European Commission

Policy Coherence for Development

2015 EU Report

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Policy Coherence for Development

2015 EU Report

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Executive Summary

Policy Coherence for Development (PCD) is a priority for the European Commission and mechanisms and procedures to avoid contradictions and build synergies between different EU policies have continued to improve since the last PCD report of 2013[1]. The 2015 report covers both cross-cutting and thematic issues from 2013-15 and presents examples of progress on PCD across different policy areas.

Promoting Policy Coherence for Development

Progress on embedding Policy Coherence for Development has continued at both European and national (Member State) levels.

Impact Assessments (IA) allow *ex-ante* assessments of policy proposals and can help ensure that possible impacts on developing countries are taken into account at an early stage of the preparation of a political initiative. Specific and operational guidance is now provided on how to systematically assess the effects of new policies on developing countries. The Better Regulation Package adopted by the Commission on 19 May 2015 contains guidelines and also a toolbox to assess potential impacts of future EU initiatives on developing countries in an appropriate and proportionate manner.[2] These new tools will be pivotal in promoting the principle of Policy Coherence for Development across Commission services. The same Better Regulation Package strengthens the guidelines for *ex-post* evaluations of EU policies and the Commission has scheduled an external evaluation of PCD for the second half of 2015.

EU delegations play a pivotal role providing feedback on the impact of EU policies on partner countries and in identifying challenges on policy coherence. Following a PCD reporting exercise concluded during the first half of 2014 and involving reports from 41 EU delegations covering 62 partner countries, the Commission took steps to strengthen the monitoring of country-level PCD issues and the capacity of delegations to contribute to PCD, e.g. via the organisation of targeted training on PCD and initiating steps for a regular PCD reporting mechanism from EU delegations.

The **institutional organisation of the Commission headed by President Juncker is a policy coherence instrument** in itself. Clusters of competency areas headed by Commission Vice-Presidents promote cross-cutting and coherent policy making. Concerning EU external policy, the High Representative of the Union for Foreign Affairs and Security Policy and Vice-President of the Commission, ensures coherence between different policy strands and a common approach for EU external action.

Development policy is a parallel competence[3] between the EU and its Member States. Overall Policy Coherence for Development is clearly progressing across **Member States**. Legal and political requirements, reporting, coordination mechanisms and coherence-related work are on the rise. OECD peer reviews in 2013-15 confirm this progress.[4]

1 | http://ec.europa.eu/europeaid/node/45425

2 | http://ec.europa.eu/smart-regulation/index_en.htm

3 | Article 4(4) TFEU

4 | OECD's Peer Reviews are in-depth examinations of development systems and policies, including lessons learned, in all member countries of the OECD Development Assistance Committee (DAC). Each member country is peer-reviewed approximately every four years. Sweden, France, Italy, Ireland, UK, and Austria were the EU Member States reviewed in 2013 and 2014. Belgium was reviewed in the first half of 2015: All seven are making significant progress in their efforts to enhance PCD

Attention to Policy Coherence for Development has also increased in the Council over the last two years. Dedicated discussions and debates have increased through the introduction of policy coherence-related issues as a regular agenda item in the Working Party on Development Cooperation (CODEV), COREPER and the Foreign Affairs Council in Development Formation.

The **European Parliament has also maintained its strong support for PCD** and made concrete proposals in its 2014 Resolution[5] to reinforce political commitment in practice. It is playing an increasingly important role in raising awareness on policy coherence for development in relevant policy initiatives.

Since 2013, three main Commission Communications[6] and corresponding Council conclusions[7] have underlined **policy coherence for development as a key element for the post-2015 development agenda**. Continuing international reflection on the form and content of a post-2015 framework has further highlighted the key importance of "beyond-aid" issues, including the need for enhancing policy coherence. The Council reaffirmed that the EU remains fully committed to ensuring PCD as a key contribution to the collective global effort towards sustainable development in the post-2015 context.

In 2005 Council conclusions identified twelve[8] main areas for PCD and requested the Commission to issue biennial PCD reports. In 2009 those areas were clustered into **five strategic challenges** - Trade and Finance, Climate Change, Food Security, Migration and Security – which remain the guiding principles of Policy Coherence for Development efforts at European level. Progress in each of these challenges is summarised below.

Trade and Finance

Trade remains crucial for economic growth and sustainable development.

While trade has helped to lift hundreds of millions of people out of poverty, not all developing countries have enjoyed such gains: least developed countries (LDCs) in particular remain marginalised in global trade.

The EU has been a frontrunner in providing **Duty-Free-Quota-Free access** to all goods (except arms and ammunition) from LDCs through the Everything-But-Arms Initiative (EBA) as part of the EU's **Generalised Scheme of Preferences** (GSP). The reformed GSP regime started to apply from 1 January 2014 and includes three arrangements providing for a sliding scale of preferences according to the beneficiaries' needs: GSP, GSP+ and EBA. This regime focuses on those countries most in need, i.e. LDCs and other low income economies.

Economic Partnership Agreements (EPAs) have a specific development focus including development cooperation as an essential element of implementation. EPAs have reached the implementation stage in the Caribbean,

5 | European Parliament resolution of 13 March 2014 on the EU 2013 Report on Policy Coherence for Development (2013/2058(INI)) (http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2014-0251)

6 | COM(2013) 92 final - A decent life for all: Ending poverty and giving the world a sustainable future (http://ec.europa.eu/europeaid/documents/2013-02-22_communication_a_decent_life_for_all_post_2015_en.pdf); COM(2014) 335 final - A decent life for all: From vision to collective action (https://ec.europa.eu/europeaid/decent-life-all-vision-collective-action_en); COM(2015) 44 final - A Global Partnership for Poverty Eradication and Sustainable Development after 2015 (https://ec.europa.eu/europeaid/sites/devco/files/com-2015-44-final-5-2-2015_en.pdf)

7 | Council Conclusions, Brussels, 25 June 2013, 11559/13: The Overarching Post 2015 Agenda (http://data.consilium.europa.eu/doc/document/ST-11559-2013-INIT/en/pdf); Council Conclusions, Brussels, 16 December 2014 (OR. en) 16827/14: A transformative post-2015 agenda (http://data.consilium.europa.eu/doc/document/ST-16827-2014-INIT/en/pdf); Council Conclusions, Brussels, 26 May 2015 (OR. en) 9241/15: A New Global Partnership for Poverty Eradication and Sustainable Development after 2015' (http://data.consilium.europa.eu/doc/document/ST-9241-2015-INIT/en/pdf)

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Pacific (Papua New Guinea and Fiji), Eastern and Southern Africa (Madagascar, Mauritius, Seychelles, Zimbabwe), as well as in Central Africa (Cameroon). In 2014, negotiations were concluded with West Africa, the Southern African Development Community (SADC) EPA States and the East African Community (EAC). Negotiations for modern and comprehensive **Free Trade Agreements** are also on-going with emerging economies and developing countries in Asia, the European neighbourhood and Latin America.

Given the importance of the European and American markets to exporters from third countries, it is important to consider the possible impact on development of the **Transatlantic Trade and Investment Partnership (TTIP)**. Most studies agree that the possible effect of TTIP on developing countries should be limited and possibly positive. However, specific products or countries, in particular developing countries, may be impacted. The Commission intends to ensure the necessary monitoring throughout the negotiating process in order to anticipate risks, opportunities and any need for accompanying measures.

More than one-third of total EU development aid (ODA) currently supports trade related needs. Specific **Aid for Trade** (AfT)[9] programmes are conceived to help developing countries reap the benefits of new trade deals. With a total of EUR 11.7 billion in 2013, the EU and its Member States remained the most important AfT donor in the world with Africa the most important recipient of AfT programmes.

The EU continued to include specific provisions promoting sustainable development (core labour standards and decent work; environment protection through commitment to implement key multilateral environmental agreements, etc.), in all trade agreements concluded during the period covered by this report and further advanced the implementation of the trade and sustainable development chapters of trade agreements already entered into force.

In 2014, the Commission and the High Representative adopted a proposal for an **integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas** addressing the link between armed groups and the exploitation and trade in minerals in particular tin, tantalum, tungsten and gold. The proposal consisted of a draft Regulation setting up an EU system for supply chain due diligence and self-certification of responsible importers, accompanied by a Communication presenting the overall foreign policy approach on how to tackle the link between conflict and trade of minerals extracted in affected areas.

In May 2014, the Commission defined its expectations of the private sector in terms of **Corporate Social Responsibility and development** in a Communication entitled "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries".[10] The private sector is considered as an essential partner in the fight against poverty, with a key role to play in achieving development objectives as part of core business strategies.

The approach on minerals builds upon an existing EU initiative, the EU Timber Regulation under the FLEGT (Forest Law Enforcement, Governance and Trade) Action Plan. This aims to combat illegal logging, which in itself is coherent across the themes of Trade and Finance, Climate Change and Food Security addressing both demand side measures for legal timber trade and supply side measures of governance, participation and legislation in the forestry sector that impacts on both climate change and food security in the context of the livelihoods of over one billion people dependent on forests.

9 | 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.

10 | COM(2014) 263, 13.5.2014

In 2014 the Commission published its revised **Intellectual Property Rights (IPR) Strategy** for the protection and enforcement of intellectual property rights in third countries reaffirming the importance of taking into account third countries' level of development. Acknowledging that developing countries can host inventive and creative industries that stand to benefit from stronger IPR protection, the strategy aims to find a good policy balance between encouraging and rewarding innovation, and ensuring access for users and the public.

The EU has been active in supporting **domestic revenue mobilisation** (DRM) reforms in developing countries to help improve their capacity to increase revenues and to tackle tax evasion and avoidance by supporting the design of efficient, effective, fair and transparent tax systems in line with the principles of good governance in tax matters.

A **major independent study** of the economic benefits generated by the EU Trade regimes towards developing countries was concluded in 2015[11]. The study demonstrates that EU trade policy (in particular the GSP) have significantly increased the exports of developing countries and contributed also to their economic diversification. This double impact is greater for Least Developed Countries.

Food Security

The **Common Agricultural Policy** (CAP) plays an important role in EU agriculture and its coherence with global food security objectives and development issues is essential. Significant progress has been made through CAP reform ensuring that food security is assured for citizens in the EU, with an approach that seeks to actively benefit the global community, particularly developing countries.

Following successive reforms, the CAP is now delivering support to EU farmers and rural communities in a manner that does not distort markets or trade. The **2013 reform of CAP** further **improved its market orientation** through the abolition of remaining production constraints (sugar production quotas will be abolished in 2017) and confirming the decision to end milk quotas in 2015.

The systematic use of export refunds to subsidise EU farm prices on the global market has been stopped since January 2014. In 1993, the CAP provided more than EUR 10 billion for export subsidies; in 2012 the CAP included no more than EUR 147 million. Today, all rates are currently set at zero. Moreover, in January 2014 the Commission agreed to **end the use of export refunds** for all products exported to African countries entering into a full economic partnership agreement (EPA) with the EU.

EU public funds are no longer used on a systematic basis to subsidise exports outside the EU. Hence, agriculture and food security are areas where the EU's efforts to enhance policy coherence for development are showing results. The Common Agricultural Policy and agricultural trade policy continue to align closely with development policy and are becoming increasingly development friendly.

The **Common Fisheries Policy** (CFP) sets out the rules for EU fisheries management within and outside EU waters. 2014 saw a wide ranging reform of the CFP entering into force with the aim of securing both fish stocks and the future livelihood of fishing communities by ending overfishing and ensuring that all fish stocks are brought to sustainable levels.

The CFP reform endorses the orientations that the Commission had set out in its 2011 Communication on the external dimension of the Common Fisheries Policy: in particular the need to create a new generation of Sustainable

11 | https://ec.europa.eu/europeaid/trade-study-2015_en

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Fisheries Partnership Agreements (SFPAs), to make Regional Fisheries Management Organisations more effective, to fight Illegal, Unreported and Unregulated (IUU) fishing and to strengthen coherence between EU policies. The EU's efforts to **combat Illegal, Unreported and Unregulated fishing** are recognised by many NGOs as world leading.

This external dimension of the CFP reform allows enhanced partnership between the EU and developing coastal states including a legal requirement that **bilateral fisheries agreements must be sustainable** and act as a tool to help promote long-term resource conservation and good governance.

Climate Change [12]

The EU continues to show leadership and determination to tackle climate change and environmental protection. At the European Summit in October 2014, European leaders agreed that the EU should step up its efforts and **reduce its own emissions** by at least 40% compared to 1990 by 2030. It also contained the EU's commitment to increase the share of renewable energy to at least 27% and increase energy efficiency by at least 27%. The EU is on track to meet these targets.

It is estimated that emissions from deforestation and **forest degradation** in developing countries constitute around one-sixth of global CO_2 emissions, or one-eighth of all global greenhouse gas emissions. At the same time nearly one billion vulnerable people depend on these forests for food, water, shelter and energy. The UN programme for Reducing Emissions from Deforestation and Forest Degradation (REDD+) could provide substantial benefits in addition to emissions mitigation including positive impacts on biodiversity, climate change adaptation, low emission development and strengthening indigenous peoples' rights. The European Commission has committed approximately EUR 25 million a year to initiatives piloting REDD+ in Asia, Africa and Latin America.

The EU has played a leading role in promoting high levels of environmental protection in the negotiation of new agreements or amendments to **Multilateral Environmental Agreements** (MEA). These Agreements are the most appropriate instruments to address global and trans-boundary environmental challenges for both developed and developing countries. They are beneficial for developing countries pursuing economic development while improving environmental management through sustainable waste treatment, sustainable management of natural resources, better access to water and energy and better health outcomes from controlled pollution.

In 2014, the EU ratified the Nagoya Protocol on **Access to Genetic Resources and the Fair and Equitable Sharing of Benefits** arising from their utilisation. Many developing countries are hosts to particularly rich biodiversity, the conservation and sustainable use of which will improve if benefits arising from the use are shared more equitably. In implementing the protocol [13] the EU has established checkpoints in which EU users of genetic resources from other Nagoya Protocol Parties must produce a due-diligence declaration demonstrating that they have accessed those resources appropriately and the benefits will be shared. More generally, the EU continued to engage with developing country partners at bilateral and multilateral levels to make the Protocol fully operational.

Over the last two years the EU has continued to pursue efforts to **mainstream biodiversity objectives** into development policy enhancing the consistency and their mutual supportiveness.

12 | This section includes environmental issues

13 | In April 2014, the Council and the European Parliament adopted Regulation (EU) No 511/2014 on compliance measures for users from the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable sharing of Benefits Arising from their Utilisation in the Union ("EU ABS Regulation"). The Regulation brings EU law in line with our international obligations under the Protocol

The same goes for the integration of **environmental protection requirements** into EU policies and activities, in particular to promote sustainable development. For instance, in development cooperation programmes the EU continues to promote high levels of environmental protection and sustainable use of natural resources by including these areas as focal sectors or integrating elements of environment protection into actions that address other policy sectors. This is also the case for the three main geographic instruments for EU development policy: the Development Cooperation Instrument [14] (DCI), the European Neighbourhood Instrument [15] (ENI) under the EU General Budget and the European Development Fund [16] (EDF).

Migration

In 2013, 3.2% of the world population, 232 million people, were considered international migrants with almost half of all international migrants living in developing countries. The **EU's** external migration policy – the **Global Approach to Migration and Mobility (GAMM)** - helps ensure policy coherence between migration and development policy. The first biennial Report on its implementation in February 2014, covering 2012-2013 found that significant progress had been made in strengthening political relations with third countries and regions and that GAMM is an efficient framework to engage third countries in policy dialogue and operational cooperation.

The EU development ministers meeting in the Foreign Affairs Council adopted conclusions on "**migration in EU development cooperation**" in December 2014, calling for strengthened action to address migration comprehensively including the development dimension.

Migration has consolidated its importance on the global development agenda in recent years. **The second High-level Dialogue on International Migration and Development,** organised by the UN General Assembly in October 2013, reaffirmed the political commitment to the link between migration and development and the need to consider migration in the context of the post-2015 development agenda. Harnessing the positive effects of migration was singled out as a priority topic for "A Global Partnership for Poverty Eradication and Sustainable Development after 2015". The European Agenda on Migration [17] presented by the European Commission in May 2015 underlines the need for stronger action to link migration and development policy in compliance with the EU Charter provisions, international human rights commitments and values.

Development issues are systematically included in the **bilateral and regional policy dialogues on migration** with partner countries with the aim of identifying opportunities and coordinating initiatives for stronger coherence.

The need to "maximise the development impact of migration and mobility to improve migration governance and cooperation in countries of origin, transit and destination and to promote the role of migrants as agents of innovation and development" was recognised in the **Declaration on Migration and Mobility**, adopted by the Fourth Africa-EU summit in April 2014.

The Khartoum Process, launched in November 2014, is a new framework for dialogue with partners in North and East Africa and confirms the political commitment to maximising the development impact of migration.

14 | Regulation (EU) No 233/2014 of the European Parliament and the Council

15 | Regulation (EU) No 232/2014 of the European Parliament and the Council

16 | Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the 11th European Development Fund

17 | COM(2015) 240 final

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Mobility Partnerships (MPs) represent the most innovative and sophisticated framework for cooperation with partner countries in the area of migration and mobility. In 2013 and 2014, the EU signed four new MPs with Azerbaijan, Morocco, Tunisia and Jordan.

Strengthening the **development potential of remittances** remains a political priority for the EU and its Member States and the adoption of the Payment Services Directive 2 (PSD2) aims to enhance cost transparency, innovation, security and competition in the EU remittances market.

The EU has taken a number of initiatives to strengthen the links and coherence between humanitarian and development approaches to forced displacement in current crisis areas. As part of the EU's long term response to the **Syrian refugee crisis**, a Regional Development and Protection Programme (RDPP) for refugees and host communities in Lebanon, Jordan and Iraq was launched in December 2013. In February 2015 a new comprehensive strategy was approved in the field of relief, stabilisation and development in Syria and Iraq with a commitment of EUR 1 billion in funding for the next two years.

Security

It is 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 EU has made progress in a number of areas recently in addressing different security challenges by enhancing policy coherence.

The **EU Comprehensive Approach** from December 2013[18] is about working together better and enhancing the coherence, effectiveness and impact of the EU's policy and action, in particular in relation to conflict prevention and crisis resolution. It seeks to make best use of the EU's collective resources and instruments. The Action Plan for 2015 – Taking Forward the EU's Comprehensive Approach[19] to external conflict and crises defines concrete initiatives to promote and consolidate the approach. In addition, the recent Joint Communication on Capacity Building for Security and Development proposes areas for further work to strengthen the EU's support in this field.[20]

Good examples of the progress in implementing the Comprehensive Approach are the **Strategy for Security and Development in the Sahel** and its extension to Burkina Faso and Chad (in addition to Mali, Mauritania and Niger) in March 2014 and the adoption of the **Strategy on Citizen Security in Central America and the Caribbean** in July 2014.

EU's dialogue with, and support for, fragile and conflict affected states is a key area of work for the implementation of the **New Deal for Engagement in Fragile States,** agreed at the 2011 Busan High level Forum on aid effectiveness. Supporting the New Deal principles, EU has put in practice a series of measures and tools for flexible procedures in crisis situations, for example in the context of the Ebola crisis nearly EUR 100 million have been allocated.

The EU has a long-standing involvement **supporting Security Sector Reform (SSR) programmes** in response to post-conflict, transitioning and developing countries. In 2013 alone the EU has committed EUR 2.89 billion to the sector of governance and civil society and a significant part of these allocations were channelled to improve the security and justice sectors in beneficiary countries.

The number of **Common Security and Defence Policy** (CSDP) missions has gradually increased and their mandates have often included building the capacities of peace and security actors in partner countries.

18 | JOIN(2013) 30 final, 11.12.2013

19 | SWD (2015) 85 final

20 | JOIN (2015)17final, 28.4.2015

Implementing **UN Security Council Resolution 1325 on Women, Peace and Security (WPS)** has required the concerted efforts of EU institutions and EU Member States in many policy areas and progress made includes that all EU delegations, as well as CSDP missions and operations, have nominated gender focal points.

A new **EU Conflict Early Warning System (EWS)** was rolled out globally in September 2014. The system looks at long-term risks for the emergence or escalation of violent conflict and is designed to close the gap between early warning and early action.

A revised **Union Civil Protection Mechanism was adopted in December 2013** putting more emphasis on disaster prevention and preparedness and striving to coordinate civil protection assistance and humanitarian aid. This coordination was very much evident in a number of recent emergencies, including the EU response to typhoon Hainan in the Philippines in November 2013[21] and to the Ebola crisis from March 2014 onwards[22].

The African Peace and Security Architecture (APSA) provides a continent-wide framework for conflict prevention, management and resolution as well as peace support operations, humanitarian action and disaster management. The EU is the most important donor for APSA structures and policies.

Key Challenges Ahead

Significant progress has been made over the past two years in implementing Policy Coherence for Development across all relevant EU policy areas. However, further improvements are possible and a number of current and future challenges will need to be addressed.

21 | http://ec.europa.eu/echo/files/aid/countries/factsheets/philippines_haiyan_en.pdf

22 | http://ec.europa.eu/echo/files/aid/countries/factsheets/thematic/wa_ebola_en.pdf

Introduction

Through Policy Coherence for Development, the EU seeks to take account of development objectives in all policies that are likely to affect developing countries. The promotion of PCD aims to minimise contradictions and build synergies between different EU policies to benefit developing countries and increase the effectiveness of development cooperation.

PCD was first integrated into EU fundamental law in 1992 (Maastricht Treaty) and further reinforced in the Lisbon Treaty (Treaty on the Functioning of the European Union, TFEU, Art. 208) making the EU a forerunner on the international stage in this area.

Since 2005, PCD has been a political commitment for the Commission, Council and European Parliament and in that year Council conclusions identified twelve[23] main areas for PCD and requested the Commission to issue biennial PCD reports. In 2009 those areas were clustered into five strategic challenges - Trade and Finance, Climate Change, Food Security, Migration and Security.

The report covers both cross-cutting and thematic issues and presents examples of progress on Policy Coherence for Development across different policy areas.

This report covers the period 2013-2015 and includes contributions from the European Commission services, the European External Action Service (EEAS) and Member States. Regarding Member States, the results of an extensive survey of national implementation of policy coherence for development are reported.

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Promoting Policy Coherence for Development

1.1 Why Policy Coherence for Development?

Although there is no agreed international definition of PCD, the Treaty on the Functioning of the European Union, TFEU, Art. 208 reads: "The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries."

Beyond this legal obligation, a strong and consistent political commitment is embedded in development policy milestones. In 2005, PCD became a political commitment for the Commission, Council and European Parliament (EP) through the European Consensus on Development. That same year, Council conclusions identified twelve main areas for policy coherence for development[24] and requested the Commission to issue Biennial PCD Reports. The Commission PCD Communication and related Council conclusions in 2009 clustered these twelve areas into five strategic challenges - Trade and Finance, Climate Change, Food Security, Migration, and Security – which remain the guiding principles of PCD efforts at European level. The 2011 Agenda for Change[25] not only further targeted development cooperation and concentrated aid on those countries most in need, but also confirmed and strengthened the political commitment to ensuring PCD.

Since 2013, three Commission Communications[26] and corresponding Council conclusions underlined policy coherence for development as a key element for the post-2015 Agenda. Continuing international reflection on the form and content of a post-2015 framework has further highlighted the key importance of "beyond-aid" issues, including the need for enhancing policy coherence at all levels. The Council has reaffirmed that the EU remains fully committed to ensuring PCD as a key contribution to the collective global effort for sustainable development in the post-2015 context.

The European Parliament has also maintained its strong support for PCD and made concrete proposals in its 2014 Resolution[27] to reinforce political commitment in practice.

Member States have continued their strong support of policy coherence for development as set out in the dedicated chapter in this report.

1.2 PCD Actors: Roles and Contributions

All principal European Union institutional actors: the Commission, the EP and the Council have a shared commitment to PCD and are equally responsible for promoting it. This legal and political commitment is reflected in the entire 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 as appropriate.

24 | Trade, Environment, Climate Change, Security, Agriculture, Fisheries, Social policies, Migration, Research and innovation, Information technologies, Transport, Energy

25 | http://ec.europa.eu/europeaid/node/1364

26 | See executive summary for references

27 | http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2014-0251

1 Promoting Policy Coherence for Development

Commission services and the EEAS

The institutional organisation of the Commission is a policy coherence instrument in itself. Clusters of competency areas headed by Commission Vice-Presidents favour cross-cutting policy making. For example, for external policy a group of Commissioners chaired by the High Representative ensures coherence between different policy strands and a common approach for EU action externally.

The Commission's key role in initiating the EU policy process requires comprehensive internal coordination between services as well as with the European External Action Service (EEAS). Since PCD encompasses a wide range of policy areas, effective coordination between the parties involved is essential. The Directorate-General for International Cooperation and Development (DG DEVCO) coordinates different networks including coordination within DG DEVCO; Inter-Service groups with other Commission services and the EEAS; and with Member States in informal meetings of PCD focal points. Regular contact is maintained with the EP and external actors, notably civil society organisations (CSOs) and the OECD.

Council

Attention to PCD has increased in the Council over the last two years. While the political commitment has never been in doubt, dedicated discussions and debates have recently increased through the introduction of policy coherence-related issues as a regular agenda item in the Working Party on Development Cooperation (CODEV), the Committee of Permanent Representatives (COREPER) and the Foreign Affairs Council in Development Formation. Such discussions have covered a wide range of areas including migration, fisheries, food security and conflict minerals. In its conclusions on the 2013 PCD report of December 2013, the Council also called for more progress on PCD at country level through a reinforced role for EU delegations and additional progress on monitoring and promoting a more evidence-based approach. The Council also called for the EU to lead on policy coherence in the global discussions on the Post-2015 framework.

European Parliament

The European Parliament plays an increasingly important role in the promotion of policy coherence for development in the EU. It has consistently strengthened its procedures, instruments and mechanisms in this respect. Since 2010 a Standing Rapporteur for PCD is part of the Development committee (DEVE). The DEVE mandate includes regular discussions on PCD-related issues, reaching out to other committees and creating a "PCD label" for European Parliament EP reports. The European Parliament sets out its own priorities in a Resolution on the biennial Commission PCD report. The last Resolution (as of July 2015) was adopted in March 2014[28] with a focus on the Commission's methods and procedures for ensuring coherence. Its key proposals refer to an arbitration system to be operated by the President of the European Commission to decide amongst conflicting policies on the basis of the legal commitments of the Union with regard to PCD (confirming the institutional role played by the Commission President), the need to establish an independent mechanism to receive and process complaints by members of the public or communities affected by the EU's policies, and the EP's important role in promoting PCD.

The EP also plays a positive role as a forum for exchanges with civil society and in promoting international dialogue on PCD issues with partner countries and other stakeholders.

Member States

EU Member States are responsible for ensuring policy coherence for development in their national policies and at the EU level and usually have their own coordination mechanisms in place.

Overall, Member States have made significant progress in their national approaches for enhancing policy coherence for development with increasing attention to coordination and reporting.

28 | http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P7-TA-2014-0251

Regular exchanges between the Commission and Member States – twice yearly in informal expert meetings with National PCD Focal Points and *ad hoc* contacts – aim to promote learning and ensure coherence throughout the EU. This is particularly relevant as development policy is a parallel competence between the EU and its Member States.

Civil Society Organisations

The Confederation for Relief and Development (CONCORD) is the principal development NGO umbrella organisation and an important interface with the EU institutions on development policy. It is made up of 27 national associations, 18 international networks and two associate members that represent over 1 800 NGOs. One of their priorities is to monitor actions towards Policy Coherence for Development by the EU and its Member States. CONCORD's "Spotlight on Policy Coherence for Development" report scrutinises the implementation of PCD in EU policies, highlights perceived incoherencies and sets out the organisation's own vision. The 2013 edition focused on illicit financial flows, food and nutrition security, and climate change and made proposals on how the EU can help more in these policy areas. CONCORD has also followed the review of the Commission Impact Assessment system closely and provided comments. In addition, the organisation has highlighted the importance of PCD in the post-2015 framework and the need for a PCD complaint mechanism for individual citizens.

CONCORD also organises thematic workshops and publishes position papers, for example on food security, to raise awareness of potential conflicts of interest and perceived incoherence.

OECD

The Organisation for Economic Cooperation and Development (OECD), and in particular its Development Assistance Committee (DAC), is an international reference point for enhancing policy coherence for development for its 34 Members[29] and the European Commission[30].

Important contributions are the Peer-Reviews (see section below) and self-assessment toolkits developed to help design, implement and track progress in policy coherence. At present, in the context of Post-2015, the PCD concept is evolving to Policy Coherence for Sustainable Development (PCSD) and the various toolkits are being updated to support the implementation of Sustainable Development Goals (SDGs). This work is also intended to facilitate constructive dialogue between policy-makers and key stakeholders.

Regular meetings of the National PCD Focal Points network are instrumental in comparing experiences and using best practice when devising new tools. In addition, thematic workshops and reports[31] help to enhance the collective knowledge base.

1.3 European Commission: Mechanisms and Tools

Impact Assessments

Impact Assessments (IA) are prepared for all Commission initiatives that are expected to have significant economic, social or environmental impacts. They provide decision-makers with evidence on the need for EU action and the advantages and disadvantages of different policy choices. IAs allow *ex-ante* assessments of policy proposals and can help ensure that impacts on developing countries are taken into account at an early stage of the preparation of a political initiative.

29 | http://www.oecd.org/about/membersandpartners/. 21 out of the 34 are EU Member States (all except Bulgaria, Croatia, Cyprus, Latvia, Lithuania, Malta and Romania)

30 | The Commission has "Enhanced Observer" status

31 | Two examples from 2014 Report on the implementation of the OECD Strategy on Development' and "Looking ahead to global Development beyond 2015: Lessons learnt from the initial implementation phase of the OECD Strategy on Development"

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The Commission has laid down Guidelines to set quality standards and give general guidance to the Services carrying out IA work. When these Guidelines were reviewed in 2009 a new section on assessing impacts on developing countries was introduced. However, the number of efforts to assess development impacts remained low. This may have been because, unlike other EU policies, specific guidance on how to assess these types of impacts was not provided.

