykyä; 2) tukea ja edesauttaa kaikkia muita yhteisön toiminnan keskeisiä osa-alueita, myös kehityspolitiikkaa.

Komission tiedonantopakettiin sisältyvän PCD-työpaperin (tutkimus) tarkoituksena on pyrkiä kaventamaan em. kuulua politiikan ja toiminnan välillä nostamalla työpaperissaan esiin tutkimuspolitiikkaan liittyviä keskeisiä johdonmukaisuuskysymyksiä, joilla on myös vahva kehitysaspekti. Komissio korostaa, että Euroopan tutkimuspolitiikalla voidaan tukea kehitystä suuntaamalla tutkimusta kehitysmaille tärkeisiin teemoihin ja nostaa esiin ehdotuksia, joilla voidaan parantaa tutkimuspolitiikkaan liittyviä mahdollisuuksia kehityksen tukemiseksi ja MDG-tavoitteiden saavuttamiseksi.

Haasteet ja mahdollisuudet

Komissio määrittelee PCD-työpaperissaan kolme keskeistä haastetta, jotka liittyvät tutkimuspolitiikkaan ja vuosittuhtavoitteisiin: vuosittuhtavoitteisiin kohdistuvan tutkimuksen edistäminen, kehitysmaiden omien tutkimuskapasiteettien vahvistaminen sekä tutkijoiden siirtymisen ja kehitysmaissa pysymisen tukeminen. Asiakohtien yhteyteen on listattu komission tekemät ehdotukset jatkotoimenpiteistä.

1) MDG-tavoitteisiin kohdistuvan tutkimuksen edistäminen

Kehityspolitiikka ja sen toimeenpano hyötyisi lisääntyvästä tutkimuspanoksesta, joka suuntautuu MDG-tavoitteiden keskeisimmille osa-alueille (mm. terveys, köyhyyteen liittyvät epidemiat ja taudit, koulutus, vesi, maatalous ja ruokavarmuus, biodiversiteetti, energia, ilmastonmuutos ja väestötiede). Komissio näkee, että tässä yhteydessä erityistä huomiota tulisi kiinnittää sektoreihin, jotka liittyvät naisten ja lasten hyvinvoinnin kehittämiseen.

Keskeinen instrumentti tutkimuspolitiikan toteuttamiseksi on Euroopan yhteisön puiteohjelma (FP7). Nykyinen seitsemäs puiteohjelma ulottuu vuoteen 2013. Puiteohjelmaan kirjattujen keskeisten teemojen ja kehityspolitiikan väliset yhtymäkohdat ovat ilmeiset seuraavilla toiminnan osa-alueilla: terveys, ruoka, maa- ja kalatalous, bioteknologia, energia, ilmasto (ml. ilmastonmuutos) sekä sosio-ekonomiset sekä humanistiset tieteenalat.

Komissio ehdottaa seuraavaa:

- varmistettava, että puiteohjelman temaattisissa ohjelmissa on riittävästi kehitysmaihin liittyviä relevantteja tutkimusaiheita (SICA:n "Specific International Cooperation Actions" rooli mainittu sekä rahoituksessa että koordinoinnissa),
- kehitettävä toimia, joilla voidaan myötävaikuttaa kehitysmaiden hallituksia sitoutumaan ja osallistumaan yhteisiin tutkimushankkeisiin (esimerkkinä mainittu European and Developing Countries Clinical Trials Partnership, EDCTP),
- EU:n ja kehitysmaiden välistä vuoropuhelua tulee jatkossa kehittää, jotta saavutetaan yhteinen näkemys tutkimuksen merkityksestä, tutkimusaiheista sekä koordinaatiosta.

2) Kehitysmaiden omien tutkimuskapasiteettien vahvistaminen

Kehitysmaan oman tutkimukseen käytettävissä olevan kapasiteetin rajallisuus on usein toimintaa rajoittava ongelma. Kehitysmaat tarvitsevat enemmän omia tutkimusohjelmia ja -laitoksia, joissa voidaan toteuttaa tutkimustoimintaa maan omista lähtökohdista käsin. Tutkimuskapasiteetin vahvistamiseen kuuluu mm. tutkimustoiminnan viitekehyksen, infrastruktuurin, tutkijoiden, instituutioiden sekä tarkoituksenmukaisten rahoitusmekanismien kehittäminen.

Kehitysmaassa tapahtuvan tutkimustyön kehittäminen tulee nähdä välttämättömänä edellytyksenä kehitysmaalle, jotta se pystyy toimimaan osana kansainvälisiä (taloudellisia) järjestelmiä sekä mahdollisuutena luoda pohjaa kehitysmaan oman poliittisen päätöksenteon ja kansainvälisen vuorovaikutuksen tukemiseksi. Komissio näkee, että sukupuolten välisen tasa-arvon edistämiseksi etenkin naisten osallistumista toimintaan ja tutkimusohjelmiin tulisi tukea.

Tutkimuskapasiteetin ylläpitäminen ja vahvistaminen edellyttää kehitysmaiden parempaa integroitumista osaksi kansainvälistä tiedeyhteisöä. Komissio ehdottaa seuraavaa:

- käynnistää kehitysmaihin kohdentuvia aluekohtaisia hankeavauksia, joissa painotetaan kehitysmaissa olevan ammattitaidon ja tietotaidon osallistumismahdollisuuksia
- vahvistaa INCO-NETS-tyyppisten verkostojen roolia (INCO-NETS on tutkimusta ja teknologista kehittämistä sekä esittelyä koskevaa yhteistyötä kolmansien maiden ja kansainvälisten järjestöjen kanssa käsittelevä erityisohjelma)
- kannustaa puiteohjelmaan kuuluvien paikallisten kontaktipisteiden perustamiseen kaikkiin kehitysmaihin
- luoda lippulaiva-tyyppinen ohjelma tukemaan EU:n ja Afrikan välistä kumppanuutta tutkimuksen, tietoyhteiskunnan ja avaruustutkimuksen alueilla

3) Edesauttaa tutkijoiden siirtymistä ja pysymistä kehitysmaissa

Kehitysmaat menettävät henkistä pääomaa muuttoliikkeen, erityisesti ns. aivovuodon (brain drain) takia. Kuitenkaan, ei ole mielekästä pyrkiä estämään alan tutkijoiden liikkumista kehitysmaiden ja EU:n välillä, joka heikentäisi kansainvälistä oppimisprosessia. Johdonmukaisuuden osalta on tärkeää, että tuetuilla toimilla pyritään lieventämään muuttoliikkeen aiheuttamia negatiivisia vaikutuksia samalla kun kiertomuuton avulla syntyviä positiivisia kehitysvaihtuita kehitysmaissa pyritään vahvistamaan. Henkisen pääoman menetyksen vähentämiseksi on keskityttävä kehitysmaan sosio-ekonomisten tekijöiden parantamiseen.

Kehitysmaissa olevien tutkijoiden osallistuminen yhteishankkeisiin puiteohjelman kautta on yksi parhaista keinoista estää henkisen pääoman katoamista kehitysmaista. Yhteisiin hankkeisiin ja koulutusohjelmiin osallistuminen on mahdollista myös kehitysmaissa olevien tutkijoiden osalta ilman, että he muuttavat asuinpaikkaansa osallistuakseen laadukkaaseen kansainväliseen tutkimukseen tai jatkokoulutukseen. Toinen keskeinen keino henkisen pääoman säilyttämiseksi kehitysmaissa on pyrkiä edistämään tasapainoista liikkuvuutta kehitysmaiden ja EU:n välillä.

Komissio ehdottaa seuraavaa:

- tarkastella kehitysmaiden osallistumista olemassa oleviin hankkeisiin ja arvioida, miten osallistumisastetta voitaisiin parantaa
- IRSES (International Research Staff Exchange Scheme) -hankkeesta saatuihin tuoreisiin kokemuksiin pohjautuen tulisi arvioida olemassa olevien suunnitelmien laajentamismahdollisuuksia muihin kehitysmaihin ja kehittyville alueille
- hyödyntää olemassa olevaan muuttoliikkeeseen liittyvää potentiaalia kehittää vuorovaikutusta eurooppalaisten ja ei-eurooppalaisten tutkijoiden välillä
- arvioida mahdollisuuksia rakentaa muita kehittävän yhteistyön muotoja senioritutkijoiden ja muun tutkimusyhteisön välille (mentorointi, Non-European Researchers in Europe-Link eli NERE-Link-hankkeet)

Jäsenmaiden ja EU:n tutkimuspolitiikan johdonmukaisuus

Tutkimuspolitiikka kuuluu jaetun toimivallan piiriin EU:ssa. Tutkimuspolitiikkaa määritellään ja toteutetaan sekä jäsenmaiden että Euroopan yhteisön toimesta. Jäsenmaiden harjoittamat politiikat ja ohjelmat vaihtelevat ja ovat painottuneet eri tavalla. Johdonmukaisuuden näkökulmasta katsottuna Euroopan muodostamaa tutkimuspoliittista toimintaympäristöä tulisi tarkastella kokonaisuutena, jossa on otettu huomioon myös kansalliset painotukset.

Komissio katsoo, että jäsenmaiden tulisi tarjota toisille jäsenmaille paremmin tietoa omista tutkimuspoliittisista näkemyksistään ja parantaa toiminnan koordinoitua kaikkien osapuolten kesken. Komissio rohkaisee jäsenmaita muodostamaan lisää ERA-NETS:n (European Research Area - Networks) kaltaisia toimia paremman politiikka- ja ohjelmakoordinaation edistämiseksi jäsenmaiden ja kehitysmaiden välille.

Johdonmukaisuuden edistämiseksi komissio ehdottaa, että jäsenmaat:

- kohdentaisivat rahoitustaan tutkimusalueille, jotka ovat keskeisesti kehitysmaiden intresseissä;
- parantaisivat kehitysmaiden kanssa käytävää dialogia keskeisten tutkimussektorien määrittämiseksi;
- helpottaisivat kehitysmaiden mahdollisuutta hyödyntää tutkimustuloksia parantamalla toimijoiden välistä kommunikointia;
- edistäisivät kehitysmaiden osallistumista tutkimusohjelmiin ja -hankkeisiin.

Toimien yhteensovittaminen ja parempi tiedonvaihto myös tutkimuspolitiikan ja kehityspolitiikan välillä on ensiarvoisen tärkeää, jotta molempien politiikkalohkojen päämäärät ja niihin pyrkivät ohjelmat tukisivat johdonmukaisesti toisiaan. Koska sekä kehitys- että tutkimuspolitiikalla on yhteisiä päämääriä ja liittymäkohtia, komissio ehdottaa:

- parempaa koordinaatiota sekä kansallisella että EU:n tasolla molempien politiikkasektorien (kehitys- ja tutkimus) kesken;
- arvioimaan julkisen ja yksityisen sektorin välisiä kumppanuusmahdollisuuksia sekä niiden soveltuvuutta vuosittain asetettujen tavoitteiden saavuttamiseen kohdistuvan tutkimuskapasiteetin parantamiseksi kehitysmaissa.

Kehityspoliittista potentiaalia sisältävät muut politiikat

Komissio korostaa, että myös muilla politiikkalohkoilla, kuten tietoyhteiskunta-, innovaatio-, koulutus-, kauppa- ja maahanmuuttopolitiikalla ja avaruusteknologialla, on vaikutusta sille miten tutkimuksen avulla voidaan kokonaisvaltaisesti tuoda hyötyjä kehitysmaille.

1) Tietoyhteiskunta

Kattavan globaalin tietoyhteiskuntapolitiikan luominen on ratkaisevassa asemassa, kun tarkastellaan edellä mainittuja kolmea keskeistä haastetta (ks. Haasteet ja mahdollisuudet). Kehittyvän tieto- ja viestintätekniikan (ICT) avulla kehitysmaiden sidosryhmien jäsenet voivat osallistua paremmin kansainvälisiin tutkimusohjelmiin. Tieto- ja viestintätekniikan parantumisella voidaan myös ehkäistä yksipuolista aivovuotoa ja edistää vuorovaikutusta, johon kohdistuu vähemmän todellista muuttopainetta.

- Tutkijoiden välistä verkostoa tulee jatkossa kehittää ja vahvistaa kehitysmaihin.

2) Innovaatio

Innovaatiopolitiikka on merkittävässä roolissa, kun tarkastellaan kehitysmaiden taloudellista kehitystä. Innovaatiopolitiikan merkitys kasvaa, kun arvioidaan pidempiaikaisia ratkaisuja

köyhyyden, tautien ja nälän vähentämiseksi. Erityisesti jo olemassa olevan (innovaatio) teknologian käyttöönotto ja sen sopeuttaminen kehitysmaiden tarpeisiin näyttäisi antavan suurimman vaikutuksen positiiviseen kehitykseen.

- Komissio ehdottaa perustettavaksi innovaatiohankkeita kehitysmaiden tarpeisiin. Hankkeissa tulisi olla vahva linkitys kehitysmaiden yksityisen sektorin kehittämiseen sekä alueellisen integraation tukemiseen. Kehitysmaissa olevien kumppanuustahojen yhteistyömahdollisuuksia eurooppalaisen yritys- ja hankeverkoston (Enterprise Europe Network) suuntaan tulisi samalla helpottaa.

3) Avaruusteknologia

Avaruusteknologiaan liittyvät sovellukset, palvelut ja tutkimus voidaan kohdistaa edistämään MDG-tavoitteiden saavuttamista (erityisesti luonnonvaroihin, ilmastoon ja ympäristöön sekä terveyteen ja koulutukseen liittyvät toimet). Euroopan avaruuspolitiikan (European Space Policy, ESP) linjauksissa Afrikka nostetaan kehityspolitiikkaa tukevien toimenpiteiden kohdemaanosaksi. ESP:n lisäksi EU:n ja Afrikan yhteinen strategia muodostaa perustan avaruusteknologian tehokkaammalle hyödyntämiselle kestäväen kehityksen edistämiseksi nimenomaan Afrikassa.

- Avaruusteknologian tarjoamien mahdollisuuksien hyödyntäminen kehityspolitiikan päämäärien saavuttamiseksi edellyttää kehitysmaiden omistajuutta (painopisteenä Afrikka).

4) Koulutus

Tutkimushankkeisiin osallistumisen välttämättömänä edellytyksenä on ammattitaitoinen ja koulutettu (tutkija)yhteisö. Perusedellytys on läpileikkaava ja se koskee koulutuksen kaikkia eri tasoja. Kehitysmaissa tutkijat saavat usein koulutuksensa kehitysmaissa sijaitsevilla instituutioissa ja laitoksissa, joka on pitkälti rahoitettu ulkopuolisilta tahoilta myönnettyjen apurahojen ja stipendien avulla.

- Komissio ehdottaa, että kehitysmaiden koulutusjärjestelmän tarkastelussa pyrittäisiin kaikkia koulutuksen tasoja kattavaan tasapainoiseen lähestymistapaan. Tutkijayhteisön kehitys tulisi pyrkiä tahdistamaan siten, että se vastaisi parhaiten kehitysmaan omiin kehitystarpeisiin ja käytettävissä oleviin resursseihin.

5) Kauppa

Tutkimustulosten hyödyntäminen on tärkeää myös tutkimuspolitiikalle itselleen. Ns. teollisoikeudellisilla (Intellectual property rights, IPR) kysymyksillä on selvät yhtymäkohtansa kehitystä tukevan tiedonsaannin ja positiivisten kannusteiden suuntaan (ml. patentit).

- Komissio ehdottaa, että (teollisoikeudellisia) IPR-sopimuksia koskevien kauppasopimusten neuvottelujen yhteydessä EU:n tulisi varmistua siitä, että em. sopimukset edistävät sekä tietotaidon lisäämistä että sen siirtämistä.

6) Maahanmuutto

Maahanmuuttopolitiikalla voidaan lieventää aivovuodosta johtuvia negatiivisia vaikutuksia parantamalla kehitysmaiden mahdollisuuksia hyödyntää henkistä kansallista pääomaa ja tutkimusyhteisöään. Kiertomuuton mahdollistaminen kehitysmaiden ja EU:n välillä mahdollistaa kansainvälisen kokemuksen karttumista sekä edesauttaa tutkijoiden liikkumista maiden välillä.

- Komissio ehdottaa, että jäsenmaiden tulisi harkita vaihtoehtoisia kansalaisuusjärjestelyjä.

EU:n kehityspolitiikka

Kehityspolitiikan koordinointi mahdollistaa tutkimuspolitiikkaan liittyvien kehityskysymysten huomioon ottamisen sekä edistää kehityspolitiikan johdonmukaisuutta. Näin ollen sekä tutkimuspolitiikan että siihen liittyvän kapasiteetin vahvistaminen on tärkeää. Puiteohjelman (jonka avulla voidaan lähinnä tarjota rahoitusmahdollisuuksia tutkimusohjelmille ja -hankkeille) tarjoamia mahdollisuuksia tulee täydentää kehitysyhteistyön resursseilla, joita voidaan kohdentaa kehitysmaan tutkimuskapasiteetin kehittämiseen.

Vaikka EU:ssa on jo käynnistetty / suunnitteilla tiede- ja tutkimusinnovaatioihin liittyviä, kapasiteetin vahvistamiseen tähtääviä ohjelmia (Afrikan, Karibian ja Tyynenmeren -maihiin), komissio ehdottaa työpaperissaan seuraavia pyrkimyksiä:

- vahvistaa tutkimuspoliittisia resursseja kehitysmaiden ministeriöissä (esim. twinning-mallin avulla);
- vahvistaa kehitysmaiden tutkimuskapasiteettia kehitysmäärärahoja kohdentamalla;
- määritellä maakohtaisten strategiasuunnitelmien yhteydessä mahdollisuudet tutkimusyhteistyöhön EU:n kanssa;
- rohkaista yhteistyömaita laatimaan tiede- ja teknologiasuunnitelmia;
- tunnistaa ja edistää tutkimuslaitosten kehittymistä;
- pyrkiä yhdessä kehitysmaiden kanssa todentamaan ja vahvistamaan jo olemassa olevia alueellisia osaamiskeskuksia sekä tarvittaessa tekemään ehdotuksia uusista keskittymistä;
- kehittää toimintasuunnitelmia, joiden avulla voidaan levittää ja ottaa käyttöön tutkimusohjelmista saatavia tuloksia, jotka kohdistuvat paikallisesti vallitseviin ongelmiin ja tukevat köyhyyden vähentämiseen tähtääviä strategioita.

Komission mukaan kehitysavun kohdentaminen myös vaikuttavuudeltaan huomattavaan alaan, kuten tutkimuspolitiikkaan, voi nostaa avun tehokkuutta. MDG-tavoitteiden saavuttamiseksi koordinaatio tulee ulottaa myös tutkimuspolitiikkaan, jotta näiden politiikkalohkojen potentiaalinen kehitysvaikutus saadaan kanavoitua kehityspolitiikan tueksi.

Kansallinen käsittely:

Ulkosuhdejaosto

Eduskuntakäsittely:

E-kirjelmä, Tiedottaminen YAUN -valmisteluiden yhteydessä toukokuussa



**EUROOPAN UNIONIN
NEUVOSTO**

**Bryssel, 15. huhtikuuta 2008 (16.04)
(OR. en)**

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SAATE

Lähettiläjä:	Euroopan komission pääsihteerin puolesta Jordi AYET PUIGARNAU, johtaja
Saapunut:	14. huhtikuuta 2008
Vastaanottaja:	Javier SOLANA, pääsihteeri, korkea edustaja

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EUROOPAN YHTEISÖJEN KOMISSIO

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KOM(2008) 177 lopullinen

**KOMISSION TIEDONANTO EUROOPAN PARLAMENTILLE, NEUVOSTOLLE,
EUROOPAN TALOUS- JA SOSIAALIKOMITEALLE JA ALUEIDEN
KOMITEALLE**

**EU kansainvälisenä kehitysyhteistyötoimijana
Nopeutetaan vuosituhannen kehitystavoitteiden toteutumista**

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Tiivistelmä

Jäsenvaltioilla ja Euroopan komissiolla on ollut vuodesta 2005 yhteinen näkemys kehityksestä, mistä on osoituksena kehityspolitiikkaa koskeva eurooppalainen konsensus. EU:n periaatteet ja tavoitteet luovat pohjan kehitysapuponnisteluille, joilla pyritään ensisijaisesti tukemaan kehitysmaiden strategioita vähentää köyhyyttä, muun muassa tukea lasten pääsyä peruskoulutukseen, kehittää terveydenhuoltoa köyhimmissä maissa, varmistaa huono-osaisimpien väestönosien juomaveden saanti, tukea valmiuksien vahvistamista koskevia ohjelmia sekä demokratiaa ja hyvää hallintotapaa koskevia aloitteita.

Vuonna 2002 Monterreyssa järjestetyn kehitysrahoituskonferenssin, vuosituhanen kehitystavoitteiden nopeutettuun toteuttamiseen tähtäävien toimien tarkastelun ja eurooppalaisen konsensuksen hyväksymisen jälkeen vuonna 2005 Euroopan unioni on antanut useita sitoumuksia, jotka koskevat kehitysavun määrää ja sen tuloksellisuutta, kehitykseen vaikuttavien politiikkojen keskinäistä johdonmukaisuutta ja kauppaa tukevaa apua. Komissio vastaa näiden sitoumusten seurannasta unionissa ja täyttää velvollisuutensa tällä tiedonannolla sekä liitteenä olevilla valmisteluasiakirjoilla.

Tavoitteena on osallistua EU:n yhteisen kannan laatimiseen, erityisesti Accran ja Dohan kokouksia¹ ja syyskuussa 2008 pidettävää Yhdistyneiden Kansakuntien korkean tason tapahtumaa varten, sekä lujittaa unionin keskeistä asemaa kansainvälisissä yhteyksissä ja sen sitoutumista vuosituhanen kehitystavoitteiden saavuttamiseksi.

Vaikka EU on yhä suurin avunantaja ja kehitysmaiden tärkein kumppani – EU antaa apua vuosittain 93 euroa eurooppalaista kohden – vuotta 2007 koskevasta katsauksesta käy ilmi, että sen antama taloudellinen apu on pienentynyt.

Jäsenvaltioita pyydetään vahvistamaan poliittiset sitoumuksensa ja rahoitustavoitteensa vuosille 2010 ja 2015. Niiden on käytännössä ryhdyttävä noudattamaan antamia sitoumuksia, jotka liittyvät avun ennustettavuuteen, erityisesti laatimalla luotettavia monivuotisia ennakkoaikatauluja tarjoamistaan rahoitusvaroista.

Jäsenvaltioiden on jatkettava ponnistelujaan kauppaa tukevan avun alalla ja lisättävä yhdessä teknistä apuaan niin, että saavutetaan vuodelle 2010 asetetut tavoitteet.

Jäsenvaltioita pyydetään myös lisäämään toimintaansa sellaisten innovatiivisten lähteiden löytämiseksi, joilla voidaan asianmukaisesti rahoittaa ilmastonmuutoksen vaikutusten torjumista.

EU toteaa avun tuloksellisuudesta, että kehityksessä on yhtä lailla kyse avun määrästä kuin sen laadustakin ja että edistystä on tapahtunut erityisesti sen jälkeen, kun vuonna 2007 hyväksyttiin poliittisia ja teknisiä puitteita (esim. työnjakoa koskevat menettelysäännöt, komission ja jäsenvaltioiden yhteisrahoitus, maksusuoritusten ennustettavuus). Edistysaskeleet eivät kuitenkaan ole riittäneet saamaan aikaan todellisia muutoksia.

Komissio ehdottaakin, että nämä periaatteet pannaan nyt aktiivisesti täytäntöön sen tekemien konkreettisten ehdotusten pohjalta. EU:n on hyväksyttävä kunnianhimoinen kanta Accrassa

¹ Avun tuloksellisuutta käsittelevä kolmas korkean tason kokous, Accra, 2.–4. syyskuuta 2008; kansainvälinen kehitysrahoituksen seurantakonferenssi 29. marraskuuta – 2 joulukuuta 2008.

todellisen työnjaon edistämiseksi, budjettituen lisäämiseksi ja sukupuolten tasa-arvoa sekä kansalaisyhteiskunnan ja paikallisyhteisöjen osallistamista edistävän lähestymistavan hyväksymiseksi kehitysyhteistyössä niin Euroopassa kuin kehitysmaissakin. Tulevaisuudessa olisi lisättävä jo aloitettuja tuloksellisuutta koskevia ponnisteluja kaupan alalla avun täydentävyyden ja laadun varmistamiseksi. Komissio pyytää jäsenvaltioilta paljon: se pyytää niiltä ennakkoarviot kauppaa tukevasta avusta, erityisesti AKT-maille. Se pyytää niitä myös tekemään yhteistyötä komission kanssa, jotta vuoden loppuun mennessä voidaan laatia ”eurooppalaisia kauppaa tukevan avun paketteja”, ja perustamaan aluerahastoja talouskumppanuussopimusten ja alueellisten yhteistyöprosessien tukemiseksi silloin, kun kyseiset AKT-alueet sitä haluavat.

EU on ensimmäisenä varmistamassa, että sen politiikat muodostavat johdonmukaisen kokonaisuuden. Se kiinnittää erityistä huomiota siihen, millaisia vaikutuksia sen 12 keskeisellä politiikalla (mm. kauppaa-, maatalous-, kalastus-, ympäristö- ja turvallisuuspolitiikoilla) on kehitysmaissa, ja siihen, miten ne vaikuttavat vuosituhattavoitteiden toteutumiseen. Kolmea politiikan alaa, jotka saattavat vaikuttaa suuresti kehitykseen (ilmasto- ja energiapolitiikka, maahanmuuttopolitiikka ja tutkimuspolitiikka), analysoidaan, minkä jälkeen tehdään konkreettisia ehdotuksia synergian vahvistamiseksi EU:n kehitystavoitteiden kanssa.

Vuoden 2008 on oltava käännekohta EU:n kehitysyhteistyössä. EU voi saada muutoksen aikaan. Sen on kuitenkin annettava selkeä poliittinen signaali ja näin vastattava kumppanimaiden odotuksiin.

Jäsenvaltioita pyydetään hyväksymään kunnianhimoinen yhteinen poliittinen kanta kesäkuussa kokoontuvassa Eurooppa-neuvostossa.

Euroopan on korkea aika koota voimansa kehitysmaiden kansojen elinolosuhteiden parantamiseksi merkittävällä tavalla.

1. KEHITYKSEN KANNALTA MERKITTÄVÄ VUOSI – 2008

Vuosi 2008 on kehityksen kannalta merkittävä vuosi. Vuosituhannen kehitystavoitteet (vuosituhattavoitteet) ovat poliittinen prioriteetti, mikä näkyy mm. useissa korkean tason tapahtumissa. Accrassa pidettävässä kokouksessa² tarkastellaan avun tuloksellisuudesta vuonna 2005 annetun Pariisin julistuksen toteuttamista. Dohan huippukokouksessa³ seurataan, kuinka Monterreyssa vuonna 2002 pidetyssä kehitysrahoituskonferenssissa tehtyjä sitoumuksia on noudatettu. Yhdistyneiden Kansakuntien korkean tason tapahtumassa, joka järjestetään 25. syyskuuta, olisi vahvistettava kansainvälisen yhteisön toimintatahtoa, jotta tavoitteisiin päästäisiin vuoteen 2015 mennessä.

Vuosi 2008 on myös keskeinen Euroopan uskottavuuden kannalta. Vuonna 2005 tehtiin historiallisia avun määrää ja laatua koskevia sitoumuksia, joita on noudatettava. Kyse on EU:n jäsenvaltioiden yksilöllisestä vastuusta sekä EU:n yhteisestä vastuusta köyhyyden torjunnassa.

² Avun tuloksellisuutta käsittelevä kolmas korkean tason kokous, Accra, 2.–4. syyskuuta 2008.

³ Kansainvälinen kehitysrahoituksen seurantakonferenssi 29. marraskuuta – 2. joulukuuta 2008.

Vuonna 2005 hyväksyttiin kehityspolitiikkaa koskeva eurooppalainen konsensus⁴, jossa keskitytään vuosituhattavoitteisiin ja köyhyyden poistamiseen osana kestävästä kehitystä. Tämän jälkeen EU on tehnyt merkittäviä aloitteita kehitysohjelman toteuttamisen edistämiseksi. Eurooppa-neuvosto pyysi joulukuussa 2007⁵ komissiota laatimaan kertomuksen siitä, mitä EU voi tehdä vuosituhattavoitteiden saavuttamiseksi. Tämä tiedonanto ja oheiset valmisteluasiakirjat on laadittu vastauksena tähän kysymykseen. Näissä asiakirjoissa esitetään tilannekatsaus ja arvioidaan, millaisia muutoksia on tehtävä vuosituhattavoitteiden toteutumisen nopeuttamiseksi.

Kansainvälinen yhteisö on sitoutunut toteuttamaan useita toimenpiteitä. Kehittyneet maat ovat sitoutuneet lisäämään apuaan ja sen tuloksellisuutta. Kehitysmaat ovat sitoutuneet panemaan täytäntöön sellaisia politiikkoja, joissa painotetaan vuosituhattavoitteita, ja koordinoimaan ulkoista apua entistä tuloksellisemmin. Kumppanimaiden keskeinen asema tunnustetaan, mutta mahdollisuudet saavuttaa vuosituhattavoitteet riippuvat silti suurelta osin avun määrästä ja yhtä suurelta osin sen tuloksellisuudesta.

Eräissä maissa ja eräillä alueilla on saavutettu huomattavaa edistystä, mutta köyhyyden puolittamisessa maailmassa ei olla vielä lähelläkään tavoitetta. Joka vuosi 11 miljoonaa lasta kuolee yhä sairauksiin, jotka voitaisiin parantaa. Näistä lapsista suurin osa on alle 5-vuotiaita. Yksi neljästä ei vielääkään saa puhdasta juomavettä. 114 miljoonaa lasta ei vielääkään osallistu peruskoulutukseen. 584 miljoonaa naista ei osaa lukea. Saharan eteläpuolinen Afrikka on edelleen kehityksestä jäljessä. Lisäksi varsinkin Etelä-Aasiassa on lukuisia ryhmiä, jotka eivät hyödy kasvusta.

On tehty uusia aloitteita, joista voidaan erityisesti mainita Yhdistyneiden Kansakuntien pääsihteerin aloite, joka koskee vuosituhattavoitteita Afrikassa⁶, tai aloite, jossa kehoitetaan toimimaan nopeasti vuosituhattavoitteiden puolesta⁷. Lissabonin huippukokouksessa⁸ sovittu vuosituhattavoitteita koskeva kumppanuus EU:n ja Afrikan välillä tarjoaa myös uudet puitteet vuoropuhelulle ja toiminnalle.

EU on ollut ja on yhä johtava kehitysavun antaja, koska luvatussa avun kasvusta 90 prosenttia tulee Euroopan maista ja koska EU on ryhtynyt uudistamaan perusteellisesti kahdenvälisen avun ja yhteisön avun järjestelmiään. Avun lisäksi EU on päättänyt varmistaa, että sen politiikat ovat linjassa kehitystavoitteiden kanssa. Vastedes useita eurooppalaisia politiikkoja, kuten kauppaa-, turvallisuus-, maahanmuutto- ja ympäristöpolitiikkoja, tarkastellaan sillä perusteella, miten ne vaikuttavat kehitykseen ja miten ne voivat vaikuttaa myönteisesti vuosituhattavoitteiden toteutumiseen.

Vuosituhattavoitteiden toteutuminen edellyttää pitkäaikaista tukea. EU:n on esitettävä kunnianhimoisia tavoitteita Accran ja Dohan konferensseissa. EU:n on myös saatava kansainvälinen yhteisö liikkeelle niin G8-huippukokouksessa kuin syyskuussa järjestettävässä Yhdistyneiden Kansakuntien korkean tason tapahtumassakin. Konferenssit antavat mahdollisuuden sekä testata kansainvälisen yhteisön ja EU:n uskottavuutta että arvioida, mitä on vielä tehtävä vuoteen 2015 mennessä.

⁴ EUVL C 46, 24.2.2006, s. 1.

⁵ Eurooppa-neuvosto, 14. joulukuuta 2007, puheenjohtajan päätelmät, 77. kohta.

⁶ Korkean tason erityisryhmä.

⁷ Aloite käynnistettiin heinäkuussa 2007.

⁸ Joulukuu 2007.

Uudet maailmanlaajuiset haasteet, erityisesti ilmastonmuutos, ovat ylimääräinen suuri uhka kestäväälle kehitykselle. Euroopassa tiedostetaan yhä selvemmin se, että EU voi saavuttaa omat tavoitteensa nopeasti globalisoituvassa maailmassa ainoastaan toimimalla yhtenäisesti ja johdonmukaisesti kansainvälisissä yhteyksissä.

EU:lla on käytettävissään sekä välineet että poliittinen kehys tähän tarkoitukseen. Nyt on aika ryhtyä toimeen.

Vuoden 2008 on oltava käännekohta EU:n kehitysyhteistyötoiminnassa. Euroopan on korkea aika yhdistää voimansa parantaakseen merkittävällä tavalla mahdollisuuksia saavuttaa vuosituhattavoitteet ja toteuttaa avun määrää ja sen tuloksellisuutta koskevia toimia sekä varmistaa kehitykseen vaikuttavien politiikkojen keskinäinen johdonmukaisuus. Euroopan on koottava kansainväliset voimavarat ja kohdistettava ne erityisiin toimiin.

2. EU:N KEHITYSAPU VUONNA 2007 OLI 46 MILJARDIA EUROA – PIDÄMMEKÖ LUPAUKSEMME?

Uutta vauhtia EU:n kehitysapuun

Jo toisena vuonna peräkkäin kansainvälisen yhteisön antaman kehitysavun määrä on laskenut maailmanlaajuisesti. Siitä huolimatta, että poliittinen tuki vuosituhatkannan kehitystavoitteiden saavuttamiseksi on vahva, avunantajien kansainvälisellä yhteisöllä on selvästi vaikeuksia pitää kiinni sitoumuksistaan.

EU on ensimmäistä kertaa mukana tässä negatiivisessa suuntauksessa. Vaikka eräät jäsenvaltiot ovat uudelleen onnistuneet pääsemään yhtä hyvään tulokseen kuin vuonna 2006 tai jopa parantamaan sitä, kokonaisuutena avun määrä on laskussa. Euroina ja prosenttiosuutena bruttokansantulosta ilmaistuna Euroopan antaman avun määrä laski 0,38 prosenttiin vuonna 2007, kun se oli 0,41 prosenttia vuonna 2006. Tästä huolimatta Eurooppa on edelleen maailman suurin kehitysavun antaja erityisesti Afrikassa, ja se on yhä liikkeelle paneva voima avun määrän lisäämiseksi.

Eurooppa haluaa olla ja sen on oltava johtavassa asemassa, jotta kansainvälinen yhteisö saadaa taas aktivoitumaan, erityisesti Dohassa joulukuussa pidettävässä konferenssissa. Onnistuakseen tässä Euroopan on osoitettava uudelleen tahtonsa päästä yhteiseen tavoitteeseen, joka on 0,56 prosenttia vuoteen 2010 mennessä ja 0,7 prosenttia vuoteen 2015 mennessä. Nyt ei tarvita uusia lupauksia, vaan nykyisistä sitoumuksista on siirryttävä täytäntöönpanoon konkreettisten tulosten saamiseksi. Tällaisessa toimintaohjelmassa voitaisiin vahvistaa EU:n apusitoumukset ja määrittää eri vaiheissa toteutettavat erityiset toimet vuosituhattavoitteiden saavuttamiseksi koulutuksen, terveyden, ympäristön, vesihuollon, maatalouden, kasvun ja infrastruktuurien aloilla. Tämä edellyttää enemmän poliittista tahtoa kaikilta jäsenvaltioilta ja sen ymmärtämistä, että kehitys on nykyisin paras pitkän aikavälin ratkaisu globalisaation uhkiin, jotka liittyvät muuttoliikkeisiin, turvallisuuteen, rahoitus- ja verojärjestelmiin, maailman luonnonvarojen suojeluun, elintarviketurvaan ja kansainväliseen vakauteen.

Avun ennustettavuus on tärkeää

Poliittisten lupauksen mukaisesti avun ennustettavuus on kumppanimaille tärkeää, jotta ne voivat suunnitella strategiansa, prioriteettinsa ja toimintansa. Apu, jonka määrä ei suuresti vaihtelee ja joka on paremmin ennustettavissa, on tarpeen myös makrotalouden vakauden kannalta. Avun ennustettavuutta voidaan mitata kolmella tasolla: kehitysapu, monivuotiset ohjelmat ja maksusuoritukset.

Komissio tekee kutakin tasoa koskevan ehdotuksen:

- Jotta kehitysavun määrä olisi ennustettavissa, komissio vaatii ehdottomasti kunnianhimoisten mutta realististen monivuotisten aikataulujen käyttöä, joiden avulla voidaan seurata kehitysapubudjetin asteittaista kasvua kussakin jäsenvaltiossa vuosina 2010–2015. Vuoden 2007 tuloksia on arvioitava tästä näkökulmasta.
- Ohjelmasuunnittelun osalta voidaan todeta, että kehitys on ollut myönteistä: yhä useampi jäsenvaltio hyväksyy vastedes strategia-asiakirjoja, joista kumppanimaat voivat saada viitteen käytettävissä olevista varoista keskipitkällä aikavälillä. Toisaalta strategia-asiakirjoja ei ole juurikaan haluttu laatia osana yhteistä ohjelmasuunnittelua. Vaikka yhteisiä analyyseja on tehty useissa maissa, todellinen yhteinen strategia on saatu aikaan ainoastaan Etelä-Afrikassa, Sierra Leonessa ja Somaliassa. Työ jatkuu yhä Ghanassa ja Malissa. Yhteensä 13 jäsenvaltiota osallistuu nykyisin yhteisten ohjelmasuunnitelmien laatimisyrityksiin. Uusia mahdollisuuksia tähän antaa maakohtaisten strategia-asiakirjojen puolivälin arviointi vuosina 2009 ja 2010.
- Maksusuoritusten ennustettavuus on keskeisessä asemassa Accran asialistalla ja sisältyy myös Ban Ki-Moonin aloitteeseen. Komissio ehdottaakin tässä hengessä ja vastauksena neuvoston ja jäsenvaltioiden pyyntöihin vuosittain vahvistamisesta, jonka avulla parhaiten suoriutuville maille myönnetään vuosittain tietty vähimmäismäärä budjettitukea kuuden vuoden ajan. Jäsenvaltiot ovat tehneet tähän liittyviä sitoumuksia⁹. Ainoastaan ehdotetulla vuosittain vahvistamisella voidaan vastata näihin päätöksiin.

Tasapuolisuuden vaatimus

EU:n ja sen kumppaneiden olisi käytävä vakava keskustelu kustannusten jakamisesta kansainvälisesti. EU on ehdottomasti runsaskätisin avunantaja – varsinkin kun otetaan huomioon G8-maiden Gleneaglesissa tekemät sitoumukset – ja voisi tämän vuoksi vastata 90 prosentista avun määrän kasvusta vuosina 2007–2010. EU:n on käytettävä koko poliittista painoarvoaan vakuuttaakseen perinteiset yhteistyökumppaninsa, varsinkin Yhdysvallat ja Japanin, sekä nousevan talouden maat (Kiinan, Intian, Etelä-Korean ja Brasilian), joita on pyydetty vahvistamaan asemaansa kehitysavun antajina, siitä, että ne ottavat vastatakseen oikeudenmukaisen osuuden kehitysavusta.

⁹ Yleisten asioiden ja ulkosuhteiden neuvoston päätelmät, 24. toukokuuta 2005, ja eurooppalainen konsensus, 27 kohta.

Maailmassa on suuri ristiriita: kaikkein köyhimmät ja haavoittuvimmat maat eivät ole vastuussa ilmastonmuutoksen tuhoisista vaikutuksista mutta kärsivät niistä eniten. Ilmasto ei piittaa rajoista, mantereista eikä jaosta pohjoiseen ja etelään¹⁰. Kansainvälisellä yhteisöllä on erityinen vastuu auttaa näitä valtioita pyrkimään sellaiseen talouden kasvuun, josta aiheutuu vähemmän kasvihuonekaasupäästöjä, ja sopeutumaan ilmastonmuutokseen Balilla tehdyn neuvottelujen käynnistämistä koskevan sopimuksen mukaisesti. Neuvottelujen tavoitteena on tehdä ilmastonmuutosta koskeva maailmanlaajuinen sopimus viimeistään vuonna 2009.

Tämä on yksi tavoitteista, jotka EU asetti itselleen hyväksyessään komission ehdotuksen maailmanlaajuisen ilmastonmuutosliittoutuman perustamisesta ja sitoutuessaan kahdenvälisiin ja alueellisiin aloitteisiin Latinalaisen Amerikan ja Aasian kanssa. Nyt on siirryttävä puheista tekoihin. Komissio suhtautuu myönteisesti Ruotsin hallituksen perustaman kansainvälisen ilmastonmuutoskomitean (*Commission on Climate Change*) tekemään työhön, jonka tulokset voidaan jakaa EU:ssa.

Komissio on vakuuttunut siitä, että kumppanimaiden ilmastonmuutospolitiikkojen rahoittaminen ei onnistu yksinomaan julkisen kehitysavun varassa. Tämän vuoksi komissio tutkii yhdessä Maailmanpankin kanssa, olisiko sellainen maailmanlaajuinen lainatyyppejä mahdollinen, jossa voitaisiin hyödyntää hiilidioksidimarkkinoihin liittyviä luonnonvaroja päästöoikeuksien huutokaupassa. Panokset ovat merkittävät ja vastaus voi olla vain yhteinen.

Komissio toistaa tässä yhteydessä, miten tärkeänä se pitää ilmastonmuutoksen sisällyttämistä yhteistyöstrategioihin ja EU:n avun välineiden koordinoitua katastrofiriskien vähentämiseksi niiden sitoumusten mukaisesti, joita se on antanut kehityspolitiikkaa koskevassa eurooppalaisessa konsensuksessa ja humanitaarista apua koskevassa eurooppalaisessa konsensuksessa¹¹.

Jäsenvaltioita pyydetään vahvistamaan poliittiset sitoumuksensa sekä rahoitustavoitteensa vuosille 2010 ja 2015. Jäsenvaltioita pyydetään myös käytännössä panemaan apunsa ennustettavuuteen liittyvät sitoumukset täytäntöön kolmella komission ehdottamalla tasolla ja laatimaan monivuotisia aikatauluja, joista käy ilmi julkisen kehitysavun kasvu. Niitä pyydetään lisäämään ponnistelujaan, jotta löydettäisiin innovatiivisia keinoja rahoittaa toimia ilmastonmuutoksen vaikutusten torjumiseksi.

3. AVUN TULOKSELLISUUDEN PARANTAMINEN EDELLYTTÄÄ ROHKEITA MUUTOKSIA

Kun varojen määrä kasvaa, on täytäntöönpanoa tehostettava. Jos avun kaksinkertaistaminen Afrikalle merkitsisi hankkeiden määrän kaksinkertaistamista, tilanteesta tulisi kestävämpi. Tansania joutuu laatimaan vuosittain 2 400 kertomusta avunantajille. Malissa toimii yli 26 avunantajaa pelkästään maatalouden kehittämisen alalla.

Kansainvälinen apujärjestelmä on muuttumassa yhä monimutkaisemmaksi. Luodaan uusia vertikaalisia rakennelmia, kuten maailmanlaajuisia rahastoja ja ohjelmia, ja mukaan tulee

¹⁰ Katso UNDP:n kertomus 2007/2008 ”Fighting climate change: Human solidarity in a divided world”.

¹¹ EUVL C 25, 30.1.2008, s. 1.

uusia julkisia ja yksityisiä toimijoita, jotka toimivat usein jo olemassa olevien yhteistyösääntöjen ja –menettelyjen ulkopuolella.

Nämä syyt puoltavat sitä, että apua yhdenmukaistetaan ja kohdistetaan kumppanimaiden tarpeisiin. Nyt ei puhuta pelkästään menettelyistä vaan laadullisesta harppauksesta eteenpäin, aidosta toimintakulttuurin muutoksesta.

EU:lla, jolla oli keskeinen asema vuonna 2005 Pariisin julistuksen hyväksymisessä ja YK:n huippukokouksessa, on nykyään erityinen vastuu: sen on edelleen toimittava tämän maailmanlaajuisen prosessin liikkeelle panevana voimana. Kolme vuotta myöhemmin on todettava, että eräistä hienoista saavutuksista huolimatta onnistumisen edellyttämää ”kriittistä massaa” ei ole saavutettu. Kaikki toimijat eivät ole vielä ottaneet käyttöön uusia välineitä.

Accran kokous määrää suunnan. Tavoitteita on kahdenlaisia. On otettava huomioon se, mitä on jo saatu aikaan, kohdatut vaikeudet ja niiden syyt sekä saavutukset ja myönteiset kokemukset. Tässä arvioinnissa käytetään sekä Pariisin julistuksessa vahvistettuja indikaattoreita että EU:n ylimääräisiä sitoumuksia. Accra ei voi kuitenkaan jäädä pelkäsi katsaukseksi toteutetuista toimista. Ministerien julkilausuman (*Accran toimintasuunnitelma*) on oltava kunnianhimoinen ja kaukonäköinen.

Käsitteistä ja poliittisista sitoumuksista on siirryttävä täytäntöönpanoon. Jotta näin voidaan tehdä, neljä kysymystä edellyttää rohkeaa vastausta:

- Työnjako on toteutettava käytännössä. Toukokuussa 2007 hyväksyttyjä menettelysääntöjä, joiden soveltaminen on vielä alkutekijöissään, on pantava aktiivisemmin täytäntöön. Tämä edellyttää, että kaikki toimijat, myös EU:n toimijat kentällä, sitoutuvat siihen. Komissio tekee konkreettisia maakohtaisia ehdotuksia.
- Avunantajien on käytettävä maakohtaisia järjestelyjä niin kuin komissio teki silloin, kun se lisäsi avun osuutta sekä yleisestä talousarviosta että alakohtaisesta talousarviosta¹².
- Tulosjohtaminen edellyttää, että on pohdittava uudelleen, miten ehtoja laaditaan ja miten niitä sovelletaan.
- Kehitysapumäärärahojen, ohjelmasuunnittelun ja maksusuoritusten ennustettavuus on varmistettava.

Lisäksi:

- Parhaimpia välineitä avun tuloksellisuuden parantamiseksi ja läpinäkyvien tietojen antamiseksi avunantajien kentällä tekemästä työstä ja sen tuloksista ovat komission vuodesta 2005 laatimat julkaisut. Komissio esittää vuonna 2008 uuden julkaisun avunantajista (*EU Donor Atlas*), julkaisun epävakaita tilanteista sekä useita aluekohtaisia julkaisuja. Aihekohtaisia tai pienempiä alueita käsittäviä julkaisuja laaditaan säännöllisesti (esimerkiksi puolen vuoden välein) pohjustamaan EU:n tasolla käytäviä, työnjakoa koskevia keskusteluja ja työnjaosta tehtäviä päätöksiä.
- Yhteisrahoitusta on käytettävä laajemmin. Yhteisön tarjoama yhteisrahoitus ei ole osoittautunut yhtä suosituksi kuin kahdensivlinen yhteisrahoitus, mutta tilanne muuttune

¹² Kymmenennessä EKR:ssa myönnetään 44 % AKT-maille.

sääntelykehyksen muuttamisen jälkeen. Ongelmat tunnetaan, ja jopa niiden ratkaisut. Tarvittavat muutokset on tehtävä viipymättä.

EU:hun kuuluu nyt 12 jäsenvaltiota, jotka eivät osallistuneet täysimääräisesti Pariisin julistuksen valmisteluun mutta jotka voivat antaa merkittävän panoksen siirtymäajasta ja julkisesta avusta itse saamiensa kokemusten perusteella¹³. Ne voivat auttaa EU:ta saamaan tarvittavat muutokset aikaan Accrassa.

Pariisin julistuksesta puuttuivat kansalaisyhteiskunnan organisaatiot. Kansalaisyhteiskunnan organisaatioiden voima on niiden moninaisuudessa. Kansalaisyhteiskunta on täysivaltainen kehitysyhteistyötoimija. Se on syytä ottaa mukaan prosessiin, ja sitä on syytä tukea sen pyrkiessä määrittämään omia avun tuloksellisuutta koskevia periaatteitaan.

Sama koskee paikallisyhteisöjä, jotka ilmoittavat yhä useammin haluavansa olla sidosryhmänä ja toimijana kehitysyhteistyössä. Tämä on kehitysyhteistyöpolitiikan uusi ulottuvuus, jota on tarkasteltava. Kehitysmaat voisivat hyödyntää Euroopan aluekehityspolitiikan puitteissa saatua kokemusta talouskehityksen alueellisen ja paikallisen ulottuvuuden vahvistamisesta.

Komissio katsoo, että avun tuloksellisuutta koskevalle asialistalle on myös otettava konfliktien ehkäisemistä ja epävakautta koskevat ongelmat.

Avun tuloksellisuutta koskevalle asialistalle on myös otettava sukupuolten tasa-arvon edistäminen sekä perusihmisoikeutena että strategiana vuosituhattavoitteiden saavuttamiseksi.

Neuvostoa pyydetään hyväksymään Accrassa EU:n yhteinen kanta, joka sisältää kunnianhimoisesti seuraavaa: todellinen työnjako, lisää budjettitukea, lisää ennustettavuutta, kansalaisyhteiskunnan ja paikallisyhteisöjen osallistaminen sekä sukupuolten tasa-arvo. EU voi saada muutoksen aikaan. Sen on kuitenkin annettava selkeä poliittinen signaali ja vastattava kumppanimaiden odotuksiin.

4. KEHITYKSEEN VAIKUTTAVIEN POLITIIKKOJEN KESKINÄINEN JOHDONMUKAISUUS

Apu on välttämätöntä mutta se ei yksinään riitä. EU:n hyväksymä periaate politiikkojensa keskinäisestä johdonmukaisuudesta on sekä tehokkuusperiaate että moraalinen periaate. EU harjoittaa köyhyyden torjuntaa koskevia politiikkoja kaikkein heikoimmassa asemassa olevien hyväksi eikä näiden politiikkojen vaikutusta saa heikentää muilla eurooppalaisilla politiikoilla. Kaikissa eurooppalaisia politiikkoja koskevissa päätöksissä on otettava huomioon se, miten ne vaikuttavat vuosituhtaan kehitystavoitteisiin.

EU on sitoutunut lisäämään johdonmukaisuutta 12 alalla, jotka voivat vaikuttaa merkittävästi vuosituhattavoitteisiin. Tarkoituksena on toimia ennaltaehkäisevästi hyödyntämällä vaikutustenarviointia, tehdä sopivia uudistuksia, kuten maatalous- ja kalastuspolitiikassa on jo tehty, sekä pyrkiä löytämään synergiaetuja, jotta köyhimmät maat voivat hyötyä eurooppalaisten politiikkojen tarjoamista mahdollisuuksista¹⁴.

¹³ Kaikki ovat allekirjoittaneet vuoden 2005 eurooppalaisen konsensuksen ja neljä niistä on allekirjoittanut Pariisin julistuksen.

¹⁴ EU:n kertomus kehitykseen vaikuttavien politiikkojen johdonmukaisuudesta, 20.9.2007, KOM(2007) 545 ja SEC(2007) 1202.

Noudattamalla tällaista johdonmukaista lähestymistapaa EU voi moninkertaistaa panoksensa vuosituhattavoitteiden toteutumiseksi.

EU lisää ponnistelujaan varmistaakseen sen, että kaikki vuonna 2005 määritellyillä aloilla toteutettavat toimet ovat linjassa vuosituhattavoitteiden kanssa. Komissio tutkii myös, kuinka paljon liikkumavaraa olisi seuraavilla kolmella alalla:

- *Uusiutuvia energialähteitä ja erityisesti biopolttoaineita koskevat politiikat* ilmastonmuutos- ja energiapolitiikkojen yhteydessä. EU:n on autettava kehitysmaita hyödyntämään biopolttoaineiden markkinoiden tarjoamia mahdollisuuksia köyhyyden torjumiseksi. Sen on seurattava samalla tarkoin, millaisia vaikutuksia tällä saattaa olla erityisesti elintarviketuotantoon, maan käyttöön ja ympäristöön. Tämä edellyttää, että säännöllinen seuranta kattaa täysin kehitysulottuvuuden, kestävyyttä koskevien kriteerien noudattamisen, biopolttoaineiden kaupan edistämisen erityisesti köyhimpien maiden kanssa, tutkimuksen ja teknologioiden siirrot.
- *Maahanmuuttopolitiikat ja aivovientiongelma* ovat erityisen tärkeitä kysymyksiä muun muassa terveyden, koulutuksen, tutkimuksen ja innovaation aloilla. Komissio ehdottaa ns. vientikoulutusohjelmia, kotimaahansa palaavien työntekijöiden oikeuksien, varsinkin sosiaali-oikeuksien, parantamista ja sellaisten työsopimusten tekemistä jäsenvaltioiden ja kehitysmaiden välillä, joiden avulla voidaan hallita työhönottoa ja suojella samalla haavoittuvia aloja. Olisi myös syytä tarkastella erilaisia kansalaisuutta koskevia järjestelyjä, jotta voidaan lujittaa maahanmuuttajien siteitä niin vastaanottajamaahan kuin kotimaahankin.
- *Tutkimuspolitiikka.* Komissio ehdottaa neuvostolle yhteistä kehitysyhteistyötutkimusstrategiaa, jotta alan tutkimusta Euroopassa voitaisiin koordinoida paremmin. Komissio sitoutuu tämän strategian ensimmäisessä vaiheessa tukemaan köyhimpien maiden tutkimuskeskusten osallistumista tutkimushankkeisiin aiempaa enemmän seitsemännen puiteohjelman kautta ja lisäämään tutkimustoimintaa erityisesti sellaisilla aloilla, joilla on vaikutusta vuosituhattavoitteiden toteutumiseen (kuten maataloustutkimus, terveystutkimus, joka käsittää myös köyhyyteen liittyvät sairaudet ja sairaudet, joiden tutkimista on laiminlyöty, julkiset terveydenhuoltojärjestelmät ja lisääntymisterveyden sekä maahanmuuttoa, uusiutuvia energialähteitä, vesikysymyksiä, kestäväää kehitystä jne. koskeva tutkimus). Näihin aloitteisiin on liitettävä tukitoimenpiteitä, jotka on tarkoitettu lujittamaan tutkimusvalmiuksia siellä, missä se on tarpeen.

Neuvostoa pyydetään edistämään sitä, että kehitykseen vaikuttavat politiikat ovat keskenään johdonmukaiset vuosituhattavoitteita ja avun tuloksellisuutta koskevalla kansainvälisellä asialistalla. Neuvostoa pyydetään myös päättämään sellaisista poliittisista suuntaviivoista, joilla voidaan hyödyntää kehitysmahdollisuuksia biopolttoaineiden, maahanmuuton ja tutkimuksen aloilla.

5. KAUPPAA TUKEVA APU VUOSITUHATTAVOITTEIDEN HYÖDYKSI

EU on kehitysmaiden ensimmäinen kumppani, joka on laatinut itselleen kauppaa tukevaa apua koskevan strategian¹⁵. Tämä on merkittävä edistysaskel, jonka avulla EU voi päästä itselleen asettamiinsa rahoitustavoitteisiin ja soveltaa avun tuloksellisuutta koskevia periaatteita.

EU on sitoutunut osoittamaan vuodessa yhteensä 2 miljardia euroa (1 miljardi yhteisöltä ja 1 miljardi jäsenvaltioilta) vuoteen 2010 saakka tekniseen apuun kaupalle ja lisäämään apuaan muilla aloilla (tuotantovalmiudet, infrastruktuuri). Etusijalle asetetaan AKT-maat sekä niiden erityisaseman vuoksi että vastauksena haasteisiin, joita aiheuttavat parhaillaan EU:n kanssa neuvoteltavat talouskumppanuussopimukset. Kauppaan suunnatun teknisen avun kasvusta 50 prosenttia osoitetaan AKT-maille.

Rahoituksen lisäksi strategian toisen pilarin muodostaa tuloksellisuutta koskeva periaate, erityisesti kumppanimaiden omistajuuden tukeminen sekä järjestelmien yhteensovittaminen.

Siitä huolimatta, että tämä strategia on hyväksytty vasta äskettäin, komission seurantakertomuksesta on löytynyt rohkaisevia, vaikkakin myös vastakkaisia, tuloksia.

Kauppaa tukeva apu on vastedes osa Euroopan unionin kehitysyhteistyötä. Vuonna 2006 jäsenvaltioiden antama tekninen apu kaupalle oli 641 miljoonaa euroa ja yhteisön antama apu 941 miljoonaa euroa, toisin sanoen yhteensä lähes 60 prosenttia kokonaismäärästä. Yhteisö on siis jo lähes saavuttanut sitoumuksensa, joka on 1 miljardia euroa vuodessa. Jäsenvaltioiden on puolestaan lisättävä teknistä apuaan 56 prosentilla vuoteen 2010 mennessä saavuttaakseen yhteisen, 1 miljardin euron tavoitteensa. Tämän tavoitteen saavuttaminen on mahdollista, mutta se edellyttää jatkuvaa ponnistelua.

EU:n kauppaa tukeva apu yhteensä (se käsittää teknisen avun kaupalle, tuotantokapasiteetin ja infrastruktuurit) on kasvanut merkittävästi. Vuonna 2006 se oli 7,279 miljardia euroa.

Ennakkoarvioista on kuitenkin valitettavasti todettava, että ainoastaan kuusi jäsenvaltiota pystyy nykyisin esittämään ennakkoarvion siitä, minkä verran niiden tekninen apu kaupalle kasvaa vuoteen 2010 mennessä. Yksikään jäsenvaltio ei pysty ilmoittamaan varmasti, että se saavuttaa tavoitteen, joka on myöntää 50 prosenttia avun määrän kasvusta AKT-maille. Kymmenennen EKR:n alueohjelmat antavat jäsenvaltioille tilaisuuden saavuttaa tämän tavoitteen laatimalla apua koskevat ennakkoarviot täydentämään yhteisön apua.

Euroopan antaman kauppaa tukevan avun laadun osalta voidaan todeta, että seurantakertomuksessa mainitaan hyvät aikomukset edistää avun koordinoimisessa ja täydentävyydessä. Yhdeksän jäsenvaltiota on jo alkanut laatia yhteistä analyysiä kaupan tilanteesta ja seitsemän niistä on aloittanut yhteisen ohjelmasuunnittelun. Kuusi jäsenvaltiota ja komissio, jotka edustavat yhdessä 83 prosenttia EU:n kauppaa tukevasta avusta, ovat jo toteuttaneet suurimman osan neuvoston suosituksista¹⁶.

¹⁵ Euroopan unionin neuvosto, viite 13070/07, 11. lokakuuta 2007.

¹⁶ Kauppaa tukevan avun strategian tuloksellisuutta koskevissa periaatteissa on erityisesti kyse tietyn maan tarpeiden arviointimenetelmistä, kaupan sisällyttämisestä kehitysyhteistyöstrategiaan, kestävyyttä koskevien kysymysten ottamisesta huomioon, ohjelmasuunnittelun arvioinnista ja yhteisrahoituksesta.

Neuvostoa pyydetään kehottamaan jäsenvaltioita tukemaan näitä toimia ja lisäämään yhdessä teknistä apuaan kaupalle niin, että sen määrä on 56 prosenttia suurempi vuonna 2010 kuin vuonna 2006, jotta onnistuttaisiin noudattamaan vahvistettuja rahoitustavoitteita, sekä lisäämään jo aloitettuja toimia eurooppalaisten antaman avun täydentävyyden ja laadun varmistamiseksi.

Komissio pyytää jäsenvaltioilta paljon. Se pyytää niiltä ennakkoarviot kauppaa tukevasta avusta, erityisesti AKT-maille. Lisäksi se pyytää niitä toimimaan yhteistyössä komission kanssa, jotta vuoden loppuun mennessä voidaan laatia ”eurooppalaisia kauppaa tukevan avun paketteja”, ja perustamaan aluerahastoja talouskumppanuussopimusten ja alueellisten yhteistyöprosessien tukemiseksi silloin, kun kyseiset AKT-alueet sitä haluavat.

6. PÄÄTELMÄT – UUTTA VAUHTIA KEHITYSYHTEISTYÖLLE

Neuvostoa ja neuvostossa kokoontuvia jäsenvaltioita pyydetään yhtymään kaikkiin edellä esitettyihin ehdotuksiin: vahvistamaan rahoitussitoumuksensa ja noudattamaan niitä, muuttamaan perinpohjin avun hallinnointitapojaan ja parantamaan synergioita eurooppalaisten politiikkojen ja vuosituhattavoitteiden kanssa soveltamalla kehitykseen vaikuttavien politiikkojen keskinäistä johdonmukaisuutta koskevia periaatteita.

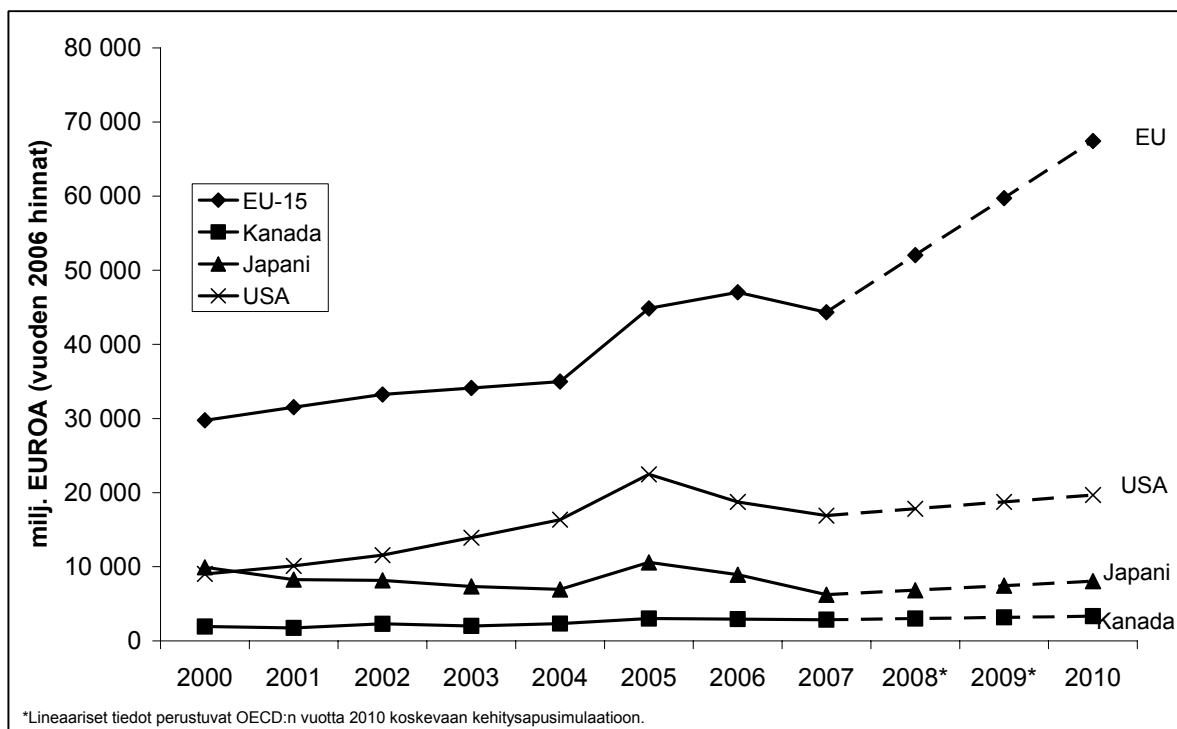
Vuosituhattavoitteiden saavuttaminen edellyttää avun määrän korottamisen ja sen tuloksellisuuden parantamisen lisäksi erityisiä toimia koulutuksen, terveyden, ympäristön, vesikysymysten, maatalouden, kasvun ja infrastruktuurien aloilla. Tämä on vuosituhattavoitteita Afrikassa käsittelevän korkean tason työryhmän itselleen asettama tehtävä. Tämä on myös nopeaa toimintaa koskevan aloitteen tavoite. Nämä aloitteet on esitetty sen vuoksi, että on ehdottoman välttämätöntä nopeuttaa vuosituhattavoitteiden toteutumista. Aloitteita varten on laadittava toimintaohjelma, jotta EU voi yhdessä vastata niihin. Eurooppa-neuvostoa pyydetään edistämään toimintaohjelman toteuttamista osana kehitysyhteistyöpolitiikkoja koskevaa eurooppalaista tutkimushanketta¹⁷. Komissio aikoo esittää ensimmäisen vuosituhattavoitteita käsittelevän asiakirjan kesäkuussa kokoontuvalle Eurooppa-neuvostolle.

Tällaiset ponnistelut ovat välttämättömiä, vaikka mainituilla ehdotuksilla pyritään vain muuttamaan jo vuonna 2005 tehdyt sitoumukset käytännössä toteutettaviksi toimiksi. Vakava suhtautuminen vuosituhattavoitteisiin merkitsee myös sitä, että on katsottava tulevaisuuteen ja pidettävä mielessä kaksi olennaista seikkaa. Ensinnäkin asetettujen tavoitteiden saavuttaminen ei ole lopullinen päämäärä, sillä esimerkiksi köyhyys vain puolittuu vuonna 2015. Toiseksi uudet suuret haasteet – ilmastonmuutos, demografinen kehitys, rahoitusmarkkinoiden epävakaus, verojärjestelmät, luonnonvarojen ja ympäristön laadun heikkeneminen – vaikeuttavat kahdeksan vuotta sitten asetettujen tavoitteiden saavuttamista.

Näistä syistä EU:n olisi syytä kaksinkertaistaa ponnistelunsa täyttääkseen itselleen asettamansa rahoitustavoitteet ja poliittiset tavoitteet sekä kannustaakseen muita avunantajia ottamaan vastatakseen oman osuutensa kehitysavusta.

¹⁷ Yleisten asioiden ja ulkosuhteiden neuvoston edustajat, 11.4.2006, ”panevat tyytyväisinä merkille komission ehdotuksen edistää kehityskysymyksiä käsittelevien tutkimuslaitosten eurooppalaista verkostoa ja odottavat mielenkiinnolla tämän aloitteen kehittämistä edelleen”.

**Kuvio 1: Maailmanlaajuinen kehitysapu 2000–2010
(milj. €, vuoden 2006 hinnat)**



Lähde: OECD/DAC:n tietoihin perustuvat Euroopan komission laskelmat.

