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# The Post-2015 Development Agenda: The European Union must contribute more than just aid

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## The Post-2015 Development Agenda: The European Union must contribute more than just aid

Bonn, 24 September 2012. The European Union (EU) is often described as the world's largest aid donor, responsible for around 60% of the Official Development Assistance (ODA) spent on development by the rich-country members of the Organisation for Economic Cooperation and Development (OECD). This claim should be treated with some scepticism – it makes little sense to simply add up European aid programmes, many of which are oriented towards bilateral interests. The fragmentation of 'European' aid is such that to talk about the EU and its members as a single entity can be an unhelpful distraction.

If we turn to the debate about how the EU might best contribute to a global development agenda to follow the 2015 deadline for the achievement of the Millennium Development Goals (MDGs), development aid is probably not the best starting-point. There are three reasons for this: first, most European donors will not achieve their 2002 Monterrey commitment to provide 0.7% of their Gross National Income as ODA. European aid will not be the primary foundation of development in the 21<sup>st</sup> Century.

Second, if a global consensus on how to follow the MDGs can be reached, it is unlikely to primarily be about aid and poverty. The risk that a broader set of goals requiring international cooperation on framework conditions such as environmental governance and domestic accountability will marginalise poverty eradication objectives still needs debate. However, a new consensus will need to articulate global public policies for addressing the provision of 'global public goods' like environmental sustainability and food security, while reducing the negative impact of 'global public bads' like conflict and climate change.

Third, the EU's disappointing performance on providing ODA and coordinating development programmes can be compensated by its potential for supporting global public policies beyond a narrow aid approach. A new global framework will have to define 'development progress' in a new

way, bringing together socio-economic and sustainability objectives and dealing with trade-offs. Whatever a new agenda will look like, the EU can make a major contribution through a unified approach from its member states and the European institutions.

### Finishing overdue homework

Poverty reduction is the main focus of the present MDG agenda and will remain a top priority for any new global agreement. Nevertheless, the perspective is changing rapidly. According to estimates by the World Bank, half a billion people escaped USD 1.25 per day poverty between 2005 and 2010. At the same time, socio-economic challenges, including rising inequality and other forms of marginalisation, are growing. In addition, the 'graduation' of countries to 'middle income status' means there is a shrinking group of 'poor countries' with high aid dependency.

Against this background there are two aspects of the existing EU approach that still need attention. First, the impact of European aid can still be increased. The aid effectiveness agenda and its application to EU policies, programmes and instruments still need to be implemented in many areas. Useful next steps include, for example, making progress on coordination through long-standing commitments to improve 'division of labour' and more recent 'joint programming' exercises. In this regard Member States and the Commission need to honour their commitments under the Paris-Accra-Busan aid effectiveness agreements and the 2005 European Consensus on development.

Second, Policy Coherence for Development (PCD) remains crucial. PCD means that other policy initiatives, such as in security or trade, at least 'do no harm' to the development objectives of aid programmes, or at best that they reinforce development progress. The real impact of the PCD approach is so far quite limited even where negative impacts for development are obvious. The EU has long-standing difficulties in reconciling domestic interests, particularly in agriculture and fisheries

policy, with the interests of poor people in developing countries.

However, traditional development cooperation can only be part of a new global development agenda. The focus of the PCD agenda will need to shift as well, from a 'do no harm' concept to a more holistic concept where trade, security and other issues are reframed as global public policies that actively contribute to global development goals.

### **New homework to do: Development friendly international regimes**

Global public policies will rely on a web of international regimes that support the provision of global public goods and the alleviation of global public bads. International regimes typically provide rules, standards and structures for a given policy area, such as trade or global financial flows. The impact of global financial instability, for instance, and its consequences for developing regions highlight two new realities: first, policies in 'non aid areas' are crucial for development progress everywhere, including developing countries, emerging economies and the OECD world. Second, although national policies are the key to progress, action at the global level is needed to complement national efforts. These international regimes are interconnected, but they cannot all be addressed at once. The track record of international negotiations on

trade (the stalled Doha Round) as well as climate change and development (the toothless 'Rio plus 20' accord) do not inspire confidence that progress will be easy. In particular, the sort of 'grand bargain' that will be required to establish a global public policies agenda, with measureable goals and clear commitments, will be extremely difficult to reach.

The design and establishment of international regimes are, of course, not the tasks just of the EU, but Europeans can make crucial contributions. While it is still difficult to push for global public policies, the EU can trigger an important debate in favour of a development-friendly review of existing or non-existing international regimes. European politics are currently transfixed by the dramas of the Euro crisis, leaving ambitious cooperation agendas like global public policies out in the cold. However, EU member states and the European institutions have to live up to their global responsibilities, even in turbulent times. The upcoming international debates on the post-MDGs development agenda provide a perfect opportunity for Europe to do this.

Please also refer to "The Current Column" of 10 September 2012 on "The Post-2015 Development Agenda: Breaking new ground for a global framework" by Heiner Janus and Dr. Stephan Klingebiel.



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