Following a high-level expert workshop in 2013 and consultation with Commission services, specific and operational guidance is now provided on how to systematically assess the effects of possible new policies on developing countries. This new toolkit is part of the new Impact Assessment Guidelines, which have become part of the Better Regulation Guidelines[32] adopted by the Commission on 19 May 2015. The specific guidance covers a number of aspects including: whether the proposed initiative is likely to affect developing countries; how to determine the appropriate level of analysis; how to assess the impacts on developing countries (descriptive or in-depth analysis); and provision of links to further information sources and background material.[33]

Sustainability Impact Assessments

Sustainability Impact Assessments (SIAs) are a trade-specific policy analysis tool for the prior assessment of the economic, social and environmental implications of all trade deals and are systematically carried out during negotiations and before conclusion of the deal.[34] They were first developed by DG TRADE in 1999 and have been undertaken for all major bilateral and multilateral trade negotiations since then.[35] SIAs are independent studies conducted by external consultants and guided by a SIA Handbook published in 2006 that sets out the overall methodological framework. The methods and expected content of impact analyses have continued to evolve and improve over time. In addition stakeholders have called for changes or additional features; while hands-on experience from SIA projects has led to numerous progressive improvements in their conduct.

These cumulative improvements have all been incorporated into the second edition of the SIA Handbook to be published later in 2015. In particular, careful attention has been given to strengthening the consultation of stakeholders in both the EU and partner countries, and how to carry out an in-depth analysis of potential impacts of measures included in a trade agreement on human rights. These two improvements promote greater synergy between the EU's trade and development policies and will help to ensure that EU trade policy is designed in a way that supports the development objectives of its trade partners.

Inter-service Consultations

All Commission initiatives and major programmes are subject to inter-service consultation. They are checked by central services for regularity and legality as well as for compliance with the rules so as to ensure the achievement of policy objective in each sector identified. Furthermore, during the Budget setting process checks and verifications on policy coherence between different policy areas are examined. The Programme Statements supporting the annual Draft Budget are one of the ways of ensuring policy complementarities and coherence.

32 | SWD (2015) 111 final, 19.5.2015.

33 | See in particular Tool #30 on developing countries of the Better Regulation "Toolbox" annexed to the Guidelines.

34 | All trade negotiations mentioned in this report are or will be subject to SIAs (http://ec.europa.eu/trade/policy/policy-making/analysis sustainability-impact-assessments/assessments/#_geographical))

35 | As of July 2015, 22 SIAs have been completed in respect of the EU's negotiation of trade agreements; 4 are work in progress; and further studies are planned to be launched in 2015.

Screening of PCD relevant policy initiatives

DG DEVCO periodically monitors the Work Programme of the Commission to identify key policy initiatives that can have an impact on developing countries. A list of PCD-relevant initiatives mainly within the five key PCD challenges identified is established with the support of other Commission services within the PCD inter-service group.

Ex-post Evaluations

Since 2004 *ex-post* evaluations of EU policies and interventions governed by legal instruments have been steered by Commission guidelines on evaluations. Those guidelines have been revised and integrated into the new Better Regulation Guidelines (see above).

Evaluations are defined as an evidence-based judgement of the extent to which an intervention has been effective and efficient, relevant given the needs and its objectives, coherent both internally and with other EU policy interventions, and has achieved EU added-value. They are a tool to help the Commission assess the actual performance of EU interventions compared to initial expectations. By evaluating, the Commission takes a critical look at whether EU activities are fit for purpose and deliver, at minimum cost, the desired changes for European businesses and citizens, and contribute to the EU's global role. Evaluations also provide a key opportunity to engage stakeholders and the general public, encouraging feedback on how EU interventions are perceived.

The Commission has scheduled an evaluation of PCD for the second half of 2015. This responds to Council and EP demands for an independent *ex-post* assessment of how the Commission implements its legal and political commitments.

Biennial EU PCD Report

Since 2007 the Commission has monitored progress on PCD via this biennial EU PCD Report. The report covers both cross-cutting and thematic issues and presents examples of progress on PCD in the different policy areas. It is a useful monitoring, reporting and awareness-raising tool.

EU delegations reporting on PCD

EU delegations play a pivotal role in identifying challenges for PCD and providing feedback on the impacts of wider EU policies on our partner countries. In order to reinforce the role of delegations and to strengthen country-level dialogue on PCD, in July 2013 the Commission and the EEAS, on behalf of the High Representative, jointly asked Heads of Delegation to report on a number of PCD issues. Reports from 41 EU delegations were received covering 62 partner countries[36] allowing the identification at country and regional level of common challenges for PCD.

Awareness of the PCD concept: Overall, the reports reveal a good level of awareness on PCD in EU delegations, but also that PCD issues are seldom discussed with Member States, the partner governments or civil society at country level, which may point to a low level of awareness of PCD in general. The same can be said of other donors.

Delegations capacity and needs on PCD: Most delegations indicated that they have limited capacity to work specifically on PCD-related issues, mainly due to high workload and human resources constraints. A majority also saw a need for specific training on PCD and/or regular updates on EU policies that are relevant for PCD.

Main PCD issues mentioned: PCD challenges most frequently raised were in the areas of trade and finance, fisheries, food security, and migration. In the area of trade and finance main issues brought up were market access (Generalised Scheme of Preferences; Everything But Arms; Rules of Origin),

36 | 26 replies from delegations in ACP countries, twelve from other developing countries in Asia and South/Central America

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EPA implementation, non-tariff barriers to trade (in particular EU Sanitary and Phyto-Sanitary requirements), the impact of the liberalisation of the sugar regime, conditions of service provision under Free Trade Agreements and illicit financial flows. Regarding fisheries and food security, the negotiations and implementation of the Fisheries Partnership Agreements (FPA) and the implementation of the EU Regulation on Illegal, Unreported and Unregulated (IUU) Fishing, as well as the biofuels/food security/land use nexus were often mentioned. On migration, in particular, the EU visa policy and labour market access and remittances policies came up often.

A number of EU delegations reported synergies between different policies in favour of development, often supported by funds for capacity building (fisheries) and Aid for Trade.

Follow-up: As a follow-up to this reporting exercise the Commission took steps to strengthen the monitoring of country-level PCD issues and the capacity of delegations to contribute to PCD including:

- targeted training sessions on PCD for Heads of Cooperation, when meeting in Brussels, and to develop a PCD e-learning training course with a specific module dedicated to the work in delegations;
- setting up a regular reporting mechanism from delegations on PCD and encouraging delegations to engage in regular discussions on PCD with partner countries and to strengthen dialogue and follow-up on PCD issues with Member States – as requested by several Member States.

Copernicus and GMES & Africa

The Global Monitoring for Environment and Security & Africa (GMES & Africa) initiative is the crystallisation of the longstanding cooperation between Africa and Europe in the area of space science & technology, which is one of the key priorities of the Africa-EU Partnership with a strong link to the Copernicus[37] information services and satellite data. By free-full-and-open provision of satellite data, African governments are encouraged to make their in-situ data available in the same manner. The involvement of private sector companies – African and European – is an important element.

Both instruments – Copernicus and GMES & Africa – enable to support and monitor the implementation of actions in most of the policy fields such as food security, climate change adaptation, migration and security.

Research and Innovation - Horizon 2020

The urgency, complexity and scale of the challenges faced by developing countries today, would benefit from new solutions supported by and tackled through major research and innovation efforts. Research cooperation goes beyond the transfer of knowledge to allow for the co-creation and co-development of solutions. In addition, research provides evidence in support of development policies both on cross-cutting issues (such as development and poverty eradication) and thematic ones. Horizon 2020, the EU Research and Innovation Framework Programme (2014-2020), is fully open to participation by researchers and innovators from developing countries. Concrete efforts have been made in terms of increasing complementarity and synergy between EU research and innovation policy and development policy.

A call for research proposals entitled "The European Union's contribution to global development: in search of greater policy coherence" was published in the framework of Horizon 2020 in 2015. The funded research project(s) will aim to provide evidence-based research results for policy making from 2016. A rich portfolio of currently running research projects contribute with data, analysis, foresight tools and policy advice to the scientific underpinning of policy decisions.

37 | www.copernicus.eu

The Commission's Joint Research Centre

The Commission's Joint Research Centre (JRC) provides wide-ranging scientific support to foster evidence-based EU policymaking, including in the area of international cooperation and development. DG JRC draws on its expertise in integrated assessment, modelling and analysis, resource monitoring through remote-sensing and image processing; methodological and indicator development to support coherence in a number of thematic areas, including climate resilient development, food security, disaster risk management, sustainable management of natural resources, protection of the environment and biodiversity, etc.

DG JRC cooperates with major development and international actors such as the UN agencies and the African Union and is establishing contacts with new partners (e.g. networks of African Science Academies) to develop their capacities, inform on policy options but also tackle jointly global challenges and ensure sustainable development.

An example is the **EU Aid Explorer** - a tool developed by DG JRC to enhance the transparency and accountability of development and humanitarian aid data for the European Commission as a donor. EU Aid Explorer was launched at the High Level Meeting of the Global Partnership for Effective Development Cooperation (GPEDC) in Mexico in April 2014. It makes a major contribution to the transparency of aid data, providing data for all major donors and 150 recipients in the world. By making data easily accessible, countries, beneficiaries, EU citizens and implementing partners can better monitor the use of donor funds; while donors can improve coordination and effectiveness of their assistance.

1.4 Member States

Introduction

During preparation of this Report, Member States replied to a detailed questionnaire outlining their PCD mechanisms, priorities and recommendations. Their collated contributions can be found here *http://ec.europa.eu/europeaid/policies/policy-coherence-development_en*

Overall, PCD is progressing very clearly in Member States with legal and political requirements, reporting, coordination mechanisms and coherence-related work on the rise. An overview of the results of the contributions, with appropriate illustrations, is presented below.

Legal basis for PCD

Thirteen European Member States reported having a legal basis for PCD, with four of them having adopted that basis in the past three years showing steady progress since the 2013 PCD Report. All thirteen reported having legal commitments in place obliging governments to pursue PCD objectives and requiring all policy initiatives to take into consideration the objectives of development cooperation. In addition a few Member States have created, or are in the process of creating, an institutional legal framework for dealing with PCD issues.

Portugal passed a resolution ("The Council of Ministers Resolution") which develops an institutional framework on PCD based on an inter-ministerial working group. The purpose of this working group is to foster PCD across the administration and oversee the development of a national work plan for pursuing PCD.

Political commitment on PCD

Eighteen Member States report that their Government has a political commitment on PCD - a slight improvement on previous years. Very often

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the political commitment to PCD is part of the development policy or development cooperation strategy of the country. In a few Member States political commitment is reflected through a "whole of government" approach or outlined as guiding principles in government programmes.

Some Member States implement their political commitment on PCD by identifying specific priority areas or plans of action such as: migration, climate change or security. Others have created instruments and tools to integrate PCD into government policies.

Some Member States have highlighted their political commitment to adapt their efforts on PCD to the post-2015 framework. This is important as the changing nature of the international development framework is likely to have implications as to how countries pursue PCD and highlights the continuing and growing importance of PCD in national political discourses.

Reporting obligations on PCD

Half of the Member States consider their reporting to the EU (for the biennial PCD report) as a reporting obligation. Similarly, a few consider they have reporting obligations on PCD to the OECD. Only six Member States report having specific national reporting requirements on PCD, annually or biannually through committees or the presentation of reports to parliament. Other Member States consider PCD reporting to happen informally through inter-ministerial discussions, thematic discussions and hearings in parliament.

Coordination mechanisms on PCD within the national administration

Many Member States report expanded or renewed coordination mechanisms on PCD within the national administration since 2013. Twenty Member States reported having coordination mechanisms on PCD in place. Although the format of these coordination mechanisms varies, very often they consist of inter-ministerial working groups or committees. These inter-ministerial bodies provide a forum for discussion on PCD within government, evaluate progress on PCD and suggest PCD priority areas. In addition these inter-ministerial bodies often provide the role of an advisory committee to the Ministry of Foreign Affairs. Four Member States use their International Development Department and/or Ministry of Foreign Affairs as the lead institution pursuing coordination mechanisms on PCD – for example DFID in the UK.

> ***Spain*** has developed three main bodies (the inter-territorial Commission of Cooperation, Inter-ministerial Commission of Cooperation, and the Development Cooperation Council) with the goal of facilitating coordination and coherence and providing a forum for different actors involved in PCD. Together these bodies cover the Spanish development agencies, local and provincial governments, all sectors and departments of the national government as well as representatives of civil society.

Parliament involvement in PCD

Seventeen Member States reported that their parliament is involved in PCD and have held discussions and debates on PCD.

> In 2014 the ***Finnish*** Parliament held a debate on the Finnish Government's 2014 Report on the Impact and Coherence of Development Policy ("Towards a More Just World Free of Poverty"). After this debate the Parliament called on specific measures, such as a more effective use of the national EU coordination system, to ensure that the impact of different policies on developing countries is taken into account.

Overall, parliamentary discussions are an important political driver for disseminating information on PCD across government and promoting policies favourable to PCD. This trend suggests that more parliamentary involvement in PCD will help many Member States in their PCD activities.

Thematic priority areas for enhancing PCD

Fourteen Member States reported having specific thematic priority areas for PCD and often aligned with the five EU PCD challenges. However, most countries only focus on three or four policy areas. There are also cases where countries focus on other thematic areas such as taxation, social protection, illicit financial flows and textiles.

> ***Denmark*** focuses on three thematic priority areas: trade and finance, food security and climate change, peace and security and has set five political objectives at EU level to help achieve these goals: EU free trade agreements leading to greater economic inclusion of LDCs, the EU to be at the forefront of fighting tax fraud and tax evasion, EU-policies contributing to global food security, the EU taking a leading role in promoting "green transition" and curbing climate change, and the EU applying coherent approaches to conflicts and stabilisation.

> ***The Netherlands*** identified textiles as one of its thematic priority areas. After the collapse of the Rana Plaza (April 2013) in Bangladesh the Dutch Government appealed to the European companies involved to pay compensation to the victims. This tragedy also kick-started the outline of a national action plan for sustainability within the textile industry by the three leading Dutch branch organisations. An international CSR agreement between the government and the Dutch textile sector associations is now being drawn up to improve the working conditions within the textile supply chain of this sector. The focus is not only on Bangladesh, but also on other textile manufacturing countries including India, Turkey and Vietnam.

> The ***UK*** takes a different approach shifting away from a focus on thematic challenges to areas of development. The three sectors the UK is prioritising are: economic development, human development, and conflict and fragility.

Initiatives to strengthen PCD-relevant knowledge and skills

Seventeen Member States reported that they have undertaken initiatives to strengthen PCD-relevant knowledge and skills. Public events, such as seminars, conferences and exchanges with CSOs and NGOs, are organised around the issue of PCD to raise awareness among the wider public. Some Member States have engaged in pilot studies, for instance, the Netherlands launched a study on the possible impacts of Dutch policies in several PCD-related areas in Ghana and Bangladesh.

> In July 2014, the ***Romanian*** Ministry of Foreign Affairs and CSOs organised a national workshop on PCD issues. This workshop gathered relevant national stakeholders in development with the main objective of mapping the efforts made at European and national level in terms of PCD and the challenges which lie ahead.

> The ***Polish*** Ministry of Foreign Affairs organised two meetings dedicated to the issue of PCD in cooperation with the OECD and the Ministry of Foreign Affairs of ***Sweden***. As well as the presentation of the main approaches, methods, instruments and implementation tools of PCD, and the Swedish experience in implementing PCD, the main points discussed were related to the link between PCD and the post-2015 framework.

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Involvement of embassies or third partners in PCD related issues

Twelve Member States gave examples of how their embassies engage in PCD dialogue and related activities with third partner countries.

Around 60% of ***Italian*** Cooperation Offices and Embassies worldwide have engaged in PCD related issues in partner countries through specific programmes, policy dialogue, events or other formats. For instance, in Ethiopia, in the context of EU development coordination, the Italian Embassy encouraged the establishment of a "doing business" working group with the Government in order to discuss constraints on a better business climate in parallel with a development initiative of the World Bank (financed by Italy, Canada, UK and Sweden) that precisely targeted making the business climate more favourable for investors with a PCD focus.

A project entitled "Enhancing Policy Coherence: making development work better" funded by ***Portugal*** and the European Union involved the Platform of Cape Verde NGOs. It promoted PCD by raising awareness and mobilising a wide range of actors: policy makers, government officials, NGOs, university students and the general public. This contributed to increasing knowledge, both in Portugal and Cape Verde, on several policies (including migration, raw materials and fair financial systems) and their impact on developing countries, and to better understand national and EU policy-making processes.

Good practice and lessons learned from promoting PCD

The ***UK's*** Joint Trade Policy Unit (TPU) is a good example of promoting PCD. Recognising the strong links that exist between trade and development policy, the UK created the TPU to bring together 25 officials from the Department for International Development (DFID) and the Department for Business, Innovation and Skills (BIS) to work in a joint team. The team works for two Ministers in parallel – the Minister of State for International Development (DFID) and the Minister of State for Trade and Investment (BIS). Policies which have both trade and development implications need to be cleared by both respective Ministers of State. This ensures that the TPU can work coherently towards the dual objectives of global poverty reduction and UK competitiveness and market access.

Finland's Food Security Pilot completed in 2013 was carried out as a part of Finland's Development Policy Programme with the Government committed to evaluating and promoting coherence in agriculture, fisheries, environmental, trade and development policies. The work was carried out by a multi-stakeholder steering group including different ministries, research institutions and NGOs. It piloted the OECD PCD-tool looking at food security and generated an analysis of the present situation of Finland's different policies as well as providing over 20 substantiated policy recommendations for strengthening food security in the developing world through more coherent policies at national and EU level. It also provided valuable feedback to the OECD to further develop the tool. From 2014 the work has continued as the policy recommendations are implemented and monitored.

Assessing the impact of non-development policies

Eleven Member States reported that their governments take into account development objectives while assessing the impact of non-development policies. Often, the inter-ministerial mechanisms or committees on development cooperation serve this purpose. Some Member States refer to relying on the Impact Assessments that are carried out by the Commission.

The ***German*** Federal Ministry for Economic Cooperation and Development (BMZ) is involved in all cabinet decisions and scrutinises all cabinet submissions with regard to their development policy relevance. This allows the BMZ to ensure that policy-making across all relevant portfolios promotes, or at least does not impede, development.

Regular dialogue takes place between the ***Italian*** Ministry of Foreign Affairs and International Cooperation, other development stakeholders (such as CSOs and Local Authorities), and all other Ministries in charge of non-development policies that could be relevant to PCD. This dialogue is carried on in the framework of the National Council for Development Cooperation and through the Inter-ministerial Committee for Development Cooperation. Thanks to this continuous exchange of information, many line Ministries are in a position to take account of development objectives while assessing the impact of their policies.

PCD-related evaluations and *ex-post* impact assessments

Only seven Member States reported that they conducted evaluations or *ex-post* impact assessments related to PCD, while twelve Member States reported that they did not. Often the structures for decision-making do not sufficiently enable development aspects to being taken into consideration.

PCD-relevant studies

Nineteen Member States reported undertaking PCD relevant studies.

Since 2009 the ***Czech Republic's*** Development Agency has been commissioning and co-financing EU funded projects with the Czech think-tank Glopolis specifically on PCD. Their reports are written for experts, the general public and other media.

France is currently involved in a study jointly developed by the ECDPM and the OECD to assess the impact of OECD policies on food security in partner countries. The study is conducted in Burkina Faso with the objectives of testing and improving methodology and assessing the coherence of policies in OECD countries with food security objectives in Burkina Faso. The results will be combined with a similar study conducted in Tanzania to develop solid recommendations for improving the coherence of policies in OECD countries.

Portugal commissioned an ECDPM study entitled "Using the Policy Coherence for Development indicators by a number of EU Member States". This study examines how several EU Member States are institutionally and operationally dealing with PCD. The results will be presented in a seminar soon, but the study has already informed PCD focal point meetings for the EU and OECD.

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Use of indicators for measuring or evaluating the development-friendliness of PCD-relevant policies

Eighteen Member States reported that they do not use indicators for measuring or evaluating the development-friendliness of PCD relevant policies with only four reported that they do.

Involvement of civil society and the private sector on PCD-relevant issues

Twenty Member States reported that their CSOs and private sector are involved with PCD relevant issues.

In ***Belgium*** civil society and the private sector are involved on PCD-relevant issues at federal level through "Le Nouveau Conseil Consultatif" for policy coherence that comprises representatives of development NGOs, universities and unions. The private sector is not represented.

Latvian development cooperation is managed by the Ministry of Foreign Affairs in cooperation with the Consultative Council in Development Cooperation. The regular meetings of the Council are the main coordination mechanism for implementation of PCD in Latvia. The Council includes expert representatives from all line-ministries, civil society, the Latvian Chamber of Commerce and Industry, the Latvian Confederation of Employers, Latvian Rectors' Council, the European Affairs Committee of the Latvian Parliament, State Chancellery, and Latvian School of Public Administration. Furthermore PCD is actively monitored by the Latvian Platform for Development Cooperation and its 29 member NGOs.

1.5 Independent Assessments

OECD Peer Review

The OECD Development Assistance Committee (DAC) peer reviews each member country approximately every four years with two main aims: to help improve its development strategy and structures - and increase the effectiveness of its development investment; and to identify and share good practice in development policy and strategy. PCD is a regular feature of these reviews. The DAC reviews use three "building blocks" to make assessments: political commitment and policy statements; policy coordination mechanisms; and systems for monitoring, analysis and reporting. EU Member States Sweden, France, Italy, Ireland, UK, and Austria were reviewed in 2013 and 2014. Belgium was reviewed in the first half of 2015.

All the seven countries are publicly committed to ensuring PCD. However, how this translates in practice varies significantly between countries, with Sweden being front runners thanks to broad-based commitments, while others should broaden commitments further. Areas of policy incoherence have been identified. For Sweden and the UK in relation to their arms exports and for Ireland regarding their commitment to climate change. All countries have specific priority areas for PCD. The most common are climate change, food security, trade, security, tax and illicit financial flows - in line with agreed PCD challenges at EU level. However, none of the peer reviewed Member States have developed action plans or timetables for pursuing their priority areas. Raising public and civil society awareness on PCD also varies significantly. Some states are very active through multiple outreach activities, while others engage to a lesser extent.

Sweden, France, Ireland and Austria have formal mechanisms for inter-ministerial coordination for PCD, while others follow informal lines, or only coordinate certain sectors of government or certain policies. Most frequently coordination mechanisms are the responsibility of the Ministry of Foreign Affairs and/ or Development Cooperation. How effective these mechanisms are in pursuing policy coherence for development in practice is very much dependant on whether a country has a lead institution with a clear mandate for effective cross-government coordination. All seven countries have vibrant civil society actors that contribute significantly to discussions on PCD. A general recommendation for all reviewed countries is to work more closely with civil society networks.

Institutional mechanisms for monitoring, analysis and reporting are lacking in several countries with some countries using this EU report on policy coherence as their main reporting channel. For example, Sweden publishes a biennial report on policy coherence but lacks indicators for field monitoring. Ireland has commissioned research work on indicators for monitoring progress on PCD but few indicators are used at field level. To move forward on policy coherence for development, it is essential that countries develop mechanisms for screening their policies and impact. Similarly, reporting directly and consistently to parliaments on PCD efforts is key.

All countries are in the process of taking action for enhancing policy coherence for development in specific areas. France is a lead actor in promoting coherence on climate change, especially finance. Italy has taken actions on migration and food security. Ireland has designed laws that seek to prevent its health and tax policies from impacting developing countries. The UK has been especially active in dealing with corruption and recovering stolen assets, and low carbon growth. Austria shows strong progress on PCD in relation to environment and security issues. Sweden has launched an investigation into the rules and regulations around arms exports.

Key messages from the DAC Peer Reviews 2014 -2015 are relevant to all countries:

- PCD remains unclear to many actors within national governments. Further efforts are needed to ensure development concerns are understood better and discussed across government.
- A lead institution with a clear mandate to address PCD is a key success factor.
- PCD will continue to lack the necessary traction and evidence base without investment in evidence-driven research on the real or potential impact of policies.
- Few tools are available to demonstrate PCD results.
- Monitoring systems to assess progress on PCD need to be developed.
- Awareness of conflicts of interest and trade-offs is low. There is a need to deal more transparently with conflicts of interest (via policy arbitration).
- The role for Embassies and EU delegations should be strengthened for monitoring and regular reporting of the impact of EU policies on development.
- Engaging with the wider public to raise awareness in support of PCD is recommended.

Commitment for Development Index

The Center for Global Development's Commitment for Development Index (CDI)[38] ranks 27 of the world's richest countries on how their policies affect development in poorer countries. The index investigates each country's performance according to seven policy areas (aid, trade, finance, migration, environment, security, and technology). Within each policy area scores are given according to a range of indicators such as: the quantity and quality of aid, barriers to imports, greenhouse gas emissions, etc. The final score for each country is an average of the seven policy areas.

38 | http://www.cgdev.org/initiative/commitment-development-index/index

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In 2013 eight out of the top ten scoring countries were EU Member States with Denmark and Sweden topping the list. In specific policy areas, Sweden ranked first on aid, while Finland ranked first on finance and Slovakia on environment. Similarly, in 2014 eight out of the top ten countries were EU member states with Denmark, Sweden, Finland and the United Kingdom topping the list.

Overall, most EU Member States remained in the same position with similar scores on most indicators throughout 2013-2014. However, a few countries moved significantly through the rankings with some improving and others decreasing significantly. EU Member States scored well in comparison to others on the quantity of aid (% of GDP) and quality of aid (non-tied) provided and on the environment (due to relatively low level of greenhouse gas emissions and high fuel taxes). European Member States generally scored lower than others on technology creation and transfer.

Use of PCD Indicators – a critical look

The European Centre for Development Policy Management (ECDPM)[39] analysed the "Use of PCD Indicators by a selection of EU Member States" in a paper published in January 2015[40]. The paper looked at the systems for monitoring PCD in eight Member States (Belgium, Denmark, Ireland, Finland, Luxembourg, Germany, the Netherlands and Sweden) focusing on PCD monitoring mechanisms and indicators adopted by governments. ECDPM looked into systems assessing progress on PCD, some commonalities of PCD monitoring, as well as the inherent problems related to monitoring PCD.

The paper indicates that the EU's use of five main PCD challenges has allowed for some synergies between Member States. However, monitoring mechanisms differ widely between countries and PCD monitoring overall is uneven. The paper highlights the need to work across several government channels and not have PCD as the sole remit of International Development, Ministry of Foreign Affairs or Development Cooperation departments.

The paper stressed that the different approaches are dependent on domestic politics and policies which is unavoidable but problematic. A general observation is that in monitoring, the use of objectives, targets, actions and indicators is often mixed up. The paper calls for the development of "explicit chains of causality" to underpin indicators. However, in practice identifying explicit chains of causality for certain policies and the interplay with other policies is inherently complex due to multiple interlinked relationships of policy and non-policy issues. Our capacity to understand how development occurs and to clearly identify chains of causality and isolate interventions is very limited. However, it is possible to establish loose casual links between specific policies and their outcomes, which can then be used as guidance when creating or revisiting policy.

Impact Evaluation for Development and PCD

Impact evaluations are on the rise and the Institute of Development Studies (IDS)[41] recently convened a discussion on "Rethinking Impact Evaluation for Development". This aims to meet increasing demands for evidence about successful programmes and projects to the challenges of a post-Millennium Development Goals/post-2015 development agenda. The discussion concluded that today's complex and changing international development context with ambitious development goals, multiple layers of governance and lines of accountability require adequate causal inference frameworks and less ambitious expectations on the span of direct influence that single interventions can achieve. Even providing a clear and complete definition of an intervention is difficult, let alone isolating and measuring its contribution to a specific outcome.

39 | http://ecdpm.org/

40 | http://ecdpm.org/publications/policy-coherence-indicators-eu/

41 | http://www.ids.ac.uk/

Study on the economic effects on developing countries created by the EU trade regimes

In 2015, a major study on the assessment of the economic benefits generated by the EU Trade regimes towards developing countries[42] was concluded. This investigation was undertaken by leading academic consultants under the supervision of DG DEVCO, in close co-operation with DG TRADE and DG TAXUD.

The study demonstrates that the EU trade policy has had a positive impact in terms of policy coherence for development: the EU trade policy has significantly increased both the exports of Developing countries and their economic diversification. Notably, this double impact is stronger for Least Developing Countries. The study also indicates that in part these exports had a measurable positive effect on poverty reduction.

The econometric study leaves no doubt that the Generalised Scheme of Preferences (GSP) initiative has significantly increased the exports and the economic diversification of Developing Countries and Least Developed Countries to the EU over the period 1995-2012. In particular, it shows that preferences have had an especially large impact on the increase of exports by Least Developed Countries to the EU, which are also the beneficiaries of the EBA Scheme (up to 10%). Since the EU27 alone imported goods worth EUR 36 billion in 2012, this impact is of great economic importance for this group of countries.

The econometric analysis also suggests that exports when combined with other policies (for instance, better access to credit for domestic producers) had a significant impact on poverty reduction in developing countries.

The above consultants concluded also in a follow-up study that the EU Generalised Scheme of Preferences (GSP) and GSP+ schemes granted to developing countries are among the most comprehensive, accessible and valuable schemes in the world. Their estimates indicate that the monetary value of these schemes amounts to more than EUR 6 billion annually.

Horizon 2020 and PCD

Horizon 2020, the current EU Framework Programme for Research and Innovation, included a research topic on PCD in the 2014-2015 work programme for a research and innovation project of up to EUR 2.5 million[43]. The topic aims among others at developing a methodology for measuring progress on PCD, including the elaboration of suitable baselines, targets and indicators. A key challenge for progress on PCD remains the issue of measuring – defining PCD indicators (including the cost of incoherence) – and in general PCD-targeted research (for example case and country studies). The evaluation process will shortly commence with a successful project expected to kick off in spring 2016.

42 | https://ec.europa.eu/europeaid/trade-study-2015_en

43 | http://ec.europa.eu/research/participants/portal/doc/call/h2020/common/1652624-13._7_annexe_acte_autonome_nlw_part1_v1_en.pdf

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2.1 Trade and Development

Trade remains crucial for economic growth and sustainable development and is driven largely by the private sector. While trade has helped to lift hundreds of millions of people out of poverty, not all developing countries have enjoyed such gains: LDCs in particular remain marginalised in global trade.

The EU aims to make trade a tool for sustainable development in several ways, from the liberalisation of access to its own huge market to the vast area of Aid for Trade. A specific PCD angle concerns assessing the potential impact of EU trade initiatives on developing countries and supporting adaptations needed by developing countries to be able to take advantage of trade and investment opportunities.

