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EU 2013 Report on Policy Coherence for Development

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Executive summary

The report shows that the European Union has made good progress on Policy Coherence for Development (PCD) at both European and Member State level, a fact recognised by the OECD¹ in the most recent (2012) OECD DAC peer review.

The report starts by recording progress and developments on cross-cutting PCD issues and then presents thematic issues organised around the five global PCD challenges of trade and finance, climate change, food security, migration and security.

Several important developments in recent years on cross-cutting issues and PCD coordination are presented in this report and summarised below. These have confirmed the EU's position as a global leader in implementing PCD commitments in policy-making.

Although there is still room for progress in terms of using mechanisms such as impact assessments, evaluation and/or measuring, monitoring progress and reporting on implementation, the EU remains the lead actor for PCD internationally, ahead of its main partners, with the highest levels of political and legal commitment.

Between 2011 and 2013, in particular, PCD issues have benefited from sustained high-level political attention in the EU and featured more prominently on the agenda of the Foreign Affairs Council (Development). In addition, international reflection on the form and content of a post-2015 framework has highlighted the key importance of 'beyond-aid' issues, including PCD.

This year's report goes beyond the usual self-reporting exercise — based on contributions from European Commission services, the European External Action Service (EEAS) and Member States — and includes references to and examples of independent PCD 'development-friendliness' assessments.

Moreover, in addition to the EU's biennial reporting exercise, several Member States now also produce national reports on PCD and many more have included it as a key element in their annual reports on development cooperation. Member States have also been more active in their exchanges on the issue, both among themselves and with the Commission and the High Representative of the Union for Foreign Affairs and Security Policy (HR). Several Member States have also invested to improve the measuring of PCD in their national systems. Also to be noted is the increased attention given to PCD by many national parliaments in the EU.

Progress has also been registered as regards awareness of and attention to PCD issues, especially in the policy-making process and in relation to key policy initiatives. Knowledge of and research into the development impacts of key sectoral policies have grown, partly thanks to increased political and financial support. Research and innovation policy has been supportive of development cooperation in specific thematic sectors as well as a cross-cutting driver for inclusive and sustainable growth. The PCD training that has been introduced for the Commission's headquarters and Delegation staff (and open to EEAS and Member State officials) is likely further to improve awareness and implementation of PCD principles at EU and Member State level.

There has also been an increase in the last two years in the number of pilot studies, interservice processes and public debates on PCD and good practices at EU level and in the Member States, reaching far beyond the traditional development policy community.

¹ For more information, see the List of Acronyms in annex.

The lack of feedback from partner countries and the need for more PCD dialogue with them, as highlighted in previous editions of this report, are currently being addressed by the Commission and the HR, notably through EU Delegations around the world.

However, despite efforts at EU, Member State and OECD level, the main challenge for EU progress on PCD still remains the issue of measuring – baselines, targets and PCD indicators (including the cost of incoherence) – and in general PCD-targeted research (e.g. case and country studies) is necessary if PCD commitments are to be translated into more concrete results and to demonstrate the added value of PCD.

Many positive developments have been recorded over the last few years in efforts to address the five PCD challenges identified in the Council conclusions in 2009, i.e. trade and finance, climate change, food security, migration and security.

As regards **trade and finance**, the EU has concluded and continues to negotiate a series of bilateral free trade agreements (FTAs), including with developing countries and regions. In 2012, it revised its Generalised Scheme of Preferences (GSP), which provides trade preferences to developing countries. New preferences enter into force on 1 January 2014. The revision focuses on countries most in need and is geared to accommodating their exports, thus confirming the EU's position as the most open market in the world for exports from developing and, in particular, least-developed countries (LDCs). Under the Everything-But-Arms (EBA) scheme, LDCs are granted duty-free/quota-free access for all their products, except arms and ammunition. Moreover, a high proportion of developing countries' imports from the EU are capital goods and intermediate inputs, and reducing tariffs on these within an FTA directly cuts the importing country's production costs and increases its competitiveness. Besides providing developing countries with new opportunities for trading and economic growth, FTAs also entail or encourage related domestic reforms.

In order to help developing countries reap the benefits of new trade agreements and promote regional integration, the EU and its Member States have considerably increased their Aid for Trade (AfT) in recent years. Collectively, they are the largest provider of AfT in the world, accounting for a third of global international AfT flows. The EU supports developing countries in their efforts to comply with core human rights and international labour and environmental conventions, particularly through the incentive-based GSP+ scheme. The EU also remains committed to supporting fair and ethical trade schemes. At multilateral level, the EU has intensified its efforts to achieve progress on the Doha Development Agenda, with a focus on concluding, at the 9th WTO Ministerial Conference, a Trade Facilitation Agreement as well as agreeing on certain agriculture and development deliverables, some specifically for LDCs.

The Commission and Member States encourage European companies in many ways to adhere on a voluntary basis to internationally recognised guidelines for corporate social responsibility (CSR) in their business operations. The Commission's Communication on CSR², one of the main sections of which covers international aspects of CSR, contains an EU-level action plan and invites Member States to draw up or update national action plans on business and human rights. To date, 23 Member States have responded positively, devising numerous activities aimed at promoting responsible conduct on the part of private and public enterprises. Despite the progress made, the international dimension of CSR remains one of the key challenges for EU companies. The Commission also plays a supporting role through complementary initiatives, such as the tabling in April 2013 of a proposal for a directive on the disclosure of non-financial information by large companies. The Commission sees the proposal as an effective way of encouraging large European companies to integrate social and environmental

² Published in October 2011

considerations into their operational practices and business strategies, including supply chains in developing countries. Once adopted by the European Parliament and the Council, the Directive would create legally binding obligations that go beyond the voluntary nature of CSR.

The EU continues at bilateral and multilateral level to pursue a balanced intellectual property rights (IPR) policy vis-à-vis developing countries, taking into account their level of development and capacity, and the importance of striking a balance between encouraging and rewarding innovation on the one hand, and ensuring access for users and the public on the other. The upcoming revised strategy for the protection and enforcement of IPR in third countries is expected to consolidate this approach. The EU is also committed to preserving access to affordable medicines in line with the principles of the Doha Declaration.

The EU's policy on raw materials attaches great importance to improving governance in developing countries and making sure that due revenues are received by governments and used in a transparent and development-oriented way. The EU therefore supports raw materials transparency schemes such as the Extractive Industries Transparency Initiative (EITI) and Forest Law Enforcement, Governance and Trade (FLEGT). A flagship of EU action in this regard is the EU's FLEGT Action Plan, which uses trade incentives and the EU market as levers to promote forest governance and law enforcement reforms in timber-exporting countries. Among other things, the Plan involves support to timber-exporting developing countries, the development of a licensing system to ensure that only legal timber is imported into Europe, support to the private sector and promoting responsible investment and new domestic policies to promote legal and sustainably produced products in European governments' purchasing practices. It also provides for the conclusion of Voluntary Partnership Agreements (VPAs) with timber-producing developing countries on cooperation against illegal logging. Six VPAs have been concluded and more are under negotiation. A milestone in the implementation of the Action Plan was the entry into force in March 2013 of the EU Timber Regulation, which imposes obligations on operators placing timber and timber products on the EU market.

The EU has an established policy of promoting good governance in tax matters aimed at tackling harmful tax competition and tax evasion within the EU and at international level. In December 2012, the Commission presented an Action Plan to strengthen the fight against tax fraud and tax evasion³, including in relation to third countries. One of the recommendations accompanying the Plan proposes measures to the Member States intended to encourage third countries to apply minimum standards of good governance in tax matters.

In June 2013, the EU adopted amendments to the Accounting and Transparency Directives which, *inter alia*, promote the disclosure of payments to governments by listed and other large EU companies in the extractive and forestry industries (country-by-country reporting) as well as providing civil society in resource-rich countries with the information they need to hold governments to account for income from the exploitation of natural resources, such disclosure will provide pointers as to possible cases of tax avoidance and evasion. This is considered an important step towards bringing more transparency to an industry often shrouded in secrecy and towards fighting tax evasion and corruption.

In the area of **climate change**, EU policies have contributed positively overall to global development. Not only is the EU the largest contributor of climate finance to developing countries, but it has also delivered on and surpassed its commitment on Fast Start Finance. In addition, the EU (including its new Member States) has outperformed on its emission reduction target for the first Kyoto commitment period.

³ COM(2012) 722 final

As the situation develops, and emissions from the developing world now exceed those from developed countries, the promotion of a joint approach and stronger global commitments, especially for emerging countries, are necessary: Up to 2020, around 90 countries, including all major economies worldwide, covering more than 80% of global emissions have pledged to take action and to tackle their greenhouse-gas emissions. The EU can help other countries (especially developing countries) by sharing its experience and its low-carbon and climate-friendly technologies and further promoting resilience.

Nevertheless, the EU continues to be attentive to the possible effects of its climate-related policies on other development objectives and challenges such as environmental, social and economic sustainability, and monitoring these effects, e.g. in the area of renewable energy, where a study on the impacts of biofuels production in developing countries was conducted in 2012, will remain important to ensure coherence.

Other environmental (e.g. land, water and biodiversity) issues are being followed closely in the context of PCD, as they are equally important for development.

In the area of **food security**, the EU food industry remains an important supplier of high-quality, safe agricultural and food products on a growing world market. The common agricultural policy has been at the heart of the PCD debate in the context of its recent ‘after 2013’ reform. Impact analysis indicates that, thanks to profound reorientations in recent decades, the impact of the CAP on third-country markets has become more limited and is projected to remain negligible. The regular use of export refunds has been gradually eliminated and the EU has become a ‘price-taker’ in the world markets for most agricultural products.

Another recent major policy reform to impact global food security has been that of the common fisheries policy, which will also influence the new generation of Fisheries Partnership Agreements. The reform is aimed at reinforcing resource sustainability and the FPAs seek to make funding for sectoral support more efficient and transparent and to increase added value for partner countries. The EU also encourages better regional and local resource governance by supporting developing countries’ participation in regional fisheries management organisations. The EU actively contributes to reducing damages for developing countries in its policy efforts to prevent and fight illegal, unreported and unregulated fishing. Finally, it provides financial support for scientific research in this area and pushes for better monitoring of the resource in order to ensure sustainable management at global and regional levels.

Lastly (as regards food security), the Commission has recently proposed a package of legislation on animal and plant health, including plant reproductive material. This proposal aims to update and simplify existing legislation while preserving high levels of safety. Through the Better Training for Safer Food programme and support for developing countries’ participation in international standard-setting bodies, the Commission not only shares good practices and promotes compliance with EU standards — thus improving EU market access for developing country producers — but also helps to increase the availability of safe and nutritious food, including in developing countries.

In the area of **migration**, progress remains uneven. The EU policy framework for migration and development has been strengthened significantly during the reporting period. The revised Global Approach to Migration and Mobility (GAMM) is more comprehensive and strategic, with greater emphasis on ensuring coherence between internal and external policy priorities. This has brought positive change as regards short-term mobility and the international protection of migrants. The Council’s conclusions on migration and development in September 2013 re-emphasised the importance of PCD for migration and outlined a broader,

more ambitious approach to migration issues under the GAMM and EU development policy in general.

Member States' understandings of migration and development issues tend to vary significantly and as a result approaches to PCD on migration differ widely. Progress in this area often remains subject to political considerations, but some has been made on the economic aspects of migration and development, particularly when it comes to facilitating remittance flows and supporting diasporas, and reducing brain drain. Further efforts are required on the management of mobility (including labour-matching and the recognition of qualifications) and circular migration.

The EU has made significant efforts to promote PCD in policy dialogues on migration with non-EU countries and regions, notably African and ACP partners (intensive talks on migration and development between 2011 and 2012 focused on remittances and visa policy), and countries to the East (through the Prague Process, the Eastern Partnership and the Budapest Process). In addition, Mobility Partnerships and Common Agendas in Migration and Mobility, which provide useful platforms for cooperation and promoting PCD in the context of migration, continue to be negotiated and concluded with partner countries in the Eastern and Southern neighbourhood and further afield.

In the area of **security**, progress has been made in recent years in addressing fragility in the EU's development cooperation and strategies and improving its overall response. The EU is the key stakeholder for implementation of the New Deal for Engagement in Fragile States and has offered to lead the pilots in three of the ten countries: the Central African Republic, Somalia and Timor-Leste. PCD has also been explicitly included as one of the programming principles of the future Instrument for Stability (2014-20), with a view to prioritising those security issues that have the greatest impact on EU development policy objectives, and comprehensive regional strategies have been developed, which will improve the coherence and effectiveness of EU action.

The EU is developing a global conflict early warning system (with a pilot in the Sahel region in 2013) and conflict analysis in general, with specific security and conflict-related guidance for the programming and implementation of EU assistance.

A second important area of progress is the Security Sector Reform (SSR), increased ownership of which (including the judicial element) is being promoted by the EU in partner countries.

At the multilateral level, the EU has actively participated in efforts to regulate and limit the global arms trade, and to combat the illicit accumulation and trafficking of small arms and light weapons. It has continued actively to address the issue of landmines in all its geographical development programmes.

In addition, the EU has been working on initiatives to improve management of natural resources so as to pre-empt potential conflict. In 2013, work started on a possible initiative on minerals originating in conflict-affected and high-risk areas. Also, the EU is working intensively on implementation of the Kimberley Process to reduce trade in conflict diamonds.

Lastly, the EU has undertaken significant efforts in the context of Common Security and Defence Policy missions and operations to promote coherence between development and security, and to make the most of potential synergies, e.g. between anti-piracy strategies and law enforcement and justice in the Horn of Africa.

This report concludes by setting out the medium- and long-term challenges relating to cross-cutting and thematic issues.

Introduction

This fourth report on Policy Coherence for Development (PCD) has been produced in line with the mandate given to the European Commission by the Council in 2005, calling for regular biennial reporting on PCD. Over the years, the PCD report has become the main tool for monitoring progress on PCD by the EU and its Member States, and the basis for strategic interinstitutional debate on the matter at EU level. It is also used as a major EU reference document on PCD issues.

While this report focuses on 2012-13, on some key policies it has been necessary to take a longer-term perspective.

Preparation of the 2013 Report has highlighted renewed interest in PCD issues in the EU, both at political and at technical level.

In view of many Member States' reluctance in the past to use a standard questionnaire, the Commission asked this time for contributions in an open format, providing only general guidance. This approach seems to have paid off, as far more contributions were received than in the last reporting exercise and the volume and quality of information have improved significantly. All Member States have responded to the request for contributions and all 27 full contributions are reflected in this report.

Progress was also achieved on the transparency of the process, as a majority of Member States agreed to make their contributions publicly available and some have already published them. As the EU report cannot do justice to the wealth of information and level of detail in the national responses, the contributions from Member States which have given their agreement will also be published on the European Commission website.

This report feeds into the political debate on PCD and beyond-aid issues by reviewing progress and challenges, but does not aim to present new Commission initiatives or proposals.

The report is organised broadly in two main sections, looking first at PCD **cross-cutting issues** and then at **thematic issues**. The first part highlights advances in promoting PCD, such as the setting-up of PCD training, the ongoing work to include development aspects in the Commission's impact assessments and the reinforced PCD role of EU Delegations. It notes the progress made in some Member States, especially those who have set up a national reporting process and the mobilisation of Parliaments on PCD issues. It also underlines the challenge of more evidence-based PCD and — for the first time, at Member States' request — refers to a number of independent assessments, studies and reports on PCD.

The second part of the report is structured around the five main challenges for PCD: **trade and finance, climate change, food security, migration and security**. Other policy areas that are relevant for PCD but do not fit neatly into this main structure, such as resilience, research, information society and biodiversity, are addressed in more detail at the end of the report (see **other issues**).

Finally, the report sets out medium- and long-term challenges relating to cross-cutting and thematic issues in the section on **lessons learned and outstanding issues**.

I. CROSS-CUTTING ISSUES

1. POLICY COHERENCE FOR DEVELOPMENT

1.1. The concept of PCD

The concept of Policy Coherence for Development (PCD) emerged in international discourse in the early 1990s against a background of increasing global challenges and growing concerns as to the effectiveness of aid. There is no single agreed definition of PCD, but it is widely accepted that it means that, in pursuing their domestic policy objectives, governments should at a minimum avoid negative consequences and spill-overs which would adversely affect the development prospects of poor countries ('do no harm'). More positively, PCD also means that, when formulating domestic policies, governments should actively look for ways to exploit the potential for positive spill-overs and build synergies between different policies to benefit developing countries.

1.2. Several dimensions of coherence

Since PCD encompasses a wide range of policy areas, effective coordination between the parties involved is essential. Because of the Commission's key role in initiating the EU policy process, coordination is needed first within the Commission and with the HR.

The next level of coordination is between and within the European institutions, in particular those co-deciding policies, the European Parliament (EP) and the Council of the European Union (the Council).

The EU Member States constitute the third relevant level for promoting PCD because of their decision-making role in the Council and their responsibility for implementing policies which may in turn affect development objectives, e.g. in the areas of migration or security. Also, Member States should ensure that national policies are PCD-compatible.

Fourth, cooperation and consultation with developing countries is instrumental in informing the policy process. Similarly, NGOs and civil society can play an important role in relaying bottom-up information on the impact of EU policies on development objectives.

Finally, whilst the EU is a global player, it is of course not alone in shaping the environment of developing countries. PCD needs to be further promoted in international fora, in particular the OECD, to ensure that global rules and frameworks are consistent with development objectives.

2. LEGAL COMMITMENTS

2.1. Legal commitment at EU level

At EU level, the concept of PCD was originally formulated in the Maastricht Treaty in 1992. Re-using the same language, the Treaty on the Functioning of the European Union stipulates in Article 208 that '[t]he Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries'. The Treaty describes the primary objective of development as 'the reduction and, in the long term, the eradication of poverty.'

The entry into force of the Treaty in December 2009 reinforced the legal basis of PCD in the EU. The inclusion of PCD in its fundamental law sets the EU apart on the international stage.

The EU recognises that some of its policies have significant external impacts that can either contribute to or undermine its development policy. It therefore seeks to gather information on

the nature and scale of these impacts, and strives to minimise inconsistency and create synergies between policies that have a demonstrated impact on developing countries.

2.2. Legal commitments in Member States

A growing number of Member States have in recent years introduced legal commitments to PCD in their domestic legislation. Eight reported that they have a law (mostly on development cooperation) or a government decree in place which obliges governments and public administrations to pursue the objective of PCD. For instance, most recently (in March 2013), the Belgian Parliament adopted a new Law on Development Cooperation which identifies PCD as one of six overarching objectives. In addition, the Law contains three specific operational proposals: setting up an institutional mechanism within the federal government to monitor progress on PCD; obligatory ex-ante examination of the impact of new federal policies on developing countries; and the inclusion of a specific chapter on PCD in the annual report of the Belgian Development Cooperation. Other Member States which have made PCD-related legal commitments recently include Luxembourg and Denmark.

3. POLITICAL COMMITMENTS

3.1. European Consensus

The *European Consensus on Development* of December 2005, which provides, for the first time, a common vision to guide EU and Member States' development cooperation, makes a specific commitment to promoting PCD. It requires all policies likely to affect developing countries to support development objectives and confirms the twelve priority areas identified in the PCD Council conclusions of May 2005 (see next section). The Consensus also contains a commitment to strengthening PCD procedures, instruments and mechanisms at all levels. In 2005, the EU also committed itself to a biennial PCD reporting process, and the first PCD progress report was published in 2007. All reports are published on the Commission's website⁴ and sent to the Council and the European Parliament.

3.2. Council conclusions on PCD

Since 2005, the EU has gradually strengthened its PCD procedures, instruments and mechanisms at all levels. The Council agreed in its conclusions of May 2005 to track progress on PCD in 12 policy areas: trade, environment, climate change, security, agriculture, fisheries, the social dimension of globalisation (including employment and decent work), migration, research and innovation, information society, transport, and energy.

Drawing lessons from the 2009 PCD Report, the EU decided to rethink its approach. In a 2009 Communication *Policy Coherence for Development — Establishing the policy framework for a whole-of-the-Union approach*, the Commission made suggestions as to how PCD could be approached in a more targeted, effective and strategic way. It also proposed that development objectives be explicitly used as a starting point for PCD efforts.

The Council endorsed the following five PCD global challenges in November 2009:

1. Trade and finance;
2. Addressing climate change;
3. Ensuring global food security;
4. Making migration work for development; and

⁴ For more details and to consult PCD reports, see:
http://ec.europa.eu/europeaid/what/development-policies/policy-coherence/index_en.htm.

5. Strengthening the links and synergies between security and development in the context of a global peace-building agenda.

The challenges at the heart of the new approach to PCD are closely linked to progress towards the Millennium Development Goals (MDGs). The policy areas identified by the Council in 2005 remain relevant to PCD and can effectively complement each other in addressing the five global challenges. For example, policy areas relevant to food security include fisheries, agriculture, trade, research, responsible investment, biodiversity, etc. Similarly, those relevant to climate change include transport, energy and trade, but also biofuels production, thus linking the challenge to the area of agriculture.

The most recent Council conclusions on PCD⁵, adopted as a follow-up to the 2011 PCD Report, took stock of progress, reaffirmed the EU's political commitment to the promotion of PCD and set out policy guidelines for the future. They express the belief that PCD is essential for the EU's credibility as a global actor and that the EU should take the lead on these issues. The Council also reiterated its decision to focus in the immediate future on five areas: trade and finance, climate change, food security, migration and security. It particularly highlighted the role of the EEAS and EU Delegations in keeping PCD issues on the agenda in their regular dialogue with partner countries. Finally, the Council called on the Commission to head up the work on a more evidence-based approach informed by independent assessments and on improving coordination mechanisms and implementation within the EU institutions and with Member States.

3.3. The European Parliament's PCD Report and Standing Rapporteur for PCD

The European Parliament has also gradually strengthened its PCD procedures, instruments and mechanisms in the past few years. In May 2010, it adopted a resolution on PCD⁶ which brought in biennial reporting and a Standing Rapporteur for PCD in its Development (DEVE) Committee. As the first Standing Rapporteur, Birgit Schnieper-Jastram MEP was responsible for drafting and presenting the report that formed the basis of the EP Resolution of 25 October 2012 on the EU 2011 PCD Report⁷. This was the first comprehensive EP report/resolution covering institutional, cross-cutting and thematic areas aspects of PCD. The report was adopted in the DEVE Committee and three other committees submitted opinions (Employment and Social Affairs, Fisheries and Women's Rights and Gender Equality).

The EP Resolution stressed that PCD is not merely a technical issue but primarily a matter of political responsibility and that the EP has a key role in this respect. The Parliament welcomed the 2011 PCD Report but agreed with the Council on the need to include independent assessment, including on the cost of policy incoherence, in future reports. It asked the HR and the EEAS to fulfil their roles by making PCD a reality and underlined the important role of the EU Delegations. The Resolution called on the Commission to take specific action on a wide range of institutional and thematic issues (in particular trade, agriculture, fisheries, climate change, energy, security and migration).

⁵ Adopted on 14 May 2012:

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/130225.pdf.

⁶ European Parliament Resolution of 18 May 2010 on EU Policy Coherence for Development and the 'Official Development Assistance plus' concept (2009/2218(INI)).

⁷ European Parliament Resolution of 25 October 2012 on the EU 2011 Report on Policy Coherence for Development (2012/2063(INI)).

3.4. Agenda for Change

The Commission Communication *Increasing the impact of EU Development Policy: an Agenda for Change*⁸ triggered further discussions and proposals in 2012 and was welcomed and endorsed by the Council in May 2012.

The *Agenda for Change* proposed an ambitious programme of change designed to heighten development impact and improve progress towards the MDGs by focusing strategically on countries most in need (including fragile countries) and on priority areas that promote good governance, human rights and the rule of law and inclusive and sustainable growth. These principles and priorities have been integrated in the design of the 2014-20 external financial instruments and the programming instructions to EU Delegations.

Several Communications and Council conclusions in 2012 focused on specific aspects of the *Agenda for Change*, e.g. *Social Protection in European Union Development Cooperation*⁹; *The Roots of Democracy and Sustainable Development: Europe's Engagement with Civil Society in External Relations*¹⁰ and *The EU Approach to Resilience: Learning from Food Security Crises*¹¹.

3.5. Post-2015 — Communication *A decent life for all*

The period from 2009 to 2013 has also been marked by the growing debate on a new 'post-2015' global development framework to replace the Millennium Development Goals (MDGs). To lay the ground for an EU position on a future framework, the Commission presented the Communication *A decent life for all: Ending poverty and giving the world a sustainable future*¹². It proposes a common approach for the EU's involvement in ongoing and forthcoming international processes relating to the MDG review and the follow-up to the Rio+20 Conference in June 2012.

The Communication suggests five elements which should underlie a future set of goals and which are essential to ensuring a 'decent life for all' by 2030:

- Basic living standards (based on the unfinished MDG business);
- Drivers for inclusive and sustainable growth;
- Sustainable management of natural resources;
- Equality, equity and justice, including human rights, democracy and other aspects of good governance;
- Peace and security.

In June 2013, the Council endorsed this overall approach in conclusions¹³ that now serve as the basis for the EU's input into various UN processes, including the work of the UN Open Working Group on Sustainable Development Goals (SDGs). The EU position highlights the

⁸ COM(2011) 637 final
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/130225.pdf.

⁹ COM(2012) 446 final.
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/132875.pdf.

¹⁰ COM(2012) 492 final.
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/132870.pdf.

¹¹ COM(2012) 586 final.
http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/137319.pdf.

¹² COM(2013) 92 final
http://ec.europa.eu/europeaid/documents/2013-02-22_communication_a_decent_life_for_all_post_2015_en.pdf.

¹³ <http://register.consilium.europa.eu/pdf/en/13/st11/st11559.en13.pdf>.

importance of a single overarching framework and a single set of goals for a post-2015 agenda that brings together the Rio+20 follow-up and MDG review processes. It also points to the need for a truly global and universal framework, with responsibilities for all countries — developing, emerging and developed.

In July 2013, the Commission presented the Communication *Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development*, which suggests possible elements of a common EU approach to financing post-2015. The Communication advocates consolidating and rationalising ongoing international financing processes (e.g. development, climate, bio-diversity) and puts forward universally applicable principles that could guide international discussions.

The importance of PCD is also stressed in the 2013 European Report on Development (ERD) (*Post 2015: Global Action for an Inclusive and Sustainable Future*¹⁴), which provides analysis to support the EU's post-2015 policy approach.

Both the Communication and the EU position in the June 2013 Council conclusions attach importance to 'beyond-aid', and especially PCD, issues in the new framework.

3.6. Political commitments by Member States

Of the 28 Member States, 17 reported that they had entered into political commitments to make progress on PCD and take account of development objectives in other policies. Such objectives are often incorporated as guiding principles in a government programme (e.g. in Finland, Spain, Portugal and Poland) or set out in strategic documents on development cooperation (e.g. Ireland's 2012 Aid White Paper, Austria's new three-year (2013-15) strategy for development policy and *The right to a better life*, Denmark's 2012 strategy for development cooperation). In several cases, the commitments are reflected in a 'whole-of-government' approach. Some Member States (e.g. Denmark, Finland, Sweden, Belgium and the Czech Republic) have translated their political commitments to PCD into plans of action and/or identified PCD priority areas. Frequently mentioned priority areas include trade, taxation, food security, environment, health, migration and security. A number of Member States have also established policy coordination mechanisms and systems for monitoring and reporting, including, in several cases, to national parliaments.

4. MEASURING PROGRESS AND MOVING TOWARDS MORE EVIDENCE-BASED PCD

4.1. 2010-13 PCD Work Programme

In 2010, the Commission responded to calls for a more pragmatic approach and more systematic measurement of PCD by publishing a PCD Work Programme.

Presented as a Staff Working Document, the *Policy Coherence for Development Work Programme 2010-13*¹⁵ is structured around the five priority areas (trade and finance, climate change, food security, migration and security). It guides the work of the Commission and the HR and serves as a reference for Member States' PCD work. It translates the political principle of PCD into an operational framework, with specific steps to address, through

¹⁴ The ERD is an independent report, supported by the European Commission and seven EU Member States, in the framework of the Mobilising European Research for Development Policies initiative. The 2013 ERD was prepared by a research consortium of the Overseas Development Institute (ODI), the German Development Institute (*Deutsches Institut für Entwicklungspolitik* – DIE) and the European Centre for Development Policy Management (ECDPM)

http://www.erd-report.eu/erd/report_2012/index.html.

¹⁵ SEC(2010) 421

http://ec.europa.eu/development/icenter/repository/SEC_2010_0421_COM_2010_0159_EN.PDF.

concrete policy initiatives, processes and financial means, the priority areas in a development-friendly manner.

The Work Programme does not provide a comprehensive list of all initiatives that might be relevant for development, but rather focuses on planned initiatives and processes that stand out for their potential as ‘PCD catalysts’.

Targets and indicators were set to help track progress towards the identified PCD objectives, but these have been criticised for being too imprecise. Also, they have been of limited usefulness for the EU as many of them (e.g. ‘conclusion of the Doha Round’) are, to a greater or lesser extent, beyond its control.

4.2. Impact assessments

The Commission uses its Impact Assessment (IA) process¹⁶ as a key tool to ensure that its proposals are prepared on the basis of transparent, comprehensive and balanced evidence. IAs provide structured, standardised and systematic ex-ante policy analysis. They help Commission services and the EEAS to develop and prepare initiatives by providing evidence for political decision-makers on the advantages and disadvantages of policy options through the assessment of their potential economic, social and environmental impacts. They are carried out in-house but external inputs from stakeholders, e.g. in the context of a public consultation process (mandatory part of an IA process), also feed into the analysis. The procedural rules for preparing, carrying out and presenting an IA are set out in the Commission’s *Impact Assessment Guidelines* of January 2009¹⁷.

IAs have great potential to strengthen PCD at a very early stage of the preparation of a political initiative. In the last revision of the IA Guidelines in 2009, a new section on assessing impacts on developing countries was added, together with upgraded guidance in the annexes. Initiatives that may affect developing countries should be analysed for their consistency with EU development policy objectives. This includes analysis of longer-term consequences (or spill-overs) in areas such as economic, environmental, social and security policy.

Despite this requirement, in the two years that followed this reform only a small number of IAs on initiatives with a potential impact on developing countries actually included analysis of those aspects. This poor record — criticised in a report by the European NGO Confederation for Relief and Development (CONCORD)¹⁸ in autumn 2011 — shows that PCD and development objectives are not yet given sufficient weight in the IA process. The Commission is therefore looking at ways of raising the profile and awareness of the PCD requirement in the IA Guidelines and strengthening analytical capacity for assessing development impacts of non-development policies.

An opportunity to do so has arisen with the Commission’s review of the IA Guidelines (as announced in its Communication on EU Regulatory Fitness), which will be completed in 2014. The objective in terms of promoting PCD is to make the requirement to analyse impacts on developing countries more explicit in the Guidelines and provide clearer guidance in the technical section on how to assess them.

4.3. Policy analysis in support of trade agreements and negotiations

EU decision-making in respect of trade negotiations and proposed trade agreements is supported by a substantial body of policy analysis. This includes specific economic studies on

¹⁶ http://ec.europa.eu/governance/impact/index_en.htm.

¹⁷ SEC(2009) 92.

¹⁸ http://coherence.concordeurope.org/pdf/Concord_Report_15_AW_LORES.pdf.

various aspects of proposed trade negotiations, impact assessments (IAs) and trade sustainability impact assessments (SIAs).

Trade SIAs were first developed in 1999— even before the Commission launched its impact assessment policy – in response to the WTO DDA negotiations. Since then, the Commission has completed a number of SIAs, covering all of its major (multilateral, regional or bilateral) trade negotiations, and five more are under preparation.

Impact assessments on trade initiatives are more recent, but the practice is growing fast: as highlighted in the 2011 Communication *Trade, Growth and World Affairs*, the Commission is committed to conducting impact assessments on all new trade initiatives with a potentially significant economic, social or environmental impact on the EU and its trading partners, including developing countries. IAs are also undertaken for areas of trade policy other than negotiations, e.g. on the proposal at the basis of the revision of the GSP Regulation.

IAs and trade SIAs are complementary analysis tools to support decision-making on trade policy. The IA takes place before agreement on major new proposals is reached and provides evidence to support Commission decisions on whether these proposals should be launched at all. The latter provide more detailed analysis of proposed trade agreements (including extensive stakeholder consultation), to be fed into negotiations once they have been launched.

Trade SIAs are independent studies conducted by external consultants, on the basis of which the Commission sets out its own views on the identified impacts and the policy measures proposed to address them. They help to integrate sustainability into trade policy:

- by analysing the issues covered by a trade negotiation from a sustainable development perspective;
- by informing negotiators of the possible economic, social, environmental and human rights consequences of a trade agreement; and
- by providing recommendations for the design of possible flanking (complementary) measures to maximise positive impacts and reduce negative impacts of the negotiations in question.

To date, trade SIAs have been carried out for free trade agreements (FTAs) with Chile and with the GCC countries, economic partnership agreements (EPAs) with ACP countries, the EU-Mediterranean FTA, the partnership and cooperation agreement (PCA) with China, the association agreement with Mercosur, FTAs with South Korea, six ASEAN countries¹⁹, India and Libya, the trade part of the association agreements with Central America and the Andean Community, the comprehensive economic and trade agreement (CETA) between the EU and Canada; the deep and comprehensive free trade agreements (DCFTAs) with Ukraine, Georgia and Moldova; and the potential DCFTA with Armenia.

Five Trade SIAs are ongoing: two for negotiations to upgrade the Euro-Mediterranean association agreements and for DCFTAs with Morocco and Tunisia; two related to the FTA negotiations with Japan and USA; and one on the trade in services agreement (TiSA).

4.4. Impact Assessment in the European Parliament

Significant progress in terms of overall coherence has been made by the European Parliament (EP) in its recognition of the importance of the Impact Assessments for political discussion and recent creation of its own impact assessment team, as agreed in the 2003 Inter-

¹⁹ Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.

institutional Agreement on better law-making²⁰. They are based on the three main components of the policy cycle: ex-ante impact assessment, ex-post impact assessment and European Added Value assessments to evaluate the impact of Parliament's own proposals. Three units are located in the Parliament's Secretariat in the Directorate for Impact Assessment and European Added Value under the Directorate-General for Internal Policies of the Union. Although it is still small, the existence of new analytical capacity and IA quality control should make for better coherence and provide another opportunity in the policy-making process to take account of impacts on developing countries.

4.5. Evaluations

While IAs use evidence before decisions are taken to assess whether a specific intervention is justified and how it should work to achieve certain objectives, evaluations use evidence to assess whether an ongoing or past intervention was justified and whether it worked (or is working) as expected and achieved its objectives. Evaluations also take in causality, analysing why something did or did not happen, and look for unintended or unexpected effects which were not predicted at the time of the IA. Evaluations and IAs therefore complement each other at different points of the policy cycle.

Evaluation is a building block of the Commission's smart regulation strategy. Each Directorate-General has an evaluation function with clearly defined responsibility for coordinating and monitoring the DG's evaluation activities (from the planning of evaluations to their dissemination and use), promoting the quality of evaluation and organisational learning, and assisting central services in implementation of the Commission's overall evaluation policy.

The scope of an evaluation must be tailored to a particular intervention and is influenced by the type of intervention and the point it has reached in its development cycle. There are, however, five mandatory evaluation criteria to be considered in any evaluation: relevance, effectiveness, efficiency, EU added value and coherence²¹. The Commission is currently working on a review of its Evaluation Guidelines and this will be an opportunity to assess — on the basis of past experience — how evaluation contributes to PCD.

4.6. Feedback from partner countries and the role of EU Delegations

Both the *Agenda for Change* and the PCD Council conclusions of 14 May 2012 suggest a stronger role for EU Delegations and for PCD dialogue in partner countries. The lack of feedback and, often, partner countries' lack of interest in discussing PCD are constant challenges both for the EU internally and for promoting coherence in partner countries.

Article 12 of the Cotonou Agreement encourages dialogue on PCD issues with and among partners, but few countries take advantage of this opportunity for consultation and policy discussion. This is quite surprising, as many of the priority PCD themes such as trade, agriculture and security are constantly — but separately — at the heart of bilateral policy dialogue. There is a need for a more systematic gathering of feedback from developing countries on priority issues, more country-level studies and information on ongoing PCD-relevant thematic dialogues with partners and stakeholders. EU Delegations need to be better informed about the PCD agenda and work, and authorised to conduct effective multi-stakeholder dialogues on key PCD issues and inform headquarters of impacts of EU policy observed at country level.

²⁰ OJ C 321, 31.12.2003, p. 1. The agreement also states that an assessment of the impact of any amendment made by the European Parliament or the Council is desirable.

²¹ In this context, the term 'coherence' covers both internal coherence, i.e. between the objectives of an intervention, and external coherence, i.e. with other policy areas.

In response to this need, the Commission and the HR are working to improve awareness of the PCD approach and provide information and basic PCD training to staff in EU Delegations²², and exploring Delegations' capacity to improve country-level dialogues on PCD and gather information on country-level impacts of EU policies. A joint HR/Commission letter sent to EU Delegations in July 2013 requested initial reports on PCD processes and priority PCD issues at country level by the end of January 2014. Following this first round of reporting, consideration will be given to more regular PCD reporting from Delegations, ways of integrating the results of country-level analysis into biennial reporting, and follow-up in the form of case/country studies where relevant.

4.7. Independent assessments

One of the key criticisms of the 2011 PCD Report focused on the issue of 'self-reporting'. In response to the request in the Council conclusions of 14 May 2012 that 'the fourth biennial PCD Report, [...] should include an independent assessment of progress' as well as to demands in the EP Resolution, this section cites several examples of independent PCD assessments that could be used to enrich future reporting.

It is important to note that the assessments vary widely as regards level of independence, criteria, scope and Member States covered. The fact that they are reviewed here should be taken neither as an endorsement nor criticism of their methods, criteria and conclusions by the EU, although in many cases their conclusions and recommendations have been fed into PCD debate at EU level. Some, e.g. the *Commitment to Development Index*, are also used nationally and even co-financed by Member States.

Although they constitute important sources of information and analysis, and useful examples of how indicators can be used for PCD monitoring, none of the assessment or ranking initiatives reviewed could fully replace the EU biennial self-reporting exercise.

If more space is to be given in future reporting to independent assessments of EU progress on PCD, in response to the Council's and the European Parliament's requests, more PCD expertise and discussion will be required. Further efforts are needed to raise interest in PCD, build analytical capacity for credible independent assessment outside EU and Member State administrations and promote independent research and monitoring of progress on PCD.

The objective of this section is not to give a comprehensive list of all PCD-relevant work, but to highlight initiatives with the widest scope, those that are especially relevant for EU-level reporting and/or those that have been reflected in Member States' contributions.

4.7.1. European Report on Development

The 2013 European Report on Development (ERD) (*Post-2015: Global Action for an inclusive and sustainable future*) seeks to contribute to the reflection on the post-2015 development agenda by providing independent research-based analysis, stimulating debate and building common ground among key stakeholders. Based on an assessment of the MDG experience and analysis of the changing international context and likely trends in the next 20-30 years, the report attempts to identify key potential drivers of a global partnership for development post-2015, in order to tackle poverty in the poorest countries in an inclusive and sustainable manner. Three such drivers are highlighted: flows of money (development finance), flows of goods (trade) and flows of people (migration). As regards options for a post-2015 framework, ERD 2013 seeks to look 'beyond MDGs' and 'beyond aid' in its policy recommendations for international and EU action.

²² Basic PCD training has been set up and this should be adapted into an e-module for easier use by staff in EU Delegations.

PCD is identified as one of the specific post-2015 action points where tangible progress and results are important for the EU's credibility. The report acknowledges that progress on PCD is not easy and that the EU has made more efforts than most, but goes on to argue that those efforts have had a limited impact. Nevertheless, one of the main messages of the report is that the EU's most valuable contribution to a new global framework for development will be in the range of policies beyond development cooperation (e.g. trade, migration, PCD and knowledge- sharing).

4.7.2. OECD/DAC Peer reviews of the EU and of Member States

Each DAC member country is peer-reviewed roughly every four years, with two main aims:

- to help the country understand where it could improve its development strategy and structures so that it can increase the effectiveness of its investment; and
- to identify and share good practice in development policy and strategy.

Led by examiners from two DAC member states, the process takes around six months to complete and includes both capital and field visits. PCD is a regular feature of the reviews. In the OECD/DAC context, three building blocks have been identified as necessary for achieving PCD:

- (a) political commitment and policy statements;
- (b) policy coordination mechanisms; and
- (c) systems for monitoring, analysis and reporting.

The table below shows the key PCD-related findings and recommendations for the EU and individual Member States (Spain, Greece, the Netherlands, Finland, Luxembourg, Slovakia and Slovenia) in 2011 and 2012. France and Sweden are being peer-reviewed in 2013.

Country	Key findings	Recommendations
EU (2012)	* Having enshrined PCD in the Lisbon Treaty, the EU has taken a lead role in promoting such coherence, but implementation of commitments by Member States has been uneven. * The Commission has developed appropriate institutional mechanisms, frameworks and tools for promoting PCD, but these are not yet used to their full potential, which is hindering progress in ensuring that policies are consistent with development goals.	* To give PCD sufficient weight in EU decision-making, the Council should forge political will and reinforce existing mechanisms. * To get the most out of PCD mechanisms and secure better evidence to inform decision-making, the Commission and the EEAS should: - strengthen knowledge management, making more use of internal and external capacity; - develop and implement a development research strategy which would include producing evidence on PCD; - together with the Council and EP, improve PCD awareness and training for headquarters and Delegation officials.
Spain	* Over the past four years, Spain's	* In order to inform and influence

(2011)	efforts to deliver on its strong legal commitment to PCD have focused largely on setting up new institutions. However, Spain has insufficient capacity for analysing and monitoring policy coherence. The sharing of information between existing bodies and with development stakeholders is not effective and systematic enough to allow monitoring, analysis and accountability to inform and influence policy decisions.	policy, Spain should strengthen its PCD analysis capacity and ensure that information on analysis and decisions flows freely and effectively between existing bodies.
Greece (2011)	* Although Greece is bound by its EU commitment on PCD, none of the building blocks for policy coherence (political commitment, coordination mechanisms, monitoring systems) are in place and the draft law and five-year programme do not specify clearly the objectives and mechanisms for ensuring that policies across all government departments are coherent with development goals.	* To ensure that all government policies support, or at least do not undermine, development objectives, Greece should: - make a clear commitment in the law and five-year programme to ensuring that domestic and international policies are coherent with overall development goals. Outline clear PCD priorities on the basis of the EU programme and steps towards achieving them; - ensure that the new law clearly mandates the inter-ministerial committee to scrutinise domestic, foreign and EU policy proposals for their impact on development and to monitor and report on the impact on developing countries of incoherence in Greek policies; - reinforce DG Hellenic Aid's role and capacity to support the inter-ministerial committee and promote awareness of PCD across the administration, parliament and Greek society.
The Netherlands (2011)	* The Netherlands' approach to PCD has good foundations, but is not yet fully 'owned' by a broad range of government offices. Other donors can learn from the Netherlands' experience with whole-of-government approaches.	* Building on the progress that it has made in development beyond aid, the Netherlands should put in place a clearly-prioritised and time-bound programme as part of its new globalisation agenda to ensure that relevant Dutch and EU policies support, or at least do not undermine, development policies. This programme should translate the commitment to development into plans for action and

		should include strategic cross-governmental goals.
Finland (2012)	* Finland is an active international advocate of PCD. However, it lacks an overarching strategic vision with clearly identified objectives, and consistent information and decision-making flows across the administration, to ensure that relevant policies are supportive of development. Without government-wide objectives and clear coordination mechanisms, Finland cannot guarantee that relevant ministries systematically and consistently consider and address possible conflicts and synergies between non-aid policies and development goals. * Finland does not have a system for monitoring, or the capacity for analysing, the impact of policies on development. This makes it harder to identify incoherent policies and examples of how domestic and EU policies can interact positively with developing countries' development objectives, and is a missed opportunity to gather information that could be useful for better informed policy-making, improved reporting and awareness-raising.	* To ensure that relevant policies support, or at least do not undermine, development goals in developing countries, Finland should identify strategic objectives for promoting synergies, and avoiding conflicts, between existing and new policies and development goals, and ensure that these are systematically considered and addressed by all relevant ministries. This involves determining responsibilities across the entire administration and enhancing existing coordination mechanisms to identify the most effective working processes for clear information and decision-making flows. * To help design policies that are coherent with developing countries' development objectives, Finland should strengthen monitoring and analysis of results and the impact of Finnish and EU policies on developing countries, by commissioning studies or drawing on available analysis from external sources and feedback from its embassies.
Luxembourg (2012)	* Despite the measures taken to promote PCD, Luxembourg does not yet have a clear vision of the issues at stake and of the potentially adverse impact of certain domestic policies on developing countries. Consequently, except as regards procurement, Luxembourg has set no objectives for ensuring that its domestic policies do not run counter to the efforts of developing countries.	* To ensure that domestic policies support, or at least do not undermine, the development efforts of partner countries, Luxembourg should: • sensitise and train staff in matters relating to PCD, in Luxembourg and in partner countries, and use the resources available domestically and at European level to compile and analyse data on the impact of domestic policies on developing countries;

		• use available data to identify policies that have potentially adverse impacts; • grant the inter-ministerial committee the requisite institutional, human and material resources to promote, monitor and assess policy coherence in the key fields identified as having a potentially adverse impact on developing countries. The following three domestic policy areas are particularly relevant for Luxembourg: public procurement (e.g. continued efforts to increase purchases of fair-trade goods), environment/climate change and the financial sector.
Slovakia Special review (2011)	To meet the challenge of reducing global poverty, Slovakia needs to ensure that its policies on issues which go beyond aid and development assistance are supportive of, or at least do not undermine, the interests of the developing world. Slovakia's development cooperation community needs, over time, to engage with other policy communities in the country to discuss and design instruments that deliver progress towards multiple policy objectives. Greater PCD involves ensuring that policies are pulling together in pursuit of development objectives. A good example for Slovakia to consider might be the Policy for Global Development adopted by Sweden in 2003.	
Slovenia Special review (2011)	To meet the challenge of promoting growth and reducing global poverty, Slovenia needs to ensure that its policies, and policies of the EU, are supportive of, or at least do not undermine, the interests of developing countries. As a result, Slovenia's development cooperation community (the MFA but also parts of other ministries) needs to engage with other policy communities to discuss and design instruments that deliver progress towards multiple policy objectives. Educating and engaging the public and working with civil society to raise awareness of how Slovenian and EU policies can impact on development outcomes in other countries contributes towards the first of the PCD building blocks. The Interagency Working Body provides a forum for policy coordination. Slovenia should also consider its systems for monitoring, analysis and reporting on the impact of policies on developing countries, including where this responsibility should lie.	

Some Member States comment on their peer review experience in their contribution to the PCD report. Finland, for instance, points out that it has responded by seeking more cooperation with development research institutions and their work on PCD. This was partly due to the recognition that its capacity (in embassies and Ministries) is limited and that

information on the influence of non-development EU policies often comes from external research and assessments.

4.7.3. *The Commitment to Development Index*

The *Commitment to Development Index* (CDI) has been elaborated by the Centre for Global Development (CGD)²³. Originally called ‘Ranking the Rich’, this reporting exercise has ranked countries annually, since 2003, by quantifying the effect of a range of policies (aid, trade, investment, migration, environment, security and technology)²⁴ on developing countries. Results are weighted according to country size, e.g. as a proportion of GDP or population, and presented as overall scores and scores per area. The top countries for overall score have been Denmark (2012, 2004 and 2003), Sweden (2011, 2010 and 2009) and the Netherlands (2008, 2007, 2006 and 2005). In 2012, eight of the top ten were EU countries. However, no country performs well on all indicators and the index highlights ways in which individual countries can improve by doing as well as, or better than, other countries.

In 2012, for the first time, the index featured an aggregate analysis for ‘Europe’ (i.e. the 21 European countries currently included in the CDI, which includes also non-EU countries Norway and Switzerland²⁵). Taken as a whole, Europe scores slightly higher than the global average: better than Australia, the United States, Japan and South Korea, but behind New Zealand and Canada and well behind the top three (Denmark, Norway and Sweden). Europe is at the top of the ranking as regards the quantity and quality of aid and environment policies, and its investment policies also score well. It is in line with the global average in the areas of migration and technology but scores relatively low on trade and low on security (due to an increase in arms exports). As one of the aims of the analysis is to stimulate debate about which policies matter for development, the conclusions tend to be somewhat provocative: ‘Europe’s approach to development can be characterised as energetically tackling the symptoms of poor economic opportunities for developing countries by providing substantial and effective aid, but doing less than other countries to tackle the underlying structural causes of poverty.’²⁶

The CDI Index is being expanded to cover more G20 countries and the 2013 edition should include Indonesia, Russia, Turkey, Brazil, India, China, Mexico and Saudi Arabia.

4.7.4. *Studies by the European Centre for Development Policy Management (ECDPM)*

4.7.4.1. Comparative studies on PCD in EU countries

As part of the preparations for a national PCD Action Plan, Denmark commissioned ECDPM to conduct a comparative study on how other EU countries have addressed PCD²⁷. Six countries were analysed (Belgium, Ireland, Finland, Germany, the Netherlands and Sweden), primarily on the basis of three PCD components: i) explicit political and policy commitments, ii) administrative and institutional mechanisms for policy coordination and knowledge input and iii) knowledge assessment mechanisms for analyses and impact assessments.

²³ www.cgdev.org.

²⁴ see CDI 2012 edition for a technical discussion of the 33 indicators used:
<http://international.cgdev.org/doc/CDI%202012/Index%20technical%20paper%202012.pdf>.

²⁵ The EU countries included are Austria, Belgium, the Czech Republic, Denmark, Finland, France, Denmark, Greece, Hungary, Ireland, Italy, Luxembourg, the Netherlands, Poland, Portugal, Slovakia, Spain, Sweden and the United Kingdom.

²⁶ *Europe Beyond Aid: Assessing Europe’s Commitment to Development*, Center for Global Development, Working Paper 313, December 2012.

²⁷ Galeazzi, G., Knoll, A., Kratke, F., Lein, B., Rosengren, A., and Sheriff, A. — *Insights from Developments in National Policy Coherence for Development Systems: Key Cross Cutting Issues and Dilemmas* (ECDPM Discussion paper No 144), April 2013.

A key message of the study is that promoting PCD is a continuous political and policy debate rather than a one-off construction exercise. Consequently, the key dilemma identified is how to develop and sustain political interest in and support for PCD. Although the potential benefits of effective PCD remain unquestioned, the study argues that political leadership, sponsorship and focus have waned in recent years, even though many of the countries studied are considered global leaders in PCD. The PCD concept needs to be better branded and communicated. Strategically selected priority areas, specific objectives and measurable progress indicators, as well as clear implementation guidelines, can ensure better mainstreaming of responsibilities throughout the line-ministries concerned. Ownership and mainstreaming of PCD commitments across the whole of government is found to be problematic in general. Investments continue to fall short in terms of effort and resources. Rapid staff turnover and lack of political support and evidence-based knowledge input further constrain the effectiveness of institutional mechanisms. The ECDPM's analysis affirms that having a single unit or department mandated to promote PCD is insufficient to make sustainable progress. Furthermore, putting PCD on the agenda of existing EU policy coordination mechanisms and involving PCD-mandated bodies in determining national positions on EU policy dossiers remains a challenge. Finally, the study concludes that the level of knowledge is still by far the least developed aspect of the PCD systems covered. Current efforts on PCD research are overwhelmingly devoted to studying and promoting the concept itself. Without investment in evidence-driven research on the (potential) impact of national and EU policies on developing countries, PCD commitments and institutional arrangements will continue to lack the necessary traction and evidence-base.

4.7.4.2. Exploring the feasibility of a PCD index

ECDPM was further tasked by Germany and the Netherlands to produce a study²⁸ that would:

- (a) assess the feasibility of a potential policy coherence or 'development-friendliness' index going beyond ODA contributions in evaluating and comparing donor policies;
- (b) outline key components; and
- (c) propose possible next steps for its development.

The study makes the following conclusions and recommendations:

- (a) An index is feasible only if there is sufficient political will and genuine interest among the countries to be compared. Currently, however, there seems to be insufficient political support for an internationally recognised, institutionalised approach.
- (b) There are significant technical challenges to designing an index. Support may be forthcoming, however, as 2015 approaches and the need to think about a development agenda with a less central role for ODA becomes more urgent.
- (c) The study identifies four (separate or combined) options for securing greater acceptance for the monitoring of non-aid policies:
 - (1) agreement by DAC members at the OECD on a comprehensive set of PCD objectives and indicators (seeking to include non-DAC countries in design and data reporting stages);

²⁸ King, M., Keijzer, N., Spierings, E., Matthews, A. — *Measuring Policy Coherence for Development* (ECDPM, Maastricht and Institute for International Integration Studies, Trinity College Dublin), May 2012.

- (2) evolutionary rather than revolutionary progress — focus on strengthening and broadening existing exercises such as the OECD work on anti-bribery ('low-hanging fruit');
- (3) push for inclusion of a set of PCD commitments in an agreement on the post-2015 framework; and
- (4) fund more exploratory research that can help close technical gaps and further sharpen methodological approaches to impact assessment in developing countries.

4.7.4.3. Methodological approaches to evaluating PCD

The Netherlands also commissioned the ECDPM to look more deeply into different methodological approaches to evaluating PCD and to suggest how to improve the measurement of coherence²⁹. Based on structured research of academic journals and evaluation reports, the study finds that the evaluation of coherence is still in its infancy. Investment in the area has been limited and there is no widely accepted definition of coherence in the development evaluation community. However, there is no basis for concluding that the rigorous evaluation of coherence is not possible and the study makes the following four recommendations for taking the work forward:

- i) *manage expectations and identify feasible steps forward*. Evaluations that measure trade-offs between domestic and international development objectives at macro-level and determine on that basis whether policies deliver win-win situations or affect trade-offs do not appear a realistic prospect for the time being;
- ii) *support and invest in pilot studies* to reduce data and methodological deficits;
- iii) *explore joint action while seeking flexibility in dealing with mandate limitations*. Most Member States' development evaluation units still have rather narrow mandates restricting them to evaluate only the development policies implemented by their own Ministry. Creative ways need to be found of undertaking these efforts collectively (at DAC or EU level), although some individual mandates may not allow for this; and
- iv) *challenge the international community of evaluation experts*. Just as the shift from project evaluations to evaluations of programme-based approaches was facilitated by the strong involvement of independent evaluation specialists, the same experts could help to further methodological approaches to measuring PCD.

4.7.5. Civil society scrutiny

The Confederation for Relief and Development (CONCORD) publishes its own biennial PCD report, *Spotlight on Policy Coherence for Development*, which scrutinises the implementation of PCD in EU policies, highlights incoherencies and sets out a vision for PCD. Two reports have been produced to date (in 2009 and 2011) and a third has been published in September 2013. The 2011 Spotlight Report covers both the institutional framework for working on PCD at EU-level and four thematic policy areas (food security, natural resources, human security and migration) and contains recommendations for the EU and the Member States.

Examples of scrutiny reports by civil society of national governments' PCD efforts include 'barometer reports' by Luxembourg's *Cercle de Coopération* and CONCORD Sweden to

²⁹ Keijzer, N., and Oppewal, J. — *Learn to walk before you run? A review of methodological approaches for evaluating coherence in the field of international cooperation* (ECDPM Discussion paper No 132), June 2012.

evaluate the extent to which government reaches its stated objectives and suggest how policies could be improved. In both countries, the latest barometer report was published in 2012³⁰.

In its 2012 report on *Delivering results — How Denmark can lead the way for Policy Coherence for Development*, CONCORD Denmark provides the Danish government with views on how PCD institutional mechanisms and implementation frameworks could be set up (e.g. a biennial PCD progress report, a two-year PCD Work Programme with thematic focus areas and a mandatory PCD section in all background notes of the Parliament's European Affairs Committee (*Folketingets Europaudvalg*). The report also contains a section which reviews EU Member States' basic ideas, approaches and actual performance and concludes that, despite positive policy statements and/or better coordination mechanisms, there has been little overall progress in measuring performance. Two possible ways forward are suggested: the first involves closer contacts with non-development actors to push for more development-friendly policies (e.g. collaboration between development and environment specialists in the context of the reform of EU fisheries subsidies). This may in turn highlight a need for different stakeholders (i.e. not from the development cooperation community) to improve skills and investments so that they can look into the impact of EU policies in developing countries and seek new ways of communicating these. The second possible course of action takes its starting point from the fact that a wider group of emerging countries (post-Busan) is expected to contribute to overall efforts, which may require European actors to speak more in terms of mutual interest and 'repackage' PCD efforts as effective engagement to protect and regulate global public goods. This would imply a different approach conceptually, goals would need to be formulated that are in all countries' interest and one would have to determine how each country can best contribute (and to what extent).