EU:n antama julkinen kehitysapu (ODA) 2004–2007 – Arvioitu julkinen kehitysapu 2008–2010

	2004			2005			2006			2007			2008			2009			2010		
	ODA milj. €	ODA % BKTL:stä		ODA milj. €	ODA % BKTL:stä		ODA milj. €	ODA % BKTL:stä		ODA milj. €	ODA % BKTL:stä		ODA milj. €	ODA % BKTL:stä		ODA milj. €	ODA % BKTL:stä		ODA milj. €	ODA % BKTL:stä	
Itävalta	546	0,23		1 266	0,52		1 193	0,47		1 313	0,49		933	0,33		970	0,33		1 552	0,51	
Belgia	1 178	0,41		1 580	0,53		1 576	0,50		1 427	0,43		1 751	0,50		2 191	0,60		2 669	0,70	
Bulgaria	NA	NA		NA	NA		1	0,00		16	0,06		33	0,10		51	0,14		68	0,17	
Kypros	4	0,03		12	0,09		21	0,15		18	0,12		21	0,13		24	0,14		28	0,15	
Tšekki	87	0,11		109	0,11		128	0,12		131	0,11		134	0,10		144	0,10		155	0,10	
Tanska	1 639	0,85		1 697	0,81		1 782	0,80		1 872	0,81		1 932	0,80		2 014	0,80		2 109	0,80	
Viro	4	0,04		8	0,07		12	0,09		17	0,12		23	0,14		29	0,15		35	0,16	
Suomi	547	0,37		726	0,46		664	0,40		711	0,40		838	0,44		956	0,48		1 067	0,51	
Ranska	6 820	0,41		8 067	0,47		8 446	0,47		7 261	0,39		8 772	0,45		9 791	0,48		10 810	0,51	
Saksa	6 064	0,28		8 112	0,36		8 314	0,36		8 961	0,37		10 567	0,42		12 183	0,46		13 798	0,51	
Kreikka	258	0,16		309	0,17		338	0,17		366	0,16		603	0,25		839	0,32		1 076	0,39	
Unkari	56	0,07		80	0,10		119	0,13		66	0,07		69	0,07		130	0,13		182	0,17	
Irlanti	489	0,39		578	0,42		814	0,54		869	0,54		913	0,54		1 036	0,58		1 139	0,60	
Italia	1 982	0,15		4 096	0,29		2 901	0,20		2 870	0,19		5 235	0,33		6 905	0,42		8 706	0,51	
Latvia	7	0,06		8	0,07		10	0,06		12	0,06		13	0,06		16	0,06		20	0,07	
Liettua	8	0,04		12	0,06		18	0,08		30	0,11		37	0,12		49	0,14		67	0,17	
Luxenburg	190	0,83		206	0,86		232	0,84		266	0,90		299	0,91		326	0,92		358	0,93	
Malta	8	0,18		8	0,18		7	0,15		8	0,15		9	0,17		10	0,17		10	0,17	
Alankomaat	3 384	0,73		4 116	0,82		4 344	0,81		4 540	0,81		4 754	0,80		5 072	0,81		5 245	0,80	
Puola	95	0,05		165	0,07		239	0,09		260	0,09		340	0,10		517	0,14		679	0,17	
Portugali	830	0,63		303	0,21		315	0,21		294	0,19		495	0,30		697	0,41		898	0,51	
Romania	NA	NA		NA	NA		3	0,00		80	0,07		136	0,12		191	0,15		247	0,17	
Slovakia	23	0,07		45	0,12		44	0,10		49	0,09		73	0,12		97	0,15		120	0,17	
Slovenia	25	0,10		29	0,10		35	0,12		40	0,12		54	0,15		61	0,16		69	0,17	
Espanja	1 962	0,24		2 428	0,27		3 039	0,32		4 196	0,41		5 422	0,50		6 149	0,54		7 218	0,60	
Ruotsi	2 191	0,78		2 706	0,94		3 151	1,02		3 166	0,93		3 539	1,00		3 709	1,00		3 875	1,00	
Yhdistynyt kuningaskunta	6 339	0,36		8 666	0,47		9 932	0,51		7 247	0,36		8 554	0,44		10 006	0,49		12 232	0,56	
EU-15 YHTEENSÄ	34 418	0,35		44 857	0,44		47 040	0,43		45 361	0,40		54 605	0,47		62 845	0,51		72 752	0,57	

EU-10/12 YHTEENSÄ	316	0,07	479	0,08	637	0,09	726	0,09	942	0,10	1 319	0,13	1 681	0,16
EU-25/27 YHTEENSÄ	34 735	0,33	45 336	0,41	47 676	0,41	46 087	0,38	55 547	0,44	64 164	0,49	74 432	0,54
EU 25/27 ODA USD-määräisenä	43 156		56 344		59 839		63 090							

Lähteet: OECD/DAC:n tiedot kaudelta 2004–2006. Komission tiedot perustuvat jäsenvaltioiden sille toimittamiin tietoihin tai DAC:n vuoden 2007 tietoihin.

Harmaapohjaiset ruudut sisältävät jäsenvaltioiden toimittamia tietoja; valkopohjaiset ruudut sisältävät komission tietoja tai simulaatioita. ODA on esitetty käypään hintaan.



COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING PAPER

accompanying the

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**The EU — a global partner for development
Speeding up progress towards the Millennium Development Goals**

Aid for Trade monitoring report 2008

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List of abbreviations

ACP: African, Caribbean and Pacific States

AfT: Aid for Trade

BPC: Building Productive Capacities

COMESA: Common Market of Eastern and Southern Africa

CRS: Creditor Reporting System

DAC: Development Assistance Committee (of the OECD)

DDA: Doha Development Agenda

EAC: East African Community

ECOWAS: Economic Community of West African States

EDF: European Development Fund

EPA: Economic Partnership Agreement

IDA: International Development Association

IF: Integrated Framework for trade related assistance to LDCs

LDC: Least Developed Country

MS: EU Member States

ODA: Overseas Development Assistance

OECD: Organisation for Economic Cooperation and Development

RIP: Regional Indicative Programme

SADC: Southern African Development Community

SAARC: South Asian Association for Regional Cooperation

TRA: Trade Related Assistance

TRAdj: Trade Related Adjustment

TPR: Trade Policy and Regulation

TRI: Trade Related Infrastructure

UEMOA: Union Economique et Monétaire Ouest-Africaine

WTO: World Trade Organisation

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Executive Summary

On 15 October 2007, the EU adopted a joint Aid for Trade Strategy¹, aimed at supporting all developing countries, particularly Least Developed Countries (LDCs), to better integrate into the rules-based world trading system and to use trade more effectively in promoting the overarching objective of eradicating poverty in the context of sustainable development. The present report is the first monitoring exercise after the adoption of this new strategy.

The adoption of the EU Aid for Trade (AfT) Strategy on 15 October 2008 was an important step towards channelling more and better EU support to improve the integration of developing countries into the world trading system and the benefits they gain from it. The EU AfT Strategy is comprehensive: it embraces "classical" Trade Related Assistance (TRA: Trade Policy and Regulation; and Trade Development), as well the other areas stressed by the WTO Aid for Trade Taskforce: Productive Capacity Building; Trade Related Infrastructure; and Trade Related Adjustment. The double focus on more resources and better impact on development objectives is complementary. The Strategy is closely linked to a growing international momentum as evidenced among other things by the specific EU commitment in 2005 to increase its Trade Related Assistance to €2 billion annually by 2010.

The Aid for Trade agenda is now clearly finding its way into the EU development cooperation. Many Member States have recently developed specific national strategies or issued new instructions on Aid for Trade, while several state their intention to do so in the near future or make reference to the joint EU Aid for Trade strategy as their political guidelines.

By the end of 2007, 20 out of the 27 Member States had on-going co-operation activities in the field of Aid for Trade. Romania has for the first time contributed to the WTO Doha Development Agenda Global Trust Fund and three Member States (Hungary, Latvia and Slovakia) specifically indicate that they are starting co-operation in the area of Aid for Trade as from 2008. Austria has for the first time included a chapter on AfT in its three year programme 2007-2009 for Austrian Development Cooperation. The Czech Republic has had a separate budget line for TRA since 2008 and has an Aid for Trade strategy under preparation. Estonia plans to increase its contribution to the Doha Trust Fund and contribute to the Integrated Framework. Poland is to prepare a Road map. Only Bulgaria, Cyprus and Malta are not planning any co-operation activities until 2010.

As regards the specific EU pledge to commit €2 billion annually to Trade Related Assistance by 2010, good progress is being made: Member State resources committed to TRA in 2006 were approximately € 640 million, having increased from an average of 358 million between 2001 and 2004. There are however major differences between the contributions of Member States. To reach an annual of € 1 billion by 2010, efforts must be sustained, and increase by almost 56%. The Commission remains the largest donor for TRA with € 940 million committed in 2006. Responses to the Monterrey questionnaire did not allow to make any forecasts concerning future spending – in fact only six countries (*BE, CZ, ES, FI, IE and LT*) provided forecasts showing sustained increases between 2007 and 2010, while two (*AU and SK*) forecast to maintain TRA amounts at the same level through this period.

¹ Council Conclusions of 15 October 2007
(http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/misc/96506.pdf).

Total AfT, proxied with Trade Policy and Regulation (TPR); Trade Related Infrastructure (TRI); and Building Productive Capacity (BPC), significantly increased for 2005/06 as compared to previous years and reached € 4.715 billion in 2006 for EU Member States and €2.564 billion for the EC. The advance was notable in all three main categories of Aid for Trade.

As in previous years, the collection of data proved very difficult, and therefore the analysis regarding volumes of AfT for this report had to rely on sources other than the responses to the Monterrey Questionnaire, in particular the OECD DAC Creditor Reporting System, and the Doha Development Database². It must be noted, however that also data extracted from these two databases show mutual inconsistencies. Several Member States indicate the need for attention and discussion in order to improve the consistency of the data on activities at country, regional and sectoral level in order to improve monitoring, reporting and evaluation. This will be addressed also at EU level in 2008, in the context of future monitoring of the EU TRA commitments. A working group on reporting is being set up in the context of implementation of the EU AfT Strategy.

The quality agenda of Aid for Trade appears to be advancing somewhat as compared to the previous year, in particular via improved coordination of donor activities. Nine Member States reported having engaged in joint analysis of trade situations with seven having embarked on joint programming and ten having an experience with joint delivery. There is an increased interest in the Integrated Framework for trade related assistance to LDCs, and the EU took a very positive role at the IF pledging conference in Stockholm in September 2007, contributing substantially to the successful replenishment of the Multilateral Trust Fund. However, when it comes to incorporating the results of the IF work in their own co-operation programmes, only seven Member States indicate that they systematically align their TRA/AfT with the IF action matrix and take clear account of the needs identified during the IF process. This indicates room for important improvement.

Eight Member States indicate that they have assisted governments in their efforts to include poverty and gender concerns in trade needs assessments and subsequent action plans, while the EC has done so in about 25% of the countries for which its country delegations responded. Furthermore, a good number of Member States and the EC have assisted governments in their efforts to include environmental, social and economic sustainability concerns into national trade strategies. A slightly smaller number report having helped incorporate sustainability considerations into Aid for Trade programmes. Specific work is foreseen on how to maximise the positive effects on poverty reduction in AfT, and a special working group on these issues is being set up as part of the implementation of the Strategy.

At present, three groups of countries can be distinguished according to their progress in implementing the strategy. A first group made up of six Member States (*DE, FR, NL, SE, FI, UK*) plus the Commission are already well advanced in applying most of the recommendations set out by Council. A second group of six Member States (*AU, BE, DK, ES, IT and SI*) are making progress and implement selected parts of the strategy whereas the remaining countries have only started to introduce features of the Aid strategy. The first group accounts for about 75% of Member State assistance, and, when including the EC, account for 83% of the total EU assistance. The second group represents another 15% of MS contributions so that both groups including the EC represent 93% of EU Aid for Trade. The

² Doha Development Agenda Trade Capacity Building Database.

European Commission is advancing with the implementation of the Aid for Trade strategy, but the pace differs according to regions. For Asia and the ACP countries, the principles set out in the Council conclusions are largely put into operation whereas other regions are less advanced.

Support for regional integration appears to be improving. Eight Member States indicate that they have strengthened their support to the implementation of regional integration strategies developed by regional organisations, along with their capacity to organise coordination and wider stakeholder involvement and to identify and prioritise trade-related needs. At regional level, however, implementation through joint delivery modes was less developed than at national level. This supports the Commission's previously stated view that further work is required in this area.

The joint work at EU level to plan the follow up of the EU AfT Strategy was successfully carried out in the months following its adoption, with the preparation of a rolling implementation matrix and indicators to be used for the future monitoring of progress.

As regards the ACP, mapping of Member States AfT activities and possibilities for stepping up their presence in the different regions is developing into work region by region in synergy with the EC regional programming of the 10th EDF, with a view to define, for each region, complementary actions by EU Member States to accompany those of the 10th EDF. Concern could however be expressed in view of the concentration of activities on African regions, leaving the EC as basically the only EU AfT donor in the Caribbean and Pacific regions. A strong interest for regional funds among the Member States has been noted, and progress in this area is mainly in the hands of the ACP regions.

Finally, it is important to note the significant synergies of the EU AfT agenda with other international agendas (e.g. Aid effectiveness, WTO Global AfT review, UN Financing for Development process, etc). Of particular interest is international monitoring of the development of needs assessments and strategies, the situation as regards the matching of these with resources, the issue of Aid for Trade 'orphans', and the increasing interest for regional approaches to AfT. Successfully acting on these issues will require greater involvement of DC partners.

1. INTRODUCTION

On 15 October 2007, the EU adopted a joint Aid for Trade Strategy³, aimed at supporting all developing countries, particularly Least Developed Countries (LDCs), to better integrate into the rules-based world trading system and to use trade more effectively in promoting the overarching objective of eradicating poverty in the context of sustainable development. The present report is the first monitoring exercise after the adoption of this new strategy.

Aid and trade are twin pillars of the EU development policy. Using a mix of grant aid and innovative trade instruments, the EU has sought to help some of the world's poorest countries to achieve sufficient economic transformation to lift their populations out of poverty. Aid for Trade has thus long been important on the EU agenda, as expressed more recently in the European Development Consensus⁴.

Stepping up Aid for Trade forms part of the Monterrey Commitments to Financing for Development, as well as of the recommendations of the WTO Aid for Trade Task Force. Therefore, EU performance in Aid for Trade is already monitored in these contexts. When adopting the new AfT Strategy, the EU Council decided to draw on the already well-established Monterrey monitoring process and 'review progress in implementing the Strategy in the context of the Monterrey reporting'.

As the Strategy was adopted only in late 2007, this report can not yet evaluate progress in all the areas covered by the strategy. Instead, it provides information on, and assesses, preliminary progress made in implementing the Strategy. It also establishes some of the baseline data against which future progress can be assessed. Progress on EU financial support to Trade Related Assistance is evaluated, however, as specific commitments in this area were made already in 2005 and have been subject to monitoring in earlier Monterrey reports (for definitions of TRA, see box 1). In addition, the report provides a brief assessment on the Global Aid for Trade Review process, and draws some conclusions for future reporting.

2. THE EU AID FOR TRADE STRATEGY

The EU Aid for Trade Strategy adopted by the Council on 15 October 2007 builds on an already strong performance by the European Union in this field, consistent with its role as the largest global provider of overall overseas development assistance (ODA). The Community, whose funds are managed by the Commission, is the world's largest donor of Trade Related Assistance, while individual EU Member States collectively are relatively more active in other Aid for Trade fields, in particular Trade Related Infrastructure and Productive Capacity-Building (See Box 1). Involving the Community and the 27 EU Member States, the Strategy is a joint EU policy initiative to substantially step up the collective EU effort and impact in this area, directly applying the principles of aid effectiveness. It reinforces EU efforts to support all developing countries, in particular the poorest, to better integrate into and benefit from the world trading system.

³ Council Conclusions of 15 October 2007

(http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/misc/96506.pdf).

⁴ Joint Statement by the Council and the representatives of the Governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: "The European Consensus". Brussels, 22 November 2005.

Box 1: Aid for Trade categories

In December 2005, the WTO Ministerial Conference in Hong Kong set up a Task Force to 'operationalise Aid for Trade'. In its 2006, recommendations, this Task Force stated that 'Projects and programmes should be considered as Aid for Trade if these activities have been identified as trade-related development priorities in the recipient country's national development strategies'. It specified six groups of activities which it considered to constitute Aid for Trade. The first two of these encompass "classical" "Trade Related Assistance" (TRA). TRA and the other four groups are usually referred to together as "the wider Aid for Trade agenda".

To facilitate coherent reporting, the OECD has then worked to streamline the reporting on the different Aft categories identified by the Task Force. This work is partly ongoing, but the overview below indicates the present state of affairs. It should be noted that financial reporting on Aid for Trade presently draws on two databases, the general OECD/DAC Creditor Reporting System, and the specific "Doha database" set up in the WTO context in 2001 to monitor Trade Related Assistance, which was up to 2006 largely considered equivalent to Aid for Trade. As of next reporting year, monitoring is foreseen to exclusively draw on the CRS database, which has been reformed and completed, *inter alia* by the introduction of new codes and a "trade development" marker, and which will also allow to monitor disbursement.

Trade Related Assistance (TRA):

Trade policy and regulations: trade policy and planning, trade facilitation, regional trade agreements, multilateral trade negotiations, multi sector wholesale/ retail trade and trade promotion. Includes training of trade officials, analysis of proposals and positions and their impact, support for national stakeholders to articulate commercial interest and identify trade-offs, dispute issues, and institutional and technical support to facilitate implementation of trade agreements and to adapt to and comply with rules and standards.

Trade development: investment promotion, analysis and institutional support for trade in services, business support services and institutions, public-private sector networking, e-commerce, trade finance, trade promotion, market analysis and development. This is largely a subset of building productive capacity, covering specifically its most trade related part.

Wider Aid for Trade agenda: TRA together with the below:

Trade-related infrastructure: physical infrastructure including transport and storage, communications and energy generation and supply.

Building productive capacity: Includes business development and activities aimed at improving the business climate, privatisation, assistance to banking and financial services, agriculture, forestry, fishing, industry, mineral resources and mining, tourism. Includes trade and non-trade related capacity building.

Trade-related adjustment: This code was created by OECD/DAC at the end of 2007. It covers contributions to the government budget to assist with the implementation of recipients own trade reforms and adjustments to trade policy measures by other countries; and assistance to manage shortfalls in the balance of payments due to changes in the world trading environment

Other trade-related needs: Other trade-related support not captured under the categories above.

The EU Aft Strategy commits the EU to channel more resources to Aid for Trade and to deliver the aid more effectively. Additional support for Aid for Trade will be achieved within the substantial increases in total ODA to which the EU is already committed. Whilst implementation of the strategy will imply more resources for Aid for Trade and may include the development of new delivery modes, the strategy does not involve the creation of financial envelopes beyond ODA.

The EU Aid for Trade strategy is based on a number of key principles:

- Aft should be provided to all developing countries, but particularly to the poorest;

- AfT is an element of the broader development policies and linked to MDGs;
- AfT complements but is not a substitute for a successful outcome of the DDA;
- Collective EU delivery of AfT to ACP countries is not dependent on the outcome of the Economic Partnership Agreement (EPA) negotiations with ACP countries;
- AfT should operationalise Paris principles⁵ and the EU Code of Conduct on Complementarity and Division of Labour in Development Policy⁶.

The Strategy contains five sections, addressing in turn: Quantitative ambitions (for Trade Related Assistance and wider Aid for Trade); the Pro-poor focus and quality of assistance; EU capacity to deliver Aid for Trade; specific ACP angles (in the EPA context); and Monitoring and reporting.

As regards volumes, the Strategy sets out the EU approach for collectively delivering on its 2005 commitment to increase its Trade Related Assistance to 2 billion annually by 2010 (1 billion for the EC, 1 billion for the EU Member States). It also commits the EU to increase its efforts in the wider Aid for Trade agenda 'in coherence with overall increases in ODA' but without setting quantitative financial targets. In order to deliver on its financial objectives, the Strategy stresses the need for partner countries to take charge of defining priorities and articulating them in their development strategies. It also defines specific support actions and priorities on the EU side to assist in this respect. These include stepping up policy dialogue in this area; and supporting trade needs assessments and the integration of their results into partner countries development strategies. The Strategy points to the Enhanced Integrated Framework for Trade Related Assistance to LDCs⁷ as one concrete tool to be used more actively for this purpose. Supporting similar processes in non-LDCs, in particular IDA-only countries is also envisaged.

On the quality of assistance, the Strategy stresses the need to achieve results that reduce poverty. It outlines efforts in this respect, including by supporting better participation by community based groups in defining national trade and Aid for Trade strategies and by overall enhancing the understanding of the relevant linkages.

The Strategy furthermore outlines specific efforts to apply the existing international and EU principles for aid effectiveness and division of labour in Aid for Trade. In particular, the EU will take joint action to respond to AfT needs identified through comprehensive needs assessments, and increasingly develop and apply joint implementation modalities, in cooperation with all partners.

Importantly, the Strategy also commits the EU to collectively upgrade AfT at regional level and further strengthen its support for the implementation of regional integration strategies. It commits the EU to step up support to regional organisations capacity to organise coordination

⁵ http://www.oecd.org/document/15/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html

⁶ http://www.ec.europa.eu/commission_barroso/michel/Policy/key_documents/docs/COMM_PDF_COM_2007_072_F_EN_ACTE.pdf.

⁷ The Integrated Framework for Trade-related Assistance for Least Developed Countries (the "IF") is a multi-donor programme for the LDCs involving also the World Bank, IMF, UNCTAD, WTO, ITC and UNDP and is aimed at mainstreaming trade into LDC's poverty reduction strategies. Despite its name it is not focussed exclusively on TRA , but can address the wide Aid for Trade agenda.

and stakeholder involvement and to further identify and prioritise trade related needs. The Strategy commits the EU to provide adequate responses to priorities thus defined, using joint delivery mechanisms where possible.

A special section focuses on the ACP needs in the regional integration and EPA context and provides details of EU ambitions in this respect. In particular, it makes an amount 'in the range of 50 %' of the increase in TRA available for needs expressed by the ACP.

Substantial attention is paid to the monitoring of Aid for Trade, by the EU, other donors and developing countries. The EU will participate actively in drawing conclusions from the Global Aid for Trade review and acting on them, in particular with a view to avoiding 'Aft orphans'.

3. FOLLOW UP OF THE STRATEGY

The Council entrusted the Commission, in cooperation with the Member States, with the task of organising technical meetings in order to define a clear work plan and prepare progress reports on the implementation of the Strategy. The Work Plan should specify follow-up activities at the various levels of intervention (national, regional and multilateral) and identify the actors (Commission and Member States) responsible for taking forward these activities.

Following the adoption of the Strategy, the Commission therefore organised a series of technical meetings with EU Member States' experts to specify the follow up activities in an implementation matrix, and to define the indicators to be used for measuring progress. The Matrix is a technical planning, coordination and reporting tool which will be updated regularly. The activities outlined are indicative and will be executed in full compliance with the existing competences, principles and guidelines governing EU development cooperation, notably the Paris Declaration on Aid Effectiveness and the EU code of Conduct on Division of Labour. The present version of the matrix is annexed to this report.

Implementation of the strategy will largely depend on the efforts of EU offices in partner countries, where most of the key activities relating to programming are carried out, such as dialogue with governments and coordination with EU and other donors. Headquarters will mainly perform a 'backstopping' function, although substantial support efforts are envisaged: establishing baselines, helping focus and prioritise work, facilitating EU collaboration, providing technical analysis of experiences and approaches in the various areas of the Strategy, and ensuring information sharing.

In line with the Strategy, specific efforts have been made for the ACP countries, starting with a series of meetings aimed at mapping EU support to the different ACP regions, and exploring opportunities for stepping up the support in the EPA context. These efforts have been complemented with desk studies on EU support for the ACP regions. The next steps foreseen are to pursue this work, region by region, in order to finalise a joint mapping of needs, and to define, for each region, complementary actions by EU Member States to accompany those of the 10th EDF.

4. THE WTO AID FOR TRADE REVIEW

During November 2007, the first WTO Global Aid for Trade Review took place in Geneva, following up the recommendations of the WTO Aid for Trade Task Force. The overall

objectives of the Global Review were to provide an overview of what is and what is not happening in the delivery of Aid for Trade, to create incentives to deliver more and better Aid for Trade and plan forward, and to strengthen mutual accountability by partner countries and donors by strengthening the monitoring and evaluation process. The event drew on an analysis of replies to a set of donor and partner country questionnaires, as well as on impressions gathered during three preparatory and awareness raising regional meetings in Africa, Asia and Latin America. Preparatory work had been carried out by the OECD to organise and collect information on AfT flows, and other issues relevant to the recommendations of the WTO AfT Task Force. For the European Union, this forum represented an opportunity to demonstrate its full commitment to the complete Aid for Trade agenda. The timing of the event allowed the EU to disseminate the EU AfT Strategy which had been adopted just before.

The Global Review concluded that the momentum for Aid for Trade has grown. Beyond awareness raising, better and more prominent links are being made between trade and development. There is broad understanding that not only need the right trade rules be in place and respected, but also the wider supply side issues need addressing in order to create trade and make trade opportunities work for development. Ownership and awareness of the potential of Aid for Trade by partner countries seem to have increased, but relevant national development strategies and plans do not yet pay sufficient attention to trade and its potential contribution to development and poverty reduction. This could be the reason behind the very weak response by partner developing countries to the WTO/OECD questionnaire on AfT. On a more general level, mechanisms for development co-operation exist and need to be applied: donors overall are committed to the Paris Principles, but are still not coordinating enough.

The Commission concluded that the Global review was a useful exercise for awareness raising and for anchoring momentum for increasing Aid for Trade. In terms of improvements, it considered that the future monitoring exercise could be made more analytical in order to condense trends and results. Questionnaires used for information collection would need to be adapted to stay in line with the evolution in policy-making and implementation. A stronger developing country participation in the reporting exercise would be required to ensure a balanced view of the successes and shortcomings of Aid for Trade, from both donor and partner country perspectives. Regional meetings could move from awareness raising events to more technically relevant exercises that also allow for exchanges between practitioners and a greater sub-regional focus. The ongoing efforts to strengthen the statistical basis for future reviews will also contribute.

5. COMMENTS ON THE METHODOLOGY OF THE PRESENT REPORT

The following sections present information drawn from responses to two questionnaires relating to Aid for Trade submitted to EU Member States and the Commission: one prepared by the WTO/OECD for the global Aid for Trade Review of 2007, and one prepared specifically by the Commission in the context of the annual Monterrey reporting and modelled on the EU Aid for Trade Strategy. 17 EU Member States and the Commission responded to the OECD/WTO questionnaire and all 27 Member States submitted responses to the annual Monterrey Questionnaire circulated in late autumn 2007. The Commission also responded to the questionnaire, on the basis of information received from 65 Commission delegations in third countries.

The responses show that Member States monitor their commitments with a different level of detail, and with somewhat different understandings of AfT categories and definitions. This can be explained by the only rather recent consensus found among donors on the exact definition of these categories in the context of the statistical work carried out by the OECD over 2007 (See box 1). An additional complication for coherent reporting is that Member States replied to the questions with a differing degree of detail, and several did not reply to all questions.

Furthermore, many of the Member States' responses to the Monterrey questionnaire contain data that are partly incoherent with other data sources, in particular the OECD Creditor Reporting System⁸, and the Doha Development Database⁹. However, several Member States report being in the process of upgrading their overall reporting systems to align them better with the OECD Creditor Reporting System (CRS). Several indicate the need for further joint work in order to improve the consistency of the data on Aid for Trade activities at country, regional and sectoral level in order to improve monitoring, reporting and evaluation. Such work is now foreseen to take place in 2008, via a working group on reporting, to be set up in the context of implementation of the EU AfT Strategy.

It proved difficult or even impossible for most Member States to provide historical data by AfT category, as well as to provide uniform forecasts by category and geographical distribution. The latter is explained by budgetary rules, the absence of multi-annual planning systems with a sufficient degree of detail, and the inflexibility of reporting systems, which make it difficult to include new AfT categories or to sort according to geographical groups. Only 14 Member States were in a position to provide a geographical breakdown on their commitments and only Finland and Ireland provided a clear forecast for the coming years. Therefore it turned out to be impossible to provide information on the development of Aid for Trade in the coming years by region.

In order to ensure a minimum of coherence in the reporting on the volumes of Aid for Trade, the quantitative analysis in the following section is based almost exclusively on historical data drawn directly from the two existing databases relating to Aid for Trade - the OECD DAC Creditor Reporting System, and the Doha Development database. It must be noted, however, that data extracted from these two databases also show mutual inconsistencies. Furthermore, these databases do not capture support by all Member States, as not all are yet reporting to the OECD/DAC or the WTO. For these countries, the information provided in the questionnaire is used.

6. OVERALL ASSESSMENT OF EU ALIGNMENT WITH THE AfT STRATEGY PRINCIPLES

Overall, Aid for Trade is clearly finding its way into EU development cooperation. Several Member States have recently developed specific national strategies or issued new instructions on Aid for Trade, several state their intention to do so in the near future or make reference to the joint EU Aid for Trade strategy as their political guidelines.

Three groups of Member States can be distinguished according to their progress with implementing main elements of the strategy, such as carrying out trade needs assessments,

⁸ <http://stats.oecd.org/WBOS/Default.aspx?DatasetCode=CRSNEW>

⁹ <http://tcdbd.wto.org/>

mainstreaming trade into development strategies, addressing sustainability concerns or engaging in joint analysis, programming or delivery modes:

A first group made up of the Community and six Member States (*DE, FI, FR, NL, SE, UK*) are already well advanced as regards the application of most of the recommendations set out by Council. A second group of six Member States (*AU, BE, DK, ES, IT, SI*) are making progress and implementing selected parts of the strategy. The remaining countries have only started to introduce features of the Aid for Trade strategy. The first group accounts for about 75% of Member State assistance, and, when including the EC, account for 83% of the total EU assistance. The second group represents another 15% of Member States' contributions so that both groups including the EC represent 93% of EU Aid for Trade (CRS 2001-06 data).

The Commission is also advancing with implementation of the EU Aid for Trade Strategy. The pace differs somewhat from region to region. For Asia and the ACP countries, the principles set out in the Council conclusions are largely applied, in particular as regards the integration of sustainability concerns and donor co-operation, whereas other regions are less advanced.

By the end of 2007, 20 of the 27 Member States had on-going co-operation activities in the field of Aid for Trade. Romania has for the first time contributed to the WTO DDA Global Trust Fund and three Member States (Hungary, Latvia and Slovakia) specifically indicate that they are starting co-operation in the area of Aid for Trade as from 2008. Austria has for the first time included a chapter on AfT in its three-year-programme 2007-2009 for Development Cooperation, announcing that it will take on a small share of EU commitments with regard to Trade Related Assistance. The Czech Republic has had a separate budget line for TRA since the start of 2008 and has an Aid for Trade strategy under preparation. Estonia plans to increase its contribution to the Doha Trust Fund and to contribute to the Integrated Framework. Poland is to prepare a Road map. Only Bulgaria, Cyprus and Malta are not planning any cooperation activities until 2010, while for Portugal AfT is on a declining trend.

7. PROGRESS AS REGARDS VOLUMES OF EU TRA AND AfT

7.1. Present EU commitments for TRA

In 2005 the EU Member States made a collective commitment to increase their Trade Related Assistance to € 1 billion annually by the year 2010. In 2007, the Commission estimated that, to be on track for delivering on this commitment, Member States TRA should reach €600 million in 2008. To assess progress, Member States were asked to provide the amounts committed by AfT category and geographical distribution for the year 2006-2007 and a forecast for the years 2008-2010.

Responses to the Monterrey questionnaire indicate that Trade Related Assistance from EU Member States in 2006 totalled at € 411 million. However, as explained above, these figures were not considered reliable as fifteen Member States, did not provide their figures, or were unable to break them down according to AfT categories. In contrast, data drawn from the Doha Database provide a figure of € 638,93 million for 2006¹⁰. If the figures of the Member States not reporting to the Database are added, the total comes to € 641,44 million for 2006.

¹⁰ Belgium has indicated that the data provided in the Monterrey questionnaire are the correct amounts. These have therefore been used for the table.

The same year, the EC committed €940,9 million to TRA. According to these figures, the EU is making good progress towards reaching its targets of €1 + 1 billion in 2010. However, whilst the EC is almost at target, the EU MS still have some way to go: to reach an annual of € 1 billion by 2010, MS commitments must increase by almost 56 %. Table 1 below shows EU support for TRA from 2001 to 2006, based on information from the Doha Database.

Table 1: EU support for TRA 2001-2006										
TRA €	2001	2002	2003	2004	2005	2006	Total 2001-2006	% of EU total 2001-2006	2006%	Average
Austria	0.24	0.47	0.58	2.76	6.72	4.95	15.72	0.2	0.3	2.62
Belgium ¹¹	9.89	8.05	51.09	38.64	26.81	23.71	158.20	2.0	1.5	26.37
Bulgaria*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.00
Cyprus*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.00
Czech Republic*	0.48	0.00	0.00	0.00	0.06	0.03	0.56	0.0	0.0	0.09
Denmark	10.82	4.45	34.93	2.75	0.50	48.34	101.78	1.3	3.1	16.96
Estonia*	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.0	0.0	0.00
Finland	4.09	5.82	9.20	0.00	16.05	30.53	65.68	0.8	1.9	10.95
France	9.65	125.90	85.47	56.90	85.47	147.77	511.17	6.4	9.3	85.19
Germany	90.86	76.52	91.07	68.67	90.89	27.89	445.90	5.6	1.8	74.32
Greece	4.38	6.03	2.37	1.03	0.06	3.52	17.38	0.2	0.2	2.90
Hungary*	0.11	0.00	0.01	0.00	0.00	0.00	0.12	0.0	0.0	0.02
Ireland	0.44	0.40	0.59	0.30	0.69	5.61	8.03	0.1	0.4	1.34
Italy	7.11	4.49	2.68	7.16	1.86	5.73	29.04	0.4	0.4	4.84
Latvia*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.00
Lithuania*	0.00	0.00	0.00	0.00	0.00	0.06	0.06	0.0	0.0	0.01
Luxembourg*	0.25	0.05	0.01	0.04	0.04	0.00	0.39	0.0	0.0	0.06
Malta*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.00
Netherlands	44.68	54.58	125.27	65.19	76.16	195.24	561.12	7.1	12.3	93.52
Poland*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.00
Portugal	1.10	15.32	2.28	1.35	1.90	0.99	22.94	0.3	0.1	3.82

¹¹ Belgium has indicated that the data provided in the Monterrey questionnaire are the correct amounts. Therefore these have been taken for the table.

Romania*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.00
Slovakia*	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.00
Slovenia*	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.0	0.1	0.17
Spain	1.07	2.41	5.20	1.57	6.13	46.92	63.29	0.8	3.0	10.55
Sweden	10.21	4.58	17.31	8.60	31.05	22.07	93.83	1.2	1.4	15.64
United Kingdom	79.95	49.17	76.16	38.56	64.00	77.08	384.92	4.8	4.9	64.15
MS Total	275.34	358.24	504.23	293.52	408.37	641.44	2481.13	31.2	40.5	413.52
EC	912.44	755.00	922.52	958.06	983.46	940.90	5472.38	68.8	59.5	912.06
Grand total	1187.78	1113.24	1426.75	1251.58	1391.83	1582.34	7953.51	100.0	100.0	1325.59
% MS	11	14	20	12	16	26	100			
% EC	17	14	17	18	18	17	100			
% Grand total	15	14	18	16	17	20	100			

(Source: Doha Development Database except for countries marked with * for which the data are drawn from the responses to the Monterrey questionnaire.)

7.2. Present EU commitments for wider Aid for Trade

A good estimate of the full AfT flows (see box 1 above) can be obtained by adding information on commitments to Trade Policy and Regulation (TPR), Productive Capacity Building (PCB) and Trade Related Infrastructure (TRI), using proxies from the CRS database. Applying this methodology, for the year 2006, Aid for Trade can be estimated to € 4.715 billion for the fifteen Member States reporting to the CRS database, and to €2.564 billion for the EC. It is interesting to note that the responses to the Monterrey questionnaire only indicate a total of € 3.011 billion € for all 27 Member States. Table 2 below show EU support for Aid for Trade between 2001 and 2006, based on the information from the CRS Database.

Table 2: EU Aid for Trade from 2001 – 2006. 1000 €.

MS	2001	2002	2003	2004	2005	2006	Total	Average	% 2006	% 2001-2006
TPR	42	72	45	48	106	157	470	78	3	2
TRI	1,417	1,366	1,541	1,407	2,166	1,943	9,841	1,640	41	44
BPC	1,955	1,737	1,784	1,872	2,169	2,616	12,132	2,022	55	54
Total	3,414	3,174	3,371	3,327	4,442	4,715	22,443	3,740	100	100
%	15	14	15	15	20	21	100			

EC	2001	2002	2003	2004	2005	2006	Total	Average	% 2006	% 2001-2006
TPR	26	122	191	98	123	328	888	148	13	8
TRI	885	903	1,010	759	1,285	1,313	6,155	1,026	51	52
BPC	831	1,010	702	587	710	923	4,762	794	36	40

Total	1,742	2,035	1,902	1,444	2,118	2,564	11,804	1,967	100	100
%	15	17	16	12	18	22	100			

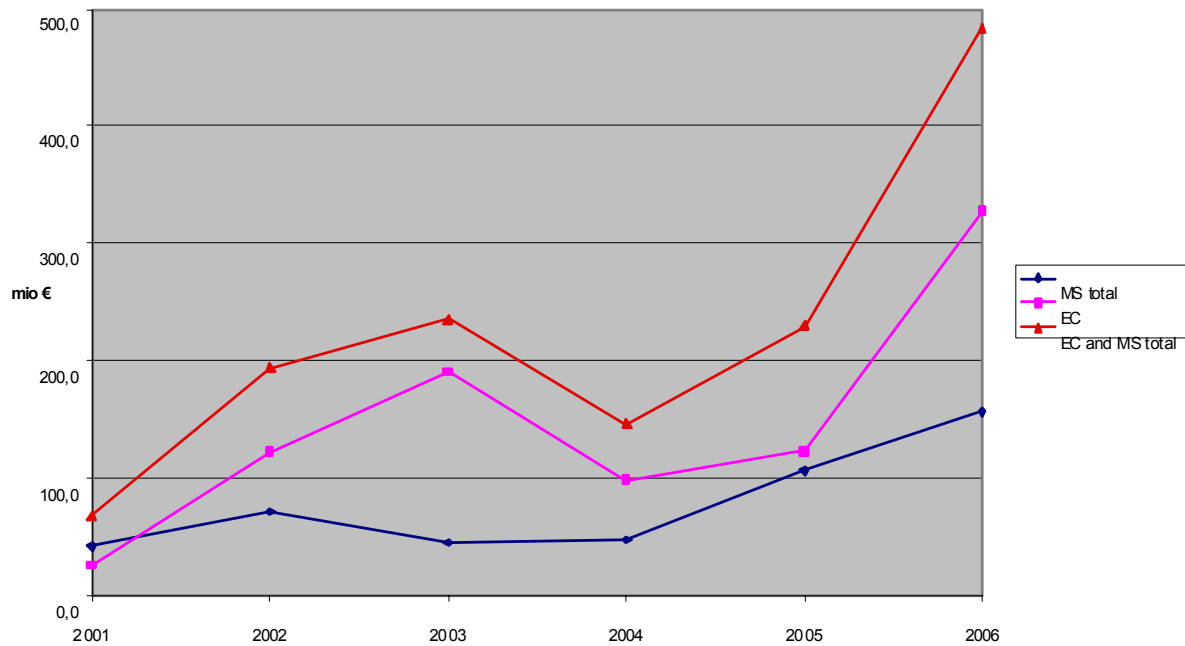
EC & MS	2001	2002	2003	2004	2005	2006	Total	Average	% 2006	% 2001-2006
TPR	68	194	236	146	229	484	1,358	226	7	4
TRI	2,303	2,269	2,551	2,166	3,451	3,255	15,995	2,666	45	47
BPC	2,785	2,747	2,486	2,458	2,879	3,539	16,894	2,816	49	49
Total	5,156	5,210	5,273	4,771	6,560	7,279	34,247	5,708	100	100
%	15	15	15	14	19	21	100			

(Source: OECD-CRS. EU Member States: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom)

In the following three graphs, the evolution of EU (MS and EC) AfT is shown for each of the categories Trade Policy and Regulation (TPR), Trade-Related Infrastructure (TRI) and Building Productive Capacities (BPC, including Trade Development). The data are drawn from the CRS database. The data show an increase in spending for all three categories for 2005/2006 as compared to previous years. Overall figures show a very slow increase from 2001-03 with even a setback in 2004, followed by an important increase by 38% in 2005 and another 11% in 2006.

The increases were most spectacular in Trade Policy and Regulation where 2006 commitments represented three times the average for 2001-04 commitments. This must be taken with some caution, however, because TPR figures from the Doha Database, whilst reaching similar levels in 2006, start at a much higher level in 2001. The biggest donors were the Community (accounting for 65%), the UK and the Netherlands, with 12 and 9% each.

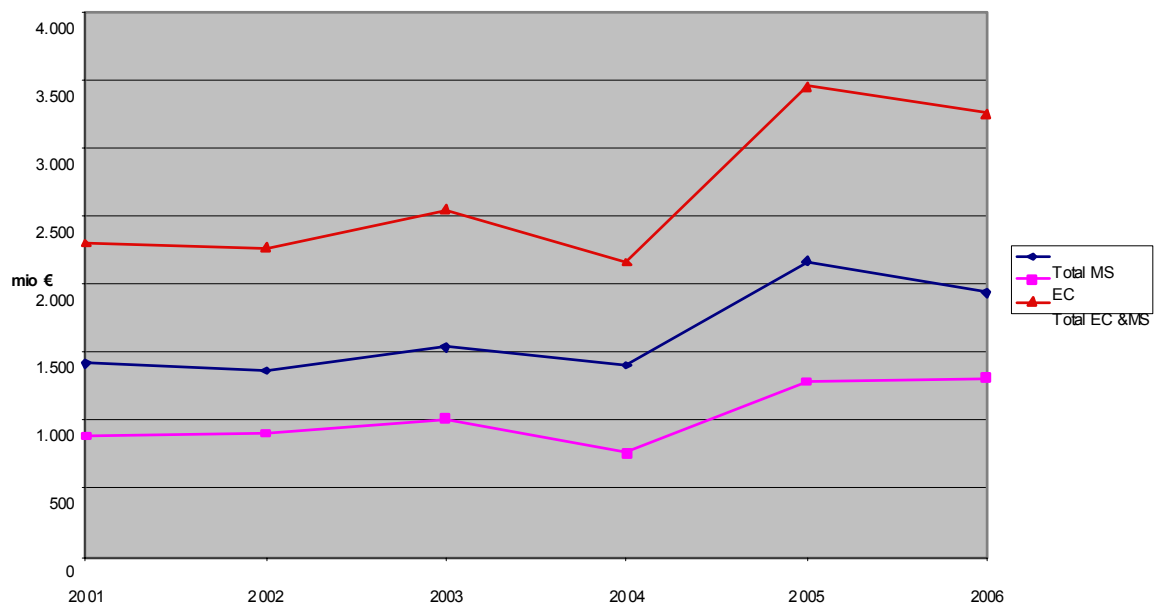
Graph 1: EC and MS Trade Policy and Regulations



(Source: OECD CRS)

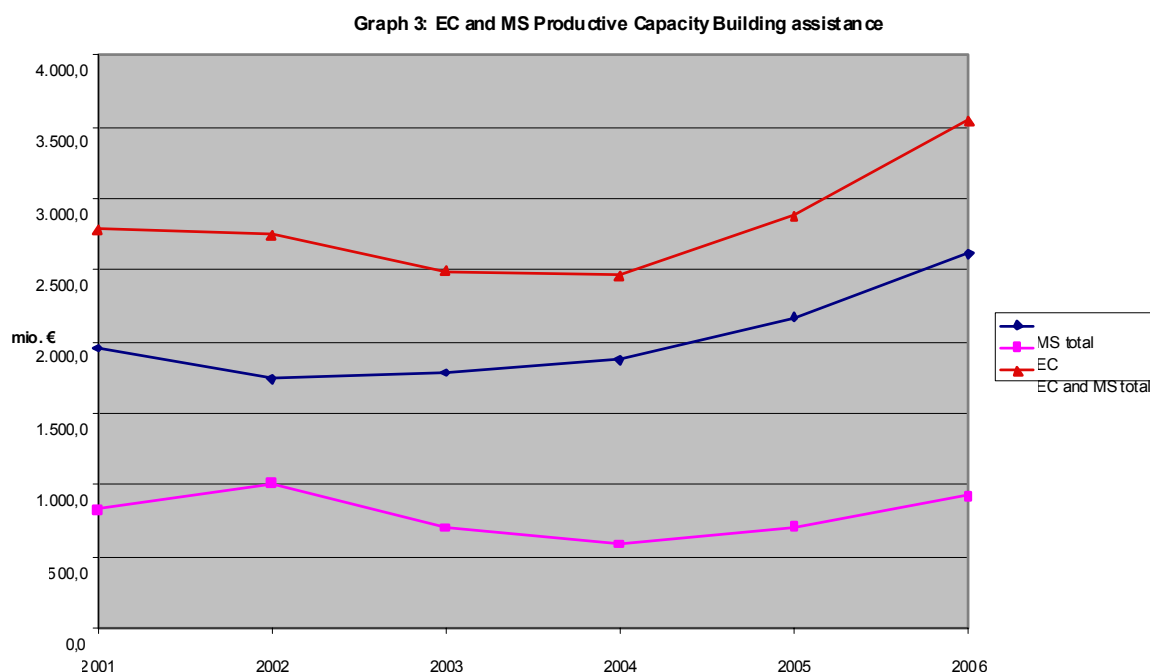
With respect to Trade Related Infrastructure, the 2006 commitments fell slightly compared to 2005 but were still 40% higher than the average for the years 2001-04. Here, the biggest donors are the EC (representing 38%), Germany and France with 18% and 10% respectively.

Graph 2: EC and MS Trade Related Infrastructure



(Source: OECD CRS)

Finally, for Building Productive Capacity (including Trade Development) commitment levels increased by 35% in 2006 compared to the average for 2001-04. Here, the EC represented 28% of all EU commitments, followed by Germany with 18.5% and France, the Netherlands and the United Kingdom all with 11%.



(Source: OECD CRS)

7.3. Geographical distribution of Aft and TRA

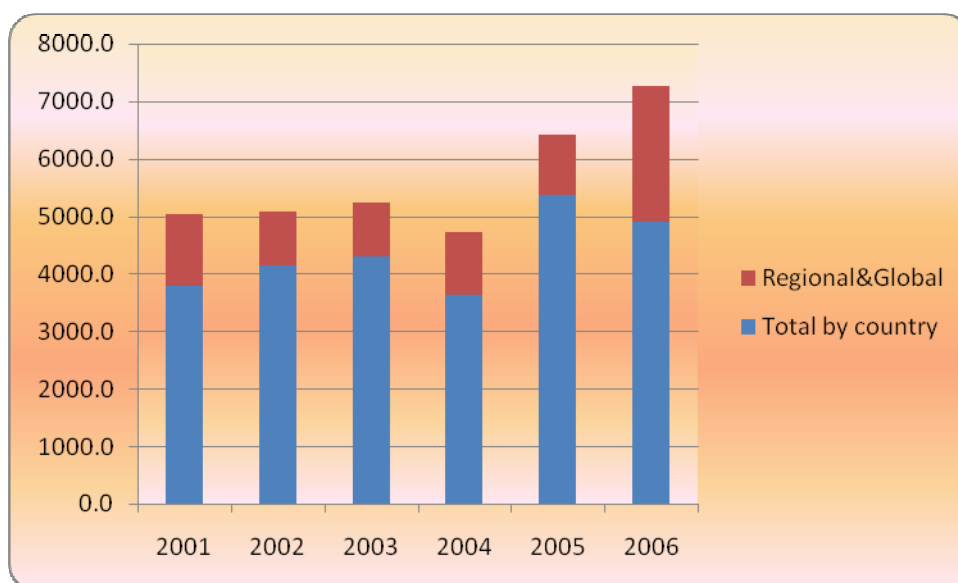
Analysing the geographical distribution of Aid for Trade meets with some difficulties, for two reasons. One is related to the fact that a quite large share of overall Aid for Trade is funded at regional and global level. As shown in Table 3, over the period 2001-2006, the division of the total value of Aid for Trade was 77,4 % (€ 26.1 billion) for country specific commitments and 22,6 % (€7,6 billion) for regional and global commitments. As illustrated in graph 4, the share for regional and global funding increased considerably in 2006 to 32,5 % whilst the country specific funding decreased to 67,5 %.

Table 3: EU (EC+MS) Aid for Trade: Geographical country-specific commitments and Regional/ Global/ Unspecified commitments 2001- 2006

Aft EC & MS*	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
Total by country	3792.4	4138.0	4294.8	3627.6	5361.7	4905.3	26119.9	77.4	67.5	4353.3
Regional& Global	1238.2	935.4	945.4	1096.0	1066.4	2356.5	7638.0	22.6	32.5	1273.0
Grand Total	5030.5	5073.4	5240.2	4723.7	6428.2	7261.9	33757.9	100.0	100.0	5626.3
Grand Total %	14.9	15.0	15.5	14.0	19.0	21.5	100.0			

Source: OECD CRS Database

- Graph 4: EU Aid for Trade. Country specific and regional/ global commitments 2001-2006



Source: OECD CRS Database

The other difficulty in working with a geographical breakdown is that different donors organise their efforts around different geographical groupings. For the purpose of this report, information has been collected in line with the geographical breakdowns used in the Monterrey Questionnaire, which are those usually applied within EC development cooperation.

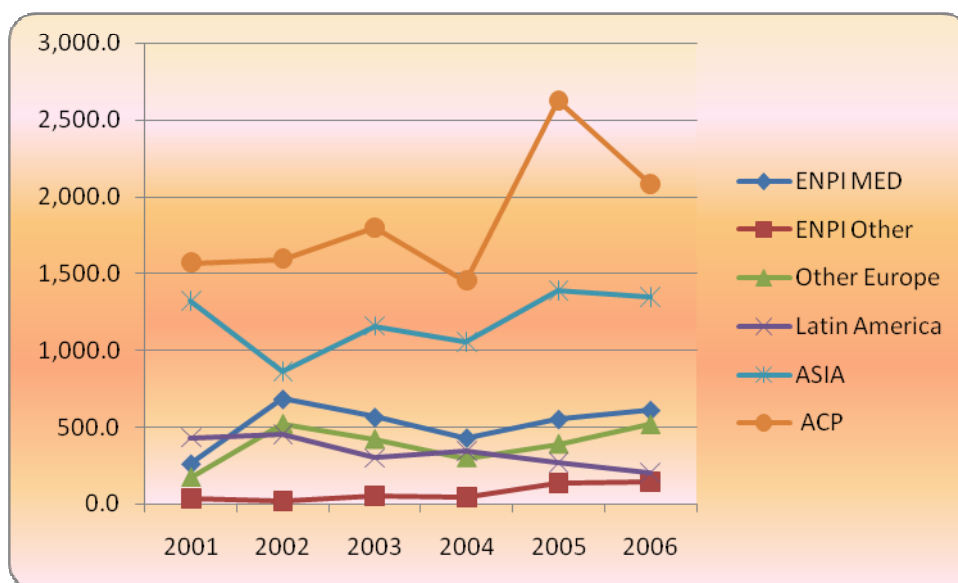
Table 4 and graph 5 below shows the geographical distribution of AfT, according to the CRS Database. The table is constructed using direct commitments to countries, but does not include regional global or non-specified funds (those are shown in Table 3 above). Further detail on regional specificities of EU TRA and AfT are included in Annex 1.

- **Table 4: EU (EC+MS) Aid for Trade: Geographical distribution (country-specific commitments 2001-2006**

AfT EC & MS *	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
West Africa	390.7	412.8	640.9	504.8	855.2	521.4	3325.9	12.7	10.6	554.3
Central Africa	211.1	248.6	158.8	105.9	251.4	388.0	1,363.8	5.2	7.9	227.3
East Africa	522.5	510.7	673.0	558.2	1,023.3	853.3	4,141.0	15.9	17.4	690.2
Southern Africa	273.9	270.2	230.4	113.0	362.4	231.8	1481.6	5.7	4.7	246.9
Caribbean	152.6	88.1	69.4	153.9	108.2	77.8	650.1	2.5	1.6	108.3
Pacific	19.3	62.7	25.3	15.1	27.2	10.7	160.5	0.6	0.2	26.7
ENPI MED	263.1	683.8	565.8	431.8	553.3	611.4	3,109.1	11.9	12.5	518.2
ENPI Other	34.2	19.6	49.0	42.1	130.9	142.7	418.5	1.6	2.9	69.8
Other Europe	172.9	521.4	422.1	301.2	391.2	518.0	2326.9	8.9	10.6	387.8
ICI	0.1	0.1	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0
Latin America	432.1	456.0	300.9	344.3	270.5	202.5	2006.3	7.7	4.1	334.4
ASIA	1,319.8	864.0	1,159.1	1,057.2	1,388.2	1,347.7	7,136.0	27.3	27.5	1,189.3
Sub Total ACP	1,570.1	1,593.1	1,797.9	1,451.0	2,627.7	2,083.0	11,122.8	42.6	42.5	1,853.8

Grand Total	3,792.4	4,138.0	4,294.8	3,627.6	5,361.7	4,905.3	26,119.9	100.0	100.0	4,353.3
Sub Total ACP %	14.1	14.3	16.2	13.0	23.6	18.7	100.0			
Grand Total %	14.5	15.8	16.4	13.9	20.5	18.8	100.0			

Graph 5: EU (EC+MS) Aid for Trade 2001 -2006: Geographical distribution



Source: OECD CRS Database

Table 5 below shows the geographical distribution of EU Trade Related Assistance, according to the Doha Database. Part 1 of the table is showing the spread across regions, based on direct commitments to countries, and part 2 is showing the division between direct country commitments on the one hand, and regional, global or non-specified funds on the other.

Table 5: EU Trade Related Assistance. Geographical spread of commitments 2001- 2006.

• **Part 1**

TRA EC & MS *	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
West Africa	17.3	82.2	65.8	30.8	52.3	34.9	283.4	6.2	3.7	47.2
Central Africa	9.6	13.3	16.2	7.0	11.8	19.1	77.1	1.7	2.0	12.8
East Africa	118.4	11.6	59.5	56.3	98.4	53.6	397.8	8.6	5.7	66.3
Southern Africa	62.2	16.8	55.2	35.7	59.1	48.9	277.9	6.0	5.2	46.3
Caribbean	48.1	6.1	34.4	28.5	13.4	52.5	183.0	4.0	5.6	30.5
Pacific	0.0	5.2	0.7	2.4	1.2	5.1	14.6	0.3	0.5	2.4
ENPI MED	8.0	287.0	129.7	140.9	158.6	165.9	890.1	19.4	17.8	148.3
ENPI Other	47.0	30.9	35.6	39.3	47.2	54.3	254.4	5.5	5.8	42.4
Other Europe	82.7	147.1	161.6	276.1	190.9	198.3	1056.6	23.0	21.2	176.1
Latin America	26.9	46.0	66.9	71.2	99.2	82.1	392.2	8.5	8.8	65.4
Asia	35.6	174.7	167.2	104.1	72.1	219.0	772.7	16.8	23.5	128.8
Sub Total ACP	255.7	135.2	231.8	160.8	236.2	214.2	1233.8	26.8	22.9	205.6
Grand Total	455.8	820.9	792.8	792.4	804.0	933.8	4599.7	100.0	100.0	766.6
Sub Total ACP %	20.7	11.0	18.8	13.0	19.1	17.4	100.0			
Grand Total %	9.9	17.8	17.2	17.2	17.5	20.3	100.0			

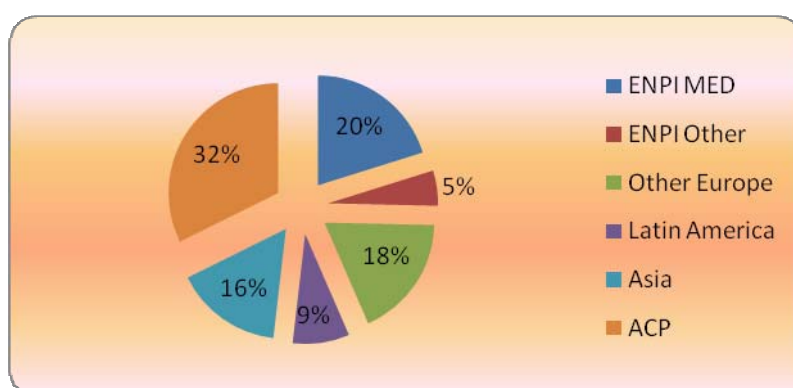
• **Part 2**

TRA EC & MS *	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
Total by country	455.8	820.9	792.8	792.4	804.0	933.8	4599.7	60.3	60.2	766.6
Regional&Global	641.5	287.6	581.9	382.4	522.5	617.8	3033.7	39.7	39.8	505.6
Grand Total	1097.4	1108.5	1374.6	1174.8	1326.6	1551.6	7633.4	100.0	100.0	1272.2
Grand Total %	14.4	14.5	18.0	15.4	17.4	20.3	100.0			

Source: Doha Database

Graph 6 below shows the approximate geographical distribution of EU Trade Related Assistance over 2001-2006. This table includes regional commitments which can be sufficiently clearly linked to a relevant region.

Graph 6. Distribution of EU Trade Related Assistance 2001-2006. Country specific & regional (Excl. Global and unspecified)



7.4. Future financial plans

The EC and MS have increased their overall Aid for Trade between 2001 and 2006, in particular after 2005. 2007 data are not yet available and since most Member States do not have multi-annual programming, or do not have it at a sufficiently disaggregated level, it is impossible to make predictions for the period 2007-2010. According to the donor questionnaires, however, most Member States intend to either increase Aid for Trade or at least to maintain it at the same level for this period. But only five countries (*BE, CZ, ES, FI, IE and LT*) provided a forecast indicating that they will increase the amount of Trade Related Assistance in a sustained way, whilst two others (*AU and SK*) provided forecasts demonstrating a plan to maintain TRA commitments at the same level throughout this period. The Netherlands intend to stay at the present (high) level. Other countries make no indications, however, referring to planning which is on-going or which does not provide such level of detail. Due to the general absence of specific multi-annual programming by the Member States, it is difficult to confirm, on the basis of concrete spending plans, Member State intentions to increase funding for Aid for Trade as a whole, or for specific categories or individual countries and regions.

For Member States TRA to reach an annual of € 1 billion by 2010, commitments in 2010 must be € 360 million higher than in 2006. In other words efforts must be sustained, and an increase of almost 56 %, is needed.

7.5. Integration of trade aspects into development plans

Five Member States (*CZ, LV, NL, SK and SE*) indicate that they systematically facilitate partners' integration of trade aspects into national development strategies, but only one, NL, has done so in a significant number of countries (36). The EC has promoted integration of trade aspects into national development or poverty reduction strategies in 34 out of the 65 countries for which EC delegations responded to the questionnaire. Eight Member States (*CZ, FI, DE, IT, MT, NL, ES and SE*) do underline the importance of participatory approaches in such work and indicate that a joint policy dialogue is essential. Of the first five Member States, four indicate the importance of involving non state actors, in particular the private sector, consumer organisations, producer organisations and civil society.

7.6. Engagement in the Integrated Framework and similar work in non LDCs

Six Member States (*FI, FR, DE, NL, SE and UK*) indicate that they have participated in the IF diagnostic trade integration studies in a total of nine countries, while the EC has contributed to these processes in 15 countries. According to the IF, seven Member States (*DE, DK, FI, FR, NL, SE, UK*) and the Commission have acted as 'donor facilitator' in a total of 21 countries.

A significant number of 13 Member States (*BE, CZ, DK, FI, FR, DE, HU, IT, LU, NL, SI, ES and UK*) intend to play a more active role once the Enhanced Integrated Framework will become operational, following its recent reform. Several of these countries have also announced plans to increase their financial contributions to the programme. The EU collectively took a very positive role at the IF pledging conference in Stockholm in September 2007, contributing substantially to the successful replenishment of the Multilateral Trust Fund. USD 100 million were pledged, of which the EU will be contributing about two thirds.

When it comes to incorporating the results of the IF work in their own co-operation programmes, however, only seven Member States (*BE, FI, HU, SK, SI, SE and UK*) indicate that they systematically align their TRA/AfT with the country level IF action matrix and take clear account of the needs identified during the IF process. This indicates significant room for improvement in aligning practice with the principles of the EU AfT strategy.

EU engagement in similar processes in non-LDCs appear less well developed, but five MS (*FI, NL, SK, SE and UK*) are active in for instance the Balkan States and in Southern Africa, while the EC has supported trade needs assessments in nine countries and assumed leadership in four of these processes, all in Asian countries. Two Member States report taking on a coordinating role for such processes: Slovakia in Eastern Europe and the United Kingdom in Botswana, Namibia and South Africa. Spain and Germany indicate they would support an approach similar to that of the IF in other countries, in particular for IDA-only countries.

8. PROGRESS AS REGARDS POVERTY FOCUS AND QUALITY OF AfT

8.1. Poverty and gender focus in needs assessments and action plans

Eight Member States (*FI, FR, DE, IT, NL, SK, SE, UK*) indicate that they have assisted governments in their efforts to include poverty and gender concerns in trade needs assessments and subsequent action plans, while the EC has done so in about 25% of the countries for which delegations responded. In most of these cases, community-based organisations have been involved in these mainstreaming efforts. The construction of the questionnaire did not allow for extracting more detail about this topic. This will be addressed in next year's questionnaire, drawing on work by the informal EU AfT working group which is being set up on this matter.

8.2. Addressing sustainability concerns

Ten Member States (*DK, FI, FR, DE, IT, NL, SK, SI, SE and the UK*) indicate that they assisted governments in their efforts to include environmental, social and economic sustainability concerns into national trade strategies. However, only seven MS (*FI, DE, IT, NL, SK, SI, and the UK*) report that they helped incorporate sustainability considerations into Aid for Trade programmes and only five (*IT, NL, SK, SE and UK*) informed that they had supported governments management and follow up of impact assessment. For the EC, nearly 30% of country Delegations report having helped include sustainability concerns in Aid for Trade programmes, whereas seven out of 65 Delegations (11%) had supported government manage and follow up on impact assessments.

8.3. Joint analysis, programming and delivery

In terms of joint analysis and programming, the situation appears to be slowly improving as compared to the year before: Nine Member States (*BE, DK, FI, FR, DE, NL, SK, SE, UK*) reported having been engaged in joint analysis of trade situations while seven (*BE, FR, DE, NL, SK, SE and UK*) had been involved in joint programming. With regard to joint delivery, seven Member States (*BE, DK, FI, DE, FR, NL, SK, SE*) reported having experience of joint sector policy support programmes through either budget support or pool funding. Ten Member States (*AT, BE, FI, FR, DE, NL, SK, SI, ES, SE and UK*) were planning to co-finance Aid for Trade projects or programmes. In the future, the monitoring questionnaire will be

adjusted to better capture the proportion of AfT programmes being designed and delivered through joint efforts.

Member States indicate that they have, for example, co-financed programmes implemented by UNIDO, ITC and the IFC. Furthermore Sweden mentions the joint design of a trade-related trust fund - the World Bank Multi Donor Trust Fund for Trade and Development together with the UK and the World Bank. Spain states its intention to carry out AfT analysis and programming with other donors at the country level in the future, whereas Germany refers to the ever-increasing importance of joint delivery for their programmes. The Commission reports a substantial experience of joint analysis and joint programming ((33% and 28% respectively of delegations responding to the questionnaire), while joint delivery was reported in fewer cases (joint sector support in 16% and co-financing from 23% of responding delegations). Most joint activities are being implemented in ACP countries and Asia.

8.4. Support for Regional integration

A substantial number of eight Member States (*FI, FR, DE, ES, NL, SI, SE and the UK*) state that they strengthened their support for the implementation of regional integration strategies developed by regional organisations, such as SADC and the Comesa Secretariat, EAC, Ecowas Commission, the African Regional Standardisation Organisation (ARSO), as well as business associations at regional level in SAARC and Central America. Furthermore the capacity of those bodies to organise coordination and wider stakeholder involvement and to identify and prioritise trade-related needs was actively supported. At the same time, all EC Delegations with a regional remit also reported that they had provided support to such organisations. However, at regional level, implementation through joint delivery modes was less developed than at national level - only five MS (*FI, DE, NL, SE and the UK*) and 25% of EC Regional Delegations had such experience.

9. ACP SPECIFIC ISSUES

It is estimated that 32% of the EU (EC+MS) TRA commitments over 2001-2006 were provided to the ACP¹². For Aid for Trade, the corresponding figure was 43%¹³.

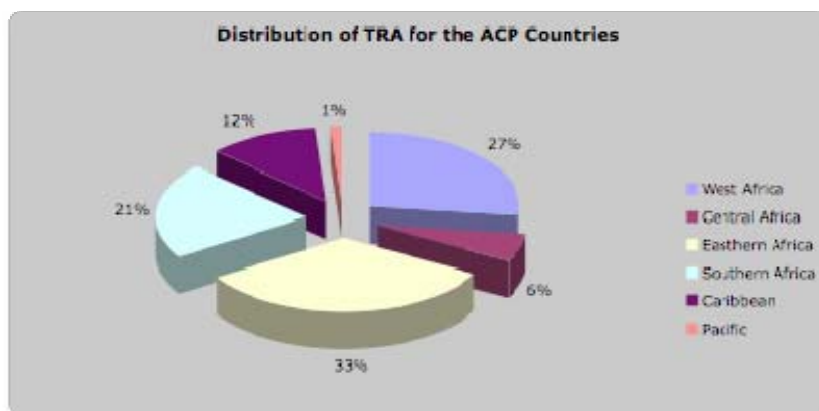
Drawing on the Doha database, graph 7 below shows the regional distribution of EU (EC+MS) TRA for ACP regions over 2001–2005. In descending order of importance the beneficiaries are East Africa, West Africa, Southern Africa, Central Africa, the Caribbean and the Pacific. According to the same source, the main donor is the European Commission with €543 million or 59% of the total amount. The EU Member States account for €378 million or 41%. The main donor is France (14%) followed by the UK (11%), Denmark (4%) and Germany (3%). The Netherlands, Portugal and Belgium each account for 2% followed by Finland and Sweden both with 1%. The overall ratio of TPR to TD is 7 against 93. Resources

¹² As the Doha database does not allow to extract ACP figures directly, the estimation was made by using as proxies a selection of available categories (Sub-Saharan Africa, Oceania, Africa regional and Central and North America, and 50% of America regional of the database (not counting global programmes)).

¹³ As the Doha database does not allow to extract ACP figures directly, the estimation was made by using as proxies a selection of available categories (Sub-Saharan Africa, Oceania, Africa regional and Central and North America, and 50% of America regional of the database (not counting global programmes)).

are usually not evenly spread out over countries within regions but are often concentrated on a few countries only¹⁴.

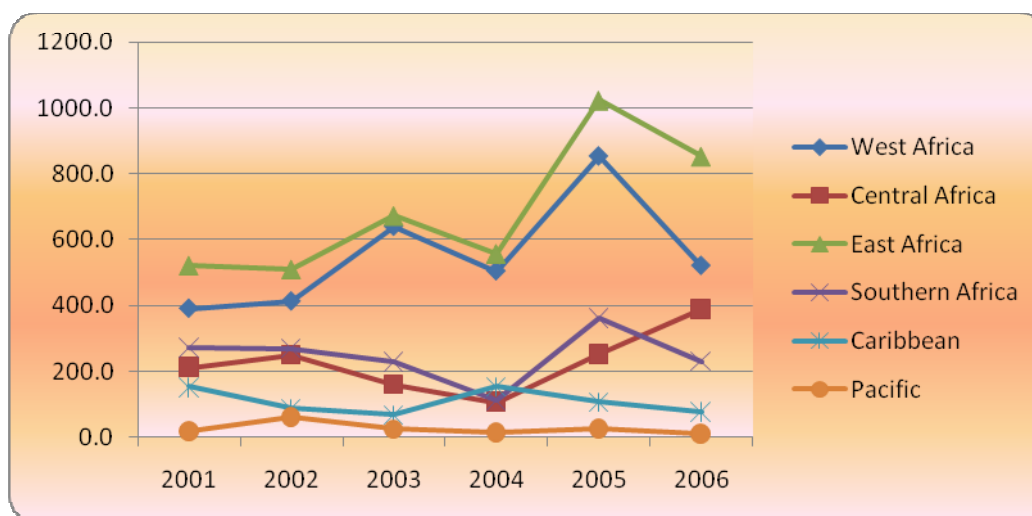
Graph 7. Distribution of EU TRA for ACP regions 2001-2005.