Multilateral Trade Negotiations

Doha Development Agenda (DDA)

The EU firmly believes in the central role of the multilateral trading system and its crucial role for development. These negotiations are particularly important for promoting growth in developing countries. The EU welcomed the successful outcome of the 9th WTO Ministerial Conference (MC9) in December 2013 as an important milestone towards the conclusion of the Doha Round. Even at the more difficult times for multilateral negotiations in 2014, the EU made the case for the appropriate implementation of the decisions relating specifically to developing and Least Developed Countries agreed in Bali. These include preferential rules of origin for products originating in LDCs, through which they can gain improved access to markets. There was also progress in the implementation of the LDC services waiver allowing WTO members to provide preferential treatment to services and services suppliers from LDCs.

The EU is fully committed to the preparation of the post-Bali DDA work programme with a view to a rapid conclusion of the Round. In that context the EU is convinced of the overall necessity to provide appropriate treatment for LDCs and other less advanced developing countries which responds to their specific development needs and which reflects their role in international trade. The main development benefits will come from addressing the core issues (agriculture, non-agricultural market access (NAMA) and services). The EU will also support progress on those issues that have a specific development angle and which will contribute to a better integration of LDCs in the global trading system such as duty free quota free market access.

Trade Facilitation Agreement

Also at MC9, WTO members concluded, as part of the wider "Bali Package"[44], negotiations on a Trade Facilitation Agreement to ease border procedures and facilitate the movement, release and clearance of goods. WTO members adopted on 27 November 2014 a Protocol of Amendment to insert the new Agreement into Annex 1A of the WTO Agreement. The Trade Facilitation Agreement will enter into force when two-thirds of WTO members have completed their domestic ratification processes.

The EU remains convinced that ensuring a swift entry into force and an ambitious implementation of the Agreement will bring significant advantages to all WTO Members, and particularly developing countries. According to the OECD reducing global trade costs by 1% would increase worldwide income by more than USD 40 billion, 65% of which would accrue to developing countries with the biggest benefits going to landlocked developing countries.

To support the timely implementation of the Trade Facilitation Agreement, the EU announced on 6 December 2013 that it would maintain at least its current level of support to trade facilitation (EUR 400 million) over a five-year period or over one-third of developing countries' estimated needs. This reflects the demands of developing countries, particularly LDCs, and highlights that the EU will

44 | https://www.wto.org/english/thewto_e/minist_e/mc9_e/balipackage_e.htm

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contribute its "fair share" as well as "continued and substantial support" to Trade Facilitation.

Other issues of specific interest to Least Developed Countries (LDCs)

The EU has also remained committed to supporting the interests of LDCs in the WTO. The EU has in particular taken the lead regarding the services waiver by submitting a significant and comprehensive offer for commercially meaningful preferences providing for increased ease of movement of natural persons, preferences related to specific sectors of importance to LDC services providers, recognition of professional qualifications and accreditation of LDC institutions. The EU has also 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) as part of the EU's Generalised Scheme of Preferences (GSP) which remains a central LDC request in multilateral negotiations.

Bilateral Trade Negotiations

Comprehensive and modulated bilateral or regional agreements

The EU's overall approach to making trade agreements development-friendly is based on three main pillars: providing support to developing countries for the negotiation and implementation of agreements to which they are party; ensuring a pro-development content of agreements the EU negotiates with developing countries, either bilateral or multilateral; and taking into account the impact on developing countries of agreements the EU negotiates with other partners, in order to identify and prevent risks or seize opportunities.

Economic Partnership Agreement (EPA) negotiation and implementation

Economic Partnership Agreements (EPAs) with African Caribbean and Pacific (ACP) countries are a specific case of EU trade agreements. They have a specific development focus including 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 EPA implementation. EPAs offer pro-development provisions, such as very long transition periods or even exclusions from market opening, special safeguards for the development of infant industries and on food security and voluntary EU restraint on WTO safeguards or the use of dispute settlement.

EPAs have reached the implementation stage in the Caribbean, Pacific (Papua New Guinea and Fiji), Eastern and Southern Africa (Madagascar, Mauritius, Seychelles, Zimbabwe), as well as in Central Africa (Cameroon). In 2014, negotiations were concluded with West Africa, the Southern African Development Community (SADC) EPA States and East African Community (EAC). The EPAs are expected to contribute to growth, diversification and industrialisation of ACP countries. A study on the first five years of implementation of the EU-Caribbean EPA was published in 2014. Despite the fact that the implementation period was largely overshadowed by the economic crisis, which makes it difficult to isolate the EPA impact, some Caribbean goods exports to the EU showed impacts that can be clearly linked to the Agreement, notably a positive "EPA effect" for some exports from the Dominican Republic, in both agriculture and industry products.[45]

The EPA with Papua New Guinea in the Pacific region, in turn, has resulted in tangible benefits, with significant new investments flowing in and tens of thousands of local jobs created in the fisheries sector.

Free Trade Agreement (FTA) negotiation and implementation

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

Asia

Following the identification of ASEAN as a priority region in the 2006 Global Europe Communication[46], the EU has been actively engaged, initially on a region-to-region basis and later at bilateral level negotiating with Singapore, Malaysia, Vietnam and Thailand. Concluding a set of ambitious and comprehensive bilateral FTA's with individual ASEAN members would provide the building blocks necessary to take trade relations with ASEAN to a new level and work towards our shared objective of an ambitious region-to-region FTA. The negotiations of the EU-Singapore FTA were concluded in October 2014 delivering on the EU's expectations for an ambitious agreement.

In March 2014 negotiations were launched for an EU-Myanmar/Burma investment protection agreement. In addition to protection for investors, leading to increased growth, the agreement will offer an opportunity for the EU and Myanmar/Burma to continue to pursue their strong commitment to sustainable development and promote corporate social responsibility and responsible business conduct, in line with internationally recognised principles and guidelines.

In November 2014 the EU and China launched negotiations for a comprehensive agreement on investment to cover both market access and investment protection. Negotiations are still at a very early stage and the impact on development will depend on the final outcome of negotiations.

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 every 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, liberalisation of trade in services and establishment, the setting up of dispute settlement mechanisms for trade-related disputes, and issues related to conformity assessment. Many of these bilateral negotiations will be incorporated in the future negotiations of Deep and Comprehensive Free Trade Areas (DCFTAs).

As part of the EU's response to the Arab Spring, the Council adopted on 14 December 2011 negotiating directives for 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 phyto-sanitary 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 carries out preparatory work with each partner. The preparatory process was concluded with Morocco in October 2012 and with Tunisia in June 2014. Negotiations on an EU-Morocco DCFTA were launched on 1 March 2013, while negotiations with Tunisia are expected to be launched in the course of 2015 since the preparatory process has now been completed. The preparatory process has been on-going with Jordan since March 2012 and is well advanced. A dialogue on the DCFTA with Egypt was launched in June 2013.

As far as the Eastern Partnership is concerned, the EU is enhancing its engagement in the Eastern Neighbourhood, tailoring it to the unique relationship the EU has with its six Eastern European partners.

45 | For more information on this report: see http://trade.ec.europa.eu/doclib/docs/2014/october/tradoc_152825.pdf

46 | COM(2006) 567 final, 4.10.2006

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While taking a differentiated approach to each of its partners, the Eastern Partnership is inclusive in nature, recognising open markets, economic and regulatory cooperation essential for the sustainable development. Since the last Eastern Partnership Summit in Vilnius in 2013 where the EU brought its relations with Georgia, Moldova and Ukraine to a new level of cooperation, with the signing of the Association Agreements (AAs) with Deep and Comprehensive Free Trade Area (DCFTA) components in 2014. For Georgia and Moldova, provisional application already includes the DCFTA, while for Ukraine provisional application of this part of the agreement has been postponed until the end of 2015. The AAs/DCFTAs involve ambitious political, economic and social reform agendas, bringing the Eastern Partners concerned closer to the EU.

In October 2014 Armenia signed its accession treaty to the Eurasian Economic Union, which entered into force on 2 January 2015, and Azerbaijan decided to suspend the negotiations of the Association Agreement with the EU. The EU is currently preparing to embark on negotiations of a new agreement with Armenia on the basis of a scoping exercise concluded in March 2015, and to agree on ways of cooperation with Azerbaijan, considering a new proposal received from Azerbaijan in May 2015. The EU is committed to developing its policy towards Belarus, which currently includes cooperation through the multilateral track of the Eastern Partnership and technical dialogues on specific topics of common interest.

Latin America

Negotiations for an inter-regional Association Agreement between the EU and Mercosur were re-launched in 2010. The EU is the main trading partner of Mercosur. It accounts for more than 20% of Mercosur exports. Therefore ensuring preferential access to the EU is of significant value for Mercosur. According to an independent study carried out for the Commission in 2011 Mercosur countries would experience an overall GDP growth of up to EUR 3 billion (a 0.3% increase) and their exports to the EU would increase by 40%[47].

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 includes far-reaching measures on the protection of human rights and the rule of law, as well as commitments to effectively implement international conventions on labour rights and environmental protection. While it is too early to evaluate the impact of the Agreement, some early figures point to increased trade in some specific non-traditional exports.

In July 2014, the EU and Ecuador concluded negotiations for Ecuador's accession to the Agreement with Peru and Colombia. While a more comprehensive impact assessment study is on-going, it is estimated that the absence of a preferential trade agreement would cause some 60% of Ecuadorian exports to the EU, which took advantage of the GSP-plus scheme before graduation from both GSP and GSP-plus in January 2015, to face a significant increase in duties.

In 2012 the EU signed an Association Agreement with the Central American region (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama). The trade part of the Agreement has been provisionally applied with Honduras, Nicaragua and Panama since 1 August 2013, with Costa Rica and El Salvador since 1 October 2013 and with Guatemala since 1 December 2013. The Association Agreement relies on three complementary and equally important pillars: political dialogue, sectoral cooperation and trade, which are mutually reinforcing. The Agreement aims to foster sustainable economic growth, democracy and political stability in Central America. It is too early to draw clear conclusions

47 | http://trade.ec.europa.eu/doclib/docs/2011/november/tradoc_148370.pdf

on the impacts of the Agreement. However, early statistics indicate that in 2014 the EU trade flows with Central America remained stable overall and saw significant increases in specific sectors despite the overall decrease in global demand at the time.

The Transatlantic Trade and Investment Partnership (TTIP)

Given the importance of the EU and US markets to exporters from third countries, it is important to consider the possible impact on development of the TTIP. Most available studies[48] agree that the possible effect of TTIP on developing countries should be limited and possibly positive. However, specific products or countries, in particular developing ones, may be impacted. The Commission intends to ensure the necessary monitoring throughout the negotiating process to anticipate risks, opportunities and any need for accompanying measures.

Although some trade diversion is to be expected, trade diversion from TTIP should be small for low and lower middle-income countries. These countries export different products to the US and the EU than those traded between the US and the EU. In general terms, developing countries are not competing against European and American producers in either market. On the contrary, third countries might benefit from the positive trade creation effects that TTIP will produce (more transatlantic wealth leading to more demand for their products).

TTIP is not expected to create new, tougher regulatory barriers for exports from developing countries to the EU and the US ("regulatory trade diversion"). Most of the regulatory cooperation through TTIP is to be achieved through mutual recognition agreements based on the principle of equivalence that will neither raise nor lower standards.

Eliminating or reducing transatlantic regulatory divergences might improve market access for developing country producers. At present, companies around the world that export to both the EU and the US have to comply with two sets of standards and regulations, often requiring separate production processes. To the extent that TTIP improves regulatory compatibility between the US and the EU it could thus reduce costs for these exporters although not automatically.

The size of the EU-US market means that with the conclusion of TTIP, developing countries will also have an incentive to actively align their legislation with any agreed transatlantic standards and regulations. This would improve market access between the EU, US and these countries and may also reduce trade barriers between the countries themselves.

These benefits may not extend automatically to countries that are not party to TTIP, unless *ad hoc* provisions are included in the Agreement itself; risks and opportunities need to be identified as negotiations proceed and corresponding adaptation measures should be identified.

The multilateral negotiations on a Trade in Services Agreement (TiSA)

Negotiations on a stand-alone, multilateral trade in services agreement started in spring 2013 and include to date 24 WTO members[49]. The negotiation anticipates a multilateral agreement on services and should be eventually folded into the WTO. Up to mid-2015 12 rounds of negotiation had taken place. The participation of several developing countries[50] in these negotiations demonstrates the growing awareness that the removal of unnecessary

48 | http://ec.europa.eu/trade/policy/in-focus/ttip/documents-and-events/index_en.htm#_documents
http://trade.ec.europa.eu/doclib/docs/2013/september/tradoc_151787.pdf
http://trade.ec.europa.eu/doclib/html/150737.htm

49 | Australia, Canada, Chile, Chinese Taipei, Colombia, Costa Rica, the EU, Hong Kong (China), Iceland, Israel, Japan, Republic of Korea, Liechtenstein, Mexico, New Zealand, Norway, Pakistan, Panama, Paraguay, Peru, Switzerland, Turkey, the United States and Uruguay

50 | Chile, Colombia, Costa Rica, Mexico, Pakistan, Panama, Paraguay, Peru, Turkey, Uruguay

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barriers to trade and the development of rules on trade in services are important to foster development and to attract more investment in these countries. TiSA can be beneficial for all, both developed and developing countries. The impact on the latter would in large part depend on a possible Mode 4 component.[51]

Environmental Goods ("Green Goods") Agreement negotiations

In July 2014 the EU with 13 other WTO members[52] launched multilateral negotiations on the Environmental Goods Agreement. The objective is to make it easier to trade environmental goods and services internationally. The negotiations currently focus on eliminating tariffs on a broad list of environmental products building on the list of 54 products agreed in 2012 by Asia-Pacific Economic Cooperation (APEC). They cover such environmental areas as waste management, water treatment, air pollution control, renewable energy, and energy efficiency. In addition to elimination of tariffs, the EU wants to address services enabling export of environmental green goods (for example installation and maintenance). The ambition is to create a "future-oriented agreement" that can take into account changes in technologies and discuss more complex issues such as Non-Tariff Barriers in the future. Reducing barriers to trade and investment in green technologies can help increase their deployment and deliver considerable economic and environmental benefits globally, including for developing countries. EGA is envisaged as a MFN plurilateral agreement, meaning that even non-participating developing countries will benefit from the liberalisation. In January 2015 the Commission launched a Sustainability Impact Assessment (SIA) that will assess economic, social and environmental impact of the Environmental Goods Agreement including in developing countries.

2.2 Improving Market Access

The Generalised Scheme of Preferences (GSP)

The EU Generalised Scheme of Preferences ("GSP") is at the centre piece of the EU's trade and development policy. It has now evolved into the most generous autonomous preference regime among WTO members and the flagship of EU's commitment to development in the trade area. Through GSP the EU provides preferential access to the EU market on a unilateral basis with a view to assist beneficiaries in their efforts to reduce poverty through export-led economic growth and to promote sustainable development and human rights.

The EU's reformed GSP regime was applied from 1 January 2014 and is made up of three arrangements providing for a sliding scale of preferences according to the beneficiaries' needs: i) the general/standard arrangement providing for a partial or entire removal of customs duties; ii) the Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+), which offers almost full removal of duties on essentially the same tariff lines as those covered by the general arrangement; and iii) Everything But Arms (EBA) the most advantageous arrangement that gives duty-free, quota-free access for all goods from LDCs except for arms and ammunition.

The EU GSP has been designed to contribute to the goal of development and poverty reduction by reducing tariffs when exporting to the EU. Additional revenues generated by increased exports should enable developing countries to build up their economies, foster growth and fight poverty in the long run in line with the EU's determination to support sustainable economic, social and environmental development.

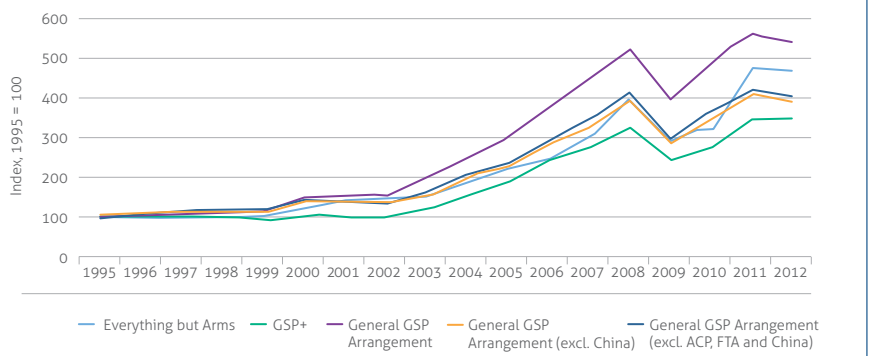
The GSP regime focuses preferences on those countries most in need, LDCs and other low income economies, which do not have preferential

51 | http://trade.ec.europa.eu/doclib/docs/2014/july/tradoc_152702.PDF

52 | Australia, Canada, China, Costa Rica, Chinese Taipei, the European Union, Hong Kong (China), Japan, Republic of Korea, New Zealand, Norway, Switzerland, Singapore, United States, Israel, Turkey, Iceland

market access arrangements with the EU. On 1 January 2014 the number of GSP beneficiaries was reduced from 177 to 92 as a consequence of new realities in the international trading system: a number of advanced developing economies no longer needing this preferential treatment due to their success. In fact, maintaining their preferences would have put undue strain on the economies of competing LDCs and other low income countries. The GSP is intended to offset "preference erosion" (the decline in impact of GSP preferences due to overall reduction of tariffs) a process which had meant the loss of hundreds of millions of euros by LDCs each year.

Figure 1. Increases in exports to EU-15 from Developing Countries/Least Developed Countries (DC/LDC) under the Generalised Scheme of Preferences (GSP)



Source | European Commission, "Assessment of economic benefits generated by the EU Trade Regimes towards developing countries. Volume 1"

As a consequence, the EU GSP scheme has slightly expanded product coverage and has increased preference margins for those products. The EBA provides duty-free and quota-free access to the EU market for all tariff lines (with non-zero MFN duties) with the exception of arms and ammunition. GSP and GSP+ cover more than 6 000 of the approximately 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 is in addition to the 2 300 plus tariff lines where the EU already does not impose any duty.

The new GSP scheme strengthens the importance of the EBA initiative, for which there are currently 49 beneficiaries (all LDCs). In 2014, EBA beneficiaries accounted for exports worth EUR 14.5 billion (28%) of the value of all the total preferences under the EU's GSP (EUR 51.4 billion). Standard GSP exports in 2014 accounted for EUR 30.9 billion and GSP+ exports accounted for EUR 6 billion.

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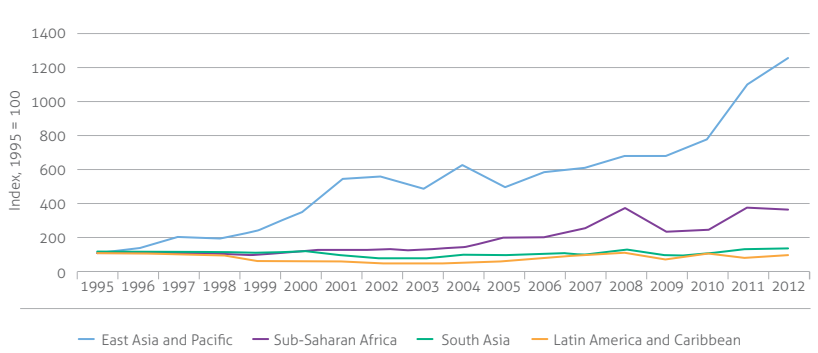
The revised GSP regime also enhances support for the principles of sustainable development and good governance by reinforcing and improving the special incentive arrangement known as GSP+. Under GSP+, the EU grants additional tariff reductions to support vulnerable developing countries in the implementation of 27 international conventions in the areas of human and labour rights, environment and good governance. As of 1 January 2015, the EU had 14 GSP+ beneficiaries.[53]

Figure 2. Regional breakdown of exports to EU-15 under the Generalised Scheme of Preferences (GSP)



Source | European Commission, "Assessment of economic benefits generated by the EU Trade Regimes towards developing countries. Volume 1"

The revised GSP regime relaxes the economic criteria to become eligible for GSP+ allowing more countries to apply. It also removed the fixed entry windows that existed before, allowing countries to apply at any time. In addition, the GSP+ arrangement is particularly appealing as beneficiaries are not subject to the graduation mechanism, which means that all their exports continue to receive preferential treatment for the entire period of eligibility. On the other hand, the monitoring of GSP+ compliance has been strengthened by putting the onus on showing progress in the implementation of the 27 core international conventions on the beneficiary countries.

Every two years, the Commission intends to present to the European Parliament and the Council a status report on the ratification of the relevant conventions, the compliance of the GSP+ countries with reporting obligations under the conventions and the status of the effective implementation. The first report is due by 1 January 2016.

Overall, the scheme has become more stable, transparent and predictable for third countries and economic operators. With the exception of EBA, which has no expiry date, the revised scheme will last 10 years.

53 | Armenia, Bolivia, Cabo Verde, Costa Rica, Ecuador, El Salvador, Georgia, Guatemala, Mongolia, Pakistan, Panama, Paraguay, Peru and the Philippines

Sanitary and Phyto-sanitary (SPS) measures

Over the period 2011-2014, EUR 4.3 million was granted via multiannual contribution agreements to:

- facilitate the participation of developing countries in meetings of the three international standard-setting bodies Codex Alimentarius Commission (CAC), International Plant Protection Convention (IPPC) and the World Organisation for Animal Health (OIE);
- establish and maintain the IPPC's Implementation Review and Support System;
- help the OIE to organise Global Conferences in the areas of animal health, animal welfare and veterinary public health;
- assist Codex Alimentarius to perform a pilot study on mycotoxins in sorghum in certain African countries (January 2012 - December 2014);
- and contribute to the Codex Alimentarius' Trust Fund.

In addition, the Commission provides technical assistance to developing countries to upgrade their SPS systems and improve their market access capacity to other countries. This is done in particular through the "Better Training for Safer Food" (BTSF) world programme. During 2014, the total value of SPS-related technical assistance provided by the EU and its Member States amounted to approximately EUR 152 million. This covered more than 360 SPS-related projects or activities that were completed or still on-going, during the course of 2014, in close to 100 countries. The Commission submits each year to the WTO Secretariat and WTO members an overview document on SPS-related technical assistance and in particular the global SPS-related technical assistance provided in 2014[54].

Market information tools

The Export Helpdesk

The Export Helpdesk[55] is a freely accessible online databank holding real time information on the EU's import conditions for any type of product from machinery and chemicals to textiles, food or wine. Businesses within and outside the EU can access applied customs duties for all goods listed in the EU tariff schedule (around 14 000 product codes) and also retrieve the actual EU import requirements for these products, the applicable tax rates in the 28 EU Member States and comprehensive trade statistics going back to 2002. Special features of the databank are the EU´s product-specific market requirements such as sanitary and phyto-sanitary rules, technical standards, and labelling rules that can be searched product-by-product. The website is regularly updated and thus a reliable source of information. Most of the information is available in four languages: English, French, Portuguese and Spanish. The number of users of the website is growing steadily and reached around 3 000 per day at the end of 2014 up from around 600 in early 2012.

Aid for Trade (AfT)

More than one-third of total EU development aid (ODA) supports trade related needs. Specific Aid for Trade (AfT)[56] programmes were conceived to help developing countries to reap benefits of new trade deals. AfT also promotes regional integration of developing country markets and

54 | This document with reference G/SPS/GEN/1139/Add.3 is available via WTO web link https://docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S006.px?Query=(%40Symbol%3d+g%2fsps%2fgen%2f*+)&Language=ENGLISH&Context=FomerScriptedSearch&languageUIChanged=true#

55 | exporthelp.europa.eu

56 | 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.

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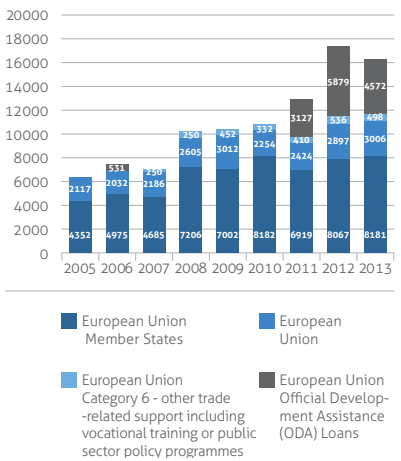
South-South trade. With a total of EUR 11.7 billion in 2013, the EU and its Member States together remain the most important AfT donor in the world. After an all-time high in 2012, EU collective AfT expanded again in 2013 (with a 1.6% increase) to set a new record.

Figure 3. Aid for Trade (AfT) from EU and Member States in EUR million



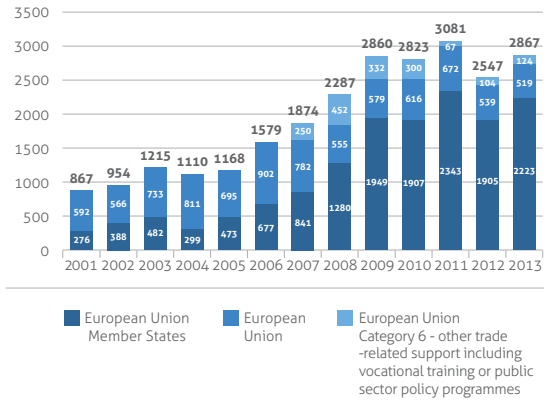
Source | European Commission, "EU Accountability Report 2015 on Financing for Development, Annex EU and Member States Aid for Trade Monitoring Report", SWD(2015) 128 final, 23.6.2015.

In 2007, the EU adopted a joint strategy with EU Member States to collectively spend EUR 2 billion annually by 2010 on Trade-Related Assistance (TRA), which is a part of AfT and principally refers to support to trade policy and planning, trade facilitation (simplification and harmonisation of import and export procedures, and 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. After a drop of 17% in 2012, EU and Member State TRA commitments recovered in 2013 with an increase of 13% to reach EUR 2.9 billion exceeding by a large margin the EUR two billion target.

Czech Republic

The Aid for Trade programme is an integral part of the Czech Republic's development policy helping partner countries to expand their own trade capacities. Since 2013 some 16 projects have been implemented.

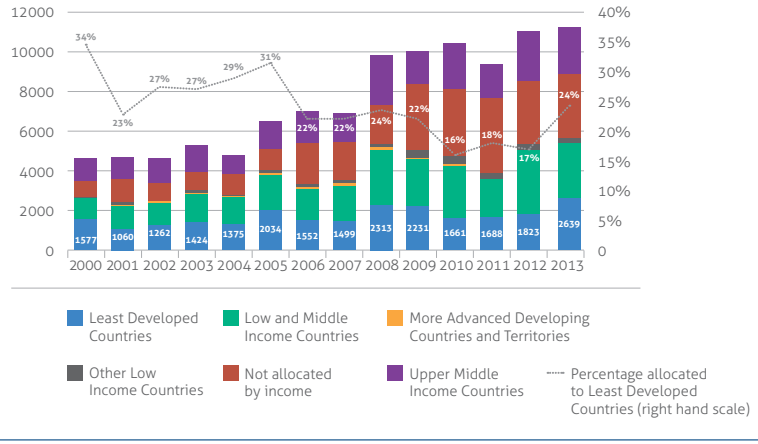
Figure 4. Trade Related Assistance (TRA) from EU and Member States in EUR million



Source | European Commission, "EU Accountability Report 2015 on Financing for Development, Annex EU and Member States Aid for Trade Monitoring Report", SWD(2015) 128 final, 23.6.2015

Africa remains the most important recipient of AfT programmes, with more than one-third of all EU collective AfT allocated to the region. After a long period of decline in relative terms, AfT commitments to LDCs increased notably in 2013 reaching EUR 2.6 billion or 24% of the total in 2013 (compared to EUR 1.8 billion or 17% in 2012). The contribution of EU Institutions to this increase was particularly significant (58%) as was the contribution of EU Member States (37%).

Figure 5. Aid for Trade (AfT) by Income from EU and Member States in EUR million



Source | European Commission, "EU Accountability Report 2015 on Financing for Development, Annex EU and Member States Aid for Trade Monitoring Report", SWD(2015) 128 final, 23.6.2015

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Fair trade

The Commission welcomes initiatives promoting trade-related sustainability assurance schemes, which 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.

The current Commission policy on fair trade is laid down in the 2009 Communication "Contributing to Sustainable Development: The role of Fair Trade and Nongovernmental Trade-related Sustainability Assurance Schemes".[57] This Communication recognises how fair trade and other private schemes support sustainable development, and backs the movement's private sector approach that allows it to respond quickly to changes in consumer and producer preferences. In the 2014 Communication "A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries"[58] the importance of promoting fair and ethical trade as well as sustainable consumption and production was underlined as part of the Commission actions to support responsible business practices.

Social and Environmental Standards

The EU continued to include specific provisions promoting core labour standards and decent work, as well as the protection of the environment through commitments to implement key multilateral environmental agreements, in all trade agreements concluded during the period covered by this report and further advanced the implementation of the trade and sustainable development chapters of trade agreements already entered into force. This, for example, includes the establishment of committees with high level representatives from each Party in order to oversee the implementation of these provisions and interact with civil society.

The Bangladesh Sustainability Compact

In July 2013, the Commission, together with the Government of Bangladesh, the United States and the ILO, launched the Bangladesh Sustainability Compact for improving labour rights, health and safety conditions at factory level and responsible business conduct in Bangladesh's garment and knitwear industries. This reflected EU concerns after garment factory incidents in Bangladesh and in particular in the wake of the collapse of the Rana Plaza building in Dhaka in April 2013, which took over 1 200 lives. The Commission closely follows the implementation of the Compact together with Bangladesh, the ILO and the US. In December 2013 the Commission launched a monitoring project implemented by the ILO to oversee implementation progress. A high-level Compact follow-up meeting was held in October 2014 that identified certain improvements, including freedom of association and collective bargaining being incorporated in Bangladesh's labour law. Two technical reports have been issued, the latest on 24 April 2015, based on an evaluation undertaken by ITUC, Uni Global Union and IndustriAll. Over 300 new garment industry trade unions have been registered, which has more than doubled the total number compared to prior to the Compact. Also, over 2 500 safety inspections based on commonly agreed standards have been carried out in garment factories. More than 250 inspectors have been trained and deployed and their findings are made publicly available. Remedial actions are taken where shortcomings have been identified. Overall, the conditions for workers' safety and health are improving although more work is needed.