As an example of existing thematic PCD assessments and analysis, each year the Fair Politics Programme of the Evert Vermeer Foundation³¹, which has been advocating fair politics and coherent policies in the Netherlands and in the EU since 2002, conducts a study of the impact of European policy on the ground. In 2010, this focused on illegal logging, migration and trade in Ghana, in 2011 on how European raw materials policy affects the mining sector in Rwanda and in 2012/13 on the impact of European biofuel policy on the lives of people in Tanzania. One of the Fair Politics partner organisations, the Czech organisation Glopolis, carried out a study in 2011 on food security in Ethiopia. The studies end with a list of concrete recommendations to the Commission, the HR, the European Parliament and EU Member States³².

4.8. Member States' efforts on measuring

Member States have either exclusive or shared competence in many policy areas of importance for PCD. Thus, endeavours to measure progress towards PCD should also be considered from a national perspective. A few Member States have recently stepped up their efforts on measuring, most notably Ireland, the Netherlands and Germany.

In 2007, Irish Aid commissioned a four-year research project at Trinity College Dublin and University College Dublin on PCD in Ireland which covered inter alia a scoping study on the state of play on PCD in Ireland and a report to identify PCD indicators for Ireland. The

³⁰ See Fair Politics — *Baromètre 2012 de la cohérence des politiques luxembourgeoises pour le développement équitable et durable*, Cercle de Coopération des ONG de développement, October 2012 and *Barometer 2012*, CONCORD Sweden, May 2012.

³¹ As of 21 June 2013, this is known as the Max van der Stoep Foundation.

³² For the more recent study, on biofuels, see van Teeffelen, J., *Fuelling progress or poverty? The EU and biofuels in Tanzania* — Policy Coherence for Development in Practice at www.fairpolitics.nl.

scoping study (published in 2010) identifies areas and issues where there may be incoherence between domestic Irish policies and Irish development objectives, and makes recommendations on action that might be taken. The follow-up report on indicators — *Policy Coherence for Development: Indicators for Ireland*³³ — was completed in 2012 and represents the first attempt to quantify PCD for an EU Member State. It discusses the rationale for developing a portfolio of national PCD indicators and identifies a number of indicator types, e.g. policy outcomes, policy outputs, policy inputs and partner country strength, and presents 52 indicators across eight policy areas: international trade, agriculture, fisheries, migration, environment, finance and enterprise, security and defence and development aid. It recommends that these indicators be regularly updated and adjusted as appropriate on a biannual basis.

In 2012, the Netherlands started a PCD pilot project in Ghana and Bangladesh at the request of the Dutch parliament, which was interested in the effects of non-aid policies in partner countries. In view of the lack of clear-cut, generally accepted methodologies, indicators and result chains by which these effects can be measured on the ground, result chains had to be developed especially. The project covers four PCD priorities: trade and finance, food security, climate and migration. Analysis is ongoing. The Netherlands is also working on modelling PCD at country level. In line with the pilot project, it seeks to address country-level implications of (EU) policies that may have an impact on agriculture and food security in Ghana. For this purpose, it is proposed that an instrument for assessing policy (in-)coherence be developed through the construction of counterfactual scenarios. The main objective is to develop a generic framework that can be used to appraise the impact of aid and non-aid interventions on development outcomes in partner countries.

As an example of impact assessment work at sector level, in January 2011 Germany issued a new *Guideline for the assessment and consideration of environmental and climate aspects in bilateral official development cooperation*, which aims to mainstream environmental and climate issues in German development cooperation and thereby increase coherence between policy areas.

Finland is currently piloting the OECD tool for PCD on the topic of food security. The pilot is analysing Finnish and EU policies which impact on food security and the right to food in developing countries. It concentrates on national institutional mechanisms to promote PCD in EU policies in the areas of agriculture, fisheries, environment and trade, represents a novel, thematic coordination and monitoring mechanism for government institutions and other key actors related to food security. In addition, Finland is testing the relevance, usefulness and practicality of the institutional and sectoral guidance of the tool and provides feedback to the OECD so that it can be developed further. The pilot has already provided some recommendations as to how Finland could improve PCD for food security and these will be gathered together and presented in the final phase. If the pilot is successful, a similar approach could be used to analyse other policies relevant for PCD. The intention is to feed the project's conclusions and recommendations into the government's report to Parliament in 2014 on the effectiveness and coherence of Finnish development policy.

Sweden has been self-assessing its PCD work since 2010 on the basis of a three-point scale rating progress as 'good', 'relatively good' or 'with certain deficiencies'. The assessment model is based on the three components identified by the OECD as important for the implementation of PCD: policy formulation and implementation; coordination and

³³ Michael King, Alan Matthews: *Policy Coherence for Development: Indicators for Ireland*, Institute for International Integration Studies, Trinity College Dublin, 2012.

cooperation; and knowledge and analysis. Comparing the 2010³⁴ and 2012³⁵ assessments, a general conclusion is that implementation of PCD has come furthest as regards policy formulation and implementation. As regards coordination and cooperation, the government sees scope for improvement, and on knowledge and analysis implementation has mostly been relatively good. The assessment on coordination and cooperation echoes the OECD/DAC peer review in 2009, which stated that PCD implementation lacks a strong coordination mechanism and that the MFA has limited tools and capacity to coordinate and mediate between different parts of the administration. Also, evaluations from the Swedish Agency for Public Management show that work on inter-sectoral issues is problematic, especially if no individual policy area is able to override others. The Swedish government has consequently decided to conduct an external evaluation of PCD, focusing on work procedures and steering mechanisms for PCD within government departments. The Swedish Agency for Public Management will be appointed to conduct this evaluation.

The new institutional mechanisms proposed in Belgium (following the recent adoption of a new law on development cooperation) should include an Advisory Council on PCD tasked *inter alia* with carrying out independent evaluations on PCD. Denmark has recently introduced the Danida Feedback mechanism aimed at involving the public and beneficiaries of Danish development cooperation in priority countries in the process of monitoring and reporting on Danish development cooperation. All feedback and complaints are addressed individually, but also compiled in a joint annual report. In France, PCD was covered in the in-depth evaluation in the *Bilan évaluatif de la politique française de coopération au développement entre 1998 et 2010* carried out at the request of the Ministry for Foreign Affairs and the Ministry for Economy and Finance. Spain has introduced a system of biennial self-reporting on PCD; the third report was published in 2011 (covering activities in 2010) and the fourth is expected in 2013. Lessons learned from the 2011 exercise included the need to set specific goals and establish a baseline in order to monitor progress towards objectives, to include impact assessments, to involve the Spanish regions more systematically and to synchronise Spanish reporting with the EU's (both now biennial).

PCD was also one of five main areas covered in the recent series of Conferences on Development and International Solidarity (October 2012 — March 2013) in France. Among the recommendations on PCD were the need to construct an indicator for policy coherence and the need to appoint a permanent rapporteur for PCD in the Parliament.

4.9. Thematic PCD case studies

4.9.1. Biofuels study

In 2012, the Commission commissioned a thematic study in the context of PCD: *Assessing the impact of biofuels production on developing countries from the point of view of Policy Coherence for Development*. This study was aimed at gathering existing knowledge on the impacts of biofuels production on developing countries and represented a specifically development-oriented complement to the information in the EU Renewable Energy Progress Report³⁶. The study has been made public on EuropeAid website³⁷.

³⁴ Report to Parliament 2010: <http://www.government.se/sb/d/5358/a/152791>.

³⁵ Report to Parliament 2012: <http://www.regeringen.se/sb/d/15903/a/196569>.

³⁶ COM(2013) 175 final; for more information on the report please see section 14.

³⁷ For more information on this study that includes 2 case studies — see section 14 http://ec.europa.eu/europeaid/what/development-policies/documents/biofuels_final_report_assessing_impact_of_eu_biofuel_policy_pcd_22022013_en.pdf.

4.9.2. Trade study

In order better to understand the link between trade and development processes in developing countries, as well as transmission mechanisms, the Commission has launched an external study on trade (in both goods and services) and FDI flows between the EU and developing countries and the economic benefits generated by EU trade arrangements with these countries. The study will provide useful information for shaping EU development policy and improving coherence between trade and development policy.

4.9.3. Migration — measuring impact at country level

The *Interrelations between public policies, migration and development of partner countries: case studies and policy recommendations* project targets ten developing countries with the overarching objective of improving their understanding of the interrelations between migration and other public policies and enhancing their capacity to incorporate the migration dimension into the design and implementation of their development strategies and other public policies.

The action is funded through the EU thematic programme for migration and asylum and jointly managed with the OECD Development Centre. Implementation started in early 2013.

5. MAIN PCD ACTORS AND THEIR CONTRIBUTIONS TO THE EU PCD AGENDA

The PCD commitment is the shared responsibility of all main institutional actors in the EU: the Commission, the EP and the Council are equally responsible for promoting PCD and taking account of development objectives in the policies they adopt. This commitment covers the whole decision-making process, from the preparation and adoption of a Commission proposal through the legislative process in the Council and Parliament, implementation at the appropriate level and monitoring all the way to evaluation and review.

5.1. PCD in the European Commission

The PCD team in the Directorate-General for Development and Cooperation – EuropeAid³⁸ (DG DEVCO) acts as a focal point for follow-up on the EU's PCD commitments, coordinating both the cross-cutting work and the thematic approaches and mobilising sectoral expertise on PCD across policy areas, in close cooperation with the Development Cooperation and Coordination Division (DCCD) of the EEAS. The PCD team also organises the PCD networks (internally, at interservice level and informally with Member States).

PCD contact points from different policy areas in the Commission meet regularly, along with EEAS representatives, in the PCD inter-service group.

In the past few years, the general coordination role on PCD has been extended to new functions, such as work on methodology, support in thematic areas looking at external impacts of EU internal policies and the commissioning of studies and case studies relevant to PCD priorities. In addition to policy work, DG DEVCO's PCD coordination activities have extended to communication, awareness-raising and training.

5.2. PCD in programming guidelines

PCD is also an element in the process of programming the EU's bilateral development cooperation with partner countries in 2014-20. PCD features as a key guiding policy principle in programming instructions for the European Development Fund (EDF) and the

³⁸ DEVCO Unit A.1 – Policy and Coherence.

Development Cooperation Instrument (DCI) sent to EU Delegations in May 2012. Coherence between development policies and other cross-cutting or sectoral EU policies and programmes (e.g. security, disaster risk reduction, migration, environment, climate change, energy, trade, research and innovation, agriculture, fisheries, drugs) is integral to developing a vision of the relationship with, and support to, a partner country/region.

5.3. PCD in the EEAS

The entry into force of the Lisbon Treaty and the establishment of the EEAS on 1 January 2011 has paved the way for more comprehensive, coherent and effective EU external relations policy and action, and for enhanced PCD in policy and in practice. The role of the High Representative (HR) is key in this regard, in particular in linking up and ensuring coherence between different policy strands and EU actions on the ground, on the basis of early, inclusive and ‘joined-up’ analysis of the situation and agreement on the objectives and the way ahead. Breaking down silo approaches and going beyond development policy and assistance, the promotion of greater PCD in this sense clearly ties in with the EU’s overall work towards more effective and coherent external policy and action.

The EEAS focal and contact point for PCD is located in the Development Cooperation Coordination Division (DCCD), which follows all issues relating to the EU’s Multiannual Financial Framework (MFF), programming and joint programming, and together with the Commission services seeks to implement the *Agenda for Change* and other key development priorities, including PCD and the promotion of PCD in EU Delegations.

5.4. PCD in the Council

Notwithstanding several key debates, notably on the Common agricultural policy (CAP) and Common fisheries policy (CFP), in the last reporting exercise Member States noted a relatively low uptake of PCD issues and a general lack of real political debate on PCD objectives and priorities in the Council.

There has been important progress, however, as the Council (and especially the working group for development issues, CODEV) has been more active on PCD in the past two years, particularly in the context of the 2011 PCD Report and the subsequent Council conclusions, and has also kept a close watch on important thematic PCD issues such as agriculture, migration and biofuels and on the place for PCD in the context of programming and the EU position for the post-2015 framework.

Since the May 2012 Council conclusions, certain Member States (notably Finland, Denmark and the Netherlands) have repeatedly taken the opportunity to raise PCD in high-level political discussions in the Council. Their objective is to keep the PCD commitment high on the political agenda and strengthen the political will among Member States to address the EU’s PCD challenges.

5.5. PCD in the European Parliament

The EP plays an increasingly important role in the promotion of PCD in the EU, mainly thanks to the Standing Rapporteur on PCD and the EP’s PCD report³⁹. The EP creates and sustains political demand for better accountability in terms of the impact of EU policies on developing countries. The EP also plays an important role as a forum for exchanges with civil society and in promoting international dialogue on PCD issues with partner countries and other stakeholders.

³⁹ For more details on the EP PCD report see section 3.3.

In recent years, the EP has explored several ways of strengthening its role on PCD and promote its own internal coherence. Holding joint committee meetings to discuss issues of interest to two or more committees is not a new phenomenon, but it has received increased impetus from the Standing Rapporteur on PCD. The practice by which the committee responsible for producing a report on a particular topic also invites the opinion of other committees is already well established.

Throughout the reporting period, there have also been a number of own-initiative reports from MEPs on PCD-related issues. Some recent examples include *Advancing development through trade* (adopted in April 2013) and *Development aspects of intellectual property rights on genetic resources: the impact on poverty reduction in developing countries* (adopted in December 2012).

An inter-parliamentary committee meeting with MEPs from the Development Committee (DEVE) and national parliamentarians was held in April 2013, organised around PCD and donor coordination. The parliamentarians highlighted their commitment to PCD as a key principle for the EU to defend strongly in the post-2015 framework. The national experience put the accent on the importance of a good legal basis and sustained political support for the PCD efforts from national parliaments, and the shared responsibility of all committees (not only DEVE) to obtain real results on PCD. Also noted was the need for more formal coordination between policy areas and committees, more accountability through hearings (also with non-development ministers) and more information-sharing between the EP and national parliaments (also to enable them to react to EU-level initiatives). Thematic issues most discussed included food security, biofuels, trade and investment, transparency of financial flows, tax, agriculture, fisheries and environment.

Lastly, regular meetings of the ACP-EU Joint Parliamentary Assembly (JPA) are a great opportunity for exchanges between the EU and its ACP partners, which are key for PCD. Issues debated in the latest JPA meeting in June 2013 included human resources for health (with a call inter alia for measures to stop the ‘brain drain’), Economic Partnership Agreements (EPAs), agriculture, food security and climate change. The May 2012 JPA meeting adopted a declaration on the reform of the European fisheries policy and its impact on ACP countries. Nevertheless, some believe the JPA’s role as a forum for exchange on PCD could be reinforced, as illustrated by the recurrent recommendation from civil society that the JPA should nominate two PCD rapporteurs.

5.6. PCD in Member States

According to the national contributions gathered for this reporting exercise, PCD awareness and implementation has progressed significantly in a number of Member States in the past two years. Despite limited staffing and a high staff turnover in the area of development cooperation in most Member States, since 2009, PCD has not only remained a political priority in the area of development cooperation, but has in the last year also been of heightened political interest, possibly thanks to its relevance in the post-2015 discussions, sustained pressure from civil society and regular reporting and policy discussions at EU and OECD level.

5.6.1. Reporting requirements on PCD in the Member States

In most Member States, PCD is not subject to specific reporting⁴⁰, but covered in regular reporting on development cooperation (Austria, the Czech Republic, France, Finland and others cover PCD in other regular reporting on development cooperation or ODA). Only a

⁴⁰ An indicative table summarising these national reporting requirements can be found in the annex to this report. The table is based on information provided in national contributions to the EU 2013 PCD Report.

few Member States (e.g. Denmark, Sweden, the Netherlands and Spain) have chosen to produce regular stand-alone reports on PCD. Others, such as Portugal, are currently considering or planning a regular national PCD reporting requirement. Other, less formalised, checks on progress include hearings in parliament or inter-ministerial committees, stakeholder meetings, etc.

5.6.2. Role of national parliaments

With the growing importance of PCD issues in international debate, the increase in national reporting exercises, the emergence or extension of international ‘development-friendliness’ indexes and pressure from civil society, the role of national parliaments in PCD discussions in Member States and the attention they give to PCD issues has also been growing. The emergence of national parliaments in PCD discussions and the political demand they create for more accountability and for the promotion of ‘development-friendly’ policies has been a strong trend in recent years, at least in some Member States (e.g. the Netherlands, Sweden, Denmark).

National parliaments’ involvement in, and support for, PCD work seems to be a key driver for progress in Member States and constitutes an example of good practice to be disseminated.

5.6.3. Role of embassies

Since the last EU PCD Report in 2012, Member States have been very active in promoting the visibility of the EU’s PCD work, promoting discussion on the basis of the Report and introducing PCD as a theme in relevant policy discussions at international, especially OECD, level.

Several Member States, particularly the Netherlands and Denmark, have also noted the importance of country-level dialogue and country-level analysis of the impacts of EU policies. The most practical approach in this context is to make better use of the existing network of representations and embassies in partner countries to promote PCD. For example, Denmark has already involved its embassies in partner countries in the Danida Feedback exercise⁴¹. The role of embassies in PCD is twofold: on the one hand, leading the country-level dialogue on concrete PCD issues between stakeholders and local authorities on the ground, and on the other hand, gathering information on the impact of EU policies and channelling it back to headquarters to feed into PCD analysis. The embassies should cooperate on this with EU Delegations, whose role in PCD is also being reinforced.

6. COMMUNICATING AND CAPACITY-BUILDING ON PCD IN THE EU AND BEYOND

6.1. Communication and awareness-raising

Public awareness of PCD in the EU has grown since 2009, with greater attention from the media and the European public, academia and political actors throughout the EU. There has been growing media coverage of PCD themes and a series of events and seminars, a number of which have been organised by the Commission or the Member States, e.g. large-scale exchanges with civil society and NGOs through the *Assises du développement* in France and Belgium, thematic stakeholder meetings in London, more restricted ‘expert-level’ meetings organised by the Commission in Brussels and by Member States in Copenhagen, Berlin and Rome. Many events have also been organised by the OECD, including a high-level side-event on ‘PCD and global food security’ during the United Nations General Assembly in New York in September 2013.

⁴¹ For more details see Section 4.8.

In cooperation with stakeholders, the Commission has organised several events to communicate on development issues (including PCD), e.g. the European Development Days. Through the activities of the Standing Rapporteur and the DEVE Committee, in particular, the European Parliament does much to foster communication and awareness-raising on PCD in the EU and beyond.

Communication and awareness-raising on these issues are still mainly in the hands of development cooperation experts, whether they work for national or EU-level authorities or for development NGOs, and PCD is still most actively debated in the development cooperation and policy community, but other policy areas, such as agriculture or trade, have recently started showing growing awareness and ownership of PCD.

Judging by the most frequent topics covered at organised events, trade, food security and agriculture (more specifically, biofuels and bioliquids), and migration were the three areas generating most public PCD-related debate in 2011 and 2012.

6.2. Training and capacity-building

Training is needed to raise awareness among policy-makers across policy areas of the existence of, and requirement for, a PCD approach. The Commission launched a first round of internal PCD training courses in 2012 and has continued to deliver the training in 2013. The training is aimed at staff in Brussels and from EU Delegations and is open to Member State officials. The Commission and the EEAS also actively support Member States' own PCD training efforts.

6.3. Encouraging international debate at the OECD and the UN

The EU and its Member States often raise PCD in the international development debate at the OECD⁴² and the UN. The EU sees PCD as one of the key issues for the effectiveness of future development policy and a key enabler for addressing the main global development challenges. This approach is supported by other countries, notably Switzerland and Norway. Others, such as South Korea, look to learn from the EU's experience of implementing PCD.

⁴² The OECD also hosts an online PCD knowledge-sharing platform to which the EU and its Member States actively contribute: <https://community.oecd.org/community/pcd>.

II. THEMATIC ISSUES

Trade and finance

Quick facts

- Developing countries have become new drivers of trade, accounting for over half of world exports. In the last decade their exports rose by 80 %, compared to 40 % for the world as a whole.
- South-South trade has outstripped North-South trade since 2007 — and this despite the fact that barriers to trade between developing countries are still much higher than between developed and developing countries⁴³.
- Developing countries that are members of the G20 now account for about a third of world exports. At the same time, other developing countries, particularly non-oil producing LDCs, have been further marginalised and remain net-importers. Many continue to face difficulties in developing their productive capacity, diversifying their export base and taking advantage of regional or world markets.
- The EU is the most open market in the world for developing countries' exports. Almost three quarters of EU imports from developing countries are duty free. Fuels excluded, the EU imports more from LDCs than the US, Canada, Japan and China put together. This holds true for both agricultural and industrial (including textiles and clothing) products.
- The EU Generalised Scheme of Preferences (GSP) is intended to open the EU market to developing countries by offering reduced tariffs for goods from developing countries. In addition to the standard GSP regime, the GSP+ scheme grants additional preferences to developing countries that are committed to implementing core international conventions on human and labour rights, the environment and good governance. The GSP+ scheme currently has 16 beneficiaries. Set up in 2006 the scheme has boosted beneficiaries' exports to the EU. Preferential imports from these countries grew by 28.5 % between 2006 and 2010. Under the reformed GSP scheme, 35 countries are eligible for GSP+.
- Furthermore, the Everything-But-Arms (EBA) scheme set up in 2001 provides LDCs with duty-free quota-free market access to the EU for all their products except arms and ammunition. Ten years later, EBA has proved to be an effective engine for boosting the exports of 50 LDCs to the EU. EU imports from LDCs grew more than 25 % faster than imports from non-beneficiaries of preferential regimes.
- The EU and its Member States have been driving global Aid for Trade (AfT) efforts, accounting for a third of total flows. In 2007, the EU and its Member States adopted a joint strategy, which led to a considerable increase of joint efforts making the EU and its Member States the largest provider of AfT in the world. In 2011, the EU and its Member States collectively remain the major provider of AfT with €9.5 billion worth of commitments. Africa is the most important recipient of EU AfT, with more than a third of the total.
- Currently, around 2500 large EU companies disclose environmental and social information regularly. The proposal for a Directive on the Disclosure of non-financial information tabled by the Commission in April 2013 requires around 18000 large EU companies to be transparent on social and environmental matters as a consequence of EU legislation, which would constitute an increase of more than 600 %.
- According to UNCTAD, 100 developing countries depend on commodities for at least 50 % of their export earnings. More than half of African countries derive 80 % or more of

⁴³ According to an OECD estimate, developing countries could secure a welfare gain of up to \$59 billion if they were to progressively reduce tariffs on South-South trade to the levels applied between advanced economies.

their export income from commodities. Furthermore, within their commodity exports, many developing countries are heavily dependent on a few commodities only. A total of 68 developing countries are dependent on just three commodities for at least 50% of their merchandise exports. As a result, while dependent on commodities for their exports, they are simultaneously dependent on the import of other commodities that they do not produce.

- Every year governments in developing countries (and elsewhere) lose billions in revenue because of illegal economic activities and illicit financial flows such as tax evasion. The amount of money illegally transferred out of developing countries is thought to outstrip official development assistance (ODA) and inward investments. It is therefore identified as a major obstacle to domestic resource mobilisation and poverty reduction. Consequently, increasing attention has been given in recent years to good governance and transparency initiatives, such as the Extractive Industries Transparency Initiative (EITI) or Forest Law Enforcement, Governance and Trade (FLEGT), and through strengthened reporting requirements for payments in the extractive and forest industries (EU Directive on ‘country-by-country reporting’).

7. TRADE

In 2012 the Communication *Trade, Growth and Development* proposed concrete ways to enhance synergies between trade and development policies. The Communication highlighted that effective trade policy is critical in boosting growth and jobs both in Europe and abroad and in projecting EU values and interests in the world. Trade can be a powerful engine for development. No country has ever sustained long-term growth without integrating into the world economy. However, trade in itself is not sufficient to secure development. Good governance and sound domestic policies are needed to maximise the benefits of trade-induced growth and make it work for inclusive and sustainable growth. This entails strong ownership of developing countries of their own development process. Effective development policy also contributes to helping create better conditions for trade and investment in developing countries, as well as to ensure equitable distribution of their benefits for poverty eradication. In this respect, the *Agenda for Change* promoted greater support to enhance the business environment, to promote regional integration and to help harness the opportunities that world markets offer, as a driver for inclusive growth and sustainable development.

Multilaterally, the EU also remains committed to delivering on the development dimension of the Doha Development Agenda (DDA) and to a specific package for LDCs. The conclusion of the ongoing multilateral and bilateral trade negotiations remains a priority which has also been underlined in the Communication *Europe 2020* and the Communication *Trade, Growth and World Affairs* as well as in the Communication *Trade, Growth and Development*.

In 2006, the Communication *Global Europe* launched a new series of bilateral FTAs, including with more advanced developing countries and regions. Increased access to the large European single market can bring clear benefits to developing countries through greater export-led growth. Moreover, considering that a high amount of developing countries’ imports from the EU are capital goods and intermediate inputs, reducing tariffs on imports of these goods directly reduces production costs in these countries, in turn enhancing their competitiveness. Besides providing developing countries with new opportunities for trading and economic growth, FTAs can also help lock in important reforms.

7.1. Trade and Development

The Communication *Trade, Growth and Development* highlighted that the EU's efforts must focus on the poorest and most vulnerable countries and make sure those efforts are tailored to their needs and constraints, while ensuring coherence and complementarity between trade, development and other policies. In this sense the Communication stated that Europe can offer:

- More focused trade preferences
- Better targeted AfT
- Complementarity instruments boosting FDI
- Comprehensive and modulated bilateral/regional agreements
- A values based trade agenda to promote sustainable development
- Helping vulnerable countries improve their resilience and response to crisis

The Communication also highlighted that domestic reforms and good governance are key to trade-led growth. The main impulse for economic growth is first and foremost domestic. External assistance and trade agreements can support this process; however, ownership is a critical condition for success.

7.2. Trade Negotiations

7.2.1. Multilateral

7.2.1.1. Doha Development Agenda

Regarding multilateral trade negotiations, the EU firmly believes in the central role of the multilateral trading system and its tremendous positive impact on development. These negotiations are particularly important for promoting growth in developing countries. A successful outcome of the ongoing Doha Development Agenda (DDA) negotiations would mean better market access for goods and services, notably those of interest to developing countries, and improvements of the rules-based framework for international trade.

The EU has intensified efforts with a view to achieving progress on the DDA in time for the 9th WTO Ministerial Conference (MC9) scheduled for December 2013. A successful outcome is needed at MC9 in order to safeguard and strengthen the multilateral trading system which will in turn continue to provide the necessary growth opportunities to those countries that are most in need. The EU is focusing its efforts on concluding an Agreement on Trade Facilitation, which aims to ease border procedures and to facilitate the movement, release and clearance of goods. Other MC9 outcomes could include certain agriculture and development deliverables. If agreed, they would constitute the first step on the road toward the conclusion of the entire Doha round.

Trade Facilitation

On Trade Facilitation, the EU remains convinced that concluding negotiations would bring exponential advantages to all WTO Members, and particularly developing countries.

- According to the OECD, reducing global trade costs by 1 % would increase world-wide income more than \$40 billion, 65 % of which would accrue to developing countries. Gain from the Trade Facilitation agreement would be distributed among all countries and regions, with the biggest benefits going to developing landlocked countries.
- Systemically, reaching agreement on Trade Facilitation would provide an important signal to stakeholders about the strength of the Multilateral Trading System. It would

demonstrate that the WTO remains relevant and able to deliver beneficial results in important areas and that the Multilateral Trading System continues to effectively frame relations among players of all sizes.

In order to help advance negotiations on Trade Facilitation the EU, in a press release issued on 8 March 2013, pledged to provide technical assistance and capacity building to developing countries to implement, once adopted, the WTO Trade Facilitation Agreement. This reflects the demands of developing countries, particularly LDCs, and highlights that the EU will contribute its 'fair share' as well as 'continued and substantial support' to Trade Facilitation. The EU's support will come from its overall AfT commitments.⁴⁴

Least Developed Countries (LDCs)

The EU has also remained committed to supporting the interests of LDCs in the WTO and to a specific package for them. The EU has been a frontrunner in providing Duty-Free-Quota-Free access to all goods from LDCs except arms and ammunition through the Everything-But-Arms Initiative (EBA). This remains a central LDC request in multilateral negotiations. Continued failure among WTO members to implement existing decisions on duty-free-quota-free access, which are essential to create new, secure trade opportunities for LDCs cannot be considered satisfactory. It is also important that a positive outcome is reached on cotton in the agriculture negotiations.

The services waiver for LDCs, which allows WTO members to grant preferential market access to LDCs in the area of services, was adopted at the Eighth WTO Ministerial Conference in December 2011. The EU and other developed and developing countries are currently exploring ways to operationalize the services waiver with the ultimate objective of facilitating participation of LDCs in services trade.

The EU has also actively supported the achievement of a successful outcome of the negotiations on the WTO LDC accession guidelines, with the adoption by the WTO General Council on 25-26 July 2012 of Revised Guidelines on the Accession of LDCs. This was a mandate from the WTO Ministerial Conference in December 2011. Moreover, the WTO's TRIPS Council agreed on 11 June 2013 to grant more time to LDCs to apply the provisions of the TRIPS Agreement. The EU has recognised the importance of flexibility for LDCs and supported an extension to the transition period. While not being part of the DDA, these were very positive signals that progress is possible when WTO members are committed to results.

The EU remains convinced that the multilateral system is the best means to ensure that developing countries, and particularly LDCs, are able to effectively tap into trade-driven growth and poverty-reduction.

7.2.2. Bilateral

7.2.2.1. Comprehensive and modulated bilateral/regional agreements

Bilateral trade agreements complement multilateral negotiations, for instance by providing for further liberalisation and rule-making. This includes promoting regulatory convergence to reduce transaction costs and non-tariff barriers even further, as well as monitoring mechanisms to evaluate implementation and results. These agreements help to enhance transparency, promote regional harmonisation of rules and alignment with internationally recognised standards with a view to improving the trade environment. In addition, casting these provisions in internationally binding agreements will make domestic reforms more credible and increase predictability for traders and investors. As developing countries may

⁴⁴ The Commissioner for Development confirmed this message at the 4th Global Aid For Trade review in Geneva, on 8 July 2013.

face difficulties in complying with these standards, EU AfT is used to help them overcome such difficulties. The EU provides development assistance also to support reforms in partner countries.

Current FTA negotiations with developing countries indeed include areas such as investment, government procurement and competition, all of which can have a significant potential for development. For instance inclusion of investment chapters in FTAs can attract additional FDI to developing countries and thereby stimulate private enterprise, job creation, technology transfer and tax revenue. Provisions on public procurement, in turn, are likely to benefit developing countries and contribute to poverty reduction, as increased transparency and accountability normally result in improved public expenditure procedures, greater efficiency in public services delivery and reduced corruption. Competition policy plays an important role as well, since developing countries are particularly vulnerable to anticompetitive practices (e.g. abuses of dominant firms and cartels).

On the other hand, the EU recognises the challenges that trade liberalisation can have on developing countries. FTAs can erode existing trade preferences and lead to increased competition on local producers and loss of tariff revenue. It is therefore necessary to carefully assess on a case by case basis the impact of unilateral measures or of new FTAs on developing countries. The EU takes account of the objectives of development policy in its trade negotiations through a flexible approach that allows for necessary adjustments in developing countries. EU trade agreements provide for transition periods so that liberalisation can take place gradually, normally ranging from 10 to 15 years, depending on the case. In addition, the developing country status of a partner is taken into account in the design of accompanying measures to trade liberalisation, such as enhanced development cooperation. Development assistance, and AfT specifically, in support of areas such as business enabling environment, access to credit, infrastructure and labour markets, helps partner countries put in place the necessary policies and institutions so that they can better benefit of trade liberalisation. The framework agreements (e.g. Partnership and Cooperation Agreements⁴⁵, Association Agreements⁴⁶) concluded by the EU with developing countries also provide for support to trade capacity building and technical assistance.

7.2.2.2. Economic Partnership Agreement (EPA) negotiation and implementation

Economic Partnership Agreements (EPAs) with ACP countries are a specific case of EU trade agreements. EPAs have a specific development focus, as they include a series of principles, objectives and specific undertakings to use trade as an instrument to promote development and systematically include development cooperation as an essential dimension of the implementation of the agreement. EPAs offer pro-development provisions, such as very long transition periods or even exclusions from market opening, special safeguards for the development of infant industry and on food security, and voluntary EU restraint on WTO safeguards or the use of dispute settlement.

The EU has created flexibilities by accepting asymmetrical and transparent goods and services commitments. The aim is to also address a number of trade-related rules (on competition, public procurement, Sanitary and Phytosanitary (SPS)/Technical Barrier to Trade (TBT), sustainable development, investor behaviour, etc.) in the negotiations.

EPAs seek to take account of the specific challenges of ACP countries, essentially through:

- free access to the large EU market for all ACP products, which gives scope for economies of scale;

⁴⁵ See e.g. PCA Vietnam-EU.

⁴⁶ See e.g. AA Central America-EU.

- improved rules of origin, making it easier for ACPs to export products with inputs from other countries, especially in key export sectors (e.g. agriculture, fisheries and textiles and clothing);
- flexibility so that ACP countries will only gradually open their markets to EU imports; in addition, producers of the most sensitive 20 % of goods may enjoy permanent protection from competition; duties will be phased out over a period of up to 15 years (and a maximum of 25 in exceptional cases) to avoid unnecessary shocks, with safeguards and support on offer for ACP countries that encounter problems;
- better access of ACP firms to competitive goods and services, which in turn increases their own competitiveness;
- larger regional markets, boosting trade between ACP neighbours and regions, with significant potential benefits for ACP exporters;
- issues beyond tariffs, allowing to address e.g. inefficient border controls through trade facilitation or inadequate standards through enhanced quality systems;
- reforms to ensure a stable, predictable and transparent business environment, which helps ACP countries attract investment and integrate at regional level and with the global economy.

EPAs have reached the implementation stage in the Caribbean, Pacific (Papua New Guinea) and Eastern and Southern Africa (Madagascar, Mauritius, Seychelles, Zimbabwe). The EU also continues to discuss these matters with its ACP partners in EPA negotiations but this has not yet resulted in new deals being concluded. In some regions, the parties agreed to address services, investment and trade-related rules only after the signature of the agreements, with a rendezvous clause.

7.2.2.3. Free Trade Agreement (FTA) negotiations

Negotiations for modern and comprehensive Free Trade Agreements are also ongoing with emerging economies and other developing countries in Asia, the European Neighbourhood and Latin America.

Asia

Substantial progress has been made on the EU-India FTA, since the start of the negotiations in 2007. However, there still remain important issues to be resolved before the agreement can be concluded. In the South East Asia region, after the pause of the negotiations at regional level, the EU is currently offering the negotiation of ambitious bilateral trade agreements to individual Members of ASEAN. Negotiations are ongoing with Thailand, Malaysia and Vietnam. Negotiations with Singapore were concluded in December 2012 and the draft text was initialled and published in September 2013. Both sides are going through the respective procedures for signature and ratification of the agreement.

The European Neighbourhood

Bilateral trade relations between the EU and Southern Mediterranean partners are governed by the Euro-Mediterranean Association Agreements concluded between the EU and each Southern Mediterranean partner (with the exception of Libya and Syria). These agreements included asymmetrical free trade areas for industrial goods and certain agricultural, processed agricultural and fisheries products. The Association Agreements are being or have been complemented with a number of additional negotiations involving some of the partners, notably on further liberalisation of trade in agriculture, on liberalisation of trade in services and establishment, on the setting up of dispute settlement mechanisms for trade-related

disputes and on issues related to conformity assessment. Many of these bilateral negotiations will be incorporated in the future negotiations of Deep and Comprehensive Free Trade Areas.

As part of the EU's response to the Arab Spring, the European Council adopted on 14 December 2011 negotiating directives for Deep and Comprehensive Free Trade Areas (DCFTAs) with Egypt, Jordan, Morocco and Tunisia. The main aim of the DCFTAs will be the progressive integration of the partners' economies into the EU single market. The DCFTAs will be comprehensive agreements covering trade facilitation, technical barriers to trade, sanitary and phytosanitary measures, intellectual property rights, competition and investment protection. They will also improve market access, notably in trade in services and public procurement. Prior to the launch of negotiations, the Commission must carry out a preparatory process with each partner. The preparatory process was concluded with Morocco in October 2012. Negotiations on an EU-Morocco DCFTA were launched on 1 March 2013. The preparatory process has been ongoing with Tunisia and Jordan since March 2012. A dialogue on the DCFTA with Egypt was launched in June 2013. The EU suspended negotiations with Libya on a DCFTA on 23 February 2011.

As far as the Eastern Partnership is concerned, the EU is enhancing its engagement in the Eastern Neighbourhood, where reciprocal gains can be expected from deep integration and regulatory convergence, aiming at facilitating trade, improving the business environment and supporting investments. The DCFTAs support the EU's neighbourhood policy objectives to build on the strong relation and synergy between trade policy and foreign policy, thus contributing to an area of peace and prosperity. The negotiations of the Association Agreement (AA) including its DCFTA with Ukraine were finalised in 2011, and the text initialled in 2012. Provided that political conditions are met, the AA with Ukraine could be signed during the EU-EaP Summit of 2013 in Vilnius. The technical negotiations for the Association Agreements, including the DCFTAs, with Moldova and Georgia have been finalised in June and July 2013 respectively, and it is expected that the initialling of the texts (at least partially for the DCFTA parts) will take place during the Vilnius Summit. Despite the completion of the technical negotiations in July 2013, the AA/DCFTA with Armenia will not be initialled following Armenia's decision to join the Customs Union of Russia, Belarus and Kazakhstan. DCFTA in the framework of a bilateral Association Agreement remains a possibility also for Azerbaijan. However, since the first and foremost condition for such a step is the Partner's WTO membership, and Azerbaijan's WTO accession negotiations are still ongoing, DCFTA negotiations are not on the agenda of the current Association Agreement's talks.

Latin America

Regarding Latin America, negotiations for an inter-regional Association Agreement between the EU and Mercosur were re-launched in 2010. After nine rounds of negotiations focusing on the normative part of the trade chapter of the agreement, in a Trade Ministerial in January 2013 it was agreed that an exchange of market access offers would take place at the latest in the last quarter of 2013⁴⁷.

⁴⁷ It is worth mentioning the significant recent changes in Mercosur in terms of membership. Venezuela formally became a member country of Mercosur in July 2012 and full integration in the customs union is expected by 2016. The reintegration of Paraguay after its temporary suspension in June 2012 is pending a decision by the new Government of Paraguay, following the decision of Mercosur on its readmission at the Summit held in July 2013. At the same Summit, Suriname and Guyana were admitted as associated members. The Protocol for the accession of Bolivia was signed in December 2012 and is now pending ratification by the Parliaments of the other Mercosur countries. Ecuador is also considering its accession to Mercosur.

The comprehensive trade agreement signed with Peru and Colombia in 2012 has been provisionally applied with Peru since 1 March 2013 and with Colombia since 1 August 2013. The Agreement will open up markets for EU, Colombian and Peruvian exporters, eventually bringing annual savings of more than €500 million. But it is the improved, more stable conditions for trade and investment that are expected to bring the biggest gains in terms of increased trade and investment flows. This agreement is thus an important step towards strengthening our trade and investment relations with the two countries. Contacts are maintained to explore the possibility to include Ecuador and Bolivia in the agreement.

The EU signed with the Central American region (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama) an Association Agreement in 2012. The trade part of the Agreement is provisionally applied in Honduras, Nicaragua and Panama since 1 August 2013, and in Costa Rica and El Salvador since 1 October 2013. The Association Agreement relies on three complementary and equally important pillars, namely political dialogue, cooperation and trade, which are mutually reinforcing. This Agreement aims at fostering sustainable economic growth, democracy and political stability in Central America.

The plurilateral negotiations on a Trade in Services Agreement (“TiSA”)

In 2012, in order to overcome the current impasse of multilateral market access negotiations which was acknowledged by Ministers during the 8th WTO Ministerial Council, the EU, together with some other WTO-members willing to advance negotiations to further liberalise trade in services, explored the option to negotiate a stand-alone, plurilateral trade in services agreement. The negotiations started in spring 2013 and encompass to-date 23 WTO-members. The current participants are Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, the EU, Hong-Kong China, Iceland, Israel, Japan, the Republic of Korea, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Switzerland, Turkey and the US. Recently, China and Uruguay expressed their interest to join the negotiations. The negotiations demonstrate that the removal of unnecessary barriers to trade and the development of rules on trade in services are important to foster development and to attract more investment in the countries.

7.3. Market Access

7.3.1. The Generalised Scheme of Preferences (GSP)

Regarding unilateral measures, the EU adopted its revised GSP regime, whose preferences will be applicable as of 1 January 2014. The EU’s revised GSP regime builds on the salient features of the current regime which provides preferential market access with reduced or no duties to boost developing country exports and to integrate them into world markets. The revised GSP regime focuses preferences on those countries most in need, i.e. LDCs and other low income economies which do not already have preferential market access arrangements to the EU (which reduces the number of GSP beneficiaries from today’s 177 to 90). It also reflects the realities of the international trading system, whereby a number of advanced developing economies have become so successful that they no longer need this preferential treatment. In fact, maintaining their preferences would put undue strain on the economies of LDCs and other low income countries, with which these advanced developing countries compete. The revised GSP is therefore intended to offset the so called ‘preference erosion’, i.e. the diminution of the impact of preferences as a consequence of general tariff decrease, a process which actually means hundreds of millions of Euro lost by LDCs each year in terms of missed export opportunities. As a consequence, the revised scheme will also strengthen the importance of the Everything-But-Arms Initiative (EBA), for which there are currently 50 beneficiaries. In 2011, EBA beneficiaries accounted for exports worth € 10.5 billion, i.e. 12 % of the value of all the preferences under the EU’s GSP.

The revised scheme remains generous. While EBA covers all products but arms and ammunition, GSP and GSP+ cover more than 6,000 tariff lines of about 7,000 tariff lines where a duty is normally imposed. As a result, a GSP or a GSP+ beneficiary will receive preferences on almost 90% of the products where duties are foreseen. This adds to the more than 2,300 tariff lines where the EU does not impose any duty in the first place.

The revised regime also enhances support for the principles of sustainable development and good governance by reinforcing and improving the special incentive arrangement known as GSP+, which offers additional tariff reductions to support vulnerable developing countries in the implementation of 27 international conventions in the areas of human and labour rights, environment and good governance. The revised GSP regime relaxes the economic criteria needed to become eligible for GSP+, thus allowing more countries to apply⁴⁸. Also, it removes the fixed entry windows that exist today, allowing countries to apply at any time. In addition, this arrangement is particularly appealing as GSP+ beneficiaries are not subject to the graduation mechanism, which means that all their GSP+ exports continue to receive preferential treatment for the entire period of eligibility. At the same time, the new GSP+ foresees a more effective monitoring mechanism, which will allow for a comprehensive assessment of the effective compliance by beneficiary countries with the principles of the 27 conventions.

In order to ensure that preferences are indeed used, the scheme has become more stable, transparent and predictable for third countries, and economic operators. Transition periods apply for changes in the scheme, giving economic operators time to adapt. While the duration of preferences for LDCs remains open-ended, for other beneficiary countries the duration of the scheme will be 10 years, as opposed to 3 in the current GSP.

7.3.2. Adjustments to Sanitary and Phytosanitary (SPS) measures, technical regulations and standards

Sanitary and Phytosanitary (SPS) measures, technical regulations and standards on the EU market serve to prevent deceptive practices, to safeguard the internal market and to protect human health by ensuring food safety and a high level of animal and plant health (see also section 21). Technical regulations and standards are legitimate under WTO rules subject to certain conditions. The Technical Barriers to Trade (TBT) and SPS agreements under WTO contain important mechanisms which ensure that legal measures decided by WTO members do not restrict international trade in an unnecessary, arbitrary and scientifically unjustifiable way, taking development objectives and the interests of developing countries into account. Under the WTO SPS Agreement, WTO Members shall base all national SPS measures and their acting within the relevant international organisation on the adopted international standards.

Many developing countries have already adopted international standards (including those of OIE⁴⁹, CODEX⁵⁰ and IPPC⁵¹) as the basis for their national requirements, thus avoiding the need to devote their scarce resources to duplicate work already done by international experts. The SPS Agreement encourages them to participate as actively as possible in these organisations, in order to contribute to and ensure the development of further international standards which address their needs.

⁴⁸ From the currently identified 39 standard GSP beneficiaries all countries with the exception of China, Colombia, India, Indonesia, Thailand and Vietnam are eligible to apply for GSP+, compared to the scheme applicable until 31 December 2013 which covers only 16 beneficiaries.

⁴⁹ OIE: International standard setting body on animal health.

⁵⁰ CODEX Alimentarius: International standard setting body on food safety.

⁵¹ IPPC: International standard setting body on plant health.

The EU has always given great attention to ensure that developing countries can actively participate in these international standard setting bodies. To achieve this, the Commission has contributed since 2002 over € 10 million to the three standard setting bodies mentioned with the objective to allow SPS experts from developing countries, and in particular LDCs, to actively participate in the standard setting meetings of these bodies. In this context AfT plays an important role in easing trade-related binding constraints that prevent developing countries from linking to or moving up value chains. At the June 2013 WTO SPS Committee several developing countries echoed the importance of continuation of this type of financial support.

In addition, the Commission provides technical assistance in the SPS area to developing countries with a view to upgrading their SPS systems and to improving their market access capacity to other countries. This is done for instance through the 'Better Training for Safer Food' (BTSF) programme⁵². During 2012, the total value of SPS-related technical assistance provided by the EU and Member States amounted to approximately € 78 million. This covered more than 200 SPS-related projects or activities that were completed, or were still ongoing, in the course of 2012, in close to 100 countries. The Commission has submitted recently to WTO Members an overview document on SPS-related technical assistance provided in 2012⁵³.

7.3.3. *Market information tools*

7.3.3.1. The Export Helpdesk

In order to assist developing countries in making use of the market access opportunities offered to them by the various preferential trade arrangements (GSP, EPAs, FTAs etc.), the Commission has established the Export Helpdesk, a free online service that provides information on the import conditions to the EU market. In 2013 the Export Helpdesk launched a new website with an enriched content and improved usability. The site informs about all the EU's different types of import requirements, possibilities to benefit from preferential conditions, as well as statistics on annual trade flows between the EU and developing countries.

Moreover, concrete product- and country-specific information applying to individual export scenarios can be accessed via an easy-to-use, single input form. The system matches around 10.000 tariff lines for products with the applying preferential or non-preferential tariffs, quotas, antidumping duties, required proofs of origin, technical and sanitary requirements, customs procedures, competent authorities, VAT rates and excise duties and thus provides ready-to-use information on the EU's import conditions.

To ensure that developing countries' exporters are informed about this tool, capacity building seminars and awareness-raising activities targeting the business community are organised in partner countries. Delegations and multipliers in business organisations of developing countries receive comprehensive information and communication material to help promote the website and database. Training on how to make best use of the Export Helpdesk database are now also an integral part of stakeholder seminars organised in the framework of the Commission's FTA implementation communication activities, e.g. in Colombia, Peru and Central America.

⁵² See textbox on BTSF in section 21.

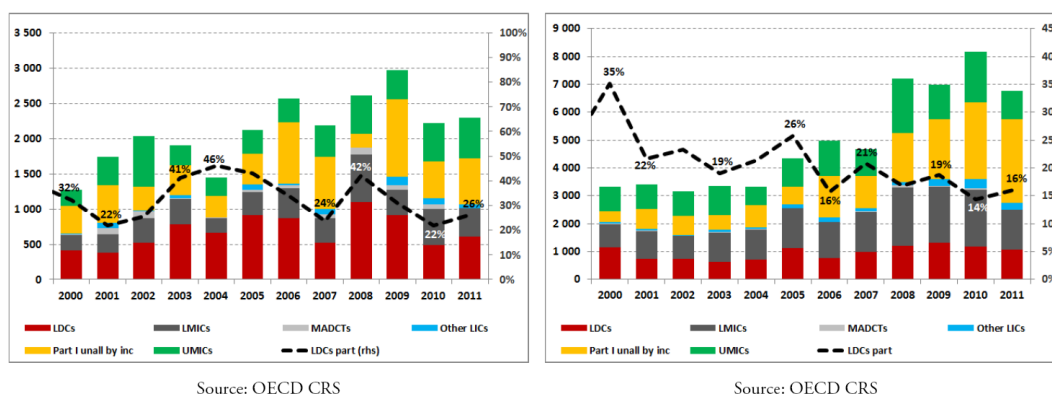
⁵³ This document with reference G/SPS/GEN/1139/Add.1 is available via WTO web link: http://www.wto.org/english/tratop_e/sps_e/work_and_doc_e.htm.

7.3.4. Aid for Trade (AfT)

More than a third of total EU development aid (ODA) supports currently trade related needs. Specific Aid for Trade (AfT)⁵⁴ programmes are conceived to help developing countries to reap benefits of new trade deals. AfT also promotes regional integration of developing country markets and South-South trade. The EU and its Member States have been driving global AfT efforts, reaching €9.5 billion of commitments in 2011, which represents almost a third of global international Aid for Trade flows.⁵⁵

Africa remains the most important recipient of AfT programs, with more than a third of all EU collective AfT allocated to the region. In contrast to the downward trend of EU and Member States share of AfT committed towards LDC observed over the past years, year 2011 was marked by an increase both concerning the EU (26 % compared to 22 % in the previous year) and the Member States (16 % of the total EU Member States AfT compared to 14 % in 2010). However, the share of LDCs in the total AfT of the EU and its Member States remains low compared to other donors.

Aid for Trade by Income: EU (left) and Member States (right) (in EUR Million)



The EU and its Member States continue to advance in the implementation of the qualitative aspects of the EU AfT Strategy through a continued effort to bolster the impact of AfT delivery on the ground. The survey findings in the context of the recent *EU AfT Monitoring Report 2013* draw a positive picture of progressive improvement in terms of the partner-donor policy dialogue; the availability of updated trade needs assessments; joint operations and harmonisation; the inclusion of strategic regional economic integration priorities into the national development plan or trade strategy; and in highlighting the prominent hurdles for assessing AfT programmes and projects.

In order to preserve this momentum and further bolster the effectiveness of the EU AfT Strategy, the AfT Report suggests supporting partner countries to ease the constraints regarding their own monitoring and evaluation system, to better identify their trade needs and priorities and to encourage them to include trade needs assessments into national strategies.

⁵⁴ According to the WTO definition, there are six categories of AfT: Trade policy and regulations, Trade development, Trade-related infrastructure, Building productive capacity, Trade-related adjustment, Other trade-related needs. Categories 1.2 and 6 correspond to standard 'Trade-Related Assistance' (TRA), whereas all categories taken together are usually referred to as 'wider Aid for Trade agenda' or AfT.

⁵⁵ In 2007, the EU adopted a joint strategy with EU Member States. In particular, they have committed to collectively spend € 2 billion annually by 2010 on Trade-Related Assistance (TRA), which is a part of Aid for Trade and principally refers to support to trade policy and planning, trade facilitation (=simplification and harmonisation of import and export procedures, tariff reforms), regional trade agreements, multilateral trade negotiations and trade-related business development. This commitment was already met in 2008. The EU and its Member States collectively remain the major providers of TRA in the world, with 71 % of total TRA commitments in 2011 reaching € 2.8 billion.

As indicated above, also many Member States have in recent years increased their disbursements for AfT, much beyond the EU's commitment of providing €2 billion worth of annual TRA from 2010 onwards, including €1 billion from the EU and €1 billion from EU Member States. Financial support covers all six AfT categories. Some Member States have developed new forms and methods to enhance cooperation with developing countries.

A good example of translating the AfT agenda into practice is the Dutch Centre for the Promotion of Imports from Developing Countries (CBI).

The activities of the Dutch Centre for the Promotion of Imports from Developing Countries (CBI)

The Centre for the Promotion of Imports from Developing Countries (CBI) is an Agency of the Netherlands Ministry of Foreign Affairs. CBI contributes to sustainable economic development in developing countries through the expansion of exports from these countries, e.g. by assisting producers from developing countries to comply with European safety, sustainability and packaging standards. Through a solid network of international stakeholders, CBI strengthens the competitive capacity of SME exporters and producers in developing countries, focusing primarily on European markets. This is achieved by means of an integrated approach, which is applicable to companies, business support organisations and governmental authorities. The core competence of CBI is threefold: advice, counselling and knowledge management. CBI currently supports exports from 48 developing countries in 27 sectors including agricultural, fishery and forestry products, consumer and industrial products, and services.

Support to the World Customs Organization (WCO)

The EU is a major contributor to the World Customs Organization (WCO). WCO is a unique forum to promote international standards and advance customs cooperation including with developing countries, thus to boost trade-induced growth. The EU participates actively in WCO activities, including in capacity building which is an important tool to implement the WCO policy objectives. The EU, together with its Member States, is the most important WCO donor in capacity building worldwide, and makes an important contribution to the enhancement of administrative capacity of developing countries in the area of customs.

7.3.5. Fair Trade

The Commission recognises that voluntary trade-related sustainability assurance schemes such as fair and ethical trade schemes can make an important contribution to advancing sustainable and inclusive development, while giving consumers the power to make informed purchasing decisions and the ability to make a real difference to small producers in developing countries. Public authorities can promote these schemes, for instance in the fields of public procurement and awareness-raising, and the Commission has remained committed to support them as part of the follow-up to its 2009 Communication *Contributing to Sustainable Development: the Role of Fair Trade Initiatives and Nongovernmental Trade-related Sustainability Assurance Schemes*⁵⁶.

European consumers purchased *Fairtrade* certified products worth more than €2 billion in 2009. This is almost five times higher than five years ago. Total sales in the EU are increasing

⁵⁶ COM(2009) 215 final.

steadily every year. For years the EU has been by far the largest market for fair trade products worldwide: Between 60 % and 70 % of global sales take place here.

Trade for Sustainable Development Programme (T4SD)

Relevant actions have been undertaken, e.g. through the Trade for Sustainable Development Programme (T4SD) of the International Trade Centre (ITC). This partnership-based programme is funded by the EU, Germany and Switzerland and provides comprehensive, verified and transparent information on voluntary sustainability standards. The main objective of the programme is to strengthen the capacity of producers, exporters, policymakers and buyers, to participate in more sustainable production and trade. The programme addresses the increasing need for information on such voluntary standards, which have grown strongly over the past years, and transparency on their requirements and scope of operations. Producers and exporters often lack information when considering whether and how to engage into more sustainable production and trade practices. Also manufacturers, retailers and public procurement officials lack detailed information when making purchasing decisions. ITC has developed a database on these standards and acts as global repository of information and provides access to the database to its partners, which use the data to serve the needs of their own constituents. For instance, to date, the T4SD Database exports data to a Swiss-German external front-end website addressing the needs of public procurement and small and medium-sized enterprises in Germany and Switzerland, called *Kompass Nachhaltigkeit*⁵⁷ ('compass sustainability').

In addition, to improve the ability to assess the reliability and performance of sustainability labels Germany is working on the development of a 'quality check' for all common labels for goods and services with special attention to products coming from developing countries. The aim is to strengthen consumer awareness and thereby to improve production and service characteristics regarding economical, ecological and social criteria. In the framework of that project it will also be examined to what extent the T4SD Programme can be used as a basis for a standard assessment in Germany.

Moreover, the EU is supporting the uptake of fair trade and sustainable consumption and production practices through various grant schemes (e.g. CSO/LA thematic programme and SWITCH-Asia). Finally smallholder producers are benefiting from our national and regional programmes in the field of private sector development, AfT and rural agricultural development.