Source: Doha Database

Graph 8 below provides information on the geographical distribution of EU Aid for Trade to the ACP regions.

Graph 8: EU Aft to ACP regions 2001 - 2006



Source: OECD. CRS database

Only three Member States and the EC (in the COMESA region) indicate having already operated through a locally owned Regional Fund. France has participated in the pool fund of CEDEAO, PER-UEMOA. Germany currently contributes to the Project Preparation facility of SADC and considers future engagement in the Pool Fund of ECOWAS. The UK is supporting the development of a COMESA fund. The EC has supported the COMESA fund.

¹⁴ For further information, see Brattinga, Study of 2007: Trade Related Assistance and Aid for Trade provided by the EU Member States and the European Commission to the African- Caribbean- Pacific Countries over the period 2001-2005.

However a significant number of ten Member States (*AT, BE, FI, DE, IE, LU, SK, SI, SE and UK*) are intending to channel their funds through such locally owned mechanisms, or are considering doing so, provided that institutional, managerial and auditing structures are clarified. The EC is envisaging the use of Regional Funds in all six ACP regions and is currently exploring the feasibility of such an option with the regional organisations concerned and other donors, including Member States.

10. AFT CAPACITY AND EXPERTISE AT EU LEVEL

Most Member States and the EC report that they have either scaled up their in-house expertise in the areas of Aid for Trade or they are currently considering doing so.

11. MONITORING

According to the replies received, neither Member States nor the EC have yet given significant support to partner countries on local input to the WTO Global Aid for Trade monitoring. Only Slovakia and the United Kingdom indicate having done so. In the case of the UK this involved funding for the regional Aid for Trade reviews carried out in 2007. Spain indicates that it is not yet in a position to cooperate with partner countries in joint monitoring and evaluation for Aft projects and programmes, but is conscious of the need to do so. The EC has assisted the interim board of the IF in the elaboration of guiding principles for the IF monitoring framework in coherence with Paris Principles.

Annex 1: Details of the geographical distribution of EU (EC+MS) Trade Related Assistance and Aid for Trade by region over the period 2001- 2006.

Source TRA: Doha Development Database

Source Aid for Trade: OECD CRS

Exchange rate used \$ to €:

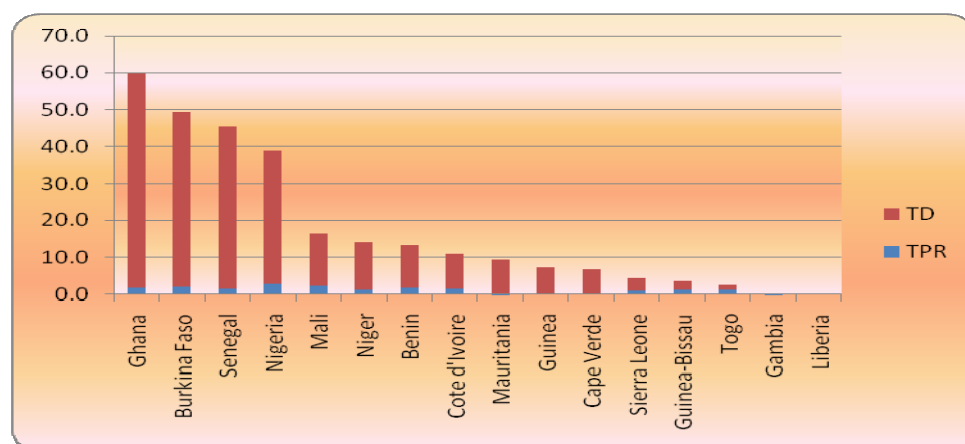
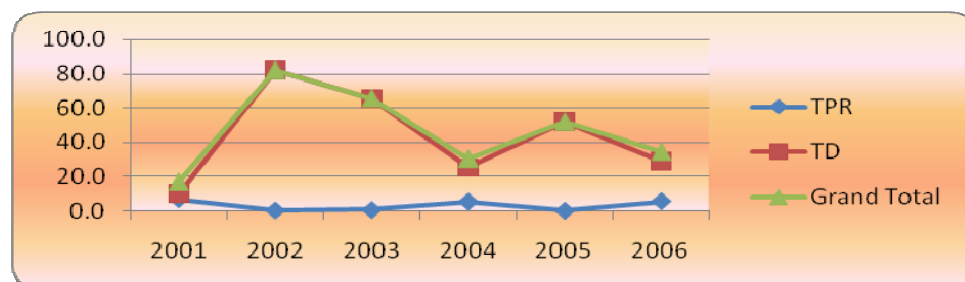
2001	2002	2003	2004	2005	2006
1.117	1.061	0.885	0.805	0.805	0.797

Source www.oanda.com

West Africa

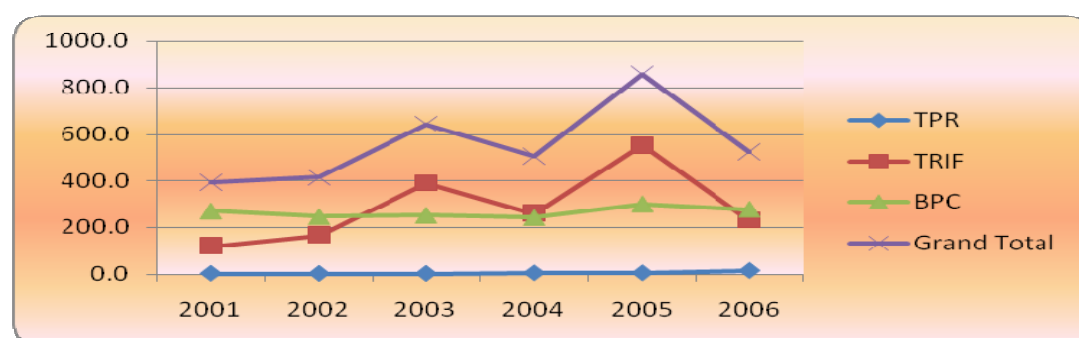
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
TPR	7.1	0.4	0.7	5.6	0.2	5.9	19.7	7.0	16.8	3.3
TD	10.2	81.9	65.2	25.2	52.1	29.1	263.7	93.0	83.2	44.0
Grand Total	17.3	82.2	65.8	30.8	52.3	34.9	283.4	100.0	100.0	47.2
Grand Total %	6.1	29.0	23.2	10.9	18.4	12.3	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

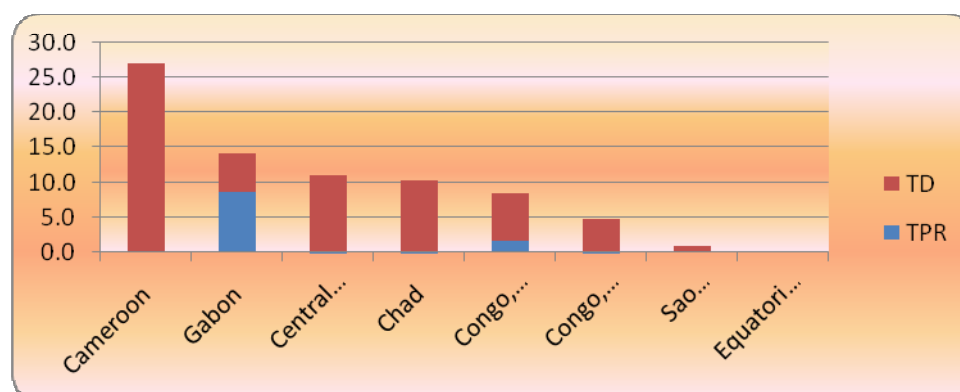
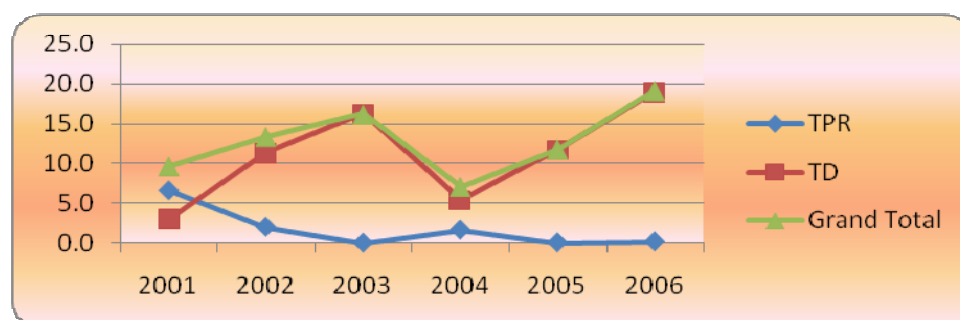
AfT EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
TPR	2.7	2.1	2.0	4.4	4.5	14.4	30.0	0.9	2.8	5.0
TRIF	119.3	165.8	388.2	259.5	551.1	230.4	1714.3	51.5	44.2	285.7
BPC	268.8	244.9	250.8	240.9	299.6	276.5	1581.5	47.6	53.0	263.6
Grand Total	390.7	412.8	640.9	504.8	855.2	521.4	3325.9	100.0	100.0	554.3
Grand Total %	11.7	12.4	19.3	15.2	25.7	15.7	100.0			



Central Africa

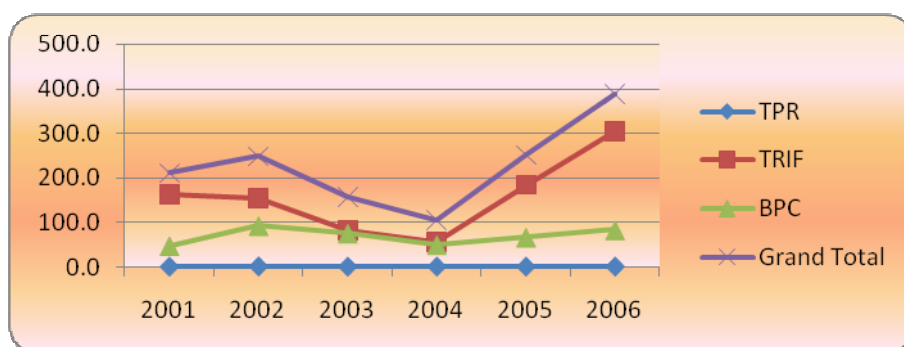
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
TPR	6.6	2.0	0.0	1.6	0.0	0.2	10.5	13.6	0.9	1.7
TD	3.0	11.3	16.1	5.4	11.7	19.0	66.6	86.4	99.1	11.1
Grand Total	9.6	13.3	16.2	7.0	11.8	19.1	77.1	100.0	100.0	12.8
Grand Total %	12.5	17.3	21.0	9.1	15.3	24.8	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

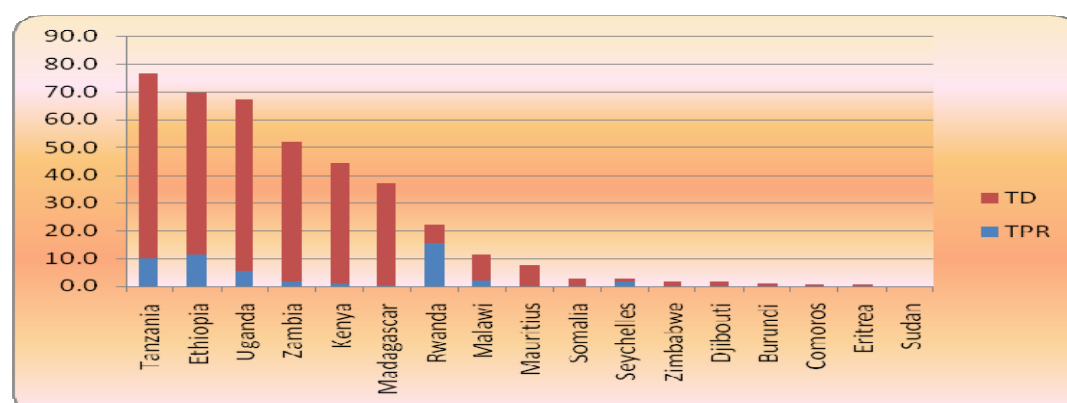
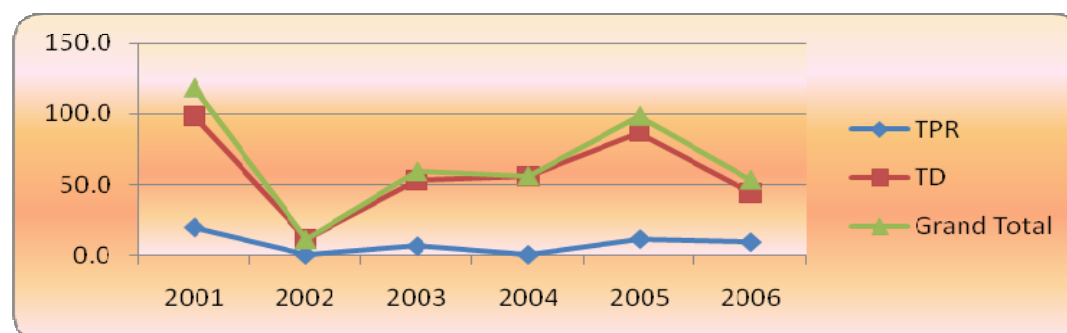
AfT EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
TPR	0.0	0.4	0.0	0.0	0.0	0.1	0.6	0.0	0.0	0.1
TRIF	164.2	155.5	83.2	56.3	184.7	305.1	948.9	69.6	78.6	158.2
BPC	46.9	92.6	75.6	49.6	66.7	82.9	414.2	30.4	21.4	69.0
Grand Total	211.1	248.6	158.8	105.9	251.4	388.0	1363.8	100.0	100.0	227.3
Grand Total %	15.5	18.2	11.6	7.8	18.4	28.5	100.0			



East Africa

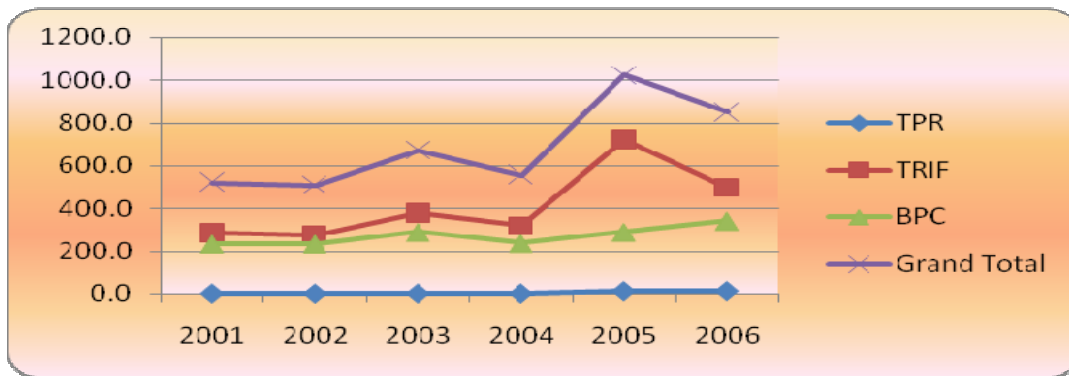
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC& MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
TPR	19.8	0.5	6.6	0.6	11.6	9.4	48.3	12.1	17.5	8.1
TD	98.6	11.1	53.0	55.7	86.9	44.2	349.5	87.9	82.5	58.3
Grand Total	118.4	11.6	59.5	56.3	98.4	53.6	397.8	100.0	100.0	66.3
Grand Total %	29.8	2.9	15.0	14.2	24.7	13.5	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

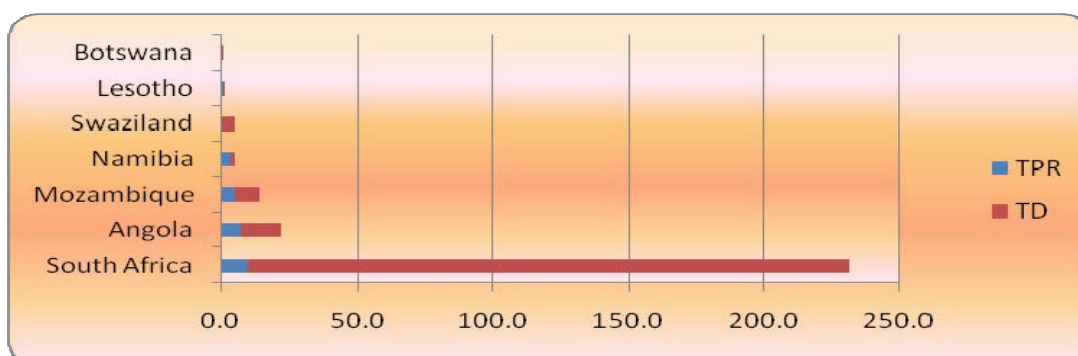
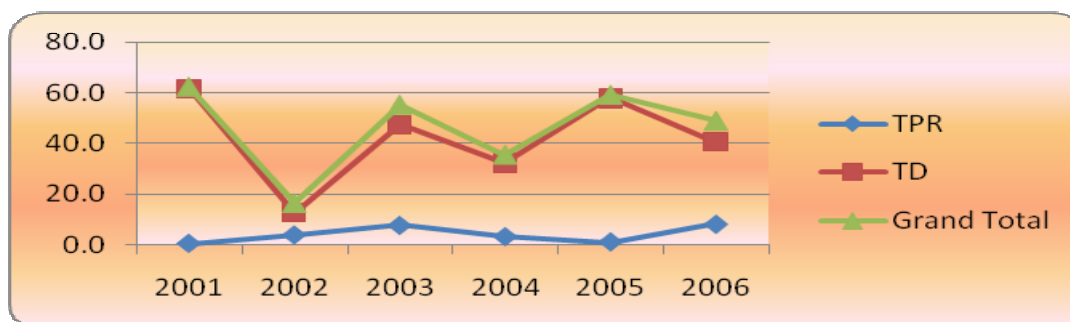
Aft EC& MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
TPR	1.1	0.5	1.0	1.2	11.8	11.9	27.7	0.7	1.4	4.6
TRIF	288.9	276.5	383.2	321.2	722.1	499.0	2490.9	60.2	58.5	415.1
BPC	232.4	233.7	288.8	235.9	289.3	342.3	1622.4	39.2	40.1	270.4
Grand Total	522.5	510.7	673.0	558.2	1023.3	853.3	4141.0	100.0	100.0	690.2
Grand Total %	12.6	12.3	16.3	13.5	24.7	20.6	100.0			



Southern Africa

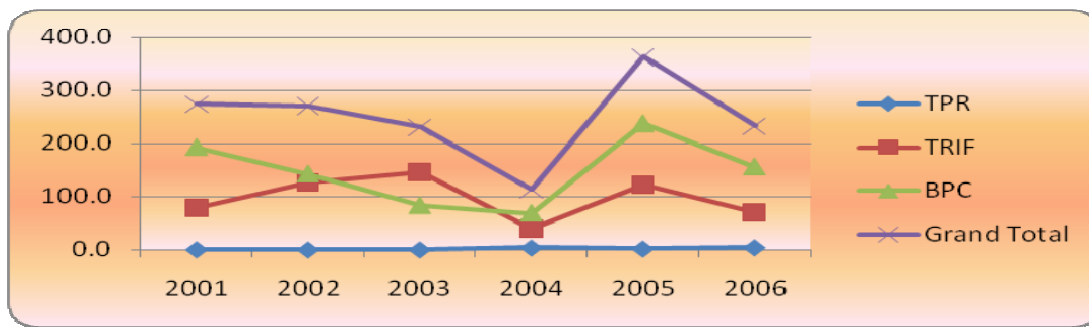
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001-2006	2006%	Average
TPR	0.6	4.0	7.8	3.3	1.2	8.3	25.4	9.1	17.0	4.2
TD	61.6	12.7	47.3	32.3	57.9	40.6	252.5	90.9	83.0	42.1
Grand Total	62.2	16.8	55.2	35.7	59.1	48.9	277.9	100.0	100.0	46.3
Grand Total %	22.4	6.0	19.9	12.8	21.3	17.6	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

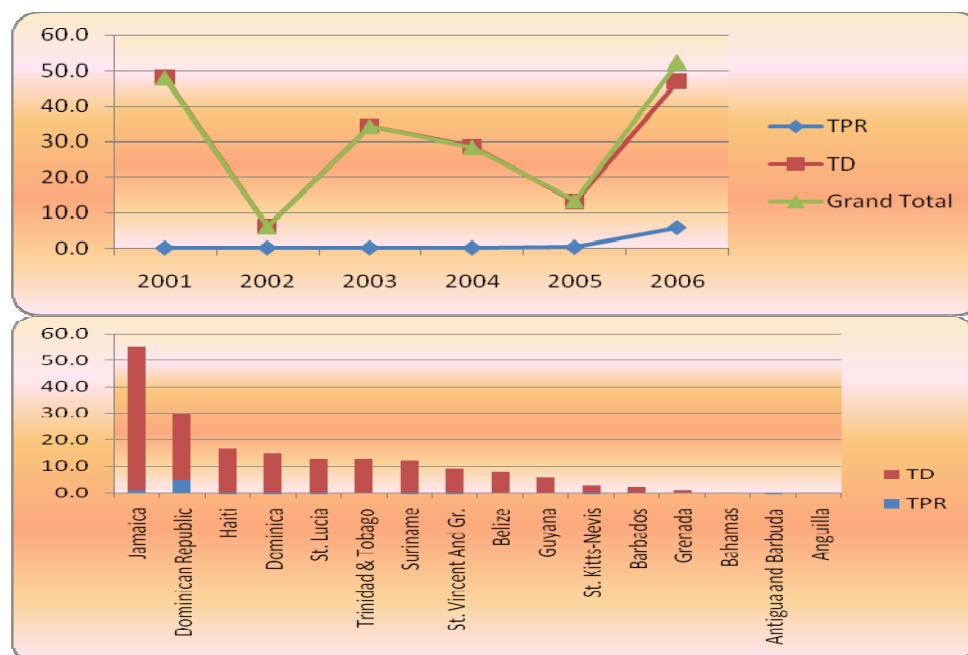
AfT EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001-2006	2006%	Average
TPR	0.4	0.1	0.2	3.9	1.8	4.3	10.7	0.7	1.9	1.8
TRIF	80.4	126.9	147.1	40.4	122.7	71.0	588.5	39.7	30.6	98.1
BPC	193.0	143.2	83.1	68.7	237.9	156.5	882.5	59.6	67.5	147.1
Grand Total	273.9	270.2	230.4	113.0	362.4	231.8	1481.6	100.0	100.0	246.9
Grand Total %	18.5	18.2	15.5	7.6	24.5	15.6	100.0			



Caribbean

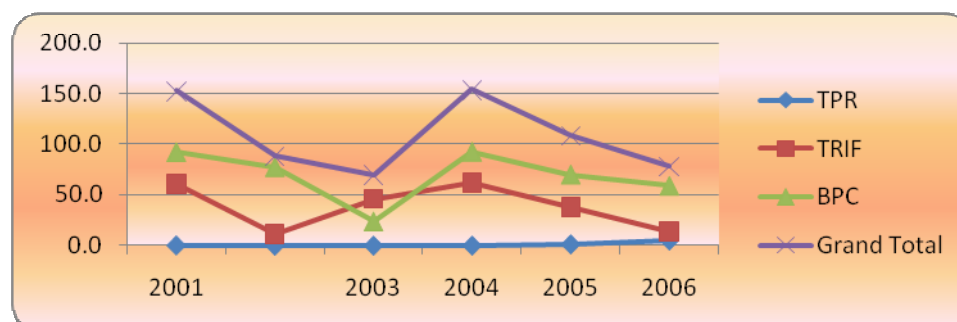
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC&MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001- 2006	2006%	Average
TPR	0.0	0.0	0.0	0.0	0.2	5.7	6.0	3.3	10.9	1.0
TD	48.1	6.1	34.3	28.5	13.2	46.8	177.0	96.7	89.1	29.5
Grand Total	48.1	6.1	34.4	28.5	13.4	52.5	183.0	100.0	100.0	30.5
Grand Total %	26.3	3.3	18.8	15.6	7.3	28.7	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

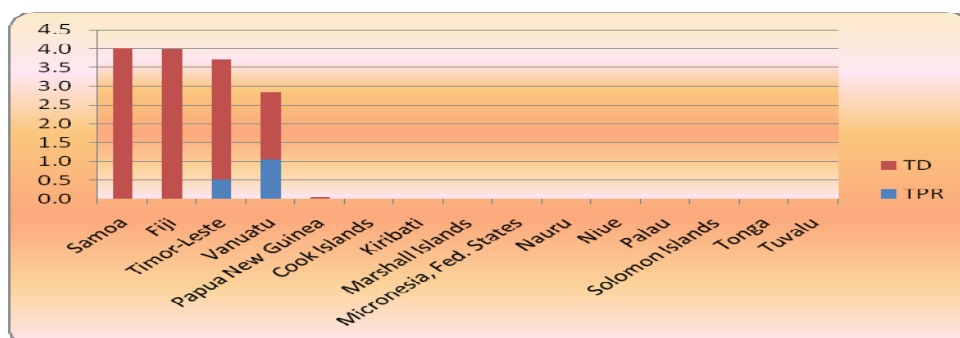
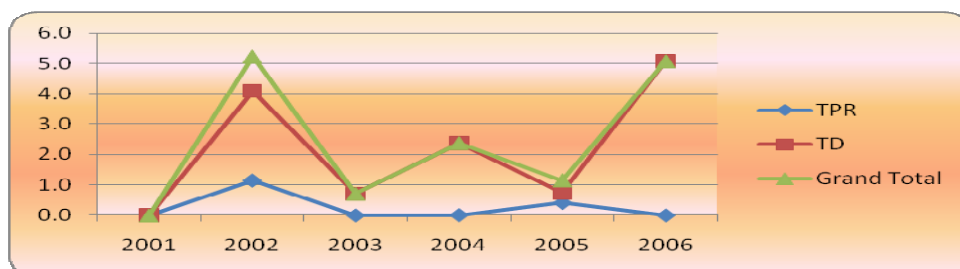
AfT EC&MS € million	2001		2003	2004	2005	2006	Grand Total	%2001- 2006	2006%	Average
TPR	0.3	0.0	0.0	0.0	1.2	5.0	6.5	1.0	6.4	1.1
TRIF	60.5	11.0	45.8	61.7	37.2	14.1	230.4	35.4	18.1	38.4
BPC	91.8	77.1	23.6	92.2	69.8	58.7	413.2	63.6	75.4	68.9
Grand Total	152.6	88.1	69.4	153.9	108.2	77.8	650.1	100.0	100.0	108.3
Grand Total %	23.5	13.6	10.7	23.7	16.7	12.0	100.0			



Pacific

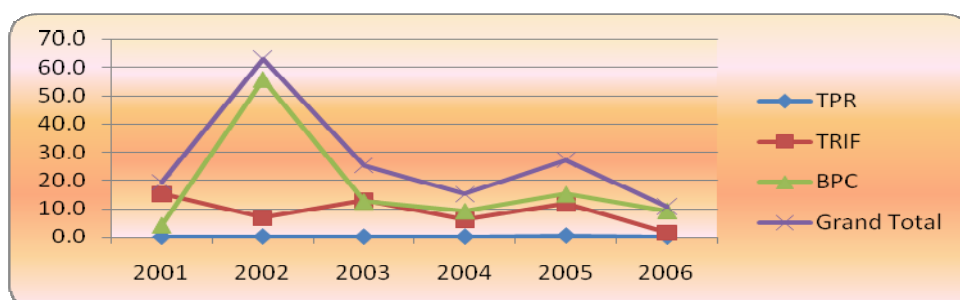
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
TPR	0.0	1.1	0.0	0.0	0.4	0.0	1.6	10.7	0.0	0.3
TD	0.0	4.1	0.7	2.4	0.7	5.1	13.0	89.3	100.0	2.2
Grand Total	0.0	5.2	0.7	2.4	1.2	5.1	14.6	100.0	100.0	2.4
Grand Total %	0.0	35.9	4.9	16.3	7.9	34.9	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

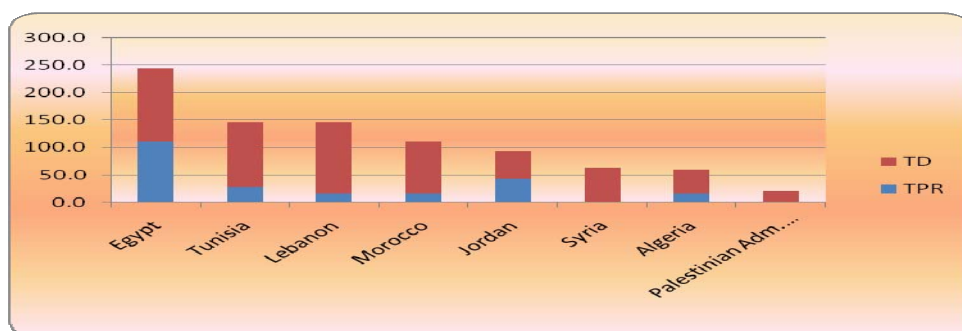
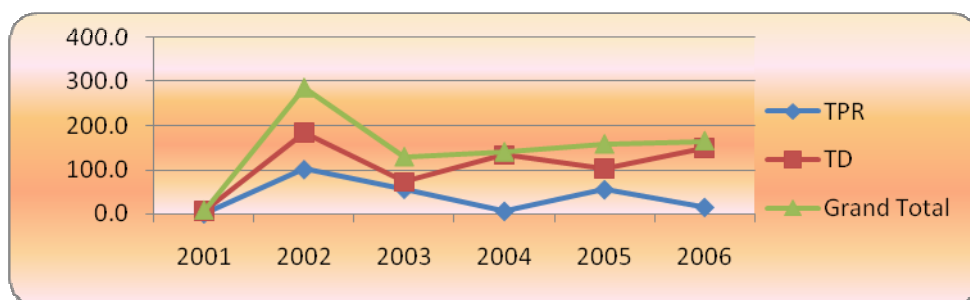
AfT EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	%2001-2006	2006%	Average
TPR	0.0	0.1	0.0	0.0	0.4	0.0	0.5	0.3	0.0	0.1
TRIF	15.2	6.9	12.9	6.0	11.7	1.5	54.2	33.8	14.4	9.0
BPC	4.2	55.8	12.5	9.1	15.1	9.2	105.8	65.9	85.6	17.6
Grand Total	19.3	62.7	25.3	15.1	27.2	10.7	160.5	100.0	100.0	26.7
Grand Total %	12.0	39.1	15.8	9.4	17.0	6.7	100.0			



ENPI MED

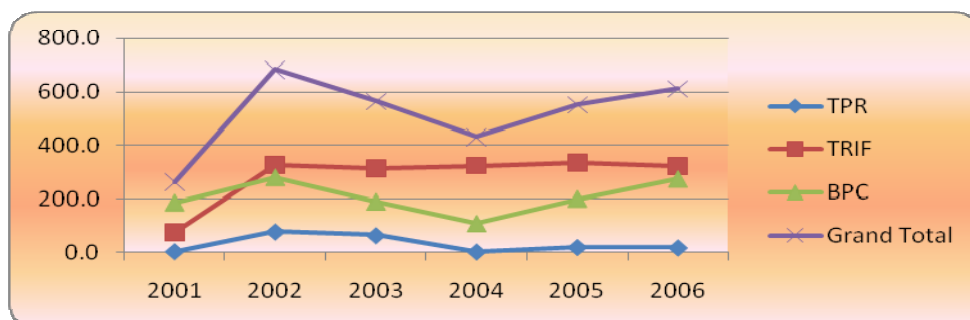
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC & MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001-2006	2006%	Average
TPR	0.9	101.6	56.9	6.6	55.7	15.5	237.2	26.7	9.4	39.5
TD	7.0	185.4	72.8	134.2	102.9	150.3	652.8	73.3	90.6	108.8
Grand Total	8.0	287.0	129.7	140.9	158.6	165.9	890.1	100.0	100.0	148.3
Grand Total %	0.9	32.2	14.6	15.8	17.8	18.6	100.0	11.2		



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

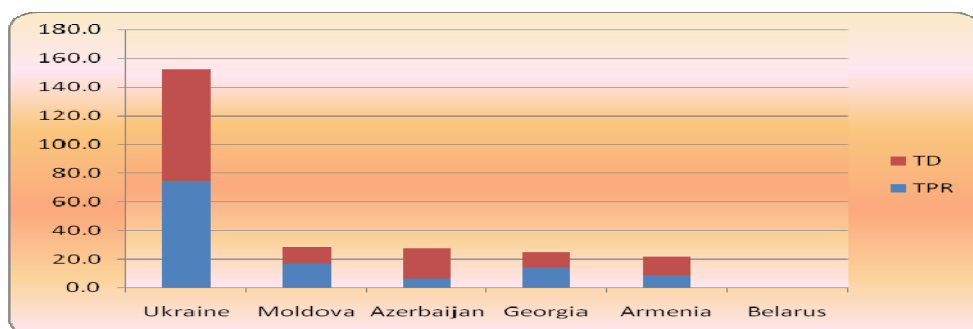
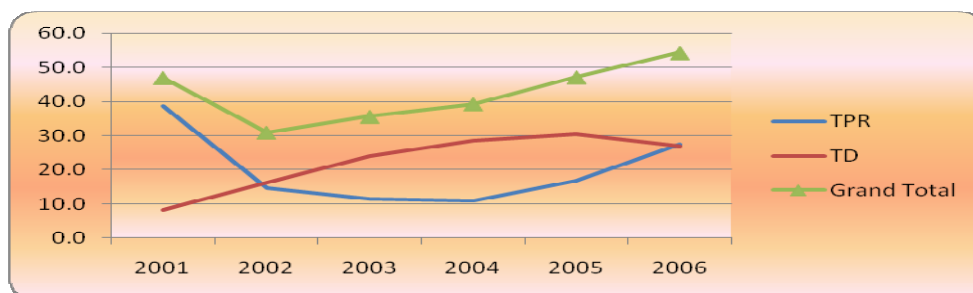
AfT EC&MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001-2006	2006%	Average
TPR	1.9	77.3	63.4	0.8	18.1	16.2	177.7	5.7	2.6	29.6
TRIF	75.1	326.4	313.1	323.8	335.1	321.6	1695.0	54.5	52.6	282.5
BPC	186.1	280.1	189.3	107.2	200.1	273.7	1236.4	39.8	44.8	206.1
Grand Total	263.1	683.8	565.8	431.8	553.3	611.4	3109.1	100.0	100.0	518.2
Grand Total %	8.5	22.0	18.2	13.9	17.8	19.7	100.0			



ENPI Other

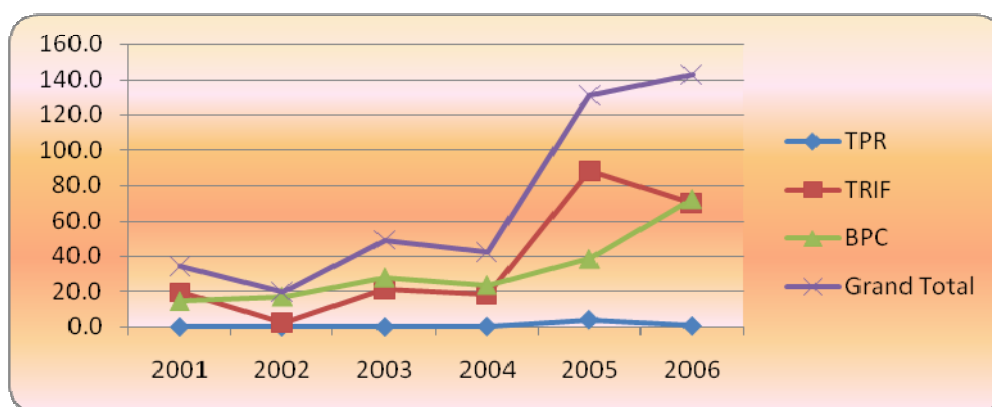
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC& MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001-2006	2006 %	Average
TPR	38.7	14.5	11.5	10.9	16.8	27.5	119.9	47.1	50.5	20.0
TD	8.3	16.4	24.1	28.5	30.4	26.9	134.5	52.9	49.5	22.4
Grand Total	47.0	30.9	35.6	39.3	47.2	54.3	254.4	100.0	100.0	42.4
Grand Total %	18.5	12.2	14.0	15.5	18.5	21.4	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

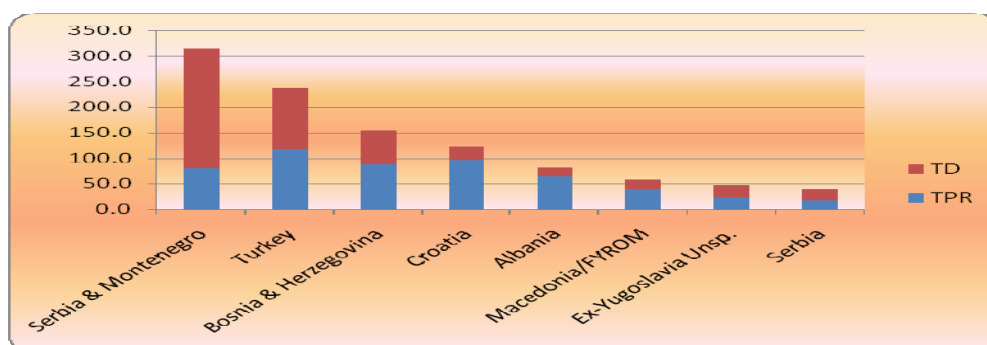
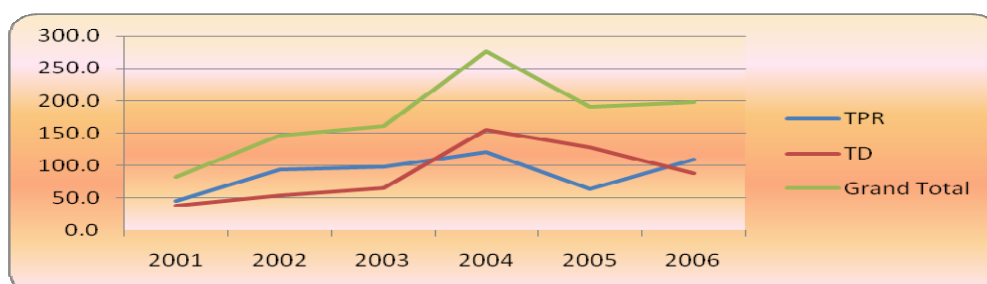
AfT EC& MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001-2006	2006 %	Average
TPR	0.0	0.0	0.0	0.3	4.1	0.6	5.0	1.2	0.4	0.8
TRIF	19.7	2.5	21.1	18.2	88.4	69.9	219.8	52.5	49.0	36.6
BPC	14.5	17.1	27.9	23.6	38.4	72.1	193.7	46.3	50.6	32.3
Grand Total	34.2	19.6	49.0	42.1	130.9	142.7	418.5	100.0	100.0	69.8
Grand Total %	8.2	4.7	11.7	10.1	31.3	34.1	100.0			



Other Europe

Trade related assistance by EC and MS over the period 2001-2006 (€ million)

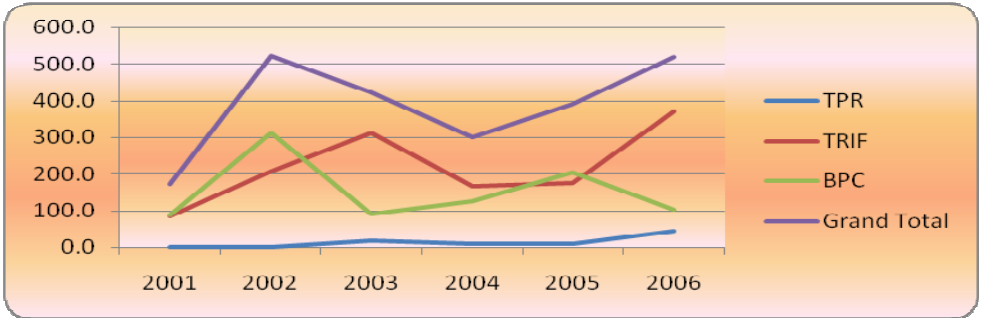
TRA EC&MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001- 2006	2006 %	Average
TPR	45.0	93.7	97.1	120.4	62.8	109.6	528.7	50.0	55.3	88.1
TD	37.7	53.4	64.5	155.6	128.0	88.7	527.9	50.0	44.7	88.0
Grand Total	82.7	147.1	161.6	276.1	190.9	198.3	1056.6	100.0	100.0	176.1
Grand Total %	7.8	13.9	15.3	26.1	18.1	18.8	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

AfT EC&MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001- 2006	2006 %	Average
TPR	0.2	0.1	17.0	8.9	8.5	45.6	80.3	3.5	8.8	13.4
TRIF	85.3	208.6	313.8	167.1	177.2	371.8	1323.7	56.9	71.8	220.6
BPC	87.4	312.7	91.3	125.2	205.6	100.6	922.9	39.7	19.4	153.8

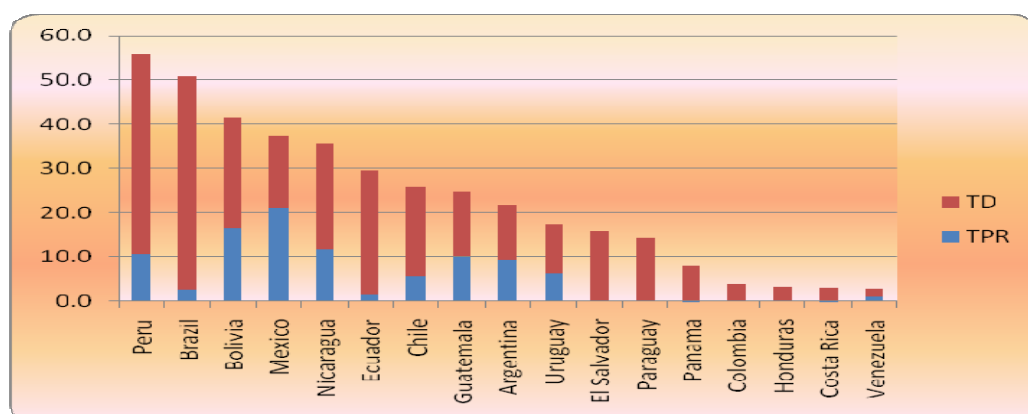
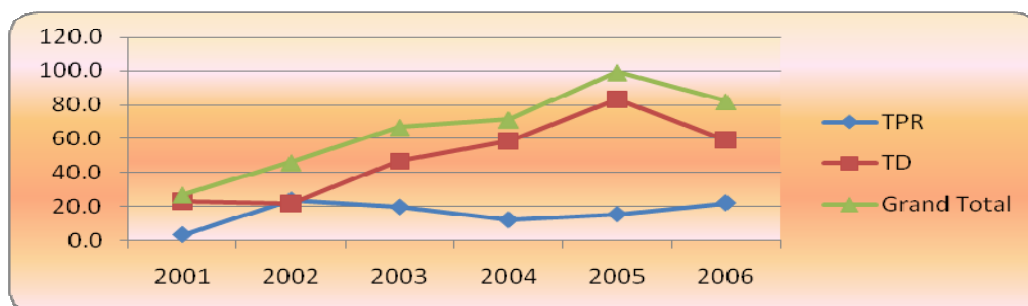
Grand Total	172.9	521.4	422.1	301.2	391.2	518.0	2326.9	100.0	100.0	387.8
Grand Total %	7.4	22.4	18.1	12.9	16.8	22.3	100.0			



Latin America

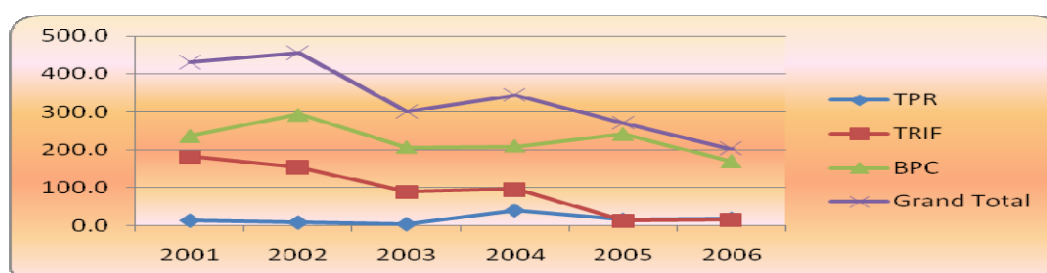
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC&MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001- 2006	2006 %	Average
TPR	3.5	24.0	19.9	12.2	15.6	22.4	97.6	24.9	27.3	16.3
TD	23.4	22.0	47.0	59.0	83.6	59.7	294.6	75.1	72.7	49.1
Grand Total	26.9	46.0	66.9	71.2	99.2	82.1	392.2	100.0	100.0	65.4
Grand Total %	6.9	11.7	17.1	18.2	25.3	20.9	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

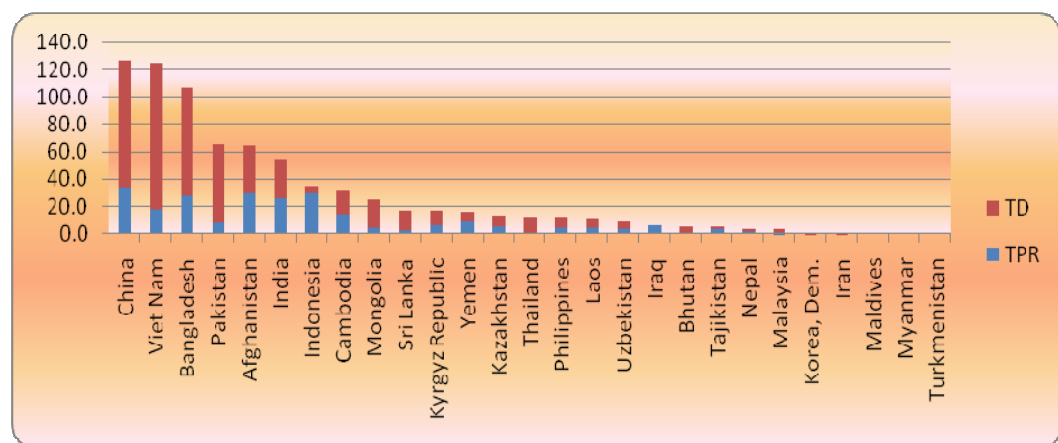
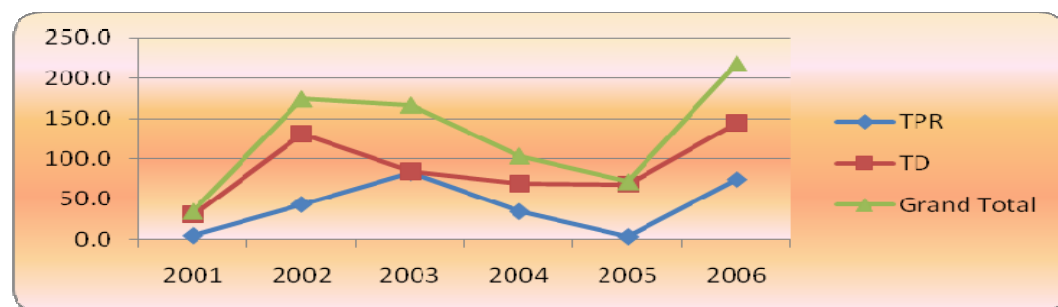
AfT EC&MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001- 2006	2006 %	Average
TPR	14.1	9.2	5.1	39.5	16.0	18.5	102.4	5.1	9.1	17.1
TRIF	181.3	153.9	89.1	95.1	12.8	14.9	547.2	27.3	7.4	91.2
BPC	236.8	292.9	206.6	209.7	241.7	169.1	1356.8	67.6	83.5	226.1
Grand Total	432.1	456.0	300.9	344.3	270.5	202.5	2006.3	100.0	100.0	334.4
Grand Total %	21.5	22.7	15.0	17.2	13.5	10.1	100.0			



Asia

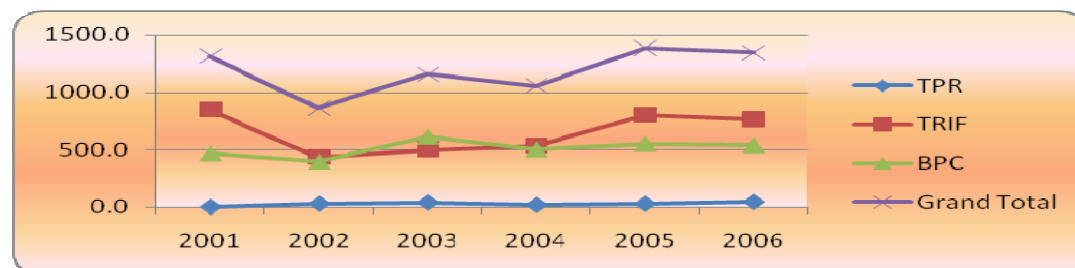
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA EC&MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001- 2006	2006 %	Average
TPR	5.1	43.4	82.8	34.6	3.8	74.1	243.9	31.6	33.8	40.6
TD	30.4	131.3	84.4	69.5	68.3	144.9	528.8	68.4	66.2	88.1
Grand Total	35.6	174.7	167.2	104.1	72.1	219.0	772.7	100.0	100.0	128.8
Grand Total %	4.6	22.6	21.6	13.5	9.3	28.3	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

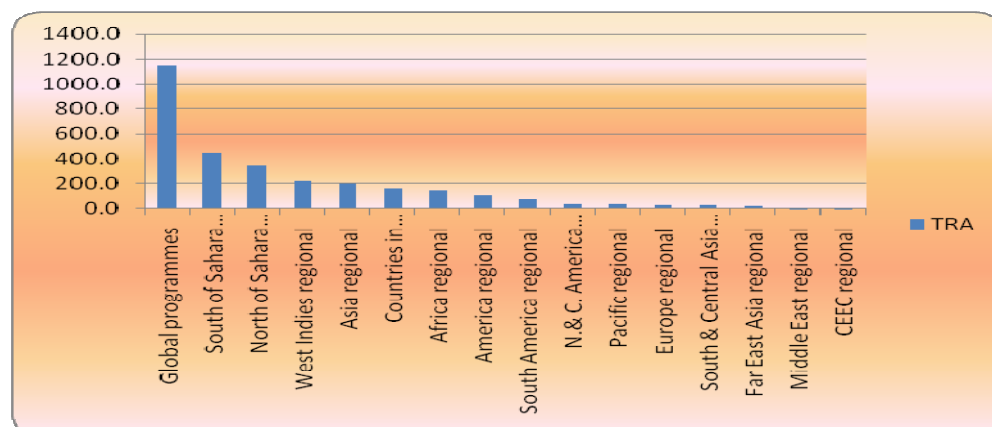
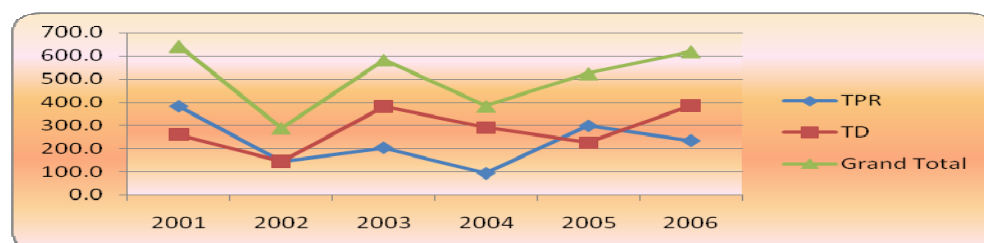
AfT EC&MS € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001- 2006	2006 %	Average
TPR	3.6	30.5	41.0	19.9	30.0	45.7	170.7	2.4	3.4	28.4
TRIF	847.4	436.3	503.1	534.2	806.5	762.6	3890.1	54.5	56.6	648.3
BPC	468.8	397.3	615.1	503.1	551.6	539.4	3075.3	43.1	40.0	512.5
Grand Total	1319.8	864.0	1159.1	1057.2	1388.2	1347.7	7136.0	100.0	100.0	1189.3
Grand Total %	18.5	12.1	16.2	14.8	19.5	18.9	100.0			



Regional & Global funding

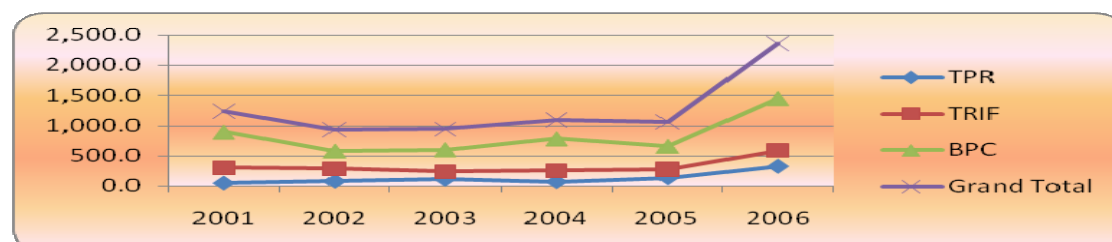
Trade related assistance by EC and MS over the period 2001-2006 (€ million)

TRA Regional & Global € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001-2006	2006 %	Average
TPR	381.0	143.4	202.8	93.0	297.2	233.6	1351.0	44.5	37.8	225.2
TD	260.5	144.2	379.1	289.4	225.3	384.2	1682.8	55.5	62.2	280.5
Grand Total	641.5	287.6	581.9	382.4	522.5	617.8	3033.7	100.0	100.0	505.6
Grand Total %	21.1	9.5	19.2	12.6	17.2	20.4	100.0			



Aid for Trade by EC and MS over the period 2001-2006 (€ million)

AfT Regional & Global € million	2001	2002	2003	2004	2005	2006	Grand Total	% 2001-2006	2006 %	Average
TPR	43.5	73.8	106.2	67.2	132.6	322.0	745.3	9.8	13.7	124.2
TRIF	301.4	282.6	236.4	246.3	274.7	585.6	1,927.0	25.2	24.9	321.2
BPC	893.3	579.0	602.8	782.5	659.2	1,448.9	4,965.7	65.0	61.5	827.6
Grand Total	1,238.2	935.4	945.4	1,096.0	1,066.4	2,356.5	7,638.0	100.0	100.0	1,273.0
Grand Total %	16.2	12.2	12.4	14.3	14.0	30.9	100.0			



Annex 2. EU Aid for Trade Strategy. Implementation Matrix. Version of 21 March.

This implementation matrix serves the purpose of operationalising the political commitments contained in Council Conclusions of 15 October 2007 on the EU Strategy on Aid for Trade. Its structure follows largely that of the Conclusions, with the exception that response strategies are dealt with in cluster 1. This matrix is a technical planning, coordination and reporting tool which will be adjusted regularly as the needs arise. The activities outlined are indicative and will be executed in full compliance with existing competences, concepts and guidelines ruling EU development co-operation, notably the Paris declaration on Aid Effectiveness and the EU Code of Conduct on Division of Labour, as well as the EU AfT Strategy itself. For all indicators, baselines need to be established as a first step, and this will largely be done during 2008. Work on indicators will be closely coordinated with parallel work of the OECD.

Cluster 1: Quantitative AfT ambitions within the gradual increase of overall EU Aid.

Activities in this cluster relate to the quantitative commitments made by the Council, in particular striving to increase total EU AfT in coherence with the gradual increases in overall development aid towards the established 2010 and 2015 targets; striving to increase Member States' and EC's collective spending on TRA to € 2 billion annually by 2010 (1+1); and promoting an effective response to the wider AfT agenda. This involves making resources available, encouraging and supporting partner countries in their efforts to include AfT in their poverty reduction and national development strategies, implementation plans and national budgets, and responding to identified needs (as outlined in chapter 2 and 3 of October 2007 Council conclusions).

Priority actions	Activities/Milestones	Indicators ¹⁵ Indicators be used to measure progress in reaching the overall quantitative targets: • Variations in AfT in relation to variations in total EU ODA • EC + MS TRA commitments level (to be moving towards 1 bn € annually each) • MS TRA commitments level (to be compared to 600 m€	Level of catalytic responsibility; lead donor; and time horizon
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¹⁵ For this cluster, most baselines will be established in the context of the Monterrey reporting in spring 2008, including on the basis of the WTO/OECD and Monterrey Questionnaires. Others will be established via specific studies.

		by end 2008) • Increased commitments for Trade development while commitments for Building Productive Capacities (BPC) are not reduced • Funding commitments in wider AfT Agenda: trade related infrastructure; building productive capacities; and trade related adjustment • Regional distribution of TRA and of the increase of TRA. • ACP share of increase of TRA (to be in the order of 50%) • No. of AfT orphans (ie countries which have comprehensive trade needs assessments but whose key AfT priorities remain under-funded. • No. of recipient countries with no or little inclusion of trade and AfT in national strategies	
1. Enhance efforts in-country to broaden significantly the inclusion of trade and AfT in poverty reduction and national development strategies, via enhanced joint policy dialogue, support for participatory processes and engagement with other donors	1a) COM and MS individually: Ensure all concerned officials at HQ and country level are informed of the AfT strategy and its practical implications (information notes, updates of programming guidance documents, sharing information on case studies, information sessions/trainings, etc.) 1b) COM/ MS jointly: - Establish baseline situation as concerns inclusion of Trade and AfT in PRS and national development strategies (study). 1c) COM and MS: Exchange information, without duplicating existing systems, on relevant ongoing or upcoming programming processes, in order to identify opportunities for collaboration and synergies, including	1a) Traces of these activities 1b) Report available 1c) • No of countries, in which MS and other donors are involved alongside EC in joint policy dialogue, joint	1a). HQ; all; starting in 2007 1b): HQ; EC; early 2008 1c): HQ; ?;

	for strengthening of AfT in the policy and programming dialogue. Target specifically countries /regions with little integration of trade matter into PRS and equivalent	needs assessments. No of countries that integrate trade concerns into their development strategies (For ACP, target is 100 % by 2013)	early 2008
1.1. With regard to LDC's specifically: engage in the enhanced IF (EIF) by: - lending full support to partner countries efforts to manage the DTIS process (possibly acting as a donor facilitator) - taking advantage of the DTIS process to engage in a policy dialogue and define joint programming - giving appropriate follow up to identified priorities - continuing to take an active role in the decision making process concerning the IF at multilateral level 1.2. In non-LDC countries specifically, engage in coordinated, country-led trade needs assessments, response strategies and implementation with other donors (including by possibly acting as lead donor)	1.1 COM and MS: - Implement EIF related actions in LDC's - Share information in country with MS not participating in EIF - Support exchanges of experience between IF donor facilitators initiated by the IF Secretariat to ensure coherent message and constant 2-way flow of information - Ensure use DTIS action matrix, as incorporated in PRSPs as basis for bilateral TRA/AfT spending 1.2 COM and MS jointly: - identify through a participatory study in non LDC countries, in particular IDA-only countries, whether effective ongoing coordination processes for trade integration and AfT are available to which enhanced EU efforts can be linked; or potential for that;	1.1 - No of countries with DTIS conducted - No of IF countries where EU donors have taken advantage of an IF process to engage in coordination and joint policy dialogue on AfT - No. of countries where EU donors are active as IF donor facilitators or support implementation of EIF in country - No of countries with DTIS under implementation - Amount of funding available (bilateral and multilateral) to support implementation of IF Action matrixes) - Active presence of EU donors in IF Board meetings, promoting the common viewpoint of EIF donor constituency - Conclusions of evaluations undertaken in the context of the Enhanced IF 1.2 - Report available - No of non LDC countries with trade needs assessments conducted, etc. (similar to LDC's above, except for last above bullet point)	1.1: Mainly in-country with HQ providing input and acting as link with Geneva targeted work; ? as of early 2008 1.2: First indent: HQ-led, but with close involvement of in-country offices; UK, SP; ?; other indents: in

1.3. At regional levels, collectively upgrade AfT so as to further strengthen EU support to regional organisations implementation of their regional integration strategies • Support ROs capacity to organise coordination and wider stakeholder involvement at the regional level • Assist, where needed, ROs in the further identification and prioritisation of trade-related needs • Support translation of regional needs into national implementation strategies • Provide adequate resources to priorities, using joint delivery mechanisms where possible 1.4 With regard to ACPs specifically, work together within the RPTFs and relevant institutions to support the identification of EPA-related needs and coordination of	- propose trade needs assessment studies if not yet existing; and take on lead donor roles if required, - assist in follow up. 1.3. COM and MS jointly: As detailed. In 2008, focus these efforts in particular on ACP regions and establish specific partner – donor – coordination mechanisms, including important regional actors (development banks) (See 1.4)	1.3 • No of regions (ACP and other) with own trade needs assessments and programmes, etc. • Degree of regional priorities reflected/addressed in national implementation strategies • Portion of total AfT and TRA allocated in support of regional integration (data collection to be harmonised – see 4.1c) 1.4.	country 1.3: HQ, regions (RPTFs) and other regional or in-country coordination processes: ad hoc meetings of EC and MS experts on AfT for ACP countries; 2008
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support activities at regional and national level.	1.4. COM and MS jointly: Work towards the development of regional ACP AfT packages via: - mapping of needs and present and planned resources and subsequent gaps analysis, focus on assisting regions in identifying priorities - establishing regional donor networks and lead donors, building as possible on existing functioning processes (RPTFs, donor groups, or the like). Non EU donors to be included. - finalisation of the EC 10th EDF RIPS and pursue work with MS to establish regional AfT packages - MS engage fully in these mechanisms (currently RPTFs) - actively interact with non-EU donors and engage them in joint efforts	• Functioning donor-partner mechanism (including lead donor) in all EPA regions • Mapping done • 10th EDF RIPS approved • No of EU MS engaged in RPTFs and EU coordination • Financing of key regional integration priorities in 10th EDF NIPs and MS national programmes	1.4 as 1.3 above
2. Step up efforts to prepare joint response strategies relating to AfT for countries and regions until 2010; prepare joint programming; and take joint action to respond to key AfT priorities identified through comprehensive needs assessments, in full compliance to EC Council Conclusions of May 2006.	2. COM and MS: 2.1. Within ongoing EU-wide efforts to advance joint programming, step up efforts to address Aid for Trade issues adequately, including by monitoring these dimensions in the present stocktaking of joint programming.	2.1 • No of countries with joint response strategies which include AfT Response • No of countries with joint programming • Reduced numbers of AFT orphans	2.1: HQ; ?; Early 2008

	2.2. Collaborate to respond to the key AfT priorities identified through comprehensive needs assessments. 2.3 In this context seek to ensure coherent approaches across countries and regions, whilst allowing for the necessary flexibility	2.2 • "Match" of key AfT priorities identified in needs assessments and contents of AfT programmes in the country	2.2: In country and regions; lead donor at regional level; 2008 2.3: Mainly in-country, but if required also some technical exchanges at HQ level; NL; ?
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Cluster 2: Enhancing the Pro-Poor Focus and Quality of EU AfT: This involves on the one hand collaboration to develop approaches to certain thematic issues, and on the other enhancing appliance of Paris Principles for aid delivery at country and regional level. (as outlined in section 3 of October 2007 Council Conclusions)			
Priority actions	Milestones / Activities	Indicators ¹⁶	Level of cooperation; donor; and time horizon
Poverty reduction, gender, decent work, sustainability, results based management 1. Develop and exchange information regarding best practices on a. maximising the poverty reduction impacts of AfT b. designing and implementing AfT programmes, in particular on trade development/ productive capacity, in close cooperation and synergy with the private sector. c. developing essential cross sector dimensions, including gender and decent work in AfT programmes 2. Develop further shared quantitative and qualitative indicators for AfT monitoring	1-3: COM / MS: - Create or use existing Working Groups of interested parties at HQ level to develop approaches – and articulate work fully with on-going efforts at OECD level (such as Povnet, WP on Trade). These may draw on elements coming out of the future monitoring of EPAs and available EC sustainability impact assessments. The Working Groups are informal in character, pursue a clear objective and will be resolved after this objective is met. They will provide information on progress made to the EU Trade and Development Expert Group, to allow all MS to benefit from the work. - Organise experience sharing seminars with delegations and MS actors in the field - Publicise results	1-3 - Reference documents on AfT, including poverty, gender and decent work aspects, possibly: case studies - Mention of reference docs in publications of other org's) - Shared Guidelines on indicators - Study on EU cooperation approaches to private standards / sustainability claims systems	1 – 3 Largely HQ; ?; 2008 Interested participants for working groups: On "poverty reduction and AfT": Belgium, Slovenia, Sweden, United Kingdom, EC, France On private sector: FIN, FR, SP, UK

¹⁶

For this cluster, baselines will be established during 2008 via work indicted in this matrix undertaken to implement the strategy.

and impact evaluations 3. Explore possibilities for developing shared EU approaches to relevant sustainability claims systems, including fair trade	3. Also: Study comparing existing approaches of EC and MS, in liaison with National Contacts for Fair Trade		On "sustainability claims system (EC)
4. Assist governments in their efforts to include poverty and gender issues in trade needs assessments and subsequent action plans, including by supporting active involvement of relevant community-based organisations (CBO) 5. Support partner governments capacity and stakeholder's engagement to incorporate sustainability concerns into national trade strategies and AfT programmes, including impact assessment processes 6. Support partner countries' use of participatory processes and capacity to establish and manage multistakeholder consultations in needs assessments in designing and implementing trade and AfT	4 – 6: - Continue to apply existing guidelines and monitor results, and assess whether adjustments are necessary. - Pay specific attention to these issues when acting as IF donor facilitator or equivalent - Explore possibility of using thematic programmes in support of objective - Explore opportunities of developing synergies between existing PSD instruments and the AfT agenda	4 - 6 - Indicators to be established, such as - no of strategic documents (national development plans) being designed with active participation of the private sector and through participatory processes, at large - no of needs assessments involving CBOs - no of National Development Strategies designed with the active participation of the private sector. - degree of use of impact assessment processes - Commission and MS have developed tools to collect this information from the field and report to HQ	4 – 6: mainly in country level

strategies and programmes			
7. Continue to pursue joint delivery modalities in AfT, including by • establishing the conditions under which different joint delivery modalities are appropriate for AfT and exchange best practices; • continuing efforts to identify areas and countries in which there is potential for increasing use of joint delivery modalities and striving to increase significantly its use by 2010, on a voluntary basis and where conditions are met, paying particular attention to co-financing; • exploring further the role that sector and general budget support can play in AfT;	7. COM and MS jointly: - make an inventory of AfT programmes delivered through joint delivery modes and analyse their main modalities - make an inventory of countries with specific potential for similar cooperation, in particular co-financing and pool funds - analyse the role of budget support for AfT in particular as relevant for EPAs - exchange best practices with other donors and with partners on implementation of joint delivery modalities in AfT	7. • Inventories / analysis /reports available • No of countries with integrated implementation plans, including all donors' financed interventions • No of countries in which donor finance interventions with joint delivery modalities (among EU donors and between EU and other donors) • Shares of SWAP, SBS and other joint delivery modes in total AfT (among EU donors and between EU and other donors)	7: HQ led, drawing on in country input; EC ; 2008

8. Specifically for ACP: Participate on voluntary basis in regionally-owned funding mechanisms such as regional funds	8. COM and MS jointly (linked with activities outlined in cluster 1): step up efforts to make all EPA Regional funds operational, under the leadership of ACP regions	8. - Operational EPA Regional Funds in place - Overall volumes of EC contributions to the different EPA Regional funds, once operational; and number of MS/EC providing support to these. - Volume of contributions targeting the strengthening of trade related capacities of the regional organisations	8: As relevant for MS/EC; leader donors as established for 1.4; 2008
Cluster 3: Increasing EC and Member States donors' capacity to proceed in line with globally agreed aid effectiveness principles			
Priority actions	Activities	Indicators¹⁷	Level of cooperation; donor; and lead time horizon
1. Exchange of information on EC and MS AFT capacities (where feasible involve other donors)	1. COM and MS: exchange information on capacities	1. Overview of services at HQ level and of representations at country /regional level	1. HQ; ?; 2008

¹⁷ For this cluster, baselines will be established in spring 2008, in context of Monterrey reporting.

