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**Research Report**

## Post-2015: the EU can contribute more than aid to the global development agenda

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## Post-2015: The EU Can Contribute More than Aid to the Global Development Agenda

### Summary

Current discussions about the post-2015 global development framework provide an opportunity to reconsider the European Union's potential role as a development actor for the coming decades. The EU should aspire to fulfil a post-2015 role that is only partly based on traditional support to developing countries, and that would build on current efforts and explore new ways of supporting global development. Central to this are efforts to reform and create international regimes which are inherently "developmental".

The EU and several of its Member States are heavily involved in ongoing negotiations on new development goals to succeed the Millennium Development Goals (MDGs) when they expire in 2015. The resulting framework and targets will be very important, but not as important as the broader international context in which global development will proceed.

Poverty reduction is the main focus of the present MDG agenda and will remain a top priority for any new global agreement. The European institutions have been tasked with supporting developing countries since the Treaty of Rome. Building on this tradition, the EU and its Member States have become the world's largest providers of official development assistance (ODA), thereby playing a part in helping to achieve the MDGs. Against this backdrop, the EU must continue increasing the effectiveness of its aid and advancing Policy Coherence for Development (PCD).

In addition, the EU needs to invest more in order to promote development and remove barriers to development progress at global level. While the reasons for countries achieving or failing to achieve the MDGs are primarily domestic in nature, experience with the MDGs has shown that progress is heavily influenced by the framework conditions for development: the economic, political, geographical and environmental context in which societies and states develop. It is here that Europe's greatest potential to be a force for good lies.

European politics are currently transfixed by the dramas of the Euro crisis and austerity measures, leaving ambitious international cooperation agendas out in the cold. However, there is a bigger picture, and the EU remains vital to this picture because of what it is: a visionary project that has ensured the peace, stability and prosperity of a previously war-torn continent for nearly 70 years.

The EU could drive a genuine global standard setting process if it can direct more energy towards those dimensions of development policy that go beyond aid provision. This means addressing long-standing inconsistencies that undermine the effectiveness of European aid. Even more importantly, it means stepping up efforts to work with partners on improving the development-friendliness of international regimes that govern public policy areas crucial to development progress.

## Post-2015: Not the beginning of the end, but perhaps the end of the beginning

The United Nations is tasked with leading international debates on devising a new set of objectives to succeed the Millennium Development Goals (MDGs) as benchmarks for progress towards a world free of poverty, deprivation, hunger and environmental degradation. Any agreement on new development goals will emerge from the usual international horse-trading process, probably conducted in the early hours of the morning: the targets may turn out to be ambitious, measurable and comprehensive, or they may be framed in vague terms leaving plenty of room for political manoeuvre and obfuscation. The goals themselves will be important, but not as important as the broader context in which global development proceeds. This will continue to evolve regardless of what the post-2015 negotiators can agree on.

Europe will play a central role in the success or otherwise of whatever agenda follows the MDGs after 2015. The EU is often described as the world's largest aid donor, providing around 60% of the ODA spent on development by the members of the Organisation for Economic Cooperation and Development (OECD), though this characterisation is somewhat misleading, as most of this aid is channelled through bilateral programmes. Nevertheless, even though Europe's inability to act as one has reduced its potential to maximise its global influence and the effectiveness of its aid, the European Commission and several Member States have been major players in the development business for a long time.

The EU's most important contribution to global development over the next few decades may not, however, be its ODA. As we have seen with the MDGs, progress is strongly influenced by the framework conditions for development: the economic, political, geographical and environmental context in which societies, states and economies develop. It is here that Europe's greatest potential lies. The EU could become a far more influential player in a genuinely global standard setting process if it can direct more energy towards the "beyond aid" dimensions of development policy: addressing incoherence that undermines the success of partner countries' policies, and working with international partners on improving the development-friendliness of international regimes governing policy areas that are crucial to progress. This requires European initiatives at different levels, including the domestic level in individual EU Member States, the level of EU-wide policies and the level of EU policies in global arenas.