8. SOCIAL AND ENVIRONMENTAL STANDARDS

Although there is a proven positive correlation between increased trade flows and global growth and job creation, strong growth in the global economy has not led to a corresponding improvement in working conditions and living standards for all people. The reasons behind imbalances in the distribution of gains from trade are diverse. The size of the informal economy as a main feature of economies in developing countries, skills gaps in the supply side, gender discrimination or other labour market rigidities are some factors that may hinder adjustment processes and employment outcomes following trade liberalisation.

The adherence to and effective implementation of ILO core labour standards as well as support for the broader decent work agenda more generally need to be addressed in the context of these countries' overall economic and social development strategies. This also applies to aligning environmental standards on key multilateral conventions. Hence, one of

⁵⁷ www.kompass-nachhaltigkeit.de.

the most important instruments available to the EU for supporting this objective is development cooperation. Nevertheless, other policy instruments, including trade policy instruments, need to contribute as well. This includes sustainability impact assessments as well as the inclusion of sustainable development provisions in trade agreements and monitoring of their implementation. The overall objective is to create a framework for the respect of core labour and environmental standards and the promotion of high levels of protection, while recognising the right of countries to use their legitimate comparative advantage for economic development and fighting poverty. Moreover, the GSP+ scheme gives vulnerable developing countries incentives for ratifying and implementing core international conventions on human and labour rights, the environment and good governance.

8.1. Trade instruments

Promotion of the Decent Work Agenda and ILO labour standards, in particular the core labour standards, continued to be a key EU objective at the international scene. The EU was active in this area in international fora such as UN, ILO, G20 and ASEM, at bilateral and regional level with partner countries, as well as through development and trade policies (including in partnership and cooperation agreements, trade agreements, structural dialogue events, projects and studies).

The EU continues to promote ratification and effective implementation in law and practice of the 8 fundamental ILO Conventions enshrining the core labour standards, i.e. freedom of association and collective bargaining, elimination of forced and compulsory labour, elimination of discrimination in respect of employment and occupation, abolition of child labour.

This includes the negotiation of important labour and environmental provisions in the trade context into regional and bilateral trade agreements. The 2012 Communication *Trade, Growth and Development* has further highlighted that efforts to ensure that economic growth and development go hand in hand with social justice, including core labour standards, and sustainable environmental practices, are particularly relevant in a development context, in which countries face significant challenges.

Specific provisions promoting core labour standards and decent work, as well as key multilateral environmental agreements, have been included in all recently concluded trade agreements (EU-CARIFORUM, EU-Korea, EU-Central America, EU-Colombia and Peru, EU-Singapore and EU-Ukraine). At its first two meetings in 2012 and 2013, the Trade and Sustainable Development Committee established under the EU-Korea FTA (the first EU FTA which includes a fully-fledged Trade and Sustainable Development chapter to enter into force) paid specific attention to these aspects, discussing approaches to promote the green economy as well as progress made in ratifying ILO Conventions.

Furthermore, under the current GSP scheme, the EU has continued to grant through the GSP+ special incentive scheme additional market access preferences to vulnerable developing countries that ratify and effectively implement core Conventions on human and labour rights, including the fundamental ILO Conventions, the environment and good governance. On 25 October 2012, a new GSP Regulation was adopted. Its provisions concerning tariff preferences will enter into force on 1 January 2014. Under the new GSP+ arrangement, more countries will be able to benefit from additional preferences; however, an enhanced monitoring will also be introduced to ensure the effective implementation of the international conventions. All countries wishing to benefit from the GSP+ — including current beneficiaries — will need to submit applications to the Commission.

8.2. Support through development cooperation

The *Agenda for Change* which constitutes the current policy framework for EU action, states that support for inclusiveness will be focused primarily on social protection, health and education. Support to social inclusion and human development should continue through at least 20% of EU aid. The important contribution of the private sector and trade to development has to go along with promoting labour rights, decent work and corporate social responsibility.

The EU was one of the main advocates of the Recommendation Concerning National Floors of Social Protection adopted at the International Labour Conference in June 2012. It should help all countries to develop and continuously improve their national social protection systems and contribute to the realisation of the right of everyone to social security. The EU continues to support social protection floors in bilateral relations with partner countries, in the international fora and in development cooperation. The EU attaches utmost importance to capacity building and integrating civil society, social partners and private sector initiatives which contribute to creating social protection systems in developing countries. The EU encourages partner countries to include in their national policies the provision of higher levels of social security. Efforts to help enhance the capacity of the poor and vulnerable groups to escape from poverty and to better cope with risks and shocks should be pursued.

Employment and decent work are key elements for development and poverty reduction.⁵⁸ The EU supports partner countries in designing and implementing effective economic and employment policies that promote decent job creation and improve the quality of existing jobs in terms of earnings, labour conditions, social protection and social dialogue. The employment perspective is also increasingly taken into account in other policy areas such as trade and private sector development, agriculture and rural development and infrastructure. In recent years the EU has closely worked with the ILO in improving knowledge and supporting policy making to assess and address the effects of trade on employment⁵⁹.

The Communication *A Decent Life for All: Ending poverty and giving the world a sustainable future* proposing the EU position for the post-2015 development agenda and Rio+20 follow-up (adopted in February 2013) includes a presentation of major social challenges such as unemployment and underemployment, low female participation in the labour market, limited access to social services, young people at risk of a permanent exclusion from the labour market, informal employment and problems with fundamentals for decent work, including rights at work, social dialogue and social protection as well as increasing inequalities within countries. The EU proposals for sustainable development goals made in the run-up to Rio+20 cover also social inclusion and decent work.

The Commission also supports the development and enforcement of environmental standards in order to inform consumers about products and production processes and thus enhance the demand for sustainable commodities. Nonetheless, the Commission is aware of the risks of certain standards which may be complex for small and medium size companies and can create a ‘ceiling of mediocrity’ by failing to promote ongoing improvements.

Various Member States support the ILO Decent Work Agenda in their development cooperation policy. Belgium even defined the promotion of the Agenda as a key objective of

⁵⁸ The EU has endorsed the Decent Work agenda in the 2006 Communication *Promoting decent work for all — The EU contribution to the implementation of the decent work agenda in the world* (COM(2006) 249 final) and refers to it in a number of documents such as the *European Consensus for Development* and the *Agenda for Change*.

⁵⁹ Joint EC-ILO project *Assessing and Addressing the Effects of Trade on Employment* (DCI-HUM/2008/164791).

its development cooperation in the new Law on Development Cooperation. Belgium is particularly active in the fight against child labour. The Belgian strategy on the protection of the rights of the child goes back to 2008 and is still valid. For instance, in collaboration with the 'Club du Sahel' Belgium financed a study of the cocoa sector in West Africa in order to protect children against trafficking and exploitation.

Improving labour standards and health and safety conditions in the garment sector of Bangladesh

Bangladesh is a good illustration of both the importance of trade for development, and of the need for sound domestic policies aimed at maximising the benefits of trade for the people. The ready-made garment industry is a driver of the economic growth of Bangladesh and the EU is the country's main export partner for ready-made garments with €9.2 billion in 2012. This represents about 10% of the country's GDP and accounts for some 2.5 million jobs. As an LDC, Bangladesh benefits from duty-free quota-free access to the EU market for all its products under EBA. This is particularly important for ready-made garments.

This situation gave the EU a special responsibility to act in the face of the collapse of the Rana Plaza building in Dhaka in April which resulted in over 1 100 deaths. On 8 July 2013, the European Commission, together with the Government of Bangladesh and the International Labour Organisation (ILO), launched a joint initiative for improving labour, health and safety conditions for workers in Bangladeshi garment factories. The US has also since associated itself to the initiative. The initiative "*Staying Engaged: A Sustainability Compact for Continuous Improvements in Labour Rights and Factory Safety in the Ready-Made Garment and Knitwear Industry in Bangladesh*"⁶⁰, lists time-bound commitments on key issues in support of the process of improving labour, health and safety conditions in the Bangladeshi garment sector. It brings together different policy commitments making them work in synergy for improved development in Bangladesh and promotes responsible business conduct.

In line with the principle of ownership, Bangladesh has the main responsibility and committed to reforming its Labour Law to, inter alia, strengthen workers' rights, recruiting 200 additional factory inspectors, as well as improving building and fire safety. The EU is already strongly engaged in promoting employment and decent work in Bangladesh through EU development cooperation⁶¹. The ILO will help to coordinate efforts and mobilise technical resources. For its part, the EU will continue to support efforts of Bangladesh, including through its current aid programmes, and to provide additional help as part of the EU's future development assistance for the years 2014-2020.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Developing countries aim at attracting foreign investors to support their development. In order to achieve this, they may provide various incentives. However, where they exist, national social and environmental standards may be low and developing countries may face weak institutions and limited administrative resources to enforce them. In such a context, socially and environmentally responsible behaviour by foreign (and national) enterprises is

⁶⁰ http://trade.ec.europa.eu/doclib/docs/2013/july/tradoc_151601.pdf.

⁶¹ The European Commission finances among others the 'Better Work and Standards' Programme (BEST — €15 million) which includes a component implemented by GIZ to strengthen overall competitiveness in the textiles and RMG sector and to improve the working conditions of the RMG sector, by striking a balance between the profits of garment manufacturers, improved working and living standards for workers, and society's right to a healthy environment. A mid Term Review carried out in March 2013 concluded that the programme was progressing well.

particularly important, not only to ensure the sustainability of their own business activities over the longer term, but as a demonstration of good practice to host governments and local business. The Commission encourages European companies to adhere on a voluntary basis to internationally recognised guidelines for corporate social responsibility (CSR), for their business operations both within and outside the EU. The OECD Guidelines for Multinational Enterprises are particularly relevant in this regard.

9.1. The CSR Communication

The Commission adopted a Communication on corporate social responsibility in October 2011⁶², which also covers the international aspects of CSR. In this context, work has focused on three strands: promoting international CSR principles and guidelines, implementing the UN Guiding Principles for business and human rights, and emphasising CSR in relations with third countries. Regular dialogues have been held on the OECD Guidelines for Multinational Enterprises (these were updated in 2011), on the ILO Tripartite Declaration on Multinational Enterprises and Social Policy, and on the ISO 26000 standard. Concerning business and human rights, the Commission published guidance for enterprises on the corporate responsibility to respect human rights, focusing on three business sectors (i.e. employment and recruitment agencies; ICT/telecommunications; and oil and gas). The guidance was published in May 2013⁶³ and is based on the UN Guiding Principles on Business and Human Rights. The Commission has also produced a discussion paper on its own priorities in this area. It has also invited Member States to create national action plans on business and human rights, to which 23 Member States have to date responded positively. In the area of external policies, CSR has been addressed in several bilateral dialogues with partner countries and regions. The latest trade agreements concluded by the EU contain references to CSR. In the area of development cooperation, private companies working with local stakeholders in developing countries have continued to receive assistance from the European Instrument for Democracy and Human Rights.

9.2. National Action Plans

Member States' activities to promote CSR are manifold. To mention but a few which seem to be particularly interesting from a development cooperation point of view:

In November 2012 the Finnish government adopted a Resolution on Corporate Social Responsibility which contains an action plan clarifying the government's own CSR objectives and aiming at strengthening the responsible conduct of Finnish enterprises and the public sector. Main issues of the Resolution are business and human rights, promoting internationally recognised CSR principles and guidelines, SMEs and CSR, CSR in the mining industry, and CSR in the public sector (for example responsible public procurement).

Spain, besides working on its national action plan for CSR to be adopted in the course of 2013, has passed in March 2011 the Sustainable Economy Act, which encourages enterprises, organisations and public or private institutions to incorporate or develop social responsibility policies, and public administrations to spread their knowledge and best practices and promote the study and analysis of the impact on competitiveness of CSR policies. The Act includes the obligation for the Government to make available a set of characteristics and indicators for self-evaluation in terms of social responsibility and reporting models or references, all in

⁶² COM(2011) 681 final.

⁶³ <http://www.ihrb.org/project/eu-sector-guidance/draft-guidance-consultation.html>.

accordance with international standards in this area. Currently, the State Board of CSR (*Consejo Estatal RSE*) has established a Working Group in charge of developing the indicators system.

In February 2013, the French government sent to all their embassies a *Road map on CSR* (*'feuille de route sur la RSE'*) encouraging them to play a major role in promoting CSR in third countries. A number of activities are proposed for implementation by the services and French companies present in a country, including:

- Proposing to local governments cooperation for setting up national CSR standards;
- Supporting initiatives of local enterprises and associations in developing countries in promoting CSR (local CSR forums, fair trade etc.);
- Acting as information centre on projects on CSR standards;
- Establishing partnerships in the area with other European countries and their development agencies.

The Swedish State as the owner of 55 companies is also a major procurer of goods which in many cases originate from developing countries. Sweden therefore requires its state-owned companies to comply with the standards laid down in the international CSR Guidelines and develop due diligence processes on sustainability issues. They are also obliged to publish an independently verified and quality assured sustainability report along with their annual reports, in accordance with the guidelines of the Global Reporting Initiative (GRI), a widely recognised international standard for sustainability reports. In order to further integrate sustainability in company management, the Boards of Directors of the companies are required to define, decide and monitor a number of comprehensive sustainability goals to be integrated in the business strategy. The guidelines of the Swedish Government for state-owned companies were among the first set of national guidelines for corporate sustainability reporting.

In 2012, the Dutch government provided a grant to the Knowledge and Network Centre *MVO Nederland* ('CSR Netherlands') for a new programme (2013-2016) to enable SME leaders in six economic sectors to pay attention to CSR in the trade and investment chain in developing countries. The expectation of the programme is that SME leaders will promote CSR in their own sectors. Part of this programme was the development by *MVO Nederland* of a due diligence CSR Risk Check for SMEs (in Dutch and English language). It is aimed at entrepreneurs who purchase internationally produced products, export products or produce abroad. Using the OECD Guidelines for Multinational Enterprises as a framework, the CSR Risk Check provides practical advice about the CSR risks in the supply chain trade activities might carry and ways to identify mitigating measures. It gives insight into potential risks in the country of production and allows entrepreneurs to anticipate them in timely fashion.

In September 2013, the UK launched its action plan on business and human rights, setting out guidance to companies on integrating human rights into their operations. The National Action Plan is the UK's response to the UN Working Group on business and human rights, which calls for countries to implement the UN Guiding Principles on Business and Human Rights. The National Action Plan focuses on UK businesses and covers their activity at home and overseas. It summarises how the UK will protect against human rights abuses within UK territory and jurisdiction, and how the UK government will support UK businesses to respect human rights throughout their operations and supply chains. It also sets out plans to ensure access to remedy for victims of human rights abuse involving business enterprises within UK jurisdiction.

In the context of national action plans for both CSR and business and human rights, the Commission has launched a peer review of Member States' policies and activities on CSR. Member States will meet in groups of 4 during 2013, and through facilitated questioning will examine each other's CSR commitments, holding each other to account for efficient implementation. The peer review will rely heavily for its input on the CSR Communication, so it is expected that the international perspective will feature in it. So far, 3 peer review meetings have been held, involving 12 Member States. At least 2 other meetings out of the full 7 will be organised later this year. Emerging outcomes indicate that Member States are finding the exchanges useful in terms of increasing knowledge and networking. For the Commission, it is confident that the basis for a comprehensive update of the Compendium of Member State activities on CSR is being created.

The international perspective on CSR remains one of the key challenges for companies in the EU. The Commission will continue to work with the private sector and its stakeholders to encourage responsible and sustainable investment and supply chain management in developing countries, and the respect of human rights by business.

Investment promotion — Some examples from Member States

The Finnish government has established, together with other relevant parties, a new Task Force on *Business and Innovations for Development*. The aim is to engage the Finnish private sector in participating in development cooperation and enhancing synergies between Finland's development policy and trade and investment between developing countries and Finland. The task force will look for ways to boost innovative business solutions in the so-called Base of the Pyramid (BoP) markets. It will promote the development of new collaboration methods and activate Finnish companies to develop innovative products and services and sustainable business models in partnership with local actors in developing countries.

Swedfund, which is wholly owned by the Swedish government, provides risk capital, expertise and financial support for investments in developing countries. One of its tasks is to contribute to investment in developing countries that is not deemed realisable through commercial financing alone. Swedfund continually evaluates its investments from an ethical point of view based on the internationally recognised CSR guidelines. The Swedish Trade Council, an organisation founded to promote Swedish exports on behalf of the Swedish industry and government, also works to ensure that exporters in developing countries are able to find an outlet for their products and services in the international market and in Sweden. It also assists Swedish companies in identifying suppliers abroad, including in developing countries.

Several EU Member States (United Kingdom, Netherlands, Sweden, Austria, Ireland and Germany) are members of the Private Infrastructure Development Group (PIDG), a coalition of donors who mobilise private sector investment to assist developing countries with providing infrastructure necessary for economic growth and combating poverty. The PIDG helps to overcome the obstacles to private sector infrastructure investment through a range of specialised financing and project development facilities and programmes that respond to the specific infrastructure market conditions of the poorer developing countries. PIDG is a public-private partnership. PIDG members set the framework within which the companies operate. The development impact of PIDG supported projects has been acknowledged on several occasions.

9.3. Disclosure of Non-Financial Information

EU legislation, in particular the EU Accounting Directives⁶⁴, currently address the issue of the disclosure of non-financial information by requiring companies, where appropriate, to publish relevant information on environmental and employee-related aspects of their activities to the extent necessary for an understanding of their development, performance or position. Member States may exempt small and medium-sized companies (SMEs). However, such requirements have proven ineffective, and some players consider this provision voluntary. As a result, only a small percentage of large EU companies disclose such information on a regular basis.

Over time, some Member States have introduced disclosure requirements which exceed the scope of the Accounting Directives, while several initiatives by international organisations and stakeholders provide relevant voluntary frameworks, including the UN Global Compact, the OECD Guidelines for Multinational Enterprises, ISO 26000, the ILO Tripartite Declaration of Principles on Multinational Enterprises and Social Policy or the Global Reporting Initiative. The final Declaration of the UN Rio+20 Conference adopted in June 2012 has also recognised the importance of corporate sustainability reporting and encouraged companies, where appropriate, to consider integrating sustainability information into their reporting cycle.

Following increasing demand from investors, civil society and other stakeholders, the Commission has adopted a legislative proposal to improve the transparency of the social and environmental information provided by some EU companies in all sectors. The need to increase transparency was already recognised by the Commission in the Single Market Act 1 and in the 2011 CSR Communication, and more recently acknowledged by the European Parliament in its two resolutions on CSR adopted in February 2013.

After an extensive consultation process with Member States, companies, investors and civil society, the Commission submitted on 16 April 2013 a proposal for a Directive enhancing the transparency of certain large companies on social and environmental matters. The Directive amends above-mentioned Accounting Directives and applies to large companies (>500 employees) established and/or listed within the EU and concerns all company's operations, irrespective of the place where they have been carried out — both inside and outside the EU. Companies concerned will need to disclose information on policies, risks and results as regards environmental matters, social and employee-related aspects, respect for human rights, anti-corruption and bribery issues, and diversity on the boards of directors. They may use international or national guidelines according to their own characteristics or business environment (for instance, the UN Global Compact, the OECD Guidelines for Multinational Enterprises, ISO 26000, or the German Sustainability Code).

By strengthening and clarifying the existing requirements, the proposal should increase the relevance, consistency, and comparability of the non-financial information disclosed by companies in above areas. The proposal is considered as an effective way of encouraging large European companies to integrate social and environmental considerations into their operational practices and business strategies, including their supply chain operations in developing countries. The Directive, once adopted by the European Parliament and the Council, would create legally binding obligations.

⁶⁴ Fourth and Seventh Accounting Directives on Annual and Consolidated Accounts, 78/660/EEC and 83/349/EEC, respectively.

10. INTELLECTUAL PROPERTY RIGHTS (IPRs)

The Commission continues to pursue a balanced IPR policy towards developing countries at bilateral and multilateral level in order to promote technological progress and innovation, to support domestic and foreign investment and to facilitate IPR protection of products exported from developing countries to the EU and thus help them to leverage the value of their intellectual creations. The Commission is also committed to preserve access to affordable medicines in line with the principles of the Doha Declaration.

A number of features and flexibilities have been built into the trade related intellectual property rights (TRIPS) agreement to ensure that the national IPR legislation of WTO members support development-related objectives, in particular related to medicines. Under the TRIPS Agreement, LDCs benefit from a transition period to protect intellectual property under the Agreement. The previous deadline, already extended once, was 1 July 2013. On 11 June 2013 WTO members agreed to extend that deadline for eight years until 1 July 2021. Concerning patents related to pharmaceuticals, this transition period applies until 2016, with an extension possible. Moreover, an amendment to TRIPS was adopted in 2005 with a view to facilitating access to generics for countries without pharmaceutical production capacities. While this amendment still needs to be ratified by several WTO members, it has already been incorporated into EU legislation⁶⁵. IPR provisions are also included in the bilateral and regional trade agreements negotiated. The EU is also assisting developing countries in adopting and enforcing IPR regimes in line with their international obligations and taking into account development level and needs, including awareness raising and capacity building.

In the coming months the revised IPR Strategy for protection and enforcement in third countries will be published. The EU IPR strategy will reaffirm the importance for the Commission to take into account third countries' level of development and capacity in its engagement, and the importance of striving to find a good policy balance between encouraging and rewarding innovation, and ensuring access for users and the public. It is important to reaffirm that developing countries, in particular middle-income countries, can host inventive and creative industries that stand to benefit from stronger IPR protection.

The potential for development of geographical indications (GIs) in developing countries, for example, is well illustrated by the increasing global marketing of specialty coffees designated by origin in certain ACP countries. Registration of GIs can be an option within the reach of small producers to pursue success in world markets. They can create value for local rural communities in developing countries through products that are deeply rooted in tradition, culture and geography. GIs also have the potential to enhance economic rewards for sustainable production through traditional methods. While recognising the early stage of development in many countries and limitations in terms of capacity, the EU is encouraging the development of GI systems. In the Southern African Development Community (SADC) EPA negotiation, the EU has proposed reciprocal protection of a short list of GIs focused on South Africa, which already demonstrates effective protection to GIs in the wines and spirits sectors under agreements concluded in 2004. The EU is also open to cooperation on GIs in other EPA regions, although partners are not always forthcoming. In November 2012 the Commission's Directorate-General for Agriculture and Rural Development (AGRI) signed a cooperation agreement with the African Regional Intellectual Property Organisation (ARIPO) to improve the protection of traditional agricultural products in Africa. Of course it is not only GIs that can play an important role in development, but also other IPRs. Copyright plays a

⁶⁵ Regulation 816/2006/EC on compulsory licensing of patents relating to the manufacture of pharmaceutical products for export to countries with public health problems.

crucial role in protecting and encouraging local artists and the dissemination of culture. Valuable textiles benefit from the existence of an effective trade mark system.

The EU has continued to provide significant technical assistance and capacity building in IPR to developing countries⁶⁶ such as through the ACP MTS Programme covering ACP countries, including Lesotho, Trinidad and Tobago, Cameroun, Kenya and Benin. Concerning IP of plant varieties, the EU and the Community Plant Variety Office subscribe to their obligation as laid down in international trade agreements. Specific cooperation actions with third countries are aimed at the protection of new plant varieties in the framework of the International Union for the Protection of New Varieties of Plants (UPOV). Some actions target specifically African countries, through cooperation with the two African regional intellectual property organisations, ARIPO and AIPO (African Intellectual Property Organisation).

In the EU reporting regarding the implementation of Article 66.2 TRIPS Agreement - *Promoting and encouraging technology transfer to least developed countries*, technology transfer is referred to as "the ways and means through which companies, individuals and organizations acquire technology or know-how from foreign sources. There are several types of technologies as well as several channels of transmission. Indeed, the acquisition by LDCs of a sound and viable technological base does not depend solely on the provision of physical objects or equipment, but also on the acquisition of know-how, on management and production skills, on improved access to knowledge sources as well as on adaptation to local economic, social and cultural conditions".⁶⁷

Technology transfer is often one component of a more complex project, rather than a stand-alone activity. There are technology transfer aspects in many projects that go under the label of "*technical assistance*". Most projects that deal with sectors such as energy, water, agriculture, governance and infrastructure contain transfer of know-how. Incentives undertaken by the EU usually take the form of encouragement, promotion and facilitation of projects which are part of a global and comprehensive approach to development. The EU is committed to the provision of incentives for technology transfer under Article 66.2 TRIPS with a view to helping LDCs to create a sound and viable technological base.

The Commission, in partnership with WHO, has undertaken capacity building in African countries to foster pharmaceutical policy — regulatory agencies, procurement process, quality control— in African countries. It has also engaged with WHO in preparatory action to support the transfer of technology on drugs, diagnostics and vaccines.

At bilateral level, the EU addresses intellectual property rights in its negotiations for trade agreements with developing countries. These agreements help to enhance transparency and promote regional harmonisation of rules and alignment with internationally recognised standards with a view to improving the trade environment and encouraging innovation. In addition to being the biggest provider of resources to support health policies in developing countries, the EU pays particular attention in the context of bilateral negotiations to ensure access to affordable medicines as agreed upon in the TRIPS Agreement, such as the recognition and implementation of the Decision of the WTO General Council on Paragraph 6 of the Doha Declaration on the TRIPS Agreement and Public Health. It is also worth noting that in 2012 the Commission published guidelines to provide clarifications on the application of Council Regulation No 1383/2003 and its implementing Regulation No 1891/2004 with regard to goods in transit through the territory of the EU (and published a revised Regulation

⁶⁶ As reported most recently in WTO document IP/C/W/582/Add.7.

⁶⁷ EU Report on the Implementation of Article 66.2 of the Trips Agreement, WTO IP/C/W594/Add.3, 4 October 2013.

1383/2013). The guidelines address the specific concerns raised by India and Brazil on medicines in genuine transit through the EU which are covered by a patent right in the EU.

The Commission is also pursuing its objective to enhance respect for IPR standards at multilateral level, in particular in the context of the World Intellectual Property Organisation (WIPO) and WTO.

WIPO also provides significant technical assistance to support implementation of various international instruments, including the WTO TRIPS Agreement. The EU and its Member States make a very significant contribution to WIPO's funding, and invest considerable efforts in negotiations and discussions. Within the WIPO governance structure, there is a Committee on Development and Intellectual Property (CDIP) within which the EU has observer status and which produced a WIPO Development Agenda.

In 2012, the WIPO Treaty on Performers' Rights in Audio-visual Productions was signed, which will update and bring the situation of performers in the audio-visual sector in line with that of record producers and performers who benefited from the WIPO Performances and Phonograms Treaty from 1996. Also, a WIPO treaty was signed in the field of copyright that provides for exceptions to give visually impaired persons better access to protected works.

The 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, to which the EU and its Member States are all parties now, recognises the importance of IPR in sustaining cultural creativity, calls on parties to support cooperation for development to strengthen cultural industries in developing countries, and requires developed countries to promote cultural exchanges by granting preferential treatment to artists, cultural goods and services from developing countries.

The review of Regulation 953/2003 to avoid trade diversion into the EU of certain key medicines will address the issue of medicines eventually diverted to Europe notwithstanding an initially agreed tiered pricing for final consumption on another continent.

Fighting counterfeited medicines also helps to limit the trade of fake medicines in developing countries, with positive consequences for public health.

Access to medicines — an example from the United Kingdom (UK)

The UK supports programmes, such as the Medicines Patent Pool, which seek to license drugs, e.g. new HIV/AIDS drugs, cheaply for countries in need. Working through the Industry Government Forum on Access to Medicines (IGFAM), an initiative launched in October 2009 by the UK government together with the pharmaceutical industry, UK is also exploring with the global pharmaceutical industry how medical technology can best be transferred to developing countries.

11. COMMODITIES AND RAW MATERIALS

11.1. The EU Raw Materials Policy

Resource wealth can and should act as an engine for inclusive growth and sustainable development, in turn creating 'win-win' situations where both developed and developing countries benefit from the sustainable supply of raw materials. The EU's Raw Materials Initiative (RMI) launched in 2008, provides an excellent opportunity to share experiences and views on how mineral wealth can foster broad-based growth, especially in developing countries where the availability of resources has not always led to inclusive growth for its people.

The Communication *Tackling the Challenges in Commodity Markets and on Raw Materials in commodity markets*⁶⁸ adopted on 2 February 2011 confirmed the general and balanced approach between European demand for raw materials and their supply from developing countries. The proposed strategy should help resource-rich developing countries translate their resource wealth into inclusive growth and sustainable development. The Commission proposed among others to:

- enhance European financial and political support for the Extractive Industries Transparency Initiative (EITI), and help developing countries to implement it;
- share best practice with international organisations such as the World Bank, IMF, and the African Development Bank;
- examine ways to improve transparency throughout the supply chain;
- promote more disclosure of financial information for the extractive industry;
- promote the application of EU standards by EU companies operating in the developing countries;
- support the work by the OECD on due diligence in the mining sector.

In its Conclusions of 10 March 2011 reinforcing the Raw Materials Communication, the Council stressed the need to continue taking into account the objectives of development cooperation in implementing an integrated raw material strategy to support the implementation of the Africa EU Joint Strategy 2011-2013 in the field of raw materials and to promote linkages between the extractive industry and local development, including the effective use of revenues from the extractive industry for this purpose.

In order to turn the Africa-EU Joint Strategy 2011-2013 into action, the Commission organised the High-Level Conference '*EU-Africa Partnership on Raw Materials: Translating Mineral Resource Wealth into Real Development for Africa*' which took place on 26 January 2012 in Brussels. This conference explored how to implement the raw materials aspects of the Joint Africa-EU Strategy Action Plan 2011-13. On governance, the conference concluded that improvement will require more transparency, especially with regard to payments and contracts; administrative capacity for governments and parliaments in contract negotiations; and involvement of civil society and the private sector. On investment and infrastructure, the conference concluded that Europe can help Africa to improve the investment potential of mining development corridors; enhance policy and regulatory framework on issues such as environmental impacts of mining; transfer of such approaches to state mining companies (using its experience in corporate social responsibility); use small firms (mining and other) to increase local content and diversify mining supply chains. On geological knowledge and skills, the conference concluded that the EU and AU should foster cooperation between the European and African geological surveys and improve the capacity of the Organisation of African Geological Surveys (OAGS). Following the recommendations of the conference to strengthen the cooperation between European and African geological surveys, a scoping study on geological cooperation commencing in 2013 was prepared for financing within the Africa-EU Joint Strategy Support mechanism. The overall objective is to increase African-owned geological knowledge and skills for sustainable mineral exploitation, infrastructure, water and energy management and natural disasters prevention or mitigation.

The EU raw materials policy attaches great importance to improving governance in developing countries and making sure that due revenues are received by governments and

⁶⁸ COM(2011) 25 final

http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/communication_en.pdf.

used in a transparent and development-oriented way. For this reason, it supports raw materials transparency schemes such as the EITI (Extractive Industries Transparency Initiative) and FLEGT (Forest Law Enforcement, Governance and Trade). As regards the former, the EU supports the EITI politically (with frequent pronouncements in its favour), financially (funding some of its major training activities) and governance-wise (a Commission representative sits at its Board and belongs to two Board Committees). In addition, the EU is one of the co-funding partners of the World Bank-administered Multi-Donors Trust Fund to support the candidacy and compliance of EITI countries.

Moreover, to ensure that governments and companies are accountable for revenues from natural resources and to promote good company and public governance, in June 2013 the EU adopted and approved amendments to the Accounting and Transparency Directives which the Commission had tabled in 2011⁶⁹ and which, inter alia, promote the disclosure of payments to governments by the extractive and forestry industries both for companies listed on EU stock exchanges and for other large EU companies⁷⁰.

Furthermore the Commission announced in its 2012 Communication *Trade, Growth and Development* its intention to explore ways, including aspects of due diligence, of improving transparency throughout the supply chain in relation to developing countries plagued by conflicts. To this end, the Commission closed a public consultation in June 2013 to get interested parties' views on a possible EU initiative for responsible sourcing of minerals coming from conflict-regions. The Commission wanted to deepen its understanding of issues such as the sourcing and security of supply of minerals, as well as the appropriateness of existing supply chain transparency tools as opposed to good governance approaches to deal with conflict regions where raw materials play a key role in financing armed groups.

The Commission aims at issuing a legislative proposal and a Communication by the end of 2013. The legislative proposal will be aimed at establishing a supply chain transparency instrument whereas the Communication will describe the context, the necessary accompanying measures, and will look – together with the EEAS - at the broad strategy to cut the link between raw materials and conflicts.

11.2. Forest Law Enforcement, Governance and Trade (FLEGT)

Illegal logging has a devastating impact on some of the world's most valuable remaining forests and on the people who live in and from these forests. Billions of euros are lost every year; the livelihoods of millions of poor people are affected. Illegal logging contributes to the deforestation and forest decline that has knock-on effects on climate change. According to the International Panel of Experts on Climate Change (IPCC), deforestation and forest degradation are accountable for about 20% of the annual worldwide CO₂ emissions. The EU is one of the biggest global markets for timber products. This is why the EU has taken the lead in the global fight against illegal logging and especially imports of illegal timber into Europe. This is done through a number of demand and supply side measures.

In 2003, the EU adopted a new approach, set out in the FLEGT Action Plan, which blends action in Europe, on the demand side, with actions in timber producing countries, on the supply side, to combat illegal logging. The Plan foresees support to timber producing

⁶⁹ Proposal for a Directive of the European Parliament and of the Council amending Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and Commission Directive 2007/14/EC, COM(2011) 683 final of 25.10.2011; Proposal for a Directive of the European Parliament and of the Council on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, COM(2011) 684 final of 25.10.2011.

⁷⁰ For more details see section 12.2.

developing countries, development of a licensing system to ensure that only legal timber is imported into Europe, support to the private sector to promote tailor-made business solutions, work on financing measures to encourage responsible investments and new domestic policies to promote legal and sustainably produced products in European governments' purchasing practices.

FLEGT uses trade incentives and the EU market as a leverage to promote forest governance and law enforcement reforms in producing countries. The bulk of the FLEGT Action Plan activities consists in non-aid measures, primarily in the EU. These include:

- legislative measures aiming at regulating the EU market in order to minimise the risk of illegal timber to be placed on the EU market, whether from EU forests origin or from imported sources (the so-called EU Timber Regulation);
- legislative measures aiming at promoting the transparency and accountability of big logging operations;
- incentive measures aiming at stimulating the demand for legal and sustainable timber, such as codes of conduct and procurement policies.

FLEGT also foresees so-called *Voluntary Partnership Agreements (VPA)* with timber producing developing countries. A VPA is a legally binding trade agreement between a timber-producing country and the EU aiming at working together to stop illegal logging.

11.2.1. EU legislative measures

2013 is a milestone in the implementation of the FLEGT Action Plan, 10 years after its adoption. On 3 March 2013, the new EU Timber Regulation⁷¹ entered into force. This regulation, which defines the obligations of operators who place timber and timber products on the market, was adopted by the Council and the European Parliament in 2010. The Regulation introduces three key obligations:

1. It prohibits for the first time the placing on the EU market of illegally harvested timber and products derived from such timber, wherever the timber may originate (EU or not EU)
2. It requires operators who place timber products for the first time on the EU market to establish 'due diligence' systems through which they assess and minimise the risk of illegal timber entering their supply chain.
3. It requires timber traders on the EU market to keep records of their suppliers and customers to facilitate the traceability of timber products.

The definition of legal timber in the Timber Regulation is based on the legal framework of the country of origin. As such, it aims at supporting the forest law enforcement efforts of partner countries, through the introduction of new obligations for timber importers on the EU market.

11.2.2. Incentive measures

The EU has also sought to increase demand for legal and sustainable timber and timber products by encouraging both private and public sector procurement policies to give preference to legally harvested timber and timber products. In the public sector these form part of a broader effort to 'green' procurement policies. So far, 11 Member States have adopted green public procurement policies requiring timber and timber products to be from legal and sustainable sources.

⁷¹ Regulation (EU) No 995/2010 of the European Parliament and of the Council of 20 October 2010 laying down the obligations of operators who place timber and timber products on the market.

Many EU private sector timber trade and retail federations and companies have made commitments through Codes of Conduct to eliminate illegally harvested timber from their supply chains. In addition, some banks have put in place policies to ensure their clients are not associated with illegal logging activities.

11.2.3. Voluntary Partnership Agreements (VPA)

Partnering with timber producing developing countries to support their forest governance and law enforcement efforts is another core element of the FLEGT Action Plan. The goal of a VPA is to establish legality verification and licensing systems in order to ensure that all timber imported to the EU from the timber-producing country has been produced legally according to the laws of that country. This normally requires that measures be taken in the partner country in regard to: policy and legal reform, governance and transparency, capacity building, improvements of traceability throughout the supply chain, improvements of the systems for capturing revenues and rents.

The EU has so far concluded six VPAs, i.e. with Cameroon, the Central African Republic, Congo (Brazzaville), Ghana, Indonesia and Liberia. These countries are actively developing their timber legality assurance systems and FLEGT licensing schemes. Nine other VPAs are being negotiated, i.e. with Côte d'Ivoire, the Democratic Republic of Congo (Kinshasa), Gabon, Guyana, Honduras, Laos, Malaysia, Thailand and Vietnam.

The Commission is working together with the Member States to provide targeted aid to timber producing countries in support of VPA negotiation and implementation. Such capacity-building is provided through development cooperation instruments including support to NGOs and private sector actions.

11.3. Member States Initiatives

Several Member States have either launched own initiatives or joined international initiatives aiming at promoting greater sustainability in major global commodity markets, such as cotton, palm oil, timber or cocoa.

For instance, as part of its *Drivers of Change* initiative — which supports organisations whose activities drive development within a specific business related field such as CSR or social entrepreneurship or try to bring about a positive change in a market — Sweden supports the *Market Transformation Initiative* (MTI) run by the World Wide Fund for Nature (WWF). MTI engages many large companies in the aim of transforming major global commodity markets, such as cotton, palm oil and timber, towards greater sustainability. MTI brings together key actors in the supply chain (manufacturers, traders, retailers and banks, and NGOs) to set new market standards and better management practices, resulting in better livelihoods for poor people and reduced negative impact on the environment. MTI is an example of how CSOs in collaboration with the business sector and the public sector can play an important part in changing markets.

A good example for an own initiative by a Member State to bring about greater sustainability in the commodity markets is the *German Initiative on Sustainable Cocoa* (GISCO).

The German Initiative on Sustainable Cocoa (GISCO)

The *German Initiative on Sustainable Cocoa, GISCO (Forum Nachhaltiger Kakao)*, launched in June 2012, is an alliance of the German Federal Government, chocolate and confectionary industry, food retailers, NGOs and standard-setting organisations sustainability standards). The aims of GISCO are to promote sustainable cocoa production and to coordinate existing actions. Through concerted action engaging private-sector, policymaking and civil-society actors in a broad-based cooperation throughout the sector, GISCO members seek to improve conditions in the cocoa sector, and namely the lives of cocoa farmers and their families, and to increase the proportion of cocoa produced sustainably and thus satisfy the growing demand within the private sector for cocoa produced in this way. These goals are addressed in close cooperation with cocoa producer countries. Planned actions are:

- formulate quality criteria for effective project activities, and establish a consensus on methods, means and ways to achieve a more sustainable cocoa production
- disseminate knowledge on sustainable production methods through best-practice approaches
- support the drafting of a sustainability standard by the European Committee for Standardisation (CEN)
- network and cooperate with existing initiatives to promote sustainable cocoa production
- provide businesses, including SMEs, with guidance on how to integrate sustainability issues into cocoa procurement.
- raise public awareness on GISCO's activities

Currently GISCO develops a proposal for a joint project in and with Côte d'Ivoire, one of the largest producer countries of raw cocoa, aiming at a substantial increase of productivity and incomes of cocoa producers and their families.

GISCO already has 76 members representing industry, trade, policy-making and civil society. The financing of GISCO and its activities is mainly assured by the German Federal Government, the confectionery industry and the retail grocery trade. The *Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)* hosts GISCO Secretariat.

Numerous Member States promote activities to improve governance and increase sustainability in the extractive industries sector. For instance, ten Member States are among the supporting countries of the Extractive Industries Transparency Initiative, EITI (out of a total of 17 countries) providing political, technical and financial support to the initiative. The Netherlands have started with the DRC a '*conflict free tin initiative*', involving the DRC, the German and US governments and a number of companies which promote the extraction and trading of tin while avoiding to contribute to the war economy. Furthermore, the Netherlands is conducting a feasibility study into the creation of a *Responsible Mining Index*, mapping and ranking the performance of mining companies worldwide. First results are expected in autumn 2013.

12. GOOD TAX GOVERNANCE AND FINANCE

Developing countries face considerable difficulties in funding their public policies. Better mobilisation of public revenues calls for more effective EU support for fiscal revenue systems

on the one hand, and for the promotion of a transparent and cooperative tax environment on the other, including the principles of good tax governance. The EU has an established policy of promoting good governance in tax matters aimed at tackling harmful tax competition and tax evasion within the EU and at the broader international level. This policy, based on three principles (transparency of tax systems, exchange of tax information and fair tax competition), is not limited to so-called ‘tax havens’ per se, but aims at improving good governance in tax matters in all countries. Success will also depend on enhanced international cooperation and improved transparency of transnational enterprises, to which the implementation of transparency rules in the extractive industry sector contributes.

12.1. Fight against Tax fraud and Tax evasion

Tax fraud and tax evasion is detrimental to both developed and developing countries. It is limiting the capacity of States to raise revenues, to carry out their economic policy and to proceed to necessary structural reforms. The globalisation of the economy, fluid capital movements and technological developments has undermined the functioning of historically closed tax systems of jurisdictions around the world. In times of economic crisis and severe budgetary constraints there is a strong need to improve the efficiency of national tax systems and close opportunities for abuses of which the private sector is accused so as to secure sustainable tax revenues and support high levels of compliance based on fair and fairly applied tax systems.

At the March 2012 European Council, Member States asked the Commission ‘to rapidly develop concrete ways to improve the fight against tax fraud and tax evasion, including in relation to third countries’. In April the European Parliament adopted a Resolution calling for concrete ways to combat tax fraud and tax evasion.

As a first response to this request, the Commission adopted a Communication in June 2012 setting out key challenges posed by tax fraud and evasion, and concrete ways to address them⁷². On 6 December 2012, the Commission adopted a Communication containing an Action Plan to strengthen the fight against tax fraud and tax evasion⁷³ and two Recommendations. Through the description of 34 specific actions, the Action Plan highlights the initiatives that the Commission has already taken, new initiatives that can be taken in the short term and those requiring a longer timeframe. It sets out a comprehensive set of measures, for now and for the future, to help Member States protect their tax bases and recapture taxes legitimately due. This action plan is accompanied by two recommendations to encourage Member States to take immediate and coordinated action on aggressive tax planning and so called ‘tax havens’. They constitute an immediate response to the identified needs to ensure a coherent policy vis-à-vis third countries, to enhance exchange of information and to tackle tax evasion and avoidance.

12.1.1. Recommendation regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters⁷⁴

The Commission recommends the adoption by Member States of a set of criteria to identify third countries not meeting minimum standards of good governance in tax matters and a ‘toolbox’ of measures in regard to third countries according to whether or not they comply with those standards. Those measures comprise the possible inclusion in or removal from national blacklists and the renegotiation, suspension or conclusion of Double Tax Conventions. Furthermore, it calls for EU Member States to consider offering closer

⁷² COM(2012) 351 final .

⁷³ COM(2012) 722 final .

⁷⁴ C(2012) 8805 final .

cooperation and technical assistance to third countries, especially developing ones, which are committed to complying with minimum standards of good governance in tax matters in order to assist them in fighting effectively against tax evasion (e.g. possible secondment of tax experts to such countries for a limited period of time). This approach effectively emphasises, by giving more detail, the negotiation position followed by the Commission as mandated by the Council for agreements with third countries. The initiative is based on the principles of transparency, information exchange and fair tax competition.

12.1.2. Recommendation on aggressive tax planning⁷⁵

The Commission recommends to Member States ways to address legal technicalities and loopholes which some companies exploit to avoid paying their fair share of taxes. Member States are encouraged to reinforce their Double Taxation Conventions and national legislation, to prevent them from resulting in no taxation at all in cross border situations (double non taxation). The Commission recommends Member States to include a clause in double taxation conventions concluded with other EU Member States and with third countries to resolve a specifically identified type of double non-taxation. They are also recommended to adopt a common General Anti-Abuse Rule, under which they could ignore any artificial arrangement carried out for tax avoidance purposes and tax instead on the basis of actual economic substance. This would help to ensure coherence and effectiveness in an area where Member States' practice varies considerably.

12.1.3. Next steps

In order to ensure that the initiative is driven forward, the Commission is expected to set up active new monitoring tools and scoreboards, to maintain momentum in the fight against tax evasion and avoidance. Member States will inform the Commission on measures taken in order to comply with the Recommendation, as well as any changes made to such measures. The outcomes will be published in a report on the application of the Recommendations within three years.

A new Platform for Tax Good Governance composed of experts from Member States and stakeholder representatives has been created in order to provide assistance to the Commission in:

- Preparing its report on the application of the two Recommendations and
- Its ongoing work on aggressive tax planning and good governance in tax matters.

Finally, the Commission will continue to promote fair tax competition globally by negotiating good governance provisions in relevant agreements with third countries.

12.2. Country-by-Country Reporting

In recent years major efforts have been made towards adopting legislative initiatives that would create more transparency and accountability.

In June 2013, the EU approved and adopted a proposal by the Commission to amend the Accounting and Transparency Directives⁷⁶. The amendments require listed and large⁷⁷ non-listed companies with activities in the extractive industry (oil, gas and mining) and primary

⁷⁵ C(2012) 8806 final.

⁷⁶ See above footnote 62.

⁷⁷ The Accounting Directive defines a large company as one which exceeds two of the three following criteria: Turnover € 40 million; total assets € 20 million and minimum 250 employees.

forest sectors to publicly disclose all payments⁷⁸ over €100.000⁷⁹ they make to governments on a country-by-country and project-by-project basis.

Such disclosure will provide civil society in resource-rich countries with the information needed to hold governments to account for any income made through the exploitation of natural resources such as oil and gas fields, mineral deposits and forests. It will also hint at possible tax avoidance and evasion. This piece of EU legislation can be a catalyst for change in developing countries and bring a new era of transparency to an industry which is far too often shrouded in secrecy and help fight tax evasion and corruption as well as create a framework of accountability for both private companies and governments.

The country-by-country reporting requirement is an important step in fulfilling the Commission's objectives for more responsible businesses. It follows up on commitments agreed under the Single Market Act I with the aim of fostering a sustainable and inclusive growth model. It is also in line with commitments made at G8 in May 2011 where the Commission has been a strong advocate for the Extractive Industry Transparency Initiative (EITI).

In February 2013, the EU institutions reached a 'political agreement' to extend country-by-country reporting requirements to the financial institutions in the context of the Capital Requirements Directive (CRD IV). According to the 'political agreement', financial institutions regulated under CRD IV will be required to disclose the number of employees and turnover in each country of operation. After giving due regard to any adverse consequences, the disclosure requirements may be extended to other information, such as pre-tax profit or loss, taxes paid, and public subsidies received. This 'agreement' still has to be formally adopted by the Council and the European Parliament.

12.3. Member States Activities

Several Member States, such as Finland, Denmark or France, have identified taxation and development as one of the priority areas for PCD activities. They are actively engaged at bilateral and multilateral level in supporting developing countries in setting up sound tax systems and implementing principles of good governance in the tax area. For instance, Finland in support of the Joint Tax & Development Programme of the Fiscal Affairs Committee and the Development Assistance Committee (DAC) of the OECD contracted a study in 2011 on the various international activities on tax matters and surveyed its partner country embassies to identify key issues and means to support the partners in tax matters. The findings of the study have led the Finnish government to take an active role in this sector. Recent and planned actions by Finland in the area include among others:

- Promotion of the inclusion of tax issues, including tax havens and multinational enterprises' taxpaying, into the international development agenda;
- Support for the *Tax Justice Network*, an independent organisation dedicated to high-level research, analysis and advocacy in the field of tax and regulation, tax evasion and avoidance, in raising awareness and seeking common understanding on these issues;

⁷⁸ According to the EU proposal the payments to governments are: a) production entitlements, b) taxes on profits, c) royalties, d) dividends, e) signature, discovery and production bonuses, f) license fees, rental fees, entry fees and other considerations for licenses and/or concessions, g) other direct benefits to the government concerned.

⁷⁹ Any payment, whether made as a single payment or as a series of related payments, need not be taken into account in the report if it is below 4100.000 within a financial year.

- Support to two International Conferences on Transfer Pricing in June 2012 and autumn 2013;
- Continued support for the Task Force on Tax and Development of the OECD Committees on Fiscal Affairs and the DAC; participation in the OECD Task Force dealing with natural resources and taxation;
- Revision of the internal guidelines for the funding of FinnFund, the Finnish development finance company, with a view to preventing any involvement in tax havens.

Based on the OECD standards on transparency and exchange of information, numerous Member States have concluded a lot of Tax Information Exchange Agreements (TIEAs) or Double Taxation Conventions (DTCs) with developing countries to counter tax evasion and to avoid double taxation.

A number of Member States is actively supporting the OECD action plan to combat tax avoidance and the erosion of tax bases. Several Member States also support the OECD initiative *Tax Inspectors Without Borders* which aims to help developing countries better address tax base erosion, including tax evasion and avoidance, and thus bolster their domestic revenues. France has financed a feasibility study in this regard.

Member States also provide bilateral technical assistance in the field of taxation and customs to administrations in developing countries. For instance, Portugal has assumed a long-term commitment to assist African Portuguese Speaking Countries (PALOP) in strengthening the individual and institutional capacity of their tax and customs services and promoting good governance in tax matters. Within the Community of Portuguese Language Countries (CPLP), there are also Integrated Programs for Cooperation and Technical Assistance specifically in the areas of customs and inspectorate, which aim to strengthen the institutional capacity of the peer services, and to exchange information and good practices. In addition, in the framework of the Conference of Ministers of Justice of CPLP and by initiative of Portugal, a working group on the issue of corruption in international transactions has been created in order to harmonise legislation and provide raising awareness. As a result of the working group efforts, a draft Recommendation and a draft action Plan have been elaborated for approval of the Conference of Ministers of Justice of CPLP.

Helping (non-aid) finance for development- an example from the UK

Remittances are also important to development. But according to World Bank figures, it is twice as expensive to send money to Sub-Saharan Africa as to South Asia. This is why the UK government is advocating reducing the average cost of sending and receiving remittances by 5 percentage points over 5 years. The UK has already provided support for the pioneering price comparison website *sendmoneyhome.org* to increase transparency around remittance transfer costs and stimulate competition. The average cost of sending £100 has fallen by 5.6% across 11 countries and by 28% to India. The web platform has become fully commercialised and replicated in France, Germany, Italy, Netherlands, Australia and New Zealand. The UK is also exploring the use of branchless banking to improve the speed and security of international remittance transfers and reduce their cost through the *Consultative Group to Assist the Poor* (CGAP) Technology Programme in partnership with other, private donors.

Climate change

13. CLIMATE CHANGE

Quick facts

- To prevent the most severe impacts of climate change, the international community has agreed that global warming should be kept below 2°C compared to the temperature in pre-industrial times. To stay within this ceiling, the world must stop the growth in global greenhouse gas emissions by 2020 at the latest, reduce them by at least half of 1990 levels by the middle of this century and continue cutting them thereafter.
- The EU Member States are responsible for around 11 % of global GHG emissions.
- Under the Kyoto Protocol, the 15 countries that were EU members before 2004 ('EU-15') are committed to reducing their collective emissions to 8 % below 1990 levels by the years 2008-2012. According to the latest figures, the EU-15 is on course to over-achieve its reduction target for the first Kyoto commitment period. Of the 13 countries which have joined the EU since the Kyoto Protocol was agreed, most were also over-achieving their Kyoto target by wide margins.
- By 2020, the EU has committed to a 20 % reduction in EU greenhouse gas emissions from 1990 levels; a 20 % raise in the share of EU energy consumption produced from renewable resources; and a 20 % improvement in the EU's energy efficiency. (the '20-20-20 targets')
- The EU has offered to increase its emissions reduction to 30 % by 2020 if other major emitting countries in the developed and developing worlds commit to undertake their fair share of a global emissions reduction effort.
- Emissions from the developing world now exceed those from developed countries, and this share will continue to rise. By 2020, it is projected that nearly two-thirds of global emissions will come from developing countries.
- Less developed areas are generally at greatest risk due to both higher sensitivity and lower adaptive capacity, but there is new evidence that vulnerability to climate change is also highly variable within countries, including developed countries.
- By 2020 between 75 and 250 million people in Africa are projected to be exposed to increased water stress due to climate change.
- The EU is the largest contributor of climate finance to developing countries. The EU committed to provide €7.2 billion in fast start finance to developing countries in 2010-2012. Despite the difficult economic situation and tight budgetary constraints, the EU and its Member States honoured and even surpassed this pledge by providing €7.34 billion, to support developing countries' efforts to mitigate and to adapt to climate change.
- The European Union provided €155 million additional grant funding as its contribution to EU fast start finance in the period 2010-2012, exceeding its original pledge of €150 million. Since 2002, the European Union alone has provided over €4 billion to support climate action in developing countries.

- To promote better coherence for (sustainable) development at the international level, in the context of the Post-2015 Development Agenda, the EU insists on a joint approach that brings together the work strands of the follow-up to Rio+20 and the MDG review.⁸⁰

Climate change is a particular type of PCD challenge, where global and EU internal objectives are rather complementary than conflicting. Climate policy objectives are global objectives and the EU policy objectives and targets are part of the effort needed to achieve them, both in the mitigation and in the adaptation field. Climate change is also a policy area, where progress towards its own policy objectives is not only consistent with development cooperation objectives, but also goes a long way in enabling sustainable development at global level. Indeed, it is widely acknowledged that the impacts of climate change disproportionately hit the world's poorest people, and poorest countries.

The EU has long been committed to international efforts to tackle climate change and feels the duty to set an example through robust policy-making at home. The EU is working hard to cut its greenhouse gas emissions substantially while encouraging other nations and regions to do likewise. It is the leader in international climate negotiations and has the know-how, the ability and the ambition to lead the world in developing the technologies required to tackle climate change, such as low carbon technologies.

Climate change policy is also integrated closely with other policy areas, such as energy, transport, agriculture and trade. There is also a close link with employment as it is important to reconcile climate change with decent work promotion, including productive and freely chosen work, rights at work, social protection, social dialogue and inclusion of the gender dimension.

Not all climate relevant issues, which also support developing countries in their way towards low-emissions, climate resilient and sustainable development, could be presented under the Climate change chapter. Several issues presented here also go beyond climate change policy. For practical reasons, energy issues⁸¹ are highlighted in this chapter. Issues like biodiversity⁸² and resilience⁸³ and water-land-energy nexus⁸⁴ on the contrary have been presented as separate chapters, but have also clear links with climate change. Policies such as FLEGT⁸⁵ are dealt with at more length in the trade and finance part of the report.

13.1. International climate negotiations

13.1.1. First Kyoto Protocol

The 1997 Kyoto Protocol has established international emissions trading and other market-based mechanisms to help reduce the cost of reducing emissions. Under Kyoto's first commitment period, industrialised nations agreed to cut their emissions of six greenhouse gases by an average of 5 % below 1990 levels over the period 2008-2012. In 2011, the latest year for which comprehensive data are available, EU-15 emissions stood 14.9 % below their level in Member States' chosen base years (1990 in most cases). This means the EU-15 is on course to over-achieve its reduction target for the first Kyoto commitment period.

Of the 13 countries which have joined the EU since the Kyoto Protocol was agreed, all except Cyprus and Malta have individual emission reduction commitments under the Protocol of 6 %

⁸⁰ COM(2013)92.

⁸¹ See section 24.

⁸² See section 42.

⁸³ See section 40.

⁸⁴ See section 43.

⁸⁵ See section 11.2.

or 8% (5% in Croatia's case). In 2011, all of these countries except Slovenia were over-achieving their Kyoto target by wide margins.

Kyoto's impact is limited, however, because it requires emissions action only from developed countries. Moreover, it was never ratified by the United States, and Canada has since pulled out. (For information on the second Kyoto period see section 13.1.1 below)

13.1.1. Voluntary pledges for 2020

UN negotiations aimed at drawing up a global climate agreement by 2009 which would replace the Kyoto Protocol at the end of its first commitment period failed. Instead, under the voluntary Copenhagen Accord, countries were invited to make pledges to limit or reduce their emissions by 2020.