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 to leverage the value of their own intellectual creations.

IPR provisions are included in bilateral and regional trade agreements in a manner that takes into account the level of development of the partners. These agreements help to enhance transparency and promote regional harmonisation of rules and alignment with internationally recognised standards to improve the trade environment and encourage innovation.

The EU is assisting developing countries in adopting and enforcing IPR regimes in line with their international obligations. The EU's technical assistance always takes into account development levels and needs and includes awareness raising and capacity building.

In 2014 the Commission published its revised IPR Strategy for the protection and enforcement of intellectual property rights in third countries[59]. The EU IPR strategy reaffirms 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.

One type of intellectual property right that is particularly suitable for countries with lower levels of development and with strong cultural or agricultural traditions is Geographical Indication (GIs). This system offers a mechanism to protect collective IPR in indigenous and regional products and can enable producers, especially smallholders, to exercise more control over the marketing of their products and secure a higher share of value-added by distinguishing their product in the marketplace. The potential for development of GIs in developing countries is well illustrated by the increasing global marketing of specialty coffees designated by origin in certain ACP countries. GIs can play a useful role in preserving local know-how by transforming traditional knowledge into commercial products. The EU will protect names such as Rooibos, an infusion from South Africa, and numerous wine names like Stellenbosch and Paarl that have been protected since 2002. The EU is also cooperating on development of GIs in other EPA regions (for more details, please see the Food Security chapter).

Copyright regimes reward human creativity, culture and innovation and ensure the general public has access to the fruits of those creations. Copyright plays a crucial role in protecting and encouraging local artists to create and innovate and enables individuals and society to enjoy their right to science and culture.

Plant breeder's right is a form of Intellectual Property Right providing for the acquisition of legal rights for efforts made during the breeding of a new variety of a plant. The EU is assisting developing countries in adopting and enforcing plant breeder's right regimes in line with their international obligations in the International Union for the Protection of new Plant Varieties (UPOV). The EU's technical assistance includes awareness raising and capacity building.

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 ensuring access to affordable medicines as agreed in the **Trade-Related Aspects of Intellectual Property Rights (**TRIPS) Agreement. The level of development and public health concerns of our trading partners are always taken into consideration.

57 | COM(2009)215, 5.5.2009

58 | COM(2014)263

59 | http://trade.ec.europa.eu/doclib/docs/2005/april/tradoc_122636.pdf

The EU Raw Materials Policy

In 2014, the Commission and the High Representative adopted an integrated EU approach to the responsible sourcing of minerals originating from conflict-affected and high-risk areas addressing the link between armed groups and the exploitation and trade in minerals. The integrated approach addresses three main issues: reducing the opportunities for armed groups to trade in tin, tantalum, tungsten and gold in conflict-affected areas; improving the ability of EU operators – especially in the downstream section of the supply chain – to comply with existing due diligence frameworks including the OECD and section 1502 of the U.S. Dodd Frank Act; and reducing distortions in global markets for the four minerals mentioned above that are sourced from conflict-affected and high-risk areas.

The approach consists of a draft Regulation of the EP and the Council[60] setting up a Union system for supply chain due diligence and self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold originating in conflict-affected and high-risk areas. It creates legally binding obligations for importers of these minerals and metals that choose to opt in to undertake supply chain due diligence to identify and mitigate the risk of conflict financing based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The draft Regulation is founded on a risk-based approach and includes an obligation for regular independent audits and public disclosure of company due diligence efforts and sanction mechanism. As explained in the impact assessment[61] underpinning the draft Regulation, other mandatory systems in force have had unintended socioeconomic consequences and have dis-incentivised sourcing by business from conflict regions. As a consequence, local mining communities are faced with depressed demand and placed in a weak bargaining position with respect to buyers. More leverage is therefore created if EU companies keep their economic ties in the affected regions.

The draft Regulation provides for the annual publication of a list of smelters and refiners that carry out due diligence to create transparency and accountability for the benefit of downstream companies. Moreover, the draft Regulation foresees regular reports by the Commission to the Council and the European Parliament on the effectiveness of its implementation. The reports may be accompanied, if necessary, by appropriate legislative proposals, which may include further mandatory measures.

To initiate a wider and complementary approach to the responsible sourcing of minerals, a joint Communication[62] outlines a package of accompanying measures and incentives that will enhance the impact of the Regulation, drawing on a public consultation, stakeholder meetings and an impact assessment carried out in 2013.

2.3 Corporate Social Responsibility (CSR)

A large number of European companies are economically active in developing countries as supply chains become increasingly global. These relationships are an important factor in local sustainable economic development. The European Commission encourages responsible behaviour by EU companies in terms of social and employment conditions, environmental impact, emissions and pollution reduction, respect for human rights, non-discrimination and gender balance, and dealing with bribery and corruption.

In May 2014, the Commission defined its expectations in a Communication entitled "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"[63]. The private sector is considered as an essential partner in the fight against poverty, with a key role to play in achieving development objectives as part of core business strategies.

CSR goes beyond compliance with national laws to embrace voluntary codes and standards. It concerns how companies go about their core business and as such should be distinguished from philanthropic actions.

The European CSR Strategy

Commission actions to support responsible business practices, including international aspects, have been based on the Commission Communication on CSR of October 2011[64] that put forward a renewed EU strategy for CSR for the period 2011-2014.

CSR, defined as "the responsibility of enterprises for their impacts on society", is addressed as a multi-dimensional issue relevant to a variety of European policies including: enterprise and industrial policy; social affairs and employment; corporate governance and company law; environment; consumer affairs; trade; development; external relations; human rights; justice and home affairs; research; and education and training.[65]

A public consultation on the review of the 2011-2014 Strategy undertaken in 2014[66] revealed that a clear majority of respondents (83%) would like to see the Commission continue its engagement in this field, and more than two-thirds of respondents believed that the impact of Commission CSR policies so far was useful or very useful. A high proportion (86%) of respondents regarded the alignment of European approaches with global guidance and principles to be particularly important. The most cited priority for future EU policy was "international standard setting/ leadership in CSR". In preparing for its subsequent strategy on Corporate Social Responsibility, the Commission held a flagship event on responsible business - the Multi-Stakeholder Forum on Corporate Social Responsibility on 3-4 February 2015. The forum gathered over 90 speakers and 500 participants from international organisations, the private sector, civil society, governments, and academia, among others.

In 2013-14 the Commission supported the initiatives of stakeholders in certain specific sectors to create strategic partnerships, share good practice and develop common tools on CSR, for example financing projects in the fruit juice, machine tools and social housing sectors. A thematic platform called ICT4Society[67] was also launched in the ICT sector in March 2014.

The Commission published sectorial human rights guidance for SMEs in three sectors (oil and gas, ICT, and employment and recruitment agencies) in June 2013. The guides offer practical advice with step-by-step guidance on how to implement CSR in order to respect human rights in the day-to-day business operations in each industry.

Commission services are also exploring a possible initiative on responsible management of the supply chain in the garment sector. Informal consultation meetings took place at the end of 2014 and in early 2015 with stakeholders and Member States. This initiative could take the form of a multi-stakeholder platform involving relevant actors. It would be complementary to activities on responsible supply chains in other fora such as the G7, ILO and OECD.

The particular challenges for SMEs in implementing effective approaches to CSR have been addressed

60 | COM(2014) 111 final, 5.3.2014

61 | http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014SC0053 ; http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014SC0052

62 | JOIN(2014) 8 final, 5.3.2014

63 | COM(2014) 263 final, 13.5.2014

64 | COM(2011)681 final, 25.10.2011

65 | An overview on the implementation of the CSR strategy is available on DG GROW's website: http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr/documents/csr_agenda.pdf

66 | https://ec.europa.eu/digital-agenda/en/news/public-consultation-eu-corporate-social-responsibility-strategy

67 | http://ec.europa.eu/digital-agenda/en/ict4society-multi-stakeholder-platform

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through the publication of a Guidebook for SME advisers[68] in March 2013 available in six languages with practical information for SMEs working outside the European Union.

A Eurobarometer survey in April 2013 on trust in business demonstrated that EU citizens do not feel adequately informed about companies' social and environmental impacts and activities. The first European CSR Awards were launched by the Commission in June 2013 in Brussels to raise awareness of excellence and the first EU-Africa CSR Awards were launched during the 2013 European Development Days.

In view of the important demand-side influence of the public sector in Europe, the Commission reviewed public procurement directives in 2014 to include new provisions on the use of social and environmental criteria. As regards company transparency, the Commission proposal to require reporting of relevant and useful non-financial and diversity information by certain large companies and groups was adopted by the co-legislators in September 2014[69]. From 2017 companies concerned will disclose in their management reports information on policies, principal risks and outcomes on environmental matters, social and employee aspects, respect for human rights, anti-corruption and bribery issues, and diversity in their board of directors.

As part of the action plan on company law and corporate governance and the long-term financing of the European economy, the recent proposal on the revision of the Shareholders Rights Directive in April 2014[70] aims to incentivise institutional investors to better align their investment mandates and strategies with the medium to long-term interests of their beneficiaries and create transparency and accountability when delivering on medium to long-term mandates by asset managers. This fosters investment with a more long-term horizon, better analysis and monitoring of strategy, risk governance and the medium to long-term prospects of investee companies and engaging with investors with a view to improving corporate governance and the long-term performance of companies. A report on responsible investment will follow at the end of 2015 on possible further EU measures to incentivise investors to take environmental, social and governance issues better into account when investing.

The Commission helped Member States in the conception of National Action Plans (NAP) for CSR by organising a series of peer review meetings with Member States during 2013 and 2014. All 28 Member States took part with seven meetings involving four Member States each. Discussions featured international issues and the main output was a compendium of Member States activities and policies.

The peer review served as a catalyst for Member States to progress their production of NAPs on CSR and on business and human rights. According to the compendium 17 Member States had a CSR NAP in place, eight had one under development, two had no plan but implemented CSR activities, and one had no plan. Again according to the compendium, four Member States had a business and human rights NAP in place and nine had one in preparation.[71]

The EU has a global lead in NAP for CSR and business and human rights, and with encouragement from the UN and others, is consequently able to offer experience and good practice in the field to other countries (including developing countries).

68 | http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr-sme/tips-tricks-csr-sme-advisors_en.pdf

69 | Directive 2014/95/EU amending Accounting Directive 2013/34/EU

70 | http://ec.europa.eu/internal_market/company/shareholders/indexa_en.htm

71 | http://ec.europa.eu/social/main.jsp?langId=en&catId=331

In 2013 the Commission published guidance to help companies implement the UN Guiding Principles on Business and Human Rights.[72] In addition, the Commission plans to publish in 2015 a staff working document on Commission activities relating to the UN principles.

In the area of external policies, CSR has been addressed in several bilateral dialogues with partner countries and regions throughout the period, particularly with the African Union and the Community of Latin American and Caribbean States. On human rights issues progress has been made through dialogues with the US and Korea, Colombia and Peru, Turkey and Chile, and with CELAC[73]. All recent FTAs concluded by the EU contain chapters on CSR.

Responsible business practices may need to be underpinned by legislation in certain sectors where risks are particularly high, such as logging and mining. The EU Timber Regulation[74] prohibits the placing of illegally harvested timber and derived products on the EU market and requires EU operators to exercise due diligence, while the FLEGT Regulation (Forest Law Enforcement, Governance and Trade) sets up of a licensing scheme as a measure to ensure that only timber products that have been legally produced in accordance with the national legislation of the producing country may enter the Community from countries have signed Voluntary Partnership Agreements (VPAs) with the EU. The VPAs play an important role in promoting better enforcement of forest law and an inclusive approach involving civil society and the private sector. A Commission proposal presented in March 2014 for a regulation on voluntary certification of sourcing of conflict minerals is currently in discussion in the Council and European Parliament (also see the EU Raw Materials Policy section above).

In 2014 the EU committed to move towards a rights-based approach for its development policy on the basis of a Commission Staff Working Document designing a toolbox for this purpose – "A right based approach, encompassing all human rights for EU development cooperation"[75] - endorsed by the Council conclusions of May 2014[76]. This allowed provision of political impetus and guidance on how to integrate a rights-based approach into any development programme or project along five working principles: applying all rights; participation and access to the decision making process; non-discrimination and equal access; transparency; and access to information.

This change of narrative and approach will apply to private sector development support and strengthen the positive and pro-active impact of development activities to promote and protect Human Rights as a key element of sustainable and inclusive growth. It also represents a major EU input to the post-MDGs debate and a step forward to further improve delivery and results on development.

In addition, the European Instrument for Democracy and Human Rights Worldwide[77] (EIDHR) contains the specific commitment both in

72 | This material includes a handbook for small and medium enterprises (SMEs) (My Business and Human Rights: A Guide for Small and Medium-Sized Enterprises); http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr-sme/human-rights-sme-guide-final_en.pdf and five SME case studies (Demystifying Human Rights for Small and Medium-Sized Enterprises). http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr-sme/human-rights-case-studies_en.pdf. There are three sector guidance notes (on information and communication technology [ICT], oil and gas, employment and recruitment agencies). http://www.shiftproject.org/ec-sectoral-guides-corporate-responsibility-respect-human-rights.

73 | Community of Latin America and Caribbean states

74 | 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

75 | SWD(2014) 152 final, 30.4.2014

76 | http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/foraff/142682.pdf

77 | Regulation (EU) No 235/2014 of the European Parliament and of the Council of 11 March 2014

its legal basis and its objectives for 2014-2020 to promote and protect economic, social and cultural rights, including the right to an adequate standard of living and core labour standards and CSR, in particular through the implementation of the UN Guiding Principles on Business and Human Rights. This work is supported in third countries by a comprehensive network of EIDHR and Human Rights Focal Points in EU delegations.

Finally, in the newly adopted Joint Communication "Action Plan on Human Rights and Democracy (2015-2019) Keeping Human rights at the heart of the EU agenda"[78], the EU has reaffirmed its commitment to advancing in business and human rights by developing capacity and knowledge, in particular the implementation of the UNGP. It also includes the strengthening of the role and expertise of EU delegations in this context.

2.4 Good Tax Governance and Finance

Within the SDGs discussion, the question of how to ensure that countries have stable and sustainable tax revenues protected from tax evasion and tax avoidance is a hotly debated topic. Developing countries derive a greater proportion of their revenue from corporate tax than OECD countries (up to 90%). So the sums they lose to corporate tax avoidance are proportionately larger relative to their overall revenues.

The Commission has been very active in supporting domestic revenue mobilisation (DRM) reforms in developing countries to help improve their capacity to increase revenues and to tackle tax evasion and avoidance by supporting the design of efficient, effective, fair and transparent tax systems in line with the principles of good governance in tax matters (transparency, exchange of information and fair tax competition).

Fight against tax fraud and tax evasion

To combat tax fraud and tax evasion the Commission presented in December 2012 an ambitious action plan accompanied by two recommendations.[79] The Recommendation on aggressive tax planning aims at better enabling EU Member States to address aggressive tax planning by reducing double non-taxation resulting from bilateral tax conventions and by ensuring a minimum level of protection across the EU Member States by the adoption of a general anti-abuse rule (GAAR) taking into account the limits imposed by Union law. The Recommendation on measures intended to encourage third countries to apply minimum standards of good governance in tax matters[80], aims at increasing the overall effectiveness of the measures taken individually by EU Member States in relation to third countries not meeting these minimum standards. It sets out the criteria for determining whether a third country does or does not comply with the minimum standards on transparency, exchange of information and fair tax competition, and lists a series of actions that they may take in relation to such countries. The application of both Recommendations by Member States has been discussed in the Platform for Tax good governance[81] (see report of 17 June 2015[82]). Furthermore, the EU will continue to promote fair tax competition globally by negotiating good governance provisions in relevant agreements with third countries.

78 | JOIN(2015) 16 final, 28.4.2015

79 | An Action Plan to strengthen the fight against tax fraud and tax evasion (COM (2012) 722), Recommendation regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters (C(2012) 8805) and Recommendation on aggressive tax planning (C(2012) 8806).

80 | C (2012) 8805.

81 | http://ec.europa.eu/taxation_customs/taxation/gen_info/good_governance_matters/platform/index_en.htm

82 | See Annexes 2 and 3 to the Commission Staff Working Document: Corporate Income Taxation in the European Union (SWD/2015/121)

Transparency Package and Action Plan

To reinforce the fight against corporate tax avoidance and harmful tax competition, the European Commission presented on 18 March 2015 a package of tax transparency measures.[83]

A key element of the Tax Transparency Package is a proposal to introduce the automatic exchange of information between Member States' tax authorities on their tax rulings. By improved access to information Member States should be in a position to better identify tax evasion or avoidance and/or tax base erosion and react. The proposal on tax rulings could ensure that Member States have information on elements of tax avoidance schemes routed via emerging and developing countries. Moreover, the automatic exchange of information on tax rulings will enable Member States to detect certain abusive corporate tax practices and take necessary action. It should also encourage healthier tax competition as tax authorities will be less likely to offer selective tax treatment to companies once this is open to scrutiny.

Currently, Member States share very little information with one another about their tax rulings. It is at the discretion of the Member State to decide whether a tax ruling might be relevant to another EU country. As a result, Member States are often unaware of cross-border tax rulings issued elsewhere in the EU that may impact their own tax base. The lack of transparency on tax rulings can be exploited by companies to artificially reduce their tax contribution.

To redress this situation, the Commission proposes removal of this margin for discretion and interpretation. Member States will now be required to automatically exchange information on their tax rulings. The Commission proposes to set a strict timeline for information exchange: every three months, national tax authorities will have to send a short report to all other Member States on all cross-border tax rulings that they have issued. Member States will then be able to ask for more detailed information on particular rulings.

The EU is also promoting its enhanced transparency approach at international level, in particular in the G20 and the OECD. The G20/OECD Automatic Exchange of Information Roadmap initiative under the Global Forum on Transparency and Exchange of Information for Tax Purposes aims to develop an international standard for the automatic exchange of tax information between tax authorities at a global level. The initiative is working on processes to enable developing country participation.

Enhanced transparency is supported by many stakeholders, in particular NGOs. Their reaction was overall positive but they suggested that transparency should go further in that the wider public should have access to relevant information like a country-by-country reporting requirement for companies. Many NGOs and MEPs call for an extension to all sectors of the requirements that currently exist for extractive and logging industries to publicly report their payments to governments (including taxes on profits, royalties, bonuses etc.) on a country and project basis, or an extension of current country-by-country requirements for financial institutions to all sectors. Many argue that putting companies under close public scrutiny would deter them from abusive tax practices that erode developing countries' tax bases. The pros and cons of this approach need to be assessed.

As a next step the Commission intends to examine the feasibility of new transparency requirements for companies including full disclosure to the public of certain tax information by multinationals. The objectives, benefits and risks of any such initiative need to be carefully considered. Therefore, the Commission intends to assess the impact of possible additional transparency requirements to help inform a decision at a later stage.

83 | COM(2015) 135 final, 18.3.2015

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Improving tax transparency is the first step in the EU's ambitious agenda for 2015 to fight tax evasion and avoidance. The Commission has also adopted on 17 June 2015 an Action Plan for fair and efficient tax system in the EU. The Action Plan[84] sets out a series of initiatives to tackle tax avoidance, secure sustainable revenues and strengthen the Single Market for businesses. Collectively, these measures will significantly improve the corporate tax environment in the EU, making it fairer, more efficient and more growth-friendly.

Key actions include a strategy to re-launch the Common Consolidated Corporate Tax Base (CCCTB) and a framework to ensure effective taxation where profits are generated. The Commission also launched a public consultation to assess whether companies should have to publicly disclose certain tax information.

Anti-Money Laundering

Flows of illicit money by transfers of funds can damage the integrity, stability and reputation of the financial sector and threaten the EU's Internal Market, public security and development efforts worldwide. Illicit outflows from developing countries were estimated at EUR 771 billion in 2012.[85] EU rules in this area, in particular the third Anti-Money Laundering Directive (Third AMLD)[86], are largely based on international standards adopted by the Financial Action Task Force (FATF)[87] tailored to the EU's needs and complemented by national rules. The EU's rules have evolved over the years and the scope has expanded to prevent criminals and terrorists from using additional or new possibilities.

The FATF published a new set of revised standards in February 2012 and has also started a process of evaluating the technical conformity and the effective functioning of Anti-Money Laundering (AML) national regimes. The new standards will require that national authorities take more effective action at all levels from the identification of bank customers opening an account through to investigation, prosecution and forfeiture of assets. To achieve global implementation of its Recommendations, the FATF relies on a strong global network of eight FATF-Style Regional Bodies (FSRBs[88]), in addition to its own 36 members and provides expertise and input to FATF policy-making. Over 180 jurisdictions around the world have committed to the FATF Recommendations.

The Commission undertook its own review of the EU framework and published a report on the application of the Third AMLD in April 2012. On 5 February 2013 the Commission adopted two proposals to update and improve existing EU rules[89]. The Anti-money laundering package (Fourth AMLD and Second Funds Transfer Regulation) is tentatively planned to be published by June/July 2015. In particular, the Fourth AMLD gives more importance to the implementation of the risk based approach principle which allows Member States and other obliged entities to adapt the nature of their customer due diligence to the appropriate level of risk. The removal of the application of automatic due diligence measures to a certain type of circumstances allows for more balanced and adequate approach. In addition, the improvement of cooperation between the host and the home competent authorities is now confirmed and will be an incentive for a safer development of the money remittance market. Finally, the AML framework will retain specific provisions concerning the business relationships conducted with high risk third countries, defined at the European level, in order to ensure a coordinated EU approach towards transactions made with them.

Although the Fourth AML package extends and upgrades the regulatory framework, it has been suggested that the recitals could have demonstrated more clearly that the EU is aware of the development dimension of money laundering; and there are challenges to obtain reliable and updated figures describing the size of the problem. There are also divergent views on how to find the right balance between transparency requirements and the reduction of administrative burdens in the financial service market or data protection.

The Fourth AMLD, once adopted, will ensure that a certain minimum standard will be applied in all Member States.

In the policy dialogue between the EU and its partner countries the EU is encouraging developing countries to implement the FATF standards and is ready to support their reform efforts to apply them.

Information Society – Information and Communication Technologies (ICT)

Information and Communication Technologies (ICT) are proven drivers of inclusive growth and sustainable development in the developing world, which in recent years has emerged as a fast assimilator of the new technologies. At the end of 2014 according to ITU[90], there were almost as many mobile phone subscriptions (6.9 billion) as people on Earth, with more than three quarters of the phone subscriptions (5.4 billion) in the developing world and more than half in the Asia-Pacific region.

84 | Commission Communication A Fair and Efficient Tax System in the European Union: 5 Key Areas for Action (COM(2015)302, 17.06.2015)

85 | "Illicit Financial Flows from Developing Countries: 2003-2012" Kar and Spanjers (December 2014) Global Financial Integrity. The figure in this report, US$ 991.2 billion, includes outflows from 7 EU Member States (Bulgaria, Croatia, Hungary, Lithuania, Latvia, Poland and Romania).

86 | Directive 2005/60/EC on preventing the use of the financial system for money laundering and financing terrorism

87 | FATF is the international body established by the Paris G7 summit in 1989, and which is considered as the world standard in the fight against money laundering and terrorist financing.

88 | The Asia/Pacific Group on Money Laundering (APG), the Caribbean Financial Action Task Force (CFATF), the Eurasian Group (EAG), the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Financial Action Task Force on Money Laundering in South America (GAFISUD), the Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), the Middle East and North Africa Financial Action Task Force (MENAFATF) and the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism (MONEYVAL).

89 | COM/2013/044 final and COM/2013/045 final

90 | ITU-International Telecommunication Union – Measuring the Information Society Report 2014: http://www.itu.int/en/ITU-D/Statistics/Documents/publications/mis2014/MIS2014_without_Annex_4.pdf

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Figure 6a. Growth of mobile phone subscriptions in Developed and Developing Countries

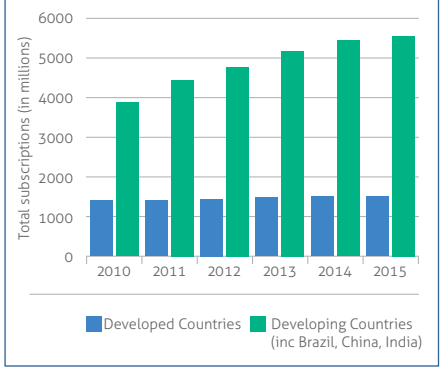
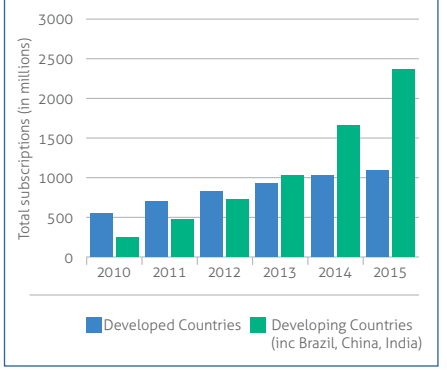


Figure 6b. Growth of mobile broadband in Developed and Developing Countries



Source | International Telecommunications Union (ITU). Note developing and developed countries defined according to UN M49: http://unstats.un.org/unsd/methods/m49/m49regin.htm

In relation to mobile broadband, all world regions, developed and developing, continue to show double-digit penetration growth rates with Africa scoring an impressive rate of over 40% in 2014 – twice as high as the global average. In absolute terms, the number of households with Internet access in developing countries has surpassed those in developed countries since 2013 and doubled between 2010 and 2014.

Despite the remarkable performance of the digital economy in the developing world, many nations still face serious challenges to fully benefit from the opportunities offered by Information and Communication Technologies to tackle deficiencies and critical problems in relation to poverty, lack of basic health services, illiteracy and innumeracy among the young population, gender divide, lack of basic infrastructures, unbalanced development at regional level and between urban-rural etc.

The EU response to these challenges is a three-pronged ICT for Development policy calling for collaborative action along three strategic directions/axes, namely legal and regulatory approximation in electronic communications, interconnection of research and education network infrastructures and ICT capacity building between the EU and its developing partner countries.

In relation to the first pillar of the EU ICT for Development policy and strategy, one of the key objectives is to assist developing countries to build up sufficient capacity for establishing fair and transparent national regulatory systems in **Internet Governance**. This capacity is needed for both the improvement of telecommunications legislation and for developing countries to contribute actively to the international debates on telecommunications and the governance of the Internet.

With reference to research and innovation in ICT, cooperation in the **Horizon 2020 Programme** is supporting the development of e-infrastructures in developing countries and the establishment of links between the respective research communities in the EU and the developing world.

A specific action plan "*Connecting Africa*" was adopted by the 4th EU-Africa Summit in 2014 in Brussels. The harmonisation of ICT policies, legal and regulatory frameworks in Africa and the interconnection of e-infrastructures between the EU and Africa are supported by the Pan-African Programme 2014-2020.

The EU is also supporting the cooperation with African organisations (such as the AU and ASECNA, the Agency for Aerial Navigation Safety in Africa) for the use of space-based services - in particular precise satellite navigation based on the European system EGNOS - for aviation safety, economic development and regional integration.

3 Food Security[91]

3.1 Agricultural Policy

The Common Agricultural Policy and its contribution to food security

With the global population expected to grow to over nine billion by 2050 and for diets and needs to evolve over that time, a very substantial increase in agricultural production, estimated at more than 60% by the FAO, will be required. The challenge will be to ensure this increase is sustainable and inclusive in order to reduce the number of people suffering hunger to zero and to substantially reduce malnutrition at the same time. For the EU policy debate, food security reflects the need to guarantee European long-term agricultural production in a way that is sustainable, contributes to global food security, and minimises distortive impacts on trade and markets.

The Common Agricultural Policy (CAP) provides an example where critical progress has been made on PCD through the reforms of the last twenty years. In addition to ensuring that food security is assured for EU citizens the CAP and agricultural trade policy are designed to actively benefit farmers and exporters in developing countries and to avoid adverse economic impacts.

The goal is to make sure that EU agriculture continues to play a key role in satisfying food demand and ensuring food security in the EU by enhancing the overall competitiveness of the EU agri-food sector. It is important that the efficient and productive agricultural sector in the EU is maintained and contributes to securing supplies in the EU and to minimising excessive price volatility and price shocks. The agricultural sector in the EU also has an important role to play in maintaining an open trading system and in sharing innovations, good farming techniques and sustainable practices with other regions.

The reform of the Common Agricultural Policy

After successive reforms, the Common agricultural policy delivers support to EU farmers and rural communities in a manner that is essentially non-market distorting and non-trade distorting.

The 2013 Common Agricultural Policy reform[92] followed the path set by previous reforms to improve market orientation, through the abolition of remaining production constraints (sugar production quotas cease in 2017) as well as confirming the earlier decision to end the system of milk quotas in 2015 and the removal of other instruments that influenced producers' decisions.

The reform also consolidated the long-term trend towards direct income support for farmers, as opposed to more trade-distorting forms of support, improving the sustainability of the policy and doubled the funding for research and innovation activities.

The reform process itself was inclusive and transparent, launched with a public debate and continuous engagement with stakeholders[93], to ensure all views were heard and taken into account. The potential implications of the CAP reform from a Policy Coherence for Development perspective were also taken into account by the impact assessment that evaluated the policy proposals.[94]

91 | Food security is recognised as a broad, cross-cutting challenge; for editorial reasons this chapter mainly covers agricultural and fisheries policies

92 | http://ec.europa.eu/agriculture/cap-post-2013/index_en.htm

93 | See the full report on the public debate: http://ec.europa.eu/agriculture/cap-post-2013/debate/report/summary-report_en.pdf; also contributions from stakeholders to the consultation of the impact assessment: http://ec.europa.eu/agriculture/cap-post-2013/consultation/contributions_en.htm

94 | http://ec.europa.eu/agriculture/policy-perspectives/impact-assessment/cap-towards-2020/index_en.htm#ia

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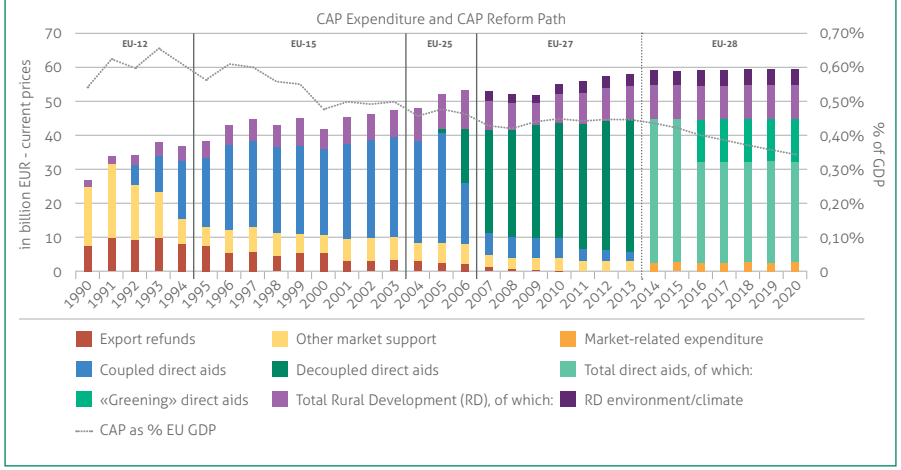
Figure 7. Trends in Common Agricultural Policy (CAP) expenditure 1990 – 2020



Source | European Commission, "The EU's common agricultural policy. Ensuring the EU's development and agricultural policies evolve together"

As a result of this process, many elements have been introduced into the CAP that makes it more compatible and coherent with the EU's development objectives.