2. Exchange information on training events for donor's staff and identify opportunities for opening them to each others officials and for organising joint training 3. Develop and exchange information regarding best practices on various issues an approaches, including multilateral issues	2. COM and MS: exchange information and explore possibilities for collaboration, including within framework of existing training programmes 3. COM and MS: Organise regularly subject specific exchanges between practitioners of MS and EC (as discussed above) 4. MS and EC jointly: Set up and manage dedicated AfT website	2. - No of coordinated training activities (HQ and delegations) - No of "external staff" participating in events 3. No and quality (on the basis of internal evaluations by participants) of events 4. Website and hits	2. HQ and in country; ?; 2008 3. HQ and in country; ?; 2008 4. HQ ; ?; 2008
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Cluster 4: Monitoring, Reporting, Evaluation and Review (Section 6 and 7 of Council conclusions)			
Priority actions	Activities	Indicators	Level of cooperation, donor and horizon of lead time
1. Agree on quantitative and qualitative monitoring and reporting process, in the framework of on-going efforts of OECD/WTO	1a. Report to be prepared yearly for the Spring Development Council, drawing on information collected by the EC and MS through the Monterrey Questionnaire, and info provided by EC and MS to the WTO Global	1a. Annual progress report available	1a. HQ; EC; spring 2008

2. Regular progress reviews; based on these: discussions on results with EC-MS, including in Council	review the year before. Commission to compile report 1b. The report will include quantitative AfT data of MS and EC, clustered by country, region and AfT categories. The indicators to be used are outlined in clusters 1- 4 of this implementation matrix; and will be monitored in relation to baselines to be established as outlined in footnotes 1-3. This work will be carried out in parallel to any continued discussions on AfT categories and measuring in OECD context. 1c: To enhance the consistency and quality of its own AfT and TRA reporting, the EU will work internally to harmonise its reporting practices. The long term target is to clarify CRS codes as proxies for the AfT categories identified by the WTO Task Force, definitions and the scope of the trade marker, and to work out key terms to be used in the description of projects "trade marked" in order to ensure reliable data availability. The interim target is to agree on a practical EU solution for filtering out category 2 eligible figures from the CRS data. This work will be done in close synergy with developments in the WTO/OECD context. Work will also address reporting on support for regional integration. 2. Discussions in Council (and the Trade and Development Exports Group?) as relevant. 3. COM and MS: - Where appropriate, include support in ongoing/new programmes for AfT reporting and monitoring and	1b. Report includes quantitative and qualitative data relating to the indicators outlined in Clusters 1- 4 of this matrix It should also include an assessment of the quality of the data. 1c. - Guidance for coherent reporting agreed, in particular on trade development and trade related adjustment - N° of MS applying harmonised AfT reporting - key terms agreed for interpretation of trade marker and accounting of eligible contributions (alt: including for use of the CRS trade marker) 2. Minutes of relevant meetings	1b HQ; All; Spring 1c. HQ: Working group includes: EC, DE, FR, FIN; IR, SP and UK; 2008 2. HQ all MS and EC; December 2007 and summer 2008
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3. Engage fully in the WTO AfT reviews and OECD reporting, including support to partner countries in providing locally-owned contributions, including exchange information on present AfT capacities 4. Organise technical exchanges on monitoring and evaluation results, and draw joint conclusions on their implications in order to constantly improve and strengthen the effectiveness of the EU's AfT. Implement joint monitoring and evaluation	related capacity-building: - request EC lead donor in country to follow up on 2008 Partner Country Questionnaire and assist in compliance and submission to WTO. - Exchange of information to prepare jointly the WTO Reviews. - support a virtual network between EPA regions to share information on best practices in EPA support and regional harmonisation 4. COM and MS jointly: Agree on joint monitoring and evaluation missions	3. No. of partner countries supported in replying to recipient country questionnaires 4. No of joint M&E missions; including through EIF framework where this is feasible	3. In country;?; from early 2008 4. HQ; ? spring 2008
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COMMISSION OF THE EUROPEAN COMMUNITIES

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COMMISSION STAFF WORKING PAPER

accompanying the

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**The EU — a global partner for development
Speeding up progress towards the Millennium Development Goals**

**The Monterrey process on Financing for Development - the European
Union's contribution to Doha and beyond**

Annual progress report 2008

{COM(2008) 177 final}
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ABBREVIATIONS

ACP: African, Caribbean and Pacific States, party to the Cotonou Agreement
AFT: Aid for Trade
AMC: Advance Market Commitment
AT: Austria
BCPR: United Nations Development Programme's Bureau for Crisis Prevention and
BE: Belgium
BG: Bulgaria
CY: Cyprus
CZ: Czech
DAC: Development Assistance Committee of the OECD
DE: Germany
DK: Denmark
DRR: Disaster risk reduction
DRRP: Disaster Risk Reduction Prevention
DSF: Debt Sustainability Framework
EC: European Community
EDF: European Development Fund
EE: Estonia
EIB: European Investment Bank
EL: Greece
EPA: Economic Partnership Agreement
ES: Spain
ETS: Emission Trading Scheme
EU-27: European Union
FAO: Food and Agriculture Organisation
FI: Finland
FLEX: The EU instrument to compensate African, Caribbean and Pacific (ACP) countries for short term fluctuations in export earnings
FR: France
FFD: Financing for Development
FSF: Financial Stability Forum
G 8: Group of Eight (Summit of Canada, France, Germany, Italy, Japan, Russia, United Kingdom and United States)
GCCA Global Climate Change Alliance
GDP: Gross Domestic Product
GEEREF: Global Energy Efficiency and Renewable Energy Fund
GFDRR: Global Facility for Disaster Risk Reduction
GIIF: Global Index Insurance Facility
GNI: Gross National Income
GPG: Global Public Goods
HIPC: Heavily Indebted Poor Countries
HU: Hungary
IE: Ireland
IFF: International Financial Facility
IFFI: International Finance Facility for Immunisation
IFI: International financial institution
IMF: International Monetary Fund

IPG: International Public Goods
ISDR: International Strategy for Disaster Reduction
IT: Italy
LDC: Least Developed Countries
LT: Lithuania
LU: Luxembourg
LV: Latvia
MDG: Millennium Development Goals
MDRI: Multinational Debt Relief Initiative
MoU: Memorandum of Understanding
MS: Member States
MT: Malta
NGO: Non-Governmental Organisation
NL: The Netherlands
ODA: Official development assistance
OECD: Organisation for Economic Cooperation and Development
PGA: President of UN General Assembly
PL: Poland
PT: Portugal
RO: Romania
SE: Sweden
SI: Slovenia
Stabex: French Système de Stabilisation des Recettes d'Exportation
Sysmin: Special assistance measure for the ACP mining
SK: Slovakia
UK: United Kingdom
UN: United Nations
UNGA: United Nations General Assembly
UNCHR: United Nations Commission on Human Rights
UNDP: United Nations Development Programme
UNFCCC: United Nations Framework Convention on Climate Change
UNITAID: International Drug Purchase Facility
UNSC: United Nations Security Council
WB: World Bank
WFP: World Food Programme
WHO: World Health Organisation
WTO: World Trade Organisation

1. INTRODUCTION

The EU has led the global effort to increase aid flows to developing countries since Monterrey. The Doha Follow-up International Conference on Financing for Development (FFD) to Review the Implementation of the Monterrey Consensus scheduled for the end of 2008 presents a credibility test, as Europe's contribution to implementing the progressive development policies outlined at Monterrey will be under close scrutiny. The conference aims to evaluate progress and find ways to face new challenges and emerging issues.

The EU continues to shoulder the lion's share of global aid commitments and of pledges to Africa. In 2007 the enlarged EU of 27 countries mobilised again large amounts of Official Development Assistance (ODA) equivalent to around €93 per European citizen to support developing countries in achieving the Millennium Development Goals (MDGs). While global aid levels need to grow further, donor and developing partner countries also have to ensure that aid delivery becomes more predictable and effective. The EU is at the forefront of the international Financing for Development process and the aid effectiveness agenda; the Union went beyond the Paris Declaration and moved to joint multi-annual strategic planning and is now implementing the EU Code of Conduct on Division of Labour in Development Policy.

2007 has been a difficult year for many Member States that could not cushion the expiry of the “one off” ODA-able effects of debt relief measures, initiated in previous years, by higher “fresh” ODA disbursements. Overall trends are as follows:

- EU aid decreased from from €47.7 billion in 2006 (corresponding to 0.41% of the EU's collective Gross National Income (GNI)) in 2006 to to €46 billion in 2007 (equivalent to 0.38% in 2007). While the 15 EU countries, which had pledged to achieve together, by 2006, a minimum of 0.39% by 2006, remained above that level (0.40%), the overall collective EU result is below that collective target.
- The decrease of aid volumes is expected to be transitory. If Member States' forecasts for 2008 hold true, aid levels should attain again a record high this year.
- The share of “programmable aid” in total EU ODA has increased, indicating that the debt relief spike is over.
- EU ODA, if expressed in US dollar, increased from \$60 billion to \$63 billion. This trend, resulting from the appreciation of the Euro vis-à-vis most other currencies including the US-dollar, generates more than an accounting effect; it implies that one Euro could buy more aid in countries whose currencies depreciated against the Euro.
- EU aid to Africa is on the increase: in 2005 the EU pledged to collectively direct 50% of aid increases to Africa, largely contributing to the G8 pledge to channel an additional US\$ 25 billion per year to the continent by 2010 compared to 2004 levels. From 2005 to 2006 the EU mobilised an additional €3.7 billion, an amount higher than the total increase in EU aid over that period. There is, moreover, a

strong commitment by half of those Member States that together provide 80% of Europe's ODA to individually contribute to achieving the common goal.

- Most Member States are considered “on track” to achieve the 2010 individual milestone target of 0.51% ODA/GNI. Some Member States that had fixed more ambitious national targets to achieve the 0.7% ODA/GNI goal have decided to slow down the scaling-up, by postponing the target date to 2015 (France, Finland) or by back-loading the scaling-up (United Kingdom). It will therefore be difficult for the EU to attain the 2010 collective intermediate target of 0.56% ODA/GNI. This development also impinges on the prospect for the Union to reach the 0.7% target by 2015, because efforts to scale up aid have to be further reinforced in the period beyond 2010.

Further progress in the Financing for Development process requires key challenges to be addressed:

- **Reinvigoration of the EU efforts to ensure increasing aid levels again as of 2008** in the run-up to meeting agreed EU ODA targets by 2010 and 2015;
- **Fair burden-sharing between donors of the scaling-up of aid:** There is a widening gap between the EU and other donors, namely the non-EU G8 countries, in their contribution to common goals. Within the EU those Member States that lag furthest behind in living up to their individual commitments have to demonstrate the political will to move away from persistently low aid levels towards meeting the agreed ODA targets.
- The high **volatility and fragmentation of aid** flowing from an ever-increasing number of actors and funds is a major impediment to the effective use of aid by beneficiary countries. Donors have to revert to the available tools to reinforce aid predictability (such as timetables for annual ODA increases, long-term strategic planning, multi-annual commitments, aligned aid delivery mechanisms such as budget support, division of labour) to enhance the impact and effectiveness of their aid.
- **Financing of new challenges** – such as mitigation of and adaptation to climate change in response to worsening climate conditions - are hampering developing countries' efforts to reach the Millennium Development Goals. Enhanced action by the international community is necessary to help these countries to continue their path towards development. This includes integrating mitigation and adaptation considerations into development assistance as well as developing tools with which to screen projects for climate risks.
- **Long-term debt sustainability** for developing countries must not be undermined by “**free-riding**” of commercial and public lenders that have not contributed to alleviating the debt burden of poor countries under the various debt relief initiatives. Engaging into new lending may again jeopardise debt sustainability in countries that had benefited from debt relief.

This report supplements the Communication "The EU – a global partner for development – Speeding up progress towards the Millennium Development Goals". It is the Commission's sixth annual assessment of Europe's delivery on ten

commitments that were made to improve the Financing for Development in the spirit of the 2002 Monterrey Consensus. The report presents an evaluation of how Europe has moved from rhetoric to reality since that year. The report builds on and assesses the opinions of the 27 Member States (EU-27) expressed in their replies to the monitoring questionnaire of late 2007 ("Monterrey survey 2008"). Individual profiles of the Member States and the Commission are being prepared to reflect the positions they expressed in the survey.

The ten EU thematic commitments relate to the volume and sources of financing for development and the quality of aid, i.e. ODA volumes, innovative sources of financing, more predictable and stable aid mechanisms, debt relief, aid effectiveness, the untying of aid, the mitigation of exogenous shocks, aid for trade, the reform of the international financial institutions and Global Public Goods (overview in Annex 1).

In line with the Council's request that progress in implementing the EU Code of Conduct on Division of Labour in Development Policy and the EU Aid for Trade implementation strategy be assessed in the context of the annual Monterrey report, this document is complemented by the Staff Working Paper "An EU aid effectiveness roadmap to Accra and beyond" and the "Aid for Trade Monitoring Report 2008"¹.

2. THE DOHA CONFERENCE - FOCUS ON IMPLEMENTATION, BUT NEW CHALLENGES AND EMERGING ISSUES NOT TO BE IGNORED

In line with UN General Assembly (UNGA) Resolutions 61/191 of 20 December 2006 and 62/187 of 19 December 2007 the Commission considers that the Doha Follow-up International Conference on Financing for Development (FFD) to Review the Implementation of the Monterrey Consensus that will take place in late 2008 should assess progress made, reaffirm goals and commitments, share best practices and lessons learned and identify obstacles and constraints encountered, actions and initiatives to overcome them and important measures for further implementation, as well as new challenges and emerging issues.

2.1. The EU priorities for Doha

The UN co-facilitators of the FFD process decided that in the preparatory process for the Doha Conference emerging issues are to be addressed in the context of each review session, rather than through separate sessions. For the EU it is important to underline that this approach confirms maintaining the integrity of the **Monterrey Consensus**, which is **not to be renegotiated, while the impact of new challenges and emerging issues to the implementation of the Consensus needs to be considered**.

The three challenges/emerging issues that were ranked as being the most relevant ones by the Member States in the Monterrey survey 2008 were **climate change** (18 Member States), **aid predictability** (13), **emerging donors** (12) and **multiplication**

¹ SEC(2008) 435 "An EU Aid Effectiveness Roadmap to Accra and beyond - From rhetoric to action, hastening the pace of reforms"; SEC(2008) 431 "Aid for Trade monitoring report 2008".

of actors and funds, e.g. the role of private donations through philanthropic foundations and **remittances** (nine Member States). The last two issues both belong to the more general challenge of the **New Global Aid Architecture**. The EU should promote discussion of these issues in the run-up to Doha as well as during the negotiations.

Effective implementation of the Monterrey Consensus by both developing countries and the international community is essential to our joint development efforts in order to reach the MDG and other internationally agreed development goals and targets. The outcome of the Doha Conference has to reflect in a balanced way

- the respective responsibilities and commitments of both donors and developing countries and
- ODA volumes and equally other crucial aspects of financing for development, i.e. mobilisation of domestic resources and foreign direct investment, good governance, aid predictability, aid effectiveness, external debt and international trade.

2.2. The preparatory process

The President of the UN General Assembly (PGA) has drawn up a two-stage Work Programme for the UN's preparations for Doha:

- The first part of the process will rest on six preparatory review sessions covering the six chapters of the Monterrey Consensus, which have been scheduled between February and May 2008 in New York. This will be supplemented by hearings with civil society and the business sector in June. The outcome of the review sessions will influence the second part of the process.
- The UNGA enabling resolution 62/187 stipulates that the Doha Conference will result in an internationally agreed outcome. The nature of the outcome document – a first draft is to be available by July - remains to be determined. Negotiations on the outcome document will most likely start in the second part of September. By that time the results of the Third High Level Forum on Aid Effectiveness in Accra and of the MDG High Level Event, envisaged in the framework of the Ban Ki-Moon's "MDG Africa-Steering Group" will be known and hence feed into the Doha process.

Doha will be an event of particular importance for the EU, which is actively contributing to its preparation through a series of EU Background Papers on the Monterrey Consensus chapters. These short documents are for wide distribution by the EU Presidency in New York to make the current EU policies, positions, initiatives and actions known to our partners. The EU Background Papers will also serve as a reference for EU participants in the preparatory sessions, thus ensuring that EU statements are coherent and mutually reinforcing.

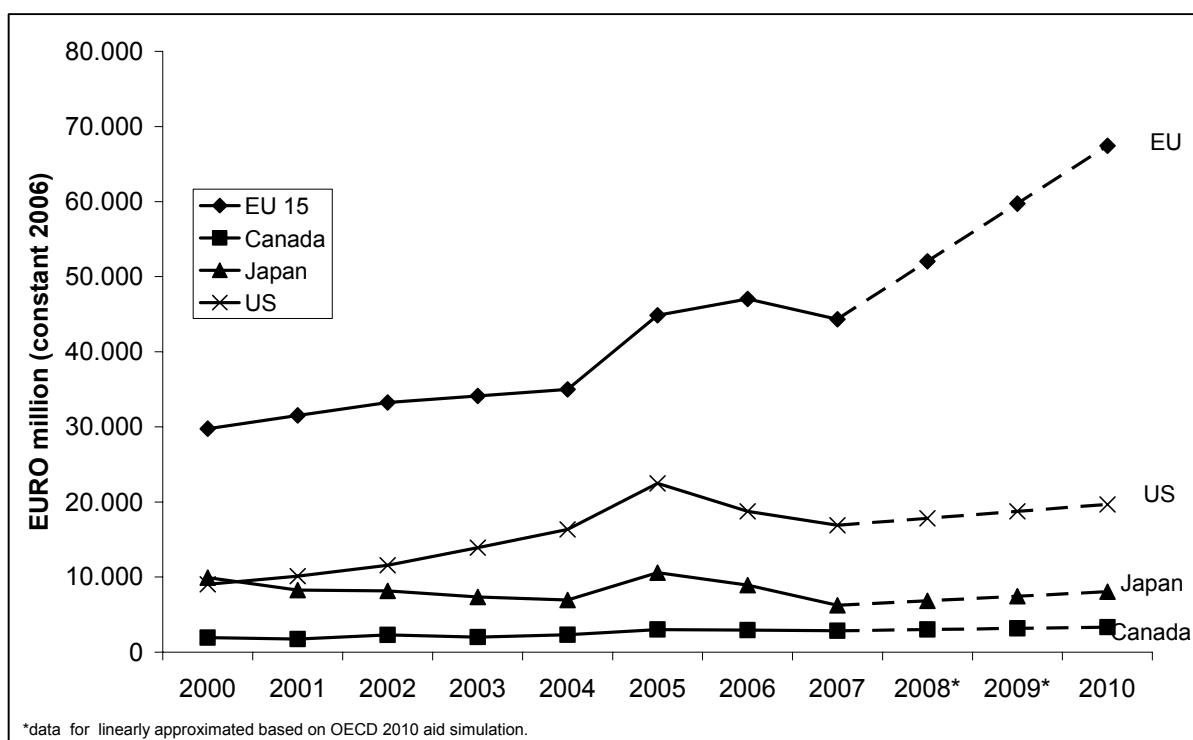
In line with the nature of the Doha Conference reviewing the implementation of the Monterrey Consensus, the EU feels a ministerial level participation in Doha to be appropriate, with preferably a Ministerial Declaration as an outcome. In accordance with the UNGA resolution 62/187, the EU expects the modalities of the Monterrey

Conference to apply to facilitate civil society and private sector participation in the Doha Conference, as well as to allow the European Community to fully participate.

3. ODA LEVELS: THE EU CONTINUES TO SHOULDER THE LION'S SHARE OF GLOBAL SCALING-UP OF AID

Europe is far ahead of the other G8 donors in attaining the 2005 commitment to increase aid by US\$50 billion from 2004 levels, reaching US\$130 billion in 2010. OECD simulations show that the EU will contribute more than 90% of the remaining aid volumes that need to be mobilised in real terms in the period 2006 to 2010 to meet commitments (€20.4 billion out of €22.3 billion). European aid is expected to increase by 43% during this time period, in contrast with US aid, which is expected to grow by only 5%, Canadian aid, which will increase by 14%, and Japanese aid, which is forecast to drop by 10%.

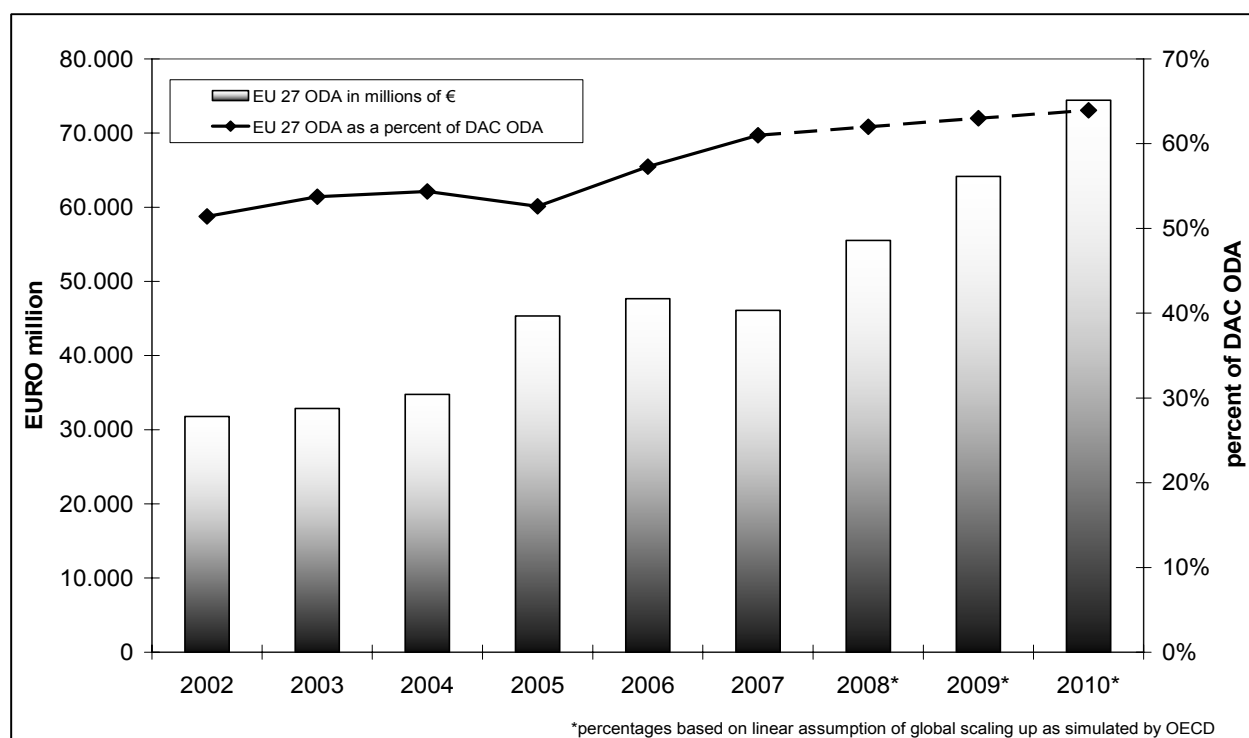
Figure 1: Global aid flows 2000 – 2010 (in € million constant 2006)



Source: European Commission calculations on OECD/ DAC data.

If disbursements confirm the latest projections and all Member States deliver on agreed ODA targets the EU share in global ODA will grow to represent two thirds of global ODA by 2010. This will require the demonstration of significant political will, underpinned by corresponding national policy decisions in aid budgeting in 2008 and beyond. Only then will Europe remain credible and be able to keep up its reputation for being the world's most generous and progressive donor.

Figure 2: EU aid levels 2000 – 2010
(in € million current prices and as percent of DAC ODA)



European Commission simulation on OECD/ DAC data and on EU Member States' information provided in the context of the Monterrey questionnaire 2008

3.1. Aid levels remained high in 2007

Despite overall disappointing aid volume results the EU together maintained its lead role as the world's largest aid donor. Nevertheless, 2007 did see the first decrease in development finance in Euro terms since the adoption of the EU's aid commitments of 2002. European aid levels dropped from 0.41% ODA/GNI in 2006 to 0.38% ODA/GNI, with overall ODA amounts falling by around €1.5 billion in 2006 to €46 billion last year. As a result of the appreciation of the Euro vis-à-vis most other currencies in 2007, EU ODA expressed in US dollars was significantly higher than in 2006. This is more than an accounting effect as it implies that the EU was able to deliver more aid for the same amount of Euros in countries where project costs are billed in other currencies than the Euro. The following factors meant that the EU could not improve its excellent result of 2006:

- Those Member States that had missed the 0.33% ODA/GNI minimum individual target in 2006 fell further behind, decreasing their aid further from already low levels (Greece, Italy and Portugal).
- Several Member States with a high share of debt relief in their ODA of previous years were unable to adapt their ODA budgets in time to ensure that aid continued to increase immediately after the end of the debt relief spike (namely the UK, France and Belgium). The UK's and France's higher than expected aid levels in 2005 and 2006 (due to speedy debt relief implementation), resulted in a sharp decrease in ODA in 2007.

- The integration into the EU of the two new Member States Bulgaria and Romania with relatively big economies and very low ODA levels as well as continued high economic growth in the EU also impeded an improvement of Europe's collective aid levels as a share of GNI.

Table 1: EU ODA levels 2004 – 2007

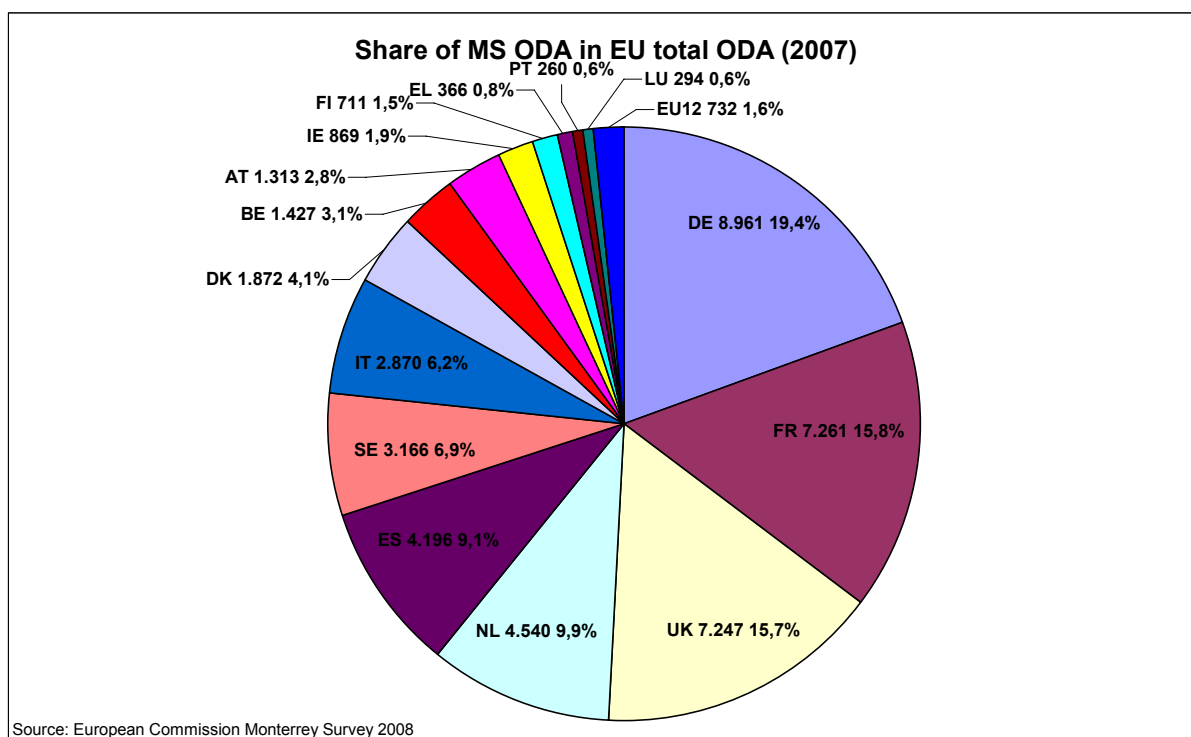
	2004		2005		2006		2007	
	ODA in million €	ODA in % of GNI	ODA in million €	ODA in % of GNI	ODA in million €	ODA in % of GNI	ODA in million €	ODA in % of GNI
Austria	546	0,23	1.266	0,52	1.193	0,47	1.313	0,49
Belgium	1.178	0,41	1.580	0,53	1.576	0,50	1.427	0,43
Bulgaria	NA	NA	NA	NA	1	0,00	16	0,06
Cyprus	4	0,03	12	0,09	21	0,15	18	0,12
Czech Republic	87	0,11	109	0,11	128	0,12	131	0,11
Denmark	1.639	0,85	1.697	0,81	1.782	0,80	1.872	0,81
Estonia	4	0,04	8	0,07	12	0,09	17	0,12
Finland	547	0,37	726	0,46	664	0,40	711	0,40
France	6.820	0,41	8.067	0,47	8.446	0,47	7.261	0,39
Germany	6.064	0,28	8.112	0,36	8.314	0,36	8.961	0,37
Greece	258	0,16	309	0,17	338	0,17	366	0,16
Hungary	56	0,07	80	0,10	119	0,13	66	0,07
Ireland	489	0,39	578	0,42	814	0,54	869	0,54
Italy	1.982	0,15	4.096	0,29	2.901	0,20	2.870	0,19
Latvia	7	0,06	8	0,07	10	0,06	12	0,06
Lithuania	8	0,04	12	0,06	18	0,08	30	0,11
Luxembourg	190	0,83	206	0,86	232	0,84	266	0,90
Malta	8	0,18	8	0,18	7	0,15	8	0,15
The Netherlands	3.384	0,73	4.116	0,82	4.344	0,81	4.540	0,81
Poland	95	0,05	165	0,07	239	0,09	260	0,09
Portugal	830	0,63	303	0,21	315	0,21	294	0,19
Romania	NA	NA	NA	NA	3	0,00	80	0,07
Slovak Republic	23	0,07	45	0,12	44	0,10	49	0,09
Slovenia	25	0,10	29	0,10	35	0,12	40	0,12
Spain	1.962	0,24	2.428	0,27	3.039	0,32	4.196	0,41
Sweden	2.191	0,78	2.706	0,94	3.151	1,02	3.166	0,93
UK	6.339	0,36	8.666	0,47	9.932	0,51	7.247	0,36
EU 15 TOTAL	34.418	0,35	44.857	0,44	47.040	0,43	45.361	0,40
EU 10/12 TOTAL	316	0,07	479	0,08	637	0,09	726	0,09
EU 25/27 TOTAL	34.735	0,33	45.336	0,41	47.676	0,41	46.087	0,38
EU 25/27 ODA in USD	43.156		56.344		59.839		63.090	

Source: OECD/DAC for 2002 – 2006; Commission data based on Member States information to the Commission or the DAC for 2007; shaded cells contain information supplied by Member States, white cells are Commission data or simulations. ODA is at current prices.

There was also significant good news from some Member States that allowed the EU to contain the decrease of its collective result:

- **Denmark, the Netherlands and Sweden** maintained substantially higher aid levels than the 0.7% EU target. Luxembourg advanced on its national path to disburse 1% of its GNI for aid in the future reaching 0.90% ODA/ GNI for the first time, while Sweden maintained its lead position within the EU albeit missing the national 1% target.
- **Spain** has to be lauded for continuing its impressive path of scaling-up, mobilising additional €1.2 billion – more than any other Member State in that year - and reaching 0.41% ODA/GNI, thus largely exceeding the 0.33% individual EU minimum target that it had missed by a small margin in 2006.
- **Germany**, with € 8.9 billion the EU's biggest individual donor country in 2007, also demonstrated continuing political will to increase aid further and attained 0.37% ODA/GNI. However, the pace of increase has to be significantly reinforced to ensure that Germany will meet the EU individual baseline target of 0.51% ODA/ GNI by 2010.

Figure 3: Percentage share of Member States in EU ODA in 2007



Source: DAC data and European Commission sources (Monterrey survey 2008)

3.2. EU aid to Africa on the increase

Africa is the continent least likely to meet the Millennium Development Goals by 2015. As Africa's biggest donor, Europe, therefore decided to focus the spending of additional ODA becoming available on this continent: in 2005 the EU pledged to channel 50% of collective aid increases to Africa, contributing to the G8 pledge to channel an additional US\$25 billion annually to the continent by 2010 compared to 2004 levels. From 2005 to 2006 the EU has demonstrated the re-focusing of its aid, by directing an additional €3.7 billion (and reaching a total of €23.7 billion) to the

continent. This represented more than of its entire aid increases over that period (154 %). In 2006 the EU (Member States and the European Commission) gave together 62% of its bilateral, regionally allocated aid to Africa, up from 51% in 2005, and it provided more than half of the global aid flows to the region.

The Monterrey survey 2008 intended to check how far the EU's Africa commitment, which was only defined as a collective result, was underpinned by the readiness of individual Member States to provide at least half of their scaled up aid to the region and to contribute to the common goal.

The replies revealed that there is overwhelming support: 13 Member States that together mobilise almost 80% of Europe's aid declared that at least half of their aid increases will go to the continent² and almost all others confirmed their intention to increase ODA to Africa³; some Member States that are new donors highlighted their preference for focusing their bilateral development cooperation in other regions where they have accumulated expertise (namely in countries neighbouring the EU, the South Caucasus and Central Asia) and contributing to Europe's support to Africa through the EC budget and the European Development Fund.

If all the Member States manage to keep their commitments, the EU may well provide more than 90% of the G8's US\$25 billion pledge for Africa over the period 2004-2010, increasing aid in real terms by more than €18 billion per year in 2010 (and €24 billion in nominal terms)⁴.

Most EU countries will channel additional funds to Africa through bilateral aid to individual countries in project mode (22 out of 27) and through budget support (10 out of 27). Contributions to multilateral trust funds (15 out of 27) are also a favoured way to increase aid to Africa.

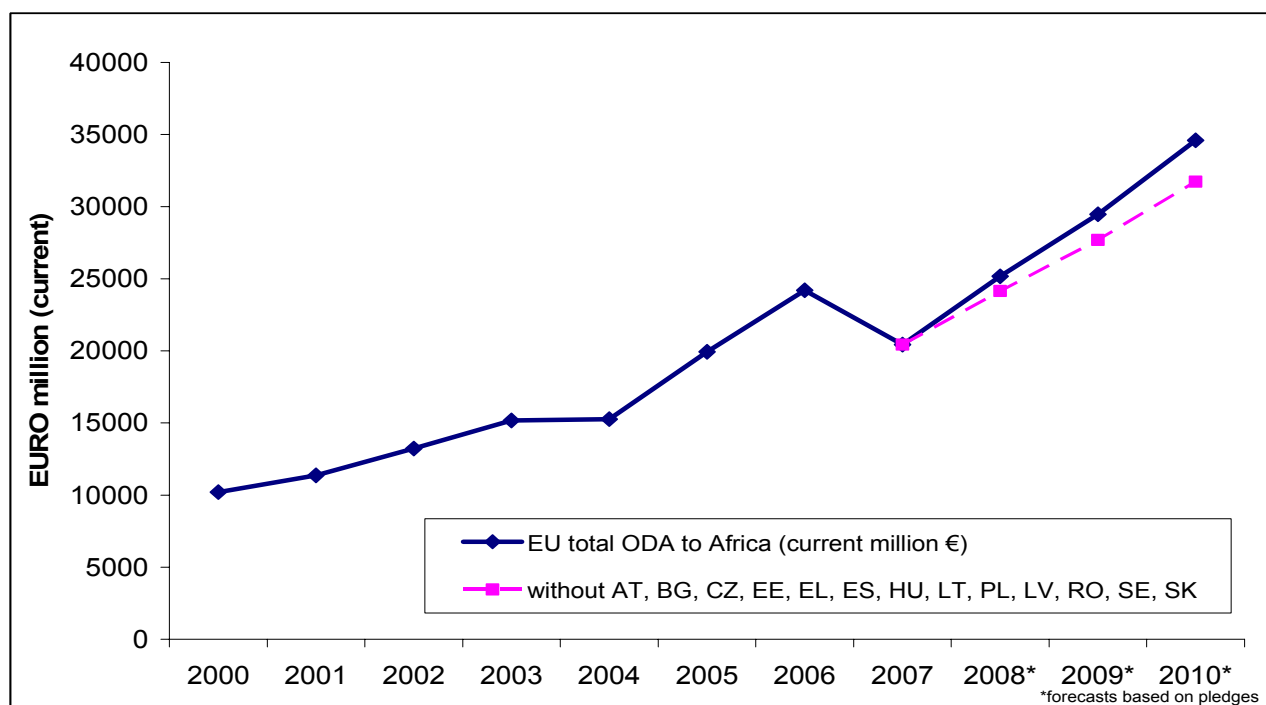
In many African countries, inflows of foreign aid have a size of macroeconomic significance, sometimes reaching a double-digit percentage relative to GDP. In light of the weak growth performance of many African countries until recently, growth effects of aid and possible limits to macroeconomic absorption capacity need to be tackled (see box 1 below). Aid can have substantially positive growth effects when the right policies are put in place.

² BE, DE, DK, FI, FR, IE, IT, LU, MT, NL, PT, SI, UK.

³ AT, BG, EE, ES, HU, LT, LV, PL, SE

⁴ Even if AT, EL, ES, SE and others would not disburse any additional aid to Africa (which is unlikely) Europe will still be covering more than 80% of the G8 pledge.

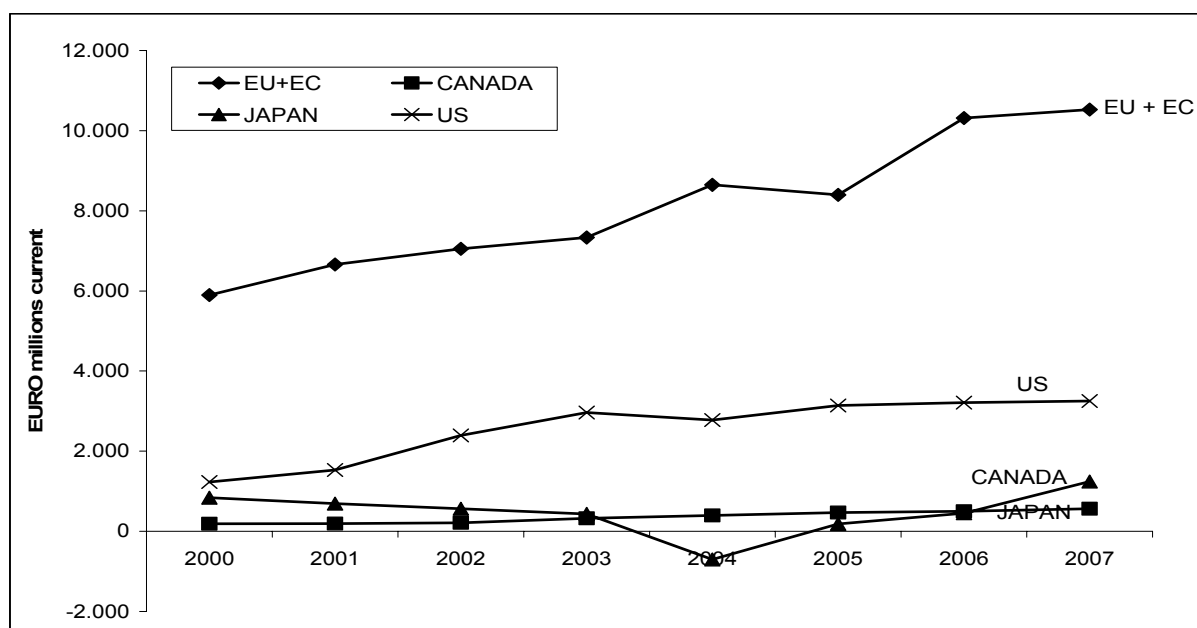
Figure 4: EU ODA to Africa (in € current million) including debt relief grants



For this simulation it was assumed that the 14 Member States that together provide 20% of total EU ODA would not at all increase their ODA to Africa. The 2007 data point is based on an extrapolation that imputed multilateral aid to Africa will remain at 30% of total aid to Africa as it did in 2006.

The following figure shows that the increase of EU aid to Africa is "real" and not only a consequence of debt relief.

Figure 5: Bilateral ODA increase to Sub-Sahara Africa without debt relief grants



Source: OECD/ DAC

Box 1: The nexus of aid, absorptive capacity and growth

The Monterrey Consensus recognises that ODA is an important financial source for development, alongside domestic resource mobilisation, mobilisation of foreign direct investment and other international private flows such as international trade. For these financial flows to propel a partner country out of poverty, the principle of mutual accountability must be respected, and aid needs to be accompanied by increases in domestic savings, income equality, and good governance within the partner country. There is wide consensus that ODA, if well managed, can be very effective at the micro-economic (or project) level. Views are more divergent regarding the macro-economic effects of aid on long-term growth:

- *Some empirical economic research indicates a "micro-macro paradox" in that successful projects in a given country can go along with little or no economic growth effects. Since long-term growth is essential for poverty eradication these findings shed doubt on the efficiency of aid.*
- *Other development research criticises the applied methodologies underpinning the above finding for having a number of inherent weaknesses (country experience too specific to be pooled into one dataset for statistical estimates; used aid data may neglect the wide variety of types of aid or the fact that there may be diminishing returns to aid; underlying assumptions on the additionality of aid do not correspond to reality).*

More basic economic estimations of the aid impact on growth suggest that aid may be more effective when countries are poorest. However, recent empirical studies found an increased effectiveness of aid in good policy environments which could mean that aid may become more effective in a later stage of development. However, many of these empirical results have proved fragile in terms of the robustness of model specifications. Nevertheless, there is evidence that once aid flows disbursed for political or humanitarian reasons (short-impact aid) are excluded, a positive net effect on economic growth is observed for the remaining aid (long-impact aid, e.g. aid to build infrastructure or to support productive sectors as well as budget support).

In the light of the large aid increases pledged since 2002, research has also looked at possible limits to the absorptive capacity of developing countries vis-à-vis growing aid inflows. Like other investments, aid has diminishing returns after a certain saturation point that will vary greatly from country to country. The OECD/DAC recently stated that "the best growth performance recently has been in developing countries, allaying many fears about hitting absorptive capacity ceilings."

Donors must strike a balance between rewarding those countries with good policy environments, and recognising the absorptive capacity limits of these donor darlings, as such countries have had to limit their absorption in the face of volatile aid surges, choosing instead to build reserves. Increasing aid predictability and reducing aid volatility is important for monetary and fiscal policy to absorb and spend aid for poverty reduction without jeopardising macroeconomic stability and growth. Transparent and binding multi-annual country-specific commitments from donors are crucial in this respect. This would also help donor coordination avoid peaks and troughs of aid over time or across countries. Giving priority to spending in areas that increase potential growth, notably in infrastructure and human capital, will help to increase the absorption capacity.

Further research is needed to get more robust evidence since available results point to the need of appropriate policy measures to ensure that aid has positive effects on long-term economic growth.

Sources:

Burnside, C., Dollar, D. (2000) "Aid, Policies and Growth". Washington DC. World Bank.

Easterly, W. (2003) "Can Foreign Aid Buy Growth?", Journal of Economic Perspectives, Vol. 17, No.3 pp 23-48.

Clemens, M.A., Radelet, S., Bhavnani, R., (2004) "Counting chickens when they hatch: The short-term effect of aid on growth". International Finance 0407010 Econ WPA.

Overseas Development Institute (2007) Budget support and beyond: Can the Paris Agenda on aid be delivered? CAPE Workshop Report pg 4. London.

3.3. The EU is overall on track to meet the 2010 milestone targets, but many Member States have yet to underpin their pledge by sustained action

In 2005 the EU committed to additional aid targets, aiming to reach individually 0.51% ODA/GNI (EU-15) and 0.17% ODA/GNI (EU-12) by 2010, while those countries that have already achieved high aid levels promised to maintain them. Collectively, the EU should reach 0.56% ODA/GNI by 2010. Based on higher national pledges of some Member States it was assumed that the collective result could be in the order of 0.56% ODA/ GNI.

Table 2: ODA estimates 2007 – 2013

	2007		2010		2011		2012		2013	
	ODA in million €	ODA in % of GNI	ODA in million €	ODA in % of GNI	ODA in million €	ODA in % of GNI	ODA in million €	ODA in % of GNI	ODA in million €	ODA in % of GNI
Austria	1.313	0,49	1.552	0,51	1.613	0,51	1.675	0,51	1.974	0,58
Belgium	1.427	0,43	2.669	0,70	2.711	0,68	2.818	0,68	2.974	0,69
Bulgaria	16	0,06	68	0,17	95	0,22	122	0,25	149	0,29
Cyprus	18	0,12	28	0,15	33	0,17	36	0,18	41	0,19
Czech Republic	131	0,11	155	0,10	352	0,21	434	0,25	516	0,28
Denmark	1.872	0,81	2.109	0,80	2.222	0,80	2.288	0,80	2.377	0,80
Estonia	17	0,12	35	0,16	42	0,17	63	0,23	84	0,27
Finland	711	0,40	1.067	0,51	1.113	0,51	1.231	0,54	1.419	0,60
France	7.261	0,39	10.810	0,51	12.211	0,55	13.613	0,60	15.015	0,63
Germany	8.961	0,37	13.798	0,51	15.531	0,55	17.264	0,60	18.997	0,63
Greece	366	0,16	1.076	0,39	1.313	0,45	1.550	0,51	1.757	0,55
Hungary	66	0,07	182	0,17	236	0,21	290	0,24	345	0,28
Ireland	869	0,54	1.139	0,60	1.283	0,64	1.477	0,70	1.558	0,70
Italy	2.870	0,19	8.706	0,51	9.822	0,55	10.939	0,60	12.055	0,63
Latvia	12	0,06	20	0,07	76	0,22	102	0,27	127	0,30
Lithuania	30	0,11	67	0,17	75	0,17	93	0,19	134	0,25
Luxembourg	266	0,90	358	0,93	391	0,94	426	0,95	470	0,97
Malta	8	0,15	10	0,17	21	0,33	21	0,33	22	0,33
The Netherlands	4.540	0,81	5.245	0,80	5.478	0,80	5.691	0,80	5.913	0,80
Poland	260	0,09	679	0,17	889	0,21	1.099	0,24	1.309	0,28
Portugal	294	0,19	898	0,51	1.023	0,56	1.148	0,60	1.273	0,64
Romania	80	0,07	247	0,17	361	0,22	475	0,26	589	0,29
Slovak Republic	49	0,09	120	0,17	163	0,21	206	0,25	250	0,28
Slovenia	40	0,12	69	0,17	87	0,20	106	0,23	131	0,27
Spain	4.196	0,41	7.218	0,60	8.114	0,64	9.335	0,70	9.803	0,70
Sweden	3.166	0,93	3.875	1,00	4.029	1,00	4.179	1,00	4.330	1,00
UK	7.247	0,36	12.232	0,56	13.673	0,61	15.385	0,66	17.097	0,70
EU 15 TOTAL	45.361	0,40	72.752	0,57	80.507	0,61	89.019	0,64	97.012	0,67
EU 12 TOTAL	726	0,09	1.681	0,16	2.429	0,21	3.048	0,24	3.697	0,28
EU 27 TOTAL	46.087	0,38	74.432	0,54	82.936	0,57	92.067	0,61	100.709	0,64

Source: *Shaded cells* contain information supplied by Member States, white cells are Commission data or calculations. ODA is at current prices.

3.3.1. *Timetables for year-on-year aid increases have to be more widely established in Member States to help them meet the 2010 individual milestone targets*

The Monterrey survey 2008 endeavoured to track how Member States have prepared for implementing pledged aid increases to attain the 2010 milestone targets. In 2007 the Council had acknowledged the crucial role of year-on-year timetables to ensure gradually increasing aid levels and had encouraged Member States that have ODA levels below the targets to establish national timetables by the end of 2007. While Denmark, Ireland, Luxembourg, the Netherlands and Sweden are not concerned by the call for timetables as their aid is at or above aid levels, timetables have become an issue of political debate in most Member States, which have adopted different approaches to tackle the issue: e.g. through multi-annual budget planning or development policy documents or in the context of preparing OECD/ DAC membership. Concrete overall progress so far has been mixed:

- Eight Member States have government-wide agreed policy documents containing a timetable that leads to achieving agreed EU – or more ambitious national – ODA targets, i.e. Belgium, Cyprus, Estonia, Finland, Romania, Slovenia, Spain and the United Kingdom.
- In other countries inter-ministerial work is ongoing towards establishing timetables (i.e. in Austria, Greece, Hungary, Poland) or parliamentary endorsement is pending (Italy).
- Several Member States do not mention any intentions regarding year-on-year timetables, i.e. Bulgaria, France, Germany, Lithuania, Malta, Portugal and Slovakia, while a last group seems to have decided to restrict the scaling-up implying that by 2010 aid amounts will be insufficient by a wide margin to approach pledged ODA levels (Czech Republic, Latvia).

The “ODA indicator”-figures 6 and 7 hereafter attempt to evaluate the current preparedness of Member States with regard to attaining the individual EU 2010 ODA targets. The following criteria – focussing on the longer-term preparedness - have been used for assessing how far countries are “on track”: (1) current ODA levels that already correspond to or exceed the 2010 goals; (2) current ODA levels at or above the 2006 minimum goal of 0.33% (for the EU15); (3) availability of government-wide agreed timetables. In contrast, while the figures indicate the upward or downward move of ODA in 2007 that year’s result is considered transitory and not decisive for the overall evaluation.

Figure 6: The ODA-target indicator: Are the EU Member States on track towards meeting agreed ODA targets? The EU15 Member States:

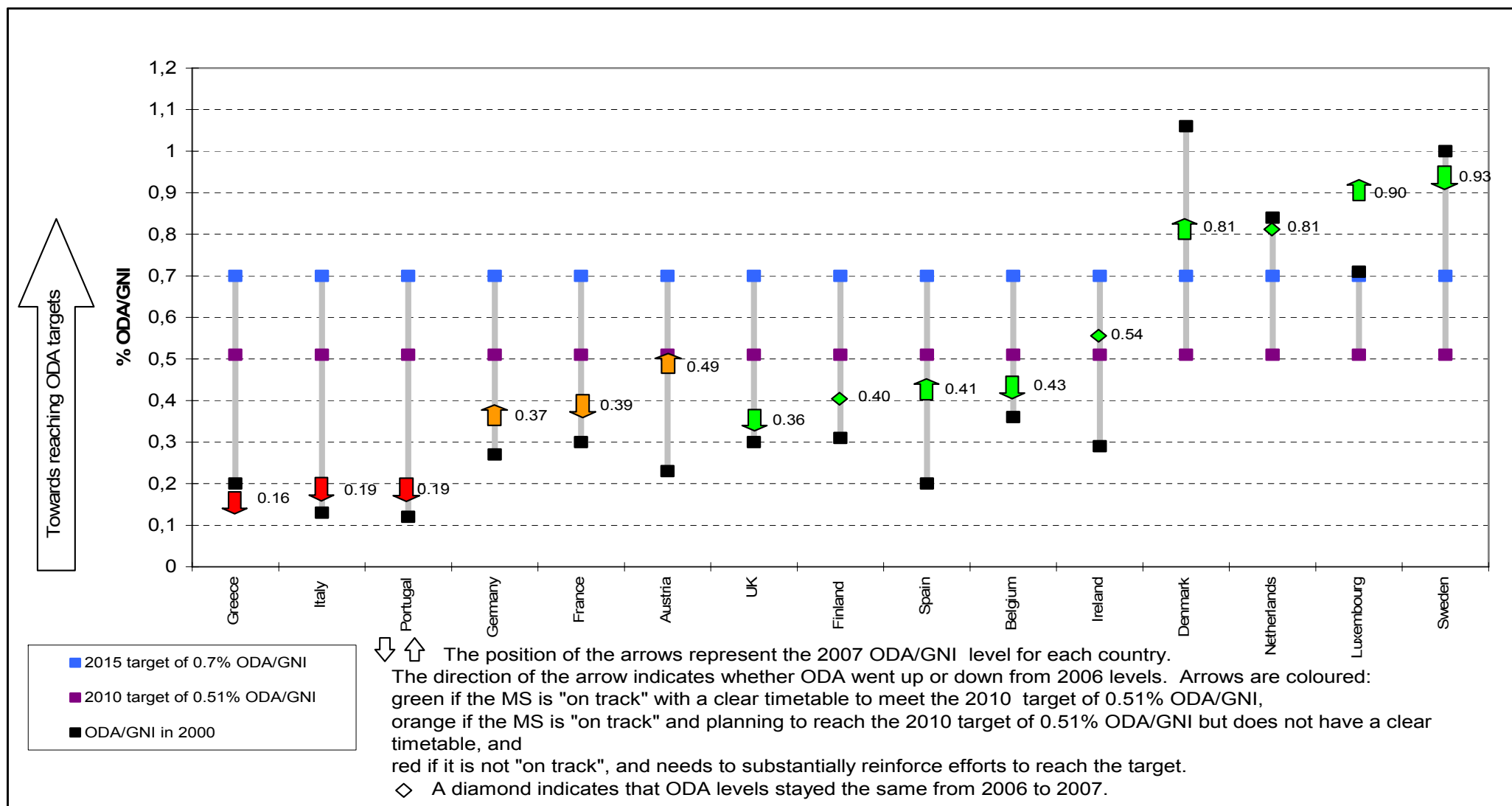
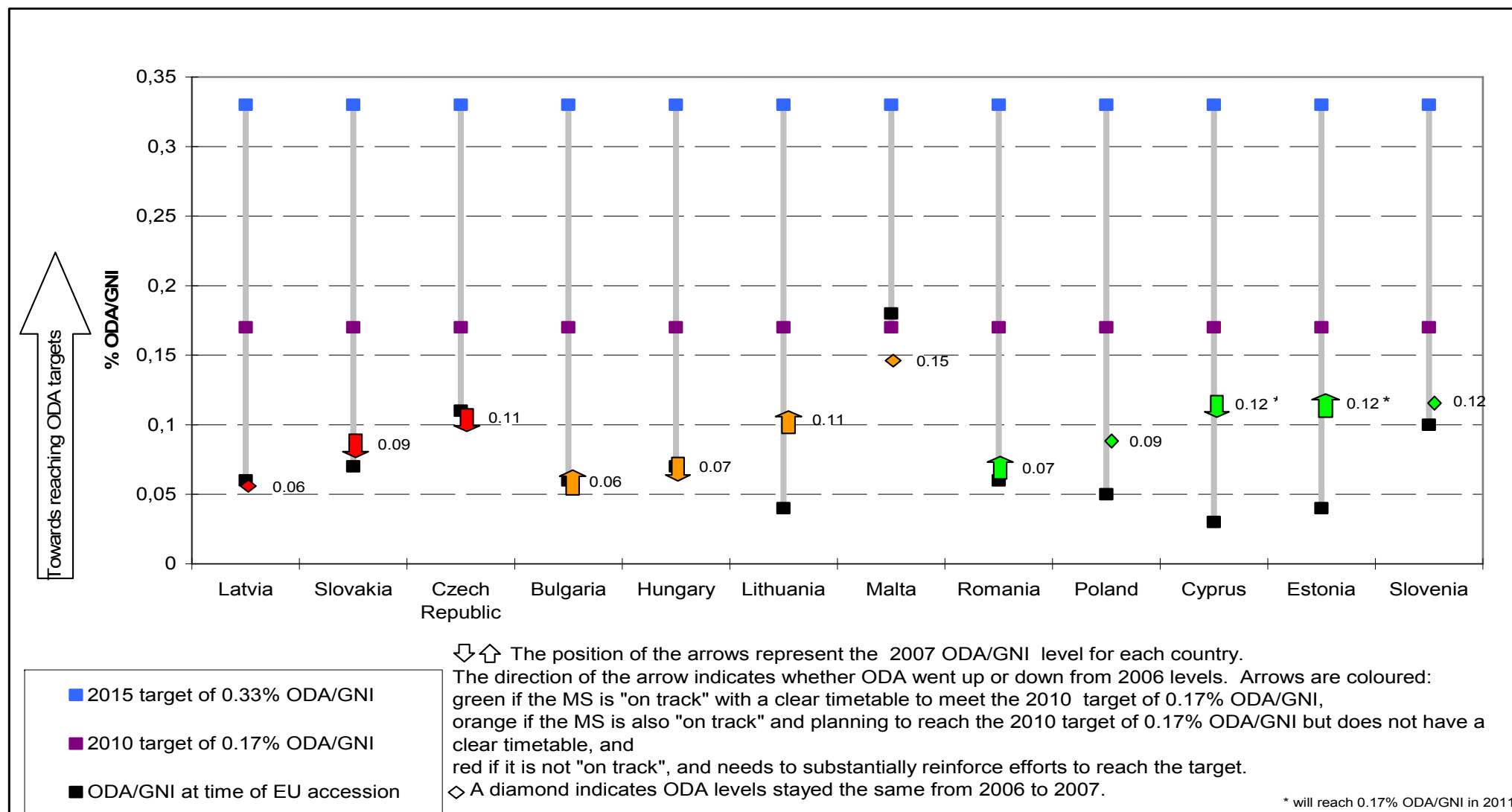


Figure 7: The ODA-target indicator: Are the EU Member States on track towards meeting agreed ODA targets? The EU12 Member States:



3.3.2. *Is the forecast collective EU target of 0.56% ODA/GNI of 2010 still in reach?*

The “off-track” situation of some Member States and the decision of others to slow-down the scaling-up makes it increasingly difficult for the EU to achieve earlier forecast collective results in 2010.

Despite the excellent performance of Denmark, Ireland, Luxembourg, the Netherlands and Sweden, current aid estimates indicate that the collective EU target of 0.56% ODA/GNI by 2010 agreed by the Council in 2005 may not be met. Europe relies not only on the medium-sized donors, but also on EU countries with large economies such as France, Germany, Italy and the UK to boost average aid levels so as to reach targets. If Europe is to meet the collective target of 0.56% ODA/GNI by 2010, it is imperative that big players too exceed this level at that date. However, some countries with more ambitious national ODA goals have revisited their national commitments in 2007, slowing down or back-loading aid flows: Finland and France have pushed back the 0.7% target to 2015 aligning their national efforts downwards to the EU timetable. The United Kingdom, while maintaining the year 2013 for reaching 0.7% ODA/ GNI, will pursue a multi-annual budget schedule that entails back-loading the scaling up. Greece is drawing conclusions from the fact that it will not be able to move away from low aid levels and indicated that 0.51% will not be achieved prior to 2012.

EU countries that have still not reached the 2006 targets and those that have not prepared for reaching 2010 milestones need to demonstrate better political will to bridge the **increasing gap** in the spirit of securing **fair burden-sharing between Member States**.

An EU linear ODA increase over the period 2006 – 2010 would have allowed 0.43% ODA/GNI to be reached in 2007. Not attaining this level, and falling back to 0.38% means that €5 billion in ODA has not become available for partner countries. The aggregate loss for no linearly scaling up towards the 0.56% ODA/GNI target from 2006 to 2010 could correspond to more than €17 billion.

Table 3 shows that aid disbursements in 2007 by several Member States remained considerably below forecasted aid levels, sometimes in contrast to existing national timetables: e.g. ODA disbursements in 2007 were equivalent 0.43% ODA/GNI for Belgium, 0.16% for Greece (0.42% for France), 0.19% for Portugal and 0.36% for the United Kingdom.

Table 3:
EU and national timetables to attain ODA/GNI targets

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EU 15 target	0.39%	→	→	→	0.56%	→	→	→	→	0.7%
EU 15 attained	0.43%	0.39%								
Austria target	0.33%	→	→	→	0.51%	→	→	→	→	0.7%
Austria attained	0.47%	0.49%								
Belgium target	0.45%	0.55%	0.60%	0.65%	0.7%	→	→	→	→	→
Belgium attained	0.50%	0.43%								
Denmark target	0.81%	→	→	→	→	→	→	→	→	→
Denmark attained	0.80%	0.81%								
Finland target	0.33%	0.44%	→	→	0.51	→	0.7%	→	→	0.7%
Finland attained	0.40%	0.40%								
France target	0.33%	0.5%	0.5 0.7	0.5 0.7	0.5 0.7	0.5 0.7	0.7%	→	→	0.7%
France attained	0.47%	0.39%	→	→	0.51%	→	→			
Germany target	0.33%	→	→	→	0.51%	→	→	→	→	0.7%
Germany attained	0.36%	0.37%								
Greece target	0.33%	0.33%	→	→	→	→	0.51%	→	→	0.7%
Greece attained	0.17%	0.16%								
Ireland target	0.33%	0.5%	→	→	0.6%	→	0.7%	→	→	→
Ireland attained	0.54%	0.54%								
Italy target	0.33%	→	0.33%	→	0.51%	→	→	→	→	0.7%
Italy attained	0.20%	0.19%								
Luxembourg target	0.88%	→	→	1.0%	→	→	→	→	→	→
Luxembourg attained	0.89%	0.90%								
Netherlands target	0.8%	→	→	→	→	→	→	→	→	→
Netherlands attained	0.81%	0.81%								
Portugal target	0.33%	0.33%	→	→	0.51%	→	→	→	→	0.7%
Portugal attained	0.21%	0.19%								
Spain target	0.33%	0.42%	0.5%	→	0.51%	→	0.7%	→	→	→
Spain attained	0.32%	0.41%								
Sweden target	1.0%	→	→	→	→	→	→	→	→	→
Sweden attained	1.02%	0.93%								
UK target	0.42%	0.46%	→	→	0.56%	→	→	0.7%	→	→
UK attained	0.51%	0.36%								
EU 12	-	-	-	-	0.17%	→	→	→	→	0.33%

Agreed individual EU commitments, complemented by Member States' latest information about national ODA goals

3.4. Uncertainty about future aid flows remains a major challenge

Scaling up aid is essential for the end of poverty, but it has to go along with substantial changes in the way donors operate. As aid flows become larger, **improving aid predictability and limiting its volatility** becomes eminently important, particularly for those spending programmes – including capital spending – that entail long-term recurrent cost commitments, such as teachers' and nurses' wages, and that are necessary to achieve the MDGs and for which significant financing gaps have been identified. Most Member States (14) have identified “aid predictability” as a core challenge to be discussed at the Doha conference.

3.4.1. The challenges for the donor community

European aid can be managed to avoid unnecessary volatility that places an added burden on partner countries. Doing more, better and faster, requires **the entire**

available tool-set to be consistently applied so as to enhance aid effectiveness and
- as and where necessary – the **adaptation of budget cycles**:

- establishing **national timetables** to ensure gradually rising aid levels year-on-year in the run-up to meeting 2010 and 2015 targets;
- **joint multi-annual strategic planning** (joint country strategies and programming documents) as a basis for **multi-annual financial commitments**;
- improved capacities to **forecast aid disbursements to individual developing countries in the medium-term**. This includes **full participation in the OECD/DAC “scaling up for results”-process**;
- **more predictable aid mechanisms**, that are better aligned with partner country’s national development plans, e.g. budget support, namely the “MDG contract”. Six countries (Finland, Ireland, Italy, the Netherlands, Sweden and the United Kingdom) indicated that they intend to favour increases in programme aid. However, despite the recognition that aid predictability is one of the most important issues facing development, an overwhelming majority of Member States underscored that they will continue to operate mainly in classical “project mode” in the future. In 2007 only one country, the Netherlands, spent more on programme aid than on project aid;
- **speedy application of the EU Code of Conduct on Division of Labour in Development Policy** in an increasing number of developing countries to reduce overlap by donors across and within countries, aid sectors, and aid instruments⁵.

3.4.2. *The challenges for developing partner countries*

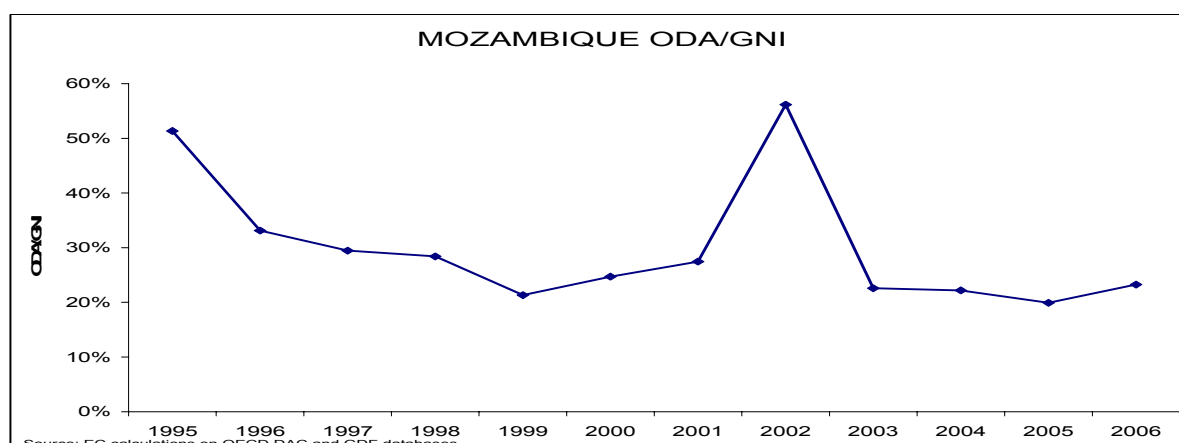
Developing partner countries that depend on scaled-up aid to attain the MDG have to manage the down-side of aid pledges, i.e. to cope with the unpredictability and volatility of aid flows.

Box 2: The real effects of aid unpredictability: the case of Mozambique

Aid predictability is at the centre of the debate on how to improve aid effectiveness. Aid predictability means that partners can be confident about the amount and timing of disbursements, whereas aid volatility refers to year-on-year increases and decreases in aid. Volatile and unpredictable disbursements hamper the attainment of the Millennium Development Goals and other development objectives of the partner's government, as budgetary allocations are rendered obsolete. If countries cannot make the necessary budgetary adjustments, lack of predictability can instead lead to macroeconomic instability.

Aid is more volatile than fiscal revenues and volatility increases with aid dependency; commitments consistently exceed disbursements, and disbursements cannot be predicted reliably on the basis of commitments alone. The main reason for aid unpredictability in budget support by the European Commission and bilateral donors is administrative and political obstacles on the donor side, followed by unmet conditionality in partners.

⁵ More detailed information on these three initiatives can be found in the accompanying document SEC(2008) 435 "An EU Aid Effectiveness Roadmap to Accra and beyond - From rhetoric to action, hastening the pace of reforms".