More than 90 countries in the developed and developing worlds alike — covering some 80% of global emissions — have done so. Developed countries also committed to provide nearly \$30 billion in 'fast start' finance for developing countries over 2010-2012 – a pledge the EU has fulfilled for its share — and to mobilise \$100 billion a year by 2020 from public, private and alternative sources in the context of meaningful and transparent action by developing countries to reduce their emissions.

13.1.1. Second Kyoto period

To bridge the gap between the end of the first Kyoto period in 2012 and the start of the new global agreement in 2020, the EU and a small number of other developed countries have agreed to participate in a second Kyoto period running from 2013 to 2020. The necessary amendments to the Kyoto Protocol were adopted at the Doha climate change conference in December 2012.

The EU and its Member States have committed to reduce their collective emissions in the second Kyoto period to 20% below 1990 levels. All parties taking part in the second period are required to revisit their emissions target by 2014 with a view to considering making it more ambitious. The EU has left the door open to stepping up its reduction to 30%.

Having a second period safeguards Kyoto's rules-based regime for use as an important building block of the new global agreement for 2020. But the fact that only developed countries must take action, and that the United States, Russia, Canada, Japan and New Zealand are not participating, means that Kyoto now applies to only around 14% of the world's emissions. This underscores the urgent need for a global agreement requiring action by all countries.

Collectively, these voluntary emission pledges fall well short of reducing global emissions in 2020 by the amount necessary to keep the 2°C warming limit within reach⁸⁶.

13.1.2. Towards a new global climate agreement

At the initiative of the EU and the most vulnerable developing countries acting in coherence, agreement was reached at the Durban climate change conference in December 2011 to launch UN negotiations on a new global climate regime covering all countries. The new agreement is to be adopted by 2015 and to enter into force in 2020. France has proposed to host the 2015 conference which should be the occasion for obtaining this new agreement.

⁸⁶ The 2012 Emissions Gap report of the UN Environment Programme (UNEP) shows the divergence between current pledges and the action needed to stay below 2°C is still growing. (<http://www.unep.org/publications/ebooks/emissionsgap2012/>).

The EU wants the new regime to take the form of a legally binding protocol. Developed countries must continue to take the lead but the major emerging economies in the developing world will also have to reduce their emissions.

13.2. Raising the ambition of global action for this decade and promoting coherence for sustainable development

Recognising that countries' collective emission pledges for 2020 are insufficient, the Durban conference launched work to enhance emission reductions by the end of this decade by identifying further actions that can close the 'ambition gap' between what is currently planned and what is needed to stay below 2 °C.

The Doha conference agreed a detailed plan to take this work forward in 2013-14. UN Secretary-General Ban Ki-moon's plan to convene a summit of world leaders on climate in 2014 will give added political momentum to this work. The EU has set out several ways in which global ambition can be raised.

In this context, and to prepare future international negotiations, the European Commission has adopted a Communication⁸⁷ *The 2015 International Climate Change Agreement: Shaping international climate policy beyond 2020* in March 2013, to invite a debate on how best to shape the international climate regime between 2020 and 2030.

The Communication addresses several challenges such as the need for a more ambitious involvement of all countries and highlights the need for more coherence between ongoing key international processes within the common enabling framework for sustainable development. It affirms that the 2015 Agreement must therefore recognise and reinforce broader sustainable development objectives and support the full integration of climate change objectives into relevant policy areas. This includes the follow-up to the Rio+20 Conference, and the review of the Millennium Development Goals (MDG) by 2015, as well as the implementation of agreements such as the Convention on Biological Diversity.

Follow up to Rio+20

The follow up to Rio+20 is an important international initiative which will contribute to development. Wider than just climate change and cross-cutting, the work on Rio+20 will be considered in the future framework for the EU climate and development policies. The Rio+20 work aims among other things at global targets, moving beyond the traditional divide between developed and developing countries.

This work provides an opportunity to consider challenges related to climate change and its impacts on poverty eradication and the three pillars of sustainability (environmental, economic and social development), where it can provide important co-benefits. In this respect, the Commission has proposed in February 2013 a joint approach towards a *Decent Life for all by 2030* that brings together the work strands on the follow-up to Rio+20, and in particular the Sustainable Development Goals, and the review of the Millennium Development Goals.

The Communication suggests to work towards an overarching framework to address these issues post 2015. The Communication also underlines the need for actions towards an inclusive green economy, and sets out main current and forthcoming actions in the EU and internationally that contribute to the implementation of Rio+20 including actions and training for the specific skills needed for a low carbon and resource efficient economy.

Moreover, it is important to encourage bilateral, plurilateral and regional initiatives that complement and accelerate efforts under the Convention. These complementary initiatives

⁸⁷ COM(2013) 167 final.

could encourage countries, together with the private sector and civil society, to make progress in reducing emissions through more focused collective action. Current examples of such initiatives include the initiative to phase out fossil fuel subsidies under the G20 and initiatives launched in the context of the Rio+20 process.

To narrow the ‘ambition gap’, the EU wants countries that have not yet made emission pledges for 2020 to do so as soon as possible. Those that have made pledges in the form of target ranges should consider how to move to the most ambitious end of their ranges when political conditions allow. Moreover, increased transparency on the implementation of existing pledges is needed in order to better assess this gap and ensure it does not increase further.

13.2.1. International Cooperative Initiatives

In addition to formal mitigation pledges, the EU and a number of countries are proposing to enhance ambition through ‘International Cooperative Initiatives’ (ICIs) involving governments, civil society and the private sector.

Such voluntary partnerships could help countries to accelerate immediate climate action and go beyond their current mitigation commitments for 2020 and thereafter. They could also inspire action under the UNFCCC. The EU wants ICIs to be transparent and to inform the UNFCCC of their contributions to global mitigation efforts.

The focus could be on international and national actions where there is still significant potential to mitigate emissions that is insufficiently addressed, such as international shipping and aviation, the production and use of fluorinated gases and reform of fossil fuel subsidies. ICIs could also increase and speed up action in other sectors crucial to emissions reduction, such as forestry (REDD+ initiatives), renewable energy and energy efficiency, and could help identify ways to mobilise climate finance and to deliver the greatest benefits in terms of mitigation and sustainable development.

Enhanced transparency in the area of climate change — example of Germany

Enhanced transparency was agreed upon at the international climate negotiations and feeds into the effectiveness debates of the 4th High-Level Forum on Aid Effectiveness in Busan 2011. In 2012, the European Council and the European Parliament have also decided on a new EU-mechanism for monitoring and reporting GHG emissions and for reporting other information at national and EU level relevant to climate change (EU-MMR). Furthermore, at UNFCCC COP18 in Doha Parties agreed on a Common Tabular Format for the Biennial Reports (BRs) where developed countries are obliged to report every two years on their climate-related support and financing in capacity-building, technology-transfer targeting adaptation and mitigation.

The German government reports at various national and international levels. It reports, for instance, to the German parliament and to the OECD-DAC on its ODA. Between 2010 and 2012 Germany reported Fast Start Finance (FSF) on a project basis with an annual FSF report to the EU and thereby to UNFCCC⁸⁸.

⁸⁸ The Federal Environment Ministry (BMU) reports in detail on its International Climate Initiative-related activities on its project website (http://www.bmu-klimaschutzinitiative.de/index_en.html). In 2011 the Federal Ministry for Economic Cooperation and Development (BMZ) launched a website ‘Transparency in Climate Finance’ presenting detailed information of climate-related data and sectorial and geographical figures:

The EU is keen to work on ICIs that bring together key political players and stakeholders. The European Commission⁸⁹ and several EU Member States are partners in the *Climate and Clean Air Coalition* (CCAC) to reduce so-called short-lived climate pollutants such as black carbon, methane, tropospheric ozone (smog) and HFCs. They are working to move the coalition beyond its first steps towards efforts with the potential to have global impacts, such as mobilising support for an amendment to the *Montreal Protocol* to phase down HFCs.

13.2.2. EU participation in other international fora

As well as the global climate negotiations held under the UNFCCC, the EU and Member States also participate actively in international policy and research fora whose decisions or recommendations feed directly or indirectly into the UN climate change process.

These include the Intergovernmental Panel on Climate Change (IPCC), the G8 and G20, the Major Economies Forum on Energy and Climate (MEF), the Organisation for Economic Cooperation and Development (OECD) and the International Energy Agency (IEA).

13.3. Climate finance

From a PCD perspective, climate finance discussion under UNFCCC is adding an additional dimension to the financing for development debate and to the global development financing landscape. New financing mechanisms and instrument are being created such as the Green Climate Fund, the Climate Investment Funds adding to the existing global financing architecture, and the collective commitment by developed countries to jointly mobilise USD 100 billion per year by 2020 to support climate action in developing countries is expected to generate important additional financial flows. Development and climate change issues are intrinsically linked. Thus we need to ensure that we have a coherent, comprehensive and integrated approach to financing climate and development actions. The 2013 EU Accountability report and the Commission Communication *Beyond 2015: towards a comprehensive and integrated approach to financing poverty eradication and sustainable development* provide more information on the EU approach to ensure policy coherence in this area⁹⁰.

13.3.1. Fast start finance

Fast start finance supports immediate action by developing countries to strengthen their resilience to climate change and mitigate their greenhouse gas emissions, including those from deforestation.

The EU committed to provide €7.2 billion in fast start finance to developing countries in 2010-2012. Despite the difficult economic situation and tight budgetary constraints, the EU and its Member States honoured and even surpassed this pledge by providing €7.34 billion.

EU fast start funding is helping developing countries both to implement immediate, urgent action to tackle climate change and to prepare actions for the medium and long term. It includes activities related to capacity building and the development and transfer of technology. In particular, fast start finance enables developing countries:

- To protect themselves better against severe weather events and other adverse effects of climate change. This includes promoting national adaptation planning as well as funding for science and analysis to support decision making;

http://www.bmz.de/en/what_we_do/issues/klimaschutz/finanzierung/transparenz/index.html.

⁸⁹ The European Commission has joined the Coalition in April 2012.

⁹⁰ SWD(2013) 273 final and COM(2013) 531 final.

- To grow and develop on a sustainable low carbon path, including through support for projects on low carbon energy, energy efficiency and low carbon transport;
- To protect forests while also supporting economic development. These actions are often referred to by the acronym REDD+ (reducing emissions from deforestation and forest degradation);
- To prepare for the effective and efficient implementation of a new climate regime and scaled-up financial flows in the longer term.

The EU's fast start finance contribution was shared between these priorities. Over the entire period 2010 to 2012, 31.5% of the funding went to adaptation, or increasing developing countries' resilience to climate change; 47.3% to mitigation and investments in low-carbon development; and 13.3% to REDD+. The remaining 7.7% is not strictly classified at present, since many of the programmes and actions supported by EU fast start finance are multipurpose and may contribute to more than one of these broad objectives⁹¹.

Fast-Start Climate Change projects (call for 2012) — Examples from Malta

- The construction of water canals and an access road in the Philippines. The water canals will collect flood water and dispose of it without causing further damage to the neighbouring local community. An access road will also be concreted, which will also help control soil erosion.
- The construction of a borehole in Nairobi, Kenya, so that water can be provided for the children who are living in very poor standards. These children will be helped holistically and will also be provided with daily breakfast and a hot meal.
- The installation of solar electricity (through a system utilising photovoltaic cells) in a school, hostel and residences of the Jesuits and the Sisters in India. This will be of great help to the students, who will get practical experience in preserving and enhancing the environment, and will ensure that energy is generated in a way that will not harm it.
- The provision of safe drinking water for students in Madagascar. The direct beneficiaries will be the students and the staff of the school, people from the surrounding areas and indirectly, the population of Toliara who will not have to compete for water, which is already a scarce resource.
- The installation of a 200cbm bio-gas system for the production of gas for cooking for a hospital and the hospital residence in Ghana.
- The provision of water and food security in Uganda, using an integrated approach, which has water management, farming and poultry as key elements.
- Improved access to sanitation and clean water in Ethiopia, which will improve the overall health status of the targeted community and will ameliorate the environmental condition found in the target area by minimising health related problems emanated from poor environmental sanitation and the lack of eco-friendly, alternative energy source.

⁹¹ A recent EU report on FSF can be consulted at http://ec.europa.eu/clima/policies/finance/international/faststart/index_en.htm.

13.4. Global climate change alliance

The Global Climate Change Alliance (GCCA) is a EU initiative to strengthen dialogue and cooperation on climate change with developing countries most vulnerable to climate change, in particular Least Developed Countries (LDCs) and the Small Island Developing States (SIDS). The GCCA comprises 45 programmes in 35 countries and across 8 regions within an envelope of €290 million.

The five GCCA priority areas are:

- Mainstreaming climate change into poverty reduction and development strategies
- Adaptation, building on the National Adaptation Programmes of Action (NAPAs) and other national plans
- Disaster risk reduction (DRR)
- Reducing emissions from deforestation and forest degradation (REDD)
- Enhancing participation in the global carbon market and the Clean Development Mechanism (CDM)

The GCCA fosters dialogue and exchange of experiences between the EU and developing countries on climate policy and on practical approaches to integrate climate change into development policies and budgets. The results feed into the discussions on the post-2012 climate agreement under the UN Framework Convention on Climate Change (UNFCCC) and inform the technical and financial cooperation supported by the GCCA. The dialogue takes place at global, regional and national levels.

The first cycle of GCCA regional conferences between the EU, LDCs and SIDS was finalised with the conferences held in Vanuatu and Belize in March 2011. In 2012, the GCCA also pursued a series of workshops on mainstreaming climate change into national planning and budgeting which has trained over 190 government officials from ministries of finance, planning and environment and regional organisations, across the world, on how to take more integrated approach to climate change action and development. Finally, the GCCA also organised in 2012 a global learning event in Brussels, bringing together policy makers and practitioners from the EU and from partner countries.

At the regional and country level, the GCCA puts policy coherence at the core of its work. The vast majority of 45 GCCA programmes indeed support the systematic integration of climate change considerations into national development planning, from policymaking and budgeting to implementation and monitoring. Through this consistent approach and a constant alignment of its programmes with national strategies and policies, the GCCA promotes coherence between overall national development and key sectors, like agriculture, land use planning, water and sanitation or energy, and climate change.

13.5. Facilitating access of developing countries to low-carbon and climate-resilient technologies:

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

New and innovative low carbon technology development is essential to enable meeting the EU and global climate change objectives. They help reduce greenhouse gas emissions and

create new employment and growth. Europe is a leading player in the area of low carbon technologies and is maintaining its leading position with a range of policy initiatives.

The European Commission makes sure that innovative technologies (such as CCS) are deployed safely and that their risks are properly managed. Another aspect of the Commission's work is to provide support for the uptake of new technology, through tools such as ETS.

A broad network of low carbon technology initiatives includes i.a.:

- The European Economic Recovery Programme, which allocated around € 1 billion to CCS demonstration and € 565 million to offshore wind demonstration;
- The Strategic Energy Technology Plan (SET Plan) which aims at accelerating the development and deployment of cost-effective low carbon technologies and builds on an extensive programme for research, development and demonstration of low carbon technologies;

As well as taking a leading global role in the development of low-carbon technology, the EU actively supports the uptake of low-carbon technology internationally, in the places where it is most needed. Development cooperation in many areas contributes to technology transfer. The EU initiated the Global Energy Efficiency and Renewable Energy Fund (GEEREF), an innovative global risk capital fund that uses limited public money to mobilise private investment in small-scale energy efficiency and renewable energy projects in developing countries and economies in transition. The spread of climate-friendly technologies is also the subject of a new project through UNEP on the establishment of a Climate Change Technology Network.

Global Energy efficiency and renewable energy fund (GEEREF)

GEEREF aims to accelerate the transfer, development, use and enforcement of environmentally sound technologies for the world's poorer regions, helping to bring secure, clean and affordable energy to local people.

It is both a sustainable development tool and support for global efforts to combat climate change. It is concrete proof of Europe's commitment to transfer clean technologies to developing countries. It is sponsored by the European Union, Germany and Norway with support from the European Investment Bank (EIB) and the European Investment Fund (EIF).

Geographical scope

The fund gives special emphasis to serving the needs of the African, Caribbean and Pacific developing countries. It can also support regional funding in Latin America, Asia and neighbouring states to the EU. Priority is given to investment in countries with policies on energy efficiency and renewable energy that are conducive to private sector engagement.

Benefits

Investments could bring almost 1 gigawatt of clean energy capacity to recipient countries, providing sustainable energy services to 3 million people and saving up to 2 million tons of carbon dioxide emissions. These investments would also reduce air pollution and create jobs and income.

13.6. Promoting developing countries' participation in the international carbon market

The EU is actively promoting the development of an international carbon market, and ensuring that developing countries have access to it, in a way to further increase the finances

available for sustainable development in developing countries, while helping EU operators to comply with their obligations. This is a concrete opportunity for promoting synergy between the EU climate and development policies.

13.6.1. Developing an international carbon market

The EU emissions trading system (EU ETS) is by far the world's biggest carbon market and the core of the international carbon market. It covers all EU Members States, and three non-members (Iceland, Liechtenstein and Norway). To reduce global greenhouse gas emissions most cost-effectively the international carbon market needs to be developed by creating a network of linked cap-and-trade systems. In this process, international crediting mechanisms can play a valuable but transitional role.

The EU expects the international carbon market to develop through 'bottom-up' linking of compatible emission trading systems. Linking enables participants in one system to use units from a linked system for compliance purposes. Linking the EU ETS with other cap-and-trade systems offers several potential benefits, including reducing the cost of cutting emissions, increasing market liquidity, making the carbon price more stable, levelling the international playing field and supporting global cooperation on climate change.

The number of emissions trading systems around the world is increasing. Besides the EU ETS, national or sub-national systems are already being prepared or operating in Australia, Canada, China, Japan, New Zealand, South Korea, Switzerland and the United States.

The European Commission is a founding member of the International Carbon Action Partnership (ICAP), which brings together countries and regions that are actively pursuing the development of carbon markets through implementation of mandatory cap-and-trade systems. ICAP provides a forum for sharing experience and knowledge.

In a major step towards the first full inter-continental linking of emission trading systems, the European Commission and Australia announced agreement in August 2012 on a pathway for linking the EU ETS and the Australian emissions trading scheme⁹². Based on a mandate from the Council, the Commission is also negotiating with Switzerland on linking the EU ETS with the Swiss ETS.

13.6.2. New market mechanism implemented in developing countries

As part of its vision for the international carbon market, the EU would like to see a new market mechanism implemented in developing countries. By covering whole economic sectors, not only projects as the Clean Development Mechanism (CDM) does, such a mechanism would go beyond the pure offsetting of emissions and could form a stepping stone towards a system of globally linked economy-wide cap-and-trade systems. The new mechanism would help major developing countries to scale up their efforts to reduce greenhouse gas emissions in the most cost-effective way.

This goal has been given momentum by the decision of the 2011 UN climate conference in Durban to set up a new market mechanism under the UNFCCC. The EU is pressing for the modalities and procedures of the new mechanism to be established as soon as possible, and is exploring the idea of setting up pilot programmes in sectoral crediting.

Under the new mechanism, the EU believes that real, verifiable and additional emission reductions achieved against ambitious crediting thresholds should generate international credits.

⁹² An interim link will be established from 1 July 2015 enabling Australian businesses to use EU allowances to help meet liabilities under the Australian emissions trading scheme until the full link is established, i.e. no later than 1 July 2018.

Sales of these credits could raise substantial revenues for the host countries while helping developed countries meet their emission commitments and EU ETS operators to comply with their obligations. Credits from the new market mechanism could be used in addition to credits from the CDM or Joint Implementation (JI) mechanism.

Credits are accepted from all types of projects except nuclear energy projects, afforestation or reforestation activities, and — from 2013 — projects involving the destruction of industrial gases.

The EU wants to see JI and CDM further reformed in order to improve their environmental integrity and efficiency e.g. through more use of standardised baselines and alternative ways of assessing additionality. For advanced developing countries CDM offsets should be replaced over time by a new market mechanism covering broad segments of the economy and incentivising net emission reductions. CDM would then be focused on least developed countries.

Addressing PCD and climate change — Example from Sweden

Climate change and environmental impact is one of the six priorities of the Swedish PCD agenda and also of the Swedish biennial reporting.

Within the global challenge ‘Climate change and environmental impact’, the Swedish Government works with three focal areas: Climate adaptation and emission reductions; Chemicals management; and Sustainable urban development.

Within the Government Offices there is a common strategy for international climate efforts. There is also regular coordination at different levels regarding international climate issues, including adaptation and financing, through various interdepartmental working groups. Significant collaboration on this matter is also ongoing with different authorities, such as the Swedish Energy Agency, the Swedish Environmental Protection Agency and Swedish international development agency (Sida).

Development and innovation continue to be important factors in contributing to a ‘green economy’ and ‘green growth’. Crucial future issues and important EU processes include the ongoing work on more detailed global commitments to the reduction of greenhouse emissions. Another important process is to identify other possible sources of income, besides development assistance, for climate-related investment in developing countries and medium income countries. Better conditions must be created for the climate-related investments of the private sector, on both a local and international level.

14. ENERGY

14.1. Africa-EU Energy Partnership

The Africa-EU Energy Partnership (AEEP) is recognised and highly regarded in international processes, e.g. in the Sustainable Energy for All (SE4All) Initiative of the UN Secretary General. It is a focus activity of the EU energy cooperation with Africa with targets on energy access, energy security and renewable energy. It aims to provide access to modern energy services to an additional 100 million people by 2020, is recognised as an example of a robust and long-term commitment.

The AEEP is the only among the eight thematic partnerships under the Joint Africa-EU Strategy to have held both a High Level (Ministerial) Meeting (in 2010), and a Stakeholder Forum (in 2012). The High-Level Meeting endorsed ambitious, concrete and realistic AEEP 2020 Targets on energy access, energy security and renewable energy and energy efficiency and launched the Africa-EU Renewable Energy Cooperation Programme (RECP) with initial

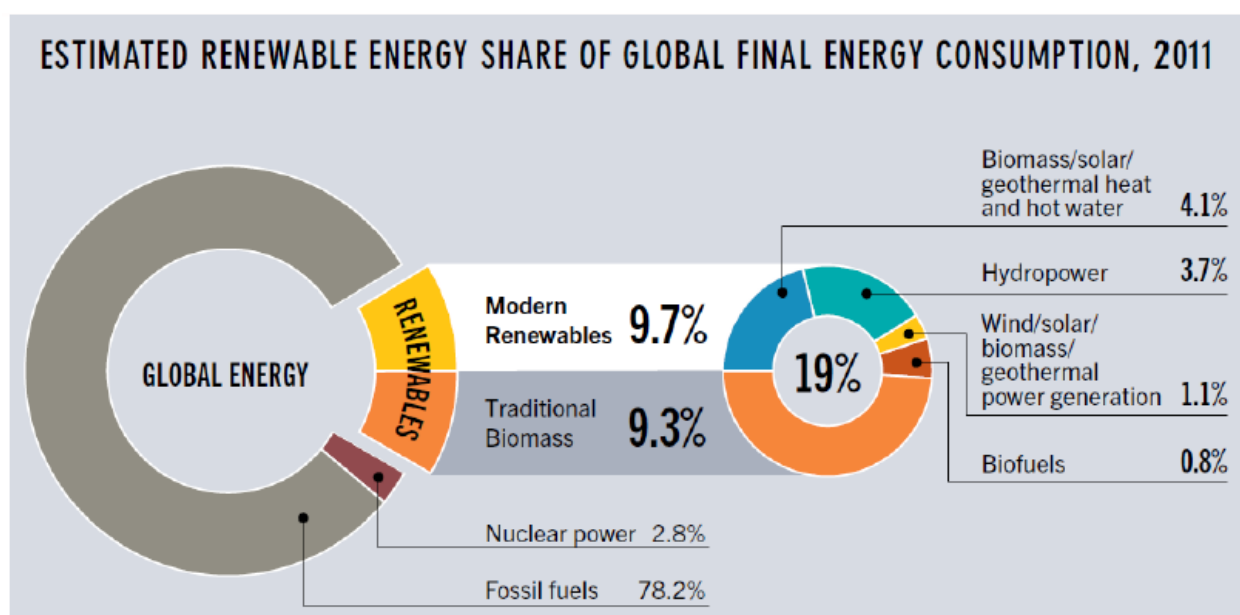
funding of €5 million from the EU complemented by financial contributions by Austria, Finland and Germany. In 2011 the RECP has started implementing first activities in Africa. In 2012 the partnership has launched the *AEEP Monitoring Progress Report* on the 2020 Targets and endorsed a RECP Strategy for 2020. The AEEP has been supported by a Secretariat provided by the EU Energy Initiative — Partnership Dialogue Facility (EUEI PDF).

14.2. Renewable Energy

Doubling the global rate of improvement in energy efficiency and doubling the share of renewable energy in the global energy mix are key objectives of the UN Secretary General's initiative *Sustainable Energy For All*⁹³.

Renewable energy sources are key to enabling access to reliable, climate-friendly and sustainable energy services. It has the potential to create access to modern energy services even in isolated areas. It helps reducing dependence on mineral and fossil fuels, it reduces local pollution, and fosters economic growth inter alia by creating new opportunities for small entrepreneurs.

Therefore, the use of renewable energy sources is continuously growing around the world. In 2011, renewable energy supplied an estimated 19% of global final energy consumption with renewable electricity generation as the fastest growing sector and a continuously increasing shift of markets, manufacturing and investments towards developing countries during 2012⁹⁴.



Source: REN21 Renewables 2013 Global Status Report

Of the 138 countries with renewables targets or policies in place, two-thirds are in the developing world. The geographical distribution of renewables deployment is also widening, particularly in the developing countries. In the lead is China, which in 2012 was one of the world's dominating renewable energy market players (largely thanks to increased solar investments). In other regions particularly sharp increases were observed in South Africa, Morocco, Mexico, Chile and Kenya, with Middle East and Africa showing the highest regional growth.

⁹³ UN Sustainable Energy For All (SE4All) Global Action Agenda, April 2012:

http://www.sustainableenergyforall.org/about-us/item/download/69_ef57e1761bb80f97dc6b8233cc091424.

⁹⁴ REN21 Renewables 2013. Global Status Report, June 2013:

http://www.ren21.net/Portals/0/documents/Resources/GSR/2013/GSR2013_lowres.pdf.

Renewable electricity growth is expected to increase by 40 % in the time period from 2012 – 2018 with the portfolio of non-hydro renewable sources growing more rapidly than hydropower. The role of biofuels for transport and of renewable heat sources is also expected to increase (by 25% for biofuels and 10% for heat by 2018) though at slower rates as renewable electricity⁹⁵.

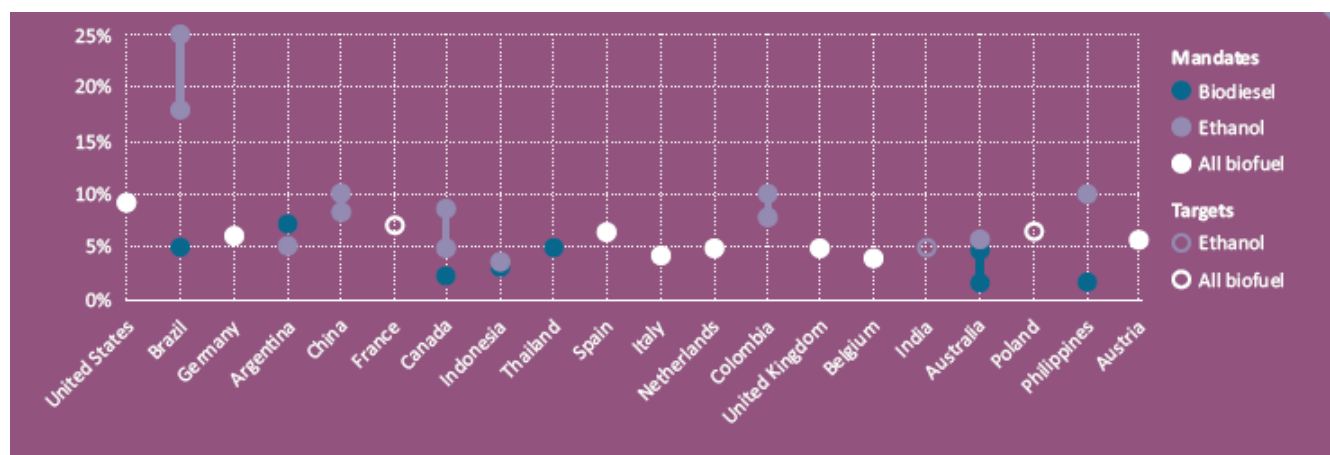
14.3. Renewable Energy in the transport sector

In 2012, liquid biofuels provided about 3.4% of global road transport fuels, with small but increasing use by the aviation and marine sectors. Global production of fuel ethanol was down about 1.3% by volume from 2011, while biodiesel production increased slightly. Global production of fuel ethanol reached 83.1 billion litres of ethanol, while biodiesel production reached 22.5 billion litres.

In the EU, the share of renewable energy in transport sector (including non-road transport and other renewable energy sources such as electricity) reached 3.8% in 2011. The share of biofuels reached a share of 4.7% of liquid transport fuels in 2011. *Biodiesel* is the main biofuel in EU transport sector with 78.2% share in total consumption (by energy) against 20.9% for bioethanol (EU27). The share of the use of biogas as biofuel in transport sector is still very small (0.5%) and its use is limited to few Member States (mainly in Sweden)⁹⁶.

Over 50 countries have implemented biofuel blending mandates and targets, including important producing countries in Latin America, South East Asia and Africa.

Blending mandate and targets in key countries



Source: © OECD/IEA, 2013, IEA Tracking Clean Energy Progress 2013

However, only few regions, such as the EU and the USA, have dedicated policies in place to support advanced biofuels.

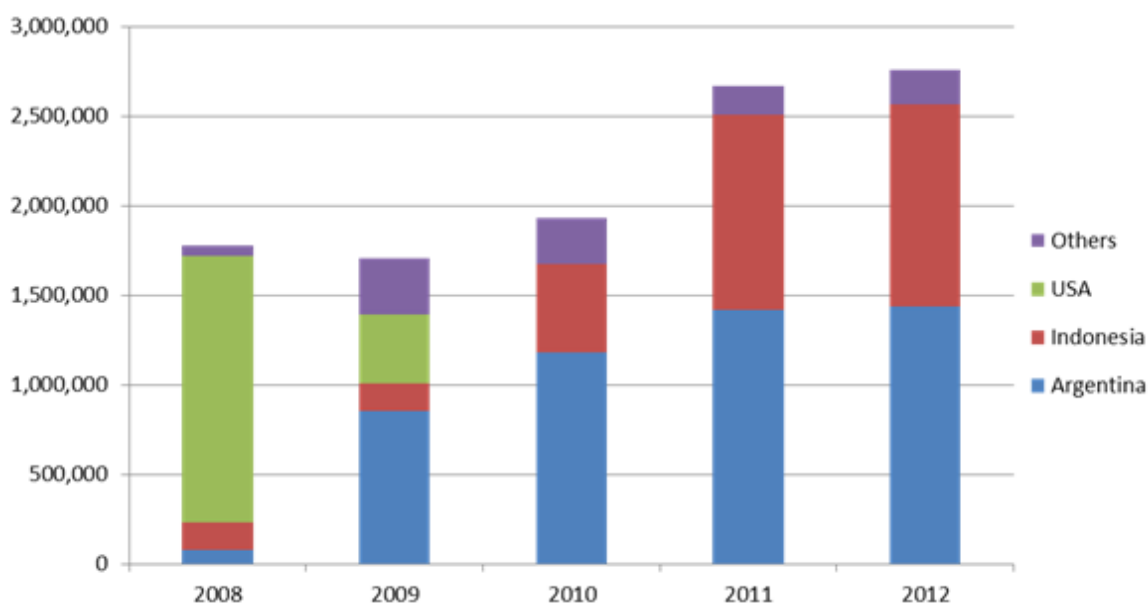
14.4. EU biofuel trade and developing countries

Global trade of biofuels is dominated by corn-based ethanol from the USA and sugar-cane based ethanol of Brazil. Global biodiesel market is still fragmented, as production for local use dominates the markets. EU is the largest biodiesel producer with rapeseed-oil as the main feedstock. International biodiesel trade is largely dominated by bilateral trade flows between the EU and only three non-EU countries which apply GSP tariff preferences until 1 January 2014: Argentina (soybean — oil based biodiesel), Indonesia and Malaysia (palm-oil based biodiesel).

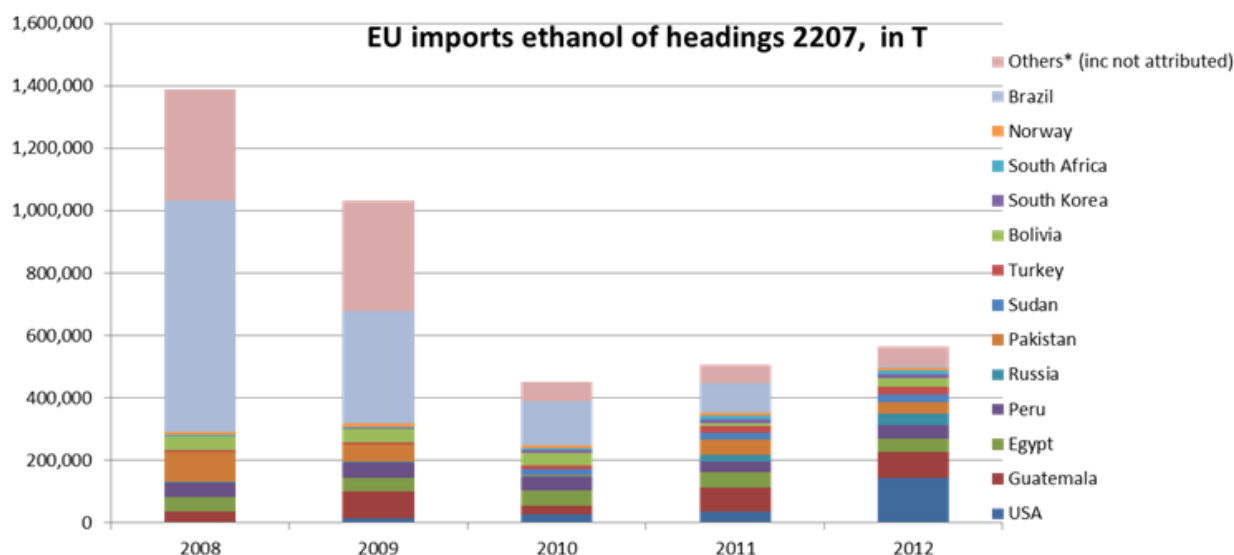
⁹⁵ IEA Renewable Energy Medium-Market Report, June 2013.

⁹⁶ Eurostat, April 2013.

EU 27 imports of biodiesel, volume in T



EU 27 imports of ethanol, volume in T⁹⁷



Source: COMTRADE

14.5. Renewable Energy Directive

The Renewable Energy Directive of 2009⁹⁸ opens new opportunities for economic and technology cooperation of the EU with developing countries in the area of renewable energy, particularly for those that have the potential to produce and export renewable energy sources to the EU. It also triggers technology cost reductions for the global benefit, including for developing countries, that result from successful deployment and increasing economies of scale of new and innovative technologies in the EU (in cooperation with EU and non-EU actors).

⁹⁷ This data does not include ethanol mixtures which can be used for different purposes. If included, the import data of ethanol from the US increases considerably (by around 300 000 tonnes).

⁹⁸ Directive 2009/28/EC of 23 April 2009.

The Directive includes a possibility to develop jointly new renewable electricity installation projects, in particular with EU neighbouring countries. Such cooperation has a high potential to contribute to growth in renewable energy development locally while helping the EU to achieve its sustainability targets. In its Communication ‘Renewable Energy: a major player in the European energy market’ of June 2012⁹⁹ the Commission highlighted the benefits of boosting cooperation and trade in the renewable energy sector inter alia in the framework of the EU-Southern Mediterranean policy dialogue.

As regards renewable energy in the transport sector, the Directive recognises that it would be technically possible for the EU to meet its 2020 target solely from domestic production. Nevertheless, both the Directive and the Communication of 2012 confirm that it is likely that the target will in fact be met through a combination of domestic production and imports. Therefore, it opens an opportunity to contribute to improving trade relations with the EU’s trading partners, including from developing countries, which have the potential to produce and export sustainable biofuels and biofuel feedstock at competitive price to the EU. It can bring benefits to local populations by providing them with access to sustainable energy services and technologies, development of the agricultural sector (through increased investment), increased productivity of agricultural production, and a complementary income.

While the EU biofuel market is dominated by developed countries with well-developed agricultural and domestic biofuel sectors, those developing countries which do produce biofuels for their domestic consumption and export biofuels and biofuel feedstock to the EU market, such as Malaysia and Indonesia, consider this sector as an important contributor to their economic and agricultural development¹⁰⁰.

However, increased demand for conventional biofuels can increase the competition for resources, including land, water, labour and other inputs, with potentially negative environmental and social impacts inside and outside the EU, particularly if the sector is badly managed. This competition effect has drawn particular interest of the public during the negotiations and after adoption of the Directive. These aspects have also been addressed in the context of the PCD work, particularly as regards food security and land use rights, including in developing countries which, although they do not export biofuels or feedstock to the EU, can be indirectly affected by growing competition for resources.

14.6. Cooperation with the EU neighbouring countries on renewable electricity production

The Commission is actively committed to the deployment of renewable electricity production in the southern Mediterranean neighbours and is operating along two main lines of actions: support to investment and support to policy and regulatory reforms and to regional market integration.

The Neighbourhood Investment Facility (NIF) is the instrument by which the EU is co-funding an increasing number of renewable power generation projects, both solar and wind, in the region. This facility provides relevant projects with grants that are blended with loans from financial institutions such as the European Investment Bank and other European financial institutions.

In parallel, the EU works together Mediterranean partners, both at bilateral and regional level, to develop the policy and legal framework necessary for renewable energy to thrive. In this

⁹⁹ COM(2012) 271 final.

¹⁰⁰ See contributions of developing countries to the public consultation on the EU Renewable Energy Strategy, carried out from 6 December 2011 to 7 February 2012:

http://ec.europa.eu/energy/renewables/consultations/20120207_renewable_energy_strategy_en.htm.

context, two important regional cooperation structures are operating effectively providing training, transfer of know-how, technical assistance and studies: the Mediterranean association of energy regulators (MEDREG) and the Mediterranean association of electricity transmission systems operators (MEDTSO). Support is also provided through EU funded projects such as the "Paving the Way towards a Mediterranean Solar Plan" project and the Mediterranean Solar Plan that is expected to be adopted at the Union for the Mediterranean Ministerial Meeting in December 2013.

The EU, alongside 22 of its Member States, is a member of the International Renewable Energy Agency and as such actively supporting its work, inter alia giving substantial input to the implementation of the UN Secretary General's 'Sustainable Energy For All' initiative or conducting renewable energy readiness assessment in Africa, Latin America and the Pacific region. Additionally, development cooperation in many areas contributes to technology transfer. For example the Global Energy Efficiency and Renewable Energy Fund (GEEREF), which is managed by the European Investment Fund (EIF), facilitates participation in small-scale private ventures that introduce new technology in the area of renewable energy.

Promoting the use of renewable energy in Africa– Examples from Portugal

- *Atlas for renewable energies in Mozambique* implemented under the Portuguese Fast Start Initiative;
- Setting up of Photovoltaic Systems in 50 rural villages in Mozambique implemented under the Portuguese Fast Start Initiative.

14.7. Biofuel sustainability

The EU biofuels sustainability regime established in the Renewable Energy Directive equally applies to domestically produced and imported biofuels, and it consists of different types of measures:

14.7.1. Harmonised and mandatory sustainability criteria for biofuels and bioliquids

Irrespective of the place of origin of biofuels, bioliquids and their raw material, individual consignments of biofuels and bioliquids have to comply with these criteria in order to be taken into account for EU or Member State targets and for Member States' support schemes. Where it concerns biofuels, identical criteria are also included in the Fuel Quality Directive¹⁰¹.

The EU biofuels sustainability criteria require that biofuels save a minimum amount of greenhouse gas (GHG) emissions compared to fossil fuels. The calculation takes also emissions into account which originate from losses caused by direct land-use change which may have taken place for the production of the concerned biofuels.

Furthermore, the EU biofuels sustainability criteria require that biofuels do not come from land with high carbons stocks and land which is important to protect biodiversity.

14.7.2. Additional regulatory support for advanced biofuels

Under current legislation, the contribution of biofuels produced from wastes, residues, non-food cellulosic material, and ligno-cellulosic material, are counted double towards the EU and national renewable energy targets in transport sector.

In addition and in accordance with the requirements of the Directive, in 2012 the Commission adopted a proposal to limit global land conversion related to biofuel production, and raise the climate benefits of biofuels used in the EU¹⁰².

¹⁰¹ Directive 2009/30/EC.

¹⁰² http://ec.europa.eu/energy/renewables/biofuels/land_use_change_en.htm.

The Commission proposes to limit the amount of 1st generation biofuels that can count towards the Renewable Energy Directive targets to 5% of overall energy consumption in transport. The Commission has also proposed to raise the GHG saving thresholds for new installations, to introduce reporting on indirect land use change (ILUC) emission estimates and to provide additional incentives for advanced biofuels from non-food crops that do not create an additional demand for land (including of double and quadruple counting). The proposal is now with the co-legislators.

14.7.3. *Monitoring and reporting requirements*

Additional environmental and social sustainability issues that cannot be easily be linked to individual consignments, such as water, air and soil protection, as well as social issues, including land use rights, food security etc., are addressed through additional monitoring and two-yearly reporting requirements by the Commission and its Member States. The Commission has to report biennially¹⁰³ to the Council and the European Parliament on the impacts of the policy on, amongst others, land use, commodity prices and food security (including in developing countries where relevant). If appropriate, the Commission can take corrective action.

EU Renewable Energy Progress report on biofuel sustainability

The first of the biennial Commission reports under the Renewable Energy Directive was published on 27 March 2013. Additional analysis and information, including on biofuel environmental and social sustainability in developing countries was included also in the Staff Working document and in the accompanying study, carried out by Consortium of consultants, a non-profit organisation and research institutes, led by Ecofys.

As regards the impact of the EU policy in area of biofuels, in the Report the Commission analysis has found that grain use for bioethanol production constituted 3 % of total cereal use in 2010/2011 in the EU and is estimated to have minor (1 %-2 %) price effect on the global cereals market. EU biodiesel consumption is greater, and the estimated price effect on food oil crops (rapeseed, soybean, palm oil) for 2008 and 2010 was 4 %.

Besides the food and feed crop and commodity price increase estimates by 2020 (based on IFPRI modelling), the report stresses that the international markets have been influenced by many other factors such as weather, lower than average harvests, rising global demand for meat and other food and oil prices, to a much larger extent than biofuel production. The transmission of global food prices to domestic prices is not transparent and differs a lot between countries, crops and other circumstances. The conclusion of the report is that at times of low production and high feedstock prices, the production of conventional biofuels declines due to sensitivity of the sector to feedstock prices. This has been confirmed also by other recent reports of international organisations, e.g. reports of IRENA¹⁰⁴ and IEA¹⁰⁵ (the share of feedstock prices account for 50 % to 80 % of total production costs of conventional biofuels).

On land use and land use rights, it is estimated that the total land planted to produce the feedstock for 13.3 Mtoe of biofuels consumed in the EU in 2010 was about 5.7 Mha. of which 3.2 Mha (57 %) within the EU, and 2.4 Mha. (43 %) outside the EU. Full incorporation of the value of co-products results in an estimate of a global net land use of less than 3 Mha in total. 60 % of EU consumed biodiesel feedstock in 2010 was produced within the EU. Biodiesel imports were dominated by Argentina and Indonesia. Most — about 80 % — of the EU

¹⁰³ The first report has been published in 2013.

¹⁰⁴ Road Transport: The Cost of Renewable Solutions, IRENA, 2013.

¹⁰⁵ Tracking Clean Energy Progress 2013, IEA Input to the Clean Energy Ministerial, IEA 2013.

consumed ethanol feedstock for transport was produced in the EU, while the largest share of imports came from Brazil and the U.S.

The report recognised that it can be assumed that some of the projects in developing countries where land deals have caused significant concerns have been initiated because of expectations regarding the EU biofuels market. However, given the time lag between land acquisition and biofuels production (at least three to five years) and gaps related to transparency and reliability of the data, inter alia recognised by the ILC Land Matrix project, the link between the land acquisitions in developing countries occurring in 2009 – 2010 with the possible future EU biofuel demand can only be verified in coming years. It was also recognised that it is important to continue the monitoring of EU biofuels consumption and associated impacts by taking into account progress of scientific research and evidence-based data and in dialogue with all stakeholders.

14.7.4. Voluntary certification schemes

Today, the Commission has recognised 14 voluntary biofuel certification schemes with different geographical coverage (country or region, EU, global) and scope (only GHG emission calculation, focus only on one feedstock or different ones, one company or open for all, etc.). Most of the voluntary schemes that are operational in developing countries do cover also social and other environmental sustainability issues (food security, soil-, water-, air protection, access to land etc.). Most popular and influential schemes that increased their coverage in countries that export to the EU, do apply also multi-stakeholder approach, including civil society in their work (such as Round Table on Responsible Soy, Roundtable of Sustainable Palm Oil, Roundtable of Sustainable Biofuels etc.).

14.7.5. Support for research and international cooperation on biofuel sustainability

The EU provides support for the development and deployment of technologies for large scale production of non-food crop based advanced biofuels as well as for transport sector technologies using other sources of renewable energy, such as renewable electricity and biomethane.

Under FP7, support of advanced biofuels research and large scale demonstration projects will amount to around € 277 million for the current financial period (2007 – 2013). Under NER300 (innovative technology support, first award decision 2012) 7 advanced biofuel' projects in 7 Member States will receive EU support of € 635 million).

The EU and its Member States support also international organisations and initiatives that help minimising the risks and maximising the opportunities of biofuels in relation to environmental, social sustainability of biofuels in developing countries. This includes in particular the support of development and implementation of the Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests in The Context of National Food Security (VGGT), 24 sustainability indicators for bioenergy of the Global Bioenergy Partnership (GBEP), FAO work on sustainability of bioenergy and Food Security (BEFS) Approach.

GBEP sustainability indicators are currently being tested in both developed (including Germany, the U.S., Sweden, and Netherlands) and developing countries (incl. Indonesia, Ghana, Colombia etc.). This process helps governments to assess the policy framework and to identify information gaps, to test the practicability and applicability of indicators in different regions under different framework conditions. Already today, during the pilot testing phase, these science based and technically sound indicators help governments and industry as an analytical decision-making tool and as guidance for policy development and industry practices, assessment of impacts.

PCD Study: Assessing the impact of biofuels production on developing countries from the point of view of policy coherence for development

In 2012, the Commission has responded to concerns about the development impacts the EU energy policy was allegedly having through increased biofuels production in developing countries.

In order to gather available evidence on the issue and to complement the information provided in the planned Renewable Energy Progress report, the Commission has commissioned, an inter-disciplinary study to look at evidence of impacts of biofuels production in developing countries, under the title ‘Assessing the impact of biofuels production on developing countries from the point of view of policy coherence for development.’

The study was focused on liquid biofuels production without discriminating the production for local use and production for exports. In terms of geographic scope, the study was focused on Africa, as most cases of incoherence related to EU renewable energy as presented by NGOs were related to this continent. Two country cases — Senegal and Tanzania — completed an extensive literature review of available knowledge that covered over a hundred reports.

Apart from food security impacts, the study looked at impacts on water, access to energy, income generation and gender. Among key factors behind the potential positive and negative impacts of biofuels production, the study looks also at factors beyond the EU policy and a growing world market for biofuels, such as the (wrong) perception of developing countries (and notably Africa) as a region with large potential of ‘available and unused or marginal land’. It also draws attention to the need for more policy coherence at local and regional level in the developing countries — especially the need for improving land tenure governance, for development of policy and legislative framework for sustainable development of energy and agricultural sectors, and the enforcement of the countries laws in this regard.

Finally, the study draws attention to the role of the private sector in biofuel production (responsible investment, good business plan, inclusive production models) and the type of projects. The study also indicates that on the basis of gathered material, it is not possible to define the best production scheme as the conditions must be considered on a case-by-case basis. Nevertheless, experiences gathered during fields visits indicated that smaller and more inclusive projects in the countries visited, tend to have better prospects for implementation and better impacts in developing countries and notably in Africa. Bigger, monoculture projects seem to be responsible for more negative impacts, particularly in cases of failed projects.

While describing the main economic, environmental and social impacts on the ground, the study has concluded that significant data gaps still remain, especially on the trade in biofuels (for crops such as maize or products like sugar, ethanol or palm oil, it is difficult to separate the shares to be used as biofuels from other uses i.e. food, cosmetics, etc.) and the nature and importance of the impact of EU renewable energy targets on world food prices (compared to other factors).

The contractor’s final report has been published on the Commission’s website¹⁰⁶ and will serve as basis for further policy work on renewable energy policy and for policy dialogue at different levels.

¹⁰⁶ http://ec.europa.eu/europeaid/what/development-policies/documents/biofuels_final_report_assessing_impact_of_eu_biofuel_policy_pcd_22022013_en.pdf .

14.7.6. *Ongoing public debate on the impacts of EU renewable energy policy*

The EU Renewable Energy Policy and the EU Report on renewable energy have been facing criticisms in the last two years. Several NGOs, such as Oxfam¹⁰⁷ or Action Aid¹⁰⁸ criticise the EU target for renewable energy in transport, arguing that the targets create an incentive for European companies to look elsewhere for available arable land to produce biofuels and this leads to (sometimes irregular) large scale land acquisitions in mainly developing countries with poor land tenure governance, which result in displacement of populations and their loss of access to land and other resources (such as water) necessary for food production locally.

In fact, the above mentioned study indicates that there has been a wave of land acquisitions in developing countries and especially in Africa, but these have not materialised to actual projects on biofuel production or exports to the EU. Thus, the real negative effect of land grabbing for biofuels therefore seems to be much smaller than initially anticipated. Also, as reported in the Renewable Energy Progress Report, the effect of the EU mandate for biofuels on global food prices has so far been much smaller than feared.

In April 2012, the UN special rapporteur on the right to food has published a critical Note¹⁰⁹ in which he expresses his deep concerns in regard to EU biofuel policy and the considerable negative impacts this policy and urges that the incentives for the production of biofuels that threaten the right to food, such as the binding EU targets for renewable energy in transport and national biofuel mandates, to be reduced and eventually removed.

A concern expressed by stakeholders concerning the EU policy support to biofuels production is that it leads to taking land from communities that depend on it for subsistence and food production and using it for producing biofuels to be later exported into the EU under the renewable energy targets. While such concerns have to be taken seriously, there is little evidence that such developments have actually taken place. So far, biofuel exports to the EU mainly come from more developed countries with well-developed and export oriented agriculture (such as Brazil, Argentina).

Nevertheless, these concerns are also voiced and taken into account by several EU Member States, such as Germany or the Netherlands. This issue will therefore need to be further monitored.

¹⁰⁷ <http://policy-practice.oxfam.org.uk/publications/the-hunger-grains-the-fight-is-on-time-to-scrap-eu-biofuel-mandates-242997>.

¹⁰⁸ <http://www.actionaid.org/eu/what-we-do/biofuels-and-land-grabs>.

¹⁰⁹ http://www.srfood.org/images/stories/pdf/otherdocuments/20130423_biofuelsstatement_en.pdf.

Opportunities and risks of biofuel production for developing countries — Strategy paper from Germany

Germany takes into account the food first principle. While increasing exports of biomass and bio-energy towards the EU, among others fuelled by climate laws and renewable energy acts, can offer additional market opportunities for developing countries, at the same time they can undermine efforts for reaching food security of developing countries, if export policies are not an integral part of food security policies.

The German Federal Ministry for Economic Cooperation and Development (BMZ) issued a strategy paper on chances and risks of biofuel production for developing countries which is the base for any German development projects in this field. It comprises primacy of the human rights for food and water, positive GHG balance, conservation of biodiversity, compliance with minimum social standards, involvement and participation of local communities, respect for existing land and water rights. German Development Cooperation supports a limited number of small-scale biofuel projects for local use. In addition, BMELV in a joint project with FAO developed an analytical framework to provide governments in development countries with country-specific guidance as to how bioenergy production can be made socially and environmentally compatible.

15. RESEARCH, DEVELOPMENT AND INNOVATION IN THE AREA OF CLIMATE CHANGE

15.1. EU research on developing country climate change issues in 2010 and 2011

The Seventh EU Framework Programme (FP7) covers research actions in a number of areas such as the environment, food and nutrition, health and climate change. The programme facilitates collaboration with researchers from developing countries who participate directly in a range of EU projects ranging from understanding the phenomenon and its impacts up to the development of response options and new technologies and innovation. Furthermore under Horizon 2020 (2014-2020), the new EU Framework Programme for research and innovation EU funded research is a policy area that can promote the integration of development objectives into EU Research and Innovation policies. More information regarding research and PCD can be found under cross-cutting issues.

With regard to climate change issues, a number of topics were included in a *Call for Africa*, which was targeted as a priority region in 2010. The specific topics addressed within the 2010 call deal with the effects of environmental change on the occurrence and distribution of water-related, vector-borne diseases in Africa, with early warning and forecasting systems to predict climate-related drought vulnerability and risks as well as with water management in Africa. In a similar context, the focus in 2011 was on Latin America and the Caribbean. In the context of the EU-LAC Joint Initiative for Research and Innovation (JIRI), the Summit Action Plan mandates efforts to integrate national, regional and bi-regional instruments to increase the impact of activities. To this effect, senior officials working groups have been established, including one on Biodiversity and Climate Change. These working groups are now focusing their efforts on operational plans outlining clear objectives, activities and indicators of achievements that have been reported at the Senior Officials meeting in Brussels in April 2013.

Example of FP7 projects in the area of climate change¹¹⁰

DEWFORA: Improved Drought Early Warning and FORecasting to strengthen preparedness and adaptation to droughts in Africa. The project aims to reduce vulnerability and strengthen preparedness for droughts in Africa by advancing drought forecasting, early warning and impact mitigation practices. The project develops a framework for monitoring, predicting, timely warning and responding to droughts at a seasonal time scale, which can be applied within the institutional context of African countries. Longer-term resilience is also addressed, through the improved identification of vulnerable regions taking into account climate change, and the analysis of feasible adaptation measures (2011-2013, EU Contribution € 3.5 million).

Non-EU participants: Egypt, Sudan, Kenya, Mozambique, South Africa, Morocco, Botswana.

AMAZALERT: Raising the alert about critical feedbacks between climate and long-term land use change in the Amazon. The project examines how global and regional climate and land-use changes will impact Amazonian forests, agriculture, waters, and people and assesses the feedback of these changes onto the climate system. The project team evaluates the impact and effectiveness of existing and optional public policies and directly involves stakeholders from institutions and governments in developing the blueprint for an Early Warning System for detecting forest degradation and greatly improved tools to evaluate and assist in decision-making on the future management of the Amazon region (2011-2014, EU Contribution € 3.5 million).

Non-EU participants: Brazil, Bolivia, Colombia.

15.2. Research on low-carbon technologies, including renewable energy

The Seventh Framework Programme (FP7) supported the development of the EU Strategic Energy Technology Plan (SET-Plan). The SET-Plan is the technology pillar of the EU's energy and climate change policy which aims at fostering innovation in energy technologies to achieve the 2020 Energy and Climate Change goals and at contributing to the transition to a low carbon economy by 2050 while accelerating knowledge development, technology transfer and up-take and maintaining EU industrial leadership on low-carbon energy technologies. In the context of the SET-Plan, cooperation with developing and emerging countries has been taken into consideration where relevant. Development cooperation activities are also in line with the Communication on security of energy supply and international cooperation, the Communication on energy technologies and innovation, and the Communication 'Enhancing and focusing EU international cooperation in research and innovation: A strategic approach'¹¹¹.

Mediterranean Partner Countries (MPCs) have mainly participated in FP7 Energy funded research on solar energy. The 'Multipurpose Applications by Thermodynamic Solar' (MATS 2011-2015) project received €20 million for a demonstration plant located in Egypt. An assessment of the wind energy potential of the MPCs took place under the COCONET project (2012-2016, EU Contribution €9 million). In addition, the last FP7 call funded REELCOOP and EUROSUNMED, two projects intended to validate European technologies under conditions found in the MPCs while strengthening the MPC's capacities in research and technology on these technologies, with a focus on photovoltaics, concentrated solar power, solar thermal, bioenergy and grid integration.