Minimising market distortion

The most dramatic change to the Common Agricultural Policy over the past decade has been the movement away from "coupled" support, tied directly to the production of particular products. The 2013 reform further consolidated this approach.

Stopping use of export subsidies

For the last two decades the systematic use of export refunds (a form of subsidy designed to bridge the gap between higher EU prices and lower world prices) has gradually decreased. Since July 2013, no agricultural sector has benefited from these.

Since January 2014, export refunds have ceased to exist as a means of systematic support. In the 2013 CAP reform it was agreed that export refunds are reduced to an exceptional measure in periods of severe market crisis.

In January 2014[95] the Commission went a step further, agreeing to end the use of export refunds for all products exported to African countries entering into a full economic partnership agreement (EPA) with the EU.

95 | http://ec.europa.eu/agriculture/newsroom/157_en.htm

Ending export refunds: in 1993, the CAP included more than EUR 10 billion in export subsidies; in 2000 the figure decreased to EUR 5.6 billion; in 2012 the CAP included no more than EUR 147 million for export refunds. Today all rates are set at zero.

Sustainability - at the heart of the Common Agricultural Policy

Sustainability is a central component of the Common Agricultural Policy, and is reflected in three long-term CAP objectives: viable food production, sustainable management of natural resources and climate action, and balanced territorial development. EU consumers expect the produce they purchase meet high standards both in terms of its environmental credentials and product quality.

Therefore, the reformed Common Agricultural Policy strengthened instruments addressing environmental concerns with 30% of direct payments to European farmers linked to environmentally-friendly agricultural methods. These three measures – crop diversification, ecological focus areas, and maintaining permanent pastures – play an important role in the management of water, fighting soil erosion and biodiversity loss, and preserving natural landscapes. In addition, at least 30% of rural development financing is allocated to measures and projects that are beneficial to the environment and address climate change.

In terms of PCD, the environmental undertakings reduce the intensity of production and so have a supply-limiting effect, while measures addressing climate change mark a contribution of the sector to that global challenge.

Reform of the sugar regime

The 2013 CAP reform provided that sugar quotas will expire in 2017 completing the reform of the sugar sector initiated in 2005.

The EU recognised the likely needs of former beneficiary countries[96] of the Sugar Protocol in the ACP region[97] to adapt to the new market conditions created by the reform. The EU consequently committed to accompanying the adaptation process through development assistance amounting to EUR 1.25 billion over the budgeting period 2006–2013 under the DCI.[98] EU assistance was aimed at strengthening the competitiveness of the sugar sector, where this was viable, or supporting the development of alternative activities (diversification) and at mitigating broader impacts. The end-date of EU production quotas of 1 October 2015 was laid down in the regulation, allowing producers in the EU and ACP countries eight years to adapt to the reform. In the 2013 CAP reform the deadline for the quota expiry was further extended by another two years to 2017. This extension responded in part to requests from ACP suppliers who wanted the existing system to apply as long as possible.

The abolition of sugar quotas in 2017 is expected to result in prices closer to the world market level and to render the EU market more competitive. Hence it is expected that the most competitive sugar suppliers in the ACP countries and in the EU will benefit. Price pressure will impact less competitive suppliers.

Trade conditions: The change in the domestic EU sugar regime in 2007 does not change existing trade arrangements. Economic Partnership Agreement (EPA) countries and Least Developed Countries will continue to be the only ones benefiting from duty-free and quota-free access,

96 | The countries concerned by the accompanying measures are Barbados, Belize, Côte d'Ivoire, Democratic Republic of the Congo, Fiji, Guyana, Jamaica, Kenya, Madagascar, Malawi, Mauritius, Mozambique, St. Kitts and Nevis, Suriname, Swaziland, Tanzania, Trinidad and Tobago, Uganda, Zambia and Zimbabwe.

97 | The end-date of EU production quotas was 1 October 2015. In the recent CAP reform the deadline for the quota expiry was extended by another 2 years to 2017.

98 | Regulation (EC) No 1905/2006 of the European Parliament and of the Council

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although at the lower expected internal EU prices. The only exception is South Africa, for which a substantial duty-free quota for sugar has been negotiated. The EU is expected to continue to require imports to meet demands for sugar and provide the feedstock for the EU's refining plants.

An expert group on the future of the sugar market has been set up with Member States to monitor the market situation, statistics and prices. Impact of the reform proposals and long term balances is being regularly analysed, including analysis on the impact of the reform on ACP countries.

Promoting agricultural development in trade agreements

The EU is one of the world's most open markets to imports of farm products from non-member countries and it is the top importer of agri-food products from developing countries and from the least developed countries (LDCs).

On average, over the years 2011 to 2013, 2.8% of EU imports came from LDCs (EUR 2.8 billion per year). The value of this trade is four times as high as the corresponding value of the agricultural imports of Canada, the United States, Australia, New Zealand and Japan added together[99].

The EU is committed to helping developing countries integrate their agricultural sectors into the world's trading system and share in the benefits of the global economy. International trade is a key element on the path to sustained economic growth and development for the rural and agricultural sector (see section 2.1. Trade and Development, above).

An evaluation report[100] to assess the impact of EU preferential trade agreements and arrangements, for agricultural products on the development of agricultural trade in countries of the African, Caribbean and Pacific (ACP) region was published in November 2014.

The EPAs (see above, section 2.1.) ACP countries have sufficient policy space to exclude agricultural products that are strategic for the partner states, to be excluded from liberalisation.

EU agriculture policy is reviewed regularly at multilateral level in the WTO Committee on Agriculture, as well as in the context of its biannual Trade Policy Review. Within this process, the EU carefully takes into account any potential concern raised by Developing Countries or Least Developed Countries.

Civil Dialogue Group "International Aspects of Agriculture Policy"

The European Commission maintains regular dialogue with representative associations and civil society via the Civil Dialogue Group (CDG) "International Aspects of Agriculture Policy" that replaced the former Advisory Group on international aspects of agriculture from spring 2014.

The CDG met in November 2014 and May 2015 and on each occasion trade with developing countries and specifically the EPAs was debated. At the May 2015 meeting, an informal open debate was organised on four topics, including the PCD of the CAP and the agricultural elements of the sustainable Development Goals. This outreach was widely appreciated by participants.

Research and innovation

A significant commitment has been made to agricultural research and innovation with the EU doubling its budget to nearly EUR 4 billion for the Horizon 2020's Societal Challenge 2 "Food security, sustainable agriculture and forestry, marine and maritime and inland water research, and the bioeconomy". In parallel, the EU has set "Fostering knowledge transfer and innovation in agriculture, forestry and rural areas" as the first priority for Rural development policy during 2014-2020. Rural development programmes will finance agricultural and forestry innovation through several measures which can support creation of operational groups, innovation services, investments or other approaches.

The challenge of food and nutrition security and sustainable agriculture is a top priority also for the research and innovation partnership with Africa. The EU-Africa High Level Policy Dialogue (HPLD) on Science, Technology and Innovation provided scientific input to the research and innovation partnership. At the EU-Africa Summit in 2014, the Heads of State endorsed the decision to work on a roadmap towards a long-term, jointly funded and co-owned research and innovation partnership with, as a first priority, the role of science, technology and innovation in ensuring "Food security, nutrition and sustainable agriculture".

In the 2014 Work Programme of Horizon 2020, a dedicated call (sustainable intensification pathways of agri-food systems in Africa) for a Coordination and Support Action (CSA) was published to support the establishment of this research and innovation partnership and will prepare the ground for an ambitious coordinated research effort later in Horizon 2020. In the 2015 Work Programme, a dedicated research and innovation call entitled "Small farms but global markets: the role of small and family farms in food and nutrition security" was published. For the programming period 2016 - 2017, consideration is given to the possibility of publishing other topic calls that will support the development of the new partnership.

Agricultural Product Quality Policy

Both through bilateral and multilateral initiatives, the EU is encouraging third countries to adopt and develop systems of protection for their speciality and regional products including geographical indications (GIs) – to the benefit of consumers and producers in the countries concerned. At multilateral level, the EU is promoting GI protection in the WTO as well as in WIPO.

At bilateral level, the EU has proposed to cover intellectual property and geographical indications for its bilateral trade relations with developing and least developed countries, including under the EPAs with ACP regions. In 2014 the EU began assistance in GI development with the CARIFORUM countries in the frame of negotiations towards a GI agreement. The EU has joined with the African Union Commission to promote GIs associating the regional IP offices of the Organisation Africaine de la Propriété Intellectuelle (OAPI) based in Cameroon and the African Regional Intellectual Property Office (ARIPO) based in Zimbabwe.

A study report on the potential for marketing agriculture products of the ACP countries, using Geographical Indications and origin branding was published in December 2013.[101]

Organic Production

In March 2014, the European Commission adopted a "Proposal for a Regulation of the European Parliament and the Council on organic production and labelling"[102] which seeks to address shortcomings of the current system for a sustainable development of the organic production.

The Commission proposal builds on the findings of a broad consultation process that started in 2012 and which included a series of hearings with EU and international experts on organic production and wide public consultation. Within the impact assessment study, the Commission has assessed the consistency of the proposed revision of the EU legal framework with other relevant EU policies, including development policy. It has also analysed the production rules applied by Control Bodies in developing countries within the current regime of equivalence and came to the conclusion that compliance with more stringent production rules by developing countries is possible, if group certification, which is widely used in developing countries, is also introduced in EU legislation. The

99 | http://ec.europa.eu/agriculture/trade-analysis/map/2014-1_en.pdf

100 | http://ec.europa.eu/agriculture/evaluation/market-and-income-reports/epas-2014_en.htm

101 | http://ec.europa.eu/agriculture/external-studies/gis-acp-countries_en.htm

102 | COM(2014) 180 final, 24.3.2014

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analysis is presented in Annex 12 of the impact assessment [103].

According to the latest available statistics [104], the EU is the second world largest organic market (40% of global sales) following the US (43%) and is the biggest importer of organic products from least developed countries (LDCs), in particular African countries [105]. The Commission pays special attention to the impact of the new production and control rules on these countries and is committed to cooperating and exchanging information with developing countries to ensure trade under EU legislation in accordance with Action 14 of the "Action Plan for the future of organic production in the European Union" [106] that was adopted together with the reform proposal.

Conclusion

Agriculture and food security are areas where EU's work on Policy Coherence for Development is well advanced. The Common Agricultural Policy and agricultural trade policy continue to align closely with development policy and are becoming increasingly sensitive to development needs. The Commission analyses the impact of internal policies on other countries and takes fully into account policy measures that may impact on development.

3.2 Fisheries and Maritime Policy

The Common Fisheries Policy (CFP) is the governance instrument that sets out the rules for fisheries management in the EU. A wide ranging reform of the CFP entered into force in 2014. The aim of the reform being to secure both fish stocks and the livelihood of fishing communities 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 to strive for long-term sustainability of fisheries worldwide. The Commission set out the main strands for external action in its Communication on the external dimension of the Common Fisheries Policy reform [107] in 2011, in particular the need to create a new generation of Sustainable Fisheries Partnership Agreements (SFPAs), to make Regional Fisheries Management Organisations more effective, to fight Illegal, Unreported and Unregulated (IUU) fishing and to strengthen coherence between EU policies. These orientations have been endorsed by the new Common Fisheries Policy of December 2013 which enshrines the external dimension of the CFP for the first time [108].

103 | The Impact assessment study is available at: http://ec.europa.eu/agriculture/organic/eu-policy/policy-development/index_en.htm

104 | The World of Organic Agriculture 2015 (FIBL and IFOAM)

105 | Source: Commission working document - Impact assessment accompanying the Proposal for a Regulation of the European Parliament and of the Council on organic production and labelling of organic products, amending Regulation (EU) No XXX/XXX of the European Parliament and of the Council [Official controls Regulation] and repealing Council Regulation (EC) No 834/2007, 24.3.2014

106 | Communication from the Commission to the European Parliament, the Council, The European Economic and Social Committee and the Committee of the Regions: Action Plan for the future of Organic Production in the European Union, COM(2014) 179 final of 24.3.2014.

107 | 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.

108 | Regulation (EU) N° 1380/2013 of the European Parliament and of the Council of 11 December 2013 on the Common Fisheries Policy, amending Council Regulations (EC) N° 1954/2003 and (EC) N° 1224/2009 and repealing Council Regulations (EC) N° 2371/2002 and (EC) N° 639/2004 and Council Decision 2004/585/EC.

Sustainable fisheries management is key for developing countries as it ensures that fish stocks will remain available to those who rely on fish as a source of protein. 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.

Sustainable Fisheries Partnership Agreements

The European Commission negotiates Sustainable Fisheries Partnership Agreements with a number of third countries. Through these Agreements, 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 EU 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, these Agreements are tools to promote good governance in third countries' waters.

There are currently 13 Sustainable Fisheries Partnership Agreements in force which can be divided into two categories: ten bilateral tuna agreements (with Cabo Verde, Ivory Coast, Senegal, São Tomé and Principe, Gabon, Madagascar, Comoros, Seychelles, Mauritius and Kiribati) and three multi-species agreements (with Greenland, Guinea-Bissau, Morocco). Negotiations with Mauritania and Mozambique are on-going.

The reform of the Common Fisheries Policy and its external dimension, emphasising sustainability of the stocks, allows for enhanced partnership between the EU and developing coastal states.

As part of this reform, the EU has put in place a legal requirement that bilateral fisheries agreements must be sustainable. These agreements are a tool to help promote long-term resource conservation, good governance and the sustainable development of our partners' fisheries sector.

Fishing possibilities must be based on improved scientific knowledge. There is better control of the fishing activity of the EU long distance fleet, in particular through the introduction of the Electronic Reporting System (ERS). EU vessels should not compete with the local fleet, in particular the small fishermen.

Governance of fisheries partnership agreements is also being strengthened through transparency and non-discrimination measures while the overall reference price offered to third countries has been increased as well as the ship-owners' contribution to the costs of access.

The sector support should be designed to help build the scientific, administrative and technical capacity of local partners for the sustainable development of their fisheries. Main activities funded include co-financing of control and surveillance, construction of new landing facilities, maintenance of sanitary control facilities and support to small fishermen through the provision of material. Efforts are also made to address properly our partners' needs through better synergies between sectorial support and development policy tools.

Sustainable Fisheries Partnership Agreements are now recognised by many stakeholders, including environmental and development NGOs, as a positive contribution to the sustainable management of fisheries worldwide and reflects the responsibility of the EU towards its fleet wherever it is active.

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Regional Fisheries Management Organisations (RFMOs)

The EU takes seriously its responsibility to contribute to the conservation and sustainable management of international fish stocks and it does so as an active member of 15 Regional Fisheries Management Organisations.[109]

The reform of the Common Fisheries Policy has confirmed and strengthened the EU's mandate for strong action in Regional Fisheries Management Organisations. It also calls for coherence between the internal and external dimension of the Common Fisheries Policy. Accordingly, EU positions in Regional Fisheries Management Organisations follow the same principles and standards and promote a level playing field for the EU fleet. This means basing EU proposals for conservation measures on best available scientific advice to ensure that fishery resources are maintained or brought to exploitation rates at sustainable levels by 2015 where possible and on a progressive and incremental basis at the latest by 2020.

Regional Fisheries Management Organisations are increasingly being criticised for a lack of efficiency and effectiveness. However, efforts by them and their Contracting Parties to keep their fish stocks at sustainable levels are increasingly bearing fruit. The fight against illegal fishing is also a prominent issue on their agendas with procedures in place for the listing of vessels related to Illegal, Unreported and Unregulated fishing.

Developing countries are assuming an increasingly active role in Regional Fisheries Management Organisations and contribute more to their scientific and decision making processes. The EU has encouraged this through dialogue and support that facilitates their meaningful participation. EU and developing partner countries are working together on the preparation of conservation and enforcement proposals that accommodate the interests of developing countries.

The EU is also committed to addressing fishing overcapacity and signed a joint statement to that end at a conference in Thessaloniki in March 2014 with five States: US, Japan, Indonesia, Philippines and Colombia.

The EU is using development funds for the purpose of improving the database and science in Regional Fisheries Management Organisations. A striking example is the forthcoming tagging project for tropical tunas in the Atlantic (ICCAT) that will improve our knowledge of tropical tuna migration and other species that are typically caught by coastal developing states in the Atlantic.

The EU will continue to improve the performance of Regional Fisheries Management Organisations through promoting better science, better compliance and governance and will work with its partners in developing countries to this end.

Regional EU activities are complemented at the global level. The EU is promoting EU standards and principles including policy coherence at the UN level. This is reflected in the EU's stance on the UN General Assembly Resolutions on Sustainable Fisheries and on the Law of the Seas.

The Food and Agriculture Organisation of the United Nations (FAO) Committee on Fisheries (COFI) is another important forum for developing countries where the EU works towards the development of standards, guidelines and tools that frame global fisheries and aquaculture in a sustainable way. A particular recent success was the development and adoption in 2014 of guidelines on securing sustainable small-scale fisheries supported by the EU. These guidelines should play a critical role in improving the social, economic and cultural status of small-scale fisheries, which are particularly vulnerable to disasters and climate change. The implementation of these guidelines is also essential in the context of discussions on food security as illustrated in the report of the High Level Panel of Experts (HLPE) of the Committee on Food Security (CFS). This report underlines that sustainable fisheries and aquaculture provide a fundamental contribution to nutrition and food security. Other FAO priorities for the EU in the past years have been the adoption of the guidelines for establishing criteria for flag state performance and progress in the establishment of the global record for fishing vessels as these are important tools to fight Illegal, Unreported and Unregulated fishing.

109 | ICCAT, IOTC, WCPFC, IATTC/AIDCP, CCSBT, NAFO, NEAFC, GFCM, CCAMLR, SPRFMO, SEAFO, SIOFA, NASCO, Bering Sea Convention. SPRFMO and SIOFA are the most recent organisations for which the EU is investing high efforts to make them operational as soon as possible. It is also member of two advisory bodies - CECAF and WECAFC - which have no decision making power.

Illegal, Unreported and Unregulated fishing (IUU)

The EU is implementing its obligations as the world's largest importer of fish and fish products to improve fisheries governance worldwide and fight illegal fishing.

Developing Countries are the first victims of Illegal, Unreported and Unregulated (IUU) fishing by depleting fish stocks, destroying marine habitats, distorting competition, and weakening coastal communities. The most widely cited estimates put the value of the IUU catch at USD 10 billion representing 19% of the worldwide reported value of catches.

The EU has discussed Illegal, Unreported and Unregulated fishing with more than 40 countries in the Atlantic, Indian and Pacific oceans. The Commission has established a frank dialogue and cooperation with these countries to encourage and support changes in their fisheries management policies to fight Illegal, Unreported and Unregulated fishing and fulfil international obligations including changes in legal basis, increasing sanction levels, ensuring adequate effective control and monitoring policies, revised fisheries management plans and improving traceability. In this process, the Commission takes due consideration of the limited capacities of developing countries providing them with technical assistance when needed.

As a very last resort, the EU's IUU policy instrument, which is a WTO-compatible transparent and non-discriminatory instrument applying to all vessels engaged in the commercial exploitation of fishery resources, can block trade in fish from the countries that are manifestly in breach of their international obligations. The implementation of the EU IUU policy has demonstrated the positive role that EU can play internationally to raise awareness on sustainable fisheries management and improve fisheries governance in a number of countries.

Trade in fisheries products

The European Commission also addresses fisheries 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 the agreement.

The EU also systematically includes an article on fisheries in the Sustainable Development Chapter in the FTAs it negotiates with third countries. The aim is to provide a framework for common cooperation between the parties in the field of fisheries governance. The rationale is that fish is a natural and mobile resource and thus it is a shared responsibility to ensure the conservation and management of the fish stocks: countries cannot act "alone" but need to work together. The fisheries provisions reflect commitments to the aim of global sustainable fisheries in line with key principles laid down in internationally agreed conventions and agreements.

The EU offers very liberal import conditions to developing countries. The EU has long applied the Generalised Scheme of Preferences (GSP) including the EBA initiative which grants duty-free-quota-free to all goods, including fisheries.

One particular feature of these favourable market-access instruments is the recourse to

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temporary derogations from the requirements in preferential rules of origin for certain fisheries products from developing partners. Such derogations allow the partners in question to acquire the level of investments that are needed to fulfil these requirements, and that at the same time contributes more comprehensively to the local development of the fisheries sector.

Germany

In 2013 Germany launched a "Global Sustainable Seafood Initiative" to provide a consistent global benchmarking tool to provide transparency between labelling and seafood certification programmes contributing to sustainable production in partner countries.

Ocean governance and maritime policy

The EU is a front runner in better ocean governance and in the development of ocean-based economies through its integrated maritime policy, including the new Common Fisheries Policy and the fight against Illegal, Unreported and Unregulated fishing. The EU has been working hard to put ocean governance mechanisms and structures in place that keep the oceans healthy, clean and safe whilst creating the best possible investment climate for more jobs and growths based on ocean resources. But EU internal action alone is not enough to create a level playing field across all oceans and seas and avoid the damage that we have witnessed with land-based economies.

A recent milestone for better ocean governance was the decision by a UN Working Group in January 2015 to launch a process for the development of a legally binding instrument under the Law of the Sea (UNCLOS) for the conservation and sustainable use of marine biodiversity in areas beyond national jurisdiction. The EU together with the G77 is a major promotor of such an implementing agreement since it will close legal loopholes and allow improved ocean governance and better management of marine areas, fostering capacity-building and marine technology transfer, framing cumulative impact assessments and enabling access and benefit sharing of marine genetic resources.

European Maritime Security Strategy

The Maritime Security Strategy was adopted in June 2014 and followed up by an Action Plan in December 2014. The purpose of the strategy is to identify the maritime interests of the EU including prevention of conflicts, protection of critical infrastructure, effective control of external borders, the protection of the global trade support chain and the prevention of Illegal, Unregulated and Unreported fishing. It spells out the multitude of risks and threats the EU and its citizens may be confronted with from territorial maritime disputes, maritime piracy, terrorism against ships and ports or other critical infrastructure, organised sea-borne crime including trafficking to the potential impacts of natural disasters or extreme events. The EU response to these threats and risks are identified in the Action Plan[110].

From a Policy Coherence for Development perspective it is worth noting that this strategy is cross-sectorial and its overall aim is to improve policy coherence and avoid duplication. Consequently, it contains a number of actions which are directly relevant for EU development policy, such as capacity and capability development in third countries. The important relationship between EU security and development policies has also been highlighted in the recent communication on security and capacity building.[111]

110 | Which is composed of 134 different actions under five different work strands: 1) external action; 2) maritime awareness, surveillance and information sharing; 3) capacity development and capacity building; 4) risk management, protection of critical infrastructures and crisis response; and 5) maritime security research and innovation, education and training.

111 | JOIN(2015) 17 final, 28.4.2015

Independent views

The EU's efforts to combat Illegal, Unreported and Unregulated fishing are recognised by many NGOs as world leading. For instance PEW wrote in 16 October 2014 that: "We are pleased to see the EU continue its efforts to stop illegal fishing and keep illegally caught fish from reaching the market. The yellow card system gives a clear warning to states that are failing to tackle IUU fishing, that they must take positive action or lose access to one of the world's biggest seafood markets."[112]

The EU's Sustainable Fisheries Partnership Agreements were assessed positively by the African Confederation of The Artisanal Fishery Professionals (CAOPA) on 22 November 2014.[113]

On-going work

The Fishing Authorisation Regulation[114] (FAR) is a major initiative for the EU in 2015. It deals with authorisations to fish and reporting obligations of the EU vessels outside EU waters. The FAR also regulates the management of authorisations for third country fishing vessels to fish in EU waters.

The revision of the FAR is a major legislative initiative in the context of the implementation of the Common Fisheries Policy reform. It echoes the new Basic Regulation which promotes sustainable EU fishing activities outside EU waters and is based on the same principles and standards as those applicable under EU law in European waters. By improving control of EU vessels it will help the fight against Illegal, Unreported and Unregulated fishing. It will also create a benchmark at international level regarding management and control of external fleets contributing to better global fisheries governance.

The FAR revision will monitor the EU fleet wherever it operates and whatever the framework it operates under.[115] The revision has two main objectives:

- to clarify the provisions of the current FAR (deadlines, division of tasks between Member States and Commission services, reallocation of unused fishing opportunities, articulation with the Controlling authorities and IUU Regulations);
- to extend its scope to tackle any situation where an EU vessel is fishing outside EU waters including chartering, reflagging operations and direct authorisations (private licences), in line with the Basic Regulation and Council conclusions on external dimension.

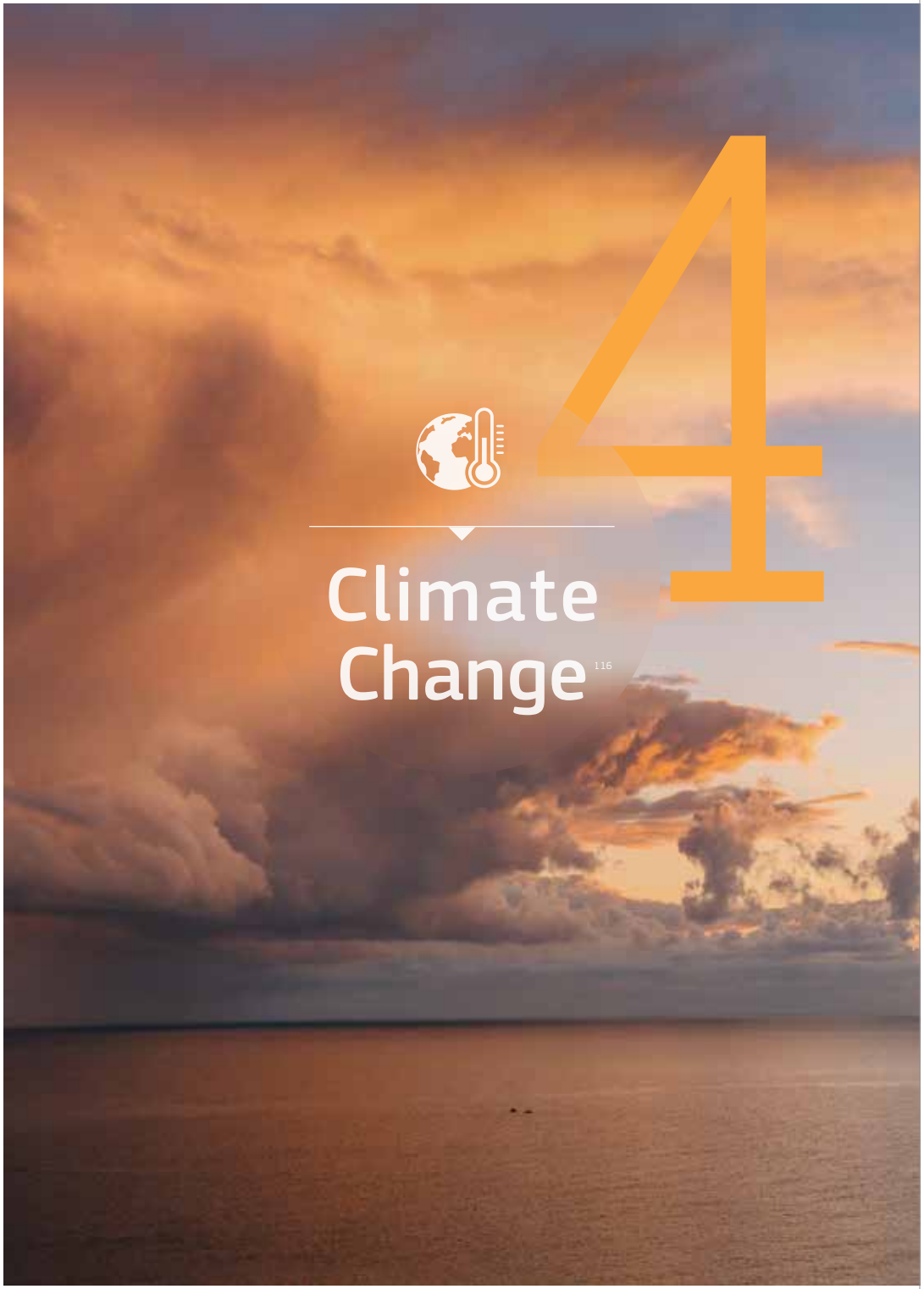
The **Joint Research Centre (JRC)** has substantially contributed to the improvement of the outstanding issues and challenges highlighted in the 2013 EU Report on Policy Coherence for Development, in particular by providing scientific evidence on the state of the resources, expertise for ensuring the evidence-base and the sustainability of the Common Fisheries Policy and Fisheries partnership agreements, measures for a sound oceans management on a regional basis, and support to the participation of developing countries in the regional Fisheries Management Organisations.

112 | (http://www.pewtrusts.org/en/about/news-room/news/2014/06/10/european-commission-praised-for-warning-countries-on-illegal-fishing).

113 | http://caopa.org/presentations_wfd/Caopa%20-%20Accords%20de%20peche%20incovenients%20et%20avantages.pdf

114 | Regulation (EC) No 1006/2008

115 | RFMO, SFPA, direct authorisation, high seas



4 Climate Change[116]

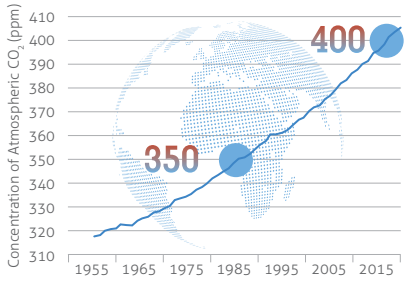
4.1 Climate Change Actions

In 2015 the international community is focused on the 21st Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) that will be held in December in Paris. The objective is a new international climate change agreement to enter into force in 2020.