Mozambique, generally lauded for achieving peace after 17 years of civil war, has received large amounts of aid and is highly dependent on it; most of the budget is financed through external sources and ODA/GNI has reached peaks and troughs ranging from 56% to 21% over the past ten years. Although Mozambique is an "aid darling", volatility of EU aid has been 55% (compared to 40% for foreign direct investment) since 2000, partly due to a huge aid surge in 2002 when donors responded to floods. Aid volatility is even more marked at sectoral level, so the aggregate national figures actually disguise even higher volatility of disbursements. Donor flows are unpredictable, because disbursements usually do not match aid commitments, with an average annual difference in EU aid of €111 million since 2000. The Government of Mozambique had to make adjustments in the face of aid volatility and unpredictability. In times of aid inflow shortages the cost of government borrowing increased and crowding-out of other domestic borrowing occurred. At the same time domestically-financed investment spending decreased. The case of Mozambique also shows that negative effects of aid shortfalls are reinforced by tax revenue shortfalls and current expenditure overruns, possibly because aid flows are pro-cyclical. Periods of excess aid are not used to accelerate investment spending to "catch up" with short falls; this implies that aid volatility has a permanent cost in terms of lost output in Mozambique, posing an even greater challenge to the government to reach the MDGs by 2015.

Mozambique and donors have made progress in improving aid predictability, have already signed a well-structured Memorandum of Understanding for budget support and have created a shared online data base that includes all donor payments and forecast payments almost in real time in a transparent manner.

Table: EU commitments and disbursements in Mozambique (in € million)

	2000	2001	2002	2003	2004	2005	2006	volatility
Commitments	441	579	1438	371	389	410	466	55%
Disbursements	683	513	1592	340	305	519	555	58%
Difference	241	-66	154	-32	-84	109	89	

Source: EC calculations on OECD DAC data; *volatility measured as standard deviation/mean.

Sources:

Bulir, A. & Hamann, A.J. (2005). "Volatility of Development Aid: From the Frying Pan to the Fire?"

Celasun, O. & Walliser, J. (2005). "Predictability of Budget Aid: Experiences in Eight African Countries".

This calls for economic policies to control inflation, currency appreciation, sustainability of internal and external debt and excess liquidity. Prioritising spending in areas that increase potential growth, notably in human capital (education, health), science and technology capacity building and infrastructure, will help to increase the absorption capacity and to reduce the risks of "Dutch disease" effects (see box 3 below). Capacity-building in monetary policy, public finance and debt management

are essential complementary approaches that should include the development of the financial sector as it impacts on the effectiveness of monetary policy measures and the adjustment capacity of the economy.

**Box 3: "Dutch Disease" –
the case of Ethiopia, Ghana, Mozambique, Tanzania and Uganda**

Substantial aid inflows in foreign currency can have adverse effects on a country's external competitiveness through the appreciation of the real exchange rate and contraction of the export sector through increased demand for domestic services ("Dutch disease"). The same principle applies to other capital flows, such as remittances or income generated from the sale of natural resources.

Whether or not Dutch Disease occurs depends critically on the fiscal, monetary, and exchange rate policy response to aid inflows in partner countries, which determines whether or not foreign currency inflows are "absorbed" "not absorbed", "spent", or "not spent". Depending on the exchange rate regime, absorption is controlled by the exchange rate and interest rate policies of the Central Bank, which can decide whether to make foreign exchange available for importers (absorb) or to add the ODA to reserves (not absorb) Spending is dependent on fiscal policy, and the government spends ODA if the ODA is used to finance increased expenditure or to reduce taxation

The combination of these four policy choices lead to different macroeconomic outcomes. The IMF has done in-depth case studies on Ethiopia, Ghana, Mozambique, Tanzania, and Uganda, finding that the countries put in place macro-economic policies to avoid the unwanted Dutch disease effect. In the case of Ethiopia and Ghana, aid was channelled into reserves and not spent. With a view to coping with highly volatile aid flows, central bank policies may sensibly be geared towards absorbing less than available funds by increasing the country's foreign currency reserves at times of high inflows. Foreign reserves:

- *provide a buffer to maintaining macro-economic stability when aid volumes suddenly drop or when aid arrives later than pledged;*
- *facilitate currency convertibility and capital movements which can provide considerable economic benefits;*
- *finance current account deficits and defend the exchange rate when inflows decrease.*

The downside effect of this precautionary approach is that neither does the domestic economy fully benefit from aid inflows nor is the money used directly for poverty reduction measures. Donors may pressure partners to increase spending in response to an aid inflow, which can lead to inflation if it is not also absorbed.

This is what occurred in Mozambique, Tanzania and Uganda, where aid was spent but not absorbed, which is tantamount to an increase in government spending that is financed by printing money. These countries also avoided absorption with the objective to avoid Dutch Disease. In Uganda and (initially) Tanzania, Treasury bill sales were used to "mop up" excess liquidity to contain inflationary pressure leading to a rise in interest rates and the domestic debt burden.

Increasing foreign reserves and exercising fiscal restraint may not always be an appropriate policy option, especially considering current global macroeconomic imbalances. More desirable policy options for partners include absorbing aid flows and ensuring the quality of public expenditure by giving priority to spending in areas that increase productivity and potential growth, notably in infrastructure and human capital, which will offset the initial loss of competitiveness caused by Dutch Disease. On the donor side, spreading out aid flows to cover the donor orphans as well as donor darlings will limit the negative impact of aid surges on partners.

Source: IMF(2005) "The Macroeconomic of Managing Increased Aid Inflows: Experiences of Low-Income Countries and Policy Implications"; Washington DC

4. IMPLEMENTING INNOVATIVE SOURCES OF FINANCING FOR NEW CHALLENGES, NAMELY FOR CLIMATE CHANGE

4.1. Mobilisation of innovative finance for climate change mitigation and adaptation - an urgent challenge

Most of the existing initiatives to implement innovative sources of financing, such as the airline ticket tax, the International Drug Purchasing Facility (UNITAID), the International Finance Facility (IFF) and the Advance Market Commitments (AMC), were launched with a view to provide a stable, predictable and, in the case of the IFF, accelerated funding for the achievement of the Millennium Development Goals.

Meeting the MDGs poses an enormous challenge and climate change will make the task even more difficult. Climate change threatens to undermine the achievement of the MDGs and thus needs to be systematically integrated into development policy-making and planning at all levels. In addition, the mobilisation of innovative financing will be crucial.

While many studies have been conducted with a view to establishing the cost of future climate change adaptation and mitigations efforts, it remains difficult to exactly quantify costs. The UNFCCC Secretariat has estimated that the additional annual investment and financial flows needed for mitigation in 2030 may total US\$200-210 billion and for adaptation, the annual financial flows needed in 2030 are US\$49-179 billion - of which a large proportion will be required in developing countries.

It will be crucial to focus on the role of private-sector investments as they constitute the largest share of investment and financial flows (86% according to the UNFCCC). But even with private investments constituting the largest share, the amounts of public investment required are much more substantial than currently available funds from public sources. It is necessary to attract additional funding from other sources by creating innovative financing approaches. It is also important to ensure that public funds trigger the mobilisation of significant amounts of private sources.

Current ODA levels and pledged resources will not be sufficient to help developing countries deal adequately with climate change, in both its mitigation and adaptation dimensions. The Bali Climate Conference of December 2007 recognised that mitigation efforts in developing countries will necessitate appropriate technology development and transfer and will thus require adequate resources and enhanced cooperation. The Conference also called for increased action on adaptation, to enable climate-resilient development and to reduce vulnerability in developing countries, especially in the poorest countries and the Small Island Developing States.

The EU is leading efforts to address the strong links between climate change, poverty reduction and the achievement of the MDGs. As a concrete proof of Europe's commitment to transfer clean technologies to developing countries, the Commission has launched the Global Energy Efficiency and Renewable Energy Fund (GEEREF). The GEEREF is an innovative global risk capital fund that will use limited public money to mobilise private investment in small-scale energy efficiency and renewable energy projects in developing countries and economies in transition.

To reinforce the EU leadership, the Commission took the initiative to launch a Global Climate Change Alliance (GCCA) between the EU and poor developing countries most vulnerable to climate change, in particular the Least Developed Countries (LDCs) and the Small Island Developing States⁶.

Moreover, in December 2007, Commissioner Michel proposed looking into the **feasibility of an innovative Global Climate Financing Mechanism** (GCFM), modelled on the IFF structure, **considering that delaying action on climate change would greatly increase the future costs**. This militates in favour of frontloading assistance. One of the key issues for such a Global Climate Financing Mechanism will be to secure the reimbursement of the funds that will be raised on the capital markets and that will be disbursed as grants to the poorest and most climate-vulnerable developing countries. One option is a mechanism similar to the IFF for Immunisation (IFFIm), which relies chiefly on long-term budget commitments from supporting countries, based on ODA. The added-value of the mechanism is the **frontloading of disbursements**. Other approaches that would also ensure **additionality to current ODA** need to be explored: Such innovative financing could be linked to the carbon market, like a share of the revenue generated by the auctioning of emission rights in the EU's future Emissions Trading Scheme (ETS). Airline ticket levies, which have been used by France to back the IFFIm and to finance the International Drug Purchase Facility (UNITAID), could also be considered.

The Commission's package of January 23, 2008 on "Climate action and renewable energy package" includes the proposal to generate predictable finance through auctioning of emission trading allowances. The auctioning process will generate significant revenues for Member States, which will help adjusting towards a low carbon economy, supporting research and development and innovation in areas like the capturing and storage of 'renewables' and carbon, helping developing countries and emerging economies to adapt to climate change and to invest in energy efficiency.

Other proposals, such as the **Clean Technology Fund**, launched by the UK, the US and Japan, are geared towards direct funding from the national budgets.

4.2. A small number of EU Member States is promoting innovative sources and instruments

A number of potential financing tools might be used for climate change or other Global Public Goods, without being necessarily linked to a frontloading mechanism.

During 2007 three EU countries (Cyprus, France, the UK) mobilised funds through innovative mechanisms and five contributed to innovative instruments while nine Member States are in the process of assessing or introducing new mechanisms. However, most EU countries are not considering participation in any of the existing innovative sources and instruments.

⁶ Communication from the Commission of 18 September 2007: Building a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change. Council Conclusions of 20 November 2007 on a Global Climate Change Alliance between the European Union and poor developing countries most vulnerable to climate change.

- **Air ticket contributions:** France and the UK have an air ticket **tax** but, unlike France, the UK did not earmark any proceeds for development finance. Luxembourg will collect **voluntary contributions from aid passengers** as of April 2008. Cyprus has also introduced an air ticket tax, but has yet to sort out legal constraints relating to the contract with the private airport operator. In 2007, Portugal's Parliament recommended studying the introduction of an airline ticket tax.
- Cyprus (€800,000) and France (€164 million) paid their proceeds from the air ticket tax to the **International Drug Purchase Facility (UNITAID)** and the UK contributed £13.7 million (€19 million) through regular ODA.
- **International Financing Facility for Immunisation (IFFIm):** The disbursements of the UK (£9,043,200 = €12.6million), France (€19.2 million), Italy (€5.76 million), Spain (€9.1 million) and Sweden (€1.9 million) under their existing long term commitments served the backing of the IFFIm, following the first bond issue of US\$ 1 billion in 2006.
- In February 2007, the UK and Italy (together with Canada, Norway, Russia and the Bill & Melinda Gates Foundation) launched the first **Advance Market Commitment (AMC) for the pneumococcal disease**, under which the first disbursements are expected in 2008. Spain has expressed interest in a further **AMC for malaria**.
- **Financial and currency transaction levy:** Belgium and France had earlier introduced legislation to tax such transactions; its effective implementation is linked to the existence of a similar levy in the other EU Member States. Austria and Italy expressed interest in introducing a tax on financial or currency transactions at the EU level.
- **Climate change** gives a new boost to work on innovative financing and appears to inspire some Member States that have so far been reluctant to take a fresh look on innovative finance:
 - Germany has announced a new initiative on auctioning its CO₂ emission allowances that is expected to raise €400 million annually, a large share of which will be made available for climate-related funding in developing countries.
 - The UK underscored the need for the EU to promote innovative sources of financing for climate change, for a decision at the Conference of Parties in Copenhagen in December 2009.
- The **Leading Group on solidarity levies** initiated by France in 2006 with a view to presenting a platform of proposals for the Doha Conference is also discussing the contribution of carbon trade revenues to climate change adaptation and mitigation. Austria, Belgium, Cyprus, Germany, Luxembourg and the UK participate in this forum, and Finland and Italy joined in 2007, demonstrating their renewed interest in the debate on innovative sources of financing.

4.3. Policy recommendations

- **Additionality:** Innovative sources of financing should be effectively in addition to the Member States' ODA commitments and must not distract attention and finance from achieving the MDGs and other internationally agreed development objectives. Existing resources for development should take into account climate change considerations.
- **Effectiveness:** The implementation in recipient countries of actions supported by innovative sources of finance has to respect the aid effectiveness principles, in terms of ownership, alignment, harmonisation and accountability. It is therefore crucial to avoid a multiplication of parallel implementing structures. Innovative finance must rely, as much as possible, on existing development institutions and financing instruments, including, where applicable, budget support.
- **Transaction and financial costs** possibly entailed by these instruments require special attention: A cost-effective approach is therefore needed to assess their real added value in terms of stability, predictability and scaling-up of development finance.

5. NEW CHALLENGES TO DEBT SUSTAINABILITY IN DEVELOPING COUNTRIES

The EU commitments on financing for development were reviewed in 2005, prior to the launch, by the G8, of the Multilateral Debt Relief Initiative and the UN Summit. At that time the debt-related revised commitment focussed on support for a mechanism to alleviate multilateral debt. As a result the reference text regarding debt as part of the revised EU 2005 commitments is partially outdated.

5.1. The implementation of the HIPC initiative and the challenge of preserving debt sustainability

Member States, in their replies to the 2008 Monterrey survey, generally shared the view that **debt sustainability is crucial for achieving the MDGs** and that good progress was made in recent years to restore debt sustainability in low income countries (LICs). However, **challenges remain**, mostly related to:

- The **implementation of the HIPC initiative:** The initiative is not yet entirely funded and faces a low participation by commercial and some non-Paris Club official creditors. Moreover, there are challenges for the remaining eligible countries to access the initiative, ranging from political instability to difficulties in clearing protracted multilateral arrears.
- Cases of **aggressive litigation by commercial creditors and distressed-debt funds.**
- The **emergence of new sources of financing in the form of lending at non-concessional rates** by non Paris-Club official and commercial creditors and the increasing access of low-income countries to international capital markets.

Continued participation of creditors and donors in the existing debt relief initiatives, namely the Heavily Indebted Poor Countries initiative (HIPC) and Multilateral Debt Relief Initiative (**MDRI remains crucial** – while adhering to the principle of additionality as stipulated in the Monterrey Consensus. Whereas the IMF and World Bank had reported that some Member States were experiencing delays in delivering HIPC debt relief⁷, those EU countries, in response to the Monterrey survey 2008, emphasised that the situation has since evolved positively.

A related problem has to do with the **high cost of clearing protracted arrears to multilateral organisations of countries eligible for the HIPC initiative**. The cost of arrears-clearance can represent a significant burden for creditors and donors alike. While some action is being taken in this regard in the relevant institutions (IMF, World Bank; African Development Bank), some ACP countries face a similar situation for loans provided under earlier European Development Funds. EU Member States seem positive to find some solution for this problem.

Maintaining long-term debt sustainability in low-income countries after the implementation of the HIPC/ MDRI initiatives is an important challenge. Recent cases of aggressive litigation by commercial creditors that buy HIPCs' debt in secondary markets at a discount to obtain profits via litigation have diluted some of the benefits from debt relief. The high vulnerability of those countries to potential external shocks and re-accumulation of unsustainable debt due to negligent borrowing and lending that disregards debt sustainability implications can lead to new cases of debt distress. Some **non Paris-Club official and commercial creditors are lending at conditions, which are neither always fully transparent nor in line with concessionality requirements as defined by the IMF/WB Debt Sustainability Framework**. Furthermore, due to the good macro-economic performance in recent years and the lower debt burden, some LICs now have improving sovereign credit ratings and are able to directly access international capital markets for sovereign borrowing. While this is a very positive development - also with a view to developing the local financial sector - it may entail significant risks for debt sustainability, particularly in countries with debt-management capacity constraints.

The Monterrey survey revealed that **Member States strongly support measures to ensure more responsible lending** among non-Paris Club and commercial creditors to avoid free-riding and aggressive litigation against developing countries. Member States support the use of the **IMF/ WB Debt Sustainability Framework** to guide lenders and borrowers' decisions on LICs' new external borrowing. Recently there have been further initiatives to deal with these challenges, e.g. in January 2008 the **OECD Working Party on Export Credits and Credit Guarantees** adopted a set of principles and guidelines to promote sustainable lending practices in the provision of official export credits to LICs: The OECD countries commit to respecting concessionality requirements, ensuring project sustainability and providing relevant information.

⁷ Enhanced Heavily Indebted Poor Countries (HIPC) Initiative–Status of Non–Paris Club Official Bilateral Creditor Participation (September 10, 2007).

However, not all EU Member States are OECD or Paris Club members; this implies that they are not yet bound by those initiatives.

5.2. Policy recommendations

In the light of the trends and challenges described above, the Commission recommends the following measures to be taken by the EU:

- All EU Member States should **continue** to timely and fully **support** the implementation of the **HIPC/MDRI** to ensure that eligible countries do receive the pledged debt relief. Regarding **protracted arrears towards multilateral organisations** the European Investment Bank (EIB) should be asked to propose mechanisms to deal with the arrears owed to it. Concerning EDF loans, the Commission and the Council need to **explore ways of minimising the cost of EDF arrears-clearance in the context of the HIPC initiative**.
- To ensure **long-term debt sustainability** the EU should act against free-riding behaviour and prevent litigation by aggressive debt distressed funds⁸. Member States should apply the IMF/ WB Debt Sustainability Framework in their own lending and aid policies, and apply existing principles and guidelines like those of the OECD regarding sustainable lending when providing official export credits.
- All Member States should **apply the Paris Club commitment not to sell claims on HIPCs to creditors that are unwilling to provide debt relief**. All stakeholders should **enhance transparency in the process of debt contraction by improving data and information sharing** in order to help countries that have benefited from the HIPC initiative and the MDRI to maintain long-term debt sustainability.
- In other fora, including at the forthcoming Doha Conference on Financing for Development to Review the Implementation of the Monterrey consensus and its preparatory process, EU Member States can **take co-ordinated action** to help restore and preserve debt sustainability by **supporting**:
 - **Dialogue with** other – multilateral, bilateral or commercial – **creditors and** with **borrowing countries**;
 - **Technical assistance** (i) to strengthen debt management capacities of low-income countries and (ii) to assist efficient negotiations with non-Paris Club official bilateral creditors and commercial creditors with a view to preventing litigation by distressed-debt funds and supporting long-term sustainable borrowing strategies;
 - **Commercial debt buy-backs**, especially for HIPCs, e.g. through the IDA Debt Reduction Facility.

⁸

The IDA/ IMF report "HIPC initiative and MDRI – status of implementation" of August 27, 2008 reports on the litigation case Donegal versus Zambia", p. 34, Box 5.

6. GLOBAL PUBLIC GOODS (GPGs)

In 2008 Monterrey survey Member States were keen to increase the supply of global public goods, and there was agreement on the priority GPGs identified by the International Task Force, i.e. those related to health and the environment, but Member States were not enthusiastic about the recommendations of the International Task Force. As a consequence of the Member States' position, and on the basis of its own analysis, the Commission did not propose an EU action plan as envisaged in 2005 when the EU adopted its renewed "Monterrey commitments". In May 2007, the Council called on the Member States and the Commission to strengthen their action on global public goods through enhanced collaboration and alliance-building with developing countries⁹.

As the EU has undertaken to support global initiatives and funds, while fully respecting its commitments with regard to aid effectiveness, the Monterrey survey 2008 focussed on the financing mechanisms for global public goods, in particular global funds and partnerships. The objective to provide aid more effectively may lead to criteria being drawn up for EU participation in global funds¹⁰. Global funds and partnerships are an opportunity for the EU to strengthen its collaboration and alliance-building with developing countries for the provision of GPGs.

The EU focus on Global Public Goods remains significant; attention seems now to be moving towards the delivery and financing mechanisms that can be used to increase the supply of such goods.

6.1. EU trends for investing in global funds and partnerships

6.1.1. *Using allocative criteria to invest in Global Funds and Partnerships*

Most Member States use some form of principles and criteria when taking decisions about investing in global funds and criteria. These principles are frequently drawn from national development policies and overall strategies, take account of budget constraints, and are often in support of the Millennium Development Goals. The criteria broadly, rather than narrowly and precisely, guide Member States in their decisions. It seems as though Member States tend to adopt a relatively flexible approach to such investment judgements, although always respecting their national overall policies and strategies.

There was general support from Member States for the use of common EU criteria. However, this interest was qualified by a frequently stated concern that such criteria should act as a guide for good practice, but not be imposed and binding on Member States. A minority of Member States felt that the EU was not the most appropriate forum, or that such an approach would be unlikely to add much value to the decisions that each Member States would take. The Commission has looked at a list of criteria that could be used.

⁹ Council Conclusions "Keeping Europe's promises on Financing for Development" 9556/07 of 15 May 2007.

¹⁰ See para 107 & 108 of the European Consensus on Development.

6.1.2. *Investment trends*

Overall the replies to the Monterrey survey showed that Member States are not able to give a clear picture of their investment plans up to 2010. Whilst many were able to provide information about investments planned in 2008, information was not comprehensively presented for the following two years. Accordingly, it is difficult to draw conclusions on the likely up- or down-scaling of EU investments in such funds. Member States, that have historically invested large amounts, indicated that this would continue or increase.

The public goods attracting most interest of Member States for investments are health, the environment and education, with nominal, scattered interest in energy, gender issues, and research.

6.1.3. *Supporting a country-led approach*

Those Member States that answered this question were concerned to ensure that global funds and partnerships support a country-led approach to development in line with the Paris Declaration commitments on ownership, alignment and harmonisation, and several Member States provided examples of their efforts in this regard. Yet the lack of responses from a significant number of EU countries indicates that there may be scope to enhance the attention being paid to this issue. The EU needs to continue its efforts for effective delivery in support of country-led strategies. The emphasis should not be placed on creating new multilateral instruments or global funds, but rather focusing on reinforcing coordination amongst donors through joint analysis, response and monitoring.

6.2. **European co-ordination mechanism for contributions to Global Funds and Partnerships**

Most of the Member States that expressed their view on the issue in response to the Monterrey survey were in favour of some form of co-ordination and considered that it could improve European coordination and coherence, reduce financing overlaps, and improve the visibility of EU contributions to global funds and partnerships, all of which should lead to increased impact in poverty reduction. The Commission supports the idea of a light but effective coordination mechanism. While several Member States did not express any preference, those that are not in favour of creating an EU co-ordination mechanism did not explain their response or stated that they did not see any potential benefits from new mechanisms.

6.3. **Recommendations**

There is sufficient interest to develop a more common approach to and understanding of global funds and programmes in support of the provision of global public goods.

- During 2008, the Commission, in close collaboration with Member States, will draw up common principles for EU investment in global funds and partnerships.
- In order to enhance coordination, harmonisation and alignment, the European Union should create a common knowledge platform on Commission and Member States' activities with global funds and partnerships. This would facilitate greater

sharing of experience, financing plans, and policy analysis, which would, in turn, raise the Union's visibility in such activities and lead to greater impact for poor people. Coordination between Commission and Member States in relation to funds is especially important at the time of replenishment.

7. **COMPENSATORY FINANCE SCHEMES: A NECESSARY INSTRUMENT OF DEVELOPMENT POLICY TO DEAL WITH EXOGENOUS SHOCKS**

7.1. **Disaster Preparedness**

Disasters undermine the results of development investments in no time and remain a major impediment to developing countries' efforts to achieve sustainable development and poverty eradication. The number and frequency of disasters is rapidly growing, in particular weather-related disasters, as a result of increasing climate change. The European Consensus commits the EU to support disaster prevention and preparedness in disaster-prone countries and regions with a view to increasing their resilience in the face of these challenges. Evidence has long suggested that **disaster risk reduction (DRR) has a high cost/benefit ratio, i.e. preparedness, prevention and mitigation pay off.**

Most (17) Member States and the Commission fund DRR efforts in developing countries on a regular basis from development or humanitarian aid budgets, or both.

In response to the question in the Monterrey survey regarding planned measures to increase the investment in DRR efforts in developing countries, ten Member States and the Commission indicated that they are in the process of stepping up support for DRR in various ways, e.g. through policy and institutional approaches, including a distinct DRR and development policy, inter-ministerial cooperation, working papers and guidelines (three Member States and the Commission). Four EU countries and the Commission are enhancing bilateral support for DRR at country and regional level, by ways of both projects/programmes and improved mainstreaming. At multilateral level, four Member States support the UN **International Strategy for Disaster Reduction (ISDR)** system to implement the Hyogo Framework for Action. Four Member States also fund the World Bank's Global Facility for Disaster Risk Reduction (GFDRR) and a single EU country supports the UNDP Bureau for Crisis Prevention and Recovery (BCPR). The GFDRR and the BCPR help partner countries to build disaster risk reduction capacity at national level. The United Kingdom (10%) and Luxembourg (5%) have committed to devote a certain percentage of their budgets to disaster risk reduction.

The Commission provides different funding to promote disaster preparedness:

- €12 million for the first phase of the **ACP-EU Natural Disaster Facility** for regional capacity building in disaster risk reduction in the six ACP regions. Principles have been drawn up for EU investment in global funds and partnerships, and additional funds for a phase two have been earmarked.
- €100 million is earmarked for increased **Drought Preparedness and Dipecho programmes** and the **Global Climate Change Alliance**.

- €25 million is being used for the **Global Index Insurance Facility (GIIF)**, a multi-donor trust fund at the World Bank Group. The GIIF will become operational in 2008 and aims to reduce the vulnerability of ACP populations to external shocks/ natural disasters by expanding the use of index insurance as a risk management tool.

In the follow-up to the European Consensus on Development and on Humanitarian Aid and in order to build an EU strategic approach in line with the Hyogo Framework for Action, the Commission intends to develop, in 2008, a proposal for an EU Strategy for Disaster Risk Reduction in Developing Countries. In this context the Commission will hold a stake-holder consultation and will engage in further consultations with interested Member States. Concerning priority areas that this strategy should address EU countries gave a wide-range of recommendations in their response to the Monterrey survey, they emphasised:

- the need to focus on capacity building and institutional strengthening (nine replies);
- preparedness, including early warning as a priority area, at all relevant levels and in specific sectors (infrastructure was mentioned repeatedly) (six replies);
- awareness raising, education and advocacy (four replies).
- Other views highlight support for the UN ISDR system; a stronger prevention focus; risk analysis and monitoring systems urban areas. Further recommendations had to do with guiding principles and approaches, such as the need to address links with climate change, to mainstream disaster risk reduction into development and humanitarian aid and to intensify donor coordination. There was also a call to intervene at local and community levels, to take into account gender issues and to bridge the gap between humanitarian assistance and development cooperation, as well as to focus on particularly vulnerable regions such as Sub-Saharan Africa, Central America, South America (Andean Region), and South-East Asia.

7.2. Compensatory finance

In the discussions about *ex-post* approaches to mitigate the negative effects of exogenous shocks, compensatory finance has always taken a prominent position. The EC's Stabex and Sysmin instruments, applied earlier, and the current FLEX mechanism for ACP countries, introduced under the 9th European Development Fund (EDF), are among the best known examples of compensatory finance schemes in the EU. Stabex provided for financial assistance in the event of loss of export income generated by specific agricultural commodities, Sysmin did the same for mining export income. By replacing the Stabex and Sysmin instruments by FLEX, the EC shifted from (sub)sector-specific compensation schemes towards a macro-economic and budgetary approach. Its prime goal is to "*safeguard socio-economic reforms and policies that could be affected negatively as a result of a drop in revenue...*"¹¹.

¹¹ Cotonou Agreement, Article 68.2.

Current discussions around compensatory finance have questioned the desirability of continuing such donor-funded schemes when market-based arrangements could be used and also led to suggestions for making the schemes more effective and predictable. Against this background the Monterrey questionnaire asked for Member States' views on the appropriateness of compensatory finance schemes and, if deemed relevant in the present-day context, on the most important characteristics that such a scheme should have.

Most EU Member States (17) and the Commission are in favour of keeping an *ex post* compensatory finance scheme for developing countries as part of development cooperation instruments. Three EU countries signalled opposition against such an instrument, while eight Member States had no opinion yet.

Concerning the most desirable characteristics of compensatory financed schemes, those Member States that replied to the question hold a variety of views, with special reference to the level of loss that should be compensated, as well as on implementation arrangements. Nevertheless, the following conclusions can be drawn from the survey:

- In terms of the impact of the exogenous shock that would need to be compensated, there is a preference to focus on **a drop in domestic production** (e.g. as measured in terms of GDP, although the current account could also be looked at). Fewer Member States favour a focus on the drop in export earnings or in government income.
- The focus should be on the **effects of both price and weather shocks**, i.e. looking at a broad range of external causes.
- The current state of affairs in FLEX whereby governments submit their own data on effects of external shocks was not the method preferred by Member States. The vast majority of Member States indicated a preference for such data to be validated by international organisations, while many Member States would like to base the measurement on external, publicly accessible, verifiable statistics (e.g. commodity exchanges for price shocks; satellite data for weather-related shocks).
- The survey also showed that Member States rather support the use of country-wide indicators than a return to a (sub)sector-based approach (such as Stabex, Sysmin).
- Eligible countries should be Least Developed Countries, commodity-dependent countries or a combination of the two.

The Commission underlines that the eligibility to any compensatory finance scheme should be linked to the level of development. In determining levels of support the degree of poverty should be taken into account. It will also be crucial to assist countries that are not yet eligible to budget support in reaching the MDGs in the face of an exogenous shock, and build up in-country capacity to receive budget support and participate in market based risk management instruments in the future. Furthermore, the feasibility of providing 'emergency budget support' in exceptional cases and under specific conditions could be investigated. The Commission also

suggests investigating whether the risk of having to pay out rather large sums in compensatory finance can be insured and at what cost.

Most Member States were hesitant about their interest in contributing to an improved Compensatory Finance Scheme at EU level. Ten Member States plus the Commission indicated they could possibly be interested, while others indicated the need for more information before considering this issue or did not reply to the question. Five Member States answered they had no interest in joining an EU scheme, partly because with the existence of a system such as FLEX they felt no need to add bilateral contributions. One Member State favoured working within the existing aid architecture for shocks (FLEX, IMF's Exogenous Shocks Facility), but took the view that the EU should consider whether it would be prepared to respond to requests to provide additional support in the event of increased weather-related shocks attributed to climate change. Such support could be delivered through existing mechanisms (such as FLEX) or market-based approaches, or a combination of the two.

7.3. Recommendations

Most Member States and the Commission consider that a compensatory finance scheme continues to be relevant in development cooperation and are interested in considering improvements to the existing (FLEX) system, also in view of the expected effects of climate change. The scope of the compensatory finance scheme should be country-wide, focusing on significant adverse effects of external shocks (both price- and weather-related; beyond the control of the country) on the economy of the country and operate for poor and/or commodity-dependent countries. The scheme should work on reliable indicators, but should also lead to quick disbursement.

On the basis of the above, it is **proposed** that the **EC conducts a feasibility study on an EU compensatory finance mechanism**. This feasibility study would:

- investigate to what extent the use of external data (price indices, satellite-based weather data) could lead to faster decision-making and disbursement;
- analyse the reliability of external data, the need for validation and the correlation with economic losses;
- assess the financing implications for covering an adequate proportion of the losses associated with external shocks in the least developed and commodity-dependent developing countries (assessing the ACP countries as well as wider geographical coverage);
- and assess the options and arrangements for covering the costs of such a compensatory finance scheme (including the option of providing relatively lower grants for richer countries, which could increase the scope of coverage).

The results of this study should be available in time for the next revision of the EC-ACP Partnership Agreement by February 2010. Meanwhile the Commission has

worked on a partial revision of the FLEX mechanism in order to meet some of the concerns raised in the consultation process¹², i.e. to move away from compensation for worsening budget deficit towards a more GDP-based approach and to accelerate the allocation of funds and disbursements to strengthen the counter-cyclical nature of the mechanism. The revision proposal does not alter the objective of the FLEX mechanism but tackles some implementation arrangements as described in Annex II of the EC-ACP Partnership Agreement. The revision requires a joint EC-ACP Council decision and is expected to be adopted in the first half of 2008 for immediate application to the year 2007.

8. REFORM OF THE INTERNATIONAL FINANCIAL INSTITUTIONS

8.1. Options for strengthening the voice and representation of developing and transition countries at the World Bank

There is broad recognition that changes are required to improve the representation of developing and transition countries, which are large borrowers from the WB Group but are currently underrepresented in terms of seats on the WB Board. The situation is particularly acute for **Sub-Saharan African countries** which have two seats for 46 countries, while other developing regions (Latin America, developing countries in Asia and North Africa/Middle East) each have three seats for fewer countries.

In view of the forthcoming discussions at the IMF/ World Bank Development Committee meeting in April 2008 and building on the World Bank's discussion paper for the previous meeting of October 2007 presenting options for strengthening the voice and representation of developing countries on the World Bank Board, the Monterrey survey 2008 explored Member States' views regarding the different proposals. All options found some support among the 25 EU countries that responded to the question, but with wide variations:

- A large majority of Member States (22) that together represent 25.92% of total votes in IDA would favour an increase of the basic vote.
- There is also strong support (14 Member States) for the option to open the posts of the World Bank President and IMF Managing Director to all countries.
- 11 EU countries would also consider a selective capital increase for developing countries.
- Increasing the Board size to create a third seat for African countries and introducing double majorities for strategic decisions are options that seven EU countries would also think about.

The Commission considers that capping the number of countries per constituency and establishing a third seat for African countries would be the best short-term option.

¹² Commission proposal COM(2007) 337 of 19.6.2007.

The commitment among Member States to provide support to constituency offices of developing countries on the World Bank Board is less developed: only eight are ready to provide bilateral technical assistance, and only two would provide bilateral financial support; another eight EU countries believe that developing country constituency offices do not need support, whereas 11 Member States would prefer such support to be financed from the EC budget or the EDF. The Commission supports the idea of supplying technical or financial assistance to large developing country constituencies, and would examine the possibility of financing this through the European Community budget or the EDF.

8.2. **Overall very positive, but differentiated assessment of the EU coordination at the IMF, the World Bank and regional development banks**

Over time the support for **strengthening the EU voice** and appreciation of closer EU coordination in the international financing institutions and – more recently - in regional development banks has markedly increased, albeit with variations regarding the different institutions:

- The overall functioning and quality of EU coordination at the World Bank Board received the best score (21 Member States); two countries believe that further improvements are necessary.
- According to the large majority of replies (17 Member States) EU coordination also functions well at the IMF, but seven Member States see scope for improvement.
- The assessment of the situation in **regional development banks** was more critical. While several Member States are not members of regional development banks and either did not respond or preferred to stay neutral in their assessment, the majority of those that expressed an opinion underscored the **need to improve EU coordination**.

Regarding future guidelines for the EU coordination:

- **More joint positions on long-term strategic issues** is something that is strongly supported by 17 Member States (out of 24 replies to the question) for the World Bank and 12 for the IMF.
- **More joint positions prior to annual/ spring meetings** are favoured by 12 Member States in the case of the World Bank and by seven regarding the IMF.
- Compared to opinions expressed in the context of the annual Monterrey reports in previous years there has been a **notable shift in favour of a single EU seat, although this remains, at present, a minority opinion** held by:
 - seven Member States in the case of the IMF (Austria, Cyprus, Finland, Greece, Italy, Luxembourg, Netherlands),
 - four Member States regarding the World Bank Board (Austria, Luxembourg, Netherlands, Slovak Republic),

- and only two Member States for the regional development banks (Austria and Luxembourg).
 - The Commission would consider **a single euro-group seat in the IMF and a single EU seat in the World Bank as an ultimate goal.**
- In order to improve its supportive role in EU coordination for IMF/World Bank Board discussions the Commission would need better access to Board strategic documents. Gaining observer status at the World Bank Board would greatly facilitate that task; eight out of 22 Member States that replied to this section support the Commission's approach; five Member States are explicitly against.

8.3. The way forward

The Commission advocates

- constructive EU cooperation to select the most effective option for strengthening the voice and representation of developing countries on the Board of the World Bank;
- further improved EU coordination prior to the spring/annual meetings. In this context **more references** by Member States to **EU positions in the World Bank/IMF Development Committee** would also be an asset for fostering effective EU representation and visibility;
- **continuing the upwards trend in common statements** by the EU group on the World Bank Board, **in particular for long-term strategic issues;**
- substantially reinforcing EU coordination on the Boards of the regional development banks, based on the good practice in the IMF and World Bank.

Annex 1:
EU commitments on financing for development

1. ODA Volumes

ODA target 2006

"In pursuance of the undertaking to examine the means and timeframe that will allow each of the Member States to reach the UN goal of 0.7% ODA/GNI, those Member States that have not yet reached the 0.7% target commit themselves – as a first significant step – individually to increase their ODA volume in the next four years within their respective budget allocation processes, whilst the other Member States renew their efforts to remain at or above the target of 0.7% ODA, so that collectively an EU average of 0.39% is reached by 2006. In view of this goal, all the EU Member States will in any case strive to reach, within their respective budget allocation processes, at least 0.33% ODA/GNI by 2006."

(Council conclusions of 14.03.2002 on the UN Conference on Financing for Development (Monterrey))

"The Council encourages those Member States that have not reached the target for 2006 or are not on track to achieve the respective individual baseline set for 2010 to make all efforts to reach those targets."

(Council conclusions of 15.05.2007 on Keeping Europe's Promises on Financing for Development)

ODA targets 2010/2015

"...the EU agrees to a new collective EU target of 0,56 % ODA/GNI by 2010, that would result in additional annual € 20bn ODA by that time.

- I. Member States, which have not yet reached a level of 0,51 % ODA/GNI, undertake to reach, within their respective budget allocation processes, that level by 2010, while those that are already above that level undertake to sustain their efforts;
- II. Member States, which have joined the EU after 2002, and that have not reached a level of 0,17 % ODA/GNI, will strive to increase their ODA to reach, within their respective budget allocation processes, that level by 2010, while those that are already above that level undertake to sustain their efforts;
- III. Member States undertake to achieve the 0.7% ODA/GNI target by 2015 whilst those which have achieved that target commit themselves to remain above that target; Member States which joined the EU after 2002 will strive to increase by 2015 their ODA/GNI to 0.33%."

(European Consensus on Development with reference to Council conclusions of 24.05.2005)

ODA - national timetables

"Underlining that this issue falls within the competence of Member States, the Council welcomes the Commission's proposal on national timetables and encourages Member States concerned to work on such national timetables, by the end of 2007, to increase aid levels within their respective budget allocation processes, towards achieving the established ODA targets."

(Council Conclusions of 15.05.2007)

ODA to Africa

"EU will increase its financial assistance for Sub-Saharan **Africa** and will provide collectively at least **50% of the agreed increase of ODA resources to the continent**, while fully respecting individual Member States priorities' in development assistance."

(European Consensus on Development with reference to Council conclusions of 24.05.2005)

2 Innovative Sources of Financing

"The Council will continue to consider the most promising options for innovative sources of financing for development, in order to increase the resources available in a sustainable and predictable way."

(Council conclusions of 24.05.2005)

3 Debt

"The Council welcomes the participation of the EU Member States and the Community in the debt relief operations, including the HIPC and; if relevant, Multilateral Debt Relief Initiative (MDRI), and encourages continued participation while adhering to the principle of additionality as stipulated in the Monterrey Consensus."

(Council Conclusions, 15.05.2007)

"Debt reduction ... provides predictable financing. The EU is committed to find solutions to unsustainable debt burdens, in particular the remaining multilateral debts of HIPC's (Heavily Indebted Poor Countries), and where necessary and appropriate, for countries affected by exogenous shocks and for post-conflict countries."

(European Consensus on Development)

4 Aid effectiveness

"...the EU stresses the need to improve in parallel the quality and effectiveness of ODA as well as better donor practices and the need to enhance the capacity and economic sustainability of increased ODA for our partner countries."

"...the EU will ensure the implementation of the concrete recommendations contained [in the report Advancing coordination, harmonisation and alignment' of November 2004], including a more effective framework for development assistance at EU level and division of labour and complementarity at country level in the context of joint, multi-annual programming based on the partner country's poverty reduction strategies."

The EU is fully committed to a timely implementation and monitoring of the Paris Declaration on Aid Effectiveness including setting monitorable targets for 2010 and of the EU specific commitments adopted at the Paris Forum."

(Council conclusions of 24.05.2005)

5 More predictable, less volatile aid mechanisms

The Council recalls the EU commitment to more predictable and less volatile aid mechanisms which are crucial for effective planning to progress on the MDGs and acknowledges that speedier progress is required for its implementation. Where circumstances permit, the use of general or sectoral budget support as one instrument among others should increase as a means to strengthen the ownership, support partners' national accountability and procedures to finance national poverty reduction strategies and to promote sound and transparent management of public finances."

(Council Conclusions of May 15, 2007)

In order to better respond to the need for stable resources and in view of the expected increases in ODA flows, the EU will develop new, more predictable and less volatile aid mechanisms. Such mechanisms could consist in the provision of a minimum level of budgetary aid secured in a medium term perspective and linked to policy performance in the partner countries, in particular in relation to the commitment towards achieving the MDGs in national poverty reduction strategies.”

(Council conclusions of 24.05.2005)

6 Untying of aid

[The Council will address] the challenge of untying of aid by adopting as soon as possible on the basis of the Commission’s proposal, a regulation on the access to EC external assistance; the EU will support ongoing debates at the international level on further untying of aid beyond existing OECD/DAC recommendations.”

Council Conclusions of 24.05.2005

“The Council calls on the Member States to support a further extension of the OECD/DAC Recommendations that focus on the access for developing countries and promote local preferences.

The Council calls upon the donors that have not yet untied their aid to make efforts in this direction and reiterates that the EU has agreed on further advancing, within the relevant international fora, untying of food aid and food aid transport.

The Council recalls the EU Directive on Government Procurement and underlines the importance of its implementation in this context.”

Council Conclusions of 15.05.2007

7 Exogenous shocks

The Council urges Member States and the Commission to strike a new balance between ex-post natural disaster responses and ex-ante risk reduction strategies, with a stronger emphasis on the latter, within a coordinated approach to disaster prevention and preparedness and on which developing countries and donors need to intensify efforts to reduce vulnerability against exogenous shocks in line with the Hyogo Framework for Action. In that regard it welcomes the implementation of an exogenous shock facility within the IMF framework.

(Council Conclusions of 15.05.2007)

“Some developing countries are particularly vulnerable to natural disasters, climatic change, environmental degradation and external economic shocks. The Member States and the Community will support disaster prevention and preparedness in these countries, with a view to increasing their resilience in the face of these challenges.”

(European Consensus on Development)

“In order to mitigate the impact of exogenous shocks, including price vulnerability, on developing countries economies, the EU will support the operationalisation of market based insurance schemes and explore possibilities for temporary suspension of debt servicing on a case by case basis. Further, the EU will strengthen and improve access to existing financing mechanisms such as those provided for in the Cotonou Agreement (FLEX) to give short term cover against the impact of such shocks on countries’ revenue.”

(Council conclusions of 24.05.2005)

8 Global Public Goods

"The Council calls on the Member States and the Commission to strengthen their action on global public goods (GPG) through enhanced collaboration and alliance-building with developing countries."

(Council Conclusions of 15.05.2007)

"[The Council will examine], on the basis of the report of the Task Force on Global Public Goods, the possibilities to establish by 2006 an Action Plan at EU level on the provision of priority International Public Goods (IPGs) and agreeing to examine the financing modalities of the IPGs."

(Council conclusions of 24.05.2005)

9 Reform of the International Financial System

"The EU will ...promote the enhancement of the voice of developing countries in international institutions."

(European Consensus on Development)

- "[The Council will promote] a joint European position on enhancing the voice of developing and transition countries and further improving the quality of existing EU coordination in the IFIs."

(Council conclusions of 24.05.2005)

10 Aid for Trade

On 15 October 2007, the Council adopted an EU Aid for Trade Strategy¹³ and decided to review progress in implementing the Strategy in the context of the Monterrey reporting. The strategy contains most of the EU commitments regarding aid for trade.

"Within their commitments to future increases in development assistance, Member States will strive to increase the EU's collective spending on trade-related assistance ...to-€1 billion per year by 2010, inclusive of spending on the enhanced Integrated Framework. This would bring the contribution of the EU as a whole, including the Community contribution, to €2 billion per year by 2010."

(Council Conclusions on Trade Related Assistance:12.12.2005)

¹³ <http://register.consilium.europa.eu/pdf/en/07/st13/st13070.en07.pdf>

Annex 2:
The Commission's monitoring mandate and the methodology used for the preparation of this progress report

Reporting in response to a comprehensive mandate from the Council:

In 2002 the Council mandated the Commission to monitor EU progress on the joint commitments on financing for development and aid effectiveness. When the Council agreed in 2005 to extend and further develop the EU's initial commitments of 2002, it also reaffirmed the Commission's monitoring mandate, asking for annual progress reports to be submitted. The objectives of monitoring are to assess progress achieved, provide recommendations on overcoming any shortcomings and suggest how the EU could further contribute to advancing international financing for development. In its Conclusions of May 2007 and October 2007 the Council further requested that the Commission should report on progress regarding the implementation of the Code of Conduct on Division of Labour in Development Policy and the implementation of the EU Aid for Trade strategy in the context of the annual "Monterrey report".

Survey methodology

Since 2002, the Commission has collected information on the performance and views of the EU Member States on the different commitment themes through a detailed **annual survey**. The Commission is pleased to note the **Member States' ever-increasing ownership of and confidence in the monitoring process**, in terms of:

- **responsiveness**: as from the first questionnaire sent out in 2002, all Member States in the enlarging EU have responded;
- the **timeliness** of replies: overall, Member States have endeavoured to provide their contribution more promptly, with the help of close contacts with and encouragement (help-desk type support) from the relevant Commission department and, as and when necessary, extension of initial deadlines;
- the **comprehensiveness and quality** of responses: Member States vary in their technical capacity to deal with the financing for development issues covered by the EU commitments, some of which are complex and technical. Capacity depends on the overall size of Member States' development administration, the expertise available in the administration and their cumulative experience of development cooperation. While some Member States have a long tradition of development cooperation, others have only recently emerged as donors. Despite these disparities, all provide increasingly comprehensive replies, albeit necessarily diverging in quality. The Commission especially appreciates the efforts of those Member States that have joined the EU more recently with nascent development cooperation capacity. In some cases, a single task manager endeavours to provide a full picture of certain topics. The contributions of Member States with greater development experience reflect the involvement of a range of experts/services/ministries/agencies.

Over the years, the Commission has adapted the **methodology** applied in the **design of the annual questionnaire** and has also acknowledged that analysing the replies has turned into a substantially more time-consuming exercise for what are now 27

EU Member States. As a result, there has been a move away from many 'open' questions, as it is more difficult to assess and compare 'open' replies, to more 'semi-open' questions – where a range of pre-defined answers is offered (multiple choice questions) – or 'closed' questions (requiring yes/no answers). There are questions on all thematic commitments, organised in sections that each include a free space for comments so that Member States can contribute as they wish. The **latest survey** was sent to the Member States at the beginning of November 2007; the last reply was received by mid-February 2008.

Assessment of the questionnaire by Member States:

Member States were asked to assess the format of the questionnaire. Most of them agreed that the focus was right, i.e. ODA volumes, joint programming, aid for trade and global public goods (GPGs). However, 14 MS felt that there were too many questions (up from four in 2007), and 12 thought questions were too difficult (up from one), although only eight requested more background information (down from nine). When asked whether important issues were covered, there were indications that the survey should cover more aspects of aid effectiveness, aid to LDCs and states in a situation of fragility, and international stakeholders in development.

Methodology for the analysis of ODA

- Figures on Official Development Assistance (ODA) are in current prices. For 2007 ODA figures are based on Member States' replies to the Monterrey Survey and on the preliminary ODA results 2007 published by the OECD Development Assistance Committee (DAC) in April 2008). For previous years (2004-2006) figures were taken from the OECD DAC for those Member States that report to the DAC. For those Member States that do not report ODA volumes to the DAC, figures for previous years (2004-2006) were taken from Member States' replies to the Monterrey Survey.
- From 2008 onwards, ODA figures are based on available indications of Member States in the Monterrey survey 2008. For Member States which provide ODA figures in national currencies the Commission's annual average exchange rates for the respective years have been applied to convert them into Euro. Up to 2009, the exchange rates have been taken from the Commission's autumn 2007 forecast and, beyond that, nominal exchange-rate stability is assumed. Where a Member State presents only the ODA/GNI ratio, ODA is calculated by multiplying it by the Commission's GNI figure.
- Where a Member State gives both, the absolute ODA amounts and the ODA/GNI ratio, preference is given to using the ODA figure. **The ODA in absolute amounts gives a better indication of where the achievement of ODA/GNI targets is sensitive to differing assumptions on GNI. The Commission's GNI forecasts/ projections** are used for the individual Member States.
- When ODA is not available either in amounts or in ODA/GNI ratio, it is assumed that the ODA/GNI targets for 2010 (0.51% for EU 15 Member States and 0.17% for Member States that joined the EU after 2002) and 2015 (0.7% for EU 15 Member States and 0.33% for Member States that joined the EU after 2002) will be achieved. These ODA/GNI ratios are multiplied by the Commission's GNI

figures for the individual Member States to calculate the ODA in total amounts. For the remaining years a linear increase of ODA has been assumed and the absolute difference between the ODA amount of the latest year, for which information was provided, and the volume required to meet the 2010 and 2015 targets has been distributed equally over that period.

- Figures for Gross National Income (**GNI**) in **current prices** are outcome for 2006, estimates for 2007 and the Commission's autumn 2007 forecast and February 2008 interim forecast for the years 2008 and 2009. GNI figures for 2010 to 2013 are calculated by applying the Commission's country-specific projections of nominal GDP growth rates. The Commission's projections are based on potential output growth estimates until 2013 which were also used for the purpose of budgetary calculations in the context of the EU financial framework 2007-2013.



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accompanying the

**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**The EU — a global partner for development
Speeding up progress towards the Millennium Development Goals**

The Millennium Development Goals - State of Play

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1. THE MDGs ARE NOT OUT OF REACH BUT THERE IS AN URGENT NEED TO ACT

Latest reports on Millennium Development Goals (MDGs) from United Nations (2007)¹ and the World Bank² combine to present a mixed picture with regard to the implementation of the Millennium Declaration adopted in 2000 and the related Development Goals.

Although there has been some encouraging progress, much still remains to be done. Overall, Asia and Latin America are performing better than Sub-Saharan Africa.

Although South-East Asia is advancing quickly to meet the MDGs, progress has been uneven. The average progress towards MDGs conceals persistent social inequalities and considerable differences at sub-national level.

Overall, Middle East and North Africa region is advancing to meet the MDG. Social and human development indicators showed marked improvements during the 1980s and 1990s: among others, significant advances have taken place in indicators such as life expectancy, child mortality and average years of schooling.

In Latin America and the Caribbean region, the highest income per capita and the highest life expectancy at birth have been registered among developing regions. The continent is on track to meet a number of human development MDGs but lags behind in achieving the poverty and the environmental sustainability goals.

Sub Saharan Africa, still faces huge difficulties in achieving MDGs. At regional level, even if gains are not shared equally within and between countries, Africa lags behind on all MDGs.

Overall, slow growth in the 1990s has meant increases in both the poverty rate and number of poor, making Africa the region with the largest proportion of people living on less than \$1 a day.

Africa's sustained economic growth over the last six years has not succeeded in generating the expected results in terms of sufficient productive employment. Africa has also experienced increases in demographic trends. This is an important reason why output growth has not led to a commensurate reduction in poverty. Moreover, income inequality has risen in many countries, mainly as a result of uneven technological progress and access to it.

This persistent poverty is reflected in very weak human development indicators (especially child and maternal mortality, but also completion of primary education, nutrition, and sanitation). This recent performance suggests that, on current trends, the 2015 objectives are unlikely to be met.

In addition, the omnipresence of new global threats such as climate change and its adverse effects is already being felt by many developing countries. Unless these threats are addressed in the context of implementation of the MDG, development progress as such is at increasing risk of being compromised. Developing countries are also those that suffer most from climate change and are the least able to adapt to it. Moreover, environmental sustainability still has to

¹ The Millennium Development Goals Report, UNITED NATIONS 2007.

² World Bank website, February 2008.

be integrated into core development work. Rural poor are most vulnerable to environmental degradation and difficult access to water and fertile land, which lead to increase of hunger, illness and poverty.

Gender equality is another component intrinsically linked to sustainable development. Achieving MDG3 is instrumental in making progress towards all MDGs. Therefore gender equality must be integrated into development and cooperation strategies.

The current state of progress confirms that, if the targets set out for the Millennium Development Goals are to be achieved in 2015, strong commitment by governments, the adoption of sound policies, public investment strategies in key sectors and increasing support from the international community are crucial. An additional effort in favour of Africa is essential.

2. ASSESSMENT OF PROGRESS TOWARDS THE GOALS

A summary of progress for each MDGs is given below. Note that it refers to the goals, targets and indicators as developed in 2002, which were used until 2007 to measure progress towards the MDGs. In 2007, the MDG monitoring framework was revised to include four new targets³ agreed at the 2005 World Summit and recommended, in 2006, by the Secretary-General in his report on the work of the organization.

The EU will produce a review of its contribution to the MDGs in preparation for the expected UN review event in 2010.

GOAL 1 Eradicate extreme poverty and hunger		The poverty target is within our reach globally; but the gains are not shared equally within and between countries. Sadly, the hunger target is unlikely to be met. Despite progress made since 2000 (poverty rate dropped from 45.9% to 41.1%), Sub-Saharan Africa is the only region which is not on track to reach the poverty reduction goal. Recent growth rates in per capita income in a number of countries however provide a degree of optimism for the future.
	Target1 Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day	In Sub-Saharan Africa the number of poor people has increased by a third, but the proportion of people living on less than \$1 per day has started to fall, particularly since 2000, while in absolute terms it is also beginning to level off. Accelerating growth in India has put South Asia on track to meet the goal. East Asia has experienced a sustained period of economic growth, led by China, while growth and poverty reduction have been slower in Latin America and the Caribbean. The transition economies of Europe and Central Asia saw poverty rates rise in the

³ According to the 62nd Session of the General Assembly, the four new targets are: Target 1.B_ Achieve full and productive employment and decent work for all, including women and young people; Target 5.B_ Achieve, by 2015, universal access to reproductive health; Target 6.B_ Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it; Target 7.B_ Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss. Moreover, the language has been modified in some cases for technical reasons, so that the data can be more clearly reflected.

		1990s and then fall. There and in the Middle East and North Africa consumption of \$2 a day may be a more realistic limit of extreme poverty.
	Target 2 Halve, between 1990 and 2015, the proportion of people who suffer from hunger	Globally, the MDG target could be achieved, though progress is insufficient in Sub-Saharan Africa. Child malnutrition rates are decreasing at a too slow rate in Southern Asia and Sub-Saharan Africa. However, fewer than 40 percent of the 77 countries with adequate data to monitor trends are on track to reach the Millennium Development Goal target. Faster progress is possible. Programs to continue breastfeeding and to improve the diets of pregnant and lactating mothers help. So do appropriate care and feeding of sick children, oral rehydration therapy, control of parasitic and food-borne diseases, and vitamin A supplementation. Whilst nutritional interventions are certainly needed, it is also crucial to support safe food production or income generation to buy safe and sufficient food, i.e. agricultural and food safety and security programmes.
Goal 2 Achieve universal primary education	Target 3 Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling	Overall, the UN sees encouraging progress with the global attainment of the target at 88%. The number of out-of school children has declined in recent years but is still high at 72 million (2005). However, neither Sub-Saharan Africa nor South Asia are on track to achieve the goal, even if in both regions some countries have shown that it can be done. East Asia and Latin America and the Caribbean are close to achieving universal primary education. The Caribbean is lagging behind. However, high regional averages disguise some countries that lag behind. The good progress in access masks problems in completion of primary school: in half the countries with available data for 2004, less than 87 % of pupils who started grade 1 reached the last grade. ⁴ Slow progress in Europe and Central Asia reflects the dislocations of the transition period. In the Middle East and North Africa region there has been a decline in completion rates for boys.
Goal 3 Promote gender equality and empower women		The world is still a long way off from equality between women and men. Gains in equality of access to remunerative labour markets have been modest, except in those regions that are coming from a low base. This is paired with lower social protection for women than for men. In many developing regions women are still lacking property rights, and have no access to credit. In general, women's political participation is growing slowly. Rwanda makes a stunning exception with women holding 49% of parliamentary seats in Jan '07. Gender based violence, both within armed conflicts and in peacetime is still a global problem to be addressed

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EFA Global Monitoring Report 2008: Education for All by 2015. Will we make it?

		urgently.
	Target 4 Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015	Globally, for every 100 boys, 95 girls were enrolled in primary school in 2005. Only 59 countries out of the 181 with data available had achieved gender parity in both primary and secondary education. Disparities remain widespread in sub-Saharan Africa, the Arab States and South and West Asia. The differences between boys' and girls' schooling are greatest in regions with the lowest primary school completion rates and the lowest average incomes. East Asia and Pacific has almost achieved the 2005 target. In some Latin American countries girls' enrolments exceed boys'. In the Middle East and North Africa region more girls are overcoming a bias against educating them.
Goal 4 Reduce child mortality	Target 5 Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate	Although South Asia is on track to reach the goal, having reduced its 'Under 5' mortality rate by 35%, families in Sub-Saharan Africa have only seen a 10% reduction – far behind the required progress. The pace of mortality reduction in East Asia and Pacific is slowing. The regional average in Latin America and the Caribbean disguises wide variations. More than half the countries in the Middle East and North Africa are on track to reach the target, although the regional average falls short. Many causes of early childhood deaths are preventable through the basic elements of public health and developing regions with more than 90 percent immunization rates are on par with the high-income economies.
Goal 5 Improve maternal health	Target 6 Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio	The target to reduce by 3/4, between 1990 and 2015, the maternal mortality ratio seems far away. In developing countries, the percentage of deliveries attended by skilled health care personnel increased from 43% to 57% since 1990 to 2005. In particular, in Sub-Saharan Africa the percentage has grown only from 42% to 45%. Maternal mortality ratios are still unacceptably high in many developing countries and especially in rural Africa and South Asia as a result of high fertility rates and a high risk of dying each time a woman becomes pregnant. Each year more than 500,000 women die from treatable or preventable complications of pregnancy and childbirth. A disproportionate share of these women is adolescents. Some developing countries have substantially improved maternal health through better services in hospitals and increased numbers of trained birth attendants and midwives. Others not only improved maternal health, but significantly lowered fertility rates directly through use of contraceptives and indirectly through increased female education
Goal 6 Combat HIV/AIDS,	Target 7 Have halted by 2015 and begun to reverse the spread of	By the end of 2006, an estimated 39.5 million people worldwide were living with HIV (up from 32.9 million in 2001), mostly in sub-Saharan Africa. Globally, 4.3 million people were newly infected with the virus in 2006. The number of people dying

malaria and other diseases	HIV/AIDS	from HIV has also increased – from 2.2 million in 2001 to 2.9 million in 2006. More efforts are needed in rural areas to accelerate prevention, especially among vulnerable groups and to address the increasing feminization of the epidemic. The global prevalence rate is levelling off and the number of new infections is falling, in part due the impact of HIV programmes. Scaled up access to effective HIV treatment has brought a small decline in AIDS mortality, but due to unmet treatment needs, AIDS remains among the leading causes of deaths globally and the primary cause of deaths in Africa. Outside of Sub-Saharan Africa, the number of people living with HIV increased significantly in Eastern Europe and parts of Asia during 2007. Continued scaling up of effective treatment and prevention programs will be necessary to halt and reverse the HIV epidemic ⁵ .
	Target 8 Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases	Malaria is now largely a disease of the tropics. It takes its greatest toll in Sub-Saharan Africa, where more than million people die each year, most of them children under the age of five. Tuberculosis rates are on the rise or falling slowly. The number of tuberculosis cases per 100,000 population (excluding people who are HIV-positive), decreased from 367 to 255 (-31%) in developing regions as a whole but increased in sub Saharan Africa (from 331 to 490). Moreover, poorly managed tuberculosis programs allow drug-resistant strains to spread.
Goal 7 Ensure environmental sustainability	Target 9 Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources	From 1990 to 2005, the world lost 3 per cent of its forests, an average decrease of 0.2 per cent a year. Deforestation, primarily due to the conversion of forests to agricultural land in developing countries, continues at an alarming rate – about 13 million hectares a year. The losses have been greatest in the great tropical forests of Sub-Saharan Africa and Latin America and the Caribbean. Carbon dioxide's emissions rose by 1 billion metric tons between 1990 and 2002. China is the world's second largest emitter, next to the United States. Emissions by India are also increasing. It is worth remembering that an individual in Sub-Saharan Africa accounts for less than 1/10th of the CO2 produced by an average person in the developed world.
	Target 10 Halve, by 2015, the proportion of people without sustainable access to safe drinking water	The UN says that it will require extraordinary efforts to achieve the water and sanitation target. In Sub-Saharan Africa 300 million people lack access to improved water sources and 450 million lack adequate sanitation services. South Asia, instead, has made excellent progress in providing water, but

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Source: The 2007 Epidemiological Update from UNAIDS, December 2007.

	and basic sanitation	progress has been slower in providing sanitation. In East Asia rapid urbanization is posing a challenge for the provision of water and other public utilities. Latin America and the Caribbean has made slow progress in providing sanitation services.
	Target 11 By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers	Approximately one-third of the urban population globally live in difficult conditions: typical slums in developing countries are unplanned informal settlements where access to services is minimal to non-existent and where overcrowding is the norm. Slum conditions result in placing residents at a higher risk of disease, mortality and misfortune. 94% of the world's slum dwellers live in developing regions, which are the regions experiencing the most rapid growth in urban populations and with the least capacity to accommodate this growth. Where available, trend data indicate that this problem is worsening. UN-HABITAT estimates that in 2001 there were 924 million slum dwellers in the world and that without significant intervention to improve access to water, sanitation, secure tenure and adequate housing this number could grow to 1.5 billion by 2020.
Goal 8 Develop a global partnership for development	Target 12 Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Includes a commitment to good governance, development, and poverty reduction – both nationally and internationally	On trade, EU prominence as world's biggest importer of agricultural products from DCs and as key trading partner for DCs including Sub-Saharan African is increasing. For instance, EU imported about €38 billion worth of goods in 2003-2005, ahead of the US, Japan, Canada, Australia and New Zealand put together. Two-third of total EU import was from DCs, compared to one third on average from these 5 countries in the same period ⁶ . EU absorbs over 80% of African exports (including agricultural products such as fruits and vegetables, fishery products, etc), including from small landlocked countries like the Gambia, Swaziland, Lesotho, etc.
	Target 13 Address the special needs of the least developed countries. Includes: tariff and quota free access for least developed countries' exports; enhanced programme of debt relief for HIPC and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction	At the December 2005 WTO Hong Kong Ministerial Conference a Decision was taken to provide duty-free and quota-free (DFQF) market access for least-developed countries (LDCs). With its Everything But Arms (EBA) regime, the EU already grants full DFQF treatment, with just some tariff rate quotas for sugar and rice, to be phased in 2009. Some other developed countries (such as Japan and Canada) have enhanced their DFQF treatment to comply with the Hong Kong Decision that called for coverage of at least 97 per cent of products originating from LDCs, defined at the tariff line level. However, the United States and some other developed countries have not yet clarified how they intend to provide duty-free and quota-free market access to all LDCs on a lasting basis, while also several bigger emerging economies are invited to adopt DFQF measures in
	Target 14 Address the special needs of landlocked developing	

⁶ Monitoring Agri-trade Policy (MAP), No. 02-07, July 2007.

	countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)	favour of the LDCs. In the meantime, work has well advanced on the enhancement of the Integrated Framework (IF) as a viable instrument for LDCs' trade development, building on its principles of country ownership and partnership and contributing to reducing the supply side constraints that many LDCs face. Although the process has suffered some delays, the remaining outstanding issues are now rapidly falling into place and is expected the Enhanced IF to be up and running in the second quarter of 2008.
	Target 15 Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. Official development assistance (ODA).	Although the burden of debt is becoming lighter, and the benefits of mobile and internet technology are rapidly spreading, this is not enough to achieve the goal. Net real ODA/DAC disbursements fell in 2006 and are expected to be even lower in 2007, while recently non-DAC donors have increasingly become major players in Africa (i.e. China). Net ODA by the United States fell by 20 per cent in real terms in 2006, the ODA of Japan fell by 9.6 per cent to 0.25 per cent of GNI. On the positive side, the combined ODA of the 15 EU-DAC members, accounting for about 57 per cent of the total, rose by 2.7 per cent in real terms in 2006. The EU intends to scale up its aid further to reach 0.56 per cent of its combined GNI by 2010 or a minimum individual target of 0.51 per cent for the 15 DAC-EU members (and 0.17% for EU-12). Aid plays an important role in development, especially in low-income countries. The extremely poor countries of Sub-Saharan Africa and Asia still need substantial increases in aid to reach their development goals. In addition to aid, developing countries meet part of their financing needs through private capital flows. Rapidly growing economies need and attract large flows of direct and portfolio investment, which have been particularly important in East Asia and Pacific. The sustainability and the collection of legitimate tax revenues require that these economies develop tax systems in line with internationally recognised principles, such as those of good governance in the tax area, in order to allow their smooth integration in the world economy. Export demand can be an important source of growth, and trade surpluses can also provide substantial foreign exchange earnings. Remittances from people living and working abroad are a growing source of income for households in some developing economies. Moreover, creating opportunities for developing countries to sell their products in wealthier markets is an important complement to aid. Finally the debt relief program for the most heavily indebted poor countries has reduced future debt payments for 28 nations by \$59 billion since 1998,

		bringing their debt service payments to less than seven percent of their export earnings. But for many poor countries, even this reduced level is too high.
	Target 16 In co-operation with developing countries, develop and implement strategies for decent and productive work for youth	Sustainable development has the status of an overriding objective for EU. The specific focus on decent work constitute a call for the integration of economic and social objectives and for a combination of measures in the areas of productive employment, rights at work, social protection and social dialogue. EU promote decent work through (1) trade agreements (for example instrument of preference for promoting core labor standards -GSP and special incentive for sustainable development and good governance, GSP +; cooperation with the African Union concerning the social dimension of regional integration and decent work, as well as bilateral cooperation with South Africa. Decent work taken into account in the context of the Cotonou Agreement and regional strategies -Africa, Caribbean, Pacific); (2) development policies (fostering employment through the development of the private sector, removing barriers to formalization of the labor market, improving the business environment and encouraging entrepreneurship; sustaining the strengthen of governance, labor market regulations and policies, social protection and social dialogue)
	Target 17 In co-operation with pharmaceutical companies, provide access to affordable, essential drugs in developing countries.	To support progress towards the MDGs, the Kigali ICT Summit of October 2007 put forward goals on promoting connectivity and access to ICT services, on related regulatory measures and the development of ICT skills as well as adopting national e-strategies in Africa. Pledges worth of 55B\$ were made primarily by the private sector during the summit. At the end of 2007 there were 278 million mobile phones on the continent.
	Target 18 In co-operation with the private sector, make available the benefits of new technologies, especially information and communications	

SOURCES: The Millennium Development Goals Report 2007, United Nations; World Bank website, February 2008; European Commission.