¹¹⁰ More examples can be found at http://ec.europa.eu/research/environment/index_en.cfm?pg=climate.

¹¹¹ COM (2012) 497 final:
http://ec.europa.eu/research/iscp/pdf/com_2012_497_communication_from_commission_to_inst_en.pdf.

- Feasibility Study on the Renewable Energy and Research and Innovation Capacity of Sub-Saharan Africa funded by FP7

In the FP7 Work Programme 2012- on Energy, a call for tender was published in 2013 for a feasibility Study on the Renewable Energy and Research and Innovation Capacity of Sub-Saharan Africa. It aims to establish the exact research capacities and needs as well as the social, economic and environmental impacts of different renewable energy technologies in the region. The outcomes of the study would provide a clear guidance on whether and how to undertake a research and demonstration programme of mutual benefit with the region in the area of renewable energy.

FP7 makes an important contribution to bio-economy developments. In particular the following topics related to plant-based bio-products and biofuels are covered: novel plant-produced compounds for agrochemicals and cosmetics, renewable biofuels in semiarid and temperate regions, industrial lubricants, plant-based polymers (latex and rubber), plant biofuels based on biomass, including yield increase through photosynthetic improvement and biomass yield and trait optimisation (abiotic stress issues) and fibres.

Example of a FP7 project on using sorghum for bioethanol production

SWEETFUELS exploits the advantages of sweet sorghum as a potential energy crop for bioethanol production. The main objective of SWEETFUEL is to optimise yields in temperate, semi-arid and sub-tropical regions by genetic enhancement and improvement of agricultural practices (2009-2013, EU Contribution €3 million).

Non-EU Partners: South Africa, Brazil, India and Mexico

- Scientific and Technical Support to SE4All in Africa

In the framework of the *Sustainable Energy for all Initiative (SE4All)*, the project *Scientific and Technical Support to Sustainable Energy Development in Africa: Rural Electrification, Renewable Energy and Communication (RENAF)*, developed successfully a consolidated technical and socio-economic base for assessing rural electrification projects, defining the criteria to be used in the evaluation of grid extension vs. off-grid solutions. The main findings were among the results that Commission's Joint Research Centre (JRC) presented in the High Level Energy Forum 'Towards Sustainable Energy For All in West Africa', organised in October 2012 in Accra, Ghana and summarized in the EU report *Renewable energies in Africa – current knowledge*.

In particular, the Commission has concluded an analysis on potential future energy scenarios for the Sub Saharan African countries. The energy-related local and regional geo-information is organised into comprehensible maps that can assist policy makers to communicate the economic potential of using renewable energy technology resources in Africa. Very efficient tools (like IRENA's Global Atlas, ECREEE's EcowRex, JRC's RE2nAF) have been developed that will assist policy makers to communicate the economic potential of renewable resources to energy services.

The geo-information collected by the JRC also serves as a milestone in the Commission's collaboration with International Renewable Energy Agency (IRENA) and the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE).

- ECOWAS Observatory

The ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREEE) also launched the ECOWAS Observatory for Renewable Energy during the same event. It consists in an interactive mapping tool based on the high quality renewable energy geographical data

that the Commission's Joint Research Centre has systematically collected, and evaluated in collaboration with all network partners, on solar, wind, hydro, biomass and geothermal resources in Africa.

The project is also directly beneficial to the African research community thanks to the creation by the JRC of the African Renewable Energy Platform (AFRETEP), which aims to assist in the set-up of a network of African research institutions dealing with renewable energy (600+ members, mostly African). Three capacity building workshops for African researchers and students were also implemented in cooperation with African Universities in Uganda, Burkina Faso and South Africa. More information is available on the AFRETEP platform¹¹².

15.3. Socio-economic research related to climate change and its impacts in developing countries

Strengthening the comprehensive approach to climate change

The Commission's Joint Research Centre has been carrying out research activities related to the assessment of the socio-economic and environmental consequences of hydrological extremes in Africa in view of climate change and socio-economic pressures (e.g., population and land use dynamics). The Commission's Joint Research Centre is working on a review paper to synthesise the current state-of-the-art on related projections in Western Africa, which will benefit to climate and development policies.

Seeking synergies between climate, energy and development policies

The Commission provides scientific and technical assistance to support the participation of the Eastern Partnership and Central Asian cities (CoM East) and also the South/Eastern Mediterranean cities (CoM South) to the Covenant of Mayors (CoM) European initiative, which is a 'platform' for sustainable energy and climate policy at local level. It helps local authorities from twenty one third countries¹¹³ to adapt and set up the methodology and tools for establishing a city emission inventory and a Sustainable Energy Action Plan in which they make theirs the EU commitment to meet and exceed the 20% CO₂ reduction objective by 2020.

Support for developing countries taking climate change measures including through their participation in the international carbon market

- (1) The Commission's Joint Research Centre has launched a research project to investigate the potential relationship between poverty and weather and climate driven disasters in the Least Developed Countries. The project will support the Global Climate Change Alliance (GCCA) in the following key priority areas: disaster risk reduction; climate change adaptation; and integrating climate change into poverty reduction efforts. As a starting point it will provide the GCCA with the scientific and technical expertise in identifying key climate and development indicators as well as criteria for the selection of the GCCA projects. In the future, this support will be developed on the basis of specific scientific and technical requests from Commission services, EU Delegations and countries involved by the GCCA.

¹¹² Videos and documents (as a virtual workshop) accessible following a free registration to the website www.afretep.net.

¹¹³ CoM East: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan and CoM South: Morocco, Algeria, Tunisia, Libya, Egypt, Israel, Jordan, Palestine, Lebanon, and Syria (pending).

- (2) The overriding aim of the EUROCLIMA regional cooperation programme is to increase knowledge about climate change issues and their consequences in Latin America. Through cooperation with the UN Economic Commission for Latin America and the Caribbean (ECLAC), EUROCLIMA is playing a crucial role in helping the Latin American scientific community and decision-makers boost and exchange knowledge on climate change with a view to integrating scientific conclusions in development policies and sectoral strategies. In coordination with the EUROCLIMA programme, RALCEA project (Latin American network of knowledge centres in the water sector) reinforces Latin America technical and scientific capacities and knowledge on water issues (Stakeholder mapping; Regional Water Balance; Water Quality and Sanitation) in close collaboration with Latin America governments.
- (3) The Commission has published in 2013 the report *The availability of renewable energies in a changing Africa* where the impact of expected climatic changes on the availability and exploitability of different kind of renewable energy resources have been investigated in the time horizon of a few decades, compatible with the typical deployment time of energy policies and private investments.

Food security

Quick facts

- Global food security is about meeting all human food and nutritional needs and making sure that it reaches everybody. Globally, about 870 million people are estimated to be undernourished, among them a significant proportion of children. Most undernourished people (98 %) live in developing countries, often in rural areas.
- The EU considers that if the world is to eradicate poverty and hunger, sustainable agricultural production will need to be boosted especially in countries where the population is likely to grow most, where alternatives for employment are limited or non-existent and where the potential to scale up production is greatest.
- Ensuring greater food production and availability alone is not enough: this process must go hand in hand with ensuring access to affordable, safe and nutritious food. Undernutrition still is the principal cause of death for more than 3.1 million children each year. The international community is strongly committed to tackle the problem, and the EU has taken on a prominent role in this respect and pledged to help reduce stunting in 7 million children under 5 by 2015 and to mobilise € 3.5 billion between 2014-2020 to contribute to this goal.
- The EU is by far the world's biggest importer of agricultural goods, with imports reaching an all-time high of € 102 billion, still well ahead of the US (€ 85 billion)
- On average in 2009-2011, 72 % of EU agricultural imports come from developing countries (€ 67 billion). This share is significantly higher than the 43 % share in total agricultural imports of Canada, US, Australia, New Zealand and Japan taken together and continues to grow.
- Imports from least developed countries (LDC) amount to € 2.5 billion (average 2009-2011) and represent 2.7 % of the EU total agricultural imports (This share however, is almost seven times bigger than the share of Canada, US, Australia, New Zealand and Japan taken together, which procure on average only € 0.6 billion worth of goods from LDCs. EU agricultural imports from LDC's are on the rise. In 2011 they surged up to € 3 billion (+30 % on 2010).
- For the 11 Fisheries Partnership Agreements (FPAs) currently in force more than € 8 million per year have been spent on sectoral support actions, such as monitoring, control and surveillance, training, support to local and artisanal fleets, etc.
- Driven by the EU, performance reviews have been undertaken by the most of the Regional Fisheries Management Organisations (RFMOs) to which the EU is a party.
- The cost of illegal, unreported and unregulated fishing (IUU) practices is estimated at € 10 billion every year worldwide representing 19 % of the worldwide reported value of catches. IUU makes developing countries lose both resources and future revenue and endangers the food security of their fishing communities.
- Livestock is an indispensable source of high quality protein, but it may also be the source of zoonotic disease. Animal health control, sustainable models of pastoralism and improved breeding enhance the productivity of the sector.
- In 2013, the European Commission has adopted a proposal for a single, comprehensive animal health law to replace the complicated animal health rules currently in place.
- Europe is a major contributor to global agricultural production with 60 % of the global trade in seeds originating from the EU. EU driven innovation in plant breeding and acceptance of new improved varieties have an important place in the sustainable global agriculture.

16. FOOD SECURITY IN EU DEVELOPMENT POLICY

Global food security and hunger are at the core of the Millennium Development Goals and as such they remain also at the heart of current debate on the review of the MDG framework post-2015. MDG 1 is to eradicate extreme poverty and hunger and its target is to halve between 1990 and 2015 the proportion of people who suffer from hunger. Globally, about 870 million people are estimated to be undernourished, among them a significant proportion of children. Under-nutrition is the leading underlying cause of child death (contributing to more than 3 million children dying each year), and over 20 % of maternal mortality.

Most undernourished people live in developing countries, often in rural areas. The majority of them live in Asia, but sub-Saharan Africa continues to house the highest proportion of undernourished people in the world and that is also where progress occurs at a lower rate.

Food security is a major global challenge because global demand for food is increasing (due to demographic and income growth, changing dietary preferences as well as competition with other production over natural resources like agro-fuels) but stable and sustainable supply is increasingly subject to heightened risks as a consequence of economic, climatic and animal and plant health-related issues.

The EU Food Facility

The EU's ground-breaking €1 billion Food Facility¹¹⁴ was set up in 2008, during the food crises which hit the Horn of Africa and the Sahel to provide substantial and swift support to help the worst affected people. Recent results show that in the three years since it began, the Facility has provided indirect support to 93 million people, led to the vaccination of over 44.6 million livestock, and helped to train 1.5 million people in agricultural production. It has boosted sustainable agricultural production from small-scale farmers, reduced post-harvest losses and facilitated access to markets. Beneficiaries saw a 50 % increase in agricultural production and a rise in the household annual income of on average € 290.

In concrete terms, the EU supports developing countries in increasing the availability of food; providing households with better access to food; improving the quality of food and ensuring adequate intake; and preventing and managing crises. Also the *Agenda for Change* has identified sustainable agriculture/food security as a key sector driving greater reduction in poverty and hunger. Since then, other related policies related were adopted. For example, in October 2012¹¹⁵ the EU proposed an approach to build resilient households and communities and drive inclusive and sustainable growth in order to help ease dependence on crisis management and boost longer-term resilience and growth.

In March this year, a new strategy to enhance maternal and child nutrition, with a particular focus on reducing both stunting and wasting was adopted¹¹⁶. This includes a commitment to support partner countries to significantly reduce stunting in children under five by at least 10 % (7 million) of the World Health Assembly¹¹⁷ goal by 2025, and in ensuring that nutrition is addressed as needed in country and regional programmes.

EU's work on food security and nutrition

¹¹⁴ Food facility — EU rapid response to soaring food prices in developing countries: http://ec.europa.eu/europeaid/how/finance/food-facility_en.htm.

¹¹⁵ COM(2012) 586 final.

¹¹⁶ COM(2013) 141 final.

¹¹⁷ The main goal established by the World Health Assembly of last May 2012 was to reduce by 40 % the global number of stunted children under 5 by 2025. This global number is currently estimated to be 171 million (2010 WHO figure).

In June, the Commission announced new EU funding of €3.5 billion (2014 – 2020) to improve nutrition in developing countries. It is just an example of how determined the EU is to make malnutrition history for once and for all.

This support¹¹⁸ will help partner countries to reduce stunting (when children are chronically underweight or small for their age due to a lack of access to healthcare and nutritious food) in children under five by at least 7 million by 2025: 10 % of the World Health Assembly goal.

Such commitments are crucial: 870 million people in the world are food insecure; 165 million children suffer from chronic malnutrition and 52 million children from acute malnutrition.

In order to ensure coordination with Member States, an implementation plan supporting the food security policy framework was developed and adopted in March 2013¹¹⁹. This implementation plan was prepared jointly with Member States to deliver on commitments and enhance coherence, complementarity and coordination within and between EU and Member States' external assistance programmes

The EU and its Member States are major contributors to global food and nutrition security governance, in particular in the FAO Committee on World Food Security (CFS).

For example the EU and its Member States have actively participated in the negotiation of the *Voluntary Guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security*, adopted in 2012 by the CFS, which recognise that effective national land policies and laws are essential, requiring governments to take priority action on land.

While the guidelines acknowledge that responsible investments by the public and private sectors are essential for improving food security, they also recommend that safeguards be put in place to protect tenure rights of local people from risks that could arise from large-scale land acquisitions, and also to protect human rights, livelihoods, food security and the environment.

The issue of responsible agricultural investments has been addressed in the framework of the Global Forum for Food and Agriculture 2013 culminating in the final communiqué of the Agricultural Minister's summit where Ministers from 80 countries called for responsible investments in the agri-food sector to be significantly increased, particularly in developing countries. Investment models exist that do not result in the large-scale acquisition of land, and these alternative models should be promoted.

Furthermore, the Commission and Member States support the ongoing process in the CFS to develop a voluntary framework with principles for responsible agricultural investment (RAI). Such a framework of internationally-agreed principles is needed to guide investors, host countries and intermediaries towards investment in agriculture that respects human rights, livelihoods and resources and should include the monitoring of large-scale land acquisitions.

Many EU Member States are also very active in the cooperation with the FAO.

Providing training to students from developing countries — Example from Hungary

¹¹⁸ Communication on nutrition: *Enhancing Maternal and Children Nutrition in external assistance — an EU policy framework*:

http://ec.europa.eu/europeaid/documents/enhancing_maternal-child_nutrition_in_external_assistance_en.pdf.

¹¹⁹ COM(2013) 104 final.

Hungary hosts the UN-FAO's Regional Office for Europe and Central Asia (REU), and FAO's Shared Services Centre, providing office space and 11 national junior professional officers.

In addition, Hungary — in the scope of a Partnership Agreement with the FAO — offers 100 scholarships for Master's level or Veterinarian School students from developing countries. The scholarship programme started in 2008 and by 2011 100 students were studying in Hungarian Universities. The Ministry of Rural Development is planning to continue this program. At the request of the MFA, the Ministry extended the programme for the year 2012/13 to include students from the countries affected by severe food crisis (e.g. Burkina Faso, Chad, DPRK, Mali, Nigeria and Yemen).

Food and nutrition security and sustainable agriculture also feature prominently in the 2014-2020 programming exercise.

17. COMMON AGRICULTURAL POLICY

EU agriculture plays an important role in global food security by contributing to world food availability and the sustainability of production (economic, environmental, social). The EU food industry remains an important supplier of high-quality and safe agri-food products on a growing world market. While each country and each region of the world has primary responsibility to ensure its own food security, developed and emerging economies must promote cooperation and increase in productivity in food-deficit and vulnerable regions. At the same time, the EU and producers must focus on the sustainable management of natural resources, building resilience to climate change, functioning of the food supply chain and stabilising agriculture markets.

17.1. Reform of the CAP post 2013

The Commission's legislative proposals on the Common Agricultural Policy (CAP) after 2013¹²⁰ accompanied by a substantial impact assessment¹²¹, (including consideration of impacts on developing countries¹²²), were subject to an intense public debate and political negotiations during the reporting period. The potential implications of the CAP on development were taken into account in the impact analysis.

Three basic objectives for the CAP after 2013 are identified: i) viable food production; ii) sustainable management of natural resources and climate actions; and iii) a balanced territorial development. To remain coherent with other EU policies the future CAP should also contribute to the objectives of the Europe 2020 strategy by fostering smart, sustainable and inclusive growth.

The challenges that CAP has to address have changed over the years: if in the past they were largely internal, such as balancing the internal market and control of expenditure related to production, today the principal challenges faced by EU farmers are external ones. These include: economic challenges — the economic and financial crisis, food security, income viability, severe price fluctuations, squeezed margins due to higher prices for inputs like feed and energy; environmental challenges — climate change, soil and water quality, biodiversity; and territorial challenges — vitality of rural areas and demographical trends. The pressure from the rise in global food demand is expected to be accompanied by a strong increase in

¹²⁰ http://ec.europa.eu/agriculture/cap-post-2013/legal-proposals/index_en.htm.

¹²¹ http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/cap-towards-2020/index_en.htm.

¹²² Annex 12 on developing countries http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/cap-towards-2020/report/annex12_en.pdf.

demand for fibre, biomass, and biomaterial, and also by rising public expectations in the EU for safety, quality, value, traceability and diversity of food.

The new CAP places the joint provision of public and private goods at the core of policy concerns. In broad terms, the evolution of the CAP reflects the need to guarantee in the long term EU agricultural production in a way which is sustainable both economically and environmentally, and territorially balanced with a minimal negative impact on farmers outside of the EU, especially those that are more vulnerable.

The reform of the CAP introduces: the retargeting of direct support; the so-called ‘greening’ measures for soil, biodiversity and climate; the adaptation of market measures for a strengthened safety net and enhanced producer cooperation; and, a varied set of other measures to ensure the socio-economic development of rural areas.

In addition to the instruments described above, a significant commitment has been made to agricultural research — an essential component in contributing to improve sustainability in the medium- and long-term, and whose benefits can be and are shared continuously with our partners — also through the EU development cooperation.

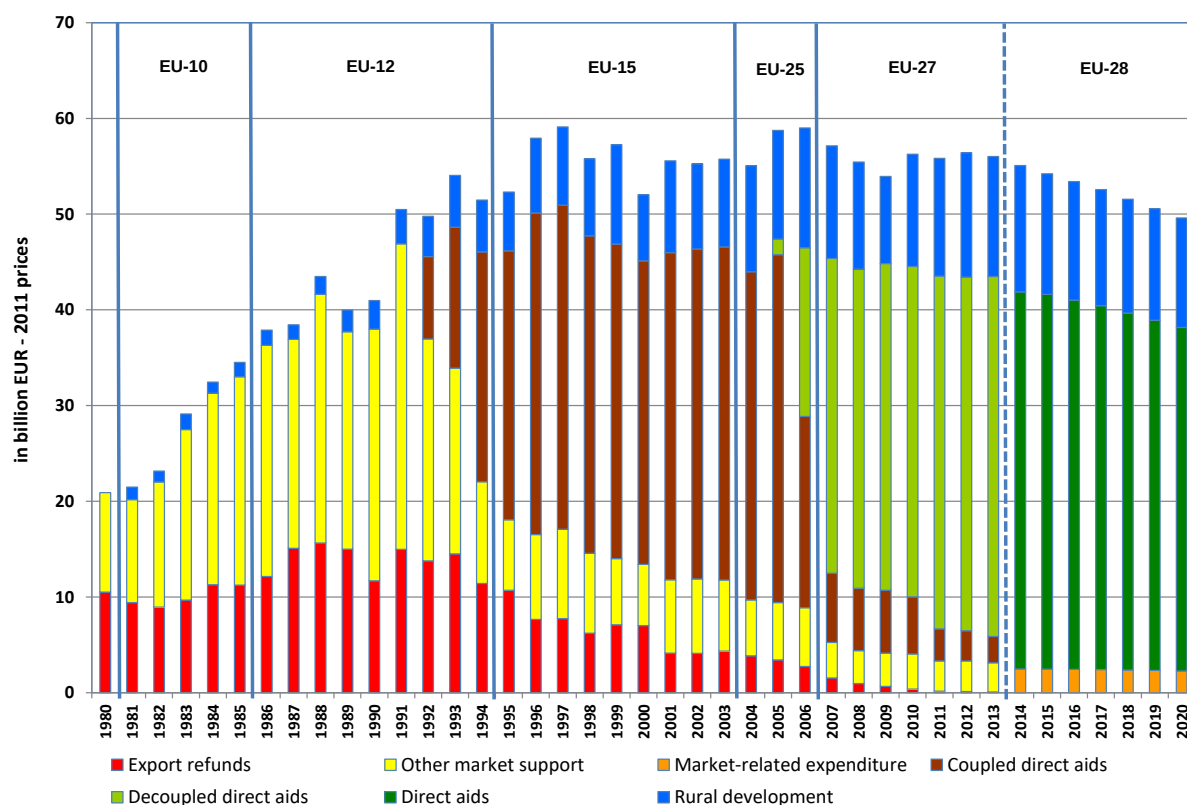
The CAP had already changed significantly over the last 20 years. The instruments proposed continue the trend towards more market orientation and hence have limited impact on international markets, and therefore on developing countries’ economies.

Subsequent CAP reforms in the past decade have significantly improved market access opportunities for developing countries and reduced market distortions, thereby progressively reducing CAP impact on the trade and development opportunities of these countries, and therefore on the income of small farmers and the resilience of rural communities.

The EU has become a price taker in the world markets for most agricultural products. The main subject of criticism of the CAP in the past for its distorting effect was the use of export refunds. As of July 2013, no agricultural sector benefits from export refunds and, with the reform of the CAP, the export refunds may be provided only during market crises.

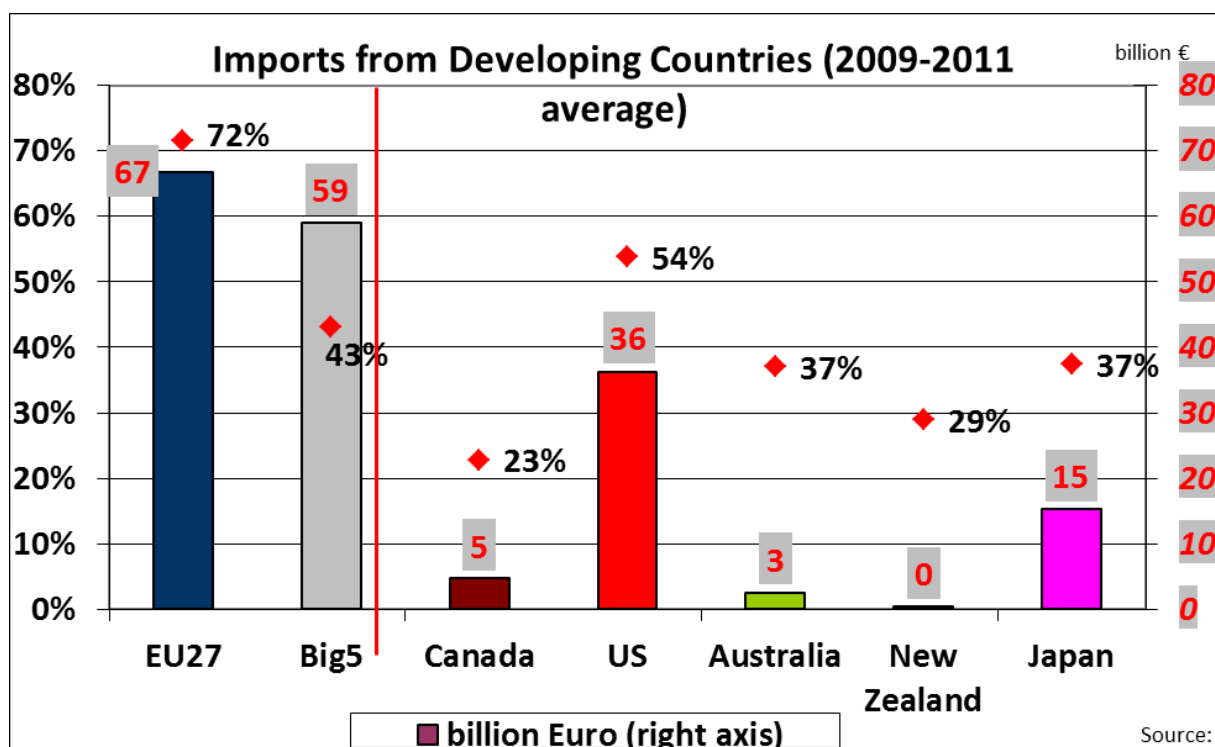
In addition, given the wide heterogeneity of developing countries and households therein, CAP impacts cannot be generalised and could only be assessed on a case by case basis, depending on the specific characteristics of the country at stake (trade balance, degree of integration in the world markets and price-transmission mechanisms, internal policies supporting or penalising agricultural sector etc.) and whether households are net buyers or sellers of agro-food products (relevant in developing countries with a large rural population engaged in agricultural activities).

The path of CAP expenditure 1980-2020



17.2. The trade dimension and food price volatility

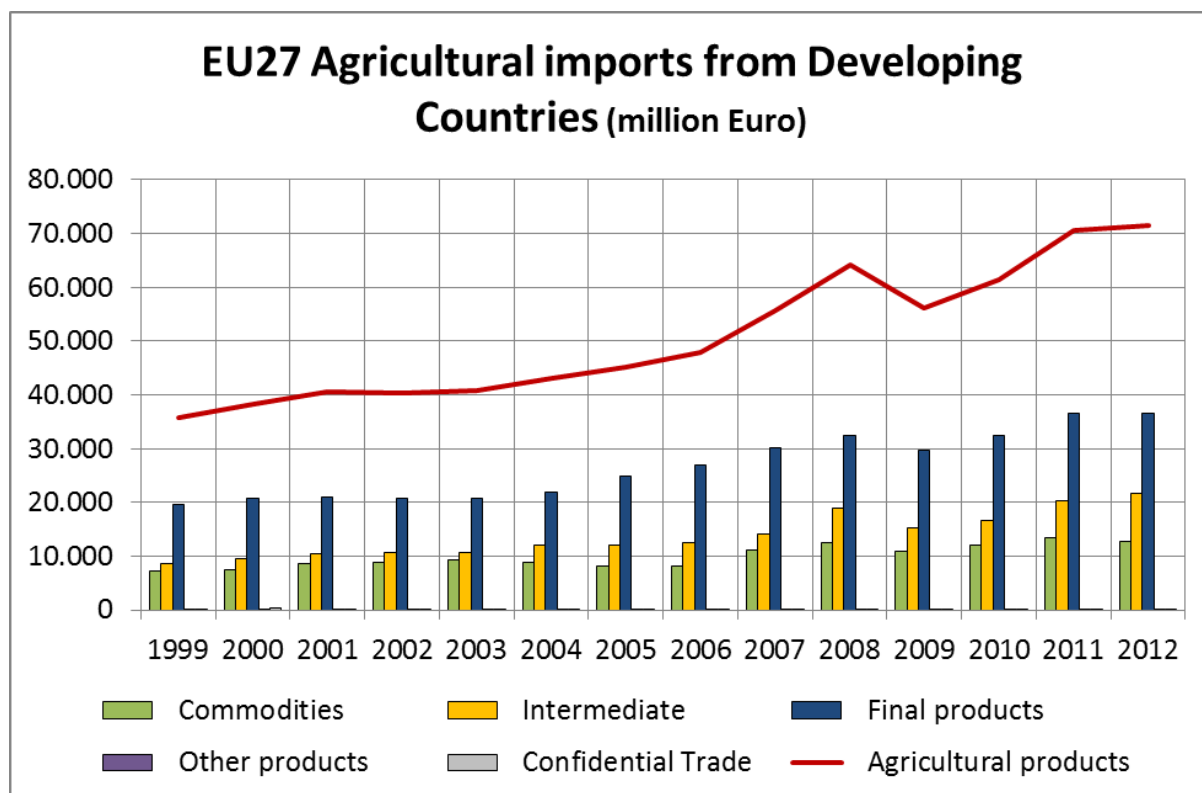
As in previous years the EU continues to be the main importer of products from developing countries. From 2009 to 2011, 72% of EU imports of agricultural products came from developing countries (€67 billion per year on average). This share is significantly higher than the 43% share in total agricultural imports of Canada, US, Australia, New Zealand and Japan taken together. Moreover, imports from developing countries to the EU are growing. In 2012 their value reached €71.2 billion (+1% on 2011).

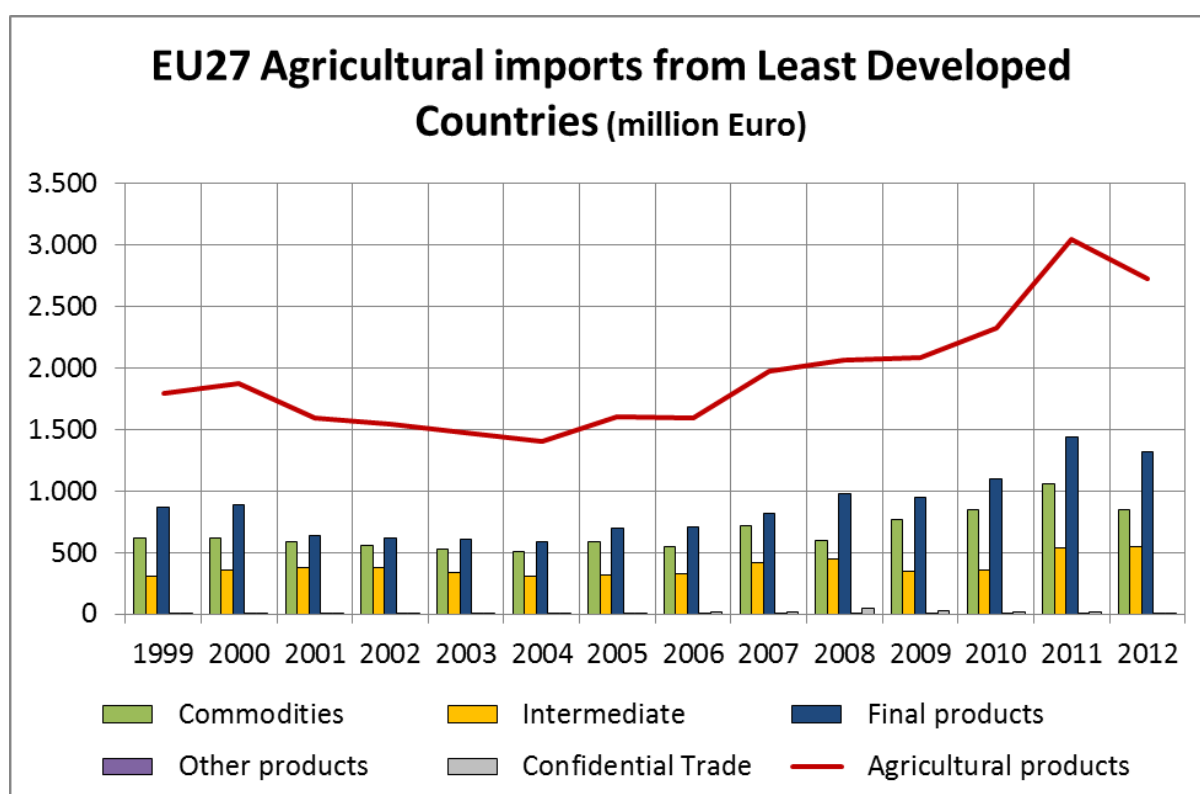


When it comes to imports from LDCs, the EU scores even better. €2.5 billion of imports from LDCs (average 2009-2011) is just a minor share of EU total agricultural imports (2.7%). This share however, is almost seven times bigger than the share of the 5 main exporters which procure on average only €0.6 billion worth of goods from LDCs.

In addition, EU's agricultural imports from LDC's are rising: in 2011 they surged up to €3 billion (+30% on 2010).

Agricultural imports from developing countries and LDCs (1999-2012)





The background document ‘International Aspects of agricultural policy’¹²³ published by the European Commission in March 2012, highlights that this is the result of deliberate policy choices to grant favourable trading terms to developing countries. Open access to the European market contributes to these countries’ agricultural and economic growth, food security, poverty reduction and rural development.

Imports are subject to EU food safety, hygiene and labelling rules. To ensure that all imported agricultural products and foodstuffs meet the EU’s high standards, they are subject to checks in countries of origin, at EU borders and in the EU marketplace¹²⁴.

Food price spikes in the recent years have posed an additional threat to food security. Excessive volatility of food prices affects producers and consumers alike, and is most harmful for the poorest in the world. High food prices have a particular effect on food security for food importing developing countries. While maintained high food prices could stimulate agricultural production and investments in food producing countries, short term price volatility — with sometimes severe price drops — actually hampers such developments. Furthermore, price transmission mechanisms are often imperfect and developing countries’ commodity markets are often disconnected from world markets, or world price signals are transmitted to domestic markets with considerable lags so that a domestic supply response is often delayed.

In this context, key areas of EU support include improving market information and strengthened governance of food security at the global level, including in the context of the FAO CFS, with the aim of coordinating actions and improving coherence of international policies and strategies which affect food security.

¹²³ http://ec.europa.eu/agriculture/consultations/advisory-groups/international/2012-03-12/report_en.pdf.

¹²⁴ They are subject to the same safety rules as products originating in the EU.

17.3. Taking into account the impacts of development objectives: an advanced PCD process

It is important to highlight that the area of agriculture and food security is the area where EU work on PCD is the most advanced. It is an area where significant efforts have been made to understand the nature and transmission mechanisms of the impacts of EU policies on developing countries and where the integration of the development dimension in the process of policy-making is systematic and thorough. This is also an area where the interest of developing countries to engage in discussions with the EU (and other actors) on the external impacts of our internal policies is the most evident.

The process of preparation for the CAP after 2013 proposal has been a positive example in terms of ensuring the right conditions for taking into account development cooperation objectives and contributions from development stakeholders, and for addressing PCD issues:

- Before embarking on the reform of the CAP and also at various moments during the process, the Commission has engaged in extensive public consultation. The number of responses collected confirmed the openness of the process¹²⁵.
- The Commission has also organised a public conference in 2012 to provide an additional forum for civil society discussion. The contribution of the future CAP to global food security, while responding to challenges such as climate change, market and income volatility, globalisation and competitiveness, degradation of natural resources, etc. have been part of the debate.
- In line with the Article 12 of the Cotonou Agreement, ACP countries were consulted and various meetings at technical and ambassadorial level were organised with them.
- In addition, a supplementary platform — the Advisory Group on International Aspects of Agriculture¹²⁶ — providing a regular forum to exchange on international aspects of EU agricultural policy started its activities in March 2012. Since then, experts and representatives of the main development NGO community as well as of the ACP Civil Society Forum meet twice a year to discuss various issues related to international aspects of agricultural policy (e.g., multilateral aspects (WTO), bilateral trade agreements, PCD, etc.) and can propose their own topics for future discussion.
- The Impact Assessment accompanying the European Commission's proposals for the CAP after 2013 included expected impacts on developing countries in the analysis. (See Annex 12 on CAP and development).

17.4. The state of play of the CAP after 2013 proposals

On 26 June 2013 a political agreement on the reform of the CAP has been reached between the European Commission, the European Parliament (EP) and the Council.

With the mostly criticised negative effects largely addressed over the previous consecutive reforms through a decoupling of payments and a gradual elimination of export refunds, the implications of the current CAP reform for development are limited. The CAP has become more market oriented, thereby considerably reducing its potential negative impacts on world markets. Therefore past criticisms about the negative effects on global food security are no longer relevant.

Having tackled the CAP's main negative effects is a success, but makes further progress more challenging, as the attention turns now to other policies, where the links and negative effects

¹²⁵ http://ec.europa.eu/agriculture/cap-post-2013/debate/report/summary-report_en.pdf.

¹²⁶ http://ec.europa.eu/agriculture/consultations/advisory-groups/international/index_en.htm.

are not as obvious. In the run up to the EP plenary vote, considerations of the impact of the CAP on developing countries have not been at the foreground of the discussion, except in the European Parliament's Development Committee (DEVE).

The European Parliament also concluded that developing countries have become a highly heterogeneous group and it is difficult for them (of for the EU for that matter) to identify a common development interest where it concerns the CAP. Given this high level of heterogeneity, impacts can only be assessed on a case by case basis, depending on their specific situation. This further complicates the assessment of the impacts, links and causality effects of the CAP.

In any case, the current reform of the CAP continues in the path of earlier reforms regarding market orientation while improving the targeting of support and policy measures to foster an innovative and sustainable EU agriculture that lives up to the various challenges identified today, including a strong contribution to food security.

Considering the important part of the EU budget devoted to the CAP, there have been strong calls by Parliamentarians, several EU Member States and non-governmental actors to look into options for a systematic monitoring of the CAP effects on developing countries.

The monitoring and evaluation of the CAP has been strengthened with the reform — but it will be conducted primarily in regard to the objectives of the policy (not specifically by geographical area). Besides, a close monitoring of agricultural trade flows and related trade issues such as the Free trade agreements (e.g. with India), EPAs or the Renewable Energy Directive reporting can also inform future debates in the context of PCD and Global Food security.

18. AGRICULTURAL PRODUCT QUALITY POLICY

It is well recognised that the EU market for agricultural products and foodstuffs offers some of the most attractive export opportunities for developing country exporters. The EU continues to be the number one importer of agricultural products and foodstuffs, outstripping all other comparable developed country markets combined. The imported product must meet the EU sanitary and phyto-sanitary standards, but beyond that, products need to be attractive to buyers and to consumers. EU quality policy comprises a framework of measures, guidelines and schemes designed to facilitate communication between farmers and buyers about product characteristics and farming attributes. The policy aims to enhance the functioning of the market by ensuring fair competition, preventing consumer deception, and upholding the single market. Developing country exporters must continue to overcome the challenges of meeting EU standards and buyer requirements, but the quality policy instruments also offer substantial opportunities for exporters to the EU to secure sales and fair prices for their product.

A new Regulation on quality schemes for agricultural products and foodstuffs entered into force in the beginning of 2013. It achieves a simplified regime for several quality schemes by putting them under one single legal instrument. Furthermore, it creates a more robust framework for the protection and promotion of quality agricultural products.

The package includes the reform of the geographical indications (GIs) scheme in particular to facilitate applications. The scheme is gaining the attention of developing country exporters to the EU for all kinds of products. The GI scheme allows developing country exporters to register their regional product names and so gain effective intellectual property protection throughout the EU, preventing all kind of misuses of names. Registration of a GI in the EU allows the coveted EU logos to be used on the labelling of product, helping to distinguish

products in the marketplace. In the EU, GIs protection is enforced by administrative action by the national authorities. This avoids the legal costs companies face when trying to enforce other kinds of intellectual property such as trademarks, which can be prohibitive. The key benefit for producers, including in developing countries, is that they have control over the use of their regional product name. This allows investments to be made to promote the name and prevents use of the name on like products that do not correspond to the written specification. In this way the GI and value-added associated with it are secured to the region of production. Unlike with a trade mark it is not possible to sell or licence the GI name.

19. ORGANIC PRODUCTION

The EU framework for organic production is composed of a basic legislation and a European Action Plan for Organic Food and Farming setting out 21 initiatives to achieve the objectives of developing the market for organic food and improving standards by increasing efficacy, transparency and consumer confidence¹²⁷.

During the last PCD reporting period, the Commission has started a process of the revision of the organic political and legal framework.

In this context, the Commission services have gathered views from around 90 stakeholders — experts, academics and representatives of consumers, producers, retailers, operators, processors, third countries and associations representing third countries, traders, laboratories and researchers, animal welfare organisations. Furthermore, in order to reach out to interest groups concerned, a public consultation was launched in winter from January to April 2013. Based on the outcome of the consultation, an analysis was made by the Commission services, which serves as basis for a revision of the organic farming legislation.

20. THE COMMON FISHERIES POLICY (CFP) AND ITS EXTERNAL DIMENSION

The Common Fisheries Policy (CFP) is the EU's governance instrument that sets out the rules for the management of fisheries by the EU member states. A wide ranging reform of the CFP was agreed in 2013. The aim of the reform is to secure both fish stocks and fishermen's livelihood for the future by putting an end to overfishing and depletion of fish stocks and ensuring that all fish stocks are brought to sustainable levels.

As a major global fisheries player and importer of fisheries products the EU has a responsibility for ensuring long-term sustainability of fisheries worldwide. The Communication on the external dimension of the CFP reform¹²⁸ sets out the main strands for external action in line with its internal policy, in particular the need to create a new generation of Sustainable Fisheries Agreements, to make Regional Fisheries Management Organisations more effective and to fight Illegal, Unreported and Unregulated (IUU) fishing.

Sustainable fisheries management keeps and brings back fish stocks to healthy levels. This is key for developing countries as it ensures that fish stocks will remain available to those who rely on fish as a source of high protein value. It also guarantees that coastal communities will be able to secure their income from fishing and maintain their viability. Hence the need for proper fisheries governance in domestic and international waters.

The Communication on the external dimension of the CFP also stresses the need to ensure policy coherence with other EU policies, notably development policy to make sure that the

¹²⁷ http://ec.europa.eu/agriculture/organic/eu-policy/action-plan_en.

¹²⁸ Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on external dimension of the common fisheries policy COM(2011) 424 final.

aspirations of developing countries are fully respected and to deploy the tools that allow developing countries to become responsible and equitable fisheries actors domestically and in Regional Fisheries Management Organisations.

Importance of fish and fishery products for food security and nutrition¹²⁹

Fish and fishery products represent a valuable source of protein and essential micronutrients for balanced nutrition and good health. In 2009, fish accounted for 16.6% of the world population's intake of animal protein and 6.5% of all protein consumed. Globally, fish provides about 3.0 billion people with almost 20% of their intake of animal protein, and 4.3 billion people with about 15% of such protein. Differences among developed and developing countries are apparent in the contribution of fish to animal protein intake. Despite the relatively lower levels of fish consumption in developing countries, the share contributed by fish was significant at about 19.2%, and for Low Income Food Deficit Countries (LIFDCs) it was 24.0%. However, in both developing and developed countries, this share has declined slightly in recent years as consumption of other animal proteins has grown more rapidly.

Fish proteins can represent a crucial component in some densely populated countries where total protein intake levels may be low. In fact, many populations, more those in developing countries than developed ones, depend on fish as part of their daily diet. For them, fish and fishery products often represent an affordable source of animal protein that may not only be cheaper than other animal protein sources, but preferred and part of local and traditional recipes.

20.1. Bilateral Fisheries Agreements

The European Commission negotiates, on behalf of the EU, Fisheries Partnership Agreements (FPA) with a number of third countries. Through FPAs, the European fleet has access to surplus resources which its partners cannot or do not wish to fish, in accordance with UN principles. In return, the EU provides a financial contribution based on two elements: the economic evaluation of the access by Community vessels to third country waters and fisheries resources, and the needs expressed by the partner country for supporting the implementation of a sustainable fisheries policy in its waters. In that sense, FPAs are governance tools to promote good governance in third countries waters.

FPAs are currently being renegotiated alongside the key CFP reform principles such as improved scientific knowledge, greater transparency, better monitoring of the EU vessels activity, more balanced contributions between the EU and ship-owners and enhanced consistency with external relations objectives though the systematic inclusion of a human rights clause. The new generation of FPAs also aim at strengthening the efficiency and the transparency of the funds allocated for sectoral support and at increasing the added value of the latter for partner countries.

The amounts devoted to sectoral support have been used mainly to support activities in the field of fisheries management, monitoring, control and surveillance, capacity building, training, scientific and sanitary capacity and finally support to local and artisanal fleets. In many countries they had a leverage effect on national resources and were decisive on having some actions or projects implemented.

For example, in the Seychelles, the EU sectoral support funding has been used to build a new landing quay in the new fish port of Victoria, which will enable large purse seine vessels to land directly to the new fisheries port. Furthermore, EU funding has enabled the development of small-scale fish processing units for the use of the semi-industrial long line fleet, for which

¹²⁹ Source: FAO, *The State of World Fisheries and Aquaculture 2012*.

EU funding is also providing support in the development of fleet capacity. Finally, funding was also provided to the Seychelles for the installation of specialised testing equipment to ensure that exports of fisheries products from the Seychelles meet EU sanitary requirements.

For the 12 FPAs currently in force¹³⁰ more than € 10 million per year have been spent on these types of actions, out of a total contribution to our partner countries of almost € 22 million. The contribution relating to sectoral support takes into account the specific needs and particular situation of each partner country concerned. Hence, FPAs represent an important support for partner countries in fishery sector and its development. At the same time, the monitoring of FPAs has improved with regular follow-up of sectoral support implementation during annual Joint Committee meetings organised on a systematic basis.

Furthermore, in countries such as Ivory Coast, Seychelles and Mauritius, the canning industry which is largely dependent on the fishing activities of the EU fleet under the FPAs is employing on average 2 000 persons in each processing factory. Finally, FPAs may reinforce the involvement of African coastal States in Control and Surveillance frameworks and activities aimed at combatting IUU fishing, sometimes implemented at a sub-regional level. In this respect the Madagascar Fishing Monitoring Centre with support of the FPA has become a point of reference in the Indian Ocean region through its active participation in a dynamic national and regional action plan to efficiently combat IUU fishing.

In October 2013, the European Parliament endorsed the new protocol to the EU-Mauritania fisheries partnership agreement (FPA) prepared by the Commission. This new protocol is both more sustainable and will serve the needs of the local population better, inter alia because the protocol includes a special contribution in kind by the EU fleet to meet their nutritional needs. The agreement will enable to promote the fishing sector in Mauritania and will contribute to safeguard the stocks.

20.2. Supporting developing countries in their participation in Regional Fisheries Management Organisations (RFMOs) and international organisations

RFMOs are by virtue of international law legitimate decision-makers for their entire geographical area of competence as far as straddling and migratory fish stocks are concerned.

The RFMO's are a way of ensuring common governance and sustainable management of a fragile resource and building the basis for a long term viability of fishing and therefore food security and/or income generation in the region.

The EU participates in most of the RFMOs and international organisations with competence in fisheries matters as a member, cooperating non-member or an observer. It has also been actively promoting the creation of new RFMOs for ocean areas/stocks not yet covered by such. As a result, two new RFMOs entered into force in 2012, the South Pacific Regional Fisheries Organisations (SPRFMO) and the Southern Indian Ocean Fisheries Organisations (SIOFA).

In June 2012, the Commissioner in charge of fisheries presided an international conference on 'RFMOs — Fit for the Future' which confirmed that capacity building in contracting parties is essential for the efficiency and effectiveness of RFMOs, particularly in RFMOs whose members are mainly developing countries often with large artisanal fleets. These countries face huge challenges in putting in place the administrative structures, procedures and legal provisions needed to fully comply with RFMO rules and all the other international rules applying to fisheries.

¹³⁰ Greenland, Mauritania, Cape Verde, Ivory Coast, Sao Tome and Principe, Comoros, Madagascar, Mauritius, Mozambique, Seychelles, Kiribati and Solomon Islands.

The EU encourages developing countries' participation in international fisheries fora. It organises preparatory meetings with developing countries in advance of international meetings where appropriate. It encourages and supports the creation of special funds or other mechanisms within RFMOs that help developing countries develop their administrative and technical capacity to participate on an equal footing in RFMO meetings and to put in place the mechanisms that are needed to collect catch and scientific data and to manage and control the fishing activities in line with rules set by the RFMOs and international law. Ultimately, such support would allow developing countries to agree to the adoption of modern conservation and control measures, including port state measures and catch documentation schemes that are essential to fight IUU fishing.

One of the success stories has been the strengthening of the financial base of the Western and Central Pacific Fisheries Commission, while taking into account the limitations — often linked to capacity — of developing countries. In particular, the EU provided significant technical expertise to reduce costs for the operation of the RFMO's Vessel Monitoring Systems (VMS), which are born by all members, and at the same time supported capping of the wealth component of the contributions of small island developing states (SIDS).

Within the RFMOs the EU advocates that fisheries management decisions are based on best available science and respect the precautionary and the eco-system approach. EU proposals should be sufficiently flexible to accommodate the development rights and aspirations of developing countries and to ensure a fair sharing of the conservation burden and the economic gains.

To increase ownership in decisions, the involvement of developing countries in the scientific process of RFMOs is encouraged, notably through EU assistance for their participation in scientific meetings. Such assistance is foreseen in most RFMO with a high number of developing countries members, such as the International Commission for the Conservation of Atlantic Tuna (ICCAT), Indian Ocean Tuna Commission (IOTC), the Inter American Tropical Tuna Commission (IATTC) and the South East Atlantic Fisheries Organisation (SEAFO). Substantial EU funding (over €3 million in 2012) is also provided for scientific research itself (mainly for Western and Central Pacific Fisheries Commission (WCPFC) and ICCAT). To foster sound science in general, the EU has promoted best science resolutions in all Tuna RFMOs which recommend the establishment of tools as described above.

Moreover, the use of EDF funds for the fisheries related actions and projects is promoted. A very successful example for that is the Tuna Tagging Programme in the Indian Ocean that has contributed to a significant progress of the scientific knowledge on tropical tunas in the Indian Ocean and worldwide.

Next to better science, it is better compliance of Contracting Parties with the RFMO rules that is key for effective fisheries management by RFMOs. The EU has for a long time been promoting individual compliance assessments in RFMOs. Such reviews help to identify the reasons for lack of compliance and to design the tools needed to remedy to the underlying problems. For developing countries a main reason for the low compliance is the lack of administrative and technical capacity. Compliance assessments thus allow to better target development or other sectoral support to the key needs of development countries to improve their fisheries management. The compliance assessment process is well developed in RFMOs such as North Atlantic Fisheries Organisation (NAFO), Convention for the Conservation of Antarctic Marine Living resources (CCAMLR) and has substantially improved recently in others, such as ICCAT and IOTC due to the insistence of the EU.

In order to strengthen the overall performance of RFMOs, the EU has been a driving force for the performance reviews undertaken by the majority of them and has contributed actively to follow-up the resulting recommendations.

A particular element that the EU is promoting in this context is increased transparency of bilateral fisheries agreements between members to ensure coherence with RFMO conservation measures.

The Indian Ocean Tuna Tagging Programme — a crucial step towards sustainability

The Indian Ocean, having a complex and varied harvesting structure composed by artisanal fisheries and semi-industrial and industrial fleets, is the second largest tropical tuna producing area in the world. The Indian Ocean Tuna Commission (IOTC) is the Regional Fisheries Management Organisation (RFMO) that manages tuna stocks in the region. IOTC management decisions are, as much as possible, based on the best available scientific data. Tagging when well implemented is the most successful method to provide data on biology, current population size and dynamics, which are fundamental parameters for all scientific fisheries stock assessments essential for sound scientific guidance.

The principle is simple — suppose you tag 1000 fish and release them in the wild. Let them mix for some time with the rest before setting your fishing gear again. The number of fish tagged that you re-capture is proportional to population size taking into account the size of total catches in all Ocean. Tagging is however very difficult to implement. One has to catch the fish and handle it with care, insert a tag in the dorsal area of the fish and release it back into the wild. Thanks to the funding and long-term commitment of the EU as the main donor, a project, lasting from 2002 until 2007, has been extremely successful with more than 200 000 fish tagged and released and more than 31 000 recovered, allowing scientists to now better tuna stocks and IOTC to take better decisions.

These results are a success for tropical tuna management, which will lead to improved stock management and rationalisation of tropical tuna fisheries.

20.3. Illegal, Unreported and Unregulated (IUU) fishing

IUU fishing constitutes one of the most serious threats to the sustainable exploitation of living aquatic resources and marine biodiversity. It causes depletion of fish stocks and prevents future stock growth. It is estimated that the cost of IUU practices amounts to € 10 billion every year worldwide representing 19% of the worldwide reported value of catches¹³¹. This scourge proves particularly costly for developing countries as IUU operators tend to take advantage of insufficient control of their national waters. As a result, resources diminish and the countries lose potential catches and revenue. For these reasons, the fight against IUU fishing was identified as an important aspect for ensuring coherence of fisheries policy with development objectives in earlier PCD reports. Given the high percentage of international trade in relation to total production, fighting IUU fishing requires intelligent regulation of trade and measures to prevent trading in illegally caught fishery products.

The European Commission systematically negotiates and concludes a Vessel Monitoring Systems (VMS) protocol with third countries¹³². Furthermore, all EU vessels are equipped with monitoring systems. But as the problem continues to grow, the EU decided to intensify its action. The IUU Fishing Regulation No 1005/2008, which entered into force on 1 January 2010, ensures that all marine fishery products traded with the EU, including processed

¹³¹ Oceanic Development, MegaPesca Lda (2007): *Assessment of the rationale of the measures included under the initiative against IUU Fishing*.

¹³² VMS is used to automatically plot the position of fishing vessels through modern satellite communication systems (GPS) and is a forceful tool for flag states to control their waters.

products, have been caught in accordance with applicable laws, regulations and international conservation and management measures. The adoption of the Regulation is an important step in the fight against the global problem of IUU fishing and as a vital instrument for ensuring PCD.

The EU has created two special programmes of technical assistance for developing countries with focus on fisheries and fight against IUU fishing:

- ENRTP programme¹³³ — a thematic program with €2 million allocated for the implementation of the IUU Regulation. Between 2010 and 2012 more than 50 developing countries from Africa, South America, Asia and Pacific benefited under this action. A result of the project has been recommendations and an action plan for the visited developing countries highlighting the need for improvement in areas mainly pertaining to legal framework, control, monitoring and surveillance, as well as implementation of the EU catch certification scheme.
- ACP Fish II — this is a programme funded under the 9th European Development Fund (€30 million), operational from June 2009 and expected to continue until November 2013. The program contributes to the sustainable and equitable management of fisheries in the ACP regions and it focuses on strengthening fisheries sectoral policy development and implementation, among which it includes also seminars and workshops on the implementation of the IUU Regulation, catch documentations schemes and more generally the fight against IUU.

The expected results / programme components are:

- (1) Improved fisheries policies, legislation and management plans (at regional and national level);
- (2) Reinforced control and enforcement capabilities;
- (3) Reinforced National & Regional Research Strategies;
- (4) Improved business support and private sector investment;
- (5) Increased knowledge sharing on fisheries management and trade.

In November 2012, the European Commission adopted a Decision notifying eight third countries of the possibility of being identified as non-cooperating third countries in the fight against IUU fishing¹³⁴, as these countries do not fulfil their duties as flag, coastal, port and/or market States in line with international law (the United Nations Convention on the Law of the Sea or United Nations Fish Stocks Agreement). The decision does not entail any measures affecting trade. It highlights the established shortcomings and suggests to these countries actions to resolve the highlighted problems.

The Commission is now engaged in a process of dialogue with these eight countries with the aim that these countries improve their legal and control system. Several of these countries have manifested interest to benefit of technical assistance to implement the corrective measures to the shortcomings identified.

¹³³ EuropeAid/129609/C/SER/Multi.

¹³⁴ OJ C 354/1 of 17/11/2012. These countries are: Belize, Cambodia, Fiji, Guinea, Panama, Sri Lanka, Togo and Vanuatu.

FAO regional programmes in the Mediterranean region — Example from Italy

The Italian Ministry of Agriculture, Food and Forestry Policies funds three FAO regional programs in the Mediterranean region: ADRIAMED and MEDSUDMED, involving respectively the Adriatic Sea region and Southern Mediterranean Countries, and EASTMED, addressed to Eastern Mediterranean Countries.

The abovementioned programs represent also an important framework in which it has been possible to develop significant research projects, training programs and knowledge-sharing experiences with Partner Countries.

The three projects abovementioned (ARIAMED, MEDSUDMED, EASTMED), facilitate the participation of non EU countries at the official meetings held in the GFCM (General Fisheries Commission for the Mediterranean) framework, both at the Scientific Advisory Committee and sub committees level as well as in working groups in which countries can share information on the fishery sector or on the shared stock and on environmental issues. They have also access to a common data base. The role of GFCM is crucial for a sustainable management of the fishery in the Mediterranean.

