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Research Report

The future of the "European Consensus on Development

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Briefing Paper 5/2016

The Future of the "European Consensus on Development"

Summary

In view of the currently **increasing demands and expectations of Europe**, the question arises as to how the EU can perform its role as a global actor better and more effectively. The dramatic **escalation of events in Europe's Neighbourhood** and the subsequent **refugee crisis** in numerous member states (MS) clearly illustrate that a **rethink of EU foreign and development policy** is required. The EU was one of the most heavily engaged parties during the negotiations leading to the **2030 Agenda for Sustainable Development** and in 2016 will need to address the challenge of implementing this agenda both within and outside Europe.

In June 2015 EU High Representative for Foreign Affairs Mogherini launched a process of consultation aimed at establishing an **EU Global Strategy** by early summer 2016 that all member states can agree on. A value-based and sustainable development policy that also takes account of the **Sustainable Development Goals** (SDGs) should occupy a key position in such a strategy. The **European Consensus on Development Policy** can no longer exist as an isolated document, but should instead be linked to other strategies of EU foreign policy. Building upon the premise that European development cooperation will assume an appropriate role in the Global Strategy and in a reformed 'Europe 2030 Strategy', the Commission and European External Action Service (EEAS) have begun thinking about a possible reform of the European Consensus on Development. On 28 January 2016 Development Commissioner Neven Mimica informed the European Parliament (EP) that preparations for this have been underway since the informal Council of Ministers meeting of December 2015.

The above context calls for a comprehensive review and **reform of the European Consensus on Development** (hereafter: the Consensus). This briefing paper looks into the past role and contributions of the Consensus in European development cooperation policy and operations and assesses the central challenges and opportunities for revising the Consensus and ensuring its continuing relevance. The improvement of coordination and cooperation between humanitarian, development and neighbourhood policy could indicate new paths and approaches in this regard. **Four recommendations for reforming the consensus** are derived from this analysis:

1) Utilising the **reform momentum** for a rethink of the Consensus and the forthcoming negotiation on the future cooperation between the EU and the African, Caribbean and Pacific Group.
2) Adoption of a holistic and sustainable **security concept** acknowledging the central importance of sustainable development in both Consensus and Global Strategy.
3) **Synergies** through the closer integration of policy areas within as well as between MS and EU in the coordination of humanitarian aid and development policy.
4) Definition of priorities for future cooperation with **middle-income countries (MICs)** and emerging powers.

Origin and impact of the Consensus

Over 25 years ago the legal basis for European development policy was established in the Maastricht Treaty. This legal basis includes the formal prerequisites for coherence with other policy fields as well as for the coordination of the bilateral cooperation policy of the member states. However, what was missing was a clear policy mandate for European development cooperation as a basis for the coordination of member state development policies. As a result, in 2000 the European Commission published its **Development Policy Statement**, although this dealt exclusively with the development policy of the European Commission. This document was also largely decoupled from the UN Millennium Development Goals (MDGs) developed at the same time, quickly sinking into insignificance as a result.

As a follow-up document the Commission presented the European Consensus for Development in 2005. The name "Consensus" expresses Europe's desire to have its own development philosophy to position itself versus the existing "Washington Consensus". The negotiations on the EU consensus resulted in a statement consisting of two parts: the first part of the document outlines **key development policy principles shared by the Union and its member states**, whilst the second part covers and details the **Commission's development policy** in more detail. The Consensus was adopted by Council, Commission and Parliament in 2005 during the British EU presidency. In 2014 the European External Action Service (EEAS), created in 2010, also joined the consensus.

During the past decade the EU consensus fulfilled two key functions: firstly, it promoted **visibility**, because the Consensus clearly formulated what EU development policy is about, as well as the principles and objectives. Secondly, it guided the **formulation of new policies**, such as by defining the various dimensions of **poverty** so as to help guide efforts to reduce it.

The Consensus proved of assistance in the drafting of then development policy of the thirteen member states that joined the EU since 2004, whilst largely constituting a **consolidation of good practices** for the "old" MS. The consensus also provided a key basis for the **EU's financial instruments and the programming of European DC in the period 2007-2013**. This aspect was decisive in ensuring a coherent policy right across the various geographical and thematic cooperation programmes of the Commission.

Up to 2009 the Consensus was a significant driver of progress and standard setting in European DC (Box 1). However, its effectiveness has since gradually reduced and it now only rarely serves as a common reference for the drafting of new policies.