3. HAVE THE MDGs MADE ANY DIFFERENCE TO EFFORTS TO COMBAT GLOBAL POVERTY?

The MDGs have had a number of important benefits. Firstly, they have created a precedent, namely a commonly held set of development goals towards which all can work. This single, and relatively simple, wide-ranging, framework of goals and targets has become a rallying point, creating an international consensus to combat world poverty. MDGs were the result of a series of world conferences and global summits in the 1990s⁷, from which emerged the need for a political pact being built around a partnership of mutual benefit between the countries of North and South. As a result of the MDGs, many partner countries have adopted national plans with a shape and form that reflect the global targets. Over 140 nations have published reports showing progress towards the MDGs. For the first time, the international community is able to read and compare national development plans all stemming from a common set of overall objectives. Developing countries have adapted the targets and indicators to their local reality, this being a sign that they intend seriously to commit themselves to achieving the goals.

Ethiopia is a good example of success in linking national efforts to achieve MDGs to international support. Indeed during a Consultative Group Meeting held in December 2002, the Ethiopian Government presented the Poverty Reduction Strategy Paper (PRSP) to donors for funding and, for the first time, articulated its commitment to base the PRSP on the MDGs. The communiqué of the meeting referred to the PRSP *“as the primary development programme for Ethiopia, providing a shared platform to achieve accelerated growth to overcome the country’s pervasive poverty and food insecurity and for reaching the Millennium Development Goals”*. The monitoring systems of the MDG and PRSP are synchronized.. The annual targets and performance indicators of the PRSP policy matrix, which form the basis of the annual progress reports, were linked to MDG indicators. Moreover, the Government aligned the timing of the MDG report with the PRSP’s Annual Progress Report⁸.

Partner countries have sometimes preferred to adopt their own development targets that use language coming from national political debate. This is a way to develop local commitment and ownership. For example Vietnam has set out 12 Development Goals which are in line with the MDGs and adapted to the country’s specific conditions. These goals are integrated into its socio-economic development strategies and programmes and include additional goals, such as reducing the number of poor households, developing pro-poor infrastructure and creating job.

The national progress reports presented an opportunity for donors to direct their assistance to those countries most in difficulty. The MDG monitoring system has also helped identify where extra monitoring efforts are needed due to lack of statistical capacity. This has led to

⁷ World Conference on Education for All, World Summit for Children, UN Conferences on the LDCs, UN Conference on Environment and Development, International Conference on Nutrition, World Conference on Human Rights, Global Conference on the Sustainable Development of Small Island Developing States, World Conference on Natural Disaster Reduction, International Conference on Population and Development, World Summit for Social Development, 4th World Conference on Women, UN Conference on Human Settlements, World Food Summit, UN Conference on Trade and Development, World Summit on Sustainable Development .

⁸ Linking the National Poverty Reduction Strategy to the MDGs: a case study of Ethiopia, UNDP 2005 more information at the following link: <http://www.undp.org/mdg/goodpractices/Ethiopia-casestudy.pdf>

national development policies being based on better evidence, and improved tracking of the progress of programmes designed to implement the policy.

Finally, the MDGs have been a powerful communication tool used by politicians and civil society to generate higher levels of commitment as seen at the G8 Summits in 2005 and 2007 and at the World Economic Forum in January 2008.

Although the MDGs clearly have great strengths, there are some difficulties. The main problem is that it is not clear who is accountable for achieving the goals. When the 55th UN General Assembly adopted the Millennium Declaration it was in the spirit of a shared resolve. Translating this into a clear accountability framework has not been easy. Lack of progress can be due to a range of issues, each depending on the contributions of different stakeholders. It is also not clear whether it was intended that the MDGs would be achieved globally, by region or nationally. Currently the UN publishes a progress report with global and regional summaries that are to some extent distorted by the presence of countries with large populations.

4. POLITICAL AGREEMENTS IN SUPPORT OF THE MDGs

The first half of the 2000-2015 period saw the development of some significant policy statements and agreements. In particular, the Monterrey Consensus on Financing for Development (2002), the Paris Declaration on Aid Effectiveness (2005) and the European Consensus on Development (2005) all make specific reference to the centrality of the MDGs in development policy.

2008 is an important year for development policy and therefore for the MDGs. There will be two important, high-level events to review progress regarding the Paris Declaration and the Monterrey Consensus; plus a High Level Event in September on the MDGs. The Africa-EU Partnership on MDG, one of the eight partnerships of the Joint Africa-EU Strategy, will also become operational during 2008.

All major donors are members of the OECD Development Assistance Committee (DAC). In the DAC's 2007 Development Co-operation Report, an assessment was made of the 23 members' commitment to the MDGs. It found that the vast majority (including most EU member states and the EU as a whole) had established clear political links with the MDGs as part of their international development policies.

Insufficient progress has led to a recent resurgence of high-level political attention being directed at the MDGs. In 2007, the UN Secretary General gathered leaders of the major multilateral and inter-governmental organizations working for development in Africa to form the MDG Africa Steering Group, of which the President of the European Commission is a member. The group's objective is to coordinate and redouble efforts in support of the MDGs across the African continent. With a clear focus on implementation, it will expedite efforts to follow through on existing commitments to support development in Africa and issue key recommendations inter alia related to agriculture and food security, education, health and infrastructure.

The UK Prime Minister, Gordon Brown and the UN Secretary General, Ban Ki-Moon launched the MDG Call to Action in July 2007. This initiative is currently⁹ supported by 22 heads of state or governments and 21 private sector leaders who joined the initiative at the last meeting in Davos¹⁰. This initiative seeks to galvanise the international community to rise to the challenge of meeting the MDGs and build an international consensus about what needs to be done.

This confluence of events and initiatives will build up the political pressure for results to be delivered in the second half of the 2000-2015 period.

5. WHAT FUTURE FOR THE MDGs?

The international community has expected the MDGs to be many things at the same time: political rallying-point, mobilisation of additional development finance, objective reference for monitoring and planning, whilst being globally and nationally relevant for development action. Although it seems as though the renewed political commitment is strong for the second part of the MDG period, there may be pressures to reform the framework as we draw closer to 2015.

One of these pressures comes from the fact that it is not always easy to work within a long-term fixed and limited set of goals and targets. Some degree of flexibility is needed in order to be able to respond to evolving needs and situations. The growing concerns about climate change and its development impacts illustrates this point. MDG 7 on environmental sustainability has one target related to climate change, which hardly reflects the current political prominence of the issue.

Political partnerships are becoming increasingly important as a means of translating shared resolve to attain the MDGs into concrete practical action, in turn leading to development outcomes. The Africa-EU Strategic Partnership is a good, recent example. It focuses on the following strategic areas: peace and security, governance and human rights, trade and regional integration, and key development issues (of which one is 'accelerating progress towards the MDGs'). Through these partnerships, the MDGs are seen as part of the wider political context of international relations. Latin American and Caribbean countries together with the EU have repeatedly expressed in all international fora and events their continued commitments to the fulfilment of the MDGs by 2015.

Asia is home to two “new” emerging donors China and India. In its relations with China, the EU recognises that closer cooperation on international development including in pursuing the MDGs would benefit the EU, China and partners in the developing world. The MDGs will be one of the topics of discussion at the next ASEM Summit in Beijing this year. India is itself becoming an increasingly active player in an evolving development policy: it is both a recipient and a donor, a user of developmental innovations and exporter of new concepts. The EU India joint action plan foresees exchanges on global development issues in order to

⁹ As for 5 March 2008. The number of signatories has expanded to 22, the later additions being China, Denmark, Ireland, Mexico, Nigeria, New Zealand, Sweden and Vietnam. There remains a significant North-South imbalance, the other signatories being Brazil, Canada, France, Germany, Ghana, India, Italy, Japan, Norway, Portugal, Spain, the UK, the USA and the European Commission.

¹⁰ Davos, January 2008.

identify areas where cooperation can create added value for both India and the EU, in particular in Africa.

Beyond governmental action, it is now increasingly clearly realised that the private sector can bring its finances, networks and expertise to bear on the MDG challenge in large scale and with good effect. We have already seen good examples of this in the health sector with private sector innovations on vaccines. It is highly likely that the role of the private sector and private foundations will increase in the second part of the 2000-2015 period.

Identifying synergies and targeting development and research funding to tackle the problems facing the attainment of the MDGs will be another way in which to draw on resources.

Harmonization between donors and alignment on developing countries' own strategies are now recognised as key principles for aid effectiveness and the MDGs offer a point around which such harmonisation can take place. The newer versions of the PRSPs are now much more closely aligned to the MDGs, and result from a more participatory process of formulation involving a greater degree of local ownership. The UN expects that annual progress reports on PRSPs can be used as a tool for interim monitoring of progress towards the MDGs.

The logical theory of the MDGs is that if the goals are attained then poverty will be dramatically reduced. Poverty is broadly described as the collective non-attainment of the MDG targets. MDGs provided us with a sharper sense of collective purpose; however, these goals are not fully underpinned by a coherent theory of development means, and sound thinking about how they are to be achieved. In recent years, there has been growing interest in aggregate or composite economic and social indicators, and new concepts such as human well-being are given a lot of attention by development research¹¹. A broad range of research methods has emerged aimed at exploring the ways in which poverty, inequality and people's perceptions of the quality of their life are interlinked. The results of this research work show that subjective measurement of needs and aspirations, as well as deeper analysis of country-specific multidimensional determinants of well-being, can contribute to designing better-focused poverty reduction policies and programs and thereby to enhancing the effectiveness and efficiency of aid. In working within the MDG framework, we need to explore ways to make best use of this new thinking.

A venue towards a more holistic approach to achieve the MDGs, e.g. in terms of their financing may also imply to assist these countries in developing efficient tax systems in line with the principles of good governance in the tax area¹².

¹¹ Human Development Indices developed by the UNDP: Human Development Index (HDI); Gender-related development index (GDI); Gender empowerment measure (GEM); Human Poverty Index for developing countries (HPI-1); Human Poverty Index for OECD, eastern Europe and CIS countries (HPI-2). Living Planet Index (LPI) developed by the Global Footprint Network; Happy Planet Index (HPI) by New Economic Foundation; Commitment to Development Index (CDI) by Center for Global Development; Climate Change Performance Index (CCPI), by Germanwatch; Quality of Life Index (QOL) developed by Ed Diener, University of Illinois; Index of Social Progress (ISP) developed by R. Estes, University of Pennsylvania; Global Person Generated Index (GPGI) by L. Camfield and D. Ruta, University of Bath.

¹² See on this approach: Oxfam, (2000) Tax Havens: Releasing the hidden billions for poverty eradication, Oxfam Policy Paper 6/00, Oxford, UK, and the OECD issue "Governance, taxation and accountability: issues and practice" (March 2008).

While it would be easier to communicate if we focused on a few 'key' goals, the integrated package of the MDG framework needs to be maintained if we are to see 'development' success. Getting this balance right between simplicity of message and complexity of reality will be an important communication challenge for the remaining years. Initiatives that mobilise more support for action will be needed.

Civil society, nationally and internationally is another increasingly relevant source of strength for the attainment of the MDGs. There are still opportunities for closer collaboration at the national level between governments and civil society to mobilise political, human and financial resources in pursuit of the goals.

6. KEY ISSUES FOR THE SECOND HALF OF THE MDG PERIOD

During the second half of the MDG period, up to 2015, it will be most important to turn words and declarations into action; and to turn discussions into active partnerships that deliver results. The mixed progress towards the MDG targets is an issue of significant political importance for the international community. There are a number of key focal areas:

- The pursuit of the MDGs is primarily a responsibility for the developing countries' governments.
- All levels of government have a role to play. The potential of local governments' contribution, in particular, should be better used. There are opportunities, such as twinning between local governments in the North and the South, which should be considered in support of this approach.
- Even if Official Development Assistance (ODA) is only one part of the response needed, it is clear that without such increased funding the MDGs will not be attained. Indeed, a connection can be drawn between the increased efforts by the whole of the international community, in particular by the EU, and the progress made by partner countries in the achievement of MDG.
- Donors and partner countries need to speed up progress on the commitments of the Paris Declaration on Aid Effectiveness
- It will be equally important that partner countries are able to mobilize and use domestic public funds in pursuit of the MDG targets, and to ensure that public administration, operation of tax systems, and public financial management is efficient and effective. This should be explored in conjunction with international institutions and other donors.
- Greater efforts must be made by donors and partner countries to draw in the private sector and private foundations that play an important part in achieving the MDGs.
- Pressure to reform the MDG framework should be resisted. In the short time left, all energies need to be devoted to delivering on the existing targets. The building blocks are in place: now results are needed.
- An increased focus needs to be placed on the importance of national-level monitoring and reporting of progress to attaining the MDGs. All progress reports rely on data and, in far too many cases, quality data are not available. Without greater efforts, we will not be able

to track our progress to the goals. The recent innovations of assessing and publishing country-level progress reports should become a feature of the UN's reporting from 2008 onwards. All stakeholders need to have easy access to common, detailed information on progress from the starting points towards the targets, so that they can agree a response strategy.

- The socio-economic growth and wealth creation of partner countries depend also on their capability to create innovations that are based on Science and Technology, and on their societies' and economic actors' ability to turn them into products and services for the domestic, regional and world markets. It will therefore be important that partner countries are able to use and mobilize domestic as well as external aid funds to support science and technology capacity building. This is for example important for meeting specific MDGs, such as fighting poverty-related diseases, maternal health and child health as well as on relevant public health and health systems research issues such as access and quality of care, as well as the successful pursuit of their wider development ambitions. It is also important in areas such as agriculture or renewable energies.
- Climate change is likely to hamper the achievement of the MDGs. Therefore, it is important that MDG policies take account of likely climate change effects. All international operators/ agencies engaged in development co-operation - including the EU - must be prepared to seriously examine the opportunities to better reflect the urgency and importance of this international challenge in their co-operation programmes. Moving towards building low carbon economies should also attract investment and ODA.
- Rising commodity prices affect development sometimes in positive ways by raising producers' revenues, sometimes negatively as regards livelihood of poor consumers and food insecure people. These impacts on the achievements of the MDG must be analyzed on a country specific basis and taken into account.



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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**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

{COM(2008) 177 final}
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Executive Summary

Beyond development cooperation the EU has an impact on development and the attainment of the Millennium Development Goals (MDGs) through both its external and internal policies. Attention to the external impact of EU policies beyond development has increased within EU institutions and the growing importance of Policy Coherence for Development (PCD) aimed at building synergies between those policies and development objectives is widely recognised. This is reflected by the many PCD mechanisms put in place at Member State, EU and Commission levels.

This Staff Working Paper provides elements for exploring and strengthening the development potential of climate change/energy/biofuels, migration, in particular brain drain, and research policies with development objectives.

Climate Change/Energy/Biofuels

A key element in the EU's strategy regarding climate change, as reaffirmed by the European Council of March 2007, is the EU's long term commitment to the development of renewable energies beyond 2010. Among renewable energies, biofuels are of particular relevance to the Policy Coherence for Development perspective.

The European Union should help developing countries to benefit from the opportunities created by the biofuels market for fighting poverty, while maintaining careful monitoring of the impact it can have on third countries, in particular in terms of food security, access to land and the environment. Against this background, one of the recommendations proposed is regular monitoring of the European biofuels policy fully including the development dimension and allowing, if deemed necessary, adjustments to be made to the policy. Other recommendations are made to support the EU approach based on sustainability criteria, emphasising that implementation mechanisms remain accessible to poor countries and producers, seeking a progressive convergence with international standards, and facilitating biofuels trading, in particular with the poorest countries. Finally, favouring research in the EU and in developing countries, on production and transformation options relevant to the developing countries and on second generation biofuels, as well as facilitating technological transfers are two key pillars of a development friendly EU biofuels policy.

Migration

Any European policy on structuring and managing migration intertwines by definition with development policy: migration impacts on development and development has an impact on migration. There are several issues that would merit further consideration in the context of promoting coherence between migration and development policies. However, this chapter concentrates on what are often considered the most pressing and visible PCD challenges in the area of migration: brain drain and 'brain waste'. Various measures to address the PCD challenges related to brain drain are explored. To ensure sufficient numbers of highly skilled workers in developing countries, 'training for export', may be an appropriate strategy, with additional benefits. The retention of skilled workers should be better integrated within national development strategies and could be usefully incorporated into the existing political dialogue. To facilitate temporary or permanent return, more efforts could be made to allow for the 'portability of acquired social rights', notably equal rights as regards the export of old age pensions. To further enhance 'ethical recruitment' and in order to protect brain-drain-sensitive sectors in a legally binding context, the conclusion of comprehensive employment agreements could be considered. Finally, as a further incentive to circular migration, ways of simultaneously enhancing the ties and the migrants' sense of belonging towards their host

country and their country of origin, should be further explored, including analysing citizenship schemes and the option of dual nationality.

Research

The Commission proposes to define a strategy of research for development building on and learning from past efforts with a view to better coordinating efforts in this area at European level. The Commission believes that better coordinated European research for development and capacity building through aid would improve coherence and effectiveness. Within the context of the EC Research Framework Programmes, Specific International Cooperation Action (SICAs) are intended to address the particular needs of developing countries and emerging economies by means of dedicated cooperative activities on a partnership basis so as to increase collaboration on topics directly related to the MDGs in areas such as agriculture, health and health systems, including reproductive health, poverty related diseases and neglected diseases, renewable energies and water. The Staff Working Paper puts forward concrete recommendations to better use this potential including through a reinforced dialogue with developing countries to identify priority topics for development based on existing national and/or regional plans. These initiatives will be accompanied by development cooperation measures to strengthen research capacities in developing countries through complementary aid activities, which should be defined in the near future.

1. INTRODUCTION

Policies other than development cooperation have a strong impact on developing countries. The European Union (EU) concept of Policy Coherence for Development (PCD) aims to build synergies between those policies and development objectives. This in turn will increase the effectiveness of development aid. Against the backdrop of the EU's commitment to substantially increase official development assistance, the importance of ensuring that these resources are not rendered inefficient or wasted by policy incoherence is even greater.

The policy framework¹ that serves as a reference was set in 2005 when the EU made PCD commitments in 12 policy areas². In September 2007 the Commission issued the first EU biennial report on PCD³ to assess progress towards these commitments. It presents an analysis of organisational mechanisms put in place by the Commission and Member States both individually and jointly. For each of the 12 PCD policy areas as well as for the organisational mechanisms the report identifies a number of outstanding issues that need to be followed up to ensure more coherence. With the report the EU has for the first time gathered all the different pieces of information on PCD from various sources under a single umbrella.

In its conclusions on the PCD report, the Council invites Member States and the Commission to continue monitoring and improving PCD in the 12 policy areas. At the same time the Council notes with satisfaction progress in certain policy areas such as trade, agriculture and

¹ - Commission Communication on 'Policy Coherence for Development – Accelerating progress towards attaining the Millennium Development Goals' - COM(2005) 134 of April and May 2005, General Affairs and External Relations Council (GAERC) Conclusions on the Millennium Development Goals (Doc. 9266/05),

- The European Consensus on Development,

- PCD Council Conclusions, November 2007 (Doc 15112/07).

² Trade, Environment, Climate Change, Security, Agriculture, Fisheries, Social dimension of globalisation, employment and decent work, Migration, Research and innovation, Information Society, Transport and Energy.

³ EU Report on Policy Coherence for Development - Commission Working Paper COM(2007) 545 and Commission Staff Working Paper SEC(2007) 1202.

fisheries, while noting that the development potential of areas such as migration, security, climate change, energy, environment and research should be further exploited.

Following the adoption of the EU PCD report and the related Council conclusions, the Commission will continue to monitor the 12 EU PCD areas paying particular attention to the outstanding issues identified in the report while continuing its efforts to promote PCD, in close consultation and collaboration with the Member States.

This Staff Working Paper focuses on three areas with room to improve their development potential. These areas are climate change/energy/biofuels, migration, in particular brain drain, and research policy. The paper aims to identify concrete orientations and measures to implement the 2005 PCD commitments in these selected areas.

The Paper was prepared following a consultation process including dialogue with civil society organisations, an online consultation process with the public at large and meeting with Member States through the Informal PCD Network. The Commission also organised a two day Policy Coherence for Development Workshop with a diversity of participants from Africa, the Caribbean, Latin America and from European countries, from civil society organisations, diaspora organisations, research centres, governmental institutions and private sector.

Migration and Climate Change/Energy/Biofuels areas are characterised by a high level of uncertainty and future evolutions will require careful analyses of ongoing experiences in various countries by various interested parties. It is therefore essential that future findings, data and analytical works are considered in order to adapt and refine, if deemed necessary, the policy options proposed in this Paper.

As policy formulation in the three areas is an ongoing process, there is a need for continued policy dialogue between the EU and developing countries so as to support them in their responsibility to create a safe and conducive political, social and economic environment. Contributions to this dialogue from all stakeholders, including civil society organisations, remain crucial. Support in the form of capacity building measures, dissemination of information and good practices could also be provided to improve the positive interactions between different policy measures and development policies.

2. POLICY COHERENCE FOR DEVELOPMENT: CLIMATE CHANGE/ENERGY/BIOFUELS

2.1. Background

Climate change and energy were identified in 2005 as two of the 12 EU policy areas with a potential impact on developing countries (DC). A key element in the EU's strategy to fight climate change, as reaffirmed by the European Council of March 2007, is the Community's long term commitment to the development of renewable energies beyond 2010. Among renewable energies, biofuels are of particular relevance to the Policy Coherence for Development (PCD) perspective given the level and timeframe set for biofuels use in the EU and the comparative advantages of tropical areas for some biofuel production. With biomass, they are currently the only widely tradable renewable energy source, and as a consequence the EU biofuels policy⁴ will influence the production and markets of these products, and of their agricultural feedstock, in the EU as well as in developing countries. The first EU PCD report

⁴ "An EU Strategy for Biofuels" - COM(2006) 34 - as well as the recent Commission proposal for the Member States to achieve at least a 10% share of renewable energy (primarily biofuels) in the transport sector by 2020 - COM(2008) 19.

issued in 2007 identified biofuels as an area for further work, in particular with regard to balancing opportunities and risks, developing a sustainability mechanism and promoting relevant research and studies⁵.

In the context of the rapid world-wide growth of biofuels and the intense debate on their potential impacts on development, this Paper is a continuation of the Commission's PCD work on the issue. It is an area in which Policy Coherence can add value by considering the multidimensional aspect of the policy making process and providing policy options to make relevant policies development friendly.

The Commission tabled on 23 January 2008 a proposal for a comprehensive Directive⁶ to promote the use of energy from renewable sources, including biofuels. In this context, whilst the Commission is already working with the MS on developing methodological approaches to further incorporate climate change mitigation and adaptation into our assistance programmes and on increasing funding of related activities, it is important that the development implications of biofuels policy are further analysed and taken into account. To ensure PCD in the area of biofuels, not only are the EU development, energy and climate change policies concerned, but also its environment, trade and research policies.

This Paper explores a number of issues and provides practical policy options in order for EU biofuels-related policies to be development friendly.

2.2. Challenges and Opportunities of EU Biofuels-Related Policies

2.2.1. Policy Context

The production and use of biofuels have taken off dramatically in the past few years. Between 2000 and 2005, global ethanol production more than doubled, whereas biodiesel production quadrupled. This growth is expected to continue. In terms of PCD, it is important to analyse biofuels demand within overall agricultural demand (food, feed, fuel and fibre), and EU biofuels demand within global biofuels demand. Detailed analyses of possible impact of biofuel promotion have been conducted by the Commission⁷ and serve as general background for this Paper.

Aiming mainly at reducing GHG emissions and at improving energy security, the EU has put in place legislation promoting biofuels use, by fixing targets for the share of biofuels in total transport fuels in the "Biofuels Directive" of 2003⁸, by strengthening them in the "Renewable Energy Roadmap"⁹ of 2006 endorsed by the European Council of March 2007¹⁰, and in the recent Commission proposal of 23 January 2008. This proposal aims to establish in the EU an overall binding target of a 20% share of renewable energy sources in energy consumption and a 10% binding minimum target for biofuels in transport by 2020. Although EU biofuels production could in theory be sufficient to fulfil that target, the Commission has taken the view that a balanced supply of domestic production and imports is desirable, in particular with the aim to reach its targets in a more cost-efficient way, and to improve the EU biofuels policy contribution to climate change mitigation. With the same aims, there might be incentives for second generation biofuels¹¹. Finally, a key intrinsic element in the EU biofuels

⁵ COM(2007) 545 and SEC(2007) 1202.

⁶ COM(2008) 19, 23.1.2008.

⁷ In particular in Staff Working Paper SEC(2006) 1720 "Renewable Energy Road Map- Summary of Impact Assessment" (10.1.2007) and in COM(2006) 845 "Biofuels Progress Report (10.1.2007).

⁸ Directives 2003/30/CE and 2003/96/CE.

⁹ COM(2006) 848.

¹⁰ Council Document 7775/1/06 REV10.

¹¹ Second generation biofuels are produced from wastes, residues and cellulosic materials.

policy is the conditions relating to environmental sustainability of production of biofuels used for the EU market (in terms of biodiversity and greenhouse gas emissions).

2.2.2. *Opportunities*

Biofuels can, if well managed, create new development opportunities for developing countries in relation to the attainment of the Millennium Development Goals.

- **Opportunities: Climate Change, Mitigation and Incentive to Sustainable Production.**

The setting in the EU of targets for biofuels use, under the current assumption that net greenhouse gas savings will materialise, is expected to be positive for developing countries too, as any climate change mitigation measure will benefit in particular countries more vulnerable to climate change, namely the poorest developing countries and the island states. To ensure that it does not unwittingly encourage those cases where biofuels production actually has a negative greenhouse gas (GHG) balance, EU biofuels policy has laid down safeguards in the form of a threshold of 35% GHG savings for biofuels to receive any support and be counted with regard to targets and renewable energy obligations.

A potential positive impact of the EU biofuels policy on DCs could come from the sustainability scheme, proposed by the Commission to encourage only environmentally sustainably produced biofuels. The scheme contains in particular provisions to restrict certain types of direct land conversion for producing biofuels feedstock while the effect of the policy on indirect land conversion remains debated. Moreover, since land use legislation normally applies nation-wide, and since agricultural production is generally not differentiated according to markets (feed or fuel), the EU sustainability scheme may have a multiplier effect on the whole agricultural sector. In order to comply with requirements for the EU biofuels market either countries will have to ensure that land use legislation is sufficiently robust or producers will have to make sure that their land use practices are sustainable. The proposed scheme can be seen as a signal for developing countries governments, but also other actors. It can raise awareness and give an incentive to develop similar standards in other parts of the world, not only for biofuels, but for other commodities as well.

Finally, biofuels feedstock cultivation in DCs, possibly encouraged directly or indirectly by the EU biofuels policy, could have positive environmental impacts in relation to sustainable land use in cases where: i) degraded or semi-arid land is put back under vegetation cover, by planting adapted species; ii) feedstocks cultivated using good agricultural practices actually contribute to soil conservation (especially with permanent crops or legumes).

- **Opportunities: Socioeconomic Development and Poverty Reduction.**

Growing EU biofuels demand can provide new market opportunities for DCs. This concerns production and exports of biofuels and of their agricultural feedstocks. With regards to EU market opportunities, DCs will benefit proportionally to their export capacity. This depends on actual and potential arable land, agro-climatic conditions, the competitiveness of their agricultural sector and supply chains¹², as well as on the EU import regime, its environmental sustainability requirements and technical standards.

More favourable agricultural market conditions can represent an opportunity for most LDCs, since three quarters of their population live in rural areas¹³, mostly relying on agriculture for food, income and employment. However, beyond a general analysis, it is necessary to

¹² Production potential has to be considered also against the backcloth of second generation biofuels and can hence allow for less agriculturally favoured areas to be involved in production.

¹³ UNDP 2006 Human Development Report – 26.3% of the LDC population live in urban areas (2004).

recognise conflicting interests, among countries (net agricultural exporters vs importers) and among population groups (producers vs. consumers).

The development of an international biofuels market, to which EU policy will contribute, can also be an incentive for the creation of domestic markets in DCs, especially for countries where such domestic markets are small and would not attract investment on their own. The combination of overall stimulus to agricultural production, and domestic and export markets for biofuels, if supplied by local sustainable production, can provide a country with significant benefits in several areas:

- Energy security at national level, with a higher proportion of indigenous energy supply, but also improved access to energy at local level, with decentralised energy production units.
- Rural development and poverty reduction in rural areas, which are critical for reaching the Millennium Development Goals in many DCs, where poverty rates are high. New markets through biofuels development might lead to increased productivity, more profitable and diversified agricultural sectors, the creation of value adding industries in rural areas, more rural employment and reduced migration to urban centres. The redistribution of the expected increased wealth will depend on the economic and social models¹⁴ in countries.
- Improvement of the macro-economic situation, in particular as regards the trade balance and the balance of payments, by reducing rising oil import bills and raising foreign exchange earnings.

2.2.3. *Risks*

While biofuels can be seen as an opportunity for many developing countries, potential hazards should not be underestimated. Mitigating these risks will depend on production models, the rate of market development, as well as on international and national policies ensuring that agricultural or biofuels growth is steered towards development friendly outcomes. While none of the risks specified below can be attributed to the EU biofuel policy, they can be particularly critical when demand growth rates are unusually high, as is the case for several agricultural products, due among other factors to the EU biofuels market.

• **Risks: Climate Change, Biodiversity and Other Environmental Risks**

Increasing prices and profitability of agriculture are incentives to increase agricultural production. This may be done through yield increases but also through expansion of land under cultivation - possibly at the expense of forests or other natural ecosystems (directly or indirectly). If this happens, this tends to negatively affect biodiversity and, in the case of forests or other high carbon stock lands, this generates new emissions of green house gas (a fraction of which is off-set by the carbon sequestration of the new crops). In addition, the sustainability criteria could also lead countries to use good arable land for biofuels production while expansion on arable land of lower quality and poorly managed agriculture could take place on the rest of their territory.

Poorly managed agriculture, notably when there are incentives to increase yields on the short term, may cause environmental problems of local or regional scale, such as soil degradation or water pollution and depletion. Concerning soil impacts, a number of DCs already face a serious problem in soil organic matter depletion in many of their agricultural regions. Inappropriate agricultural practices coupled with an increase in average temperatures have progressively reduced the amount of organic matter in soil. This decrease in soil organic

¹⁴ Such as large plantations, independent producers and/or outgrowers; type of contract or relation between suppliers and factory; production techniques influencing labour intensity; working conditions.

matter leads to problems of erosion control, water conservation and soil fertility, with their consequences for subsistence farming. Furthermore, it causes the organic carbon it contains to be released into the atmosphere.

Potential environmental impacts also exist in the processing phase, if management standards are not state-of-the-art. Insufficient waste management for palm oil production is one example. The degree of environmental impact of the biofuels sector will depend on its management practices, requiring appropriate technology, capital and know-how, as well as on policies and legislation (most often at national or regional level) providing regulatory frameworks for soil and water protection.

- **Risks: Socioeconomic Development and Poverty Reduction.**

The EU biofuels policy, by contributing to creating an international market for biofuels, is indirectly an incentive for certain developing countries to implement biofuels policies for domestic use in substitution for oil. Such policies in DCs generally make it possible to reduce oil related expenditures, but on the other hand may require specific public expenditures (incentives, subsidies, etc.). The balance between both must be evaluated by each country in the context of its own potential and macroeconomic situation, taking into consideration alternative uses of biomass as well.

Higher international agricultural prices, partly due to competing food and fuel uses of agricultural products or of arable land, create both winners and losers amongst developing countries and within. For poor consumers in urban areas, and those poorer farmers who are net food buyers, rising prices already render their access to food more difficult. Rather than the availability of food, it is the accessibility dimension of the food security equation which may be jeopardised due to less affordable prices. At macroeconomic level, the Low Income Net Food Importing DCs can particularly be affected by an increase in their food import bill, especially when they have low foreign currency reserves and no high-priced commodity exports.

The development of a new sector/market or a sudden surge in profitability of a sector tends to exacerbate land tenure tensions, in general at the expense of the more vulnerable local communities – with consequences not only in terms of justice but also of poverty (e.g. loss of livelihoods, forced expropriation). The increased demand for land may also lead to increased corrupt practices in land management and can constitute an obstacle to the establishment or implementation of fair and transparent land tenure legislation.

The extent to which potential risks of biofuels growth in developing countries are distributed among stakeholders largely depends on the production model in the country. The latter is in turn influenced by international trading conditions, i.e. the EU market. Market and trading conditions, such as import tariffs, technical standards, or environmental criteria, indirectly influence the type of agricultural feedstock demanded; and different agricultural sectors tend to have different production structures, hence different social impacts. Trading conditions also impose certain levels of complexity and administrative costs for the supply chain. The higher this level, the fewer producers and producing countries will be able to participate in the international market. In addition to capacity building of the weaker stakeholders, it is important that this risk be kept in mind when establishing, i.a. in the EU, these trading conditions.

2.2.4. The Food-Fuel Debate

The above sections on opportunities and risks of biofuels show that their potential impact on food security can be both positive (in particular through increased income for certain population groups in rural areas) or negative (mainly through reduced food affordability for

poor consumers). Food security problems most often stem from a complex combination of obstacles for the poor to access food (too low income, too high consumer prices). Although the linkages between global biofuels demand - and in particular EU biofuels demand - and local food security concerns are difficult to quantify, it is important to assess how certain policy measures could reduce the risks.

The type of feedstock being used influences the food-fuel link. Developing countries may choose either to base biofuels production on increased production of food crops (this will make it possible, in case of insufficient supply, to cut back on biofuels demand of the feedstock to ensure availability for the food market); or to link biofuels production to non (staple) food crops so as to avoid reducing availability and rising prices of food crops. The later approach was chosen for example in the South African biofuels and the Indian biodiesel policies. Biofuels policies in developing countries should be fully coherent with their agricultural and food security policies within the overall context of national poverty-reduction policies.

In the medium-long term, taking into account the possible positive impact on productivity of an increased demand for agricultural commodities, an adequate food-fuel balance could be attained by setting up a favourable framework for investment and actually investing in agricultural sector. This would lead to higher efficiency and improved competitiveness.

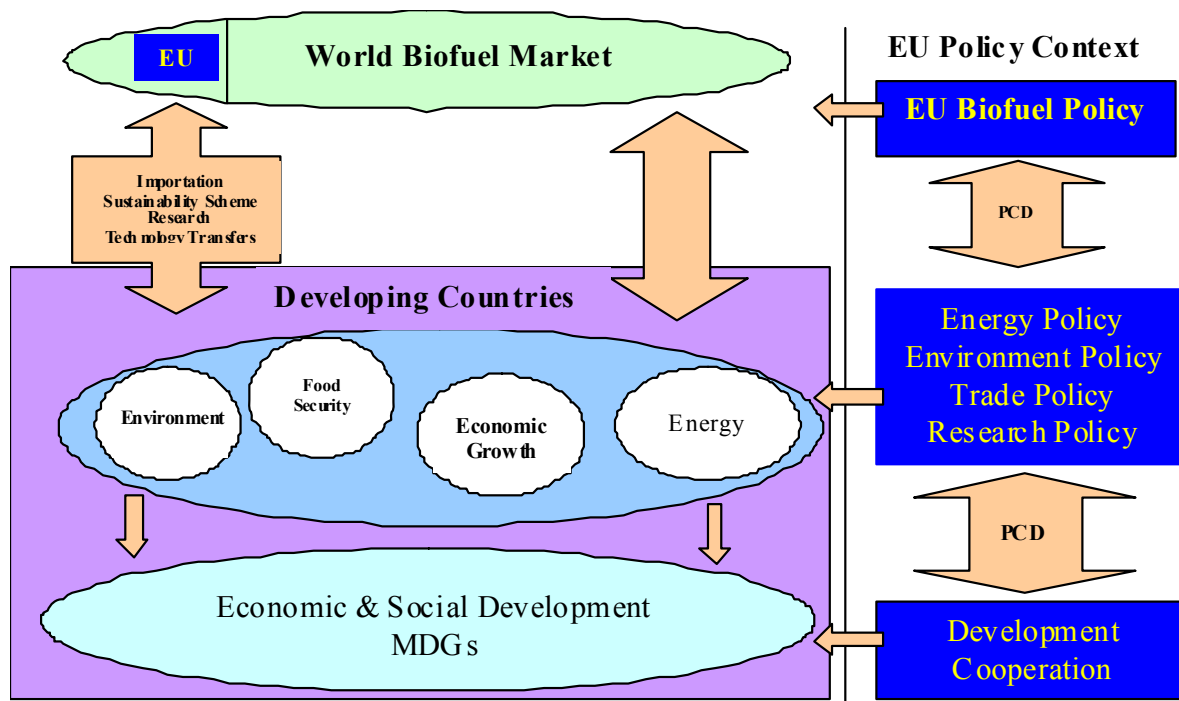
The higher the productivity of a feedstock, the less it will compete for land with food; until second generation biofuels are commercially available, sugar cane, for instance, seems particularly well placed. In addition, sugar being mostly an industrial product, the food-fuel dilemma is less direct than in the case of staple food. As mentioned above, the definition of market and trading conditions for the EU market, such as import tariffs, technical standards, or environmental conditions, indirectly influence the type of agricultural feedstock in demand.

2.3. The PCD Dimension: Multifaceted Policy Making Process

Policy Coherence for Development in biofuels policy is of particular relevance. The diagram below attempts to summarise the links between policies in the EU (right side of the chart) and the situation in developing countries (left side of the chart). While PCD is seen as an instrument to promote development friendly policies, each policy identified has an impact at different levels: on the world biofuels market, on specific sectors, on overall MDGs performance. The left side of the chart illustrates the impact of the world biofuels market, of which the EU represents a fraction. Through importation, environmental sustainability scheme, research and technological transfers, the EU contributes to the overall main impact on developing countries in terms of environment, food security/agriculture, economic growth (business development, macroeconomic impact) and access to energy, among others. The impact on these sectors will in turn affect the overall economic and social development of the country and its performance in terms of MDGs.

2.4. The Way Forward

The overall analysis shows that, under certain conditions, production and use of biofuels can, if well managed, provide development opportunities for DCs. In that context, the EU should aim to support relevant DCs to enter this market, in such a way as to maximise its benefits while addressing its risks. This is valid only for DCs with a potential for competitiveness on selected markets, and where there is a certain level of capacity to design and enforce policies which encourage environmental and social sustainability.



Encouraging DCs in this objective requires first to ensure that internal EU policies are supportive of it; therefore, several policy options could be considered, classified hereunder in policy areas according to their main intended impact (although side effects in other policy areas may be as important). In parallel, with an international and EU policy environment as supportive as possible of DCs in that field, development cooperation can facilitate in-country strategies to develop while ensuring environmental, economic and social sustainability in that sector.

Against this background, in order to enable developing countries to benefit from the potential opportunities created by EU biofuels policies and reduce the risks, a number of EU policies could reflect upon certain adjustments which could help to accommodate developing countries specific concerns.

2.4.1. Energy Policy Options

- **Reporting, with a Significant Development Component.**

Monitoring and reporting are keys to the success of any policy, but even more in the case of a policy such as biofuels, which has complex inter-linkages with many development dimensions, which relates to a quickly changing sector, and for which data and information are rapidly evolving. The monitoring and reporting in the Commission's proposal for the biofuels sustainability scheme pays particular attention to developing countries with regards to sustainability, food security, land use, and dialogue and exchange of information concerning the implementation of the biofuels sustainability scheme.

In order to maximise the PCD dimension in the reporting mechanism, which will apply the Commission's well established PCD procedure, namely the Inter Service Consultation, it is necessary to ensure the availability of data and means to produce meaningful findings. For this purpose, it could be useful to entrust the task of monitoring key biofuels related developments to institutions with the required expertise in Europe and in developing countries (a "Biofuels Observatory"); this work would feed into the policy reporting requirements bestowed upon the Commission.

The regular monitoring and reporting as proposed by the Commission would also generate a debate at EU level and beyond, within DCs, with developing countries representatives, civil society groups and experts, thus highlighting the development implications of policies and contributing to further enhance its compatibility with development objectives.

- **Promoting Technological Transfer and Innovation for the Benefit of Development.**

In a first stage, technology should generally not be a major obstacle for DCs to engage in biofuels production, processing and exports, especially for the agricultural feedstocks or for ethyl alcohol, which many already produce. However, keeping up with technological advances is always a challenge in developing countries, and is necessary to improve competitiveness and mitigate environmental impacts. This will be especially true for second generation biofuels technology.

Several policy instruments could be used to promote technological innovation and transfer for the benefit of development in the field of biofuels:

- Research to develop efficient, adapted, and environmentally friendly technologies. South-south technological transfers have special potential to be better adapted to developing countries' needs. In line with the policy options proposed in the research section of this Paper, EU research policies and instruments should be put to good use for that purpose.
- Facilitating trade in sustainable biofuels related technologies.
- Promoting sustainable Foreign Direct Investment through general investment climate friendly measures, the creation of regional biofuels markets, and access to capital. This is fully in line with the EU's support for regional integration in DCs. The EIB Investment Facility for the ACP can be a useful instrument for that purpose.

2.4.2. *Environmental Policy Options*

- **Sustainability Standards Associated to Biofuels**

All potential environmental, economic and social impacts are important for sustainable development. However, there are different instruments for different policy goals and certification of sustainability standards along the biofuels supply chain is not a silver bullet which will tackle all the environmental and social problems of agriculture, which have long been in existence.

Because biofuels are not good or bad for the environment *per se*, but depending on their production process and the scale of cultivation, including cultivation of feedstock material and land use change, it is important to associate environmental sustainability standards with biofuels as a *sine qua non* condition for supporting their use. The sustainability scheme is a response to this need. In addition, the monitoring and reporting by the Commission foreseen in the proposed directive provides an opportunity, if appropriate, to propose corrective actions, based on lessons learnt during the implementation of the scheme.

Hereunder are some considerations regarding the design of future standards from a development perspective:

- The scope and modalities of an environmental sustainability scheme should be designed in such a way that it is applicable and affordable by the supply chain. This argues in favour of a limited number of criteria, clearly linked to the production process, including cultivation of feedstock material and land use change, and simple and flexible implementation modalities.

- Not only is applicability a concern for mainstream stakeholders in biofuels production and trade, as stated above; it is also critical for weaker players, notably less developed countries and smaller producers.
- Harmonisation at international level is a key element in applicability and affordability of standards.
- Sustainability standards should not discriminate between domestic and imported supplies of biofuels or their feedstocks, both for WTO compatibility and PCD reasons.
- Sustainability standards should be WTO compatible, not only to respect international trade obligations, but also to avoid a rejection of the scheme, which would mean the loss of an instrument whose purpose is to promote environment sustainability.

While future orientations for the EU scheme are debated, developing countries should be encouraged to move towards sustainability schemes promoting the use and production of sustainable biofuels with a view to enhancing coherence between EU and DC policies.

EU efforts towards convergence of sustainability aims and standards within the EU and at international level, i.e. through the International Biofuels Forum and eventually more inclusive fora, should by no means be relaxed.

In addition to development friendly sustainability standards, DCs may need support to build capacity to implement them. While existing equivalent voluntary schemes and national legislations can be recognised by the Commission as demonstrating that biofuels have been produced in compliance with the environmental sustainability criteria, additional efforts are required to put this into practice in order to speed up implementation of the scheme in DCs willing to engage in biofuels production.

- **Further Efforts to Promote the Implementation of Multilateral Environmental Agreements and Internationally Agreed Labour Convention and Social Standards.**

In addition to the environmental sustainability scheme, all available instruments for promoting sustainable production of biofuels should be used, such as Multilateral Environmental Agreements and internationally agreed Labour Conventions and social standards, as well as mainstreaming of environment and human rights into development assistance to DCs.

2.4.3. Trade Policy Options

These new markets created by the EU biofuels policy will represent an opportunity for DCs only if the EU trade regime, its environmental sustainability requirements and its technical standards allow DC exports to enter the EU market.

- **Facilitating a Balanced Supply of the EU Biofuels Market**

Recognising that supplying the EU biofuels market partly by means of imports will contribute to improving the cost effectiveness, GHG impact, and development opportunities of its biofuels policy, the EC is committed to a balanced approach between imported and domestic supplies. Future trade policies should therefore be adjusted, if appropriate, to reflect this objective.

- **Maintaining a Margin of Preferential Access for Least Developed Countries (LDCs).**

At present, developing countries eligible for the Everything But Arms (EBA) and enhanced Generalized System of Preference (GSP+), as well as the African, Caribbean and Pacific

country signatories to Economic Partnership Agreements (EPA), benefit from duty free quota free access to the EU for biofuels and for most of their feedstocks.

A "balanced approach" to supplying the EU market should also mean seeking a balance between third country suppliers, if development opportunities of an expanding EU biofuels market are to be shared. Because of significant constraints to competitiveness faced by the Least Developed Countries, this would require safeguarding a certain margin of preferences for biofuels for LDCs in the multilateral and/or bilateral trade negotiations in which the EU is engaged.

- **Reviewing Non-Tariff Barriers**

Technical fuel standards and a number of other technical measures can have an impact on different biofuels and biofuels feedstocks, to different degrees, and may affect the balanced approach favoured in the EU. The EU should conduct a thorough assessment of such measures and standards and if relevant review them to ensure that they do not negatively affect DC access to the EU Market.

- **Intellectual Property Rights.**

In the context of biofuels, the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement under the World Trade Organisation is of great interest to developing countries where new plant varieties and technological systems to process feedstock could be developed as a result of the opportunities offered by the growing biofuels market. WTO agreement on intellectual property right is essential to encourage innovation and research, in particular in relation to the second generation biofuels, and offers opportunities to the private sector in developing countries to lead market development. In the LDCs, these developments could be assisted by DCs and EU firms or institutes or, alternatively, by DC and EU research programmes.

- **Minimising Trade Distortion by Domestic Subsidies.**

Within the framework of the Common Agricultural Policy and state aid, it is critical to analyse the global effect of domestic subsidies and, if these subsidies are deemed necessary, to identify and implement those support measures that distort trade the least of all.

2.4.4. Research Policy Options

Biofuels science for production and processing is a relatively recent domain of research, although studies and testing can be traced back to the early 20th century. Research for development has the potential to make a major contribution in the area of biofuels. As a result, research policies in the EU should be geared toward biofuels issues both in the interest of the EU and the developing countries.

- **Broadening the Range of Biomass Sources for Energy Use.**

Biofuels can be produced from a wide variety of natural products. However current technological development mainly considers a handful of crops to be the source of biofuels; but many often little-known species may have an interesting potential for biofuels production, while being adapted to a broader diversity of production conditions. EU research programmes, in collaboration with international institutes in the developed and developing world, should undertake an inventory of available biomass suitable for biofuels production, taking into consideration the various ecosystems. Such research should also cover the potential of enhanced forms of biomass through crop improvements. The design of such research, as well as its outputs, should be made public and debated with all relevant stakeholders in DCs and developed countries, in order to target their priorities, to integrate sociocultural factors within technological packages, and to ensure that risks and opportunities in relation to a given crop or technology are well taken into account.

In this context, research should cover not only biofuels for transport, but also local uses of biofuels in DCs, and more broadly biomass for energy, to promote local access to energy.

- **Supporting Research on Biofuels Production, Processing Option and Second Generation Biofuels**

Scientific and technological challenges to produce biofuels at competitive prices require further research. Research objectives of particular relevance to developing countries, to be tackled in and with DCs, may include: increasing of crop yields (not only to improve profitability for the farmer, but also to reduce the risk of production expansion through land conversion, which could have higher impacts on the environment and on food security); improving adaptability of selected biofuels feedstocks to marginal lands and more difficult production conditions (to expand overall agricultural production levels to the benefit of food security, and to open up new opportunities also for farmers in less favoured areas); improving of processing to create new products (i.a. for non transport use such as cooking oil for domestic use to replace wood and charcoal use in DCs); improving the greenhouse gas balance of biofuels production pathways.

Work on optimisation of production should be conducted, of relevance to the variety of conditions found in developing countries, with a view to improving the environmental impact of agriculture, via i.a. more efficient water use, optimisation of fertilisation and plant protection techniques, soil conservation, and protection of biodiversity.

Research programmes should seek to improve the energy and greenhouse gas balance of biofuels production pathways of interest to DCs. They should also contribute (by determining technical standards— such as green house gas emission savings ratio, blending ratios, production modalities, etc.) to help DCs to comply and demonstrate compliance with the sustainability scheme of the EU biofuels policies.

Finally given the high potential of second generation biofuels and the need for applied research in this field, these should be supported not only through energy policy, but also through additional research efforts, with again a significant focus on feedstocks and production pathways of interest to DCs.

In all research fields, public private partnership can help to enhance the potential return of research investments.

- **Promoting DC Expert Participation in Scientific/Technical Networks on Bioenergy.**

The potential for south-south and north-south cooperation in research programmes is important. Research programmes in Europe should promote the participation of researchers

from DCs in international initiatives. These interactions should be promoted within academic and public research institutes, as well as with private research institutes and research departments of private companies, whose role is essential in the development of biofuels. In that context, expertise in a number of emerging or developing countries, such as India, South Africa, Brazil, Indonesia and others can be put to fruitful use.

- **Promoting the Use of Research Results in Policy Making.**

The accumulated knowledge and science on biofuels issues should serve the purpose of policy making. Mechanisms for feedback loops should be established between the scientific community on the one hand and policy makers on the other. Participations by the research community in monitoring biofuels policy would be a key element to this end.

While a number of developed countries already have a biofuels policy in place, these are lacking in most DCs and in particular LDCs. Even where potential for biofuels production seems to exist only a handful of countries have already put in place biofuels policies that will allow them to improve their energy situation and benefit from market opportunities. In addition to the national level, biofuels policy in DCs can benefit from regional and possibly continental dimensions, to enable countries with small markets to also harness their opportunities, and at international level to partly match the weight of other key players in the sector. In order for research findings to feed into policy making in DCs, support should be provided for developing countries in accessing information and in designing sound biofuels policies, embedded within the broader context of their energy policy (including renewables and in particular biomass), and coherent with other policy areas (agriculture, food security, environment, fiscal policy, etc.).

2.4.5. Development Cooperation Accompanying Measures

In order to maximise the benefits of the proposed policy options under the four key policy areas above, the development cooperation programmes of the EU should accompany and enhance synergies with these recommendations in order to foster a positive development impact and poverty reduction. Numerous development initiatives, by a number of development partners, already exist in the field of biofuels, and due to the multi-dimensional linkages of biofuels, several existing development instruments can be used in this context. Coordination at the multilateral level as well as with the most important international partners will be of paramount importance. The support options identified below should take this into account, and be implemented with special attention to aid effectiveness principles.

As regards biofuels and **food security**, the new food market conditions, influenced i.a. by biofuels, should be integrated within the food security policies and instruments of DCs, the Commission and Member States. Development assistance could support dialogue with DCs on the issue of agricultural prices and their impact on development. Providing state of the art information and in depth analyses of the issues at stake is an important step. A dedicated forum gathering policy makers from DCs, biofuels producers and other stakeholders, international development partners as well as civil society organisations and private sector actors could be set up, linked to existing fora, to ensure careful attention is paid to food security in DCs, in particular in LDCs and for the poorest groups in other countries, in the developed as well as the developing world. In terms of policy making, especially in countries with biofuels potential, the design and implementation of national food security policies should be adapted to reflect the current knowledge on biofuels issue (risk, opportunities etc.), thus ensuring that a proper balance is obtained between the opportunities and risks of biofuels sector development.

In the field of agriculture, development partners could support the design and enforcement of national policies contributing to (1) better access of small producers and poor areas to national and international markets, and (2) safeguarding livelihoods of vulnerable rural inhabitants or communities. Moreover, development programmes could be used to assist integrated projects of local production and use of biofuels.

In the field of **energy**, support could be provided for: i) a thorough analysis of the pros and cons of national biofuels policies, in the more global context of national energy policy (including renewables and in particular biomass) and integrated into the development strategy of the country; ii) in relevant DCs, the design of sustainable renewable energy policies, i.a. to facilitate, where relevant, the contribution of biofuels to improve local access to energy. The preparation of these policies, which should ensure better access by small producers and populations in poor areas to national and international markets and safeguard livelihoods of vulnerable rural inhabitants or communities, could be supported with technical expertise and exploitation of research results.

With regard to technological transfer, EU energy programmes could be instrumental in assisting sustainable biofuels production initiatives. Partnerships could be established between EU or non EU public investors (such as EIB, development partners...), national government in DCs, private sector actors and local communities to promote production of biofuels for local use as well as export.

In the field of **environment**, development policies could support the design and enforcement of national policies for sustainable land use (including land tenure), and the implementation of Multilateral Environmental Agreements. At international level, support could be provided to identify and, if relevant, develop complementary incentives for DCs to avoid conversion of land with high carbon stock and high biodiversity. DC representatives should also be encouraged to participate in standard setting at international level.

As far as **trade** is concerned, aid for trade should also cover the different needs of DCs for a dynamic biofuels export sector to develop, where relevant.

As regards **social issues**, support could be provided for the design and enforcement of labour policies promoting decent work, as well as the implementation of related international conventions, in particular in the agricultural sector. In addition, examples of national policies/programmes specifically designed to enhance the social developmental impact of the biofuels sector exist, such as in Brazil, where a percentage of biodiesel must necessarily be supplied by small producers. These experiences, as well as other success stories, should be disseminated widely by south – south exchanges.

As regards **macroeconomic policies**, supported by development partners i.a. by means of budget support, they should take into account the impacts of the evolution of the country's energy and food situation on the macroeconomic situation.

Finally with regards to **policy coherence for development** in the field of biofuels, support could be provided to countries and regional groupings in order for PCD to be considered when policies are designed. Support, in the form of capacity building measures, dissemination of information and good practices could be tailored to fit the needs of the developing countries interested in biofuels development. PCD should be included in the political dialogue between the EU and all countries.

The various policy options and accompanying measures proposed in this paper, both for the short term and the long term, are summarised in the table below and presented in relation to their intended impact on four key issues relevant to developing countries: the food-fuel

debate, the climate change/environment issue, the economic development issues and the social issues:

	Food -Fuel issue	Climate Change/Environment issues	Economic Development issues	Social issues
Energy Policy options.	Reporting with significant development component.	Promoting technological transfers	Promoting Technological transfer	Reporting with significant development component.
Environment Policy options	Sustainability standards	- Sustainability standards - Promoting implementation of MEA and internationally agreed labour conventions and social standards.		Promoting implementation of MEA and internationally agreed labour conventions and social standards.
Trade Policy Options		Balanced supply of EU Biofuels Market	- Balanced supply of EU biofuels Market - Preferential access for LDCs - Intellectual Property Rights - Review non tariff barriers - Minimizing Trade Distortion by Domestic Subsidies	
Research Policy Options.	- Broadening the range of biomass sources of energy use. - Supporting research on biofuels production, processing options and second generation biofuels. - Promoting the use of research results in policy making.	- Broadening the range of biomass sources of energy use. - Supporting research on biofuels production, processing options and second generation biofuels. - Promoting the use of research results in policy making	- Broadening the range of biomass sources of energy use. - Supporting research on biofuels production, processing options and second generation biofuels. - Promoting DC expert participation in scientific/technical networks on bioenergy. - Promoting the use of research results in policy making.	Promoting the use of research results in policy making.
Development Cooperation Measures.	- Supporting dialogue with DCs. - Providing state of the art information/analyses on biofuels issues (all dimensions) - Supporting a dedicated forum on food-fuel issues, in link with existing fora. - Supporting design and enforcement of national agricultural, energy, sustainable land use policies. - Supporting measures for DC to avoid land conversion. - Supporting DCs participation in standards	- Providing state of the art information/analyses on biofuels issues (all dimensions) - Supporting design and enforcement of national agricultural, energy, sustainable land use policies - Support to implementation of MEA. - Supporting technological transfer (public private partnerships) through Energy programmes. - Supporting measures for DC to avoid land conversion. - Supporting DCs	- Providing state of the art information/analyses on biofuels issues (all dimensions) - Supporting technological transfer (public private partnerships) through Energy programmes. - Supporting DCs participation in standards setting at international level. - Promoting the use of Aid for Trade to cover DC needs. - Supporting the design and enforcement of labour policies and implementation of	- Providing state of the art information/analyses on biofuels issues (all dimensions) - Supporting measures for DC to avoid land conversion. - Supporting DCs participation in standards setting at international level. - Supporting the design and enforcement of labour policies and implementation of international conventions. - Supporting DCs and regional groupings in PCD.

	setting at international level. • Supporting south-south exchange in policy making. • Supporting DCs and regional groupings in PCD. •	participation in standards setting at international level. • Supporting DCs and regional groupings in PCD.	international conventions. • Supporting south-south exchange in policy making. • Supporting DCs and regional groupings in PCD.	•
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3. POLICY COHERENCE FOR DEVELOPMENT: MIGRATION

3.1. Background

Any European policy to structure and manage migration intertwines *by definition* with development policy: migration has an impact on development and development has an impact on migration. With the Global Approach to Migration in 2005¹⁵, the EU brought together migration and development strategies – as well as other migration-related policies – within a single policy framework, which was further developed by the European Council in December 2006, defining the comprehensive EU Migration Policy. The Council conclusions of 2005 and 2007¹⁶ on PCD spelled out some of the measures for exploiting the benefits of migration for development while addressing its downsides. There are several issues that would merit further consideration in the context of promoting coherence between migration and development policies. However, this chapter concentrates on what are often considered the most pressing and visible PCD challenges in the area of migration: brain drain and 'brain waste'.

3.2. Challenges and opportunities

Migration has become a predominant factor in sustaining and expanding the EU labour force. Migration contributed to strong employment growth in most EU Member States over the period 1995 to 2005¹⁷, due to both the arrival of new migrants and to the increase in the employment rate of already present migrants. In the future, it is likely that the EU will continue to rely (to varying extents in different Member States) on inward migration as one of the responses to labour market shortages and changes in fertility and mortality, both for highly skilled and low-skilled workers. The proposed draft Directive on the admission of third country nationals for highly qualified employment¹⁸ and the upcoming draft Directive on Seasonal Workers are to be seen in this context, while respecting the division of competences between the EU and Member States as provided by the Treaty.

Outward labour migration can also contribute to reducing poverty in the developing countries of origin. These countries benefit from reduced domestic labour market pressures, from remittances sent home by migrants abroad, and possibly – in the case of temporary or permanent return of migrants – from 'brain gain' of migrants taking home their skills and

¹⁵ Brussels European Council of 15/16 December 2005.

¹⁶ Doc. 15116/07.

¹⁷ Staff Working Paper Migration into the EU: main determinants and economic impact, Brussels, 06/11/2007 ECFIN/E3(2007)REP/54748-Rev1.

¹⁸ Proposal for a Council Directive on conditions of entry and residence of third-country nationals for the purposes of highly qualified employment - COM(2007) 637.

knowledge obtained elsewhere. Moreover, the prospect of emigration and prosperity abroad often constitutes an inducement for potential migrants to invest in a good education¹⁹.

However, in order for this 'brain gain' to be realised, there must be a favourable environment for migrants' skills to be used and developed. 'Brain waste' – or the phenomenon that people work well below their level of skills or education – is a reality both in developing and developed countries. Studies show that if there is no responsible and established recruitment policy in place, migrants run a major risk of being 'de-skilled', with irreversible damage to the human capital of the source countries. If legal migration routes are limited or non-existent, skilled migrants may take the risk of illegal migration, and may take up illegal employment below their level of competence. Such migrant community is quite unlikely to contribute to brain circulation.

Facilitating well managed labour mobility can therefore be an opportunity for both the EU and for the developing world. This rationale is reflected in the EU-Africa Partnership on Migration, Mobility and Employment, adopted at the Summit in Lisbon in December 2007. With this Partnership the EU and Africa decided for the first time to address migration and mobility issues in the framework of labour market disparities both within and between the two continents.

However, labour migration can also have downsides for those developing countries that do not benefit from sufficient financial reinvestment or short-term or permanent return of skills and experience. In many African and Caribbean countries the brain drain phenomenon has a devastating impact on economic and social development. The health sector in Africa perhaps is the clearest case in point. "It has been argued that resource-poor countries are providing a perverse subsidy to health services in resource-rich countries. Calculations based on migration of health workers from Ghana to the UK estimate the saving in training to the UK from recruitment of the 293 Ghanaian doctors and 1021 Ghanaian nurses registered as practising in the UK in 2003/2004 at £65 million for doctor training and £35 million for nurse training. Ghana's loss includes both the training cost and the opportunity cost of understaffed health facilities."²⁰

3.3. The PCD Dimension: Multifaceted Policy-Making Process

Brain drain is a consequence of an individual choice made by a skilled person in a globalised economy, with countries competing to attract the most skilled regardless of their origin. Brain drain is a growing phenomenon²¹, which affects EU and Member States but hits the poorest and smallest countries hardest. In some African countries, such as Guinea-Bissau, Mozambique, Mauritius, the Gambia, Sierra Leone, Ghana, Kenya, Congo Republic and Uganda, more than 25% of the highly skilled workers live in developed countries²². Figures in

¹⁹ "Gender matters in migration decision making, but it overlaps with other factors. Poorer households are more likely to send young women to the city as seasonal migrants. Daughters are more likely to remit. Women may be less eager to return home than men because they fear that upon return they will lose freedoms acquired in the destination country." Policy Coherence for Development 2007– Migration and Developing Countries, Development Centre of the Organisation for Economic Co-operation and Development, OECD 2007 p. 76.

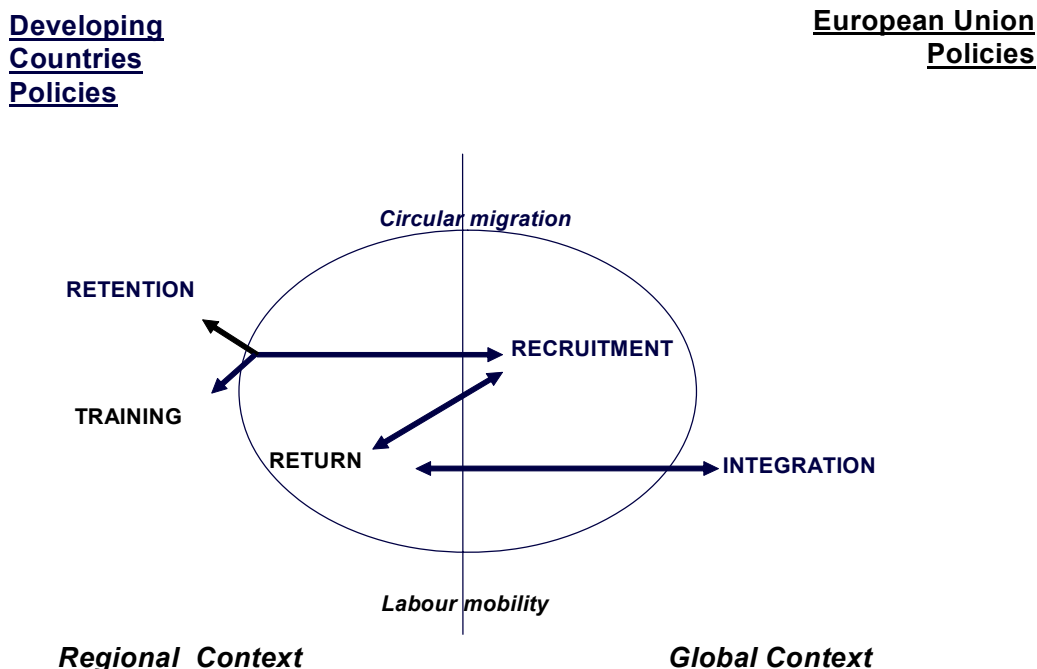
²⁰ EU Strategy for Action on the Crisis in Human Resources for Health in Developing Countries - COM(2005) 642, p. 7.

²¹ Continued improvement of data gathering remains important. OECD 2007 (see previous footnote), mentions that consistent data on skilled emigration have been scarce. New databases that fill the gap but have their limitations: the OECD Database on Immigrants and Expatriates in OECD countries and the database compiled by Docquier and Rapoport (2004).

²² OECD 2007.

some Caribbean Island States mount up 70%. Brain drain particularly affects the capacity of developing countries to achieve the MDGs, notably in areas such as health and education.

In conceptual and policy terms, brain drain exemplifies some of the major challenges and contradictions of the global migration policy discourse, as summarised in the following chart:



The circle represents the movement of people – the labour mobility between developing and developed countries, triggered by recruitment, and return. The logical contradiction between these two concepts produces the first PCD challenge.

Outside the mobility circle, in the left part of this figure, we are in developing countries. Here the relevant factors are training and retention (or rather the lack of it). These efforts by developing countries are challenged by recruitment policies of developed countries in the mobility circle, hence the arrow, representing the second PCD challenge.

Finally, on the right-hand side, we are in the EU. Here the mobility aspect is influenced by an important process called 'integration'. Integration of migrants is in contradiction with their return. The entire notion of circular migration is not entirely compatible with the idea of integration. And here we have the third arrow, the third potential PCD challenge.

3.4. The Way Forward

Many policies and programmes are in place to strengthen and promote retention, training, recruitment, integration, and return, both in the EU and in developing countries. The problem is that many of these policies are conducted in relative isolation, and are not designed to address the brain drain challenges.

There are, however, exceptions: in the area of health much in particular, much progress has been made with the development of the European Programme for Action to tackle the critical shortage of health workers in developing countries (2007-2013). Experience in this sector could inspire other and possibly more holistic efforts to address brain drain challenges. Rather than providing a comprehensive view of all possible policy-measures, the recommendations

hereunder will therefore focus on some measures that have proven successful or are worth exploring further.

3.4.1. Training

Many developing countries experience difficulties in producing sufficient numbers of highly skilled workers and their ability to do so is further undermined by emigration. A logical first priority is, therefore, to increase targeted investments in skills training. Destination countries should help developing countries scale up education and vocational training in critical sectors, including through the creation of schools/workshops to provide adequate training for young professionals, in direct response to local, national and external labour market needs.

Several measures have been undertaken to try to ensure that people trained in a developing country do not immediately leave after graduation. Some sending countries, such as South Africa and Ghana, established for example *bond schemes* to recover the cost of socially funded education. These governments cover training and education costs, and in exchange, the graduates work for public health services for a few years. Other countries argue that, instead of asking migrants to pay back their own education, (the employer in) the destination country should pay for the training costs of its newly recruited employee from abroad. Such "*compensation schemes*" have however generated a number of conceptual and practical problems.

An alternative and potentially promising avenue could be to invest in so-called '*training for export*'. The EU and the sending countries could build on experiences of countries such as India, the Philippines and a number of Caribbean states to define surplus training strategies of health professionals. Certain categories of professionals are trained in numbers that go beyond the countries' domestic need, with the explicit aim of having these professionals employed abroad. Partly because of this training, these countries manage to maintain a relatively high density of health professionals at home despite high expatriation rates. Of course, this '*training for export*' should be part of a comprehensive strategy, including to avoid potential '*brain waste*', and needs to be linked to forecasts of domestic labour market patterns. When considering the options for such a policy, the long-term consequences of such '*training for export*' for economic and human resources should be taken into account. According to the current state of knowledge, such training can bring least harm when financed privately and performed in close cooperation between source and destination countries. It should also be well integrated in the broader socio-economic strategy of the country in question.

3.4.2. Retention

People migrate for many reasons. Some of the most frequently mentioned reasons are safety, stability, better living conditions, better facilities, career opportunities and remuneration. Hence, push factors for migration usually represent a mix of general (political, economic, social), and personal (career-related) considerations. To be successful, retention strategies need to address both levels and should look across generations, with special focus on youth as stakeholders for the future of the country.

The prime responsibility for the retention of skilled workers therefore lies with the country of origin. Governments of developing countries have the responsibility to provide safety and stability for their citizens and create optimal political, social and economic working and living conditions. The EU can support this in many ways, for example by providing *effective development aid*, by supporting *governance reforms*, by *aligning* the aid with the nationally defined retention strategies and priorities, and by providing *long-term budget support* to underpin domestic financing of sensitive sectors.