Paris Climate Conference December 2015

According to the latest findings of the Intergovernmental Panel on Climate Change (IPCC), without urgent action, climate change will bring severe, pervasive and irreversible impacts on all the world's people and ecosystems. Limiting dangerous rises in global average temperature to below 2°C compared with the pre-industrial era will require substantial and sustained reductions in greenhouse gas emissions by all countries.

Figure 8. Increasing atmospheric CO2 levels since 1955



350 ppm CO2 is the level at which the UN's Intergovernmental Panel on Climate Change (IPCC) estimates that global warming will be restricted to a 2°C temperature increase.

Source | Scripps Institute, Mauna Loa Observatory, Hawaii

This global transition to low emissions can be achieved without compromising growth and jobs, and can provide significant opportunities to revitalise economies in Europe and globally. Action to tackle climate change also brings significant benefits in terms of public well-being. Delaying this transition will, however, raise overall costs and narrow the options for effectively reducing emissions and preparing for the impacts of climate change: this risks devastating effects notably on fragile and developing countries.

All countries need to act urgently and collectively. Since 1994, the Parties to the UNFCCC have focused on this challenge, resulting in more than 90 countries, both developed and developing, pledging to curb their emissions by 2020. However, these pledges remain insufficient to achieve the below 2°C objective. For these reasons, in 2012, the UNFCCC Parties launched negotiations towards a new legally binding agreement applicable to all Parties that will put the world on track to achieve the below 2°C objective.

The progress made at the December 2014 climate conference in Lima[117] brings a robust agreement in Paris within reach. Most importantly, it was decided how countries should formulate and communicate their proposed emission reduction targets well in advance of the Paris conference. A first full draft text of the 2015 Agreement was also developed, reflecting the positions of all Parties on all the elements under negotiation.

Ahead of the Lima conference, the EU continued to show leadership and determination to tackle climate change globally. At the European Summit in October 2014, European leaders agreed that the EU should step up its efforts and reduce its own emissions by at least 40% compared to 1990 by 2030. The package contained the EU's commitment to increase the share of renewable energy to at least 27% and increase energy

116 | This section includes environmental issues

117 | http://europa.eu/rapid/press-release_IP-14-2632_en.htm

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efficiency by at least 27%. This was confirmed formally as the EU's Intended Nationally Determined Contributions (INDC) to the Paris conference at the 6 March 2015 EU Environment Council. As total EU emissions in 2013 were already around 19% below 1990 levels, the EU is on track to meet its target. It puts the EU in a good position to ask for a strong Agreement to be adopted at the December 2015 Paris Conference.

The EU proposes that the 2015 Agreement should be in the form of a Protocol under the UNFCCC. Major economies, in particular the EU, China and the US, should show political leadership by joining the Protocol as early as possible and it should enter into force as soon as countries with a collective total of 80% of current global emissions have ratified it. Under the new Protocol, climate finance, technology development and transfer, and capacity building should promote universal participation and facilitate the efficient and effective implementation of strategies to reduce emissions and adapt to the adverse effects of climate change. Furthermore, the EU argues for a transparent and dynamic legally binding agreement, containing fair and ambitious commitments from all Parties based on evolving global economic and geopolitical circumstances. In aggregate these commitments, based on scientific evidence, should put the world on track to reduce global emissions by at least 60% below 2010 levels by 2050. Should there be a gap in the level of ambition set in Paris, this should be addressed by devising a work programme starting in 2016 working closely with the Green Climate Fund to identify additional actions to reduce emissions.[118]

Climate finance

At the Lima conference EU Member States pledged about half of the initial capital of USD 10 billion to the Green Climate Fund (GCF) to assist developing countries. EU Member States are the biggest donors to this Fund. EU Finance Ministers have consistently reiterated their willingness to contribute the EU's fair share to the international community's commitment to provide USD 100 billion of climate finance to developing countries by 2020. Regarding climate finance in general, already in 2013 the EU and its Member States collectively provided EUR 9.4 billion of public climate finance to help developing countries tackle climate change. Support is directed at the most vulnerable developing countries, including the small island developing states, and the least developed countries, particularly in Africa, to adapt to the consequences of climate change.

The EU considers that both public and private flows are indispensable elements of climate finance. Further efforts must be made to mobilise alternative sources of climate finance and private contributions. International climate finance should be used as a lever to incentivise climate-resilient and low-carbon investments, complementing domestic resources in developing countries.

The EU and its Member States have set out their strategies and approaches for mobilising scaled-up climate finance to help meet developed countries' commitments for 2020. This will be an iterative process, meaning that scaling up climate finance will go hand-in-hand with solid preparatory work in both developed and developing countries.

It is expected that a significant amount of future international climate funding will be channelled through the Green Climate Fund. Furthermore, the Global Climate Change Alliance (GCCA) established by the European Union in 2007 has a budget of more than EUR 300 million to strengthen dialogue and cooperation with developing countries and is one of the most significant climate change initiatives in the world. It supports 51 programmes around the world and is active in 38 countries, 8 regions and sub-regions and at the global level.

118 | See COM(2015) 81 final/2, 4.3.2015

Spain

Spain leads the work of the Iberoamerican Network of Climate Change Offices that creates an informal and technical space for exchange of ideas and experiences promoting North-South, South-South and triangular cooperation on climate action.

Investment

On the climate investment front, the EU adopted a new plan which will unlock public and private investments in the real economy of at least EUR 315 billion over the next three years (2015-17). These investments will help modernise and further decarbonise the EU's economy.

Renewables and development

The role of renewables in the global energy mix continues to expand, especially in the power sector and in regions where policies are in place to support their use. By early 2014, at least 144 countries had renewable energy targets and 138 countries had renewable energy support policies in place.[119]

In relation to developing countries, the EU is contributing towards the objectives of delivering universal access to energy by 2030 and the doubling of the rate of energy efficiency and the use of renewable energy in developing countries through its EU Sustainable Energy for All initiative.

Italy

Italy is supporting renewable energy, energy efficiency and sustainable development strategies in North African countries through the Mediterranean Renewable Energy Partnership. Its focal point is the Mediterranean Renewable Energy Centre in Tunis established with the support of the Italian Environment ministry.

Research, development and innovation

The Seventh Framework Programme for Research and Technological Development (FP7) covered a number of research actions in the area of climate change. The programme facilitated 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. For instance, most projects of the FP7 Africa call disseminated their results in the course of 2013 and 2014. These projects[120] entailed a close collaboration between European and African partners and contributed to exchanging knowledge and strengthening the capacity of African scientists and stakeholders to address climate change.

The "High-End cLimate Impacts and eXtremes" (HELIX) project started in November 2013 to provide further information on future climate conditions and the consequences of different actions, including with a focus on three regions namely Europe, Sub-Saharan Africa in the Northern Hemisphere and the South Asia. Partners from Kenya, Bangladesh and India are part of the consortium implementing the project.

The European Commission also continues to provide important support to global scientific initiatives such as the Intergovernmental Panel on Climate Change (IPCC).

Horizon 2020 earmarks 35% of its budget to support climate change-related research and innovation and 60% to sustainable development.

Forests and Agriculture

Deforestation is 70-80% driven by forest conversion to agriculture in order to provide larger amounts of fuel, food and fibres to a bioeconomy that is expanding faster than global consumption. Although EU forest area is increasing, globally deforestation continues unabated. As world

119 | Renewables 2014: Global Status Report (REN 21)

120 | www.africa-cluster.eu

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population is forecast to grow by one billion in 2030, two billion in 2050 and five billion by 2100, FAO expects land productivity to increase by a steady 1.5-2% a year over this century either by intensification (higher yields per hectare) or expansion (more hectares under production) despite unprecedented climate extremes and roughly a quarter of the world's agricultural land being already severely degraded.

In relation to climate change, forestry and agriculture are about removals, emissions and storage. Removals result from the capacity of plants and soils to remove and retain greenhouse gases from the atmosphere through the process of photosynthesis. Removals take place when trees grow or organic material builds up in soils. Emissions take place, for instance, when plants die and decay or when soils are disturbed so that their capacity for storage is decreased. This would be the case when trees or crops are harvested, if wetlands are drained or if grasslands are ploughed.

Carbon dioxide (CO_2) differs from the other major greenhouse gases in that the carbon can be stored in large quantities in the carbon pools in vegetation, soils and living organisms. As an illustration, it is estimated that the release of just 0.1% of the carbon currently stored in European soils would equal the annual emissions of 100 million cars.

For industrialised nations, accounting of emissions and removals from forests and agriculture are governed by the Kyoto Protocol adopted in 1997. The inclusion of forests and agriculture in greenhouse gas accounts of industrialised nations are governed by Protocol rules for the land-use, land-use change and forestry (LULUCF) sector.

Currently emissions and removals from forests and agriculture in non-industrialised countries are not governed by any internationally agreed legally binding framework. Policy development related to forests in non-industrialised countries is covered in the REDD+ framework - the UN programme for Reducing Emissions from Deforestation and Forest Degradation.

In most industrialised nations, emissions of greenhouse gases mainly come from energy production and other man-made sources. In the EU, the forest and agriculture sectors counter some of these emissions by removing an amount of carbon from the atmosphere equal to about 9% of the EU's total greenhouse gas emissions in other sectors. A variety of different land uses and management practices can limit emissions of carbon and enhance removals from the atmosphere within forestry and agriculture.

Though emissions from deforestation and forest degradation in developing countries remain difficult to quantify, they constitute around one-sixth of the global CO_2 emissions, or one-eighth of all global greenhouse gas emissions. At the same time nearly one billion vulnerable people depend on these forests for food, water, shelter and energy. If designed properly, REDD+ could provide substantial benefits in addition to mitigation. These include positive impacts on biodiversity, climate change adaptation, low emission development and strengthening indigenous peoples' rights. REDD+ therefore has the potential for a triple dividend with gains for the climate, biodiversity and sustainable development. How far this potential can be materialised depends on providing a sound legal framework, predictable incentives, and proportionate resources that are used in a cost-effective manner.

The EU's approach to REDD+ builds on the FLEGT Action Plan (see Trade and Finance chapter above). The Commission commits approximately EUR 25 million a year to initiatives piloting REDD+ in Asia, Africa and Latin America. The Commission is investigating ways to stimulate private sector investment to address the drivers of deforestation and further increase the effectiveness and efficiency of REDD+ financing. The need to scale up financing for REDD+ is implicit in the pledge by developed countries to mobilise climate finance of USD 100 billion per year to the developing world by 2020. This money depends on meaningful mitigation action and transparency on implementation.

In view of the above, the European Commission launched on 26 March 2015 a public consultation on the integration of agriculture, forestry and other land use into the 2030 EU climate and energy policy framework.

4.2 Environmental Actions

Poverty, development and environment are closely linked. The world's poorest are those most directly dependent on natural resources for their daily survival and therefore most vulnerable to environmental hazards. This is why the Commission has made the protection and sustainable management of natural resources a key priority in its poverty reduction policies. Integrating environmental concerns into development policy is also key to ensuring that natural resources are protected.

Multilateral Environmental Agreements (MEA)

The EU has played a leading role in promoting high levels of environmental protection in the negotiation of new agreements or amendments to Multilateral Environmental Agreements (MEA) to set environmental standards. These Agreements are the most appropriate instruments to address global and trans-boundary environmental challenges of interest to both developed and developing countries. They provide an international level playing field, beneficial for developing countries in their pursuit of economic development while improving environmental management through sustainable waste treatment, sustainable management of natural resources, better access to water and energy and better health outcomes from controlled pollution.

Access to Genetic Resources and their Benefits

Through Council Decision 2014/283/EU, the EU ratified the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation. A Protocol to the 1992 Convention on Biological Diversity (CBD), it covers genetic resources under the jurisdiction of its Parties as well as traditional knowledge associated with those genetic resources. Many developing countries are hosts to particularly rich biodiversity, the conservation and sustainable use of which stand to gain if benefits arising from the utilisation of genetic resources are shared more equitably in line with the Nagoya Protocol.

The EU implements the Nagoya Protocol through the "ABS Regulation" of April 2014[121]. In particular, it establishes checkpoints at which EU users of genetic resources from other Nagoya Protocol Parties must produce a due-diligence declaration demonstrating that they have accessed those resources in accordance with applicable laws and regulations, and that they will share benefits from utilisation according to mutually agreed terms. Developing country preferences and concerns were considered in the actual impact assessment. The EU (alongside several of its Member States) has continued to co-fund the ABS Capacity Development Initiative[122] which supports the development and implementation of national ABS regulations in ACP countries and other countries on the African continent. This ABS Initiative covers also the implementation of the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA). Part of the activities aim to identify the issues for mutually supportive implementation of the Nagoya Protocol and the Treaty at the national level. More generally, the EU continues to engage with its developing-country partners at bilateral and multilateral levels in the process of making the Protocol fully operational.

121 | Regulation (EU) No 511/2014 on compliance measures for users from the Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization in the Union ("EU ABS Regulation")

122 | www.abs-initiative.info

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Biodiversity

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. To achieve sustainable development we must ensure that our international development efforts do not undermine the protection of biodiversity.

Since the last PCD Report of 2013, the EU and its Member States have pursued their joint efforts to mainstream biodiversity objectives into development policy, to enhance further the consistency and mutual supportiveness of both policies.

A highlight of EU efforts resulted in the outcome of the twelfth meeting of the Conference of the Parties (COP 12) to the Convention on Biological Diversity (CBD) that was held in South Korea in October 2014[123] in particular the decisions on resource mobilisation and on biodiversity and development. Under the theme, "Biodiversity for Sustainable Development", discussions took place in the context of the proposed Sustainable Development Goals and post-2015 Agenda and adopted the Gangwon Declaration on Biodiversity for Sustainable Development.[124]

A balanced agreement was reached on resource mobilisation[125], which stresses the importance of domestic resource mobilisation and the need for all CBD Parties to mobilise resources, and to increase efforts to mainstream biodiversity across their policy frameworks. The EU and its Member States, along with other CBD Parties, reaffirmed their commitment to contributing to a doubling of total biodiversity-related financial resource flows from a variety of sources to developing countries, in particular Least Developed Countries and Small Island Developing States, as well as countries with economies in transition.[126]

Another outcome essential for overall policy coherence is the adoption of milestones for the full implementation of the CBD's "Aichi Biodiversity Target 3"[127] on the elimination, phasing out or reform of incentive policies that are harmful to biodiversity, and the promotion of positive incentive policies. This will also help to reduce biodiversity financing needs in the long term.

As regards biodiversity and development more specifically, COP 12 adopted a decision[128] on sustainable development directed towards the United Nations post2015 Agenda and the SDGs, stressing the need to support the conservation and sustainable use of biodiversity and to tackle the underlying drivers of biodiversity loss. COP 12 also encouraged Parties[129] to integrate biodiversity and nature's benefits to people into national budgeting processes as well as into poverty eradication and development strategies and vice versa.

123 | The twelfth meeting of the Conference of the Parties (COP 12) to the Convention on Biological Diversity (CBD) was held from 6-17 October 2014, in Pyeongchang, Republic of Korea. http://www.cbd.int/decisions/cop/?m=cop-12

124 | http://www.cbd.int/hls-cop/gangwon-declaration-hls-cop12-en.pdf

125 | http://www.cbd.int/decision/cop/default.shtml?id=13366

126 | This it to happen by 2015, using as the reference level the average of annual biodiversity funding for the years 2006-2010, and at least maintaining this level until 2020.

127 | https://www.cbd.int/sp/targets/

128 | http://www.cbd.int/decision/cop/default.shtml?id=13367

129 | in Decision XII/V

EU-funded research also contributed to addressing ecosystem management in non-EU countries. For instance a cluster of eight projects funded under the Environment (including climate change) and Social Science and Humanities Programmes of the 7th Framework Programme for Research and Technological Development brought together researchers and civil society organisations (CSOs) from Latin America and Europe to address sustainability challenges of local communities through grassroots solutions.

Invasive Alien Species

Invasive Alien Species constitute a genuine development hazard. Animals and plants that are introduced accidently or deliberately into a natural environment, where they are not normally found, can have serious negative consequences for their new environment. They represent a major threat to native plants and animals in Europe, causing damage to the European economy worth billions of euros every year.[130]

Invasive alien species are of equally great concern to developing countries, where they directly affect food security and livelihoods. Small islands are particularly susceptible to biological invasions. The EU is supporting measures on invasive alien species in developing countries through:

- its "voluntary scheme for Biodiversity and Ecosystem Services in Territories of European overseas"[131], *inter alia* supporting projects addressing invasive alien species in the EU Outermost Regions (ORs) and Overseas Countries and Territories (OCTs);
- its support to "Updating, maintaining and enhancing the Invasive Species Compendium"[132], in order to meet the information needs required to support the worldwide sustainable management of invasive alien species, with particular attention to Africa and the Caribbean and Pacific regions;
- its support to the Convention on Biological Diversity.

Mainstreaming environment into development cooperation programmes

As is required by the treaties of the European Union, environmental protection requirements must be integrated into the definition and implementation of Union policies and activities, in particular with a view to promoting sustainable development. This is the case for internal EU policies as well as external policies such as development cooperation. The links between development, the environment and climate change are examined through mainstreaming, which allows opportunities to enhance the performance of development initiatives addressing environmental and climate change challenges and minimising environmental and climatic risks.

In development cooperation programmes financed by the EU and targeting developing countries, the EU continues to promote high levels of environment protection and sustainable use of natural resources by including these areas as focal sectors or integrating elements of environment protection into actions that address other policy sectors.

The mainstreaming of environmental concerns into development policy is embedded in the 2005 European Consensus on Development and the 2006 Sustainable Development Strategy. The three geographic instruments of greatest relevance to the EU development policy (the Development Cooperation Instrument (DCI), the European Neighbourhood Instrument (ENI)

130 | The EU, bound by Article 8(h) of the Convention on Biological Diversity, has committed to take measures to prevent the introduction and to control or eradicate those alien species, which it does through Regulation 1143/2014.

131 | http://ec.europa.eu/environment/nature/biodiversity/best/index_en.htm

132 | http://www.cabi.org/publishing-products/compendia/invasive-species-compendium/

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and the European Development Fund (EDF)) are all subject to mainstreaming efforts. Moreover, the DCI contains an explicit requirement to mainstream "environmental sustainability, including addressing climate change" as a cross-cutting issue in all programmes.

The international development community has been increasingly engaged in promoting such mainstreaming leading to sustainable development. The commitments from the EU are, like those of many other organisations, not only political but also financial.

In the 2011 Communication "A Budget for Europe 2020" [133] the Commission expressed the intention "to increase the proportion of the EU budget that is related to climate mainstreaming to at least 20%, and thus contribute to Europe's transition to a low carbon and climate resilient society". This commitment also applies to the external projection of the EU, including development cooperation.

In 2012, at the conference of parties (COP-11) of the CBD in Hyderabad, the EU committed to the preliminary target to "double total biodiversity-related international financial resource flows to developing countries by 2015 and at least maintaining this level until 2020", considering funds "from a variety of sources" (not only ODA).

Environment in Trade Agreements

Specific provisions promoting core labour standards and decent work, as well as a high level of environmental protection and respect for international commitments made in the context of key multilateral environmental agreements, have been included in all recently concluded trade agreements [134]. In order that these provisions are implemented effectively the EU meets regularly those partner countries with which it has concluded agreements. For instance, such meetings under the EU-Korea trade agreement in 2012, 2013 and 2014 demonstrated that the provisions are having a positive impact to promote sustainable development. Overall, close involvement of civil society is central to the successful implementation of such provisions, helping identify issues and future areas of action. In its bilateral trade agreements the EU also pursues early liberalisation of environmental goods and services and facilitation of trade and investment in renewable energy generation, contributing to environmental and climate policy goals.

Sustainability-centred research and innovation cooperation initiatives

The EU is also engaged in a number of science, research and innovation global, bilateral and bi-regional cooperation initiatives that address environmental and sustainability challenges.

An example is the intergovernmental Group on Earth Observations (GEO) that aims to promote and coordinate full and open sharing and use of Earth observations (EO) and to interconnect existing EO systems across the world via the Global Earth Observation System of Systems (GEOSS). GEOSS, as a key instrument to deliver data and information on a number of sustainability issues, has great potential for supporting monitoring of progress towards sustainability, including the future Sustainable Development Goals. Under the AFRIGEOSS initiative, GEO fosters the development and uptake of EO data, information and knowledge critical to improving the socio-economic status and security of the African continent.

Water is also an important area for research cooperation with non-EU countries and for promoting sustainable development.

In 2013, European research also started a dialogue with non-EU partners on waste management.

133 | COM(2011) 500 final, 29.6.2011

134 | This is with a view to e.g. implementing Target 6 and its Action 17b of the EU Biodiversity Strategy 2020

5 Migration

Facts and Figures

- In 2013, 3.2% of the world population, 232 million people, were considered international migrants. Almost half of all international migrants live in developing countries. For example approximately 76% of all West African migrants reside in other countries of the region. One-third of the total international migration stock and 50% of the top 20 migration corridors in the world correspond to people migrating in a South-South context.
- The number of third-country nationals living in the EU in 2013 was over 20 million (4.1% of the total population).
- 48% of international migrants are women, though this varies across regions.
- Graduate emigration or high-skilled migration is significantly higher than overall migration in Africa and Asia.
- The World Bank estimates that developing countries received USD 436 billion in remittance transfers in 2014 which will rise to USD 440 billion in 2015. The global average cost of sending remittances is decreasing, falling to 7.9% at the end of 2014. The highest average cost (approximately 12%) is for sub-Saharan African countries.
- The number of forced migrants worldwide has significantly increased to over 51 million people, the highest number since World War II. The number of Internally Displaced People (IDP) has risen from 28.8 million in 2012 to 33.3 million in 2013, while the number of refugees increased from 16.4 million in 2013 to 17.9 million in 2014. Nearly 75% of the world's refugees and IDPs, 11.7 million people, involve long-term displacement: Syrian refugees and IDPs are also at high risk of becoming long-term displaced people.

5.1 Migration Policy

The links between migration and development are broad and can impact on sustainable economic, social and environmental development in both countries of migrant origin and destination. Therefore PCD efforts require transnational cooperation to approach migration as an area of shared responsibility of all countries, in full recognition of global interdependencies.

An essential aspect of implementing PCD on migration issues is the requirement for cooperation with non-EU countries of origin and transit. First, development concerns need to be taken into account in policy making on migration and mobility at the EU and Member States level. Second, PCD should be ensured through measures to implement the EU migration and development agenda through links with other internal and external policy areas. Third, PCD requires that broader development cooperation with partner countries are not negatively impacted by policies on migration management.

In terms of thematic priorities, PCD migration efforts have focused so far 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 EU's external migration policy, the Global Approach to Migration and Mobility (GAMM), and the development agenda
- Respecting human rights of migrants and gender equality.

5 Migration

Policy Developments

EU Level

The **EU's Global Approach to Migration and Mobility (GAMM)** has provided the basis for the implementation of the EU's PCD commitments on migration since 2005. GAMM was revised in 2011-2012 and represents the overarching framework for the EU external migration and asylum 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 strong links and complementarity between the internal and external dimension in EU policies. Maximising the development impact of migration and mobility remains as one of four thematic priorities of the GAMM.

In February 2014, the European Commission issued the first biennial report on the implementation of GAMM for the 2012-2013 period finding that significant progress had been made in strengthening political relations with third countries and regions and that GAMM continues to be an efficient framework to engage third countries in policy dialogue and operational cooperation. More work needs to be done to improve the existing frameworks, initiatives and tools in order to make them more effective, operative and balanced with regard to the thematic priorities.

There has been a significant strengthening of interest in migration issues amongst development policy makers, with policy coherence considerations as a key concern. In December 2014, the EU development ministers meeting in the Foreign Affairs Council had a comprehensive exchange of views on migration (see box).

Council conclusion on Migration and Development Cooperation, 12 December 2014

- Maximising the positive impact of well-managed migration on development is an important policy priority for the EU.
- To enhance the development potential of migration; policy coherence should be pursued with a wide range of internal and external policy areas, including policies partner countries. In particular, there is a need for a more systematic incorporation of the development dimension in migration policies. […] Enhanced coherence and coordination is required between the external dimension of the migration policy and the development and external affairs agendas in order to better address the challenges and opportunities presented by migration.
- Migration is a multi-faceted phenomenon with numerous inter-linkages with other areas of intervention […]the Council recommends a more systematic incorporation of migration in the dialogue with partners countries and regions as well as into the programming of development cooperation, both at the EU and MS level, and into national and regional development strategies, wherever relevant.
- Ensuring effective migration governance and respect of the human rights of migrants is a shared responsibility of countries of origin, transit and destination. […] the Council emphasises the importance of capacity building initiatives to support our partner countries in dealing with the challenges and opportunities of migration.
- The Council calls upon the Commission to ensure that the importance of migrations both as an opportunity and a challenge for development is fully taken into account at the EU level by integrating the migration dimension into EU development policy and cooperation wherever relevant and by ensuring appropriate funding responses. EU actions on migration and development should comprehensively address the full range of positive and negative impacts on sustainable and inclusive economic, social and environmental development in countries of origin and destination.

The *European Migration Forum*, initially launched in 2009 by the European Commission and the European Economic and Social Committee (EESC) is a platform for dialogue with civil society on issues related to immigration and asylum. The scope of the Forum was extended in 2014 and the first meeting of the new Forum was in January 2015 focusing on migration flows in the Mediterranean, including linkages between migration and development in countries of origin and transit.

The Forum served as a platform for civil society to engage at the EU level and exchange experiences in order to enhance coordination and cooperation amongst key actors.

The European Agenda on Migration, presented by the European Commission on 13 May 2015, provides an overall policy framework for the years to come and a vision for how to build up a coherent and comprehensive approach to reap the benefits and address the challenges deriving from migration. It stressed the need for the EU to continue engaging beyond its borders and strengthen cooperation with its global partners, address root causes, assist partner countries in their efforts to better manage migration flows and promote modalities of legal migration that foster circular growth and development both in the countries of origin and destination. Migration must be more systematically mainstreamed into the programming of development cooperation and national and regional development strategies. The new Agenda includes concrete measures on legal migration aimed at maximising the development benefits for countries of origin, focusing on empowering of migrants workers' rights and tacking of labour exploitation of migrants. The proposal for an "EU Payment Services Directive 2" will help to strengthen the regulatory environment for remittances, and facilitating cheaper, faster and safer remittance transfers, helping countries of origin benefit more from migration.

Multilateral Level

The second High-level Dialogue on International Migration and Development, organised by the UN General Assembly in October 2013, reiterated and strengthened the international political commitment to the link between migration and development including the need for considering migration in the post-2015 development agenda.

The European Commission has consistently supported the inclusion of migration-related priorities. In June 2014, the Commission issued a Communication on "A Decent Life for All: from vision to collective action"[135] which highlighted migration as a key cross-cutting issue and suggested a number of potential migration-related target areas for post-2015 including reducing the costs of migration, addressing trafficking in human beings and rights violations of migrant workers, and facilitating safe, orderly, and regular migration through enhanced international cooperation.

In the February 2015 Commission Communication "A Global Partnership for Poverty Eradication and Sustainable Development after 2015", "Harnessing the positive effects of migration" was singled out as a priority topic. The Communication highlighted the need for the international community to cooperate in order to "develop a comprehensive framework for addressing both legal and irregular migration in countries of origin, transit and destination"[136]. In particular, actions are needed in order to reduce the cost of remittances and recruitment as well as to improve the access to social security systems and the recognition of qualifications.

135 | COM(2014) 335 final, 2.6.2014

136 | COM (2015) 44 Final, "A Global Partnership for Poverty Eradication and Sustainable Development after 2015", 5 February 2015

5 Migration

EU Member States have also raised the importance of migration in deliberations on post-2015. In the December 2014 conclusions on "a Transformative Post-2015 Agenda" Council stated that "well-managed migration and human mobility should be fully recognised as potential development enablers and all countries should promote policy coherence for sustainable development at all levels."

5.2 Policy Dialogue and Partnerships

Policy Dialogue with non-EU Countries and Regions

The EU has continued bilateral and regional policy dialogues on migration issues with partner countries. Migration and development issues are systematically included with the aim of identifying opportunities and coordinating initiatives for stronger coherence on migration.

Regional dialogue with African partners has been conducted through the Africa-EU Partnership, the Rabat Process, the newly launched Khartoum Process, as well as the EU-ACP Dialogue on Migration.

In April 2014 the Fourth Africa-EU summit adopted a separate Declaration on Migration and Mobility, recognising the need to "maximise the development impact of migration and mobility to improve migration governance and cooperation in countries of origin, transit and destination and to promote the role of migrants as agents of innovation and development". The Declaration is underpinned by an Action Plan 2014-2017 and financial resources under the Pan-African programme.

The Ministerial conference in Rome in November 2014, which adopted a declaration including an annex, the **Rome Programme** (2015-2017), led the Rabat Process (see box) into a new phase with more emphasis on strengthening the link between migration and mobility and the prevention of irregular migration and related crimes. The Rome Programme introduced a new pillar promoting international protection.

Rabat Process

The process was established in July 2006 with the aim of encouraging and deepening the political and operational dialogue between the EU and Africa on migration and development for those countries concerned by the West-African migration route, including migration to Europe from northern, central and western Africa.

The Rabat Process represents a new vision of migration-related issues characterised by a global, balanced and substantive approach to better managed migration flows, with a specific attention to enhancing legal migration to foster the link between migration and development.

On 28 November 2014, a new framework for dialogue with partners in North and East Africa was launched: the EU Horn of Africa Migration Route Initiative, the **Khartoum Process** with an initial focus on tackling the challenges of trafficking in human beings and smuggling of migrants.

Mobility Partnerships and Common Agendas on Migration and Mobility

Mobility Partnerships (MPs) and Common Agenda on Migration and Mobility (CAMMs) are the principal bilateral cooperation frameworks for facilitating deeper and tailor-made policy dialogue and operational cooperation with partner countries.