20.4. Economic Partnership Agreements and fisheries

The European Commission addresses fisheries also through its trade policy and in particular the Economic Partnership Agreements (EPAs) that it concludes with ACP regions where fisheries play an important role. The EPAs contain chapters on fisheries with the objectives of promoting responsible fishing, a more solid fisheries policy and the agreement to work together against illegal fishing through improved monitoring. Provisions on cooperation for promoting joint ventures and enhancing production capacity and competitiveness are also part of those chapters.

21. ENSURING FOOD SAFETY AND ANIMAL HEALTH AND PLANT PROTECTION

The European Commission works to ensure that Europe's food supply is safe and that the same standards of food safety apply to all products regardless of origin. As the world's biggest importer and exporter of foodstuffs, the EU works closely with international organisations and offers advice as well as assistance to third country trading partners. In practice, we find that measures improving food safety and food security are often closely related and mutually reinforcing.

The food security agenda must also address the control of food borne illnesses, plant health, plant reproductive material and sustainable livestock management. These policies contribute decisively to the availability of food that is healthy and nutritious, and to the prevention of crises.

Sanitary and Phytosanitary (SPS) measures include all relevant laws, decrees, regulations, requirements and procedures. SPS measures can be applied to protect human, animal or plant life or health within the territory of a country from risks arising from plant pests (insects, bacteria, virus), additives, residues (of pesticides or veterinary drugs), contaminants (heavy metals), toxins or disease-causing organisms in foods, beverages or feedstuffs, and diseases carried by animals.

Although often perceived as negative — non-tariff barriers to trade — by some developing countries, sanitary and phytosanitary (SPS) measures offer real benefits in promoting better and safer food for all consumers. Indeed, also through actions on animal and plant health, more research and international standard setting for both animal and plant products, but

mainly through EU promoted training the EU promotes the production and increased availability of safer food for all consumers.

Better Training for Safer Food

BTSF is one of the European Commission programmes for training control staff in developing countries on issues related to EU food safety legislation and animal and plant health rules. Training for third country participants aims to familiarise them with EU standards and requirements, facilitating access to the European market for third country products and enhancing trade/sale of safe food at local and regional levels.

BTSF started in 2006 and has proven a successful initiative. The training offer (provided by external contractor under European Commission control) expanded considerably since 2006 and around 800 events attended by more than 35.000 participants have been organised between 2006 and 2012.

BTSF complements wider EU cooperation programmes in the sanitary and phytosanitary (SPS) field. A specific programme for Africa (BTSF Africa) was performed up to 2012 in this context with the continual involvement of the African Union Commission, the Regional Economic Communities (RECs) and the states, and partner international organisations.

In 2013, two new BTSF programmes for non-EU countries are to be launched:

1) Better Training for Safer Food (BTSF) as EU contribution to food security

BTSF promotes the production of safe food, targeting all stages of the production chain. Good agricultural practices, integrated pest management and a healthier animal workforce are key contributors towards food safety, but also to food security.

BTSF contribute to increase the availability of safe and nutritious food on national and international markets and contributes to poverty reduction by improving the income of smallholder farmers and agricultural workers thanks to improved access to market of these safer food products.

2) Encouraging developing countries' participation in International Standards Setting Bodies (ISSB's)

This programme is specifically dedicated to allow non-EU countries to participate more effectively in the work and meetings of the International Standard Setting Bodies (World Organisation for Animal Health (OIE), International Plant Protection Convention (IPPC) and Codex Alimentarius). It contributes to working towards a more harmonised Sanitary and Phytosanitary Standards (SPS) legislation and will therefore have positive knock-on effects on trade.

The above two new projects fully subscribe to the obligations laid down in the EPA agreements and other international trade agreements with non-EU countries and will naturally result in more PCD, by providing real benefits to developing countries.

21.1. Smarter rules for safer food: modernising, simplifying and strengthening the agri-food chain

In May 2013, The European Commission has adopted a package of measures to strengthen the enforcement of health and safety standards for the whole agri-food chain.

The package provides a modernised and simplified, more risk-based approach to the protection of health and more efficient control tools to ensure the effective application of the rules guiding the operation of the food chain. It is expected to enter into force in 2016.

The current body of EU legislation covering the food chain consists of almost 70 pieces of legislation. The package of reform will cut this down to 5 pieces of legislation and will also reduce the red-tape on processes and procedures for farmers, breeders and food business operators (producers, processors and distributors) to make it easier for them to carry out their profession. A simplified body of legislation, reduced administrative burden, as well as more effective and more transparent system of controls should also be an added benefit for third countries operators, who often complain about the complexity of EU rules in these areas.

21.1.1. Animal health law

As part of the package, a proposal was adopted for a simpler and more flexible framework reducing significantly the body of legislation that regulates animal health based on the principle that ‘prevention is better than cure’.

The objectives of the legislative recast are simplification, clarification of responsibilities for farms, veterinarians and other professionals dealing with animals. The proposal should also allow for greater use of new technologies for animal health activities (e.g. surveillance of pathogens, electronic identification and registration of animals), better early detection and control of animal diseases, including emerging diseases linked to climate change and more flexibility to adjust to local circumstances (e.g. climate, social change). Simplifying the rules and clarifying the objectives makes them easier to understand and comply with for stakeholders and farmers both inside and outside the EU.

Promoting food security in Afghanistan — Example from Lithuania

Ghor province is one of the poorest provinces in Afghanistan and in the world. Most of its population suffer from chronic food shortages and 94% of the households have poor dietary diversity and low food consumption levels. The provincial authorities have very limited opportunities to meet the food needs of the population.

This is why it was chosen as beneficiary of projects aimed at promoting food security coordinated by the Ministry of Agriculture, together with its partners the State Food and Veterinary Service of the Republic of Lithuania (SFVS) and the Lithuanian Institute of Agrarian Economics (LIAE).

In 2011/2012 two projects (‘Support for the people of the Province of Ghor in developing their capacity to increase agricultural productivity’ and ‘Support to Ghor province agricultural development’) were successfully implemented.

The aim of the first project is to help the provincial authorities and institutions, local communities to deal with the food supply problem of the province’s population. It was carried out in close cooperation with the Vocational School in Chaghcharan, capital of Ghor province, and Agriculture and Irrigation Department of Ghor province. The target group were the employees of these institutions and local farmers. The project was implemented in three main domains: crop cultivation, veterinary and supply of equipment, machinery and cereal seeds to Vocational School and Agriculture Department.

In the course of the second project, the veterinary specialists of the Ghor province were given 10 thousand doses of vaccine from FMD, the vaccination equipment and other veterinary means and local specialists were trained. The experience of the State Food and Veterinary Service specialists has been taken over by a growing number of colleagues in Afghanistan.

21.1.2. Plant health law

A proposal for a new EU plant Health regulation has been made in May 2013, based largely on an evaluation of the existing Plant Health regime (conducted in 2010). Its main changes include placing more focus on high risk trade coming from third countries, increasing

traceability of planting material on the internal market and introducing better surveillance and early eradication of outbreaks of new pest species and financial compensation for growers hit by such quarantine pests. It is expected that EU plant health policy is likely to have indirect benefits for third countries — especially in terms of limiting the spread of pests and contaminated plant material.

Pesticide Initiative Programme (PIP) targeted at ACP countries

The PIP Quality and Conformity Fruits and Vegetables Programme (Phase 2 — PIP 2) is a programme supported by the European Commission managed and implemented by COLEACP. The first phase of this programme started in 2001 (PIP 1) was originally designed to support ACP countries to comply with the new EC regulations on pesticides that could affect their fruits and vegetables exportations and market shares. The results achieved during the first phase were very good and led to the launch of a second phase. This phase (PIP 2) continues to support fruits and vegetables producers and exporters of ACP countries to comply with the SPS regulations of the European market. It started as of October 2009, for 5 years.

The objective is to increase the role played by trade in agricultural produce in reducing rural poverty and increasing food security in the ACP countries. It also aims at improving the compliance of ACP fruits and vegetables with EU (both regulatory and commercial) requirements, and building up ACP countries' capacity to adapt to these changes in a sustainable way. Among other goals, the second phase of PIP also aims at promoting the efficiency of sector's support and environmental functions (e.g. service providers, producers' organisations, training institutes) and the sustainability of the institutional arrangements for implementing the programme (COLEACP).

21.1.3. EU legislation on Plant reproductive material (including Seeds)

The EU has also come forward with a proposal on plant reproductive material (including seeds). Quality seeds available for agriculture are a key element in ensuring food security not only in Europe, but also in developing countries and 60 % of the world export value in seeds originates from the EU.

The package provides more simplified and flexible rules for the marketing of seeds and other plant reproductive material with the aim to ensure productivity, adaptability and diversity of Europe's crop production and forests and to facilitate their trading. The new law will replace 12 Directives with a single Regulation.

The broad choice of material and the improved testing requirements will contribute to protection of biodiversity and to breeding oriented towards sustainable agriculture.

The aim of the legislation is to introduce a broader choice for the users thus including new improved and tested varieties, material not fulfilling the variety definition (heterogeneous material), traditional varieties and niche market material.

However the new rules take into account the type of material, production conditions and the size of the business involved. Thus for old traditional varieties and for heterogeneous material, there are only light registration rules. Such categories are exempted from the testing and other requirements of the legislation.

It is assumed that improving the quality of seeds and promoting innovation and biodiversity will have positive effects in terms of availability of better quality seeds and food security worldwide. In general, EU legislation is followed by a number of countries worldwide, in particular due to its EU equivalence scheme for EU imports.

The EU also considers that conservation and utilisation of genetic resources play a major role in terms of adaptation and mitigation of agricultural production to face the challenge of climate change.

However, as very little analysis exists on potential impacts in third countries, further monitoring of the effects of the simplified legislation on developing countries will be important in the future, in particular as regards the protection of local farmers' rights on traditional varieties as well as their traditional seed collection, selection, exchange and production systems.

International Standards Setting Bodies for plant reproductive material and the EU

1. Quality of plant reproductive material

The EU is very active in the development of international standards which are open to non-EU and non-OECD countries, such as OECD seed schemes, OECD forest reproductive material scheme, UNECE-seed potatoes and International Seed Testing Association (ISTA). EU has been supporting activities to improve the extension of the OECD schemes to developing countries.

2. Intellectual protection of plant varieties

The EU and the Community Plant Variety Office aim to develop cooperation with third countries with regard to the protection of new plant varieties in the framework of UPOV (Union internationale pour la protection des obtentions végétales). Some actions targeted specifically African countries, through cooperation with the two African regional intellectual property organisations, ARIPO and OAPI.

3. International Treaty on Plant Genetic Resources on Food and Agriculture (ITPGRFA)

The EU recognises the importance of the Treaty as a key international agreement in the framework of agricultural biodiversity. The EU provided €5 million in 2012 for an initiative of the Treaty (leading the field) as well as an annual voluntary contribution to the core administrative budget of the Treaty.

22. RESEARCH, DEVELOPMENT AND INNOVATION IN THE AREA OF FOOD SECURITY

One of the policy areas where significant benefits for developing countries are the easiest to establish is the area of research and this is particularly true on the subject of food security. A great number of projects have been undertaken in the reporting period on Research, development and innovation, both by the European Commission Joint Research Centre, and through programmes financed under the FP7, also open to non-EU participants.

Food and water security and agricultural sustainability in Africa largely depend on the stability of key resources such as farmland, fertile soil, water and functioning ecosystems. The 7th Research Framework Programme (FP7) under the theme 'Food, Agriculture and Fisheries and Biotechnology' has undertaken research into improved agro-forestry systems, sustainable farming and tolerance of food crops to multiple stresses, including drought and salinity.

Examples of FP7 projects — Food, Agriculture and Fisheries and Biotechnology

INSTAPA addressed novel strategies for micronutrients status for better health and development in Sub Saharan Africa or for reducing mycotoxin contamination of food and feed chains. It focused in particular on staple foods such as millet-, sorghum-, maize- and cassava based complementary foods (2008-2013, EU contribution € 5.9 million).

Non-EU participants: Nigeria, Benin, Burkina Faso, Kenya and South Africa

SUNRAY: has resulted in a sustainable nutrition research agenda for Africa with the potential to become the reference for nutrition research in the years to come. The agenda is setting out research priorities, funding and resource requirements at regional and international level. SUNRAY recommends setting an evidence-based nutrition research agenda for Africa (based on identified gaps in research) (SUNRAY 2011-2012, EU contribution € 970.000).

Non-EU participants: from Benin, Uganda, Tanzania and South Africa

SMILING: aims at producing a realistic and sustainable nutrition intervention agenda, which will be country-specific and directed to women of reproductive age (non-pregnant, pregnant and lactating women) and young children less than two-year old (2012-2013, EU Contribution € 2 million).

Non-EU participants: Cambodia, Indonesia, Lao People's Democratic Republic, Thailand, and Vietnam.

Under the theme *Food, Agriculture and Fisheries and Biotechnology* FP7 also promotes a comprehensive strategy for fisheries and aquaculture research, aiming at generating the knowledge basis required for bringing the exploitation of fish stock to sustainable levels and to promote sustainable and competitive aquaculture. It provides concrete support to development cooperation by funding regional research networks in Mediterranean, sub-Saharan Africa and Asia for both fishery and aquaculture. Moreover, the programme plays a key role in promoting aquaculture activities worldwide as a mean to improve food security.

For example, sustainable Aquaculture Research Networks were set up in Sub Saharan Africa to build an aquaculture compendium with a wide range of stakeholders (researchers, SMEs, government agencies, NGO, producers and others).

FP7 also concentrated on the governance of food security research. A specific research project was undertaken on how to give a voice to small holders in Africa in relation to decisions taken by donors and governments on agricultural research for development.

Example of FP7 project — Food, Agriculture and Fisheries and Biotechnology

INSARD helps a broad range of African and European civil society organisations (CSOs), including non-governmental organisations (NGOs) and farmer organisations (FOs), to be actively involved in influencing the formulation and implementation of agricultural research systems in Africa

(INSARD 2011-2013, EU contribution € 500.000).

Non-EU participants: Senegal, Tanzania and Zambia

FP7 is also supporting actions that aim to better coordinate the activities of the EU Member States towards developing countries, in the domain of food security. An example to be mentioned here is the ERA Net on Agricultural Research for Development.

Furthermore, the European Commission is working together with various EU Member States in bringing together national funding programmes for a Joint Programming Initiative on *Agriculture, Food Security and Climate Change*. Contributions of EU Member States (together with Norway and Switzerland) to agricultural research for development are coordinated by the European Initiative for Agricultural Research for Development (EIARD), for which the Commission provides secretarial support.

Research and Technology transfer in the area of Food Security — Example from Ireland

While the Department of Agriculture, Marine and Food's funding for agriculture forestry and food research tends to focus on national priorities, the investment has built up capacity and capability in Irish research institutions, which has the potential to be harnessed by developing countries via bi/multilateral technical assistance. For example, Teagasc, Ireland's agriculture and food development authority is sharing models for the delivery of agricultural extension services with the Ministry of Agriculture, Food and Cooperatives in Tanzania and is supporting the establishment of a potato centre of excellence in Ethiopia.

In 2012, the Department of Agriculture, Food and the Marine and the Department of Foreign Affairs and Trade launched the Africa Agri-Food Development Fund (AADF)¹³⁵ to develop partnerships between the Irish Agri-Food Sector and African countries in order to support the sustainable growth of the local food industry, build markets for local produce and support mutual trade between Ireland and Africa. The AADF will provide both technical and financial assistance, with the intention of leveraging additional private sector investment. It is currently being piloted in Tanzania and Kenya.

The Department of Agriculture Food and the Marine also participates in international research initiatives and has advocated for making links between EU joint programme initiatives, the Global Research Alliance and the CGIAR Climate Change, Agriculture and Food Security programme to ensure that international initiatives are strongly linked with the research needs of developing countries.

In addition to research under the FP7, the European Commission provided via its Joint Research Centre (JRC) technical and scientific support to improve food security information in Sub-Saharan Africa (SSA) and to enhance transparency in decision-making process through the development of the Integrated Food Security Phase Classification (IPC) tool, the harmonisation of analyses made by the different actors in the Sahel and the participation in food security assessment missions in many SSA countries. The Commission's Joint Research Centre also analysed the policy impact at farm-household and regional level in Sierra Leone and the Ivory Coast, and continued to provide close support to UN Agencies in Somalia with satellite remote sensing technologies to implement and monitor EU-funded projects aiming at improving rural livelihoods in the aftermath of the 2011 food crisis.

By working in particular on food security related methodologies and monitoring tools, the Commission's Joint Research Centre contributes to addressing the PCD challenge of taking into account of policy impacts on the ground.

Examples of Commission's Joint Research Centre Contribution to Food security

- (1) In collaboration with major global actors in food security, the Commission developed the *Integrated Food Security Phase Classification* (IPC) methodology and guidance that aims at insuring transparent analysis and comparability of situations and severity of food insecurity between areas in the same country or between countries. Comparability is essential for prioritisation of interventions by actors in the emergency world but also for development, hence improving coherence in their policies. The Commission's Joint Research Centre is member of the steering committee and of the Global Support Unit, the technical arm of the IPC. It will provide research on the linkage between the different food security pillar indicators

¹³⁵ <http://www.agriculture.gov.ie/agri-foodindustry/africaagri-fooddevelopmentfundaadf/>.

and the nutritional outcome as key input to understand and improve complementarity between development and humanitarian policies.

- (2) The *African Post-Harvest Losses Information System* (APHLIS) is a network of local experts in East and Southern Africa, backed up by a database and postharvest loss calculator, which together facilitate the estimation of annual postharvest losses for the cereal grains of the countries of East and Southern Africa at the provincial level. It reduces uncertainty in cereal balance sheet calculations and provides tips on area of improvement for reducing food losses at this early stage of the chain. As a means of improving food availability, postharvest loss reduction is directly beneficial to development and agricultural policies in developing countries. The Commission's Joint Research Centre is planning to expand the APHLIS to West and Central Africa to cover all Sub-Saharan Africa by the end of 2014.

- (3) In the wake of the Sahelian droughts and the resulting food insecurity crises of the 1970s and mid-1980s, the international community and national governments have focused on early warning systems as a mechanism to prevent famines and avert acute malnutrition. Thirty years later, food insecurity still prevails in many areas of the globe, amidst rapidly evolving geopolitics. A different way to tackle the problem is to build household resilience to climate shocks, for instance through weather index-based insurance for crops or livestock. Many pilot projects have experimented about every possible insurance design under diverse conditions, involving farmers, cooperatives, micro-credit institutions, governments, commercial banks, insurance and reinsurance companies. However, the indices, which play a pivotal role in the insurance schemes, also constitute one of their main weaknesses. The research on using remote sensing, crop modelling and forecasting knowledge in index design will help to address current challenges in the field of climate risk management in agriculture and will enable to move from pilot project to real world implementation, thus providing farmers means to minimise their exposure to climate disasters (mainly drought).

- (4) The project *Towards Global Harmonisation of GMO Analysis by Creating and Supporting Regional Networks of Excellence* aims at informing about the EU legal framework and requirements in relation to control and safety, as well as training non-EU laboratories to check compliance with EU requirements prior to exports, thus reducing the risk of trade conflicts. In 2012, four International Workshops on 'Harmonisation of GMO Detection and Analysis' were organised in third countries: in South Africa, the Philippines, in Jordan, and in Colombia. This led to the creation of the Latin American Network of GMO Laboratories, strengthened the collaboration and harmonisation between the ASEAN GMO laboratories already organised in a network and other Asian countries, and improved collaboration and harmonisation between GMO laboratories in Southern African countries and the rest of Africa. The activities in the Middle East and North Africa (MENA) region initiated a dialogue and networking in this region. Additional ad hoc support was provided to a GMO laboratory network in Sub-Saharan Africa.

Migration

23. MIGRATION

Quick facts

- As of 2010, about 214 million people, roughly 3.1% of the world's population, were considered as international migrants. The majority (150 million) of migrants are citizens of non-OECD countries.
- Over half (110 million) of all migrants reside in low- or middle-income countries, and 34% of migration flows are South-South. Most international migration takes place within regions, including those in the developing world — for example, it is estimated that over 80% of all African migrants reside in other African countries.
- Women account for 49% of international migrants, though regional differences exist.
- The World Bank estimates that developing countries have received approximately \$401 billion in remittances during 2012. Remittance flows to developing countries could reach \$515 billion in 2015¹³⁶. Due to the large amount of informal remittance flows, the total financial contribution of migrants to the development of their countries of origin is likely to be much larger.
- Forced migration remains a global challenge. The large majority of the world's total refugee population of over 15 million lives in developing countries, often in protracted situations.

23.1. Migration as a Development Enabler

Migration and mobility are powerful vehicles for boosting development, which have undoubtedly had a positive impact on efforts to achieve many of the MDGs. The links between migration and development are broad and can impact on sustainable economic, social and environmental development in both countries of destination and origin. However, migration can produce both significant positive and negative effects on the development, and effective migration governance is essential to unleash the potential of migration as a development enabler.

For countries of origin, the positive impacts include the significant amount of remittances which are transferred by migrants to their countries of origin. Further, upon temporary or permanent return migrants can transfer specific knowledge and skills they have acquired in the host country. Migrants also establish networks and connections which can ease cooperation and facilitate the flow of information and cultural values, and create professional or business networks. The negative effects can include massive emigration of the highly skilled (brain drain) leading to shortages in important sectors, in particular health. Further, there may be negative social consequences of emigration, e.g. children and families left behind may lack access to social support structures.

For low- and middle-income countries of destination, the development impacts of migration remain insufficiently understood. Migration and mobility can undoubtedly play an important role in bridging labour market gaps, fuelling structural economic transformation, and facilitating economic ties with regional and global partners. However, given the absence of effective migration governance frameworks in many developing countries, it is likely that migration may also produce negative impacts such as excessive reductions in labour costs

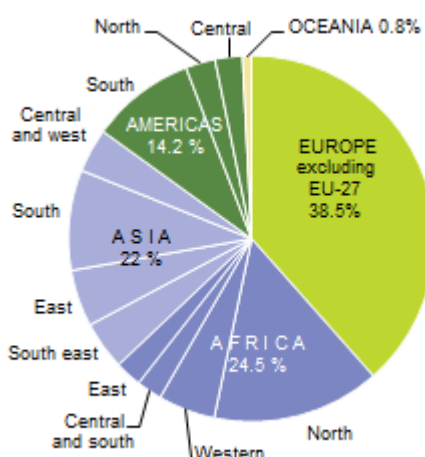
¹³⁶ http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2013/05/27/000442464_20130527110823/Rendered/PDF/779670BRI0Box30ndDevelopmentBrief20.pdf.

which undermine efforts to promote inclusive growth, social tensions with host populations and pressure on scarce resources.

23.2. Migration and the EU — Key Trends

In 2012, approximately 20 million non-EU nationals lived on the territory of EU Member States. This represents about 4.1 % of the EU population. Another 13 million were foreign-born EU nationals. Migrant communities vary between different destination countries in terms of their countries of origin, age and skills profile. Among the non-EU citizens living in the EU in 2012, almost half (48 %) came from medium Human Development Index (HDI) countries (one fifth from Morocco, followed by China and Ukraine); and 44 % were citizens of a high HDI country (with Turkey, Albania and Russia accounting for over half). A much smaller proportion of migrants originated from low HDI countries (8 %, mainly Nigerian or Iraqi citizens)¹³⁷.

Citizens of non-EU countries resident in the EU-27 by continent of origin, 1 January 2012, (%)



Source: Eurostat

Migration to Europe will continue and Europe is also in need of immigrants. Despite the fact that unemployment remains very high, many Member States still face labour and skills shortages in certain sectors. Furthermore, migration will have a part to play in addressing the negative effects of the demographic ageing of the EU population. The share of the EU working-age population (15-64 year old age group) already reached its peak in 2006 according to Eurostat data, and by 2060, more than a third of the population will be over 65 years old (compared to one tenth today). There will be only two persons aged 15 to 64 for every person over 65 (compared to four to one as of today).

In 2011, migrant remittance outflows from EU countries to non-EU countries accounted for approximately €28 billion representing a 3 % increase from 2010¹³⁸. Spain is the largest sender of remittances to non-EU countries, followed by Italy, France, Germany, and the Netherlands.

23.3. EU PCD Commitments on Migration

Implementing PCD on migration issues requires a focus on a number of different perspectives. First, a strong focus should be placed on ensuring that development concerns are

¹³⁷ http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Migration_and_migrant_population_statistics.

¹³⁸ http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-11122012-AP/EN/2-11122012-AP-EN.PDF.

taken into account in migration policy at EU and Member State level. Second, PCD should be ensured through measures to implement the EU migration and development agenda, which cut across a wide range of different internal and external policy areas, ranging from financial services regulation for initiatives to facilitate remittance transfers to EU social security coordination for measures to facilitate circular migration. Third, PCD requires ensuring that broader development cooperation with partner countries are not negatively impacted by migration control priorities, as development objectives must not be harmed by efforts to promote policy coherence between migration and development.

Migration is an area of shared competence between the EU and Member States, and ensuring coherence between EU and national levels is an essential part of implementing PCD on migration. For example, Member States retain competence in determining volumes of admission of third country nationals coming to work in the EU. Furthermore, as migration is by nature an international phenomenon, cooperation with non-EU countries must also be part and parcel of measures to implement several priorities of the PCD agenda on migration. Therefore, a major focus of the PCD agenda is on utilising the instruments of the EU external migration policy, the Global Approach to Migration and Mobility (GAMM), to promote PCD between policies and priorities at EU, Member State and partner country levels.

In terms of thematic priorities, the PCD migration agenda has focused so far primarily on:

- Measures to facilitate legal migration, mobility and circular migration;
- Measures to promote the development impact of migration to the EU for countries of origin under the GAMM Migration and Development agenda (remittances, diaspora, brain drain etc.);
- Enhancing respect of migrants' rights and gender equality;

24. POLICY FRAMEWORK FOR PCD ON MIGRATION AT EU, MEMBER STATE, AND MULTILATERAL LEVELS

24.1. EU Level

The period covered by the current PCD report has seen significant broadening and strengthening of the policy framework for migration and development at EU level, both under the EU's external migration policy and its development policy. In preparing the policy initiatives mentioned below, the Commission has attached significant importance to further strengthening policy coherence as an overarching objective. Institutionally, this has been achieved through close cooperation between the responsible Commission services, which are essential given the cross-cutting nature of migration issues. At Council level, a positive tendency for strengthened engagement of the Council Working Party of Development Experts (CODEV) in discussions on migration and development can also be noted.

The EU's *Global Approach to Migration and Mobility* (GAMM), which has provided the primary framework for implementation of the EU's PCD commitments on migration since 2005, was significantly revised by a Commission Communication adopted in 2011¹³⁹ and subsequent Council conclusions. The GAMM continues to provide the overarching framework for EU external migration policy, defining strategic priorities for political dialogue and cooperation with third countries on migration in a comprehensive and balanced manner. It places particular emphasis on ensuring coherence between EU internal and external policy priorities in the field of migration, and is complementary to the EU's foreign and development policies.

¹³⁹ COM(2011) 743 final.

The GAMM revision introduced several important policy changes from a PCD perspective. In particular, the objective of fostering well-managed short-term mobility to the EU of persons such as business travellers, tourists, researchers or visiting family members has been explicitly included as a GAMM priority. Given that in 2012 over 10 million Schengen visas were issued, the benefits of facilitating mobility in terms of strengthened economic ties and people-to-people contacts are potentially highly significant for both the EU and developing countries.

Furthermore, promoting international protection in partner countries and enhancing the external dimension of EU asylum policy has been included as an additional thematic priority of the GAMM. This will ensure that refugee issues feature more frequently in political dialogues and bring a more strategic approach to EU efforts to provide support to developing countries in this area and facilitate refugee resettlement to Europe

The GAMM Communication was accompanied by a Staff Working Document (SWD) on Migration and Development¹⁴⁰. This SWD reviewed progress towards meeting existing EU objectives in the four ‘traditional’ GAMM priorities related to maximising the development impact of migration to Europe for countries of origin — i) facilitating remittance transfers and promoting their development impact, ii) supporting diasporas as development actors, iii) limiting brain drain, and iv) facilitating circular migration. The SWD emphasised that while much progress has been achieved in all these areas, several unresolved challenges must still be addressed. It also underlined the need to adopt a broader understanding of the links between migration and development, including by better addressing the social consequences of migration for those left behind, and strengthening efforts to protect the human rights of migrants in transit to Europe. It also underlined that insufficient attention is paid to the development impacts of South-South migration.

Council conclusions on GAMM of May 2012 specifically recalled the importance of the EU’s PCD commitments on migration and provided further orientations for the migration and development pillar of the GAMM. Of particular relevance for PCD were calls to further promote the use of circular migration as a development instrument, to ensure ‘faster, easier and cheaper remittance transfers’, and to mainstream migration into development. Furthermore, in response to the Commission’s call for a broader understanding of the links between migration and development, the Council called for ‘a more ambitious and forward-looking policy development on the migration and development nexus’ which should be implemented in line with the EU development policy. The Danish Council Presidency ensured good coherence within the Council on preparations of the Conclusions by ensuring that the leading role of the Council’s High-Level Working Group (HLWG) on Migration and Asylum was complemented by effective consultation of CODEV.

The *Agenda for Change* ensured that migration is firmly embedded as a priority of the EU’s development policy.

In May 2013, the Commission adopted a Communication *Maximising the Development Impact of Migration*¹⁴¹. The Communication aimed to meet two objectives. Firstly, it served as the basis for the EU’s position for the UN High-Level Dialogue (HLD) on International Migration and Development of October 2013. Secondly, in response to the May 2012 GAMM Council conclusions, it made proposals for how to move towards a more ambitious approach to migration and development at EU level. These proposals are valid for both the *Agenda for Change* and the GAMM migration and development pillar, and thereby aim to ensure these

¹⁴⁰ SEC(2011) 1353 final

¹⁴¹ COM(2013) 292 final.

policy frameworks are fully complementary in terms of priorities set on migration and development.

The Communication highlights that migration has a significant impact on sustainable economic, social and environmental development in low- and middle income countries, but that evidence on the links between development and migration and how to promote these remains insufficient. This has hampered efforts to develop targeted policy measures in areas relevant for PCD, and has limited the interest and engagement of development practitioners in migration and development issues. The Commission therefore commits to supporting research and building policy orientations on insufficiently understood areas including the impact of migration between low- and middle-income countries on the development of both countries of destination and origin, the social and economic consequences of migration, and the links between protracted refugee situations and development. The Commission also commits to step up support for third countries with integrating migration issues into development strategies, which is essential to provide a basis for building national policies and international partnerships (including with the EU) on migration and development.

Council conclusions establishing the EU position for the HLD and responding to the Commission proposals for broadening the EU migration and development agenda were adopted in September 2013 and prepared jointly by the HLWG and CODEV working groups. The conclusions reaffirm the importance of PCD on migration and the need to take full account of development concerns in migration policy. They also call on development actors to integrate migration and mobility issues into their policies and instruments, and underline that the EU stands ready to assist partner countries in this task, including through supporting the development of Extended Migration Profiles.

Also of relevance for PCD on migration is the Commission Staff Working Document on *Climate Change, Environmental Degradation and Migration*¹⁴² of April 2013 and part of the EU Strategy on Adaptation to Climate Change. The SWD highlights that environmental change will impact significantly on population movements in the future, noting that the greatest challenges will be faced within the developing world, with most environmentally induced migrants likely to move either within their own countries or in the same region. It underlines that through instruments under a number of frameworks including humanitarian aid, development cooperation, foreign affairs and migration, the EU already possess many tools of relevance for meeting these challenges. However, there is scope to increase coherence to build a more coordinated response to migration in the context of environmental change, notably by better targeting disaster risk reduction and adaptation support to reducing displacement. The SWD also recommends that measures to promote the positive impact of migration as an adaptation strategy be integrated into the GAMM migration and development pillar and EU development cooperation priorities on both climate change adaptation and migration.

24.2. Member State Level

Beyond commitments taken through Council conclusions, policy frameworks on migration and development have been further strengthened in some Member States. However, a recent study of *Migration and Development Policies and Practices*¹⁴³ which was financed by the Swiss government and mapped relevant policy frameworks in nine EU Member States highlighted that overall, progress remains uneven. Though some countries such as France, the

¹⁴² SWD(2013) 138 final.

¹⁴³ http://www.icmpd.org/fileadmin/ICMPD-Website/ICMPD_General/Publications/Migration_and_Development_June_2013.pdf.

Netherlands and Spain have adopted overarching migration and development strategies, many lack specific policies related to migration and PCD.

Conceptualisations of the development-migration nexus and approaches to PCD on migration differ between Member States, reflecting the need for further evidence and efforts to work towards a common understanding of the links between migration and development.

Member State policies have generally prioritised the economic aspects of migration and development. Overall, greater progress has been made with integrating migration and development priorities such as remittances and diaspora into external cooperation than with bringing development concerns into national migration policies.

24.3. Multilateral Level

The importance of ensuring PCD as part of efforts to maximise the development impact of migration is increasingly recognised in discussions on migration and development at multilateral level. For example, an Ad-hoc Working Group on Policy Coherence, Data and Research has been created under the Global Forum on Migration and Development (GFMD). Promoting coherence was discussed under one of the four Roundtables of the 2013 UN HLD on Migration and Development, and is also identified as one of three overarching priorities of the 2013-2014 GFMD, which is chaired by Sweden.

The EU actively contributes to these GFMD and HLD discussions, which allow practical exchanges on mechanisms for ensuring PCD on migration within governments, between states and through multilateral levels. This sharing of experience can make a valuable contribution to facilitating alignments between EU initiatives on migration and development and national priorities of partner countries. However further efforts are required to strengthen the involvement of development practitioners in these international fora, so as to ensure that the right stakeholders are engaged to bring development objectives to the core of efforts to promote policy coherence.

25. POLICY DIALOGUE WITH NON-EU COUNTRIES AND REGIONS

In line with the priorities of the revised GAMM, bilateral and regional political dialogues on migration issues have continued between the EU, Member States and strategic partners. Migration and development issues are systematically included under GAMM dialogues with developing countries, which continue to provide valuable opportunities for identifying opportunities and coordinating initiatives for promoting PCD on migration. However, given that GAMM dialogues are dominated by migration concerns, their value in facilitating cooperation on migration and development issues depends on the extent to which partner countries consider their development priorities in formulating national positions.

Towards the East, regional dialogue continued through the Prague Process, the Eastern Partnership and the Budapest Process. The Prague Process has contributed to raising awareness and strengthening cooperation on migration and development with Eastern Europe and Central Asia, and its Action Plan for 2012-16 contains relevant priorities in areas such as diaspora, circular migration and remittances. The EU provides financial support for the implementation of the Prague Process Action Plan, including through an initiative led by the Czech Republic to elaborate Prague Process guidelines on maximising the development impact of circular migration, and a project led by Hungary on sharing EU best practice on migrant integration with the Russian Federation. The Eastern Partnership Panel on Migration and Asylum, which is a successor of the Söderköping process, also addressed issues related to migration and development and circular migration, in particular through panel meetings. On labour migration, in order to support the development of evidence-based policies, the

Commission funded a study on the costs and benefits of migration between the EU and the Eastern Partnership region which highlights the significant benefits which can be gained by further facilitating migration and mobility for both countries of origin and destination as well as for migrants themselves¹⁴⁴.

Within the framework of the Budapest Process, a ministerial conference in April 2013 adopted the *Istanbul Declaration on A Silk Routes Partnership for Migration*, which identifies future priorities for dialogue and cooperation between the EU and countries of the ‘Silk Routes’ region¹⁴⁵. The Declaration will provide a valuable basis for significantly strengthening cooperation on migration matters including migration and development with Silk Route countries, which is currently only limited. It contains a broad set of priorities in this area, specifically referring to the need to ‘take into account development issues and needs when elaborating migration policies’.

Regional dialogue with African partners continued through the continental-level Africa-EU Partnership on Migration, Mobility and Employment (MME), the Rabat Process and the EU-ACP Dialogue on migration. Under the MME dialogue, four policy meetings were organised on Trafficking in Human Beings (Johannesburg in December 2011), on *Migrants’ Rights: Female migrants and Domestic workers* (Nairobi, in May 2012), on Regional Economic Communities and on Asylum and International Protection (Barcelona, October 2012). Diaspora and remittances (especially through the establishment of the African Institute for Remittances) will remain specific priorities. Under the Rabat Process, and following the endorsement of the Dakar Strategy at the Third Euro-African Ministerial Conference on Migration and Development (Dakar, November 2011), a Senior Officials Meeting was held in Madrid in June 2012 to establish a Road Map for implementation. This covers several relevant priorities, including the encouragement of an inclusive approach to migration in development policies, with a view to implementing appropriate strategies and programmes, including at local level; the mobilisation of remittances for productive investment while recognising their private nature; and the mobilisation of skills and expertise from the diaspora. Moreover, a specific seminar on the importance of evidence based policies will take place in Dakar in September 2013.

As regards the EU-ACP framework, an intense round of dialogue on migration and development was completed at both expert and ambassador level between 2011 and 2012, focusing on remittances, visa issues and readmission issues. During discussions, ACP countries encouraged the EU to pay greater attention to the link between remittances and migration policies, noting the possible impact of restrictions on legal migration to the EU related to the economic crisis on remittance transfers. As a result of the dialogue, the ACP-EU Council of Ministers of June 2012 adopted a series of operational recommendations on all three topics, covering areas such as facilitating visa issuance and access to Member State consulates for nationals of ACP countries, broadening channels for sending remittances, and improving financial literacy of migrants.

Exchanges with countries of Latin America and the Caribbean continued in the framework of the EU-CELAC Structured and Comprehensive Dialogue on Migration. As part of an EU-funded support project for the dialogue, a comprehensive study on migration flows between the two regions was published¹⁴⁶.

¹⁴⁴ http://www.case-research.eu/en/migration_ENPI.

¹⁴⁵ Afghanistan, Pakistan, Iraq, Iran, Bangladesh.

¹⁴⁶ <http://www.migracion-ue-alc.eu/index.php/en-GB/data-on-migration/study-on-migration-routes-and-dynamics>

Policy dialogues also continued at bilateral level between the EU and key strategic partners. Migration and development issues have been discussed regularly as part of GAMM dialogues with South Africa and Nigeria. In addition, a scoping mission to Nigeria was organised by the Commission in March 2013 in order to explore opportunities for enhancing cooperation on matters such as asylum and international protection (including Internally Displaced Persons), mapping of Nigerian diaspora, and remittances. Regular meetings of the High-Level Dialogue on Migration and Mobility with India have allowed exchange on facilitating labour migration and mobility of travellers such as students, business persons and researchers. Migration has also regularly featured as topic in broader dialogue frameworks with partner countries such as cooperation councils.

26. MOBILITY PARTNERSHIPS AND COMMON AGENDAS ON MIGRATION AND MOBILITY

Mobility Partnerships (MPs) and Common Agendas on Migration and Mobility (CAMMs) are the principle bilateral cooperation frameworks for facilitating deeper and tailor-made policy dialogue and operational cooperation under the GAMM with partner countries. Both frameworks consist of a political declaration agreed between the partner country, the EU, and interested Member States. MPs establish a comprehensive cooperation framework combined with visa facilitation and readmission agreements, and are negotiated with countries of the EU neighbourhood. CAMMs are a new framework proposed by the Commission as part of the 2011 GAMM revision, and aim to establish a lighter cooperation framework and are open to priority countries outside the EU neighbourhood region.

Although MPs and CAMMs are not primarily development instruments, they facilitate partnership on all areas of the GAMM, including migration and development. By providing platforms for cooperation between the EU, Member States, the third country concerned, and other relevant partners such as international organisations, they have proved to be highly useful tools for strengthening PCD. Indeed, the flexibility of the MP and CAMM frameworks ensures they can incorporate measures on migration and development which extend beyond EU competence, such as promoting labour migration to Europe and the transferability of social security rights.

As regards the Eastern Neighbourhood, MPs are in place with the Republic of Moldova, Georgia and Armenia. Furthermore, negotiations are ongoing on the conclusion of a MP with Azerbaijan. In the context of continuing economic crisis, Member States are facing difficulties in offering opportunities for labour mobility to the EU under MPs with Moldova, Georgia and Armenia. However, these MPs have important development components which place a strong focus on harnessing development contributions from diaspora members residing in the EU, including by promoting temporary and permanent return of skilled migrants and investors through various legislative and operational measures. For example, as part of MPs with Moldova and Georgia, Germany has modified its legislation to allow nationals of these countries with permanent residence to return home for up to 24 months without losing their residence rights.

In order to support implementation of the MP with Armenia, in January 2013 a €3 million project with a specific focus on promoting return and reintegration was launched with funding from the EU's Thematic Programme for Migration and Asylum. The initiative is led by the French Office for Immigration and Integration (OFII), and is supported by a number of other Member States (Germany, the Netherlands, Belgium, Bulgaria and Romania). Assistance is foreseen to strengthen the capacities of the Armenian authorities in areas such as strengthening dialogue with diaspora organisations, including migrant communities, in development programming, and providing a framework suitable for attracting diaspora

investment and facilitating reintegration. Furthermore, job fairs will be organised in Germany and France to attract diaspora members with skills required by the national labour market.

For the Southern Neighbourhood, the EU launched structured dialogues on migration, mobility and security in view of concluding MPs with Tunisia and Morocco in October 2011, and with Jordan in December 2012. An MP with Morocco was signed in June 2013 and includes a balanced set of commitments and initiatives covering the four pillars of the GAMM. As regards the link between migration and development, the MP with Morocco includes measures aimed at reinforcing the development contribution of the sizeable Moroccan diaspora in Europe, in cooperation with the Moroccan authorities, supporting return and socio-economic reintegration of returnees, and promoting productive investment.

Preparation of the first CAMMs is currently underway with priority countries outside the EU neighbourhood. Exploratory talks have begun with India and Nigeria.

27. FACILITATING MOBILITY, PROMOTING CIRCULAR MIGRATION, REDUCING BRAIN DRAIN

In line with the Stockholm Programme, at EU level progress has continued towards building legal and operational frameworks for better organising legal immigration and mobility of all types, including labour flows. Measures taken cover areas such as improving the EU legislative framework, developing tools to provide information to migrants, facilitate labour matching and recognition of qualifications of non-EU nationals, and increasing the capacity of major source countries of migration to Europe to better manage emigration. However, with the economic crisis and high unemployment continuing, Member States continue to offer only limited avenues for labour migration to the EU, despite the fact that skills shortages exist in key sectors such as IT, health and engineering in several countries¹⁴⁷.

Further efforts are required both at EU and Member State level to ensure that development concerns are taken into account in migration policy to the greatest extent possible. Measures to ensure that migration policies are development-sensitive have primarily focused on targeted measures to reduce ‘brain drain’ and promote return and reintegration, often in the context of circular migration. However, renewed efforts are required to identify how to maximise the benefits of circular migration for countries of origin, as examples of successful circular migration schemes in this respect remain limited¹⁴⁸. Beyond circular migration, further efforts are required to improve the impact on development of legal migration and visa policy initiatives, and more could be done to raise the visibility of development objectives in discussions on EU migration policy. And while some Member States actively integrated development concerns in migration policies related to highly skilled migration, policy discussions on admission of low-skilled workers would gain in further considering how they could best be targeted to ensure coherence with development. This is despite the evidence and recognition at policy level of the major potential development impacts of migration of both high- and low-skilled workers¹⁴⁹.

¹⁴⁷ 4th Annual Report on Immigration and Asylum (2012), COM(2013) 422 final.

¹⁴⁸ SWD on Migration and Development SEC(2011) 1353 final.

¹⁴⁹ See for example Chapter 9 of the 2013 European Report on Development, which specifically considers the development impacts of migration of low-skilled workers.

Member State example — Germany

Germany has been making significant efforts in recent years to ensure coherence with development objectives in its legal migration policy, with the German Federal Ministry for Economic Cooperation and Development (BMZ) playing an important role. Recent projects sponsored by BMZ include a conference on “Migration of Professionals from Developing Countries to Germany: Chances, Risks and Opportunities” which took place at the BMZ in June 2013, reuniting representatives of different countries and ministries. Additionally, a dialogue series entitled ‘Skilled labour migration from the perspective of partner countries - Towards a development-oriented migration policy’ was conducted in 2012, consisting of debates with key experts from seven partner countries (India, Georgia, Armenia, Morocco, Tunisia, Vietnam and Columbia). BMZ also sponsored a study on the development potential of migration of skilled persons from North Africa to Germany. The Center for International Migration and Development (CIM), which is jointly run by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Federal Employment Agency (BA), has also undertaken a number of relevant activities in this area.

27.1. Building a common immigration policy at EU level

The reporting period saw significant developments in the field of completing and further improving and implementing the EU legislative framework regulating legal migration to the EU by facilitating access to the European labour market and at the same time ensuring third-country workers have equivalent rights.

As regards legislation relating to labour migration, in December 2011, the so-called ‘Single Permit’ Directive was adopted, which simplifies the admission of migrants for labour purposes and establish a minimum set of employment-related rights in important areas such as working conditions, social security rights and pensions. Transposition of Directives like the ‘Blue Card’ Directive on highly skilled workers and the 2011 ‘Single Permit’ Directive progressed. Negotiations continued in view of adopting Directives related to Intracorporate transfers and Seasonal Workers. The latter aims to tackle the existing lack of common rules for this category of low-skilled migrant and reduce risk of exploitation.

The Commission prepared a proposal for a recast of the Directives on Students and Researchers. This proposal addresses several weaknesses of the current Directives by introducing clearer admission conditions and procedural guarantees, increasing coherence with EU mobility programmes, such as Erasmus Mundus and Marie Curie Fellowships. It proposes to give students and researchers more opportunities to seek work during and after their studies. It also aims to provide better protection and to address certain rights of equal treatment with nationals.

27.2. Informing Migrants, Matching Skills and Supply and Promoting Portability of Social Rights

High importance is attached both at EU and Member State level to providing information to third country nationals on the routes and conditions of legal migration. The ‘EU Immigration Portal’, which was launched in November 2011, has significantly contributed to improving information on migration to Europe by offering a user-friendly explanation of the possibilities of legal migration into the EU and of the risks related to irregular migration, trafficking and smuggling. It brings together the EU legislation on immigration and the immigration policies and procedures of the Member States. It has information on Member State’s migration and employment services, links to the European EURES employment portal, to migrant supporting and diaspora associations and to international organisations. It is intended for potential immigrants, third-country nationals already in the EU and other stakeholders such as

governments and NGOs. The English, French and Spanish versions are currently receiving around 10 000 visits per month. Arabic and Portuguese versions are foreseen for 2013.

As regards the promotion of labour matching strategies, a number of measures have been taken to promote skills mapping both in the EU and third countries in order to facilitate the development of mutually beneficial labour migration strategies. In order to improve knowledge of the skill shortages in Europe's labour market, the European Commission has launched the EU Skills Panorama in December 2012. The Panorama is a website presenting quantitative and qualitative information on short- and medium-term skills needs, skills supply and skills mismatches. Drawing on data and forecasts compiled at EU and Member State level, it highlights the fastest growing occupations as well as the top 'bottleneck' occupations with high numbers of unfilled vacancies. The website contains detailed information sector by sector, profession by profession and country by country.

As regards skills profiling outside the EU, the European Training Foundation (ETF) has been producing migration and skills reports for a number of countries, including Morocco, Armenia and Georgia in 2011-2012. These contain surveys focused particularly on the connection between qualifications and labour migration, including on the qualifications of both potential and returned migrants. This data is used to assess the extent of brain gain, brain drain and brain circulation, three key factors in the evaluation of the overall cost and benefits of migration. Several of the surveyed countries have signed an MP with the EU, which provides an ideal framework for the implementation of their recommendations in areas such as pre-departure training and measures to valorise diplomas of returning migrants. In addition, under the EU-funded EUROMED Migration III project, a study on labour matching needs between EU Member States and the countries of the Southern Neighbourhood will be conducted.

Promoting recognition of qualifications gained in third countries and preventing migrant deskilling are necessary to allow migrants to adequately utilise their skills both during migration and after return, and are therefore essential from a PCD perspective. However, underutilisation of migrants' skills remains a significant challenge across the EU. Measures to address the issue are continuing at both EU and Member State level. For example, the EU funded a study conducted by IOM for the Independent Network of Labour Migration and Integration Experts (LINET) on 'Recognition of Qualifications and Competences of Migrants', which proposed a number of recommendations to improve national practices for assessing and recognising formal and non-formal learning of migrants. The ETF also implements numerous initiatives on recognition of qualifications, such as a project which aims to facilitate convergence of qualifications in key sectors for migrant labour (tourism and construction) between four Southern Mediterranean countries and Italy, Spain and France¹⁵⁰.

Portability of social rights between EU countries and partner countries is an essential component to facilitate voluntary return in the context of circular migration, and is generally regulated at the bilateral level, through bilateral social security agreements. This issue is regularly addressed under MPs through capacity-building to partner countries for the negotiation and implementation of bilateral agreements covering social security coordination. For example, several bilateral social security agreements have been signed under the umbrella of the MP with Moldova. However, as argued by the Commission in a 2012 Communication on the 'External Dimension of EU Social Security Coordination'¹⁵¹, this approach has

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http://www.etf.europa.eu/web.nsf/pages/Qualifications_bring_both_sides_of_Mediterranean_a_bit_closer_EN

¹⁵¹ COM(2012) 153 final.

produced patchy results and an incomplete network of differing agreements. The Communication advocates for a common approach to external social security coordination which could make a significant contribution to creating enabling frameworks for circular migration.

Medical Training Initiative — Example from the UK

The Medical Training Initiative (in place since 2006) accommodates overseas post-graduate medical specialists to undertake a fixed period of training and experience in the UK for up to two years. Its popularity is based on its potential to achieve a ‘triple win’ through promoting the UK educational sector abroad, enhancing participants’ skills and allowing countries of origin to capitalise on these skills upon their return. Since April 2010 the Academy of Medical Royal Colleges has acted as a sponsor. Rather than being centrally regulated these types of movements are managed through partnerships between the UK’s medical Royal Colleges. Ongoing discussions focus on how the MTI can be altered to further maximise its positive impact on overall national development in countries of origin as well as the health sector in the UK.

27.3. Cooperation with non-EU countries

Migration is a transnational phenomenon and cooperation with partner country employment services can significantly improve support to potential migrants in identifying job opportunities in the international labour market, and reducing the risk of skill waste and exploitation. Strengthening partner country capacities in labour market intermediation is also useful for the domestic market.

A number of initiatives to build partner country capacity to manage labour emigration are implemented under EU external cooperation instruments. For example, between 2011 and 2013 the French employment agency Pole Emploi implemented an initiative to strengthen the capacity of employment services in Egypt, Morocco, Algeria, Tunisia and Mauritania to promote labour migration by informing potential migrants, engaging European employers and public authorities, and facilitating return. Another relevant initiative is the IOM-led ‘Best practices on collecting and sharing Labour Migration Data for the improvement of the Labour Market Information Systems (LMIS)’ which contributes to improving the capacities of six selected countries in Maghreb, Latin America and Western Africa to collect and share labour migration information and feed it into the labour migration policy process.

Bilateral agreements — Example from Italy

The Ministry of Labour and Social Policies is promoting a new kind of bilateral agreements (already signed with Moldova, Egypt, Sri Lanka and Albania). They design a reinforced frame of cooperation which includes:

- technical assistance to third countries administrations (capacity building actions);
- elaboration, in each country of origin, of lists of workers willing to work in Italy;
- exchange of information on the needs of the Italian labour market;
- support to vocational training programmes.

These agreements are also functional to migrants’ integration process, and to foster circular migration paths, by promoting cooperation among Italian and foreign training bodies (Universities, Vocational Training Centres, Corporations, etc.) for the diffusion of Italian language and culture abroad.

27.4. Reducing Brain Drain

The European Commission continues to attach high importance to meeting the challenge of brain drain, especially with regard to health workers. Implementation continued of the 2007-2013 EU Action Plan to tackle critical shortages of health workers in developing countries. A significant number of projects financed from the EU Thematic Programme for Migration and Asylum currently address this issue. An initiative currently under implementation in Moldova by the WHO together with six EU Member States is aiming to promote circular mobility of Moldovan health professionals and their reintegration in the country, including through fostering partnerships between health institutions in Moldova and participating EU Member States.

In its Action Plan for the EU health workforce (SWD (2012) 93 final of 18.04.2012), the Commission encourages Member States to implement the WHO Global Code to mitigate the negative effects of health workforce migration and provides support for an EU Joint Action of Member States, which will develop guidance on how source and destination countries can enhance cooperation through circular mobility and bi-lateral agreements. The EU project "Health Workers for All" is aimed at raising awareness and strengthening political commitment of ethical recruitment of health workers.

Member States are also proactively addressing the issue of brain drain and are committed to the Global Code. Ireland, Spain and the United Kingdom have also focused efforts on the health sector. Ireland has cooperated with the Global Health Workforce Alliance, which was instrumental in adopting the WHO Global Code of Conduct for International Recruitment of Health Workers. The Ministry of Foreign Affairs and Cooperation in Spain held meetings with the Ministry of Health, Social Services and Equality and the regional governments to implement an ethical recruitment strategy in the healthcare sector, especially with regard to the recruitment of health workers from Latin America and Eastern Europe. The UK formalised a Code of Practice for the International Recruitment of Healthcare Professionals which is concerned with the protection of developing countries and seeks to prevent active recruitment from developing countries unless there is an explicit bilateral agreement to support recruitment activities.

27.5. Facilitating mobility through the EU's Visa Policy

Facilitating the issuance of short-term visas for citizens of developing countries can produce numerous positive effects for development such as improving business opportunities and trade ties with the EU, and strengthening people-to-people contacts by, for example, facilitating participation in social and cultural events. In line with the GAMM, the EU has continued taking steps to facilitating short-term travel to Europe. In November 2012, the Commission proposed to transfer to a visa free regime 16 small island developing nations, all of which are members of the ACP group of developing countries. The EU Visa Code contains provisions aiming at facilitating the issuance of visas for categories of travellers such as researchers, students and young persons. Likewise, Visa Facilitation Agreements with certain non-EU countries offer facilitations to certain categories of visa applicant (e.g. members of professional associations or youth groups). Upgraded Visa Facilitation Agreements entered into force with Moldova and Ukraine in July 2013, and a similar agreement will be negotiated with Morocco as part of the MP with this country

Nevertheless, as highlighted by the recommendations of the 2011-12 EU-ACP dialogue on 'migration and development' on visa issues, problems of relevance for PCD remain, notably the insufficient consular coverage in several sub-Saharan African countries which could be addressed by, for example, establishing common visa application centres.

28. REMITTANCES AND DIASPORA

28.1. Remittances

Since 2005, the EU has adopted significant commitments on remittances. While emphasising their private nature, the overall aim remains to promote cheaper, faster and more secure remittances and to enhance their development impact.

In 2012, the European Commission has commissioned a study with the overall objective of analysing the state of implementation of the EU commitments with regard to remittances¹⁵². The study shows that there has been significant progress towards facilitating remittance transfers from Europe.

For example, the regulatory environment for remittance transfers has been significantly improved. The Payment Services Directive — which provides the legal basis of a single European market for payments by promoting competition and strengthening market transparency — has considerably improved the payment environment, notably by increasing the number of businesses that can offer remittances services. The study recommends that the Payment Services Directive be broadened to include transactions that are sent to countries outside of the European Economic Area (EEA), as the PSD is currently only binding for intra-EEA transfers. Some EU Member States have already chosen to extend its reach to transactions where one of the parties is located outside the EEA. In July 2013, the Commission adopted a proposal for a revised Payment Services Directive ('PSD2'), which will extend the information requirements of the PSD to EU inbound or outbound payment transactions for the EU segment of the operation. This should improve transparency and hence contribute to reducing the cost of remittances from the EU to other regions of the world.

Adherence within the EU to the general principles for international remittances — a set of international standards adopted in 2007 with the aim of setting policy objectives for safe and transparent remittances markets — is sufficiently good. Nevertheless some specific competition related aspects can still be significantly improved: exclusivity contracts exist in many markets in the EU and in some Member States it is very difficult for money transfer operators to open bank accounts. Overall alignment with the general principles is likely to be more limited in many partner countries where exclusivity clauses, poor competition, non-transparency and restrictive market structures exist. More should be done to address these aspects through external cooperation.

Data shows that the EU has some distance to go if it is to meet the G8 and G20 commitment of reducing the average cost of remittance transfers from the EU to 5 % by 2014. The average price was estimated at the time of finalisation of the report at 10.6 % of the send amount.