Recognising the prime responsibility of the developing countries, it is imperative to *strengthen the political and policy dialogue* between the EU and the countries of origin on the ways and means to retain (highly) skilled labour. This should include dialogue on financing and reform of specific brain-drain-vulnerable sectors as well as ways to address other push factors such as governance, economic reform and labour policies.

3.4.3. Recruitment

The active recruitment in Europe of workers from developing countries working in areas and sectors under severe "human resources stress" can cause substantial damage to the development of countries of origin. To seriously address this PCD challenge, the EU and its Member States should first and foremost take the necessary steps to ensure that enough doctors, nurses, engineers and researchers etc. are trained in European countries and that they have working conditions that are sufficiently attractive to discourage them from looking for greener pastures in other developed countries outside the EU.

To make sure this recruitment is done in an "ethical" way, *codes of ethical conduct* have been designed, especially in the health sector. Such codes seek to identify countries from which recruitment may be less harmful and to suggest acceptable forms of recruitment from poor countries. Such voluntary, non-legally-binding instruments have been developed since 1999.

On the basis of the Programme for Action to tackle the critical shortage of health workers in developing countries, the EU is now working on an EU Code of Conduct of ethical recruitment of health workers. Obviously, these codes are most effective when all employers across a sector have signed up, including the private sector. Similarly, success will depend on the extension of ethical recruitment practices to all industrialised countries, not just those in the EU.

As a general consideration it should be added that codes of conduct raise issues of individual freedom of movement, as de facto discriminatory clauses.

These voluntary measures should however be combined with more structural and compulsory policies. The EU (Member States) could notably pursue the conclusion of *comprehensive employment agreements* with developing countries to improve the management of international mobility of workers, including in sectors under severe 'human resources stress'. Such agreements could limit the active recruitment of workers in these sectors, but could also include clauses whereby the destination country agrees to underwrite the costs of training additional staff. They could provide for the possibility of recruited staff to go back to the countries of origin to work, temporarily but regularly, without losing residence rights in the EU (circular migration schemes allowing for example, doctors to work several months in the country of origin). They could also recruit staff for a fixed period only, prior to the staff returning to the source country; and/or limit recruitment to surplus staff in source countries, taking into account absorption capacities and regional aspects.

3.4.4. Return

The return of migrants having acquired new professional expertise and skills, and financial resources in the destination country, can be of obvious benefit to the countries of origin. However, permanent voluntary return is often very difficult to achieve in the poorest developing countries for the very same reasons that hinder the retention of people. The EU is therefore considering the development of temporary—or circular-migration, comprising a potential triple-win situation, for the developing and developed countries as well as for the migrants themselves.

To stimulate temporary or permanent return of students and scholars, some countries of origin have imposed *return clauses* in scholarships and grants. This has however proven difficult to implement. The Commission is currently preparing a draft Directive on a Harmonised Admission Procedure for Remunerated Trainees. This proposal could make a significant contribution to receiving countries' endeavours to facilitate temporary migration and skills upgrading for highly skilled migrants, provided that clear time limits and very strong incentives for return are incorporated (for example, preventing the trainee, at the end of his/her traineeship, from applying for another type of residence permit). Partnerships between health, education or research institutions in developing countries and in EU Member States, focused on capacity building, improvement of the professional environment and exchanges of staff, should provide the conducive framework for such circular migration.

In more general terms many destination countries have programmes in place that provide *incentives to return*. While financial incentives have in general proven relatively ineffective, 'technical' incentives have in some cases generated positive results. Services such as the provision of information on small scale investment opportunities, support in drawing up a business plan and access to appropriate credit mechanisms can effectively help members of migrant communities to invest and return to their country of origin. Also, the explicit recognition of skills and experience acquired abroad, could work as an incentive to be involved and build on the future of one's country of origin. These incentives should ideally take on board wider development strategies aimed at reaching out to diasporas, especially in priority sectors such as health or education; in agriculture, manufacturing or services; in sectors that can be linked to the promotion of 'ethnic' trade or 'ethnic tourism' among migrant communities in the countries of destination, etc.

One of the more structural and promising approaches –which needs to be furthered- is to provide migrants with *legal guarantees for (temporary) return* to former destination countries. The EU (Member States) should allow migrants to travel back and forth to their home country for a reasonable period of time without losing their acquired residence rights. In this context the 'portability of acquired social rights, notably equal rights as regards the export of old-age pensions is fundamental, as it limits the risks involved in seeking suitable business or employment opportunities in the country of origin. In the event of definitive return, the facilitation of mobility with the former country of residence (simplified procedures for issuing short-stay visa) could constitute an additional incentive.

3.4.5. *Integration*

While (circular) migration comprises several potential benefits, it also poses additional challenges for the integration of migrants. The emergence of trans-national communities, continuously moving between two or more countries might slow down the mutual accommodation process by residents of Member States and migrants, including the migrant's adoption of the host country's language, values, cultural, history and institutional characteristics. At the same time, integration was and remains a fundamental pillar of any EU migration policy. Successful integration can also contribute to improving migrants' capacity as actors for development since it strengthens their human, social and financial capital.

The key challenge is thus, strengthening the ability of the migrant to secure ties with the country of origin while at the same time establish new ties with the destination country. This challenge may involve considering the need for differentiated approaches to integration in the case of temporary migrants. In this context, supporting *diaspora organisations* or programmes for diasporas may help prepare for social and economic (re)integration and bridge the gap between integration in the country of residence and continued involvement in the country of origin. Also, support to youth networks would be important in this respect.

To effectively match integration and circular migration it should be considered whether to open up the possibility for longer-term migrants to obtain the citizenship of their host country without losing their citizenship of origin (in EU countries where this does not yet exist). Citizenship schemes such as *dual nationality* or *dual residence* could simultaneously enhance the ties and sense of belonging of migrants towards their host country and towards their country of origin. It could facilitate investment back home, the remittances of funds and even serve as an incentive for permanent return. On the other hand, the active contribution of migrants to their countries of origin might also contribute to their integration in the host country, by giving them self-confidence and a sense of achievement.

3.5. Conclusion

The overarching challenge is to try and make *migration work for development*, not only in developing countries, but also in the EU. To try and reconcile Europe's requirements for migration with development needs. The challenge –the PCD challenge- for Europe and its development partners is to exploit this double potential, while addressing the downsides of migration.

In section 3.4 some concrete suggestions were presented to tackle one of the major downsides of migration: brain drain. As said before, these recommendations do not aim to provide a complete strategy, and may not be appropriate for all situations. But they are based on existing practices and experiences, and are worth exploring/testing in dialogue and partnership with, of course, the relevant countries of origin:

<i>Area</i>	<i>Policy proposal</i>
Training	Promote 'training for export'
Retention	Make retention part of political dialogue
Recruitment	Negotiate employment agreements
Return	Ensure equal rights as regards the export of old-age pensions
Integration	Consider dual citizenship

4. POLICY COHERENCE FOR DEVELOPMENT : RESEARCH

4.1. Background - The Importance of Research for Development

Research policy can make an important contribution to development. This has been recognised by the EU, when in 2005 it committed itself to policy coherence for development

in 12 policy areas, including research and innovation²³ and on several earlier occasions also with the ACP states²⁴, as well as at the international level with the 2005 Millennium Declaration.

Despite this recognition of the development potential of research, there is no comprehensive policy framework outlining how research policy can contribute to development and how this commitment should be implemented is lacking. This paper aims to launch a process to fill this gap by addressing PCD issues. It will be followed by further proposals in the context of the forthcoming Communication 'A Policy Framework for International S&T cooperation' and by initiatives aiming at coordinating European research for development.

The Council in its conclusion on the PCD report²⁵ considers that EU research policies, both at EC and national level, should contribute to overall development policy objectives by supporting research activities in areas of interest for developing countries, and continue supporting specific international cooperation projects involving research centres, universities and other stakeholders from developing countries. The Council notes that the development potential of research should be further exploited.

Research policy can contribute to development in two ways: directly, in that progress towards the MDGs in particular those on health, food security, and the environment depends, in part, on advances in research in areas such health and health systems research including reproductive health, agriculture, renewable energies and environmentally friendly technology. Indirectly, in that a strong research base in a country can help create the enabling environment that will allow developing countries to achieve the MDGs, by strengthening their international competitiveness and promoting sustained growth and social development.

The UNCTAD Least Developed Countries Report 2007 'Knowledge, Technological Learning and Innovation for Development' makes the case for Least Developed Countries. It argues that 'unless LDCs adopt policies to stimulate technological catch-up with the rest of the world, they will continue to fall behind other countries technologically and face deepening marginalization in the global economy.'²⁶ Furthermore, the weak diffusion of technologies within a society is identified as an important factor explaining the persistence of poverty despite of economic growth.²⁷

Through development cooperation the EU and its Member States can contribute to increasing the research capacity of developing countries. The Joint Africa-EU Strategic Partnership states that Africa and the EU will strengthen their cooperation in building knowledge based societies. This can be done in part through the targeted use of development instrument such as the EDF, DCI (e.g. the Food Security Thematic Programme) and the ENPi to build up research capacity.

But strengthening research capacities through development cooperation, although crucial, is not all that can be done. In addition the EU, taking a PCD approach, is committed to looking at research policy and its contribution to development. This is the focus of this Paper.

²³ See also the resolution of the European Parliament on the importance of supporting measures to improve international scientific cooperation with Africa, 21 February 2008.

²⁴ Cape Town Declaration on Research for Sustainable Development, ACP-EU Ministerial Forum on Research for Sustainable Development, held in Cape Town in July 2002.

²⁵ Conclusions of the Council and the Representatives of the Governments of the Member States Meeting within the Council on 'Policy Coherence for Development', 20 November 2007.

²⁶ UNCTAD, The Least Developed Countries Report 2007, Knowledge, Technological Learning and Innovation for Development, p. 1.

²⁷ World Bank, Global economic prospects report, 2008.

The European Community's research policy – is totally based on the principle of research excellence. It has two objectives, first to strengthen the scientific and technological bases of Community industry and encourage it to become more competitive, and second to promote all the research activities deemed necessary for other Community policies, including development policy. This second objective mirrors and roots the general obligation of coherence of EU policies with development objectives in the specific area of research policy²⁸. The totality of the 7th Framework Programme is open to ICPC (International Cooperation Partner Countries) with specific targets (e.g. Health, Food, Environment) to Developing Countries.

4.2. Challenges and Opportunities – Research on MDG Related Issues, Capacities for Research and the Brain Drain

For research to contribute to the MDGs three challenges can be identified.

- 1) Promoting research on MDG related issues and its effective communication so as to make results accessible well beyond the research community itself.
- 2) Strengthening developing countries' research capacities, including a research policy framework, infrastructure and researchers and their institutions and appropriate financial mechanisms to promote uptake and expand social and technological innovation.
- 3) Attracting researchers to and retaining them in developing countries

More research on MDG related issues

Notwithstanding the important existing efforts of European research policies, and in particular the EC Research Framework Programme, development policies and their implementation would benefit from increased research efforts in areas directly linked to the MDG, including health and in particular poverty-related diseases, neglected infectious diseases, health systems, reproductive health, education, agriculture and food security, biodiversity, energy (including solar and biofuels), water, desertification, climate change and demography. When conducting this research, particular attention should be paid to the needs and interests of children and women and of communicating results well beyond the research communities themselves.

Strengthening developing countries research capacities

A major challenge is the often limited research capacity. Many developing countries do not have national S&T strategies or long-lasting research programmes and sometimes their research infrastructure is declining. While African countries have, through the NEPAD/AU Science & Technology Consolidated Plan of Action, committed themselves to spend 1% of their GDP on research²⁹, this figure is currently much lower. In 2003 African and Asian LDCs spent respectively 0.3% and 0.5% of their GDP on R&D and Other Developing Countries 0.8% compared to 2.4% by High Income OECD Countries³⁰.

Developing countries therefore need more own programmes and centres to do the research they need or apply research done abroad to local environments and strengthen their national and regional innovation systems. Doing research is not a luxury for developing countries: it is necessary for their economies' international competitiveness. Moreover, research in areas such as employment or social issues is important to provide an evidence base for policy decisions and the design for related strategies. Strengthening research capacities should go hand in hand

²⁸ See articles 163 and 178 of the Treaty Establishing the European Community.

²⁹ Africa's Science & Technology Consolidated Plan of Action, NEPAD, South Africa 2006.

³⁰ UNCTAD, The Least Developed Countries Report 2007, p. 5.

with a stronger involvement of women in research programmes, so as to promote gender equality.

In areas such as climate change, communicable diseases- or GMOs, which entail a global dimension, the consequences for developing countries can be very different from those for developed countries. Doing their own research will allow developing countries to actively contribute to the international debate and defend their own interests.³¹

Stronger research capacities in developing countries will make it easier for them to take advantage of the opportunities available for international cooperation, including the EU Research Framework Programmes, something that in turn- contributes to strengthening their capacities through mutual learning at world wide level and gives researchers the opportunity to participate in collaborative global projects whilst remaining in their own country.

Finally own research capacities also constitute an incentive for researchers and professors to pursue their activities in developing countries.

Researcher brain drain

Developing countries lose human capital through the emigration of researchers, and their capacity to do research is weakened. The impact of this brain drain varies from one country to another. The positive effects include eventual brain gain through the return of emigrants, brain circulation by means of temporary expatriation and return, creation of business and knowledge linkages between diasporas and home countries leading to increased technology flows and investment, higher enrolment in tertiary education and an increase in remittances. In theory, these positive consequences might off-set the costs of emigration.

In reality, the situation is much more nuanced and suggests that in many countries the negative effects of the emigration of researchers prevail. Higher enrolment rates in universities are good for a country only if a significant proportion of graduate students stay in the country or return to their country after a period abroad and contribute to the provision of higher value of goods and services to the domestic economy. Otherwise there is a risk that a country loses its investment in the training of researchers when they leave the country. Researchers might come back but even where there is brain circulation its positive impact is usually limited by the differences in the quality of out-migrants and return migrants. Emigrated researchers can contribute to the development of their country through remittances, but remittances from qualified migrants are often smaller than from low-skilled workers. While qualified workers have higher earnings they are more likely to become permanent immigrants with weaker links to their countries of origin.³²

It is neither feasible nor politically desirable to stop researchers from developing countries from coming to the EU. It is important that these researchers have the possibility to gain international experience. From a coherence point of view though it is important to mitigate possible negative consequences and make those flows contribute positively to developing countries' national knowledge system.

The best way to address brain drain is of course the socio-economic development of a country. However, in the short and medium term targeted measures could be taken with a view to increasing incentives for emigrants to return home. This can include return schemes

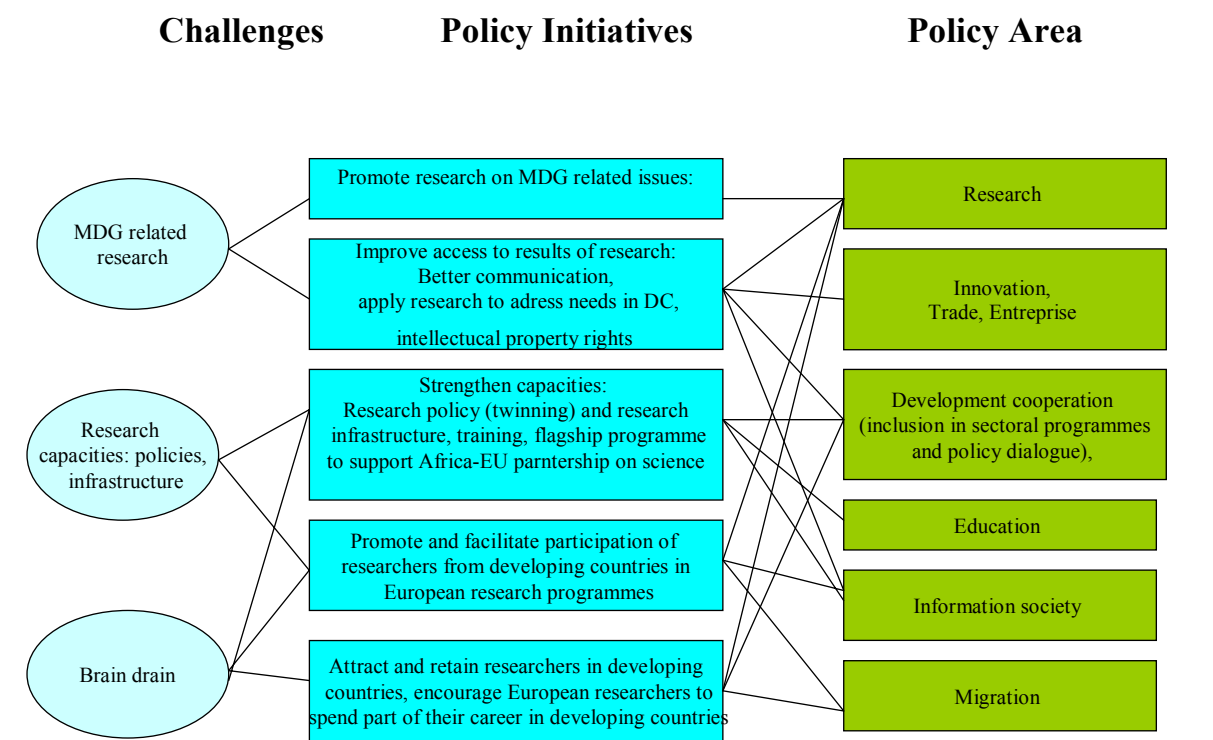
³¹ UN Conference for Science and Technology for Development, 1979.

³² For an analysis of the impact of international emigration of skilled persons, see UNCTAD, The Least Developed Countries Report 2007 p. 139 ff.

and other measures that improve researchers' working conditions and career paths and contribute to increased salaries.³³

4.3. The PCD Dimension: Multifaceted Policy Making Process

Making research work for development requires a coordinated policy-making process cutting across several areas and competences. To address the three challenges faced by developing countries the EU needs to launch five clusters of policy initiatives in different policy areas, both at Community and Member State level. The coordination and harmonisation of the policy making process and the different clusters will require a continuous dialogue with all stakeholders. The joint policy initiatives will have to incorporate both aspects of research and development at all levels as well as progress indicators.



³³ The migration part of this paper deals with the subject of brain drain in a more comprehensive way.

4.4. The Way Forward: Policy Recommendations

This section puts forward recommendations for enhancing the role that research and other policies can play within the overall policy mix. EC research policy already promotes research on MDG related issues, and encourages the participation of researchers from developing countries in international research programmes, thereby also attracting and retaining researchers in developing countries. This policy needs to be strengthened and its scope increased. Member States can contribute to all five policy initiatives. Policies such as information society, innovation and migration have important enabling roles to play. Development has a crucial function with regard to the strengthening of research capacities.

4.4.1. Enhancing the contribution of EC research policy to development

More research on MDG related issues

The main instrument for implementing Community research policy is the Framework Programme. The current Research Framework Programme (FP7) runs from 2007-2013. The Specific Programme within FP7 with the highest endowment is the Cooperation Programme (€32.413 billion for 2007-2013). The themes with the highest direct relevance for development cooperation and contributing to developing the required knowledge base are: health, food, agriculture and fisheries, and biotechnology, energy, environment (including climate change), and socio-economic sciences and the humanities. Research on information society, which can make an important contribution to development, too, accounts for about one third of the Cooperation Programme.

It is one of the objectives of the integrating approach to international cooperation in FP7 to address specific problems that third countries face or that have a global character. Within the thematic areas Specific International Cooperation Actions (SICAs) can address the particular needs of developing countries by means of dedicated cooperative activities. Specific actions are built into the thematic programmes each year e.g. in the 2007/2008 Work Programmes on the environment theme: health impacts of drought and desertification in the Mediterranean partner countries; in the food, agriculture and fisheries, and biotechnologies theme: conservation, management and exploitation of living aquatic resources outside EU waters; on health: child and maternal health, health systems research, neglected infectious diseases and HIV/AIDS, malaria and tuberculosis research with India. SICAs not only address the problems of developing countries, they require equitable participation of researchers from these countries (funded by the FP).

The Capacities Programme of FP7 plays a crucial role in promoting and implementing international S&T cooperation. Its activities enable the EU, third countries and regions to discuss current and future research priorities, to facilitate debate between the different stakeholders. The outcome of these dialogues provides intelligence for developing research policy, gives input to the respective FP7 specific programmes and inspires research topics for international cooperation, in particular the Cooperation Programme.

By means of INCO-NETS, which are platforms bringing together policy makers and stakeholders at bi-regional level, dialogues will be supported to promote better mutual understanding, identify S&T priorities of shared interest e.g. through workshops and development of FP7 'Information Points' in third countries. Six INCO-NETS have been established so far: CAST Net for Sub-Saharan Africa and five others for the Western Balkans, Eastern Europe and Central Asia, ASEAN, Latin America and the Mediterranean.

Three recommendations are put forward to do more research on MDG related issues:

- Ensure that the thematic programmes include 'sufficient' research topics relevant for developing countries, funding should be available for SICAs in specific sectors relevant for developing countries.
- Other research initiatives such as the EDCTP (European and Developing Countries Clinical Trials Partnership) have started to show results on specific targets of the MDGs. Continued strong commitment and support from the participating developing countries at the government level is needed.
- Dialogue between the EU and developing countries should be improved to develop better mutual understanding of S&T policies and implementation, promote their coordination in relevant areas and identify research topics relevant for developing countries and also of interest to the EU. INCO-NETS should function as one of the multi-stakeholder interfaces between developing countries and the EU.

Improving Access to Research Results

Doing research on topics of interest to developing countries is important but not in itself sufficient. It is equally important that developing countries can actually benefit from the results of research. Better communication between the research community and the development community as well as the application of research produced under the FP7 and previous FPs to address local problems and to support poverty-reduction strategies, are crucial to that end.

- Funded FP projects of relevance to MDGs should assume a more important role in communicating opportunities and results of research to developing countries. This implies improved provision of information and the involvement of EC delegations and Member States' embassies in research policy, plus enhanced and intensified communication between the research and development 'communities', including NGOs and private companies. INCO-NETS, EC Delegations in developing countries and Embassies of Member States may also play a role in this dissemination.

Another issue in this context is the patentability of inventions, resulting from research financed under the FP7, which stipulates that any research results belong to the research partners involved, but many types of research relevant to the MDGs are in the public domain with open access to results.

- The Seventh Research Framework Programme should facilitate developing countries access to the results of research funded with public money which can contribute to development goals (e.g. in the area of health), while ensuring that industry and research institutes still profit from their research. This could be achieved through licensing, where relevant, at reduced rates for Least Developed Countries or other appropriate mechanisms within the context of the TRIPS agreement.

Strengthening developing countries research capacities by promoting their participation in international research cooperation

One way to sustain and extend research capacities in developing countries that are interested and have acquired the necessary capacity and expertise, is to involve them in international research cooperation.

Researchers from developing countries can be included as partners in consortia applying for any part of the FP. However, such participation has tended to be low due to the natural European focus of many of the FP topics, and the lack of R&D capacity in many developing

countries, but possibly also due to a lack of knowledge in Europe about potential partners in developing countries.

INCO-NETS and FP7 Contact Points at national level can play an important role in promoting the participation of researchers from developing countries by informing them about the possibilities of participating in FP7 and assisting them during the application process. In addition, INCO-NETS and FP7 Contact Points should promote potential partners from developing countries in the Member States and Research Framework Programme Associate States. European researchers, who put together the consortia for participation in the Research Framework Programme are often unaware of the research capacities and opportunities in developing countries.

Another instrument to develop S&T partnerships will be based on bi-lateral dialogues and co-ordination of policy initiatives in jointly defined priority areas (BILATs). These strategic partnerships will focus on the 18 countries with an S&T Agreement with the EC, 11 of these countries are categorized as developing countries.

The following steps could be taken to strengthen developing countries research capacity through research cooperation:

- Launch calls for proposals which include some regional targeting of developing countries by including specific priorities (SICAs) where the expertise and excellence that is available in developing countries is harnessed and their potential for future participation is increased.
- Strengthen the role of INCO-NETS in promoting the participation of developing countries in FP7, in SICAs and in other types of project.
- Encourage the nomination of FP7 Contact Points in all Developing Countries
- Develop a flagship programme (co-funded, amongst others, by development and research funds) to support the Africa-EU partnership on science, information society and space, which aims to increase Africa's research capacities and upgrade its technical capacity.

Mitigating researcher brain drain

Involving excellent researchers from developing countries in global research programmes such as FP7, is not only important for strengthening their research capacities, but also constitutes one of the most effective methods of mitigating brain drain. It enables such researchers to participate in projects, whose excellence is internationally attested, whilst remaining in their countries of origin. All partners benefit from the pooling of knowledge-generation capacities, experience and expertise to address common challenges. Promoting such mutually beneficial cooperation can achieve true brain circulation.

Encouraging balanced mobility between developing countries and Europe is another way of mitigating brain drain. The instruments of FP7, and in particular the Marie Curie actions, provide a useful framework for the participation of and support for researchers from developing countries. In particular, the International Incoming and Outgoing Fellowship Schemes provide possibilities for exchange, although they are not sufficiently used at the current stage. The Outgoing action allows European researchers to have a mobility experience in a country outside the EU or the countries associated with the FP; however since most researchers apply to go to industrialised countries the scheme is hardly used for stays in developing countries. Incoming fellowships not only provide the possibility for researchers to come to Europe, but include a dedicated return mechanism for researchers from developing countries. The number of participants from these countries is, however, also low. For both actions, awareness measures are certainly necessary to increase the impact of collaboration and exchange with developing countries.

Apart from these two actions, it is also possible for early-stage researchers to do doctoral studies in Marie Curie Initial Training Networks. Again, these possibilities for training several thousands of researchers every year are fully open to researchers from developing countries, and these possibilities should be promoted more.

Finally, the Marie Curie International Research Staff Exchange Scheme (IRSES)³⁴, a new instrument launched only in 2008, is a very promising initiative for developing countries, as it could start and strengthen numerous research collaborations and exchanges, while not entrenching a major risk of brain drain. This action allows the exchange of researchers between EU/associated-country organisations and organisations in ICPC countries and countries covered by the European Neighbourhood Policy. It covers 29 countries of which 22 are categorised as 'developing'. It also addresses countries with an S&T agreement, several of which are Developing Countries. It could moreover be considered to open this action in the future to all Developing countries

Four recommendations regarding mobility and the development of human resources can be put forward:

- Analyse the participation of developing countries in the existing Marie Curie Actions and examine how the participation of developing countries can be stimulated.
- Based on the experience to be gained from the newly launched IRSES scheme, examine the possible expansion of the scheme to other developing countries and regions.
- Utilise the potential of the diaspora of developing country researchers in Europe, which can function as an important bridge between Europe and the developing world, through the new action 'Non-European Researchers in Europe-Link' (NERE-Link) of the People Programme, which aims to promote interaction between non-European researchers from the same region active in Europe as well as with their countries/regions of origin.
- Examine, together with Member States, the possibility of establishing bridging mechanisms such as voluntary mentoring schemes under which end-of-career-researchers/professors are enabled to teach and supervise research in developing countries, possibly through twinning mechanisms.

4.4.2. *Member States and research policies at European level – how to make the European Research Area more "development-friendly"*

Research is a shared competence between the EC and the Member States. EU Member States have different policies and programmes for research. The main instrument for the implementation of Community research policy, the Research Framework Programme, accounts for about 6% of total public research funding in the European Union.

For this reason, PCD should be considered in the context of the European Research Area as a whole, which also includes national resources, as well as individually by Member States.

To create synergies and promote mutual learning Member States should provide information on and better coordinate amongst each other and with the Commission their research cooperation with developing countries. One means of doing this may be through ERA-NETS. The objective of the ERA-NETS scheme is to develop and strengthen coordination of public research programmes conducted at national or regional level in Member States. It provides a framework to network and mutually open national or regional research programmes, leading

to concrete cooperation actions such as the development and implementation of joint programmes or activities.

Existing ERA-NETS on agriculture and water research for development are good examples of instruments to achieve such coordination or cooperation with developing countries. An ERA-NET on China enables Member States and Associated States to share information on their S&T cooperation and experience with China, representing a possible example for other regions of the world.

- Encourage the establishment of more ERA-NETS aimed at coordinating Member States' policies and programmes related to developing country regions.

Individually, Member States should consider how they can implement the policy recommendations outlined above for FP7 at their level. In particular they should consider how to:

- increase their funding for research in areas of specific interest to developing countries;
- improve dialogue with developing countries to identify research topics of relevance to them;
- facilitate developing countries access to results of research through better communication, encouraging/supporting the development of stronger enabling environments for uptake of research results and by addressing issues related to intellectual property ;
- contribute to the strengthening developing countries' research capacities; promote developing countries participation in their research programmes.

Member States have already undertaken efforts to mitigate the negative effects of researchers moving from developing countries to the EU.³⁵ In addition, the recommendations for encouraging European researchers to spend part of their carer in developing countries put forward in the section 'Mitigating Brain Drain' with recommendations for FP7 are also relevant for Member States.

With a view to increasing the funding for research on poverty-related issues and on strengthening research capacities in developing countries, Member States need to reflect on the adequate instruments and ensure coordinated use of their research and development programmes. This points to the need to address the institutional mechanisms for PCD both between policy departments and within the EU as a whole (see the example of France in the annex).

To have a successful implementation of joint policies and initiatives at Community level, strong coordination and exchange of information among development and research programmes is required. Development and Research policies have a common nexus if we want to achieve sustainable development – there is no sustainable development without research and innovation.

- Ensure better coordination of national and Community development and research programmes.

The private sector invests considerable amounts in R&D. It is therefore important to involve the private sector more in strengthening research capacity in developing countries building on the experiences and lessons learned from the European & Developing Countries Clinical Trials Partnership (EDCTP).

³⁵ For a discussion of general measures to address brain drain, see the migration part of this chapter.

- Examine the interest and study the feasibility of public-private partnerships to strengthen research capacities in developing countries and to do research on MDG related topics.

4.4.3. *The role of other policies in making research work for development: Information society, innovation, space, education, trade and migration*

Information society, innovation, the use of space assets, education and migration policy also have an important role in unlocking the development potential of research policy.

Information Society

The establishment of an inclusive global Information Society Policy is crucial with respect to all three challenges identified. Improved ICT connections will facilitate the access of stakeholders in developing countries to research on MDG issues and their participation in international research programmes. ICT is also a powerful means against brain drain and towards more international exchange, since it allows researchers in developing countries to participate in international research endeavours while staying in their countries.

The major initiative to promote cooperation of researchers is GEANT2, an advanced pan-European backbone network that interconnects National Research and Education Networks (NRENs) across Europe. With an estimated 30 million research and education users in more than 30 countries across the continent connected via the NRENs, GEANT2 offers unrivalled geographical coverage, high bandwidth, innovative hybrid networking technology and a range of user-focused services, making it the most advanced international network in the world.

Through GEANT2 scientific cooperation between the EU and developing countries can be fostered, and the scientific community in developing countries can be integrated at global level.

- Extend GEANT2 to all developing countries interested (see example of Ubuntu-Net in the annex)

Innovation policy

Innovation policy can play an important role in harvesting the results of research for economic development in developing countries. The 2008 Global Economic Prospects Report (World Bank, 2008) stresses that innovation is an important part of the long-term answer to fighting poverty, disease and hunger in developing countries. Most of the growth in developing countries can be attributed to technology, in the widest sense, and not to capital or workforce. Global innovations and technologies developed domestically should both have a role to play, but the local adaptation of already available technologies shows the largest impact.

The gap between industrial countries and many developing countries on innovation matters is dramatically increasing. Countries like India and China are investing heavily in innovation, but many other Developing Countries seem to find it difficult to keep up with the expanding frontier of knowledge.

So far EU innovation policy has given little consideration to the international dimension of innovation processes and policies. Based on the experiences in innovation policy development and building of technological capabilities, learning networks are considered more relevant than classical approaches to technology transfer. Successful use of new technologies and processes relies largely on the capacity to absorb and adapt technologies. In addition, local skilled workers are a major innovation driver since they are more able to identify appropriate solutions, to source them and to implement them.

The EU - Medibtikar³⁶ project supports national bodies in Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, the Palestinian Authority, Tunisia and Turkey in the development of innovation policies and innovation support infrastructures. It promotes regional cooperation among countries on the topic. As a result of this project some of these countries apply to cooperate with the new Enterprise Europe Network. The Enterprise Europe Network that assists companies in accessing innovative technologies and integrates local support organisations in a European wide network. It helps SMEs to share research results, participate in research programmes and apply for funding particularly from FP7.

Significant potential exists from combining foreign direct investment, including activities by not-for-profit organisations and SMEs, with actions to build local capacity or those addressing basic needs. Programmes like the GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit, the German international cooperation enterprise for sustainable development) 'Public Private Partnership' contribute significantly to building local innovation capacity.

Egypt uses funding from the European Neighbourhood Policy to support its research, development and innovation initiatives (see example in annex).

- Consider establishing innovation projects for developing countries following the Medibtikar approach with strong links to private sector development and regional integration.
- Facilitate cooperation of partners in developing countries with the Enterprise Europe Network

Space policy

Space applications, services and science can directly address achievement of the Millennium Development Goals (i.e. in particular those related to the management of natural resources and environment, education and health), as well as contribute to the creation of the required economic environment for advancing the MDGs (e.g. improvement of infrastructure and interconnection capacities supporting economic development, etc.). This has been recognised at highest political level on several occasions³⁷.

In endorsing the new European Space Policy (ESP), the May 2007 Space Council called for *"making full use of the potential of space systems for sustainable development, namely in support of developing countries, in particular in Africa."*

As part of the new Joint Africa-EU Strategic Partnership, adopted at the December 2007 EU-AU Summit, the relevant Partnership on Science, Information Society and Space, includes a priority action for enhancing cooperation on space applications and technology.

The ESP and the Joint EU-Africa Strategy will be the basis for increased cooperation between Europe and Africa regarding the use of space assets and research for sustainable development. Navigation, Earth observation, satellite communications and sciences will be deemed a cross-cutting enabling tool in Europe's commitment to achieving the MDGs.

- A response strategy for making full use of the potential of space related assets for Africa needs to be based on clearly defined African priorities and needs, as well as African ownership. It will need to involve a targeted adaptation of European space services along

³⁶ For more information see www.medibtikar.eu.

³⁷ including at the World Summit on Sustainable Development in 2002, the G8 Summit of Evian in 2003 and the World Summit on the Information Society, 2005 in Addis Ababa.

clearly identified African users' needs. A priority will be the preparation of an Action Plan on GMES (Global Monitoring for Environment and Security) and Africa by the end of 2009, in follow-up to the joint commitment by European and African stakeholders in December 2007 in Lisbon. In addition, it will need to include targeted and coordinated capacity building in order to enable African users and providers to make use of these and other space-based applications (including satellite telecommunication), services and relevant data. Finally, this process could catalyse the development in Africa of space-related science and technology, as well as related economic sectors and spark genuine cooperation with relevant European stakeholders.

Education policy

The availability of trained researchers is a necessary prerequisite for a country to be able to engage in research activities. This requires investment in developing countries' education sector not only at the primary but also at the secondary and the tertiary level. While investment in primary education may offer more direct benefit to a developing country, university education is needed for example to train teachers and thereby sustain primary education, and to strengthen the knowledge base of a country.

Researchers are normally trained in a country's own universities or by means of awards and scholarships for advanced training in other countries' universities.

At EC level a number of initiatives have been launched or are under development to improve the quality of tertiary education in developing countries, and these may involve the training of nationals of these countries in European institutions of higher education. The EDULINK programme promotes cooperation between universities in Europe and in developing countries. Through the ERASMUS MUNDUS programme scholarships are offered to high calibre third-country nationals to study or teach in Europe in a variety of fields at Master's level (so-called Erasmus Mundus Joint Masters).- The Programme also contains specific geographic 'windows' including one for students from ACP countries. Other windows cover Asian developing countries and western Balkan countries. Awards granted under a geographic 'window' are in addition to the opportunities which are available under the programme's 'core' budget. A separate Erasmus Mundus External Cooperation Window was also created in parallel to the existing ERASMUS MUNDUS programme as of the academic year 2007/2008. This separate programme presently supports partnerships between European and third-country institutions in EU neighbourhood countries, Asia, ACP countries and certain Latin American countries as well as providing scholarships for students from post-graduate up to post-doctoral level and for academic staff. The NYERERE programme, which is due to start in 2009, will support MA, PhD and Postdoctoral faculty exchanges between ACP universities.³⁸ Similar activities have been promoted by Member States, for instance, the Development Partnerships in Higher Education by the UK.

A problem frequently arising is that overseas courses for research personnel may focus on techniques and methods unsuited to the local research environment. Even where appropriate research methods have been taught, trained researchers may return home to find that their own university or technical institute lacks the equipment, supplies or skilled technicians needed to make research a viable activity.

- Take a balanced approach to investment in developing countries' education sectors combining support to primary, secondary and tertiary education in order to ensure sustainability at all levels.

³⁸

Other programmes include Tempus, Alfa and Alban for Latin America.

- Ensure that the training of highly skilled researchers goes hand in hand with the development of an appropriate infrastructure and capacity- building, thereby allowing trained personnel to pursue research interests without being constrained by inadequate facilities or shortages of equipment.

Trade policy

Access to results of research is as important as research itself. Intellectual property rights should strike the right balance between providing incentives for research through patents and ensuring access to the products of such research. Trade agreements address the trade related aspects of intellectual property rights and define developing countries' access to research results.

- When negotiating trade agreements that address IPRs, the EU should ensure that they contribute both to generating and transferring knowledge.

Migration policy

Migration policy can mitigate the negative effects of brain drain by enabling developing countries to benefit from the emigration of their researchers. Important in that respect is the encouragement of circular migration since it facilitates the (temporary) return of knowledge and competences by allowing researchers to return to their country of origin. The recently proposed European Directive on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment (European Blue Card) gives migrants the possibility of a "time-out", i.e. the possibility of returning to their country of origin or going to any other country³⁹.

To allow for circular migration it is also important to explore citizenships schemes looking at them in an innovative way, as this could make it easier for researchers to travel between countries and to function as a connector between research communities.

- Member States should further explore different avenues for citizenships schemes

4.4.4. EU development policy –investing in capacity building to unlock the development potential of research policy

From a coherence perspective, the role of development cooperation is to unlock the development potential of research policy. In that context the strengthening of both research policy and the capacities to do research are essential. FP7, which can only finance research activities, needs to be complemented with funding from development cooperation which can be spent on research capacity building (see example of South Africa in the annex).

In the past, research has not been high on the agenda of EC development cooperation. This situation is changing, not least because developing countries are prioritising this issue. In Africa, the continent facing the biggest obstacles in reaching the MDGs, the first African Ministerial Conference on Science and Technology (AMCOST) was held in November 2003. To implement its decision, the plan of action, which consolidates science and technology

³⁹

Excerpt from the proposed Directive:

'During the first five years of residence, the migrant can return to his home country or to any other third country for 12 consecutive months and for a total of 16 months –or more if the host Member States agrees- , without losing any of his or her rights. This is an important change to the current legislation, as the existing Directive on long term residence status foresaw only 6 consecutive months and a total of 10 months. This period can even be extended for an unlimited period by the host Member States.

After five years, the migrant can **acquire the EU long-term residence status** and leave for a period of 12 consecutive months or more if the host Member States agrees.'

programmes of the African Union (AU) Commission and the New Partnership for Africa's Development (NEPAD) was drafted. Science, Information Society and Space was made one of the eight Africa EU Partnerships by the Africa-EU Summit in December 2007. The Joint Africa EU Strategy and the Africa-EU Partnership on Science, Information Society and Space, suggests important activities to support S&T capacity building in Africa and implement Africa's Science and Technology Consolidated Plan of Action (CPA). Development cooperation should support these existing S&T policies and integration frameworks such as the CPS.

The EC is going to launch a €35 million initiative with funding from the European Development Fund (€30 million) and the European Programme for Reconstruction and Development in South Africa (€5 million) to strengthen science and technology innovation and capacity building in ACP countries. Under the Food Security Thematic Programme of the Development Cooperation Instrument (DCI) it has allocated €233.1 million to agricultural research and development for the period 2007-2010. But further efforts are needed:

- Strengthen research policy capacity in developing countries ministries, possibly through twinning, as mentioned in the EU-Africa Partnership Agreement building upon good examples in this area launched by some Member States including Germany and the UK.
- Strengthen research capacity in developing countries with development funding: encourage partner countries to include S&T capacity building in NIP/RIP where appropriate and integrate research components into sectoral programmes, such as energy, water and health.
- Identify in the coherence section of the Country Strategy Papers opportunities for research cooperation with the EU, where appropriate.

Given the importance of Science and Technology for reaching the MDGs developing countries themselves should be encouraged to invest more in these sectors. They should thereby focus on areas of critical importance and build on existing infrastructure and competences.

- To encourage partner countries to establish S & T plans as part of the broader dialogue on governance

More importantly and more cost effectively, developing countries should increase efforts to cooperate better between themselves in regional alliances in science and technology and to share scarce resources to conduct science and generate technological innovations. Regional cooperation is also important so that all countries can benefit from capacity concentration in certain countries, while honing their national capabilities to take up results from regional efforts.

- Identify and promote the continued growth of regional research centres of the African Union financed with funding from the NIP/RIP and from Member States⁴⁰, such as cyber cities (example Egypt) or generally speaking research villages.
- Under the AU-EU Partnership on Science, Technology and Space work with developing countries to identify and strengthen existing centres of excellence and propose new ones if required. Consider proposing in the framework of the AU-EU partnership and study the need and the feasibility of joint EU-AU research initiatives on issues of common interest (co-funded with development and research funding).

⁴⁰ Fotis C. Kafatos, Paris, Institut de France, 23 October 2007.

EU and Member States development programmes can play an important role to better harness research results in poverty-reduction strategies and to allow local stakeholders to benefit from European research. Through development cooperation, developing countries can be helped to apply new research results to local situations and to address problems in these countries.

- Develop strategies to disseminate and apply research produced under FP7 and other research programmes to address local problems and to support poverty-reduction strategies.

4.5. Conclusion

The potential of research for developing countries is huge. European research policy can contribute to development by financing research in areas of particular relevance to developing countries, by sustaining and enhancing their research capacities through involving them in the international research endeavour, thereby promoting true brain circulation. This Paper makes recommendations for enhancing this potential of FP7 and European research policies. It also shows how this potential can be unlocked by using other policies such as information society, and migration to put developing countries in a better position to seize the opportunities offered by European research policies. Development cooperation should implement the necessary accompanying measures to strengthen both research policy and capacities to do research.

This Paper thereby provides an argument that spending development funding in a high leverage area such as research can increase the effectiveness of aid. This adds a new perspective to the debate on aid effectiveness. This debate, which has so far focused on procedures, should be expanded to a discussion on areas of cooperation. Focusing cooperation on directly related poverty areas is not sufficient. To achieve the MDGs, cooperation needs to be extended to high-leverage areas to enable the development potential of policies other than development to be harnessed.

I. Annex: Research – Best Practices

France has created an agency to coordinate research on development

In France, the "Institut de recherche pour le développement" (IRD) created the "Agence inter-établissements de recherche pour le développement" (AIRD) which brings together all the tertiary education and research institutions engaged in research and training on development. This agency has been tasked with coordinating and boosting research on development and capacity building in close partnership with research institutes and universities from developing countries.

South Africa complements support from the EU research programme with development funding

South Africa complemented the Framework Programme cooperation, which the country used to strengthen its knowledge-generation capacities to enhance global competitiveness, with support for S&T initiatives from the EU's development cooperation programmes for South Africa. In 2006 it reached an agreement on a Sector Budget Support programme for the South African Department of Science and Technology specifically aimed at enhancing the Department's ability to launch S&T interventions targeting poverty alleviation.

UbuntuNet Alliance link to GEANT2 enables faster collaboration for researchers and students in Sub-Saharan Africa

African research capacity has been boosted through a high-speed network link connecting the UbuntuNet Alliance to the international research community via the GEANT2 network. The

connection between the UbuntuNet Alliance and the GEANT2 network enables researchers and scholars in Sub-Saharan African universities and research institutions to share information and data and to collaborate with their peers in Europe and the rest of the world.

The UbuntuNet Alliance was founded in 2005 by the National Research and Education Networks (NRENs) of Kenya, Malawi, Mozambique, Rwanda and South Africa with the aim of establishing a research and education network backbone for Sub-Saharan Africa. Membership of the Alliance now includes also the NRENs of Sudan, Tanzania, Uganda and Zambia, and is open to all recognised African NRENs. As well as creating links between national research networks it aims to join Africa to the global research community, with this connection to GEANT2 the first step towards this vision.

Egypt : a grant for research and development

The new EU €11 million grant from the European Neighbourhood and Partnership Instrument will support the Egyptian government's Research, Development and Innovation (RDI) initiatives. This new four-year programme will promote Egypt's participation in the European Research Area and encourage scientific linkages between research institutions and scientists from Egypt and the EU. Scientific cooperation is one of the main pillars of the Action Plan between Egypt and the EU under the European Neighbourhood Policy.



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**COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**The EU — a global partner for development
Speeding up progress towards the Millennium Development Goals**

An EU Aid Effectiveness Roadmap to Accra and beyond

From rhetoric to action, hastening the pace of reforms

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INTRODUCTION

Today, the concept of “aid effectiveness” is on everyone’s lips. It is a compulsory term in any report or chapter on development assistance. While this is an excellent sign that the concept is becoming mainstream, one can only hope that it will not share the fate of most other cross-cutting issues that have ended up being paid little more than lip service in the “good donor mantra”.

Despite signs of good progress, which should be underlined, we are now at the crucial moment of having to make hard choices. Even in partner countries and among donors recognised for their reforms and good practices, change is slowing. The complexities of structural change cannot be an excuse for a lack of determined action. It is time to quicken the pace of reform.

There are a number of good aid effectiveness practices available, but no general trend with a mass effect. Most progress has been achieved in “easy areas” related to coordination and harmonisation. There is limited progress on the tougher areas of complementarity and alignment, but new products such as the *EU Code of Conduct* have created a renewed dynamism, rekindling the potential for progress.

It is widely accepted that significantly more funds are needed to achieve the Millennium Development Goals (MDGs). However, the promised scaling-up of aid will make less difference if it is not matched by more efficient delivery. This roadmap takes stock of the progress made by the EU on aid effectiveness since the adoption of the Paris Declaration in 2005, and outlines the EU’s ambitions for the forthcoming Third High Level Forum (HLF-3) in Accra in September 2008 and beyond.

This roadmap builds on the principles of the Paris Declaration (PD) and the European Consensus for Development. Furthermore, it is founded on the conviction that partner countries (PCs) play a central role - not only in terms of political dialogue and defining their own development, but also in terms of operational implementation. It is based on respect for multilateral frameworks and donor-wide perspectives, and on the EU’s willingness to deliver on its share. Lastly, it promotes a pragmatic and flexible approach, targeting country-based progress and field results.

Indeed, it is essential that donors shift determinedly *from rhetoric to action* in implementing the Paris Declaration by maintaining a strong dynamic process on aid effectiveness in the next six ‘strategic’ months (see section 1). This implies *a new dimension engaging new actors* in a new frontier (see section 2). The EU has to *report and deliver on its commitments* (see section 3). It is equally important that the donor community at large *hastens the pace of change and ensures new qualitative leaps* by addressing drivers for progress in implementing the Paris Declaration (see section 4).

The above guidelines for action form the basis of a strong EU contribution towards Accra. They are supported by long-term working arrangements, together with an exhaustive list of related reports and products (supporting documents and reports from the Commission, the EU and non-state actors).

1. SIX CRITICAL MONTHS FOR DEVELOPMENT

The next six months represent a moment of truth for the three interlinked pillars of development - namely achieving the MDGs, scaling up aid volumes and improving aid effectiveness. It is therefore essential that we maintain a dynamic process, while delivering and reporting on our commitments. It is a question of collective credibility for the development community and, having served as the main driver of change in the past, including for the EU.

In this light, the Third High-level Forum (HLF-3) in Accra is a crucial political opportunity to agree strong and decisive action by all donors and partner countries on the outstanding implementation issues that are key to meeting the Paris Declaration targets.

1.1. Objective: maintaining a dynamic process

The adoption of an ambitious Paris Declaration on Aid Effectiveness at the Second High Level Forum (HLF-2) in 2005 was largely due to strong EU input. It allowed the limited launch obtained in the first High Level Forum, held in Rome, to develop into a new, more promising political process. The EU achieved this impact through intensive coordination, in the run up to, during, and (immediately) after the HLF-2, on the finalisation of the Paris targets¹. It gave the EU a strong voice that helped create a dynamic international process for aid effectiveness.

While the international post-Paris process has represented a significant amount of work (in terms of surveys, analysis, consultation processes, evaluation of the Paris Declaration, etc.), the EU needs to ensure that its high ambitions for the Paris Declaration are carried through into the Accra HLF and beyond. The overall EU objective for the Accra HLF-3 should be to ensure an ambitious Ministerial Declaration, the “Accra Agenda for Action” (AAA), by securing strong EU input and impact. The AAA should reaffirm the Paris commitments, reflect the conclusions of the mid-term review of the Paris commitments, and include guidance on areas where further progress is needed.

In this context, the EU has produced a one-page “(Joint) Input” which frames its ambition for Accra (see Annex 1). We now need to build and organise a collective momentum that will allow us to have more input, more impact and more results. In this regard, the coherence and synergies between individual or collective European initiatives, from EU individual donors, groups of EU donors and the Commission, will be essential to create an aggregate result on the agenda. This collective effort must not be seen in isolation. It should aim to support and enhance an international process which will be key in delivering the MDGs.

Accra is an important step on the road to aid effectiveness, but not an end in itself. It is also not yet a success. We need to establish working mechanisms to create further progress before Accra. We also need to work on dynamic trends for medium- and long-term results that go much further than Accra.

¹ The Paris Declaration targets are: 1) Partners have operational development strategies; 2) Reliable country systems; 3) Aid flows are aligned on national priorities; 4) Strengthen capacity by coordinated support; 5a) Use of PFM systems; 5b) Use of country procurement systems; 6) Strengthen capacity by avoiding parallel implementation units; 7) Aid is more predictable; 8) Aid is untied; 9) Use of common arrangements or procedures; 10a) Joint missions; 10b) Joint country analytical work; 11) Results-oriented frameworks; 12) Mutual accountability.

1.2. Complex challenges

It is essential to show proof of concrete progress both on the Paris commitments, and on specific EU activities and commitments. It is equally important to strengthen relationships with our partner country governments, civil society organisations, and other donors, including non-OECD/DAC donors and emerging donors. It is similarly crucial that the EU collectively secures further progress by determined actions to remove remaining constraints to achieving the Paris targets.

The first challenge now lies in translating this achieved policy framework into field reality. All donors need to ensure actual implementation of all agreements and commitments. One essential challenge in the implementation of the aid effectiveness agenda is the diversity of partner countries - countries in a situation of fragility, aid-dependent and non-aid-dependent countries - which demands differentiated and flexible responses. Nonetheless, it is essential that no Partner Country (PC) is left behind.

Accra will be the first of several important interlinked international events. It could set the tone for a strategic period for the international development agenda. It is therefore imperative that discussions related to the effectiveness of aid stay detached from biased attitudes motivated by the coming debate and negotiations on financing for development and the allocation of the coming scaling-up of aid.

Finally, strengthening institutional communication and raising public awareness remains a major challenge. In this context, some key messages need to be recalled. First, the aid effectiveness is not an agenda of its own. The objective behind sometimes very technical issues is to deliver concrete, daily advances in the eradication of poverty. Second, there is a need to act fast but changes take time. We need to find a balance between realism, pragmatism and dynamism. Third, most actors have invested time and resources in the process. It is time for a return on investment and a real reduction of transaction costs. Fourth, tremendous progress has been achieved and the EU “*has a good story to tell*”. Nevertheless, there are challenges, lessons and bottlenecks that we must address in a candid and transparent manner. Focusing on these challenges is a sign of proactiveness that should not damage our standing.

1.3. An important moment for dialogue with our Partner Countries

The EU has put the notion of partnership at the centre of its Development Policy. The new EU-Africa Strategy has recently meant a new qualitative leap in the dialogue between the EU and its partners. This approach is based on the conviction that partner countries (PCs) play a central role not only in political dialogue and in defining their own development but also in operational implementation. The capacity for candid dialogue between donors and PCs will be an important test for Accra.

Box1 - In Rome in 2003, 14 PCs agreed to conduct the first monitoring exercise on Harmonisation. In 2006, 34 PCs joined the first Monitoring Survey of the PD. In 2008, 55 PCs will conduct the second Survey.

The EU is therefore committed to further encouraging and supporting partner countries in taking the lead in improving both EU aid and EU-funded multilateral aid. In this context, the donor community must address each of the six priority issues put forward by the partner countries in preparation of the HLF: untying, predictability, division of labour, incentives for

change in donor behaviours, conditionality and capacity development. This roadmap reports on results achieved to date and further EU commitments on several of these issues.

Box 2 - In 2007, a country action plan to implement the Vientiane Declaration on Aid Effectiveness, a localised version of the Paris Declaration, was approved. Laos now has eight Sector Groups that improve sector aid coordination and effectiveness.

2. NEW FRONTIERS

The development community has changed considerably since the launch of the first International Task Force on aid effectiveness in 2001. New donors and new actors have emerged, as well as new cross-cutting issues such as climate change that threaten the success of development policy on a fundamental level. Non-state actors have scaled up their activities. It is crucial that more of these actors adopt the principles of the Paris Declaration.

2.1. The EU-27, a new dimension

Since the run-up in 2004 to the High Level Forum of Paris, the EU has expanded twice. It now has a “new dimension” with the inclusion of an extra 12 “***emerged***” donors. It is important to highlight the efforts made by these Member States, which were not present in Paris, but which have subsequently endorsed the principles of the Declaration.

Moreover, these 12 Member States, together with the other 15 EU Member States, have adopted the European Consensus on Development and the EU Code of Conduct on Division of Labour. They have also adopted substantial targets for scaling up their aid by 2010 and 2015, and have already collectively doubled their aid since accession.

Box 3 - Since 2005, the new EU “emerged donors” have all committed to the principles of the PD through the European Consensus. The Czech Republic, Hungary, Poland and the Slovak Republic have formally acceded to the PD.

While still facing the challenge of rapidly increasing their aid activities, the 12 new EU donors have brought very concrete inputs into development cooperation, such as practical experience in structural reform and democratisation processes. They are also bringing lessons on aid effectiveness from their own past, as former aid recipients. They benefit from the advantage of being able to integrate the division of labour in their aid systems right from the outset, with less inherited institutional resistance to new instruments such as delegated cooperation, joint funding, etc.

Box 4 - In December 2007 the EC and USA organised a seminar to exchange best practice with new donors, looking at Eastern Europe and the Southern Caucasus as “targets” for their new programmes. There was a consensus on using consolidated assistance matrices matching the priorities of the ENP action plans with cooperation measures in order to strengthen donor coordination in partnership with the governments of Armenia, Azerbaijan, Georgia, Moldova and Ukraine.

2.2. A key role for parliaments

In the Paris Declaration, partner and donor countries committed themselves to strengthening the parliamentary role in national development strategies, thereby enhancing mutual accountability and transparency of development resources.

Parliamentary scrutiny of a credible budget broadens country ownership. The latest 2006 OECD survey monitoring the Paris Declaration indicates that for nearly all partner countries monitored the credibility of development budgets is undermined by sizeable inaccuracies in the budget estimates of aid flows from donor governments, reducing the ability of Parliaments to scrutinise government development policies. Furthermore, a large proportion of aid flows to the partner country governments are not comprehensively and accurately reflected in their annual budget estimates. Governments should be increasingly accountable for their strategies through the regular mechanisms of democratic accountability. Donors and partners need to work together, to ensure that budget estimates are more realistic. Support for strong budget committees can then ensure that aid is spent effectively.

The Paris Declaration principles on aid effectiveness should also be taken into account by European parliaments. Division of labour may mean countries and aid sectors have to be abandoned in the name of aid efficiency. This will confront parliamentarians with difficult choices on “lowering” national interests in countries or sectors; it is hoped that the appropriate choices will be made to advance global aid effectiveness.

2.3. Working with local authorities

Local authorities play a major role in achieving the MDGs and eradicating poverty by ensuring more effective and accountable local infrastructure and social service delivery and by improving dialogue among state citizens, their communities, civil society and the private sector. Specific expertise available at local/regional level often gives a distinct comparative advantage. Municipalities and regional governments are crucial to ensuring the implementation of the Paris Declaration, not only by the capitals, but also by the entire governance structures down to local level.

Box 5 - The French Rhône-Alpes region and Luxembourg have developed close cooperation in Laos.

Several European regions and cities have committed both to scaling up aid (0.7%) and to the Paris Declaration. Decentralised EU involvement in development cooperation is quite high, with sub-national actors in 15 Member States having their own development budgets and often engaging in co-financing. Capitalising on local skills is a primary motivation behind co-financing, along with reducing fragmentation. Local authorities also occasionally engage in cross-border activities. The Community and multilateral organisations also constitute co-financing partners: decentralised actors can apply for Community co-funding via competitive grants and funds are often delegated to the UNDP through ART programmes.

Box 6 - The Spanish region of Galicia is helping the UNDP to set up a tourism school in Sri Lanka.

European Community support for decentralised actors varies from region to region. For example in Latin America, Asia and ENPI countries, support is provided for cooperation between municipalities. In Africa, however, Community support has been mainly directed at

consolidating national decentralisation processes in partner countries without any substantial involvement of European local authorities. It is essential to facilitate interaction and better communication between decentralised actors in the EU and developing countries in order to maximise the benefits from these different programmes and to enhance their role in the development process, within the aid effectiveness agenda.

Box 7 - Capacity building in local governance structures has helped tackle the complex cross-border problem of water management between Tanzania and Kenya.

The principles of the Paris Declaration are equally valid for cooperation via decentralised actors. At times regional development hinges upon cross-border management of common problems, needs and obstacles, for instance in water management, environmental protection and infrastructure development. Capacity building in local and regional governance structures can strengthen ability to address these issues.

2.4. The challenge of vertical funds

Recent decades have seen the emergence of many new multilateral actors. Since 2001, the UN family, to which the Community is deeply committed, has passed from 27 agencies, funds and programmes to 40. There are more than 1000 international trust funds that act as donors.

In particular, the vertical funds are full actors in the development agenda and therefore in the aid effectiveness chapter of that agenda. They are sometimes the perfect nexus for sector coordination or to lower administrative costs of aid in a given sector or crisis. Their proliferation, however, can in some cases create certain governance challenges. This is why they need to be fully integrated into the Paris agenda and into the discussions on division of labour (DoL). Not only between them in a restrictive multilateral approach to DoL, but also in a vertical dimension that correlates all the layers of development (i.e. country, regional and international levels).

Box 8 - In Vietnam, 11 UN agencies account for only 2% of aid. Twenty are active in the island of Zanzibar alone.

It is also important to continue to seek ways to ensure that vertical funds respond to the strategic development needs expressed in developing countries, particularly in Sub-Saharan Africa. We must avoid a proliferation of vertical funds which risks going against the principle of ownership and leading to further fragmentation of development assistance and to inconsistency in the way it is delivered. There is a need for caution and for systematic assessment of the value added of vertical funds compared to “traditional” in-country assistance.

Box 9 - There are today more than 1000 international trust funds.

2.5. Specific contribution of civil society organisations

Civil society organisations (CSOs) have so far been the “missing element” in the Paris Declaration (PD). Yet these stakeholders are key development actors in their own right, with a distinctive contribution to make to the aid effectiveness agenda by virtue of their independence, advocacy and watchdog roles, closeness to the grassroots and effectiveness as a channel for aid delivery. While each actor has its own particular features, CSOs, donors and governments cannot act in isolation. It is crucial to examine how their policies and activities

may complement or indeed undermine each other. The shared objective of greater aid effectiveness must provide the impetus for a more systematic and direct dialogue between all development cooperation actors, including CSOs. Effective civil society participation in policy dialogue and discussion on aid effectiveness is crucial in this respect.

Box 10 - A civil society report, “Turning the Tables”, drafted by Eurodad, highlights evidence from several country cases of progress and bottlenecks on aid effectiveness.

CSOs are in the process of examining their own aid effectiveness and some initiatives have already been taken. For example, in June 2006, 11 leading international NGOs signed up to an “Accountability Charter” setting out a common commitment to excellence, transparency and accountability with a view to promoting support for common standards of conduct for NGOs working transnationally. CSOs should be encouraged in these processes with a view to capitalising on the specific civil society perspective in applying and enriching the Paris Declaration. A detailed list of supportive positions from the European Commission is attached at annex.

2.6. Facing the challenge of cross cutting issues

A number of cross-cutting issues affect the very nature of the effectiveness of aid within development policy. Two of these, climate change and gender, have emerged as particularly worrisome. Climate change presents the threat of uncertainty, while gender continues to pose long-identified challenges that we have yet to overcome.

Adaptation to and mitigation of climate change is one of the formidable challenge of this century. The Paris Declaration includes a commitment to promoting a harmonised approach towards environmental assessments, and the Commission and Member States will pursue their collaboration to jointly undertake these assessments whenever appropriate.

Box 11 - More than 95% of the draft 2008-2013 programming of community assistance for ACP countries include a commitment to undertake Strategic Environmental Assessments when necessary.

Given the key role women play in the development process, aid effectiveness must address gender equality and incorporate women's empowerment in national development planning. Donors and partner governments should undertake a strong commitment to support gender sensitive development policies. The development of new aid architecture and policy developments provide an opportunity for action.

Box 12 - EC/UNIFEM/ILO have developed a three-year programme (2007-2009) to link gender equality and women's empowerment with the aid effectiveness agenda in 12 countries.

3. WHAT HAVE WE ACHIEVED?

The European Commission has a dual role. First, as a donor, a DAC member and a signatory of the PD, it reports on the implementation of its related commitments, like any other donor. Second, as an EU facilitator, it has also been mandated to report on EU progress on aid effectiveness. The following reporting sections cover both roles.

The EU has major achievements to its credit. The principles of the PD have been integrated into all policy frameworks and operational tools. An exhaustive list of strategic partnerships and working arrangements has been drafted. Aid effectiveness is an essential pillar of the European Consensus for Development, which is, in itself, an expression of policy coordination, complementarity and coherence (the “3Cs”).

While the policy framework has been renewed, the challenge now lies in translating it into field reality. Implementation has started and a lot of good practice is being introduced. The tremendous EU progress made since 2001 — in particular in terms of political and operational dialogue, Commission partnership with other donors, EU coordination in the field, and collective approach to the neighbourhood countries — must be acknowledged. Nevertheless, the EU still has a long road ahead to meet its promises and to translate them into field reality.

Box 13 - The EC-EIB-IRDB Memorandum of Understanding for the Middle East, North Africa and the Southern Mediterranean region, is a unique case of a coordinated approach linking EC grants, EIB project financing and World Bank loans and technical capacity. It entails joint policy dialogue, joint analytical work, co-financing and staffing agreements.

3.1. Monitoring the Paris Declaration

The 2006 survey on Monitoring the Paris Declaration was conducted in 34 countries that receive aid². This list includes 13 of the 20 top recipients of EU aid³. Despite some window dressing by some actors, the 2006 Survey provides a baseline and benchmark of performance. In the run-up to the Accra summit, this baseline data will be updated (and compared with the results of the second round of monitoring to be finalised in spring 2008). In July 2008 we should therefore be in a position to further assess the evolution of progress.

3.1.1. What is the EU baseline?

According to the 2006 Survey, the EU was already above two of the PD targets (on (i) untying and (ii) the use of a programme-based approach), and it is on track to reach a third target (reducing the number of programme implementation units (PIUs)).

On four other targets, the EU was better than the average for all donors (i.e. the two targets on the use of country systems (PFM and procurement), the target on coordinated missions, and the target on coordinated analytical work).

² Afghanistan, Albania, Bangladesh, Benin, Bolivia, Burkina Faso, Burundi, Cambodia, Cape Verde, Democratic Republic of the Congo, Dominican Republic, Egypt, Ethiopia, Ghana, Honduras, Kenya, Kyrgyz Republic, Malawi, Mali, Mauritania, Moldova, Mongolia, Mozambique, Nicaragua, Niger, Peru, Rwanda, Senegal, South Africa, Tanzania, Uganda, Vietnam, Yemen, Zambia.

³ Seven out of the top ten recipients of EU aid in Sub-Saharan Africa, five in Latin America and Caribbean, four in Asia, two in the Middle East and North Africa, one in Europe.

Table 1 — EU baseline for PD indicators⁴

Paris Indicators	EU	Global Baseline	2010 target
3 Aid reported on budget	68%	88%	94%
4 Coordinated capacity development	39%	48%	50%
5a Use of country PFM	46%	40%	80%
5b Use of country procurement systems	52%	39%	80%
6 Parallel PIUs	674	1832	611
7 In-year predictability	65%	70%	87%
8 Untied aid	87%	75%	66%
9 Use of programme-based approaches	47%	43%	40%
10a Coordinated mission	27%	18%	40%
10b Coordinated country analytical work	49%	42%	66%

On the majority of the remaining targets, the EU was at about two-thirds or more of the level to be reached. These targets are therefore likely to be reached with sustained efforts. But for two targets, on (a) the use of country Public Finance Management and (b) the use of country procurement systems, the EU was below two-thirds of the level to be reached. To collectively reach these two targets will require considerable effort and a specific push. Only seven MS are individually attaining certain targets. A full breakdown of the state of play by EU donor is attached at annex.

Table 2 — Member States with a baseline at or above targets

Paris Indicator	EU countries that achieved their target in 2005
3 Aid reported on budget	
4 Coordinated capacity development	FI, IE, PT, SE, UK
5a Use of country PFM	
5b Use of country procurement systems	
6 Parallel PIUs	
7 In-year predictability	
8 Untied aid	IE, LU, SE, UK
9 Use of programme-based approaches	NL
10a Coordinated mission	IE, NL, PT, UK
10b Coordinated country analytical work	DK, NL, LU, UK

How does the EU compare? The 2006 OECD DAC survey shows that on six targets the EU was at a higher level than Japan and USA (i.e. the two targets on country systems (PFM and

⁴ Data source of table 1, 2, 3 and 4: 2006 OECD/DAC Survey on Monitoring the Paris Declaration – Overview of the Results

procurement), the one on untying and the one on programme-based approach). On the target for capacity building, which is an important concern to our partner countries, the EU was at a lower level than the USA and Japan.

Table 3 — Benchmarking EU-Japan-USA performances on the PD indicators

Paris Indicators	EU	USA	JAPAN
3 Aid reported on budget	68%	90%	68%
4 Coordinated capacity development	39%	47%	74%
5a Use of country PFM	46%	10%	29%
5b Use of country procurement systems	52%	12%	26%
6 Parallel PIUs	674	208	2
7 In-year predictability	65%	45%	66%
8 Untied aid	87%	7%	...
9 Use of programme-based approaches	47%	28%	33%
10a Coordinated mission	27%	28%	2%
10b Coordinated country analytical work	49%	39%	52%

In Paris, the EU agreed to commit to higher standards on four of the PD targets. They are commonly referred as the “four EU additional commitments”. These EU targets were reaffirmed in the European Consensus 2005, as well as in several subsequent Council Conclusions⁵. They are:

- to channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements;
- to provide all capacity-building assistance through coordinated programmes with an increasing use of multi-donor arrangements;
- to avoid setting up any new project implementation units (PIUs);
- to reduce the number of uncoordinated missions by 50%.