MPs and CAMMs facilitate partnership and coherence in the field of migration and development by providing platforms for cooperation between the EU, Member States, third countries, and other relevant partners and have proved to be important bilateral beneficial frameworks to address migration and asylum issues. The flexibility of the MP and CAMM frameworks allows the inclusion of cooperation initiatives which go beyond EU competence, such as promoting labour migration to Europe. However, as highlighted in the Commission's report on the implementation of the GAMM (2012-2013), more could be done to enhance the use of MPs to facilitate mobility of migrant workers and other persons such as students, service providers or professionals, in cooperation with non-EU countries. Measures to promote portability of social rights and strengthen social protection of legal migrants also warrants further attention.[137]

Mobility Partnerships (MPs) are political agreements signed by the EU and participating Member States, and a partner country. They represent the most innovative and sophisticated tool to implement GAMM. The political agreements are matched by clear actions, including a wide range of programme and project support, that contribute to institutional and legislative reforms and capacity building in partner countries. MPs always include a commitment to negotiate visa facilitation and readmission agreements. MPs with Morocco and Tunisia include measures to strengthen the role of their communities abroad, supporting return and socioeconomic reintegration of returnees, and promoting productive investment. Implementation is supported through EU-funded targeted capacity building projects such as the SHARAKA Project, Promoting Mobility of Persons and Skills in Morocco that was launched in June 2014 with a budget of EUR 5 million for three years.

MPs are used primarily with the EU neighbourhood countries. In 2013 and 2014, the EU signed four new MPs in the Eastern Neighbourhood with Azerbaijan (December 2013) and within the Southern Neighbourhood with Morocco (June 2013), Tunisia (March 2014) and Jordan in (October 2014).

Facilitating Mobility and Promoting Brain Circulation

Migration is a transnational phenomenon and cooperation with partner countries is fundamental when it comes to facilitating the mobility of labour migrants and recognising the qualification of non-EU nationals, and hence reducing the risk of skill waste and exploitation, and maximising the positive effects of labour migration and mobility. It is increasingly recognised that migrant skills can circulate across multiple locations and across regions, which enables transnational networks for exchanging and enhancing knowledge and skills, as well as fostering economic ties. The EU's Erasmus+ programme for instance opens for the first time the well-known Erasmus scheme to third countries. The simple process of sending and taking in foreign university students and staff within a programme framework builds up trust and confidence in each other's system which is a fundamental aspect of cross border cooperation and allows for the circulation of staff and students within a structured institutional framework, building up capacity in third countries.

Estonia

Since December 2014 Estonia is the first country in the world to offer a form of "digital migration" through issuing e-resident digital IDs that offer foreigners secure access to online services and also aim to foster enhanced cooperation with third country nationals in areas such as education and business.

137 | European Commission COM(2014) 96 Final, 21 February 2014, Report on the Implementation of the GAMM 2012-2013, http://ec.europa.eu/dgs/home-affairs/e-library/documents/policies/international-affairs/general/docs/gamm_implementation_report_2012_2013_en.pdf

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5.3 Legal Migration

EU legal migration policy

In the last two years, two main initiatives have been undertaken to improve the implementation of the EU legislation on legal migration by facilitating access to the European labour market and ensuring third-country workers have equivalent rights to those coming from EU countries.

The *Seasonal Worker's Directive*, which was adopted in March 2014, sets the minimum rules for the admission of low-skilled workers for seasonal work and rights comparable to EU workers in this field, while being the first Directive ever approved on circular migration. In May 2014, the European Parliament and the Council adopted a new *Directive on Intra-Corporate Transferees*, which aims to establish a set of rules for fast-track entry procedure for non-EU transferees and an easier system to facilitate their mobility within the EU as well as ensuring the application across the board of adequate standards of protection and working. Both Directives need to be transposed by 2016.

EU Blue Card Directive

The Directive adopted in 2009 defines the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment within the EU. To apply for an EU Blue Card a third country national must present a valid work contract or a binding job offer for highly qualified employment of at least of one year and a proof of healthcare insurance.

The Commission's Implementation Report of the Blue Card Directive indicates that few EU Blue Cards have been granted to highly qualified migrants from LDCs. Some Member States have also addressed brain drain and brain circulation through national legislation and bilateral agreements with countries of origin.

A public consultation on the future of the Blue Card Directive has been launched, as part of a review, to assess how to make it more effective in attracting talent to Europe. The review will also look at issues such as entrepreneurs who want to invest in Europe and improving the possibilities for intra-EU mobility for Blue Card holders.

Return and Reintegration of returnees

Return and reintegration support continues to be a major priority for EU development funding. Considerable resources are allocated by Member States to support safe return and successful reintegration in line with EU and international human rights standards that complement national and local development strategies. However, an evaluation of relevant EU projects[138] found a lack of sustainability and an inadequate focus on capacity building for governments. In future, the Commission intends to dedicate greater attention to supporting countries of origin and transit to build return and reintegration policies, cooperate with destination countries and other stakeholders, and coordinate efforts to reintegrate returnees including by orienting migrants to assistance provided through their own national systems.

Circular Migration and Mobility of Skills

The EU works to foster skill mobility and promote circular migration with the objective of achieving a triple-win situation for countries of origin and destination as well as for the migrants themselves. A comprehensive and balanced approach is required to address the issue of "brain drain". The EU continues to prioritise measures to ensure that its legal migration policy strengthens rather than undermines development in partner countries.

Evidence increasingly suggests that skilled emigration is only one of several factors explaining human resource crises in developing countries.

138 | Picard E., Greco Tonegutti R. (2014), Technical Assistance for study on concrete results obtained through projects on Migration and Development financed under AENEAS and the Thematic Programme for Migration and Asylum. Final Report, http://ec.europa.eu/europeaid/sites/devco/files/study-migration-and-development-20141031_en.pdf

Ethical recruitment

The EU is committed to the implementation of the WHO's Global Code of Practice on the International Recruitment of Health Personnel, approved at the World Health Assembly in May 2010.

This three-year project (2013-2015) brings together 26 European countries and 15 professional organisations in the healthcare sector. The Joint Action partners organised a series of policy dialogues between January 2014 and March 2015 to share information on the application of the WHO Global Code in Europe, helping to raise awareness and provide information on the approaches developed by Member States to ensure the ethical recruitment of health workers. By April 2016, the Joint Action will also develop guidance on how source and destination countries can enhance cooperation, for example through circular mobility and bi-lateral agreements.

Effective skills matching is essential to maximise the positive impact of migration for both countries of destination and of origin. The European Training Foundation is implementing a project on Migrant Support Measures from an Employment and Skills Perspective (MISMES) that will provide evidence-based, policy-oriented inputs to guide EU cooperation with neighbourhood partner countries in the field of legal migration. Supporting portability of social rights also remains a key priority to facilitate return of migrants.

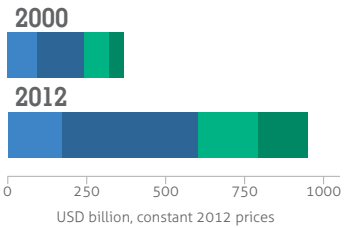
Remittances

Strengthening the development potential of remittances remains a political priority for the EU and its Member States. The EU subscribes to the G8 and G20 target of reducing the cost of remittance transfers to 5%.

The average cost of remittance transfers from the EU is decreasing, but progress must be accelerated. The cost of transfers from some EU countries (Italy, Germany, France and the UK) in key corridors was approximately 8.3% in 2014.

The Payment Services Directive II (PSD2) which is about to be adopted in 2015 has the potential to enhance cost transparency, innovation, security and competition in the remittances market in the EU and will in this way contribute to further cost reductions.

Figure 9. Growth in Remittance flows



Official flows include bilateral and multilateral flows to developing countries (including ODA). Private flows include Foreign Direct Investment and other private corporate capital flows. Remittances include personal transfers and compensation for employees.

Source | OECD (2014), Development Co-operation Report 2014: Mobilising Resources for Sustainable Development.

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The EU is also undertaking initiatives to support partner countries in improving regulatory frameworks for remittances and financial markets and encourages policy dialogue in the field both at national and regional level. The potential of remittances to increase access to capital and enhance financial inclusion was recently recognised by the Commission in its "Communication on A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries"[139]. This calls for efforts to promote the productive use of remittances and link with broader EU support for the improvement of regulatory frameworks for the financial sector in partner countries.

Where regional organisations have competencies relevant to the legal and regulatory environment, bilateral action should be complemented by a regional approach. For example, a pilot project with the Organisation of Eastern Caribbean States (OECS) on remittances and diaspora engagement in development policies has been implemented with a focus on supporting OECS institutions. This included the creation of partnerships between migrant organisations and local actors from the public and private sectors, diaspora and civil society and a handbook on developing projects on remittances.[140]

The Commission's recent evaluation of EU-funded migration and development projects[141] found that the sub-topic of remittances has proved to be the most successful area for external cooperation in this field.

Remittances in fragile states: Remittances represent the second largest flow of revenues to fragile states after ODA. Remittances to fragile states have grown steadily over the past ten years, but remain highly concentrated, with 80% of all recorded remittances to Bangladesh, Nigeria, Pakistan, Sri Lanka and Nepal. Per capita, top recipients are the West Bank and Gaza, the Kyrgyz Republic and Sri Lanka.

Diaspora

Migrants have the potential to act as bridges linking their host and home countries. They can play a role in boosting investment and business creation and contribute to the fostering of trade for the mutual benefit of countries of origin and destination. They also contribute to the circulation of ideas and values, impacting on social and cultural models. However, the level of success depends on the overall development conditions in countries of origin.

The key role played by diaspora for development was highlighted in the Council conclusions on migration in EU development cooperation of December 2014.[142] The Council underlined the need to support the capacity of relevant institutional stakeholders in partner countries, including local authorities, to involve diaspora to channel their contributions to national development priorities.

The Commission's recent evaluation of migration and development projects found that projects proved to be effective only when countries of origin showed the capacity to link up with their diaspora in a positive and attractive manner which required considerable efforts of communication and a high level of coordination. The involvement of national and local authorities and institutions should therefore be sought as a priority in diaspora interventions.

The importance that the Commission attributes to diaspora is reflected in the number of projects and studies on the topic. For example, in 2014 a EUR 17.5 million project entitled "Support to the EU-Africa Migration and Mobility Dialogue" was endorsed which includes support to African diaspora as development actors including the creation of a Europe-wide African diaspora platform. Another recent Commission study looked at how alumni of European mobility and scholarship programmes and the African academic diaspora perceive their ability to have an impact and positively influence the development of higher education in Africa finding that the great potential was still not fully utilised and proposing a series of recommendations.[143]

5.4 Asylum and International Protection

The inclusion of international protection and the external dimension of asylum as a specific thematic priority of the revised GAMM has allowed these issues to be addressed in a more systematic and strategic manner.

The EU has taken initiatives to strengthen the links and coherence between humanitarian and development approaches to forced displacement, underlining the importance of the migration dimensions in current crises and the Commission is committed to taking steps to fully integrate forced migration into the development-migration agenda. Also, the integration of protracted refugee situations into the development agenda is key to ensuring to find durable solutions.

Refugees, IDPs and other persons in need of international protection, particularly in situations of protracted displacement, represent for host countries and communities both challenges and opportunities to be addressed through long-term development planning starting from the early stage of any crisis and complementing the humanitarian approach.

Following the adoption of the European Agenda on Migration, the Commission (DGs DEVCO and ECHO jointly) will present in 2016 the results of an strategic reflection on how to maximise the impact of its interventions for refugees, IDPs and returnees, in particular by strengthening the developmental approach to IDP and refugee displacement. Such a strategy would lead to strengthened self-reliance and livelihoods for refugees, IDPs and returnees, support for host communities and a reduction in continued dependency on humanitarian aid.

Specific measures will be included for children and other vulnerable groups of persons.

Regional Development and Protection Programmes

As part of the EU's long term response to the **Syrian refugee crisis,** a Regional Development and Protection Programme (RDPP) for refugees and host communities in Lebanon, Jordan and Iraq was launched in December 2013. In February 2014 a new comprehensive strategy was approved in the field of relief, stabilisation and development in Syria and Iraq with a commitment of EUR one billion in funding for the next two years. The EU is also about to set up RDPP in North Africa and the Horn of Africa. EUR 30 million will be made available in 2015 - 2016 for this purpose with additional contributions from Member States.

139 | European Commission Communication "A Stronger role of the Private Sector in achieving Inclusive and Sustainable Growth in Developing Countries" (COM(2014) 263 final), 13 May 2014

140 | Handbook to Develop Projects on Remittances, http://www.migracion-ue-alc.eu/index.php/en-GB/productive-investment-of-remittances/manual-on-remittances

141 | Picard E., Greco Tonegutti R. (2014), Technical Assistance for study on concrete results obtained through projects on Migration and Development financed under AENEAS and the Thematic Programme for Migration and Asylum. Final Report, http://ec.europa.eu/europeaid/sites/devco/files/study-migration-and-development-20141031_en.pdf

142 | Council conclusions on migration in EU development cooperation, Foreign Affairs (Development) Council meeting, Brussels, 12 December 2014

143 | http://ec.europa.eu/education/news/2015/0326-africa-study_en.htm

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DOMAID

The project Dialogue on Migration and Asylum in Development (**DOMAID**), implemented by a consortium of NGOs led by the European Council for Refugees and Exiles (ECRE) aimed to strengthen approaches by NGOs to refugee and migrant protection. This included considering the role of the EU and NGOs in supporting long-term solutions to protracted refugee situations, and considering the role of refugee diasporas in driving development in countries of origin.

Preventing Exploitation and Empowering Migrants

Protecting migrants from abuse and human rights violation and empowering them through effective integration policies are essential elements of enhancing their role as development agents - the "migrant centred approach".

In recent years, the EU has brought forward its commitments to eradicate trafficking in human beings by implementing the EU Strategy towards the Eradication of Trafficking in Human Beings 2012-2016, adopted in June 2012. A mid-term report on the implementation of this Strategy was published in October 2014. It underlined that "coordination and partnerships among all actors working in the field are crucial to addressing human trafficking."

Respect for the rights of migrants and persons in need of international protection remains a key component and priority of the EU policy. In the framework of bilateral programmes for the Neighbourhood countries, the Single Support Frameworks 2014-2017 established with Algeria, Morocco and Jordan include support to the development of national capacities to manage migration flows and to provide support and advice to migrants.

Incentives

Integration of foreign policy aspects into the EU migration policy and ensuring linkages between internal and external dimensions is vital. Home Affairs issues need to be embedded in the EU's overall external relations, including development cooperation, in view of facilitating reinforced dialogues and cooperation with third countries. In this vein, cooperation and coordination among the various stakeholders should be stepped up.

This aims to mobilise a variety of tools to promote readmission and return process of irregular migrants in line with EU standards on fundamental rights. At the request of the European Council, the Commission is considering how to strengthen an incentive based approach in external cooperation on migration with strategic partners in the EU neighbourhood and beyond.

EU development assistance to partner countries is, in essence, not conditional on cooperation on migration matters. Still, recent developments, notably in the Mediterranean, have highlighted the crucial importance of encouraging cooperation with partner countries on irregular migration.

Efforts are being made to strengthen measures at Member State level to ensure that the use of conditionality in the migration dialogue does not negatively impact development cooperation.

Migration policies 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 relevant policy frameworks. Therefore, the EU is reiterating its commitment at all level of policy making and dialogue to promote the mainstreaming of migration into development strategies and sectorial policies of partner countries, including supporting research into less explored aspects of the development-migration nexus as well as through data collection and analysis on migration to strengthen policymaking.

In this context, the Commission has been supporting partner countries in developing comprehensive Migration Profiles. These Extended Migration Profiles (EMPs) bring together all relevant national ministries to strengthening understanding of the links between migration and development as a basis for targeted policy actions. A leading example of this approach is Moldova. The Commission supported the development of its first governmental-led EMP in 2012 with a second edition in 2015.

Extended Migration profiles (EMPs) have the objectives of:

- enhancing governmental knowledge about migration and its relationship with development
- improving the use of migration information for policy development
- fostering inter-ministerial coordination and collaboration regarding data collection and policy development
- assessing the evolution of migration impact on development and the socioeconomic situation, and
- monitoring and assessing donor interventions in the area of migration.

In the EUROMED Migration III project, the Commission has supported countries to put in place nationally-led migration profile processes. This ownership by national institutions has proved better adapted to country specific characteristics and needs and made a greater impact on evidence based migration policymaking.

The ACP Observatory on Migration established a network of research centres and governmental departments working on migration issues in all ACP regions, and produced data and analysis on South-South ACP migration flows. The project was an example of well-structured cooperation between research, government and civil society, and international organisations to produce evidence that paves the way for better mainstreaming of South-South migration in international, regional and national development agendas.

6 Security

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.[144] The importance of peace, security and freedom from all forms of violence in people's daily lives are also increasingly recognised as important values and objectives in their own right, which shall be delivered effectively in full compliance with EU and international human rights standards. These two recognitions are at the heart of the EU's approach to security and development in external relations and assistance.

Enhancing policy coherence when addressing different security challenges can contribute to the conditions for sustainable development and a safer and more prosperous world. The EU has made progress in a number of areas recently.

Security in the post 2015 development agenda

Evidence clearly shows that violence and insecurity have undermined sustainable development and the attainment of the MDGs. The EU and its Member States have been clear about the importance of promoting peaceful societies and addressing governance challenges as a key part of enabling a transformative post-2015 agenda, and that these issues should be seen as development objectives in themselves as well as enablers for the rest of the agenda.

6.1 A Comprehensive Approach

One of the EU's main strengths as an external relations actor is having at its disposal a wide range of tools and instruments including diplomacy, crisis response, development and security policies.

To be effective in tackling any of the challenges facing us in the fields of security and development, instruments need be used in a coherent manner. This understanding underpins the EU's Comprehensive Approach.

In December 2013, the High Representative and the European Commission presented a Joint Communication on the **EU Comprehensive Approach**.[145] The comprehensive approach is about working better together, and enhancing the coherence, effectiveness and impact of the EU's policy and action, in particular in relation to conflict prevention and crisis resolution. It does not dictate policy or the approach for specific countries or regions, nor does it propose a blueprint for EU action in any particular crisis situation. The comprehensive approach is not about "what to do", but more about "how to do it" and how to make best use of the EU's collective resources and instruments, with a particular focus on conflict and crisis situations. One key element is that EU policy and action should always be based on a shared analysis which therefore is the starting point for developing a comprehensive and coherent response.

144 | COM(2005) 134 final

145 | JOIN(2013) 30 final

6 Security

Some specific examples of how the EU has made progress in implementing a Comprehensive Approach include the revision of the Strategy for Security and Development in the Sahel in March 2014 and more recently the adoption of **the Sahel Regional Action Plan** in March 2015 as well as the adoption of the **Strategy on Citizen Security in Central America and the Caribbean** in July 2014.With this Strategy the EU sets out to provide a comprehensive and coordinated EU contribution to tackle the security challenges in Central America and the Caribbean.

Following discussions with EU Member States (including those from political, military, development and humanitarian domains), the 2015 Action Plan for the Comprehensive Approach was adopted in April 2015. The Action Plan sets out practical actions to be taken forward both by the EEAS and Commission services and by EU Member States.

The 2015 Action Plan focuses on four key initiatives:

- guidelines for Joint Framework Documents (JFDs) which will set out EU and Member State objectives and priorities for specific regions or countries;
- Communication on Capacity Building for Security and Development;
- approaches to transition from CSDP missions (Common Security and Defence Policy) to other forms of EU engagement for example development instruments;
- new methods for rapid deployment of joint field missions and/or staff to reinforce EU delegations.

In addition the action plan has two regional cases - Central American and the Caribbean and the Sahel and two country cases – Somalia and Afghanistan where some of the core principles of the comprehensive approach will be implemented.

The implementation of the Comprehensive Approach and the 2015 Action Plan is a joint responsibility of both the EU and its **Member States.** Several Member States have also developed policies to strengthen coherence between security and development, and have adopted a "whole of government" approach to stabilisation.

European Agenda on Security

On 28 April 2015, the Commission published a Communication on **The European Agenda on Security**. Many security challenges originate outside the EU, and collaborating with third countries is an essential element of the European Agenda on Security. Examples of cooperation are a Western Balkan Counter-Terrorism initiative to improve regional cooperation and information sharing on the fight against terrorism and jihadism in the European neighbourhood and a new programme "Countering radicalisation and Foreign Terrorist Fighters". Here the EU is providing EUR 10 million to counter radicalisation in the Sahel-Maghreb and stem the flow of foreign fighters from North Africa, the Middle East and Western Balkans. These programmes all contribute to both security and development objectives. External aspects of security will be more comprehensively developed in the framework of the Strategic Review, in line with the June 2015 European Council conclusions..

6.2 Responding to Fragility

To build and strengthen resilience is at the core of successful humanitarian and development policies. Addressing emergencies while investing in resilience calls for a coordinated assistance effort, together with national authorities and regional organisations, to reduce vulnerability to shocks and tackle the underlying causes of crisis.

A number of milestones have been achieved in recent years to support building the resilience of the most affected to natural and man-made disasters, conflict included, by direct support to the most vulnerable and by building back better systems to endure future crises, including capacity building in governance.[146]

The Action Plan for the 2013-2020 period is an ambitious roadmap linking several sectors and engaging stakeholders at different levels (regional, national, local).

Working together from the outset of a crisis is key and different services of the Commission coordinate their support to ensure effective interventions. In this regard, the Joint Humanitarian Development Framework process is one way of ensuring continuity and coherence of interventions. Actions in Ethiopia and Bangladesh are examples of this approach. Funding of operations come from several budgets to ensure full implementation.

One key area of work is the EU's dialogue with, and support for, fragile and conflict affected states. A significant proportion of the EU's external assistance programmes for development and technical cooperation instruments is spent tackling security-development challenges.

In 2013, more than half of the total EU bilateral development aid was disbursed in fragile and conflict-affected countries - a vast majority of which was on the African continent. For the period 2014-2020, more than 10% of the budget allocations for development cooperation are indicatively programmed in support of conflict prevention and resolution and peace and security-related activities. In addition the EU is providing EUR 2.34 billion through the Instrument contributing to Stability and Peace.

The New Deal for Engagement in Fragile States

The New Deal seeks to ensure that the international community, partner governments and civil society work more effectively together to address the specific development challenges of Fragile and Conflict Afflicted States (FCAS). It sets a framework for understanding and prioritising what needs to be done in these environments.

Five peacebuilding and state-building goals (PSGs) should, where relevant, be the focus of development interventions to build peace and stability. The PSGs cover legitimate and inclusive politics, security, justice, economic foundations, and "revenues and services". The New Deal also includes principles for good donor, civil society and partner government practice (FOCUS and TRUST). These commit donors and partner countries to, for example, joint assessments of the causes of conflict and fragility ("fragility assessments"), the creation of mutual accountability frameworks to measure progress on the transparent and predictable delivery of aid, greater use of country systems, supported by shared risk assessments, and stronger support for national capacities. The International Dialogue for Peacebuilding and State building (IDPS) introduced the New Deal at Busan and steers the New Deal implementation architecture. It brings together states affected by conflict and fragility (FCAS), donors and multilaterals in the DAC International Network on Conflict and Fragility (INCAF) and a Civil Society Platform for Peacebuilding and State building (CSPPS).

146 | COM(2014) 537 final

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The EU is a key stakeholder for the implementation of the New Deal for Engagement in Fragile states, which was agreed at the 2011 Busan High level Forum on aid effectiveness.

Supporting the New Deal principles, EU has put in practice a series of measures and tools for flexible procedures in crisis situations. For example in the context of the **Ebola crisis** nearly EUR 100 million has been allocated, with almost equal amounts for Liberia and Sierra Leone, to be delivered through budget support. Special Measures can also be adopted for *ad hoc* financing decisions and the EDF and DCI programming guidelines for 2014 – 2020 emphasises the need for flexibility and to align with the existing processes e.g. possible compacts agreed as part of the New Deal when engaging in fragile and conflict affected states.

Further commitment is needed to ensure that the principles of the New Deal deliver operational results, including learning lessons from setbacks in South Sudan, Liberia and Sierra Leone. The EU will continue its work to support implementation at country level. For example, at the request of the Somali Government and as the lead international partner, the EU was central to political engagement and technical support for the Somali Compact and its implementation through working groups. In Timor-Leste, indicators were agreed in the context of the Fragility Assessment.

6.3 Building Capacity and Conflict Prevention

The EU has a long-standing involvement to support Security Sector Reform (SSR) programmes in response to post-conflict, transitioning and developing countries. Over the last decade, the EU has supported more than 100 partner countries and the number of Common Security and Defence Policy (CSDP) missions has gradually increased.

In 2013 alone, the EU committed EUR 2.89 billion to the sector of governance and civil society and a significant part of these allocations were channelled to improve the security and justice sectors in beneficiary countries. At present, there are ongoing EU rule of law, security and/or justice cooperation programmes in more than 40 countries worldwide. This number will increase in the coming years as several programmes are currently in the pipeline.

For the period 2014-2020 more than 10% of total DCI and EDF allocations are indicatively programmed in support of conflict prevention and resolution, peace and security related activities.

The mandates of several of the 34 CSDP missions and operations conducted so far have included building the capacities of peace and security actors in partner countries. Most of the EU civilian and military crisis management missions and operations deployed worldwide also have a specific SSR component. In several cases, such as Mali and Somalia, efforts are being made to ensure the sustainability of CSDP actions through the implementation of the longer-term development of civilian security programmes in the framework of the Comprehensive Approach.

Figure 10. Current deployment of European Union Common Security and Defence Policy (CSDP) missions June 2015

Source | European External Action Service (EEAS)

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The EU's advisory mission for civilian security sector reform in Ukraine (EUAM Ukraine) provides strategic support, advice and mentoring. The EU's military advisory mission in the Central African Republic (EUMAM RCA) supports the authorities of that country in preparing for security sector reform. The EU has been training, monitoring and advising police, justice and military personnel in countries such as Afghanistan, Bosnia and Herzegovina, Democratic Republic of the Congo, Kosovo [147], Mali and Somalia.

Two major challenges for SSR initiatives are enhancing partner country ownership and improving coordination on the implementation of several regional policy dialogues (for example African Union Policy Framework on SSR). The success of a reform process is highly dependent on the level of local ownership. Without it, SSR is likely to fail.

The recent Joint Communication on Capacity Building for Security and Development [148] recognises the strengths of EU support but also the challenges. It proposes three areas for further work: (i) improving coordination within the EU, including with and among Member States at strategic and operational level; (ii) developing better policy frameworks, shared across EU actors; (iii) considering the practical feasibility of a number of actions concerning the adaptation and review of external action instruments. Enhanced coordination and exchange of information on planned SSR interventions between CSDP missions and development programmes from the earliest stages onwards will be a significant focus. An EU-wide strategic framework for Security Sector Reform will be developed by mid-2016.

Several **Member States** have supported EU SSR projects through the secondment of national experts in fields such as policing and justice.

Malta

The International Institute on Justice and the Rule of Law was established in Malta in June 2014 and provides rule of law-based training to the justice sector on how to address terrorism and related transnational criminal activities providing capacity-building and assistance to least developed countries. The institute pays particular attention to supporting countries in transition in North, West, and East Africa, and the Middle East - priority areas for Malta's Development Policy.

Poland

Capacity building and technical assistance (TAIEX [149] and twinning programmes). Experts from the Polish Police participated in several workshops, study visits and expert missions to Bosnia and Herzegovina, Turkey, The former Yugoslav Republic of Macedonia, Republic of Moldova, Georgia, Serbia and Kosovo [150] to build capacity on, among others, arms market control, prevention and combating trafficking in human beings, fight against organised crime, strengthening the integrity in public administration order and sport events.

147 | This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

148 | JOIN(2015) 17 final, 28.4.2015

149 | Technical Assistance and Information Exchange instrument

150 | This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence

A Focus on Prevention

Conflict prevention remains a key priority. A new EU Conflict Early Warning Systems (EWS) was rolled out globally in September 2014 following two regional pilots. The system looks at long-term risks for the emergence or escalation of violent conflict and is designed to close the gap between early warning and early action through a shared assessment and analysis process that is tied to follow-up responses. The methodology of the EU Conflict EWS exemplifies the EU Comprehensive Approach to External Conflict and Crises (2013). It involves a multi-dimensional assessment of conflict risk, including development-related indicators, and brings together the High Representative, the European Commission, Member States and civil society organisations, including those in-country and in headquarters, to develop the assessment and generate relevant comprehensive action.

A new global framework for Disaster Risk Reduction **(Sendai Framework)** for the period 2015-2030 was agreed upon at Sendai, Japan in March 2015. Much in the new Framework reflects EU positions, such as action-oriented targets, for example establishing disaster risk assessments and strategies or improving access to early warning systems supported by indicators. The strong focus on implementation, on local communities, on strengthening the interface between policy and science and on partnership with the private sector is also in line with EU policy. The new framework also makes reference to peer reviews and lessons learnt: both tools used by the EU.

The EU has also made **resilience** a priority in its humanitarian work in third countries, especially in those most vulnerable to natural disasters and other shocks. Joint analysis with development actors, common definition of priorities and coordinated planning are being promoted in order to enhance synergies and complementarities between humanitarian and development aid.

A revised **Union Civil Protection Mechanism** was adopted in December 2013. The new Mechanism puts more emphasis on disaster prevention and preparedness. It requires Member States to carry out regular risk assessments and risk management capability assessments. With regard to international cooperation, it explicitly states that the EU will operate under UN leadership in emergencies outside the EU and strive to coordinate civil protection assistance and humanitarian aid.

This coordination was very much evident in a number of recent emergencies, including the EU response to typhoon Hainan that struck the Philippines in November 2013 [151] and to the Ebola crisis from March 2014 onwards [152].

Conflict Analysis

The High Representative and Commission have continued to embed the use of joint conflict analysis as the cornerstone of the EU's comprehensive approach to conflict and crises. Conflict analysis is being undertaken for contexts identified as priorities for prevention, as well as in situations of ongoing crises, including guiding the identification of appropriate options for EU action in "hot" crisis situations. The Early Warning System has also led to a number of conflict analyses being commissioned to guide preventive EU action.

In recent years, conflict analysis workshops have been conducted on 15 countries These workshops have involved the EEAS, DG DEVCO, DG ECHO and other services. Conflict analysis has frequently involved EU Member States, and international partners, including the UN.