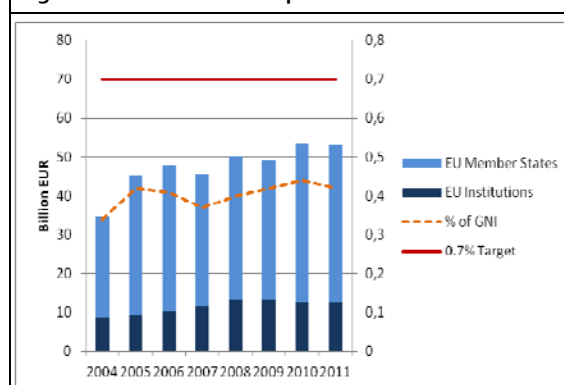
### Finishing overdue homework

Poverty reduction is the main focus of the present MDG agenda and will remain a top priority for any new global agreement. The changing geography of poverty means that poor people are increasingly likely to be living in middle-income countries, reducing the need for donors to engage in national poverty reduction programmes. Nevertheless, ODA will continue to be a key instrument

in the post-2015 framework, especially for the remaining low-income and fragile countries. Donors can still increase the impact of their aid through the implementation of the international aid and development effectiveness agenda.

Against this backdrop, there are two aspects of the existing EU approach that still require attention. Firstly, European aid should be more effective. This is partly about quantity. Europe as a whole will not achieve the 2002 Monterrey commitment to provide 0.7% of gross national income (GNI) as ODA (see Figure 1). It is also an issue of quality. EU Member States and the Commission need to honour their commitments under the Paris, Accra and Busan aid effectiveness agreements and the 2005 European Consensus on Development. One of the key steps to be taken next is the reduction of fragmentation through successful implementation of recent joint programming exercises. Further gains could be made by translating the lessons of the aid effectiveness agenda to other forms of development finance, especially in the area of climate change adaptation and mitigation. Several Member States remain interested in strengthening national aid programmes, even if this runs counter to efforts to improve division of labour at the EU level.

Figure 1: EU Official Development Assistance



Source: OECD aid statistics, European Commission (2012)

Secondly, PCD remains crucial. PCD means that other policy initiatives, such as those addressing security and trade, do not undermine the poverty reduction objectives of aid programmes and partner country development policies. Where possible, non-aid policies that affect developing countries should contribute positively to the MDGs and other development objectives. The impact of the EU's efforts to improve PCD has so far been quite limited, even where there is an obvious negative impact on development. The EU has longstanding difficulties in reconciling domestic interests, for example its agricultural and fisheries policies, with the interests of developing countries. Europeans need to get better at dealing with these legitimate but politically sensitive trade-offs.

Traditional development cooperation will only form one part of the global development agenda in the coming

decades. 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 inequality and other forms of marginalisation, and environmental degradation are becoming more problematic. Traditional distinctions between developed and developing countries, North and South, and donors and recipients have become increasingly obsolete. The focus of the PCD agenda will need to shift as well, from a “do no harm” approach to a more holistic concept where trade, security and other issues are reframed as global public policies that actively support global development goals.

### New homework to do: development friendly international regimes

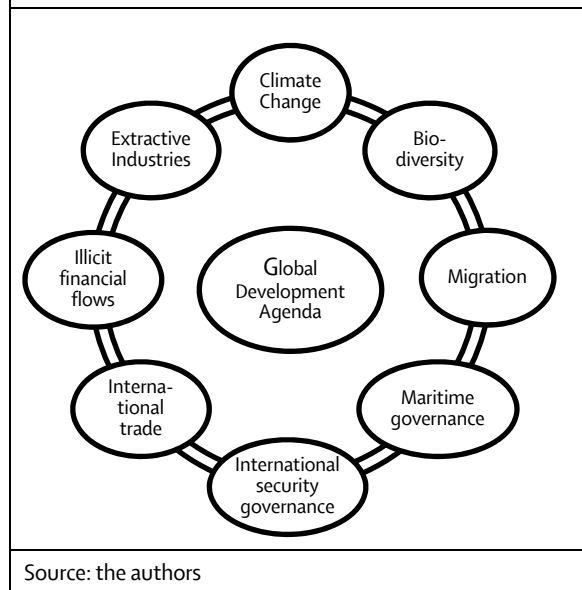
If the post-2015 development agenda is to actually deliver a world free of poverty and hunger, it will need to use global public policies for addressing the provision of global public goods. These include aspects of foreign and security policy – the traditional high politics of international relations. Economic and trade policy, finance and investment policy, environmental and climate change policy, fisheries, agriculture, technology transfer, migration, and aspects of domestic policies – such as public health, consumer protection policy and food standards, which affect producers, markets and citizens in developing countries – are all components of a global development policy package. The issue is not only how policies in these areas impact on poverty reduction, but how they can be utilized at the global level to address complex challenges, consolidate successes and make progress in hitherto difficult areas of globalisation that require better management.