The EU baseline was below the target for three of these four additional commitments — i.e. capacity building, PIUs, and uncoordinated missions. On the use of country system the EU's baseline already exceeded the target. One must, however, bear in mind that the 2006 DAC survey is based on 34 PCs that are generally considered “good performers”. In addition, it is important to remember that the EU target is 50% worldwide, while the PD is 80% (but in a limited number of good performers). Hence, the lower EU target is more ambitious. In fact, the Commission has performed rather well on the first target, as it has already almost reached the target of 50% of General Budget Support (45.6%) for the EDF national programme.

⁵ 10-11 April 2006 and November 2007.

3.1.2. What is the European Commission baseline?

According to the 2006 DAC survey, the Commission baseline was not above any of the targets. Following the internal process put in place by the EuropeAid Cooperation Office, the Commission's performance should be much better in July 2008 and is likely to be on track with the 2010 objectives of the PD. Eight Paris Targets (Nos 3, 4, 5a, 5b, 7, 9, 10a, and 10b) are likely to be achieved. Only one of the targets (No 6 on PIUs) is not likely to be achieved, given the current stock of PIUs (204).

Four response strategies. It is of the utmost importance to boost the implementation of the four additional EU commitments. In order to do so, the Commission is developing four response strategies to reach each of the four EU targets. Two strategies, respectively for increasing the use of country systems and the proportion of joint missions, were approved in 2007. Their implementation will allow the Commission to achieve the related targets. The strategies for the other two targets on TC and PIUs are being finalised. They will be ready in the run-up to Accra. Note that these two targets cannot, by their very nature, be met by the Commission alone. They imply a coordinated EU response.

Table 4 — European Commission performance on the PD indicators

Paris Indicators	EC	Global Baseline	2010 target
3 Aid reported on budget	81%	88%	91%
4 Coordinated capacity development	35%	48%	100% (EU target)
5a Use of country PFM	40%	40%	50% (EU target)
5b Use of country procurement systems	41%	39%	50% (EU target)
6 Parallel PIUs	204	1832	68 & no new PIUS (EU target)
7 In-year predictability	65%	70%	83%
8 Untied aid	...	75%	...
9 Use of programme-based approaches	50%	43%	66% (EU target)
10a Coordinated mission	33%	18%	40%
10b Coordinated country analytical work	45%	42%	66%

3.2. What is the situation regarding the EU deliverables?

The EU has delivered on its plans. In order to foster the implementation of commitments made by the EU in Paris, the Community adopted an Action Plan on Aid Effectiveness, largely supported by the Council Conclusions of April 2006. The nine deliverables of the Action Plan have all been delivered, and serve as a policy framework for the EU's work on aid effectiveness. Each of the nine deliverables has led to a specific EU process at HQ level or in the field, and the setting-up of a working arrangement. The field implementation of these deliverables has started — and there is a long list of good practices and progress, but no real mass effect. In summary one could say that 20% of the work is done, but that this represents the easiest part.

This statement is based on supporting documents and evidence-based analysis (six donor atlases, a compendium of good practices on DoL, a report from the field on the implementation of DoL, a compendium of good practices on co-financing, replies from Member States to the questionnaire for the Monterrey Staff Working Paper). The following four deliverables should be highlighted.

Box 14 - The 9 deliverables of the EC Action Plan on Aid Effectiveness :

Refining the mapping of our aid

Reviewing EU development rules

Monitoring our promises

Supporting local coordination processes

Developing a Joint Multiannual Programming Framework

Developing Joint Local Arrangements

Enhancing the division of labour

Increasing joint EU activities

Strengthening the EU vision on development assistance

3.2.1. Joint programming

EU joint programming has so far shown mixed results. While the push for joint analysis and multiannual planning is moving forward, the use of the EU Common Framework for Country Strategy Papers (CFCSP) has been limited to only three real cases (i.e. Somalia, Sierra Leone, and South Africa). It is, however, true that the EU has made a fundamental contribution to the development of half a dozen donor-wide joint assistance strategies. EU Aid for Trade Strategy and the Enhanced Integrated Framework are also examples of good practice in increasing EU joint actions on the ground.

Box 15 - The Country Strategy Paper for Sierra Leone was drafted jointly by the Government of Sierra Leone, the European Commission and the UK.

Further to the Council Conclusions of April 2006, joint programming started with ACP countries where the beginning of the 10th EDF programming process provided a unique opportunity to kick-start efforts in the field. Specific attention was paid to the joint programming process in Burkina Faso, the Dominican Republic, DRC, Ethiopia, Ghana, Haiti, Kenya, Mali, Sierra Leone, Somalia, South Africa, Tanzania, Uganda and Zambia in order to include both joint analysis and joint response strategy in the joint programming process. Concerning the non-ACP countries, when the Council Conclusions were adopted, the programming for the DCI and ENP instruments, which cover the period 2007–2013, was already at an advanced stage. Therefore, the Common Framework for Programming was not used. Nevertheless, the partner countries and Member States were fully involved in the programming exercise and the main principles of the joint programming were maintained. The next Mid Term Review, foreseen in 2009, will provide the opportunity for joint programming in these countries as well.

In addition to interesting achievements, experiences so far also highlight the complexity of the process. Insufficient communication between HQ and field staff, the heterogeneous nature of donors' programming mechanisms and cycles, most notably regarding timing of the planning cycles and formats of the programming documents, alignment with the partner countries' programming cycles (systems and processes) and potential tension between EU and donor-wide harmonisation processes (in particular the Joint Assistance Strategy — JAS) are some obstacles to be dealt with when it comes to translating the political commitment into field

realities. Also, the adoption of the EU CFCSP proved to be a sensitive issue: whilst it was developed to build a comprehensive and exhaustively coherent approach, it also tends to make the process more complex and demanding for the donors participating in the joint programming exercise.

Box 16 - In South Africa, the EC and 10 Member States present drafted a joint Country Strategy Paper setting out the common broad strategic objectives of EU-South Africa development cooperation. In Somalia, six Member States and Norway coordinate their responses.

Although not all EU Member States took part in the process (13 out of 27 countries⁶), most of those Member States who did gave positive evaluations of the joint programming exercise in general. It is felt by Member States⁷ that facilitation of joint programming will benefit from common practical EU guidelines, the organisation of joint missions, reinforced in-country communication and coordination. A description and analysis of the joint programming process is attached at annex 3.

Joint programming has emerged as a promising exercise and there remains considerable scope for the Commission and Member States to advance the process in the future. First of all, joint programming is by definition a flexible and gradual process that has not come to an end with the conclusion of the 10th EDF programming exercise. The experiences so far represent important first steps in a longer-term process meant to structure development cooperation between EU donors and partner countries and thus provide the potential and momentum for deeper joint programming in the future. Secondly, both the Commission and the Member States remain highly committed to going ahead with this exercise and to extending its scope by enlarging the range of partner countries involved in the ACP region and beyond. For instance, most new Member States⁸ would be interested in considering the option of joint programming in the region⁹, in particular in the countries within the former Soviet sphere, where they think they could have a real added value. In Asia and Latin America, too, there are good prospects for developing joint programming especially in those countries where advanced coordination mechanisms among donors are already in place, most notably in Vietnam and Nicaragua.

Box 17 - In Ghana and Mali, discussions on EU joint programming marked the start of donor wide preparations for a division of labour as envisaged by the EU Code of Conduct.

Priority actions for the future can be divided between two levels:

- Field level: facing the implementation challenges

The joint documents form a solid basis for harmonised and aligned delivery of EU development assistance. Now the process needs to be intensified by moving from the strategic, policy level to more operational aspects, involving coordinated implementation and monitoring of individual work programmes and the achievement of a good division of labour optimally based on the comparative advantages of each donor. In this respect the EU Code of

⁶ AT, BE, DK, FI, FR, DE, EL, HU, IE, IT, NL, ES, SE and UK

⁷ Based on their response to the Monterrey questionnaire

⁸ BG, CY, EE, HU, LT, LV, MT, PL, PT, RO, SI, SK.

⁹ Among others: Bosnia Herzegovina, Georgia, Ukraine, Moldova, Serbia, and the Former Yugoslav Republic of Macedonia.

Conduct represents a fundamental tool to further enhance the joint programming exercise. As an example, more than 95% of the draft 2008-2013 Country Strategy Papers for ACP countries includes a commitment to undertake Strategic Environmental Assessments when necessary. The Commission and the Member States will pursue their collaboration to jointly undertake these assessments whenever appropriate.

- Political level: strengthening the dialogue between the Commission and the Member States

In the medium to long term the challenge will be to extend the geographical scope of joint programming. Better communication among EU actors will be crucial to reaching this goal: sharing lessons learned and identifying best practices from current experiences will indeed provide valuable insights for future exercises and sound and coherent support to the field, where the joint programming exercise will be ultimately designed.

3.2.2. *Division of labour*

Convinced of the need to further progress on complementarity of aid, in May 2007 the EU adopted a Code of Conduct on Division of Labour in Development Policy. This Code of Conduct is voluntary and flexible and should be implemented with a country-based approach, taking into account the specific situation of the partner countries, with the primary leadership and ownership lying with the partner country government. The Code proposes an inclusive approach that is open to all interested donors, and should wherever possible build on existing coordination mechanisms.

It is crucial that the division of labour is not implemented at the expense of global aid volumes or predictability of aid flows, and that it is carried out in collaboration with the partner countries. The implementation of the Code covers three dimensions of complementarity: (i) in-country, (ii) cross-country and (iii) cross-sector. It is based on 11 operational principles.

Box 18 - The 11 guiding principles of the Code of Conduct on DoL

- Concentrate on a limited number of sectors in-country
- Redeployment of other in-country activities
- Lead donor arrangement
- Delegated cooperation/partnership
- Ensure adequate donor support
- Replicate practices at regional level
- Establish priority countries
- Address the “orphans” gap
- Analyse and expand areas of strength
- Pursue progress on other dimensions of complementarity
- Deepen reform

3.2.3. *A strategic approach to co-financing*

Scaling up EU aid (from EUR 46 billion in 2006 to EUR 90 billion by 2015) will trigger disproportionate increases in bilateral aid flows and pose significant managerial challenges to Member States. Indeed, bilateral aid is expected to account for 80% of total aid in 2015, compared to 68% in 2006. Small and scattered project activities, which inflate overall administrative costs and reduce impact and visibility, are set to increase as emerging and decentralised donors join the ranks of development actors.

In response to this, there has been a political will to advance to capitalise on the use of co-financing – corresponding to 'joint local arrangements' deliverable - at EU level. It has been repeatedly expressed by the Commission and by Member States. In order to implement the European Consensus and the Paris Declaration, the Commission defined a strategic approach to co-financing with a four-step approach (to clarify definitions, to create the proper enabling environment, to implement the Paris Declaration, and to create an incentive mechanism for collaborative behaviour) in the communication *EU Aid: Delivering more, better and faster*¹⁰. In their Council Conclusions of April 2006 EU ministers welcomed “co-financing and joint financing arrangements as concrete steps to more action and supported the Commission’s intention to develop a methodological framework”.

Box 19 - A practitioners’ network has been set up to allow EU donors to share good practices on aid implementation, such as DoL, cofinancing, institutional reforms and quality of programmes.

EU donors have started to use co-financing often to support division of labour or increase the impact of projects. The European Commission has revised its financial regulations specifically to facilitate co-financing. Driven by this political will, the new Financial Perspective 2007–13 and the 10th EDF provide an enabling legal environment for co-financing between the Commission and Member States. In addition, the wealth of co-financing experience and expertise amassed within the EU over years of practice further lends itself to the promotion of co-financing among EU actors.

Box 20 - In 2007, in Haiti, EUNIDA, a grouping of eight technical assistance agencies, jointly implemented a public administration capacity-building programme co-financed by the European Commission, France and Spain.

In this context, a study on the current levels of EU co-financing was carried out on the basis of the experience learned from case studies of co-financing in the beneficiary states, highlighting some substantial improvements that have been observed either from the Commission side or the EU Member States.

Box 21 - The EC study on co-financing describes lessons learnt from existing practices.

3.2.4. Support for local processes

To improve coherence and aid effectiveness, the Commission submitted to the Council in 2006 a report on local processes towards greater aid effectiveness providing baseline data on aid effectiveness in partner countries. This report was an input to the preparation of the 2006 OECD/DAC Survey. The Report focused on the four additional commitments made by the EU in Paris and the obligation to assess, support or establish local roadmaps on harmonisation. It underlined the status of local processes in 95% of the partner countries that signed the Paris Declaration and all of those which signed the Rome Declaration. It showed that, while progress is being made, greater efforts are needed to advance the aid effectiveness agenda at field level.

¹⁰ “EU Aid: Delivering more, better and faster”, Communication from the Commission, COM (2006) 87 final, 2 March 2006, Art. 60

Box 22 - The EC Report on DoL highlights progress on implementing the Code of Conduct on DoL and the follow-up of local harmonisation roadmaps.

4. FOCUSING ON DRIVERS FOR PROGRESS

It is essential to reach a higher standard in the implementation of the PD. To do so, it is important to invest in a few drivers for progress that leverage success in the wider aid effectiveness agenda. It should be noted also that the Commission and the EU MS commit themselves to promote a harmonised approach to cross-cutting issues, such as gender equality across all the drivers (see annex 5) .

4.1. More predictable aid

The macroeconomic management of volatile aid inflows, and the decision on how best to use instruments of monetary policy while containing inflation, is one of the main struggles partner countries face. In fact, concerns with the short-run management of aid inflows can threaten to overshadow the positive effects of aid in the medium term. In the long run, aid volatility negatively affects real economic growth, because large fluctuations in aid inflows can result in instability of employment, changes in government budgets and uncertainty about the degree to which resources will be utilised in the future. This negative relationship — which is stronger for sub-Saharan African countries — may generate pressures for countries to reduce reliance on aid flows, even when the medium-term returns on aid remain high and when donors are committing to substantially increase their aid budgets.

Box 23 - On average, aid flows are at least six times more volatile than fiscal revenues. The relative volatility of aid is highest for the most aid-dependent countries.

The European Commission has taken steps to improve long term predictability in its aid management system. There are multiyear allocations to non-ACP partners through the budget Financial Perspective, and to ACP partners through the 10th EDF (Cotonou agreement). The national envelopes translate into programme cycles in the Country Strategy Papers (CSP) of seven years for non-ACP (2007-2013) and six years for ACP (2008-2013).

Budget support is one important instrument for improving aid effectiveness to meet the MDGs, but current approaches could still be made more long-term and predictable. Firstly, there is a relatively short time horizon, which has up to now has consisted of typically three years in the case of the Commission. Secondly, a significant and costly degree of unpredictability arises from the annual application of eligibility and disbursement conditions. While these are important to reduce the risk of aid being wasted should the policy environment deteriorate, they should be assessed in view of their overall impact on the likelihood of meeting the developmental objectives of budget support. By making the actual availability of donor resources uncertain, the annual application of conditionality measures and the short term commitment horizon can limit the effectiveness of budget support and may also discourage Ministries of Finance from allowing more ambitious spending plans, despite the availability of donor resources. This is particularly true for those spending programmes — including capital spending — that entail long term recurrent cost commitments, such as teachers' and nurses' wages, and that are necessary to achieve the MDGs and for which significant financing gaps have been identified. For this reason, the European Commission has been developing the "MDG Contract" in consultation with the EU Member States as a longer-term, more predictable form of budget support.

Box 24 - EC Financial Perspectives and Country Strategy Paper ensure transparent multiannual predictability of aid allocations.

The MDG Contract targets well-performing countries that have successfully implemented budget support and show a commitment to achieving and monitoring the MDGs (more than half of Community general budget support from 10th EDF). This form of budget support would last for six years; provide a minimum, virtually guaranteed level of support; entail annual monitoring with a focus on results; assess performance in a medium-term framework; and be targeted at strong performers. The contractual nature of the agreement sets it apart from other long-term forms of “commitment” and implies harder financial engagement, offering long-term predictability in return for greater commitment to results by partners. The effectiveness of the MDG Contract will be enhanced if implemented in harmony with other budget support providers. The Commission remains committed to ensuring that the MDG Contract will be pursued in accordance with in-country harmonisation processes, while encouraging all budget support partners to promote and adopt the principles of longer-term, more predictable budget support with a strong focus on results.

Box 25 - The MDG Contract: a longer-term, more predictable form of budget support.

4.2. Enhanced use of country systems

The use of country systems (including both public finance management and procurement systems) is an important proxy of the reality of ownership and alignment. It is also a key component for strengthening capacity building and developing the local market. This is why the EU has agreed to a target that goes beyond the Paris Declaration (50% of use globally). In line with the commitments it made in the Paris Declaration, the EU recognises budget and sector support, where it can be justified, as the most suitable instrument to support ownership, alignment and lower transaction costs in international aid.

In 2006/2007, the Community integrated this objective into its new programming cycle. Convinced of the impact of General and Sector Budget Support and its collateral benefits in terms of capacity building, the Community has chosen to make this 50% target an objective for the level of aid passing through Budget Support. Of course, such a target cannot be “one size fits all” and depends on both local spending conditions and the country’s absorption capacity. It is based on uneven levels that might result in a higher or lower percentage in PCs. Around 20 non-ACP countries will benefit from budget support for 2007-2010. In 2007 a record level of 28% of total budget funds (with 5% GBS and 23% SBS) was reached. Presently 45.6% of the 10th EDF national indicative amounts are programmed as budget support (29.6% general budget support and 15.9% sector budget support).

Box 26 - In Asia, Budget Support represents 22.8% of programmed aid (2007-2010). General BS represents 43% provided to Cambodia, Laos, and Vietnam. 18.5% will be channelled through Sector BS dedicated to natural resources (Bhutan), health (India, Philippines and Vietnam), and basic education (India, Indonesia)

This includes both countries that have programmed budget support and countries that wish to introduce budget support as part of their response strategies as soon as prospective eligibility improves. Moreover, the number of countries that have programmed budget support is on the increase, from 28 countries that had done so at the beginning of the 9th EDF, to 44 countries for the 10th EDF that started this year. Another 10 countries may qualify later. And in

countries where conditions are not met, support will be provided to help them qualify, thus improving country capacity for public finance management, auditing and procurement. Therefore following the mid-term and end-of-term reviews these trends may increase further. The Commission is therefore well on track to reach this double objective of 50% of country system use by 50% of budget support.

Box 27 - General and Sector Budget Support has reached the unprecedented level of 45.6% of the new national programmes of the 10th EDF.

4.3. Stronger management for results, less conditionality

Conditionality cannot (for long) impose donor strategies on unwilling governments. But in areas where interests overlap, international partners can work towards common objectives. Agreed performance targets and conditions serve as signals, so that conditionality creates managerial pressure for reforms. This helps donors to strike a balance between maximising partners' policy ownership and their accountability to domestic tax payers. Collaboration on policy development and implementation requires mutual accountability in commitments and in results. The onus is on both parties to continue to learn from experience without disincentives to candour. Joint reviews of aid performance against the Paris Declaration benchmarks offer a way forward for countries that do not yet have mutual accountability mechanisms.

Box 28 - The challenge is to move from a rule-based approach to a risk-based approach which compares the risk of acting with the risk of not acting.

Several policy choices for results-based management are available:

- A greater level of selectivity among recipient countries in favour of countries committed to policy objectives favoured by donors.
- The use of “floating tranches” which are likely to trigger aid disbursements. This practice effectively gives the recipient a degree of freedom but also moves donors away from having to confront the dilemma of either brutally interrupting the aid programme, or waiving the condition not met at the risk of removing all credibility from the sanctions.
- A third approach, recommended and implemented by the European Commission, has been to link aid to performance (ex post) rather than to the adoption of policy changes (ex ante). Performance is measured in terms of ultimate objectives (e.g., reduced child mortality) rather than intermediate targets (such as the number of children inoculated). The idea is that a performance-based approach allows for better ownership of reforms, since the choice of instruments would reside with the country; it avoids arbitrary judgment on multiple heterogeneous economic policy measures; and it facilitates gradual and progressive support according to the degree of progress of performance relative to outturns.

The above-mentioned MDG contract also places greater emphasis on a government's performance and results for development, rather than its compliance with numerous, detailed conditions.

Finally, countries often face hundreds of different conditionalities from various donors. Apart from being an unmanageable burden on the partner country, they also risk clashing. It is essential that the donor community drastically reduces the number of conditionalities, while

maintaining their quality. The Community, the World Bank, and African Development Bank are currently working on a pilot project to develop a common set of indicators. The three donors together comprise a significant part of global aid flows. If these donors can coordinate conditionalities, this will significantly reduce administrative costs for partner countries.

Box 29 - Tanzania produces about 2400 reports annually to donors. And just for multilateral development banks, the government is required to submit 8 000 audit reports annually.

4.4. Further untying aid

Untying is not a technical issue. It is a highly political question that touches on the reality of ownership and the neutrality of aid. It has deep effects on the costs and transparency of aid. According to World Bank estimations, tied aid raises the cost of goods and services by up to 30%. It is also a constant procedural impediment to joint operations. Despite the longstanding OECD Recommendation on untying ODA to the LDCs, the relevant PD indicator is not ambitious. It is in fact the one and only indicator which is not forward looking. There is an urgent need for more progress on untying.

Box 30 - Completely untying aid could result in an estimated €6.5 billion increase in “value for money”.

Progress has been made since 2004:

- Most EU aid is untied, well above the global ratio of 75%.¹¹ Eleven Member States have completely untied their aid¹², including Lithuania and Malta, considered to be “emerged donors”. The Member States that are OECD/DAC donors have either almost fully untied their ODA or introduced new measures to further untie part of their aid. The remaining EU-27 countries have started to implement the 2001 OECD/DAC Recommendation. Nevertheless, four of the Member States that participated in the DAC survey are still below the global baseline.
- The Community adopted two regulations concerning tied aid in 2004/2005 that have been incorporated in the new aid instruments. They untied EC external assistance far beyond the scope of the DAC recommendations. They go far beyond the sole trade off between DAC donors, and put the partner countries centre-stage by largely untying aid to them as well as maintaining existing price preference systems. The EC offer of full access on the basis of reciprocity for non-EU donors is currently being applied to several DAC members¹³.
- As of 2007, the EU now represents a community of 27 donors that, under the Public Procurement Directives, are completely untied by law in relation to each other. Note that

¹¹ According to the 2006 Survey on Monitoring the Paris Declaration, the EU baseline ratio is 87%. However, the Survey is based on the reduced interpretation of untied aid based on the OECD DAC Recommendation (excluding technical assistance and food aid, accounting for a significant share of some donors’ ODA). That is why the current data presented in it do not reflect reality in terms of the undergoing untying process

¹² Belgium, Denmark, Finland, France, Ireland, Lithuania, Luxemburg, Malta, the Netherlands, Sweden, and the United Kingdom

¹³ Australia, Canada, Switzerland

this implies a high level of untying for the 55% of ODA and the 80% of the future scaling up of aid that the EU ODA represents.

Since 2002, the EU has constantly reaffirmed its willingness to continue to accelerate the discussion on further untying and welcomed the first, albeit limited, extension of the DAC Recommendation's scope.¹⁴ The Commission supports the ongoing extension of the DAC recommendation to all HIPC countries. It is supporting further untying of technical assistance, food aid and food aid transport. It also calls for a more pro-poor approach centred on developing countries by opening access to developing countries themselves.

4.5. Situations of fragility

Situations of fragility constitute a major challenge to sustainable development and peace. Fragility may exacerbate the risk of failing to reach the Millennium Development Goals and also involve regional and global security risks. The EU should make more effective use of the full range of existing EU policy tools and external action instruments to address, in a coherent and timely manner, situations of fragility in partner countries. This represents a specific challenge and requires an appropriate response in the context of aid effectiveness.

Box 31 - In 2006, three bilateral donors provided 65% of total ODA to Central African Republic, Côte d'Ivoire and Liberia.

The Council has asked the Commission to present by 2009 an implementation plan based on an EU response to situations of fragility and on the experience acquired through "pilot" cases. The **EU response** should therefore combine political, diplomatic, development, security and humanitarian instruments. A comprehensive and forward-looking use of Community and Member States' development instruments is required to progress in meeting the MDGs and in preventing and addressing situations of fragility. This plan should be prepared in close cooperation with Member States and the Council, taking into account the work being carried out on fragility by international organisations and in dialogue with civil society and other stakeholders.

Box 32 - In Uganda, DFID and the NGO Saferworld are supporting local partners to ensure that a new water distribution does not fuel conflict amongst local communities.

It is essential for donors, particularly in situations of fragility, to be **conflict-sensitive**: that is "to do no harm and to guard against unwittingly aggravating existing or potential conflicts" as well as effectively addressing the underlying causes of poverty and conflict. It is essential that practitioners have a thorough understanding of the causes and dynamics of conflict so that they can design their programmes and projects in a way that addresses these and helps contribute to peace. This requires basing development interventions on a constantly updated conflict analysis and applies to all types of funding mechanisms, from macro-level instruments, such as direct budget support, through national poverty reduction strategies and the support of more localised or focused projects and programmes.

¹⁴ Lowering the threshold for its application

4.6. Division of labour (DoL)

Convinced of the need to further progress on aid complementarity, in May 2007 the EU adopted a Code of Conduct on Division of Labour between donors.

4.6.1. In-country dimension of DoL

After a first phase of adoption and information, the EU is now moving on to a second phase of outreach to partner countries and other donors and of implementation in the field. In this context it is important to draw initial lessons from emerging practices. The following analysis is based, on the one hand, on country cases reported from the field by Member States and Commission delegations and, on the other hand, on the compendium of good practices on division of labour that the Commission has been asked to draft for the OECD/DAC.

Box 33 - A consultation on the implementation of the Code of Conduct in Nicaragua was held (end 2007 – early 2008). It highlighted the donor-driven aspect, the heterogeneity of cycles as difficult factors, Member State sector dispersion, and the PC's cautiousness about the process.

There are limited operational cases of implementation of the Code. Most of them were ongoing processes that have been re-launched by the adoption of the Code i.e. Ethiopia, Ghana, Tanzania, Mozambique, and Vietnam. The launching of the Code prompted discussions on DoL in a number of countries (Laos, Bangladesh, Cambodia, Nicaragua and Bolivia). Most of the processes for implementing the Code are still under discussion and they are being questioned by the partner countries themselves. It is unrealistic at this stage to expect much global progress, but numerous good practices can be put forward. The level of coordination and the need to define concrete DoL differ amongst countries, but partially correspond to the categories of “orphans” and “darlings”.

In “donor darling” countries — like Burkina Faso, Ghana, Kenya, Mali, Mozambique, Senegal, Vietnam — coordination is fairly good, but the principles of the Code are not yet being applied. For example there are too many donors by sector, more than three sectors of concentration per donor and very limited use of implementation instruments (e.g. delegated cooperation, co-financing, silent partnerships).

In “orphan” countries — such as Congo-Brazzaville, Madagascar, RCA and Togo — the picture is more uneven. Dialogue among donors is often less coordinated. Incentives for DoL are limited — i.e. few donors, many needs, and the principles are sometimes not applicable (e.g. no country leadership). Nevertheless, good practices are observed in some countries — such as in Chad and Niger — and in particular in post-conflict countries where coordination is deemed necessary such as in Côte d'Ivoire, Togo, and Lebanon.

In most countries that conducted the 2006 DAC survey, emerging donors have yet to get involved. The Code has been presented to the PC and other donors in most countries. There is an emerging consensus on the importance of the Code of Conduct in some countries, i.e. Burkina Faso, Kenya, Mali. In most countries, specific EU coordination has taken place to push the Code.

Box 34 - In Burkina Faso, five donors are active in half of all the country sectors. Half of donors are active in one third of the sectors.

Outreach to partner countries and other donors

There seems to be a general lack of ownership by partner countries that have not been sufficiently associated with donors' coordination and implementation of the Code. Good perspectives have been developed in Vietnam, Kenya (signature of partnership principles) and in Burkina Faso (creation of a national structure for aid effectiveness). It is a positive sign that partner countries have placed DoL in their list of priorities and expressed an interest in adapting the Code in order to own and implement it. Strengthening PCs involvement in and ownership of the Code should therefore be a priority. Dialogue with PCs must be reinforced. Accra will provide the occasion to show proof of results, to exchange good practice and to further engage in dialogue using the workflow on division of labour that Germany is helping to devise for the EU.

Box 35 - The DAC Working Party on Aid Effectiveness has mandated France and the EC to compile a Compendium of Good Practices on Division of Labour.

Sector concentration

Sector concentration is a medium-term objective. Its implementation depends on strategic decisions by donors, but also on technical elements such as the programming cycle. If this argues for a pragmatic and step-by-step process, it cannot be an excuse for inertia — as 11 Member States and the Commission have engaged in new programming cycles since 2005. Very few donors have engaged in an in-depth sector concentration process (e.g. Denmark). In most cases, sector concentration has started where a joint programming mechanism has been initiated. It is linked in most cases to the revision by the partner country of its strategy (e.g. the Action Plan in Madagascar), the development of a Joint Assistance Strategy, such as the Nordic+ model or other (e.g. Ghana, Zambia, Uganda, Tanzania, Mozambique, Mali, RCA) or new programming for one or several donors.

Box 36 - In Vietnam, the EC will concentrate 80% of its aid for 2007-2010 in two sectors of concentration (general budget support and capacity building in the health sector). The remaining 20% will be dedicated to non-focal sectors (trade and governance).

As far as the Commission is concerned the new cycle of Country Strategy Papers, in accordance with the Code, has inserted a strong sector concentration obligation for a substantial part of Community aid. In the majority of Community partner countries, aid is increasingly concentrated in a limited number of sectors. The average is 2.9 in Latin America, and 3.3 for Asia, compared to average of 5.6 in ACP and 6.2 in neighbourhood countries. In the majority of the EDF countries, aid is concentrated in three sectors, with the lower level of concentration mainly occurring in support to fragile, post-crisis countries with broad multi-sector LRRD-type¹⁵ activities.

Sector concentration is strongly based on comparative advantages built up under previous programming exercises. Further concentration, including other instruments and thematic budget lines, will need to be addressed in the next period. Several lessons can be drawn from country cases. First, there are a few key drivers behind the existing cases of division of labour. Second, there are certain recurrent operational elements that have emerged from

¹⁵ Linking Relief, Rehabilitation and Development

existing good practices. Third, some fundamental quandaries central to implementation have yet to be resolved.

Box 37 - Denmark is one of the first Member States to initiate in-depth sector concentration, based on an attempt to define its comparative advantage.

Further efforts are needed

The Code of Conduct is to be mainstreamed in all Member States and relevant Commission concerned services. It has been designed to be widely applied, whenever process and conditions allow for it. In its application appropriate account will be taken, for example of the broader political framework for a given region (e.g. the need for multi-sectoral and "acquis" related partnership in the context of the European Neighbourhood Policy (ENP)).

Box 38 - In Mali, more than 26 donors are active in rural development.

There is a long list of countries where potential for progress is emerging. It is essential to quickly invest with the Member States in some country cases to develop some success stories that go beyond the usual showcases. It is essential to target cases of potential success and to help field offices to move forward in a complex and difficult context.

Box 39 - Member States and the EC are identifying fast-track countries where they could jointly invest to speed up the implementation of the Code of Conduct.

These should not be considered “pilot countries”, but rather countries where EU donors have agreed to support existing local processes by bringing in political support and additional inputs. It is not about HQ “diktats” but about supporting country-driven processes. Several Member States have agreed to try to facilitate, with the Commission, some country processes.

Self-assessment of respective added value

In the Paris Declaration donors committed to “make full use of their comparative advantage at the sector or the country level by delegating, where appropriate, authority to lead donors for the execution of programmes, activities and tasks”. Subsequently the EU Code of Conduct specified a number of criteria to determine comparative advantage¹⁶, and indicated that the comparative advantage of a donor should be self-assessed, endorsed by the partner government and recognised by other donors.

Donors committed in the PD to make full use of their respective advantage at sector or country level; in line with this, the EU donors have agreed in the Code of Conduct¹⁷ to “deepen the self-assessment of their comparative advantages as regards sectors and modalities with the aim to identify those in which they would like to expand, as well as those where they

¹⁶ Such as: (i) presence in the country, (ii) experience in the country, the sector or the area, (iii) trust and confidence of the partner government and of other donors, (iv) technical expertise and specialisation, (v) aid volume at the country or sector level, (vi) capacity to enter into new or forward-looking policies or sectors, (vii) capacity to react rapidly and/or long-term predictability, (viii) efficiency of working methods, procedures, quality of human resources, (ix) relatively better results, (x) relatively low cost compared to other donors for satisfactory level of quality, (xi) acquiring experience and new capacity as an emerging donor.

¹⁷ Guiding Principle 9 — Analyse and expand areas of strength

might be willing to reduce their own activities.” The Commission has committed itself to further developing its expertise and capacities in areas where it has comparative advantages.

Box 40 - Some of the new EU-27 Member States have developed niches of comparative advantage with solid expertise and good added value such as Estonia on e-governance or Slovenia on women and children in post-conflict areas.

The assessment of Community added value was started since the first Development Policy Statement of November 2000. Community aid was focused on six sectors where the Community has added value and which relate to the poverty reduction objective (link between trade and development; regional integration and cooperation; support for macro-economic policies and promotion of equitable access to social services; transport; food security and rural development; and institutional capacity-building). While this focus was judged useful in terms of institutional set-up, it was also judged too restrictive to respond to country-driven needs and agendas. The European Consensus has refined the definition of the Community’s comparative advantages in a two-step approach.

As a first step, at institutional level, the Commission will aim to provide added value through the following elements: its global presence; policy coherence; promotion of development best practices; facilitation of coordination and harmonisation; delivery in areas where size and critical mass are of special importance; promotion of democracy, human rights, good governance and respect for international law, with special attention paid to transparency and anti-corruption; and the facilitation of dialogue with local economic and social interest partners.

In a second step, at country level, the Commission will choose, in dialogue with the PC, Member States and other donors, and in accordance with national strategies, specificities and needs, its sector of activities, according to the sector concentration entailed in the Code of Conduct, amongst the areas defined at institutional level.

This two-step approach has been used for the new programming cycle for Community aid. It allowed a pragmatic view of how the Community can today assess the reality of its added value in the field.

As explained above (see Sector Concentration), EDF support is usually concentrated in three sectors, except in fragile, post-crisis countries. The main ones are general budget support (>40% of countries, around 30% of volume), infrastructure, including water/energy (>60% of countries, around 30% of volume), governance, including peace/security (>60% of countries, around 15% of volume), rural development and agriculture (>30% of countries, around 8% of volume).

Box 41 - France has used the OECD/DAC Peer Review 2008 to evaluate its comparative advantage in Mali and Central African Republic.

The impact of this concentration is in many cases reinforced by trade support and regional integration, in synergy with the planned actions at regional level. Social sectors receive relatively modest direct support (around 8% going to specific health, education and social cohesion programmes), but Community support in concentration areas and general budget support in support of the partners’ poverty reduction strategies also contributes to reaching the MDGs. Support for trade, regional integration and private sector development and for non-state actors is widespread (explicitly provided for in 50% of the countries), environmental

projects are provided for in 20% of the countries, mostly through non-focal area projects. Sector concentration is strongly based on comparative advantages built up under previous EDFs. Further concentration, including other instruments and thematic budget lines, will need to be addressed in the next period.

During recent EU joint multi-annual programming for the 10th EDF (2008-2013) in ACP-countries the EU donors, and sometimes other donors, started or deepened the discussion on rationalising their presence, some donors¹⁸ having already taken steps towards more concentration. Member States that have not yet started similar process are encouraged to start conducting similar exercises on self-assessment of their respective added value.

4.6.2. The cross-country dimension of DoL

The cross-country dimension of division of labour is an essential strategic aspect of further progress on complementarity. It is of a different nature from the in-country dimension of DoL, and touches on very political and institutional issues. In order to support further progress in this area, in May 2007 the EU adopted a few related principles in its Code of Conduct where the decision was taken to start political dialogue about future engagement and strategic planning concerning geographic concentration and country priorities.

Box 42 - The revised EU donor atlas highlights aid trends at global level, and in four regions (SADEC, ECOWAS, ASEAN and Central America). They are linked to emerging country atlases such as the ODAMOZ.

Member States and the Commission have agreed in particular to address their geographic concentration and country priorities, to strive for more transparency in their strategic planning and to share forward-looking data on commitments. In order to provide transparent data on aid flows the Commission has revised and updated its Donor Atlas.

Establishing priority countries

Box 43 - Some Member States have started to reduce their list of priority countries: France (12), Sweden (25), The Netherlands (37), and the UK (22).

All EU donors have procedures for selecting partner countries that could be a basis for further geographic concentration. Criteria used for this purpose include the economic, social and poverty situation, the potential for promoting democracy and good governance, experience with past cooperation in the country, the presence of an embassy, relevance for global public goods, and historical or cultural ties. In addition to these criteria, the selection of partner countries also implies political considerations.

However, (too) many EU donors are still present in too many countries, with too many projects with limited impact. Trends show that there is an ongoing geographical process whereby donors are concentrating their aid in order to achieve stronger impact. It is important that such processes are somehow put in a global context. EU donors have committed themselves in the Code of Conduct to make this point an important element of their political dialogue on cross-country division of labour.

¹⁸ Notably Finland, France, and the Netherlands

Box 44 - Thanks to enhanced concentration on priority countries, Luxembourg is now one of the largest donors in Burkina Faso.

Support for regional partner organisations

The EU is strengthening its strategic partnerships with different regions in the world based on political dialogue, enhanced trade and a sustained level of development cooperation. In this context, regional organisations are evolving as increasingly important actors. The EU is backing this development financially. Thus, for the period 2007-2013, the Community allocated to regional integration €1 783 million through the 10th EDF (ACP), €775 million for Asean, the ASEM and the SAARC (Asia), €75 million for the SICA (Latin America) and €38 million for Mercosur. The Member States are also contributing with funds to these regional integration organisations.

It is indeed essential that this new dimension be completely integrated within the ongoing work on DoL. This is why the Code of Conduct highlighted the vertical dimension as an important element of DoL, which needs to put in synergy donor efforts at local and multilateral efforts at regional level¹⁹. The coordination and complementarity of EU support to regional partner organisation should be a priority of the forthcoming political dialogue on cross-country division of labour.

Box 45 - The 2006 OECD/DAC report identifies Burundi, the Democratic Republic of Congo, Guinea, Nigeria, Uzbekistan, and Yemen, as “marginalised countries”.

Orphans, darlings and situations of fragility

The EU Donor Atlas shows two trends: (i) a concentration of aid in certain “attractive” or “darling” countries and sectors, creating “orphan” or forgotten countries and sectors, and (ii) fragmentation of activities in the “darling” countries/sectors, with a plethora of actors and small-scale projects. The issue of “orphans” cannot, of course, be simplified to mean countries receiving little aid. In some cases, low aid is the result of explicit political decisions by donors in reaction to bad policies. In addition, countries in situations of fragility are too often donor orphans.

Box 46 - In 2006, 75% of ODA to the 38 DAC fragile states went to five countries: Nigeria, Afghanistan, Sudan, the Democratic Republic of Congo (DRC) and Cameroon.

While acknowledging the Commission’s added value provided through its global presence, the Member States and the Commission decided to address jointly the current imbalance in resources provided to aid “darlings” and “orphans” and avoid the creation of new imbalances. This commitment has been put into practice in the Code of Conduct on DoL, which provides clear guidelines²⁰. Although donor concentration should be encouraged, changes in donor priorities and policies could impact significantly on the predictability of aid flows to countries dependent on exceptionally few donors.

¹⁹ Code of Conduct Guiding Principle 4 — Replicate practices in cooperation with partner regional institutions: Taking into account the increasing/scaling up of aid volumes and activities at regional level, EU donors will also apply the above principles of in-country division of labour in their work with partner regional institutions.

²⁰ Code of Conduct Guiding principle 6 — Address the “orphans” countries of aid allocations: EU donors will strive to dedicate part of their aid budget to “under funded” countries. These are often ‘fragile states’ whose stabilisation has a positive spill-over effect for the wider region

4.6.3. *Starting a political dialogue*

The EU has agreed to start political dialogue based on information compiled by the Commission, in order to:

- identify countries in which there are substantial overlaps (“*darling countries*”) or gaps (“*aid orphans*”) in terms of donor activity and/or in the level of aid allocations;
- address the issue of aid orphans, and where appropriate aid darlings, and address specific sector issues;
- develop specific response strategies for fragile states, which among other things will serve as an input to the ongoing OECD/DAC initiative and initiatives in other international fora;
- examine how all aid, i.e. existing and additional aid (“*scaling up*”) could be allocated in a complementary way.

In order to trigger this political dialogue, the Commission is intending to produce specific thematic atlases that will help inform such dialogue by benchmarking donor activities on related areas, in particular Member States’ and Commission activities. A first “benchmarking atlas” has been produced that compares donors’ aid and other activities in those partner countries that are often commonly referred as countries in situations of fragility.

Box 47 - A first thematic Atlas aims at triggering political dialogue on cross country division of labour. It benchmarks donors’ activities on situations of fragility.

Conclusion: a roadmap for results

While scaling-up aid is vital to achieving the Millennium Development Goals (MDGs), “better aid” is equally important. Progress is needed on both the quantitative and qualitative aspects of aid. They are not alternatives.

The EU has developed instruments and processes for most of its promises. These now increasingly need to be translated into field reality. There is a long list of good practices available on aid effectiveness, but no general trend with a mass effect. Most progress has been achieved in the “easiest 20%” areas.

In the lead-up to the HLF-3 in Accra, we are therefore at a crucial and critical moment in time. The EU needs to pass from “rhetoric to action” on a larger scale in the implementation of the Paris Declaration commitments by hastening the pace of reforms.

Accra needs to be a success. Accra needs to be forward-looking. It needs to build on a comprehensive dialogue with PCs and all actors — in a process of increased mutual accountability. It is particularly important to ensure extensive progress on the following six drivers of progress, namely:

- predictability of aid
- enhanced use of country systems
- further progress on untying aid
- results and conditionalities
- division of labour
- situations of fragility.

On all these six issues, all key embedded aspects of the Paris Declaration, the EU has carried out relevant conceptual analytical work and has concrete experience on the ground for the wider donor community to build on. Several of these issues are common to the priorities identified by Partner Countries.

This roadmap supports work-in-progress and constitutes a basis for a strong EU contribution in Accra. It also intends to go beyond and target the cycle of international events to take place at the end of 2007 and in 2008. In addition, it targets longer-term results and institutional reforms for 2010, in view of the fourth High Level Forum in 2011. Finally, it also targets the achievement of field results for the six drivers for success, in particular a process of fast-track countries for which concrete action and results must be set up by the end of 2008.

Annex 1 — Joint EU input into the “Zero” draft of the Aid Effectiveness High Level Forum (HLF-3) Ministerial Declaration (February 2008)

The European Union reconfirms its commitment to further enhance the implementation of the principles of the Paris Declaration on Aid Effectiveness and the four additional commitments it made at the Paris High Level Forum II.

The EU is therefore committed to further encouraging and supporting partner countries in taking the lead in a country-led approach to improve both bilateral and multilateral aid. In particular, the EU shall address development efforts more systematically in situations of fragility and pay more attention to the “aid orphans”. The EU will work jointly with all development stakeholders, including emerging donors, with a view to further improving the quality and the impact of its aid, including the amelioration of donor practices.

The Accra High Level Forum (HLF-3) on Aid Effectiveness is a crucial political opportunity to agree strong and decisive action by all donors and partner countries on the outstanding implementation issues that are key to meeting the Paris Declaration targets. The forum should also be the opportunity to strengthen the Paris declaration’s implementation by increasing the involvement of all partners, including civil society actors and the private sector.

The EU believes that it is particularly important to ensure extensive progress on four key aspects of the Paris Declaration, namely division of labour among donors, predictability of aid, enhanced use of country systems and mutual accountability for development results. On all these four issues, the EU has carried out relevant conceptual analytical work and has concrete experience on the ground for the wider donor community to build on.

Cross-cutting issues should be systematically addressed. The EU also recognises the necessity to address the six priority issues put forward by the partner countries in preparation of HLF-3.

The EU is proceeding further with the work started with the “EU Code of Conduct on Complementarity and Division of Labour”, adopted after the Paris Declaration as a basis for rationalising, better coordinating and improving the global efficiency of EU development assistance. The EU recognises that the primary leadership and ownership of in-country division of labour should first and foremost lie in the partner country government, taking into account the specific situation of the partner countries. It should be achieved on the basis of a national development strategy.

While “better aid” is vital for achieving the Millennium Development Goals (MDGs), scaling up aid is equally important. The EU will keep its promises on scaling up aid. Furthermore, the EU will support work on a target for predictability in the Paris Declaration and on respective delivery mechanisms. The Commission has proposed the MDG contract concept, on which work is ongoing.

In line with the approach adopted on the extension of the Paris Declaration to further signatories, the EU would like to highlight the efforts made by those Member States that were not present in Paris but, in parallel, have subsequently endorsed the principles of the Paris Declaration. Moreover, these Member States, together with the rest of the Member States of the EU have adopted the European Consensus on Development, the EU Code of Conduct on Complementarity and Division of Labour and ambitious targets for scaling-up their aid by 2010 and 2015.

Finally, the High Level Forum in Accra will also provide an opportunity to address emerging future issues related to promoting effective aid for poverty reduction in the context of sustainable development (such as issues related to climate change).

Annex 2 — Individual performance on the PD indicators

	3	4	5a	5b	6	7	8	9	10a	10b
Austria	79%	15%	22%	32%	18	36%	51%	45%	14%	33%
Belgium	44%	18%	24%	43%	67	38%	97%	32%	22%	33%
Denmark	47%	48%	29%	45%	69	49%	85%	60%	33%	80%
EC	81%	35%	40%	41%	204	65%		50%	33%	45%
Finland	87%	53%	38%	52%	9	27%	98%	39%	26%	58%
France	52%	20%	28%	60%	63	45%	90%	28%	10%	41%
Germany	55%	37%	35%	34%	40	75%	94%	20%	28%	50%
Ireland	48%	52%	90%	96%	6	72%	100%	64%	41%	57%
Italy	36%	39%	29%	50%	30	45%	41%	40%	8%	18%
Luxembourg	77%	0%	0%	0%	1	57%	100%	41%	20%	67%
Netherlands	70%	36%	71%	78%	23	65%	91%	68%	46%	77%
Portugal	24%	77%	79%	80%	1	20%	26%	4%	50%	0%
Spain	87%	10%	16%	14%	66	76%	30%	14%	8%	12%
Sweden	49%	64%	47%	48%	36	54%	100%	47%	32%	34%
United Kingdom	84%	61%	75%	76%	41	90%	100%	59%	44%	69%
EU	68%	39%	46%	52%	674	65%	87%	47%	27%	49%
TOTAL ALL DONORS	88%	48%	40%	39%	1832	70%	75%	43%	18%	42%

United States	90%	47%	10%	12%	208	45%	7%	28%	28%	39%
Japan	68%	74%	29%	26%	2	66%	89%	33%	2%	52%
World Bank	94%	57%	42%	40%	223	68%	--	57%	21%	49%

Worst performer	GAVI 0%	LUX 0%	LUX 0%	, Lux, GFATM 0%		GAVI 0%	US 7%	Korea 0%	Korea 0%	Portugal 0%
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2010 global target	94%	50%	80%	80%	611	87%	66%	40%	40%	66%
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Annex 3 — Joint Programming

The general principles of joint multi-annual programming and the Common Framework for Country Strategy Papers — CFCSP) were adopted by the Council²¹ in April 2006. It marked the start of a process that has provided the EU with powerful input into the coordination, harmonisation and rationalisation of EU support to partner countries. Thus it has enabled the EU to make a valuable contribution towards enhanced aid effectiveness.

Joint multi-annual programming is the collective effort of the EU and national partners working together to prepare and implement activities in support of the national priorities of the Poverty Reduction Strategy Papers (PRSPs) or similar national strategies aimed at achieving the MDGs. It is based on the leading role of the partner country and respect for partner country ownership, on principles of flexibility and gradualism (taking into account the country situation), on openness (allowing other donors to join), on complementing and strengthening any ongoing harmonisation process (avoiding unnecessary parallel processes). It consists of two steps (1) a joint analysis of the country's situation and (2) a joint response strategy (selecting focal areas based on the needs and priorities of the partner country). The Council invited the Commission and Member States to initiate these first steps gradually and voluntarily on the basis of the CFCSP as a pragmatic tool.

Joint analysis started immediately in 2006 in the ACP countries for the programming of the 10th EDF (2008-2013). A joint response strategy was specifically supported in a number of countries where local circumstances were deemed to be favourable²².

This first application of an EU joint programming process has provided valuable experience for taking aid effectiveness forward. It has helped to bring EU donors together, sometimes joined by other donors, to consult each other, to coordinate and streamline their support programmes, to start talks on more concentration of aid, to discuss their roles, to start exploring possibilities for delegated cooperation/co-financing, and to support the government in its leading role in donor coordination. Equally it has allowed the EU to work on articulating EU processes and donor-wide processes, to contribute to these donor-wide processes as an EU group, sharing the same EU approach.

In this way the EU joint programming process has proven a useful stepping stone towards the implementation of in-country complementarity, as envisaged by the EU Code of Conduct, adopted by the Council in May 2007. Joint programming is a dynamic process that will continue during the implementation of the 10th EDF on the basis of joint monitoring and joint reviews. In the coming period the implementation of the EU Code of Conduct will help to deepen the EU joint programming process by more joint work, further enhancement of joint response strategies, and more concentration on a limited number of sectors based on donors' comparative advantages resulting in division of labour. Thus EU joint programming and implementation of the EU Code of Conduct will go hand in hand to contribute to improved aid effectiveness.

²¹ Conclusions of the Council (GAERC) on Financing for Development and Aid Effectiveness: Delivering more, better and faster, adopted on 11 April 2006.

²² As mentioned in Council Conclusions (see 1): the existence of a PRS or equivalent, the existence of a sufficient number of active EU donors revising their programming, the existence of local coordination processes, specific considerations for fragile states, and a positive field assessment.

Now that the initial 10th EDF joint programming process is virtually completed, conclusions can be drawn. The “Monterrey survey”, providing interesting feedback from Member States and the Commission’s overall assessment of the process, highlights the complexity of implementing such a joint process.

The joint process will continue in the implementation phase of the 10th EDF: on the basis of joint monitoring during the annual, mid-term and end-of-term reviews. The ongoing work on division of labour following the adoption by the Council in May 2007 of the EU Code of Conduct on complementarity and division of labour²³ has permitted the EU to give a new dimension and dynamism to joint programming.

Response in ACP countries

Specific attention was paid to the joint programming exercise in Burkina Faso, the Dominican Republic, DRC, Ethiopia, Ghana, Haiti, Kenya, Mali, Sierra Leone, Somalia, South Africa, Tanzania, Uganda, and Zambia, with a view to including both steps: the joint analysis as well as the joint response strategy already in the programming process.

In these countries a favourable climate²⁴ already existed: the existence of a PRSP or equivalent, a sufficient number of active EU donors revising their programming, local coordination processes, a positive field assessment, and an advanced harmonisation process. There were specific considerations for states in a situation of fragility (Haiti, Somalia and DRC) or exiting from such a situation (Sierra Leone), i.e. countries in crisis or a post-crisis situation with no or weak poverty reduction strategies, where donors considered it necessary to enhance their cooperation in order to have a real impact.

However, as joint programming applies to all ACP countries, experience has not remained restricted to these 14 countries.

Generally speaking, helped by the CFCSP joint programming tool, the EU joint programming process in ACP countries has enhanced information sharing, consultation, coordination, and joint work at least between EU donors if not always with other donors as well. Thus a step towards achieving more aid effectiveness has been made.

The first step, drafting a shared analysis, was taken in many countries. This also applies to the drafting process for governance profiles, the outcome of which fed into the country analysis of the CSPs. The second step, drafting a joint response, was less evident but did take place in a number of countries.

Examples that could be mentioned are: the Country Strategy Paper for Sierra Leone was drafted jointly by the government of Sierra Leone, the European Commission and the UK Department for International Development (DFID). In South Africa the Commission and 10 Member States present drafted a joint Country Strategy Paper setting out the common broad strategic objectives of EU-South Africa development cooperation. In Somalia six Member States plus Norway coordinated their response. In Ghana and Mali EU joint programming marked the start of donor-wide preparations for a division of labour as envisaged by the EU Code of Conduct.

²³ COM (2007) 72 final of 28.02.2007 “EU Code of Conduct, on Division of Labour in Development Policy”, and GAERC Conclusions of 11th May 2007.

²⁴ As defined by the Council Conclusions of April 2006

Member States' Responses on Joint Programming

Although not all EU Member States took part in the process (13 out of 27 countries²⁵), most of those Member States who did gave positive evaluations of the joint programming exercise in general. Most emerging donors did not yet participate and do not yet know whether they will do so in future²⁶. The processes in Tanzania, Zambia, Uganda, Kenya, Somalia, Ghana, Mozambique, Ethiopia, South Africa, DRC, and Mali were singled out as good examples of joint programming.

Adjustment of the programming cycle to that of the partner country does seem possible for most Member States, in the sense that changes in needs and priorities can be taken on board either by adapting the period of the programming cycle to that of the partner country, or by build-in flexibility during the implementation of the multi-annual strategy.

The perception of the consistency between EU joint programming and donor-wide joint assistance strategies varies, with the more negative responses warning about different processes at different levels and two competing systems. This is an important message that needs to be addressed in further work on division of labour.

It is felt by the Member States that facilitation of joint programming will benefit from:

- drafting EU common practical guidelines for joint programming;
- organisation of joint missions by headquarters/capitals, in cases where they provide added value to the local process;
- reinforced communication and continuity of meetings of a technical experts' group, made up of representatives from the Commission and the Member States, to act as a link between the field-led exercise and headquarters/capitals;
- creation of a common website on joint programming;
- better quality coordination at field level, and emphasis on quality of the process.

These aspects are intimately linked with the ongoing work on the implementation of the EU Code of Conduct. Therefore the facilitation work will be integrated in current and future work on the implementation of complementarity and division of labour.

Bottlenecks

Alignment with the partner countries' agendas and programming cycles (systems and processes). Commission and Member States' programming processes differ in terms of scope, content, frequency and timing. As suggested in the Council Conclusions of 2006, the problem of reconciling diverging timescales should be resolved through progressive alignment with the partner countries' multi-annual planning cycles (PRSPs and budget processes). Complete synchronisation seems feasible only in the long term, as it also means rethinking the current fixed and standardised period of the EDF programming cycle. In the meantime,

²⁵ AT, BE, DE, DK, EL, ES, FI, FR, HU, NL, PL, SE and UK.

²⁶ BG, CY, CZ, EE, LT, MT, RO, SI, and SK. Ireland and Sweden prefer to focus on Joint Assistance Strategies.

flexible arrangements that can be agreed among donors to periodically adjust ongoing multi-annual strategies to the changing needs and priorities of the partner country may offer a solution.

The format of the programming document. As stated in the Council Conclusions, the agreed EU CFCSP is one tool for joint programming. Although a large number of Member States stated that the CFCSP was a useful tool, it is less clear whether the format itself will also be adopted as such, or whether a parallel strategic document or a complementary internal strategic work plan will be used complying with specific bilateral reporting obligations while remaining coherent with the CFCSP and adopted CSP in terms of analysis and response. As compared with 2006, it seems in 2007 the discussion is focused on the experience of the process rather than on the use of a particular format, the process being of the utmost importance in the efforts to reduce the transaction costs of aid for the recipient country.

The relationship between joint programming and JAS. Some Member States²⁷ have expressed doubts about the added value of EU-based joint programming compared with other harmonisation processes (in particular, JAS initiatives) or voiced concerns about apparent inconsistencies between the two processes.

The Commission underlines that its objective is to strengthen and complement joint assistance strategies, where needed going beyond the common denominator and promoting EU values; there should be no competition or duplication. The Commission is sensitive to this point. The Commission and EU Member states in 2007 played an important role in developing the Joint Assistance Strategies in Zambia, Tanzania, Uganda, Kenya, Ghana and Mali, in particular the joint donor response including a division of labour.

Issues of complementarity. The question of how to achieve a division of labour based on the comparative advantage of each donor is a core element of joint programming. It implies concentration of aid by having fewer donors active per sector, better coordination between donors and improved coordination between donors and the beneficiary country's government. Specifically to answer that question, the Council adopted the EU Code of Conduct on complementarity and division of labour in development policies. It provides much-needed specific and detailed guidance in this respect. Given that in May 2007 the EDF joint programming process was far advanced, the details of the EU Code of Conduct could only be taken into account in a limited way in the joint programming process. However, its general principles of country ownership, leadership, inclusiveness²⁸, being based on partner countries' needs and priorities, long-term perspective, and pragmatic approach are shared principles with the joint programming process, and were very much part of that process.

Steps forward

Whilst useful results have been achieved in joint programming, the lessons learnt equally highlight the complexity of the process. The EU Code of Conduct on complementarity and division of labour has given a new dimension and a new impetus to the process. Joint programming is a dynamic process that will continue during the implementation of the 10th EDF on the basis of through joint monitoring and joint reviews. In the coming period the implementation of the EU Code of Conduct will help to deepen the process by more joint

²⁷ France signals competition between JAS and CSP in Tanzania, Spain signals different processes at different levels in Haiti, Sweden considers the CSP to be superfluous after drafting a JAS.

²⁸ Process open to all donors

work, further enhancement of joint response strategies, and more concentration on a limited number of sectors based on donors' comparative advantages resulting in division of labour.

Annex 4 — Co-financing

Major challenges lie ahead of the EU collectively over the next years, with co-financing poised to provide an effective solution: scaling up EU aid (doubling from EUR 46 billion in 2006 to EUR 90 billion by 2015) will trigger disproportionate increases in bilateral aid flows and pose significant managerial challenges to Member States. Indeed, bilateral aid is expected to account for 80% of total aid in 2015, compared to 68% in 2006. Small and scattered project activities, which inflate overall administrative costs and reduce impact and visibility, are set to increase as emerging and decentralised donors join the ranks of development actors. EU commitments on aid effectiveness and division of labour require urgent action, as does the need to support emerging donor activities at EU level. Lastly, enhanced involvement of decentralised actors is critical for timely delivery of the MDGs.

Hand in hand with these challenges go opportunities for the EU to fulfil its commitments and responsibilities as the world's largest aid donor, and to deliver more, better and faster aid by capitalising on co-financing. First and foremost, there exists a political will to advance the use of co-financing at EU level. It has been repeatedly expressed by the Commission and by Member States, most recently in the newly adopted Code of Conduct. Driven by this political will, the 10th EDF and the new Financial Perspective 2007-13 provide an enabling legal environment for co-financing to occur between the EC and Member States. In addition, the wealth of co-financing experience and expertise amassed within the EU over years of practice further lends itself to the promotion of co-financing among EU actors.

In case studies of co-financing in the beneficiary states²⁹, some substantial improvements have been observed either from the Commission side or the EU Member States. These improvements concern the establishment of monitoring and information systems tracing relevant data on co-financing, ongoing adaptation of EU regulation to remove administrative and legal obstacles in the way of co-financing at EU level, the identification of adequate and harmonised procedures and arrangements in order to facilitate commitments on co-financing at EU and Member States level and the positive involvement of co-financing partners.

Some efforts must, however, be pursued by the Commission and the Member States to improve the effectiveness and the quality of EU co-financing activities. The GAERC of April 2006 “[welcomed] co-financing and joint financing arrangements as concrete steps to more action and [supported] the Commission’s intention to develop a methodological framework”. In order to implement the European Consensus and the Paris Declaration, the Commission defined a strategic approach to co-financing with three steps. This strategic approach to co-financing was announced into the communication “EU Aid: Delivering more, better and faster”³⁰ and received the support of all EU ministers in the GAERC conclusions of April 2006.

Firstly, clarifying definitions. Co-financing is a broad term that entails a wide range of modalities from delegated authority to pooling of funds or parallel funding or even budget support. It is important to capture in a simple manner, and in relationship with DAC work, the various types concerned. In addition a study will show the current level of co-financing in the EU.

²⁹ See “Study on Co-financing,” November 2007, p.68.

³⁰ “EU Aid: Delivering more, better and faster”, Communication from the Commission - COM(2006) 87, 2.3.2006, Art. 60.

Secondly, creating the proper enabling environment. Commission regulations were not in line with the Paris Declaration and co-financing was hardly feasible at this stage.

The new aid instruments and financial regulations make the Commission's external assistance systems simpler and more flexible; they also allow more efficient and effective ways of providing assistance, for example, through joint co-financing. Furthermore, the approval of the EU Code of Conduct on Division of Labour³¹ envisages a radical change in the way the EU and other donors will provide aid. This makes it even more urgent for the Commission to move towards joint co-financing.

In the context of the European Community general budget or the 10th European Development Fund (EDF), the Commission may decide to finance an action or programme alone or together with other donors (co-financing)³². Under joint co-financing different donors jointly co-finance an action and decide: (i) that the total cost of the action will be divided among them and (ii) that all the funds will be pooled in a way which makes it impossible to identify the source of funding for a specific activity within the project. Under joint co-financing, authority to manage the co-financing might be delegated among the co-financiers (delegated cooperation). As a result, the Community can therefore now delegate authority to another donor and/or can also be delegated authority by another donor.

Thirdly, implementing the Paris Declaration. The Commission, like any donor, will develop a maximum number of relevant co-financing initiatives with other donors. This will be done in accordance with the principles of ownership, alignment, harmonisation and management by results of the Paris Declaration and the political guidance defined by the European Consensus. These co-financing initiatives will be conducted in a flexible and pragmatic manner, based on needs assessed at field level and donor-wide, with the sole condition that they bring added value to ongoing activities and do not contradict any decision taken at EU level. They will take both an "active" and a "passive" form, therefore with the Commission both receiving and transferring funds.

There is extensive involvement in bilateral co-financing, with 21 Member States already engaged to date. The frequency of engagement differs, with Member States like Sweden showing extensive experience and others participating in pilot initiatives. Co-financing alliances are seen to emerge between the Nordic Plus; AfD and KfW; and many emerging donors and CIDA. Clear preferences exist for assuming active or passive roles, with implementing agencies and development banks mainly receiving funds and many donors like Finland delegating more than receiving. The direction of funds is often shaped by comparative advantage. For instance, the UK delegates funds in many francophone countries to Belgium and France. Engagement is mainly driven by aid effectiveness, capacity building and limited capacity motives. In addition to co-financing in a narrow sense, other forms of cooperation often appear under the name of co-financing. For example, Luxembourg's delegation of funds to BTC in Ecuador, with no funds being provided by Belgium, indicates a managing-agent relationship.

³¹ Conclusions of the Council and Representatives of the Governments of the Member States meeting within the Council (15 May 2007)

³² Voluntary contributions made to the EDF by Member States do not constitute co-financing, but a simple additional contribution to that Fund. Once the contributions have been made, they become an integral part of the EDF.

Despite such lively engagement, several factors currently complicate bilateral co-financing, often creating suboptimal practices. Some Member States like Spain and Belgium face legal obstacles that block or restrict their ability to co-finance. Others link engagement to certain conditions. Sweden, for example, must sign an agreement with the partner country even when acting as delegating partner; DfID cannot sign legally binding documents. Different practices with respect to administrative fees add further complications, with implementers and banks being fee-chargers and selected donors (e.g. Nordic Plus) being non-chargers. Moreover, the keen interest expressed by many emerging EU donors to engage in trilateral cooperation is not matched by adequate EU action. This vacuum has been filled by CIDA and clearly indicates a lack of leadership at EU level.

Most Member States' co-financing experience with the Community has so far been restricted to co-financing via competitive award. Direct delegation of funds and mandates is less widespread and emerged actively (Community giving funds) on the initiative of AfD and KfW in the 1990s and passively (Community receiving funds) under Italian co-financing in 1985. Resource mobilisation was a major motive behind co-financing for AfD and KfW, which faced declining aid budgets in France and Germany at that time. Limited capacity was decisive for Italy, given its rapidly rising aid budgets during the 1980s. Moreover, ad hoc co-financing sometimes occurred between the Community and Member States like Denmark. All co-financing activities based on the delegation of funds and mandates came to a halt under the 9th EDF, but are set to return following the establishment of a necessary legal environment under the 10th EDF and FP 2007–13. The Community and Member States show a keen interest to jointly finance development activities, although fears are expressed, particularly by smaller Member States, of the Europeanisation and/or re-nationalisation of aid.

Albeit for different reasons and motivations (ranging from aid effectiveness to resource mobilisation and capacity building) a keen interest prevails among EU actors to co-finance and the level of engagement is set to rise rapidly in the near future. Building on lessons learned from experience gained, the following areas have emerged where progress is necessary.

There is an urgent need to clarify terms and definitions surrounding the practice of co-financing. Agreeing on a standard terminology is essential for ensuring a common language for discussion among EU actors and countering the tendency towards mission creep and institutional bias.

EU actors need to establish effective monitoring and information systems capable of tracing relevant data on co-financing. This is crucial for allowing lessons to be learned from recorded experience. Such information systems need to harmonise to ensure comparability of data across EU actors.

Remaining obstacles that prevent, restrict, or complicate the use of co-financing need to be removed. This is vital for allowing optimal use of co-financing at EU level. An enabling legal environment has been/is being created by many EU actors, indicating a step in the right direction. The European Commission has revised its financial regulations specifically to facilitate co-financing. Legal and procedural details are being ironed out and guidance has been prepared for Commission staff. The details have been discussed with Member States and their aid implementing agencies and those that expressed interest in co-financing with the Commission will be formally assessed.

Finally, the operationalisation of co-financing between EU donors imposes reciprocal legal and financial analysis. One could note that a comprehensive system allowing each EU public donor to comply with all other EU public donors would entail conducting about 2500 of these analyses. There is indeed a larger potential for an alternative legal facilitation mechanism. The EU has in this regard long experience of pragmatic facilitation systems, such as case law on “mutual recognition”, that could be used.

Annex 5 — Contributions from civil society on aid effectiveness and gender issues

CSOs are in the process of examining their own aid effectiveness and some initiatives have already been taken. For example, in June 2006, 11 leading international NGOs signed up to an “Accountability Charter” setting out a common commitment to excellence, transparency and accountability with a view to promoting support for common standards of conduct for NGOs working trans-nationally. CSOs should be encouraged in these processes with a view to capitalising on the specific civil society perspective in applying and enriching the Paris Declaration.

On ownership and mutual accountability (domestic accountability) — The Community will promote the idea of democratic ownership, which requires active involvement of a wide range of state actors and civil society organisations in the formulation, implementation and monitoring of national development process civil society organisations.

On alignment — The Community will promote the integration of gender-sensitive benchmarks and inclusive processes with civil society in performance assessment frameworks guiding the implementation of the new aid modalities.

On harmonisation — Government donor coordination efforts should include a strong gender equality dimension. The Community will promote the transformation of donor-government coordination groups on gender equality from “information sharing” platforms to influential actors in development planning such as the GEST Group in Ghana and GTEG Group in Cameroon.

On managing for results — The Community will support partner countries in their efforts to strengthen linkages between national development strategies and annual and multi-annual budget processes. In this regard, the Gender-Responsive Budgeting initiative is a very interesting tool. It ensures streamlined allocation of resources towards national gender equality commitments. By enhancing monitoring of financial allocations and tracking of expenditures, GRB promotes transparency of financial resources and increases accountability of donors and governments.

On mutual accountability — Mutual accountability mechanisms and monitoring frameworks can be strengthened by ensuring that data collected are broken down by sex and gender-sensitive indicators are part of the performance frameworks. Active participation by civil society organisations is needed to ensure increased domestic accountability of government towards its citizens.