Linking analysis to action should be embedded in all programmes to maximise positive impact in fragile and conflict affected states. The EEAS and Commission services have worked together to develop strengthened operational guidance on conflict sensitivity to support EU geographic

151 | http://ec.europa.eu/echo/files/aid/countries/factsheets/philippines_haiyan_en.pdf

152 | http://ec.europa.eu/echo/files/aid/countries/factsheets/thematic/wa_ebola_en.pdf

and thematic teams. The Commission has used shared conflict analysis to inform conflict sensitive programming for both regional and bilateral programmes including the strategy to support Special Measures for Sudan and the Peace and Security Component of the West Africa Regional Implementation Plan.

The EEAS and Commission services will continue to jointly support geographic teams with conflict analysis and are increasingly focussed on building internal capacity to undertake and embed analysis and apply conflict sensitivity in the design, implementation and evaluation of EU external actions, including through providing guidance and delivering training. There is also a growing emphasis on identifying the impact of analysis and lessons learnt.

Conflict analysis has also been generated through the Civil Society Dialogue Network – an EU co-financed partnership between the EU and the Brussels-based European Peacebuilding Liaison Office (EPLO), which brings together civil society and EU policy-makers on issues related to peace and conflict.

Several **Member States** are undertaking their own conflict analysis and are introducing their own conflict early warning processes and there is a growing practice of shared conflict analysis between the EEAS, Commission services and Member States. However, there is scope for undertaking joint analysis, and sharing analysis, on a more systematic basis.

6.4 Women, Peace and Security: UN Security Council Resolution 1325

Implementing UNSCR 1325 and its follow-up resolutions on Women, Peace and Security (WPS) has required the concerted efforts of EU institutions and EU Member States alike in many policy areas including crisis management, conflict prevention and resolution, humanitarian action, justice and security sector reform, gender equality, and development cooperation.

The Second Implementation Report at EU level, adopted in January 2014, stresses many encouraging developments, showing clear signs that there is a stronger understanding of how women can be better included in peace processes. It also identifies challenges where the EU can do better, notably proper evaluation of the impact of the tools used to further the women, peace and security agenda; and to increase engagement and cooperation on the implementation of UNSCR 1325.

Progress made includes that all EU delegations, as well as CSDP missions and operations, now have nominated gender focal points. Also specific training modules on human rights and gender in crisis management, including a focus on sexual violence in armed conflicts, have been developed. Training, capacity building and awareness raising on the gender equality and gender sensitivity agenda, including WPS, is also organised for EU staff.

Other related initiatives include:

- a Gender-Age marker, a tool to assess how strongly EU-funded actions integrate gender and age considerations in its humanitarian action;
- a Resilience Action Plan was adopted underlining the role of women in building resilience in households and communities affected by crises;
- a Conflict Early Warning System (EWS), as described above. Indicators of risk related to the role of women are assessed in a variety of ways in the EWS tools, for example in relation to poor representation in formal governance structures, domestic violence and rape, and cultural norms that emphasise hyper-masculine or repressive female gender roles.

The EU adopted a **Guide to Practical Actions at EU level for Ending Sexual Violence in Conflict**, in 2014, as a response to the Call to Action on Protecting Girls and Women in Emergencies and the Global Summit to End Sexual Violence in Conflict.

Actions to support women's organisations, promote women's empowerment, protect them in situations of conflict, and encourage their participation in conflict prevention and resolution have been funded under several financial instruments and programmes. For example: the Instrument contributing to Stability and Peace (IcSP),[153] the European Instrument for Democracy and Human Rights (EIDHR), the Development Cooperation Instrument (DCI), the European Development Fund (EDF) and the Instrument for Pre-Accession Assistance (IPA).

An important tool to enhance coherence in the EU's and the **Member States'** range of policies has been the informal EU Task Force on UNSCR 1325. This is made up by representatives of the EU Member States and the EU services relevant to UNSCR 1325 implementation, with the participation of regional and international organisations, as well as CSOs.

With a view to implementing UNSCR 1325 more effectively, the EU is contributing to the 2015 Global Review of UNSCR 1325. In addition other activities include:

- a review of the 17 indicators for the EU's biennial reporting on implementation of UNSCR 1325;
- a new EU Plan of Action on Gender Equality and Women's Empowerment in Development (EU Gender Action Plan) for the period 2016-2020 that will specifically address WPS issues;
- the Toolkit on Mainstreaming Gender Equality in EU development cooperation is being updated including an annex on sexual violence in conflict;
- WPS actions in the 2015-2019 Action Plan on Human Rights and Democracy in external action.

Most **Member States** have developed specific cooperation strategies to support programmes and activities in line with UNSCR 1325 and 1820. **Seventeen EU Member States** have adopted National Action Plans dedicated to the implementation of the UNSCRs both internally and through their international humanitarian and development cooperation and accompanied with monitoring mechanisms.

6.5 International Processes and Partnerships

Small Arms and Light Weapons

The misuse of small arms and light weapons (SALW) and their ammunition have severe implications for development. The framework for EU action is set out in the 2005 Strategy to Combat Illicit Accumulation and Trafficking of SALW and their Ammunition (SALW Strategy).

The EU actively participated in the Fifth Biennial Meeting of States to Consider Implementation of the UN Programme of Action to Prevent, Combat and Eradicate the Illicit Trade in Small Arms and Light Weapons in All Its Aspects, which took place in New York from 16-20 June 2014.

The EU has launched several new projects to promote the practical implementation of its SALW Strategy and is implementing ongoing projects, including through development instruments.

New CFSP projects included: support for physical security and stockpile management (PSSM) activities in Libya and its region[154] as well as in the Sahel region[155]; a global reporting mechanism on illicit SALW and other conventional weapons and ammunition to reduce the risk of their illicit trade (iTRACE)[156]; and disarmament and arms control activities in South East Europe[157].

153 | C(2014) 5706 final; Regulation (EU) No 230/2014 of the European Parliament and of the Council

154 | Council Decision 2013/320/CFSP of 24 June 2013

155 | Council Decision 2014/912/CFSP of 15 December 2014

156 | Council Decision 2013/698/CFSP of 25 November 2013

157 | Council Decision 2013/730/CFSP of 9 December 2013

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Through the **Instrument Contributing to Stability and Peace**, projects have been implemented to promote the ratification and implementation of the Firearms Protocol (with UNODC); to develop and roll out a database for tracking and tracing lost, stolen, trafficked and smuggled firearms (iARMS); and to fight against the illicit accumulation of and trade in firearms and ammunition in Africa. All new partnership and cooperation agreements between the EU and third countries are required to include provisions on SALW in accordance with international law and EU policies and negotiations on SALW clauses are ongoing with several cooperation partners.

The Kimberley Process Certification Scheme

The Kimberley Process Certification Scheme (KPCS) was established in 2003 as a joint government, industry and civil society initiative to stem the flow of conflict diamonds. Since its establishment the Kimberley Process has grown to 54 members representing 81 countries with the EU represented by the European Commission. The diamond industry and civil society participate in the Kimberley Process as observers and have played a major role from the beginning.

The Kimberley Process remains a unique conflict prevention tool, and plays an important role in supporting participating countries to ensure good governance and transparency. Conflict diamonds are now assessed to represent less than 1% of the global raw diamond trade.

For the purposes of the KPCS mandate conflict diamonds are defined as rough diamonds used by rebel movements to finance wars against legitimate governments. However, in practice, the KPCS has acted in a range of situations, to address violence and conflicts beyond this narrow remit.

The EU in its capacity as the Chair of the KP Working Group on Monitoring is spearheading the dialogue on how we can further strengthen implementation of the KP in its current remit, with a sub-focus on artisanal mining to better demonstrate the KP's contribution to economic development. This has led to the establishment of the Regional Approach to KP implementation in West Africa to support the Mano River Union countries (Sierra Leone, Guinea, Côte d'Ivoire and Liberia) to address challenges to KP implementation with a regional dimension. The Regional Approach aims to improve law enforcement, better secure production from mine to export, secure government revenues and ensure greater benefits for diamond mining communities. The importance of the Regional Approach to improve internal controls was recognised by the Security Council in lifting the embargo on diamonds in Côte d'Ivoire in March 2014 in UN Security Council Resolution 2153 (2014).

The KP has committed to holding regular discussions on reform of the process in a three-year cycle, and the next is scheduled for 2017. The EU hopes that ongoing work will help KP to respond meaningfully and constructively to previous criticisms including on vulnerabilities in the diamond supply chain. During 2015, the geographical focus of the KP's work will be most probably on the Central African Republic, Côte d'Ivoire and Liberia.

EU-ASEAN

Cooperation and policy dialogue on security-related issues is one of the fastest-growing sectors of EU-ASEAN relations, including in the context of the ASEAN Regional Forum (ARF) of which the EU is a full member and has stepped up its involvement in recent years. Recent EU initiatives include the first ever ARF training course on preventive diplomacy and mediation in October 2014 in Brunei and the first ever European Security and Defence College orientation seminar on the common security and defence policy (CSDP) in March 2014 with a special focus on EU-ASEAN security cooperation. In 2013 and 2015 the EU and ASEAN held a High-Level Dialogue on Maritime Security, an area in which both sides have a strong mutual interest to cooperate, as well as on chemical, biological, radiological and nuclear (CBRN), transnational crime, cyber-security, various forms of trafficking, non-proliferation, terrorism and countering violent extremism. All these priorities are included in the Joint HRVP/Commission Communication "The EU and ASEAN: a Partnership with a Strategic Purpose", adopted by the Commission on 18 May 2015.[158]

Latin America and the Caribbean

Citizen Security is one of the main priorities on the EU agenda with the Latin American Countries (LAC) region. The Joint Caribbean-EU Partnership Strategy adopted in 2012 foresees significant and increased action on key areas of common interest, including working together to fight criminal networks. The EU-CELAC[159] Action Plan adopted during the Brussels Summit of 10-11 June 2015 identifies instruments and activities which should lead to concrete results in key areas like migration, the world drug problem and citizen security.

On 8 June 2015 Council adopted the action plan for the EU strategy on citizen security in Central America and the Caribbean. The EU Strategy of 30 July 2014 aims at supporting both regions in their efforts to address citizen security challenges with a comprehensive approach. The action plan focuses on building a shared political agenda on citizen security, strengthening the ability of governments to deliver quality public services in the area of security through capacity building, and fostering international cooperation on these operational activities.

EU-Africa Partnership

Within the wider scope of the Joint Africa-EU Strategy (JAES) adopted in Lisbon in 2007, Peace and Security is one of the main priority areas. The main objectives are: enhanced dialogue on challenges to peace and security; full operationalisation of the **APSA**; and predictable funding to African-led Peace Support Operations. The **African Peace Facility (APF)** is the main tool, though not the sole one, to support the peace and security partnership.

In 2014, the EU adopted the 2014-2016 APF action programme. As of July 2015, the indicative financial envelope for the three years is EUR 750 million. The main changes introduced are the need to establish exit strategies and to increase financial burden sharing for long-running peace operations.

African Peace and Security Architecture (APSA): As a structural, long-term response to the peace and security challenges in Africa, the APSA provides a continental framework for conflict prevention, management and resolution as well as peace support operations, humanitarian action and disaster management. The EU is the most important donor for APSA structures and policies.

During the last EU-Africa Summit, EU and African leaders renewed their commitment to strengthen the operationalisation of the APSA. The APF Action Programme 2014-2016 has earmarked EUR 55 million for this. The EU advocates a more strategic dialogue on the different phases of conflict and on enhanced coordination with other EU instruments and programmes also supporting APSA; the need to adopt results based management, and improve monitoring and ensure sustainability – all in line with African ownership.

158 | JOIN(2015) 22 final, 18.5.2015

159 | Community of Latin America and Caribbean states

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EU-US Security and Development Dialogue

The EU held its first ever dialogue on the security and development nexus with the United States in Brussels on 8 June 2015, covering issues ranging from the role of development in addressing violent extremism, conflict and mass atrocities prevention, and action to promote security sector reform, transitional justice and human rights.

UN Peacebuilding Architecture

The EU is engaging in the 2015 Review of the UN Peacebuilding Architecture (PBA), aiming at a broader assessment of the Peacebuilding Architecture within the UN system and beyond in order to strengthen the performance and impact of the PBA. The EU provided a report to the deliberations of the Advisory Group of Experts, including five country studies, for the Review in which it recommended to seek synergies in this review with the UN Secretary General's review of peace operations, the review of Security Council Resolution 1325 on Women, Peace and Security and subsequent resolutions; and the Post-2015 development agenda in order to ensure coherence in the UN's actions, as well as with global peacebuilding developments such as the G7+ New Deal for Engagement in Fragile States.

7

Key Challenges Ahead

Significant progress has been made over the past two years in fostering policy coherence for development across all relevant EU policy areas. However, further improvements are possible and a number of current and future challenges should be addressed.

At the national level, several **Member States** indicate that among others institutional barriers in national administrations need to be addressed and systems of coordination between Ministries further consolidated. They also put forward that national Parliaments should be involved more in their Policy Coherence for Development agenda.

At the **Commission** level, several challenges could be looked at:

Working methods and coordination mechanisms are essential in ensuring that potential implications of policies on development objectives are not only being identified but also factored into choices made. The challenge here lies in further improving these mechanisms and ensuring existing processes work better.

In the same vein, **integrating development aspects into policy initiatives from the outset** is needed to assess potential impacts of future EU initiatives on developing countries. Significant progress has been made, but the use of existing and planned tools could be improved. This should also include addressing the challenge of highlighting potentially unavoidable trade-offs.

A **more systematic measurement of impacts and of progress** on PCD in a way which demonstrates clear development results is a long-term challenge. Two aspects of this could be taken up: to obtain more PCD-targeted research and to promote external evaluation of PCD to assess progress and shortcomings as a step towards improvement.

Being in a position to better assess on-the-ground realities would require more in-depth knowledge of policy for development coherence issues in partner countries. That would help increase understanding of possible shortcomings and address them. How to increase **reporting** could be an aspect for further work.

With respect to the post-2015 agenda a key challenge is to find ways to pursue the target of "Enhancing policy coherence for sustainable development" and its implications for different stakeholders at national and international levels. The broad scope of the agenda, the inter- linkages between goals and targets and the importance given to sound policies offer great opportunities to build upon our experience of PCD in particular and policy coherence for sustainable development more widely for implementation purposes.

Finally, an area that needs further attention is **increased awareness** of the benefits of policy coherence for development so that other entities also commit to it. One challenge is how to make best use of the international context of the post-2015 framework and also to set up outreach activities based on the present 2015 PCD Report with the aim of strengthening understanding of the importance of policy coherence in support of sustainable development. The Commission intends to ensure the necessary coordination of communication resources to raise people's awareness of and support for PCD, not least through the European Year for Development. PCD efforts contribute to making the EU a stronger global actor.

Remaining challenges within the five main thematic PCD policy areas are:

7 Key Challenges Ahead

Trade and Finance

- Implementation of the LDC services waiver allowing for preferential treatment of services and service suppliers from LDCs.
- Conclusion of the post-Bali DDA work-programme, especially with a view to providing appropriate treatment for LDCs and other less advanced developing countries.
- Timely implementation of the Trade Facilitation Agreement by maintaining at least the current level of EU support to trade facilitation (EUR 400 million) over a five-year period or over one-third of developing countries' estimated needs, primarily through regular EU aid channels.
- Completion of on-going negotiations for modern and comprehensive Free Trade Agreements with emerging economies and other developing countries in Asia, the European Neighbourhood and Latin America.
- Continue monitoring of the possible impact of TTIP on developing countries throughout the negotiating process in order to anticipate risks, opportunities and any need for accompanying measures.
- Conclusion of negotiations for a TiSA which is also beneficial for developing countries.
- Conclusion of a Sustainability Impact Assessment (SIA) that will assess the economic, social and environmental impact of the Environmental Goods Agreement, including with regard to developing countries, for example through holding stakeholder consultations in developing countries.
- Publication by the Commission of the first report on the status of the effective implementation by GSP+ countries of the relevant conventions and their compliance with reporting obligations under the conventions by 1 January 2016.
- Implementation of the package of accompanying measures and incentives proposed to enhance the impact of the draft Regulation on the setting up of a Union system for supply chain due diligence and self-certification of responsible importers of certain minerals originating in conflict-affected and high-risk areas.
- Publication of a report on responsible investment, including possible further EU measures to incentivise investors to take environmental, social and governance issues better into account when investing.
- Elaboration of the new Commission strategy on CSR post-2014.
- Publication of an Action Plan for fairer corporation tax in the EU including measures on aggressive tax planning and tax havens.

Climate Change

- In 2015 the international community is focused on the 21st Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) that will be held in December in Paris. The objective is a new international climate change agreement to enter into force in 2020.
- To find ways to stimulate private sector investment to address the drivers of deforestation and further increase the effectiveness and efficiency of REDD+ financing.
- To increase the proportion of the EU budget that is related to climate mainstreaming to at least 20%, and thus contribute to Europe's transition to a low carbon and climate resilient society including development cooperation.
- To double total biodiversity-related international financial resource flows to developing countries by 2015 and at least maintaining this level until 2020, considering funds "from a variety of sources" (not only ODA).

Food Security

- The implementation of the 2013 CAP reform, including simplification of certain elements, will be monitored for potential impact on development policy.
- Under the Economic Partnership Agreements, the need to improve dialogue on agricultural policy issues has been identified as an important need. Specific undertakings have been made in the three agreements concluded in 2014, and a parallel initiative is in planning for the Cariforum EPA. Successful implementation of these dialogues, that will include PCD issues in their operations, will be a priority for the coming period.
- Turning attention to the implementation of the sustainable development goals expected to be agreed in September 2015 (see also below), the goals of assuring food security and ending poverty will need to be taken into account in implementing the CAP, in agricultural trade policy, and in motivating the EU private agri-business sector to take a greater role in development by investing in the agricultural sector in developing countries.
- Coherence between the internal and external dimension of the Common Fisheries Policy. Continue to improve the performance of Regional Fisheries Management Organisations through promoting better science, better compliance and governance and work with its partners in developing countries to this end.
- As the world's largest importer of fish and fish products to improve fisheries governance worldwide and fight illegal fishing, especially as developing countries are the first victims of Illegal, Unreported and Unregulated fishing by depleting fish stocks, destroying marine habitats, distorting competition, and weakening coastal communities.
- The revision of the Fishing Authorisation Regulation (FAR) is a major initiative for 2015. It deals with authorisations to fish and reporting obligations of the EU vessels outside EU waters. The FAR also regulates the management of authorisations for third country fishing vessels to fish in EU waters.
- Food and nutrition security and sustainable agriculture are a top priority for the research and innovation partnership with Africa.

7 Key Challenges Ahead

Migration

Policy coherence for development in the field of migration has showed good progress in recent years, however, many issues require further implementation.

- The implementation of GAMM and migration and mobility policy dialogues with partner countries needs to consider and prioritise development implications of various cooperation components.
- Reducing the costs of remittance transfers from the EU.
- Strengthening the development potential enshrined in the Mobility Partnerships.
- Reinforcing the links between development cooperation and efforts to promote migrant integration in the economies and societies of destination countries.
- Further promoting migration mainstreaming and the use of the Extended Migration Profiles in partner countries.
- Strengthening measures at Member States level to ensure that the use of conditionality in the migration dialogue does not negatively impact on overall EU and Member States development cooperation.
- Strengthening capacities to mainstream migration into other public policies beyond development cooperation.
- Maximising the impact of the interventions for refugees, IDPs and returnees, in particular by strengthening the developmental approach to IDP and refugee displacement.
- Addressing underlying drivers of displacement, including investing in resolving and preventing new conflicts.
- Strengthening self-reliance and livelihoods for refugees, IDPs and returnees to reduce continued dependency on humanitarian aid.

Security

- To be effective in tackling any of the challenges in the fields of security and development with, all instruments to be used in a coherent manner (EU's Comprehensive Approach).
- Continue to strengthen the emphasis on conflict prevention action, guided by the recently established EU Early Warning System for conflict risk.
- Continue to embed the application of conflict sensitivity in all EU action, including the use of conflict analysis as the basis for designing and adapting EU engagement.
- Ensure that the principles of the New Deal deliver operational results, including learning lessons from experiences in South Sudan, Liberia and Sierra Leone.
- Enhance partner country ownership and improving coordination of SSR initiatives.
- The implementation of the European Agenda on Security. Many security challenges originate outside the EU, and collaborating with third countries is an essential element of the European Agenda on Security.
- Issues such as cybercrime, migration, trade and CSDP, as well as development cooperation in the framework of the Strategic Review.

An enabling policy environment for Post-2015

Post-2015 will be very different from the development agenda of the MDGs and will encompass a universal agenda for sustainable development with a set of Sustainable Development Goals (SDGs), including means of implementation and a system for monitoring and review. It is meant to be a transformative agenda towards sustainable development for all and it will require actions from all countries. The implementation of the new framework requires commitments from all nations: advanced, emerging and developing countries.

The post-2015 framework will need to integrate the three dimensions of sustainable development - economic, social and environmental - taking into account peace and security. These dimensions, with strong inter-linkages, cannot be addressed through a silo approach. Implementation of policies and the achievement, or not, of specific targets in one dimension (being economic, social or environment) will necessarily have implications for the success or failures of other targets in the other dimensions. Mutually supportive policies across a wide range of economic, social and environmental issues require policy coherence at all levels (international, regional and national). All partners in the developed and developing world need to be encouraged to promote policy coherence and review their policies, as appropriate, in order to ensure their consistency with efforts for poverty eradication and sustainable development. Policy coherence also requires adequate coordination mechanisms, regular dialogue between stakeholders and assessment of policies.

Policy coherence is at the core of a truly conducive and effective policy environment. For the global partnership to succeed, all policies at national and subnational level need to contribute coherently to the achievement of the SDGs both domestically and internationally. At national level, countries will need to put in place appropriate policies and institutions. It will be essential to guarantee that decision making processes are able to stimulate mutually reinforcing policy actions and win-win situations. For creating an enabling environment at international level, greater efforts are needed in areas such as trade, tax, transparency and accountability, migration, research and innovation and capacity building.

In the post-2015 context, policy coherence and more specifically, Policy Coherence for Sustainable Development, has been part of the on-going discussions including targeting "Enhanced policy coherence for sustainable development". The main messages coming across are that sustainable development requires: (i) policy integration and policy coordination at all levels, for all actors and across sectors, (ii) new and more horizontal institutional structures and (iii) capable institutions up to the task at all levels, including at global level and at the UN-system level.

Key challenges: The post-2015 Agenda presents a great opportunity to address the interlinked challenges of poverty eradication and sustainable development. Making the most of this conjunction is a key priority for the EU and its Member States. The new agenda, being universal, aims to bring transformative change to enable sustainable development for all.

At the international level, all countries will need to ensure that "beyond aid" policies support, or at least, do not undermine progress towards the agreed global goals. In a new Global Partnership, all developed, upper-middle income countries and emerging economies should commit to set up systems to assess the impact of adopting new policies on poorer countries.

The EU remains committed to ensuring increased Policy Coherence for Development (PCD), taking account development objectives in those policies which are likely to affect developing countries and will contribute to the global agenda by promoting its own experience on PCD as a key contribution to the collective effort towards achieving broader policy coherence for sustainable development.

7 Key Challenges Ahead

"**How to Promote Coherence and Policy Coherence for Development Approaches in the Post-2015 Framework?**" was the substance of discussion during a workshop organised by DG DEVCO in June 2014. The aim was to bring together a small group of high level experts to exchange ideas and start a reflection on how policy coherence and more specifically PCD approaches fit into a universal agenda to be applicable to all with responsibilities for all.

Key findings and recommendations made by participants were:

- The EU must promote PCD in the Post-2015 agenda discussions; its treaty obligations and mechanisms give it a unique position. It should be able to set an example for others. This means continuing coherence efforts in relation to climate change, trade, migration, etc.
- If PCD is to be used as a global policy tool, we must realise that there is no "one-size-fits-all" approach. PCD systems vary widely, depending on political culture and the nature of the administrative system. The data and knowledge challenges to support PCD in the universal Post-2015 context are huge.
- Monitoring will be essential for raising political awareness. Measuring the impacts of PCD is also vital, even if virtually impossible to carry out. There are problems of attribution, and evidence on incoherence always predominates. Efforts are being made but the use of Impact Assessments (IA) and PCD knowledge-based policy-making remain weak.
- PCD reports are vital tools to document step-by-step progress throughout the EU and important to enable NGOs and the broader community to monitor developments and provoke debate.
- The EU's experience shows that PCD is not just a technical issue, but a political one, too. Only if the political will exists can institutional mechanisms be improved. There is a need to talk about PCD. PCD must be built into everyday political choices.

Annex

Glossary

ACP	African, Caribbean and Pacific states
AfT	Aid for Trade
AML	Anti-Money Laundering
AMLD	Anti-Money Laundering Directive
APEC	Asia-Pacific Economic Cooperation
APF	African Peace Facility
APSA	African Peace and Security Architecture
ARIPO	African Regional Intellectual Property Office
ASEAN	Association of South-East Asian Nations
BMZ	[German] Federal Ministry for Economic Cooperation and Development
BTSF	Better Training for Safer Food
CAMM	Common Agenda on Migration and Mobility
CAOPA	African Confederation of Artisanal Fishery Professionals
CAP	Common Agriculture Policy
CBD	Convention on Biological Diversity
CBRN	Chemical, biological, radiological and nuclear
CCCTB	Common Consolidated Corporate Tax Base
CDI	Commitment for Development Index
CDG	Center for Global Development
CFP	Common Fisheries Policy
CFS	Committee on Food Security
CO_2	Carbon dioxide
CODEV	European Council Working Party on Development Cooperation
COFI	Committee on Fisheries
CONCORD	Confederation for Relief and Development
COP	Conference of the Parties
COREPER	European Council Committee of Permanent Representatives
CSA	Coordination and Support Action (Horizon 2020)
CSDP	Common Security and Defence Policy
CSO	Civil Society Organisation
CSPPS	Civil Society Platform for Peacebuilding and State building
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee (OECD)
DCFTA	Deep and Comprehensive Free Trade Agreement
DCI	Development Cooperation Instrument
DDA	Doha Development Agenda
DEVCO	DG International Cooperation and Development
DFID	UK government Department for International Development

DRM	Domestic Revenue Mobilisation
EAC	East African Community
EBA	Everything But Arms initiative
ECDPM	European Centre for Development Policy Management
ECHO	DG for Humanitarian Aid and Civil Protection
EDF	European Development Fund
EDRIS	European Emergency Disaster Response Information System
EEAS	European External Action Service
EIDHR	European Instrument for Democracy and Human Rights
EMP	Extended Migration Profiles
ENI	European Neighbourhood Instrument
EP	European Parliament
EPA	Economic Partnership Agreement
EPLO	European Peacebuilding Liaison Office
ERS	Electronic Reporting System
ETS	Emissions Trading System
EU	European Union
EUAM	EU Advisory Mission
EUMAM RCA	EU's military advisory mission in the Central African Republic
EUR	Euro
EWS	Early Warning Systems
FAC	Foreign Affairs Council
FAO	Food and Agriculture Organisation (of the United Nations)
FATF	Financial Action Task Force
FCAS	Fragile and Conflict Afflicted States
FLEGT	Forest Law Enforcement, Governance and Trade Action plan
FPA	Fisheries Partnership Agreement
FSRB	FATF-Style Regional Bodies
FTA	Free Trade Agreement
GAMM	Global Approach to Migration and Mobility
G7	The Group of Seven major advanced global economies
G20	The Group of Twenty major global economies
G77	The Group of 77 developing nations
GCCA	Global Climate Change Alliance
GDP	Gross Domestic Product
GI	Geographical Indication
GSP	Generalised Scheme of Preferences
HLPE	High Level Panel of Experts
Horizon 2020	European Union Framework Programme for Research and Innovation (2014 – 2020)
HRVP	High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the European Commission
IA	Impact Assessment
IATA	International Aid Transparency Initiative
IcSP	Instrument Contributing to Stability and Peace
IDP	Internally Displaced Persons
IDPS	International Dialogue for Peacebuilding and State building
IDS	Institute of Development Studies
ILO	International Labour Organisation
INCAF	International Network on Conflict and Fragility

INDC	Intended Nationally Determined Contributions
IPA	Instrument for Pre-Accession Assistance
IPCC	Intergovernmental Panel on Climate Change
IPPC	International Plant Protection Convention
IPR	Intellectual Property Rights
ITPGRFA	International Treaty on Plant Genetic resources for Food and Agriculture
ISO	International Organisation for Standards
IUU	Illegal, Unreported and Unregulated (fishing)
JAES	Joint Africa-EU Strategy
JFD	Joint Framework Document
JPA	Joint Parliamentary Assembly
KPCS	Kimberley Process Certification Scheme
LAC	Latin American Countries
LDC	Least Developed Country
LIC	Lower Income Country
MC9	Ninth Ministerial Conference (WTO)
MDG	Millennium Development Goal
MEA	Multilateral Environmental Agreements
Mercosur	Southern Common Market
MFN	Most Favoured Nation
MIC	Middle Income Country
MPs	Mobility Partnerships
NAMA	Non-agricultural Market Access
NAP	National Action Plan
NGO	Non-Governmental Organisation
OAPI	Organisation Africaine de la Propriété Intellectuelle
OCHA	Office for the Coordination of Humanitarian Affairs (UN)
OCT	Overseas Countries and Territories
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean States
OIE	World Organisation for Animal Health
OR	Outermost Regions
PBA	Peacebuilding Architecture (United Nations)
PCD	Policy Coherence for Development
PEW	The PEW Charitable Trusts
PSD2	Payment Services Directive 2
PSG	Peacebuilding and State-building Goal
PSSM	Physical Security and Stockpile Management
RDPP	Regional Development and Protection Programme
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RFMO	Regional Fisheries Management Organisation
SADC	South African Development Community
SALW	Small Arms and Light Weapons

SDG	Sustainable Development Goal
SFPA	Sustainable Fisheries Partnership Agreement
SIA	Sustainability Impact Assessment
SPS	Sanitary and Phyto-sanitary
SSR	Security Sector Reform
TEU	Treaty of the European Union
TiSA	Trade in Services Agreement
TPU	Trade Policy Unit
TRA	Trade-Related Assistance
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TRQ	Tariff-rate quota
TTIP	Transatlantic Trade and Investment Partnership
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNFCCC	United Nations Framework Convention on Climate Change
UNODC	United Nations Office on Drugs and Crime
UNSC	United Nations Security Council
UNSCR	United Nations Security Council Resolution
UPOV	International Union for the Protection of new Plant Varieties
USD	US Dollar
VPA	Voluntary Partnership Agreement
WPS	Women, Peace and Security
WTO	World Trade Organisation

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