Global public policies shape a web of international regimes that support public goods provision and help address cross-border challenges. International regimes typically provide rules, standards and structures for a given policy area, such as trade, global financial flows, carbon emissions or fisheries management (see Figure 2). Policies in these areas are crucial to development progress everywhere, whether in developing countries, emerging economies or the OECD world.

Although national actors hold the key to progress, action is needed at global level to complement national efforts. In a “beyond aid” post-2015 context, international cooperation will need to bring together a broad range of actors and policies, only some of which will be primarily development-oriented. While creation of a new development agenda may provide an opportunity to set norms for global cooperation that are conducive to development, there are significant obstacles to gearing different global actors and policies towards the achievement of common development objectives.

The track record of international negotiations on trade (the stalled Doha Round) and, more recently, sustainable development (the toothless Rio Plus 20 accord) demonstrates the difficulty of achieving strong multi-lateral agreements. These troubled processes indicate that it will be very hard to reach the sort of global deal that will be required to establish a global public policies agenda, with formal processes and clear commitments.

Figure 2: Global public policy areas affecting the global development agenda



Source: the authors

There are three main challenges for joint international action: weak coordination among actors, incoherence in policies and a lack of visionary leadership. Coordination requires international actors to follow jointly agreed rules on policies with external impacts, and to resist the temptation to free ride on the efforts of others. Coherence demands that national and international level policies are in tune with globally agreed goals. This is difficult when long-term global objectives conflict with more immediate national preferences or strong domestic interest groups, such as farmers or the financial sector. Overcoming such challenges is hard at the best of times, and more so when leadership is lacking. Right now, no-one stands ready to promote a convincing, comprehensive vision for global development, and more importantly to lead others by example.

### Not just an impossible dream

Over the last 20 years, an increasing share of ODA has been used to finance global public goods, both directly and indirectly. This trend is partly due to links between the global commons and the MDGs. For instance, efforts to achieve MDG 6 on combating HIV/AIDS, malaria and other major diseases are providing a global public good. The clearly defined MDG health objectives have

also served as a reference point for rallying global multi-stakeholder support, including from private actors such as the Bill and Melinda Gates Foundation. The EU has supported health-related MDGs by providing assistance to the Global Alliance on Vaccines and Immunisation and the Global Fund to fight against HIV/AIDS, Tuberculosis and Malaria.

The Extractive Industries Transparency Initiative (EITI) is another example of an international compact aimed at providing a public good on a global scale. The EU and some of its members have been slow to support the EITI, an initiative which demonstrates the potential of engaging with private sector companies in order to achieve greater transparency in the oil and mining industries across the world. Nevertheless, the EITI process indicates that internationally coordinated action for providing global public goods is within reach and the EU has an important role to play.

### Why the EU?

Of course, the EU is not the only actor involved in designing and establishing international regimes. The World Bank, for example, is starting to explore options for providing greater support to global public goods provision. There are several steps the EU can take without waiting for anyone else. One starting point would be a development-oriented review of the EU's role in negotiating and maintaining relevant international re-

gimes. The EU should also find ways to increase interaction with emerging economies and play a more active role in convincing these countries to join deliberations on a future framework. EU policies in areas such as agriculture, fisheries, trade and investment, taxation, migration, and international security have an enormous impact on development outcomes, and more careful consideration will need to be given to the global implications of these policy areas as they evolve.

The current debate about a global development agenda to follow the MDGs provides an opportunity to think about the kind of world we want to live in, and what is needed to get us there. The EU is a sleeping giant in this process, largely because of persistent divisions between Member States that can no longer drive global issues on their own, but are nevertheless reluctant to sacrifice sovereign autonomy for the sake of unity.

European politics are currently transfixed by the dramas of the Euro crisis and austerity measures, leaving ambitious international cooperation agendas out in the cold. However, there is a bigger picture and EU member states and the European institutions have global responsibilities in these turbulent times. The EU remains crucial to this bigger picture because of what it is: a major global development actor, and a visionary project that has ensured the peace, stability and prosperity of a previously war-torn continent for nearly 70 years.

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