More needs to be done also to improve the quality and comparability of remittances data. EU Member States which do not collect data on remittances should be encouraged to do so. EU Regulation No 555/2012 amending Regulation No 184/2005 *Community statistics concerning balance of payments, international trade in services and foreign direct investment* will bring improvements in this area by making the reporting of annual data on remittances with full geographical breakdown mandatory from 2014.

The study also presents some specific issues related to policy coherence in the field of remittances. In particular, attention is drawn to the possible tensions between commitments to reduce the cost of transfers and the obligations stemming from Anti-Money Laundering

¹⁵² http://ec.europa.eu/europeaid/what/migration-asylum/documents/eu_remittances_for_developing_countries_final_19-11-2012.pdf.

(AML) regulations. Further efforts will be needed to ensure that there is an appropriate balance between development-related concerns and the need to ensure robust AML and anti-terrorism rules.

Additional concerns in this area relate to the fact that remittances are perceived as particularly prone to money laundering and terrorist financing and subsequently do not benefit from any customer due diligence exemptions. Furthermore, the EU AML Directive allows Member States to impose stricter requirements than the Directive itself which may make it difficult for payment institutions to streamline their compliance costs. The study recommends a more harmonised and consistent implementation of AML rules across the EU.

It further recommends that the area of AML and Counter Terrorist Financing be continually monitored in order to ensure an appropriate balance between ensuring competition and innovation in the remittances market on the one hand, and proportionate yet robust AML/CFT controls on the other.

Particularly important from the development cooperation perspective is the recommendation that the EU pay more attention to facilitating South-South remittance transfers. This area of the remittances agenda has been neglected so far, and there is a great need for action, notably to improve transparency and competition in the market for South-South remittance transfers.

Two new remittances related projects have been selected for funding in 2012 through the Thematic Programme for Migration and Asylum which address this issue in Africa, where remittance transfers are the most expensive in the world. Building on the experience of previous projects which illustrated that utilising postal networks can lead to a decline in prices by as much as 50%, both actions seek to strengthen the ability of postal operators in 13 African countries to offer transfer services through modernisation of their payments infrastructure, reducing prices, expanding their rural reach, deepening the range of financial services they offer and marketing their services more effectively. One action will also provide financial education to migrants and their families. Both actions will be implemented in the period 2013-2015.

Study on remittances - Example from France

The Agence Française de Développement (AFD) and the African Development Bank (AfDB) supported a study on remittances to North Africa and the franc zone (targeted countries: Morocco, Tunisia, Senegal, Cameroon, Comoros) commissioned to the French NGO 'Epargne sans frontières' (ESF). The final report released in December 2011 looks into innovative financial products and tools with the objective of reducing the costs of migrants' remittances and optimising their impact on development. The report highlights that competition could be strengthened and remittance costs reduced by modernising regulatory frameworks in countries of origin and fostering a wider range of financial products and services.

28.2. Diasporas

The EU has intensified its efforts to promote diaspora engagement in the development of their countries of origin. Indeed, diaspora-related policies have evolved considerably in the recent years: from an initial emphasis on remittances, policies now acknowledge the crucial role members of the diaspora can play for the local development of their countries of origin. Migrants are more and more perceived not only as remittances senders and investors, but also as human capital with specific skills, filling gaps in expertise that can be transferred to their origin countries, and also acting as social facilitators establishing networks and connections which can ease cooperation and create business linkages.

In order to facilitate these dynamics the EU has enacted legislation to allow certain categories of migrant to return home without losing residence rights in order to facilitate circulation of skills. As noted above, several EU funded interventions aim at promoting return in the context of circular migration of personnel in the health sector including the project ‘Promoting Decent Work Across Borders: a Pilot Project for Migrant Health Professionals and Skilled Workers’, implemented by ILO; and ‘Reintegration of highly qualified medical staff (specialists) into the health sector in Malawi’, implemented by GIZ.

Significant efforts have been made in supporting the capacity of partner countries to map and reach out to their diaspora based in Europe. MPs have provided valuable frameworks for structuring initiatives in this area such as capacity building of ministries in charge of diaspora issues and employment agencies, and relevant initiatives are being implemented in Moldova, Georgia and Armenia.

Challenges however remain. Many diaspora organisations tend to be volatile, insufficiently organised, with limited management capacities. Diaspora’s generosity is sometimes not in line with the real development priorities of their territory of origin or cannot find the right channels to contribute to its development in a structured manner. Furthermore, diasporas evolve rapidly and the relevant institutions in the country of origin may face difficulties to adapt their communication and outreach strategies to the changing features of different generations of migrants.

In order to contribute to overcoming these shortcomings support has been provided to diaspora organisations. In particular, the EU is supporting the creation of the ‘European-wide African Diaspora Platform’, to map diaspora organisations, to assess their capacity building needs, as well as to identify the most suitable entities that could be mobilised as development actors in the countries of origin.

29. ASYLUM AND INTERNATIONAL PROTECTION

The revised GAMM’s new pillar on international protection identifies a number of priorities in this area, including:

- Strengthened use of Regional Protection Programmes (RPPs) to reinforce protection capacity and asylum systems of partner countries and regions, and offset negative impacts and contribute to positive impacts of refugee situations for host communities;
- Support from the European Asylum Support Office (EASO) for support to capacity building in the area of international protection in non-EU countries, including in the form of resettlement activities;
- Enhanced resettlement into the EU in cooperation with partners;
- Stronger efforts to solve protracted refugee situations, including targeted assistance for displaced persons;
- Further integration of refugees in dialogue with partner countries and with relation to development programmes.

The inclusion of international protection as a specific priority of the GAMM allows this issue to be addressed more systematically and strategically through GAMM implementation instruments. For example, the MP signed in June 2013 with Morocco calls for support to the Moroccan authorities in strengthening their national asylum system, in cooperation with UNHCR. And within the framework of the Prague Process, an initiative led by Germany and

Sweden is being implemented to conduct training for several Prague Process states on the basis of the European Asylum Curriculum on granting access to international protection.

European Union support for RPPs is continuing, and RPPs are currently under implementation in Eastern Europe (Belarus, Moldova, Ukraine), in North Africa (Libya, Egypt and Tunisia), and the Horn of Africa (Kenya, Djibouti).

The Commission is working towards enhancing the development focus of RPPs, whilst maintaining their emphasis on enhancing the protection capacity and asylum systems in partner countries and regions. As an example of this approach, a Regional Development and Protection Programme for refugees and host communities in the Middle East (Jordan, Lebanon and Iraq) is currently under preparation as a long-term response to the ongoing refugee crises in the region, also to the Syrian refugee crisis. The Programme will not only provide capacity-building in respect of refugee protection for local and national authorities but will also support socio-economic development in the host countries that will benefit both refugees and host populations.

29.1. Refugees and Development

The Commission's Communication of May 2013 on 'Maximising the Development Impact of Migration'¹⁵³ has placed a specific emphasis on measures to give greater attention to the **relationship between refugees and development** in EU external cooperation. Within this objective, the Communication urges the EU to take steps to 'fully integrate forced migration into the development-migration agenda and ensure that refugees and other forced migrants are included in long-term development planning'.

While refugees frequently benefit from humanitarian assistance, they are not always included in programmes and activities carried out by development actors. As a result, a short-term approach to refugee assistance often predominates, despite the protracted nature of many refugee situations. Efforts to implement self-reliance strategies and achieve sustainable solutions for refugees often receive inadequate attention from donors and other development actors.

The Commission therefore calls for a more coherent approach to refugee assistance which ensures better complementarities between humanitarian and development assistance. Using development assistance to support refugees in their host countries has considerable potential to mitigate the negative consequences that their presence may have on host communities and, at the same time, enhance the quality of protection through facilitating their self-sufficiency.

29.2. 'Joint EU Resettlement Programme'

In March 2013, a Joint European Union Resettlement Programme for 2013 was adopted. The Programme allows the EU Member States to resettle more refugees using resources from the European Refugee Fund. Furthermore it encourages EU Member States without a national resettlement scheme to establish such schemes by providing financial incentives. One of the core elements of the EU Programme is to set geographical resettlement priorities for 2013. It is the first time that the EU Member States have agreed to establish such common resettlement priorities, targeting also those in protracted refugee situations and vulnerable groups such as women and children in danger, survivors of violence, individuals whose life is at risk.

¹⁵³ COM(2013) 292 final.

30. PREVENTING EXPLOITATION AND EMPOWERING MIGRANTS

As highlighted in the recent Communication on ‘Maximising the Development Impact of Migration’, protecting migrants from abuse and human rights violations and empowering them through effective integration policies are essential elements of strengthening their capacity as development agents. This is acknowledged by the ‘migrant centred approach’ followed throughout the GAMM and, in particular, in its migration and development pillar.

Respect for the rights of migrants and persons in need of international protection remains a key component of EU policies, and in particular of measures to build a common immigration policy, which are further outlined in section 4. In September 2011, the Commission presented an evaluation of the Directive concerning the status of third-country nationals who are long-term residents (‘LTR’ Directive)¹⁵⁴, which is a crucial tool for achieving integration and non-discrimination of third-country nationals and a pillar of EU immigration policy. The report deplored the weak impact of the Directive in several Member States and called for a number of measures to strengthen implementation.

In 2013 the Commission is expected to report on the implementation of the two anti-discrimination Directives (the Racial Equality Directive and the Employment Framework Directive). For this purpose, the Commission asked Member States to report how, among other issues, their national legislation provides for protection from discrimination to all, including third-country nationals.

Strengthening protection of migrant domestic workers has received significant attention in recent years. A substantial share of domestic workers in the EU are migrant women, who are particularly prone to exploitative working conditions and abuse. In March 2013, the Commission presented a proposal for a Council Decision to ratify the International Labour Organisation 2011 Convention Concerning Decent Work for Domestic Workers, which would significantly contribute to strengthening legal protections for migrant domestic workers. A project to promote the integration of migrant domestic workers in Europe was also financed under the European Fund For The Integration Of Third Country Nationals.

As regards migrant integration, serious challenges persist, not least regarding labour market participation of migrants, as unemployment rates for third-country nationals are much higher compared to national averages. The Commission has continued implementing the priorities set out in the European Agenda for the Integration of Third-Country Nationals adopted in July 2011. For example, efforts continue to coordinate and monitor policy developments at EU level, in finalising the draft European modules on migrant integration to support integration in the Member States and further developing common European indicators for monitoring of results of integration policies.

The revised EU integration agenda also places a specific focus on the role which cooperation with countries of origin can play in promoting successful integration. In dialogues with different partners, the Commission continues to explore the role of diaspora communities and transnational networks in this context, e.g. in improving the preparation of migrants for their residence in the Member States. Cooperation with countries of origin was among the priorities of the 2011, as well as 2012-2013, calls for proposal under European Integration Fund Community Actions programme.

The EU’s commitment to prevent and combat migrant smuggling as well as work towards eradicating trafficking in human beings (THB) has also been reflected in several new initiatives. The 2011 adoption of the Directive on preventing and combating trafficking in human beings and protecting its victims constituted a major step forward. The Directive not

¹⁵⁴ 2003/109/EC.

only focuses on law enforcement, but also aims to prevent crime and ensure that victims of trafficking are protected and given an opportunity to recover and reintegrate into society. Furthermore, the EU's 2012 strategy on the Eradication of Trafficking in Human Beings included measures to ensure better cooperation and coordination among those working in the field of THB, including governments, civil society and international organisations. THB is also a priority for the EU's external cooperation, and is systematically addressed in agreements and partnerships with non-EU countries and in all EU dialogues on migration and mobility.

Unaccompanied minors, including also those who do not apply for asylum, form a vulnerable group that continued to receive much attention in 2011-13. The mid-term report on the implementation of the Action Plan on Unaccompanied Minors (2010-2014) highlighted the need to improve data collection, prevent unsafe migration as well as trafficking in human beings, to provide for reception and procedural guarantees in the EU and to find sustainable solutions to address this persistent phenomenon effectively.

At Member State level, a number of countries have recognised the relevance of migrant integration for development in strategy documents at national or local level (e.g. Belgium, Germany, France, Italy and Spain). However, further progress could be made to establish specific links between integration priorities in areas such as social policy or labour market regulation and development priorities (e.g. regarding portability of social rights)¹⁵⁵.

Integration of Immigrants — Example from Portugal

Portugal has continued implementation of its Second Plan for Immigrant Integration (2010-2013), which comprises 90 measures across various policy areas. This action plan for immigrant integration is based on a holistic approach, and maintains as a key objective of the full integration of immigrants in culture, language, employment, professional training and housing. Measures targeting countries of origin under this Action Plan include:

- Supporting the creation of workgroups on the integration of immigrants between countries of origin and Portugal;
- Coordinating the award of scholarships with the needs of countries of origin to counteract brain drain;
- Reinforcing support for circular migration;
- Promoting the involvement of immigrant associations in the development of their countries of origin.

31. CONDITIONALITY

The EU follows a tailor-made, performance based approach in applying the instruments of the GAMM with partner countries. For example, the signing of Visa Facilitation Agreements with third countries is tied to parallel signature of EU readmission agreements, thus ensuring that a secure environment exists for the implementation of initiatives to facilitate migration and mobility and vice versa, that a real cooperation with the EU is linked with tangible improvements of mobility. In line with the 'more for more' principle and broader external relations priorities, conditionality is applied strategically with regard to cooperation on migration and mobility issues with countries of the neighbourhood. For example, Georgia was recently allocated € 16 million of 'more for more' funding on migration and borders in order to further strengthen the EU's excellent cooperation with the country in this area. In line with its PCD commitments and the 2011 PCD report, the Commission has monitored

¹⁵⁵ See for example ICMPD/ECDPM study on Migration and Development.

implementation of this conditionality to ensure that it strengthens rather than undermines the EU's overall external cooperation with partner countries. It is important to stress that the European Union does not condition its development assistance to partner countries to overall cooperation in migration matters.

The informal and formal use of 'negative' migration-related conditionality to development cooperation (i.e. reductions of development assistance to meet migration control objectives) stands in contradiction to PCD commitments, as it subordinates development assistance measures to migration policy priorities. The Commission has long argued that this type of aid conditionality is not an effective way to address cooperation on reducing irregular migration. However, a recent study has demonstrated that a number of Member States have taken steps to apply negative conditionality related to migration in their external cooperation strategies¹⁵⁶.

32. PROMOTING POLICY COHERENCE ON MIGRATION IN PARTNER COUNTRIES

Many developing countries that face significant migration flows continue to lack both awareness of the impact of migration on their development and adequate policy frameworks in this area. Therefore, the EU is continuing to promote the mainstreaming of migration into development strategies and sectoral policies of partner countries, including by supporting research on insufficiently explored aspects of the development-migration nexus. For example, in 2012 a €3.3 million joint initiative with the OECD Development Centre was launched to explore and raise awareness of the interrelations between public policies, migration and development in 10 partner countries, and develop sectoral guidance material on migration mainstreaming in areas such as agriculture and employment. These measures should not only strengthen national policies on migration and development, but also facilitate efforts of the EU to strengthen coherence between migration policies and partner country priorities.

The EU is also continuing to support partner countries in developing Extended Migration Profiles. These bring together all relevant national ministries in a country-specific process focused on strengthening understanding of the links between migration and development as a basis for targeted policy actions. Recent developments include the finalisation with EU support of an Extended Migration Profile by Moldova, which is based on input from over 15 governmental institutions. Under the EUROMED Migration III project, capacity building support for the development of Extended Migration Profiles is also being provided to Southern Mediterranean countries.

¹⁵⁶ Migration and Development Policies and Practices: A mapping study of eleven European countries and the European Commission.

Security

33. SECURITY AND DEVELOPMENT

It is now universally recognised that there can be no sustainable development without peace and security, and that peace and security will not be sustainable without development. The importance of peace, security and freedom from all forms of violence in the daily lives of people is also increasingly recognised as important values and objectives in their own right.

These twin recognitions — of peace and security as crucial preconditions of sustainable development and as important values and objectives in and of themselves — are at the heart of the EU's approach to security and development in external relations and assistance.

The EU has at its disposal a wide range of external relations policies and instruments — political, diplomatic, security, defence, financial, development and humanitarian. This is one of the EU's main strengths as an external relations actor. In view of the complexity and scale of many of today's global challenges, the EU must harness and make full use of all its tools and resources and both in policy and in practice, work towards a comprehensive, coherent and effective approach in its relations with countries, regions and organisations, as well as towards global challenges, conflict risks and crisis situations.

With the creation of the post of a High Representative/Vice President and the EEAS, the EU has also institutionally paved the way for a more comprehensive and more coherent external relations policy and action. During 2012 and 2013 discussions have continued on how to move towards a more comprehensive EU approach — both in policy and action — involving the EU institutions, and the EU's Member States.

This chapter briefly points to a number of areas where the EU has made progress in addressing different security challenges and thereby contributing to the conditions for sustainable development and a safer and more prosperous world.

Security in the post 2015 development debate¹⁵⁷

It is important to give peace and security a central place in the new global framework — a place that reflects the importance of the issues at hand for sustainable development and poverty reduction, but also their importance for the security, safety and well-being of people in all countries. One useful starting point for this discussion is the New Deal for Engagement in Fragile States ('New Deal'), agreed at the High Level Forum on Aid Effectiveness in December 2011, which laid out a set of Peacebuilding and Statebuilding Goals (PSGs).

There is considerable progress when it comes to improving synergies between security and development in the context of the global peace agenda. There are for instance many examples of setting up of effective interdepartmental coordination mechanisms and adoption of comprehensive strategies, such as:

- Austria, emanating from its 3 C Appeal (coherent, coordinated and complementary) and with a 'whole of nation' approach at operational level, has adopted a new three-year strategy for its engagement in development cooperation (where one goal is the provision of human security in fragile situations) and strategic guidelines linking security and development, presenting a holistic approach towards engagement in fragile states.

¹⁵⁷ For more details refer to the Communication *Decent life for all*.

- In the UK, DFID has, through the cross-Government Building Stability Overseas Strategy, contributed to a more integrated government approach to conflict, including in response to the situations in Syria, Somalia and Mali. DFID continues to contribute to cross-Government early warning and co-leads the management of the tri-Departmental Conflict Pool alongside the FCO and the Ministry of Defence (MoD). The Conflict Pool's Early Action Facility supported rapid responses in Libya, Somalia, Syria and Mali.
- The German Inter-ministerial Steering Group for Civilian Crisis Prevention continues to act as the central forum for handling crisis prevention related to cross-sectoral issues. In September 2012, inter-ministerial guidelines on fragile states were adopted and with those as starting point, a BMZ strategy on 'Development Peace and Security: Development Policy in the Context of Conflict, Fragility and Violence' was adopted in February 2013.
- The Netherlands has based its foreign security policy on the concept of the comprehensive approach (CA), combining diplomacy, defence and development. Finland has since 2006 an Inter-Ministerial Security and Development Group (led by MFA) and a Comprehensive Crisis Management Strategy (published in 2009). The Portuguese National Strategy for Security and Development establishes a whole of government approach to the nexus between security and development.

Several Member States (e.g. Lithuania, Belgium, Estonia, Slovakia, France, Finland, Hungary, Ireland, Latvia, Portugal, Romania and Slovenia) have confirmed that the broader development priorities are part of the planning and implementation of international peace operations.

Approach to Stabilisation — Example from Denmark

Denmark has adopted a whole of government approach to stabilisation. Among the mechanisms at hand is a Whole of Government Stabilisation Board (presided alternately by the Ministry of Foreign Affairs and the Ministry of Defence) which consists of representatives from the Ministry for Foreign Affairs, Ministry of Defence, Ministry of Justice and the Prime Minister's office at the level of Under-Secretary of State. The board meets monthly to ensure an active, flexible and coordinated Danish approach to engaging in conflict and post-conflict settings. The board is a strategic and coordinating forum and decides on the use of the Danish Peace and Stabilisation Fund, which is made up by both ODA and non-ODA funds. Two recent examples of the whole of government stabilisation efforts are the aftermath of military intervention in Libya and anti-piracy efforts in the Horn of Africa.

34. RESPONDING TO FRAGILITY AND CONFLICT

One key area of work is the EU's dialogue with and support for fragile and conflict-affected states. Progress has in recent years been made to better address fragility in EU development cooperation programmes and strategies and improve the overall EU response. The EU is a key stakeholder for the implementation of the New Deal for Engagement in Fragile states. Since 2011 and its Common Position for the 4th High level Forum on aid effectiveness, EU 'committed to a new approach to address conflicts and fragility'. The same year it signed-up the New Deal for Engagement in Fragile States. Subsequently, EU has offered its partnership as lead or co-lead donor of the New Deal implementation in three out of the ten New Deal pilot countries: CAR, Somalia, and Timor-Leste. In particular, the EU is in the process of developing specific approaches to budget support in fragile states — the *State Building Contracts*. They aim at helping to ensure vital state functions and to deliver basic services to

populations. They are based on a strong political and policy dialogue and close monitoring. Furthermore the implementation of programmes in the fragile and conflict affected country has sped up. For the last three years, the share of disbursements in the development bilateral assistance to these countries has progressively increased: from 48 % in 2010 to 53 % in 2011 and 59 % for 2012.

In the context of the programming exercise for 2014-2020, comprehensive regional strategies and joint programming¹⁵⁸ documents are being developed (including for the Horn of Africa and the Sahel regions). In the same way, in defining the strategic programming priorities under the future (2014-20) Instrument for Stability, PCD has been explicitly included among its programming principles, with a view to prioritise those security issues that have the greatest impact on EU development policy objectives.

In the specific field of conflict prevention, the EEAS in cooperation with Commission services, is developing a number of new initiatives:

- Developing a global conflict early warning system for the EU, based on knowledge and analysis from EU Delegations (including the EEAS, Commission services, as well as Member States and any EU CSDP Mission), and combined with open source data and expertise of INTCEN analysts. The aim is to identify upstream risks before the emergence of violent conflict, and develop an EU operational response to prevent a slide into conflict. The system is being piloted in the Sahel region.
- Strengthening conflict analysis across the EEAS and the Commission services by developing a light touch conflict analysis methodology to identify and build an EU consensus on the causes of conflict, the role of conflict actors, conflict dynamics, and entry points and options for the EU and other external actors. The geographic and thematic elements of the process have been brought together when appropriate with input from external experts and civil society. Since March 2012, the EEAS has facilitated seven conflict analysis workshops looking at situations including Mali, Libya, Syria, Myanmar and the Kivu region of the Great Lakes.
- During the course of 2012-13, the EEAS and Commission services have also prepared updated guidance notes on both (a) the use of conflict analysis in EU external action and (b) conflict sensitivity in EU programming. Both have been made available to relevant EU actors in Brussels and in the field. These notes set out the process for integrating conflict analysis and conflict sensitivity issues into EU responses, and aim also to avoid contributing to increased risk (the ‘do no harm’ approach).

Bilateral cooperation on crisis prevention/conflict transformation — Example from Germany

Germany treats crisis prevention/conflict transformation as a focal area of bilateral cooperation (e.g. with Colombia, Timor-Leste, Sri Lanka and in the ‘Fragile States in West Africa Programme’) if: (a) development plans identify peace and security needs, (b) there is an explicit wish of the partner country to work with the Federal Government in this area and (c) given that in the country setting the German bilateral cooperation has a comparative advantage in this field. The Federal Government generally promotes the use of certain tools such as ‘peace and conflict assessments’ (PCA) for a conflict and peace-oriented alignment of development programmes in fragile and conflict affected states.

¹⁵⁸ Joint programming entails: (1) joint analysis and response; (2) division of labour amongst (EU) donors; (3) indicative allocations. Out of more than 40 countries where joint programming will be taken forward 12 cases are fragile states (including Mali).

Comprehensive approach guidelines –Example from the Netherlands

With regards to fragile countries, the Netherlands are working on guidelines how to ensure a comprehensive approach. These guidelines both draw lessons and describe how lessons learned have been translated into amended procedures, mandates and cooperation mechanisms. 10 key lessons learned have been identified:

1. The importance of a common analysis before starting to even plan an operation, to ensure a base line inventory and to agree on the root causes of the problem and the means to address these. The list of actors should be as broad as possible; including the receiving government, informal leaders of the area involved, civil society, women groups, military actors and international institutions.
2. The importance to structure an operation according to its commonly defined objectives; in some cases a civilian led operation is more effective than a military led operation. A shared command is often advisable. If objectives differ, at least understanding of, and respect for each other's objectives is needed.
3. Common communication policies of the MFA and MoD are essential to maintain acceptance of the mission in the home country.
4. Both military and civilian personnel sent on mission should have one shared preparation trajectory.
5. Flexibility is key. The mission needs to have the mandate to respond swiftly to new situations.
6. Building local ownership is crucial. Local actors need to be involved in decision-making processes as soon as possible.
7. Shared policies of MoD and MFA will only be fully executed if coordination at HQs (i.e. The Hague) is well organised and running.
8. A budget for quick impact projects helps to gain acceptance amongst the receiving population.
9. An outstanding issue is the need to harmonise ICT systems, in particular in multi-country operations. Essential for success is to take the local context and power structures well into account and to develop sound exit strategies.

35. SUPPORTING AND PROMOTING INCREASED OWNERSHIP OF SSR PROCESSES

A second important area of work is Security Sector Reform (SSR). The EU is a major donor in the field of SSR with an increased focus on national ownership and human security aspects. The 2006 Council conclusions on a 'Policy Framework for Security Sector Reform', drawing on the OECD-DAC definition, provides the overarching principles of the EU's approach. It stresses the principle of a 'national/regionally owned participatory approach', aiming at strengthening good governance, democratic norms, a gender-based approach, the rule of law and the respect for human rights.

Justice and Security Sector Reforms (JSSR) are now seen as part of a 'comprehensive approach' featuring on the one hand the wide range of conflict prevention, peacebuilding, peacekeeping and state building objectives and, on the other hand, as part of a whole-of-society approach, interconnected with economic revenue management, youth employment and effective oversight and governance. The EU has a long-standing experience in supporting

these sectors and has at its disposal a wide range of diplomacy, crisis response, development and security policies and instruments. According to an evaluation of the European Commission's support to justice and security sector reform over the period 2001-2009, the EU has devoted a total of €1 billion to it over the period 2001-2009. This effort is sustained and increased with already €858 million contracted for support to SSR over the period 2010-2011. The conclusions of the evaluation recommend in particular a more strategic approach, making better use of knowledge of the local context and a better balance between ensuring service delivery outcomes and building state capacity. Following on these recommendations, the EEAS and Commission services have established a Working Group on 'developing operational guidance to EU support to SSR', which aims to enable a more effective and coherent EU approach to supporting SSR in partner countries through improved planning, assessment, implementation and monitoring. The Guidance is intended at supporting HQ and EU Delegations as well as CSDP missions/operations.

Lessons learnt have underlined that providing justice and security services will remain a challenge in the years ahead in many fragile, post-conflict and developing countries. The EU's strategic approach and designing of JSRR programmes will therefore be crucial to cope with those challenges and the growing need for support.

Some Member States report on efforts to develop an approach to the judicial elements in situations of fragility and post-conflict. France is developing an approach to legal pluralism and to justice in situations of transition, based i.a. on their experiences in Afghanistan, while the Swedish Folke Bernadotte Academy has developed an analysis instrument for identifying judicial aspects and needs relating to public administration in conflict and post-conflict situations. The Dutch rule of law programs aim at contributing to a well-functioning 'judicial chain' (police, prosecution, quality of judges, access to justice and in some cases providing/stimulating a role for customary law).

36. CONTROL THE SPREAD OF SMALL ARMS AND LIGHT WEAPONS (SALW) AND ADDRESSING THE ISSUE OF ANTI-PERSONNEL LANDMINES

In the framework of its Strategy to Combat Illicit Accumulation and Trafficking of Small Arms and Light Weapons (SALW) and their Ammunition, the EU has continued to promote the issue of SALW in various multilateral fora, in its political dialogues with third countries and in the context of relevant international instruments. The EU actively participated in the July 2012 UN negotiations on an Arms Trade Treaty (ATT), and in the August 2012 Second Review Conference on the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects. The EU also continued the implementation of several projects related to the prevention of the illicit trade in and excessive accumulation of SALW, including through development instruments. Council Decisions on several individual projects continue to focus on the CFSP aspects of SALW control, whereas the Instrument for Stability links security and development through trans-regional cooperation projects.

In order to further support the effective mainstreaming of EU mine action into all geographic development programmes and the full and effective implementation of the Ottawa Convention, as well as the promotion of universal adherence to the Convention, a Council Decision was adopted in November 2012 in support of the implementation of the Cartagena Action Plan 2010-2014.

36.1. Efforts to regulate and make more responsible the global arms trade

Over the past years, the EU has continued to promote the establishment of the highest common international standards to regulate the international trade in conventional arms,

through the negotiation of an Arms Trade Treaty (ATT). The seven-year long negotiating process was successfully concluded on 2 April 2013 with the adoption of the Treaty by the UN General Assembly. By making trade in weapons more transparent and responsible, the ATT has the potential to positively affect international peace, security, and development.

Monitoring exports of military equipment — Example from Sweden

In the 2012 Report to the Parliament ¹⁵⁹ the Swedish government highlights that one potential conflict of objectives/interests often mentioned in connection with PCD is the Swedish export of military equipment.

The ambition of the Swedish government is to avoid anything that would negatively affect the efforts to contribute to fair and sustainable global development, and these aspects weigh in to all assessments made with regard to Swedish exports of military equipment, not least by the application of the EU Common Position on arms exports, criterion eight. The degree of parliamentary insight provided for in the export licensing assessment process is high with an Export Control Council comprising MPs from all political parties in Parliament which plays a key consultative role in the assessment that precedes the granting of licenses for military equipment exports. Sweden worked actively for the recent adoption of an *Arms Trade Treaty* (ATT), and will also actively provide assistance for the implementation of this instrument. Broad adhesion and implementation of the ATT will provide the international community with its first effective instrument to combat the illegal trade in military equipment. This illegal trade plays a large role in fuelling conflicts around the world that cause significant human suffering and economic disruption, as well as impeding humanitarian assistance and development efforts.

In June 2012, the Government decided to appoint a parliamentary committee with the task of investigating future Swedish exports of military equipment, and the framework of rules governing such exports. The main purpose of the investigation will be to suggest changes that would increase the rigour exercised toward non-democratic states. The investigation shall also assess the expected consequences of increased export control toward these states. The committee shall furthermore account for how the EU Common Position on arms exports and Sweden's Global Development Policy have been practically implemented and whether this implementation has changed over time. The Government notes that this concerns an area that is affected by changes in the surroundings and by international processes and that it therefore needs to be reviewed. The investigation will also look at the possibility of increasing openness and transparency within Swedish exports of military equipment, including the Export Control Council.

37. IMPROVING NATURAL RESOURCE MANAGEMENT

Managing, extracting and exploiting natural resources can in some contexts be significant factors in triggering, escalating or sustaining violence. The linkages between natural resources, violent conflict, sustainable development and stability are therefore a challenge faced by many countries in the world. However, if resources play a key role in war, then they must also play a key role in peace and become peace-assets. It is against the backdrop that a more holistic approach needs to be put in place to address the dysfunctional situations affecting the management of natural resources in fragile developing countries.

The particular challenges that a conflict sensitive EU approach to the management of natural resources aims at addressing include, inter alia:

¹⁵⁹ <http://www.regeringen.se/sb/d/15903/a/196569>.

- Systemic disturbances undermining state building efforts due to violence/conflict.
- Human security (and rights) abuses or violations.
- Absence of development/slow progress.
- The involvement of armed groups and/or organised criminal networks in economic activities (constituting a loss in public revenue and a threat to peace and stability).
- Issues related to trade sustainability and security of supplies.
- Environmental degradation and pollution caused by the use of hazardous substances, an inadequate treatment of waste and water from mining activities, lack of or non-enforcement of environmental regulations.

The EU has considerable relevant experience (legislation, policies, schemes, programmes, partnerships) in the field of governance of natural resources, promoting a conflict sensitive management of natural resources such as the international diamond trade (Kimberley process, see box below) as well as the transparency of revenues generated by the extractive industry, e.g through support to the EITI , the adoption of the Country-by-country reporting directive in the extractive (oil, gas and mining and forestry) sectors, and the implementation of the EU FLEGT Action Plan in the forestry sector¹⁶⁰.

The EU has also adopted policy frameworks and business standards that are relevant to the promotion of the transparency of the supply chains. The Communication on Trade, Growth and Development (January 2012), as well as the subsequent Council conclusions, recognised the need to work towards improving the transparency of supply chains and highlights the importance of greater support for and use of the updated OECD Guidelines for multinational enterprises, and OECD Due Diligence Guidance. In parallel, as outlined in the EU Raw Materials Initiative, the EU has set out programmes (e.g. the AU/EU partnership in the area of natural resources) to cooperate with, and provide support for, developing country partners on issues relating to sustainable mining, geological knowledge and good governance in natural resources management. In early 2013, the HR and the Commission began work towards the definition of a possible EU initiative on due diligence for responsible sourcing of minerals originating in conflict-affected and high-risk areas, as detailed in section 11.1 of this report.

Kimberley process

The Kimberley Process (KP) Certification Scheme was established in 2003 as a joint government, industry and civil society initiative to stem the flow of conflict diamonds, which are defined as rough diamonds used by rebel movements to finance wars against legitimate governments.

The KP remains a unique tool for conflict prevention and plays an important role in supporting participating countries to ensure good governance and transparency. Thanks to the KP, conflict diamonds are now assessed to represent less than 1 % of the global raw diamond trade.

Since its establishment the KP has grown to 54 members representing 81 countries, with the EU and its Member States counting as a single participant. The diamond industry and civil society participate in the KP as observers and have played a major role from the beginning.

Last year's KP's decision to lift the special monitoring measures with respect to the Marange mining area in Zimbabwe was a recognition of the significant progress made by the country to improve KP compliance and its commitment to continued cooperation with civil society and

¹⁶⁰ More details on these initiatives can be found in sections 11. and 12.

enhancing revenue transparency. The way the KP contributed to such progress may serve as a useful model for future situations.

In May 2013, the KP decided to temporarily suspend the Central African Republic from participation in the scheme until such a time that clarity has been provided on the country's ability to ensure compliance with KP minimum standards. The EU is fully behind this decision as it helps to preserve the KP's integrity.

At the request of the KP, the Commission's Joint Research Centre and the United States Geological Survey developed in 2013 a joint methodology for satellite-based monitoring of alluvial diamond mining activities in the Ivory Coast.

The EU is working closely with South Africa as the current Chair of the KP to examine how best to further strengthen KP implementation and to bring forward consultations on a wider reform agenda that would allow the KP to meet the challenges of the future.

38. BETTER ARTICULATING DEVELOPMENT ASSISTANCE AND PEACE OPERATIONS OBJECTIVES, PLANNING AND IMPLEMENTATION

It is widely acknowledged that in order to promote sustainable peace, long term development objectives need to be integrated into the peace process. The challenge is how to achieve this in a complex, unstable and often violent environment. One example of how this can be achieved is the work with the African Peace Facility (APF), funded under the European Development Fund (EDF), where development aspects and security principles are fully integrated in a comprehensive approach taking into account both the views of the EU and other donors and those of the African partners, within the limits of what is achievable according the eligibility criteria to Official development Aid (ODA). The development dimension is reflected in the decision-making processes, which are based on principles of African ownership and capacity building. At implementation level, the use of standard EDF procedures allows the integration of development objectives in African-led peace operations supported through the APF.

Synergy is being sought in the design and implementation of EU Common Security and Defence Policy (CSDP) missions (civilian/military) and operations (military). CSDP is a crisis management instrument and mainly for short-term to mid-term (post) crisis situations. CSDP activities are conceived as part of the EU's approach to tackling crisis and fragility situations — thus the EU's overarching political objectives remain the same. CSDP missions and operations vary in their mandates and contribute their share to the post-conflict build-up/development cycle of a country/region during and after a crisis. CSDP mandates can entail reform, capacity-building and/or training of the police, justice and defence sectors, on anti-piracy, strengthening of maritime capacities, on border security, monitoring of ceasefires, ensuring airport security etc.

CSDP activities are planned and implemented in consultation and coherence with development policies and activities. Investments for sustainability of the EU approach in the region should be core and a coordinated long term approach is necessary whereby CSDP fits in for its share for security. For example cooperation in the Horn of Africa between anti-piracy strategies and law enforcement (criminal justice) work is crucial and investments in justice reform are needed for sustainability.

Articulation between security and development in Mali and Afghanistan — Examples from France

To find a solution to the political, humanitarian and security crisis in Mali is one of France's priorities. As a complement to the military action undertaken, and following the adoption by the Mali National Assembly on 29 of January 2013 of the Roadmap for transition, France has

decided to resume progressively its civil cooperation with Mali. The articulation between actions in the areas of security and development is indispensable for sustainable action against the terrorist threat and to strengthen the rule of law. In coherence with actions at EU level in the area of security, especially under the CSDP, structural projects should be undertaken and benefit the whole territory of Mali, in particular in order to reinforce the domestic/interior security forces. Above all, efforts will focus on aspects of democratic governance (strengthening of legal institutions, mobilisation of public revenues, support for decentralisation), support for economic recovery (private sector/job creation), human development, sustainable development (fight against desertification) and culture (as a factor of social cohesion).

In Afghanistan in 2010, France put in place a structure — a ‘stability hub’ — as a civilian side of the military engagement. This allowed it to carry out civilian aid projects, in the deployment zones of French troops (Kapisa and Surabi), in areas of rural and agricultural development, health, electric infrastructure, education and governance. Following troop withdrawal at the end of 2012 from Kapisa and Surabi, the stability hub was renamed ‘development hub’ and is now an integral part of development agreements and cooperation with Afghanistan.

Other Member States (Hungary, Latvia, Lithuania, Slovakia, the Netherlands, Bulgaria, Finland and Germany) are highlighting various aspects of their respective engagement in Afghanistan in areas such as police training and rule of law.

38.1. Implementation of UN Security Council Resolution 1325 on Women, Peace and Security

The EU supports the principles enshrined in UNSCR 1325, the representation of women and the availability of adequate resources for dedicated gender expertise from an early stage of peace processes onwards. Actions have already been undertaken to contribute to promoting women’s equal and full participation in the prevention and resolution of conflicts, peace negotiations, peace building, peacekeeping, humanitarian response and in post-conflict reconstruction. For maximum effect, UNSCR 1325 needs to be implemented in a holistic and comprehensive manner.

Several Member States (Belgium, Finland, Germany, Ireland, Portugal and Sweden) are highlighting the implementation of their respective National Action Plan (NAP) on UNSCR 1325. The NAPs were adopted following extensive and broad consultations among a wide range of government departments, civil society organisations and academia and, in the case of Ireland, following also a cross-learning initiative involving participants from Ireland, Northern Ireland, Liberia and Timor-Leste. Most of these Member States also report on how they include the aspect of UNSCR 1325 in training and capacity-building, both at national and international level, e.g. for peacekeepers and experts sent to crisis management missions.

Security and gender mainstreaming– Example from Finland

In 2012, the Crisis Management Centre (CMC) under the Ministry of the Interior launched a capacity-building project with an Egyptian partner, the Cairo Regional Centre for Training on Conflict Resolution and Peacekeeping in Africa (CCCPA). The purpose of the project is to improve capacity of the CCCPA concerning mainstreaming of gender and UNSCR 1325 in training of police, peacekeepers and civilian experts and to ensure at the end of the project that CCCPA’s expertise regarding gender is recognised regionally. The project has a regional scope and beneficiaries will be drawn from Tunisia, Algeria, Libya and Mauretania.

39. STRENGTHENING PARTNERSHIPS WITH INTERNATIONAL, REGIONAL AND SUBREGIONAL ORGANISATIONS

Forging strong partnerships with regional and sub-regional organisations and entities on issues relating to peace, security and security sector reform (SRR) is crucial to the EU's external relations approach to security and development:

- **ASEAN:** In line with the new Plan of Action to Strengthen the ASEAN-EU Enhanced Partnership adopted by EU and ASEAN Foreign Ministers' meeting in April 2012, the EU has stepped up cooperation with ASEAN, helping the regional grouping to progress in its own integration goals and intensifying cooperation in areas of mutual interest. The EU has extended cooperation with ASEAN across a wide spectrum of policies, including security, disaster preparedness, transport, higher education, research and innovation. In July 2012, the HR/VP signed, in Phnom Penh, the Instrument of Accession of the European Union to the Treaty of Amity and Cooperation in Southeast Asia (TAC).
- **Pacific Islands Forum:** In May 2012, the Council conclusions on a renewed EU-Pacific Development Partnership reiterated the need to continue to strengthen the political relationship with the Pacific on national and regional level, in line with the 2006 Council conclusions on an EU Strategy for the Pacific. The Council noted the growing EU-Pacific cooperation on Climate Change, and welcomed the common approach we have found at UN level.
- **International cooperation to stabilise Afghanistan:** The EU supports the Istanbul ('Heart of Asia') Process launched at the November 2011 Istanbul Conference with its emphasis on regional political cooperation. The Istanbul process has created considerable momentum in terms of increased buy-in from Afghanistan's neighbours towards regional cooperation initiatives. At the June 2012 Ministerial Conference of the Istanbul Process, the EU committed itself to support confidence-building measures (CBMs) in the areas of disaster management, counter-narcotics and trade, commerce and investment opportunities. Implementation plans for these CBMs were politically endorsed at the Ministerial meeting in April 2013 in Almaty, Kazakhstan.
- **Mekong River Commission:** The Mekong River is vital for the food security of millions of people living in the basin. It is also seen as a future source of electricity in the region. There are conflicting interests between the three pillars of water, energy and food security nexus which may become a source of tension between the countries in the sub-region. Furthermore the development of the Lower Mekong basin is expected to be severely affected by climate change. In view of this, the EU engages in policy dialogue with the Mekong River Commission as a member of the Development Partners' group, participating actively in the key MRC meetings/events. The EU envisages strengthening its relationship with improved management of the whole basin and enhancing regional cooperation in the context of its commitment to strengthen global water security.
- **Latin America and the Caribbean:** Security is one of the main priorities on the EU agenda with the LAC region and especially in Central America, where the situation remains worrisome. The EU has moved ahead in supporting the implementation of a Regional Security Strategy, which was adopted by the Central American Heads of State in June 2011. Relations with the Caribbean region during 2012 centred on following-up and finalising a significant number of initiatives launched in the previous years. Pursuing and strengthening political dialogue with the region remained a priority, and a political dialogue between the EU and the Caribbean

Forum of African, Caribbean and Pacific states (CARIFORUM) took place in 2012. The EU-CELAC Joint Initiative for Research and Innovation, JIRI, continued to take shape with Senior Officials Meetings taking place in 2012 in Chile and 2013 in Brussels and the creation of thematic working groups.

- African Union (AU) and the Regional Economic Communities (RECs): The EU's partnership with the AU is a mature and dynamic one; it is essential for the EU to achieve its own strategic objectives in Africa, particularly on the political and security side (promoting peace, democracy and stability), but increasingly also on the economic and global side (cooperation on climate change, trade and investment). Through the framework of the Joint Africa-EU Strategy (established in 2007), the partnership with the AU has evolved into a well-working relationship on practical and operational issues that keep the EU and the AU in regular contact on current issues such as Somalia, Mali and Guinea Bissau. The Africa-EU partnership (peace and security component) has largely focused on building Africa's capacity to take its share in the management of crises and security threats. The EU has contributed to building the capacities of regional (AU) and sub-regional organisations (ECOWAS, SADC, COMESA, EAC, IGAD, IOC, ICGLR, etc.) for the prevention, management and resolution of conflict. It has done so through various programmes, funded through different sources such as the EDF regional programmes and the African Peace Facility. Within the framework of the Instrument for Stability, the scientific and technical cooperation between the Commission's Joint research Center and the African Union on the operationalisation of the Continental Early Warning System (CEWS) is recognised by the AU as one of the most fruitful partnerships between the AU and the EU. The cooperation has helped the AU Peace and Security Department to develop its capacity to monitor, gather and analyse relevant and up-to-date information pertinent to decision-making on the continent for peace and security.
- Somalia: The EU continued to support the African Union Mission in Somalia (AMISOM) (total funding of € 594 million), whose mandate includes the protection of the Federal Government of Somalia to help carry out government functions, the provision of security for key infrastructure, reducing the threat posed by 'Al-Shabaab' and assistance with the implementation of the national security plans, as well as the contribution to necessary security conditions for the provision of humanitarian assistance. Around 17.700 peacekeepers from Burundi, Uganda, Kenya, Djibouti and Sierra Leone are currently deployed across four security sectors in Somalia with AMISOM, in line with the troop strength authorised by the UN Security council resolution 2036 (2012) and 2093 (2013).
- Mali: The African-led International Support Mission to Mali (AFISMA): since 2013, the EU has allocated €50 million to support the AFISMA through ECOWAS. This financial support to AFISMA is only one aspect of the global EU's response to the challenges that Mali is facing, be there political, humanitarian, development, or security related. The EU training mission under the EU Common Security and Defence Policy has now started with the training of the first Malian units.

Other issues

40. RESILIENCE

Building resilience in crisis prone countries and regions represents a long term objective for the EU external assistance, for the achievement of which the humanitarian-development interface is key. Tackling the root causes of fragility and vulnerability, investing in prevention, mitigation and preparedness, rather than focusing on the consequences of crises are elements at the core of the resilience approach. Building on the experiences in the Horn of Africa (notably the SHARE initiative) and the Sahel (AGIR), the EU approach to resilience was framed in 2012-2013.

In May 2013, the Council adopted conclusions on EU Resilience, supporting the Commission Communication of October 2012 ‘The EU Approach to Resilience: Learning from Food Security Crises’¹⁶¹. In the latter, the European Commission committed to building resilience in crisis prone countries and established that, in countries that face recurrent crises, increasing resilience will be a central aim of EU external assistance.

Building resilience is a long-term process that needs to be context appropriate and embedded in national policies and planning for development, which would allow for more effective EU collaborative action, bringing together humanitarian assistance, long-term development cooperation and ongoing political engagement. In this context, the key characteristics of resilience include:

- Country-owned and Country-led
- Equity — a people-centred approach
- Coherence, Complementarity, Coordination, Continuity.

The planning for the implementation of the resilience agenda is spelled out in the ‘Action Plan for Resilience in Crisis Prone Countries’¹⁶². In this context, building resilience has to start with and draw upon, joint humanitarian / development strategic planning based on

- joint analysis of vulnerabilities and risks,
- focus on the most vulnerable areas and populations;
- shared objective and priorities,
- coordinated action and finally
- regular monitoring and evaluation.

Given the multiple causes of vulnerability and fragility, resilience building actions must be sustainable, multi-sectoral, multi-level, multi-partner and include the participation of the people affected or at risk, of communities, governments and civil society.

It is expected that the application of the resilience approach will lead to a reduction in humanitarian needs and more sustainable and equitable development gains.

¹⁶¹ COM(2012) 586 final, issued by the Commission in June 2013.

¹⁶² SWD(2013) 227 final.

41. CLIMATE CHANGE AND DISASTER RISK MANAGEMENT

The EU has developed and is implementing strategies on disaster risk reduction and prevention both inside and outside the EU. Our objective is to set up a consistent, effective, and comprehensive disaster risk reduction framework, including support to third countries on DRR.

The EU is developing a cross sectoral risk management policy promoting strong linkages between disaster risk reduction and climate change adaptation. The European Commission is carrying out a number of measures in order to implement the EU framework for the prevention of disasters. The European approach to prevention focuses on the improvement of the knowledge-base, encouraging risk assessment and mapping, developing good practice to raise prevention culture, including through peer reviews, and mainstreaming in other policies.

- Risk assessment: In 2010, the Commission issued guidelines on risk assessment for disaster management to support Member States in the preparation of national risk assessments. Building on national risk assessments, the Commission is now preparing an overview of risks in the EU, taking into account, where possible and relevant, the future impact of climate change and the need for climate adaptation. The overview will focus primarily on risks which are ‘shared’; i.e. those with likely cross-border impacts, or those on a larger scale where impacts would be experienced by more than one Member State. While the intention is to look, at a later stage, also at emerging risks with a high impact/low probability nature, the initial overview focuses on the next five-year period.
- Data: Significant efforts on data availability, accessibility, and comparability have been made to enhance the existing knowledge base on disasters in order to formulate better informed policies and disaster risk management strategies. The Commission Joint Research Centre (JRC) is currently carrying out a study on existing standards and protocols for recording disaster losses which will lead to recommendations for a European approach.

The European Commission has approved in 2012 a project on ‘Building capacities for increased public investment in integrated climate change adaptation and disaster risk reduction: 2012 – 2015’. The project is coordinated by the UN International Strategy for Disaster Reduction (ISDR) Secretariat and is co-funded by the EU (€7 million) under the thematic programme for environment and sustainable management of natural resources (ENRTP). The project aims inter alia at supporting up to 40 developing countries to account for disaster loss and to develop probabilistic estimations of future risk, with an emphasis on weather and climate change related hazards,

The web-based European Climate Adaptation Platform (Climate-ADAPT) was launched in March 2012. It incorporates the latest data on adaptation action in the EU (such as data from the European Environment Agency 2012 report on climate change, impacts and vulnerability in Europe), together with several useful policy support tools.

- Exchange of good practice: The European Commission is supporting exchange of good practice to raise prevention culture. The work has included the collection and analysis of more than 400 examples of good practices across a variety of hazards. Based on the good practices, the Commission has started work on guidelines for disaster prevention, focusing on five cross-cutting themes: governance, planning,

disaster data, risk communication and information, and research and technology transfer.

- The European Commission has started promoting and supporting peer reviews (such as the United Kingdom Hyogo Framework for Action (HFA) peer review) to encourage learning across Member States and steer progress in further developing and implementing risk management policies and practices.
- Finance: Innovative solutions for financing disaster prevention have been promoted including the use of insurance as a tool of disaster management. Disaster risk prevention and management considerations have also been included in a number of key EU policies and legislation such as transport and energy, environmental impact assessment, health, flood risk management, major industrial accident prevention as well as research and innovation. In addition, disaster risk reduction is a central pillar in the joint efforts with the UN and the World Bank when developing methodologies for post disaster needs assessments.
- Synergies with climate change adaptation: In April 2013, the European Commission adopted a climate change adaptation strategy, promoting strong linkages between disaster risk reduction and climate change adaptation. The strategy underlines the close synergies between climate change adaptation and disaster risk management, especially in cross-cutting areas such as data and knowledge dissemination, assessment of risks and vulnerabilities, mainstreaming into relevant EU policies and financial instruments, and coherence between national adaptation strategies and national risk management plans. It also foresees work with standardisation organisations to identify to what extent industry-relevant standards in the area of energy, transport, and buildings should be strengthened for better consideration of adaptation and disaster risk reduction considerations.

The European Commission has pursued cooperation activities with candidate, potential candidates, and other neighbouring countries. The Commission contributes to the prevention of, preparedness for, and response to disasters affecting partner countries, especially in regions adjacent to the EU (Western Balkans, Mediterranean and Eastern Partnership) with support from the pre-accession (IPA) and neighbourhood financial programmes.

In May 2012, the Commission supported an IPA project ‘Building resilience to disasters in the Western Balkans and Turkey’ (implemented by UNISDR and the World Meteorological Organisation) aimed at enhancing regional cooperation and capacity, mainly on meteorological and hydrological hazards.

The Programme for the Prevention, Preparedness and Response to Man-made and Natural Disasters in the ENPI East Region (PPRD East Programme, covering 2010- June 2014) is implementing specific activities such as the development of an electronic regional risk atlas, trainings, exchange of experts, table-top exercises, and awareness raising campaigns on disaster prevention.

Finally, disaster risk reduction efforts are contributing to sustainable economic development and poverty reduction strategies. A greater political attention to disaster risk reduction and resilience is being given in the context of the post Millennium Development Goals and Sustainable Development Goals discussions.

41.1. Disaster response

In December 2011, the European Commission has proposed legislation to strengthen European cooperation in civil protection in order to provide a more efficient, effective, and

rapid response to disasters as well as enhanced prevention and preparedness action. A 24/7 emergency response centre (ERC) has been established in May 2013 to enable the EU to facilitate real-time exchange of information and to respond to disasters in a timely and efficient manner. The ERC will manage a pre-identified pool of Member States' response assets (civil protection intervention modules) that can immediately be deployed to any large scale emergency. The countries participating in the civil protection mechanism can commit some of their resources on standby in a voluntary pool, ready to be set in motion as part of a coherent European response when the need arises. Better planning and the preparation of a set of typical scenarios will further enhance the ERC's capacity for rapid response. The new legislation is promoting further the development of national risk assessment and disaster management plans.

41.2. Volunteers

The EU Aid Volunteers' initiative is foreseen in the Lisbon Treaty (Art. 214.5). In September 2012, the Commission has adopted a legislative proposal setting up the EU Aid Volunteers¹⁶³. Its objective is to express the Union's humanitarian values and solidarity with people in need through the promotion of an effective and visible EU Aid Volunteers' initiative. It shall contribute to strengthening the Union's capacity to respond to humanitarian crises and to building the capacity and resilience of vulnerable or disaster-affected communities in third countries.

The regulation sets out the proposed elements of the future programme including standards for volunteer management in humanitarian aid; a certification mechanism for sending and hosting organisations; a European training programme for EU Aid Volunteers; selection and deployment of volunteers to projects implementing humanitarian aid; and capacity building activities for third country host organisations and local communities. The Corps is expected to be fully established from 2014.

The fields in which volunteers will be engaged cover humanitarian aid in a comprehensive sense, i.e. encompassing assistance, relief and protection operations in humanitarian crises or their immediate aftermath, supporting measures to ensure access to people in need and to facilitate the free flow of assistance, as well as actions aimed at reinforcing disaster preparedness and disaster risk reduction, and contributing towards strengthening resilience and capacity to cope with, and recover from, crises.

Training of volunteers, capacity building and deployments will, thus, focus amongst other on disaster risk reduction and prevention of climate related disasters.

In the Member States' reporting, two countries (Denmark and The Netherlands) have incorporated a section on Humanitarian Aid, highlighting e.g. efforts in the area of resilience, disaster risk reduction, joint needs assessments and ensuring a coordinated approach to fragile situations.

42. BIODIVERSITY

Global biodiversity and ecosystem services are everywhere under threat, with the current species extinction rate being between 1 000 and 10 000 times higher than it would naturally be. And ecosystems are costly to restore, once degraded. The welfare loss of ecosystem services from the degradation of land-based ecosystems alone globally is around € 50 billion a year under a business-as-usual scenario.

¹⁶³ COM(2012) 514 final.

Biodiversity and development are closely linked. Biodiversity sustains development, and development impacts biodiversity. Robust and protected biodiversity and ecosystems support livelihoods, enhance food security and nutrition, enable access to water, and to health, and contribute significant climate change mitigation and adaptation benefits. Sustainable development cannot be achieved if the world's biodiversity is compromised by our international development efforts. And since the poor are particularly dependent on the goods and services supplied by biodiversity, development strategies which ignore biodiversity protection undermine our efforts to alleviate poverty and are counterproductive.

Biodiversity loss is therefore one of our most pressing challenges, but it also provides a major opportunity for green development. Biodiversity is also an important factor for achieving food security. A large variety and variability of livestock, crops, plants and micro-organisms that can be used directly or indirectly for food and agriculture (agro-biodiversity) is essential to secure the livelihood of pastoralists and small farmers in developing countries. The higher the agro-biodiversity, the less vulnerable the food production sector is to diseases and to climate change. The 2011 Human Development report highlights in particular the key role of healthy ecosystems in sustaining livelihoods, including through providing the foundations for food security.

The EU is committed to the protection of biological diversity, i.e. the variability among living organisms from all sources including, inter alia, terrestrial, marine, and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems. The EU has been legislating on biodiversity since the 1970s and is committed to implementing the Convention on Biological Diversity (CBD), its Protocols and the 2011-2020 Strategic Plan, including its 20 Aichi Biodiversity Targets¹⁶⁴, adopted at CBD-Conference of Parties (COP) 10 in Nagoya. The EU internal and global agenda on biodiversity are fully aligned. On the one hand, internal policy to protect and restore biodiversity and ecosystem services within the EU contributes to the global biodiversity targets. Through its external policy, the EU supports projects protecting biodiversity in developing countries, but it is also important for policy coherence to support projects that mainstream biodiversity in key development sectors such as agriculture and fisheries, in the same way as the EU is reforming its internal agriculture and fisheries policy¹⁶⁵.