Box 1: Effects of the EU Consensus on Development

- The Consensus was a key factor in the passing of the EU **Code of Conduct on Complementarity and the Division of Labour in Development Policy**, in favour of coherence in European cooperation.
- The Consensus emphasised the political priority of the promotion of **Policy Coherence for Development (PCD)** and made sure it assumed a prominent place on the Union's policy agenda.
- The Consensus also assigned the EU to play a leading role in implementing the **Paris Declaration on Aid Effectiveness**, as well as informed the EU's position in the follow-up High-Level Forum in Accra in 2008.

New priorities for international cooperation

The 'old' Consensus was formulated against the background of the Millennium Development Goals (MDGs) and aimed primarily at poverty eradication. However, the 2030 Agenda creates a necessity for **broadening the goals spectrum and increasingly moves the focus towards global challenges**. In addition, the ongoing **differentiation** in cooperation at the bilateral level has raised new questions regarding the role of development cooperation in **fragile states** and **in crisis situations**. A further factor is that the Consensus strongly concentrated on the **aid effectiveness agenda** and the EU's contribution to its realisation. The aid effectiveness agenda however gradually moved into the background and it may be questioned whether it still plays a major role in today's EU development cooperation.

During its work on the **Agenda for Change (AfC, 2012)** the Commission already indicated in its green paper of 2011 that a revision of the Consensus could be considered, utilising this reform momentum. However, also due to the fact that the global financial and economic crisis was at an initial peak at the time, the member states chose to refrain from doing so. Under the circumstances, a reform would nonetheless have been appropriate already then – and is overdue today.

The new **2030 agenda** of SDGs was supposed to pave the way towards a reform of the Consensus, which is firmly rooted in the MDGs. Beyond this, however, in view of the volatile and rapidly transforming global environment, attention should also be paid to new forms of cooperation, multilateral orchestration and the utilisation of untapped synergies within Europe and beyond. To address unruly and wicked problems such as global warming, intricate security and development challenges or epidemic diseases all available options for partnerships and alliances need to be explored and activated. Since the 2000s **environmental, climate and sustainability priorities** have moved towards the centre of attention, placing an enduring claim on the public's awareness through a series of climate conferences and treaties. The successful Paris Climate Conference of December 2015 resulted in the adoption of highly ambitious goals. A fundamental renegotiation of the cornerstones of a future-oriented European development policy is therefore also a pressing tasks in this respect.

Proposals for a revision of the EU Consensus

Now more than ever, we need a European Global Strategy that not only focuses on short-term, defensive security aspects, but also on a **holistic development policy**, one that also acknowledges all aspects of **sustainability as a condition for stability, social justice and democracy**. What is required here is the clear and timely **positioning of European development cooperation in the broader field of EU foreign policy**. Development policy needs to be reflected to its full extent in the EU global strategy, taking its place in the middle of this (Gavas et al., 2016). If the global strategy incorporates these overarching coherence questions as well as prioritises the SDGs, then the Consensus can concentrate on the role of development policy in a more focused sense and will not be required to address problems of competency distribution and positioning.

At the same time, EU development cooperation must maintain its **identity in the institutional framework** and give out clear signals based on its new identify and role. The remit and authorisation for this should be obtained from a **joint statement of Council, Commission, Parliament and the High Representative**, forming a basis for legitimacy and orientation.

In view of the current crises in the European neighbourhood, one specific step here could be promoting the **coordination of humanitarian aid and development cooperation**. The **practice of 'bridging'** could be further developed here as approach: in cases where, due to unforeseen circumstances, the Directorate-General (DG) for Humanitarian Aid (ECHO) does not have adequate funds for establishing or maintaining of emergency interventions (such as the care of refugees) ECHO can turn to the budget resources of the DG for Development Cooperation (DEVCO), "borrowing" these and using them for short-term humanitarian purposes. However, in many instances the **rigidity of the EU structures**, particularly the financial framework, is an obstacle to such supplementation and cooperation.

Frequently raised counter-arguments also include the differing **principles, modes of intervention and prioritysation**, whereby solutions and compromises for this alternative and bridging funding are found in individual cases and within the scope of the stipulations. For example, as part of its efforts under the heading of linking relief, rehabilitation and development (LRRD) DEVCO actively links its long-term cooperation projects with ECHO's interventions. Although the differing principles, priorities and intervention logics do not allow for a complete fusion, it is nonetheless advisable to consider the **status and relationship of the two 'sister documents' of the Consensus on Development and the Consensus on Humanitarian Aid** (2008) in order to improve both the horizontal (between the services) and vertical interaction (with the member states). An evaluation of the Consensus on Humanitarian Aid from 2014 comes to a similar conclusion (ECHO 2014).

Synergies through joint policy formulation

Firstly, the potential renewal of both Consensus documents provides an opportunity to redesign the **choreography of European development cooperation**. The second part of the present consensus comprises a long **list of comparative advantages of the Commission** in the field of development cooperation. Since the passing of the consensus the new EU treaty has entered into effect, the EU has successfully managed its 'big bang' expansion and the European Parliament has succeeded in expanding its influence and profile in all areas of EU policy. The AfC further specified and focused the comparative advantages of the Commission, with the new Consensus offering the opportunity to further solidify this, ultimately achieving genuine European development cooperation. As a means for this, the new consensus can further accentuate the political priority of **joint programming**.

The Sustainable Development Goals (SDGs) should act as a **central point of reference,** lending the new European development policy the necessary international interlinking, global ambition and significance, in addition to vision and mission. This would also serve to hone the profile of EU development policy with regard to other areas of foreign policy and emit a strong **signal against the subordination of the EU's development policy to its security concerns**. Nevertheless, development cooperation should not negate the **synergies and potential of joint policy-making** and use of resources. To achieve an equally meaningful contribution for EU and MS in, for example, in managing refugee flows, improved coordination and **adequate policy anchoring between ECHO, EEAS and the DG for Neighbourhood (NEAR)** is highly desirable. In the area of preferential market access or sustainable value chains close collaboration with DG Trade is essential.

The potential of **strengthening coherence in policy formulation and implementation** is frequently argued. Because of this, we will limit ourselves here to accentuating the direct benefits of flexibilisation and conditionality of funding in order to help realise specific policy goals such as stability, rule of law and combating the causes of flight - as well as, ultimately, sustainable terror prevention. Germany and other MS should use this as an opportunity to consider the **horizontal-vertical and sectorial coordination as well as the division of tasks in the EU**. The broad process of consultation ahead of the passing of the new EU Global Strategy should be used for this, as key medium and long-term alignment of EU foreign policy will occur here. In the event of the global strategy failing to incorporate the SDGs and neglecting to formulate a coherence claim, a reformed consensus should subsequently do this.

Open questions at this stage include how the EU Consensus should respond to the **latest cuts in development cooperation funding**, i.e. the reduction in absolute terms of the funds as well as the use of funding to cover the acute costs of caring for refugees in a number of MS.

Internationally, in a number of countries the **phasing out of bilateral development cooperation programmes** means that the EU faces the problem of whether broader cooperation can be sustained and, if so, in what form. Moreover, the renegotiation of the ACP-EU partnership, which ends in 2020, is also forthcoming. Altogether, the tasks to be tackled are numerous, but the opportunities arising to wield influence equally so.

Recommendations

1. **The EU Global Strategy, 2030 agenda, and reforms of neighbourhood and trade policy are creating momentum** that also affects the Consensus and necessitate its revision. Recent terror attacks have added to the increasingly security-oriented discussions on the EU's Global Strategy. A **holistic and sustainable security concept** is however equally important for this overarching strategy so as to connect development policy to issues of stability, democracy and security in the EU foreign policy model (cf. combating the causes of forced migration).
2. When it comes to **cooperation with middle-income countries and emerging powers**, a renewed Consensus should define the form taken by the *content* of cooperation with these countries. A debate regarding how the approaches of the **MS and the cooperation interest of the EEAS and other DGs in MICs can be interlinked more effectively** is also overdue. In addition, the Consensus should also provide information about how exactly the EU aims to cooperate with MICs on the implementation of the SDGs through thematic programmes and blending. The review process should address both the role of development policy as well as **interlinked, cross-sectoral policy responses**, the improvement of coordination between the EU-level and its MS, and greater orchestration of international partners by the EU.
3. The MS should continue to promote the reform momentum that has already arisen (or is in the process of doing so) and utilise this in the discussion of the **future of the ACP-EU partnership**. This is the time of fundamental rethinking, in which even highly symbolic - but obsolete – pillars of EU development policy should not be sacrosanct. There is a need to move towards a modernised fully just and needs-based European development cooperation, i.e. one that no longer discriminates between ACP and non-ACP countries.
4. Potential for synergies and leverage effects of **joint policy development and use of resources** (across sectors and levels of government) should be further examined and facilitated. Joint approaches of DEVCO, ECHO, EEAS and Trade should be targeted, including in close cooperation with the MS through the improvement of flows of information, transparency and joint learning, such as in the Council working party on Humanitarian and Food Aid (COHAFA).

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