42.1. The EU 2020 Biodiversity Strategy

Following the commitments made in Nagoya, the European Commission has adopted an ambitious new strategy to halt the loss of biodiversity and ecosystem services in the EU by 2020. There are six main targets:

1. Full implementation of EU nature legislation to protect biodiversity; 2. Better protection for ecosystems, and more use of green infrastructure; 3. More sustainable agriculture and forestry; 4. Better management of fish stocks; 5. Tighter controls on invasive alien species; and 6. A bigger EU contribution to averting global biodiversity loss.

¹⁶⁴ <http://www.cbd.int/sp/targets/>

The 2011-2020 Strategic Plan for Biodiversity consists of five strategic goals, and twenty Aichi Biodiversity Targets. The twenty headline Aichi Biodiversity Targets for 2015 or 2020 are organised under five strategic goals, and comprise both aspirations for achievement at the global level, and a flexible framework for the establishment of national or regional targets. Parties are invited to set their own targets and report thereon to the Conference of the Parties as well as to incorporate this information in their national biodiversity strategy and action plans.

¹⁶⁵ See section 17. on the CAP and section 20. on the CFP reforms.

Target 6, in particular, requires the EU to step up its contribution to averting global biodiversity loss by 2020. This includes establishing and reinforcing a ‘biodiversity proofing’ of EU development cooperation, as well as reducing indirect drivers of global biodiversity loss, mobilising additional resources for global biodiversity conservation, and regulating access to genetic resources and the fair and equitable sharing of benefits arising from their use.

As the world’s biggest trader, Europe must also address the impact that its increasingly high consumption is having on the rest of the planet. Europeans rely heavily on the import of a wide range of goods and resources from outside the EU: coffee, tea, bananas, vegetable oils, timber and fish etc. This increasing demand for imports can however encourage exporting countries to over-exploit their resources and deplete their biodiversity. This is why the Commission is aiming for all EU Free Trade Agreements to include a comprehensive chapter on trade and sustainable development, with a specific article on biodiversity.

A recent study published by the EC¹⁶⁶ provides an in depth assessment of the EU consumption impact on deforestation and also provides general indications and options of possible policy responses. The key results, covering the period 1990-2008, show that:

- A large amount of crops and livestock products, that can be associated to deforestation processes in the countries of origin, are consumed at local or regional level, and are not traded internationally. In quantitative terms, 33% of crops and 8% of livestock products (with embodied deforestation) are traded outside the countries or regions of production;
- Of the portion which is traded internationally, the EU 27 has imported and consumed 36% of crops and livestock products associated to deforestation in the countries of origin. This is equivalent to the import and consumption in the EU of a deforested land area of 9 million ha, over the period 1990-2008;
- If we refer to the global consumption of agricultural and livestock commodities with embodied deforestation, i.e. including also domestic and regional consumption, the impact of EU consumption is 7%. This figure can increase up to 10% if all finally processed products and all consumption sectors are added on (i.e. textile, service sectors, etc.);
- Consumption of oil crops – such as soy and palm oil – and their derived processed goods, as well as meat consumption play a major role in the impact of EU consumption on global deforestation.

The study results provide additional factual support to – and will also contribute to – the implementation of a number of ongoing policy initiatives in the area of Resource Efficiency and Sustainable Development. Some of the issues raised in the study may also be the basis for the consideration of options for future actions or proposals by the Commission.

To further serve policy coherence between biodiversity and development, the European Commission has revitalised, from 2013 onwards, a Working Group on Biodiversity and Development in the context of the Common Implementation Framework of the Biodiversity Strategy to support the implementation of its Target 6. The Group will provide a platform for knowledge-sharing, identification of best practices and informal coordination on strategic issues, and will bring together Member State representatives from development cooperation, environment and foreign affairs who work on biodiversity and development-related issues, as well as other stakeholders.

¹⁶⁶ http://ec.europa.eu/environment/forests/impact_deforestation.htm.

42.2. Biodiversity and development

Reaching the CBD Aichi targets requires a significant scaling up of resources. At COP11 in Hyderabad, the EU committed, along with other CBD Parties, to a number of preliminary resource mobilisation targets including to ‘double total biodiversity-related international financial resource flows to developing countries, in particular Least Developed Countries and Small Island Developing States, as well as countries with economies in transition, by 2015 and at least maintain this level until 2020, to contribute to achieving the Convention’s three objectives, including through a country-driven prioritisation of biodiversity within development plans in recipient countries’, using as a preliminary baseline the years 2006-2010. Parties also agreed complementary targets on making appropriate domestic financial provisions, reporting, and developing national financial plans. They also decided on a flexible preliminary framework to report on and monitor the resources mobilised for biodiversity at a national and global level.

Delivering on the Hyderabad targets will require the mainstreaming of biodiversity in the main development sectors, in line with the 2011 EU ‘Agenda for Change’ and more generally, with the 2011 Communication on ‘A budget for Europe’ which indicated that in the area of development cooperation, climate and environment, notably biodiversity, would be mainstreamed in all relevant programmes.

The BEST initiative

Initiatives of the EU to enhance synergies between international development policy and biodiversity protection find an illustration in the BEST initiative, which aims to promote conservation of biodiversity and sustainable use of ecosystem services, including ecosystem-based approaches to climate change adaptation and mitigation, in EU Overseas Regions and Overseas Countries and Territories. The first two years of the BEST Preparatory Action, 2011 and 2012, have been implemented through selected projects in the regions of the South Pacific, Indian Ocean, Caribbean, French Guyana, Greenland, Antarctic and Macronesia on issues such as designation and management of terrestrial and marine protected areas; combatting invasive alien species, synergies using ecosystem services for climate change adaptation and mitigation; valuation of ecosystem services; increasing knowledge; networking, education, capacity building and outreach activities. The third and final tranche of the money allocated to the BEST Preparatory Action will be invested in creating the structures and the knowledge-base to promote the long-term flow of scientifically robust projects linked to a network of established and reliable sources of public and private funding.

43. WATER, LAND AND ENERGY NEXUS

Although dealt with in separate sections in the report, issues concerning land, water and energy as well as food security are intrinsically linked. Water, energy and land are crucial resources for development and human well-being and scarcity cannot be overcome by piecemeal actions¹⁶⁷.

The European Report on Development 2011/2012 has highlighted the need to address water, land and energy as parts of a nexus both in policy design and implementation.

Water-land-energy nexus approach — Example from Germany

The ‘Nexus approach’ aims at a better understanding of inter-linkages between different sectoral policies and promotes holistic and inter-sectoral policy thinking. The Nexus approach

¹⁶⁷ European Report on Development (ERD) 2011/2012; http://www.erd-report.eu/erd/report_2011/.

takes into consideration the mutual impact of sectoral policies on energy, water and food security. Germany hosted the Bonn Nexus Conference in 2011, convening stakeholders from the water, energy and food sector to identify solutions to collective problems and to improve inter-sectoral policy coherence. Via the GIZ, the German Government has further initiated several concrete projects that might serve as good practices for a large-scale application of the Nexus approach. For instance, the Government has assisted in the improvement of energy efficiency in the water sector in Jordan through the development of innovative water pumps. In Egypt, it has worked with local farmers to achieve more energy efficiency in their irrigation processes. For renewable energy projects that it has promoted in the MENA region, the German government has required detailed studies showing the impact of such new projects on the local water security and on local agriculture. Energy, water and food are scarce resources and as their consumption has considerable inter-sectoral impacts.

44. INFORMATION SOCIETY

Despite the impressive growth of the digital economy in the industrialised world and its increasing penetration into developing countries, many nations still face challenges to fully benefit from the opportunities offered by Information and Communication Technologies. The different speed of ICT take-up in wealthy and developing countries hampers the potential for economic growth and increased quality of life.

44.1. Importance of ICT for development recognised in EU development policy

The deployment of ICTs strongly contributes to the realisation of the MDGs and particularly to the reduction of poverty. In the 2011 Agenda for Change¹⁶⁸ new technologies were identified among the drivers for inclusive and sustainable economic growth and in particular for the promotion and development of ‘a ‘green economy’ that can generate growth, create jobs and help reduce poverty by valuing and investing in natural capital.’ The same was done in the 2011 Joint Commission/HR Communication on ‘Global Europe: A New Approach to financing EU external action’¹⁶⁹.

The role of ICTs as drivers of inclusive and sustainable growth but also innovation is well reflected in the context of the programming of the EU development funds, especially at regional and continent level. A prominent example is the Joint Africa-EU Strategic Partnership (JAES) which includes a dedicated priority action for ICTs aimed at enhancing the bilateral policy dialogue and cooperation in this key area and supporting the development of an inclusive information society in Africa.

The ICT sector is not a focal sector by itself in EU development policy, but rather a cross-cutting modality with important applications in several other sectors (such as education, health, agriculture, energy etc.).

The EU external development aid supports mainly three core ICT priorities:

a) the harmonisation and alignment of the appropriate aspects of e-communications policy and regulatory frameworks in the developing countries with the EU framework and international standards, as well as institutional capacity building in these countries, so as to promote a fair and transparent enabling environment, which will improve ICT access for citizens, businesses and organisations in these countries.

¹⁶⁸ COM(2011) 637 final.

¹⁶⁹ COM(2011) 865 final.

A flagship project in this area is the global project ‘Support for the establishment of harmonised policies for the ICT market in the ACP states’ with distinct components for Africa, the Caribbean and the Pacific regions. Similar work has been supported in Latin America, the Mediterranean and in the Eastern Neighbourhood.

In this context, the Commission has also provided support to regional networks of regulators for electronic communications (such the EMERG with Mediterranean Partner countries and the EaP with Eastern Partnership countries)¹⁷⁰.

The Commission has also encouraged the cooperation of forums between BEREC, the Body of European Regulators for Electronic Communications, and its counterparts in Latin America (Regulatel), the Mediterranean (EMERG), the Eastern Partnership (EaP) and other regions of the world, on the account that such initiatives contribute strongly to an improved global regulatory system that promotes and safeguards fairness, transparency, the respect of human rights, and freedom of expression; in other words, the values Europe adheres to.

b) the interconnection of (national) research and education networks, the so-called e-infrastructures, for strengthening the links and cooperation between the ICT research communities of the EU and of developing countries.

e-Infrastructures lead to an increase in research cooperation and capacity, generate scientific excellence and, ultimately, contribute to economic and social well-being. Moreover, the local availability in developing countries of global research resources through the interconnection of e-infrastructures is an important factor for bridging the digital divide and reducing the ‘brain drain’ problem the developing world is facing, thus contributing to the Millennium Development Goals.

Currently GÉANT, the pan-European research and education network, is interconnected with Arab Mediterranean partner countries (through EUMEDCONNECT3), Latin America (through ALICE2 with RedCLARA-the Latin American Research and Education Network), Asia (through TEIN4 and CAREN), Southern and Eastern Africa (through AfricaConnect) and the Caribbean (through C@ribnet).

In addition, from the EU budget on the FP7, the Commission has supported actions targeting the connectivity of e-infrastructures and the provision of services in developing regions (such as Grid computing or edurom/edugain).

c) ICT capacity building for reducing the digital divide through the uptake and better understanding of the new emerging technologies, applications and services. Important projects in this area include the ‘Capacity Building Programme and Community Development in Internet Governance and ICT Policy for Intra-ACP regional and sub-regional institutions’, ‘Support to ICT Strategic Planning in the SADC Parliaments’, Support to ICT Strategic Planning in Caribbean Parliaments’, and TACIT (ICT-based HIV/AIDS-targeted project in Southern and Eastern Africa).

In this context, it must be noted that a call was published in 2012 by the European Instrument for Democracy and Human Rights (EIDHR) with a total budget of €3 million to support projects and activities to fight online censorship, surveillance and other violations of Human Rights through the use of ICT. The successful projects are expected to start in 2013.

¹⁷⁰ in the form of technical assistance through ENI/Regional funding.

In conclusion, the three aforementioned core ICT policy priorities aim at the establishment of favourable conditions and enabling environments for ICT in the service of citizens, public authorities and businesses, especially SMEs, in the developing countries.

44.2. Actions, partnerships and priorities for ICT at the international level

The Commission pursues its endorsement of the three priorities also at global level with all the EU's developing and emerging partners in all political contexts and promotes them in international fora, e.g. the EU-LAC Summit/EU-CELAC¹⁷¹ Summit, the Summit between the EU and the African Union, the Joint Cooperation Committees, the UN Broadband Commission for Digital Development, etc.

Paying particular attention to the Arab Spring in the Mediterranean basin, DG CONNECT organised in 2012 two fact-finding and NGO engagement missions in Tunisia and in Egypt with the objective to understand better the fast-running developments in these two countries and in the region as a whole, their potential impact on ICT, and help the EU design a more effective policy in support of the development of the ICT domain in the region.

In the context of the ICT Programme in FP7, which has a research and innovation focus, a limited number of projects are run, the so-called Support Actions, that have mainly a three-fold objective: a) to promote and increase awareness about European ICT research, b) to identify the ICT research priorities in the targeted countries and regions, and c) to map the local ICT actors and link them with the EU research community.

These support actions cover mainly Latin America, Africa, the Mediterranean Partner Countries, Eastern Europe and Central Asia (but also China).

For greater policy coherence, some of these projects liaise with relevant policy actions by DG DEVCO and provide organisational support to these actions. This is the case of Africa where the relevant ICT projects have been supporting the works of the European Experts Group (EEG8), Joint Experts Group (JEG8) and multi-stakeholder Implementation Group (IG8) that have been established on ICT under Partnership 8 — 'Science, Information Society and Space' of the Joint Africa-EU Strategic Partnership (JAES).

The ICT project which catered for the organisation of the aforementioned meetings in Lisbon supports directly the goals of the Africa-EU Partnership on Science, Information Society and Space, the African Ministerial Council on Science and Technology (AMCOST) and the Consolidated Plan of Action for the African Regional Action Plan on the Knowledge Economy (ARAPKE).

44.3. Living Labs

With respect also to the much needed structural changes and 'inclusive' innovations to the social, environmental, economic and institutional systems in the developing world, the concept of Living Labs, as local user-centred and user-driven innovation ecosystems, has played a pivotal role in the global development process with a great positive impact.

Recognising this important role of Living Labs as hubs for local development and 'inclusive' innovation, the Commission has encouraged such bottom-up initiatives in Latin America that have led to the establishment of national and a regional LAC Network of Living Labs

¹⁷¹ Community of Latin American and Caribbean States; the acronym is derived from its Spanish name (Comunidad de Estados Latinoamericanos y Caribeños).

equivalent to the European Network of Living Labs (ENoLL). The successful experience of Latin America can be transferred to Africa.

44.4. International cooperation strategy for Horizon 2020

The Commission is currently reviewing its international cooperation strategy for Horizon 2020, in line with the general aims of the 2012 Commission Communication on the international strategy for research and innovation.¹⁷² It will address the prospects of joint activities to enhance the value of EU-funded research and innovation in ICT covering the three main areas of Horizon 2020 namely, societal challenges, excellence in science and industrial technologies.

In parallel, the Commission is also currently working on the first draft of the ICT Work Programme of Horizon 2020 covering the period of 2014-2015. The international cooperation priorities identified in the strategy paper are expected to feed into and reflect the first work programme for Horizon 2020. At this stage it is early to predict whether any concrete areas for targeted international cooperation activities with developing countries will emerge. However, organisations from these countries will be able to benefit from the general opening of the programme and from the collaboration opportunities which will be offered in areas addressing ICT research and innovation.

45. INTERNATIONAL COOPERATION IN RESEARCH AND INNOVATION

45.1. Research and PCD

Science, technology and innovation (STI) play an important role in empowering their economies and societies to lift themselves out of poverty, whether through increasing productive capacity to trade, or to deliver more effective services at a lower cost (in health services, agricultural and food production, provision of water), or being able to implement more quickly new technological advances (e.g. efficient and cleaner energy sources, eco-systems services, innovative applications of communication). STI also contributes both to achieving the MDGs and poverty reduction as well playing an important role where the three pillars of sustainable development are concerned. New development pathways can encourage innovation that leads to inclusive and sustainable development, while technology development and transfer is a key development enabler if adapted to the local social and economic development contexts.

While developing countries make political commitments to research which is often expressed in international fora, most developing countries cannot afford to invest in research. Development cooperation in the area of research is therefore a key component if development policy is to impact on poverty reduction and sustainable growth challenges facing developing countries. It is recognised that a knowledge based society can lift many people out of poverty in the emerging countries of Asia and Latin America. Knowledge can thus be considered as a global public good which will benefit developing countries and the global community.

45.2. EU Development Instruments and Research

EU development policy supports the application of science, technology and innovation to address particular problems and opportunities at the global, regional and national level in developing countries, focusing on the most serious challenges and those where developing countries most need assistance (e.g. food security, maternal and child health and infectious

¹⁷² COM(2012) 497 final; Communication *Enhancing and focusing EU international cooperation in research and innovation: A strategic approach*.

diseases, adaptation to climate change, sustainable use of natural resources etc.). At the same time the Commission through its policies promotes awareness and capacity-building in the use of research as a tool for development by encouraging developing countries to mainstream it in their development strategies and develop an autonomous capability to design and implement their own programmes (by using financial instruments such as the EDF/ENPI/DCI etc.). As an example of these initiatives, during these last years, the EU has funded the NEPAD African and Latin America Centres of Excellence on Water (respectively, NEPAD SANWATCE and RALCEA) which has been implemented by JRC. Both networks of Centres of Excellence on water intend to foster information based policy through South to South collaboration and improve internal coordination capacity building at institutional, high education and scientific level.

Geographical arrangements such as the Africa-EU Partnership for Science, Information Society and Space of the JAES, can be deployed and the Commission participates in developing country-led regional initiatives such as the research and technology pillar of Comprehensive African Agriculture Development Programme (CAADP). In parallel there are efforts to sustain and enhance the dialogue with other EU policies, notably in the areas of Research and Innovation, ICT, Space, Education and Agriculture, so as to promote developing country participation in research at world level (e.g. through the- FP 7 — and its successor, Horizon 2020). Commission services will continue to work alongside other donors and stakeholders, as well as in multilateral fora (UNESCO; G-8/G-20; UNCTAD; World Bank etc.), to advocate the use of Research and Innovation as a enablers for sustainable development.

Taking capacity building as an example, at the African level in particular, the building of capabilities to define research priorities and to manage the transnational research programmes to address them, is of the outmost importance. Some €260 million has been provided for research through EU development instruments (including networking and capacity building) under the second phase of the Food Security Thematic Programme between 2011-13, while €108 million has been invested in research capacity building at the ACP/Africa level. Under the joint AU-EU partnership, some €65 million has been provided to Partnership 8 on science, information society and space.

There is also a need to stimulate policy-relevant research and translate their findings to be meaningful to policy-makers. In 2007 the European Commission — together with several Member States launched an initiative called ‘*Mobilising European Research for Development Policies*’ to allow the rich expertise of European academic institutions, research centres and Think-Tanks to contribute to development issues and policy-making processes at the European level. The Commission is involved in this undertaking together with several EU Member States (Germany, France, Finland, Luxembourg, Spain, Sweden and the United Kingdom). The intention is to enhance a European perspective on development issues in the international arena and build a common ground between the European research community and policymakers on the basis of knowledge, a robust evidence base, excellence and innovation. The ERD initiative¹⁷³ is the main output of the initiative *Mobilising European Research for Development Policies*, other activities interacting with the scientific community include: the Scientific Advisory Board for EU Development Policy of the Commissioner for Development, commissioning of studies and hosting of consultations, and interaction with EU Framework Programmes for Research.

¹⁷³ <http://www.erd-report.eu/erd/index.html>.

45.3. EU Framework Programmes for Research and Innovation

The Commission has continued to invest, through FP7, in cooperation between researchers in Europe and developing countries, contributing to the achievement of the MDGs and other international commitments such as the Johannesburg Plan of Implementation and more recently the follow-up of Rio+20. Since 2007, almost € 330 million has been granted to around 2500 researchers in developing countries from Africa, Asia, Latin America and the Southern Mediterranean region to participate in around 1500 collaborative research projects with European researchers. International cooperation is an integral part of the Framework Programme and following the last FP7 Calls for Proposals, new projects have been launched to support policy dialogue on research and innovation in the Southern and Eastern Neighbourhood as well as in South East Asia and Latin America, while the ERA-NET Africa published a joint call in January 2013 that received more than 100 proposals mobilising hundreds of teams in Africa and Europe.

In addition to the five global challenges highlighted in this report, EU-funded research in the areas of health and the environment has contributed to the implementation of the MDGs and sustainable development.

The EU proposal to renew the funding for the European & Developing Countries Clinical trials Partnership (EDCTP) in 2014-2023, aims to provide better medicines to improve not just health but also the economic well-being of Sub-Saharan Africa through an extended mandate for all poverty-related diseases and the improvement of related diagnostics and health services. € 1.4 billion has been proposed to support clinical trials for poverty-related infectious disease including neglected infectious diseases. The focus of FP7 EU research relating to international public health and health systems has direct relevance for the international dimension of the public health policy of the EU and progress to achieve the MDGs by contributing to health protection, prevention and promotion, while at the same time generating new knowledge relevant to health, social, environmental and economic issues. The EU is the biggest donor to support health policies in developing countries, which cover a wide range of activities relating to public health, and is one of the largest donors for global health research. For example, in the period 2002-2013 the EU spent around € 700m on financial and structural support, training and capacity building, in Sub-Saharan Africa.

The FP7 food, agriculture and biotechnologies theme supported in 2013 an EU-Latin America Partnering Initiative on sustainable biodiversity in agriculture. The impact of this initiative is expected to result in improved global efforts for biodiversity protection in agriculture and the sustainable use of the natural plant resources, especially for the benefit of the local communities and family farmers in Latin America. In 2012 the EU joined the forces with the Indian Department of Science and Technology to co-finance research cooperation projects in water technologies as part of a joint EU-India collaboration to respond to water-related challenges. The last FP7 call placed an emphasis on global efforts and international cooperation in support of the Rio+20 outcomes, focusing on green economy and sustainable development-related knowledge. In Horizon 2020, the next framework programme for research and innovation, it is proposed to set a target of spending at least 60 % of the budget for sustainable development and 35 % for climate change objectives.

The Global Earth Observation System of Systems (GEOSS) is an example of how the EU has actively followed-up on the outcomes of the Johannesburg Summit, where the need for a global Earth observation capability was recognised. GEOSS combines national, regional and global earth observation systems to build global datasets that are necessary to understand and predict the functioning of the earth systems, including the water cycle. The European Commission, as one of the four co-chairs of the Group on Earth Observation, has supported a

number of GEOSS-related activities, focusing on the development of GEOSS research capabilities at European and global level. The contribution of GEOSS to global observation efforts was recognized in the Rio+20 conclusions.

In addition to funding capacity building, research infrastructure development, technology transfer and social innovation, research collaboration efforts with developing countries also aimed at fostering policy dialogue. In October 2012, the European Parliament approved a Pilot Project “Recovering critical raw materials through recycling: an opportunity for the European Union and African Union” that is being implemented by DG Research and Innovation. By raising awareness among policy makers on challenges and opportunities related to waste management and raw material recovery, and encouraging the transfer of knowledge and innovation in environmental technologies, this initiative aims at establishing the basis for a solid cooperation between Europe and Africa on research and innovation in the field of waste management and recovery of raw materials. The expected output of this collaboration is a joint roadmap of potential European-African research and innovation actions to tackle some of the most urgent issues in these fields.

In line with the 2012 Communication on the international cooperation strategy for research and innovation, DG Research and Innovation, together with other Commission services, will continue supporting the engagement of the EU in relevant international fora and initiatives, such as the IPCC, the IPBES, as well as to contribute to implementing the MDGs and support the development and implementation of Sustainable Development Goals.

III. LESSONS LEARNED AND OUTSTANDING ISSUES

Based on the different contributions for this report and past experience, a number of outstanding issues and PCD challenges ahead for the medium and long term have been identified, both on cross-cutting and thematic issues. Although not all of these issues are new, they remain relevant and should therefore be included in the PCD agenda for the next period.

46. PCD CROSS CUTTING ISSUES

46.1. Work programme and measuring

- The lessons learned from the work and use of the first PCD Work Programme (2010-2013), mainly in regard to its scope, as well as to its baselines, indicators and targets will have to be considered carefully as we move forward towards a Work Programme for the next period. Monitoring, implementation and follow-up also need to be improved, including measuring of the impact of PCD in a way which demonstrates clear development results, as highlighted in the 2012 Council conclusions on PCD.
- Further strengthen the dialogue on PCD with the European Parliament and Member States' parliaments, European and partner country civil society organisations as well as in international fora such as the new OECD international platform on PCD and the UN in order to raise awareness and to facilitate knowledge sharing and disseminate evidence and good practices on PCD.

46.2. Impact assessments and Evaluations

- The Impact Assessment remains the main tool for promoting PCD in new policy initiatives or proposals for policy revision. The review of the Impact Assessment guidelines in 2013/2014 and the growing attention to Impact Assessment analysis in the European Parliament are opportunities for ensuring that development impacts are taken into account.
- The European Commission continues to work on strengthening the practical guidance and multiplying resources for better measuring and taking into account development impacts in these assessments.
- The ongoing review of the Evaluation guidelines is an additional opportunity for ensuring that development impacts are monitored, measured and reported on, for use in future policy reviews.

46.3. Role of EU Delegations/Embassies and feedback from partner countries

- The European Commission and the HR will continue to inform, monitor and encourage EU Delegations' strengthened role on PCD. The EU Delegations are encouraged to systematically include PCD issues of in the regular dialogue with partner countries to better assess the impact of EU policies at country level and the interaction with partner countries' policies. A first indicative reporting on key PCD priorities and these dialogues has been planned for early 2014 and the way of integrating this feedback from partner countries into the biennial report is being explored.

46.4. International dialogue

- Promoting PCD in global debate — in the context of the post 2015 framework and beyond — PCD and good governance among the targets

- The coherence between the post 2015 and the Rio+20 processes needs to be ensured at global level and the good approach started by the Communication Decent life for all and a common EU position pursued. This is also important at a time when we are heading into negotiations on new global and national targets and frameworks in the area of climate change.

46.5. More independent assessment in PCD reporting

- After 4 EU PCD reports it is important to move beyond simple self-reporting on progress and to increase the use of independent assessments and existing development friendliness ranking and indexes in the biennial PCD report.

46.6. More thematic studies on PCD

- In the last few years, thematic PCD studies conducted both at EU and Member States levels have allowed for a more informed discussions in key areas (e.g. on trade, food security, renewable energy etc.). This good practice should be both continued and expanded and the studies widely shared. These thematic studies — although not always offering simple solutions to the challenges — represent valuable learning opportunities (especially when conducted in an interservice setting) but also contribute to the common PCD case studies library.
- (from OECD/DAC peer review) Develop and implement a strategy on development research which would include producing evidence on PCD.

46.7. Role of parliaments

- Proposal from the civil society and also the European Parliament DEVE committee to have 2 PCD **rapporteurs** for the Joint parliamentary assembly with the ACP countries: one for the EU and one for the ACP

46.8. Awareness raising and training

- OECD has issued a recommendation to the European Commission to improve awareness and training for officials to deal with PCD, at headquarters and in EU Delegations, together with Council and Parliament. There is also the need to support Member States in training their staff on PCD and to expand and adapt the current PCD training to different situations (including in the format of an e-module for use in EU Delegations) and share PCD case studies and experience more widely.

47. PCD THEMATIC ISSUES

47.1. Trade and finance

47.1.1. Trade:

- Pursuing efforts with a view to achieving progress on the Doha Development Agenda in time for the 9th WTO Ministerial Conference (MC9) scheduled for December 2013, including focusing efforts on the conclusion of an Agreement on Trade Facilitation, on a set of agriculture and development issues, including a specific package for LDCs;
- Continuation of the EU's ambitious trade negotiation agenda with several countries in the Eastern and Southern Mediterranean Neighbourhood, Asia and Latin America;
- EPAs: EU committed to rapidly conclude EPAs with African countries based on a shared commitment to a trade and development partnership as well as a pragmatic

approach to remove remaining obstacles to negotiating and implementing these agreements;

- Aid for Trade (AfT): Need to further bolster the effectiveness of the EU AfT Strategy and better target AfT focusing on LDCs and other developing countries most in need, including technical assistance and capacity building to developing countries to help them draw the benefits of bilateral and multilateral trade agreements;

47.1.2. *Social and environmental standards and Corporate Social Responsibility (CSR):*

- The international perspective on CSR as one of the key challenges for companies in the EU; need to continue to work with the private sector and other stakeholders to encourage responsible investment and supply chain management in developing countries, and the respect of human rights by business, in line with internationally recognised CSR principles and guidelines;
- Continuation of promotion of ratification and effective implementation of internationally recognised labour standards and multilateral environmental agreements, including in the negotiation of regional and bilateral trade agreements;
- Adoption by the Council and the European Parliament of the proposed Directive regarding disclosure of non-financial information by certain large companies amending the Fourth and Seventh Accounting Directives on Annual and Consolidated Accounts;

47.1.3. *Intellectual Property Rights (IPRs):*

- Publication in the coming months of the revised Strategy for the protection and enforcement of IPRs in third countries
- The Commission is interested in supporting actions at country and global level aiming at helping ACP countries to develop means to improve the management and auditing of supply chains in order to prevent substandard, spurious and counterfeit goods from entering their market, and thus improve the quality of available products;
- Continuing to encourage cooperation with developing countries on IPR issues having the potential of creating added value, such as geographical indications (GIs), copy rights and trademarks;

47.1.4. *Commodities and Raw Materials:*

- Continuing financial and political support to developing countries to help them implementing transparency initiatives in the mining sector, such as the Extractive Industries Transparency Initiative (EITI);
- Exploring ways, including aspects of due diligence, of improving transparency throughout the supply chain in relation to developing countries;
- Conclusion of negotiations for a FLEGT Voluntary Partnership Agreement (VPA) with a number of timber-exporting developing countries;

47.1.5. *Good Tax Governance and Finance:*

- Ensuring the effective promotion of the Code of conduct for business taxation in selected third countries and promoting fair tax competition globally by negotiating good governance provisions in relevant agreements;

- Promoting the principles of good governance in tax matters, working towards a transparent and cooperative international tax environment and support developing countries to fight against tax evasion and other harmful tax practices in order to enhance domestic revenue mobilisation;
- Supporting the strengthening of developing countries' administrative capacities to conclude and implement TIEAs (Tax Information Exchange Agreements) and, where appropriate, Double Taxation Conventions (DTCs);
- Supporting developing countries, especially LDCs, in capacity development in transfer pricing.

47.2. Climate change

47.2.1. International negotiations

- Addressing in particular the issue of emerging countries: Developed countries will have to take the lead, but the major emerging economies in the developing world will also have to reduce their emissions. Through multilateral and bilateral dialogues, the EU should encourage the countries, which have not yet made emission pledges for 2020, to do so as soon as possible.
- Prepare the regime after 2020: In order to prepare the future international negotiations, the EU needs to have a debate among Member States, EU institutions and EU stakeholders on how best to shape the international climate regime between 2020 and 2030 on the basis of the Commission Communication 'The 2015 International Climate Change Agreement'¹⁷⁴.
- Work towards global objectives, targets and commitments: Ensure that the next climate policy targets and commitments are not only limited to developed countries, but global — in the context of the common framework of global objectives as a follow-up to both Rio+20 and to MDGs.

47.2.2. Research, innovation and green technologies

- Continue to lead on climate innovation and technology and make other countries benefit from the EU innovations and research: The EU needs to continue leading the world in developing and using the technologies required to tackle climate change.
- Further improve the monitoring and reporting capacity and methods: for example the monitoring and reporting of emissions and climate actions by improving methodologies and sharing knowledge with developing countries.
- Support developing countries in their path towards sustainable development: by promoting their use of low-carbon and climate resilient technologies and solutions, promote development actions aimed at promoting resilience and adaptation to climate change.

47.2.3. Climate finance

- Continue with the excellent performance on the financing from (the EU has exceeded its pledge on fast-start finance) and continue to facilitate access of developing countries to climate finance e.g. by ensuring their access to the EU Emission trading system.

¹⁷⁴ COM(2013) 167 final.

47.2.4. *Energy*

- Access to energy an enabler of development: Improve the access of more people in developing countries to sustainable forms of energy through initiatives such as SE4All, etc.
- Sustainability of biofuels and bioliquids and food security: facilitate reaching an agreement of Co-legislators on the Commission's proposal on the indirect land use change related emissions of biofuels and bioliquids (ILUC proposal). Continue promoting know how and strengthening the capacity of developing countries to apply sustainable and resource efficient technologies in agriculture and forestry, that help prevent further competition between food security and energy production.
- Development impacts of EU renewable energy policy: Improve the knowledge on development impacts of EU renewable energy policy choices, and continue to monitor them in the context of the reporting on EU renewable energy policy. (Take it into account also when preparing the EU policy for after 2030.)

47.3. **Food security**

- Future challenges include the need to foster a more sustainable agro-food system in the wake of projected population and income growth to satisfy the need of a greater number of wealthier consumers expected to eat more meat and dairy, at the same time as dealing with natural resource limitations and the impact of climate change (loss of biodiversity, deteriorating soil and water quality).
- Work with international organisations, partner countries and private actors for more systematic implementation of FAO voluntary guidelines on Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security (including responsible investment)

47.3.1. *Common Agricultural Policy*

- The EU has become a price taker in the world markets for most agricultural products and as of July 2013, none of the sectors benefit from export refunds, which used to be main target of CAP related criticism in the past.
- The monitoring and evaluation of the CAP has been strengthened with the reform. A close monitoring of agricultural trade flows and related trade issues such as the Free trade agreements (e.g. with India), EPAs and the Renewable Energy Directive reporting can also inform future debates in the context of PCD and Global food security.

47.3.2. *Food waste*

- An emerging issue under PCD Food security theme will be the question of food waste, which poses both the question of the organisation of the food supply chain, but also of sustainable consumption and production. UN work, commitments by Member States (e.g. as highlighted in national contributions by France and Sweden) and work at EU level are all currently attempting to address this issue.

47.3.3. *Fisheries policy*

- Continue to support scientific evidence on the state of the resources, and provide expertise where needed for ensuring the evidence-base and the sustainability of the CFP and Fisheries partnership agreements.
- Continue to support sound oceans management on a regional basis.

- Continue to support the participation of developing countries in the regional Fisheries Management Organisations, both in contributing to their work and also in implementing their recommendations and generally promoting good governance of the resource locally.
- Strengthen the monitoring, the transparency and the efficiency of the funds allocated for sectoral support provided under the new generation of FPAs.
- Analyse and take into account potential future impacts of the fisheries chapters in EPAs.

47.3.4. *Better training for safer food and Animal and Plant health Package*

- Promote the good practice of Better training for safer food and information sharing on the new EU Animal and Plant health legislative package, to minimise negative impact on developing countries resulting from a change in EU policy.

47.3.5. *Research*

- Promote the dissemination of research in the area of agriculture, biotechnology and food security, for the benefit of developing countries, also in the area on food security related methodologies and monitoring tools.

47.4. **Migration**

A number of issues emerge as priority topics for the future implementation of PCD on migration:

- Offering more migration and mobility options for nationals of developing countries seeking legal employment in the EU, and further integrating development concerns into migration and mobility policies;
- Continuing negotiation and implementation of GAMM instruments, in particular MPs and CAMMs;
- Continuing implementation of ‘traditional’ priorities of the GAMM Migration and Development agenda. In particular, stepping up efforts to lower the costs of remittance transfers from the EU;
- Develop further data and concrete policy guidelines on how to promote the development impacts of migration;
- Further promote migration mainstreaming and the use of Extended Migration Profiles in EU partner countries;
- Strengthen measures at Member State level to ensure that the use of conditionality in migration dialogues does not negatively impact on overall EU and Member State development cooperation.

47.5. **Security**

- Providing justice and security services will remain a challenge in the years ahead in many fragile, post-conflict and developing countries. The EU’s strategic approach and designing of JSRR programmes will be crucial to cope with those challenges and the growing need for support.
- CSDP activities are planned and implemented in consultation and coherence with EU development policies and activities. Investments for sustainability of the EU

approach in the region should be core and a coordinated long term approach is necessary whereby CSDP fits in for its share for security.

47.6. Other issues

- Biodiversity: All EU Free Trade Agreements are to include a comprehensive chapter on trade and sustainable development, with a specific article on biodiversity.
- Water-land-energy nexus approach: Water, energy and land are crucial resources for development and human well-being and scarcity cannot be overcome by piecemeal actions. Taking into account the intrinsic links between the three areas when designing is crucial for coherence.

IV. ANNEXES

Table of reporting requirements of EU Member States

Reporting requirements on PCD in the EU		
<i>Member state</i>	<i>Type of reporting/ periodicity (and where available a link to the latest report)</i>	<i>Use of independent assessment (as reported in the national contribution)</i>
Austria	PCD part of broader reporting on development policy (6 monthly forum)	
Belgium	Annual stakeholder meeting should report on progress made in terms of PCD	
Bulgaria	No national reporting mechanism on PCD reported in the national contribution	
Cyprus	No national reporting mechanism on PCD reported in the national contribution	
Czech republic	PCD part of broader reporting on development in the context of the Council on Development Cooperation (with civil society participation) and dialogue with Parliament	
Denmark	Joint annual report (including reporting on Action plan, transparency package and Danida feedback)	Uses the Commitment to development index as indicator of national PCD performance
Estonia	No national reporting mechanism on PCD reported in the national contribution	
Finland	PCD part of the Annual report on government activities to Parliament and of the annual Report on Finland's Development Cooperation. PCD issues often raised in hearings of the Minister for International development and the MFA officials in	OECD DAC Peer review in 2012

	Parliament Committees.	
France	PCD part of biennial reporting to Parliament on Development Cooperation(http://www.diplomatie.gouv.fr/fr/IMG/pdf/Rapport_bisannuelauParlement_APD_2010-2011_BD_cle08f382.pdf)	An external evaluation of the French development cooperation (including PCD) has been commissioned by the French government in 2012.
Germany	PCD part of general reporting on development policy	Use the Commitment to development index as indicator of national PCD performance (and partly finances the index)
Greece	No national reporting mechanism on PCD reported.	
Hungary	No national reporting mechanism on PCD reported in the national contribution	
Ireland	No unified PCD national reporting requirement reported in the national contribution. A special report on indicators — policy coherence for development: Indicators for Ireland was completed in 2012. (http://www.tcd.ie/iis/assets/doc/IIS%20PCD%20Indicator%20Report%202012.pdf)	
Italy	No national reporting mechanism on PCD yet (as reported in the national contribution)	OECD DAC Peer Review
Latvia	No specific national reporting mechanism on PCD reported in the national contribution	
Lithuania	No specific national PCD reporting mechanism reported in the national contribution. PCD among the issues covered by the	

	Development Cooperation Intergovernmental Commission.	
Luxembourg	PCD part of the Annual report on the activities of the inter-ministerial committee for development cooperation (Rapport annuel sur les travaux du comité interministériel pour la coopération au développement) Link: http://www.cooperation.lu/dbfiles/lacentralfiles/400/404/MAE-2011.pdf)	
Malta	No national reporting mechanism on PCD reported in the national contribution	
Poland	No national reporting mechanism on PCD reported in the national contribution	
Portugal	No regular national reporting requirement on PCD reported in the national contribution. A national report on PCD, as well as work on indicators for measuring and monitoring of PCD planned.	OECD DAC Peer Review
Romania	No national reporting mechanism on PCD reported in the national contribution	
Slovakia	No national reporting mechanism on PCD reported in the national contribution. PCD covered in discussions of the Coordination Committee of Slovak ODA.	Special OECD DAC Peer review of Slovakia (2011)
Slovenia	No national reporting mechanism on PCD reported in the national contribution	Special OECD DAC Peer review of Slovenia (2011)
Spain	Biennial PCD reporting mechanism. First report in 2011, next expected in	

	2013. http://www.exteriores.gob.es/Portal/es/SalaDePrensa/Multimedia/Publicaciones/Paginas/Cooperacion/Coherencia.aspx (in Spanish)	
Sweden	Biennial report to Parliament on PCD. Since 2004, the Government has reported on PCD progress to Parliament (first annually and later biennially).	
The Netherlands	PCD reporting to Parliament on a regular basis. The EU PCD report also submitted to Parliament with cover note explaining the contribution of the Netherlands to the EU progress on PCD (the 2011 EU report was submitted and 2013 one will be too)	Insist on independent assessment for EU reporting
United Kingdom	No specific national PCD reporting requirement reported in the national contribution.	Uses the Commitment to development index as indicator of national PCD performance
Croatia	PCD part of the annual Report on Implementation of the Croatian ODA to the Croatian Parliament Sabor.	

List of acronyms

PCD — policy coherence for development
AADF — Africa Agri-Food Development Fund
ACP — Africa Caribbean Pacific
ACP MTS — ACP Multilateral Trading System
ACP-EU JPA — ACP-EU Joint Parliamentary Assembly
AEEP — Africa-EU Energy Partnership
AFD — French Development Agency
AfDB — African Development Bank
AFISMA — African-led International Support Mission to Mali
AFRETEP — African Renewable Energy Platform
AfT — Aid for Trade
AGIR — Partnership for Resilience-Building in the Sahel and West Africa (<i>resilience</i>)
AIPO — African Intellectual Property Organisation
AMCOST — African Ministerial Council on Science and Technology
AMESD — African monitoring of the Environment and Sustainable Development
AMISOM — African Union Mission in Somalia
AML (Directive) — Anti-Money Laundering (Directive)
APF — African Peace Facility
APHLIS — African Post-Harvest Losses Information System
APSA — African Peace and Security Architecture
ARAPKE — African Regional Action Plan on the Knowledge Economy
ARIPO — African Regional Intellectual Property Organisation
ASEAN — Association of Southeast Asian Nations
ASEM — Asia–Europe Meeting
ATT — Arms Trade Treaty
AUC — African Union Commission
BA — (German) Federal Employment Agency
BEREC — Body of European Regulators for Electronic Communications
BETTER — Bringing Europe and Third countries closer Together through renewable Energies
BMELV — German Federal ministry for Food, Agriculture and Consumer Protection
BMWi — German Federal ministry of Economics and Technology
BMZ — German Federal Ministry for Economic Cooperation and Development
BoP — Base of Pyramid
BTSF — Better Training for Safer Food
CA — Comprehensive approach
CAADP — Comprehensive African Agriculture Development Programme
CAMM –Common Agenda(s) on Migration and Mobility
CAP- Common Agricultural Policy
CAR — Central African Republic

CARIFORUM — Forum of the Caribbean Group of African, Caribbean and Pacific (ACP) States
CBCR — Country-by-country Reporting
CBD-COP — (United Nations) Convention on Biological Diversity- Conference of Parties
CBI — Dutch Centre for the Promotion of Imports from Developing Countries
CCAC — Climate and Clean Air Coalition
CCAMLR — Conservation of Antarctic Marine Living Resources
CCCPA — Cairo Regional Centre for Training on Conflict Resolution and Peacekeeping in Africa
CCS — Carbon Capture and Storage
CDI — Commitment to Development Index
CDM — Clean Development Mechanism
CEN — European Committee on Standardisation
CETA — Comprehensive Economic and Trade Agreement
CFP — Common Fisheries Policy
CFS — Committee on World Food Security
CFSP — Common Foreign and Security Policy
CGAP — Consultative Group to Assist the Poor (UK)
CGD — Center for Global Development
CGIAR — Global Agricultural Research Partnership
CIM — (German) Centre for International Migration and Development
Climate –ADAPT — European Climate Adaptation Platform
CMC — Crisis Management Centre
CMPD — Crisis Management and Planning Directorate (EEAS)
CODEV — Council working group for development issues
CODEX/Codex Alimentarius — International standard setting body on food safety
CONCORD — European confederation of Relief and Development NGOs
COPOLAD — EU-CELAC Coordination and Cooperation Mechanism on Drugs
CPLP — Community of Portuguese Language Countries
CSDP — Common Security and Defence Policy
CSO — Civil society organisation(s)
CSR — Corporate Social Responsibility
Danida — Danish International Development Agency
DCCD — Development Cooperation and Coordination (EEAS)
DCFTA — Deep and comprehensive free trade agreement
DCI — Development Cooperation Instrument
DDA — Doha Development Agenda
DFID — (UK) Department for International Development
DG — Directorate-General (of the European Commission)
DG AGRI — Directorate-General Agriculture and Rural development (European Commission)
DG CONNECT — Directorate-General Communications Networks, Content and Technology (European Commission)

DG DEVCO — Directorate-General Development and Cooperation — EuropeAid (European Commission)
DG ECHO — Directorate-General Humanitarian Aid and Civil Protection (European Commission)
DG HOME — Directorate-General Home Affairs (European Commission)
DG SANCO — Directorate-General Health and Consumer Policy (European Commission)
DG TRADE — Directorate-General for Trade (European Commission)
DKTI — German Climate and Technology Initiative
DOPA — Digital Observatory of Protected Areas
DPRK — Democratic People's Republic of Korea
DRC — Democratic Republic of Congo
EaP — (ICT) Eastern partnership (<i>Information society</i>)
EASO — European Asylum Support Office
EBA — Everything But Arms
EC — European Commission
ECDPM — European Centre for Development Policy Management
ECLAC — (United Nations) Economic Commission for Latin America and the Caribbean
ECOWAS –Economic Community Of West African States
ECOWAS/ECREEE — ECOWAS Centre for Renewable Energy and Energy Efficiency
EDCTP — European and Developing Countries Clinical Trials Partnerships
EDF — European Development Fund
EEA — European Economic Area
EEAA — Egyptian Environmental Affairs Agency
EEAS — European External Action Service
EIARD — European Initiative for Agricultural Research for Development
EIDHR — European Instrument for Democracy and Human Rights
EIF — European Investment Fund (<i>climate change/renewable energy</i>)
EITI — Extractive Industries and Transparency Initiative
EMERG — Euro-Mediterranean network of Regulators (<i>Information society</i>)
ENoLL — European network of Living Labs (<i>Information society</i>)
ENPI — European Neighbourhood and Partnership Instrument
ENRTP — thematic programme for environment and sustainable management of natural resources
EP — European parliament
EPA — Economic Partnership Agreement
ERC — Emergency Response Centre
ERD — European Report on Development
ERM — Early Response Mechanism
ESF — Epargne Sans Frontières (<i>French NGO</i>)
ETF — European Training Foundation
ETS — Emissions Trading Scheme
EUIE/PDF — EU Energy Initiative /Partnership Dialogue Facility
EU MMR — EU Monitoring Mechanism Regulation (<i>climate change</i>)

FAO — (United Nations) Food and Agriculture Organisation
FDI — Foreign Direct Investment
FLEGT — Forest Law Enforcement, Governance and Trade
FO — farmers' organisations
FP7 – 7 th EU (Research) Framework Programme
FPA — Fisheries Partnership Agreement
FSF — Fast Start Finance (<i>climate change</i>)
FTA — Free Trade Agreement
G7+ — International Dialogue of Statebuilding and Peacebuilding and the growing leadership of conflict-affected and fragile states
GAMM- Global Approach to Migration and Mobility
GBIF — Global Biodiversity Information Facility
GCC countries — Gulf Cooperation Council countries
GCCA — Global Climate Change Alliance
GDP — Gross Domestic Product
GEEREF — Global Energy Efficiency and Renewable Energy Fund
GEF — Global Environment Facility
GFMD — Global Forum on Migration and Development
GHG — greenhouse gas (emissions)
GI — Geographical Indications
GISCO — German Initiative on Sustainable Cocoa
GIZ — Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation)
GMO — genetically modified organism(s)
GSP (GSP+) — Generalised Scheme of Preferences
HCWW — Holding Company for Water and Wastewater of the Arab Republic of Egypt
HDI — Human Development Index
HFC (gases) — hydrofluorocarbon gases
HLWG — High Level Working Group (on Migration and Asylum)
HR/VP — High Representative (of the Union for Foreign Affairs and Security Policy) /Vice President (of the European Commission)
IA — Impact Assessment (<i>ex ante impact analysis in European Commission</i>)
IATTC — Inter American Tropical Tuna Commission
IBISS — Italian-Egyptian Capacity Building in the Integrated Water Supply and Sanitation
ICAP — International Carbon Action Partnership
ICCAT — International Commission for the Conservation of Atlantic Tuna
ICI — international cooperative initiatives (<i>climate change</i>)
ICT — information and communication technologies
IEA — International Energy Agency
IGFAM — Industry Government Forum on Access to Medicines (UK)
IKLU — (German) Initiative for Climate and Environmental Protection
ILO — International Labour Organisation
IMF — International Monetary Fund

INTCEN — EU Intelligence Analysis Centre (<i>security</i>)
IOM — International Organisation for Migration
IOTC — Indian Ocean Tuna Commission
IPC — Integrated Food security Phase Classification
IPCC — International Panel (of Experts) on Climate Change
IPPC — International Plant Protection Convention
IPR — Intellectual Property Rights
ISSB — International Standard Setting Bodies
ISTA — International Seed Testing Association
ITC — International Trade Centre
ITPGRFA — International Treaty on Plant Genetic Resources for Food and Agriculture
IUCN — International Union for Conservation of Nature
IUU (fishing) — illegal, unreported and unregulated (fishing)
JAES — Joint Africa-EU Strategy
JI — Joint Implementation (<i>climate change</i>)
JRC — (European Commission) Joint Research Centre
JSSR/SSR — (Justice and) Security Sector Reform
KP — Kimberley Process
LA — local authorities
LAC — Latin America and Caribbean
LDC — Least Developed Countries
LIFDC — Low Income Food Deficit Countries
LINET — Independent Network of Labour Migration and Integration Experts
LMIS — Labour Market Information Systems
LPB — LaPlata Basin
LRA — Lord Resistance Army (<i>security</i>)
LTR (Directive) — Long term residence (Directive)
MDGs — Millennium Development Goals
MEF — Major Economies Forum on Energy and Climate
MENA — Middle East and North Africa
MEP — Member of European Parliament
MERCOSUR — Mercado Común del Sur/economic and political agreement among Argentina, Brazil, Paraguay, Uruguay, and Venezuela; with Bolivia
MFA — Ministry of Foreign Affairs
MME (dialogue) — Migration, Mobility and Employment (dialogue)
MoD — Ministry of Defence
MOU — Memorandum of Understanding
MP — Mobility Partnership(s)
MPC — Mediterranean Partner Countries (<i>research</i>)
MRC — Mekong River Commission (<i>security</i>)
MS/EUMS — Member States (of the European Union)
MTI — Medical Training Initiative (UK)
NAFO — North Atlantic Fisheries Organisation

NAP — National Action Plan (<i>Security</i>)
NGO — Non-governmental organisation
NVS — National Veterinary Services (linked to BTSF)
OAGS — Organisation of African Geological Surveys
OAPI/IAPO — Organisation Africaine de la Propriété Intellectuelle.
ODA — Official Development Assistance
OECD — Organisation for Economic Cooperation and Development
OECD/DAC — Development Assistance Committee
OFAC — Observatory for Central African Forests
OFII — (French) Office for Immigration and Integration
OIE — World Organisation for Animal Health
PA — Protected Areas (biodiversity)
PALOP — African Portuguese Speaking Countries
PCA — Partnership and Cooperation Agreement
PCA — Peace and Conflict Assessments
PIDG — Private Infrastructure Development Group
PIP — Plant incorporated protectants (plant health)
PPRD — Prevention, Preparedness and Response to Man-made and Natural Disasters
PSD — Payment Services Directive
PSO — Peace Support Operations
RAI — responsible agricultural investment
REC — Regional Economic Communities
RECP — Renewable Energy Cooperation Programme
REDD — Reduced Emissions from Deforestation and Forest Degradation
RENAF — Scientific and Technical Support to Sustainable Energy Development in Africa: Rural Electrification, Renewable Energy and Communication
RFMOs — Regional Fisheries Management Organisations
Rio+20 — United Nations Conference on Sustainable Development (2012)
RMI — Raw Materials Initiative
RPP — Regional Protection programmes (<i>migration</i>)
RSPB — Royal Society for Protection of Birds
SADC — Southern African Development Community
SALW — Small Arms and Light Weapons
SDGs — Sustainable development goals
SE4All — Sustainable Energy for All
SEAFO — South East Atlantic Fisheries Organisation
SET (Plan) — Strategic Energy Technology Plan
SHARE — (resilience)
SIA — Sustainability Impact Assessment
Sida — Swedish International Development Agency
SIDS — Small Island Developing States
SIOFA — Southern Indian Ocean Fisheries Organisation(s)
SME — Small and Medium Enterprises

SPRFMO — South Pacific Regional Fisheries Organisation
SPS — Sanitary and Phytosanitary (measures/standards)
SSA — Sub-Saharan Africa
STI — Science, technology and Innovation
T4SD — Trade for Sustainable Development
TAC — Treaty of Amity and Cooperation (in Southeast Asia)
TBT — technical barriers to trade
THB — trafficking in human beings
TiSA — trade in services agreement
TRA — Trade-Related Assistance
TRIPS — Trade Related Intellectual Property Rights
TW — Twinning
UN HLD — United Nations High Level Dialogue (<i>on Migration and Development</i>)
UNCBD — United Nations Convention on Biological Diversity
UNCCD — United Nations Convention to Combat Desertification
UNDP — United Nations Development Programme
UNECE — United Nations Economic Commission for Europe
UNEP — United Nations Environment Programme
UNFCCC — United Nations Framework Convention on Climate Change
UNHFA — United Nations Hyogo Framework for Action (<i>Disaster risk management</i>)
UNISDR — United Nations International Strategy for Disaster Reduction
UNSCR — United Nations Security Council resolution (<i>security</i>)
UPOV — International Union for the Protection of New Varieties of Plants
VMS — Vessel Monitoring System (in <i>RFMO</i>)
VPA — Voluntary partnership Agreement (<i>under FLEGT</i>)
WCPFC — Western and Central Pacific Fisheries Commission
WCO — World Customs Organisation
WHO — World Health Organisation
WIPO/CDIP — World Intellectual Property Organisation / Committee on Development and Intellectual Property
WTO — World Trade Organisation
WTO-MC — WTO Ministerial Conference
WWF/MTI — World Wide Fund for Nature / Market Transformation Initiative

List of main web links

- EU PCD Reports
http://ec.europa.eu/europeaid/what/development-policies/policy-coherence/index_en.htm
- PCD Work Programme 2010-2013
http://ec.europa.eu/development/icenter/repository/SEC_2010_0421_COM_2010_0159_EN.PDF
- Council conclusions on PCD of 17 November 2009
http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/gena/111278.pdf
- Council conclusions on PCD of 14 May 2012
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/130225.pdf
- Commission Communication *Agenda for Change*
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/130225.pdf
- Commission Communication *A Decent Life for All*
http://ec.europa.eu/europeaid/documents/2013-02-22_communication_a_decent_life_for_all_post_2015_en.pdf
- European Commission Impact Assessments
http://ec.europa.eu/governance/impact/index_en.htm
- Commission Communication on Raw Materials 2011
http://ec.europa.eu/enterprise/policies/raw-materials/files/docs/communication_en.pdf
- EU Food Facility
http://ec.europa.eu/europeaid/how/finance/food-facility_en.htm
- DG AGRI *Report on International aspects of agricultural policy*
http://ec.europa.eu/agriculture/consultations/advisory-groups/international/2012-03-12/report_en.pdf
- European Parliament resolution on the EU 2011 Report on PCD of 25 October 2012
<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P7-TA-2012-0399+0+DOC+XML+V0//EN>
- European Report on Development
<http://www.erd-report.eu/erd/index.html>

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- Biofuels Study: *Assessing the impact of biofuels production on developing countries from the point of view of Policy Coherence for Development*
http://ec.europa.eu/europeaid/what/development-policies/documents/biofuels_final_report_assessing_impact_of_eu_biofuel_policy_pcd_22022013_en.pdf
- Study on *Migration and Development Policies and Practices*
http://www.icmpd.org/fileadmin/ICMPD-Website/ICMPD_General/Publications/Migration_and_Development_June_2013.pdf
- The Commitment to Development Index 2012
<http://international.cgdev.org/doc/CDI%202012/Index%20technical%20paper%202012.pdf>
- OECD PCD Platform
<https://community.oecd.org/community/pcd>